

**MUNICIPALITY OF SPRINGFIELD
SPRINGFIELD, SOUTH DAKOTA**

AUDIT REPORT

FOR THE YEAR JANUARY 1, 2024 TO DECEMBER 31, 2024

Schoenfish & Co., Inc.

CERTIFIED PUBLIC ACCOUNTANTS
P.O. Box 247

105 EAST MAIN, PARKSTON, SOUTH DAKOTA 57366

MUNICIPALITY OF SPRINGFIELD

MUNICIPAL OFFICIALS
DECEMBER 31, 2024

MAYOR:

Scott L. Kostal

GOVERNING BOARD:

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

FINANCE OFFICER:

Amanda Larson

ATTORNEY:

Beau Barrett

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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, 2024 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 11, 2026, 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 2024-001 and 2024-002 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 2024-003.

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 and Questioned Costs. 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 11, 2026

Schoenfish & Co., Inc.

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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, 2024. 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, 2024.

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 deficiency and material weakness in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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 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.

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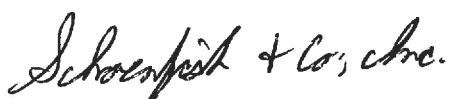
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Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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 11, 2026

Schoenfish & Co., Inc.

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SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTSPRIOR FEDERAL COMPLIANCE AUDIT FINDINGS:

There are no prior federal audit findings to report.

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

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 2024-001.

Finding Number 2023-002:

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 2024-002.

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. This comment has not been corrected and is restated as a similar current audit finding number 2024-003.

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Summary 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 each major fund. 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 2024-001 and for errors and omissions as discussed in finding number 2024-002.
- c. Our audit did disclose noncompliance which was material to the financial statements and is discussed in finding number 2024-003.

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 2024-001:

Condition:

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

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.

Identification as a Repeat Finding:

This is a continuing audit comment since 1997.

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 2024-002:

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.

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.

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

- b. Construction Work in Progress was not properly adjusted on the financial statement records. A material adjustment was made for the audit to reflect Construction in Progress at year-end.
- c. A material adjustment was made in the Sewer Fund for the audit to code asset purchases to the correct account.
- d. A \$940,000 adjustment was needed to correct the accounts payable balance at year-end.

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

Identification as a Repeat Finding:

This has been a continuing audit comment since 2017.

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 2024-003:

Condition:

Expenditures exceeded amounts budgeted in the General Fund in one department and in total.

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

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SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
(Continued)

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.

Identification as a Repeat Finding:

This is the third consecutive year in which a similar comment has occurred.

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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April 24, 2026

CORRECTIVE ACTION PLAN

Finding Number 2024-001:

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

Planned Corrective Action:

The Mayor is the designated contact person responsible for the corrective action plan related to this finding. Due to the size of the City of Springfield, the municipality is unable to financially support additional staffing levels necessary to fully segregate duties in accordance with ideal internal control standards. The Mayor, City Council, and Finance Officer are aware of these limitations and will continue to maintain and implement policies and controls designed to minimize associated risks.

Finding Number 2024-002:

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 Mayor is the contact person responsible for managing the corrective action plan for this finding. All conditions noted in the audit have been fully reviewed, documented and corrected. Ongoing efforts will focus on maintaining and strengthening policies and internal controls to mitigate risk.




Finding Number 2024-003:

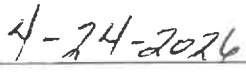
Expenditures exceeded amounts budgeted in the General Fund in one department and in total.

Planned Corrective Action:

The Finance Officer is the designated contact person responsible for the corrective action plan related to this finding. The Finance Officer has obtained a greater understanding of proper expense coding as it relates to specific projects and the importance of recording expenditures in the appropriate fiscal year. Procedures will continue to be followed to ensure accurate classification and reporting of expenditures.




Scott L. Kostal, Mayor



Date



Amanda Larson, Finance Officer



Date



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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, 2024, 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, 2024, 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, 2024, 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 11, 2026 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.
Certified Public Accountants
May 11, 2026

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, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS:			
Cash and Cash Equivalents	850,974.76	1,066,543.30	1,917,518.06
Investments	142,500.00	1,595,000.00	1,737,500.00
Accounts Receivable, Net	569,642.01	162,983.65	732,625.66
Inventories		19,993.00	19,993.00
Net Pension Asset	375.71	212.95	588.66
Capital Assets:			
Land and Construction Work in Progress	871,497.11	9,106,300.47	9,977,797.58
Other Capital Assets, Net of Depreciation	5,643,566.70	3,386,366.36	9,029,933.06
TOTAL ASSETS	8,078,556.29	15,337,399.73	23,415,956.02
DEFERRED OUTFLOWS OF RESOURCES:			
Pension Related Deferred Outflows	60,772.98	34,445.74	95,218.72
TOTAL DEFERRED OUTFLOWS OF RESOURCES	60,772.98	34,445.74	95,218.72
LIABILITIES :			
Accounts Payable	504,295.99	70,639.76	574,935.75
Other Current Liabilities		19,677.00	19,677.00
Noncurrent Liabilities:			
Due Within One Year		137,459.65	137,459.65
Due in More than One Year		6,377,415.47	6,377,415.47
TOTAL LIABILITIES	504,295.99	6,605,191.88	7,109,487.87
DEFERRED INFLOWS OF RESOURCES:			
Pension Related Deferred Inflows	47,749.83	27,064.30	74,814.13
TOTAL DEFERRED INFLOWS OF RESOURCES	47,749.83	27,064.30	74,814.13
NET POSITION:			
Net Investment in Capital Assets	6,515,063.81	5,977,791.71	12,492,855.52
Restricted for:			
Equipment Repair/Replacement		871,078.82	871,078.82
Revenue Bond Debt Service		479,914.35	479,914.35
Economic Development	227,382.89		227,382.89
SDRS Pension Purposes	13,398.86	7,594.39	20,993.25
Unrestricted	831,437.89	1,403,210.02	2,234,647.91
TOTAL NET POSITION	7,587,283.45	8,739,589.29	16,326,872.74

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, 2024

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	Total
Primary Government:							
Governmental Activities:							
General Government	237,133.59	9,350.43			(227,783.16)		(227,783.16)
Public Safety	137,851.07				(137,851.07)		(137,851.07)
Public Works	377,014.11	16,634.85	48,755.96	587,916.46	276,293.16		276,293.16
Health and Welfare	70,512.54	77,029.38			6,516.84		6,516.84
Culture and Recreation	105,095.29	17,474.00			(87,621.29)		(87,621.29)
Conservation and Development	11,217.39				(11,217.39)		(11,217.39)
Total Governmental Activities	938,823.99	120,488.66	48,755.96	587,916.46	(181,662.91)		(181,662.91)
Business-type Activities:							
Water	394,157.18	879,199.81		804,545.06		1,289,587.69	1,289,587.69
Sewer	299,660.41	362,028.94				62,368.53	62,368.53
Liquor		30,545.53				30,545.53	30,545.53
Total Business-type Activities	693,817.59	1,271,774.28	0.00	804,545.06		1,382,501.75	1,382,501.75
Total Primary Government	1,632,641.58	1,392,262.94	48,755.96	1,392,461.52	(181,662.91)		1,200,838.84
General Revenues:							
Taxes:							
Property Taxes					270,567.75		270,567.75
Sales Taxes					284,907.94		284,907.94
State Shared Revenues					15,968.08		15,968.08
Grants and Contributions not Restricted to Specific Programs					5,325.00		5,325.00
Unrestricted Investment Earnings					22,898.62	48,386.29	71,284.91
Miscellaneous Revenue					15,195.09		15,195.09
Total General Revenues					614,862.48	48,386.29	663,248.77
Change in Net Position					433,199.57	1,430,888.04	1,864,087.61
Net Position - Beginning					7,068,311.83	7,293,385.70	14,361,697.53
Restatements:							
Capital Asset Correction (See Note 12).					85,772.05	15,315.55	101,087.60
Restated Net Position-Beginning					7,154,083.88	7,308,701.25	14,462,785.13
NET POSITION - ENDING					7,587,283.45	8,739,589.29	16,326,872.74

*The Municipality does not have interest expense related to the functions presented above. This amount includes indirect interest expense on general long-term liabilities.

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

**MUNICIPALITY OF SPRINGFIELD
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2024**

	General Fund	Revolving Loan Fund	Total Governmental Funds
ASSETS:			
Cash and Cash Equivalents	724,591.87	126,382.89	850,974.76
Investments	41,500.00	101,000.00	142,500.00
Taxes Receivable--Delinquent	9,508.87		9,508.87
Accounts Receivable, Net	28,060.84		28,060.84
Due From Other Government	476,776.02		476,776.02
Special Assessments Receivable--Current	494.63		494.63
Special Assessments Receivable--Delinquent	3,900.00		3,900.00
Special Assessments Receivable--Deferred	2,687.66		2,687.66
Notes Receivable		48,213.99	48,213.99
TOTAL ASSETS	1,287,519.89	275,596.88	1,563,116.77
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES:			
Liabilities:			
Accounts Payable	504,295.99		504,295.99
Total Liabilities	504,295.99	0.00	504,295.99
Deferred Inflows of Resources:			
Unavailable Revenue - Property Taxes	9,508.87		9,508.87
Unavailable Revenue - Special Assessments	7,082.29		7,082.29
Total Deferred Inflows of Resources	16,591.16	0.00	16,591.16
Fund Balances:			
Nonspendable RLF Note Receivable		48,213.99	48,213.99
Restricted for Economic Development		227,382.89	227,382.89
Committed for Equipment	20,000.00		20,000.00
Assigned for Ambulance	108,413.53		108,413.53
Assigned for Next Year's Budget	200,000.00		200,000.00
Unassigned	438,219.21		438,219.21
Total Fund Balances	766,632.74	275,596.88	1,042,229.62
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	1,287,519.89	275,596.88	1,563,116.77

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, 2024

Total Fund Balances - Governmental Funds	<u>1,042,229.62</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>375.71</u>
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	<u>6,515,063.81</u>
Pension related deferred outflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>60,772.98</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>16,591.16</u>
Pension related deferred inflows are components of pension liability (asset) and therefore are not reported in the funds.	<u>(47,749.83)</u>
Net Position - Governmental Activities	<u><u>7,587,283.45</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, 2024

	General Fund	Revolving Loan Fund	Total Governmental Funds
Revenues:			
Taxes:			
General Property Taxes	269,507.13		269,507.13
General Sales and Use Taxes	284,907.94		284,907.94
Tax Deed Revenue	7,535.62		7,535.62
Penalties and Interest on Delinquent Taxes	1,454.27		1,454.27
Licenses and Permits	9,328.03		9,328.03
Intergovernmental Revenue:			
Federal Grants	553,974.84		553,974.84
State Grants	33,629.45		33,629.45
State Shared Revenue:			
Bank Franchise Tax	2,877.82		2,877.82
Prorate License Fees	2,545.16		2,545.16
Liquor Tax Reversion	13,090.26		13,090.26
Motor Vehicle Licenses	12,005.78		12,005.78
Local Government Highway and Bridge Fund	32,303.59		32,303.59
County Shared Revenue:			
County Highway and Bridge Reserve Tax	1,901.43		1,901.43
Charges for Goods and Services:			
General Government	22.40		22.40
Highways and Streets	1,154.86		1,154.86
Culture and Recreation	12,662.00		12,662.00
Ambulance	77,029.38		77,029.38
Other	2,016.60		2,016.60
Miscellaneous Revenue:			
Investment Earnings	17,566.30	5,332.32	22,898.62
Rentals	18,275.39		18,275.39
Special Assessments	2,051.05		2,051.05
Contributions and Donations from Private Sources	5,325.00		5,325.00
Other	11,395.09		11,395.09
Total Revenue	1,372,559.39	5,332.32	1,377,891.71
Expenditures:			
General Government:			
Executive	22,693.22		22,693.22
Financial Administration	184,369.23		184,369.23
Other	16,380.13		16,380.13
Total General Government	223,442.58	0.00	223,442.58

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, 2024

	General Fund	Revolving Loan Fund	Total Governmental Funds
Expenditures (Continued):			
Public Safety:			
Police	94,509.53		94,509.53
Fire	18,952.47		18,952.47
Total Public Safety	113,462.00	0.00	113,462.00
Public Works:			
Highways and Streets	151,311.03		151,311.03
Airport	35,950.51		35,950.51
Total Public Works	187,261.54	0.00	187,261.54
Health and Welfare:			
Health	217.00		217.00
Ambulance	56,124.70		56,124.70
Total Health and Welfare	56,341.70	0.00	56,341.70
Culture and Recreation:			
Parks	81,549.32		81,549.32
Libraries	14,177.80		14,177.80
Total Culture and Recreation	95,727.12	0.00	95,727.12
Conservation and Development:			
Economic Development and Assistance (Industrial Development)	10,176.09	349.64	10,525.73
Total Conservation and Development	10,176.09	349.64	10,525.73
Capital Outlay	774,428.29	0.00	774,428.29
Total Expenditures	1,460,839.32	349.64	1,461,188.96
Excess of Revenue Over (Under) Expenditures	(88,279.93)	4,982.68	(83,297.25)
Other Financing Sources (Uses):			
Sale of Municipal Property	3,800.00		3,800.00
Total Other Financing Sources (Uses)	3,800.00	0.00	3,800.00
Net Change in Fund Balances	(84,479.93)	4,982.68	(79,497.25)
Fund Balance - Beginning	851,112.67	270,614.20	1,121,726.87
FUND BALANCE - ENDING	766,632.74	275,596.88	1,042,229.62

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, 2024

Net Change in Fund Balances - Total Governmental Funds	<u>(79,497.25)</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>774,428.29</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>(238,932.66)</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>(7,929.27)</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>(1,738.88)</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>(2,372.86)</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>(10,757.80)</u>
Change in Net Position of Governmental Activities	<u><u>433,199.57</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, 2024**

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Liquor Fund	
ASSETS:				
Current Assets:				
Cash and Cash Equivalents	429,446.70	582,020.47	55,076.13	1,066,543.30
Investments	1,595,000.00			1,595,000.00
Accounts Receivable, Net	64,221.73	43,968.34	8,583.82	116,773.89
Due from Other Government	46,209.76			46,209.76
Inventory of Supplies	19,993.00			19,993.00
Total Current Assets	2,154,871.19	625,988.81	63,659.95	2,844,519.95
Noncurrent Assets:				
Net Pension Asset	100.11	112.84		212.95
Capital Assets:				
Land	12,711.00	13,715.00		26,426.00
Buildings	314,367.00	361,362.88		675,729.88
Improvements Other Than Buildings	1,526,427.63	2,681,065.27		4,207,492.90
Machinery and Equipment	251,139.90	164,677.20		415,817.10
Construction Work in Progress	9,079,874.47			9,079,874.47
Less: Accumulated Depreciation	(1,065,370.89)	(847,302.63)		(1,912,673.52)
Total Noncurrent Assets	10,119,249.22	2,373,630.56	0.00	12,492,879.78
TOTAL ASSETS	12,274,120.41	2,999,619.37	63,659.95	15,337,399.73
DEFERRED OUTFLOWS OF RESOURCES:				
Pension Related Deferred Outflows	16,193.24	18,252.50		34,445.74
TOTAL DEFERRED OUTFLOWS OF RESOURCES	16,193.24	18,252.50	0.00	34,445.74

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

MUNICIPALITY OF SPRINGFIELD
 STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 December 31, 2024

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Liquor Fund	
LIABILITIES:				
Current Liabilities:				
Accounts Payable	70,639.76			70,639.76
Customer Deposits	19,677.00			19,677.00
Bonds Payable Current:				
Revenue	91,654.78	45,804.87		137,459.65
Total Current Liabilities	181,971.54	45,804.87	0.00	227,776.41
Noncurrent Liabilities:				
Bonds Payable:				
Revenue	4,592,899.02	1,784,516.45		6,377,415.47
Total Noncurrent Liabilities	4,592,899.02	1,784,516.45	0.00	6,377,415.47
TOTAL LIABILITIES	4,774,870.56	1,830,321.32	0.00	6,605,191.88
DEFERRED INFLOWS OF RESOURCES:				
Pension Related Deferred Inflows	12,723.16	14,341.14		27,064.30
TOTAL DEFERRED INFLOWS OF RESOURCES	12,723.16	14,341.14	0.00	27,064.30
NET POSITION:				
Net Investment in Capital Assets	5,434,595.31	543,196.40		5,977,791.71
Restricted Net Position:				
Revenue Bond Debt Service	261,282.78	218,631.57		479,914.35
Equipment Repair and/or Replacement	824,676.85	46,401.97		871,078.82
SDRS Pension Purposes	3,570.19	4,024.20		7,594.39
Unrestricted Net Position	978,594.80	360,955.27	63,659.95	1,403,210.02
TOTAL NET POSITION	7,502,719.93	1,173,209.41	63,659.95	8,739,589.29

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, 2024

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Liquor Fund	
Operating Revenue:				
Charges for Goods and Services	607,810.23	248,207.47	30,070.53	886,088.23
Revenue Dedicated to Servicing Debt	269,727.48	113,821.47		383,548.95
Miscellaneous	1,662.10		475.00	2,137.10
Total Operating Revenue	879,199.81	362,028.94	30,545.53	1,271,774.28
Operating Expenses:				
Personal Services	81,545.91	100,094.93		181,640.84
Other Current Expense	135,588.19	36,771.56		172,359.75
Depreciation	44,418.25	111,691.46		156,109.71
Total Operating Expenses	261,552.35	248,557.95	0.00	510,110.30
Operating Income (Loss)	617,647.46	113,470.99	30,545.53	761,663.98
Nonoperating Revenue (Expense):				
Investment Earnings	48,386.29			48,386.29
Interest Expense	(132,604.83)	(51,102.46)		(183,707.29)
Total Nonoperating Revenue (Expense)	(84,218.54)	(51,102.46)	0.00	(135,321.00)
Income (Loss) Before Contributions	533,428.92	62,368.53	30,545.53	626,342.98
Capital Contributions	804,545.06			804,545.06
Change in Net Position	1,337,973.98	62,368.53	30,545.53	1,430,888.04
Net Position - Beginning	6,181,790.13	1,078,481.15	33,114.42	7,293,385.70
Restatements:				
Capital Asset Correction (See Note 12).	(17,044.18)	32,359.73		15,315.55
Restated Net Position - Beginning	6,164,745.95	1,110,840.88	33,114.42	7,308,701.25
NET POSITION - ENDING	7,502,719.93	1,173,209.41	63,659.95	8,739,589.29

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, 2024**

	Enterprise Funds			Totals
	Water Fund	Sewer Fund	Liquor Fund	
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Receipts from Customers	886,236.33	361,469.15	23,460.45	1,271,165.93
Cash Payments to Employees for Services	(76,916.42)	(96,994.37)	475.00	(173,435.79)
Cash Payments to Suppliers of Goods and Services	(1,230,173.27)	(45,711.56)		(1,275,884.83)
Net Cash Provided (Used) by Operating Activities	(420,853.36)	218,763.22	23,935.45	(178,154.69)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from Capital Debt	4,693,000.00			4,693,000.00
Capital Contributions	758,335.30			758,335.30
Purchase of Capital Assets	(3,635,677.97)			(3,635,677.97)
Principal Paid on Capital Debt	(1,547,321.46)	(44,566.58)		(1,591,888.04)
Interest Paid on Capital Debt	(132,604.83)	(51,102.46)		(183,707.29)
Net Cash Provided (Used) by Capital and Related Financing Activities	135,731.04	(95,669.04)	0.00	40,062.00
CASH FLOWS FROM INVESTING ACTIVITIES:				
Cash Received for Interest	48,386.29			48,386.29
Net Cash Provided (Used) by Investing Activities	48,386.29	0.00	0.00	48,386.29
Net Increase (Decrease) in Cash and Cash Equivalents	(236,736.03)	123,094.18	23,935.45	(89,706.40)
Balances - Beginning	2,261,182.73	458,926.29	31,140.68	2,751,249.70
Balances - Ending	2,024,446.70	582,020.47	55,076.13	2,661,543.30

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, 2024

	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)	617,647.46	113,470.99	30,545.53	761,663.98
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation Expense	44,418.25	111,691.46		156,109.71
(Increase) decrease in Receivables	6,198.43	(559.79)	(6,610.08)	(971.44)
(Increase) decrease in Net Pension Asset	122.00	129.22		251.22
(Increase) decrease in Pension Related Deferred Outflows	1,250.08	757.49		2,007.57
(Decrease) increase in Accounts and Other Payables	(1,094,585.08)	(8,940.00)		(1,103,525.08)
(Decrease) increase in Pension Related Deferred Inflows	1,595.31	2,213.85		3,809.16
(Decrease) increase in Customer Deposits	2,500.19			2,500.19
Net Cash Provided (Used) by Operating Activities	(420,853.36)	218,763.22	23,935.45	(178,154.69)

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

NOTES TO THE FINANCIAL STATEMENTS1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIESa. 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, 2024 are miscellaneous revenue.

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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 liabilities 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. Interfund Eliminations and Reclassifications

Government-wide Financial Statements:

In the process of aggregating data for the government-wide financial statements, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified, as follows:

1. In order to minimize the grossing-up effect on assets and liabilities within the governmental and business-type activities columns of the primary government, amounts reported as interfund receivables and payables have been eliminated in the governmental and business-type activities columns, except for the net, residual amounts due between governmental and business-type activities, which are presented as Internal Balances, if any.

e. 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.

f. 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.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

The total December 31, 2024 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, 2024 balance of business-type capital assets includes approximately 3 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."

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:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
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.

g. 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

h. 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:

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.

i. 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.

j. 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.

k. 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.

l. 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.

NOTES TO THE FINANCIAL STATEMENTS

(Continued)

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."

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.

m. 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.

n. 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 Municipal Governing Board committed the following fund balance types by taking the following action:

Committed for Equipment	\$20,000.00	Board Action
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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:

<u>Major Special Revenue Fund:</u>	<u>Revenue Source:</u>
Revolving Loan Fund	Principal and Interest on Loans

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

o. 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.

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:

	12/31/2024
General Fund:	
<u>Activity</u>	
Airport	\$ 477,958.16

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.

As of December 31, 2024, the Municipality had the following investments. Except for the investment in SD FIT, all investments are in an internal deposit and investment pool.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

<u>Investment</u>	<u>Credit Rating</u>	<u>Fair Value</u>
External Investment Pools:		
SDFIT	Unrated	<u>\$ 66,951.94</u>
Total Investments		<u>\$ 66,951.94</u>

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 \$48,213.99 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 are levied on or before October 1, of the year preceding the start of the fiscal year. They attach as an enforceable lien on property and become due and payable as of the following January 1, the first day of the fiscal year. Taxes are payable in two installments on or before April 30 and October 31 of the fiscal 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, 2024, is as follows:

	Balance 01/01/2024	Increases	Decreases	Adjustments	Balance 12/31/2024
Governmental Activities:					
Capital Assets, not being Depreciated:					
Land	93,750.00				93,750.00
Construction Work in Progress	141,939.46	635,807.65			777,747.11
Total, not being Depreciated	<u>235,689.46</u>	<u>635,807.65</u>	<u>0.00</u>	<u>0.00</u>	<u>871,497.11</u>
Capital Assets, being Depreciated:					
Buildings	977,225.43			51,398.00	1,028,623.43
Improvements Other Than Buildings	5,248,079.09	76,226.14		(45,185.39)	5,279,119.84
Machinery and Equipment	625,584.76	62,394.50		224,763.34	912,742.60
Total, being Depreciated	<u>6,850,889.28</u>	<u>138,620.64</u>	<u>0.00</u>	<u>230,975.95</u>	<u>7,220,485.87</u>
Less Accumulated Depreciation for:					
Buildings	(257,226.73)	(15,624.82)		(39,103.11)	(311,954.66)
Improvements Other Than Buildings	(713,936.92)	(175,059.68)		43,718.29	(845,278.31)
Machinery and Equipment	(221,618.96)	(48,248.16)		(149,819.08)	(419,686.20)
Total Accumulated Depreciation	<u>(1,192,782.61)</u>	<u>(238,932.66)</u>	<u>0.00</u>	<u>(145,203.90)</u>	<u>(1,576,919.17)</u>
Total Capital Assets, being Depreciated, Net	<u>5,658,106.67</u>	<u>(100,312.02)</u>	<u>0.00</u>	<u>85,772.05</u>	<u>5,643,566.70</u>
Governmental Activity Capital Assets, Net	<u>5,893,796.13</u>	<u>535,495.63</u>	<u>0.00</u>	<u>85,772.05</u>	<u>6,515,063.81</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	<u>2024</u>
General Government	7,798.10
Public Safety	20,576.06
Public Works	186,478.31
Culture and Recreation	9,368.17
Health and Welfare	14,020.36
Conservation and Development	<u>691.66</u>
Total Depreciation Expense - Governmental Activities	<u>238,932.66</u>

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

	<u>Balance</u> <u>01/01/2024</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustments</u>	<u>Balance</u> <u>12/31/2024</u>
Business-Type Activities:					
Capital Assets, not being Depreciated:					
Land	26,626.00			(200.00)	26,426.00
Construction Work in Progress	5,474,214.85	3,635,677.97		(30,018.35)	9,079,874.47
Total, not being Depreciated	<u>5,500,840.85</u>	<u>3,635,677.97</u>	<u>0.00</u>	<u>(30,218.35)</u>	<u>9,106,300.47</u>
Capital Assets, being Depreciated:					
Buildings	275,586.00			400,143.88	675,729.88
Improvements Other Than Buildings	4,660,019.05			(452,526.15)	4,207,492.90
Machinery and Equipment	430,240.61			(14,423.51)	415,817.10
Total, being Depreciated	<u>5,365,845.66</u>	<u>0.00</u>	<u>0.00</u>	<u>(66,805.78)</u>	<u>5,299,039.88</u>
Less Accumulated Depreciation for:					
Buildings	(236,586.00)	(2,392.14)		(366,038.41)	(605,016.55)
Improvements Other Than Buildings	(1,480,307.32)	(139,729.36)		456,162.52	(1,163,874.16)
Machinery and Equipment	(152,010.17)	(13,988.21)		22,215.57	(143,782.81)
Total Accumulated Depreciation	<u>(1,868,903.49)</u>	<u>(156,109.71)</u>	<u>0.00</u>	<u>112,339.68</u>	<u>(1,912,673.52)</u>
Total Capital Assets, being Depreciated, Net	<u>3,496,942.17</u>	<u>(156,109.71)</u>	<u>0.00</u>	<u>45,533.90</u>	<u>3,386,366.36</u>
Business-Type Activity Capital Assets, Net	<u>8,997,783.02</u>	<u>3,479,568.26</u>	<u>0.00</u>	<u>15,315.55</u>	<u>12,492,666.83</u>

Depreciation expense was charged to functions as follows:

Business-Type Activities:	<u>2024</u>
Water	44,418.25
Sanitary Sewer	111,691.46
Total Depreciation Expense - Business-Type Activities	<u>156,109.71</u>

Construction Work in Progress at December 31, 2024 is composed of the following:

<u>Project Name:</u>	<u>Project</u> <u>Authorization</u>	<u>Expended</u> <u>thru</u> <u>12/31/2024</u>	<u>Committed</u>	<u>Required</u> <u>Future</u> <u>Financing</u>
Airport Runway	5,263,400.31	777,747.11	224,282.66	4,261,370.54
Water Treatment Plant	10,815,000.00	9,079,874.47		1,735,125.53
TOTAL	<u>16,078,400.31</u>	<u>9,857,621.58</u>	<u>224,282.66</u>	<u>5,996,496.07</u>

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 01/01/2024	Additions	Deletions	Ending Balance 12/31/2024
Primary Government:				
Business-Type Activities:				
First Savings Bank Bond				
Acquisition Note	1,538,875.26	3,154,124.74	4,693,000.00	0.00
Total Governmental Activities	<u>1,538,875.26</u>	<u>3,154,124.74</u>	<u>4,693,000.00</u>	<u>0.00</u>

9. LONG-TERM LIABILITIES

A summary of changes in long-term liabilities follows:

	Beginning Balance 1/1/2024	Additions	Deletions	Ending Balance 12/31/2024	Due Within One Year
Primary Government:					
Business-Type Activities:					
Bonds Payable:					
Revenue -Clean Water, Series 2019	1,874,887.90		44,566.58	1,830,321.32	45,804.87
USDA Water Revenue Bond 91-01		4,108,000.00	7,474.58	4,100,525.42	81,970.90
USDA Water Revenue Bond 91-03		585,000.00	971.62	584,028.38	9,683.88
Total Business-Type Activities	<u>1,874,887.90</u>	<u>4,693,000.00</u>	<u>53,012.78</u>	<u>6,514,875.12</u>	<u>137,459.65</u>
TOTAL PRIMARY GOVERNMENT	<u>1,874,887.90</u>	<u>4,693,000.00</u>	<u>53,012.78</u>	<u>6,514,875.12</u>	<u>137,459.65</u>

Liabilities payable at December 31, 2024 is comprised of the following:

Revenue Bonds:

Clean Water #1 Revenue Bonds, Series 2019 Maturity Date February 15, 2052, Interest Rate: 2.25% Payable by the Sewer Fund	\$ 1,830,321.32
USDA Water Revenue Bonds 91-01 Maturity Date November 27, 2064, Interest Rate: 1.125% Payable by the Water Fund	\$ 4,100,525.42
USDA Water Revenue Bonds 91-03 Maturity Date November 27, 2064, Interest Rate: 2.00% Payable by the Water Fund	\$ 584,028.38

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The annual requirements to amortize all liabilities outstanding as of December 31, 2024, except for compensated absences, are as follows:

Annual Requirements to Maturity for Long-Term Liabilities
December 31, 2024

Year Ending December 31,	Clean Water Revenue Bond Payable		USDA Water Revenue Bond Payable 91-01	
	Principal	Interest	Principal	Interest
2025	45,804.87	49,864.17	81,970.90	45,709.10
2026	47,077.55	48,591.49	82,897.83	44,782.17
2027	48,385.60	47,283.44	83,835.26	43,844.74
2028	49,729.99	45,939.05	84,783.28	42,896.72
2029	51,111.73	44,557.31	85,742.02	41,937.98
2030-2034	277,666.46	200,678.74	443,475.11	194,924.89
2035-2039	318,445.10	159,900.10	469,123.17	229,276.83
2040-2044	365,212.57	113,132.63	496,254.53	142,145.47
2045-2049	418,848.43	59,496.77	524,955.07	113,444.93
2050-2054	208,039.02	7,216.32	555,315.41	83,084.59
2055-2059			587,431.67	50,968.33
2060-2064			604,741.17	17,000.31
Totals	1,830,321.32	776,660.02	4,100,525.42	1,050,016.06

Year Ending December 31,	USDA Water Revenue Bond Payable 91-03		Totals	
	Principal	Interest	Principal	Interest
2025	9,683.88	11,592.12	137,459.65	107,165.39
2026	9,879.34	11,396.66	139,854.72	104,770.32
2027	10,078.74	11,197.26	142,299.60	102,325.44
2028	10,282.19	10,993.81	144,795.46	99,829.58
2029	10,489.73	10,786.27	147,343.48	97,281.56
2030-2034	55,711.35	50,668.65	776,852.92	446,272.28
2035-2039	61,565.40	44,814.60	849,133.67	433,991.53
2040-2044	68,034.62	38,345.38	929,501.72	293,623.48
2045-2049	75,183.64	31,196.36	1,018,987.14	204,138.06
2050-2054	83,083.86	23,296.14	846,438.29	113,597.05
2055-2059	91,814.23	14,565.77	679,245.90	65,534.10
2060-2064	98,221.40	4,920.47	702,962.57	21,920.78
Totals	584,028.38	263,773.49	6,514,875.12	2,090,449.57

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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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.

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, 2024, 2023, and 2022, were \$20,760.99, \$23,779.57, and \$19,877.15, respectively, equal to the required contributions each year.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

At June 30, 2024, SDRS is 100.0% 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, 2024 and reported by the Municipality as of December 31, 2024 are as follows:

Proportionate share of pension liability	\$ 2,169,413.59
Less proportionate share of net pension restricted for pension benefits	<u>\$ 2,170,002.25</u>
Proportionate share of net pension liability (asset)	<u><u>\$ (588.66)</u></u>

At December 31, 2024, the Municipality reported a liability (asset) of \$(588.66) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2024 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, 2024, the Municipality's proportion was 0.014542%, which is an increase (decrease) of 0.000552% from its proportion measured as of June 30, 2023.

For the year ended December 31, 2024, the Municipality recognized pension expense (reduction of pension expense) of \$19,198.60. At December 31, 2024 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.	\$ 54,509.98	
Changes in assumption.	\$ 9,705.23	\$ 73,978.63
Net difference between projected and actual earnings on pension plan investments.	\$ 22,173.16	
Changes in proportion and difference between Municipality contributions and proportionate share of contributions.	\$ 307.32	\$ 835.50
Municipality contributions subsequent to the measurement date.	<u>\$ 8,523.03</u>	
TOTAL	<u><u>\$ 95,218.72</u></u>	<u><u>\$ 74,814.13</u></u>

\$8,523.03 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, 2025. 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:

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

Year Ended December 31:		
2025	\$	(20,670.56)
2026	\$	28,206.89
2027	\$	2,645.36
2028	\$	<u>1,699.87</u>
TOTAL	\$	<u>11,881.56</u>

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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	1.71%

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, 2024 valuation were based on the results of an actuarial experience study for the period of July 1, 2016 to June 30, 2021.

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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

class included in the pension plan's target asset allocation as of June 30, 2024 (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%	3.6%
Investment Grade Debt	22.8%	2.3%
High Yield Debt	7.0%	2.8%
Real Estate	12.0%	4.0%
Cash	1.9%	0.8%
Total	<u>100%</u>	

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)	\$ 299,123.39	\$ (588.66)	\$(245,846.47)

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, 2024 were as follows:

<u>Major Purposes:</u>	<u>Restricted By</u>	<u>12/31/2024</u>
Revenue Bond Debt Service	Debt Covenant	\$ 479,914.35
Economic Development	Law	227,382.89
	Governmental Accounting	
SDRS Pension	Standards	20,993.25
Water Fund - Equipment		
Repair/Replacement	Law	<u>871,078.82</u>
Total Restricted Net Position		<u>\$ 1,599,369.31</u>

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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

12. RESTATEMENT OF PRIOR PERIOD

The Municipality updated depreciation schedules and corrected amounts recorded prior. As a result, beginning net position/fund balance has been restated as of January 1, 2024.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Net Position January 1, 2024, as previously reported	\$ 7,068,311.83	\$ 7,293,385.70
Restatement:		
Capital Asset Correction	85,772.05	15,315.55
Net Position January 1, 2024, as Restated	<u>\$ 7,154,083.88</u>	<u>\$ 7,308,701.25</u>
	<u>Water Fund</u>	<u>Sewer Fund</u>
Net Position January 1, 2024, as previously reported	\$ 6,181,790.13	\$ 1,078,481.15
Restatement:		
Capital Asset Correction	(17,044.18)	32,359.73
Net Position January 1, 2024, as Restated	<u>\$ 6,164,745.95</u>	<u>\$ 1,110,840.88</u>

13. SIGNIFICANT CONTINGENCIES – LITIGATION

At December 31, 2024, the Municipality was not involved in any significant litigation.

In February 2026, a pending litigation case was brought against the City based on allegations of violations of a citizen's First, Fourth, and Fourteenth Amendment rights. The case is in the early stages of the discovery process.

14. 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, 2024, 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

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

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.

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.

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.

15. 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.

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

The most recent financial information available for this joint venture is for the year ended December 31, 2024. At December 31, 2024, this joint venture had total assets and deferred outflows of \$2,261,827.29, total liabilities and deferred inflows of \$618,771.25, and net position of \$1,643,056.04.

16. SUBSEQUENT EVENTS

Management has evaluated whether any subsequent events have occurred through May 11, 2026, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF SPRINGFIELD
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
General Property Taxes	289,800.00	289,800.00	269,507.13	(20,292.87)
General Sales and Use Taxes	260,000.00	260,000.00	284,907.94	24,907.94
Tax Deed Revenue	0.00	0.00	7,535.62	7,535.62
Penalties and Interest on Delinquent Taxes	500.00	500.00	1,454.27	954.27
Licenses and Permits	4,600.00	4,600.00	9,328.03	4,728.03
Intergovernmental Revenue:				
Federal Grants	147,000.00	147,000.00	553,974.84	406,974.84
State Grants	0.00	0.00	33,629.45	33,629.45
State Shared Revenue:				
Bank Franchise Tax	3,000.00	3,000.00	2,877.82	(122.18)
Prorate License Fees	2,000.00	2,000.00	2,545.16	545.16
Liquor Tax Reversion	13,000.00	13,000.00	13,090.26	90.26
Motor Vehicle Licenses	11,000.00	11,000.00	12,005.78	1,005.78
Local Government Highway and Bridge Fund	30,500.00	30,500.00	32,303.59	1,803.59
County Shared Revenue:				
County Road Tax	1,900.00	1,900.00	1,901.43	1.43
Charges for Goods and Services:				
General Government	0.00	0.00	22.40	22.40
Highways and Streets	2,500.00	2,500.00	1,154.86	(1,345.14)
Culture and Recreation	6,000.00	6,000.00	12,662.00	6,662.00
Ambulance	70,000.00	70,000.00	77,029.38	7,029.38
Other	2,000.00	2,000.00	2,016.60	16.60
Miscellaneous Revenue:				
Investment Earnings	5,000.00	5,000.00	17,566.30	12,566.30
Rentals	20,040.00	20,040.00	18,275.39	(1,764.61)
Special Assessments	800.00	800.00	2,051.05	1,251.05
Contributions and Donations from Private Sources	4,000.00	5,900.00	5,325.00	(575.00)
Other	8,000.00	8,000.00	11,395.09	3,395.09
Total Revenue	881,640.00	883,540.00	1,372,559.39	489,019.39

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF SPRINGFIELD
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
GENERAL FUND
For the Year Ended December 31, 2024

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget - Positive (Negative)
	Original	Final		
Expenditures:				
General Government:				
Contingency	250,000.00	250,000.00		
Amount Transferred		0.00		250,000.00
Executive	27,790.00	27,790.00	22,693.22	5,096.78
Financial Administration	202,010.00	204,010.00	187,603.73	16,406.27
Other	43,850.00	43,850.00	26,265.13	17,584.87
Total General Government	523,650.00	525,650.00	236,562.08	289,087.92
Public Safety:				
Police	164,650.00	164,650.00	96,884.53	67,765.47
Fire	22,900.00	22,900.00	18,952.47	3,947.53
Total Public Safety	187,550.00	187,550.00	115,837.00	71,713.00
Public Works:				
Highways and Streets	343,320.00	353,320.00	274,437.17	78,882.83
Airport	148,800.00	193,800.00	671,758.16	(477,958.16)
Total Public Works	492,120.00	547,120.00	946,195.33	(399,075.33)
Health and Welfare:				
Health	900.00	900.00	217.00	683.00
Ambulance	66,000.00	66,000.00	56,124.70	9,875.30
Total Health and Welfare	66,900.00	66,900.00	56,341.70	10,558.30
Culture and Recreation:				
Parks	85,820.00	89,320.00	81,549.32	7,770.68
Libraries	14,115.00	16,015.00	14,177.80	1,837.20
Total Culture and Recreation	99,935.00	105,335.00	95,727.12	9,607.88
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	10,200.00	10,200.00	10,176.09	23.91
Total Conservation and Development	10,200.00	10,200.00	10,176.09	23.91
Total Expenditures	1,380,355.00	1,442,755.00	1,460,839.32	(18,084.32)
Excess of Revenue Over (Under) Expenditures	(498,715.00)	(559,215.00)	(88,279.93)	470,935.07
Other Financing Sources (Uses):				
Transfers In	275,000.00	275,000.00	0.00	(275,000.00)
Transfers Out	(20,000.00)	(20,000.00)	0.00	20,000.00
Sale of Municipal Property	0.00	0.00	3,800.00	3,800.00
Total Other Financing Sources (Uses)	255,000.00	255,000.00	3,800.00	(251,200.00)
Net Change in Fund Balances	(243,715.00)	(304,215.00)	(84,479.93)	219,735.07
Fund Balance - Beginning	851,112.67	851,112.67	851,112.67	0.00
FUND BALANCE - ENDING	607,397.67	546,897.67	766,632.74	219,735.07

REQUIRED SUPPLEMENTARY INFORMATION
MUNICIPALITY OF SPRINGFIELD
BUDGETARY COMPARISON SCHEDULE - BUDGETARY BASIS
REVOLVING LOAN FUND
For the Year Ended December 31, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis)</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for Goods and Services:				
General Government	100.00	100.00	0.00	(100.00)
Miscellaneous Revenue:				
Investment Earnings	1,800.00	1,800.00	5,332.32	3,532.32
Total Revenue	1,900.00	1,900.00	5,332.32	3,432.32
Expenditures:				
Conservation and Development:				
Economic Development and Assistance (Industrial Development)	500.00	500.00	349.64	150.36
Total Conservation and Development	500.00	500.00	349.64	150.36
Total Expenditures	500.00	500.00	349.64	150.36
Net Change in Fund Balances	1,400.00	1,400.00	4,982.68	3,582.68
Fund Balance - Beginning	270,614.20	270,614.20	270,614.20	0.00
FUND BALANCE - ENDING	272,014.20	272,014.20	275,596.88	3,582.68

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, 2024.

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 fund 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 10 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)
2024	0.0145420%	\$ (588.66)	\$ 373,908.09	0.16%	100.00%
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	0.0136240%	\$ (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.

SUPPLEMENTARY INFORMATION

SCHEDULE OF THE MUNICIPALITY CONTRIBUTIONS

South Dakota Retirement System

Last 10 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>
2024	\$ 20,760.99	\$ 20,760.99	\$ -	\$ 329,984.50	6.29%
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%

**NOTES TO SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

Changes from Prior Valuation

The June 30, 2024 Actuarial Valuation reflects no changes to the plan provisions or actuarial methods and one change in actuarial assumptions from the June 30, 2023 Actuarial Valuation.

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

Benefit Provision Changes

During the 2024 Legislative Session no significant SDRS benefit changes were made.

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, 2023, the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (2.25%) was less than 100% and the July 2024 SDRS COLA was limited to a restricted maximum of 1.91%. For the June 30, 2023 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA assumption of 1.91%.

As of June 30, 2024, the FVFR assuming future COLAs equal to the baseline COLA assumption of 2.25% is again less than 100% and the July 2025 SDRS COLA is limited to a restricted maximum of 1.71%. The July 2025 SDRS COLA will equal inflation, between 0% and 1.71%. For this June 30, 2024 Actuarial Valuation, future COLAs were assumed to equal the restricted maximum COLA of 1.71%.

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, 2024

Federal Grantor/Pass-Through Grantor Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures 2024
US Department of Agriculture: Direct Federal Funding: Water and Waste Disposal Systems for Rural Communities (Note 3)(Note 4)	10.760	N/A	3,644,050.06
Total US Department of Agriculture			3,644,050.06
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	*	314,619.74
Total US Department of Housing and Urban Development			314,619.74
US Department of Transportation: Direct Federal Funding: Airport Improvement Program Covid 19: Airport Improvement Program	20.106 20.106	* *	551,329.84 1,005.00
Total US Department of Transportation			552,334.84
US Department of Homeland Security - Pass-Through Programs: SD Department of Public Safety - Office of Emergency Management, Homeland Security Grant Program	97.067	*	1,640.00
Total US Department of Homeland Security			1,640.00
GRAND TOTAL			\$4,512,644.64

*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, 2024. 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 15-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.

Note 4: Federal Loan Program

The Municipality had the following loan balances outstanding at December 31, 2024. These loan balances outstanding which have continuing compliance requirements are also included in the federal expenditures presented in the Schedule.

Cluster/Program Title	Federal Assistance Listing Number	Amount Outstanding
Water and Waste Disposal Systems for Rural Communities	10.760	4,684,553.80