

**MUNICIPALITY OF SPRINGFIELD
SPRINGFIELD, SOUTH DAKOTA**

AUDIT REPORT

FOR THE YEAR JANUARY 1, 2023 TO DECEMBER 31, 2023

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS

P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57368

MUNICIPALITY OF SPRINGFIELD

MUNICIPAL OFFICIALS
DECEMBER 31, 2023

MAYOR:

Scott L. Kostal

GOVERNING BOARD:

Gary Loukota, President
Steve Mueller, Vice-President
Katelyn Burch
Stu Cvrk
Cheryl Ludens

FINANCE OFFICER:

Amanda Larson

ATTORNEY:

Derrick Johnson

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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

Governing Board
Municipality of Springfield
Springfield, South Dakota

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, and each major fund of the Municipality of Springfield, South Dakota (Municipality), as of December 31, 2023 and for the year then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements and have issued our report thereon dated May 12, 2025, which was adverse on the discretely presented component unit opinion unit, and expressed an unmodified opinion on all other opinion units.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Municipality'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 Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Municipality'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 have not been identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Current Audit Findings and Questioned Costs as items 2023-001 and 2023-002 to be material weaknesses.

Report on Compliance and Other Matters

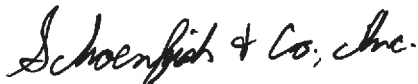
As part of obtaining reasonable assurance about whether the Municipality's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in accompanying Schedule of Current Audit Findings and Questioned Costs as item 2023-003.

Municipality's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Municipality's responses to the findings identified in our audit. The Municipality's responses to the findings identified in our audit are described in the accompanying Schedule of Current Audit Findings. The Municipality's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Municipality'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. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Schoenfish & Co., Inc.
Certified Public Accountants
May 12, 2025

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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Governing Board
Municipality of Springfield
Springfield, South Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Municipality of Springfield, South Dakota (Municipality), compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Municipality's major federal programs for the year ended December 31, 2023. The Municipality's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

In our opinion, the Municipality of Springfield complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

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

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

Report on Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such

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that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Municipality's response to the internal control over compliance findings identified in our audit described in the accompanying Schedule of Current Audit Findings and Questioned Costs. The Municipality's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Schoenfish & Co., Inc.
Certified Public Accountants
May 12, 2025

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MUNICIPALITY OF SPRINGFIELD
-----SCHEDULE OF PRIOR AUDIT FINDINGSPRIOR AUDIT FINDINGS:Internal Control – Related Finding – Material Weakness:Finding Number 2022-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for the revenues. This comment has not been corrected and is restated as current audit finding number 2023-001.

Finding Number 2022-002:

Material weaknesses were noted in internal accounting control and record keeping resulting in diminished assurance that transactions were properly executed and recorded and that assets were properly safeguarded. This comment has not been corrected and is restated as current audit finding number 2023-002.

Finding Number 2022-003:

The General Fund supplemented to spend more money than was available. This comment has not been corrected, and a similar comment is restated as current audit finding number 2023-003.

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTSSummary of the Independent Auditor's Results:Financial Statements:

- a. An unmodified opinion was issued on the financial statements of the governmental activities, business-type activities, and aggregate remaining fund opinion units. An adverse of opinion was issued on the financial statements of the aggregate discretely presented component opinion unit.
- b. A material weakness was disclosed by our audit of the financial statements for a lack of segregation of duties for revenues as discussed in finding number 2023-001 and for errors and omissions as discussed in finding number 2023-002.
- c. Our audit did disclose noncompliance which was material to the financial statements and is discussed in finding number 2023-003.

Federal Awards:

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that need to be disclosed in accordance with 2 CFR 200.516(a).
- f. The federal awards tested as major programs were:
 1. ALN No. 10.760 Water and Waste Disposal Systems for Rural Communities
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$750,000.
- h. The Municipality of Springfield did not qualify as a low-risk auditee.

CURRENT FEDERAL COMPLIANCE AUDIT FINDINGS:

There are no current federal compliance audit findings to disclose.

CURRENT OTHER AUDIT FINDINGS:Internal Control – Related Finding – Material Weakness:Finding Number 2023-001:Condition:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues. This is a continuing audit comment since 1997.

Criteria:

Proper segregation of duties results in increased reliability of reported financial data. Proper segregation of duties results in increased reliability of reported financial data and decreased potential for the loss of public assets through the separation of key accounting and physical control functions.

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

The AICPA states that, "Segregation of Duties (SOD) is a basic building block of sustainable risk management and internal controls for a business. The principle of SOD is based on shared responsibilities of a key process that disperses the critical functions of that process to more than one person or department. Without this separation in key processes, fraud and error risks are far less manageable."

Cause of Condition:

The Finance Officer and Deputy Finance Officer process all revenue transactions from beginning to end. They also receive money, issue receipts, record receipts, post receipts in the accounting records, prepare bank deposits, reconcile bank statements, and prepare financial statements. A lack of proper segregation of duties existed for the revenues resulting in decreased reliability of reported financial data and increased potential for the loss of public assets.

Potential Effect of Condition:

There is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties.

Recommendation:

1. We recommend that the Municipality of Springfield officials be cognizant of this lack of segregation of duties for revenues and attempt to develop policies and provide compensating internal controls whenever, and wherever, possible and practical. In addition, we recommend that all necessary accounting records be established and properly maintained to provide some compensation for lack of proper segregation of duties.

Management's Response:

The Municipality of Springfield Mayor, Scott L. Kostal, is the contact person responsible for the corrective action plan for this comment. This comment is due to the size of the Municipality of Springfield, which precludes staffing at a level sufficient to provide an ideal environment for internal controls. We are aware of this problem and are developing policies and attempting to provide compensating controls.

Finding Number 2023-002:

Condition:

Material weaknesses were noted in internal accounting control and record keeping resulting in diminished assurance that transactions were properly executed and recorded and that assets were properly safeguarded. This has been a continuing audit comment since 2017.

Criteria:

Proper preparation of municipal records results in increased reliability of reported financial data and decreased potential for the loss of public assets.

Cause of Condition:

The following deficiencies in internal accounting control and record keeping were noted:

- a. The Special Assessments accounts in the General Fund were not reconciled with the county to actual outstanding amount at year end.
- b. Long term debt was not adjusted to actual at year end.

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

- c. Construction Work in Progress was not tracked on the financial statement records accordingly. Material adjustments were made for the audit to reflect Construction in Progress during the year and to record project expenditures in the appropriate fund.
- d. Numerous adjusting entries were needed to adjust the beginning fund balance/net position to the ending fund balance on the previous audit.
- e. Roughly \$1.2 million was not recorded correctly as payables at the year-end.
- f. The water deposit account was not reconciled and adjusted to the water deposit listing at year-end.
- g. Inventory was not adjusted to actual at year-end and should not include capital assets.

The financial statements in this report have been adjusted for the errors and omissions noted in a. through g. above.

SDCL 9-14-18 states that the finance officer "shall keep regular books of account in which shall be entered all indebtedness of the Municipality, and which shall at all times show the financial condition of the Municipality, the amount of bonds, warrants, certificates, or other evidence of indebtedness issued by the governing body, and the amounts of all bonds, warrants, certificates, or other evidence of indebtedness which have been redeemed and the amount of each outstanding."

SDCL 9-14-19 states that the finance officer "shall supervise the accounting system for all departments and offices of the Municipality in accordance with the recommendations of the Department of Legislative Audit."

Potential Effect of Condition:

As a result, there is an increased likelihood that errors could occur and not be detected in a timely manner by employees in the ordinary course of performing their duties, and improper records were maintained for the Municipality of Springfield.

Recommendation:

- 2. We recommend that financial information be more accurately presented.
- 3. We recommend that all necessary accounting records be established and properly maintained.

Management's Response:

The Municipality of Springfield Mayor, Scott L. Kostal, is the contact person responsible for the corrective action plan for this comment. We will attempt to be more accurate and complete when preparing the financial statements and obtain sufficient expertise to do so.

Compliance – Related Finding:

Finding Number 2023-003:

Condition:

The General Fund supplemented to spend more money than was available. Also, the General Fund spent in excess of appropriated amounts in one department. This is the second consecutive year in which a similar comment has occurred.

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS(Continued)Criteria:

SDCL 9-21-2 states in part, "The governing body of each municipality shall, no later than its first regular meeting in September of each year or within ten days thereafter, introduce the annual appropriation ordinance for the ensuing fiscal year, in which it shall appropriate the sums of money necessary to meet all lawful expenses and liabilities of the municipality." Also, SDCL 9-21-9 states, "Neither the governing body nor any department or office of the municipality shall add to the municipal expenditures in any fiscal year any sum in excess of the amount provided for in the annual appropriation ordinance except as otherwise specially provided. Nor shall the amount spent for any purpose, or any department exceed the total amount appropriated for such purpose or for such department in the annual appropriation ordinance for such year, except as otherwise specially provided."

Cause of Condition

The Municipality budgeted to spend more than available, which is not allowed as stated in SDCL 9-21-9.

Potential Effect of Condition

Budgets are not properly adopted in accordance with budgetary guidelines.

Recommendation:

4. We recommend that budgets be adopted in accordance with SDCL 9-21-9.

Management's Response:

The Municipality of Springfield Mayor, Scott L. Kostal, is the contact person responsible for the corrective action plan for this comment. The Municipality will be more careful to follow the budgetary guidelines prescribed by law.

CLOSING CONFERENCE

The audit findings and recommendations were discussed with the municipal officials during the course of the audit.

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May 5, 2025

CORRECTION ACTION PLAN

Finding Number 2023-001:

A material weakness in internal controls was noted due to a lack of proper segregation of duties for revenues.

Planned Corrective Action:

The City of Springfield's Mayor Scott Kostal is the contact person responsible for the corrective action plan for this finding. Due to the size of the City of Springfield, the municipality cannot financially support additional staff that would be sufficient to support internal controls needed to properly segregate duties. The Mayor, City Council and Finance Officer are aware of the issues and will continue to maintain and adopt policies and control that will help minimize the risk.

Finding Number 2023-002:

Material weaknesses were noted in internal control and record keeping resulting in diminished assurance that the transactions were properly executed and recorded and that assets were properly safeguarded.

Planned Corrective Action:

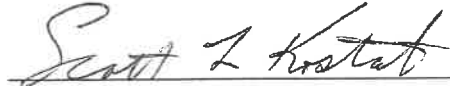
The City of Springfield's Mayor Scott Kostal is the contact person responsible for the corrective action plan for this finding. Items A through F as listed under the conditions portion of the Audit Schedule have all been reviewed, documented and corrected accordingly. We will continue to maintain and adopt policies and controls that will help minimize the risk.

Finding Number 2023-003:


The General Fund supplemented to spend more money than was available. Also, the General Fund spent in excess of appropriated amounts in one department.

Planned Corrective Action:

The City of Springfield's Finance Officer Amanda Larson is the contact person responsible for the corrective action plan for this finding. The finance officer gained a deeper understanding of coding expenses in relation to specific projects and aligning them within the appropriate fiscal year.



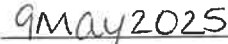
Scott L. Kostal, Mayor



Date



Amanda Larson, Finance Officer



Date

INDEPENDENT AUDITOR'S REPORT

Governing Board
Municipality of Springfield
Springfield, South Dakota

Report on the Audit of the Financial Statements

Adverse and Unmodified Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Municipality of Springfield, South Dakota, (Municipality) as of December 31, 2023, and for the year then ended, and the related notes to the financial statements, which collectively comprise the Municipality's basic financial statements as listed in the Table of Contents.

Adverse Opinion on the Aggregate Discretely Presented Component Units

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the accompanying financial statements referred to above do not present fairly the respective financial position of the aggregate discretely presented component units of the Municipality of Springfield as of December 31, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Unmodified Opinions on Governmental Activities, Business-Type Activities, and Each Major Fund

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of the Municipality of Springfield as of December 31, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Adverse and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Municipality 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.

Matter Giving Rise to Adverse Opinion on the Aggregate Discretely Presented Component Units

The financial statements do not include financial data for the Housing and Redevelopment Commission of the Municipality of Springfield. Accounting principles generally accepted in the United States of America

require the financial data for those component units to be reported with the financial data of the Municipality's primary government unless the Municipality also issues financial statements for the financial reporting entity that include the financial data for its component units. The Municipality has not issued such reporting entity financial statements. Because of this departure from accounting principles generally accepted in the United States of America, the assets, liabilities, net position, revenues, and expenses of the aggregate discretely presented components units would have been presented.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Municipality'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 GAAS 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 GAAS 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 Municipality'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 Municipality'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.

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedules, the Schedule of the Municipality Contributions, and the Schedule of the Municipality's Proportionate Share of the Net Pension Liability (Asset) be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 GAAS, 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.

The Municipality has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Municipality's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2025 on our consideration of the Municipality's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Municipality'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 Municipality's internal control over financial reporting and compliance.

Schoenfish & Co., Inc.

Schoenfish & Co., Inc.
Certified Public Accountants
May 12, 2025

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247
105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPALITY OF SPRINGFIELD
STATEMENT OF NET POSITION
December 31, 2023

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	885,862.32	1,156,249.70	2,042,112.02
Investments	142,500.00	1,595,000.00	1,737,500.00
Accounts Receivable, Net	139,535.12	115,802.45	255,337.57
Inventories		19,993.00	19,993.00
Net Pension Asset	901.32	464.17	1,365.49
Capital Assets:			
Land and Construction Work in Progress	235,689.46	5,500,840.85	5,736,530.31
Other Capital Assets, Net of Depreciation	5,658,106.67	3,496,942.17	9,155,048.84
TOTAL ASSETS	7,062,594.89	11,885,292.34	18,947,887.23
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	70,785.02	36,453.31	107,238.33
TOTAL DEFERRED OUTFLOWS OF RESOURCES	70,785.02	36,453.31	107,238.33
LIABILITIES :			
Accounts Payable	19,911.26	1,174,164.84	1,194,076.10
Other Current Liabilities		17,176.81	17,176.81
Noncurrent Liabilities:			
Due Within One Year		1,583,441.85	1,583,441.85
Due in More than One Year		1,830,321.31	1,830,321.31
TOTAL LIABILITIES	19,911.26	4,605,104.81	4,625,016.07
DEFERRED INFLOWS OF RESOURCES:			
Pension Related Deferred Inflows	45,156.82	23,255.14	68,411.96
TOTAL DEFERRED INFLOWS OF RESOURCES	45,156.82	23,255.14	68,411.96
NET POSITION:			
Net Investment in Capital Assets	5,893,796.13	5,584,019.86	11,477,815.99
Restricted for:			
Equipment Repair/Replacement		871,078.82	871,078.82
Revenue Bond Debt Service		182,760.49	182,760.49
Economic Development	270,614.20		270,614.20
SDRS Pension Purposes	26,529.52	13,662.34	40,191.86
Unrestricted	877,371.98	641,864.19	1,519,236.17
TOTAL NET POSITION	7,068,311.83	7,293,385.70	14,361,697.53

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

MUNICIPALITY OF SPRINGFIELD
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary Government:						
Governmental Activities:						
General Government	207,017.31	6,738.20			(200,279.11)	(200,279.11)
Public Safety	188,655.30	113.75			(188,541.55)	(188,541.55)
Public Works	342,390.96	18,856.57	49,123.50	367,170.10	92,759.21	92,759.21
Health and Welfare	49,982.26	67,788.53			17,806.27	17,806.27
Culture and Recreation	99,976.99	17,514.00			(82,462.99)	(82,462.99)
Conservation and Development	8,761.54				(8,761.54)	(8,761.54)
Total Governmental Activities	896,784.36	111,011.05	49,123.50	367,170.10	(369,479.71)	(369,479.71)
Business-type Activities:						
Water	223,248.74	563,857.37		1,749,139.14		2,089,747.77
Sewer	298,762.45	330,854.98				32,092.53
Liquor		30,043.76				30,043.76
Total Business-type Activities	522,011.19	924,756.11	0.00	1,749,139.14		2,151,884.06
Total Primary Government	1,418,795.55	1,035,767.16	49,123.50	2,116,309.24	(369,479.71)	1,782,404.35
General Revenues:						
Taxes:						
Property Taxes					252,092.90	252,092.90
Sales Taxes					327,898.05	327,898.05
State Shared Revenues					15,256.75	15,256.75
Grants and Contributions not Restricted to Specific Programs					19,748.00	19,748.00
Unrestricted Investment Earnings					14,935.64	27,261.67
Miscellaneous Revenue					40,787.59	40,787.59
Transfers					359,528.80	(359,528.80)
Total General Revenues					1,030,247.73	(332,267.13)
Change in Net Position					660,768.02	1,819,616.93
Net Position - Beginning					6,407,543.81	5,473,768.77
NET POSITION - ENDING					7,068,311.83	7,293,385.70
						14,361,697.53

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

**MUNICIPALITY OF SPRINGFIELD
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023**

	General Fund	Revolving Loan Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	772,206.58	113,655.74	885,862.32
Investments	41,500.00	101,000.00	142,500.00
Taxes Receivable--Delinquent	17,438.14		17,438.14
Accounts Receivable, Net	26,522.64		26,522.64
Due From Other Government	30,794.71		30,794.71
Special Assessments Receivable--Current	947.27		947.27
Special Assessments Receivable--Delinquent	2,190.28		2,190.28
Special Assessments Receivable--Deferred	5,683.62		5,683.62
Notes Receivable		55,958.46	55,958.46
TOTAL ASSETS	897,283.24	270,614.20	1,167,897.44
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	19,911.26		19,911.26
Total Liabilities	19,911.26	0.00	19,911.26
Deferred Inflows of Resources:			
Unavailable Revenue - Property Taxes	17,438.14		17,438.14
Unavailable Revenue - Special Assessments	8,821.17		8,821.17
Total Deferred Inflows of Resources	26,259.31	0.00	26,259.31
Fund Balances:			
Restricted for Nonspendable RLF Note Receivable		55,958.46	55,958.46
Restricted for Economic Development		214,655.74	214,655.74
Assigned for Ambulance	88,094.78		88,094.78
Assigned for Next Year's Budget	763,017.89		763,017.89
Total Fund Balances	851,112.67	270,614.20	1,121,726.87
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	897,283.24	270,614.20	1,167,897.44

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

MUNICIPALITY OF SRPINGFIELD
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2023

Total Fund Balances - Governmental Funds	<u>1,121,726.87</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Net pension asset reported in governmental activities is not an available financial resource and therefore is not reported in the funds.	<u>901.32</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>5,893,796.13</u>
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>70,785.02</u>
Assets such as taxes receivable (delinquent) and special assessment receivables (current, delinquent and deferred) are not available to pay for current period expenditures and therefore are deferred in the funds.	<u>26,259.31</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(45,156.82)</u>
Net Position - Governmental Activities	<u><u>7,068,311.83</u></u>

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

MUNICIPALITY OF SPRINGFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

	General Fund	Revolving Loan Fund	Total Governmental Funds
Revenues:			
Taxes:			
General Property Taxes	253,078.91		253,078.91
General Sales and Use Taxes	327,898.05		327,898.05
Penalties and Interest on Delinquent Taxes	2,071.65		2,071.65
Licenses and Permits	6,667.80		6,667.80
Intergovernmental Revenue:			
Federal Grants	304,461.57		304,461.57
State Grants	65,786.14		65,786.14
State Shared Revenue:			
Bank Franchise Tax	2,100.48		2,100.48
Prorate License Fees	2,557.83		2,557.83
Liquor Tax Reversion	13,156.27		13,156.27
Motor Vehicle Licenses	12,476.83		12,476.83
Local Government Highway and Bridge Fund	32,187.41		32,187.41
County Shared Revenue:			
County Highway and Bridge Reserve Tax	1,901.43		1,901.43
Charges for Goods and Services:			
General Government	70.40		70.40
Highways and Streets	2,606.02		2,606.02
Culture and Recreation	11,917.00		11,917.00
Ambulance	67,788.53		67,788.53
Other	626.80		626.80
Fines and Forfeits:			
Court Fines and Costs	113.75		113.75
Library	541.00		541.00
Miscellaneous Revenue:			
Investment Earnings	10,545.06	4,390.58	14,935.64
Rentals	20,679.75		20,679.75
Special Assessments	852.14		852.14
Contributions and Donations from Private Sources	19,748.00		19,748.00
Other	11,937.59		11,937.59
Total Revenue	1,171,770.41	4,390.58	1,176,160.99
Expenditures:			
General Government:			
Executive	24,596.63		24,596.63
Financial Administration	152,939.12		152,939.12
Other	24,985.26		24,985.26
Total General Government	202,521.01	0.00	202,521.01

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

MUNICIPALITY OF SPRINGFIELD
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2023

	General Fund	Revolving Loan Fund	Total Governmental Funds
Expenditures (Continued):			
Public Safety:			
Police	154,737.44		154,737.44
Fire	20,823.24		20,823.24
Total Public Safety	175,560.68	0.00	175,560.68
Public Works:			
Highways and Streets	160,975.45		160,975.45
Airport	15,725.01		15,725.01
Total Public Works	176,700.46	0.00	176,700.46
Health and Welfare:			
Health	276.00		276.00
Ambulance	45,395.95		45,395.95
Total Health and Welfare	45,671.95	0.00	45,671.95
Culture and Recreation:			
Parks	75,484.07		75,484.07
Libraries	10,034.20		10,034.20
Total Culture and Recreation	85,518.27	0.00	85,518.27
Conservation and Development:			
Economic Development and Assistance (Industrial Development)	7,769.10	300.77	8,069.87
Total Conservation and Development	7,769.10	300.77	8,069.87
Capital Outlay	628,725.14	0.00	628,725.14
Total Expenditures	1,322,466.61	300.77	1,322,767.38
Excess of Revenue Over (Under) Expenditures	(150,696.20)	4,089.81	(146,606.39)
Other Financing Sources (Uses):			
Transfers In	359,528.80		359,528.80
Sale of Municipal Property	28,850.00		28,850.00
Total Other Financing Sources (Uses)	388,378.80	0.00	388,378.80
Net Change in Fund Balances	237,682.60	4,089.81	241,772.41
Fund Balance - Beginning	613,430.07	266,524.39	879,954.46
FUND BALANCE - ENDING	851,112.67	270,614.20	1,121,726.87

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

MUNICIPALITY OF SPRINGFIELD
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund
Balances to the Government-Wide Statement of Activities
For the Year Ended December 31, 2023

Net Change in Fund Balances - Total Governmental Funds	<u>241,772.41</u>
Amounts reported for governmental activities in the statement of activities are different because:	
This amount represents capital asset purchases which are reported as expenditures on the fund financial statements but increase assets on the government-wide statements.	<u>628,725.14</u>
This amount represents the current year depreciation expense reported in the statement of activities which is not reported on the fund financial statements because it does not require the use of current financial resources.	<u>(190,030.65)</u>
In the statement of activities, gains and losses on disposal of capital assets are reported, whereas, in the governmental funds, the proceeds from the disposal of capital assets are reflected, regardless of whether a gain or loss is realized.	<u>(19,013.04)</u>
The receipt of donated capital assets is not reported on the fund statements, but is reported as a program revenue on the government wide statements.	<u>8,108.94</u>
The fund financial statement governmental fund property tax accruals differ from the government wide statement property tax accruals in that the fund financial statements require the amounts to be "available".	<u>(3,057.66)</u>
Governmental funds report special assessments as revenue when cash is received, but the statement of activities includes special assessments as revenue when earned.	<u>(3,929.75)</u>
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. (e.g., pension expense)	<u>1,405.04</u>
Changes in the pension related deferred outflows/inflows are direct components of pension liability (asset) and are not reflected in the governmental funds.	<u>(3,212.41)</u>
Change in Net Position of Governmental Activities	<u><u>660,768.02</u></u>

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

MUNICIPALITY OF SPRINGFIELD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2023

	Enterprise Funds			
	Water Fund	Sewer Fund	Liquor Fund	Totals
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	666,182.73	458,926.29	31,140.68	1,156,249.70
Investments	1,595,000.00			1,595,000.00
Accounts Receivable, Net	70,420.16	43,408.55	1,973.74	115,802.45
Inventory of Supplies	19,993.00			19,993.00
Total Current Assets	2,351,595.89	502,334.84	33,114.42	2,887,045.15
Noncurrent Assets:				
Net Pension Asset	222.11	242.06		464.17
Capital Assets:				
Land	12,811.00	13,815.00		26,626.00
Buildings	275,586.00			275,586.00
Improvements Other Than Buildings	1,584,620.67	3,075,398.38		4,660,019.05
Machinery and Equipment	205,108.86	225,131.75		430,240.61
Construction Work in Progress	5,474,214.85			5,474,214.85
Less: Accumulated Depreciation	(1,007,407.81)	(861,495.68)		(1,868,903.49)
Total Noncurrent Assets	6,545,155.68	2,453,091.51	0.00	8,998,247.19
TOTAL ASSETS	8,896,751.57	2,955,426.35	33,114.42	11,885,292.34
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Related Deferred Outflows	17,443.32	19,009.99		36,453.31
TOTAL DEFERRED OUTFLOWS OF RESOURCES	17,443.32	19,009.99	0.00	36,453.31

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

MUNICIPALITY OF SPRINGFIELD
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2023

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Liquor Fund	
LIABILITIES:				
Current Liabilities:				
Accounts Payable	1,165,224.84	8,940.00		1,174,164.84
Customer Deposits	17,176.81			17,176.81
Bonds Payable Current:				
Revenue	1,538,875.26	44,566.59		1,583,441.85
Total Current Liabilities	2,721,276.91	53,506.59	0.00	2,774,783.50
Noncurrent Liabilities:				
Bonds Payable:				
Revenue	0.00	1,830,321.31		1,830,321.31
Total Noncurrent Liabilities		1,830,321.31	0.00	1,830,321.31
TOTAL LIABILITIES	2,721,276.91	1,883,827.90	0.00	4,605,104.81
DEFERRED INFLOWS OF RESOURCES:				
Pension Related Deferred Outflows	11,127.85	12,127.29		23,255.14
TOTAL DEFERRED INFLOWS OF RESOURCES	11,127.85	12,127.29	0.00	23,255.14
NET POSITION:				
Net Investment in Capital Assets	5,006,058.31	577,961.55		5,584,019.86
Restricted Net Position:				
Revenue Bond Debt Service		182,760.49		182,760.49
Equipment Repair and/or Replacement	824,676.85	46,401.97		871,078.82
SDRS Pension Purposes	6,537.58	7,124.76		13,662.34
Unrestricted Net Position	344,517.39	264,232.38	33,114.42	641,864.19
TOTAL NET POSITION	6,181,790.13	1,078,481.15	33,114.42	7,293,385.70

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

MUNICIPALITY OF SPRINGFIELD
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2023

	Enterprise Funds			
	Water Fund	Sewer Fund	Liquor Fund	Totals
Operating Revenue:				
Charges for Goods and Services	563,682.37	217,464.80	29,573.76	810,720.93
Revenue Dedicated to Servicing Debt		113,390.18		113,390.18
Miscellaneous	175.00		470.00	645.00
Total Operating Revenue	563,857.37	330,854.98	30,043.76	924,756.11
Operating Expenses:				
Personal Services	85,803.75	101,252.94		187,056.69
Other Current Expense	87,351.21	17,882.92		105,234.13
Depreciation	44,435.09	110,164.44		154,599.53
Total Operating Expenses	217,590.05	229,300.30	0.00	446,890.35
Operating Income (Loss)	346,267.32	101,554.68	30,043.76	477,865.76
Nonoperating Revenue (Expense):				
Investment Earnings	27,261.67			27,261.67
Interest Expense		(52,307.25)		(52,307.25)
Gain (Loss) on Disposition of Assets	(5,658.69)	(17,154.90)		(22,813.59)
Total Nonoperating Revenue (Expense)	21,602.98	(69,462.15)	0.00	(47,859.17)
Income (Loss) Before Contributions	367,870.30	32,092.53	30,043.76	430,006.59
Capital Contributions	1,749,139.14			1,749,139.14
Transfers In	4,411.20			4,411.20
Transfers Out		(263,940.00)	(100,000.00)	(363,940.00)
Change in Net Position	2,121,420.64	(231,847.47)	(69,956.24)	1,819,616.93
Net Position - Beginning	4,060,369.49	1,310,328.62	103,070.66	5,473,768.77
NET POSITION - ENDING	6,181,790.13	1,078,481.15	33,114.42	7,293,385.70

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

**MUNICIPALITY OF SPRINGFIELD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2023

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Liquor Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Receipts from Customers	539,979.93	314,212.59	30,316.87	884,509.39
Cash Payments to Employees for Services	(84,255.41)	(100,638.54)	470.00	(184,423.95)
Cash Payments to Suppliers of Goods and Services	1,077,583.63	(8,942.92)		1,068,640.71
Net Cash Provided (Used) by Operating Activities	1,533,308.15	204,631.13	30,786.87	1,768,726.15
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers In	4,411.20			4,411.20
Transfers Out		(263,940.00)	(100,000.00)	(363,940.00)
Net Cash Provided (Used) by Noncapital Financing Activities	4,411.20	(263,940.00)	(100,000.00)	(359,528.80)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from Capital Debt	2,845,883.38			2,845,883.38
Capital Contributions	442,131.02			442,131.02
Purchase of Capital Assets	(5,302,525.16)			(5,302,525.16)
Principal Paid on Capital Debt		(43,361.79)		(43,361.79)
Interest Paid on Capital Debt		(52,307.25)		(52,307.25)
Net Cash Provided (Used) by Capital and Related Financing Activities	(2,014,510.76)	(95,669.04)	0.00	(2,110,179.80)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash Received for Interest	27,261.67			27,261.67
Net Cash Provided (Used) by Investing Activities	27,261.67	0.00	0.00	27,261.67
Net Increase (Decrease) in Cash and Cash Equivalents	(449,529.74)	(154,977.91)	(69,213.13)	(673,720.78)
Balances - Beginning	2,710,712.47	613,904.20	100,353.81	3,424,970.48
Balances - Ending	2,261,182.73	458,926.29	31,140.68	2,751,249.70

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

**MUNICIPALITY OF SPRINGFIELD
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

For the Year Ended December 31, 2023

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Liquor Fund	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating Income (Loss)	346,267.32	101,554.68	30,043.76	477,865.76
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	44,435.09	110,164.44		154,599.53
(Increase) decrease in Receivables	(24,177.25)	(16,642.39)	743.11	(40,076.53)
(Increase) decrease in Inventories	(290.00)			(290.00)
(Increase) decrease in Net Pension Asset	16.18	(8.94)		7.24
(Increase) decrease in Pension Related Deferred Outflows	4,207.70	2,170.98		6,378.68
(Decrease) increase in Accounts and Other Payables	1,165,224.84	8,940.00		1,174,164.84
(Decrease) increase in Pension Related Deferred Inflows	(2,850.54)	(1,547.64)		(4,398.18)
(Decrease) increase in Customer Deposits	474.81			474.81
Net Cash Provided (Used) by Operating Activities	1,533,308.15	204,631.13	30,786.87	1,768,726.15
Noncash Investing, Capital and Financing Activities:				
Principal Forgiven on Debt Service	1,307,008.12			

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

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Financial Reporting Entity:

The reporting entity of the Municipality of Springfield (Municipality) consists of the primary government (which includes all of the funds, organizations, institutions, agencies, departments, and offices that make up the legal entity, plus those funds for which the primary government has a fiduciary responsibility, even though those fiduciary fund may represent organizations that do not meet the criteria for inclusion in the financial reporting entity); those organizations for which the primary government is financially accountable; and other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the financial reporting entity's financial statements to be misleading or incomplete.

The Municipality participates in a cooperative unit, the Southern Missouri Recycling & Waste Management District. See detailed note entitled "Joint Ventures" for specific disclosures. Joint ventures do not meet the criteria for inclusion in the financial reporting entity as a component unit, but are discussed in these notes because of the nature of their relationship with the Municipality.

Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The Municipality is financially accountable if its Governing Board appoints a voting majority of another organization's governing body and it has the ability to impose its will on the that organization, or there is a potential for that organization to provide specific financial benefits to, or impose specific financial burdens on, the Municipality (primary government). The Municipality may also be financially accountable for another organization if that organization is fiscally dependent on the Municipality.

The Housing and Redevelopment Commission of the Municipality of Springfield, South Dakota (Commission) is a proprietary fund-type, discretely-presented component unit. The five members of the commission are appointed by the Mayor, with the approval of the Governing Board, for five-year, staggered terms. The Commission elects its own chairperson and recruits and employs its own management personnel and other workers. The Governing Board, though, retains the statutory authority to approve or deny or otherwise modify the Commission's plans to construct low-income housing units, or to issue debt, which gives the Governing Board the ability to impose its will on the Commission. Separately issued financial statements of the Housing and Redevelopment Commission may be obtained from: Housing and Redevelopment Commission, 409 Pine Street, Springfield, SD 57062.

b. Basis of Presentation:

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting entity as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities and discretely presented component units. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. Discretely presented component units are legally separate organizations that meet criteria, as described in Note 1.a., above, and may be classified as either governmental or business-type activities. See the discussion of individual component units in Note 1.a., above.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the Municipality and for each function of the Municipality's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) charges

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

paid by recipients of goods and services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the Municipality or it meets the following criteria:

1. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type, and
2. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined, or
3. Management has elected to classify one or more governmental or enterprise funds as major for consistency in reporting from year to year, or because of public interest in the fund's operations.

The funds of the Municipality financial reporting entity are described below:

Governmental Funds:

General Fund – The General Fund is the general operating fund of the Municipality. It is used to account for all financial resources except those required to be accounted for in another fund. The General Fund is always considered to be a major fund.

Special Revenue Funds – Special revenue funds are used to account for the proceeds of specific revenue sources (other than trusts for individuals, private organizations, or other governments or for major capital projects) that are legally restricted to expenditures for specified purposes.

Grant Revolving Loan Fund – to account for federal grants that, when given to the Municipality, are subsequently loaned out to a new business to be repaid over a period of years. This is a major fund.

Proprietary Funds:

Enterprise Funds – Enterprise funds may be used to report any activity for which a fee is charged to external users for goods or services. Activities are required to be reported as enterprise funds if any one of the following criteria is met. Governments should apply each of these criteria in the context of the activity's principal revenue sources.

- a. The activity is financed with debt that is secured solely by a pledge of the net revenues from fees and charges of the activity. Debt that is secured by a pledge of net revenues from fees and charges and the full faith and credit of a related primary government or component unit—even if that government is not expected to make any payments—is not payable solely from fees and charges of the activity. (Some debt may be secured, in part, by a portion of its own proceeds but should be considered as payable "solely" from the revenues of the activity.)
- b. Laws or regulations require that the activity's costs of providing services, including capital costs (such as depreciation or debt service), be recovered with fees and charges, rather than with taxes or similar revenues.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

- c. The pricing policies of the activity establish fees and charges designed to recover its costs, including capital costs (such as depreciation or debt service).

Water Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal waterworks system and related facilities. (SDCL 9-47-1) This is a major fund.

Sewer Fund – financed primarily by user charges, this fund accounts for the construction and operation of the municipal sanitary sewer system and related facilities. (SDCL 9-48-2) This is a major fund.

Liquor Fund – to account for the operation of an on-sale and/or off-sale municipal liquor store. (SDCL 35-3-21) This is a major fund.

c. Measurement Focus and Basis of Accounting:

Measurement focus is a term used to describe "how" transactions are recorded within the various financial statements. Basis of accounting refers to "when" revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus.

Measurement Focus:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental, business-type, and component unit activities are presented using the economic resources measurement focus, applied on the accrual basis of accounting.

Fund Financial Statements:

In the fund financial statements, the "current financial resources" measurement focus and the modified accrual basis of accounting are applied to governmental funds, while the "economic resources" measurement focus and the accrual basis of accounting are applied to the proprietary and fiduciary funds.

Basis of Accounting:

Government-wide Financial Statements:

In the government-wide Statement of Net Position and Statement of Activities, governmental, business-type, and component unit activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues and related assets are recorded when earned (usually when the right to receive cash vests); and, expenses and related liabilities are recorded when an obligation is incurred (usually when the obligation to pay cash in the future vests).

Fund Financial Statements:

All governmental fund types are accounted for using the modified accrual basis of accounting. Their revenues, including property taxes, are recognized when they become measurable and available. "Available" means resources are collected or to be collected soon enough after the end of the fiscal year that they can be used to pay the bills of the current period. The accrual period does not exceed one bill-paying cycle, and for the Municipality of Springfield, the length of that cycle is 30 days. The revenues which are accrued at December 31, 2023 are miscellaneous revenue.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Under the modified accrual basis of accounting, receivables may be measurable but not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Unavailable revenues, where asset recognition criteria have been met but for which revenue recognition criteria have not been met, are reported as a deferred inflow of resources.

Expenditures are generally recognized when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which are recognized when due.

All proprietary funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

d. Deposits and Investments:

For the purpose of financial reporting, "cash and cash equivalents" includes all demand and savings accounts and certificates of deposit or short-term investments with a term to maturity at date of acquisition of three months or less. Investments in open-end mutual fund shares, or similar investments in external investment pools, are also considered to be cash equivalents.

Investments classified in the financial statements consist entirely of certificates of deposit whose term to maturity at date of acquisition exceeds three months, and/or those types of investment authorized by South Dakota Codified Laws (SDCL) 4-5-6.

e. Capital Assets:

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for significantly greater number of years than most capital assets.

The accounting treatment over capital assets depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements

Capital assets are recorded at historical cost. Donated capital assets are valued at their estimated acquisition value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant and which extend the useful life of a capital asset are also capitalized.

The total December 31, 2023 balance of governmental activities capital assets includes approximately zero percent for which the costs were determined by estimates of the original costs. The total December 31, 2023 balance of business-type capital assets includes approximately 4 percent for which the costs were determined by estimations of the original cost. These estimated original costs were established by reviewing applicable historical costs of similar items and basing the estimations thereon.

Infrastructure assets used in general government operations, consisting of certain improvements other than buildings, including roads, bridges, sidewalks, drainage systems, and lighting systems, acquired prior to January 1, 2004, were not required to be capitalized by the Municipality. Infrastructure assets acquired since January 1, 2004 are recorded at cost, and classified as "Improvements Other than Buildings."

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

For governmental activities Capital Assets, construction-period interest is not capitalized, in accordance with USGAAP, while for capital assets used in business-type activities/proprietary fund's operations, construction period interest is not capitalized in accordance with USGAAP.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the government-wide Statement of Activities, except for that portion related to common use assets for which allocation would be unduly complex, and which is reported as Unallocated Depreciation, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the government-wide Statement of Net Position and on each proprietary fund's Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the government-wide statements and proprietary funds are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land and land rights	\$ -	-- N/A --	-- N/A --
Improvements other than buildings	\$ 3,000.00	Straight-line	20-125 yrs.
Buildings	\$ 3,000.00	Straight-line	30-90 yrs.
Machinery & Equipment	\$ 3,000.00	Straight-line	15-45 yrs.
Infrastructure	\$ 3,000.00	Straight-line	20-125 yrs.
Utility property and improvements	\$ 3,000.00	Straight-line	20-125 yrs.

Land is an inexhaustible capital asset and is not depreciated.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as Capital Outlay expenditures of the appropriate governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for on the accrual basis, the same as in the government-wide statements.

f. Long-Term Liabilities:

The accounting treatment of long-term liabilities depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

All long-term liabilities to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. The long-term liabilities primarily consist of revenue bonds.

In the fund financial statements, debt proceeds are reported as revenues (other financing sources), while payments of principal and interest are reported as expenditures when they become due. The accounting for proprietary fund long-term liabilities is on the accrual basis, the same in the fund statements as in the government-wide financial statements.

g. Program Revenues:

Program revenues derive directly from the program itself or from parties other than the Municipality's taxpayers or citizenry, as a whole. Program revenues are classified into three categories, as follows:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

1. Charges for services – These arise from charges to customers, applicants, or others who purchase, use, or directly benefit from the goods, services, or privileges provided, or are otherwise directly affected by the services.
2. Program-specific operating grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program.
3. Program-specific capital grants and contributions – These arise from mandatory and voluntary non-exchange transactions with other governments, organizations, or individuals that are restricted for the acquisition of capital assets for use in a particular program.

h. Deferred Inflows and Deferred Outflows of Resources:

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent consumption of net position that applies to a future period or periods. These items will not be recognized as an outflow of resources until the applicable future period.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent acquisitions of net position that applies to a future period or periods. These items will not be recognized as an inflow of resources until the applicable future period.

i. Proprietary Funds Revenue and Expense Classifications:

In the proprietary fund's Statement of Revenues, Expenses and Changes in Fund Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are not reported as components of operating revenues or expenses.

j. Cash and Cash Equivalents:

The Municipality pools the cash resources of its funds for cash management purposes. The proprietary funds essentially have access to their cash resources on demand. Accordingly, each proprietary fund's equity in the cash management pool is considered to be cash and cash equivalents for the purpose of the Statement of Cash Flows.

k. Equity Classifications:

Government-wide Financial Statements:

Equity is classified as Net Position and is displayed in three components.

1. Net Investment in Capital Assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted Net Position – Consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted Net Position – All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements:

Governmental fund equity is classified as fund balance, and may distinguish between "Nonspendable", "Restricted", "Committed", "Assigned" and "Unassigned" components. Proprietary fund equity is classified the same as in the government-wide financial statements.

l. Application of Net Position:

It is the Municipality's policy to first use restricted Net Position, prior to the use of unrestricted Net Position, when an expense is incurred for purposes for which both restricted and unrestricted Net Position are available.

m. Fund Balance Classification Policies and Procedures:

In accordance with Government Accounting Standards Board (GASB) No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Municipality classifies governmental fund balances as follows:

- Nonspendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority and does not lapse at year-end.
- Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Finance Officer.
- Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The nonspendable is comprised of amounts reported in nonspendable form such as RLF Notes Receivable.

The Municipality uses restricted/committed amounts first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Municipality would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Municipality does not have a formal minimum fund balance policy.

The purpose of each major special revenue fund and revenue source is listed below:

Major Special Revenue Fund:
Revolving Loan Fund

Revenue Source:
Principal and Interest on Loans

n. Pensions:

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and addition to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. Municipal contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

2. VIOLATIONS OF FINANCE-RELATED LEGAL AND CONTRACTUAL PROVISIONS:

The Municipality is prohibited by statute from spending in excess of appropriated amounts at the department level. The following represents the overdrafts of the expenditures compared to appropriations:

	<u>12/31/2023</u>
General Fund:	
<u>Activity</u>	
Airport	\$ 12,357.88

The Municipal Council plans to take the following actions to address these violations: make contingency transfers or adopt supplemental appropriations when allowed by law.

3. DEPOSITS AND INVESTMENTS CREDIT RISK, CONCENTRATIONS OF CREDIT RISK AND INTEREST RATE RISK

The Municipality follows the practice of aggregating the cash assets of various funds to maximize cash management efficiency and returns. Various restrictions on deposits and investments are imposed by statutes. These restrictions are summarized below:

Deposits – The Municipality's cash deposits are made in qualified public depositories as defined by SDCL 4-6A-1, 9-22-6, 9-22-6.1 and 9-22-6.2, and may be in the form of demand or time deposits. Qualified depositories are required by SDCL 4-6A-3 to maintain at all times, segregated from their other assets, eligible collateral having a value equal to at least 100 percent of the public deposit accounts which exceed deposit insurance such as the FDIC and NCUA. In lieu of pledging eligible securities, a qualified public depository may furnish irrevocable standby letters of credit issued by Federal Home Loan Banks accompanied by written evidence of that bank's public debt rating which may not be less than "AA" or a qualified public depository may furnish a corporate surety bond of a corporation authorized to do business in South Dakota.

Investments – In general, SDCL 4-5-6 permits municipal funds to be invested only in (a) securities of the United States and securities guaranteed by the United States Government either directly or indirectly; or (b) repurchase agreements fully collateralized by securities described in (a) above; or in shares of an open-end, no-load fund administered by an investment company whose investments are in securities described in (a) above and repurchase agreements described in (b) above. Also, SDCL 4-5-9 requires investments to be in the physical custody of the political subdivision or may be deposited in a safekeeping account with any bank or trust company designated by the political subdivision as its fiscal agent.

Credit Risk – State law limits eligible investments for the Municipality, as discussed above. The Municipality has no investment policy that would further limit its investment choices.

Investments

As of December 31, 2023, the Municipality had the following investments. Except for the investment in SD FIT, all investments are in an internal deposit and investment pool.

<u>Investment</u>	<u>Credit Rating</u>	<u>Fair Value</u>
External Investment Pools:		
SDFIT	Unrated	<u>\$ 63,800.75</u>
Total Investments		<u>\$ 63,800.75</u>

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The South Dakota Public Fund Investment Trust (SDFIT) is an external investment pool created for South Dakota local government investing. It is regulated by a nine-member board with representation from municipalities, school districts and counties. The net asset value of the SDFIT money market account (GCR) is kept at one dollar per share by adjusting the rate of return on a daily basis. Earnings are credited to each account on a monthly basis.

Concentration of Credit Risk – The Municipality places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk – The Municipality does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Assignment of Investment Income – State law allows income from deposits and investments to be credited to either the General Fund or the fund making the investment. The Municipality's policy is to credit all income from deposits and investments to the fund making the investment.

4. RECEIVABLES AND PAYABLES

Receivables and payables are not aggregated in these financial statements. The Municipality expects all receivables to be collected within one year, except for \$55,958.46 of receivables related to economic development loans to qualifying businesses reported in the Special Revenue Revolving Loan Fund.

5. INVENTORY

Inventory consists of expendable supplies held for consumption. Supply inventories are recorded at cost.

Government-wide Financial Statements:

In the government-wide financial statements, inventory is recorded as an asset at the time of purchase and charged to expense as it is consumed.

Fund Financial Statements:

In the fund financial statements, purchases of supply inventory items are recorded as an expenditure at the time individual inventory items are consumed. Material supply inventories are equally offset by a nonspendable fund balance which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

6. PROPERTY TAXES

Property taxes attach as an enforceable lien on property, and become due and payable as of January 1 of each year. Taxes are levied on or before October 1 and payable in two installments on or before April 30 and October 31 of the following year.

The Municipality is permitted by several state statutes to levy varying amounts of taxes per \$1,000 of taxable valuation on taxable property in the Municipality.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

7. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2023, is as follows:

	Balance 01/01/2023	Increases	Decreases	Balance 12/31/2023
Governmental Activities:				
Capital Assets, not being Depreciated:				
Land	93,750.00			93,750.00
Construction Work in Progress	47,579.50	629,702.43	(535,342.47)	141,939.46
Total, not being Depreciated	141,329.50	629,702.43	(535,342.47)	235,689.46
Capital Assets, being Depreciated:				
Buildings	922,504.43	57,921.00	(3,200.00)	977,225.43
Improvements Other Than Buildings	4,780,227.34	484,553.12	(16,701.37)	5,248,079.09
Machinery and Equipment	661,384.76		(35,800.00)	625,584.76
Total, being Depreciated	6,364,116.53	542,474.12	(55,701.37)	6,850,889.28
Less Accumulated Depreciation for:				
Buildings	(246,467.33)	(13,079.40)	2,320.00	(257,226.73)
Improvements Other Than Buildings	(573,160.19)	(153,665.10)	12,888.37	(713,936.92)
Machinery and Equipment	(219,812.77)	(23,286.15)	21,479.96	(221,618.96)
Total Accumulated Depreciation	(1,039,440.29)	(190,030.65)	36,688.33	(1,192,782.61)
Total Capital Assets, being Depreciated, Net	5,324,676.24	352,443.47	(19,013.04)	5,658,106.67
Governmental Activity Capital Assets, Net	5,466,005.74	982,145.90	(554,355.51)	5,893,796.13

Depreciation expense was charged to functions as follows:

Governmental Activities:	2023
General Government	3,975.78
Public Safety	12,142.14
Public Works	157,652.06
Culture and Recreation	4,310.31
Health and Welfare	11,258.69
Conservation and Development	691.67
Total Depreciation Expense - Governmental Activities	190,030.65

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	Balance 01/01/2023	Increases	Decreases	Balance 12/31/2023
Business-Type Activities:				
Capital Assets, not being Depreciated:				
Land	27,576.00		(950.00)	26,626.00
Construction Work in Progress	768,525.00	5,302,525.16	(596,835.31)	5,474,214.85
Total, not being Depreciated	796,101.00	5,302,525.16	(597,785.31)	5,500,840.85
Capital Assets, being Depreciated:				
Buildings	275,586.00			275,586.00
Improvements Other Than Buildings	4,063,183.74	596,835.31		4,660,019.05
Machinery and Equipment	464,164.95		(33,924.34)	430,240.61
Total, being Depreciated	4,802,934.69	596,835.31	(33,924.34)	5,365,845.66
Less Accumulated Depreciation for:				
Buildings	(235,586.00)	(1,000.00)		(236,586.00)
Improvements Other Than Buildings	(1,339,527.26)	(140,780.06)		(1,480,307.32)
Machinery and Equipment	(151,251.45)	(12,819.47)	12,060.75	(152,010.17)
Total Accumulated Depreciation	(1,726,364.71)	(154,599.53)	12,060.75	(1,868,903.49)
Total Capital Assets, being Depreciated, Net	3,076,569.98	442,235.78	(21,863.59)	3,496,942.17
Business-Type Activity Capital Assets, Net	3,872,670.98	5,744,760.94	(619,648.90)	8,997,783.02

Depreciation expense was charged to functions as follows:

Business-Type Activities:	2023
Water	44,435.09
Sanitary Sewer	110,164.44
Total Depreciation Expense - Business-Type Activities	154,599.53

Construction Work in Progress at December 31, 2023 is composed of the following:

Project Name:	Project Authorization	Expended thru 12/31/2023	Committed	Required Future Financing
Airport Runway	4,745,617.77	141,939.46		4,603,678.31
Water Treatment Plant	9,535,611.92	5,021,796.06		4,513,815.86
Modular Clear Well	497,900.00	452,418.79	45,481.21	0.00
TOTAL	14,779,129.69	5,616,154.31	45,481.21	9,117,494.17

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

8. SHORT-TERM LIABILITIES

The Municipality has entered into a short-term loan agreement with First Savings Bank to provide funding for the RD Water Treatment Plant Project. The following is the short-term loan activity for the year.

A summary of changes in short-term liabilities follows:

	Beginning Balance 01/01/2023	Additions	Deletions	Ending Balance 12/31/2023
Primary Government:				
Business-Type Activities:				
First Savings Bank Bond				
Anticipation Note	0.00	1,538,875.26	0.00	1,538,875.26

Liabilities payable at December 31, 2023 is comprised of the following:

<u>Notes Payable:</u>	
Bond Anticipation Note, Series 2023	\$ 1,538,875.26
Fixed Interest Rate at 4.50%,	
Maturity Date May 17, 2026,	
Payable from the Water Fund	

9. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance 1/1/2023	Additions	Deletions	Ending Balance 12/31/2023	Due Within One Year
Primary Government:					
Business-Type Activities:					
Bonds Payable:					
Revenue -Clean Water, Series 2019	1,918,249.69		43,361.79	1,874,887.90	44,566.59
Revenue -Clean Water, Series 2021		1,307,008.12	1,307,008.12	0.00	0.00
Total Business-Type Activities	1,918,249.69	1,307,008.12	1,350,369.91	1,874,887.90	44,566.59
TOTAL PRIMARY GOVERNMENT	1,918,249.69	1,307,008.12	1,350,369.91	1,874,887.90	44,566.59

Liabilities payable at December 31, 2023 is comprised of the following:

<u>Bonds Payable:</u>	
Clean Water Revenue Bond, Series 2019	\$ 1,874,887.90
Fixed Interest Rate at 2.75%,	
Maturity Date February 15, 2052,	
Payable from the Sewer Fund	

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The annual requirements to amortize all liabilities outstanding as of December 31, 2023, except for compensated absences, are as follows:

Annual Requirements to Maturity for Long-Term Liabilities
December 31, 2023

Year Ending December 31,	Clean Water Revenue Bond Payable*	
	Principal	Interest
2024	44,566.59	51,102.45
2025	45,804.87	49,864.17
2026	47,077.55	48,591.49
2027	48,385.60	47,283.44
2028	49,729.99	45,939.05
2029-2033	270,160.10	208,185.10
2034-2038	309,836.31	168,508.89
2039-2043	355,339.51	123,005.69
2044-2048	407,525.38	70,819.82
2049-2052	296,462.00	14,462.38
Totals	1,874,887.90	827,762.48

10. PENSION PLAN

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS). SDRS is a hybrid defined benefit plan designed with several defined contribution plan type provisions and is administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivor benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.sdrs.sd.gov/publications.aspx> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

SDRS has four different classes of employees, Class A general members, Class B public safety and judicial members, Class C Cement Plant Retirement Fund members, and Class D Department of Labor and Regulation members.

Members that were hired before July 1, 2017, are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level. Class A and B eligible spouses of Foundation members will receive a 60 percent joint survivor benefit when the member dies.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRAs will receive investment earnings based on investment returns.

Legislation enacted in 2017 established the current COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLAs, the fair value of assets will be greater or equal to the accrued liabilities.

Legislation enacted in 2021 reduced the minimum COLA from 0.5 percent to 0.0 percent.

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

Contributions:

Per SDCL 3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members, 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State statute also requires the employer to contribute an amount equal to the employee's contribution. The Municipality's share of contributions to the SDRS for the fiscal years ended December 31, 2023, 2022, and 2021, were \$23,779.57, \$19,877.15, and \$20,152.40, respectively, equal to the required contributions each year.

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

At June 30, 2023, SDRS is 100.1% funded and accordingly has net pension asset. The proportionate shares of the components of the net pension asset of the South Dakota Retirement System, for the Municipality as of the measurement period ending June 30, 2023 and reported by the Municipality as of December 31, 2023 are as follows:

Proportionate share of pension liability	\$ 2,027,247.90
Less proportionate share of net pension restricted for pension benefits	<u>\$ 2,028,613.39</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (1,365.49)</u></u>

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

At December 31, 2023, the Municipality reported a liability (asset) of \$(1,365.49) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023 and the total pension liability (asset) used to calculate the net pension liability (asset) was based on a projection of the Municipality's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2023, the Municipality's proportion was 0.01399000%, which is an increase (decrease) of (0.0000300%) from its proportion measured as of June 30, 2022.

For the year ended December 31, 2023, the Municipality recognized pension expense (reduction of pension expense) of \$3,795.13. At December 31, 2023 the Municipality reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows Of Resources</u>	<u>Deferred Inflows Of Resources</u>
Difference between expected and actual experience.	\$ 38,705.38	
Changes in assumption.	\$ 46,684.08	\$ 68,241.72
Net difference between projected and actual earnings on pension plan investments.	\$ 9,090.94	
Changes in proportion and difference between Municipality contributions and proportionate share of contributions.	\$ 517.13	\$ 170.24
Municipality contributions subsequent to the measurement date.	<u>\$ 12,240.80</u>	
TOTAL	<u>\$ 107,238.33</u>	<u>\$ 68,411.96</u>

\$12,240.80 reported as deferred outflow of resources related to pensions resulting from Municipality contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (reduction of pension expense) as follows:

Year Ended
December 31:

2024	\$ 18,635.96
2025	\$ (20,497.07)
2026	\$ 26,520.60
2027	<u>\$ 1,926.07</u>
TOTAL	<u>\$ 26,585.56</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

Inflation	2.50 percent
Salary Increases	Graded by years of service, from 7.66% at entry to 3.15% after 25 years of service
Discount Rate	6.50% net of plan investment expense. This is composed of an average inflation rate of 2.50% and real returns of 4.00%
Future COLAs	1.91%

Mortality Rates

All mortality rates based on Pub-2010 amount-weighted mortality tables, projected

Generationally with improvement scale MP-2020

Active and Terminated Vested Members:

Teachers, Certified Regents, and Judicial PubT-2010

Other Class A Members: PubG-2010

Public Safety Members: PubS-2010

Retired Members:

Teachers, Certified Regents, and Judicial Retirees: PubT-2010, 108% of rates above age 65

Other Class A Retirees: PubG-2010, 93% of rates through age 74, increasing by 2% per year until 111% of rates at age 83 and above.

Public Safety Retirees: PubS-2010, 102% of rates at all ages.

Beneficiaries:

PubG-2010 contingent survivor mortality table

Disabled Members:

Public Safety: PubS-2010 disabled member mortality table

Others: PubG-2010 disabled member mortality table

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2022.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Public Equity	56.3%	3.8%
Investment Grade Debt	22.8%	1.7%
High Yield Debt	7.0%	2.7%
Real Estate	12.0%	3.5%
Cash	1.9%	0.8%
Total	100%	

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Discount Rate:

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions from will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all 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 (asset).

Sensitivity of liability (asset) to changes in the discount rate:

The following presents the Municipality's proportionate share of net pension liability (asset) calculated using the discount rate of 6.50%, as well as what the Municipality's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Municipality's proportionate share of the net pension liability (asset)	\$ 279,876.80	\$ (1,365.49)	\$(231,368.03)

Pension Plan Fiduciary Net Position:

Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

11. RESTRICTED NET POSITION

Restricted net position for the year ended December 31, 2023 were as follows:

<u>Major Purposes:</u>	<u>Restricted By</u>	<u>12/31/2023</u>
Revenue Bond Debt Service	Debt Covenant	\$ 182,760.49
Economic Development	Law	270,614.20
	Governmental	
SDRS Pension	Accounting Standards	40,191.86
Water Fund - Equipment		
Repair/Replacement	Law	871,078.82
Total Restricted Net Position		<u>\$ 1,364,645.37</u>

These balances are restricted due to requirements of the statutory and regulatory requirements and debt covenants.

12. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2023, the Municipality was not involved in any significant litigation.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

13. RISK MANAGEMENT

The Municipality 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. During the year ended December 31, 2023, the Municipality managed its risks as follows:

Employee Health Insurance:

The Municipality purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

The Municipality joined the South Dakota Public Assurance Alliance (SDPAA), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the SDPAA is to administer and provide risk management services and risk sharing facilities to the members and to defend and protect the members against liability, to advise members on loss control guidelines and procedures, and provide them with risk management services, loss control and risk reduction information and to obtain lower costs for that coverage. The Municipality's responsibility is to promptly report to and cooperate with the SDPAA to resolve any incident which could result in a claim being made by or against the Municipality. The Municipality pays an annual premium, to provide liability coverage detailed below, under a claims-made policy and the premiums are accrued based on the ultimate cost of the experience to date of the SDPAA member based on their exposure or type of coverage. The Municipality pays an annual premium to the pool to provide coverage for liability coverage for liability, theft, property damage, and errors and omissions of public officials.

Effective October 5, 2021, the SDPAA adopted a new policy on member departures. Departing members will not longer be eligible for any partial refund of the calculated portion of their contributions which was previously allowed. The prior policy provided the departing member with such a partial refund because the departing member took sole responsibility for all claims and claims expenses whether reported or unreported at the time of their departure from the SDPAA. With such partial refund being no longer available, the SDPAA will now assume responsibility for all reported claims of a departing member pursuant to the revised IGC.

The Municipality does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Worker's Compensation:

The Municipality joined the South Dakota Municipal League Worker's Compensation Fund (Fund), a public entity risk pool currently operating as a common risk management and insurance program for South Dakota local government entities. The objective of the fund is to formulate, develop, and administer, on behalf of the member organizations, a program of worker's compensation coverage, to obtain lower costs for that coverage, and to develop a comprehensive loss control program. The Municipality's responsibility is to initiate and maintain a safety program to give its employees safe and sanitary working conditions and to promptly report to and cooperate with the Fund to resolve any worker's compensation claims. The Municipality pays an annual premium, to provide worker's compensation coverage for its employees, under a retrospectively rated policy and the premiums are accrued based on the ultimate cost of the experience to date of the Fund members. Coverage limits are set by state statute. The pool pays the first \$650,000 of any claim per individual. The pool has reinsurance which covers up to an additional \$2,000,000 per individual per incident.

The Municipality does not carry additional insurance to cover claims in excess of the upper limit. Settled claims resulting from these risks have not exceeded the liability coverage over the past three years.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Unemployment Benefits:

The Municipality provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

14. JOINT VENTURE

The Municipality participates in a joint venture, known as the Southern Missouri Recycling & Waste Management District, formed for the purpose of providing solid waste disposal services to participating members.

The members of the joint venture are as follows:

Municipality of Armour	Municipality of Bonesteel	Charles Mix County
Douglas County	Municipality of Geddes	Gregory County
Municipality of Gregory	Municipality of Lake Andes	Municipality of Pickstown
Municipality of Ravinia	Municipality of Springfield	Municipality of Tabor
Municipality of Wagner		

The joint venture's governing board is composed of 13 representatives. The board is responsible for adopting the budget and setting service fees adequate to fund the budget.

The Municipality retains no equity in the net position of the joint venture, but does have a responsibility to fund deficits of the joint venture in proportion to the relative participation.

The most recent financial information available for this joint venture is for the year ended December 31, 2022. At December 31, 2022, this joint venture had total assets and deferred outflows of \$2,415,267.26, total liabilities and deferred inflows of \$562,977.74, and net position of \$1,852,289.52.

15. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through May 12, 2025, the date on which the financial statements were available to be issued.

On November 27, 2024, the Municipality finalized the Water Project Revenue Bonds, \$585,000 and \$4,185,000, respectively. These bonds refinanced the short-term liabilities noted in the financial statements.

16. INTERFUND TRANSFERS

Interfund transfers for the year ended December 31, 2023 were as follows:

	<u>Transfers To:</u>	
<u>Transfers From:</u>	<u>General Fund</u>	<u>Water Fund</u>
Major Funds:		
Sewer Fund	259,528.80	4,411.20
Liquor Fund	100,000.00	

The Municipality used transfers to the General and Water Funds to conduct indispensable functions of the city.

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF SPRINGFIELD
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Revenues:				
Taxes:				
General Property Taxes	277,500.00	277,500.00	253,078.91	(24,421.09)
General Sales and Use Taxes	260,000.00	260,000.00	327,898.05	67,898.05
Penalties and Interest on Delinquent Taxes	700.00	700.00	2,071.65	1,371.65
Licenses and Permits	5,200.00	5,200.00	6,667.80	1,467.80
Intergovernmental Revenue:				
Federal Grants	176,000.00	176,000.00	304,461.57	128,461.57
State Grants	59,000.00	93,500.00	65,786.14	(27,713.86)
State Shared Revenue:				
Bank Franchise Tax	3,000.00	3,000.00	2,100.48	(899.52)
Prorate License Fees	2,000.00	2,000.00	2,557.83	557.83
Liquor Tax Reversion	12,000.00	12,000.00	13,156.27	1,156.27
Motor Vehicle Licenses	11,000.00	11,000.00	12,476.83	1,476.83
Local Government Highway and Bridge Fund	30,000.00	30,000.00	32,187.41	2,187.41
State Payments in Lieu of Taxes	500.00	500.00	0.00	(500.00)
County Shared Revenue:				
County Road Tax	1,900.00	1,900.00	1,901.43	1.43
Charges for Goods and Services:				
General Government	100.00	100.00	70.40	(29.60)
Highways and Streets	2,500.00	2,500.00	2,606.02	106.02
Sanitation	500.00	500.00	0.00	(500.00)
Culture and Recreation	5,000.00	5,000.00	11,917.00	6,917.00
Ambulance	60,000.00	60,000.00	67,788.53	7,788.53
Other	3,000.00	3,000.00	626.80	(2,373.20)
Fines and Forfeits:				
Court Fines and Costs	0.00	0.00	113.75	113.75
Library	0.00	0.00	541.00	541.00
Miscellaneous Revenue:				
Investment Earnings	3,500.00	3,500.00	10,545.06	7,045.06
Rentals	19,750.00	19,750.00	20,679.75	929.75
Special Assessments	800.00	800.00	852.14	52.14
Contributions and Donations from Private Sources	3,000.00	3,000.00	19,748.00	16,748.00
Other	20,000.00	20,000.00	11,937.59	(8,062.41)
Total Revenue	956,950.00	991,450.00	1,171,770.41	180,320.41

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF SPRINGFIELD
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget -
				Positive (Negative)
Expenditures:				
General Government:				
Contingency	300,000.00	300,000.00		
Amount Transferred		(125,000.00)		175,000.00
Executive	30,700.00	30,700.00	24,596.63	6,103.37
Financial Administration	155,400.00	165,400.00	152,939.12	12,460.88
Other	60,100.00	60,100.00	24,985.26	35,114.74
Total General Government	546,200.00	431,200.00	202,521.01	228,678.99
Public Safety:				
Police	139,050.00	172,050.00	162,846.38	9,203.62
Fire	13,700.00	21,700.00	20,823.24	876.76
Total Public Safety	152,750.00	193,750.00	183,669.62	10,080.38
Public Works:				
Highways and Streets	827,850.00	927,850.00	524,826.10	403,023.90
Airport	69,300.00	169,300.00	181,657.88	(12,357.88)
Total Public Works	897,150.00	1,097,150.00	706,483.98	390,666.02
Health and Welfare:				
Health	900.00	900.00	276.00	624.00
Ambulance	78,200.00	78,200.00	70,881.19	7,318.81
Total Health and Welfare	79,100.00	79,100.00	71,157.19	7,942.81
Culture and Recreation:				
Parks	84,525.00	142,025.00	140,831.51	1,193.49
Libraries	12,700.00	18,700.00	10,034.20	8,665.80
Total Culture and Recreation	97,225.00	160,725.00	150,865.71	9,859.29
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	11,700.00	11,700.00	7,769.10	3,930.90
Total Conservation and Development	11,700.00	11,700.00	7,769.10	3,930.90
Total Expenditures	1,784,125.00	1,973,625.00	1,322,466.61	651,158.39
Excess of Revenue Over (Under) Expenditures	(827,175.00)	(982,175.00)	(150,696.20)	831,478.80
Other Financing Sources (Uses):				
Transfers In	50,000.00	205,000.00	359,528.80	154,528.80
Sale of Municipal Property	0.00	0.00	28,850.00	28,850.00
Total Other Financing Sources (Uses)	50,000.00	205,000.00	388,378.80	183,378.80
Net Change in Fund Balances	(777,175.00)	(777,175.00)	237,682.60	1,014,857.60
Fund Balance - Beginning	613,430.07	613,430.07	613,430.07	0.00
FUND BALANCE - ENDING	(163,744.93)	(163,744.93)	851,112.67	1,014,857.60

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF SPRINGFIELD
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
REVOLVING LOAN FUND
For the Year Ended December 31, 2023

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget - Positive (Negative)
Revenues:				
Charges for Goods and Services:				
General Government	100.00	100.00	0.00	(100.00)
Miscellaneous Revenue:				
Investment Earnings	4,000.00	4,000.00	4,390.58	390.58
Total Revenue	4,100.00	4,100.00	4,390.58	290.58
Expenditures:				
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	500.00	500.00	300.77	199.23
Total Conservation and Development	500.00	500.00	300.77	199.23
Total Expenditures	500.00	500.00	300.77	199.23
Net Change in Fund Balances	3,600.00	3,600.00	4,089.81	489.81
Fund Balance - Beginning	266,524.39	266,524.39	266,524.39	0.00
FUND BALANCE - ENDING	270,124.39	270,124.39	270,614.20	489.81

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

Schedules of Budgetary Comparisons for the General Fund and for each major Special Revenue Fund with a legally required budget.

Note 1. Budgets and Budgetary Accounting

The Municipality followed these procedures in establishing the budgetary data reflected in the financial statements:

1. At the first regular board meeting in September of each year or within ten days thereafter, the Governing Board introduces the annual appropriation ordinance for the ensuing fiscal year.
2. After adoption by the Governing Board, the operating budget is legally binding and actual expenditures for each purpose cannot exceed the amounts budgeted, except as indicated in number 4.
3. A line item for contingencies may be included in the annual budget. Such a line item may not exceed 5 percent of the total municipal budget and may be transferred by resolution of the Governing Board to any other budget category that is deemed insufficient during the year. No amount of expenditures may be charged directly to the contingency line item in the budget.
4. If it is determined during the year that sufficient amounts have not been budgeted, state statute allows the adoption of supplemental budgets.
5. Unexpected appropriations lapse at year end unless encumbered by resolution of the Governing Board.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund and special revenue funds.

The Municipality did not encumber any amounts at December 31, 2023.

6. Formal budgetary integration is employed as a management control device during the year for the General Fund and special revenue funds.
7. Budgets for the General Fund and each major special revenue funds are adopted on a basis consistent with the accounting principles generally accepted in the United States (USGAAP).

Note 2. GAAP/Budgetary Accounting Basis Differences

The financial statements prepared in conformity with USGAAP present capital outlay expenditure information in a separate category of expenditures. Under the budgetary basis of accounting, capital outlay expenditures are reported within the function to which they relate. For example, the purchase of a new fire truck would be reported as a capital outlay expenditure on the Governmental Funds Statement of Revenue, Expenditures and Changes in Fund Balances, however, in the Budgetary RSI Schedule, the purchase of a fire truck would be reported as an expenditure of the Public Safety/Fire Department function of government, along with all other current Fire Department related expenditures.

SUPPLEMENTARY INFORMATIONSCHEDULE OF THE MUNICIPALITY'S PROPORTIONATE
SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

*Last 9 Years

	Municipality's proportion of the net pension liability/asset	Municipality's proportionate share of net pension liability (asset)	Municipality's covered-employee payroll	Municipality's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability (asset)
2023	0.0139900%	\$ (1,365.49)	\$ 328,028.12	-0.42%	100.10%
2022	0.0140200%	\$ (1,324.98)	\$ 308,487.33	0.43%	100.10%
2021	0.0144560%	\$ (110,708.22)	\$ 298,645.91	37.07%	105.52%
2020	0.0148909%	\$ (646.71)	\$ 301,226.35	0.21%	100.04%
2019	0.0138415%	\$ (1,466.82)	\$ 274,497.60	0.53%	100.09%
2018	0.0143184%	\$ (333.94)	\$ 270,975.07	0.12%	100.02%
2017	0.0130911%	\$ (1,188.03)	\$ 245,395.59	0.48%	100.10%
2016	0.0139498%	\$ 47,121.05	\$ 244,172.72	19.30%	96.89%
2015	0.0136239%	\$ (57,782.85)	\$ 228,160.37	25.33%	104.10%

*The amounts presented for each year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30. Until a 10-year trend is compiled, the Municipality will present information for those years for which information is available.

SUPPLEMENTARY INFORMATION

SCHEDULE OF THE MUNICIPALITY CONTRIBUTIONS

South Dakota Retirement System

*Last 9 Years

	<u>Contractually required contribution</u>	<u>Contributions in relation to the contractually required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Municipality's covered payroll</u>	<u>Contributions as a percentage of covered payroll</u>
2023	\$ 23,779.57	\$ 23,779.57	\$ -	\$ 361,807.50	6.57%
2022	\$ 19,877.15	\$ 19,877.15	\$ -	\$ 302,713.13	6.57%
2021	\$ 20,152.40	\$ 20,152.40	\$ -	\$ 308,540.94	6.53%
2020	\$ 19,561.65	\$ 19,561.65	\$ -	\$ 299,979.77	6.52%
2019	\$ 18,959.08	\$ 18,959.08	\$ -	\$ 291,196.23	6.51%
2018	\$ 18,106.88	\$ 18,106.88	\$ -	\$ 275,508.67	6.57%
2017	\$ 16,220.38	\$ 16,220.38	\$ -	\$ 249,880.82	6.49%
2016	\$ 16,135.36	\$ 16,135.36	\$ -	\$ 247,526.77	6.52%
2015	\$ 15,604.87	\$ 15,604.87	\$ -	\$ 239,301.54	6.52%

*Until a full 10-year trend is compiled, the Municipality will present information for those years for which information is available.

**NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2023**

Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of Pension Contributions

Changes from Prior Valuation

The June 30, 2023 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change in actuarial assumptions from the June 30, 2022 Actuarial Valuation.

The details of the changes since the last valuation are as follows:

Benefit Provision Changes

During the 2023 Legislative Session no significant SDRS benefit changes were made and emergency medical services personnel prospectively became Class B Public Safety members.

Actuarial Method Changes

No changes in actuarial methods were made since the prior valuation

Actuarial Assumption Changes

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%.

As of June 30, 2022, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2023 SDRS COLA was limited to a restricted maximum of 2.10%. For the June 30, 2022 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 2.10%.

As of June 30, 2023, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2024 SDRS COLA is limited to a restricted maximum of 1.91%. The July 2024 SDRS COLA will equal inflation, between 0% and 1.91%. For this June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.91%.

Actuarial assumptions are reviewed for reasonability annually and reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2027 Actuarial Valuation and any recommended changes approved by the Board of Trustees are anticipated to be first implemented in the June 30, 2027 Actuarial Valuation.

MUNICIPALITY OF SPRINGFIELD
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

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Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures 2023
US Department of Agriculture: Direct Federal Funding: Water and Waste Disposal Systems for Rural Communities (Note 3)	10.760	N/A	1,538,875.26
Total US Department of Agriculture			1,538,875.26
US Department of Housing and Urban Development - Pass-Through Programs: SD Governor's Office of Economic Development, Community Development Block Grant/Entitlement Grants	14.218	*	48,041.09
Covid 19: Community Development Block Grant/Entitlement Grants	14.218	*	369,089.05
Total US Department of Housing and Urban Development			417,130.14
US Department of Interior - Pass-Through Programs: SD Department of Game, Fish & Parks, Outdoor Recreation Acquisition, Development and Planning	15.916	*	34,500.00
Total US Department of the Interior			34,500.00
US Department of Transportation - Pass-Through Programs: SD Department of Transportation, Airport Improvement Program	20.106	*	115,509.31
Covid 19: Airport Improvement Program	20.106	*	20,995.00
Total US Department of Transportation			136,504.31
US Department of Treasury - Direct Programs: Covid 19: Coronavirus State and Local Fiscal Recovery Funds	21.027	*	131,000.00
Total US Department of Treasury			131,000.00
US Department of Homeland Security - Pass-Through Programs: SD Department of Public Safety - Office of Emergency Management, Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	*	2,457.26
Total US Department of Homeland Security			2,457.26
GRAND TOTAL			\$2,260,466.97

*No Pass-Through Identification Number Given

Note 1: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the Municipality under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Municipality, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Municipality.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Municipality has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Major Federal Financial Assistance Program

This represents a Major Federal Financial Assistance Program.