



Annual Financial Report

City of Springfield

Springfield, Minnesota

For the year ended December 31, 2021



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INTRODUCTORY SECTION

CITY OF SPRINGFIELD
SPRINGFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

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City of Springfield, Minnesota
Elected and Appointed Officials
For the Year Ended December 31, 2021

ELECTED

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-----------------|--------------|---------------------|
| Lowell Helget | Mayor | 12/31/24 |
| Theresa Beckman | Council | 12/31/22 |
| Mike Rothmeier | Council | 12/31/22 |
| John Ryan | Council | 12/31/24 |
| Nichola Klisch | Council | 12/31/24 |

APPOINTED

| | |
|--------------|-----------|
| Joe Stremcha | 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, 2021

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Springfield, Minnesota

Opinions

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, 2021, and related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the 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, 2021, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparisons for the General fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Emphasis of Matter – Prior Period Adjustment

As described in Note 9, the City reported a prior period adjustment during 2021 to properly account for the compensated absences as long-term liabilities. Our opinion on this matter is not modified.

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



Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The 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 and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2022, 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.



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Mankato, Minnesota
June 27, 2022



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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, 2021.

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 \$26,653,169 (net position). Of this amount, \$6,751,998 (unrestricted assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,125,279, compared to an increase of \$5,805,777 in the previous year. Of this increase, business-type activities (enterprise fund) had an increase of \$1,105,225 and governmental activities had an increase of \$1,020,054. The increase in business-type activities was primarily due to an increase in charges for services and a decrease in Electric fund expenses, as well as capital contributions from the governmental activities of \$302,392. The increase in governmental activities was due to revenues still exceeding expenses by \$1,297,730 although revenues decreased by \$3,749,505. The decrease in governmental revenues relates to decreased charges for services as the Mayo Clinic terminated their lease and had a large payout in 2020.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$5,774,036, an increase of \$1,630,551 in comparison with the prior year. Approximately 16.3 percent of this total amount, \$943,935, is available for spending at the City's discretion, \$1,348,903 has been assigned for specific purposes, \$986,381 has been committed for specific purposes, \$2,392,735 is restricted for various purposes, and \$127,402 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**

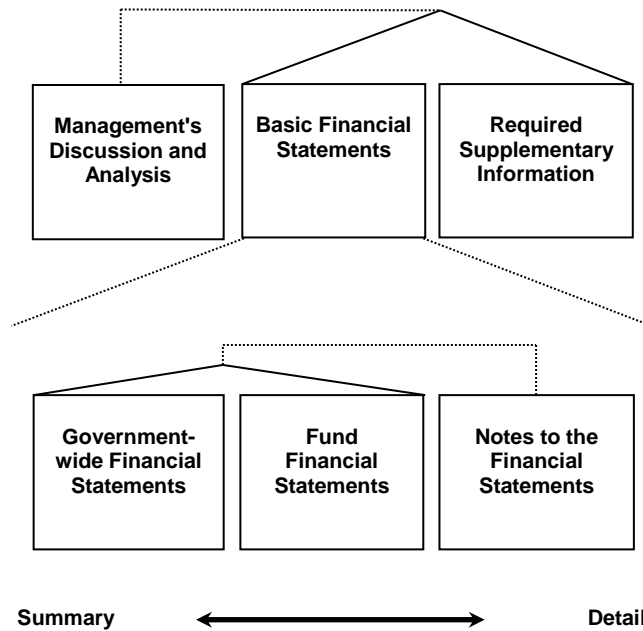


Figure 2 summarizes the major features of the City’s financial statements, including the portion of the City government they cover and the types of information they contain. The remainder of this overview section of management’s discussion and analysis explains the structure and contents of each of the 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, health and welfare, 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 20 individual governmental funds, 8 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, Medical Center, Capital Improvement Project, and Central Street Project funds, and 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 44 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 55 of this report.

Required Supplementary Information. The required supplementary information can be found starting on page 90 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 100 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 \$26,653,169 at the close of the most recent fiscal year.

By far, the largest portion of the City's net position (68.7 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 | | |
|----------------------------------|-------------------------|----------------------|------------------------|--------------------------|---------------------|------------------------|
| | 2021 | 2020 | Increase (Decrease) | 2021 | 2020 | Increase (Decrease) |
| Assets | | | | | | |
| Current and other assets | \$ 7,049,234 | \$ 5,088,869 | \$ 1,960,365 | \$ 4,613,965 | \$ 3,823,199 | \$ 790,766 |
| Capital assets | 16,590,383 | 14,591,421 | 1,998,962 | 9,656,593 | 8,209,391 | 1,447,202 |
| Total Assets | <u>23,639,617</u> | <u>19,680,290</u> | <u>3,959,327</u> | <u>14,270,558</u> | <u>12,032,590</u> | <u>2,237,968</u> |
| Deferred Outflows of Resources | <u>676,702</u> | <u>354,769</u> | <u>321,933</u> | <u>221,543</u> | <u>52,062</u> | <u>169,481</u> |
| Liabilities | | | | | | |
| Long-term liabilities | 5,588,894 | 2,912,769 | 2,676,125 | 3,613,037 | 2,389,392 | 1,223,645 |
| Other liabilities | 1,063,411 | 1,034,800 | 28,611 | 701,942 | 880,536 | (178,594) |
| Total Liabilities | <u>6,652,305</u> | <u>3,947,569</u> | <u>2,704,736</u> | <u>4,314,979</u> | <u>3,269,928</u> | <u>1,045,051</u> |
| Deferred Inflows of Resources | <u>904,512</u> | <u>348,042</u> | <u>556,470</u> | <u>283,455</u> | <u>26,282</u> | <u>257,173</u> |
| Net Position | | | | | | |
| Net investment in capital assets | 12,249,288 | 11,678,652 | 570,636 | 6,053,875 | 5,819,999 | 233,876 |
| Restricted | 1,598,008 | 1,835,505 | (237,497) | - | - | - |
| Unrestricted | <u>2,912,206</u> | <u>2,225,291</u> | <u>686,915</u> | <u>3,839,792</u> | <u>2,968,443</u> | <u>871,349</u> |
| Total Net Position | <u>\$ 16,759,502</u> | <u>\$ 15,739,448</u> | <u>\$ 1,020,054</u> | <u>\$ 9,893,667</u> | <u>\$ 8,788,442</u> | <u>\$ 1,105,225</u> |

An additional portion of the City's net position (6.0 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (25.3 percent) may be used to meet the City's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all 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 \$1,020,054. Key elements of this increase are as follows:

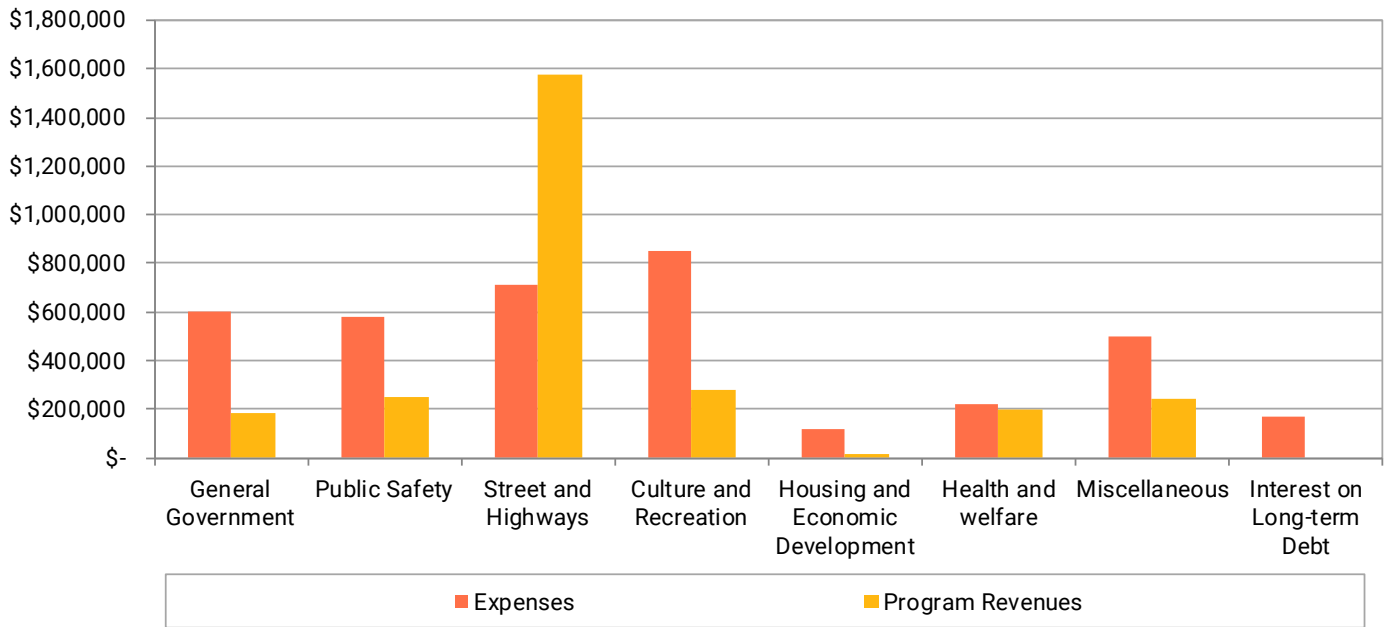
- Revenues exceeded expenses by \$1,297,730 although revenues decreased by \$3,749,505.
- The decrease in governmental revenues relates to decreased charges for services as the Mayo Clinic terminated their lease and had a large payout in 2020.

City of Springfield's Changes in Net Position

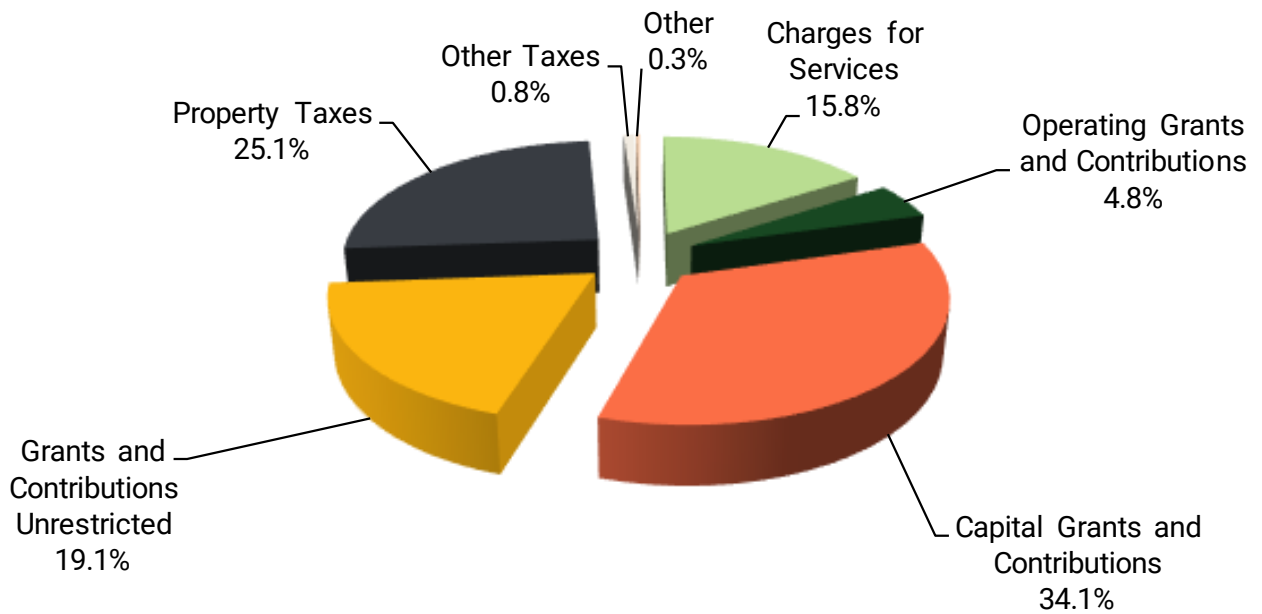
| | Governmental Activities | | | Business-type Activities | | |
|---|-------------------------|----------------------|------------------------|--------------------------|---------------------|------------------------|
| | 2021 | 2020 | Increase (Decrease) | 2021 | 2020 | Increase (Decrease) |
| Revenues | | | | | | |
| Program Revenues | | | | | | |
| Charges for services | \$ 797,402 | \$ 1,967,745 | \$ (1,170,343) | \$ 4,539,372 | \$ 4,446,994 | \$ 92,378 |
| Operating grants and contributions | 242,867 | 228,526 | 14,341 | 63,078 | 21,801 | 41,277 |
| Capital grants and contributions | 1,716,740 | 4,344,634 | (2,627,894) | - | - | - |
| General Revenues | | | | | | |
| Property taxes/tax increments | 1,264,496 | 1,242,501 | 21,995 | - | - | - |
| Other taxes | 40,254 | 37,675 | 2,579 | - | - | - |
| Grants and contributions not restricted to specific programs | 963,154 | 937,932 | 25,222 | - | - | - |
| Unrestricted investment earnings | 12,793 | 24,594 | (11,801) | 11,626 | 21,886 | (10,260) |
| Gain on sale of capital assets | 3,084 | 6,688 | (3,604) | 2,500 | - | 2,500 |
| Total Revenues | 5,040,790 | 8,790,295 | (3,749,505) | 4,616,576 | 4,490,681 | 125,895 |
| Expenses | | | | | | |
| General government | 600,605 | 631,323 | (30,718) | - | - | - |
| Public safety | 577,251 | 743,290 | (166,039) | - | - | - |
| Streets and highways | 709,930 | 701,066 | 8,864 | - | - | - |
| Culture and recreation | 850,464 | 833,201 | 17,263 | - | - | - |
| Housing and economic development | 115,510 | 12,648 | 102,862 | - | - | - |
| Health and welfare | 222,347 | 220,239 | 2,108 | - | - | - |
| Miscellaneous | 498,008 | 393,627 | 104,381 | - | - | - |
| Interest on long-term debt | 168,945 | 88,961 | 79,984 | - | - | - |
| Electric | - | - | - | 2,419,866 | 2,503,591 | (83,725) |
| Water | - | - | - | 433,940 | 406,478 | 27,462 |
| Sewer | - | - | - | 453,120 | 456,462 | (3,342) |
| Storm sewer | - | - | - | 22,390 | 16,126 | 6,264 |
| Community ambulance | - | - | - | 276,850 | 289,966 | (13,116) |
| Rental housing | - | - | - | 182,861 | 178,221 | 4,640 |
| Total Expenses | 3,743,060 | 3,624,355 | 118,705 | 3,789,027 | 3,850,844 | (61,817) |
| Increase (Decrease) in Net Position before Transfers and Contributions | 1,297,730 | 5,165,940 | (3,868,210) | 827,549 | 639,837 | 187,712 |
| Transfers | 24,716 | 35,000 | (10,284) | (24,716) | (35,000) | 10,284 |
| Capital Contributions | (302,392) | - | (302,392) | 302,392 | - | 302,392 |
| Change in Net Position | 1,020,054 | 5,200,940 | (4,180,886) | 1,105,225 | 604,837 | 500,388 |
| Net Position - January 1 | 15,739,448 | 10,538,508 | 5,200,940 | 8,788,442 | 8,183,605 | 604,837 |
| Net Position - December 31 | \$ 16,759,502 | \$ 15,739,448 | \$ 1,020,054 | \$ 9,893,667 | \$ 8,788,442 | \$ 1,105,225 |

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

Expenses and Program Revenues - Governmental Activities



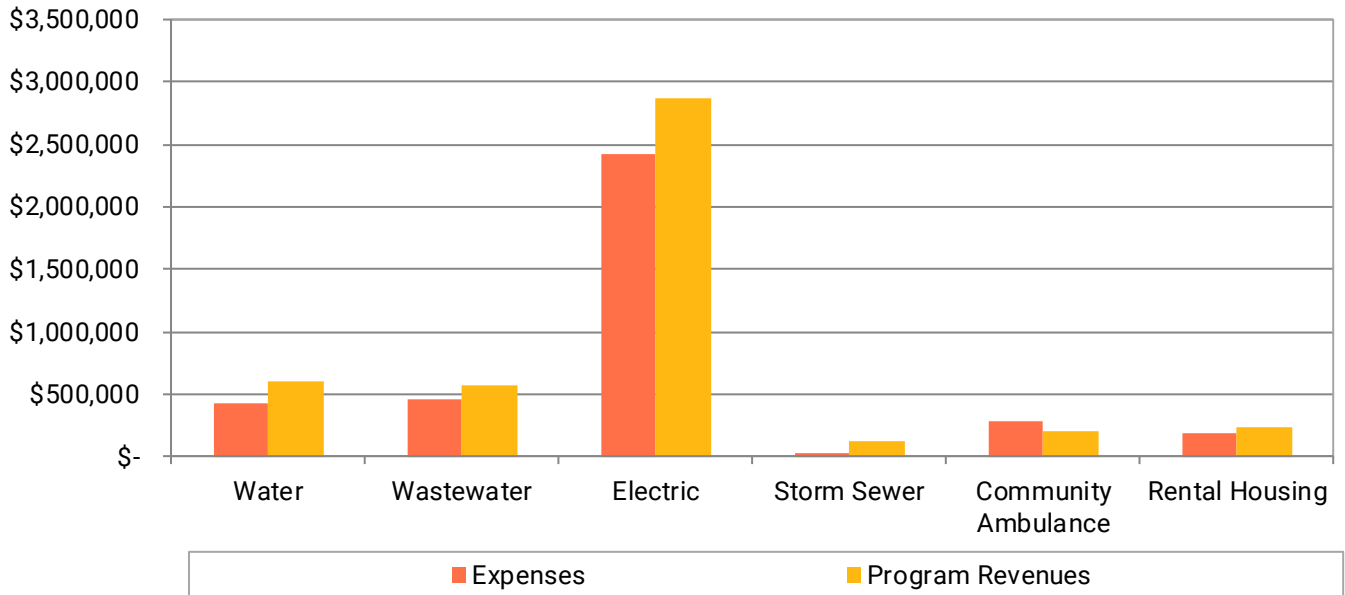
Revenues by Source - Governmental Activities



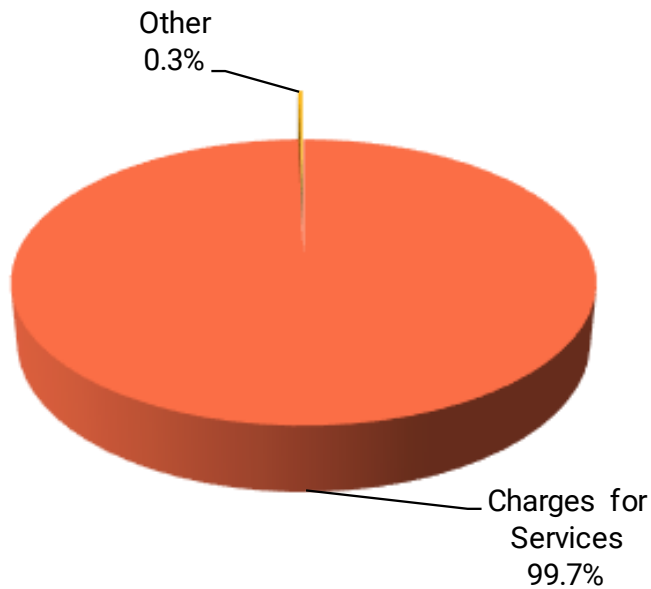
Business-type Activities. Business-type activities increased the City’s net position by \$1,105,225. Key elements of this increase are as follows:

- Increase in charges for services in both the Water and Sewer funds due to increased usage and rates
- Capital totaling \$302,392 was contributed from governmental activities related to the 2020-2021 street project

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 \$5,774,036, an increase of \$1,630,551 in comparison with the prior year. Approximately 39.7 percent of this total amount (\$2,292,838) 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 (\$127,402), restricted (\$2,392,735), or committed (\$986,381) 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 \$1,249,954. 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 43.1 percent of fund expenditures, while total fund balance represents 51.0 percent of that same amount.

The fund balance of the City's General fund decreased by \$246,713 during the current fiscal year. This decrease largely relates to an excess of revenues over expenditures of \$269,819 and the transfers out in the amount of \$688,000. \$630,653 of these transferred dollars were sent to the Capital Improvements Projects fund due to a change in fund balance policy ensuring excess dollars will be used for future capital needs.

The *Debt Service fund* has a total fund balance of \$660,832, 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 \$92,340 due to scheduled debt payments.

The *Medical Center fund* has a total fund balance of \$1,195,308, which is a decrease of \$8,400 from the prior year. The decrease is related to health and welfare costs exceeding charges for services.

The *Central Street Project fund* has a total fund balance of \$1,003,802, which is an increase of \$1,225,410 from the prior year. The increase is related to unspent bond proceeds.

The *Capital Improvement projects fund* has a total fund balance of \$935,741, which is an increase of \$617,480 from the prior year. This increase largely relates to the transfers in of \$630,653 from the General fund to be used for future capital needs.

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 \$3,839,792. The total increase in net position for the funds was \$1,105,225. 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 \$442,735 and actual expenditures were \$425,774 over budget for the year. Net transfers were \$390,099 under budget, netting to an overall variance resulting in fund balance being \$246,713 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, 2021, amounts to \$26,246,976 (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 15.1 percent (a 13.7 percent increase for governmental activities and a 17.6 percent increase for business-type activities).

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

- Audio-Visual Equipment for the Community Center costing \$45,034
- Grasshopper Mower costing \$13,600
- Ditch Witch costing \$47,980
- Spin Doctor costing \$19,800
- 2021 Distribution Project was completed at a total cost of \$153,665
- Total additions to the 2020-2021 Street Project were \$4,342,597
- Costs related to the Airport Spray Pad totaled \$187,040

Additional information on the City's capital assets can be found in Note 3C starting on page 66 of this report.

City of Springfield's Capital Assets (Net of Depreciation)

| | Governmental Activities | | | Business-type Activities | | |
|--|-------------------------|----------------------|------------------------|--------------------------|---------------------|------------------------|
| | 2021 | 2020 | Increase (Decrease) | 2021 | 2020 | Increase (Decrease) |
| Land | \$ 730,218 | \$ 736,429 | \$ (6,211) | \$ 215,355 | \$ 215,355 | \$ - |
| Buildings and Improvements Infrastructure and Other Improvements | 6,770,799 | 7,130,099 | (359,300) | 2,757,441 | 2,897,785 | (140,344) |
| Machinery and Equipment | 4,506,017 | 4,862,142 | (356,125) | 4,404,786 | 4,484,739 | (79,953) |
| Construction in Progress | 1,446,074 | 1,572,560 | (126,486) | 478,712 | 501,122 | (22,410) |
| | 3,137,275 | 290,191 | 2,847,084 | 1,800,299 | 110,390 | 1,689,909 |
| Total | \$ 16,590,383 | \$ 14,591,421 | \$ 1,998,962 | \$ 9,656,593 | \$ 8,209,391 | \$ 1,447,202 |

Long-term Debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$8,856,424. Of this amount, \$4,978,670 is special assessment debt, \$166,425 is tax abatement debt, and \$3,511,329 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 | | |
|-------------------------------------|-------------------------|---------------------|------------------------|--------------------------|---------------------|------------------------|
| | 2021 | 2020 | Increase (Decrease) | 2021 | 2020 | Increase (Decrease) |
| G.O. Improvement Bonds | \$ 4,978,670 | \$ 2,788,713 | \$ 2,189,957 | \$ - | \$ - | \$ - |
| General Obligation Bonds | 200,000 | - | 200,000 | - | - | - |
| G.O. Tax Abatement Bonds | 166,425 | 105,000 | 61,425 | - | - | - |
| General Obligation Revenue Bonds | - | - | - | 2,021,329 | 801,287 | 1,220,042 |
| Revenue Bonds | - | - | - | 1,490,000 | 1,580,000 | (90,000) |
| Total | \$ 5,345,095 | \$ 2,893,713 | \$ 2,451,382 | \$ 3,511,329 | \$ 2,381,287 | \$ 1,130,042 |

The City's total debt increased by \$3,581,424 (67.9 percent) during the current fiscal year. This increase was due to bonds issued relating to the Central Street Project.

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 \$2,740,164 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 70 of this report.

Economic Factors and Next Year's Budgets and Rates

- The unemployment rate for Brown County is currently 2.3 percent, which is lower than the rate of 4.1 from a year ago. This is favorable to the State's average unemployment rate of 2.6 percent and the national average rate of 3.7 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 2022 fiscal year.

During the current fiscal year, unassigned fund balance in the General fund decreased \$226,134 due to transferring excess funds over policy to the Capital Improvement Projects fund. These dollars are 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 remain the same in 2022. 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 2021. In 2022, there will be no increases in rates.

Ambulance base rates will remain the same for 2022 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, 2021

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City of Springfield, Minnesota
Statement of Net Position
December 31, 2021

| | Primary Government | | | Component Unit |
|--|-------------------------|--------------------------|----------------------|--------------------------------|
| | Governmental Activities | Business-type Activities | Total | Economic Development Authority |
| Assets | | | | |
| Cash and temporary investments | \$ 5,922,844 | \$ 3,778,706 | \$ 9,701,550 | \$ 186,202 |
| Receivables | | | | |
| Accrued interest | 1,827 | 451 | 2,278 | - |
| Delinquent taxes | 14,998 | - | 14,998 | - |
| Accounts, net of allowance | 13,974 | 414,256 | 428,230 | - |
| Notes, net of allowance | 188,878 | - | 188,878 | 165,040 |
| Special assessments | 636,457 | 52,982 | 689,439 | - |
| Intergovernmental | 107,023 | 873 | 107,896 | - |
| Due from primary government | - | - | - | 135,000 |
| Internal balances | (63,950) | 63,950 | - | - |
| Inventories | 214 | 260,352 | 260,566 | - |
| Prepaid items | 110,641 | 42,395 | 153,036 | 145 |
| Pension asset | 99,781 | - | 99,781 | - |
| Asset held for resale | 16,547 | - | 16,547 | - |
| Capital assets | | | | |
| Nondepreciable | 3,867,493 | 2,015,654 | 5,883,147 | 189,913 |
| Depreciable, net of accumulated depreciation | 12,722,890 | 7,640,939 | 20,363,829 | - |
| Total Assets | <u>23,639,617</u> | <u>14,270,558</u> | <u>37,910,175</u> | <u>676,300</u> |
| Deferred Outflows of Resources | | | | |
| Deferred pension resources | 676,702 | 221,543 | 898,245 | - |
| Liabilities | | | | |
| Accounts payable | 355,908 | 159,270 | 515,178 | 70,200 |
| Due to other governments | 40 | 10,574 | 10,614 | - |
| Due to component unit | - | 135,000 | 135,000 | - |
| Accrued interest payable | 4,166 | 20,974 | 25,140 | - |
| Accrued salaries payable | 32,034 | 20,916 | 52,950 | - |
| Customer deposits payable | - | 45,140 | 45,140 | - |
| Unearned revenue | 135,980 | 5,585 | 141,565 | - |
| Noncurrent liabilities | | | | |
| Due within one year | | | | |
| Long-term liabilities | 448,511 | 191,479 | 639,990 | - |
| Due in more than one year | | | | |
| Long-term liabilities | 5,140,383 | 3,421,558 | 8,561,941 | - |
| Net pension liability | 535,283 | 304,483 | 839,766 | - |
| Total Liabilities | <u>6,652,305</u> | <u>4,314,979</u> | <u>10,967,284</u> | <u>70,200</u> |
| Deferred Inflows of Resources | | | | |
| Deferred pension resources | 904,512 | 283,455 | 1,187,967 | - |
| Net Position | | | | |
| Net investment in capital assets | 12,249,288 | 6,053,875 | 18,303,163 | 189,913 |
| Restricted | | | | |
| Future loans | 91,814 | - | 91,814 | - |
| Debt service | 1,074,233 | - | 1,074,233 | - |
| Recreation complex | 84,419 | - | 84,419 | - |
| Medical foundation scholarships | 347,542 | - | 347,542 | - |
| Unrestricted | 2,912,206 | 3,839,792 | 6,751,998 | 416,187 |
| Total Net Position | <u>\$ 16,759,502</u> | <u>\$ 9,893,667</u> | <u>\$ 26,653,169</u> | <u>\$ 606,100</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, 2021

| Functions/Programs | Expenses | Program Revenues | | |
|----------------------------------|---------------------|-------------------------|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental activities | | | | |
| General government | \$ 600,605 | \$ 185,848 | \$ 272 | \$ - |
| Public safety | 577,251 | 76,949 | 168,798 | 5,820 |
| Streets and highways | 709,930 | 11,355 | 48,878 | 1,519,404 |
| Culture and recreation | 850,464 | 260,102 | 12,439 | 7,250 |
| Housing and economic development | 115,510 | 3,037 | 12,480 | - |
| Health and welfare | 222,347 | 202,532 | - | - |
| Miscellaneous | 498,008 | 57,579 | - | 184,266 |
| Interest and other costs | 168,945 | - | - | - |
| Total Governmental Activities | <u>3,743,060</u> | <u>797,402</u> | <u>242,867</u> | <u>1,716,740</u> |
| Business-type Activities | | | | |
| Water | 433,940 | 596,166 | 185 | - |
| Sewer | 453,120 | 573,021 | 185 | - |
| Electric | 2,419,866 | 2,858,050 | 10,268 | - |
| Storm sewer | 22,390 | 96,064 | 34,076 | - |
| Community ambulance | 276,850 | 178,792 | 18,360 | - |
| Rental housing | 182,861 | 237,279 | 4 | - |
| Total Business-type Activities | <u>3,789,027</u> | <u>4,539,372</u> | <u>63,078</u> | <u>-</u> |
| Total Primary Government | <u>\$ 7,532,087</u> | <u>\$ 5,336,774</u> | <u>\$ 305,945</u> | <u>\$ 1,716,740</u> |
| Component Unit | <u>\$ 12,425</u> | <u>\$ 12,684</u> | <u>\$ 21,000</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

Capital Contributions

Total General Revenues, Transfers and Contributions

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 |
| \$ (414,485) | | \$ (414,485) | |
| (325,684) | | (325,684) | |
| 869,707 | | 869,707 | |
| (570,673) | | (570,673) | |
| (99,993) | | (99,993) | |
| (19,815) | | (19,815) | |
| (256,163) | | (256,163) | |
| (168,945) | | (168,945) | |
| (986,051) | | (986,051) | |
| - | \$ 162,411 | 162,411 | |
| - | 120,086 | 120,086 | |
| - | 448,452 | 448,452 | |
| - | 107,750 | 107,750 | |
| - | (79,698) | (79,698) | |
| - | 54,422 | 54,422 | |
| - | 813,423 | 813,423 | |
| (986,051) | 813,423 | (172,628) | |
| | | | \$ 21,259 |
| 921,680 | - | 921,680 | - |
| 328,919 | - | 328,919 | - |
| 13,897 | - | 13,897 | - |
| 668 | - | 668 | - |
| 39,586 | - | 39,586 | - |
| 963,154 | - | 963,154 | - |
| 12,793 | 11,626 | 24,419 | 1,692 |
| 3,084 | 2,500 | 5,584 | - |
| 24,716 | (24,716) | - | - |
| (302,392) | 302,392 | - | - |
| 2,006,105 | 291,802 | 2,297,907 | 1,692 |
| 1,020,054 | 1,105,225 | 2,125,279 | 22,951 |
| 15,739,448 | 8,788,442 | 24,527,890 | 583,149 |
| \$ 16,759,502 | \$ 9,893,667 | \$ 26,653,169 | \$ 606,100 |

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, 2021

City of Springfield, Minnesota
Balance Sheet
Governmental Funds
December 31, 2021

| | General | Debt Service | Medical Center | Central Street Project |
|---|---------------------|---------------------|---------------------|------------------------------|
| Assets | | | | |
| Cash and temporary investments | \$ 1,202,531 | \$ 660,084 | \$ 1,194,619 | \$ 1,221,782 |
| Receivables | | | | |
| Accrued interest | 171 | - | 1,248 | - |
| Delinquent taxes | 14,998 | - | - | - |
| Accounts | 4,189 | - | 59 | - |
| Notes, net of allowance | - | 119,915 | - | - |
| Special assessments | 3,070 | 417,567 | - | - |
| Intergovernmental | 38,844 | 748 | 38 | 46,107 |
| Due from other funds | 1,544 | - | 4,356 | - |
| Advance to other fund | - | - | - | 60,434 |
| Inventories | 214 | - | - | - |
| Prepaid items | 82,655 | - | 8,154 | - |
| Asset held for resale | 16,547 | - | - | - |
| | <u>\$ 1,364,763</u> | <u>\$ 1,198,314</u> | <u>\$ 1,208,474</u> | <u>\$ 1,328,323</u> |
| Liabilities | | | | |
| Accounts payable | \$ 35,726 | \$ - | \$ 10,680 | \$ 292,326 |
| Advance from other funds | - | 119,915 | - | - |
| Due to other funds | 29,507 | - | - | - |
| Due to other governments | 7 | - | - | - |
| Accrued salaries payable | 28,796 | - | 1,967 | - |
| Unearned revenue | 2,705 | - | 519 | 32,195 |
| Total Liabilities | <u>96,741</u> | <u>119,915</u> | <u>13,166</u> | <u>324,521</u> |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue | | | | |
| Property taxes | 14,998 | - | - | - |
| Special assessments | 3,070 | 417,567 | - | - |
| Total Deferred Inflows of Resources | <u>18,068</u> | <u>417,567</u> | <u>-</u> | <u>-</u> |
| Fund Balances | | | | |
| Nonspendable | | | | |
| Inventories | 214 | - | - | - |
| Prepaid items | 82,655 | - | 8,154 | - |
| Assets held for resale | 16,547 | - | - | - |
| Restricted | | | | |
| Fire truck | - | - | - | - |
| Future loans | - | - | - | - |
| Capital projects | - | - | - | 1,003,802 |
| Debt service | - | 660,832 | - | - |
| Recreation complex | - | - | - | - |
| Medical foundation scholarships | - | - | 347,542 | - |
| Committed | | | | |
| Capital projects | - | - | - | - |
| Assigned | | | | |
| DARE program | 11,174 | - | - | - |
| Campground improvements | 81,327 | - | - | - |
| Library operations | - | - | - | - |
| Community Center operations | - | - | - | - |
| Medical Center operations | - | - | 839,612 | - |
| Unassigned | | | | |
| Total Fund Balances | <u>1,058,037</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | <u>1,249,954</u> | <u>660,832</u> | <u>1,195,308</u> | <u>1,003,802</u> |
| | <u>\$ 1,364,763</u> | <u>\$ 1,198,314</u> | <u>\$ 1,208,474</u> | <u>\$ 1,328,323</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | | | | |

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

| Capital Improvement Projects | Other Governmental Funds | Total |
|------------------------------------|--------------------------------|---------------------|
| \$ 937,176 | \$ 706,652 | \$ 5,922,844 |
| - | 408 | 1,827 |
| - | - | 14,998 |
| - | 9,726 | 13,974 |
| - | 68,963 | 188,878 |
| 215,820 | - | 636,457 |
| 987 | 20,299 | 107,023 |
| - | 20,286 | 26,186 |
| - | - | 60,434 |
| - | - | 214 |
| - | 19,832 | 110,641 |
| - | - | 16,547 |
| <u>\$ 1,153,983</u> | <u>\$ 846,166</u> | <u>\$ 7,100,023</u> |
| \$ 2,422 | \$ 14,754 | \$ 355,908 |
| - | - | 119,915 |
| - | 1,148 | 30,655 |
| - | 33 | 40 |
| - | 1,271 | 32,034 |
| - | 100,561 | 135,980 |
| <u>2,422</u> | <u>117,767</u> | <u>674,532</u> |
| - | - | 14,998 |
| 215,820 | - | 636,457 |
| <u>215,820</u> | <u>-</u> | <u>651,455</u> |
| - | - | 214 |
| - | 19,832 | 110,641 |
| - | - | 16,547 |
| - | 204,326 | 204,326 |
| - | 91,814 | 91,814 |
| - | - | 1,003,802 |
| - | - | 660,832 |
| - | 84,419 | 84,419 |
| - | - | 347,542 |
| 935,741 | 25,320 | 961,061 |
| - | - | 11,174 |
| - | - | 81,327 |
| - | 13,086 | 13,086 |
| - | 403,704 | 403,704 |
| - | - | 839,612 |
| - | (114,102) | 943,935 |
| <u>935,741</u> | <u>728,399</u> | <u>5,774,036</u> |
| <u>\$ 1,153,983</u> | <u>\$ 846,166</u> | <u>\$ 7,100,023</u> |

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

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City of Springfield, Minnesota
 Reconciliation of the Balance Sheet
 to the Statement of Net Position
 Governmental Funds
 December 31, 2021

| | <u>Primary Government</u> |
|---|-------------------------------|
| Amounts reported for governmental activities in the statement of net position are different because | |
| Total fund balances - governmental funds | \$ 5,774,036 |
| Net capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the funds. | 16,590,383 |
| 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 | (5,345,095) |
| Bonds premium, net of accumulated amortization | (204,128) |
| Compensated absences payable | (39,671) |
| Net pension liability | (535,283) |
| Pension asset | 99,781 |
| Long-term assets are not available to pay current-period expenditures and, therefore, are unavailable in the funds. | |
| Delinquent property taxes receivable | 14,998 |
| Special assessments receivable | 636,457 |
| Governmental funds do not report long-term amounts related to pensions | |
| Deferred outflows of pension resources | 676,702 |
| Deferred inflows of pension resources | (904,512) |
| Governmental funds do not report a liability for accrued interest until due and payable. | <u>(4,166)</u> |
| Total Net Position - Governmental Activities | <u><u>\$ 16,759,502</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, 2021

| | General | Debt Service | Medical Center | Central Street Project | Capital Improvement Projects |
|--|---------------------|-------------------|---------------------|------------------------------|------------------------------------|
| Revenues | | | | | |
| Taxes | \$ 923,385 | \$ 342,752 | \$ - | \$ - | \$ - |
| Special assessments | 1,146 | 149,542 | - | - | 8,663 |
| Licenses and permits | 11,765 | - | - | - | - |
| Intergovernmental | 1,382,376 | - | - | 1,455,860 | - |
| Charges for services | 320,060 | - | 169,814 | - | - |
| Fines and forfeits | 3,093 | - | - | - | - |
| Investment earnings (loss) | 1,831 | 1,227 | 4,879 | (430) | 413 |
| Miscellaneous | 78,224 | 3,168 | 32,718 | - | 100 |
| Total Revenues | 2,721,880 | 496,689 | 207,411 | 1,455,430 | 9,176 |
| Expenditures | | | | | |
| Current | | | | | |
| General government | 576,198 | - | - | - | - |
| Public safety | 617,076 | - | - | - | - |
| Streets and highways | 359,936 | - | - | - | - |
| Culture and recreation | 431,592 | - | - | - | - |
| Housing and economic development | 15,000 | 17,001 | - | - | - |
| Health and welfare | - | - | 219,311 | - | - |
| Miscellaneous | 240,167 | - | - | - | - |
| Capital outlay | | | | | |
| General government | 7,571 | - | - | - | - |
| Public safety | 5,883 | - | - | - | 3,600 |
| Streets and highways | - | - | - | 2,942,845 | 8,897 |
| Culture and recreation | 3,994 | - | - | - | - |
| Miscellaneous | 193,999 | - | - | - | - |
| Debt service | | | | | |
| Principal | - | 486,262 | - | - | - |
| Interest and other costs | 645 | 120,748 | - | - | - |
| Bond issuance costs | - | - | - | 47,617 | - |
| Total Expenditures | 2,452,061 | 624,011 | 219,311 | 2,990,462 | 12,497 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 269,819 | (127,322) | (11,900) | (1,535,032) | (3,321) |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 45,043 | - | 3,500 | - | 634,343 |
| Sale of capital assets | 15,000 | - | - | - | - |
| Bonds issued | 111,425 | 38,672 | - | 2,590,850 | - |
| Bond premium | - | - | - | 169,592 | - |
| Transfers out | (688,000) | (3,690) | - | - | (13,542) |
| Total Other Financing Sources (Uses) | (516,532) | 34,982 | 3,500 | 2,760,442 | 620,801 |
| Net Change in Fund Balances | (246,713) | (92,340) | (8,400) | 1,225,410 | 617,480 |
| Fund Balances, January 1 | 1,461,000 | 753,172 | 1,203,594 | (221,608) | 318,261 |
| Prior Period Adjustment (Note 9) | 35,667 | - | 114 | - | - |
| Fund Balances, December 31 | \$ 1,249,954 | \$ 660,832 | \$ 1,195,308 | \$ 1,003,802 | \$ 935,741 |

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

| Other Governmental Funds | Total |
|--------------------------------|---------------------|
| \$ 39,586 | \$ 1,305,723 |
| - | 159,351 |
| - | 11,765 |
| 47,048 | 2,885,284 |
| 97,899 | 587,773 |
| 596 | 3,689 |
| 4,873 | 12,793 |
| <u>92,187</u> | <u>206,397</u> |
| <u>282,189</u> | <u>5,172,775</u> |
| 17,838 | 594,036 |
| - | 617,076 |
| - | 359,936 |
| 250,231 | 681,823 |
| 60,541 | 92,542 |
| - | 219,311 |
| - | 240,167 |
| - | 7,571 |
| 8,726 | 18,209 |
| - | 2,951,742 |
| 69,853 | 73,847 |
| - | 193,999 |
| - | 486,262 |
| - | 121,393 |
| <u>3,627</u> | <u>51,244</u> |
| <u>410,816</u> | <u>6,709,158</u> |
| <u>(128,627)</u> | <u>(1,536,383)</u> |
| 106,860 | 789,746 |
| - | 15,000 |
| 196,697 | 2,937,644 |
| 19,982 | 189,574 |
| <u>(59,798)</u> | <u>(765,030)</u> |
| <u>263,741</u> | <u>3,166,934</u> |
| 135,114 | 1,630,551 |
| 591,572 | 4,105,991 |
| <u>1,713</u> | <u>37,494</u> |
| <u>\$ 728,399</u> | <u>\$ 5,774,036</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, 2021

| | <u>Primary Government</u> |
|---|-------------------------------|
| Amounts reported for governmental activities in the statement of activities are different because | |
| Net change in fund balances - governmental funds | \$ 1,630,551 |
| 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 | 3,258,756 |
| Contributed assets to business-type activities | (302,392) |
| Depreciation expense | (913,168) |
| The net effect of various miscellaneous transactions involving capital assets is to decrease net position. | |
| Book value of trade-in of capital assets | (6,250) |
| Sales and donations | (37,984) |
| 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 | 486,262 |
| Debt issued or incurred | (2,937,644) |
| Premiums received on bonds, net of amortization expense | (185,072) |
| 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. | (810) |
| 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 | (973) |
| Special assessments | (98,975) |
| Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | |
| Compensated absences | (2,177) |
| Long-term pension activity is not reported in governmental funds financial resources and, therefore, are not reported as expenditures in governmental funds. | |
| Pension expense | 123,684 |
| Direct aid contributions | 6,246 |
| | 129,930 |
| Change in Net Position - Governmental Activities | \$ 1,020,054 |

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 Fund
For the Year Ended December 31, 2021

| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
| | Original | Final | | |
| Revenues | | | | |
| Taxes | \$ 920,733 | \$ 920,733 | \$ 923,385 | \$ 2,652 |
| Special assessments | - | - | 1,146 | 1,146 |
| Licenses and permits | 9,680 | 9,680 | 11,765 | 2,085 |
| Intergovernmental | 1,050,944 | 1,050,944 | 1,382,376 | 331,432 |
| Charges for services | 280,338 | 280,338 | 320,060 | 39,722 |
| Fines and forfeits | 4,300 | 4,300 | 3,093 | (1,207) |
| Investment earnings | 5,200 | 5,200 | 1,831 | (3,369) |
| Miscellaneous | 7,950 | 7,950 | 78,224 | 70,274 |
| Total Revenues | <u>2,279,145</u> | <u>2,279,145</u> | <u>2,721,880</u> | <u>442,735</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | 594,593 | 594,593 | 576,198 | 18,395 |
| Public safety | 607,895 | 607,895 | 617,076 | (9,181) |
| Streets and highways | 315,930 | 315,930 | 359,936 | (44,006) |
| Culture and recreation | 414,343 | 414,343 | 431,592 | (17,249) |
| Housing and economic development | - | - | 15,000 | (15,000) |
| Miscellaneous | 92,876 | 92,876 | 240,167 | (147,291) |
| Capital outlay | | | | |
| General government | - | - | 7,571 | (7,571) |
| Public safety | - | - | 5,883 | (5,883) |
| Culture and recreation | - | - | 3,994 | (3,994) |
| Miscellaneous | - | - | 193,999 | (193,999) |
| Debt service | | | | |
| Interest and other costs | 650 | 650 | 645 | 5 |
| Total Expenditures | <u>2,026,287</u> | <u>2,026,287</u> | <u>2,452,061</u> | <u>(425,774)</u> |
| Excess (Deficiencies) of Revenues Over (Under) Expenditures | <u>252,858</u> | <u>252,858</u> | <u>269,819</u> | <u>16,961</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 35,000 | 35,000 | 45,043 | 10,043 |
| Sale of capital assets | - | - | 15,000 | 15,000 |
| Bonds issued | - | - | 111,425 | 111,425 |
| Transfers out | (287,858) | (287,858) | (688,000) | (400,142) |
| Total Other Financing Sources (Uses) | <u>(252,858)</u> | <u>(252,858)</u> | <u>(516,532)</u> | <u>(263,674)</u> |
| Net Change in Fund Balances | - | - | (246,713) | (246,713) |
| Fund Balances, January 1 | 1,461,000 | 1,461,000 | 1,461,000 | - |
| Prior Period Adjustment (Note 9) | - | - | 35,667 | 35,667 |
| Fund Balances, December 31 | <u>\$ 1,461,000</u> | <u>\$ 1,461,000</u> | <u>\$ 1,249,954</u> | <u>\$ (211,046)</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, 2021

| | 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 | \$ 602,183 | \$ 591,383 | \$ 2,139,058 | \$ 3,332,624 |
| Receivables | | | | |
| Accrued interest | 13 | 13 | 302 | 328 |
| Accounts, net of allowance | 4,262 | 4,906 | 17,514 | 26,682 |
| Accrued billings | 44,653 | 47,724 | 213,986 | 306,363 |
| Special assessments | 8,300 | 9,360 | - | 17,660 |
| Intergovernmental | 72 | 82 | 314 | 468 |
| Due from other funds | 2,381 | - | 14,714 | 17,095 |
| Advance to other funds - current | - | - | 10,598 | 10,598 |
| Inventories | 35 | 1,242 | 259,075 | 260,352 |
| Prepaid items | 6,101 | 7,016 | 15,826 | 28,943 |
| Total Current Assets | 668,000 | 661,726 | 2,671,387 | 4,001,113 |
| Noncurrent Assets | | | | |
| Advance to other funds - noncurrent | - | - | 109,317 | 109,317 |
| Special assessments | 16,389 | 18,933 | - | 35,322 |
| Capital assets | | | | |
| Land | 12,263 | 100,733 | 45,360 | 158,356 |
| Construction in progress | 634,810 | 553,939 | 98,167 | 1,286,916 |
| Building and improvements | 1,612,344 | 3,186,034 | 572,352 | 5,370,730 |
| Infrastructure | 3,376,162 | 1,795,930 | 4,251,201 | 9,423,293 |
| Machinery and equipment | 278,332 | 306,194 | 5,535,765 | 6,120,291 |
| Total capital assets, at cost | 5,913,911 | 5,942,830 | 10,502,845 | 22,359,586 |
| Less accumulated depreciation | (3,624,377) | (3,004,508) | (8,363,728) | (14,992,613) |
| Total capital assets (net of accumulated depreciation) | 2,289,534 | 2,938,322 | 2,139,117 | 7,366,973 |
| Total Noncurrent Assets | 2,305,923 | 2,957,255 | 2,248,434 | 7,511,612 |
| Total Assets | 2,973,923 | 3,618,981 | 4,919,821 | 11,512,725 |
| Deferred Outflows of Resources | | | | |
| Deferred pension resources | 55,037 | 55,036 | 108,900 | 218,973 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Accounts payable | 698 | 2,689 | 148,707 | 152,094 |
| Due to other funds | 2,741 | 5,317 | 17,900 | 25,958 |
| Due to other governments | - | - | 10,226 | 10,226 |
| Due to component unit | - | - | - | - |
| Accrued interest payable | 1,575 | 1,199 | 111 | 2,885 |
| Accrued salaries payable | 5,138 | 5,138 | 8,759 | 19,035 |
| Customer deposits payable | - | - | 24,500 | 24,500 |
| Unearned revenue | - | - | - | - |
| Compensated absences payable - current portion | 2,888 | 2,888 | 4,543 | 10,319 |
| Advance from other funds - current portion | 29,795 | 25,559 | 5,080 | 60,434 |
| Bonds payable - current portion | 37,635 | 24,937 | 1,155 | 63,727 |
| Total Current Liabilities | 80,470 | 67,727 | 220,981 | 369,178 |
| Noncurrent Liabilities | | | | |
| Bonds payable - noncurrent portion | 756,768 | 605,653 | 63,357 | 1,425,778 |
| Net pension liability | 75,644 | 75,634 | 149,672 | 300,950 |
| Total Noncurrent Liabilities | 832,412 | 681,287 | 213,029 | 1,726,728 |
| Total Liabilities | 912,882 | 749,014 | 434,010 | 2,095,906 |
| Deferred Inflows of Resources | | | | |
| Deferred pension resources | 70,418 | 70,416 | 139,333 | 280,167 |
| Net Position | | | | |
| Net investment in capital assets | 1,495,131 | 2,307,732 | 2,074,605 | 5,877,468 |
| Unrestricted | 550,529 | 546,855 | 2,380,773 | 3,478,157 |
| Total Net Position | \$ 2,045,660 | \$ 2,854,587 | \$ 4,455,378 | \$ 9,355,625 |

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 | | |
| \$ 102,824 | \$ 208,767 | \$ 134,491 | | \$ 3,778,706 |
| - | - | 123 | | 451 |
| - | - | 81,211 | | 107,893 |
| - | - | - | | 306,363 |
| - | - | - | | 17,660 |
| - | - | 405 | | 873 |
| - | 16,339 | 1,604 | | 35,038 |
| - | - | - | | 10,598 |
| - | - | - | | 260,352 |
| 12,199 | - | 1,253 | | 42,395 |
| <u>115,023</u> | <u>225,106</u> | <u>219,087</u> | | <u>4,560,329</u> |
| - | - | - | | 109,317 |
| - | - | - | | 35,322 |
| 56,999 | - | - | | 215,355 |
| - | 513,383 | - | | 1,800,299 |
| 2,327,717 | - | 14,736 | | 7,713,183 |
| - | 213,225 | - | | 9,636,518 |
| - | - | 293,089 | | 6,413,380 |
| 2,384,716 | 726,608 | 307,825 | | 25,778,735 |
| (890,353) | (8,494) | (230,682) | | (16,122,142) |
| <u>1,494,363</u> | <u>718,114</u> | <u>77,143</u> | | <u>9,656,593</u> |
| <u>1,494,363</u> | <u>718,114</u> | <u>77,143</u> | | <u>9,801,232</u> |
| <u>1,609,386</u> | <u>943,220</u> | <u>296,230</u> | | <u>14,361,561</u> |
| 1,252 | - | 1,318 | | 221,543 |
| 2,794 | - | 4,382 | | 159,270 |
| - | 1,515 | 3,096 | | 30,569 |
| - | - | 348 | | 10,574 |
| 135,000 | - | - | | 135,000 |
| 16,853 | 1,236 | - | | 20,974 |
| 58 | - | 1,823 | | 20,916 |
| 20,640 | - | - | | 45,140 |
| 5,585 | - | - | | 5,585 |
| - | - | - | | 10,319 |
| - | - | - | | 60,434 |
| 95,000 | 22,433 | - | | 181,160 |
| <u>275,930</u> | <u>25,184</u> | <u>9,649</u> | | <u>679,941</u> |
| 1,395,000 | 600,780 | - | | 3,421,558 |
| 1,721 | - | 1,812 | | 304,483 |
| <u>1,396,721</u> | <u>600,780</u> | <u>1,812</u> | | <u>3,726,041</u> |
| <u>1,672,651</u> | <u>625,964</u> | <u>11,461</u> | | <u>4,405,982</u> |
| 1,602 | - | 1,686 | | 283,455 |
| 4,363 | 94,901 | 77,143 | | 6,053,875 |
| (67,978) | 222,355 | 207,258 | | 3,839,792 |
| <u>\$ (63,615)</u> | <u>\$ 317,256</u> | <u>\$ 284,401</u> | | <u>\$ 9,893,667</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, 2021

| | 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 | \$ 553,734 | \$ - | \$ 2,578,645 | \$ 3,132,379 |
| Conservation improvement program sales | - | - | 30,483 | 30,483 |
| Generation sales | - | - | 242 | 242 |
| Service charges | - | 570,641 | - | 570,641 |
| Interdepartmental sales | 11,927 | - | 79,211 | 91,138 |
| Sales to city | 28,382 | - | 114,519 | 142,901 |
| Other revenue | 185 | - | 18,648 | 18,833 |
| Total sales | <u>594,228</u> | <u>570,641</u> | <u>2,821,748</u> | <u>3,986,617</u> |
| Charges for services | - | - | - | - |
| Rent | - | - | - | - |
| Penalties | - | - | 27,235 | 27,235 |
| Total Operating Revenues | <u>594,228</u> | <u>570,641</u> | <u>2,848,983</u> | <u>4,013,852</u> |
| Operating Expenses | | | | |
| Power production and pumping | 34,595 | - | 304,023 | 338,618 |
| Purification | 18,930 | - | - | 18,930 |
| Purchases and generation | - | - | 1,480,771 | 1,480,771 |
| Transmission and distribution | 242,816 | - | 84,666 | 327,482 |
| Sewage collection and disposal | - | 264,916 | - | 264,916 |
| Administration and general | 63,282 | 61,831 | 326,896 | 452,009 |
| Personal services | - | - | - | - |
| Supplies | - | - | - | - |
| Other services and charges | - | - | - | - |
| Insurance | - | - | - | - |
| Utilities | - | - | - | - |
| Depreciation | 52,624 | 108,366 | 221,133 | 382,123 |
| Total Operating Expenses | <u>412,247</u> | <u>435,113</u> | <u>2,417,489</u> | <u>3,264,849</u> |
| Operating Income (Loss) | <u>181,981</u> | <u>135,528</u> | <u>431,494</u> | <u>749,003</u> |
| Nonoperating Revenues (Expenses) | | | | |
| Investment income | 726 | 663 | 9,216 | 10,605 |
| Intergovernmental | - | - | 9,900 | 9,900 |
| Miscellaneous income | 2,123 | 2,565 | 9,435 | 14,123 |
| Contributions and donations | - | - | - | - |
| Gain on sale of capital assets | - | - | 2,500 | 2,500 |
| Interest expense | (14,271) | (10,779) | (2,377) | (27,427) |
| Amortization of bond premiums | 617 | 418 | - | 1,035 |
| Bond issuance costs | (8,039) | (7,646) | - | (15,685) |
| Total Nonoperating Revenues (Expenses) | <u>(18,844)</u> | <u>(14,779)</u> | <u>28,674</u> | <u>(4,949)</u> |
| Income (Loss) Before Transfers | 163,137 | 120,749 | 460,168 | 744,054 |
| Transfers In | - | - | 55,000 | 55,000 |
| Capital Contributions from Governmental Funds | 139,739 | 83,051 | 30,490 | 253,280 |
| Transfers Out | <u>(41,667)</u> | <u>(36,667)</u> | <u>(11,667)</u> | <u>(90,001)</u> |
| Change in Net Position | 261,209 | 167,133 | 533,991 | 962,333 |
| Net Position, January 1 | <u>1,784,451</u> | <u>2,687,454</u> | <u>3,921,387</u> | <u>8,393,292</u> |
| Net Position, December 31 | <u>\$ 2,045,660</u> | <u>\$ 2,854,587</u> | <u>\$ 4,455,378</u> | <u>\$ 9,355,625</u> |

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

Business-type Activities - Enterprise Funds

| 610 | 651 | Non-Major 608 | Total |
|-------------------|------------------------|-------------------------|--------------|
| Rental Housing | Storm Sewer Utility | Community Ambulance | |
| \$ - | \$ - | \$ - | \$ 3,132,379 |
| - | - | - | 30,483 |
| - | - | - | 242 |
| - | - | - | 570,641 |
| - | - | - | 91,138 |
| - | - | - | 142,901 |
| - | 96,064 | 5 | 114,902 |
| - | 96,064 | 5 | 4,082,686 |
| - | - | 178,439 | 178,439 |
| 231,950 | - | - | 231,950 |
| - | - | - | 27,235 |
| 231,950 | 96,064 | 178,444 | 4,520,310 |
| - | - | - | 338,618 |
| - | - | - | 18,930 |
| - | - | - | 1,480,771 |
| - | - | - | 327,482 |
| - | - | - | 264,916 |
| - | - | - | 452,009 |
| 5,606 | - | 71,508 | 77,114 |
| 7,656 | - | 25,411 | 33,067 |
| 33,940 | 1,223 | 152,879 | 188,042 |
| 20,549 | - | 1,060 | 21,609 |
| 2,950 | - | - | 2,950 |
| 63,836 | 4,247 | 25,992 | 476,198 |
| 134,537 | 5,470 | 276,850 | 3,681,706 |
| 97,413 | 90,594 | (98,406) | 838,604 |
| 98 | 242 | 681 | 11,626 |
| - | 34,076 | 6,631 | 50,607 |
| 5,333 | - | 353 | 19,809 |
| - | - | 11,724 | 11,724 |
| - | - | - | 2,500 |
| (48,324) | (10,157) | - | (85,908) |
| - | 198 | - | 1,233 |
| - | (6,961) | - | (22,646) |
| (42,893) | 17,398 | 19,389 | (11,055) |
| 54,520 | 107,992 | (79,017) | 827,549 |
| - | - | 10,285 | 65,285 |
| - | 49,112 | - | 302,392 |
| - | - | - | (90,001) |
| 54,520 | 157,104 | (68,732) | 1,105,225 |
| (118,135) | 160,152 | 353,133 | 8,788,442 |
| \$ (63,615) | \$ 317,256 | \$ 284,401 | \$ 9,893,667 |

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, 2021

| | Business-type Activities - Enterprise Funds | | | |
|---|---|-------------------|---------------------|---------------------|
| | Public Utilities Commission (PUC) | | | |
| | 601 | 602 | 604 | |
| | Water Utility | Sewer Utility | Electric Utility | Total PUC |
| Cash Flows from Operating Activities | | | | |
| Receipts from customers | \$ 585,804 | \$ 557,777 | \$ 2,861,671 | \$ 4,005,252 |
| Payments to suppliers and vendors | (181,423) | (148,275) | (1,787,686) | (2,117,384) |
| Payments to and on behalf of employees | (187,743) | (188,262) | (381,155) | (757,160) |
| Other receipts | - | 2,547 | 9,464 | 12,011 |
| Net Cash Provided (Used) by Operating Activities | <u>216,638</u> | <u>223,787</u> | <u>702,294</u> | <u>1,142,719</u> |
| Cash Flows from Noncapital Financing Activities | | | | |
| (Increase) decrease in due from other funds | (1,761) | - | 1,396 | (365) |
| Increase (decrease) in due to other funds | (6,073) | (3,884) | (8,584) | (18,541) |
| Transfers from other funds | - | - | 55,000 | 55,000 |
| Transfers to other funds | (41,667) | (36,667) | (11,667) | (90,001) |
| Intergovernmental operating grants received | - | - | 9,900 | 9,900 |
| Net Cash Provided (Used) by Noncapital Financing Activities | <u>(49,501)</u> | <u>(40,551)</u> | <u>46,045</u> | <u>(44,007)</u> |
| Cash Flows from Capital and Related Financing Activities | | | | |
| Special assessment receipts | 8,230 | 9,430 | - | 17,660 |
| Acquisition of capital assets | (477,488) | (435,331) | (276,288) | (1,189,107) |
| Proceeds from sale of capital assets | - | - | 2,500 | 2,500 |
| Proceeds from bonds issued, net of premiums | 471,694 | 448,653 | 64,512 | 984,859 |
| Principal paid on bonds | (44,998) | (29,341) | - | (74,339) |
| Interest paid on bonds | (16,258) | (11,508) | (2,266) | (30,032) |
| Issuance costs paid on bonds | (8,039) | (7,646) | - | (15,685) |
| Net Cash Provided (Used) by Capital and Related Financing Activities | <u>(66,859)</u> | <u>(25,743)</u> | <u>(211,542)</u> | <u>(304,144)</u> |
| Cash Flows from Investing Activities | | | | |
| Decrease in advance to other funds | - | - | 10,598 | 10,598 |
| Interest received on investments | 714 | 649 | 9,162 | 10,525 |
| Net Cash Provided (Used) by Investing Activities | <u>714</u> | <u>649</u> | <u>19,760</u> | <u>21,123</u> |
| Net Increase (Decrease) Cash and Temporary Investments | 100,992 | 158,142 | 556,557 | 815,691 |
| Cash and Temporary Investments, January 1 | <u>501,191</u> | <u>433,241</u> | <u>1,582,501</u> | <u>2,516,933</u> |
| Cash and Temporary Investments, December 31 | <u>\$ 602,183</u> | <u>\$ 591,383</u> | <u>\$ 2,139,058</u> | <u>\$ 3,332,624</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 |
| \$ 233,271 | \$ 96,064 | \$ 162,548 | | \$ 4,497,135 |
| (64,743) | (1,457) | (194,316) | | (2,377,900) |
| (3,487) | - | (70,358) | | (831,005) |
| 5,333 | - | 18,708 | | 36,052 |
| <u>170,374</u> | <u>94,607</u> | <u>(83,418)</u> | | <u>1,324,282</u> |
| - | (17) | - | | (382) |
| - | (30,855) | 2,984 | | (46,412) |
| - | - | 10,285 | | 65,285 |
| - | - | - | | (90,001) |
| - | 34,076 | - | | 43,976 |
| <u>-</u> | <u>3,204</u> | <u>13,269</u> | | <u>(27,534)</u> |
| - | - | - | | 17,660 |
| - | (431,901) | - | | (1,621,008) |
| - | - | - | | 2,500 |
| - | 408,439 | - | | 1,393,298 |
| (90,000) | (14,400) | - | | (178,739) |
| (49,426) | (12,098) | - | | (91,556) |
| - | (6,961) | - | | (22,646) |
| <u>(139,426)</u> | <u>(56,921)</u> | <u>-</u> | | <u>(500,491)</u> |
| - | - | (1,604) | | 8,994 |
| 98 | 242 | 1,081 | | 11,946 |
| <u>98</u> | <u>242</u> | <u>(523)</u> | | <u>20,940</u> |
| 31,046 | 41,132 | (70,672) | | 817,197 |
| <u>71,778</u> | <u>167,635</u> | <u>205,163</u> | | <u>2,961,509</u> |
| <u>\$ 102,824</u> | <u>\$ 208,767</u> | <u>\$ 134,491</u> | | <u>\$ 3,778,706</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, 2021

| | 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) | \$ 181,981 | \$ 135,528 | \$ 431,494 | \$ 749,003 |
| Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities | | | | |
| Other income (expenses) related to operations | 2,110 | 2,547 | 9,464 | 14,121 |
| Depreciation | 52,624 | 108,366 | 221,133 | 382,123 |
| (Increase) decrease in assets | | | | |
| Accounts receivable | (500) | (985) | 8,048 | 6,563 |
| Accrued billings | (9,849) | (11,694) | 6,808 | (14,735) |
| Intergovernmental | - | - | - | - |
| Inventories | (35) | 813 | 69,173 | 69,951 |
| Prepaid items | 631 | 642 | (1,460) | (187) |
| (Increase) decrease in deferred outflows of resources | | | | |
| Deferred pension resources | (41,885) | (41,885) | (83,333) | (167,103) |
| Increase (decrease) in liabilities | | | | |
| Accounts payable | 287 | (819) | (21,797) | (22,329) |
| Due to other governments | - | - | (3,830) | (3,830) |
| Accrued wages payable | 146 | 146 | (645) | (353) |
| Compensated absences payable | (885) | (885) | 1,736 | (34) |
| Net pension liability | (31,765) | (31,765) | (59,123) | (122,653) |
| Customer deposits payable | - | - | (1,800) | (1,800) |
| Unearned revenue | - | - | - | - |
| Increase (decrease) in deferred inflows of resources | | | | |
| Deferred pension resources | 63,778 | 63,778 | 126,426 | 253,982 |
| Net Cash Provided (Used) by Operating Activities | <u>\$ 216,638</u> | <u>\$ 223,787</u> | <u>\$ 702,294</u> | <u>\$ 1,142,719</u> |
| Schedule of Noncash Investing, Capital and Financing Activities | | | | |
| Capital contributions from other funds | <u>\$ 139,739</u> | <u>\$ 83,051</u> | <u>\$ 30,490</u> | <u>\$ 253,280</u> |
| Amortization of bond (premium) discount | <u>\$ (616)</u> | <u>\$ (419)</u> | <u>\$ -</u> | <u>\$ (1,035)</u> |

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

Business-type Activities - Enterprise Funds

| <u>Business-type Activities - Enterprise Funds</u> | | | |
|--|------------------------|--------------------------------------|---------------------|
| 610 | 651 | <u>Non-Major</u> | |
| Rental Housing | Storm Sewer Utility | 608 Community Ambulance | Total |
| \$ 97,413 | \$ 90,594 | \$ (98,406) | \$ 838,604 |
| 5,333 | - | 18,708 | 38,162 |
| 63,836 | 4,247 | 25,992 | 476,198 |
| - | - | (15,346) | (8,783) |
| - | - | - | (14,735) |
| - | - | (5) | (5) |
| - | - | - | 69,951 |
| (363) | - | 375 | (175) |
| (1,252) | - | (1,126) | (169,481) |
| 715 | (234) | (15,373) | (37,221) |
| - | - | 32 | (3,798) |
| 44 | - | 442 | 133 |
| - | - | - | (34) |
| 1,721 | - | 240 | (120,692) |
| 660 | - | - | (1,140) |
| 665 | - | (540) | 125 |
| 1,602 | - | 1,589 | 257,173 |
| <u>\$ 170,374</u> | <u>\$ 94,607</u> | <u>\$ (83,418)</u> | <u>\$ 1,324,282</u> |
| <u>\$ -</u> | <u>\$ 49,112</u> | <u>\$ -</u> | <u>\$ 302,392</u> |
| <u>\$ -</u> | <u>\$ (198)</u> | <u>\$ -</u> | <u>\$ (1,233)</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, 2021

| | Private-Purpose Trust Funds | | | Custodial Fund | Total |
|-----------------------------------|----------------------------------|-------------------------------|-----------------------------------|---------------------|-------------------|
| | 801 Altermatt Trust | 804 Roiger Trust | 803 Rothenburg Trust | 871 State | |
| Assets | | | | | |
| Cash and temporary investments | \$ 486,442 | \$ 220,622 | \$ 107,039 | \$ 5,389 | \$ 819,492 |
| Receivables | | | | | |
| Accrued interest | 1,622 | - | 166 | - | 1,788 |
| Intergovernmental | 70,000 | - | - | - | 70,000 |
| Total Assets | <u>558,064</u> | <u>220,622</u> | <u>107,205</u> | <u>5,389</u> | <u>891,280</u> |
| Liabilities | | | | | |
| Due to other governments | - | - | - | 5,389 | 5,389 |
| Net Position | | | | | |
| Restricted | | | | | |
| Individuals and Other governments | <u>\$ 558,064</u> | <u>\$ 220,622</u> | <u>\$ 107,205</u> | <u>\$ -</u> | <u>\$ 885,891</u> |

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

City of Springfield, Minnesota
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2021

| | 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 | \$ - | \$ - | \$ - | \$ 1,446,819 | \$ 1,446,819 |
| Investment earnings | 6,779 | 284 | 546 | - | 7,609 |
| Total Additions | <u>6,779</u> | <u>284</u> | <u>546</u> | <u>1,446,819</u> | <u>1,454,428</u> |
| Deductions | | | | | |
| Payments for contracted services | - | 2,370 | - | - | 2,370 |
| Payments to state | - | - | - | 1,446,819 | 1,446,819 |
| Total Deductions | <u>-</u> | <u>2,370</u> | <u>-</u> | <u>1,446,819</u> | <u>1,449,189</u> |
| Net Increase (Decrease) in Fiduciary Net Position | 6,779 | (2,086) | 546 | - | 5,239 |
| Net Position, January 1 | <u>551,285</u> | <u>222,708</u> | <u>106,659</u> | <u>-</u> | <u>880,652</u> |
| Net Position, December 31 | <u>\$ 558,064</u> | <u>\$ 220,622</u> | <u>\$ 107,205</u> | <u>\$ -</u> | <u>\$ 885,891</u> |

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

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City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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

The *Central Street Project fund* accounts for the various revenue sources and project costs relating to the Central Street Project.

The *Capital Improvement Projects fund* accounts for expenditures related to various capital project and equipment costs.

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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

Note 1: Summary of Significant Accounting Policies (Continued)

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 2021. 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, 2021 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.

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.

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

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.

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.

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

The total pension expense for the General Employee Plan (GERP), Police and Fire Plan (PEFPF) and Springfield Fire Relief Association is as follows:

| | GERP | PEFPF | FRA | Total Pension Expense |
|-----------------|-----------|-------------|-----------|-----------------------------|
| Pension Expense | \$ 12,452 | \$ (15,121) | \$ 37,838 | \$ 35,169 |

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, 2021 was \$49,990. 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 City 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, Minnesota
Notes to the Financial Statements
December 31, 2021

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, 2021, expenditures exceeded appropriations in the following funds:

| Fund | Budget | Actual | Excess of Expenditures Over (Under) Appropriations |
|--------------------|--------------|--------------|--|
| General | \$ 2,026,287 | \$ 2,452,061 | \$ 425,774 |
| Nonmajor | | | |
| Community Center | 145,768 | 173,758 | 27,990 |
| Recreation Complex | 59,108 | 61,547 | 2,439 |

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, 2021:

| Fund | Amount |
|--------------------|-----------|
| Special Revenue | |
| Recreation Complex | \$ 18,707 |
| Enterprise | |
| Rental Housing | 63,615 |

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

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

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 \$10,706,694 and the bank balance was \$11,243,257. Of the bank balance, \$1,500,000 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, Minnesota
Notes to the Financial Statements
December 31, 2021

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 | \$ 9,701,000 | \$ 186,202 | \$ 819,492 | \$ 10,706,694 |
| Petty Cash | 550 | - | - | 550 |
| Total Cash and Temporary Investments | <u>\$ 9,701,550</u> | <u>\$ 186,202</u> | <u>\$ 819,492</u> | <u>\$ 10,707,244</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, 2021 is \$165,040 net of allowance of \$369,901. 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, 2021 is \$407,922. 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 \$338,959. Of the balance, \$68,963 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, 2021 is \$119,915. This note is secured by tax increment revenues and contributions from J.P. Hospitality LLC for any increment shortfalls.

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

C. Capital Assets

Capital asset activity for the City for the year ended December 31, 2021 was as follows:

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|---------------------|--------------------|----------------------|
| Governmental Activities | | | | |
| Capital Assets not Being Depreciated | | | | |
| Land | \$ 736,429 | \$ 26,321 | \$ (32,532) | \$ 730,218 |
| Construction in progress | 290,191 | 2,892,118 | (45,034) | 3,137,275 |
| Total Capital Assets not Being Depreciated | <u>1,026,620</u> | <u>2,918,439</u> | <u>(77,566)</u> | <u>3,867,493</u> |
| Capital Assets Being Depreciated | | | | |
| Buildings and improvements | 11,000,578 | - | (12,716) | 10,987,862 |
| Infrastructure and other improvements | 12,450,311 | - | - | 12,450,311 |
| Machinery and equipment | 3,990,400 | 82,959 | (13,800) | 4,059,559 |
| Total Capital Assets Being Depreciated | <u>27,441,289</u> | <u>82,959</u> | <u>(26,516)</u> | <u>27,497,732</u> |
| Less Accumulated Depreciation for | | | | |
| Buildings and improvements | (3,870,479) | (350,664) | 4,080 | (4,217,063) |
| Infrastructure and other improvements | (7,588,169) | (356,125) | - | (7,944,294) |
| Machinery and equipment | (2,417,840) | (206,379) | 10,734 | (2,613,485) |
| Total Accumulated Depreciation | <u>(13,876,488)</u> | <u>(913,168)</u> | <u>14,814</u> | <u>(14,774,842)</u> |
| Total Capital Assets Being Depreciated, Net | <u>13,564,801</u> | <u>(830,209)</u> | <u>(11,702)</u> | <u>12,722,890</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 14,591,421</u> | <u>\$ 2,088,230</u> | <u>\$ (89,268)</u> | <u>\$ 16,590,383</u> |

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

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 | 110,390 | 1,689,909 | - | 1,800,299 |
| Total Capital Assets not Being Depreciated | <u>325,745</u> | <u>1,689,909</u> | <u>-</u> | <u>2,015,654</u> |
| Capital Assets Being Depreciated | | | | |
| Buildings and improvements | 7,713,183 | - | - | 7,713,183 |
| Infrastructure and other improvements | 9,512,854 | 153,665 | - | 9,666,519 |
| Machinery and equipment | 6,312,973 | 79,826 | (9,420) | 6,383,379 |
| Total Capital Assets Being Depreciated | <u>23,539,010</u> | <u>233,491</u> | <u>(9,420)</u> | <u>23,763,081</u> |
| Less Accumulated Depreciation for | | | | |
| Buildings and improvements | (4,815,398) | (140,344) | - | (4,955,742) |
| Infrastructure and other improvements | (5,028,115) | (233,618) | - | (5,261,733) |
| Machinery and equipment | (5,811,851) | (102,236) | 9,420 | (5,904,667) |
| Total Accumulated Depreciation | <u>(15,655,364)</u> | <u>(476,198)</u> | <u>9,420</u> | <u>(16,122,142)</u> |
| Total Capital Assets Being Depreciated, Net | <u>7,883,646</u> | <u>(242,707)</u> | <u>-</u> | <u>7,640,939</u> |
| Business-type Activities Capital Assets, Net | <u>\$ 8,209,391</u> | <u>\$ 1,447,202</u> | <u>\$ -</u> | <u>\$ 9,656,593</u> |

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

| | | |
|---|--|-------------------|
| Governmental Activities | | |
| General government | | \$ 28,603 |
| Public safety | | 81,933 |
| Streets and highways | | 361,160 |
| Culture and recreation | | 171,580 |
| Miscellaneous | | <u>269,892</u> |
| Total Depreciation Expense - Governmental Activities | | <u>\$ 913,168</u> |
| Business-type Activities | | |
| Water | | \$ 52,624 |
| Sewer | | 108,366 |
| Electric | | 221,133 |
| Storm sewer | | 4,247 |
| Community ambulance | | 25,992 |
| Rental housing | | <u>63,836</u> |
| Total Depreciation Expense - Business-type Activities | | <u>\$ 476,198</u> |

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

Discretely Presented Component Unit

Capital asset activity for the EDA for the year ended December 31, 2021, was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|--------------------------------------|------------------------------|------------------|------------------|---------------------------|
| Component Unit - EDA | | | | |
| Governmental Activities: | | | | |
| Capital Assets not Being Depreciated | | | | |
| Land | <u>\$ 189,913</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 189,913</u> |

Construction Commitments

The City has an active construction project as of December 31, 2021. At year end the City's commitments with contractors are as follows:

| <u>Project</u> | <u>Spent-to-Date</u> | <u>Remaining Commitment</u> |
|------------------------|----------------------|---------------------------------|
| Central Street Project | <u>\$ 3,904,195</u> | <u>\$ 717,725</u> |

D. Interfund Receivables, Payables and Transfers

The composition of interfund balances at December 31, 2021 is as follows:

Advances To/From Other Funds

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|------------------------|---------------------|-------------------|
| Electric Utility | Debt Service | \$ 119,915 |
| Central Street Project | Electric Utility | 5,080 |
| | Water Utility | 29,795 |
| | Sewer Utility | <u>25,559</u> |
| Total | | <u>\$ 180,349</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, 2021 is \$119,915.

Additional advances were made for capital improvements paid by the City until future bonds are issued.

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

Due to/from Other Funds

| Receivable Fund | Payable Fund | Amount |
|-----------------------------|-----------------------------|------------------|
| General | Electric Utility | \$ 29 |
| | Storm Sewer Utility | 1,515 |
| Medical Center | Electric Utility | 1,356 |
| | Nonmajor proprietary funds | 3,000 |
| Nonmajor governmental funds | General | 20,286 |
| Water Utility | General | 211 |
| | Nonmajor governmental funds | 125 |
| | Sewer Utility | 1,869 |
| | Electric Utility | 176 |
| Electric Utility | General | 7,406 |
| | Water Utility | 2,741 |
| | Sewer Utility | 3,448 |
| | Nonmajor governmental funds | 1,023 |
| | Nonmajor proprietary funds | 96 |
| Storm Sewer Utility | Electric Utility | 16,339 |
| Nonmajor proprietary funds | General | 1,604 |
| | | <u>1,604</u> |
| Total | | <u>\$ 61,224</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 | Medical Center | Capital Improvement Projects | Nonmajor Governmental Funds | Electric Utility Fund | Nonmajor Enterprise Funds | |
| Transfer Out | | | | | | | |
| General fund | \$ - | \$ - | \$ 630,653 | \$ 47,062 | \$ - | \$ 10,285 | \$ 688,000 |
| Debt Service fund | - | - | 3,690 | - | - | - | 3,690 |
| Capital Improvement Projects | - | - | - | 13,542 | - | - | 13,542 |
| Nonmajor governmental funds | 10,042 | 3,500 | - | 46,256 | - | - | 59,798 |
| Water Utility fund | 11,667 | - | - | - | 30,000 | - | 41,667 |
| Sewer Utility fund | 11,667 | - | - | - | 25,000 | - | 36,667 |
| Electric Utility fund | 11,667 | - | - | - | - | - | 11,667 |
| Total | <u>\$ 45,043</u> | <u>\$ 3,500</u> | <u>\$ 634,343</u> | <u>\$ 106,860</u> | <u>\$ 55,000</u> | <u>\$ 10,285</u> | <u>\$ 855,031</u> |

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

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 Water Utility fund (\$11,667), the Sewer Utility fund (\$11,667) and the Electric Utility fund (\$11,667) to the General fund for payment in lieu of taxes.

In the year ended December 31, 2021, the City made the following one-time transfers:

- From the Capital Projects fund to the General fund for the City share of the airport spray pad project (\$10,042).
- From the General fund to the Recreation Complex fund to assist with capital outlay expenses (\$37,062).
- From the 2016 Small Cities Grant (\$35,158) to the Small Cities Grant fund for program and local income.
- From the Small Cities Grant II fund to the 2016 Small Cities Grant fund for new loans (\$24,640).
- From the Capital Projects fund to the Medical Center fund for surplus computers (\$3,500).
- From the General fund to the Park Improvement Capital fund for capital outlay costs (\$10,000).
- From the General fund to the Capital Projects fund for capital equipment purchase reserve (\$630,653).
- From the 2006 GO Bonds fund to the Capital Projects fund to close the debt service fund (\$3,690).
- From the Water (\$30,000) and Sewer (\$25,000) funds to the Electric fund to repay 2001 transfer that was written off.
- From the General fund to the Ambulance fund for operating expenses (\$10,285).

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.

| Description | Authorized and Issued | Interest Rate | Issue Date | Maturity Date | Balance at Year End |
|------------------------------------|--------------------------|------------------|---------------|------------------|---------------------------|
| G.O. Bonds of 2021B - Equipment | 200,000 | 1.10 - 3.00 | 05/06/21 | 12/15/30 | <u>\$ 200,000</u> |

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

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

| <u>Year Ending December 31</u> | General Obligation Bonds Governmental Activities | | |
|------------------------------------|--|------------------|-------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2022 | \$ 20,000 | \$ 5,430 | \$ 25,430 |
| 2023 | 20,000 | 4,830 | 24,830 |
| 2024 | 20,000 | 4,230 | 24,230 |
| 2025 | 20,000 | 3,630 | 23,630 |
| 2026 | 20,000 | 3,030 | 23,030 |
| 2027 - 2030 | <u>100,000</u> | <u>5,670</u> | <u>105,670</u> |
| Total | <u>\$ 200,000</u> | <u>\$ 26,820</u> | <u>\$ 226,820</u> |

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.

| <u>Description</u> | <u>Authorized and Issued</u> | <u>Interest Rate</u> | <u>Issue Date</u> | <u>Maturity Date</u> | <u>Balance at Year End</u> |
|--------------------------------------|----------------------------------|--------------------------|-----------------------|--------------------------|------------------------------------|
| G.O. Improvement Bonds of 2010A | \$ 1,295,000 | 2.00 - 3.50 % | 09/16/10 | 12/01/26 | \$ 490,000 |
| G.O. Improvement Bonds of 2015A | 1,583,652 | 1.20 - 3.00 | 06/15/15 | 12/15/28 | 939,101 |
| G.O. Improvement Bonds of 2018A | 1,343,650 | 3.00 - 3.25 | 06/19/18 | 12/15/33 | 923,350 |
| G.O. Bonds of 2021B - Improvement | 2,626,219 | 1.10 - 3.00 | 05/06/21 | 12/15/36 | <u>2,626,219</u> |
| Total G.O. Special Assessment Bonds | | | | | <u>\$ 4,978,670</u> |

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

| <u>Year Ending December 31</u> | G.O. Special Assessment Bonds Governmental Activities | | |
|------------------------------------|---|-------------------|---------------------|
| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
| 2022 | \$ 333,840 | \$ 126,627 | \$ 460,467 |
| 2023 | 445,624 | 117,890 | 563,514 |
| 2024 | 461,360 | 105,356 | 566,716 |
| 2025 | 472,095 | 92,109 | 564,204 |
| 2026 | 483,769 | 77,992 | 561,761 |
| 2027 - 2031 | 1,602,480 | 213,886 | 1,816,366 |
| 2032 - 2036 | <u>1,179,502</u> | <u>62,762</u> | <u>1,242,264</u> |
| Total | <u>\$ 4,978,670</u> | <u>\$ 796,622</u> | <u>\$ 5,775,292</u> |

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

G.O. Tax Abatement Bonds

The following bonds were issued to finance the flood protection levee and elevator demolitions. 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 | \$ 55,000 |
| G.O. Tax Abatement Bonds of 2021A | 111,425 | 2.00 | 01/21/21 | 08/15/35 | <u>111,425</u> |
| Total G.O. Tax Abatement Bonds | | | | | <u><u>\$ 166,425</u></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 |
| 2022 | \$ 55,000 | \$ 1,265 | \$ 56,265 |
| 2023 | 8,494 | 1,210 | 9,704 |
| 2024 | 7,684 | 2,020 | 9,704 |
| 2025 | 7,838 | 1,866 | 9,704 |
| 2026 | 7,996 | 1,708 | 9,704 |
| 2027 - 2031 | 42,454 | 6,066 | 48,520 |
| 2032 - 2035 | <u>36,959</u> | <u>1,676</u> | <u>38,635</u> |
| Total | <u><u>\$ 166,425</u></u> | <u><u>\$ 15,811</u></u> | <u><u>\$ 182,236</u></u> |

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

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 Bonds of 2015A - Water | \$ 166,201 | 1.20 - 3.00 % | 06/15/15 | 12/15/28 | \$ 98,554 |
| G.O. Improvement Bonds of 2015A - Sewer | 105,147 | 1.20 - 3.00 | 06/15/15 | 12/15/28 | 62,344 |
| G.O. Improvement Bonds of 2018A - Water | 261,750 | 3.00 - 3.25 | 06/19/18 | 12/15/33 | 221,250 |
| G.O. Improvement Bonds of 2018A - Sewer | 139,600 | 3.00 - 3.25 | 06/19/18 | 12/15/33 | 118,000 |
| G.O. Improvement Bonds of 2018A - Storm Sewer | 139,600 | 3.00 - 3.25 | 06/19/18 | 12/15/33 | 212,400 |
| G.O. Bonds of 2021B - Water | 443,081 | 1.10 - 3.00 | 05/06/21 | 12/15/36 | 443,081 |
| G.O. Bonds of 2021B - Sewer | 421,439 | 1.10 - 3.00 | 05/06/21 | 12/15/36 | 421,439 |
| G.O. Bonds of 2021B - Electric | 60,599 | 1.10 - 3.00 | 05/06/21 | 12/15/36 | 60,599 |
| G.O. Bonds of 2021B - Storm Sewer | 383,663 | 1.10 - 3.00 | 05/06/21 | 12/15/36 | <u>383,662</u> |
| Total G.O. Revenue Bonds | | | | | <u><u>\$ 2,021,329</u></u> |

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 | \$ 594,228 | \$ 570,641 | \$ 231,950 | \$ 96,064 |
| Principal and Interest | 61,256 | 40,849 | 139,426 | 26,498 |
| Percentage of Revenues | 10.3% | 7.2% | 60.1% | 27.6% |

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

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 |
| 2022 | \$ 86,160 | \$ 49,988 | \$ 136,148 |
| 2023 | 139,376 | 47,621 | 186,997 |
| 2024 | 143,651 | 43,615 | 187,266 |
| 2025 | 147,905 | 39,442 | 187,347 |
| 2026 | 151,231 | 35,099 | 186,330 |
| 2027 - 2031 | 747,521 | 109,097 | 856,618 |
| 2032 - 2036 | 605,485 | 32,144 | 637,629 |
| Total | \$ 2,021,329 | \$ 357,006 | \$ 2,378,335 |

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 | \$ 1,070,000 |
| EDA Revenue Bond of 2019A | 465,000 | 2.20 - 3.05 | 11/19/19 | 07/01/39 | 420,000 |
| Total Revenue Bonds | | | | | \$ 1,490,000 |

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 |
| 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 | 105,000 | 33,588 | 138,588 |
| 2027 - 2031 | 560,000 | 119,353 | 679,353 |
| 2032 - 2036 | 345,000 | 46,895 | 391,895 |
| 2036 - 2039 | 90,000 | 5,185 | 95,185 |
| Total | \$ 1,490,000 | \$ 368,500 | \$ 1,858,500 |

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 3: Detailed Notes on All Funds (Continued)

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021 was as follows:

| | Beginning Balance | Prior Period Adjustment* | Increases | Decreases | Ending Balance | Due Within One Year |
|---|----------------------|-----------------------------|---------------------|---------------------|---------------------|------------------------|
| Governmental Activities | | | | | | |
| Bonds Payable | | | | | | |
| General obligation special assessment bonds | \$ 2,788,713 | \$ - | \$ 2,626,219 | \$ (436,262) | \$ 4,978,670 | \$ 333,840 |
| General obligation bonds | - | - | 200,000 | - | 200,000 | 20,000 |
| General obligation tax abatement bonds | 105,000 | - | 111,425 | (50,000) | 166,425 | 55,000 |
| Bond premium | 19,056 | - | 189,574 | (4,502) | 204,128 | - |
| Total Bonds Payable | 2,912,769 | - | 3,127,218 | (490,764) | 5,549,223 | 408,840 |
| Compensated absences payable | - | 37,493 | 48,332 | (46,154) | 39,671 | 39,671 |
| Governmental Activity Long-term Liabilities | \$ 2,912,769 | \$ 37,493 | \$ 3,175,550 | \$ (536,918) | \$ 5,588,894 | \$ 448,511 |
| Business-type Activities | | | | | | |
| Bonds Payable | | | | | | |
| General obligation revenue bonds | \$ 801,287 | \$ - | \$ 1,308,781 | \$ (88,739) | \$ 2,021,329 | \$ 86,160 |
| Revenue bonds | 1,580,000 | - | - | (90,000) | 1,490,000 | 95,000 |
| Bond premium | 8,105 | - | 84,517 | (1,233) | 91,389 | - |
| Total Bonds Payable | 2,389,392 | - | 1,393,298 | (179,972) | 3,602,718 | 181,160 |
| Compensated absences payable | - | 10,353 | 38,545 | (38,579) | 10,319 | 10,319 |
| Business-type Activity Long-term Liabilities | \$ 2,389,392 | \$ 10,353 | \$ 1,431,843 | \$ (218,551) | \$ 3,613,037 | \$ 191,479 |

*See note 9 for further detail on the prior period adjustments.

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.

| Issued to | Issue Date | Amount Issued | Balance at Year End |
|------------------------|------------|----------------|---------------------|
| St. John Lutheran Home | 09/12/06 | * \$ 4,300,000 | \$ 1,676,128 |

* Bond was refinanced in 2021

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.

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

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

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

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. The postretirement increase is fixed at 1 percent. Recipients that have been receiving the annuity or benefit for at least 36 months as of the June 30 before the effective date of the increase will receive the full increase. 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 2021 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, 2021, 2020 and 2019 were \$85,823, \$79,873 and \$77,428, 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 members were required to contribute 11.80 percent of their annual covered salary in fiscal year 2021 and the City was required to contribute 17.70 percent for Police and Fire Plan members. The City's contributions to the Police and Fire Fund for the years ending December 31, 2021, 2020 and 2019 were \$49,982, \$55,394 and \$51,484, respectively. The City's contributions were equal to the required contributions for each year as set by state statute.

D. Pension Costs

General Employees Fund Pension Costs

At December 31, 2021, the City reported a liability of \$649,108 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 \$19,741. The net pension liability was measured as of June 30, 2021, 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, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The City's proportion was 0.0152 percent which was the same as its proportion measured as of June 30, 2020.

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

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

| | |
|--|--------------------------|
| City's Proportionate Share of the Net Pension Liability | \$ 649,108 |
| State of Minnesota's Proportionate Share of the Net Pension Liability Associated with the City | <u>19,741</u> |
| Total | <u><u>\$ 668,849</u></u> |

For the year ended December 31, 2021, the City recognized pension expense of \$10,859 for its proportionate share of the General Employees Plan's pension expense. In addition, the City recognized \$1,593 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, 2021, 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 | \$ 3,752 | \$ 19,865 |
| Changes in Actuarial Assumptions | 396,332 | 14,088 |
| Net Difference Between Projected and Actual Earnings on Plan Investments | - | 562,536 |
| Changes in Proportion | 27,918 | 7,779 |
| Contributions Paid to PERA Subsequent to the Measurement Date | <u>44,281</u> | <u>-</u> |
| Total | <u><u>\$ 472,283</u></u> | <u><u>\$ 604,268</u></u> |

The \$44,281 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|------|-------------|
| 2022 | \$ (22,012) |
| 2023 | 4,131 |
| 2024 | (5,056) |
| 2025 | (153,329) |

Police and Fire Fund Pension Costs

At December 31, 2021, the City reported a liability of \$190,658 for its proportionate share of the Police and Fire Fund's net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020 through June 30, 2021 relative to the total employer contributions received from all of PERA's participating employers. The City's proportionate share was 0.0247 percent which was a 0.0041 percent decrease from its proportionate share measured as of June 30, 2020.

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

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

The State of Minnesota contributed \$18 million to the Police and Fire Fund in the plan fiscal year ended June 30, 2021. The contribution consisted of \$9 million in direct state aid that does meet the definition of a special funding situation and \$9 million in supplemental state aid that does not meet the definition of a special funding situation. The \$9 million direct state was paid on October 1, 2020. Thereafter, by October 1 of each year, the state will pay \$9 million to the Police and Fire Fund until full funding is reached or July 1, 2048, whichever is earlier. The \$9 million in supplemental state aid will continue until the fund is 90 percent funded, or until the State Patrol Plan (administered by the Minnesota State Retirement System) is 90 percent funded, whichever occurs later. Strong asset returns for the fiscal year ended 2021 will accelerate the phasing out of these state contributions, although we do not anticipate them to be phased out during the fiscal year ending 2022.

The State of Minnesota is included as a non-employer contributing entity in the Police and Fire Retirement Plan Schedule of Employer Allocations and Schedule of Pension Amounts by Employer, Current Reporting Period Only (pension allocation schedules) for the \$9 million in direct state aid. Police and Fire Plan employers need to recognize their proportionate share of the State of Minnesota’s pension expense (and grant revenue) under GASB 68 special funding situation accounting and financial reporting requirements. For the year ended December 31, 2021, the City recognized negative pension expense of \$16,681 for its proportionate share of the Police and Fire Plan’s pension expense. In addition, the City recognized an additional \$1,560 as pension expense (grant revenue) for its proportionate share of the State of Minnesota’s contribution of \$9 million to the Police and Fire Fund.

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 state aid. The City recognized \$2,223 for the year ended December 31, 2021 as revenue and an offsetting reduction of net pension liability for its proportionate share of the State of Minnesota’s on-behalf contributions to the Police and Fire Fund.

At December 31, 2021, 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 | \$ 40,518 | \$ 1,685 |
| Changes in Actuarial Assumptions | 293,251 | 123,071 |
| Net Difference Between Projected and Actual Earnings on Plan Investments | - | 358,444 |
| Changes in Proportion | 39,616 | 49,988 |
| Contributions Paid to PERA Subsequent to the Measurement Date | 24,927 | - |
| Total | \$ 398,312 | \$ 533,188 |

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

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

The \$24,927 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| | |
|------|--------------|
| 2022 | \$ (135,635) |
| 2023 | (20,578) |
| 2024 | (26,204) |
| 2025 | (38,731) |
| 2026 | 61,345 |

E. Actuarial Assumptions

The total pension liability in the June 30, 2021, actuarial valuation was determined using an individual entry-age normal actuarial cost method. The long-term rate of return on pension plan investments used in the determination of the total liability is 6.5 percent. This assumption is based on a review of inflation and investments return assumptions from a number of national investment consulting firms. The review provided a range of return investment return rates deemed to be reasonable by the actuary. An investment return of 6.5 percent was deemed to be within that range of reasonableness for financial reporting purposes.

Inflation is assumed to be 2.25 percent for the General Employees Plan and 2.25 percent for the Police and Fire Plan. Benefit increases after retirement are assumed to be 1.25 percent for the General Employees Plan. The Police and Fire Plan benefit increase is fixed at 1 percent per year and that increase was used in the valuation.

Salary growth assumptions in the General Employees Plan range in annual increments from 10.25 percent after one year of service to 3.0 percent after 29 years of service and 6.0 percent per year thereafter. In the Police and Fire Plan, salary growth assumptions range from 11.75 percent after one year of service to 3.0 percent after 24 years of service.

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

Actuarial assumptions used in the June 30, 2021 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 were adopted by the Board and became effective with the July 1, 2021 actuarial valuation.

The following changes in actuarial assumptions and plan provisions occurred in 2021:

General Employees Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

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

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

Police and Fire Fund

Changes in Actuarial Assumptions

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

Changes in Plan Provisions

- There have been no changes since the prior valuation.

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

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 Equity | 33.5 % | 5.10 % |
| Private Markets | 25.0 | 5.90 |
| Fixed Income | 25.0 | 0.75 |
| International Equity | 16.5 | 5.30 |
| Total | <u>100.0 %</u> | |

F. Discount Rate

The discount rate used to measure the total pension liability in 2021 was 6.50 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 one percentage point lower or one percentage point higher than the current discount rate:

| | City Proportionate Share of NPL | | |
|------------------------|---------------------------------|-----------------|----------------------------|
| | 1 Percent Decrease (5.50%) | Current (6.50%) | 1 Percent Increase (7.50%) |
| General Employees Fund | \$ 1,323,849 | \$ 649,108 | \$ 95,442 |
| Police and Fire Fund | 605,306 | 190,658 | (149,251) |

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.

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

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, 2020, 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 \$27,650 in fire state aid to the plan on behalf of the City Fire Department for the year ended December 31, 2021, 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, Minnesota
Notes to the Financial Statements
December 31, 2021

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

D. Pension Costs

At December 31, 2021, the City reported a net pension liability (asset) of (\$99,781) for the Volunteer Firefighter Fund. The net pension liability (asset) was measured as of December 31, 2021. 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, 2021 | \$ 450,315 | \$ 516,095 | \$ (65,780) |
| Changes for the Year | | | |
| Service cost | 18,734 | - | 18,734 |
| Interest cost | 24,417 | - | 24,417 |
| Projected investment return | - | 27,788 | (27,788) |
| Contributions (employer) | - | 2,242 | (2,242) |
| Nonemployer contributions | - | 29,267 | (29,267) |
| (Gain) or loss | - | 26,225 | (26,225) |
| Benefit payments | (88,800) | (88,800) | - |
| Administrative expenses | - | (8,370) | 8,370 |
| Total Net Changes | <u>(45,649)</u> | <u>(11,648)</u> | <u>(34,001)</u> |
| Ending Balance December 31, 2021 | <u>\$ 404,666</u> | <u>\$ 504,447</u> | <u>\$ (99,781)</u> |

For the year ended December 31, 2021, the City recognized pension expense of \$37,838.

At December 31, 2021, 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 | \$ - | \$ 11,125 |
| Net Difference Between Projected and Actual Earnings on Plan Investments | - | 39,386 |
| Contributions to Plan Subsequent to the Measurement Date | <u>27,650</u> | <u>-</u> |
| Total | <u>\$ 27,650</u> | <u>\$ 50,511</u> |

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

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

Deferred outflows of resources totaling \$27,650 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, 2022. Other amounts reported as deferred outflows of resources related to the plan will be recognized in pension expense as follows:

| | |
|------------|-------------|
| 2022 | \$ (12,919) |
| 2023 | (6,532) |
| 2024 | (18,401) |
| 2025 | (6,482) |
| 2026 | (1,237) |
| Thereafter | (4,940) |

E. Actuarial Assumptions

The total pension liability at December 31, 2021 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 2021.

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 one percent lower or one percent higher than the current discount rate:

| | 1 Percent Decrease (4.75%) | Current (5.75%) | 1 Percent Increase (6.75%) |
|----------------------|-------------------------------|-----------------|-------------------------------|
| Defined Benefit Plan | \$ (88,959) | \$ (99,781) | \$ (110,145) |

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, Minnesota
Notes to the Financial Statements
December 31, 2021

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 | 13.0 | 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 2021 was \$37,062.

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

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 \$91,338,800. The City currently has no general obligation debt subject to the limit leaving a debt margin of \$2,740,164. 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 2021 was \$944,729. This accounted for 34.7 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.

Note 7: Tax Abatements

As of December 31, 2021, 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 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.

City of Springfield, Minnesota
Notes to the Financial Statements
December 31, 2021

Note 7: Tax Abatements (Continued)

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 |
| MAT Industries | 18,000 |
| Levy Abatement | 34,733 |
| Clements Lumber | 2,000 |
| Schwartz Farms, Inc. | 5,000 |
| Total | \$ 68,733 |

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.

Note 9: Prior Period Adjustment

The following prior period adjustment was required to fairly state beginning net position.

| Fund | December 31, 2021 | | |
|-----------------------------|--|-----------------------------|--|
| | Net Position January 1, 2021 as Previously Reported | Prior Period Restatement | Net Position January 1, 2021 as Restated |
| Governmental Activities | \$ 15,739,448 | \$ - | \$ 15,739,448 |
| Governmental Funds | | | |
| General fund | \$ 1,461,000 | \$ 35,667 | \$ 1,496,667 |
| Debt Service fund | 753,172 | - | 753,172 |
| Medical Center fund | 1,203,594 | 114 | 1,203,708 |
| Central Street Project fund | (221,608) | - | (221,608) |
| Other Governmental funds | 591,572 | 1,713 | 593,285 |
| Total Governmental Funds | \$ 3,787,730 | \$ 37,494 | \$ 3,825,224 |

(1) The City reported a prior period adjustment during 2021 to properly account for the compensated absences as long-term liabilities as of January 1, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SPRINGFIELD
SPRINGFIELD, MINNESOTA

FOR THE YEAR ENDED
DECEMBER 31, 2021

City of Springfield, Minnesota
Required Supplementary Information
For the Year Ended December 31, 2021

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 |
|--------------------|--|---|---|-------------|----------------------------|--|--|
| 6/30/2021 | 0.0152 | \$ 649,108 | \$ 19,741 | \$ 668,849 | \$ 1,133,508 | 57.3 % | 87.0 % |
| 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) |
|-------------|---------------------------------------|--|--|----------------------------|--|
| 12/31/2021 | \$ 85,823 | \$ 85,823 | \$ - | \$ 1,144,301 | 7.50 % |
| 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, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - General Employee Retirement Fund

Changes in Actuarial Assumptions

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent for financial reporting purposes. The mortality improvement scale was changed from Scale MP-2019 to Scale MP-2020.

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.

City of Springfield, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

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

Changes in Plan Provisions

2021 - There were no changes in plan provisions since the previous valuation.

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.

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

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, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

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 |
|--------------------|--|---|---|-------------|----------------------------|--|--|
| 6/30/2021 | 0.0247 % | \$ 190,658 | \$ 6,568 | \$ 197,226 | \$ 312,742 | 61.0 % | 93.7 % |
| 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) |
|-------------|---------------------------------------|--|--|----------------------------|--|
| 12/31/2021 | \$ 49,982 | \$ 49,982 | \$ - | \$ 282,382 | 17.70 % |
| 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, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

Notes to the Required Supplementary Information - Police and Fire Fund

Changes in Actuarial Assumptions

2021 - The investment return and single discount rates were changed from 7.50 percent to 6.50 percent, for financial reporting purposes. The inflation assumption was changed from 2.50 percent to 2.25 percent. The payroll growth assumption was changed from 3.25 percent to 3.00 percent. The base mortality table for healthy annuitants and employees was changed from the RP-2014 table to the Pub-2010 Public Safety Mortality table. The mortality improvement scale was changed from MP-2019 to MN-2020. The base mortality table for disabled annuitants was changed from the RP-2014 healthy annuitant mortality table (with future mortality improvement according to Scale MP-2019) to the Pub-2010 Public Safety disabled annuitant mortality table (with future mortality improvement according to Scale MP-2020). Assumed rates of salary increase were modified as recommended in the July 14, 2020 experience study. The overall impact is a decrease in gross salary increase rates. Assumed rates of retirement were changed as recommended in the July 14, 2020 experience study. The changes result in slightly more unreduced retirements and fewer assumed early retirements. Assumed rates of withdrawal were changed from select and ultimate rates to service-based rates. The changes result in more assumed terminations. Assumed rates of disability were increased for ages 25-44 and decreased for ages over 49. Overall, proposed rates result in more projected disabilities. Assumed percent married for active female members was changed from 60 percent to 70 percent. Minor changes to form of payment assumptions were applied.

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, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

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

Changes in Plan Provisions

2021 - There were no changes in plan provisions since the previous valuation.

2020 - There were no changes in plan provisions since the previous valuation.

2019 - There were no changes in plan provisions since the previous valuation.

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

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, Minnesota
Required Supplementary Information (Continued)
For the Year Ended December 31, 2021

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

| | 2021 (Fire Relief Report Date 2020) | 2020 (Fire Relief Report Date 2019) | 2019 (Fire Relief Report Date 2018) | 2018 (Fire Relief Report Date 2017) |
|---|---|---|---|---|
| Total Pension Liability | | | | |
| Service cost | \$ 18,734 | \$ 20,049 | \$ 19,560 | \$ 19,083 |
| Interest cost | 24,417 | 26,761 | 26,568 | 24,875 |
| Gain (loss) | - | (13,599) | - | - |
| Benefit payments | (88,800) | (56,512) | (30,000) | - |
| Net Change in Total Pension Liability | <u>(45,649)</u> | <u>(23,301)</u> | <u>16,128</u> | <u>43,958</u> |
| Total Pension Liability - January 1 | <u>450,315</u> | <u>473,616</u> | <u>457,488</u> | <u>413,530</u> |
| Total Pension Liability - December 31 (a) | <u><u>\$ 404,666</u></u> | <u><u>\$ 450,315</u></u> | <u><u>\$ 473,616</u></u> | <u><u>\$ 457,488</u></u> |
| Plan Fiduciary Net Position | | | | |
| Employer contributions | \$ 2,242 | \$ - | \$ - | \$ - |
| Nonemployer contributions | 29,267 | 28,511 | 27,927 | 27,849 |
| Projected investment return | 27,788 | 25,806 | 28,844 | 25,177 |
| Gain (loss) | 26,225 | 59,603 | (59,363) | 31,953 |
| Benefit payments | (88,800) | (56,512) | (30,000) | - |
| Administrative expenses | (8,370) | (8,245) | (6,305) | (6,185) |
| Net Change in Plan Fiduciary Net Position | <u>(11,648)</u> | <u>49,163</u> | <u>(38,897)</u> | <u>78,794</u> |
| Plan Fiduciary Net Position - January 1 | <u>516,095</u> | <u>466,932</u> | <u>505,829</u> | <u>427,035</u> |
| Plan Fiduciary Net Position - December 31 (b) | <u><u>\$ 504,447</u></u> | <u><u>\$ 516,095</u></u> | <u><u>\$ 466,932</u></u> | <u><u>\$ 505,829</u></u> |
| Fire Relief's Net Pension Liability (Asset) - December 31 (a-b) | <u><u>\$ (99,781)</u></u> | <u><u>\$ (65,780)</u></u> | <u><u>\$ 6,684</u></u> | <u><u>\$ (48,341)</u></u> |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (b/a) | 124.7% | 114.6% | 98.6% | 110.6% |
| Covered Payroll | N/A | 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 | N/A |

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

City of Springfield, Minnesota
 Required Supplementary Information (Continued)
 For the Year Ended December 31, 2021

Notes to the Required Supplementary Information – Fire Relief Association

Changes in Actuarial Assumptions

2021 - None.

2020 - None.

2019 - None.

2018 - None.

Changes in Plan Provisions

2021 - None.

2020 - None.

2019 - None.

2018 - None.

Schedule of Employer’s Fire Relief Association Contributions

| <u>Year Ending</u> | <u>Actuarial Determined Contribution (a)</u> | <u>Actual Contributions Paid (b)</u> | <u>Contribution Deficiency (Excess) (a-b)</u> |
|------------------------|--|--|---|
| 12/31/2021 | \$ 27,650 | \$ 27,650 | \$ - |
| 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, 2021

City of Springfield, Minnesota
 Nonmajor Governmental Funds
 Combining Balance Sheet
 December 31, 2021

| | Special Revenue | | | |
|-------------------------------------|------------------|------------------|--------------------|-----------------------|
| | 210 | 220 | 228 | 241 |
| | Library Board | ARPA | Recreation Complex | Small Cities Grant II |
| Assets | | | | |
| Cash and temporary investments | \$ 15,139 | \$ 91,663 | \$ (70,104) | \$ 5,181 |
| Receivables | | | | |
| Accrued interest | - | - | - | - |
| Accounts | - | - | - | - |
| Notes, net of allowance | - | - | - | 7,626 |
| Intergovernmental | - | - | 20,299 | - |
| Due from other funds | - | - | 20,286 | - |
| Prepaid items | 2,392 | - | 10,976 | - |
| | <u>2,392</u> | <u>-</u> | <u>10,976</u> | <u>-</u> |
| Total Assets | <u>\$ 17,531</u> | <u>\$ 91,663</u> | <u>\$ (18,543)</u> | <u>\$ 12,807</u> |
| Liabilities | | | | |
| Accounts payable | \$ 2,020 | \$ - | \$ 11 | \$ - |
| Due to other funds | - | - | 153 | - |
| Due to other governments | 33 | - | - | - |
| Accrued salaries payable | - | - | - | - |
| Unearned revenue | - | 91,663 | - | - |
| Total Liabilities | <u>2,053</u> | <u>91,663</u> | <u>164</u> | <u>-</u> |
| Fund Balances | | | | |
| Nonspendable | | | | |
| Prepaid items | 2,392 | - | 10,976 | - |
| Restricted | | | | |
| Fire Truck | | | | |
| Future loans | - | - | - | 12,807 |
| Recreation complex | - | - | 84,419 | - |
| Committed | | | | |
| Capital projects | - | - | - | - |
| Assigned | | | | |
| Library operations | 13,086 | - | - | - |
| Community center operations | - | - | - | - |
| Unassigned | | | | |
| Total Fund Balances | <u>15,478</u> | <u>-</u> | <u>(114,102)</u> | <u>12,807</u> |
| | <u>15,478</u> | <u>-</u> | <u>(18,707)</u> | <u>12,807</u> |
| Total Liabilities and Fund Balances | <u>\$ 17,531</u> | <u>\$ 91,663</u> | <u>\$ (18,543)</u> | <u>\$ 12,807</u> |

| Special Revenue | | Capital Project | | |
|-------------------------------|---------------------|--------------------------------|-------------------|-------------------|
| 242 | 278 | 410 | 422 | |
| 2016 Small Cities Grant | Community Center | Park Improvement Project | Fire Truck | Total |
| \$ 17,670 | \$ 408,006 | \$ 34,771 | \$ 204,326 | \$ 706,652 |
| - | 408 | - | - | 408 |
| - | 9,726 | - | - | 9,726 |
| 61,337 | - | - | - | 68,963 |
| - | - | - | - | 20,299 |
| - | - | - | - | 20,286 |
| - | 6,464 | - | - | 19,832 |
| <u>\$ 79,007</u> | <u>\$ 424,604</u> | <u>\$ 34,771</u> | <u>\$ 204,326</u> | <u>\$ 846,166</u> |
| \$ - | \$ 3,272 | \$ 9,451 | \$ - | \$ 14,754 |
| - | 995 | - | - | 1,148 |
| - | - | - | - | 33 |
| - | 1,271 | - | - | 1,271 |
| - | 8,898 | - | - | 100,561 |
| - | 14,436 | 9,451 | - | 117,767 |
| - | 6,464 | - | - | 19,832 |
| 79,007 | - | - | 204,326 | 204,326 |
| - | - | - | - | 91,814 |
| - | - | - | - | 84,419 |
| - | - | 25,320 | - | 25,320 |
| - | - | - | - | 13,086 |
| - | 403,704 | - | - | 403,704 |
| - | - | - | - | (114,102) |
| <u>79,007</u> | <u>410,168</u> | <u>25,320</u> | <u>204,326</u> | <u>728,399</u> |
| <u>\$ 79,007</u> | <u>\$ 424,604</u> | <u>\$ 34,771</u> | <u>\$ 204,326</u> | <u>\$ 846,166</u> |

City of Springfield, Minnesota
 Nonmajor Governmental Funds
 Combining Schedule of Revenues, Expenditures
 and Changes in Fund Balances
 For the Year Ended December 31, 2021

| | Special Revenue | | | |
|--|------------------|---------------|-----------------------|-----------------------------|
| | 210 | 220 | 228 | 241 |
| | Library Board | ARPA | Recreation Complex | Small Cities Grant II |
| Revenues | | | | |
| Taxes | | | | |
| Franchise taxes | \$ - | \$ - | \$ - | \$ - |
| Intergovernmental | | | | |
| Federal | | | | |
| CDBG | - | - | - | 12,480 |
| ARPA | - | 17,838 | - | - |
| County | 16,730 | - | - | - |
| Charges for services | | | | |
| Culture and recreation | 4,523 | - | - | - |
| Fines and forfeits | 596 | - | - | - |
| Investment earnings | 24 | - | - | 198 |
| Miscellaneous | | | | |
| Contributions and donations | 15,317 | - | 54,562 | - |
| Other | - | - | 4,435 | 60 |
| Total Revenues | <u>37,190</u> | <u>17,838</u> | <u>58,997</u> | <u>12,738</u> |
| Expenditures | | | | |
| Current | | | | |
| General government | - | 17,838 | - | - |
| Culture and recreation | 43,852 | - | 54,708 | - |
| Housing and economic development | - | - | - | 50,065 |
| Capital outlay | | | | |
| Public Safety | - | - | - | - |
| Culture and recreation | - | - | 6,839 | - |
| Debt service | | | | |
| Bond issuance costs | - | - | - | - |
| Total Expenditures | <u>43,852</u> | <u>17,838</u> | <u>61,547</u> | <u>50,065</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(6,662)</u> | <u>-</u> | <u>(2,550)</u> | <u>(37,327)</u> |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | 37,062 | 35,158 |
| Bonds issued | - | - | - | - |
| Bond premium | - | - | - | - |
| Transfers out | - | - | - | (24,640) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>37,062</u> | <u>10,518</u> |
| Net Change in Fund Balances | (6,662) | - | 34,512 | (26,809) |
| Fund Balances, January 1 | 22,140 | - | (53,219) | 39,616 |
| Prior Period Adjustment (Note 9) | - | - | - | - |
| Fund Balances, December 31 | <u>\$ 15,478</u> | <u>\$ -</u> | <u>\$ (18,707)</u> | <u>\$ 12,807</u> |

| Special Revenue | | Capital Project | | Total |
|-------------------------------|---------------------|--------------------------------|-------------------|-------------------|
| 242 | 278 | 410 | 422 | |
| 2016 Small Cities Grant | Community Center | Park Improvement Project | Fire Truck | |
| \$ - | \$ 39,586 | \$ - | \$ - | \$ 39,586 |
| - | - | - | - | 12,480 |
| - | - | - | - | 17,838 |
| - | - | - | - | 16,730 |
| - | 93,376 | - | - | 97,899 |
| - | - | - | - | 596 |
| 1,270 | 3,326 | 55 | - | 4,873 |
| - | 4,320 | 7,350 | - | 81,549 |
| 2,977 | 3,166 | - | - | 10,638 |
| <u>4,247</u> | <u>143,774</u> | <u>7,405</u> | <u>-</u> | <u>282,189</u> |
| - | - | - | - | 17,838 |
| - | 151,671 | - | - | 250,231 |
| 10,476 | - | - | - | 60,541 |
| - | - | - | 8,726 | 8,726 |
| - | 22,087 | 40,927 | - | 69,853 |
| - | - | - | 3,627 | 3,627 |
| <u>10,476</u> | <u>173,758</u> | <u>40,927</u> | <u>12,353</u> | <u>410,816</u> |
| <u>(6,229)</u> | <u>(29,984)</u> | <u>(33,522)</u> | <u>(12,353)</u> | <u>(128,627)</u> |
| 24,640 | - | 10,000 | - | 106,860 |
| - | - | - | 196,697 | 196,697 |
| - | - | - | 19,982 | 19,982 |
| (35,158) | - | - | - | (59,798) |
| <u>(10,518)</u> | <u>-</u> | <u>10,000</u> | <u>216,679</u> | <u>263,741</u> |
| (16,747) | (29,984) | (23,522) | 204,326 | 135,114 |
| 95,754 | 438,439 | 48,842 | - | 591,572 |
| - | 1,713 | - | - | 1,713 |
| <u>\$ 79,007</u> | <u>\$ 410,168</u> | <u>\$ 25,320</u> | <u>\$ 204,326</u> | <u>\$ 728,399</u> |

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, 2021
(With Comparative Actual Amounts for Year Ended December 31, 2020)

| | Final Budget | 2021 Actual Amounts | Variance with Final Budget | 2020 Actual Amounts |
|--|------------------|---------------------------|-------------------------------|---------------------------|
| Revenues | | | | |
| Intergovernmental | | | | |
| Federal | | | | |
| CARES | \$ - | \$ - | \$ - | \$ 1,000 |
| County library aid | 16,400 | 16,730 | 330 | 16,300 |
| Local aid | 1,000 | - | (1,000) | - |
| Charges for services | | | | |
| Culture and recreation | 2,450 | 4,523 | 2,073 | 1,550 |
| Fines and forfeits | 1,000 | 596 | (404) | 448 |
| Investment earnings | 100 | 24 | (76) | 58 |
| Miscellaneous | | | | |
| Contributions and donations | 9,750 | 15,317 | 5,567 | 34,790 |
| Total Revenues | <u>30,700</u> | <u>37,190</u> | <u>6,490</u> | <u>54,146</u> |
| Expenditures | | | | |
| Current | | | | |
| Culture and recreation | | | | |
| Library | | | | |
| Supplies | 2,600 | 2,385 | 215 | 931 |
| Other services and charges | 48,915 | 41,467 | 7,448 | 47,408 |
| Total Expenditures | <u>51,515</u> | <u>43,852</u> | <u>7,663</u> | <u>48,339</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (20,815) | (6,662) | 14,153 | 5,807 |
| Other Financing Sources (Uses) | | | | |
| Transfers in | 20,815 | - | (20,815) | - |
| Net Change in Fund Balances | - | (6,662) | (6,662) | 5,807 |
| Fund Balances, January 1 | 22,140 | 22,140 | - | 16,333 |
| Fund Balances, December 31 | <u>\$ 22,140</u> | <u>\$ 15,478</u> | <u>\$ (6,662)</u> | <u>\$ 22,140</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, 2021
(With Comparative Actual Amounts for Year Ended December 31, 2020)

| | 2021 | | | 2020 |
|--|--------------------|--------------------|-------------------------------|--------------------|
| | Final Budget | Actual Amounts | Variance with Final Budget | Actual Amounts |
| Revenues | | | | |
| Intergovernmental | | | | |
| Federal | | | | |
| CARES | \$ - | \$ - | \$ - | \$ 269 |
| Investment earnings | 500 | - | (500) | 313 |
| Miscellaneous | | | | |
| Contributions and donations | 39,554 | 54,562 | 15,008 | 128,585 |
| Other | - | 4,435 | 4,435 | 1,125 |
| Total Revenues | <u>40,054</u> | <u>58,997</u> | <u>18,943</u> | <u>130,292</u> |
| Expenditures | | | | |
| Current | | | | |
| Culture and recreation | | | | |
| Park and recreation | | | | |
| Personal services | 9,897 | 10,042 | (145) | 14,069 |
| Supplies | 9,400 | 8,800 | 600 | 18,734 |
| Other services and charges | 34,811 | 35,866 | (1,055) | 34,775 |
| Capital outlay | | | | |
| Culture and recreation | 5,000 | 6,839 | (1,839) | 338,106 |
| Total Expenditures | <u>59,108</u> | <u>61,547</u> | <u>(2,439)</u> | <u>405,684</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (19,054) | (2,550) | 16,504 | (275,392) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | <u>39,554</u> | <u>37,062</u> | <u>(2,492)</u> | <u>43,907</u> |
| Net Change in Fund Balances | 20,500 | 34,512 | 14,012 | (231,485) |
| Fund Balances, January 1 | <u>(53,219)</u> | <u>(53,219)</u> | - | <u>178,266</u> |
| Fund Balances, December 31 | <u>\$ (32,719)</u> | <u>\$ (18,707)</u> | <u>\$ 14,012</u> | <u>\$ (53,219)</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, 2021
(With Comparative Actual Amounts for Year Ended December 31, 2020)

| | Final Budget | 2021 Actual Amounts | Variance with Final Budget | 2020 Actual Amounts |
|--|-------------------|---------------------------|-------------------------------|---------------------------|
| Revenues | | | | |
| Taxes | | | | |
| Franchise fees | \$ 39,000 | \$ 39,586 | \$ 586 | \$ 37,055 |
| Intergovernmental | | | | |
| Federal | | | | |
| CARES | - | - | - | 7,793 |
| Charges for services | | | | |
| Culture and recreation | 96,850 | 93,376 | (3,474) | 65,636 |
| Investment earnings | 5,500 | 3,326 | (2,174) | 8,348 |
| Miscellaneous | | | | |
| Contributions and donations | 3,800 | 4,320 | 520 | 8,260 |
| Other | 1,000 | 3,166 | 2,166 | 1,796 |
| Total Revenues | <u>146,150</u> | <u>143,774</u> | <u>(2,376)</u> | <u>128,888</u> |
| Expenditures | | | | |
| Current | | | | |
| Culture and recreation | | | | |
| Community center | | | | |
| Personal services | 69,080 | 67,767 | 1,313 | 68,388 |
| Supplies | 11,450 | 16,796 | (5,346) | 6,438 |
| Other services and charges | 65,238 | 67,108 | (1,870) | 82,315 |
| Capital outlay | | | | |
| Culture and recreation | - | 22,087 | (22,087) | - |
| Total Expenditures | <u>145,768</u> | <u>173,758</u> | <u>(27,990)</u> | <u>157,141</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 382 | (29,984) | (30,366) | (28,253) |
| Other Financing Sources (Uses) | | | | |
| Transfers in | - | - | - | 5,085 |
| Net Change in Fund Balances | 382 | (29,984) | (30,366) | (23,168) |
| Fund Balances, January 1 | 438,439 | 438,439 | - | 461,607 |
| Prior Period Adjustment (Note 9) | - | 1,713 | (1,713) | - |
| Fund Balances, December 31 | <u>\$ 438,821</u> | <u>\$ 410,168</u> | <u>\$ (32,079)</u> | <u>\$ 438,439</u> |

City of Springfield, Minnesota
General Fund
Comparative Balance Sheets
December 31, 2021 and 2020

| | 2021 | 2020 |
|---|---------------------|---------------------|
| Assets | | |
| Cash and temporary investments | \$ 1,202,531 | \$ 1,500,022 |
| Receivables | | |
| Accrued interest | 171 | 504 |
| Delinquent taxes | 14,998 | 15,971 |
| Accounts | 4,189 | 3,757 |
| Special assessments | 3,070 | 21,613 |
| Intergovernmental | 38,844 | 34,066 |
| Due from other funds | 1,544 | 25 |
| Inventories | 214 | 214 |
| Prepaid items | 82,655 | 81,777 |
| Assets held for resale | 16,547 | - |
| | <u>\$ 1,364,763</u> | <u>\$ 1,657,949</u> |
| Liabilities | | |
| Accounts payable | \$ 35,726 | \$ 61,365 |
| Due to other funds | 29,507 | 32,198 |
| Due to other governments | 7 | 2 |
| Accrued salaries payable | 28,796 | 27,328 |
| Compensated absences payable | - | 35,667 |
| Unearned revenue | 2,705 | 2,805 |
| Total Liabilities | <u>96,741</u> | <u>159,365</u> |
| Deferred Inflows of Resources | | |
| Unavailable revenue | | |
| Property taxes | 14,998 | 15,971 |
| Special assessments | 3,070 | 21,613 |
| Total Deferred Inflows of Resources | <u>18,068</u> | <u>37,584</u> |
| Fund Balances | | |
| Nonspendable | | |
| Inventories | 214 | 214 |
| Prepaid items | 82,655 | 81,777 |
| Assets held for resale | 16,547 | - |
| Restricted | | |
| Banners | - | 2,500 |
| Assigned | | |
| DARE program | 11,174 | 11,115 |
| Campground improvements | 81,327 | 81,223 |
| Unassigned | 1,058,037 | 1,284,171 |
| Total Fund Balances | <u>1,249,954</u> | <u>1,461,000</u> |
| | <u>\$ 1,364,763</u> | <u>\$ 1,657,949</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 1,364,763</u> | <u>\$ 1,657,949</u> |

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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, 2021
 (With Comparative Actual Amounts for Year Ended December 31, 2020)

| | 2021 | | | | 2020 |
|-----------------------------|------------------|------------------|-------------------|-------------------------------|-------------------|
| | Budget | | Actual Amounts | Variance with Final Budget | Actual Amounts |
| | Original | Final | | | |
| Revenues | | | | | |
| Taxes | | | | | |
| Property taxes | \$ 920,083 | \$ 920,083 | \$ 922,653 | \$ 2,570 | \$ 887,171 |
| Tax increments | - | - | 64 | 64 | - |
| Lodging tax | 650 | 650 | 668 | 18 | 620 |
| Total taxes | <u>920,733</u> | <u>920,733</u> | <u>923,385</u> | <u>2,652</u> | <u>887,791</u> |
| Special assessments | - | - | 1,146 | 1,146 | 3,105 |
| Licenses and permits | | | | | |
| Business | <u>9,680</u> | <u>9,680</u> | <u>11,765</u> | <u>2,085</u> | <u>5,145</u> |
| Intergovernmental | | | | | |
| Federal | | | | | |
| CARES | - | - | - | - | 143,788 |
| FEMA | - | - | 95,706 | 95,706 | 160,984 |
| Other | - | - | 121,912 | 121,912 | 23,044 |
| Total federal grants | <u>-</u> | <u>-</u> | <u>217,618</u> | <u>217,618</u> | <u>327,816</u> |
| State | | | | | |
| Local government aid | 944,729 | 944,729 | 944,729 | - | 937,333 |
| Property tax credits | 587 | 587 | 587 | - | 599 |
| Fire aid | 28,000 | 28,000 | 27,650 | (350) | 29,267 |
| Police aid | 41,210 | 41,210 | 41,367 | 157 | 43,317 |
| PERA aid | 3,429 | 3,429 | - | (3,429) | - |
| Other grants | 32,989 | 32,989 | 150,425 | 117,436 | 104,922 |
| Total state aid | <u>1,050,944</u> | <u>1,050,944</u> | <u>1,164,758</u> | <u>113,814</u> | <u>1,115,438</u> |
| Total intergovernmental | <u>1,050,944</u> | <u>1,050,944</u> | <u>1,382,376</u> | <u>331,432</u> | <u>1,443,254</u> |
| Charges for services | | | | | |
| General government | 154,643 | 154,643 | 163,723 | 9,080 | 151,567 |
| Public safety | 42,405 | 42,405 | 64,048 | 21,643 | 45,874 |
| Streets and highways | 12,000 | 12,000 | 10,026 | (1,974) | 13,049 |
| Culture and recreation | 31,600 | 31,600 | 43,558 | 11,958 | 8 |
| Airport | 39,690 | 39,690 | 38,705 | (985) | 40,678 |
| Total charges for services | <u>280,338</u> | <u>280,338</u> | <u>320,060</u> | <u>39,722</u> | <u>251,176</u> |
| Fines and forfeits | <u>4,300</u> | <u>4,300</u> | <u>3,093</u> | <u>(1,207)</u> | <u>2,671</u> |
| Investment earnings | <u>5,200</u> | <u>5,200</u> | <u>1,831</u> | <u>(3,369)</u> | <u>4,445</u> |
| Miscellaneous | | | | | |
| Refunds and reimbursements | - | - | 35,229 | 35,229 | 18,930 |
| Contributions and donations | 7,000 | 7,000 | 21,358 | 14,358 | 26,354 |
| Other | 950 | 950 | 21,637 | 20,687 | 8,248 |
| Total miscellaneous | <u>7,950</u> | <u>7,950</u> | <u>78,224</u> | <u>70,274</u> | <u>53,532</u> |
| Total Revenues | <u>2,279,145</u> | <u>2,279,145</u> | <u>2,721,880</u> | <u>442,735</u> | <u>2,651,119</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, 2021
 (With Comparative Actual Amounts for Year Ended December 31, 2020)

| | 2021 | | | | 2020 |
|----------------------------|----------------|----------------|-------------------|-------------------------------|-------------------|
| | Budget | | Actual Amounts | Variance with Final Budget | Actual Amounts |
| | Original | Final | | | |
| Expenditures | | | | | |
| Current | | | | | |
| General government | | | | | |
| Mayor and Council | | | | | |
| Personal services | \$ 19,005 | \$ 19,005 | \$ 19,063 | \$ (58) | \$ 19,938 |
| Other services and charges | 39,177 | 39,177 | 37,067 | 2,110 | 44,186 |
| Total Mayor and Council | <u>58,182</u> | <u>58,182</u> | <u>56,130</u> | <u>2,052</u> | <u>64,124</u> |
| Administration/clerk | | | | | |
| Personal services | 382,084 | 382,084 | 369,138 | 12,946 | 369,044 |
| Supplies | 7,925 | 7,925 | 7,287 | 638 | 6,506 |
| Other services and charges | 23,042 | 23,042 | 25,796 | (2,754) | 29,665 |
| Total administration/clerk | <u>413,051</u> | <u>413,051</u> | <u>402,221</u> | <u>10,830</u> | <u>405,215</u> |
| Elections | | | | | |
| Personal services | - | - | - | - | 8,396 |
| Supplies | - | - | - | - | 9 |
| Other services and charges | - | - | - | - | 1,449 |
| Total elections | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>9,854</u> |
| Treasurer | | | | | |
| Other services and charges | <u>2,000</u> | <u>2,000</u> | <u>2,000</u> | <u>-</u> | <u>1,833</u> |
| Auditing | | | | | |
| Other services and charges | <u>21,000</u> | <u>21,000</u> | <u>18,742</u> | <u>2,258</u> | <u>17,364</u> |
| Assessor | | | | | |
| Other services and charges | <u>20,330</u> | <u>20,330</u> | <u>20,330</u> | <u>-</u> | <u>19,931</u> |
| Legal | | | | | |
| Other services and charges | <u>34,600</u> | <u>34,600</u> | <u>33,667</u> | <u>933</u> | <u>33,598</u> |
| Planning and zoning | | | | | |
| Other services and charges | <u>125</u> | <u>125</u> | <u>557</u> | <u>(432)</u> | <u>72</u> |
| Municipal building | | | | | |
| Other services and charges | <u>45,305</u> | <u>45,305</u> | <u>42,551</u> | <u>2,754</u> | <u>33,843</u> |
| Total General Government | <u>594,593</u> | <u>594,593</u> | <u>576,198</u> | <u>18,395</u> | <u>585,834</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, 2021
 (With Comparative Actual Amounts for Year Ended December 31, 2020)

| | 2021 | | | | 2020 |
|----------------------------|----------------|----------------|-------------------|-------------------------------|-------------------|
| | Budget | | Actual Amounts | Variance with Final Budget | Actual Amounts |
| | Original | Final | | | |
| Expenditures (Continued) | | | | | |
| Current (continued) | | | | | |
| Public safety | | | | | |
| Police | | | | | |
| Personal services | \$ 434,389 | \$ 434,389 | \$ 435,630 | \$ (1,241) | \$ 450,270 |
| Supplies | 15,728 | 15,728 | 17,146 | (1,418) | 15,389 |
| Other services and charges | 46,803 | 46,803 | 51,359 | (4,556) | 51,931 |
| Total police | <u>496,920</u> | <u>496,920</u> | <u>504,135</u> | <u>(7,215)</u> | <u>517,590</u> |
| Fire | | | | | |
| Personal services | 62,764 | 62,764 | 60,551 | 2,213 | 64,462 |
| Supplies | 5,900 | 5,900 | 5,535 | 365 | 6,996 |
| Other services and charges | 35,710 | 35,710 | 28,276 | 7,434 | 33,872 |
| Total fire | <u>104,374</u> | <u>104,374</u> | <u>94,362</u> | <u>10,012</u> | <u>105,330</u> |
| Civil defense | | | | | |
| Supplies | - | - | 359 | (359) | 1,987 |
| Other services and charges | 1,593 | 1,593 | 8,774 | (7,181) | 87,857 |
| Total civil defense | <u>1,593</u> | <u>1,593</u> | <u>9,133</u> | <u>(7,540)</u> | <u>89,844</u> |
| Animal control | | | | | |
| Personal services | 883 | 883 | 2,620 | (1,737) | 188 |
| Supplies | 400 | 400 | 1,892 | (1,492) | 497 |
| Other services and charges | 3,725 | 3,725 | 4,934 | (1,209) | 3,775 |
| Total animal control | <u>5,008</u> | <u>5,008</u> | <u>9,446</u> | <u>(4,438)</u> | <u>4,460</u> |
| Total Public Safety | <u>607,895</u> | <u>607,895</u> | <u>617,076</u> | <u>(9,181)</u> | <u>717,224</u> |
| Streets and highways | | | | | |
| Personal services | 102,972 | 102,972 | 97,825 | 5,147 | 100,470 |
| Supplies | 40,650 | 40,650 | 43,717 | (3,067) | 38,552 |
| Other services and charges | 172,308 | 172,308 | 218,394 | (46,086) | 198,385 |
| Total streets and highways | <u>315,930</u> | <u>315,930</u> | <u>359,936</u> | <u>(44,006)</u> | <u>337,407</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, 2021
(With Comparative Actual Amounts for Year Ended December 31, 2020)

| | 2021 | | | | 2020 |
|----------------------------------|------------------|------------------|-------------------|-------------------------------|-------------------|
| | Budget | | Actual Amounts | Variance with Final Budget | Actual Amounts |
| | Original | Final | | | |
| Expenditures (Continued) | | | | | |
| Current (continued) | | | | | |
| Culture and recreation | | | | | |
| Swimming pool | | | | | |
| Personal services | \$ 57,498 | \$ 57,498 | \$ 56,344 | \$ 1,154 | \$ 2,779 |
| Supplies | 8,000 | 8,000 | 8,696 | (696) | 369 |
| Other services and charges | 37,167 | 37,167 | 43,709 | (6,542) | 21,554 |
| Total swimming pool | <u>102,665</u> | <u>102,665</u> | <u>108,749</u> | <u>(6,084)</u> | <u>24,702</u> |
| Parks and recreation | | | | | |
| Personal services | 106,746 | 106,746 | 105,712 | 1,034 | 107,387 |
| Supplies | 7,500 | 7,500 | 18,248 | (10,748) | 20,167 |
| Other services and charges | 24,188 | 24,188 | 27,949 | (3,761) | 49,457 |
| Total parks and recreation | <u>138,434</u> | <u>138,434</u> | <u>151,909</u> | <u>(13,475)</u> | <u>177,011</u> |
| Campground | | | | | |
| Supplies | 1,000 | 1,000 | 3,340 | (2,340) | 2,513 |
| Other services and charges | 8,765 | 8,765 | 7,842 | 923 | 7,430 |
| Total campground | <u>9,765</u> | <u>9,765</u> | <u>11,182</u> | <u>(1,417)</u> | <u>9,943</u> |
| Library | | | | | |
| Personal services | 125,533 | 125,533 | 127,461 | (1,928) | 130,648 |
| Other services and charges | 37,946 | 37,946 | 32,291 | 5,655 | 29,708 |
| Total library | <u>163,479</u> | <u>163,479</u> | <u>159,752</u> | <u>3,727</u> | <u>160,356</u> |
| Total Culture and Recreation | <u>414,343</u> | <u>414,343</u> | <u>431,592</u> | <u>(17,249)</u> | <u>372,012</u> |
| Housing and economic development | | | | | |
| Contribution to component unit | - | - | 15,000 | (15,000) | - |
| Miscellaneous | | | | | |
| Special projects | | | | | |
| Other services and charges | <u>55,473</u> | <u>55,473</u> | <u>177,847</u> | <u>(122,374)</u> | <u>72,257</u> |
| Airport | | | | | |
| Personal services | 2,992 | 2,992 | 5,818 | (2,826) | 3,436 |
| Other services and charges | 34,411 | 34,411 | 56,502 | (22,091) | 94,052 |
| Total airport | <u>37,403</u> | <u>37,403</u> | <u>62,320</u> | <u>(24,917)</u> | <u>97,488</u> |
| Total Miscellaneous | <u>92,876</u> | <u>92,876</u> | <u>240,167</u> | <u>(147,291)</u> | <u>169,745</u> |
| Total Current | <u>2,025,637</u> | <u>2,025,637</u> | <u>2,239,969</u> | <u>(214,332)</u> | <u>2,182,222</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, 2021
(With Comparative Actual Amounts for Year Ended December 31, 2020)

| | 2021 | | | | 2020 |
|--|--------------|--------------|-------------------|-------------------------------|-------------------|
| | Budget | | Actual Amounts | Variance with Final Budget | Actual Amounts |
| | Original | Final | | | |
| Expenditures (Continued) | | | | | |
| Capital outlay | | | | | |
| General government | \$ - | \$ - | \$ 7,571 | \$ (7,571) | \$ - |
| Public safety | - | - | 5,883 | (5,883) | 3,486 |
| Culture and recreation | - | - | 3,994 | (3,994) | 52,416 |
| Miscellaneous | - | - | 193,999 | (193,999) | 240 |
| Total Capital Outlay | - | - | 211,447 | (211,447) | 56,142 |
| Debt service | | | | | |
| Interest and other costs | 650 | 650 | 645 | 5 | 645 |
| Total Expenditures | 2,026,287 | 2,026,287 | 2,452,061 | (425,774) | 2,239,009 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 252,858 | 252,858 | 269,819 | 16,961 | 412,110 |
| Other Financing Sources (Uses) | | | | | |
| Transfers in | 35,000 | 35,000 | 45,043 | 10,043 | 35,000 |
| Sale of capital assets | - | - | 15,000 | 15,000 | - |
| Bond proceeds | - | - | 111,425 | 111,425 | - |
| Transfers out | (287,858) | (287,858) | (688,000) | (400,142) | (173,992) |
| Total Other Financing Sources (Uses) | (252,858) | (252,858) | (516,532) | (263,674) | (138,992) |
| Net Change in Fund Balances | - | - | (246,713) | (246,713) | 273,118 |
| Fund Balances, January 1 | 1,461,000 | 1,461,000 | 1,461,000 | - | 1,187,882 |
| Prior Period Adjustment (Note 9) | - | - | 35,667 | 35,667 | - |
| Fund Balances, December 31 | \$ 1,461,000 | \$ 1,461,000 | \$ 1,249,954 | \$ (211,046) | \$ 1,461,000 |

City of Springfield, Minnesota
Debt Service Funds
Combining Balance Sheet
December 31, 2021

| | 378 | 321 | 323 | 325 |
|---|--------------------------|---------------------------------------|---------------------------------------|--|
| | TIF District 1 - 4 | 2015A G.O. Improvement Bonds | 2018A G.O. Improvement Bonds | 2013A (2006A) G.O. Improvement Crossover Refunding Bonds |
| Assets | | | | |
| Cash and temporary investments | \$ - | \$ 227,187 | \$ 293,203 | \$ - |
| Receivables | | | | |
| Notes | 119,915 | - | - | - |
| Special assessments | - | 249,703 | 167,148 | - |
| Intergovernmental | - | 748 | - | - |
| Total Assets | <u>\$ 119,915</u> | <u>\$ 477,638</u> | <u>\$ 460,351</u> | <u>\$ -</u> |
| Liabilities | | | | |
| Advance from other funds | \$ 119,915 | \$ - | \$ - | \$ - |
| Deferred Inflows of Resources | | | | |
| Unavailable revenue | | | | |
| Special assessments | - | 249,703 | 167,148 | - |
| Fund Balances | | | | |
| Restricted | | | | |
| Debt service | - | 227,935 | 293,203 | - |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 119,915</u> | <u>\$ 477,638</u> | <u>\$ 460,351</u> | <u>\$ -</u> |

| 327 | 328 | 322 | 324 | Total |
|------------------------|------------------------------------|------------------------|---------------------------------------|---------------------|
| 2010A G.O. Bonds | 2012A Tax Abatement Bonds | 2021B G.O. Bonds | 2021B G.O. Improvement Bonds | Total |
| \$ 102,189 | \$ 37,497 | \$ - | \$ 8 | \$ 660,084 |
| - | - | - | - | 119,915 |
| 716 | - | - | - | 417,567 |
| - | - | - | - | 748 |
| <u>\$ 102,905</u> | <u>\$ 37,497</u> | <u>\$ -</u> | <u>\$ 8</u> | <u>\$ 1,198,314</u> |
| \$ - | \$ - | \$ - | \$ - | \$ 119,915 |
| 716 | - | - | - | 417,567 |
| <u>102,189</u> | <u>37,497</u> | <u>-</u> | <u>8</u> | <u>660,832</u> |
| <u>\$ 102,905</u> | <u>\$ 37,497</u> | <u>\$ -</u> | <u>\$ 8</u> | <u>\$ 1,198,314</u> |

City of Springfield, Minnesota
Debt Service Funds
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2021

| | 378 | 321 | 323 | 325 |
|--|--------------------------|---------------------------------------|---------------------------------------|--|
| | TIF District 1 - 4 | 2015A G.O. Improvement Bonds | 2018A G.O. Improvement Bonds | 2013A (2006A) G.O. Improvement Crossover Refunding Bonds |
| Revenues | | | | |
| Taxes | | | | |
| Property taxes | \$ - | \$ 72,843 | \$ 53,218 | \$ 145,012 |
| Tax increments | 13,833 | - | - | - |
| Special assessments | - | 53,790 | 33,116 | 227 |
| Investment earnings | - | 347 | 393 | 59 |
| Refunds and reimbursements | 3,168 | - | - | - |
| Total Revenues | <u>17,001</u> | <u>126,980</u> | <u>86,727</u> | <u>145,298</u> |
| Expenditures | | | | |
| Current | | | | |
| Housing and economic development | 17,001 | - | - | - |
| Debt service | | | | |
| Principal | - | 123,787 | 62,600 | 159,875 |
| Interest and other costs | - | 26,593 | 30,625 | 2,638 |
| Total Expenditures | <u>17,001</u> | <u>150,380</u> | <u>93,225</u> | <u>162,513</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>-</u> | <u>(23,400)</u> | <u>(6,498)</u> | <u>(17,215)</u> |
| Other Financing Sources (Uses) | | | | |
| Bond proceeds | - | - | - | - |
| Transfers out | - | - | - | (3,690) |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>(3,690)</u> |
| Net Change in Fund Balances | - | (23,400) | (6,498) | (20,905) |
| Fund Balances, January 1 | <u>-</u> | <u>251,335</u> | <u>299,701</u> | <u>20,905</u> |
| Fund Balances, December 31 | <u>\$ -</u> | <u>\$ 227,935</u> | <u>\$ 293,203</u> | <u>\$ -</u> |

| 327 | 328 | 322 | 324 | |
|------------------------|------------------------------------|------------------------|---------------------------------------|-------------------|
| 2010A G.O. Bonds | 2012A Tax Abatement Bonds | 2021B G.O. Bonds | 2021B G.O. Improvement Bonds | Total |
| \$ 57,846 | \$ - | \$ - | \$ - | \$ 328,919 |
| - | - | - | - | 13,833 |
| 42,673 | 19,736 | - | - | 149,542 |
| 361 | 59 | - | 8 | 1,227 |
| - | - | - | - | 3,168 |
| <u>100,880</u> | <u>19,795</u> | <u>-</u> | <u>8</u> | <u>496,689</u> |
| - | - | - | - | 17,001 |
| 90,000 | 50,000 | - | - | 486,262 |
| 19,310 | 2,910 | 3,303 | 35,369 | 120,748 |
| <u>109,310</u> | <u>52,910</u> | <u>3,303</u> | <u>35,369</u> | <u>624,011</u> |
| <u>(8,430)</u> | <u>(33,115)</u> | <u>(3,303)</u> | <u>(35,361)</u> | <u>(127,322)</u> |
| - | - | 3,303 | 35,369 | 38,672 |
| - | - | - | - | (3,690) |
| - | - | 3,303 | 35,369 | 34,982 |
| (8,430) | (33,115) | - | 8 | (92,340) |
| <u>110,619</u> | <u>70,612</u> | <u>-</u> | <u>-</u> | <u>753,172</u> |
| <u>\$ 102,189</u> | <u>\$ 37,497</u> | <u>\$ -</u> | <u>\$ 8</u> | <u>\$ 660,832</u> |

City of Springfield, Minnesota
Discretely Presented Component Unit
Economic Development Authority
Balance Sheet
December 31, 2021

| | |
|---|--------------------------|
| Assets | |
| Cash and temporary investments | \$ 186,202 |
| Receivables | |
| Notes, net of allowances | 165,040 |
| Due from primary government | 135,000 |
| Prepaid items | <u>145</u> |
| Total Assets | <u><u>\$ 486,387</u></u> |
| Liabilities | |
| Accounts payable | \$ 200 |
| Due to private-purpose trust fund | <u>70,000</u> |
| Total Liabilities | <u><u>70,200</u></u> |
| Fund Balances | |
| Nonspendable | |
| Prepaid items | 145 |
| Committed | |
| Economic development loans | 165,040 |
| Assigned | |
| Economic development | <u>251,002</u> |
| Total Fund Balances | <u><u>416,187</u></u> |
| Total Liabilities and Fund Balances | <u><u>\$ 486,387</u></u> |
| Amounts reported for governmental activities in the statement of net position are different because | |
| Total Fund Balances - Governmental Funds | \$ 416,187 |
| 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>\$ 606,100</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, 2021

| | |
|----------------------------------|------------|
| Revenues | |
| Charges for services | \$ 1,800 |
| Investment earnings | 1,692 |
| Miscellaneous | 31,884 |
| Total Revenues | 35,376 |
| Expenditures | |
| Current | |
| Housing and economic development | 12,425 |
| Net Change in Fund Balances | 22,951 |
| Fund Balances, January 1 | 393,236 |
| Fund Balances, December 31 | \$ 416,187 |

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, 2021 and 2020

| | Total | | Percent Increase (Decrease) | |
|------------------------------------|---------------------|---------------------|-----------------------------------|---|
| | 2021 | 2020 | | |
| Revenues | | | | |
| Taxes | \$ 1,305,723 | \$ 1,279,841 | 2.02 | % |
| Special assessments | 159,351 | 191,395 | (16.74) | |
| Licenses and permits | 11,765 | 5,145 | 128.67 | |
| Intergovernmental | 2,885,284 | 1,472,121 | 96.00 | |
| Charges for services | 587,773 | 423,212 | 38.88 | |
| Fines and forfeits | 3,689 | 3,119 | 18.28 | |
| Investment earnings | 12,793 | 24,594 | (47.98) | |
| Miscellaneous | 206,397 | 1,552,667 | (86.71) | |
| | <u>\$ 5,172,775</u> | <u>\$ 4,952,094</u> | 4.46 | % |
| Total Revenues | | | | |
| Per Capita | \$ 2,552 | \$ 2,431 | 4.97 | % |
| Expenditures | | | | |
| Current | | | | |
| General government | \$ 594,036 | \$ 585,834 | 1.40 | % |
| Public safety | 617,076 | 717,224 | (13.96) | |
| Streets and highways | 359,936 | 337,407 | 6.68 | |
| Culture and recreation | 681,823 | 669,678 | 1.81 | |
| Housing and economic development | 92,542 | 17,648 | 424.38 | |
| Health and welfare | 219,311 | 220,239 | (0.42) | |
| Miscellaneous | 240,167 | 169,745 | 41.49 | |
| Capital outlay | | | | |
| General government | 7,571 | 25,914 | (70.78) | |
| Public safety | 18,209 | 13,992 | 30.14 | |
| Streets and highways | 2,951,742 | 74,022 | 3,887.66 | |
| Culture and recreation | 73,847 | 407,025 | (81.86) | |
| Miscellaneous | 193,999 | 240 | 80,732.92 | |
| Debt service | | | | |
| Principal | 486,262 | 481,387 | 1.01 | |
| Interest and other charges | 121,393 | 94,083 | 29.03 | |
| Bond issuance costs | 51,244 | - | N/A | |
| | <u>\$ 6,709,158</u> | <u>\$ 3,814,438</u> | 75.89 | % |
| Total Expenditures | | | | |
| Per Capita | \$ 3,310 | \$ 1,873 | 76.76 | % |
| Total Long-term Indebtedness | \$ 5,588,894 | \$ 2,912,769 | 91.88 | % |
| Per Capita | 2,757 | 1,430 | 92.82 | |
| General Fund Balance - December 31 | \$ 1,249,954 | \$ 1,461,000 | (14.45) | % |
| Per Capita | 617 | 717 | (14.02) | |

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, 2021

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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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 27, 2022.

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. 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
Mankato, Minnesota
June 27, 2022

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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 27, 2022.

Report on 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. We identified a deficiency in internal control, described in the accompanying schedule of finding and response as item 2021-001 that we consider to be a material weakness.

Report on 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 no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Response to Finding

The City's response to the finding identified in our audit are described in the accompanying Schedule of Finding and Response. 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.

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Mankato, Minnesota
June 27, 2022



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City of Springfield, Minnesota
Schedule of Finding and Response
For the Year Ended December 31, 2021

| <u>Finding</u> | <u>Description</u> |
|-----------------------------|---|
| 2021-001 | Material Audit Adjustments |
| <i>Condition:</i> | During our audit, adjustments were needed to correct capital asset and debt activity. |
| <i>Criteria:</i> | The financial statements are the responsibility of the City's management. |
| <i>Cause:</i> | City staff had a misstatement in preparation of year-end entries. |
| <i>Effect:</i> | It is likely that if a misstatement were to occur, it would not be detected by the City's system of internal control. The audit firm cannot serve as a compensating control over this deficiency. |
| <i>Recommendation:</i> | We recommend that management review each journal entry, obtain an understanding of why the entry was necessary and modify current procedures to ensure that future corrections are not needed. |
| <i>Management Response:</i> | |
| | Management thoroughly reviews journal entries prepared for the audit and asks questions throughout the year to attempt to eliminate future material adjustments. |