

CITY OF SPRINGFIELD, TENNESSEE
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2022

City of Springfield, Tennessee
Table of Contents
June 30, 2022

Introductory Section

General Information and Roster of Public Officials (Unaudited)	3
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Financial Section

Independent Auditor’s Report	4
Management’s Discussion and Analysis (Unaudited)	7
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet – Governmental Funds	18
Reconciliation of Balance Sheet – Governmental Funds to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds to the Statement of Activities	21
Statement of Net Position – Proprietary Funds	22
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds	24
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual-General	26
Notes to the Financial Statements	30

Required Supplementary Information

Pension Plan Information (Unaudited)	59
Other Post-Employment Benefits (OPEB) (Unaudited)	61

Supplementary Information

Combining Statements:	
Non-Major Governmental Funds:	
Combining Balance Sheet	62
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	63
Non-Major Proprietary Funds:	
Combining Statement of Net Position	64
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	65
Combining Statement of Cash Flows	66
Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual:	
Special Revenue Funds	68
Capital Improvement Fund	69
Schedule of Expenditures of Federal and State Awards	70
Other Supplementary Information (Unaudited):	
Schedule of Lease Obligations, Principal, and Interest Requirements	71
Schedule of Future Long-Term Debt, Principal, and Interest Requirements	71
Schedule of Utility Rate Structure and Numbers of Customers	75
Schedule of Property Tax Rates and Assessments – Prior 10 Years	79
Schedule of Changes in Property Tax Receivable	79
Schedule of Transfers	80
Schedule of Changes in Lease Obligations	81
Schedule of Changes in Long-Term Debt by Individual Issue	81

Internal Control and Compliance Section

Yellow Book Report	84
Single Audit Report	86
Schedule of Prior Year Findings and Responses	88
Schedule of Findings and Questioned Costs	89

City of Springfield, Tennessee
General Information and Roster of City Officials (Unaudited)
June 30, 2022

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 18,782 according to the 2020 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 Audit of the Financial Statements

Opinions

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, Tennessee (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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 59–61 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary comparison information – special revenue funds and capital improvements fund and schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison information – special revenue funds and capital improvements fund and 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.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2022, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Thurman Campbell Group, PLC

Clarksville, TN
December 20, 2022

City of Springfield, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2022

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, 2022. 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 \$189,237,225 (net position). Of this amount, \$50,444,190 (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 \$24,698,351, an increase of 17.5% in comparison with the prior year. Approximately 55.8% of this total amount, \$13,789,849, 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 \$13,789,849 or 76.8% of total general fund expenditures.

The City of Springfield's total debt decreased during the current fiscal year by \$3,619,692.

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, 2022

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 proprietary 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 58 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 59 through 61 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 62 through 67 of this report.

City of Springfield, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2022

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 \$189,237,225 at the close of the most recent fiscal year.

By far the largest portion of the City of Springfield's net position (66.2%) 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 26,147	\$ 20,235	\$ 52,152	\$ 49,496	\$ 78,299	\$ 69,731
Capital assets	49,428	49,521	149,868	144,608	199,296	194,129
Other non-current assets	11,237	8,144	12,663	8,908	23,900	17,052
Total assets	86,812	77,900	214,683	203,012	301,495	280,912
Deferred outflows of resources	2,694	1,377	2,175	1,012	4,869	2,389
Current liabilities	3,214	3,607	15,493	13,930	18,707	17,537
Long term liabilities	15,459	17,375	67,803	67,870	83,262	85,245
Total liabilities	18,673	20,982	83,296	81,800	101,969	102,782
Deferred inflows of resources	10,067	5,761	5,091	1,561	15,158	7,322
Net position:						
Net investment in capital assets	40,224	38,193	85,141	78,082	125,365	116,275
Restricted	6,680	3,172	6,748	4,286	13,428	7,458
Unrestricted	13,862	11,169	36,582	38,295	50,444	49,464
Total net position	\$ 60,766	\$ 52,534	\$ 128,471	\$ 120,663	\$ 189,237	\$ 173,197

A portion of the City's net position (7.1%) 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 \$16,039,914 during the current fiscal year.

The following is a summary of financial activities for the City during the fiscal year ended June 30, 2022:

City of Springfield, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2022

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

	Governmental activities		Business type activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues						
Charges for services	\$ 2,070	\$ 1,807	\$ 60,815	\$ 54,135	\$ 62,885	\$ 55,942
Operating grants and contributions	818	856	-	-	818	856
Capital grants and contributions	630	628	2,302	2,581	2,932	3,209
General revenues:						
Property taxes	5,217	4,973	-	-	5,217	4,973
Other taxes	11,958	10,824	-	-	11,958	10,824
Others	1,016	426	(154)	130	862	556
Total revenue	<u>21,709</u>	<u>19,514</u>	<u>62,963</u>	<u>56,846</u>	<u>84,672</u>	<u>76,360</u>
Expenses:						
General government	1,558	1,784	-	-	1,558	1,784
Community development	389	451	-	-	389	451
Public safety	6,604	7,278	-	-	6,604	7,278
Highways and streets	2,543	2,571	-	-	2,543	2,571
Culture and recreation	2,833	2,590	-	-	2,833	2,590
Cemeteries	129	131	-	-	129	131
Tourism	11	-	-	-	11	-
Bond issuance cost	-	36	-	-	-	36
Interest on long term debt	394	702	-	-	394	702
Electric	-	-	27,975	25,084	27,975	25,084
Gas	-	-	10,716	7,256	10,716	7,256
Sewer	-	-	5,028	6,459	5,028	6,459
Water	-	-	9,079	8,796	9,079	8,796
Other business type activities	-	-	1,373	1,290	1,373	1,290
Total functions/programs	<u>14,461</u>	<u>15,543</u>	<u>54,171</u>	<u>48,885</u>	<u>68,632</u>	<u>64,428</u>
Excess (deficiency)	7,248	3,971	8,792	7,961	16,040	11,932
Transfers	984	945	(984)	(945)	-	-
Change in net position	<u>8,232</u>	<u>4,916</u>	<u>7,808</u>	<u>7,016</u>	<u>16,040</u>	<u>11,932</u>
Beginning 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>
Ending net position	<u>\$ 60,766</u>	<u>\$ 52,534</u>	<u>\$ 128,471</u>	<u>\$ 120,663</u>	<u>\$ 189,237</u>	<u>\$ 173,197</u>

City of Springfield, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2022

Governmental activities – Current period governmental activities increased the City of Springfield's net position by \$8,232,422. In the prior year, governmental activities increased net position by \$4,916,251.

Business-type activities – Current period business-type activities increased the City of Springfield's net position by \$7,807,492. In the prior year, business-type activities increased net position by \$7,016,051.

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 \$24,698,351, an increase of \$3,680,290 in comparison with the prior year. Approximately 55.8% of this total amount (\$13,789,849) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is non-spendable (\$63,690), restricted (\$9,028,051), committed (\$1,000,000), or assigned (\$816,761). 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, \$50,967 is made up of amounts spent on inventory and \$12,723 on 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, \$1,984,309 is the State Street Aid fund balance and is restricted for road projects. \$74,524 is the Drug Fund balance and is restricted to drug enforcement activities. \$44,450 is the Forfeited Property Fund balance and is restricted to law enforcement activities. \$132,985 is the Tourism Fund balance and is restricted to be used solely for the promotion of tourism and tourism development within the City of Springfield. \$6,749,979 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 of \$816,761 is related to borrowings and funds committed to specific projects in process.

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 \$13,789,849 while total fund balance was \$14,390,319. 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 76.8% of total general fund expenditures, while total fund balance represents 80.1% of that same amount. The fund balance of the City of Springfield's general fund increased by \$2,760,814 as a result of the current fiscal year operations.

The capital projects fund has a total fund balance of \$7,531,764. 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 increased by \$475,307 as a result of current year operations.

Non-major (other) governmental funds have a fund balance of \$2,236,268. The net increase in non-major governmental fund balance during the current year was \$444,166.

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 \$35,983,083. The total increase in net position for all proprietary funds in total was \$7,208,787.

Other fund types - The net position of the City of Springfield's internal service fund at the end of the current fiscal year is \$2,064,500. These funds are to be used for the city's self-insured health insurance plan.

City of Springfield, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2022

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, 2022, amounts to \$199,296,553 (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 \$5,167,070 from the prior year. Governmental capital assets (net of accumulated depreciation) decreased by \$93,084. Business-type capital assets (net of accumulated depreciation) increased by \$5,260,154. Both business and governmental capital assets were purchased during the fiscal year ended June 30, 2022. Major capital asset increases during the current fiscal year included the following:

Governmental Activities

- * Police Department purchased 3 patrol vehicles, a blackbox recorder and a stalker trailer.
- * Ballistic shields, tactical gear and body cameras were purchased for the Police Department.
- * Fire gear and equipment were purchased for the Fire Department including 7 sets of structural firefighting gear.
- * A brush truck with skid unit was purchased for the Fire Department.
- * Upgrades were made to the Tornado warning siren.
- * A utility tractor was purchased for Parks Department and a mower was purchased for the Cemetery.
- * A basketball court and sand volleyball court were added at Travis Price Park and improvements were made to the front parking lot.
- * The playground, walking trail and multi-use fields of Phase III Improvements at MLK, Jr. Park were completed.
- * A utility tractor with loader attachment and utility vehicle were purchased for The Legacy Golf Course.
- * Range netting was replaced at the driving range, repairs were made to the storm drains, and parking lot was resealed 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.
- * Public Works repaved multiple streets throughout the city.
- * Signal modifications were made at Central Avenue and 5th Avenue.
- * An auger attachment was purchased for Public Works Street Department.
- * Maintenance of the greenway was performed and trees were planted along William A. Batson Boulevard.

City of Springfield, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2022

Business-Type Activities

- * The rehabilitation of the sanitary sewer collection system 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.
- * Engineering and design for the new Wastewater Treatment plant began.
- * The replacement of old water meters continued and new services were installed throughout the water system.
- * Planning and design continued on the William A. Batson Boulevard Water Main Extension and the Greenbrier Water Pump Station Replacement projects.
- * Work continued on the high service pump upgrades at the Water Treatment Plant.
- * The East Hillcrest Pump Station Upgrade project began.
- * Engineering and design phase for the Hwy 257 water line replacement began.
- * A mini-excavator and road tractor were purchased for the Water/Wastewater Department.
- * A pinpoint locator GPR cart was purchased for the Water Department.
- * A utility tractor was purchased for use at the Wastewater Treatment Plant.
- * Demolition and asbestos remediation of a Water/Wastewater building was completed.
- * The relocation project on Industrial Drive was completed.
- * The 2021 Natural Gas Main Extension project was completed. 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 replacement of gas meters continued and 250 new services were installed.
- * The Gas Department purchased line locators, telemetry systems, and leak detection equipment.
- * A pneumatic boring mole, a directional boring machine tracker beacon, and pipe fusing equipment were purchased for the Gas Department.
- * The Gas Department purchased two 1-ton crew cab pickup trucks and one ½-ton crew cab pickup truck.
- * Gas residential and industrial meters, regulators, and volume correctors were purchased.
- * Building improvements continued at the Gas Department including bathroom renovations and parking lot paving and resealing.
- * GIS software was updated for the Gas Department.
- * Electric Department continued retrofitting street lights with LED bulbs.
- * The Electric transformer at the Wartrace Substation was replaced.
- * 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.
- * The incinerator project was completed by the Sanitation Department.

City of Springfield, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2022

CITY OF SPRINGFIELD'S Capital Assets (in thousands)

	Governmental activities		Business-type activities		Total	
	2022	2021	2022	2021	2022	2021
Capital assets not depreciated						
Land	\$ 3,023	\$ 3,023	\$ 3,143	\$ 2,690	\$ 6,166	\$ 5,713
Construction in progress	3,851	3,714	4,513	28,419	8,364	32,133
Total capital assets not depreciated	6,874	6,737	7,656	31,109	14,530	37,846
Capital assets depreciated						
Buildings	13,281	13,240	213,200	181,099	226,481	194,339
Machinery and equipment	16,306	15,999	12,384	12,258	28,690	28,257
Infrastructure	44,509	43,125	-	-	44,509	43,125
Total	74,096	72,364	225,584	193,357	299,680	265,721
Less accumulated depreciation	(31,542)	(29,580)	(83,372)	(79,858)	(114,914)	(109,438)
Net capital assets depreciated	42,554	42,784	142,212	113,499	184,766	156,283
Net capital assets	\$ 49,428	\$ 49,521	\$ 149,868	\$ 144,608	\$ 199,296	\$ 194,129

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 \$90,007,044. 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	
	2022	2021	2022	2021	2022	2021
Bonds and notes payable						
Bonds and notes payable	\$ 15,001	\$ 16,969	\$ 71,203	\$ 72,167	\$ 86,204	\$ 89,136
Add: Premium on bonds	815	917	810	901	1,625	1,818
Leases Payable	181	206	-	-	181	206
Total bonds and notes payable	15,997	18,092	72,013	73,068	88,010	91,160
Other long-term liabilities						
Compensated absences	475	452	296	279	771	731
OPEB	745	1,057	481	679	1,226	1,736
Total long-term debt	\$ 17,217	\$ 19,601	\$ 72,790	\$ 74,026	\$ 90,007	\$ 93,627

The City of Springfield's total debt decreased by \$3,619,692 (3.9%) 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, 2022

Economic Factors and Next Year's Budget and Rates

The average unemployment rate for the Robertson County area was 2.74% for the current fiscal year. This compares to the average state unemployment rate for the same period of 3.54%. The prior year rate for the Robertson County area was 4.88%.

Inflationary trends in the region are comparable to national indices.

Housing starts for this fiscal year were 160 single family homes as compared to 158 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 increased during fiscal year 2022. Interest rates during the year averaged 0.21% as compared to .14% in fiscal year 2021.

During the current fiscal year, unassigned fund balance in the general fund rose to \$13,789,849 (an increase of \$2,980,963 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 2023.

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, 2022

	Primary Government		Total
	Governmental Activities	Business-Type Activities	
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 19,110,439	\$ 43,101,817	\$ 62,212,256
Receivables, Net	7,982,138	5,898,734	13,880,872
Internal Balances	(1,009,286)	1,009,286	-
Inventory	50,967	1,203,098	1,254,065
Prepaid Expenses	12,723	939,091	951,814
Total Current Assets	<u>26,146,981</u>	<u>52,152,026</u>	<u>78,299,007</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	6,793,375	8,231,021	15,024,396
Net Pension Asset	4,443,475	4,431,832	8,875,307
Land and Construction in Progress	6,873,299	7,656,320	14,529,619
Other Capital Assets, Net of Depreciation	42,554,702	142,212,232	184,766,934
Total Noncurrent Assets	<u>60,664,851</u>	<u>162,531,405</u>	<u>223,196,256</u>
Total Assets	<u>86,811,832</u>	<u>214,683,431</u>	<u>301,495,263</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	<u>2,694,149</u>	<u>2,174,889</u>	<u>4,869,038</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	1,392,789	9,581,898	10,974,687
Unearned Revenue	62,760	-	62,760
Current Portion - Compensated Absences	94,977	59,140	154,117
Current Portion - Notes and Bonds Payable	1,663,257	4,927,881	6,591,138
Customer Deposits	-	924,570	924,570
Total Current Liabilities	<u>3,213,783</u>	<u>15,493,489</u>	<u>18,707,272</u>
Noncurrent Liabilities:			
OPEB Liability	744,878	481,297	1,226,175
Compensated Absences	379,906	236,560	616,466
Notes and Bonds Payable	14,334,006	67,085,141	81,419,147
Total Noncurrent Liabilities	<u>15,458,790</u>	<u>67,802,998</u>	<u>83,261,788</u>
Total Liabilities	<u>18,672,573</u>	<u>83,296,487</u>	<u>101,969,060</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	3,924,155	3,942,541	7,866,696
Deferred Inflows Related to OPEB	602,067	393,145	995,212
Deferred Inflows Related to Bond Refunding	215,137	755,180	970,317
Property Taxes Levied for Subsequent Year	5,325,791	-	5,325,791
Total Deferred Inflows of Resources	<u>10,067,150</u>	<u>5,090,866</u>	<u>15,158,016</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	40,224,113	85,140,969	125,365,082
Restricted For:			
Drug Fund	74,524	-	74,524
Tourism Fund	132,985	-	132,985
State Street Aid	1,984,309	-	1,984,309
Forfeited Property	44,450	-	44,450
Debt Service	-	945,582	945,582
Sanitation Services	-	1,655,086	1,655,086
Other Purposes	4,443,475	4,147,542	8,591,017
Unrestricted	<u>13,862,402</u>	<u>36,581,788</u>	<u>50,444,190</u>
Total Net Position	<u>\$ 60,766,258</u>	<u>\$ 128,470,967</u>	<u>\$ 189,237,225</u>

City of Springfield, Tennessee
Statement of Activities
For the Year Ended June 30, 2022

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
Governmental Activities							
General Government	\$ 1,558,140	\$ 405,882	\$ 23,166	\$ -	\$ (1,129,092)	\$ -	\$ (1,129,092)
Community Development	389,396	-	-	-	(389,396)	-	(389,396)
Public Safety	6,604,031	43,711	-	941	(6,559,379)	-	(6,559,379)
Highways and Streets	2,543,305	-	650,511	629,656	(1,263,138)	-	(1,263,138)
Culture and Recreation	2,832,420	1,580,041	-	-	(1,252,379)	-	(1,252,379)
Cemeteries	129,392	40,073	-	-	(89,319)	-	(89,319)
Tourism	11,124	-	144,034	-	132,910	-	132,910
Interest on Long-term Debt	393,474	-	-	-	(393,474)	-	(393,474)
Total Governmental Activities	14,461,282	2,069,707	817,711	630,597	(10,943,267)	-	(10,943,267)
Business-Type Activities							
Electric	27,975,439	29,381,550	-	850	-	1,406,961	1,406,961
Gas	10,716,052	10,548,444	-	-	-	(167,608)	(167,608)
Sewer	5,027,669	8,285,450	-	1,360,585	-	4,618,366	4,618,366
Water	9,079,635	10,820,497	-	927,660	-	2,668,522	2,668,522
Other Business-type Activities	1,373,506	1,778,954	-	13,082	-	418,530	418,530
Total Functions/Programs	54,172,301	60,814,895	-	2,302,177	-	8,944,771	8,944,771
Total Primary Government	\$ 68,633,583	\$ 62,884,602	\$ 817,711	\$ 2,932,774	(10,943,267)	8,944,771	(1,998,496)
General Revenues							
Property Taxes					5,217,555	-	5,217,555
Payment in Lieu of Tax - TVA					195,008	-	195,008
Payment in Lieu of Tax - Housing Authority					18,871	-	18,871
Income and Excise Taxes					85,284	-	85,284
Sales Tax					9,966,333	-	9,966,333
Alcoholic Beverage Taxes					871,391	-	871,391
Business Taxes					572,662	-	572,662
Miscellaneous Taxes					248,683	-	248,683
Investment Earnings					21,424	76,992	98,416
Gain (Loss) on Disposition of Assets					652,569	(230,755)	421,814
Miscellaneous					342,393	-	342,393
Transfers					983,516	(983,516)	-
Total General Revenues and Transfers					19,175,689	(1,137,279)	18,038,410
Change in Net Position					8,232,422	7,807,492	16,039,914
Beginning Net Position					52,533,836	120,663,475	173,197,311
Ending Net Position					\$ 60,766,258	\$ 128,470,967	\$ 189,237,225

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

City of Springfield, Tennessee
Balance Sheet – Governmental Funds
June 30, 2022

	General Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 14,021,218	\$ 788,049	\$ 2,183,091	\$ 16,992,358
Receivables, Net:				
Property Taxes	5,397,578	-	-	5,397,578
Intergovernmental	2,128,777	-	113,804	2,242,581
Other	174,610	-	33,151	207,761
Due From Other Funds	101,605	23,150	15,145	139,900
Inventory	50,967	-	-	50,967
Restricted Cash and Cash Equivalents	41,804	6,749,979	1,592	6,793,375
Prepaid Expenses	12,723	-	-	12,723
Total Assets	<u>\$ 21,929,282</u>	<u>\$ 7,561,178</u>	<u>\$ 2,346,783</u>	<u>\$ 31,837,243</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 561,106	\$ 29,414	\$ 55,901	\$ 646,421
Accrued Liabilities	345,836	-	-	345,836
Intergovernmental Payables	24,234	-	-	24,234
Due To Other Funds	613,082	-	54,614	667,696
Unearned Revenue	62,760	-	-	62,760
Total Liabilities	<u>1,607,018</u>	<u>29,414</u>	<u>110,515</u>	<u>1,746,947</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenues-Property Taxes	66,154	-	-	66,154
Property Taxes Levied for Subsequent Year	5,325,791	-	-	5,325,791
Total Deferred Inflows of Resources	<u>5,391,945</u>	<u>-</u>	<u>-</u>	<u>5,391,945</u>
<u>FUND BALANCES</u>				
Non-Spendable	63,690	-	-	63,690
Restricted	41,804	6,749,979	2,236,268	9,028,051
Committed	1,000,000	-	-	1,000,000
Assigned	34,976	781,785	-	816,761
Unassigned	13,789,849	-	-	13,789,849
Total Fund Balances	<u>14,930,319</u>	<u>7,531,764</u>	<u>2,236,268</u>	<u>24,698,351</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 21,929,282</u>	<u>\$ 7,561,178</u>	<u>\$ 2,346,783</u>	<u>\$ 31,837,243</u>

City of Springfield, Tennessee
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2022

Total fund balances of governmental funds	\$	24,698,351
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		
Construction-in-progress		3,850,672
Capital assets		77,118,838
Accumulated depreciation		(31,541,509)
<p>Property taxes not collected within 60 days subsequent to the fiscal year end are unavailable in the governmental funds.</p>		
		66,154
<p>Internal service funds are used by management to charge the costs of certain activities, such as health, dental and vision insurance, to individual funds. The assets and liabilities of certain internal service funds are not included in the governmental activities in the statement of net position.</p>		
		1,465,795
<p>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.</p>		
Accrued compensated absences		(474,882)
OPEB liability		(744,878)
Deferred inflows related to OPEB		(602,067)
Bond premium		(814,668)
Bonds and notes payable		(15,182,595)
Net pension asset (liability)		4,443,475
Deferred outflows related to pensions		2,694,149
Deferred inflows related to pensions		(3,924,155)
Deferred inflows related to bond refundings		(215,137)
<p>Accrued interest payable is reported in government wide, but not governmental activities.</p>		
Accrued interest		(71,285)
Net position of governmental activities	\$	60,766,258

City of Springfield, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

	General Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes	\$ 14,626,432	\$ -	\$ -	\$ 14,626,432
License and Permits	295,418	-	-	295,418
Fines and Forfeitures	110,464	-	36,811	147,275
Intergovernmental Revenues	2,551,823	125,000	650,511	3,327,334
Charges for Services	1,627,014	-	-	1,627,014
Tourism - Hotel/Motel Local Taxes	-	-	144,034	144,034
Investment Income	1,375	15,970	4,079	21,424
Rental Income	150,857	-	-	150,857
Miscellaneous Revenues	191,536	25,173	-	216,709
Total Revenues	<u>19,554,919</u>	<u>166,143</u>	<u>835,435</u>	<u>20,556,497</u>
<u>EXPENDITURES</u>				
Current:				
General Government	1,966,359	-	-	1,966,359
Community Development	430,686	-	-	430,686
Public Safety	7,437,830	-	-	7,437,830
Highways and Streets	1,939,520	-	-	1,939,520
Cemeteries	134,235	-	-	134,235
Culture and Recreation	2,504,766	-	-	2,504,766
Drug Fund	-	-	15,491	15,491
Tourism Fund	-	-	11,124	11,124
Debt Service:				
Principal	1,992,083	-	-	1,992,083
Interest	546,879	-	-	546,879
Capital Outlay	1,010,462	158,202	364,654	1,533,318
Total Expenditures	<u>17,962,820</u>	<u>158,202</u>	<u>391,269</u>	<u>18,512,291</u>
Revenues Over (Under) Expenditures	<u>1,592,099</u>	<u>7,941</u>	<u>444,166</u>	<u>2,044,206</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	(44,000)	-	-	(44,000)
Transfers In	983,516	44,000	-	1,027,516
Sale of Capital Assets	229,202	423,366	-	652,568
Total Other Financing Sources (Uses)	<u>1,168,718</u>	<u>467,366</u>	<u>-</u>	<u>1,636,084</u>
Net Changes in Fund Balances	2,760,817	475,307	444,166	3,680,290
Beginning Fund Balance	12,169,502	7,056,457	1,792,102	21,018,061
Ending Fund Balance	<u>\$ 14,930,319</u>	<u>\$ 7,531,764</u>	<u>\$ 2,236,268</u>	<u>\$ 24,698,351</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, 2022

Net change in fund balances - total governmental funds	\$	3,680,290
<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		1,421,451
Contribution of infrastructure assets		479,483
Depreciation expense		(1,994,017)
<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 principal repayments including refunding bonds		1,992,083
<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		21,639
<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>		
Amortization of bond premiums/discounts		140,461
<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>		
		967,344
<p>Internal service funds are used by management to charge the costs of certain activities, such as health, dental and vision insurance, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.</p>		
		1,465,795
<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		(22,620)
(Increase) Decrease in OPEB liability/Deferred Inflows OPEB		67,568
(Increase) Decrease in accrued interest		12,944
Change in net position of governmental activities	\$	8,232,422

City of Springfield, Tennessee
Statement of Net Position - Proprietary Funds
June 30, 2022

	Electric Fund	Gas Fund	Sewer Fund	Water Fund	Non-Major Funds	Total Proprietary Funds	Govt. Activities-Internal Service Fund
ASSETS							
Current Assets:							
Cash and Cash Equivalents	\$ 8,452,313	\$ 5,125,042	\$ 8,963,363	\$ 17,417,031	\$ 3,144,068	\$ 43,101,817	\$ 2,118,081
Receivables (Net of Uncollectibles)	3,447,145	552,173	765,278	973,469	160,669	5,898,734	134,218
Due From Other Funds	275,936	62,431	58,675	80,752	70,169	547,963	117,214
Prepaid Expenses	-	909,091	12,000	18,000	-	939,091	-
Inventory	601,241	173,611	64,439	363,807	-	1,203,098	-
Total Current Assets	12,776,635	6,822,348	9,863,755	18,853,059	3,374,906	51,690,703	2,369,513
Noncurrent Assets:							
Restricted Cash and Cash Equivalents	3,516,121	483,661	2,877,163	1,029,245	324,831	8,231,021	-
Net Pension Asset (Liability)	1,100,930	985,775	758,140	1,268,069	318,918	4,431,832	-
Assets Not Depreciated	1,913,965	582,141	1,839,535	2,863,712	456,967	7,656,320	-
Assets Net of Accumulated Depreciation	16,441,088	17,332,207	78,163,587	27,177,512	3,097,838	142,212,232	-
Total Noncurrent Assets	22,972,104	19,383,784	83,638,425	32,338,538	4,198,554	162,531,405	-
Total Assets	35,748,739	26,206,132	93,502,180	51,191,597	7,573,460	214,222,108	2,369,513
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Outflows Related to Pensions	551,471	499,888	383,395	553,828	186,307	2,174,889	-
LIABILITIES							
Current Liabilities:							
Accounts Payable	4,979,881	978,797	635,574	577,794	33,703	7,205,749	-
Accrued and Other Liabilities	142,934	61,348	1,979,846	163,906	28,115	2,376,149	305,013
Compensated Absences-Current	14,620	10,483	16,010	15,865	2,162	59,140	-
Bonds and Notes Payable-Current	728,700	108,000	3,354,615	533,952	202,614	4,927,881	-
Due To Other Funds	60,955	18,742	12,008	20,190	25,487	137,382	-
Customer Deposits	386,955	203,055	144,955	189,605	-	924,570	-
Total Current Liabilities	6,314,045	1,380,425	6,143,008	1,501,312	292,081	15,630,871	305,013
Noncurrent Liabilities:							
OPEB Liability	86,814	118,587	96,150	125,047	54,699	481,297	-
Compensated Absences-Noncurrent	58,479	41,932	64,042	63,461	8,646	236,560	-
Notes and Bonds Payable-Noncurrent	4,845,245	1,233,720	51,347,857	7,515,221	2,143,098	67,085,141	-
Total Noncurrent Liabilities	4,990,538	1,394,239	51,508,049	7,703,729	2,206,443	67,802,998	-
Total Liabilities	11,304,583	2,774,664	57,651,057	9,205,041	2,498,524	83,433,869	305,013
DEFERRED INFLOWS OF RESOURCES							
Deferred Inflows Related to Pensions	980,697	890,440	666,621	1,097,518	307,265	3,942,541	-
Deferred Inflows Related to OPEB	75,416	92,017	84,873	99,162	41,677	393,145	-
Deferred Inflows Related to Bond Refunding	5,810	-	588,640	139,166	21,564	755,180	-
Total Deferred Inflows of Resources	1,061,923	982,457	1,340,134	1,335,846	370,506	5,090,866	-
NET POSITION							
Net Investment in Capital Assets	16,062,541	16,617,310	28,177,813	22,976,536	1,306,769	85,140,969	-
Restricted	1,335,618	1,424,754	758,140	1,312,829	1,916,869	6,748,210	-
Unrestricted	6,535,545	4,906,835	5,958,431	16,915,173	1,667,099	35,983,083	2,064,500
Total Net Position	\$ 23,933,704	\$ 22,948,899	\$ 34,894,384	\$ 41,204,538	\$ 4,890,737	\$ 127,872,262	\$ 2,064,500
Some amounts reported for business-type activities in the statement of net position are different because-						598,705	
-certain internal service fund assets and liabilities are included with business-type activities.							
Net Position of Business-Type Activities						\$ 128,470,967	

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, 2022

	Electric Fund	Gas Fund	Sewer Fund	Water Fund	Non-Major Funds	Total Proprietary Funds	Govt. Activities-Internal Service Fund
<u>OPERATING REVENUES</u>							
Charges for Services	\$ 28,971,895	\$ 10,369,709	\$ 8,048,436	\$ 10,250,137	\$ 1,758,762	\$ 59,398,939	\$ 5,492,493
Other Operating Revenue	409,655	178,735	237,014	570,360	20,192	1,415,956	-
Total Operating Revenues	<u>29,381,550</u>	<u>10,548,444</u>	<u>8,285,450</u>	<u>10,820,497</u>	<u>1,778,954</u>	<u>60,814,895</u>	<u>5,492,493</u>
<u>OPERATING EXPENSES</u>							
Costs of Sales and Services	24,496,615	9,129,185	2,129,759	6,741,901	1,170,553	43,668,013	3,427,993
Administration	2,446,269	1,025,674	267,193	999,840	-	4,738,976	-
Depreciation	1,046,478	698,157	1,966,614	1,311,379	208,260	5,230,888	-
Total Operating Expenses	<u>27,989,362</u>	<u>10,853,016</u>	<u>4,363,566</u>	<u>9,053,120</u>	<u>1,378,813</u>	<u>53,637,877</u>	<u>3,427,993</u>
Operating Income	<u>1,392,188</u>	<u>(304,572)</u>	<u>3,921,884</u>	<u>1,767,377</u>	<u>400,141</u>	<u>7,177,018</u>	<u>2,064,500</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>							
Investment Income	21,600	13,163	17,668	19,960	4,601	76,992	-
Gain (Loss) on Sale of Fixed Assets	-	-	(116,822)	(113,933)	-	(230,755)	-
Interest and Amortization	<u>(109,947)</u>	<u>(28,196)</u>	<u>(787,973)</u>	<u>(150,385)</u>	<u>(56,628)</u>	<u>(1,133,129)</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>(88,347)</u>	<u>(15,033)</u>	<u>(887,127)</u>	<u>(244,358)</u>	<u>(52,027)</u>	<u>(1,286,892)</u>	<u>-</u>
Income (Loss) Before Contributions/Transfers	<u>1,303,841</u>	<u>(319,605)</u>	<u>3,034,757</u>	<u>1,523,019</u>	<u>348,114</u>	<u>5,890,126</u>	<u>2,064,500</u>
<u>CONTRIBUTIONS/TRANSFERS</u>							
Capital Contributions - Grants	850	-	934,415	-	13,082	948,347	-
Capital Contributions - Developers	-	-	426,170	927,660	-	1,353,830	-
Transfers Out	<u>(398,532)</u>	<u>(139,861)</u>	<u>(387,103)</u>	<u>(58,020)</u>	<u>-</u>	<u>(983,516)</u>	<u>-</u>
Total Contributions/Transfers	<u>(397,682)</u>	<u>(139,861)</u>	<u>973,482</u>	<u>869,640</u>	<u>13,082</u>	<u>1,318,661</u>	<u>-</u>
Change in Net Position	906,159	(459,466)	4,008,239	2,392,659	361,196	7,208,787	2,064,500
Beginning Net Position	<u>23,027,545</u>	<u>23,408,365</u>	<u>30,886,145</u>	<u>38,811,879</u>	<u>4,529,541</u>	<u>120,663,475</u>	<u>-</u>
Ending Net Position	<u>\$ 23,933,704</u>	<u>\$ 22,948,899</u>	<u>\$ 34,894,384</u>	<u>\$ 41,204,538</u>	<u>\$ 4,890,737</u>	<u>\$ 127,872,262</u>	<u>\$ 2,064,500</u>
Change in Net Position - Proprietary Funds						\$ 7,208,787	
Some amounts reported for business-type activities in the statement of activities are different because-							
-the net revenue (expense) of certain internal service funds is reported with business-type activities.						598,705	
Change in Net Position of Business-Type Activities						<u>\$ 7,807,492</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, 2022

	Electric Fund	Gas Fund	Sewer Fund	Water Fund	Non-Major Funds	Total Proprietary Funds	Govt. Activities- Internal Service Fund
Cash Flows from Operating Activities:							
Cash Received From Customers	\$ 28,725,927	\$ 10,188,806	\$ 7,946,716	\$ 10,198,744	\$ 1,755,236	\$ 58,815,429	\$ -
Cash Payments for Goods and Services	(24,836,837)	(8,345,367)	(1,131,496)	(4,653,825)	(208,390)	(39,175,915)	(3,122,980)
Cash Payments for Personnel	(698,343)	(1,550,564)	351,699	(2,310,507)	(1,282,833)	(5,490,548)	-
Cash Receipts (Payments) - Interfund Services	(561,677)	(554,692)	(364,142)	(683,072)	(127,379)	(2,290,962)	5,358,275
Other Receipts (Payments)	409,655	178,735	237,014	570,360	20,192	1,415,956	-
Net Cash Provided By (Used In) Operating Activities	3,038,725	(83,082)	7,039,791	3,121,700	156,826	13,273,960	2,235,295
Cash Flows from Non-Capital Financing Activities:							
Transfer to Other Funds	(398,532)	(139,861)	(387,103)	(58,020)	-	(983,516)	-
Interfund Payables	39,087	23,936	17,082	31,738	17,973	129,816	-
Interfund Receivables	380,205	59,745	40,893	59,938	(47,728)	493,053	(117,214)
Net Cash Provided By (Used In) Non-Capital Financing Activities	20,760	(56,180)	(329,128)	33,656	(29,755)	(360,647)	(117,214)
Cash Flows from Capital and Related Financing Activities:							
Sale of Fixed Assets	-	-	(116,822)	(113,933)	-	(230,755)	-
Proceeds from Bonds and Notes	79,149	155,000	3,205,351	-	-	3,439,500	-
Capital Contributions - Grants	850	-	934,415	-	13,082	948,347	-
Principal Paid on Bonds and Notes	(426,159)	(83,573)	(2,904,980)	(717,683)	(271,504)	(4,403,899)	-
Interest Paid on Bonds and Notes	(100,752)	(25,691)	(789,559)	(152,602)	(56,493)	(1,125,097)	-
Acquisition and Construction of Capital Assets	(2,609,333)	(1,767,102)	(4,319,782)	(1,294,334)	(153,825)	(10,144,376)	-
Net Cash Provided By (Used In) Capital and Related Financing Activities	(3,056,245)	(1,721,366)	(3,991,377)	(2,278,552)	(468,740)	(11,516,280)	-
Cash Flows from Investing Activities:							
Interest Received	21,600	13,163	17,668	19,960	1,861	74,252	-
Net Increase (Decrease) in Cash	24,840	(1,847,465)	2,736,954	896,764	(339,808)	1,471,285	2,118,081
Cash and Cash Equivalents, Beginning	11,943,594	7,456,168	9,103,572	17,549,512	3,808,707	49,861,553	-
Cash and Cash Equivalents, Ending	\$ 11,968,434	\$ 5,608,703	\$ 11,840,526	\$ 18,446,276	\$ 3,468,899	\$ 51,332,838	\$ 2,118,081

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, 2022

	Electric Fund	Gas Fund	Sewer Fund	Water Fund	Non-Major Funds	Total Proprietary Funds	Govt. Activities- Internal Service Fund
Reconciliation of Operating Income to Net Cash Provided By (Used in) Operating Activities:							
Operating Income (Loss)	\$ 1,392,188	\$ (304,572)	\$ 3,921,884	\$ 1,767,377	\$ 400,141	\$ 7,177,018	\$ 2,064,500
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:							
Depreciation	1,046,478	698,157	1,966,614	1,311,379	208,260	5,230,888	-
Change in Assets and Liabilities:							
(Increase) Decrease in Receivable, Net	(245,968)	(180,903)	(101,720)	(51,393)	(3,526)	(583,510)	(134,218)
(Increase) Decrease in Inventory	(185,991)	(49,080)	(34,642)	423		(269,290)	-
(Increase) Decrease in Prepaid Expenses	-	(434,387)	-	-	-	(434,387)	-
(Increase) Decrease in Deferred Outflows	(283,065)	(260,047)	(186,343)	(339,432)	(93,652)	(1,162,539)	-
Increase (Decrease) in Accounts Payable	1,157,154	269,401	(443,403)	265,101	(374,745)	873,508	-
Increase (Decrease) in Customer Deposits	(3,975)	18,525	10,700	13,640		38,890	-
Increase (Decrease) in Accrued Liabilities	7,639	2,756	1,825,703	(9,780)	2,167	1,828,485	305,013
Increase (Decrease) in Net Pension Liability	(757,556)	(695,826)	(494,565)	(894,818)	(244,584)	(3,087,349)	-
Increase (Decrease) in Deferred Inflows	871,740	812,849	540,742	1,016,880	287,278	3,529,489	-
Increase (Decrease) in OPEB Liability	30,824	35,691	32,771	38,611	(21,750)	116,147	-
Increase (Decrease) in Compensated Absences	9,257	4,354	2,050	3,712	(2,763)	16,610	-
Total Adjustments	<u>1,646,537</u>	<u>221,490</u>	<u>3,117,907</u>	<u>1,354,323</u>	<u>(243,315)</u>	<u>6,096,942</u>	<u>170,795</u>
Net Cash Provided By Operating Activities	<u>\$ 3,038,725</u>	<u>\$ (83,082)</u>	<u>\$ 7,039,791</u>	<u>\$ 3,121,700</u>	<u>\$ 156,826</u>	<u>\$ 13,273,960</u>	<u>\$ 2,235,295</u>
Non-Cash Activities:							
Capital Contributions - Developers	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 426,170</u>	<u>\$ 927,660</u>	<u>\$ -</u>	<u>\$ 1,353,830</u>	<u>\$ -</u>
Reconciliation to the Statement of Net Position:							
Cash and Cash Equivalents	\$ 8,452,313	\$ 5,125,042	\$ 8,963,363	\$ 17,417,031	\$ 3,144,068	\$ 43,101,817	\$ 2,118,081
Restricted Cash and Cash Equivalents	<u>3,516,121</u>	<u>483,661</u>	<u>2,877,163</u>	<u>1,029,245</u>	<u>324,831</u>	<u>8,231,021</u>	<u>-</u>
Total Cash and Cash Equivalents	<u>\$ 11,968,434</u>	<u>\$ 5,608,703</u>	<u>\$ 11,840,526</u>	<u>\$ 18,446,276</u>	<u>\$ 3,468,899</u>	<u>\$ 51,332,838</u>	<u>\$ 2,118,081</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
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
<u>REVENUES</u>				
Taxes				
Property	\$ 5,090,000	\$ 5,090,000	\$ 5,195,916	\$ 105,916
Local Option Sales	6,715,000	6,746,800	7,832,456	1,085,656
Wholesale Beer	580,000	580,000	679,292	99,292
Wholesale Liquor	160,000	160,000	150,591	(9,409)
Business	450,000	450,000	572,662	122,662
Other	195,600	195,600	195,515	(85)
Intergovernmental				
Grants	700	36,951	24,107	(12,844)
TVA PILOT	195,000	195,000	195,008	8
Housing Authority PILOT	24,000	24,000	18,871	(5,129)
State Sales Tax	1,590,000	1,590,000	2,121,210	531,210
Modern Market Tele Providers Privilege	-	-	351	351
Telecommunications Sales Tax	-	-	12,316	12,316
State Income Tax	-	-	5,309	5,309
State Beer Tax	7,200	7,200	8,579	1,379
Sports Betting Tax	-	-	18,887	18,887
Petroleum Special	33,000	33,000	34,281	1,281
Mixed Drink Tax	31,000	31,000	32,929	1,929
Corporate Excise Tax	60,000	60,000	79,975	19,975
License and Permits	277,300	277,300	295,418	18,118
Fines and Forfeitures	140,000	140,000	110,464	(29,536)
Charges for Services	1,227,641	1,377,641	1,627,014	249,373
Investment Income	5,500	5,500	1,375	(4,125)
Rental Income	142,002	142,002	150,857	8,855
Miscellaneous Revenues	278,094	414,129	191,536	(222,593)
Total Revenues	<u>\$ 17,202,037</u>	<u>\$ 17,556,123</u>	<u>\$ 19,554,919</u>	<u>\$ 1,998,796</u>

EXPENDITURES

General Government

Administrative Services:

Salaries and Benefits	\$ 171,283	\$ 160,082	\$ 183,975	\$ (23,893)
Management & Operations	11,436	10,588	5,769	4,819
Total Administrative Services	<u>\$ 182,719</u>	<u>\$ 170,670</u>	<u>\$ 189,744</u>	<u>\$ (19,074)</u>

City Recorder:

Salaries and Benefits	\$ 125,727	\$ 117,807	\$ 98,610	\$ 19,197
Management & Operations	20,843	28,764	15,942	12,822
Total City Recorder	<u>\$ 146,570</u>	<u>\$ 146,571</u>	<u>\$ 114,552</u>	<u>\$ 32,019</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, 2022

	Original Budget	Final Budget	Actual Final	Variance - Favorable (Unfavorable)
<u>General Government (continued)</u>				
Engineering:				
Salaries and Benefits	\$ 216,377	\$ 216,442	\$ 156,357	\$ 60,085
Management & Operations	44,473	44,408	19,800	24,608
Total Engineering	<u>\$ 260,850</u>	<u>\$ 260,849</u>	<u>\$ 176,157</u>	<u>\$ 84,692</u>
Finance:				
Salaries and Benefits	\$ 230,823	\$ 191,168	\$ 115,599	\$ 75,569
Management & Operations	61,593	100,811	35,459	65,352
Capital Outlay	49,095	77,543	64,840	12,703
Total Finance	<u>\$ 341,511</u>	<u>\$ 369,522</u>	<u>\$ 215,898</u>	<u>\$ 153,624</u>
Other General:				
Salaries and Benefits	\$ 248,824	\$ 526,308	\$ 513,005	\$ 13,303
Management & Operations	758,078	1,836,318	754,148	1,082,170
Principal Payments	2,026,135	2,002,131	1,992,083	10,048
Interest Payments	525,614	547,868	546,879	989
Total Other General	<u>\$ 3,558,651</u>	<u>\$ 4,912,626</u>	<u>\$ 3,806,115</u>	<u>\$ 1,106,511</u>
Legislative:				
Salaries and Benefits	\$ 34,039	\$ 33,839	\$ 32,667	\$ 1,172
Management & Operations	70,974	71,174	35,028	36,146
Total Legislative	<u>\$ 105,013</u>	<u>\$ 105,014</u>	<u>\$ 67,695</u>	<u>\$ 37,319</u>
 Total General Government	 <u>\$ 4,595,314</u>	 <u>\$ 5,965,251</u>	 <u>\$ 4,570,161</u>	 <u>\$ 1,395,090</u>
<u>Community Development:</u>				
Salaries and Benefits	\$ 454,406	\$ 454,486	\$ 401,641	\$ 52,845
Management & Operations	97,960	97,880	29,045	68,835
Total Community Development	<u>\$ 552,366</u>	<u>\$ 552,366</u>	<u>\$ 430,686</u>	<u>\$ 121,680</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, 2022

	Original Budget	Final Budget	Actual Final	Variance - Favorable (Unfavorable)
<u>Public Safety</u>				
Fire:				
Salaries and Benefits	\$ 2,737,249	\$ 2,793,249	\$ 2,741,214	\$ 52,035
Management & Operations	426,705	409,490	348,379	61,111
Capital Outlay	220,500	237,715	179,772	57,943
Total Fire	<u>\$ 3,384,454</u>	<u>\$ 3,440,454</u>	<u>\$ 3,269,365</u>	<u>\$ 171,089</u>
Police:				
Salaries and Benefits	\$ 3,198,979	\$ 3,281,079	\$ 3,287,615	\$ (6,536)
Management & Operations	852,200	912,295	912,294	1
Capital Outlay	124,500	33,552	33,552	0
Total Police	<u>\$ 4,175,679</u>	<u>\$ 4,226,926</u>	<u>\$ 4,233,461</u>	<u>\$ (6,535)</u>
Animal Control:				
Salaries and Benefits	\$ 121,829	\$ 120,496	\$ 116,019	\$ 4,477
Management & Operations	37,765	44,807	32,309	12,498
Total Animal Control	<u>\$ 159,594</u>	<u>\$ 165,303</u>	<u>\$ 148,328</u>	<u>\$ 16,975</u>
 Total Public Safety	 <u>\$ 7,719,727</u>	 <u>\$ 7,832,683</u>	 <u>\$ 7,651,154</u>	 <u>\$ 181,529</u>
 <u>Highways and Streets</u>				
Streets:				
Salaries and Benefits	\$ 1,051,306	\$ 1,083,306	\$ 1,051,778	\$ 31,528
Management & Operations	712,675	712,674	643,951	68,723
Capital Outlay	445,000	459,245	363,072	96,173
Total Streets	<u>\$ 2,208,981</u>	<u>\$ 2,255,225</u>	<u>\$ 2,058,801</u>	<u>\$ 196,424</u>
Vehicle Maintenance:				
Salaries and Benefits	\$ 223,752	\$ 223,684	\$ 220,816	\$ 2,868
Management & Operations	41,559	41,627	22,975	18,652
Capital Outlay	6,500	6,500	-	6,500
Total Vehicle Maintenance	<u>\$ 271,811</u>	<u>\$ 271,811</u>	<u>\$ 243,791</u>	<u>\$ 28,020</u>
 Total Highways and Streets	 <u>\$ 2,480,792</u>	 <u>\$ 2,527,036</u>	 <u>\$ 2,302,592</u>	 <u>\$ 224,444</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, 2022

	Original Budget	Final Budget	Actual Final	Variance - Favorable (Unfavorable)
<u>Cemeteries:</u>				
Salaries and Benefits	\$ 121,976	\$ 128,089	\$ 113,658	\$ 14,431
Management & Operations	23,785	22,503	20,577	1,926
Capital Outlay	7,700	6,769	6,769	-
Total Cemeteries	<u>\$ 153,461</u>	<u>\$ 157,361</u>	<u>\$ 141,004</u>	<u>\$ 16,357</u>
<u>Culture and Recreation</u>				
Golf Course:				
Salaries and Benefits	\$ 627,379	\$ 602,302	\$ 598,993	\$ 3,309
Management & Operations	502,834	583,374	576,193	7,181
Capital Outlay	130,000	447,690	334,912	112,778
Total Golf Course	<u>\$ 1,260,213</u>	<u>\$ 1,633,366</u>	<u>\$ 1,510,098</u>	<u>\$ 123,268</u>
Recreation-General:				
Salaries and Benefits	\$ 882,222	\$ 880,891	\$ 844,275	\$ 36,616
Management & Operations	516,801	522,440	485,305	37,135
Capital Outlay	28,000	28,000	27,545	455
Total Recreation-general	<u>\$ 1,427,023</u>	<u>\$ 1,431,331</u>	<u>\$ 1,357,125</u>	<u>\$ 74,206</u>
Total Culture and Recreation	<u>\$ 2,687,236</u>	<u>\$ 3,064,697</u>	<u>\$ 2,867,223</u>	<u>\$ 197,474</u>
Total Expenditures	<u>\$ 18,188,896</u>	<u>\$ 20,099,395</u>	<u>\$ 17,962,820</u>	<u>\$ 2,136,575</u>
Revenues Over (Under) Expenditures	<u>\$ (986,859)</u>	<u>\$ (2,543,271)</u>	<u>\$ 1,592,099</u>	<u>\$ 4,135,370</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ (10,000)	\$ (44,000)	\$ (44,000)	\$ -
Transfers In	966,059	966,059	983,516	17,457
Sale of General Capital Assets	15,000	15,000	229,202	214,202
Total Other Financing Sources (Uses)	<u>971,059</u>	<u>937,059</u>	<u>1,168,718</u>	<u>231,659</u>
Net Change in Fund Balance	<u>\$ (15,800)</u>	<u>\$ (1,606,212)</u>	2,760,817	<u>\$ 4,367,029</u>
Beginning Fund Balance			<u>12,169,502</u>	
Ending Fund Balance			<u>\$ 14,930,319</u>	

City of Springfield, Tennessee
Notes to the Financial Statements
June 30, 2022

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, 2022 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, 2022

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, 2022

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.

Other Fund Types

Internal Service Fund

The internal service fund accounts for operations that provide services to other departments or agencies of the government, or to other governments on a cost reimbursement basis.

E. Receivables

Accounts receivables are reported at unpaid principal balance net of any allowance for uncollectible accounts. The allowance for uncollectible accounts was \$161,568 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, 2022. Bad debts are charged to expense using the allowance method. The bad debt expense for the year ended June 30, 2022 was \$48,563 for governmental funds and \$98,161 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.

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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:

Infrastructure

Roadways	20-50 years
Bridges	50 years

Other Capital Assets

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, 2022

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, leases payable, 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 payables 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.

Total interest incurred and expensed for the governmental funds for the year ended June 30, 2022 was \$533,936. Total interest incurred and expensed for the proprietary funds for the year ended June 30, 2022 was \$1,297,425.

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 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.

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, 2022

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, 2022

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

For 2022, the City implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This statement had no cumulative-effect adjustment to the beginning fund balance/net position and there is no effect of this change in the current period on changes in fund balance/net position. The effect of this statement is considered immaterial to the financial statements.

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, and Tourism as being restricted because their use is restricted by State Statute for street expenditures, tourism, and police investigation expenditures. Proceeds from sale of land and bonds are restricted for capital improvement projects.

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2022

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- 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, 2022, the City had \$34,976 and \$781,785 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, 2022

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, 2022.

Investment	Weighted Average Maturity (days)	Reported at Amortized Cost
Local Government Investmnet Pool (LGIP)	1 to 44	\$ 47,444,482

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 statues 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, 2022, 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, 2022

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, 2022, the carrying amount of the City’s deposits was \$77,236,652 and the bank balance of \$77,057,194 was categorized as follows:

	<u>Bank Balances</u>
Insured by FDIC	\$ 620,756
Insured by Tennessee Bank Collateral Pool	28,991,956
Local Government Investment Pool (LGIP)	47,444,482
Total	\$ 77,057,194

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 \$7,394,265 for the year ended June 30, 2022. At June 30, 2022, the City had prepaid gas in storage at TEAC of \$909,091 and a liability for purchased gas of \$927,468.

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, 2022, 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 \$4,921 during the year ended June 30, 2022. There were no payments due at June 30, 2022.

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, 2022. There were no payments due at June 30, 2022.

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, 2022

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>
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, 2022

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, 2022, the compensated absences liability was \$770,583.

5. RISK MANAGEMENT AND SELF-INSURANCE

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, 2022 were approximately \$30,789 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. Starting July 1, 2021, self-insurance program activities are reported in the internal service fund.

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, 2022, including incurred but not reported claims, amounting to \$305,013 in the governmental-type activities. 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, 2022:

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
2021-2022	\$ 70,833	\$ 3,298,302	\$ 3,064,122	\$ 305,013

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2022

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2022:

	<u>Balance</u> <u>06/30/2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/2022</u>
<u>Governmental Assets:</u>				
Capital Assets not Depreciated:				
Land	\$ 3,022,627	\$ -	\$ -	\$ 3,022,627
Construction in Progress	<u>3,713,908</u>	<u>136,764</u>	<u>-</u>	<u>3,850,672</u>
Total Capital Assets not Depreciated	<u>6,736,535</u>	<u>136,764</u>	<u>-</u>	<u>6,873,299</u>
Capital Assets Depreciated:				
Buildings	13,239,541	41,042	-	13,280,583
Machinery and Equipment	15,999,613	380,703	(73,914)	16,306,402
Infrastructure	<u>43,125,398</u>	<u>1,383,828</u>	<u>-</u>	<u>44,509,226</u>
Total	72,364,552	1,805,573	(73,914)	74,096,211
Less Accumulated Depreciation	<u>(29,580,002)</u>	<u>(1,994,017)</u>	<u>32,510</u>	<u>(31,541,509)</u>
Net Capital Assets Depreciated	<u>42,784,550</u>	<u>(188,444)</u>	<u>(41,404)</u>	<u>42,554,702</u>
Net Governmental Assets	<u>49,521,085</u>	<u>(51,680)</u>	<u>(41,404)</u>	<u>49,428,001</u>
<u>Business-Type Activities:</u>				
Capital Assets not Depreciated:				
Land	2,690,356	452,300	-	3,142,656
Construction in Progress	<u>28,419,148</u>	<u>10,399,925</u>	<u>(34,305,409)</u>	<u>4,513,664</u>
Total Capital Assets not Depreciated	<u>31,109,504</u>	<u>10,852,225</u>	<u>(34,305,409)</u>	<u>7,656,320</u>
Capital Assets Depreciated:				
Utility Plant/Building	181,099,052	33,357,264	(1,256,389)	213,199,927
Equipment	<u>12,257,608</u>	<u>586,962</u>	<u>(460,036)</u>	<u>12,384,534</u>
Total	193,356,660	33,944,226	(1,716,425)	225,584,461
Less Accumulated Depreciation	<u>(79,857,766)</u>	<u>(5,230,888)</u>	<u>1,716,425</u>	<u>(83,372,229)</u>
Net Capital Assets Depreciated	<u>113,498,894</u>	<u>28,713,338</u>	<u>-</u>	<u>142,212,232</u>
Net Business-Type Assets	<u>144,608,398</u>	<u>39,565,563</u>	<u>(34,305,409)</u>	<u>149,868,552</u>
Net Capital Assets	<u>\$ 194,129,483</u>	<u>\$ 39,513,883</u>	<u>\$ (34,346,813)</u>	<u>\$ 199,296,553</u>

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2022

6. CAPITAL ASSETS (continued)

Depreciation expense related to governmental activities was charged to the following functions for June 30, 2022:

General Government	\$ 170,672
Public Safety	384,515
Highways, Streets, and Roadways	901,433
Public Works	94,535
Vehicle Maintenance	13,660
Cemetery	4,388
Parks and Recreation	219,820
Golf	204,994
Total	<u>\$ 1,994,017</u>

7. LONG-TERM DEBT

The following is a summary of changes to long-term liabilities during the year ended June 30, 2022. 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>6/30/2021</u>	<u>Added</u>	<u>Paid</u>	<u>Balance</u> <u>6/30/2022</u>	<u>Due Within</u> <u>One year</u>
<u>Governmental Activities:</u>					
Bonds Payable	\$ 16,562,668	\$ -	\$ 1,766,970	\$ 14,795,698	\$ 1,429,644
Notes Payable	405,769		200,266	205,503	205,504
Add: Premium on Bonds	917,270	-	102,602	814,668	-
Leases Payable	<u>206,241</u>	<u>-</u>	<u>24,847</u>	<u>181,394</u>	<u>28,108</u>
Total Bonds and Notes Payable	18,091,948	-	2,094,685	15,997,263	1,663,256
OPEB	1,056,607	-	311,729	744,878	-
Compensated Absences	<u>452,265</u>	<u>22,618</u>	<u>-</u>	<u>474,883</u>	<u>94,977</u>
Total Governmental Activities	<u>\$ 19,600,820</u>	<u>\$ 22,618</u>	<u>\$ 2,406,414</u>	<u>\$ 17,217,024</u>	<u>\$ 1,758,233</u>
<u>Business-Type Activities:</u>					
Bonds Payable	\$ 39,835,655	\$ -	\$ 2,756,352	\$ 37,079,303	\$ 3,258,056
Notes Payable & State Loans	32,331,561	\$ 3,439,500	1,647,546	34,123,515	1,669,826
Add: Premium on Bonds	<u>900,504</u>	<u>-</u>	<u>90,300</u>	<u>810,204</u>	<u>-</u>
Total Bonds and Notes Payable	73,067,720	3,439,500	4,494,198	72,013,022	4,927,882
OPEB	679,106	-	197,808	481,298	-
Compensated Absences	<u>279,090</u>	<u>16,610</u>	<u>-</u>	<u>295,700</u>	<u>59,140</u>
Total Business-Type Activities	<u>74,025,916</u>	<u>3,456,110</u>	<u>4,692,006</u>	<u>72,790,020</u>	<u>4,987,022</u>
Total Governmental and Business-Type Activities	<u>\$ 93,626,736</u>	<u>\$ 3,478,728</u>	<u>\$ 7,098,420</u>	<u>\$ 90,007,044</u>	<u>\$ 6,745,255</u>

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2022

7. LONG-TERM DEBT (continued)

Governmental long-term debt at June 30, 2022 consists of the following obligations:

Issue	Original Amount Issued	Fiscal Year Maturity Date	Interest Rate	Principal Outstanding 06/30/2022
Jointly Issued General Obligation Bonds-Governmental:				
GO Public Improvements Bond, Series 2013 (US Bank)	11,225,000	2033	2-4.50%	71,944
GO Public Improvements Bond, Series 2014 (US Bank)	18,485,000	2039	2-5%	47,471
GO Public Improvements Bond, Series 2016 (US Bank)	6,030,000	2036	2-3%	900,000
GO Public Improvements Bond, Series 2018 (US Bank)	7,785,000	2038	3-5%	6,430,000
GO Public Improvements Bond, Series 2019 (US Bank)	4,450,000	2030	3-4%	1,997,705
GO Public Improvements Bond, Series 2020 (US Bank)	3,620,000	2040	2-5%	1,882,191
GO Public Improvements Bond, Series 2021 (US Bank)	6,325,000	2041	2-4%	81,372
GO Public Improvement Refunding Bonds, Series 2021 (US Bank)	26,675,000	2039	1-2.125%	<u>3,385,015</u>
Total Jointly Issued General Obligation Bond-Governmental				<u>14,795,698</u>
Jointly Issued Notes Payable-Governmental:				
Capital Outlay Note, Series 2016	1,240,000	2023	1.75%	87,500
Capital Outlay Note, Series 2017 (Comm. Union)	1,750,000	2023	1.24-1.79%	<u>118,003</u>
Total Jointly Issued Notes Payable-Governmental				<u>205,503</u>
Leases Payable-Governmental:				
PNC Equipment Finance - Golf Carts	224,400	2024	3.00%	174,309
PNC Equipment Finance - Food/Bev Cart	15,373	2024	3.00%	<u>7,085</u>
Total Leases Payable-Governmental				<u>181,394</u>
Total Governmental Long-Term Debt				15,182,595
Add: Premiums				814,668
Less: Current Portion				<u>(1,663,257)</u>
Net Governmental Long-Term Debt				<u>\$ 14,334,006</u>

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2022

7. LONG-TERM DEBT (continued)

Proprietary long-term debt at June 30, 2022 consists of the following obligations:

Issue	Original Amount Issued	Fiscal Year Maturity Date	Interest Rate	Principal Outstanding 06/30/2022
Jointly Issued General Obligation Debt-Proprietary:				
GO Public Improvements Bond, Series 2013 (US Bank)	11,225,000	2033	2-4.50%	483,056
GO Public Improvements Bond, Series 2014 (US Bank)	18,485,000	2039	2-5%	602,529
GO Public Improvements Bond, Series 2016 (US Bank)	6,030,000	2036	2-3%	3,880,000
GO Public Improvements Bond, Series 2018 (US Bank)	1,770,000	2038	3-5%	1,400,000
GO Public Improvements Bond, Series 2019 (US Bank)	4,450,000	2030	3-4%	597,295
GO Public Improvements Bond, Series 2020 (US Bank)	3,620,000	2040	2-5%	1,262,810
GO Public Improvements Bond, Series 2021 (US Bank)	6,325,000	2041	2-4%	5,848,628
GO Public Improvement Refunding Bonds, Series 2021 (US Bank)	26,675,000	2039	1-2.125%	<u>23,004,985</u>
Total Jointly Issued General Obligation Debt-Proprietary				<u>37,079,303</u>
Notes Payable-Proprietary:				
Gas Capital Outlay Note, Series 2021 (Farmers & Merchants Bank)	155,000	2026	2.50%	155,000
Capital Outlay Note, Series 2016	1,240,000	2023	1.75%	26,400
Capital Outlay Note, Series 2017 (Comm. Union)	1,750,000	2023	1.24-1.79%	<u>76,865</u>
Total Notes Payable-Proprietary				<u>258,265</u>
State Loans:				
TN State Funding Loan (SRF 16-360)	19,250,000	2043	1.35%	5,604,645
TN State Funding Loan (SRF 19-422)	26,500,000	2038	1.30%	23,630,611
TN State Funding Loan (SRF 20-447)	6,200,000	2040	0.78%	<u>4,232,294</u>
Total State Loans				<u>33,467,550</u>
TVA Conservation Loan				<u>397,700</u>
Total Proprietary Long-Term Debt				71,202,818
Add: Premiums				810,204
Less: Current Portion				<u>(4,927,881)</u>
Net Proprietary Long-Term Debt				<u>\$ 67,085,141</u>

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2022

7. LONG-TERM DEBT (continued)

Below is a condensed schedule of maturities for long-term debt and obligations at June 30, 2022. 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
2023	\$ 6,591,138	\$ 1,973,858
2024	6,047,702	1,489,924
2025	5,914,864	1,355,066
2026	5,610,576	1,233,604
2027	5,671,540	1,126,040
2028-2032	24,606,700	4,131,903
2033-2037	21,032,212	2,044,839
2038-2042	10,606,364	347,529
2043-2047	304,317	2,400
Total Long-Term Debt	<u>\$ 86,385,413</u>	<u>\$ 13,705,163</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 <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

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, 2022

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 2nd 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, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	120
Inactive employees entitled to but not yet receiving benefits	182
Active employees	<u>248</u>
Total	<u><u>550</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, 2022, the employer contributions for Springfield were \$853,223 based on a rate of 6.19% 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, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 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	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

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

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. 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, 2022

8. PENSION PLAN (CONT'D)

Changes of assumptions: In 2021, the following assumptions were changed: decreased inflation rate from 2.50% to 2.25%; decreased the investment rate of return from 7.25% to 6.75%; decreased the cost-of-living adjustment from 2.25% to 2.125%; and modified mortality assumptions.

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, 2020 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 2.25%. 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:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	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 6.75 percent based on a blending of the factors described above.

Discount rate: The discount rate used to measure the total pension liability was 6.75 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, 2022

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 6/30/20	\$ 48,564,357	\$ 51,288,987	\$ (2,724,630)
Changes for the year:			
Service cost	941,822	-	941,822
Interest	3,517,463	-	3,517,463
Changes of benefit terms	-	-	-
Differences between expected and actual experience	(308,968)	-	(308,968)
Change of assumptions	3,904,900	-	3,904,900
Contributions- employer	-	1,110,598	(1,110,598)
Contributions- employees	-	680	(680)
Net investment income	-	13,116,261	(13,116,261)
Benefit payments, including refunds of employee contributions	(1,978,906)	(1,978,906)	-
Administrative expense	-	(21,645)	21,645
Net changes	<u>6,076,311</u>	<u>12,226,988</u>	<u>(6,150,677)</u>
Balance at 6/30/21	<u>\$ 54,640,668</u>	<u>\$ 63,515,975</u>	<u>\$ (8,875,307)</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 6.75 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 (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Springfield's net pension liability (asset)	\$ (1,083,254)	\$ (8,875,306)	\$ (15,309,435)

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

Pension expense (negative pension expense): For the year ended June 30, 2022, Springfield recognized pension expense (negative pension expense) of (\$918,152).

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2022

8. PENSION PLAN (CONT'D)

Deferred outflows of resources and deferred inflows of resources: For the year ended June 30, 2022, 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	\$ 370,103	\$ 871,954
Change in assumptions	3,645,712	-
Net difference between projected and actual earnings on pension plan investments	-	6,994,742
Contributions subsequent to the measurement date of June 30, 2020	853,223	-
	\$ 4,869,038	\$ 7,866,696

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2021,” 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
2023	\$ (1,236,558)
2024	\$ (1,160,823)
2025	\$ (1,204,950)
2026	\$ (1,347,209)
2027	\$ 584,956
Thereafter	\$ 513,703

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, 2022, Springfield reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2022.

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2022

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, 2022, the date of the valuation, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	11
Active employees	<u>207</u>
Total	<u><u>218</u></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, 2022, the City paid \$71,938 for retiree premiums.

Actuarial Assumptions and Other Inputs – The total OPEB liability was determined by an actuarial valuation as of June 30, 2022 using the following actuarial assumptions:

Inflation	2.50 percent
Salary increases	3.50 percent, average, including inflation
Discount rate	3.54 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, 2022

9. OTHER POST EMPLOYMENT BENEFITS (continued)

Changes of assumptions: In 2022, the following assumptions were changed: decreased inflation rate from 3 % to 2.50%; increased the discount rate from 2.21% to 3.54%; and modified mortality assumptions.

A discount rate of 3.54% (1.04% real rate of return plus 2.50% 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-2021 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 (2.54%) or 1-percentage-point higher (4.54%) than the current discount rate:

	1% Decrease (2.54%)	Current Discount Rate (3.54%)	1% Increase (4.54%)
Total OPEB liability	\$ 1,330,766	\$ 1,226,175	\$ 1,131,632

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	\$ 1,105,164	\$ 1,226,175	\$ 1,368,566

Total OPEB Liability – June 30, 2022 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, 2022, as shown in the following table:

	<u>Total OPEB Liability</u>
Total OPEB liability at 7/1/21	\$ 1,735,713
Changes for the year:	
Service cost	112,025
Interest	40,040
Differences between expected and actual experience	(449,424)
Change of assumptions	(140,241)
Benefit payments	(71,938)
Net changes	(509,538)
Total OPEB liability at 6/30/22	<u>\$ 1,226,175</u>

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2022

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, 2022, the City recognized OPEB expense of -\$38,506. 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, 2022, 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
Differences between expected and actual experience	\$ -	\$ (389,740)
Change in assumptions	-	(605,472)
Total	\$ -	\$ (995,212)

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
2023	\$ (190,571)
2024	\$ (190,571)
2025	\$ (190,571)
2026	\$ (190,571)
2027	\$ (113,111)
Thereafter	\$ (119,817)

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, 2022, there were seven PILOT agreements in force with tax abatements totaling \$157,564.

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2022

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, 2022, 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 \$4.4 million as of June 30, 2022. 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 performed significant work and spent millions of dollars to complete the work within the deadline provided by EPA. This project was finished during the fiscal year ending June 30, 2022.

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2022

12. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2022, was as follows:

Due To	Due From							
	General	Water	Sewer	Electric	Gas	Non-Major Governmental	Non-Major Enterprise	Total
General Fund	\$ -	\$ 7,284	\$ 3,921	\$ 7,501	\$ 5,493	\$ 54,614	\$ 22,792	\$ 101,605
State Street Aid	-	-	-	-	-	-	-	-
Capital Improvements	23,150	-	-	-	-	-	-	23,150
Water Fund	80,572	-	-	180	-	-	-	80,752
Sewer Fund	58,675	-	-	-	-	-	-	58,675
Electric Fund	276,674	-	-	-	-	-	-	276,674
Gas Fund	62,401	-	-	30	-	-	-	62,431
Internal Service	70,913	12,906	8,087	9,689	13,249	2,370	-	117,214
Non-Major Governmental	15,145	-	-	-	-	-	-	15,145
Non-Major Enterprise	25,551	-	-	42,817	-	-	-	68,368
Total	<u>\$ 613,081</u>	<u>\$ 20,190</u>	<u>\$ 12,008</u>	<u>\$ 60,217</u>	<u>\$ 18,742</u>	<u>\$ 56,984</u>	<u>\$ 22,792</u>	<u>\$ 804,014</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, 2022, consisted of the following:

Transfers To	Transfers From						Total
	General	Water	Sewer	Electric	Gas		
General Fund	\$ -	\$ 58,020	\$ 387,103	\$ 398,532	\$ 139,861	\$ 983,516	
Capital Improvements	44,000	-	-	-	-	44,000	
Total	<u>\$ 44,000</u>	<u>\$ 58,020</u>	<u>\$ 387,103</u>	<u>\$ 398,532</u>	<u>\$ 139,861</u>	<u>\$ 1,027,516</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, tourism, and police investigation expenditures.

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2022

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 101 – Compensated Absences, 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 the subsequent fiscal years.

16. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

The following departments incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2022. However, the excess expenditures were covered by other department savings.

General Fund:	<u>Amount</u>
General Government - Administrative Services - Salaries and Benefits	\$ 23,893
Public Safety - Police - Salaries and Benefits	\$ 6,536

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2022

17. LEASES

The City is the lessee of equipment under two leases expiring in 2024. The assets and liabilities under these 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 these 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>(136,122)</u>	<u>(136,122)</u>
Total	<u>\$ 103,651</u>	<u>\$ 103,651</u>

The remaining minimum future lease payments under these 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>
2023	7,933	28,109	36,042
2024	5,059	153,285	158,344
2025	-	-	-
2026	-	-	-
2027 & After	-	-	-
	<u>\$ 12,992</u>	<u>\$ 181,394</u>	194,386
Less: Amount Representing Interest			<u>(12,992)</u>
Present Value of Net Minimum Lease Payments			181,394
Less: Current Portion			<u>(28,109)</u>
Capital Leases - Long-Term Portion			<u>\$ 153,285</u>

Amortization of leased equipment under capital assets is included with depreciation/amortization 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, 2022

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.

City of Springfield, Tennessee
Required Supplementary Information
June 30, 2022

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, 2021 (Year Shown Below is Measurement Date)

	2014	2015	2016	2017	2018	2019	2020	2021
Total pension liability								
Service cost	\$ 766,303	\$ 728,516	\$ 777,841	\$ 842,035	\$ 871,131	\$ 837,431	\$ 890,640	\$ 941,822
Interest	2,446,913	2,562,125	2,687,895	2,883,436	3,002,305	3,142,881	3,303,307	3,517,463
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	(308,968)
Change of assumptions	-	-	-	1,045,290	-	-	-	3,904,900
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)	(1,978,906)
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	6,076,311
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	48,564,357
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	\$ 54,640,668
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	\$ 1,110,598
Contributions-employee	3,632	2,334	3,690	803	823	2,337	1,011	680
Net investment income	5,092,053	1,110,393	989,578	4,343,534	3,538,932	3,429,606	2,436,753	13,116,261
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)	(1,978,906)
Administrative expense	(10,043)	(11,348)	(16,909)	(19,237)	(21,587)	(20,111)	(20,853)	(21,645)
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	12,226,988
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	51,288,987
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	\$ 63,515,975
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)	\$ (8,875,307)
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%	116.24%
Covered payroll	\$ 10,831,270	\$ 10,597,281	\$ 11,286,970	\$ 11,394,264	\$ 11,689,918	\$ 11,886,435	\$ 12,810,671	\$ 13,284,665
Net pension liability (asset) as a percentage of covered payroll	-18.88%	-15.45%	-1.25%	-13.14%	-25.13%	-33.06%	-21.27%	-66.81%

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 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. 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, 2022

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	2022
Actuarially determined contribution	\$ 1,219,600	\$ 1,159,343	\$ 1,234,794	\$ 1,191,336	\$ 1,216,920	\$ 1,237,378	\$ 1,070,972	\$ 1,110,598	\$ 853,223
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	1,110,598	853,223
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	\$ 13,284,665	\$ 13,783,893
Contributions as a percentage of covered payroll	11.26%	10.94%	10.94%	10.46%	10.41%	10.41%	8.36%	8.36%	6.19%

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 2022 were calculated based on the June 30, 2020 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, 2022

B. Other Post-Employment Benefits (OPEB)

	2018	2019	2020	2021	2022
Total OPEB liability					
Service cost	\$ 111,135	\$ 115,447	\$ 115,447	\$ 112,025	\$ 112,025
Interest	89,593	89,029	96,958	38,902	40,040
Changes in benefit terms	-	-	-	-	-
Differences between actual & expected experience	-	-	-	-	(449,424)
Change of assumptions	-	-	(820,644)	-	(140,241)
Benefit payments	(104,154)	(104,154)	(126,960)	(126,960)	(71,938)
Net change in total OPEB liability	96,574	100,322	(735,199)	23,967	(509,538)
Total OPEB liability-beginning	2,250,049	2,346,623	2,446,945	1,711,746	1,735,713
Total OPEB liability-ending	<u>\$ 2,346,623</u>	<u>\$ 2,446,945</u>	<u>\$ 1,711,746</u>	<u>\$ 1,735,713</u>	<u>\$ 1,226,175</u>
Covered payroll	\$ 9,444,649	\$ 9,444,649	\$ 11,369,774	\$ 11,369,774	\$ 11,529,441
Total OPEB liability as a percentage of covered payroll	24.85%	25.91%	15.06%	15.27%	10.64%

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 of assumptions: In 2022, the following assumptions were changed: decreased inflation rate from 3 % to 2.50%; increased the discount rate from 2.21% to 3.54%; and modified mortality assumptions.

Methods and assumptions: The valuation and measurement dates were June 30, 2022 and June 30, 2022, respectively.

Valuation date	June 30, 2022
Measurement date	June 30, 2022
Actuarial cost method	Entry age normal - level percentage of projected salary
Inflation	2.50 percent
Salary increases	3.50 percent, average, including inflation
Discount rate	3.54 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-2021
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, 2022

	Non-Major Governmental Funds				Total Special Revenue Funds
	State Street Aid	Tourism Fund	Drug Fund	Forfeited Property	
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 1,875,607	\$ 93,424	\$ 169,610	\$ 44,450	\$ 2,183,091
Due From Other Funds	-	15,145	-	-	15,145
Intergovernmental Receivables	113,804	-	-	-	113,804
Other Receivables	-	33,151	-	-	33,151
Restricted Cash and Cash Equivalents	1,592	-	-	-	1,592
Total Assets	<u>\$ 1,991,003</u>	<u>\$ 141,720</u>	<u>\$ 169,610</u>	<u>\$ 44,450</u>	<u>\$ 2,346,783</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 1,463	\$ 2,430	\$ 52,008	\$ -	\$ 55,901
Due To Other Funds	5,231	6,305	43,078	-	54,614
Total Liabilities	<u>6,694</u>	<u>8,735</u>	<u>95,086</u>	<u>-</u>	<u>110,515</u>
<u>FUND BALANCES</u>					
Non-Spendable	-	-	-	-	-
Restricted	1,984,309	132,985	74,524	44,450	2,236,268
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>1,984,309</u>	<u>132,985</u>	<u>74,524</u>	<u>44,450</u>	<u>2,236,268</u>
Total Liabilities and Fund Balances	<u>\$ 1,991,003</u>	<u>\$ 141,720</u>	<u>\$ 169,610</u>	<u>\$ 44,450</u>	<u>\$ 2,346,783</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, 2022

	Non-Major Governmental Funds				Total Special Revenue Funds
	State Street Aid	Tourism Fund	Drug Fund	Forfeited Property	
<u>REVENUES</u>					
Gasoline Tax	\$ 650,511	\$ -	\$ -	\$ -	\$ 650,511
Hotel/Motel Local Taxes	-	144,034	-	-	144,034
Fines and Forfeitures	-	-	36,811	-	36,811
Investment Income	3,631	75	278	95	4,079
Total Revenue	654,142	144,109	37,089	95	835,435
<u>EXPENDITURES</u>					
Program Costs	-	11,124	15,491	-	26,615
Capital Outlay	264,321	-	91,806	8,527	364,654
Total Expenditures	264,321	11,124	107,297	8,527	391,269
Net Change in Fund Balances	389,821	132,985	(70,208)	(8,432)	444,166
Beginning Fund Balance	1,594,488	-	144,732	52,882	1,792,102
Ending Fund Balance	\$ 1,984,309	\$ 132,985	\$ 74,524	\$ 44,450	\$ 2,236,268

City of Springfield, Tennessee
Combining Statement of Net Position
Non-Major Proprietary Funds
June 30, 2022

	<u>Sanitation</u>	<u>Storm Water</u>	<u>Total Non-Major Proprietary Funds</u>
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 1,468,168	\$ 1,675,900	\$ 3,144,068
Receivables (Net of Uncollectibles)	112,165	48,504	160,669
Due From Other Funds	52,490	17,679	70,169
Total Current Assets	<u>1,632,823</u>	<u>1,742,083</u>	<u>3,374,906</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	19,918	304,913	324,831
Net Pension Asset (Liability)	284,290	34,628	318,918
Assets Not Depreciated	37,879	419,088	456,967
Assets Net of Accumulated Depreciation	721,151	2,376,687	3,097,838
Total Noncurrent Assets	<u>1,063,238</u>	<u>3,135,316</u>	<u>4,198,554</u>
Total Assets	<u>2,696,061</u>	<u>4,877,399</u>	<u>7,573,460</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	<u>169,553</u>	<u>16,754</u>	<u>186,307</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	17,635	16,068	33,703
Accrued and Other Liabilities	19,644	8,471	28,115
Compensated Absences-Current	1,728	434	2,162
Bonds and Notes Payable-Current	129,102	73,512	202,614
Due To Other Funds	25,487	-	25,487
Total Current Liabilities	<u>193,596</u>	<u>98,485</u>	<u>292,081</u>
Noncurrent Liabilities:			
OPEB Liability	52,258	2,441	54,699
Compensated Absences-Noncurrent	6,912	1,734	8,646
Notes and Bonds Payable-Noncurrent	261,156	1,881,942	2,143,098
Total Noncurrent Liabilities	<u>320,326</u>	<u>1,886,117</u>	<u>2,206,443</u>
Total Liabilities	<u>513,922</u>	<u>1,984,602</u>	<u>2,498,524</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	270,208	37,057	307,265
Deferred Inflows Related to OPEB	37,708	3,969	41,677
Deferred Inflows Related to Bond Refunding	-	21,564	21,564
Total Deferred Inflows of Resources	<u>307,916</u>	<u>62,590</u>	<u>370,506</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	388,690	918,079	1,306,769
Restricted	1,655,086	261,783	1,916,869
Unrestricted	-	1,667,099	1,667,099
Total Net Position	<u>\$ 2,043,776</u>	<u>\$ 2,846,961</u>	<u>\$ 4,890,737</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, 2022

	<u>Sanitation</u>	<u>Storm Water</u>	<u>Total Non-Major Proprietary Funds</u>
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 1,233,580	\$ 525,182	\$ 1,758,762
Other Operating Revenue	19,176	1,016	20,192
Total Operating Revenues	<u>1,252,756</u>	<u>526,198</u>	<u>1,778,954</u>
<u>OPERATING EXPENSES</u>			
Costs of Sales and Services	935,290	235,263	1,170,553
Depreciation	155,962	52,298	208,260
Total Operating Expenses	<u>1,091,252</u>	<u>287,561</u>	<u>1,378,813</u>
Operating Income	<u>161,504</u>	<u>238,637</u>	<u>400,141</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Investment Income	1,861	2,740	4,601
Interest and Amortization	(9,080)	(47,548)	(56,628)
Total Non-Operating Revenues (Expenses)	<u>(7,219)</u>	<u>(44,808)</u>	<u>(52,027)</u>
Income (Loss) Before Contributions/Transfers	<u>154,285</u>	<u>193,829</u>	<u>348,114</u>
<u>CONTRIBUTIONS/TRANSFERS</u>			
Capital Contributions - Local Grant	-	13,082	13,082
Total Contributions/Transfers	<u>-</u>	<u>13,082</u>	<u>13,082</u>
Change in Net Position	154,285	206,911	361,196
Beginning Net Position	<u>1,889,491</u>	<u>2,640,050</u>	<u>4,529,541</u>
Ending Net Position	<u>\$ 2,043,776</u>	<u>\$ 2,846,961</u>	<u>\$ 4,890,737</u>

City of Springfield, Tennessee
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For the Year Ended June 30, 2022

	Sanitation	Storm Water	Total Non-Major Proprietary Funds
Cash Flows from Operating Activities:			
Cash Received From Customers	\$ 1,228,585	\$ 526,651	\$ 1,755,236
Cash Payments for Goods and Services	(112,973)	(95,417)	(208,390)
Cash Payments for Personnel	(1,076,127)	(206,706)	(1,282,833)
Interfund Payments	(127,379)	-	(127,379)
Other Receipts (Payments)	19,176	1,016	20,192
Net Cash Provided By (Used In) Operating Activities	<u>(68,718)</u>	<u>225,544</u>	<u>156,826</u>
Cash Flows from Non-Capital Financing Activities:			
Interfund Payables	17,973	-	17,973
Interfund Receivables	(34,047)	(13,681)	(47,728)
Net Cash Provided By (Used In) Non-Capital Financing Activities	<u>(16,074)</u>	<u>(13,681)</u>	<u>(29,755)</u>
Cash Flows from Capital and Related Financing Activities:			
New Borrowings on Bonds and Notes	-	-	-
Premium on Sales of Bonds	-	-	-
Capital Contributions	-	13,082	13,082
Principal Paid on Bonds and Notes	(142,707)	(128,797)	(271,504)
Interest Paid on Long-term Debt	(8,542)	(47,951)	(56,493)
Acquisition and Construction of Capital Assets	(151,534)	(2,291)	(153,825)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(302,783)</u>	<u>(165,957)</u>	<u>(468,740)</u>
Cash Flows from Investing Activities:			
Interest Received	<u>1,861</u>	<u></u>	<u>1,861</u>
Net Increase (Decrease) in Cash	(385,714)	45,906	(339,808)
Cash and Cash Equivalents, Beginning	<u>1,873,800</u>	<u>1,934,907</u>	<u>3,808,707</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 1,488,086</u></u>	<u><u>\$ 1,980,813</u></u>	<u><u>\$ 3,468,899</u></u>

City of Springfield, Tennessee
Combining Statement of Cash Flows (Continued)
Non-Major Proprietary Funds
For the Year Ended June 30, 2022

	Sanitation	Storm Water	Total Non-Major Proprietary Funds
Reconciliation of Operating Income to Net Cash Provided By (Used in) Operating Activities:			
Operating Income (Loss)	\$ 161,504	\$ 238,637	\$ 400,141
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	155,962	52,298	208,260
Change in Assets and Liabilities:			
(Increase) Decrease in Receivable, Net	(4,995)	1,469	(3,526)
(Increase) Decrease in Deferred Outflows	(80,993)	(12,659)	(93,652)
Increase (Decrease) in Accounts Payable	(318,854)	(55,891)	(374,745)
Increase (Decrease) in Accrued Liabilities	2,798	(631)	2,167
Increase (Decrease) in Net Pension Liability	(211,273)	(33,311)	(244,584)
Increase (Decrease) in Deferred Inflows	250,559	36,719	287,278
Increase (Decrease) in OPEB Liability	(19,678)	(2,072)	(21,750)
Increase (Decrease) in Compensated Absences	(3,748)	985	(2,763)
Total Adjustments	(230,222)	(13,093)	(243,315)
Net Cash Provided By (Used in) Operating Activities	\$ (68,718)	\$ 225,544	\$ 156,826
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:			
Cash and Cash Equivalents	\$ 1,468,168	\$ 1,675,900	\$ 3,144,068
Restricted Cash and Cash Equivalents	19,918	304,913	324,831
Total Cash and Cash Equivalents	\$ 1,488,086	\$ 1,980,813	\$ 3,468,899

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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance - Favorable (Unfavorable)
<u>STATE STREET AID -</u>				
REVENUES:				
Gasoline and Motor Fuel Tax	\$ 289,000	\$ 289,000	\$ 334,139	\$ 45,139
Gas 1989 Tax	40,000	40,000	51,959	11,959
Gas 3 Cent Tax	80,000	80,000	96,248	16,248
IMPROVE Act Tax Increase	140,000	140,000	168,165	28,165
Investment Income	1,000	1,000	3,631	2,631
Total Revenues	<u>550,000</u>	<u>550,000</u>	<u>654,142</u>	<u>104,142</u>
EXPENDITURES:				
Capital Outlay	865,000	865,000	264,321	600,679
Total Expenditures	<u>865,000</u>	<u>865,000</u>	<u>264,321</u>	<u>600,679</u>
Net Change in Fund Balance	<u>\$ (315,000)</u>	<u>\$ (315,000)</u>	389,821	<u>\$ 704,821</u>
Beginning Fund Balance			1,594,488	
Ending Fund Balance			<u>\$ 1,984,309</u>	
<u>TOURISM FUND -</u>				
REVENUES:				
Hotel/Motel Local Taxes	\$ -	\$ 98,218	\$ 144,034	\$ 45,816
Investment Income	-	-	75	75
Total Revenues	<u>-</u>	<u>98,218</u>	<u>144,109</u>	<u>45,891</u>
EXPENDITURES:				
Tourism Program Costs	-	33,218	11,124	22,094
Total Expenditures	<u>-</u>	<u>33,218</u>	<u>11,124</u>	<u>22,094</u>
Net Change in Fund Balances	<u>\$ -</u>	<u>\$ 65,000</u>	132,985	<u>\$ 67,985</u>
Beginning Fund Balance			-	
Ending Fund Balance			<u>\$ 132,985</u>	
<u>DRUG ENFORCEMENT -</u>				
REVENUES:				
Fine and Forfeitures	\$ 10,000	\$ 10,000	\$ 36,811	\$ 26,811
Investment Income	-	-	278	278
Total Revenues	<u>10,000</u>	<u>10,000</u>	<u>37,089</u>	<u>27,089</u>
EXPENDITURES:				
Drug Program Costs	20,000	23,700	15,491	8,209
Capital Outlay	129,873	126,173	91,806	34,367
Total Expenditures	<u>149,873</u>	<u>149,873</u>	<u>107,297</u>	<u>42,576</u>
Net Change in Fund Balances	<u>\$ (139,873)</u>	<u>\$ (139,873)</u>	(70,208)	<u>\$ 69,665</u>
Beginning Fund Balance			144,732	
Ending Fund Balance			<u>\$ 74,524</u>	
<u>FORFEITED PROPERTY -</u>				
REVENUES:				
Investment Income	\$ -	\$ -	\$ 95	\$ 95
Total Revenues	<u>-</u>	<u>-</u>	<u>95</u>	<u>95</u>
EXPENDITURES:				
Capital Outlay	44,353	44,353	8,527	35,826
Total Expenditures	<u>44,353</u>	<u>44,353</u>	<u>8,527</u>	<u>35,826</u>
Net Change in Fund Balances	<u>\$ (44,353)</u>	<u>\$ (44,353)</u>	(8,432)	<u>\$ 35,921</u>
Beginning Fund Balance			52,882	
Ending Fund Balance			<u>\$ 44,450</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, 2022

	Original Budget	Final Budget	Actual Amounts	Variance - Favorable (Unfavorable)
<u>REVENUES</u>				
Grant Revenues	\$ 1,014,893	\$ 1,014,893	\$ 125,000	\$ (889,893)
Other Revenues	50,000	50,000	25,173	(24,827)
Investment Income	50	50	15,970	15,920
Total Revenues	<u>1,064,943</u>	<u>1,064,943</u>	<u>166,143</u>	<u>(898,800)</u>
<u>EXPENDITURES</u>				
Capital Outlay	7,340,802	7,416,802	158,202	7,258,600
Total Expenditures	<u>7,340,802</u>	<u>7,416,802</u>	<u>158,202</u>	<u>7,258,600</u>
Excess of Revenues Over (Under) Expenditures	<u>(6,275,859)</u>	<u>(6,351,859)</u>	7,941	<u>6,359,800</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	10,000	44,000	44,000	-
Sale of Capital Assets	-	-	423,366	423,366
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>44,000</u>	<u>467,366</u>	<u>423,366</u>
Net Change in Fund Balances	<u>\$ (6,265,859)</u>	<u>\$ (6,307,859)</u>	475,307	<u>\$ 6,783,166</u>
Beginning Fund Balance			<u>7,056,457</u>	
Ending Fund Balance			<u>\$ 7,531,764</u>	

City of Springfield, Tennessee
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2022

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	42689	USDOJ	\$ 941	\$ -
20.600	Community-Based Traffic Safety Enforcement and Education	Z21THS282	USDOT/TDOT	2,005	-
20.600	Community-Based Traffic Safety Enforcement and Education	Z22THS269	USDOT/TDOT	16,510	-
		Total CFDA 20.600		18,515	-
21.027	COVID-19 - State & Local Fiscal Recovery	N/A	USDT	730,390	-
66.458	Capitalization Grants for Clean Water State Revolving Fund	SRF 19-422	EPA/TDEC	201,327	-
66.458	Capitalization Grants for Clean Water State Revolving Fund	SRF 20-447	EPA/TDEC	3,004,024	-
		Total CFDA 66.458		3,205,351	-
		Total Federal Awards		3,955,197	-
<u>State Awards</u>					
N/A	TN Direct Appropriation Grant	N/A	TDFA	204,025	-
N/A	Local Park & Recreation Fund	60850	TDEC	125,000	-
N/A	TN Agriculture Enhancement Program	32510-02922	TDEC	4,650	-
		Total State Awards		333,675	-
		Total Federal and State Awards		\$ 4,288,872	\$ -

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

Note B: At June 30, 2022, there was an outstanding balance of \$5,604,645, \$23,630,611 and \$4,232,294 on state revolving fund loans 16-360, 19-422 & 20-447, respectively. Payments during the current fiscal year were \$229,320, \$1,154,716 & \$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	TDOA	Tennessee Department of Agriculture – Forestry

City of Springfield, Tennessee
Schedule of Lease Obligations, Principal, and Interest Requirements
Schedule of Future Long-Term Debt, Principal, and Interest Requirements
(Unaudited)
June 30, 2022

SCHEDULE OF LEASE OBLIGATIONS, PRINCIPAL, AND INTEREST REQUIREMENTS

GOVERNMENTAL ACTIVITIES						
Fiscal Year	PNC Capital Lease		PNC Capital Lease		Total	
Ended	\$224,400		\$15,372		Governmental Activities	
June 30,	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 24,132	\$ 7,666	\$ 3,976	\$ 266	\$ 28,108	\$ 7,932
2024	150,176	4,984	3,110	76	153,286	5,060
Total	<u>\$ 174,308</u>	<u>\$ 12,650</u>	<u>\$ 7,086</u>	<u>\$ 342</u>	<u>\$ 181,394</u>	<u>\$ 12,992</u>

SCHEDULE OF FUTURE LONG-TERM DEBT, PRINCIPAL, AND INTEREST REQUIREMENTS

BUSINESS-TYPE ACTIVITIES

Electric Fund				
Fiscal Year	TVA Conservation			
Ended	Loan		Total	
June 30,	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	<u>\$ 397,700</u>	<u>-</u>	<u>\$ 397,700</u>	<u>-</u>
	<u>\$ 397,700</u>	<u>\$ -</u>	<u>\$ 397,700</u>	<u>\$ -</u>

Gas Fund				
Fiscal Year	2021 GO Capital Outlay			
Ended	\$155,000		Total	
June 30,	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 35,000	\$ 2,293	\$ 35,000	\$ 2,293
2024	40,000	3,000	40,000	3,000
2025	40,000	2,000	40,000	2,000
2026	40,000	1,000	40,000	1,000
Total	<u>\$ 155,000</u>	<u>\$ 8,293</u>	<u>\$ 155,000</u>	<u>\$ 8,293</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, 2022

Sewer Fund

Fiscal Year Ended June 30,	TN SRF 20-447 \$6,200,000		TN SRF 16-360 \$6,503,649		TN SRF 19-422 \$26,500,000		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 144,277	\$ 24,024	\$ 232,428	\$ 74,232	\$ 1,154,856	\$ 300,336	\$ 1,531,561	\$ 398,592
2024	248,868	39,648	235,584	71,076	1,169,964	285,228	1,654,416	395,952
2025	250,812	37,704	238,788	67,872	1,185,264	269,928	1,674,864	375,504
2026	252,780	35,736	242,028	64,632	1,200,768	254,424	1,695,576	354,792
2027	254,760	33,756	245,316	61,344	1,216,464	238,728	1,716,540	333,828
2028	256,752	31,764	248,652	58,008	1,232,376	222,816	1,737,780	312,588
2029	258,768	29,748	252,036	54,624	1,248,492	206,700	1,759,296	291,072
2030	260,784	27,732	255,456	51,204	1,264,824	190,368	1,781,064	269,304
2031	262,836	25,680	258,924	47,736	1,281,360	173,832	1,803,120	247,248
2032	264,888	23,628	262,440	44,220	1,298,112	157,080	1,825,440	224,928
2033	266,964	21,552	266,004	40,656	1,315,092	140,100	1,848,060	202,308
2034	269,052	19,464	269,616	37,044	1,332,288	122,904	1,870,956	179,412
2035	271,152	17,364	273,276	33,384	1,349,712	105,480	1,894,140	156,228
2036	273,276	15,240	276,996	29,664	1,367,364	87,828	1,917,636	132,732
2037	275,424	13,092	280,752	25,908	1,385,244	69,948	1,941,420	108,948
2038	277,572	10,944	284,568	22,092	1,403,364	51,828	1,965,504	84,864
2039	143,329	8,772	288,432	18,228	1,421,712	33,480	1,853,473	60,480
2040	-	-	292,356	14,304	1,440,312	14,880	1,732,668	29,184
2041	-	-	296,328	10,332	363,043	787	659,371	11,119
2042	-	-	300,348	6,312	-	-	300,348	6,312
2043	-	-	304,317	2,400	-	-	304,317	2,400
Total	<u>\$ 4,232,294</u>	<u>\$ 415,848</u>	<u>\$ 5,604,645</u>	<u>\$ 835,272</u>	<u>\$ 23,630,611</u>	<u>\$ 2,926,675</u>	<u>\$33,467,550</u>	<u>\$ 4,177,795</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, 2022

Fiscal Year Ended June 30,	GO Bonds 2013 \$11,225,000		GO Bonds 2014 \$18,485,000		Capital Outlay 2017 \$1,750,000	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 555,000	\$ 124,112	\$ 650,000	\$ 253,187	\$ 194,869	\$ 3,488
Total	<u>\$ 555,000</u>	<u>\$ 124,112</u>	<u>\$ 650,000</u>	<u>\$ 253,187</u>	<u>\$ 194,869</u>	<u>\$ 3,488</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
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	8,325	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>\$ 4,780,000</u>	<u>\$ 1,009,278</u>	<u>\$ 113,900</u>	<u>\$ 1,992</u>	<u>\$ 7,830,000</u>	<u>\$ 2,469,293</u>	<u>\$ 2,595,000</u>	<u>\$ 263,325</u>	<u>\$ 3,145,000</u>	<u>\$ 571,900</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, 2022

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
2023	\$ 865,000	\$ 390,655	\$ 405,000	\$ 161,300	4,598,769	1,565,041	6,563,030	1,973,858
2024	2,100,000	382,005	425,000	145,100	4,200,000	1,085,912	5,894,416	1,489,924
2025	2,105,000	361,005	430,000	128,100	4,200,000	977,562	5,914,864	1,355,066
2026	2,125,000	339,955	390,000	110,900	3,875,000	877,812	5,610,576	1,233,604
2027	2,165,000	318,705	400,000	95,300	3,955,000	792,212	5,671,540	1,126,040
2028	2,190,000	292,725	280,000	83,300	3,495,000	696,157	5,232,780	1,008,745
2029	2,225,000	264,255	290,000	74,900	3,545,000	621,524	5,304,296	912,596
2030	1,605,000	233,105	295,000	66,200	2,960,000	553,499	4,741,064	822,803
2031	1,640,000	209,030	300,000	60,300	2,845,000	486,699	4,648,120	733,947
2032	1,675,000	182,790	245,000	54,300	2,855,000	428,884	4,680,440	653,812
2033	1,685,000	154,315	255,000	49,400	2,900,000	369,059	4,748,060	571,367
2034	945,000	123,143	260,000	44,300	2,190,000	304,962	4,060,956	484,374
2035	965,000	105,188	260,000	39,100	2,235,000	252,288	4,129,140	408,516
2036	990,000	85,888	265,000	33,900	2,290,000	197,851	4,207,636	330,583
2037	1,010,000	66,088	275,000	28,600	1,945,000	141,051	3,886,420	249,999
2038	1,035,000	44,625	280,000	23,100	1,995,000	92,839	3,960,504	177,703
2039	1,065,000	22,631	285,000	17,500	1,430,000	43,331	3,283,473	103,811
2040	-	-	290,000	11,800	370,000	13,400	2,102,668	42,584
2041	-	-	300,000	6,000	300,000	6,000	959,371	17,119
2042	-	-	-	-	-	-	300,348	6,312
2043	-	-	-	-	-	-	304,317	2,400
Total	\$ 26,390,000	\$ 3,576,108	\$ 5,930,000	\$ 1,233,400	\$ 52,183,769	\$ 9,506,083	\$ 86,204,019	\$ 13,705,163

See auditor's report.

City of Springfield, Tennessee
 Utility Rates and Customers - Sewer Fund (Unaudited)
 June 30, 2022

Consumption (Gallons)

	City Rate	County Rate
<u>Residential</u>		
First 2,000	43.18 (minimum bill)	64.78 (minimum bill)
2,001-5,000	13.70 per 1,000	20.54 per 1,000
5,001-20,000	11.84 per 1,000	17.76 per 1,000
20,001-100,000	10.07 per 1,000	15.09 per 1,000
Over 100,000	8.22 per 1,000	12.33 per 1,000

Commercial

	Small	Large	Small	Large
First 2,000	66.29 (minimum bill)	99.44	110.40 (minimum bill)	165.59
2,000-5,000	13.70 per 1,000	13.70	20.54 per 1,000	20.54
5,001-20,000	11.84 per 1,000	11.84	17.76 per 1,000	17.76
20,001-100,000	10.07 per 1,000	10.07	15.09 per 1,000	15.09
Over 100,000	8.22 per 1,000	8.22	12.33 per 1,000	12.33

Industrial

First 2,000	440.66 (minimum bill)	661.01 (minimum bill)
2,000-5,000	13.70 per 1,000	20.54 per 1,000
5,001-20,000	11.84 per 1,000	17.76 per 1,000
20,001-100,000	10.07 per 1,000	15.09 per 1,000
Over 100,000	8.22 per 1,000	12.33 per 1,000

Installation

6"-Service: \$800.00

All others are at actual costs.

Tap Fees

All connections: \$300.00

Number of Customers - 7,341

City of Springfield, Tennessee
 Utility Rates and Customers – Gas Fund (Unaudited)
 June 30, 2022

<u>Residential</u>	<u>City Rate</u>	<u>County Rate</u>
First 600 cubic feet	6.00 minimum	8.00 minimum
Over 600 cubic feet	1.0110 per 100 cubic feet	1.2748 per 100 cubic feet
<u>Commerical service</u>		
First 600 cubic feet	7.00 minimum	9.50 minimum
Over 600 cubic feet	1.0679 per 100 cubic feet	1.3571 per 100 cubic feet

Large Commercial and Industrial

Schedule III	200.00 minimum 0.9239 per 100 cubic feet
Schedule IV	200.00 minimum 0.9239 per 100 cubic feet
Schedule V	200.00 minimum 0.8816 per 100 cubic feet
Schedule VI	200.00 minimum 1.0679 per 100 cubic feet

Number of Customers- 8,538

City of Springfield, Tennessee
 Utility Rates and Customers – Electric Fund (Unaudited)
 June 30, 2022

Residential

Customer Charge (minimum)	13.87
Energy Charge (per KWH)	0.10144

Commercial and Industrial

General Power	
Per Block	2.00

GSA 1 (Codes 40 and 45)

Customer Charge (minimum)	25.32
Energy Charge (per KWH)	0.11008

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	0.10995
Additional KWH	0.06988

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)	0.07456

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	0.08483

Outdoor Lighting

Customer Charge (minimum)	2.00
Energy Charge (per KWH)	0.08166

Number of Customers - 8,810

City of Springfield, Tennessee
 Utility Rates and Customers – Water Fund (Unaudited)
 June 30, 2022

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>	
First 2,000	32.33 (minimum bill)		48.61	
2,000-5,000	8.03 per 1,000		8.03	
5,001-20,000	6.85 per 1,000		6.85	
20,001-100,000	5.61 per 1,000		5.61	
Over 100,000	4.81 per 1,000		4.81	
	<u>Small</u>		<u>Large</u>	
First 2,000	32.33 (minimum bill)		48.51 (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>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- 13,631

City of Springfield, Tennessee
Other Supplementary Information (Unaudited)
June 30, 2022

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

<u>Year of Levy</u>	<u>Tax Rate Per \$100</u>	<u>Total Assessed Value</u>
2021	1.072	462,274,441
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

2. CHANGES IN PROPERTY TAXES RECEIVABLE

<u>Tax Year</u>	<u>Gross Property Taxes Receivable June 30, 2021</u>	<u>Property Tax Levied</u>	<u>Anticipated Current Year Levy</u>	<u>Collections/ Adjustments</u>	<u>Allowance for Uncollectibles</u>	<u>Net Property Taxes Receivable June 30, 2022</u>
2022 (accrued)	\$ -	\$ -	\$ 5,325,791	\$ -	\$ -	\$ 5,325,791
2021	-	4,955,582	-	(4,835,232)	(48,563)	71,787
2020	101,386	-	-	(79,278)	(22,108)	-
2019	21,393	-	-	(6,436)	(14,957)	-
2018	22,018	-	-	(3,921)	(18,097)	-
2017	9,927	-	-	(1,377)	(8,550)	-
2016	10,955	-	-	(4,933)	(6,022)	-
2015	6,687	-	-	(4,043)	(2,644)	-
2014	8,983	-	-	(190)	(8,793)	-
2013	18,996	-	-	(7,641)	(11,355)	-
2012 & prior	40,584	-	-	(20,105)	(20,479)	-
Totals	<u>\$ 240,929</u>	<u>\$ 4,955,582</u>	<u>\$ 5,325,791</u>	<u>\$ (4,963,156)</u>	<u>\$ (161,568)</u>	<u>\$ 5,397,578</u>

Note: Delinquent property taxes for 2020 and prior years have been turned over to collections.

City of Springfield, Tennessee
 Other Supplementary Information (Unaudited)
 June 30, 2022

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	\$ -	\$ 58,020	\$ 387,103	\$ 398,532	\$ 139,861	\$ 983,516
Capital Improvements	<u>44,000</u>	-	-	-	-	<u>44,000</u>
Total	<u>\$ 44,000</u>	<u>\$ 58,020</u>	<u>\$ 387,103</u>	<u>\$ 398,532</u>	<u>\$ 139,861</u>	<u>\$ 1,027,516</u>

City of Springfield, Tennessee
Other Supplementary Information (Unaudited)
June 30, 2022

4. SCHEDULE OF CHANGES IN LEASE OBLIGATIONS

<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 7/1/2021</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Outstanding 6/30/2022</u>
<u>Governmental Activities</u>								
<u>LEASES PAYABLE</u>								
<u>Payable through General Fund</u>								
PNC Equipment Finance - Golf Carts	224,400	3.00%	3/17/2020	3/17/2024	\$ 195,363	\$ -	\$ 21,054	\$ 174,309
PNC Equipment Finance - Food/Bev Cart	15,373	3.00%	3/17/2020	3/17/2024	10,878	-	3,793	7,085
Total Leases Payable through General Fund					<u>\$ 206,241</u>	<u>\$ -</u>	<u>\$ 24,847</u>	<u>\$ 181,394</u>
Total Leases Payable - Governmental Activities					<u>\$ 206,241</u>	<u>\$ -</u>	<u>\$ 24,847</u>	<u>\$ 181,394</u>

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

<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 7/1/2021</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Outstanding 6/30/2022</u>
<u>Governmental Activities</u>								
<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	\$ 68,000	\$ -	\$ 68,000	\$ -
Capital Outlay Note, Series 2014-B (US Bank)	607,253	2.59%	5/15/2014	5/1/2022	15,323	-	15,323	-
Capital Outlay Note, Series 2016	1,240,000	1.75%	6/17/2016	6/1/2023	173,200	-	85,700	87,500
2017 CO Note Payable (Comm. Union)	1,750,000	1.24-1.79%	6/14/2017	6/14/2023	232,569	-	114,566	118,003
Total Notes Payable through General Fund					<u>\$ 489,092</u>	<u>\$ -</u>	<u>\$ 283,589</u>	<u>\$ 205,503</u>
<u>BONDS PAYABLE</u>								
<u>Payable through General Fund</u>								
GO Refunding and Public Impv Bond, Series 2012 (US Bank)	9,255,000	2-3%	12/18/2012	6/30/2033	\$ 171,206	\$ -	\$ 171,206	\$ -
GO Public Improvements Bond, Series 2013 (US Bank)	11,225,000	2-4.50%	3/19/2013	6/30/2033	140,000	-	68,056	71,944
GO Public Improvements Bond, Series 2014 (US Bank)	18,485,000	2-5%	10/22/2014	6/30/2039	93,846	-	46,375	47,471
GO Public Improvements Bond, Series 2016 (US Bank)	6,030,000	2-3%	3/22/2016	6/30/2036	955,000	-	55,000	900,000
GO Public Improvements Bond, Series 2018 (US Bank)	7,785,000	3-5%	5/23/2018	6/30/2038	6,800,000	-	370,000	6,430,000
GO Public Improvements Bond, Series 2019 (US Bank)	4,450,000	3-4%	10/17/2019	6/30/2030	2,671,305	-	673,600	1,997,705
GO Public Improvements Bond, Series 2020 (US Bank)	3,620,000	2-5%	6/25/2020	6/30/2040	2,129,810	-	247,619	1,882,191
GO Public Improvements Bond, Series 2021 (US Bank)	6,325,000	2-4%	6/28/2021	6/1/2041	96,064	-	14,692	81,372
GO Public Improvement Refunding Bonds, Series 2021 (US Bank)	26,675,000	1-2.125%	3/11/2021	3/1/2039	3,422,114	-	37,099	3,385,015
Total Bonds Payable through General Fund					<u>\$ 16,479,345</u>	<u>\$ -</u>	<u>\$ 1,683,647</u>	<u>\$ 14,795,698</u>

City of Springfield, Tennessee
Other Supplementary Information (Unaudited)
June 30, 2022

5. 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 7/1/2021</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Outstanding 6/30/2022</u>
<u>Business-Type Activities</u>								
<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	\$ 64,630	\$ -	\$ 64,630	\$ -
<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	151,491	-	74,626	76,865
<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	52,400	-	26,000	26,400
<u>Payable through Gas Fund</u>								
Capital Outlay Note, Series 2021 (Farmers & Merchant Bank)	155,000	2.50%	10/28/2021	6/30/2026	-	155,000	-	155,000
Total Notes Payable					<u>\$ 268,521</u>	<u>\$ 155,000</u>	<u>\$ 165,256</u>	<u>\$ 258,265</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	\$ 5,833,965	\$ -	\$ 229,320	\$ 5,604,645
TN State Funding Loan (SRF 19-422)	25,659,903	1.30%	2/8/2019	6/30/2038	24,584,000	201,327	1,154,716	23,630,611
TN State Funding Loan (SRF 20-447)	5,341,095	0.78%	7/20/2020	6/30/2040	1,228,270	3,004,024	-	4,232,294
<u>Payable through Electric Fund</u>								
TVA Conservation Loan					416,805	79,149	98,254	397,700
Total Other Loans Payable					<u>\$ 32,063,040</u>	<u>\$ 3,284,500</u>	<u>\$ 1,482,290</u>	<u>\$ 33,865,250</u>

City of Springfield, Tennessee
Other Supplementary Information (Unaudited)
June 30, 2022

5. 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>Outstanding 6/30/2021</u>
<u>BONDS PAYABLE</u>								
<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	\$ 398,794	\$ -	\$ 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	-	247,901	23,004,985
<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	940,000	-	456,944	483,056
GO Public Improvements Bond, Series 2014 (US Bank)	18,485,000	2-5%	10/22/2014	6/30/2039	1,191,153	-	588,624	602,529
<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	4,115,000	-	235,000	3,880,000
<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	1,500,000	-	100,000	1,400,000
<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	798,696	-	201,401	597,295
<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	-	380,308	5,848,628
<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	1,410,190	-	147,380	1,262,810
Total Bonds Payable					<u>\$ 39,835,655</u>	<u>\$ -</u>	<u>\$ 2,756,352</u>	<u>\$ 37,079,303</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, Tennessee (the City), as of and for the year ended June 30, 2022, 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 20, 2022.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

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 20, 2022



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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

Opinion on Each Major Federal Program

We have audited the City of Springfield, Tennessee's (the City) compliance with the types of compliance requirements identified as subject to audit 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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 20, 2022

City of Springfield, Tennessee
Schedule of Prior Year Findings and Responses
June 30, 2022

There were no prior year findings reported.

City of Springfield, Tennessee
Schedule of Findings and Questioned Costs
June 30, 2022

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 State and Local Fiscal Recovery Funds, CFDA 21.027; 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 qualified 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.