

CITY OF SPRINGFIELD, TENNESSEE  
FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2021

City of Springfield, Tennessee  
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June 30, 2021

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City of Springfield, Tennessee  
General Information and Roster of City Officials (Unaudited)  
June 30, 2021

Location and General

The City of Springfield is located in Robertson County, Tennessee. The City was incorporated in April of 1927 by Chapter 158, Acts of 1927, as amended by the General Assembly of the State of Tennessee. The City operates under a City Manager form of government.

Population

The population of the City of Springfield was 16,440 according to the 2010 special census.

Roster of Elected Public Officials

Mayor	Ann Schneider
Vice-Mayor, Alderman - Ward 4	Tim Harris
Alderman - Ward 1	James Hubbard
Alderman - Ward 2	Bobby Trotter
Alderman - Ward 3	Jeff Gragg
Alderman - Ward 5	Lisa Arnold
Alderman - Ward 6	Emily Green

Roster of City Officials

City Manager	Ryan Martin
Assistant City Manager	Candice Tillman
City Recorder/Finance Director	Lisa Crockett CPA, CMFO



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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen  
City of Springfield  
Springfield, Tennessee

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springfield, TN (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the requirements prescribed by the Comptroller of the Treasury, State of Tennessee, as detailed in the Audit Manual. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension plan and other post-employment benefits information on pages 7–15 and 60–62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information – special revenue funds and capital improvements fund, and other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison information – special revenue funds and capital improvements fund and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison information – special revenue funds and capital improvements fund and the schedule of expenditures of federal and state awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and other supplementary information have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 29, 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*Thurman Campbell Group, PLC*

Clarksville, TN  
December 29, 2021

City of Springfield, Tennessee  
Management's Discussion and Analysis (Unaudited)  
June 30, 2021

This section of the City of Springfield's annual financial report presents a narrative overview and analysis of the City's financial performance for the fiscal year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with other additional information that we have furnished in the financial report of the City of Springfield.

**Financial Highlights**

The assets and deferred outflows of resources of the City of Springfield exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$173,197,312 (net position). Of this amount, \$43,463,623 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the City of Springfield's governmental funds reported combined ending fund balances of \$21,018,061, an increase of 12% in comparison with the prior year.

Approximately 51.4% of this total amount, \$10,808,886 is available for spending at the City's discretion (unassigned fund balance).

At the end of the current fiscal year, unassigned fund balance for the general fund was \$10,808,886 or 63.8% of total general fund expenditures.

The City of Springfield's total debt increased during the current fiscal year by \$5,616,558.

**Overview of the Financial Statements**

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

**Government-wide financial statements** - The *government-wide financial statements* are designed to provide readers with a broad overview of the City of Springfield's finances in a manner similar to a private-sector business. All governmental and business-type activities are consolidated to arrive at a total for the Primary Government. There are two government-wide statements, the statement of net position and the statement of activities, which are described below.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes, licenses and permits, and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, community development and recreation. The business-type activities of the City include electric distribution, natural gas distribution, water, sewer, sanitation and storm water management. The government-wide financial statements can be found on pages 16 and 17 of this report.

City of Springfield, Tennessee  
Management's Discussion and Analysis (Unaudited)  
June 30, 2021

**Fund financial statements** - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Springfield, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

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

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

The City of Springfield maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital improvements fund, both of which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City of Springfield adopts an annual appropriation budget for its general, capital improvements and other special revenue funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with this budget. The basic governmental fund statements can be found on pages 18 - 21 of this report.

**Proprietary funds** - The City of Springfield maintains enterprise funds as its only type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Springfield uses enterprise funds to account for its electric distribution, natural gas distribution, water, sewer, sanitation, and storm water management operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric distribution, natural gas distribution, water, and sewer operations, which are considered to be major funds of the City of Springfield. The basic propriety fund financial statements can be found on pages 22 through 25 of this report.

**Notes to the financial statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 30 through 59 of this report.

**Other information** - In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Springfield's pension plan and other post-employment benefits. Required supplementary information can be found on pages 60 through 62 of this report.

The combining statements referred to earlier in connection with non-major governmental and proprietary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 63 through 68 of this report.



City of Springfield, Tennessee  
Management's Discussion and Analysis (Unaudited)  
June 30, 2021

**Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a City's overall financial position. In the case of the City of Springfield, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$173,197,312 at the close of the most recent fiscal year.

By far the largest portion of the City of Springfield's net position (67.1%) reflects its investment in capital assets (e.g., land, buildings, equipment) less any related debt used to acquire those assets that is still outstanding. The City of Springfield uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Springfield's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CITY OF SPRINGFIELD'S Statement of Net Position (in thousands)

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 20,235	\$ 17,739	\$ 49,496	\$ 44,388	\$ 69,731	\$ 62,127
Capital assets	49,521	49,108	144,608	137,480	194,129	186,588
Other non-current assets	8,144	8,665	8,908	6,251	17,052	14,916
Total assets	<u>77,900</u>	<u>75,512</u>	<u>203,012</u>	<u>188,119</u>	<u>280,912</u>	<u>263,631</u>
Deferred outflows of resources	1,377	924	1,012	788	2,389	1,712
Current liabilities	3,607	3,361	13,930	11,978	17,537	15,339
Long term liabilities	17,375	19,368	67,870	61,955	85,245	81,323
Total liabilities	<u>20,982</u>	<u>22,729</u>	<u>81,800</u>	<u>73,933</u>	<u>102,782</u>	<u>96,662</u>
Deferred inflows of resources	5,761	6,089	1,561	1,327	7,322	7,416
Net position:						
Net investment in capital assets	38,193	35,686	78,082	75,375	116,275	111,061
Restricted	3,172	3,439	4,286	4,284	7,458	7,723
Unrestricted	11,169	8,493	38,295	33,988	49,464	42,481
Total net position	<u>\$ 52,534</u>	<u>\$ 47,618</u>	<u>\$ 120,663</u>	<u>\$ 113,647</u>	<u>\$ 173,197</u>	<u>\$ 161,265</u>

A portion of the City's net position (4.3%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of Springfield is able to report positive balances in all categories of net position, both for government as a whole as well as its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The government's net position increased by \$11,932,304 during the current fiscal year.

The following is a summary of financial activities for the City during the fiscal year ended June 30, 2021:

City of Springfield, Tennessee  
Management's Discussion and Analysis (Unaudited)  
June 30, 2021

CITY OF SPRINGFIELD'S Statement of Activities (in thousands)

	Governmental activities		Business type activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues						
Charges for services	\$ 1,807	\$ 1,528	\$ 54,135	\$ 52,400	\$ 55,942	\$ 53,928
Operating grants and contributions	856	600	-	-	856	600
Capital grants and contributions	628	1,204	2,581	708	3,209	1,912
General revenues:						
Property taxes	4,973	5,105	-	-	4,973	5,105
Other taxes	10,824	9,842	-	-	10,824	9,842
Others	426	543	130	447	556	990
Total revenue	<u>19,514</u>	<u>18,822</u>	<u>56,846</u>	<u>53,555</u>	<u>76,360</u>	<u>72,377</u>
Expenses:						
General government	1,784	1,967	-	-	1,784	1,967
Community development	451	453	-	-	451	453
Public safety	7,278	7,390	-	-	7,278	7,390
Highways and streets	2,571	2,473	-	-	2,571	2,473
Culture and recreation	2,590	2,629	-	-	2,590	2,629
Cemeteries	131	122	-	-	131	122
Bond issuance cost	36	105	-	-	36	105
Interest on long term debt	702	621	-	-	702	621
Electric	-	-	25,084	25,409	25,084	25,409
Gas	-	-	7,256	6,631	7,256	6,631
Sewer	-	-	6,459	5,045	6,459	5,045
Water	-	-	8,796	6,881	8,796	6,881
Other business type activities	-	-	1,290	1,165	1,290	1,165
Total functions/programs	<u>15,543</u>	<u>15,760</u>	<u>48,885</u>	<u>45,131</u>	<u>64,428</u>	<u>60,891</u>
Excess (deficiency)	3,971	3,062	7,961	8,424	11,932	11,486
Transfers	945	943	(945)	(943)	-	-
Change in net position	<u>4,916</u>	<u>4,005</u>	<u>7,016</u>	<u>7,481</u>	<u>11,932</u>	<u>11,486</u>
Beginning net position, as previously stated	47,618	43,613	113,647	106,166	161,265	149,779
Prior period adjustments (See Note 17)	-	-	-	-	-	-
Beginning net position, as restated	<u>47,618</u>	<u>43,613</u>	<u>113,647</u>	<u>106,166</u>	<u>161,265</u>	<u>149,779</u>
Ending net position	<u>\$ 52,534</u>	<u>\$ 47,618</u>	<u>\$ 120,663</u>	<u>\$ 113,647</u>	<u>\$ 173,197</u>	<u>\$ 161,265</u>

City of Springfield, Tennessee  
Management's Discussion and Analysis (Unaudited)  
June 30, 2021

**Governmental activities** – Current period governmental activities increased the City of Springfield's net position by \$4,916,251. In the prior year, governmental activities increased net position by \$4,004,705.

**Business-type activities** – Current period business-type activities increased the City of Springfield's net position by \$7,016,051. In the prior year, business-type activities increased net position by \$7,481,679.

**Financial Analysis of the City's Funds**

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

**Governmental funds** - The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City of Springfield's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a City's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the City of Springfield's governmental funds reported combined ending fund balances of \$21,018,061, an increase of \$2,256,958 in comparison with the prior year. Approximately 51.4% of this total amount (\$10,808,886) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is non-spendable (\$90,711), restricted (\$8,554,159), committed (\$1,000,000), or assigned (\$564,305). The non-spendable fund balance generally is related to assets that are not expected to be converted to cash. Of the City's total non-spendable balance, \$53,922 is made up of amounts spent on inventory and prepaid expenses. Restricted fund balance is made up of amounts that have been restricted as to purpose by enabling legislation. Of the City's total restricted fund, \$1,594,489 is the State Street Aid fund balance and is restricted for road projects. \$144,732 is the Drug Fund balance and is restricted to drug enforcement activities. \$52,882 is the Forfeited Property Fund balance and is restricted to law enforcement activities. \$6,565,652 is restricted for capital improvement projects. Assigned fund balance is made up of balances that are to be used for a specific purpose as defined by the governing body. The City's assigned fund balance \$564,305 is related to borrowings committed to specific projects in process as well as self-insurance claims.

The general fund is the chief operating fund of the City of Springfield. At the end of the current fiscal year, unassigned fund balance of the general fund was \$10,808,886 while total fund balance was \$12,169,502. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 63.8% of total general fund expenditures, while total fund balance represents 71.8% of that same amount. The fund balance of the City of Springfield's general fund increased by \$2,582,970 as a result of the current fiscal year operations.

The capital projects fund has a total fund balance of \$7,056,456. In general, this fund balance is made up of restricted and assigned fund balances designated for projects in process that are financed with borrowings on notes and bonds. Capital improvements fund decreased by \$650,105 as a result of current year operations.

Non-major (other) governmental funds have a fund balance of \$1,792,103. The net increase in non-major governmental fund balance during the current year was \$324,094.

**Proprietary funds.** The City of Springfield's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of all proprietary funds at the end of the year amounted to \$38,294,818. The total increase in net position for all proprietary funds in total was \$7,016,051.

City of Springfield, Tennessee  
Management's Discussion and Analysis (Unaudited)  
June 30, 2021

**General Fund Budgetary Highlights**

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each legally adopted annual operating budget is at the department level within funds. The most significant budgeted fund is the general fund. The increase in total general fund appropriations from the original budget was immaterial during the current fiscal year.

**Capital Assets and Debt Administration**

**Capital assets** - The City of Springfield's investment in capital assets for its governmental and business-type activities as of June 30, 2021, amounts to \$194,129,483 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, machinery and equipment, software, infrastructure and construction in progress. The City's investment in capital assets (net of accumulated depreciation) represents an increase of \$7,541,611 from the prior year. Governmental capital assets (net of accumulated depreciation) increased by \$413,328. Business-type capital assets (net of accumulated depreciation) increased by \$7,128,283. Both business and governmental capital assets were purchased during the fiscal year ended June 30, 2021. Major capital asset increases during the current fiscal year included the following:

Governmental Activities

- \* Police Department purchased three new vehicles with in car camera systems.
- \* Body cameras, bullet proof vests, tasers, and SWAT uniforms were purchased for the Police Department.
- \* Fire gear and equipment were purchased for the Fire Department including extrication equipment, two sets of structural firefighting gear, and 4 thermal imaging cameras.
- \* A new vehicle was purchased for the Assistant Fire Chief.
- \* A side-by-side utility vehicle was purchased for Parks Department.
- \* A concrete floor was added to the barn at Travis Price Park.
- \* Construction began on the Phase III Improvements at MLK, Jr. Park. The new playground was completed and the walking trail and multi-use fields were substantially complete at year end.
- \* A greens roller was purchased for The Legacy Golf Course.
- \* HVAC units were replaced in the clubhouse at the Legacy Golf Course.
- \* Cart path replacement and renovation and maintenance of bunkers continued at The Legacy Golf Course.
- \* Engineering for the William A. Batson Boulevard extension project continued.
- \* Sidewalk improvements continued including ADA upgrades to sidewalks and crosswalks.
- \* Public Works repaved multiple streets throughout the city.
- \* An 84" pickup broom and a 72" high flow brush cutter attachment was purchased for Public Works Department.
- \* A new salt shed was constructed and a new dump truck was purchased for Public Works Street Department.

City of Springfield, Tennessee  
Management's Discussion and Analysis (Unaudited)  
June 30, 2021

Business-Type Activities

- \* Work continued on the rehabilitation of the sanitary sewer collection system. Construction was completed on the Phase 5 Interceptor replacement project and the two Wastewater Collection tanks project. Construction began on the Phase 2C - Constructed Overflow Basins project.
- \* The Wastewater Treatment Plant improvement project was completed.
- \* The Interceptor Sewer rehabilitation and replacement project continued. Easements continued to be obtained for the Wartrace Creek Interceptor Replacement portion of the project.
- \* The replacement of old water meters continued throughout the water system.
- \* The Water Treatment Plant Filter Rehabilitation project was completed.
- \* The Freddie Edwards Road and Fred Perry Road water line projects were completed.
- \* The Alternate Disinfection project was completed at the Water Treatment Plant.
- \* Planning and design began on the William A. Batson Boulevard Water Main Extension and the Greenbrier Water Pump Station Replacement projects.
- \* New pump control systems were purchased and installed for four lift stations in the wastewater system.
- \* Sampling rods were purchased for the Water Treatment Plant.
- \* The relocation project on Industrial Drive continued.
- \* The 2021 Natural Gas Main Extension project began. This project includes main extensions on Yates Cave Road, Possum Trot Road, and in Adams, TN on Kinney's Road and Highway 41 N. The main extension on Yates Cave Road was completed and the main extension on Possum Trot Road was partially complete by fiscal year end.
- \* A natural gas main extension was completed at the Chelsea's Way development in Cross Plains, TN.
- \* The Hwy 25 and Hwy 49 East natural gas relocation project was completed.
- \* The replacement of gas meters continued and 168 new services were installed.
- \* A pneumatic boring mole, volume correctors, and line locators were purchased for the Gas Department.
- \* Building improvements continued at the Gas Department including parking lot paving and resealing.
- \* Electric Department continued retrofitting street lights with LED bulbs.
- \* The Fiber Optic Loop project was completed.
- \* Sleepy Hollow and Wartrace Creek Substations were repainted and a regulator was replaced at the District Substation for the Electric Department.
- \* A scissor lift bucket truck was purchased for the Electric Department.
- \* Automatic meter reading conversion continued for the Gas, Electric, and Water/Wastewater departments with new meters and endpoints continuing to be added.
- \* Multiple drainage projects were completed across the city.
- \* A new refuse truck and refuse carts were purchased for the Sanitation Department.
- \* The CSX railroad culvert repair project was completed for the Storm Water Management Department.
- \* Meter reading equipment, two service trucks, and two meter-reading trucks were purchased for the Customer Service Department.

City of Springfield, Tennessee  
Management's Discussion and Analysis (Unaudited)  
June 30, 2021

CITY OF SPRINGFIELD'S Capital Assets (in thousands)

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Capital assets not depreciated						
Land	\$ 3,023	\$ 3,023	\$ 2,690	\$ 2,690	\$ 5,713	\$ 5,713
Construction in progress	3,714	2,691	28,419	32,217	32,133	34,908
Total capital assets not depreciated	6,737	5,714	31,109	34,907	37,846	40,621
Capital assets depreciated						
Buildings	13,240	13,068	181,099	166,398	194,339	179,466
Machinery and equipment	15,999	17,820	12,258	11,676	28,257	29,496
Infrastructure	43,125	42,229	-	-	43,125	42,229
Total	72,364	73,117	193,357	178,074	265,721	251,191
Less accumulated depreciation	(29,580)	(29,723)	(79,858)	(75,501)	(109,438)	(105,224)
Net capital assets depreciated	42,784	43,394	113,499	102,573	156,283	145,967
Net capital assets	\$ 49,521	\$ 49,108	\$ 144,608	\$ 137,480	\$ 194,129	\$ 186,588

Additional information on the City of Springfield's capital assets can be found in Note 6 on page 42-43 of this report.

**Long-term debt** - At the end of the current fiscal year, the City of Springfield had total debt outstanding of \$93,626,737. All of this debt is backed by the full faith and credit of the government.

CITY OF SPRINGFIELD'S Outstanding Debt (in thousands)

	Governmental activities		Business-type activities		Total	
	2021	2020	2021	2020	2021	2020
Bonds and notes payable						
Bonds and notes payable	\$ 16,969	\$ 18,736	\$ 72,167	\$ 64,138	\$ 89,136	\$ 82,874
Add: Premium on bonds	917	1,147	901	1,298	1,818	2,445
Capital Leases	206	234	-	-	206	234
Total bonds and notes payable	18,092	20,117	73,068	65,436	91,160	85,553
Other long-term liabilities						
Compensated absences	452	447	279	299	731	746
OPEB	1,057	1,042	679	669	1,736	1,711
Total long-term debt	\$ 19,601	\$ 21,606	\$ 74,026	\$ 66,404	\$ 93,627	\$ 88,010

The City of Springfield's total debt increased by \$5,616,558 (6.3%) during the current fiscal year. The City of Springfield maintains an Aa3 rating from Moody's Investors Service for its General Obligation debt.

City of Springfield, Tennessee  
Management's Discussion and Analysis (Unaudited)  
June 30, 2021

**Economic Factors and Next Year's Budget and Rates**

The average unemployment rate for the Robertson County area was 4.88% for the current fiscal year. This compares to the average state unemployment rate for the same period of 6.09%. The prior year rate for the Robertson County area was 4.66%.

Inflationary trends in the region are comparable to national indices.

Housing starts for this fiscal year were 158 single family homes as compared to 125 single family homes in the prior fiscal year.

The City's short-term interest rates on operating fund investments with the Local Government Investment Pool decreased during fiscal year 2021. Interest rates during the year averaged 0.14% as compared to 1.56% in fiscal year 2020.

During the current fiscal year, unassigned fund balance in the general fund rose to \$10,808,886 (an increase of \$1,471,386 from the prior fiscal year). All appropriations lapse at year-end.

All of these factors were considered in preparing the City of Springfield's budget for fiscal year 2022.

**Requests for Information**

This financial report is designed to provide a general overview of the City of Springfield's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Springfield, City Recorder, P. O. Box 788, 405 North Main Street, Springfield, Tennessee 37172.

City of Springfield, Tennessee  
Statement of Net Position  
June 30, 2021

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and Cash Equivalents	\$ 13,545,004	\$ 42,298,198	\$ 55,843,202
Receivables, Net	7,043,009	5,315,224	12,358,233
Internal Balances	(443,865)	443,865	-
Inventory	53,922	933,808	987,730
Prepaid Expenses	36,789	504,704	541,493
Total Current Assets	<u>20,234,859</u>	<u>49,495,799</u>	<u>69,730,658</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	6,763,645	7,563,355	14,327,000
Net Pension Asset	1,380,147	1,344,483	2,724,630
Land and Construction in Progress	6,736,535	31,109,504	37,846,039
Other Capital Assets, Net of Depreciation	42,784,550	113,498,894	156,283,444
Total Noncurrent Assets	<u>57,664,877</u>	<u>153,516,236</u>	<u>211,181,113</u>
Total Assets	<u>77,899,736</u>	<u>203,012,035</u>	<u>280,911,771</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred Outflows Related to Pensions	<u>1,377,043</u>	<u>1,012,350</u>	<u>2,389,393</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	1,260,533	6,887,937	8,148,470
Unearned Revenue	120,252	-	120,252
Current Portion - Compensated Absences	90,453	55,818	146,271
Current Portion - Notes and Bonds Payable	2,135,734	6,100,167	8,235,901
Customer Deposits	-	885,680	885,680
Total Current Liabilities	<u>3,606,972</u>	<u>13,929,602</u>	<u>17,536,574</u>
Noncurrent Liabilities:			
OPEB Liability	1,056,607	679,106	1,735,713
Compensated Absences	361,812	223,272	585,084
Notes and Bonds Payable	15,956,214	66,967,553	82,923,767
Total Noncurrent Liabilities	<u>17,374,633</u>	<u>67,869,931</u>	<u>85,244,564</u>
Total Liabilities	<u>20,981,605</u>	<u>81,799,533</u>	<u>102,781,138</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Inflows Related to Pensions	511,065	493,989	1,005,054
Deferred Inflows Related to OPEB	357,905	238,214	596,119
Deferred Inflows Related to Bond Refunding	252,996	829,174	1,082,170
Property Taxes Levied for Subsequent Year	4,639,371	-	4,639,371
Total Deferred Inflows of Resources	<u>5,761,337</u>	<u>1,561,377</u>	<u>7,322,714</u>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	38,192,782	78,082,001	116,274,783
Restricted For:			
Drug Fund	144,732	-	144,732
State Street Aid	1,594,489	-	1,594,489
Forfeited Property	52,882	-	52,882
Debt Service	-	1,382,795	1,382,795
Sanitation Services	-	1,632,395	1,632,395
Other Purposes	1,380,147	1,271,466	2,651,613
Unrestricted	<u>11,168,805</u>	<u>38,294,818</u>	<u>49,463,623</u>
Total Net Position	<u>\$ 52,533,837</u>	<u>\$ 120,663,475</u>	<u>\$ 173,197,312</u>

The accompanying notes are an integral part of these financial statements.



City of Springfield, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position of the Primary Government		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities</b>							
General Government	\$ 1,784,230	\$ 350,988	\$ 11,121	\$ -	\$ (1,422,121)	\$ -	\$ (1,422,121)
Community Development	450,611	-	-	-	(450,611)	-	(450,611)
Public Safety	7,277,510	48,456	249,797	7,256	(6,972,001)	-	(6,972,001)
Highways and Streets	2,571,030	-	594,954	620,275	(1,355,801)	-	(1,355,801)
Culture and Recreation	2,590,349	1,385,628	-	-	(1,204,721)	-	(1,204,721)
Cemeteries	131,333	21,514	-	-	(109,819)	-	(109,819)
Bond Issuance Cost	36,281	-	-	-	(36,281)	-	(36,281)
Interest on Long-term Debt	701,942	-	-	-	(701,942)	-	(701,942)
Total Governmental Activities	<u>15,543,286</u>	<u>1,806,586</u>	<u>855,872</u>	<u>627,531</u>	<u>(12,253,297)</u>	<u>-</u>	<u>(12,253,297)</u>
<b>Business-Type Activities</b>							
Electric	25,083,884	26,842,235	-	20,849	-	1,779,200	1,779,200
Gas	7,256,250	7,213,269	-	968	-	(42,013)	(42,013)
Sewer	6,458,371	7,436,016	-	663,079	-	1,640,724	1,640,724
Water	8,796,010	10,913,366	-	1,360,721	-	3,478,077	3,478,077
Other Business-type Activities	1,290,035	1,730,427	-	535,200	-	975,592	975,592
Total Functions/Programs	<u>48,884,550</u>	<u>54,135,313</u>	<u>-</u>	<u>2,580,817</u>	<u>-</u>	<u>7,831,580</u>	<u>7,831,580</u>
<b>Total Primary Government</b>	<u>\$ 64,427,836</u>	<u>\$ 55,941,899</u>	<u>\$ 855,872</u>	<u>\$ 3,208,348</u>	<u>(12,253,297)</u>	<u>7,831,580</u>	<u>(4,421,717)</u>
<b>General Revenues</b>							
Property Taxes					4,972,550	-	4,972,550
Payment in Lieu of Tax - TVA					187,919	-	187,919
Payment in Lieu of Tax - Housing Authority					14,303	-	14,303
Income and Excise Taxes					92,314	-	92,314
Sales Tax					8,917,537	-	8,917,537
Alcoholic Beverage Taxes					858,767	-	858,767
Business Taxes					518,878	-	518,878
Miscellaneous Taxes					235,376	-	235,376
Investment Earnings					18,626	81,406	100,032
Gain (Loss) on Disposition of Assets					113,227	48,226	161,453
Miscellaneous					294,890	-	294,890
Transfers					945,161	(945,161)	-
Total General Revenues and Transfers					<u>17,169,548</u>	<u>(815,529)</u>	<u>16,354,019</u>
Change in Net Position					4,916,251	7,016,051	11,932,302
Beginning Net Position					47,617,586	113,647,424	161,265,010
Ending Net Position					<u>\$ 52,533,837</u>	<u>\$ 120,663,475</u>	<u>\$ 173,197,312</u>

The accompanying notes are an integral part of these financial statements.

City of Springfield, Tennessee  
Balance Sheet – Governmental Funds  
June 30, 2021

	General Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 11,260,016	\$ 363,202	\$ 1,921,786	\$ 13,545,004
Receivables, Net:				
Property Taxes	4,694,786	-	-	4,694,786
Intergovernmental	1,839,640	253,348	109,557	2,202,545
Other	145,678	-	-	145,678
Due From Other Funds	344,908	-	22,575	367,483
Inventory	53,922	-	-	53,922
Restricted Cash and Cash Equivalents	196,404	6,565,652	1,589	6,763,645
Prepaid Expenses	36,789	-	-	36,789
Total Assets	<u>\$ 18,572,143</u>	<u>\$ 7,182,202</u>	<u>\$ 2,055,507</u>	<u>\$ 27,809,852</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES

LIABILITIES

Accounts Payable	\$ 728,532	\$ 82,423	\$ 31,437	\$ 842,392
Accrued Liabilities	308,730	-	-	308,730
Intergovernmental Payables	25,182	-	-	25,182
Due To Other Funds	579,381	-	231,967	811,348
Unearned Revenue	76,930	43,323	-	120,253
Total Liabilities	<u>1,718,755</u>	<u>125,746</u>	<u>263,404</u>	<u>2,107,905</u>

DEFERRED INFLOWS OF RESOURCES

Unavailable Revenues-Property Taxes	44,515	-	-	44,515
Property Taxes Levied for Subsequent Year	4,639,371	-	-	4,639,371
Total Deferred Inflows of Resources	<u>4,683,886</u>	<u>-</u>	<u>-</u>	<u>4,683,886</u>

FUND BALANCES

Non-Spendable	90,711	-	-	90,711
Restricted	196,404	6,565,652	1,792,103	8,554,159
Committed	1,000,000	-	-	1,000,000
Assigned	73,501	490,804	-	564,305
Unassigned	10,808,886	-	-	10,808,886
Total Fund Balances	<u>12,169,502</u>	<u>7,056,456</u>	<u>1,792,103</u>	<u>21,018,061</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 18,572,143</u>	<u>\$ 7,182,202</u>	<u>\$ 2,055,507</u>	<u>\$ 27,809,852</u>

City of Springfield, Tennessee  
 Reconciliation of the Balance Sheet of Governmental Funds  
 To the Statement of Net Position  
 June 30, 2021

Total fund balances of governmental funds \$ 21,018,061

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.

Construction-in-progress	3,713,908
Capital assets	75,387,179
Accumulated depreciation	(29,580,002)

Property taxes not collected within 60 days subsequent to the fiscal year end are unavailable in the governmental funds.	44,516
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Long-term liabilities and related deferred items are not due and payable in the current period and therefore, are not reported in the governmental fund balance sheet but are reported on the government-wide statement of net position.

Accrued compensated absences	(452,265)
OPEB liability	(1,056,607)
Deferred inflows related to OPEB	(357,905)
Bond premium	(917,270)
Bonds and notes payable	(17,174,678)
Net pension asset (liability)	1,380,147
Deferred outflows related to pensions	1,377,043
Deferred inflows related to pensions	(511,065)
Deferred inflows related to bond refundings	(252,996)

Accrued interest payable is reported in government wide, but not governmental activities.

Accrued interest	(84,229)
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Net position of governmental activities	\$ 52,533,837
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City of Springfield, Tennessee  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2021

	General Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
<b><u>REVENUES</u></b>				
Taxes	\$ 13,684,786	\$ -	\$ -	\$ 13,684,786
License and Permits	220,836	-	-	220,836
Fines and Forfeitures	130,152	-	43,406	173,558
Intergovernmental Revenues	2,406,461	389,323	594,954	3,390,738
Charges for Services	1,412,192	-	-	1,412,192
Investment Income	5,814	10,517	2,295	18,626
Rental Income	149,947	-	-	149,947
Miscellaneous Revenues	144,941	-	-	144,941
Total Revenues	<u>18,155,129</u>	<u>399,840</u>	<u>640,655</u>	<u>19,195,624</u>
<b><u>EXPENDITURES</u></b>				
Current:				
General Government	1,620,328	-	-	1,620,328
Community Development	450,611	-	-	450,611
Public Safety	7,031,135	-	-	7,031,135
Highways and Streets	1,727,516	-	-	1,727,516
Cemeteries	130,699	-	-	130,699
Culture and Recreation	2,184,402	-	-	2,184,402
Drug Fund	-	-	9,000	9,000
Debt Service:				
Principal	2,082,795	-	-	2,082,795
Interest	819,795	-	-	819,795
Bond Issuance Cost	36,281	-	-	36,281
Capital Outlay	843,870	1,059,945	307,561	2,211,376
Total Expenditures	<u>16,927,432</u>	<u>1,059,945</u>	<u>316,561</u>	<u>18,303,938</u>
Revenues Over (Under) Expenditures	<u>1,227,697</u>	<u>(660,105)</u>	<u>324,094</u>	<u>891,686</u>
<b><u>OTHER FINANCING SOURCES (USES)</u></b>				
Transfers Out	(10,000)	-	-	(10,000)
Transfers In	945,161	10,000	-	955,161
Bond Premium	20,324	-	-	20,324
Bond Proceeds	94,715	-	-	94,715
Other Financing Sources-Refunding Bonds	3,422,114	-	-	3,422,114
Payment to Refund Bonds	(3,230,268)	-	-	(3,230,268)
Sale of Capital Assets	113,227	-	-	113,227
Total Other Financing Sources (Uses)	<u>1,355,273</u>	<u>10,000</u>	<u>-</u>	<u>1,365,273</u>
Net Changes in Fund Balances	2,582,970	(650,105)	324,094	2,256,959
Beginning Fund Balance	9,586,532	7,706,561	1,468,009	18,761,102
Ending Fund Balance	<u>\$ 12,169,502</u>	<u>\$ 7,056,456</u>	<u>\$ 1,792,103</u>	<u>\$ 21,018,061</u>

The accompanying notes are an integral part of these financial statements.

City of Springfield, Tennessee  
 Reconciliation of the Statement of Revenues, Expenditures and Changes  
 In Fund Balances to the Statement of Activities  
 For the Year Ended June 30, 2021

Net change in fund balances - total governmental funds	\$	2,256,959
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. In the statement of activities, however, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital assets purchased		2,162,934
Contribution of infrastructure assets		230,952
Depreciation expense		(1,980,557)
<p>Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.</p>		
Debt proceeds		(3,516,829)
Debt principal repayments including refunding bonds		5,313,062
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds.</p>		
Property Taxes		(25,429)
<p>Governmental funds report debt premiums, discounts, and similar items as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions or deductions from the long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.</p>		
Bond premium		(20,324)
Amortization of bond premiums/discounts		115,332
<p>Changes in the City's net pension asset, deferred outflows of resources, and deferred inflows of resources related to City's TCRS pension plan for the current year are not reported in the governmental funds but are reported in the Statement of Activities.</p>		
		330,165
<p>Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
(Increase) Decrease in accrued compensated absences		(5,547)
(Increase) Decrease in OPEB liability/Deferred Inflows OPEB		53,012
(Increase) Decrease in accrued interest		2,521
Change in net position of governmental activities	\$	4,916,251

City of Springfield, Tennessee  
Statement of Net Position - Proprietary Funds  
June 30, 2021

	Electric Fund	Gas Fund	Sewer Fund	Water Fund	Non-Major Funds	Total Proprietary Funds
<b>ASSETS</b>						
Current Assets:						
Cash and Cash Equivalents	\$ 7,214,544	\$ 6,314,282	\$ 8,850,884	\$ 16,439,571	\$ 3,478,917	\$ 42,298,198
Receivables (Net of Uncollectibles)	3,201,177	371,270	663,558	922,076	157,143	5,315,224
Due From Other Funds	380,205	59,745	40,893	59,938	22,441	563,222
Prepaid Expenses	-	474,704	12,000	18,000	-	504,704
Inventory	415,250	124,531	29,797	364,230	-	933,808
Total Current Assets	<u>11,211,176</u>	<u>7,344,532</u>	<u>9,597,132</u>	<u>17,803,815</u>	<u>3,658,501</u>	<u>49,615,156</u>
Noncurrent Assets:						
Restricted Cash and Cash Equivalents	4,729,050	1,141,886	252,688	1,109,941	329,790	7,563,355
Net Pension Asset (Liability)	343,374	289,949	263,575	373,251	74,334	1,344,483
Assets Not Depreciated	3,256,095	977,377	22,039,164	2,713,672	2,123,196	31,109,504
Assets Net of Accumulated Depreciation	13,955,666	16,053,594	55,354,840	26,639,919	1,494,875	113,498,894
Total Noncurrent Assets	<u>22,284,185</u>	<u>18,462,806</u>	<u>77,910,267</u>	<u>30,836,783</u>	<u>4,022,195</u>	<u>153,516,236</u>
Total Assets	<u>33,495,361</u>	<u>25,807,338</u>	<u>87,507,399</u>	<u>48,640,598</u>	<u>7,680,696</u>	<u>203,131,392</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>						
Deferred Outflows Related to Pensions	<u>268,406</u>	<u>239,841</u>	<u>197,052</u>	<u>214,396</u>	<u>92,655</u>	<u>1,012,350</u>
<b>LIABILITIES</b>						
Current Liabilities:						
Accounts Payable	3,822,727	709,396	1,078,977	312,693	408,448	6,332,241
Accrued and Other Liabilities	144,490	61,097	152,557	171,469	26,083	555,696
Compensated Absences-Current	12,768	9,612	15,600	15,123	2,714	55,818
Bonds and Notes Payable-Current	744,710	83,573	4,267,093	800,986	203,805	6,100,167
Due To Other Funds	39,087	23,936	17,082	31,738	7,514	119,357
Customer Deposits	390,930	184,530	134,255	175,965	-	885,680
Total Current Liabilities	<u>5,154,712</u>	<u>1,072,144</u>	<u>5,665,564</u>	<u>1,507,974</u>	<u>648,564</u>	<u>14,048,959</u>
Noncurrent Liabilities:						
OPEB Liability	126,169	164,155	137,990	174,343	76,449	679,106
Compensated Absences-Noncurrent	51,074	38,449	62,402	60,491	10,857	223,272
Notes and Bonds Payable-Noncurrent	5,214,083	1,194,458	50,152,958	7,981,342	2,424,712	66,967,553
Total Noncurrent Liabilities	<u>5,391,326</u>	<u>1,397,062</u>	<u>50,353,350</u>	<u>8,216,176</u>	<u>2,512,018</u>	<u>67,869,931</u>
Total Liabilities	<u>10,546,038</u>	<u>2,469,206</u>	<u>56,018,914</u>	<u>9,724,150</u>	<u>3,160,582</u>	<u>81,918,890</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Deferred Inflows Related to Pensions	137,946	113,282	113,629	94,491	34,641	493,989
Deferred Inflows Related to OPEB	44,592	56,326	52,102	60,551	24,643	238,214
Deferred Inflows Related to Bond Refunding	7,645	-	633,661	163,924	23,944	829,174
Total Deferred Inflows of Resources	<u>190,183</u>	<u>169,608</u>	<u>799,392</u>	<u>318,966</u>	<u>83,228</u>	<u>1,561,377</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	15,728,207	16,456,390	23,183,268	21,621,507	1,092,629	78,082,001
Restricted	597,185	728,385	306,948	793,711	1,860,427	4,286,656
Unrestricted	6,702,154	6,223,590	7,395,929	16,396,660	1,576,485	38,294,818
Total Net Position	<u>\$ 23,027,546</u>	<u>\$ 23,408,365</u>	<u>\$ 30,886,145</u>	<u>\$ 38,811,878</u>	<u>\$ 4,529,541</u>	<u>\$ 120,663,475</u>

The accompanying notes are an integral part of these financial statements.

City of Springfield, Tennessee  
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds  
For the Year Ended June 30, 2021

	Electric Fund	Gas Fund	Sewer Fund	Water Fund	Non-Major Funds	Total Proprietary Funds
<u>OPERATING REVENUES</u>						
Charges for Services	\$ 26,366,467	\$ 7,045,097	\$ 7,159,183	\$ 10,292,389	\$ 1,720,619	\$ 52,583,755
Other Operating Revenue	475,768	168,172	276,833	620,977	9,808	1,551,558
Total Operating Revenues	<u>26,842,235</u>	<u>7,213,269</u>	<u>7,436,016</u>	<u>10,913,366</u>	<u>1,730,427</u>	<u>54,135,313</u>
<u>OPERATING EXPENSES</u>						
Costs of Sales and Services	21,807,770	5,708,648	1,814,043	6,221,055	1,028,340	36,579,856
Administration	2,157,169	849,481	719,184	891,065	-	4,616,899
Depreciation	1,026,349	676,032	1,465,666	1,309,064	169,797	4,646,908
Total Operating Expenses	<u>24,991,288</u>	<u>7,234,161</u>	<u>3,998,893</u>	<u>8,421,184</u>	<u>1,198,137</u>	<u>45,843,663</u>
Operating Income	<u>1,850,947</u>	<u>(20,892)</u>	<u>3,437,123</u>	<u>2,492,182</u>	<u>532,290</u>	<u>8,291,650</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>						
Investment Income	7,521	7,771	44,115	18,894	3,105	81,406
Gain (Loss) on Sale of Fixed Assets	-	454	30,250	8,089	9,433	48,226
Bond Issuance Costs	(83,055)	(19,955)	(186,146)	(30,263)	(5,436)	(324,855)
Interest and Amortization	(9,541)	(2,134)	(2,273,332)	(344,563)	(86,462)	(2,716,032)
Total Non-Operating Revenues (Expenses)	<u>(85,075)</u>	<u>(13,864)</u>	<u>(2,385,113)</u>	<u>(347,843)</u>	<u>(79,360)</u>	<u>(2,911,255)</u>
Income (Loss) Before Contributions/Transfers	<u>1,765,872</u>	<u>(34,756)</u>	<u>1,052,010</u>	<u>2,144,339</u>	<u>452,930</u>	<u>5,380,395</u>
<u>CONTRIBUTIONS/TRANSFERS</u>						
Capital Contributions - Grants	1,724	968	1,949	406,351	535,200	946,192
Capital Contributions - Developers	19,125	-	661,130	954,370	-	1,634,625
Transfers Out	(372,987)	(141,811)	(371,339)	(59,024)	-	(945,161)
Total Contributions/Transfers	<u>(352,138)</u>	<u>(140,843)</u>	<u>291,740</u>	<u>1,301,697</u>	<u>535,200</u>	<u>1,635,656</u>
Change in Net Position	1,413,734	(175,599)	1,343,750	3,446,036	988,130	7,016,051
Beginning Net Position	21,613,812	23,583,964	29,542,395	35,365,842	3,541,411	113,647,424
Ending Net Position	<u>\$ 23,027,546</u>	<u>\$ 23,408,365</u>	<u>\$ 30,886,145</u>	<u>\$ 38,811,878</u>	<u>\$ 4,529,541</u>	<u>\$ 120,663,475</u>

The accompanying notes are an integral part of these financial statements.

City of Springfield, Tennessee  
Statement of Cash Flows - Proprietary Funds  
For the Year Ended June 30, 2021

	Electric Fund	Gas Fund	Sewer Fund	Water Fund	Non-Major Funds	Total Proprietary Funds
<b>Cash Flows from Operating Activities:</b>						
Cash Received From Customers	\$ 25,971,130	\$ 6,881,982	\$ 7,146,409	\$ 10,257,872	\$ 1,717,935	\$ 51,975,328
Cash Payments for Goods and Services	(21,954,992)	(4,889,540)	(933,424)	(4,313,367)	(855,746)	(32,947,069)
Cash Payments for Personnel	(1,653,374)	(907,239)	(1,743,319)	(2,089,902)	334,976	(6,058,858)
Cash Payments for Interfund Services	(515,843)	(525,518)	(347,628)	(656,706)	(145,077)	(2,190,772)
Other Receipts (Payments)	475,768	168,172	276,833	620,977	9,808	1,551,558
Net Cash Provided By (Used In) Operating Activities	2,322,689	727,857	4,398,871	3,818,874	1,061,896	12,330,187
<b>Cash Flows from Non-Capital Financing Activities:</b>						
Transfer to Other Funds	(372,987)	(141,811)	(371,339)	(59,024)	-	(945,161)
Interfund Payables	45,460	26,047	20,537	30,339	(13,990)	108,393
Interfund Receivables	365,116	81,599	47,488	98,610	585,703	1,178,516
Net Cash Provided By (Used In) Non-Capital Financing Activities	37,589	(34,165)	(303,314)	69,925	571,713	341,748
<b>Cash Flows from Capital and Related Financing Activities:</b>						
Sale of Fixed Assets	-	454	30,250	8,089	9,433	48,226
Proceeds from Bonds and Notes	4,807,774	1,123,745	23,668,372	3,104,964	866,610	33,571,465
Premium on Sales of Bonds	371,838	78,380	8,425	18,345	36,106	513,094
Capital Contributions - Grants	1,724	968	1,949	406,351	535,200	946,192
Bond Issuance Costs	(83,055)	(19,955)	(186,146)	(30,263)	(10,461)	(329,880)
Principal Paid on Bonds and Notes	(124,091)	(30,000)	(21,230,344)	(3,306,811)	(850,892)	(25,542,138)
Interest Paid on Bonds and Notes	(9,041)	(2,259)	(2,283,885)	(345,544)	(81,679)	(2,722,408)
Acquisition and Construction of Capital Assets	(2,453,479)	(1,362,286)	(4,062,703)	(1,178,661)	(1,763,702)	(10,820,831)
Net Cash Provided By (Used In) Capital and Related Financing Activities	2,511,670	(210,953)	(4,054,082)	(1,323,530)	(1,259,385)	(4,336,280)
<b>Cash Flows from Investing Activities:</b>						
Interest Received	7,521	7,771	44,115	18,894	823	79,124
Net Increase (Decrease) in Cash	4,879,469	490,510	85,590	2,584,163	375,047	8,414,779
Cash and Cash Equivalents, Beginning	7,064,125	6,965,658	9,017,982	14,965,349	3,433,660	41,446,774
Cash and Cash Equivalents, Ending	\$ 11,943,594	\$ 7,456,168	\$ 9,103,572	\$ 17,549,512	\$ 3,808,707	\$ 49,861,553

See accompanying notes are an integral part of these financial statements.



City of Springfield, Tennessee  
Statement of Cash Flows - Proprietary Funds (Continued)  
For the Year Ended June 30, 2021

	<u>Electric Fund</u>	<u>Gas Fund</u>	<u>Sewer Fund</u>	<u>Water Fund</u>	<u>Non-Major Funds</u>	<u>Total Proprietary Funds</u>
Reconciliation of Operating Income to Net Cash Provided By (Used in) Operating Activities:						
Operating Income (Loss)	\$ 1,850,947	\$ (20,892)	\$ 3,437,123	\$ 2,492,182	\$ 532,290	\$ 8,291,650
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	1,026,349	676,032	1,465,666	1,309,064	169,797	4,646,908
Change in Assets and Liabilities:						
(Increase) Decrease in Receivable, Net	(395,337)	(163,115)	(12,774)	(34,517)	(2,684)	(608,427)
(Increase) Decrease in Inventory	63,825	(5,964)	(4,102)	98,237		151,996
(Increase) Decrease in Prepaid Expenses	-	(131,815)	8,000	2,000	252	(121,563)
(Increase) Decrease in Deferred Outflows	(54,911)	(46,825)	(36,411)	(69,156)	(17,056)	(224,359)
Increase (Decrease) in Accounts Payable	(202,152)	424,937	(427,492)	24,619	377,682	197,594
Increase (Decrease) in Customer Deposits	10,251	(500)	21,510	20,240		51,501
Increase (Decrease) in Accrued Liabilities	14,171	1,869	(26,850)	(7,106)	2,914	(15,002)
Increase (Decrease) in Net Pension Liability	142,973	138,381	99,756	186,198	47,380	614,688
Increase (Decrease) in Deferred Inflows	(123,150)	(123,934)	(128,815)	(172,067)	(47,722)	(595,688)
Increase (Decrease) in OPEB Liability	(8,397)	(10,608)	(9,812)	(11,403)	992	(39,228)
Increase (Decrease) in Compensated Absences	(1,880)	(9,709)	13,072	(19,417)	(1,949)	(19,883)
Total Adjustments	<u>471,742</u>	<u>748,749</u>	<u>961,748</u>	<u>1,326,692</u>	<u>529,606</u>	<u>4,038,537</u>
Net Cash Provided By Operating Activities	<u>\$ 2,322,689</u>	<u>\$ 727,857</u>	<u>\$ 4,398,871</u>	<u>\$ 3,818,874</u>	<u>\$ 1,061,896</u>	<u>\$ 12,330,187</u>
Non-Cash Activities:						
Capital Contributions - Developers	<u>\$ 19,125</u>	<u>\$ -</u>	<u>\$ 661,130</u>	<u>\$ 954,370</u>	<u>\$ -</u>	<u>\$ 1,634,625</u>
Reconciliation to the Statement of Net Position:						
Cash and Cash Equivalents	\$ 7,214,544	\$ 6,314,282	\$ 8,850,884	\$ 16,439,571	\$ 3,478,917	\$ 42,298,198
Restricted Cash and Cash Equivalents	<u>4,729,050</u>	<u>1,141,886</u>	<u>252,688</u>	<u>1,109,941</u>	<u>329,790</u>	<u>7,563,355</u>
Total Cash and Cash Equivalents	<u>\$ 11,943,594</u>	<u>\$ 7,456,168</u>	<u>\$ 9,103,572</u>	<u>\$ 17,549,512</u>	<u>\$ 3,808,707</u>	<u>\$ 49,861,553</u>

City of Springfield, Tennessee  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - General Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes				
Property	\$ 5,040,000	\$ 4,825,000	\$ 4,997,979	\$ 172,979
Local Option Sales	5,990,000	6,890,000	7,160,701	270,701
Wholesale Beer	600,000	600,000	647,488	47,488
Wholesale Liquor	155,000	155,000	166,522	11,522
Business	442,000	442,000	518,878	76,878
Other	198,182	198,182	193,218	(4,964)
Intergovernmental				
Grants	5,700	31,031	268,174	237,143
TVA PILOT	195,000	195,000	187,919	(7,081)
Housing Authority PILOT	24,000	24,000	14,303	(9,697)
State Sales Tax	1,416,263	1,516,263	1,744,169	227,906
Modern Market Tele Providers Privilege	-	-	351	351
Telecommunications Sales Tax	-	-	12,316	12,316
State Income Tax	38,000	38,000	17,295	(20,705)
State Beer Tax	7,000	7,000	7,783	783
Sports Betting Tax	-	-	9,520	9,520
Petroleum Special	33,000	33,000	32,638	(362)
Mixed Drink Tax	35,000	35,000	36,974	1,974
Corporate Excise Tax	60,000	60,000	75,019	15,019
License and Permits	257,100	257,100	220,836	(36,264)
Fines and Forfeitures	139,500	139,500	130,152	(9,348)
Charges for Services	1,138,106	1,138,106	1,412,192	274,086
Investment Income	5,500	10,702	5,814	(4,888)
Rental Income	165,002	165,002	149,947	(15,055)
Miscellaneous Revenues	400,951	423,212	144,941	(278,271)
Total Revenues	<u>\$ 16,345,304</u>	<u>\$ 17,183,098</u>	<u>\$ 18,155,129</u>	<u>\$ 972,031</u>
<u>EXPENDITURES</u>				
<u>General Government</u>				
Administrative Services:				
Salaries and Benefits	\$ 211,606	\$ 190,231	\$ 159,992	\$ 30,239
Management & Operations	7,997	14,372	8,055	6,317
Total Administrative Services	<u>\$ 219,603</u>	<u>\$ 204,603</u>	<u>\$ 168,047</u>	<u>\$ 36,556</u>
City Recorder:				
Salaries and Benefits	\$ 111,301	\$ 112,261	\$ 105,418	\$ 6,843
Management & Operations	18,085	17,125	7,564	9,561
Total City Recorder	<u>\$ 129,386</u>	<u>\$ 129,386</u>	<u>\$ 112,982</u>	<u>\$ 16,404</u>

The accompanying notes are an integral part of these financial statements.

City of Springfield, Tennessee  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual – General Fund (Continued)  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Final	Variance - Favorable (Unfavorable)
<u>General Government (continued)</u>				
Engineering:				
Salaries and Benefits	\$ 210,006	\$ 185,016	\$ 154,577	\$ 30,439
Management & Operations	47,299	47,289	22,421	24,868
Total Engineering	<u>\$ 257,305</u>	<u>\$ 232,305</u>	<u>\$ 176,998</u>	<u>\$ 55,307</u>
Finance:				
Salaries and Benefits	\$ 94,369	\$ 201,176	\$ 114,272	\$ 86,904
Management & Operations	63,344	68,859	33,198	35,661
Capital Outlay	114,605	114,605	37,062	77,543
Total Finance	<u>\$ 272,318</u>	<u>\$ 384,640</u>	<u>\$ 184,532</u>	<u>\$ 200,108</u>
Other General:				
Salaries and Benefits	\$ 231,908	\$ 289,210	\$ 263,769	\$ 25,441
Management & Operations	855,377	1,793,850	693,354	1,100,496
Bond Issuance Cost	-	36,286	36,281	5
Principal Payments	2,123,796	2,102,381	2,082,795	19,586
Interest Payments	648,343	837,450	819,795	17,655
Total Other General	<u>\$ 3,859,424</u>	<u>\$ 5,059,177</u>	<u>\$ 3,895,994</u>	<u>\$ 1,163,183</u>
Legislative:				
Salaries and Benefits	\$ 30,528	\$ 29,928	\$ 26,035	\$ 3,893
Management & Operations	73,254	80,354	31,673	48,681
Total Legislative	<u>\$ 103,782</u>	<u>\$ 110,282</u>	<u>\$ 57,708</u>	<u>\$ 52,574</u>
 Total General Government	 <u>\$ 4,841,818</u>	 <u>\$ 6,120,393</u>	 <u>\$ 4,596,261</u>	 <u>\$ 1,524,132</u>
<u>Community Development:</u>				
Salaries and Benefits	\$ 451,680	\$ 431,906	\$ 416,389	\$ 15,517
Management & Operations	109,936	109,710	34,222	75,488
Total Community Development	<u>\$ 561,616</u>	<u>\$ 541,616</u>	<u>\$ 450,611</u>	<u>\$ 91,005</u>

City of Springfield, Tennessee  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual – General Fund (Continued)  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Final	Variance - Favorable (Unfavorable)
<u>Public Safety</u>				
Fire:				
Salaries and Benefits	\$ 2,661,030	\$ 2,616,030	\$ 2,559,268	\$ 56,762
Management & Operations	424,835	403,515	333,269	70,246
Capital Outlay	54,500	75,820	72,567	3,253
Total Fire	<u>\$ 3,140,365</u>	<u>\$ 3,095,365</u>	<u>\$ 2,965,104</u>	<u>\$ 130,261</u>
Police:				
Salaries and Benefits	\$ 3,263,219	\$ 3,325,819	\$ 3,239,267	\$ 86,552
Management & Operations	812,988	833,041	766,703	66,338
Capital Outlay	92,000	128,279	121,466	6,813
Total Police	<u>\$ 4,168,207</u>	<u>\$ 4,287,138</u>	<u>\$ 4,127,436</u>	<u>\$ 159,702</u>
Animal Control:				
Salaries and Benefits	\$ 120,867	\$ 123,808	\$ 109,857	\$ 13,951
Management & Operations	37,646	34,374	22,771	11,603
Total Animal Control	<u>\$ 158,513</u>	<u>\$ 158,513</u>	<u>\$ 132,925</u>	<u>\$ 25,588</u>
 Total Public Safety	 <u>\$ 7,467,085</u>	 <u>\$ 7,541,016</u>	 <u>\$ 7,225,465</u>	 <u>\$ 315,551</u>
<u>Highways and Streets</u>				
Streets:				
Salaries and Benefits	\$ 1,052,587	\$ 1,012,587	\$ 910,619	\$ 101,968
Management & Operations	729,325	712,769	597,897	114,872
Capital Outlay	462,000	559,879	527,053	32,826
Total Streets	<u>\$ 2,243,912</u>	<u>\$ 2,285,235</u>	<u>\$ 2,035,569</u>	<u>\$ 249,666</u>
Vehicle Maintenance:				
Salaries and Benefits	\$ 241,929	\$ 211,929	\$ 197,095	\$ 14,834
Management & Operations	43,002	43,002	21,905	21,097
Total Vehicle Maintenance	<u>\$ 284,931</u>	<u>\$ 254,931</u>	<u>\$ 219,000</u>	<u>\$ 35,931</u>
 Total Highways and Streets	 <u>\$ 2,528,843</u>	 <u>\$ 2,540,166</u>	 <u>\$ 2,254,569</u>	 <u>\$ 285,597</u>

City of Springfield, Tennessee  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual – General Fund (Continued)  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Final	Variance - Favorable (Unfavorable)
<u>Cemeteries:</u>				
Salaries and Benefits	\$ 124,986	\$ 120,479	\$ 109,122	\$ 11,357
Management & Operations	30,850	30,357	21,577	8,780
Total Cemeteries	<u>\$ 155,836</u>	<u>\$ 150,836</u>	<u>\$ 130,699</u>	<u>\$ 20,137</u>
<u>Culture and Recreation</u>				
Golf Course:				
Salaries and Benefits	\$ 578,199	\$ 524,899	\$ 524,734	\$ 165
Management & Operations	475,173	524,338	522,764	1,574
Capital Outlay	178,000	287,152	67,607	219,545
Total Golf Course	<u>\$ 1,231,372</u>	<u>\$ 1,336,389</u>	<u>\$ 1,115,105</u>	<u>\$ 221,284</u>
Recreation-General:				
Salaries and Benefits	\$ 862,699	\$ 889,899	\$ 815,673	\$ 74,226
Management & Operations	451,181	447,320	321,231	126,089
Capital Outlay	16,800	20,961	17,818	3,143
Total Recreation-general	<u>\$ 1,330,680</u>	<u>\$ 1,358,180</u>	<u>\$ 1,154,722</u>	<u>\$ 203,458</u>
Total Culture and Recreation	<u>\$ 2,562,052</u>	<u>\$ 2,694,569</u>	<u>\$ 2,269,827</u>	<u>\$ 424,742</u>
Total Expenditures	<u>\$ 18,117,250</u>	<u>\$ 19,588,597</u>	<u>\$ 16,927,432</u>	<u>\$ 2,661,165</u>
Revenues Over (Under) Expenditures	<u>\$ (1,771,946)</u>	<u>\$ (2,405,499)</u>	<u>\$ 1,227,697</u>	<u>\$ 3,633,196</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ -	\$ (10,000)	\$ (10,000)	\$ -
Transfers In	1,030,281	1,030,281	945,161	(85,120)
Bond Premium	-	-	20,324	20,324
Bond and Note Proceeds	105,105	113,335	94,715	(18,620)
Other Financing Sources-Refunding Bonds	-	3,422,114	3,422,114	-
Payment to Refund Bonds	-	(3,230,268)	(3,230,268)	-
Sale of General Capital Assets	22,000	22,000	113,227	91,227
Total Other Financing Sources (Uses)	<u>1,157,386</u>	<u>1,347,462</u>	<u>1,355,273</u>	<u>7,811</u>
Net Change in Fund Balance	<u>\$ (614,560)</u>	<u>\$ (1,058,037)</u>	2,582,970	<u>\$ 3,641,007</u>
Beginning Fund Balance			9,586,532	
Ending Fund Balance			<u>\$ 12,169,502</u>	

City of Springfield, Tennessee  
Notes to the Financial Statements  
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Springfield, Tennessee (the City) was incorporated under the laws of the State of Tennessee. The City provides the following services to its citizens, as authorized by its charter: general administrative services, public safety, streets and roadways, health and welfare, culture and recreation, planning and zoning, public improvements, electric, gas, sanitation, storm water, water and sewer utility services.

The accounting and reporting policies of the City conform to generally accepted accounting principles applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The most significant of the City's accounting policies are described below:

A. Reporting Entity

Generally accepted accounting principles require that financial statements present the accounts and operations of the government and its component units, entities for which the government is considered to be financially accountable. The basic criterion for including a governmental department, agency, institution, commission, public authority, or other governmental organization in a governmental unit's financial report is the financial accountability over such organization by the governmental unit's elected officials. The manifestations of such financial accountability are financial benefactor or burden, ability to impose its will, and fiscal dependence. As of June 30, 2021 and for the fiscal year then ended, the City had no component units which were required to be included in these financial statements.

B. Government-Wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus and Basis of Accounting

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

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Property taxes, sales taxes, intergovernmental grants, excise taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period if recognition criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the City.

D. Basis of Presentation

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary. The emphasis of fund financial statements is on major governmental and proprietary funds, each displayed in a separate column. All remaining governmental and proprietary funds are separately aggregated and reported as non-major funds.

Governmental Fund Types

Governmental fund types are used to account for the City's general government activities. Governmental fund types include the following:

General Fund

The general fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund. The general fund is presented as a major fund.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes (not including major capital projects).

Capital Projects Funds

The capital projects fund is used to account for all financial resources used for the acquisition or construction of major capital facilities not being financed by proprietary funds. The Capital Improvements Fund is presented as a major fund.

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Fund Types

Proprietary fund types are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Proprietary fund types include the following:

Electric Fund

The electric fund is used to account for financial activity related to electric power services provided throughout the City and certain surrounding areas. The electric fund is presented as a major fund.

Gas Fund

The gas fund is used to account for financial activity related to natural gas services provided throughout the City and certain surrounding areas. The gas fund is presented as a major fund.

Sewer Fund

The sewer fund is used to account for financial activity related to sewer services provided throughout the City and certain surrounding areas. The sewer fund is presented as a major fund.

Water Fund

The water fund is used to account for financial activity related to water services provided throughout the City and certain surrounding areas. The water fund is presented as a major fund.

Sanitation Fund

The sanitation fund is used to account for financial activity related to sanitation services provided throughout the City and certain surrounding areas.

Storm Water Fund

The storm water fund is used to account for the costs associated with the management, construction, maintenance, protections, control, regulation, use, and enhancement of storm water systems and programs throughout the City and certain surrounding areas.

E. Receivables

Accounts receivable are reported at unpaid principal balance net of any allowance for uncollectible accounts. The allowance for uncollectible accounts was \$185,514 for governmental funds and \$1,059 for sanitation fund, \$19,407 for water fund, \$24,549 for sewer fund, \$180,416 for electric and \$105,251 for gas fund at June 30, 2021. Bad debts are charged to expense using the allowance method. The bad debt expense for the year ended June 30, 2021 was \$45,971 for governmental funds and \$30,255 for proprietary funds.

F. Capital Assets

All property, plant and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated property, plant and equipment are reported at the acquisition value at the time of acquisition. Construction period interest on constructed assets is capitalized as a portion of the cost of the asset.

Governmental capital asset values, reported under GASB 34, are based on historical costs. Since the City is a Phase 3 municipality, the valuation of infrastructure includes only infrastructure added after June 30, 2003; retroactive reporting has not been elected.



City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The City revised its asset capitalization policy beginning July 1, 2019. The City's policy is to capitalize expenditures in excess of \$10,000 for infrastructure; \$10,000 for building; \$5,000 for other improvements; and \$5,000 for equipment.

Depreciation is computed on governmental capital assets using the straight-line method over the following estimated useful lives:

<u>Infrastructure</u>	
Roadways	20-50 years
Bridges	50 years
<u>Other Capital Assets</u>	
Improvements	15-50 years
Machinery and Equipment	3-20 years
Buildings	50 years
Vehicles	5 years

Depreciation is provided on the business-type capital assets in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives on the straight-line basis. The estimated service lives by type of asset are as follows:

Utility Plant	20-50 years
Improvements	15-50 years
Machinery and Equipment	3-20 years
Vehicles	5 years

G. Property Tax

The City's property taxes are levied each October 1 on assessed value as of the prior January 1 for all real and business personal property located in the City. Taxes are due and payable on or before December 31. Property taxes attach as an enforceable lien on property as of January 1 of the following year. Property tax revenues are recognized when levied. An allowance is established for delinquent taxes to the extent that their collectability is doubtful.

Under GASB Statement 33, Accounting for Non-Exchange Transactions, property taxes are imposed non-exchange revenue. Assets (accounts receivable) from imposed non-exchange transactions are recorded when the City has an enforceable legal claim to the asset. The enforceable legal claim date for property taxes is the assessment date. The assessment date has been designated in the enabling legislation as January 1. Therefore, the City has recorded the succeeding year's receivable and deferred inflows of resources for taxes assessed as of year-end that will not be received until after year-end.

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Interfund Transactions

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivables and payables as appropriate; are subject to elimination upon consolidation and are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

I. Long-Term Liabilities and Interest Capitalization

Long-term liabilities consist of bonds, notes, and other indebtedness including liabilities associated with compensated absences, pension, and other post-employment benefits.

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight-line method which is not materially different from the interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Interest costs are capitalized as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. Total interest incurred and expensed for the governmental funds for the year ended June 30, 2021 was \$817,274. Total interest incurred and expensed for the proprietary funds for the year ended June 30, 2021 was \$2,813,770. See Note 1(S) for adoption of GASBS 89.

J. Restricted and Unrestricted Resources

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

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Inventories

Proprietary fund inventories of material, supplies and replacement parts are valued using average cost determined by the moving average inventory method. A physical inventory is taken annually.

Inventory items used by the general fund are expensed at the time items are purchased rather than when consumed, except for the golf inventory. Golf inventory record is kept on the same basis as proprietary fund inventory.

L. Unbilled Revenue

As is the general practice in the utility industry, unbilled revenue for services (proprietary funds) from the date of the most recent meter reading to the balance sheet date is not recorded. However, the effect is considered immaterial.

M. Unearned Revenue

When resources are received in advance of charges for services being earned or in advance of any eligibility requirement other than a time requirement being met for government-mandated or voluntary nonexchange transactions (i.e., for intergovernmental revenues), a liability is reported for the unearned revenues.

N. Insurance and Advertising

Insurance and advertising costs are expensed as incurred.

O. Operating and Non-Operating Revenue

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

P. Cash and Cash Equivalents

For purposes of the statement of cash flows, the City considers all highly liquid investments (including restricted assets) with an original maturity of three months or less when purchased and investments in the local government investment pool funds to be cash and cash equivalents.

Q. Use of Estimates

The City used estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Springfield's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Springfield's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

S. New Pronouncements

As of July 1, 2019, the City elected to early implement GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement will improve financial reporting by providing users of financial statements with more relevant information about capital assets and the cost of borrowing for a reporting period. The resulting information also will enhance the comparability of information about capital assets and the cost of borrowing for a reporting period for both governmental activities and business-type activities.

The change in accounting principle was adopted on a prospective basis in 2019-2020. There was no cumulative-effect adjustment to beginning fund balance/net position. The effect of this change in the current period is an increase of \$109,504 and \$749,104 in water and sewer fund interest expense (business-type activities), respectively, and a corresponding decrease in changes in net position for water and sewer fund (business-type activities), respectively.

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Fund Balance Classification

Beginning with fiscal year 2010-2011, the City implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The classifications used in the governmental fund financial statements are as follows:

- I. Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified Inventories and Prepaid Expenses as non-spendable to indicate that they are not available for appropriation and are not available financial resources.
- II. Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified State Street Aid, Drug Fines and Forfeitures as being restricted because their use is restricted by State Statute for street expenditures and police investigation expenditures. Proceeds from sale of land and bonds are restricted for capital improvement projects.
- III. Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action (ordinance or resolution) of the Board of Aldermen. The Board of Aldermen is the highest level of decision-making authority for the City. These amounts cannot be used for any other purpose unless the Board of Aldermen removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City had \$1 million committed in the general fund.
- IV. Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board of Aldermen delegating this responsibility to the City Manager or City Recorder through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. At June 30, 2021, the City had \$73,501 and \$490,804 in assigned funds in the general fund and capital improvements fund, respectively.
- V. Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

When expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Aldermen has provided otherwise in its commitment or assignment actions.

During the fiscal year 2014, the City adopted a minimum fund balance policy for the General Fund. The policy requires the unassigned fund balance at fiscal year-end to be at least \$2,000,000.

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

2. CASH AND INVESTMENTS

Statement No. 40, “Deposit and Investment Risk Disclosures”, of the Governmental Accounting Standards Board (GASB), states “If a government has no deposit or investment policy that addresses a specific type of risk that it is exposed to, the disclosure should indicate that fact.” The City does not have an official deposit and investment policy. Although there is no official deposit and investment policy for the City, in order to provide a safe temporary medium for investment of the City’s idle funds, the City invests those idle funds under the provisions of Tennessee Code Annotated 6-56-106. State statutes authorize the City to invest in, among other things: (1) U.S. government securities and obligations guaranteed by the U.S. government, (2) deposit accounts at state and federally chartered banks and savings and loan associations, and (3) the Local Government Investment Pool of the State of Tennessee.

The City has investments in the Local Government Investment Pool (LGIP), which is part of the State Pooled Investment Fund (SPIF). The City has no regulatory oversight for the pool, which is governed by the State of Tennessee Funding Board and is administered by the State Treasurer. Investments in the LGIP are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of interest or principal. The pool contains investments in certificate of deposits, bank deposits, U.S. Government obligations and commercial paper. The SPIF/LGIP is not registered with the Securities and Exchange Commission (SEC) as an investment company but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, as amended. Accordingly, the pool qualifies as a 2a7-like pool and is reported at amortized cost. State statutes require the State Treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the State Treasurer. There are no other investments held by the City that are required to be reported at fair value as of June 30, 2018.

Investment	Weighted Average Maturity (days)	Reported at Amortized Cost
Local Government Investment Pool (LGIP)	1 to 68	\$ 39,627,417

GASBS 40 was designed to inform financial statement users about the deposit and investment risks that could affect a government’s ability to provide services and meet its obligations as they become due. The City recognizes its deposits and investments may have one or more of the following risks:

1. Credit risk: Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit investments in debt securities to the highest rated category by at least two nationally recognized rating agencies. The City has no policy that would limit its investment choices. As of June 30, 2021, the City’s investment in the LGIP was unrated.
2. Concentration of credit risk: A concentration of investments in any one single issuer of debt securities presents a greater risk for loss in the event that the issuer fails on its obligations. The City places no limit on the amount the City may invest in any one issuer. One hundred percent of the City’s investments are in the LGIP.
3. Interest rate risk: Interest rate risk is the risk that future changes in prevailing market rates of interest will have an adverse effect on the fair value of debt investments. The City 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, but mitigates the risk by investing only in the LGIP fund.
4. Custodial credit risk: Custodial credit risk is defined as the risk that a government will not be able to recover its deposits, investments or collateral from the bank in the event of bank failure. The City does not have custodial credit risk policy for investments.

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

2. CASH AND INVESTMENTS (continued)

The Federal Depository Insurance Corporation (FDIC) currently insures the first \$250,000 of the City's deposits at each financial institution. State statutes require that all deposits with financial institutions be secured by FDIC, by the Tennessee Bank Collateral Pool or by collateral held by the financial institution in the City's name. As of June 30, 2021, the carrying amount of the City's deposits was \$70,170,202 and the bank balance of \$70,309,650 was categorized as follows:

	<u>Bank Balances</u>
Insured by FDIC	\$ 692,792
Insured by Tennessee Bank Collateral Pool	29,989,441
Local Government Investment Pool (LGIP)	39,627,417
Total	\$ 70,309,650

3. RELATED ORGANIZATIONS AND JOINT VENTURES

The City of Springfield is part of an association of municipalities that own Tennessee Energy Acquisition Corporation (TEAC). One of the primary purposes of this corporation is to enter into a gas supply agreement with the Municipal Gas Authority of Georgia for the purchase of natural gas at below market prices on a long-term basis. This allows TEAC to enter into agreements with the associated municipalities to supply such gas to the municipalities, perform transportation, provide storage capacity and load management services and to secure the delivery of such gas supplies to the City gate stations for their benefit at below market prices. Gas purchases from TEAC were \$4,266,367 for the year ended June 30, 2021. At June 30, 2021, the City had prepaid gas in storage at TEAC of \$465,704 and a liability for purchased gas of \$327,739.

The Springfield Industrial Development Board (SIDB) is a related organization of the City of Springfield. The city mayor nominates and the board of aldermen confirms the board members, but the City's accountability for the organization does not extend beyond making the appointments. SIDB negotiates tax abatement agreements for the City. During the year ended June 30, 2021, the City did not provide any operating subsidies to SIDB.

The Springfield-Robertson County Municipal Airport (Airport) is jointly owned by Robertson County and the City of Springfield and is operated by the Springfield-Robertson County Joint Airport Board. The board comprises seven members: two are appointed by Robertson County, two are appointed by the City of Springfield, and three members are jointly appointed. The City of Springfield has control over budgeting and financing the joint venture only to the extent of its representation by the appointed board members and is responsible for funding 50 percent of any deficits from operations. The City of Springfield split the cost of the property and casualty insurance for the airport with the County and paid \$4,154 during the year ended June 30, 2021. There were no payments due at June 30, 2021.

The Stokes Brown Public Library (Library) is jointly owned by Robertson County and the City of Springfield and is operated by the Library Board. The board is comprised of seven members: three are appointed by Robertson County, three are appointed by the City of Springfield, and the final member is jointly appointed. The City of Springfield has control over budgeting and financing the joint venture only to the extent of its representation by the appointed board members and is responsible for funding 50 percent of any deficits from operations. The City of Springfield contributed \$443,940 to the Library during the year ended June 30, 2021. There were no payments due at June 30, 2021.

The City of Springfield does not have an equity interest in any of the above-noted joint ventures. Complete financial statements can be obtained from their respective administrative offices at Springfield-Robertson County Municipal Airport, P.O. Box 1125, Springfield, TN 37172, and at Stokes Brown Public Library, 405 White Street, Springfield, TN 37172.

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

4. COMPENSATED ABSENCES

Vacation Leave:

The full-time employees of the City accrue vacation leave monthly. Vacation leave is accrued upon the completion of each calendar month of service. Vacation leave will begin to accrue as of the first full month of employment. As the number of years of service increases the number of days' increase for vacation leave. Vacation leave shall be earned as follows:

Employees hired before May 16, 1990 shall earn as follows:

<u>Years of Service</u>	<u>Vacation per Month</u>	<u>Maximum Accrual</u>
1 to 10	1 Day (8 hours)	12 Days
10 to 15	1.5 Days (12 hours)	18 Days
15+	2 Days (16 hours)	24 Days

Employees hired on or after May 16, 1990 shall earn as follows:

<u>Years of Service</u>	<u>Vacation per Month</u>	<u>Maximum Accrual</u>
Up to 1	1/2 Day (4 hours)	6 Days
1 to 10	1 Day (8 hours)	12 Days
10 to 15	1.25 Days (10 hours)	15 Days
15+	1.5 Days (12 hours)	18 Days

The full-time employees completing twenty-five years of continuous service will be credited with a one-time additional twenty-four (24) hours of vacation leave upon the twenty-fifth anniversary of the employment date.

The full-time employees may accumulate and carry forward from one calendar year to the next the maximum number of days specified above. Vacation leave in excess of the maximum number of days specified above may be converted to sick leave if not used by the end of a calendar year.

The regular part-time employees will be allowed to accumulate vacation leave on a proportionate rate based on the amount of time worked. Likewise, a regular part-time employee may carry forward a maximum of one year's accrued vacation leave.

Sick Leave:

Sick leave pay will be granted to all full-time employees at the rate of eight (8) hours for each month of service with no maximum cap. The part-time employees will be allowed to accumulate sick leave on a proportionate rate based on the amount of time worked.

The City has two plans for sick leave: Plan A and B. Employees of the City at May 15, 1990 were allowed to choose either plan. Employees hired after May 15, 1990 automatically fall under Plan B.

Plan A - The City allows employees to accumulate sick leave with pay at the rate of one (1) working day for each full calendar month of service completed up to an unused maximum of 120 days. Upon normal retirement employees will be compensated for one-half of their accumulated sick leave days.

Plan B - The City does not pay out unused accumulated sick leave upon separation but allows unused accumulated sick leave to be counted as creditable service in computing retirement benefits. Each 20 days of sick leave accumulated is equal to one month of creditable service towards retirement. Under this plan, there is no limit to the number of days which can be accumulated.



City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

4. COMPENSATED ABSENCES (continued)

Employees leaving the City employment for any reason other than retirement will not be compensated for any balance of sick leave not taken. As of June 30, 2021, the compensated absences liability was \$731,355.

5. RISK MANAGEMENT AND SELF-INSURANCE PROGRAM

The City is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City has elected to obtain various insurance policies to transfer risks to a commercial insurance company either directly or through the Tennessee Municipal League Pool. Insurance settlements have not been in excess of insurance coverage in any of the prior three years. Insurance settlements for various property damages during the year ended June 30, 2021 were approximately \$209,114 and are included in miscellaneous revenues on the financial statements.

The Tennessee Municipal League Risk Management Pool was begun in 1979 when an Interlocal Cooperation Agreement was signed and Tennessee local governmental entities became the owners of their own alternative insurance program. The purpose of this liability pool was to provide affordable, dependable liability coverage for entities such as the City. The pool is not an insurance company but is a cooperative risk sharing arrangement. Participating members pay a premium, receive coverage, and make claims against coverage. A portion of the premium is used to purchase reinsurance to cover losses that exceed the pool's loss fund. Legally, the members can be assessed for losses exceeding pool loss funds available and reinsurance policy limits but this circumstance is not expected to occur due to the financial management of the pool.

Until January 1, 2014, employee health benefits (medical and pharmacy) were covered by a commercial insurance policy purchased by the City, with no risk of loss retained by the City. Effective January 1, 2014, the City is self-insured with respect to employee health benefits. However, an excess liability policy (stop-loss policy) for employee health benefits has been purchased. All funds of the City participate in the self-insurance program.

Self-insurance program liabilities are reported when it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Estimated insurance claims payable at June 30, 2021, including incurred but not reported claims, amounting to \$34,800 and \$36,033 in the governmental funds and the proprietary funds, respectively. In addition, reinsurance recoverable on unpaid claims were deducted from the liability for unpaid claims. Following is a summary of the changes in claims liability for the Self Insurance Program for the fiscal year ended June 30, 2021:

Year	Beginning of Fiscal- Year Liability	Current-Year Claims & Change in Estimates	Claim Payments	Balance at Fiscal- Year End
2013-2014	\$ -	\$ 1,789,582	\$ 1,020,767	\$ 768,815
2014-2015	\$ 768,815	\$ 2,480,144	\$ 2,512,186	\$ 736,773
2015-2016	\$ 736,773	\$ 2,561,216	\$ 2,449,701	\$ 848,288
2016-2017	\$ 848,288	\$ 1,743,008	\$ 2,485,626	\$ 105,670
2017-2018	\$ 105,670	\$ 2,375,231	\$ 2,319,322	\$ 161,579
2018-2019	\$ 161,579	\$ 3,515,009	\$ 3,468,090	\$ 208,498
2019-2020	\$ 208,498	\$ 3,003,380	\$ 3,076,430	\$ 135,448
2020-2021	\$ 135,448	\$ 3,423,544	\$ 3,488,159	\$ 70,833

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2021:

	Balance 06/30/2020	Additions	Deletions	Balance 06/30/2021
<u>Governmental Assets:</u>				
Capital Assets not Depreciated:				
Land	\$ 3,022,627	\$ -	\$ -	\$ 3,022,627
Construction in Progress	2,691,514	1,022,394	-	3,713,908
Total Capital Assets not Depreciated	<u>5,714,141</u>	<u>1,022,394</u>	<u>-</u>	<u>6,736,535</u>
Capital Assets Depreciated:				
Buildings	13,067,595	177,527	(5,581)	13,239,541
Machinery and Equipment	17,819,995	297,496	(2,117,878)	15,999,613
Infrastructure	42,228,926	896,472	-	43,125,398
Total	73,116,516	1,371,495	(2,123,459)	72,364,552
Less Accumulated Depreciation	<u>(29,722,900)</u>	<u>(1,980,557)</u>	<u>2,123,455</u>	<u>(29,580,002)</u>
Net Capital Assets Depreciated	<u>43,393,616</u>	<u>(609,062)</u>	<u>(4)</u>	<u>42,784,550</u>
Net Governmental Assets	<u>49,107,757</u>	<u>413,332</u>	<u>(4)</u>	<u>49,521,085</u>
<u>Business-Type Activities:</u>				
Capital Assets not Depreciated:				
Land	2,690,356	-	-	2,690,356
Construction in Progress	32,217,457	11,085,280	(14,883,589)	28,419,148
Total Capital Assets not Depreciated	<u>34,907,813</u>	<u>11,085,280</u>	<u>(14,883,589)</u>	<u>31,109,504</u>
Capital Assets Depreciated:				
Utility Plant/Building	166,397,661	14,999,289	(297,898)	181,099,052
Equipment	11,675,692	741,664	(159,748)	12,257,608
Total	178,073,353	15,740,953	(457,646)	193,356,660
Less Accumulated Depreciation	<u>(75,501,051)</u>	<u>(4,646,908)</u>	<u>290,193</u>	<u>(79,857,766)</u>
Net Capital Assets Depreciated	<u>102,572,302</u>	<u>11,094,045</u>	<u>(167,453)</u>	<u>113,498,894</u>
Net Business-Type Assets	<u>137,480,115</u>	<u>22,179,325</u>	<u>(15,051,042)</u>	<u>144,608,398</u>
Net Capital Assets	<u>\$ 186,587,872</u>	<u>\$ 22,592,657</u>	<u>\$ (15,051,046)</u>	<u>\$ 194,129,483</u>

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

6. CAPITAL ASSETS (continued)

Depreciation expense related to governmental activities was charged to the following functions for June 30, 2021:

General Government	\$ 187,349
Public Safety	387,074
Highways, Streets, and Roadways	853,013
Public Works	105,319
Vehicle Maintenance	15,341
Cemetery	4,266
Parks and Recreation	224,540
Golf	203,655
Total	<u>\$ 1,980,557</u>

7. LONG-TERM DEBT

The following is a summary of changes to long-term liabilities during the year ended June 30, 2021. The compensated absences liability and outstanding notes and bonds attributable to the governmental activities will be liquidated primarily by the General Fund. Interest requirements for variable rate debt are calculated using the interest rate effective at the end of the reporting year. Variable interest rates are based upon the federal prime rate.

	<u>Balance</u> <u>6/30/2020</u>	<u>Added</u>	<u>Paid</u>	<u>Balance</u> <u>6/30/2021</u>	<u>Due Within</u> <u>One year</u>
<u>Governmental Activities:</u>					
Bonds and Notes Payable	\$ 18,735,974	\$ 3,518,178	\$ 5,285,715	\$ 16,968,437	\$ 2,135,734
Add: Premium on Bonds	1,147,203	20,324	250,257	917,270	-
Capital Leases	233,589	-	27,348	206,241	-
Total Bonds and Notes Payable	20,116,766	3,538,502	5,563,320	18,091,948	2,135,734
OPEB	1,042,218	14,389	-	1,056,607	-
Compensated Absences	446,715	5,550	-	452,265	90,453
Total Governmental Activities	<u>\$ 21,605,699</u>	<u>\$ 3,558,441</u>	<u>\$ 5,563,320</u>	<u>\$ 19,600,820</u>	<u>\$ 2,226,187</u>
<u>Business-Type Activities:</u>					
Bonds and Notes Payable	\$ 64,137,889	\$ 33,571,465	\$ 25,542,138	\$ 72,167,216	\$ 6,100,167
Add: Premium on Bonds	1,298,090	513,094	910,680	900,504	-
Total Bonds and Notes Payable	65,435,979	34,084,559	26,452,818	73,067,720	6,100,167
OPEB	669,528	9,579	-	679,107	-
Compensated Absences	298,973	-	19,883	279,090	55,818
Total Business-Type Activities	<u>66,404,480</u>	<u>34,094,138</u>	<u>26,472,701</u>	<u>74,025,917</u>	<u>6,155,985</u>
Total Governmental and Business-Type Activities	<u>\$ 88,010,179</u>	<u>\$ 37,652,579</u>	<u>\$ 32,036,021</u>	<u>\$ 93,626,737</u>	<u>\$ 8,382,172</u>

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

7. LONG-TERM DEBT (continued)

Governmental long-term debt at June 30, 2021 consists of the following obligations:

Issue	Original Amount Issued	Fiscal Year Maturity Date	Interest Rate	Principal Outstanding 06/30/2021
General Obligation Notes-Governmental:				
Capital Outlay Note, Series 2012 (Farmers Bank)	680,000	2022	4.87%	<u>68,000</u>
Total General Obligation Notes-Governmental				<u>68,000</u>
Jointly Issued General Obligation Debt-Governmental:				
General Obligation Bond, Series 2010 (US Bank)	5,260,000	2027	2-4%	-
GO Refunding and Public Impv Bond, Series 2012 (US Bank)	9,255,000	2033	2-3%	171,206
GO Public Improvements Bond, Series 2013 (US Bank)	11,225,000	2033	2-4.50%	140,000
GO Public Improvements Bond, Series 2014 (US Bank)	18,485,000	2039	2-5%	93,846
Capital Outlay Note, Series 2014-B (US Bank)	607,253	2022	2.59%	15,323
Capital Outlay Note, Series 2016	1,240,000	2023	1.75%	173,200
GO Public Improvements Bond, Series 2016 (US Bank)	6,030,000	2036	2-3%	955,000
2017 CO Note Payable (Comm. Union)	1,750,000	2023	1.24-1.79%	232,569
GO Public Improvements Bond, Series 2018 (US Bank)	7,785,000	2038	3-5%	6,800,000
GO Public Improvements Bond, Series 2019 (US Bank)	4,450,000	2030	3-4%	2,671,305
GO Public Improvements Bond, Series 2020 (US Bank)	3,620,000	2040	2-5%	2,129,810
GO Public Improvements Bond, Series 2021 (US Bank)	6,325,000	2041	2-4%	96,064
GO Public Improvement Refunding Bonds, Series 2021 (US Bank)	26,675,000	2039	1-2.125%	<u>3,422,114</u>
Total Jointly Issued General Obligation Debt-Governmental				<u>16,900,437</u>
Capital Leases-Governmental:				
PNC Equipment Finance - Golf Carts	224,400	2024	3.00%	195,363
PNC Equipment Finance - Food/Bev Cart	15,373	2024	3.00%	<u>10,878</u>
Total Capital Leases-Governmental				<u>206,241</u>
Total Governmental Long-Term Debt				17,174,678
Add: Premiums				917,270
Less: Current Portion				<u>(2,135,734)</u>
Net Governmental Long-Term Debt				<u>\$ 15,956,214</u>

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

7. LONG-TERM DEBT (continued)

Proprietary long-term debt at June 30, 2021 consists of the following obligations:

Issue	Original Amount Issued	Fiscal Year Maturity Date	Interest Rate	Principal Outstanding 06/30/2021
Jointly Issued General Obligation Debt-Proprietary:				
GO Refunding and Public Impv Bond, Series 2012 (US Bank)	9,255,000	2033	2-3%	398,794
GO Public Improvements Bond, Series 2013 (US Bank)	11,225,000	2033	2-4.50%	940,000
GO Public Improvements Bond, Series 2014 (US Bank)	18,485,000	2039	2-5%	1,191,153
Capital Outlay Note, Series 2014-B (US Bank)	607,253	2022	2.59%	64,630
GO Public Improvements Bond, Series 2016 (US Bank)	6,030,000	2036	2-3%	4,115,000
Capital Outlay Note, Series 2016	1,240,000	2023	1.75%	52,400
2017 CO Note Payable (Comm. Union)	1,750,000	2023	1.24-1.79%	151,491
GO Public Improvements Bond, Series 2018 (US Bank)	1,770,000	2038	3-5%	1,500,000
GO Public Improvements Bond, Series 2019 (US Bank)	4,450,000	2030	3-4%	798,696
GO Public Improvements Bond, Series 2020 (US Bank)	3,620,000	2040	2-5%	1,410,190
GO Public Improvements Bond, Series 2021 (US Bank)	6,325,000	2041	2-4%	6,228,936
GO Public Improvement Refunding Bonds, Series 2021 (US Bank)	26,675,000	2039	1-2.125%	<u>23,252,886</u>
 Total Jointly Issued General Obligation Debt-Proprietary				 <u>40,104,176</u>
State Loans:				
TN State Funding Loan (SRF 16-360)	19,250,000	2043	1.35%	5,833,965
TN State Funding Loan (SRF 19-422)	26,500,000	2038	1.30%	24,584,000
TN State Funding Loan (SRF 20-447)	6,200,000	2040	0.78%	<u>1,228,270</u>
Total State Loans				<u>31,646,235</u>
 TVA Conservation Loan				 <u>416,805</u>
Total Proprietary Long-Term Debt				72,167,216
 Add: Premiums				 900,504
Less: Current Portion				<u>(6,100,167)</u>
 Net Proprietary Long-Term Debt				 <u>\$ 66,967,553</u>

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

7. LONG-TERM DEBT (continued)

Below is a condensed schedule of maturities for long-term debt and obligations at June 30, 2021. Utility plant assets and net revenues are pledged as collateral for the respective bond issues outstanding. A sinking fund is required only for bonds in the water department for payment of the outstanding principal and interest. The City has a continuing disclosure requirement on some of its bonds to provide an annual report, audited financial statements and certain other information to Municipal Securities Rulemaking Board (MSRB). Outstanding governmental notes and bonds are secured by the full faith and credit and taxing powers of the City.

State revolving loan fund is secured by the City's user fees, charges and or ad valorem taxes. In addition, the City pledged and assigned its Unobligated State-Shared Taxes in an amount equal to the maximum annual debt service requirements under the loan agreement.

Fiscal Year Ended June 30	Principal Due	Interest Due
2022	\$ 8,235,901	\$ 2,606,251
2023	5,141,129	1,623,415
2024	6,091,637	1,497,651
2025	5,961,648	1,362,906
2026	5,414,526	1,212,290
2027-2031	24,519,408	4,485,553
2032-2036	20,710,916	2,372,548
2037-2041	12,662,064	563,489
2042-2045	604,665	8,712
Total Long-Term Debt	<u>\$ 89,341,894</u>	<u>\$ 15,732,815</u>

8. PENSION PLAN

Plan description: Employees of Springfield are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at [www.treasury.tn.gov/Retirement](http://www.treasury.tn.gov/Retirement).

Benefits provided: Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

8. PENSION PLAN (CONT'D)

Member and beneficiary annuitants are entitled to automatic cost-of-living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2<sup>nd</sup> of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms: At the measurement date of June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	109
Inactive employees entitled to but not yet receiving benefits	170
Active employees	<u>236</u>
Total	<u><u>515</u></u>

Contributions: Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are non-contributory. Springfield makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2021, the employer contributions for Springfield were \$1,113,296 based on a rate of 8.36% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Springfield's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Springfield's net pension liability (asset) was measured as of June 30, 2020, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions: The total pension liability as of June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

8. PENSION PLAN (CONT'D)

Changes of assumptions: In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates 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 of 2.5%. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount rate: The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Springfield will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.



City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

8. PENSION PLAN (CONT'D)

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Balance at 6/30/19	\$ 45,472,769	\$ 49,402,221	\$ (3,929,452)
Changes for the year:			
Service cost	890,640	-	890,640
Interest	3,303,307	-	3,303,307
Changes of benefit terms	-	-	-
Differences between expected and actual experience	498,759	-	498,759
Change of assumptions	-	-	-
Contributions- employer	-	1,070,972	(1,070,972)
Contributions- employees	-	1,011	(1,011)
Net investment income	-	2,436,753	(2,436,753)
Benefit payments, including refunds of employee contributions	(1,601,118)	(1,601,118)	-
Administrative expense	-	(20,853)	20,853
Net changes	<u>3,091,588</u>	<u>1,886,765</u>	<u>1,204,823</u>
Balance at 6/30/20	<u>\$ 48,564,357</u>	<u>\$ 51,288,986</u>	<u>\$ (2,724,629)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate:

The following presents the net pension liability (asset) of Springfield calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Springfield's net pension liability (asset)	\$ 3,844,464	\$ (2,724,629)	\$ (8,204,390)

Pension Expense (Negative Pension Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense: For the year ended June 30, 2021, Springfield recognized pension expense of \$673,896.

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

8. PENSION PLAN (CONT'D)

Deferred outflows of resources and deferred inflows of resources: For the year ended June 30, 2021, Springfield reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 455,202	\$ 1,005,053
Change in assumptions	447,982	-
Net difference between projected and actual earnings on pension plan investments	372,914	-
Contributions subsequent to the measurement date of June 30, 2020	1,113,296	-
	\$ 2,389,394	\$ 1,005,053

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2020,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Amount Reported
2022	\$ (339,887)
2023	\$ 135,746
2024	\$ 211,481
2025	\$ 167,354
2026	\$ 25,095
Thereafter	\$ 71,256

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2021, Springfield reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2021.

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

8. PENSION PLAN (CONT'D)

TARGET BENEFIT PENSION PLAN

The City has another pension plan, Springfield Department of Utilities Employees' Target Benefit Pension Plan & Trust, which is a defined contribution plan administered by the City. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees were eligible to participate in the plan after one year of service and having attained age 25. Since 1985, participation is closed into this plan for new employees. Benefit terms, including contribution requirements, for the Plan are established and may be amended by City's Board of Aldermen. The City's Board of Aldermen also has the authority to establish and amend requirements for the City to pay pensions as the benefits come due.

Mandatory employee contributions are \$1.25 per month for each \$10 of assumed normal retirement benefit and shall not exceed fifty percent of the employer contributions. Voluntary employee contributions shall not exceed ten percent of employee compensation. Total employee contributions for the current fiscal year were \$0. Employer contributions are equal to the level funding amount necessary to fund the participant's target benefit. The target benefit is calculated on the basis of a life annuity with ten years certain. The amount of required and actual employer contributions for the current fiscal year was immaterial. There are no active employees under this plan. No pension plan changes occurred during the year that affected the required contribution to be made by the City or its employees.

The "vested percentage" in an employee account is determined under the following schedule and is based on vesting years of service. The employees will always, however, be 100% vested at retirement age.

Vesting Schedule					
Years of Service	Percentage	Years of Service	Percentage	Years of Service	Percentage
0-1	0%	5	33.0%	10	66.0%
1	6.6%	6	39.6%	11	72.6%
2	13.2%	7	46.2%	12	79.2%
3	19.8%	8	52.8%	13	85.8%
4	26.4%	9	59.4%	14	92.4%
				15	100.0%

Regardless of these vesting schedules, the employee is always 100% vested in all amounts he/she contributed to the Plan.

Forfeitures are created when participants terminate employment before becoming entitled to their full benefits under the Plan. These forfeited amounts are used to reduce the employer's contributions to the Plan and or are used to pay a portion of Plan's administrative expenses. There were no forfeitures during the current fiscal year. The City had no liability to the plan at June 30, 2021.

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

9. OTHER POST EMPLOYMENT BENEFITS

The City accounts for other post-employment benefits in accordance with GASB No. 75, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (“OPEB”), effective for fiscal years beginning after June 15, 2017. Prior to this date, the City accounted for postemployment benefits other than pensions in accordance with GASB No. 45. GASB No. 75 establishes standards for recognizing and measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources and OPEB expense for employers who participate in a trusted or non-trusted single-employer, agent multiple-employer or cost-sharing multiple-employer plan.

Plan Description – The City of Springfield's Retired Employees' Benefit Plan (the "Plan") is a single-employer defined benefit medical and life insurance plan administered by the City of Springfield. Benefit provisions are established and amended by the Board of Aldermen. The Plan is self-insured with respect to medical benefits and financed on a pay-as-you-go basis. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4. The Plan does not issue a publicly available financial report that includes financial statements and required supplementary information.

Benefits Provided – The Plan provides medical and life insurance benefits to eligible retirees. Retirees are able to obtain medical insurance at the City group rates for their spouse and eligible children also. Eligible employees include employees age sixty with five years of service or thirty years of service without regard to age. Estimated medical claims liabilities of the Plan are used to establish premium rates for the plan members. Plan members pay eighty-five percent of the medical premium rates established. Effective July 1, 2017, plan members age fifty-five with twenty years of service at retirement will pay fifty percent of the medical premium rates established. The City pays 100 percent of the life insurance premiums (\$5,000 policy).

Employees Covered by Benefit Terms – At June 30, 2020, the date of the valuation, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Active employees	211
Total	<u>225</u>

Contributions – The City pays the cost of medical and life insurance benefits, less the portion paid by the retiree, as those premiums come due each year. During the fiscal year ended June 30, 2021, the City paid \$126,960 for retiree premiums.

Actuarial Assumptions and Other Inputs – The total OPEB liability was determined by an actuarial valuation as of June 30, 2020 using the following actuarial assumptions:

Inflation	3.00 percent
Salary increases	3.50 percent, average, including inflation
Discount rate	2.21 percent, net of investment expenses, including inflation
Healthcare cost trend rate	4.50 percent, net of investment expenses, including inflation
Retirees' share of benefit-related costs	Either 85% or 50% of the monthly contribution is paid by retiree for medical coverage depending on eligibility conditions. No retiree contribution for life insurance coverage.

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

9. OTHER POST EMPLOYMENT BENEFITS (continued)

A discount rate of 2.21% (-0.79% real rate of return plus 3% inflation) was applied in the measurement of the total OPEB liability. The discount rate is based on the index rate for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher (Bond Buyer GO Bond 20 Index).

Mortality rates were based on the RPH-2014 Total Mortality Table with Projection MP-2019 for Males or Females, as appropriate. The termination rates and retirement rates were developed from the assumption used in the 2017 actuarial report for the TCRS retirement plan covering local government participants.

Sensitivity of the total OPEB liability to changes in the discount rate – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current discount rate:

	1% Decrease (1.21%)	Current Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB liability	\$ 1,879,459	\$ 1,735,713	\$ 1,604,801

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates – The following presents the total OPEB liability of the City, as well as what the City’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current healthcare cost trend rates:

	1% Decrease (3.50%)	Current Healthcare Cost Trend (4.50%)	1% Increase (5.50%)
Total OPEB liability	\$ 1,562,494	\$ 1,735,713	\$ 1,940,115

Total OPEB Liability – June 30, 2020 is the actuarial valuation date upon which the total OPEB liability is based. This procedure was used to determine the total OPEB liability as of June 30, 2021, as shown in the following table:

	<u>Total OPEB Liability</u>
Total OPEB liability at 7/1/20	\$ 1,711,746
Changes for the year:	
Service cost	112,025
Interest	38,902
Benefit payments	<u>(126,960)</u>
Net changes	<u>23,967</u>
Total OPEB liability at 6/30/21	<u><u>\$ 1,735,713</u></u>

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

9. OTHER POST EMPLOYMENT BENEFITS (continued)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2021, the City recognized OPEB expense of -\$88,296 (total OPEB expense \$38,664 minus benefits paid \$126,960). Additionally, changes to the OPEB liability not fully recognized in a given year’s OPEB expense will be tracked as deferred inflows and deferred outflows and be recognized incrementally in the OPEB expense over time. For the year ended June 30, 2021, Springfield reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	\$ -	\$ (596,119)
Total	\$ -	\$ (596,119)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30	Amount Reported
2022	(112,263)
2023	(112,263)
2024	(112,263)
2025	(112,263)
2026	(112,263)
Thereafter	(34,804)

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

10. TAX ABATEMENT AGREEMENTS

The City currently offers one type of tax abatement program: Industrial Bond Program, payments-in-lieu-of-taxes (PILOTS). Pursuant to Tennessee Code Annotated (TCA) 7-53-305, the Board of Mayor and Alderman of the City of Springfield, Tennessee, has duly adopted a resolution, delegating to the Springfield Industrial Development Board (SIDB) the authority to negotiate and accept payments in lieu of ad valorem taxes from any qualified business; provided that such payments are deemed to be in the furtherance of the City/SIDB’s public purpose.

These tax abatement agreements have the stated purpose of increasing business activity and employment in the region. This program offers tax abatements for a specified period in exchange for benefits received by the City due to an increase in real and personal property investments, as well as the creation of jobs. To be eligible for a tax reduction, any qualified business must either relocate into the City or expand business within the City. Qualified businesses will be eligible for abatement of all or a portion of real and/or personal property taxes dependent on the dollar amount of the investment and the number and average wage of jobs created. For agreements entered into till 2014, there were no provisions for recapturing abated taxes if certain terms of the agreement are not met. For agreements entered into since 2014, SIDB can adjust abatement agreements if capital investment, jobs and wages do not meet the terms of the original PILOT agreement. Some PILOTS may include commitments made by the City such as roadway improvements, water and sewer improvements, or public safety, among others. SIDB has entered into various tax abatement agreements that have reduced property tax revenues for the City. The amount of the abatement is automatically deducted from the property owner’s tax bill. During the year ended June 30, 2021, there were seven PILOT agreements in force with tax abatements totaling \$53,871.

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

11. COMMITMENTS, CONCENTRATIONS, AND CONTINGENCIES

A. Litigation

Various claims and lawsuits are pending against the City. In the opinion of the City's management and attorney, the potential loss on all claims and lawsuits will not have a material adverse effect on the City's financial position. Accordingly, no provisions for any liability have been made in the financial statements.

B. Unemployment

The City is self-insured relative to unemployment compensation claims. The City reimburses the State for claims paid. At June 30, 2021, there were no significant unemployment claims against the City.

C. Major Suppliers

The electric fund purchases 100% of its power from the Tennessee Valley Authority. The gas fund's primary supplier is the Tennessee Energy Acquisition Corporation ("TEAC"), a related party (see note 3).

D. Contracts

The City maintains various contracts with providers and as a provider in relation to its utility services. The City has contractual commitments for various construction projects totaling \$5.06 million as of June 30, 2021. These contracts will be paid in the future as work is performed. Payments will be made mostly with bond proceeds.

Financial instruments that potentially subject the City to significant concentrations of credit risk consist principally of cash and accounts receivable. The City maintains cash with federally insured financial institutions or with members of the state bank collateral pool and limits the amount of credit exposure to any one institution by requiring collateral.

With respect to accounts receivable, credit risk is dispersed across a large number of customers who are geographically concentrated in the Springfield, Tennessee service area. The City performs an initial credit evaluation for new customers or obtains a security deposit, when applicable.

In September 2012, the City of Springfield (Wastewater Department) entered into an Administrative Order on Consent (AOC) with the Environmental Protection Agency Region 4 (EPA). The purpose of the AOC was to perform and document extensive work to remediate and prevent future violations of the Clean Water Act caused by sanitary sewer overflows. The Remediation Plan was presented to EPA on August 20, 2014, and the Remediation Date was August 20, 2017.

The City of Springfield has performed significant work and spent millions of dollars to date. A request was made to EPA to grant an extension to the AOC based on the additional work that needs to be done. We estimate spending an additional \$1.11 million to complete the remaining tasks required in the AOC. EPA agreed to extend the Remediation Date by two (2) more years until August 20, 2019. In August 2019, EPA agreed to further extend the Remediation Date until May 20, 2021 which was later extended to May 20, 2021. We expect all tasks to be completed within deadlines provided by EPA Region 4.

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

12. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2021, was as follows:

Due To	Due From							Total
	General	Water	Sewer	Electric	Gas	Non-Major Governmental	Non-Major Enterprise	
General Fund	\$ -	\$ 31,738	\$ 17,082	\$ 32,687	\$ 23,936	\$ 231,967	\$ 7,498	\$ 344,908
Water Fund	59,938	-	-	-	-	-	-	59,938
Sewer Fund	40,893	-	-	-	-	-	-	40,893
Electric Fund	380,189	-	-	-	-	-	16	380,205
Gas Fund	59,745	-	-	-	-	-	-	59,745
Non-Major Governmental	22,575	-	-	-	-	-	-	22,575
Non-Major Enterprise	16,041	-	-	6,400	-	-	-	22,441
Total	<u>\$ 579,381</u>	<u>\$ 31,738</u>	<u>\$ 17,082</u>	<u>\$ 39,087</u>	<u>\$ 23,936</u>	<u>\$ 231,967</u>	<u>\$ 7,514</u>	<u>\$ 930,705</u>

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

Interfund transfers for the year ended June 30, 2021, consisted of the following:

Transfers To	Transfers From						Total
	General	Water	Sewer	Electric	Gas		
General Fund	\$ -	\$ 59,024	\$ 371,339	\$ 372,987	\$ 141,811		\$ 945,161
Capital Improvements	10,000	-	-	-	-		10,000
Total	<u>\$ 10,000</u>	<u>\$ 59,024</u>	<u>\$ 371,339</u>	<u>\$ 372,987</u>	<u>\$ 141,811</u>		<u>\$ 955,161</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

13. RESTRICTED ASSETS

Restricted assets in proprietary funds represent cash, cash equivalents and investments for capital improvement projects; as required by the bond covenants to be set aside for the retirement of bond obligations; and for other purposes like net pension obligations. Restricted assets in sanitation fund are restricted as required by state statutes to establish and maintain solid waste collection and disposal services. Restricted assets in governmental funds represent cash, cash equivalents and investments for capital improvement projects and as required by state statutes for street expenditures and police investigation expenditures.



City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

14. BUDGETARY INFORMATION

A. Budget Basis

Budgets for the General Fund, Capital Projects Funds and Special Revenue Funds are adopted on the modified accrual basis consistent with generally accepted accounting principles (GAAP).

B. Budgetary Information

Listed below are the City's procedures for establishing budgetary data:

1. The City Manager submits to the Mayor and Board of Aldermen a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of ordinance.

The City Manager may authorize transfer of budget amounts within a department; however, any revisions that increase the total budgeted expenditures of any department must be approved by the Mayor and Board of Aldermen. Expenditures may not legally exceed budgeted appropriations at the department level without approval from the Mayor and Board of Aldermen.

Legally adopted budgets for all departments serve as a management control device. Budgets are adopted on a basis consistent with generally accepted accounting principles using the modified accrual basis of accounting for all governmental funds.

Since encumbrance accounting is not used by the City, unexpended appropriations of governmental funds automatically lapse at the end of the fiscal year.

Certain administrative and general costs of General Government departments support the functions of both the general government and proprietary funds. The City budgets the costs of operating these departments without considering the impact of reimbursements from the supported proprietary funds. Management has attempted to more accurately depict the operating results of these departments by reducing budget and actual allocations by the reimbursements received from the proprietary funds (which are not legally required to adopt an operating budget). The basis for these allocations is the total expenditure within that department.

15. FUTURE ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board has issued GASB 87 – Leases, that will become effective in subsequent fiscal years. The City is currently evaluating the effects that this statement will have on its financial statements for subsequent fiscal years.

16. CHANGE IN PRESENTATION

Certain items from the prior year have been reclassified to conform to current year presentation.

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

17. LEASES

Capital Leases

The City is the lessee of equipment under two capital leases expiring in 2024. The assets and liabilities under these capital leases are recorded at the present value of the future minimum lease payments. The assets are depreciated over their estimated useful life.

Property held under capital leases, which is included in capital assets, is as follows:

	<u>Governmental</u>	<u>Total</u>
Machinery and Equipment	\$ 239,773	\$ 239,773
Less: Accumulated Depreciation	<u>(76,179)</u>	<u>(76,179)</u>
Total	<u>\$ 163,594</u>	<u>\$ 163,594</u>

The remaining minimum future lease payments under capital leases, which are included in notes and bonds payable, are:

<u>Year Ending June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total Payments</u>
2022	9,189	26,807	35,996
2023	7,933	28,109	36,042
2024	5,059	151,325	156,384
2025	-	-	-
2026 & After	-	-	-
	<u>\$ 22,181</u>	<u>\$ 206,241</u>	228,422
Less: Amount Representing Interest			<u>(22,181)</u>
Present Value of Net Minimum Lease Payments			206,241
Less: Current Portion			<u>(26,807)</u>
Capital Leases - Long-Term Portion			<u>\$ 179,434</u>

Amortization of leased equipment under capital assets is included with depreciation expense.

18. COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a “Public Health Emergency of International Concern” and on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the City operates. The City, however, has not experienced any major disruptions in operations during this time. While there remains considerable uncertainty around duration and ultimate financial impact of the COVID-19 outbreak, the City does not expect it to have a significantly negative impact on its financial position or operating results.

City of Springfield, Tennessee  
Notes to the Financial Statements (Continued)  
June 30, 2021

19. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Effective for the fiscal year ending June 30, 2014, the City adopted the provisions of Governmental Accounting Standards Board (GASB), *Statement No. 65, Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources (expenses or expenditures) or inflows of resources (revenues), certain items that were previously reported as assets and liabilities.

In addition to assets, the statement of financial position/balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position or fund balance that applies to a future period and so will not be recognized as an expense or expenditure until then. The City has only one item that qualifies for reporting in this category. It is the deferred outflows related to pensions reported in the government-wide and proprietary fund statement of net position. A deferred outflow resulted from the difference in expected and actual experience; changes in assumptions; the difference in the projected and actual investment earnings; and contributions to the pension plan from the City subsequent to the measurement date of the beginning net pension liability and before the end of the City's reporting period. Also see note 8 for deferred outflows related to pensions.

In addition to liabilities, the statement of financial position/balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position or fund balance that applies to a future period and so will not be recognized as revenue until that time. The City has five items that meet this criterion. First, under a modified accrual basis of accounting, unavailable revenue is reported only in the governmental funds balance sheet (general fund) as deferred inflows of resources. Second, resources associated with imposed non-exchange revenue transactions are reported as a receivable before the period for which property taxes are levied. Accordingly, property taxes levied for subsequent year is reported in the governmental funds balance sheet (general fund) and government-wide statement of net position as deferred inflows of resources. Third, the deferred inflows related to pensions are recorded due to the difference in expected and actual experience, and the difference in the projected and actual investment earnings. Fourth, the deferred inflows related to OPEB are recorded due to the change in assumptions. Fifth, the deferred inflows related to bond refunding. Also see note 8 for deferred inflows related to pensions and note 9 for OPEB.

A deferred outflow of resources has a positive effect on net position/fund balance, similar to assets, and a deferred inflow of resources has a negative effect on net position/fund balance, similar to liabilities.

20. REFUNDED BONDS

In March 2021, the City issued \$26,675,000 in general obligation refunding bonds, Series 2021, with interest rates ranging between 1% and 2.125%. The City issued the bonds to currently refund the outstanding balance of \$9,255,000 general obligation refunding and public improvements bonds, Series 2012, \$11,225,000 general obligation public improvements bonds, Series 2013, and \$18,485,000 general obligation public improvements bonds, Series 2014. As a result, the liability for these refunded bonds have been removed from the financial statements at the time of refunding. The current refunding reduced total debt service payments by \$2,017,095. This resulted in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$1,563,994.

City of Springfield, Tennessee  
Required Supplementary Information  
June 30, 2021

**A. Pension Plan Information**

1. Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS for the Fiscal Year Ending June 30, 2020 (Year Shown Below is Measurement Date)

	2014	2015	2016	2017	2018	2019	2020
Total pension liability							
Service cost	\$ 766,303	\$ 728,516	\$ 777,841	\$ 842,035	\$ 871,131	\$ 837,431	\$ 890,640
Interest	2,446,913	2,562,125	2,687,895	2,883,436	3,002,305	3,142,881	3,303,307
Changes in benefit terms	-	-	144,788	-	-	-	-
Differences between actual & expected experience	(743,517)	(622,677)	96,934	(610,037)	(579,142)	(323,093)	498,759
Change of assumptions	-	-	-	1,045,290	-	-	-
Benefit payments, including refunds of employee contributions	(839,625)	(951,863)	(1,128,853)	(1,200,025)	(1,249,035)	(1,394,195)	(1,601,118)
Net change in total pension liability	1,630,074	1,716,101	2,578,605	2,960,699	2,045,259	2,263,024	3,091,588
Total pension liability-beginning	32,279,007	33,909,081	35,625,182	38,203,787	41,164,486	43,209,745	45,472,769
Total pension liability-ending (a)	\$ 33,909,081	\$ 35,625,182	\$ 38,203,787	\$ 41,164,486	\$ 43,209,745	\$ 45,472,769	\$ 48,564,357
Plan fiduciary net position							
Contributions-employer	\$ 1,219,600	\$ 1,159,343	\$ 1,234,794	\$ 1,191,336	\$ 1,216,920	\$ 1,237,378	\$ 1,070,972
Contributions-employee	3,632	2,334	3,690	803	823	2,337	1,011
Net investment income	5,092,053	1,110,393	989,578	4,343,534	3,538,932	3,429,606	2,436,753
Benefit payments, including refunds of employee contributions	(839,625)	(951,863)	(1,128,853)	(1,200,025)	(1,249,035)	(1,394,195)	(1,601,118)
Administrative expense	(10,043)	(11,348)	(16,909)	(19,237)	(21,587)	(20,111)	(20,853)
Net change in plan fiduciary net position	5,465,617	1,308,859	1,082,300	4,316,411	3,486,053	3,255,015	1,886,765
Plan fiduciary net position-beginning	30,487,967	35,953,584	37,262,444	38,344,744	42,661,155	46,147,206	49,402,221
Plan fiduciary net position-ending (b)	\$ 35,953,584	\$ 37,262,443	\$ 38,344,744	\$ 42,661,155	\$ 46,147,208	\$ 49,402,221	\$ 51,288,986
Net Pension Liability (asset)-ending (a) – (b)	\$ (2,044,503)	\$ (1,637,261)	\$ (140,957)	\$ (1,496,669)	\$ (2,937,463)	\$ (3,929,452)	\$ (2,724,629)
Plan fiduciary net position as a percentage of total pension liability	106.03%	104.60%	100.37%	103.64%	106.80%	108.64%	105.61%
Covered payroll	\$ 10,831,270	\$ 10,597,281	\$ 11,286,970	\$ 11,394,264	\$ 11,689,918	\$ 11,886,435	\$ 12,810,671
Net pension liability (asset) as a percentage of covered payroll	-18.88%	-15.45%	-1.25%	-13.14%	-25.13%	-33.06%	-21.27%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Changes in assumptions: In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

City of Springfield, Tennessee  
 Required Supplementary Information  
 June 30, 2021

2. Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS for Fiscal Year Ending June 30.

	2014	2015	2016	2017	2018	2019	2020	2021
Actuarially determined contribution	\$ 1,219,600	\$ 1,159,343	\$ 1,234,794	\$ 1,191,336	\$ 1,216,920	\$ 1,237,378	\$ 1,070,972	\$ 1,113,296
Contributions in relation to the actuarially determined contribution	1,219,600	1,159,343	1,234,794	1,191,336	1,216,920	1,237,378	1,070,972	1,113,296
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 10,831,270	\$ 10,597,281	\$ 11,286,970	\$ 11,394,264	\$ 11,689,918	\$ 11,886,435	\$ 12,810,671	\$ 13,282,284
Contributions as a percentage of covered payroll	11.26%	10.94%	10.94%	10.46%	10.41%	10.41%	8.36%	8.36%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Notes to the Schedule Relating to the Actuarially Determined Contribution

Valuation Date: Actuarially determined contribution rates for fiscal year 2021 were calculated based on the June 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4 percent
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.25 percent

Changes of assumptions: In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

City of Springfield, Tennessee  
Required Supplementary Information  
June 30, 2021

**B. Other Post-Employment Benefits (OPEB)**

	2018	2019	2020	2021
Total OPEB liability				
Service cost	\$ 111,135	\$ 115,447	\$ 115,447	\$ 112,025
Interest	89,593	89,029	96,958	38,902
Changes in benefit terms	-	-	-	-
Differences between actual & expected experience	-	-	-	-
Change of assumptions	-	-	(820,644)	-
Benefit payments	(104,154)	(104,154)	(126,960)	(126,960)
Net change in total OPEB liability	96,574	100,322	(735,199)	23,967
Total OPEB liability-beginning	2,250,049	2,346,623	2,446,945	1,711,746
Total OPEB liability-ending	<u>\$ 2,346,623</u>	<u>\$ 2,446,945</u>	<u>\$ 1,711,746</u>	<u>\$ 1,735,713</u>
Covered payroll	\$ 9,444,649	\$ 9,444,649	\$ 11,369,774	\$ 11,369,774
Total OPEB liability as a percentage of covered payroll	24.85%	25.91%	15.06%	15.27%

GASB 75 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 75. The information in this schedule is not required to be presented retroactively prior to the implementation date. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Notes to the schedule –

Plan assets – No assets are accumulated in a trust that meets all of the following criteria of GASBS No. 75, paragraph 4, to pay benefits:

- Contributions from the employer and any nonemployer contributing entities, and earnings thereon, must be irrevocable.
- Plan assets must be dedicated to providing OPEB to Plan members in accordance with the benefit terms.
- Plan assets must be legally protected from the creditors of the employer, nonemployer contributing entities, the Plan administrator, and Plan members.

Changes in assumptions: No changes were made in the actuarial assumptions.

Methods and assumptions: The valuation and measurement dates were June 30, 2020 and June 30, 2021, respectively.

Actuarial cost method	Entry age normal - level percentage of projected salary
Inflation	3.00 percent
Salary increases	3.50 percent, average, including inflation
Discount rate	2.21 percent, net of investment expense, including inflation
Healthcare cost trend rate	4.50 percent, net of investment expense, including inflation
Mortality	RPH-2014 Total Mortality Table with Projection MP-2019
Retirees' share of benefit-related costs	Either 85% or 50% of the monthly contribution is paid by retiree for medical coverage depending on eligibility conditions. No retiree contribution for life insurance coverage.

City of Springfield, Tennessee  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2021

	Non-Major Governmental Funds			Total Special Revenue Funds
	State Street Aid	Drug Fund	Forfeited Property	
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 1,716,469	\$ 152,132	\$ 53,185	\$ 1,921,786
Due From Other Funds	-	22,575	-	22,575
Intergovernmental Receivables	109,557	-	-	109,557
Restricted Cash and Cash Equivalents	1,589	-	-	1,589
Total Assets	<u>\$ 1,827,615</u>	<u>\$ 174,707</u>	<u>\$ 53,185</u>	<u>\$ 2,055,507</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 1,462	\$ 29,975	\$ -	\$ 31,437
Due To Other Funds	231,664	-	303	231,967
Total Liabilities	<u>233,126</u>	<u>29,975</u>	<u>303</u>	<u>263,404</u>
<u>FUND BALANCES</u>				
Non-Spendable	-	-	-	-
Restricted	1,594,489	144,732	52,882	1,792,103
Committed	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>1,594,489</u>	<u>144,732</u>	<u>52,882</u>	<u>1,792,103</u>
Total Liabilities and Fund Balances	<u>\$ 1,827,615</u>	<u>\$ 174,707</u>	<u>\$ 53,185</u>	<u>\$ 2,055,507</u>

City of Springfield, Tennessee  
Combining Statement of Revenues, Expenditures,  
and Changes in Fund Balances – Non-Major Governmental Funds  
For the Year Ended June 30, 2021

	Non-Major Governmental Funds			Total Special Revenue Funds
	State Street Aid	Drug Fund	Forfeited Property	
<u>REVENUES</u>				
Gasoline Tax	\$ 594,954	\$ -	\$ -	\$ 594,954
Fines and Forfeitures	-	43,406	-	43,406
Investment Income	2,009	199	87	2,295
Total Revenue	<u>596,963</u>	<u>43,605</u>	<u>87</u>	<u>640,655</u>
<u>EXPENDITURES</u>				
Program Costs	-	9,000	-	9,000
Capital Outlay	270,038	29,208	8,315	307,561
Total Expenditures	<u>270,038</u>	<u>38,208</u>	<u>8,315</u>	<u>316,561</u>
Net Change in Fund Balances	326,925	5,397	(8,228)	324,094
Beginning Fund Balance	<u>1,267,564</u>	<u>139,335</u>	<u>61,110</u>	<u>1,468,009</u>
Ending Fund Balance	<u>\$ 1,594,489</u>	<u>\$ 144,732</u>	<u>\$ 52,882</u>	<u>\$ 1,792,103</u>



City of Springfield, Tennessee  
Combining Statement of Net Position  
Non-Major Proprietary Funds  
June 30, 2021

	<u>Sanitation</u>	<u>Storm Water</u>	<u>Total Non-Major Proprietary Funds</u>
<b><u>ASSETS</u></b>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,848,273	\$ 1,630,644	\$ 3,478,917
Receivables (Net of Uncollectibles)	107,170	49,973	157,143
Due From Other Funds	18,443	3,998	22,441
Prepaid Expenses	-	-	-
Total Current Assets	<u>1,973,886</u>	<u>1,684,615</u>	<u>3,658,501</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	25,527	304,263	329,790
Net Pension Asset (Liability)	73,017	1,317	74,334
Assets Not Depreciated	40,402	2,082,794	2,123,196
Assets Net of Accumulated Depreciation	<u>730,096</u>	<u>764,779</u>	<u>1,494,875</u>
Total Noncurrent Assets	<u>869,042</u>	<u>3,153,153</u>	<u>4,022,195</u>
Total Assets	<u>2,842,928</u>	<u>4,837,768</u>	<u>7,680,696</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred Outflows Related to Pensions	<u>88,560</u>	<u>4,095</u>	<u>92,655</u>
<b><u>LIABILITIES</u></b>			
Current Liabilities:			
Accounts Payable	336,489	71,959	408,448
Accrued and Other Liabilities	17,384	8,699	26,083
Compensated Absences-Current	2,478	237	2,714
Bonds and Notes Payable-Current	142,707	61,098	203,805
Due To Other Funds	<u>7,514</u>	<u>-</u>	<u>7,514</u>
Total Current Liabilities	<u>506,572</u>	<u>141,993</u>	<u>648,564</u>
Noncurrent Liabilities:			
OPEB Liability	71,936	4,513	76,449
Compensated Absences-Noncurrent	9,910	946	10,857
Notes and Bonds Payable-Noncurrent	<u>396,222</u>	<u>2,028,490</u>	<u>2,424,712</u>
Total Noncurrent Liabilities	<u>478,068</u>	<u>2,033,949</u>	<u>2,512,018</u>
Total Liabilities	<u>984,640</u>	<u>2,175,942</u>	<u>3,160,582</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Inflows Related to Pensions	34,641	-	34,641
Deferred Inflows Related to OPEB	22,296	2,347	24,643
Deferred Inflows Related to Bond Refunding	<u>420</u>	<u>23,524</u>	<u>23,944</u>
Total Deferred Inflows of Resources	<u>57,357</u>	<u>25,871</u>	<u>83,228</u>
<b><u>NET POSITION</u></b>			
Net Investment in Capital Assets	257,096	835,533	1,092,629
Restricted	1,632,395	228,032	1,860,427
Unrestricted	<u>-</u>	<u>1,576,485</u>	<u>1,576,485</u>
Total Net Position	<u>\$ 1,889,491</u>	<u>\$ 2,640,050</u>	<u>\$ 4,529,541</u>

City of Springfield, Tennessee  
Combining Statement of Revenues, Expenses,  
and Changes in Fund Net Position – Non-Major Proprietary Funds  
For the Year Ended June 30, 2021

	<u>Sanitation</u>	<u>Storm Water</u>	<u>Total Non-Major Proprietary Funds</u>
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 1,209,005	\$ 511,614	\$ 1,720,619
Other Operating Revenue	9,805	3	9,808
Total Operating Revenues	<u>1,218,810</u>	<u>511,617</u>	<u>1,730,427</u>
<u>OPERATING EXPENSES</u>			
Costs of Sales and Services	856,056	172,284	1,028,340
Depreciation	115,794	54,003	169,797
Total Operating Expenses	<u>971,850</u>	<u>226,287</u>	<u>1,198,137</u>
Operating Income	<u>246,960</u>	<u>285,330</u>	<u>532,290</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Investment Income	823	2,282	3,105
Sale of Fixed Assets	68	9,365	9,433
Bond Issuance Cost	(5,025)	(5,436)	(10,461)
Interest and Amortization	(6,922)	(74,515)	(81,437)
Total Non-Operating Revenues (Expenses)	<u>(11,056)</u>	<u>(68,304)</u>	<u>(79,360)</u>
Income (Loss) Before Contributions/Transfers	<u>235,904</u>	<u>217,026</u>	<u>452,930</u>
<u>CONTRIBUTIONS/TRANSFERS</u>			
Capital Contributions - Local Grant	-	535,200	535,200
Total Contributions/Transfers	<u>-</u>	<u>535,200</u>	<u>535,200</u>
Change in Net Position	235,904	752,226	988,130
Beginning Net Position	<u>1,653,587</u>	<u>1,887,824</u>	<u>3,541,411</u>
Ending Net Position	<u>\$ 1,889,491</u>	<u>\$ 2,640,050</u>	<u>\$ 4,529,541</u>

City of Springfield, Tennessee  
Combining Statement of Cash Flows  
Non-Major Proprietary Funds  
For the Year Ended June 30, 2021

	Sanitation	Storm Water	Total Non-Major Proprietary Funds
Cash Flows from Operating Activities:			
Cash Received From Customers	\$ 1,208,575	\$ 509,360	\$ 1,717,935
Cash Payments for Goods and Services	(705,374)	(150,372)	(855,746)
Cash Payments for Personnel	305,265	29,711	334,976
Interfund Payments	(145,077)	-	(145,077)
Other Receipts (Payments)	9,805	3	9,808
Net Cash Provided By (Used In) Operating Activities	673,194	388,702	1,061,896
Cash Flows from Non-Capital Financing Activities:			
Interfund Payables	(13,990)	-	(13,990)
Interfund Receivables	7,426	578,277	585,703
Net Cash Provided By (Used In) Non-Capital Financing Activities	(6,564)	578,277	571,713
Cash Flows from Capital and Related Financing Activities:			
Sale of Fixed Assets	68	9,365	9,433
New Borrowings on Bonds and Notes	295,876	570,734	866,610
Premium on Sales of Bonds	33,168	2,938	36,106
Capital Contributions	-	535,200	535,200
Bond Issuance Cost	(5,025)	(5,436)	(10,461)
Principal Paid on Bonds and Notes	(183,737)	(667,155)	(850,892)
Interest Paid on Long-term Debt	(7,181)	(74,498)	(81,679)
Acquisition and Construction of Capital Assets	(329,928)	(1,433,774)	(1,763,702)
Net Cash Provided (Used) by Capital and Related Financing Activities	(196,759)	(1,062,626)	(1,259,385)
Cash Flows from Investing Activities:			
Interest Received	823		823
Net Increase (Decrease) in Cash	470,694	(95,647)	375,047
Cash and Cash Equivalents, Beginning	1,403,106	2,030,554	3,433,660
Cash and Cash Equivalents, Ending	\$ 1,873,800	\$ 1,934,907	\$ 3,808,707

City of Springfield, Tennessee  
Combining Statement of Cash Flows (Continued)  
Non-Major Proprietary Funds  
For the Year Ended June 30, 2021

	<u>Sanitation</u>	<u>Storm Water</u>	<u>Total Non-Major Proprietary Funds</u>
Reconciliation of Operating Income to Net Cash Provided By (Used in) Operating Activities:			
Operating Income (Loss)	\$ 246,960	\$ 285,330	\$ 532,290
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	115,794	54,003	169,797
Change in Assets and Liabilities:			
(Increase) Decrease in Receivable, Net	(430)	(2,254)	(2,684)
(Increase) Decrease in Prepaid Expenses	-	252	252
(Increase) Decrease in Deferred Outflows	(15,847)	(1,209)	(17,056)
Increase (Decrease) in Accounts Payable	327,794	49,888	377,682
Increase (Decrease) in Accrued Liabilities	657	2,257	2,914
Increase (Decrease) in Net Pension Liability	41,092	6,288	47,380
Increase (Decrease) in Deferred Inflows	(41,505)	(6,217)	(47,722)
Increase (Decrease) in OPEB Liability	897	95	992
Increase (Decrease) in Compensated Absences	(2,218)	269	(1,949)
Total Adjustments	<u>426,234</u>	<u>103,372</u>	<u>529,606</u>
Net Cash Provided By (Used in) Operating Activities	<u>\$ 673,194</u>	<u>\$ 388,702</u>	<u>\$ 1,061,896</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:			
Cash and Cash Equivalents	\$ 1,848,273	\$ 1,630,644	\$ 3,478,917
Restricted Cash and Cash Equivalents	<u>25,527</u>	<u>304,263</u>	<u>329,790</u>
Total Cash and Cash Equivalents	<u>\$ 1,873,800</u>	<u>\$ 1,934,907</u>	<u>\$ 3,808,707</u>

City of Springfield, Tennessee  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Special Revenue Funds  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance - Favorable (Unfavorable)
<b><u>STATE STREET AID -</u></b>				
REVENUES:				
Gasoline and Motor Fuel Tax	\$ 400,000	\$ 400,000	\$ 305,456	\$ (94,544)
Gas 1989 Tax	-	-	47,621	47,621
Gas 3 Cent Tax	-	-	88,239	88,239
IMPROVE Act Tax Increase	-	-	153,638	153,638
Investment Income	-	-	2,009	2,009
Total Revenues	<u>400,000</u>	<u>400,000</u>	<u>596,963</u>	<u>196,963</u>
EXPENDITURES:				
Capital Outlay	<u>705,000</u>	<u>705,000</u>	<u>270,038</u>	<u>434,962</u>
Total Expenditures	<u>705,000</u>	<u>705,000</u>	<u>270,038</u>	<u>434,962</u>
Net Change in Fund Balance	<u>\$ (305,000)</u>	<u>\$ (305,000)</u>	326,925	<u>\$ 631,925</u>
Beginning Fund Balance			1,267,564	
Ending Fund Balance			<u>\$ 1,594,489</u>	
<b><u>DRUG ENFORCEMENT -</u></b>				
REVENUES:				
Fine and Forfeitures	\$ 10,000	\$ 10,000	\$ 43,406	\$ 33,406
Investment Income	-	-	199	199
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>43,605</u>	<u>33,605</u>
EXPENDITURES:				
Drug Program Costs	119,103	109,803	9,000	100,803
Capital Outlay	<u>20,000</u>	<u>29,300</u>	<u>29,208</u>	<u>92</u>
Total Expenditures	<u>139,103</u>	<u>139,103</u>	<u>38,208</u>	<u>100,895</u>
Net Change in Fund Balances	<u>\$ (129,103)</u>	<u>\$ (129,103)</u>	5,397	<u>\$ 134,500</u>
Beginning Fund Balance			139,335	
Ending Fund Balance			<u>\$ 144,732</u>	
<b><u>FORFEITED PROPERTY -</u></b>				
REVENUES:				
Fines and Forfeitures	\$ -	\$ -	\$ -	\$ -
Investment Income	-	-	87	87
Total Revenues	<u>-</u>	<u>-</u>	<u>87</u>	<u>87</u>
EXPENDITURES:				
Capital Outlay	<u>61,244</u>	<u>61,244</u>	<u>8,315</u>	<u>52,929</u>
Total Expenditures	<u>61,244</u>	<u>61,244</u>	<u>8,315</u>	<u>52,929</u>
Net Change in Fund Balances	<u>\$ (61,244)</u>	<u>\$ (61,244)</u>	(8,228)	<u>\$ 53,016</u>
Beginning Fund Balance			61,110	
Ending Fund Balance			<u>\$ 52,882</u>	

City of Springfield, Tennessee  
Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual - Capital Improvement Fund  
For the Year Ended June 30, 2021

	Original Budget	Final Budget	Actual Amounts	Variance - Favorable (Unfavorable)
<u>REVENUES</u>				
Grant Revenues	\$ 1,284,897	\$ 1,284,897	\$ 389,323	\$ (895,574)
Other Revenues	480	480	-	(480)
Investment Income	-	-	10,517	10,517
Total Revenues	1,285,377	1,285,377	399,840	(885,537)
 <u>EXPENDITURES</u>				
Bond Issuance Cost	37,500	-	-	-
Capital Outlay	3,891,466	8,161,630	1,059,945	7,101,685
Total Expenditures	3,928,966	8,161,630	1,059,945	7,101,685
 Excess of Revenues Over (Under)				
Expenditures	(2,643,589)	(6,876,253)	(660,105)	6,216,148
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	10,000	10,000	10,000	-
Bond Proceeds	2,537,500	-	-	-
Total Other Financing Sources (Uses)	2,547,500	10,000	10,000	-
 Net Change in Fund Balances				
	\$ (96,089)	\$ (6,866,253)	(650,105)	\$ 6,216,148
 Beginning Fund Balance			7,706,561	
Ending Fund Balance			\$ 7,056,456	

City of Springfield, Tennessee  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2021

CFDA Number	Program Name	Grant Number	Grantor/Pass- Through Agency	Amount Earned or Expended	Passed Through to Subrecipients
<u>Federal Awards</u>					
16.034	COVID-19 JAG Grant	2020-VD-BX-0393	USDOJ	\$ 7,912	\$ -
16.607	Vest Grant	BUBX13068557	USDOJ	2,220	-
20.205	Extension of William Batson Pkwy	170132	USDOT/TDOT	53,667	-
20.600	Safe Streets	Z20THS353	USDOT/TDOT	3,761	-
20.600	Community-Based Traffic Safety Enforcement and Education	Z21THS282	USDOT/TDOT	7,361	-
		Total CFDA 20.600		11,122	-
21.019	COVID-19 - TN Community Cares	N/A	USDT/TNFA	254,355	-
66.458	Capitalization Grants for Clean Water State Revolving Fund	SRF 19-422	EPA/TDEC	2,730,754	-
66.458	Capitalization Grants for Clean Water State Revolving Fund	SRF 20-447	EPA/TDEC	1,228,270	-
		Total CFDA 66.458		3,959,024	-
		Total Federal Awards		4,288,300	-
<u>State Awards</u>					
N/A	TN Direct Appropriation Grant	N/A	TDFA	43,451	-
N/A	Local Park & Recreation Fund	60850	TDEC	335,656	-
		Total State Awards		379,107	-
		Total Federal and State Awards		\$ 4,667,407	\$ -

Note A: The Schedule of Expenditures of Federal and State Awards was prepared using the accrual basis of accounting.

Note B: At June 30, 2021, there was an outstanding balance of \$5,833,965, \$24,584,000 and \$1,228,270 on state revolving fund loans 16-360, 19-422 & 20-447, respectively. Payments during the current fiscal year were \$226,248, \$874,476 & \$0 on 16-360, 19-422 and 20-447, respectively.

Note C: The City has not elected to use the 10% minimis indirect cost rate as allowed under the Uniform Guidance.

USDOJ	United States Department of Justice	TDFA	Tennessee Department of Finance and Administration
USDOT	United States Department of Transportation	TDOT	Tennessee Department of Transportation
EPA	United States Environmental Protection Agency	TDEC	Tennessee Department of Environment and Conservation
USDT	United States Department of Treasury		

City of Springfield, Tennessee  
Schedule of Future Long-Term Debt Principal and Interest Requirements  
Governmental Activities (Unaudited)  
June 30, 2021

GOVERNMENTAL ACTIVITIES								
Fiscal Year	The Farmers Bank		PNC Capital Lease		PNC Capital Lease		Total	
Ended	\$680,000		\$224,400		\$15,372		Governmental Activities	
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 68,000	\$ 3,312	\$ 23,015	\$ 8,784	\$ 3,792	\$ 406	\$ 94,807	\$ 12,501
2023	-	-	24,132	7,666	3,976	266	28,109	7,933
2024	-	-	148,215	4,984	3,109	76	151,325	5,059
Total	<u>\$ 68,000</u>	<u>\$ 3,312</u>	<u>\$ 195,363</u>	<u>\$ 21,434</u>	<u>\$ 10,878</u>	<u>\$ 747</u>	<u>\$ 274,241</u>	<u>\$ 25,494</u>

BUSINESS-TYPE ACTIVITIES

Electric Fund				
Fiscal Year	TVA Conservation			
Ended	Loan		Total	
<u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 416,805	-	\$ 416,805	-
	<u>\$ 416,805</u>	<u>\$ -</u>	<u>\$ 416,805</u>	<u>\$ -</u>

See auditor's report.



City of Springfield, Tennessee  
Schedule of Future Long-Term Debt Principal and Interest Requirements  
Business Type Activities (Continued) (Unaudited)  
June 30, 2021

Sewer Fund								
Fiscal Year Ended June 30,	TN State Revolving Fund \$6,200,000		TN State Revolving Fund \$6,503,649		TN State Revolving Fund \$26,500,000		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 289,824	\$ 45,084	\$ 229,320	\$ 77,340	\$ 1,179,300	\$ 326,124	\$ 1,698,444	\$ 448,548
2023	292,092	42,816	232,428	74,232	1,194,732	310,692	1,719,252	427,740
2024	294,384	40,524	235,584	71,076	1,210,344	295,080	1,740,312	406,680
2025	296,688	38,220	238,788	67,872	1,226,172	279,252	1,761,648	385,344
2026	55,282	6,638	242,028	64,632	1,242,216	263,208	1,539,526	334,478
2027	-	-	245,316	61,344	1,258,452	246,972	1,503,768	308,316
2028	-	-	248,652	58,008	1,274,916	230,508	1,523,568	288,516
2029	-	-	252,036	54,624	1,291,584	213,840	1,543,620	268,464
2030	-	-	255,456	51,204	1,308,480	196,944	1,563,936	248,148
2031	-	-	258,924	47,736	1,325,592	179,832	1,584,516	227,568
2032	-	-	262,440	44,220	1,342,932	162,492	1,605,372	206,712
2033	-	-	266,004	40,656	1,360,488	144,936	1,626,492	185,592
2034	-	-	269,616	37,044	1,378,284	127,140	1,647,900	164,184
2035	-	-	273,276	33,384	1,396,308	109,116	1,669,584	142,500
2036	-	-	276,996	29,664	1,414,572	90,852	1,691,568	120,516
2037	-	-	280,752	25,908	1,433,064	72,360	1,713,816	98,268
2038	-	-	284,568	22,092	1,451,808	53,616	1,736,376	75,708
2039	-	-	288,432	18,228	1,470,792	34,632	1,759,224	52,860
2040	-	-	292,356	14,304	823,964	15,396	1,116,320	29,700
2041	-	-	296,328	10,332	-	-	296,328	10,332
2042	-	-	300,348	6,312	-	-	300,348	6,312
2043	-	-	304,317	2,400	-	-	304,317	2,400
Total	<u>\$ 1,228,270</u>	<u>\$ 173,282</u>	<u>\$ 5,833,965</u>	<u>\$ 912,612</u>	<u>\$ 24,584,000</u>	<u>\$ 3,352,992</u>	<u>\$31,646,235</u>	<u>\$ 4,438,886</u>

See auditor's report.

City of Springfield, Tennessee  
Schedule of Future Long-Term Debt Principal and Interest Requirements  
Jointly Issued Debt (Continued) (Unaudited)  
June 30, 2021

Fiscal Year Ended June 30,	Refunding Bonds 2012 \$9,255,000		GO Bonds 2013 \$11,225,000		US Bank \$607,253		GO Bonds 2014 \$18,485,000		Capital Outlay 2017 \$1,750,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 570,000	\$ 121,150	\$ 1,080,000	\$ 248,225	\$ 79,953	\$ 2,071	\$ 1,285,000	\$ 506,275	\$ 189,192	\$ 6,685
2023	-	-	-	-	-	-	-	-	194,868	3,488
Total	<u>\$ 570,000</u>	<u>\$ 121,150</u>	<u>\$ 1,080,000</u>	<u>\$ 248,225</u>	<u>\$ 79,953</u>	<u>\$ 2,071</u>	<u>\$ 1,285,000</u>	<u>\$ 506,275</u>	<u>\$ 384,060</u>	<u>\$ 10,174</u>

Fiscal Year Ended June 30,	GO Bonds 2016 \$6,030,000		Capital Outlay 2016 \$1,240,000		GO Bonds 2018 \$9,555,000		GO Bonds 2019 \$4,450,000		GO Bonds 2020 \$3,620,000	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 290,000	\$ 125,213	\$ 111,700	\$ 3,946	\$ 470,000	\$ 319,094	\$ 875,000	\$ 115,850	\$ 395,000	\$ 150,300
2023	295,000	119,413	113,900	1,992	415,000	295,594	680,000	84,750	425,000	130,550
2024	300,000	113,513	-	-	430,000	274,844	500,000	61,150	445,000	109,300
2025	305,000	107,513	-	-	395,000	253,344	530,000	40,550	435,000	87,050
2026	310,000	101,413	-	-	425,000	233,594	165,000	26,650	460,000	65,300
2027	320,000	95,213	-	-	445,000	220,844	175,000	19,850	450,000	42,300
2028	325,000	88,013	-	-	465,000	198,594	175,000	13,725	60,000	19,800
2029	335,000	80,700	-	-	450,000	175,344	185,000	8,325	60,000	18,000
2030	340,000	72,325	-	-	465,000	157,344	185,000	2,775	70,000	16,200
2031	350,000	63,825	-	-	485,000	138,744	-	-	70,000	14,800
2032	360,000	54,200	-	-	505,000	124,194	-	-	70,000	13,400
2033	370,000	44,300	-	-	520,000	109,044	-	-	70,000	12,000
2034	380,000	34,125	-	-	535,000	92,794	-	-	70,000	10,600
2035	390,000	22,725	-	-	545,000	76,075	-	-	75,000	9,200
2036	400,000	12,000	-	-	560,000	58,363	-	-	75,000	7,700
2037	-	-	-	-	585,000	40,163	-	-	75,000	6,200
2038	-	-	-	-	605,000	20,414	-	-	75,000	4,700
2039	-	-	-	-	-	-	-	-	80,000	3,200
2040	-	-	-	-	-	-	-	-	80,000	1,600
Total	<u>\$ 5,070,000</u>	<u>\$ 1,134,491</u>	<u>\$ 225,600</u>	<u>\$ 5,938</u>	<u>\$ 8,300,000</u>	<u>\$ 2,788,387</u>	<u>\$ 3,470,000</u>	<u>\$ 373,625</u>	<u>\$ 3,540,000</u>	<u>\$ 722,200</u>

See auditor's report.

City of Springfield, Tennessee  
Schedule of Future Long-Term Debt Principal and Interest Requirements  
Jointly Issued Debt (Continued) (Unaudited)  
June 30, 2021

Fiscal Year Ended June 30,	GO Bonds March 2021 \$26,675,000		GO Bonds June 2021 \$6,325,000		Total Joint Debt		Total Long-Term Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 285,000	\$ 382,574	\$ 395,000	\$ 163,818	6,025,845	2,145,201	8,235,901	2,606,251
2023	865,000	390,655	405,000	161,300	3,393,768	1,187,742	5,141,129	1,623,415
2024	2,100,000	382,005	425,000	145,100	4,200,000	1,085,912	6,091,637	1,497,651
2025	2,105,000	361,005	430,000	128,100	4,200,000	977,562	5,961,648	1,362,906
2026	2,125,000	339,955	390,000	110,900	3,875,000	877,812	5,414,526	1,212,290
2027	2,165,000	318,705	400,000	95,300	3,955,000	792,212	5,458,768	1,100,528
2028	2,190,000	292,725	280,000	83,300	3,495,000	696,157	5,018,568	984,673
2029	2,225,000	264,255	290,000	74,900	3,545,000	621,524	5,088,620	889,988
2030	1,605,000	233,105	295,000	66,200	2,960,000	547,949	4,523,936	796,097
2031	1,640,000	209,030	300,000	60,300	2,845,000	486,699	4,429,516	714,267
2032	1,675,000	182,790	245,000	54,300	2,855,000	428,884	4,460,372	635,596
2033	1,685,000	154,315	255,000	49,400	2,900,000	369,059	4,526,492	554,651
2034	945,000	123,143	260,000	44,300	2,190,000	304,962	3,837,900	469,146
2035	965,000	105,188	260,000	39,100	2,235,000	252,288	3,904,584	394,788
2036	990,000	85,888	265,000	33,900	2,290,000	197,851	3,981,568	318,367
2037	1,010,000	66,088	275,000	28,600	1,945,000	141,051	3,658,816	239,319
2038	1,035,000	44,625	280,000	23,100	1,995,000	92,839	3,731,376	168,547
2039	1,065,000	22,631	285,000	17,500	1,430,000	43,331	3,189,224	96,191
2040	-	-	290,000	11,800	370,000	13,400	1,486,320	43,100
2041	-	-	300,000	6,000	300,000	6,000	596,328	16,332
2042	-	-	-	-	-	-	300,348	6,312
2043	-	-	-	-	-	-	304,317	2,400
<b>Total</b>	<b>\$ 26,675,000</b>	<b>\$ 3,958,682</b>	<b>\$ 6,325,000</b>	<b>\$ 1,397,218</b>	<b>\$ 57,004,613</b>	<b>\$ 11,268,436</b>	<b>\$ 89,341,894</b>	<b>\$ 15,732,815</b>

See auditor's report.

City of Springfield, Tennessee  
 Utility Rates and Customers - Sewer Fund (Unaudited)  
 June 30, 2021

Consumption (Gallons)

	City Rate	County Rate		
<u>Residential</u>				
First 2,000	38.43 (minimum bill)	57.65 (minimum bill)		
2,001-5,000	12.19 per 1,000	18.28 per 1,000		
5,001-20,000	10.54 per 1,000	15.80 per 1,000		
20,001-100,000	8.96 per 1,000	13.43 per 1,000		
Over 100,000	7.31 per 1,000	10.97 per 1,000		
 <u>Commercial</u>				
	Small	Large	Small	Large
First 2,000	59.00 (minimum bill)	98.26	88.50 (minimum bill)	147.38
2,000-5,000	12.19 per 1,000	12.19	18.28 per 1,000	18.28
5,001-20,000	10.54 per 1,000	10.54	15.80 per 1,000	15.80
20,001-100,000	8.96 per 1,000	8.96	13.43 per 1,000	13.43
Over 100,000	7.31 per 1,000	7.31	10.97 per 1,000	10.97

Industrial

First 2,000	392.19 (minimum bill)	588.29 (minimum bill)
2,000-5,000	12.19 per 1,000	18.28 per 1,000
5,001-20,000	10.54 per 1,000	15.80 per 1,000
20,001-100,000	8.96 per 1,000	13.43 per 1,000
Over 100,000	7.31 per 1,000	10.97 per 1,000

Installation

6"-Service: \$800.00

All others are at actual costs.

Tap Fees

All connections: \$300.00

Number of Customers - 7,176

City of Springfield, Tennessee  
 Utility Rates and Customers – Gas Fund (Unaudited)  
 June 30, 2021

<u>Residential</u>	<u>City Rate</u>	<u>County Rate</u>
First 600 cubic feet	4.00 minimum	6.00 minimum
Over 600 cubic feet	0.5395 per 100 cubic feet	0.7575 per 100 cubic
 <u>Commerical service</u>		
First 600 cubic feet	5.00 minimum	7.50 minimum
Over 600 cubic feet	0.5865 per 100 cubic feet	0.8255 per 100 cubic
 <u>Large Commercial and Industrial</u>		
Schedule III	200.00 minimum	
	0.4675 per 100 cubic feet	
Schedule IV	200.00 minimum	
	0.4675 per 100 cubic feet	
Schedule V	200.00 minimum	
	0.4326 per 100 cubic feet	
Schedule VI	200.00 minimum	
	0.5865 per 100 cubic feet	
 Number of Customers- 8,973		

City of Springfield, Tennessee  
 Utility Rates and Customers – Electric Fund (Unaudited)  
 June 30, 2021

Residential

Customer Charge (minimum)	13.87
Energy Charge (per KWH)	0.09126

Commercial and Industrial

General Power Per Block	2.00
----------------------------	------

GSA 1 (Codes 40 and 45)

Customer Charge (minimum)	25.32
Energy Charge (per KWH)	0.09998

GSA 2 (Code 50) - Demand 51 - 1,000 KW

Customer Charge (minimum)	98.31
Demand 51- 1,000 KW	15.17
Energy Charge (per KWH)	
First 15,000 KWH	0.09985
Additional KWH	0.05987

GSA 3 (Code 54 & 55) - Demand 1,001-5,000 KW

Customer Charge (minimum)	250.00
Demand	
0-1,000 KW	14.45
1,001-5,000 KW	13.50
Energy Charge (per KWH)	0.06455

Code 5 VPI-MSB Part 2 - Demand 5,000-15,000 KWH

Customer Charge (minimum)	1,500.00
Admin Charge	350.00
Demand	
5,000-15,000 KW - On Peak	10.24
5,000-15,000 KW - Excess	3.09
Transition	0.07403

Outdoor Lighting

Customer Charge (minimum)	2.00
Energy Charge (per KWH)	0.07148

Number of Customers - 8,650

City of Springfield, Tennessee  
 Utility Rates and Customers – Water Fund (Unaudited)  
 June 30, 2021

Consumption (Gallons)

	<u>City Rate</u>		<u>County Rate</u>	
<u>Residential</u>				
First 2,000	21.08 (minimum bill)		31.61 (minimum bill)	
2,001-5,000	8.03 per 1,000		12.05 per 1,000	
5,001-20,000	6.85 per 1,000		10.27 per 1,000	
20,001-100,000	5.61 per 1,000		8.41 per 1,000	
Over 100,000	4.81 per 1,000		7.22 per 1,000	
<u>Commercial</u>				
	<u>Small</u>	<u>Large</u>	<u>Small</u>	<u>Large</u>
First 2,000	32.33 (minimum bill)	48.61	48.51 (minimum bill)	72.90
2,000-5,000	8.03 per 1,000	8.03	12.05 per 1,000	12.05
5,001-20,000	6.85 per 1,000	6.85	10.27 per 1,000	10.27
20,001-100,000	5.61 per 1,000	5.61	8.41 per 1,000	8.41
Over 100,000	4.81 per 1,000	4.81	7.22 per 1,000	7.22
<u>Industrial</u>				
First 2,000	74.33 (minimum bill)		111.50 (minimum bill)	
2,000-5,000	8.03 per 1,000		12.05 per 1,000	
5,001-20,000	6.85 per 1,000		10.27 per 1,000	
20,001-100,000	5.61 per 1,000		8.41 per 1,000	
Over 100,000	4.81 per 1,000		7.22 per 1,000	
<u>Other Sales</u>				
Pleasant View Utility	4.95 per 1,000			
East Montgomery Utility	4.95 per 1,000			
City of Greenbrier	4.95 per 1,000			
White House Utility	4.95 per 1,000			

Installation

3/4" - Service: \$700.00 short-side / \$900.00 long-side

Larger Service: \$1,000.00 short-side or \$1,250.00 long-side per inch diameter plus actual main extension costs

Tap Fees

All connections: \$300.00

Capacity Fees

Each new equivalent single family dwelling connection: \$750.00.

Fire Hydrant

6" Line: \$1,500.00

Sprinklers

6" Sprinkler (Unmetered): \$1,500.00 short-side / \$1,500.00 plus actual main extension costs for long-side

8" Sprinkler (Unmetered): \$2,000.00 short-side / \$2,000.00 plus actual main extension costs for long-side

Number of Customers- 13,371

City of Springfield, Tennessee  
AWWA Water Schedule (Unaudited)  
June 30, 2021

AWWA WATER SCHEDULE

AWWA

**Free Water Audit Software:**  
**Reporting Worksheet**

WAS v5.0  
American Water Works Association,  
Copyright © 2014. All Rights Reserved.

**Water Audit Report for:** City of Springfield Water Department (0000666)

**Reporting Year:** 2020-2021 7/2020 - 6/2021

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

---

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below

----- Enter grading in column 'E' and 'J' ----->

**WATER SUPPLIED**

Volume from own sources:	+	?	9	1,217.619	MG/Yr
Water imported:	+	?	10	840.050	MG/Yr
Water exported:	+	?	8	218.650	MG/Yr

**WATER SUPPLIED:** 1,809.008 MG/Yr

**Master Meter and Supply Error Adjustments**

+	?	9	2.14%	<input checked="" type="radio"/>	<input type="radio"/>	MG/Yr
+	?	10	0.22%	<input checked="" type="radio"/>	<input type="radio"/>	MG/Yr
+	?	9	-1.20%	<input checked="" type="radio"/>	<input type="radio"/>	MG/Yr

Enter negative % or value for under-registration  
Enter positive % or value for over-registration

---

**AUTHORIZED CONSUMPTION**

Billed metered:	+	?	9	1,120.320	MG/Yr
Billed unmetered:	+	?	n/a		MG/Yr
Unbilled metered:	+	?	5	50.7621	MG/Yr
Unbilled unmetered:	+	?		22.613	MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

**AUTHORIZED CONSUMPTION:** 1,193.695 MG/Yr

Click here:

for help using option buttons below

Pcnt: 1.25% Value:  MG/Yr

Use buttons to select percentage of water supplied OR value

Pcnt: 0.25% Value:  MG/Yr

2.54%   MG/Yr

0.25%   MG/Yr

---

**WATER LOSSES (Water Supplied - Authorized Consumption)** 615.313 MG/Yr

**Apparent Losses**

Unauthorized consumption:	+	?		4.523	MG/Yr
---------------------------	---	---	--	-------	-------

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	+	?	6	30.521	MG/Yr
Systematic data handling errors:	+	?		2.801	MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

**Apparent Losses:** 37.844 MG/Yr

Pcnt: 0.25% Value:  MG/Yr

2.54%   MG/Yr

0.25%   MG/Yr

---

**Real Losses (Current Annual Real Losses or CARL)**

Real Losses = Water Losses - Apparent Losses: 577.469 MG/Yr

**WATER LOSSES:** 615.313 MG/Yr

---

**NON-REVENUE WATER**

NON-REVENUE WATER: 688.688 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

---

**SYSTEM DATA**

Length of mains:	+	?	10	508.4	miles
Number of active AND inactive service connections:	+	?	8	13,497	
Service connection density:	?			27	conn./mile main

Are customer meters typically located at the curbside or property line? Yes

Average length of customer service line: 0 (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average operating pressure: 7 psi

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

---

**COST DATA**

Total annual cost of operating water system:	+	?	10	\$12,020,124	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+	?	9	\$13.47	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+	?	9	\$1,785.40	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

---

\*\*\* YOUR SCORE IS: 82 out of 100 \*\*\*

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

**PRIORITY AREAS FOR ATTENTION:**

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Unbilled metered

2: Customer metering inaccuracies

3: Unauthorized consumption

80

See auditor's report.



City of Springfield, Tennessee  
 AWWA Water Schedule (Continued) (Unaudited)  
 June 30, 2021

AWWA WATER SCHEDULE (Continued)

AWWA

**Free Water Audit Software:**  
**System Attributes and Performance Indicators**

WAS v5.0  
 American Water Works Association.  
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Water Audit Report for: City of Springfield Water Department (0000666)

Reporting Year: 2020-2021 7/2020 - 6/2021

\*\*\* YOUR WATER AUDIT DATA VALIDITY SCORE IS: 82 out of 100 \*\*\*

**System Attributes:**

	Apparent Losses:	37.844	MG/Yr
	+	577.469	MG/Yr
	=	615.313	MG/Yr
	<hr style="border: 0; border-top: 1px solid black; margin: 2px 0;"/>		
	? Unavoidable Annual Real Losses (UARL):	144.65	MG/Yr
	Annual cost of Apparent Losses:	\$509,759	
	Annual cost of Real Losses:	\$1,031,014	Valued at <b>Variable Production Cost</b>
			Return to Reporting Worksheet to change this assumption

**Performance Indicators:**

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	38.1%	
		Non-revenue water as percent by cost of operating system:	13.9%	Real Losses valued at Variable Production Cost
Operational Efficiency:	{	Apparent Losses per service connection per day:	7.68	gallons/connection/day
		Real Losses per service connection per day:	N/A	gallons/connection/day
		Real Losses per length of main per day*:	3,112.14	gallons/mile/day
		Real Losses per service connection per day per psi pressure:	N/A	gallons/connection/day/psi
		From Above, Real Losses = Current Annual Real Losses (CARL):	577.47	million gallons/year
		? Infrastructure Leakage Index (ILI) [CARL/UARL]:	3.99	

\* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

City of Springfield, Tennessee  
Other Supplementary Information (Unaudited)  
June 30, 2021

1. PROPERTY TAX RATES AND ASSESSMENT FOR THE LAST TEN YEARS

Year of Levy	Tax Rate Per \$100	Total Assessed Value
2020	1.072	436,849,562
2019	1.072	433,951,904
2018	1.072	429,223,566
2017	1.20	372,447,779
2016	1.20	387,604,093
2015	1.20	385,045,891
2014	1.20	377,147,404
2013	1.06	360,511,390
2012	0.89	358,915,003
2011	0.89	351,858,877
2010	0.83	356,612,901

2. CHANGES IN PROPERTY TAXES RECEIVABLE

Tax Year	Gross Property Taxes Receivable June 30, 2020	Property Tax Levied	Anticipated Current Year Levy	Collections/ Adjustments	Allowance for Uncollectibles	Net Property Taxes Receivable June 30, 2021
2021 (accrued)	\$ -	\$ -	\$ 4,639,371	\$ -	\$ -	\$ 4,639,371
2020	-	4,683,027	-	(4,581,641)	(45,971)	55,415
2019	162,687	-	-	(141,294)	(21,393)	-
2018	41,086	-	-	(19,068)	(22,018)	-
2017	21,712	-	-	(11,785)	(9,927)	-
2016	22,645	-	-	(11,690)	(10,955)	-
2015	9,069	-	-	(2,382)	(6,687)	-
2014	19,569	-	-	(10,586)	(8,983)	-
2013	26,355	-	-	(7,359)	(18,996)	-
2012	41,666	-	-	(12,077)	(29,589)	-
2011 & prior	29,596	-	-	(18,601)	(10,995)	-
Totals	<u>\$ 374,385</u>	<u>\$ 4,683,027</u>	<u>\$ 4,639,371</u>	<u>\$ (4,816,483)</u>	<u>\$ (185,514)</u>	<u>\$ 4,694,786</u>

Note: Delinquent property taxes for 2019 and prior years have been turned over to collections.

City of Springfield, Tennessee  
 Other Supplementary Information (Unaudited)  
 June 30, 2021

3. SCHEDULE OF TRANSFERS

<u>Transfers To</u>	<u>Transfers From</u>					
	<u>General</u>	<u>Water</u>	<u>Sewer</u>	<u>Electric</u>	<u>Gas</u>	<u>Total</u>
General Fund	\$ -	\$ 59,024	\$ 371,339	\$ 372,987	\$ 141,811	\$ 945,161
Capital Improvements	<u>10,000</u>	-	-	-	-	<u>10,000</u>
Total	<u>\$ 10,000</u>	<u>\$ 59,024</u>	<u>\$ 371,339</u>	<u>\$ 372,987</u>	<u>\$ 141,811</u>	<u>\$ 955,161</u>

City of Springfield, Tennessee  
Other Supplementary Information (Unaudited)  
June 30, 2021

4. SCHEDULE OF CHANGES IN LONG-TERM DEBT BY ISSUE

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding 7/1/2020	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2021
<b>Governmental Activities</b>									
<u>NOTES PAYABLE</u>									
<u>Payable through General Fund</u>									
Capital Outlay Note, Series 2012 (Farmers Bank)	680,000	4.87%	5/2/2012	5/4/2022	\$ 136,000	\$ -	\$ 68,000	\$ -	\$ 68,000
Capital Outlay Note, Series 2014-B (US Bank)	607,253	2.59%	5/15/2014	5/1/2022	30,514	-	15,191	-	15,323
Capital Outlay Note, Series 2015 (US Bank)	1,831,000	1.24-2.79%	6/25/2015	6/30/2021	86,684	-	86,684	-	-
Capital Outlay Note, Series 2016	1,240,000	1.75%	6/17/2016	6/1/2023	257,300	-	84,100	-	173,200
2017 CO Note Payable (Comm. Union)	1,750,000	1.24-1.79%	6/14/2017	6/14/2023	343,799	-	111,230	-	232,569
Total Notes Payable through General Fund					<u>\$ 854,297</u>	<u>\$ -</u>	<u>\$ 365,205</u>	<u>\$ -</u>	<u>\$ 489,092</u>
<u>CAPITAL LEASES</u>									
<u>Payable through General Fund</u>									
PNC Equipment Finance - Golf Carts	224,400	3.00%	3/17/2020	3/17/2024	\$ 219,094	\$ -	\$ 23,731	\$ -	\$ 195,363
PNC Equipment Finance - Food/Bev Cart	15,373	3.00%	3/17/2020	3/17/2024	14,495	-	3,617	-	10,878
Total Capital Leases Payable through General Fund					<u>\$ 233,589</u>	<u>\$ -</u>	<u>\$ 27,348</u>	<u>\$ -</u>	<u>\$ 206,241</u>
<u>BONDS PAYABLE</u>									
<u>Payable through General Fund</u>									
General Obligation Bond, Series 2010 (US Bank)	5,260,000	2-4%	12/16/2010	9/1/2026	\$ 190,332	\$ -	\$ 190,332	\$ -	\$ -
GO Refunding and Public Impv Bond, Series 2012 (US Bank)	9,255,000	2-3%	12/18/2012	6/30/2033	1,728,575	-	165,198	1,392,171	171,206
GO Public Improvements Bond, Series 2013 (US Bank)	11,225,000	2-4.50%	3/19/2013	6/30/2033	1,040,000	-	65,000	835,000	140,000
GO Public Improvements Bond, Series 2014 (US Bank)	18,485,000	2-5%	10/22/2014	6/30/2039	1,142,223	-	45,280	1,003,097	93,846
GO Public Improvements Bond, Series 2016 (US Bank)	6,030,000	2-3%	3/22/2016	6/30/2036	1,010,000	-	55,000	-	955,000
GO Public Improvements Bond, Series 2018 (US Bank)	7,785,000	3-5%	5/23/2018	6/30/2038	7,155,000	-	355,000	-	6,800,000
GO Public Improvements Bond, Series 2019 (US Bank)	4,450,000	3-4%	10/17/2019	6/30/2030	3,425,737	-	754,432	-	2,671,305
GO Public Improvements Bond, Series 2020 (US Bank)	3,620,000	2-5%	6/25/2020	6/30/2040	2,189,810	-	60,000	-	2,129,810
GO Public Improvements Bond, Series 2021 (US Bank)	6,325,000	2-4%	6/28/2021	6/1/2041	-	96,064	-	-	96,064
GO Public Improvement Refunding Bonds, Series 2021 (US Bank)	26,675,000	1-2.125%	3/11/2021	3/1/2039	-	3,422,114	-	-	3,422,114
Total Bonds Payable through General Fund					<u>\$ 17,881,677</u>	<u>\$ 3,518,178</u>	<u>\$ 1,690,242</u>	<u>\$ 3,230,268</u>	<u>\$ 16,479,345</u>

City of Springfield, Tennessee  
Other Supplementary Information (Unaudited)  
June 30, 2021

4. SCHEDULE OF CHANGES IN LONG-TERM DEBT BY ISSUE (Continued)

<u>Description of Indebtedness</u>	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Final Maturity Date</u>	<u>Outstanding 7/1/2020</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Refunded During Period</u>	<u>Outstanding 6/30/2021</u>
<b>Business-Type Activities</b>									
<u>NOTES PAYABLE</u>									
<u>Payable through Sanitation and Sewer Funds</u>									
Capital Outlay Note, Series 2014-B (US Bank)	\$ 607,253	2.59%	5/15/2014	5/1/2022	\$ 127,740	\$ -	\$ 63,110	\$ -	\$ 64,630
<u>Payable through Sanitation, Water, Sewer, and Electric Funds</u>									
Capital Outlay Note, Series 2015 (US Bank)	1,831,000	1.24-2.79%	6/25/2015	6/30/2021	103,316	-	103,316	-	-
Total Notes Payable					<u>\$ 231,056</u>	<u>\$ -</u>	<u>\$ 166,426</u>	<u>\$ -</u>	<u>\$ 64,630</u>
<u>OTHER LOANS PAYABLE</u>									
<u>Payable through Sewer Fund</u>									
TN State Funding Loan (SRF 16-360)	19,250,000	1.35%	9/23/2015	6/30/2043	\$ 6,060,213	\$ -	\$ 226,248	\$ -	\$ 5,833,965
TN State Funding Loan (SRF 19-422)	22,727,722	1.30%	2/8/2019	6/30/2038	22,727,722	2,730,754	874,476	-	24,584,000
TN State Funding Loan (SRF 20-447)	6,200,000	0.78%	7/20/2020	6/30/2040	-	1,228,270	-	-	1,228,270
<u>Payable through Electric Fund</u>									
TVA Conservation Loan					460,724	-	43,919	-	416,805
Total Other Loans Payable					<u>\$ 29,248,659</u>	<u>\$ 3,959,024</u>	<u>\$ 1,144,643</u>	<u>\$ -</u>	<u>\$ 32,063,040</u>

City of Springfield, Tennessee  
Other Supplementary Information (Unaudited)  
June 30, 2021

4. SCHEDULE OF CHANGES IN LONG-TERM DEBT BY ISSUE (Continued)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding 7/1/2020	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2021
<u>BONDS PAYABLE</u>									
<u>Payable through Sewer and Electric Funds</u>									
General Obligation and Tax bond, Series 2010 (US Bank)	\$ 5,260,000	2-4%	12/16/2010	9/1/2026	\$ 144,668	\$ -	\$ 144,668	\$ -	\$ -
<u>Payable through Storm Water Management, Water, and Sewer Funds</u>									
GO Refunding and Public Impv Bond, Series 2012 (US Bank)	9,255,000	2-3%	12/18/2012	6/30/2033	4,026,423	-	384,802	3,242,827	398,794
GO Public Improvement Refunding Bonds, Series 2021 (US Bank)	26,675,000	1-2.125%	3/11/2021	3/1/2039	-	23,252,886	-	-	23,252,886
<u>Payable through Water and Sewer Funds</u>									
GO Public Improvements Bond, Series 2013 (US Bank)	11,225,000	2-4.50%	3/19/2013	6/30/2033	7,105,001	-	445,001	5,720,000	940,000
GO Public Improvements Bond, Series 2014 (US Bank)	18,485,000	2-5%	10/22/2014	6/30/2039	14,497,777	-	574,721	12,731,903	1,191,153
<u>Payable through Water Fund</u>									
GO Public Improvements Bond, Series 2016 (US Bank)	6,030,000	2-3%	3/22/2016	6/30/2036	4,345,000	-	230,000	-	4,115,000
<u>Payable through Water, Sewer, and Electric Funds</u>									
Capital Outlay Note, Series 2016	1,240,000	1.75%	6/17/2016	6/1/2023	93,300	-	40,900	-	52,400
<u>Payable through Sanitation, Water, Sewer, and Electric Funds</u>									
2017 CO Note Payable (Comm. Union)	1,750,000	1.24-1.79%	6/14/2017	6/14/2023	396,552	-	245,061	-	151,491
<u>Payable through Sanitation, Storm Water Management, Water, Sewer, and Gas Funds</u>									
GO Public Improvements Bond, Series 2018 (US Bank)	1,770,000	3-5%	5/23/2018	6/30/2038	1,595,000	-	95,000	-	1,500,000
<u>Payable through Sanitation, Water, and Sewer Funds</u>									
GO Public Improvements Bond, Series 2019 (US Bank)	4,450,000	3-4%	10/17/2019	6/30/2030	1,024,263	-	225,567	-	798,696
<u>Payable through Sanitation, Water, Sewer, Electric, and Gas Funds</u>									
GO Public Improvements Bond, Series 2021 (US Bank)	6,325,000	2-4%	6/28/2021	6/1/2041	-	6,228,936	-	-	6,228,936
<u>Payable through Storm Water Management, Sewer, and Electric Funds</u>									
GO Public Improvements Bond, Series 2020 (US Bank)	3,620,000	2-5%	6/25/2020	6/30/2040	1,430,190	-	20,000	-	1,410,190
Total Bonds Payable					<u>\$ 34,658,174</u>	<u>\$ 29,481,822</u>	<u>\$ 2,405,720</u>	<u>\$ 21,694,730</u>	<u>\$ 40,039,546</u>

See auditor's report.



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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***

Honorable Mayor and Board of Aldermen  
City of Springfield  
Springfield, TN

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springfield, TN (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 29, 2021.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

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

## **Purpose of this Report**

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

*Thurman Campbell Group, PLC*

Clarksville, Tennessee  
December 29, 2021





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

Honorable Mayor and Board of Aldermen  
City of Springfield  
Springfield, Tennessee

**Report on Compliance for Each Major Federal Program**

We have audited the City of Springfield, TN's (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City 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 June 30, 2021.

## Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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.

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

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 purpose.

*Thurman Campbell Group, PLC*

Clarksville, Tennessee  
December 29, 2021

City of Springfield, Tennessee  
Schedule of Prior Year Findings and Responses  
June 30, 2021

There were no prior year findings reported.

City of Springfield, Tennessee  
Schedule of Findings and Questioned Costs  
June 30, 2021

A. SUMMARY OF AUDITOR’S RESULTS

1. The auditor’s report expresses an unmodified opinion on whether the financial statements of the City of Springfield, Tennessee were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements were reported in the 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.
3. No instances of noncompliance material to the financial statements of the City of Springfield, Tennessee which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over compliance relating to the major federal award programs were reported in the Independent Auditor’s Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance.
5. The auditor’s report on compliance for the major federal award programs for the City of Springfield, Tennessee expresses an unmodified opinion on all major federal programs.
6. The audit disclosed no audit findings which are required to be reported under 2 CFR section 200.516(a).
7. The programs tested as major were United States Department of Treasury, Coronavirus Relief Fund, CFDA 21.019; and United States Environmental Protection Agency/Tennessee Department of Environment and Conservation, Capitalization Grants for Clean Water State Revolving Fund, CFDA 66.458.
8. The dollar threshold used for distinguishing between Type A and Type B programs was \$750,000.
9. The City of Springfield, Tennessee did not qualify as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

There are no findings.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

There are no findings.