

OFFICIAL STATEMENT

New Issue
Book-Entry Only

Rating: Moody's "Aa2"
(See "RATING" herein)

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Issuer, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. Under existing law and subject to certain exceptions, the Bonds and the income therefrom will be exempt from state, county and municipal taxation in the State of Tennessee. (See "Tax Matters" herein).

\$6,190,000
CITY OF SPRINGFIELD, TENNESSEE
GENERAL OBLIGATION PUBLIC IMPROVEMENT BONDS, SERIES 2025
(ULT) (BQ)

Dated: Date of Delivery

Due: June 1, as shown below

The City of Springfield, Tennessee (the "Issuer") will issue its \$6,190,000 General Obligation Public Improvement Bonds, Series 2025 (the "Bonds") in fully registered form, without coupons, and, when issued, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases of beneficial ownership interest in the Bonds will be made in book-entry form only, in denominations of \$5,000 or multiples thereof through DTC Participants. Interest on the Bonds will be payable semiannually on June 1 and December 1 of each year, commencing on June 1, 2026, calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payments of principal of and interest on the Bonds are to be made to purchasers by DTC through the Participants (as such term is herein defined). Purchasers will not receive physical delivery of Bonds purchased by them. See "The Bonds-Book-Entry-Only System." Principal of and interest on the Bonds are payable by the Issuer to the corporate trust office of U.S. Bank Trust Company, National Association, Nashville, Tennessee, as registration and paying agent (the "Registration Agent").

The Bonds are subject to redemption prior to maturity at the option of the Issuer at any time on or after June 1, 2035 at a price of par. The Bonds are payable on June 1 of each year as follows:

Maturity (June 1)	Principal	Interest Rate	Yield	CUSIP No.	Maturity (June 1)	Principal	Interest Rate	Yield	CUSIP No.
2027	\$210,000	5.000%	2.600%	851392WW6	2037	\$340,000	4.000%	3.190%C	851392XG0
2028	220,000	5.000	2.600	851392WX4	2038	350,000	4.000	3.250C	851392XH8
2029	230,000	5.000	2.600	851392WY2	2039	365,000	4.000	3.350C	851392XJ4
2030	240,000	5.000	2.600	851392WZ9	2040	380,000	4.000	3.500C	851392XK1
2031	250,000	5.000	2.630	851392XA3	2041	395,000	4.000	3.600C	851392XL9
2032	265,000	5.000	2.700	851392XB1	2042	410,000	4.000	3.700C	851392XM7
2033	280,000	5.000	2.800	851392XC9	2043	430,000	4.000	3.750C	851392XN5
2034	290,000	5.000	2.810	851392XD7	2044	445,000	4.000	3.800C	851392XP0
2035	305,000	5.000	2.910	851392XE5	2045	465,000	4.000	3.850C	851392XQ8
2036	320,000	5.000	3.030C	851392XF2					

C = yield to June 1, 2035 par call date

The Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the Issuer. The full faith and credit of the Issuer are irrevocably pledged for the prompt payment of principal of and interest on the Bonds.

The Bonds have been designated as "qualified tax-exempt obligations," as defined by Section 265(b) of the Internal Revenue Code.

The Bonds are offered when, as and if issued, subject to the approval of the legality by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the Issuer by Christina M. Bartee, Esq., Springfield, Tennessee, Counsel to the Issuer. Stephens Inc. is serving as Municipal Advisor to the City. The Bonds, in book-entry form, are expected to be available for delivery through The Depository Trust Company in New York, New York, on or about December 30, 2025.

December 17, 2025

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended (collectively, the "Official Statement") by the Issuer from time to time, is an Official Statement with respect to the Bonds described herein that is deemed final by the Issuer as of the date hereof (or of any such supplement or amendment).

No dealer, broker, salesman or other person has been authorized by the Issuer or by Stephens Inc., as financial advisor, to give any information or make any representations other than those contained in this Official Statement and, if given or made, such information or representations with respect to the Issuer or the Bonds must not be relied upon as having been authorized by the Issuer or Stephens Inc. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities other than the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date as of which information is given in this Official Statement.

In making an investment decision investors must rely on their own examination of the Issuer and the terms of the offering, including the merits and risks involved. No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission or with any state securities agency. The Bonds have not been approved or disapproved by the Securities and Exchange Commission or any state securities agency, nor has the Securities and Exchange Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

All CUSIP numbers presented herein have been assigned by Standard & Poor's CUSIP Service Bureau, a Division of The McGraw-Hill Companies, Inc., and are included solely for convenience of the Bondholders. The County is not responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated herein.

The material contained herein has been obtained from sources believed to be current and reliable, but the accuracy thereof is not guaranteed. The Official Statement contains statements which are based upon estimates, forecasts, and matters of opinion, whether or not expressly so described, and such statements are intended solely as such and not as representations of fact. All summaries of statutes, resolutions, and reports contained herein are made subject to all the provisions of said documents. The Official Statement is not to be construed as a contract with the purchasers of any of the City of Springfield, Tennessee General Obligation Public Improvement Bonds, Series 2025.

Table of Contents

Summary Statement	vi
The Bonds	1
Description	1
Optional Redemption	2
Notice of Redemption	3
Security and Sources of Payment	3
Discharge and Satisfaction of Bonds	3
Book-Entry-Only System.....	4
Sources and Uses of Funds	6
Application of Bond Proceeds	6
Rating.....	6
Continuing Disclosure	6
General	6
Annual Report	7
Reporting of Significant Events.....	7
Termination of Reporting Obligation	9
Amendment/Waiver	9
Default.....	9
Investment Considerations.....	10
General	10

Enforceability of Remedies.....	10
Redemption Prior to Maturity	10
Secondary Market Prices	10
Adverse Weather and Other Catastrophic Events.....	11
Cyber Security	11
Future Issues	11
Litigation.....	11
Approval of Legal Proceedings	12
Tax Matters	12
Municipal Advisor	14
Underwriting	14
Miscellaneous	15
Certificate of Issuer	16
Proposed Form of Legal Opinion	Appendix A
Demographic and General Financial Information for the Issuer	Appendix B
Comprehensive Annual Financial Report of the Issuer for the Fiscal Year Ended June 30, 2024	Appendix C

CITY OF SPRINGFIELD, TENNESSEE

MAYOR

Buzzy Poole

BOARD OF MAYOR AND ALDERMEN

Tim Harris
Stephanie Bradley
Jeff Gragg
Emily Green
James Hubbard
Bobby Trotter

ADMINISTRATION

Ryan Martin, City Manager
April Sanford, City Recorder/Director of Finance
Melissa Brown, City Clerk

CITY ATTORNEY

Christina M. Barte, Esq.
Batson Nolan PLC
Clarksville, Tennessee

BOND COUNSEL

Bass, Berry & Sims PLC
Nashville, Tennessee

REGISTRATION AND PAYING AGENT

U.S. Bank Trust Company, National Association
Nashville, Tennessee

MUNICIPAL ADVISOR

Stephens Inc.
Nashville, Tennessee

UNDERWRITER

Hilltop Securities Inc.
Dallas, Texas

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Summary Statement

This Summary is expressly qualified by the entire Official Statement, which should be viewed in its entirety by potential investors.

ISSUER	City of Springfield, Tennessee (the “Issuer”).
ISSUE	\$6,190,000 General Obligation Public Improvement Bonds, Series 2025 (the “Bonds”).
PURPOSE	The Bonds are being issued to provide funds to finance, in whole or in part, the (i) construction, improvement, and equipping of public safety facilities, including but not limited to a new fire station; (ii) acquisition of all property real and personal, appurtenant thereto, or connected with such public works projects; (iii) payment of legal, fiscal, administrative, architectural and engineering costs incident thereto; (iv) reimbursement to the Issuer for funds previously expended for the foregoing projects; and (v) payment of costs incident to the issuance of the Bonds.
SECURITY	The Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the Issuer. The full faith and credit of the Issuer are irrevocably pledged for the prompt payment of principal of and interest on the Bonds.
DATED DATE	Settlement Date
INTEREST DUE	Each June 1 and December 1, commencing June 1, 2026.
PRINCIPAL DUE	June 1, commencing June 1, 2026 through June 1, 2045.
SETTLEMENT DATE	December 30, 2025.
OPTIONAL REDEMPTION	The Bonds maturing June 1, 2036 and thereafter, shall be subject to redemption prior to maturity at the option of the Municipality on June 1, 2035 and thereafter, as a whole or in part, at any time at the redemption price of par plus accrued interest to the redemption date.
RATING	“Aa2” by Moody’s Investors Service, Inc. (the “Rating Agency”), based on documents and other information provided by the Issuer. The rating reflects only the view of the Rating Agency and neither the Issuer, the Financial Advisor nor the Underwriter makes any representations as to the appropriateness of such rating.

There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by the Rating Agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the rating may be obtained from the Rating Agency.

TAX MATTERS	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Issuer, interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. Under existing law and subject to certain exceptions, the Bonds and the income therefrom will be exempt from state, county and municipal taxation in the State of Tennessee. (See "Tax Matters" herein).
BANK QUALIFICATION.....	The Bonds will be "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended.
REGISTRATION AND PAYING AGENT.....	U.S. Bank Trust Company, National Association, Nashville, Tennessee.
MUNICIPAL ADVISOR.....	Stephens Inc., Nashville, Tennessee.
UNDERWRITER.....	Hilltop Securities Inc., Dallas, Texas.

Official Statement

City of Springfield, Tennessee

\$6,190,000

**General Obligation Public Improvement Bonds, Series 2025
(ULT) (BQ)**

Introduction

The Official Statement, including the cover page and appendices hereto, is furnished in connection with the issuance by The City of Springfield, Tennessee (the “Issuer” or the “City” or the “Municipality”) of \$6,190,000 General Obligation Public Improvement Bonds, Series 2025 (the “Bonds”).

The Bonds are issuable under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101, et seq., Tennessee Code Annotated, and pursuant to a resolution adopted by the Board of Mayor and Aldermen of the Issuer on November 18, 2025 (the “Resolution”) authorizing the issuance, sale and payment of the Bonds.

This Official Statement includes descriptions of, among other matters, the Bonds, the Resolution, and the Issuer. Such descriptions and information do not purport to be comprehensive or definitive. All references to the Resolution are qualified in their entirety by reference to the definitive document, including the form of the Bonds included in the Resolution. During the period of the offering of the Bonds, copies of the Resolution and any other documents described herein or in the Resolution may be obtained from the Issuer. After delivery of the Bonds, copies of such documents will be available for inspection at the Mayor's office. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Resolution.

The Bonds

Description

The Bonds are being issued to finance, in whole or in part, the (i) construction, improvement, and equipping of public safety facilities, including but not limited to a new fire station; (ii) acquisition of all property real and personal, appurtenant thereto, or connected with such public works projects; (iii) payment of legal, fiscal, administrative, architectural and engineering costs incident thereto (collectively, the “Projects”); (iv) reimbursement to the Issuer for funds previously expended for the foregoing projects; and (v) payment of costs incident to the issuance of the Bonds.

The Bonds will be issued as fully registered book-entry Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated the date of delivery. Interest on the Bonds, at the rates per annum set forth on the cover page and calculated on the basis of a 360-day year, consisting of twelve 30-day months, will be payable semiannually on June 1 and December 1 of each year (herein an “Interest Payment Date”), commencing June 1, 2026.

The Bonds will mature on the dates and in the amounts set forth on the cover page.

Except as otherwise provided in the Detailed Notice of Sale and in the Resolution, the Bonds will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds.

U.S. Bank Trust Company, National Association, Nashville, Tennessee (the “Registration Agent”) will make all interest payments with respect to the Bonds on each Interest Payment Date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the Interest Payment Date (the “Regular Record Date”) by check or draft mailed to such owners at their addresses shown on said registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Issuer in respect of such Bonds to the extent of the payments so made. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. In the event the Bonds are no longer registered in the name of DTC or its successor or assigns, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

Any interest on any Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter “Defaulted Interest”) shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the Issuer to the persons in whose names the Bonds are registered at the close of business on a date (the “Special Record Date”) for the payment of such Defaulted Interest, which shall be fixed in the following manner: The Issuer shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the Issuer shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which date shall not be more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the Issuer of such Special Record Date and, in the name and at the expense of the Issuer, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in the Resolution or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the Issuer to punctually pay or duly provide for the payment of principal of and interest on the Bonds when due.

Optional Redemption

The Bonds maturing June 1, 2036 and thereafter, shall be subject to redemption prior to maturity at the option of the Municipality on June 1, 2035 and thereafter, as a whole or in part, at any time at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Municipality in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

- (i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or
- (ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

Notice of Redemption

Notice of call for redemption shall be given by the Registration Agent on behalf of the Issuer not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Issuer nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants, or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Issuer pursuant to written instructions from an authorized representative of the Issuer (other than for a mandatory sinking fund redemption, if applicable, notices of which shall be given at least forty-five (45) days prior to the redemption date unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided. In the case of a Conditional Redemption, the failure of the Issuer to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

Security and Sources of Payment

The Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the Issuer. The full faith and credit of the Issuer are irrevocably pledged for the prompt payment of principal of and interest on the Bonds.

Discharge and Satisfaction of Bonds

The Bonds may be discharged and defeased in any one or more of the following ways:

- (a) By depositing sufficient funds as and when required with the Registration Agent, to pay the principal of and interest on such Bonds as and when the same become due and payable;
- (b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (an "Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined,

the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the Issuer shall also pay or cause to be paid all other sums payable under the Resolution, or make adequate provision therefor, and by resolution of the Board of Mayor and Aldermen instruct any such Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the Issuer to the holders of such Bonds shall be fully discharged and satisfied.

If the Issuer pays and discharges the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners of such Bonds shall thereafter be entitled only to payment out of the money or Defeasance Obligations.

Defeasance Obligations are direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee). Only one fully-registered Bond certificate will be issued in the aggregate principal amount of each maturity of the Bonds, and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds securities that its participants (“Participants”) deposit with DTC. DTC also facilitates the settlement among Participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in Participants’ accounts, thereby eliminating the need for physical movement of securities certificates. Direct Participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is owned by a number of its Direct Participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as securities brokers and dealers, banks, and trust companies that clear through or maintain a custodial relationship with Direct Participants, either directly or indirectly (“Indirect Participants”). The Rules applicable to DTC and its Participants are on file with the Securities and Exchange Commission.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase, but Beneficial Owners are expected to receive written confirmation providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interest in the Bonds are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not

receive certificates representing their ownership interest in the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. The deposit of Bonds with DTC and their registration in the name of Cede & Co. effect no change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. will consent or vote with respect to the Bonds. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to DTC. DTC's practice is to credit Direct Participants' accounts on the payable date in accordance with their respective holdings shown on DTC's records unless DTC has reason to believe that it will not receive payment on the payable date. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name" and will be the responsibility of such Participant and not of DTC, the Registration Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Issuer or the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or the Registration Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

THE ISSUER AND THE REGISTRATION AGENT HAVE NO RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OR ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

Sources and Uses of Funds

The following table sets forth the sources and uses of funds in connection with the issuance of the Bonds.

Sources of Funds

Par Amount	\$6,190,000.00
Reoffering Premium	<u>\$438,983.65</u>
Total Sources	<u>\$6,628,983.65</u>

Uses of Funds

Deposit to Project Fund	\$6,504,191.02
Costs of Issuance (includes Underwriter's Discount, Municipal Advisory Fees, and Expenses)	<u>\$124,792.63</u>
Total Uses	<u>\$6,628,983.65</u>

Application of Bond Proceeds

The proceeds of the Bonds will be deposited to a Project Fund held by the Issuer, and used to pay costs of the Projects and costs of issuance of the Bonds.

Rating

The Bonds have been assigned a rating of "Aa2" by Moody's Investors Service, Inc. (the "Rating Agency") based on documents and other information provided by the Issuer. The rating reflects only the view of the Rating Agency, and neither the Issuer, the Financial Advisor, nor the Underwriter make any representation as to the appropriateness of such rating.

There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely by the Rating Agency if in its judgment circumstances so warrant. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the rating may be obtained from the Rating Agency.

Continuing Disclosure

General

The Issuer will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the Issuer by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2025 (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events and notice of failure to provide any required financial information of the Issuer. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the Issuer with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.com and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the

Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time (the “Rule”).

In the past five years, the Issuer has not failed to comply, in any material respect, with any previous undertakings with regard to the Rule.

Annual Report

The Issuer’s Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the Issuer for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the Issuer’s audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in Appendix B to this Official Statement as follows.

1. “Summary of Outstanding Debt”;
2. “Debt Statement”;
3. “Debt Record”;
4. “Population”;
5. “Per Capita Debt Ratios”;
6. “Debt Trend”;
7. “General Obligation Debt Service Requirements”;
8. “Property Valuation and Property Tax”;
9. “Top Taxpayers”;
10. “Funds Balances”; and
11. “Local Option Sales Tax Collections”.

Any or all of the items above may be incorporated by reference from other documents, including Official Statements in final form for debt issues of the Issuer or related public entities, which have been submitted to the Securities and Exchange Commission. If the document incorporated by reference is a final Official Statement, it will be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

Reporting of Significant Events

The Issuer will file notice of the following events (the “Listed Events”) with the MSRB and SID, if any:

- a. Principal and interest payment delinquencies.
- b. Non-payment related defaults, if material.

- c. Unscheduled draws on debt service reserves reflecting financial difficulties.
- d. Unscheduled draws on credit enhancements reflecting financial difficulties.
- e. Substitution of credit or liquidity providers, or their failure to perform.
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds.
- g. Modifications to rights of the security holders, if material.
- h. Bond calls, if material, and tender offers.
- i. Defeasances.
- j. Release, substitution or sale of property securing repayment of the security, if material.
- k. Rating changes.
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person.
- m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material
- o. Incurrence of a financial obligation (as defined by the Rule) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

Upon the occurrence of a Listed Event, the Issuer shall file a notice of such occurrence with the MSRB and SID, if any, no more than ten (10) business days after the occurrence of such event.

For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the Issuer shall determine the materiality of such event as soon as possible after learning of its occurrence.

Termination of Reporting Obligation

The Issuer's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Amendment/Waiver

Notwithstanding any other provision of the Disclosure Certificate, the Issuer may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized Bond Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of the respective Holders, or (ii) does not, in the opinion of nationally recognized Bond Counsel, materially impair the interests of the Holders or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the Issuer shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Default

In the event of a failure of the Issuer to comply with any provision of the Disclosure Certificate, any Bondholder or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the Issuer to comply with the Disclosure Certificate shall be an action to compel performance.

INVESTMENT CONSIDERATIONS

General

The purchase of the Bonds is subject to a number of investment considerations. The following is a discussion of certain investment considerations, which, among others, could affect the ability of the City to pay the principal of and interest and premium, if any, on the Bonds and which could also affect the marketability of, or the market price for, the Bonds. Such discussion is not, and is not intended to be, a comprehensive compilation of all possible investment considerations nor a substitute for an independent evaluation of the information presented in this Official Statement, including the Appendices attached hereto. Each prospective purchaser of any Bond should read this Official Statement, including the Appendices attached hereto, in its entirety and consult such prospective purchaser's own investment or legal advisor for a more complete explanation of the matters that should be considered when purchasing an investment such as the Bonds.

Enforceability of Remedies

The remedies available to the holders or beneficial owners of the Bonds upon any event of default under the Resolution are in many respects dependent upon judicial actions which are often subject to discretion and delay.

The enforceability of remedies or rights with respect to the Bonds may be limited by state and federal laws, rulings and decisions affecting remedies and by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

Under existing law, municipalities must obtain the consent of state governments in order to avail themselves of federal bankruptcy protection under Title 11 of the United States Code. There is currently no law in the State of Tennessee (the "State") granting such consent. The various legal opinions to be delivered concurrently with the delivery of the Bonds will be qualified as to the enforceability of the various legal instruments by limitations imposed by bankruptcy, reorganization, insolvency, moratorium, or other similar laws affecting the rights of creditors generally or as to the availability of any particular remedy.

Redemption Prior to Maturity

The Bonds are subject to optional redemption prior to maturity, as more fully described herein. See "THE BONDS - Redemption" herein. A prospective investor should consider these redemption rights when making any investment decision. Following redemption, the holders or beneficial owners of the Bonds may not be able to reinvest their funds at a comparable interest rate.

Secondary Market Prices

No assurance can be given that a secondary market for any of the Bonds will be available and no assurance can be given that the initial offering prices for the Bonds will continue for any period of time.

The Bonds may not constitute a liquid investment, and there is no assurance that a liquid secondary market will exist for the Bonds in the event a holder or beneficial owner thereof determines to solicit purchasers of the Bonds. Even if a liquid secondary market exists, there can be no assurance as to the price for which the Bonds may be sold. Such price may be lower than that paid by the current holder or beneficial owner of the Bonds, depending on existing market conditions and other factors.

Adverse Weather and Other Catastrophic Events

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The City's location in the southern United States and proximity to several waterways, including the Tennessee River, increases its vulnerability to flooding and extreme heat. In addition to flooding and extreme heat, the City faces other threats due to adverse weather, including the possibility of drought conditions that could become increasingly severe and frequent.

Severe weather events and natural disasters, generally, including floods, droughts, extreme heat, wildfires, tornadoes and other storm events, can affect the City and its residents in a myriad of ways, including by potentially damaging City property, causing the temporary or permanent displacement of City residents and interrupting City services. Along with natural disasters, catastrophic events caused by human activity could also materially impact the City in a manner that would adversely impact the City's finances and/or operations. The City cannot predict the timing, extent or severity of any adverse weather event and/or other catastrophic event and any potential impact on the City's operations and finances.

Cyber Security

The City utilizes various computer systems and network technology to perform many of its vital operations. Such operations often include the storage and transmission of sensitive information. As a result, the City may be the target of cyberattacks attempting to gain access to such information or disrupt City operations. In addition to intentional attacks, information breaches may occur due to unintentional employee error. A successful cyberattack or unintentional breach may require the expenditure of an unknown amount of money or time to resolve, substantially interrupt municipal services and operations and subject the City to legal action. Attempted cyber security attacks, whether anonymous or targeted, occur on a periodic frequency that is not uncommon to organizations or entities similar to the City.

In January 2024, the Federal Bureau of Investigation issued a specific warning that international hackers are working to attack governmental infrastructure in the United States. To mitigate against such risks, the City has instituted various policies and procedures to protect its network infrastructure, including a cyber-security training requirement for certain departments, as well as general cyber security training and awareness for all employees. The City also maintains insurance against cyber security incidents. Despite the City's measures to safeguard its network infrastructure, there are no guarantees that such measures will be successful.

Future Issues

In the calendar year 2026, the City expects to issue an additional approximate amount of \$4,050,000 in new money general obligation indebtedness, to be additionally payable from revenues of the City's electric system. The projects to be financed consist of improvements and extensions to the City's electric system.

Litigation

The Issuer, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. As of the date of this Official Statement and after reviewing the current status of all pending and threatened litigation with its counsel, the Issuer believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits that have been filed and of any actions or claims pending or threatened against the Issuer or its officials in such capacity are adequately covered by insurance or by sovereign immunity or will not have a material adverse effect upon the Issuer's financial condition.

As of the date of this Official Statement, the Issuer has no knowledge or information concerning any pending or threatened litigation contesting the authority of the Issuer to issue, sell or deliver the proposed Bonds. The Issuer has no knowledge or information of any actions pending or expected which would materially affect the Issuer's ability to pay the debt service requirements of the proposed Bonds.

Approval of Legal Proceedings

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Bass, Berry & Sims PLC, Bond Counsel. A copy of the opinion will be delivered with the Bonds. (See Appendix A). Certain legal matters will be passed upon for the Issuer by Christina M. Barte, Esq., Springfield, Tennessee, Counsel to the Issuer.

Tax Matters

Federal Taxes

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the Municipality and assuming compliance by the Municipality with certain covenants, is that interest on the Bonds:

- is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"); and
- is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

The Code imposes requirements on the Bonds that the Municipality must continue to meet after the Bonds are issued. These requirements generally involve the way that the Bond proceeds must be invested and ultimately used. If the Municipality does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The Municipality has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also "Changes in Federal and State Tax Law" below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is “bond premium” on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder’s tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner’s original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Original Issue Discount. A Bond will have “original issue discount” if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel’s opinion is that any original issue discount on these Bonds as it accrues is excluded from a bondholder’s federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder’s tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Qualified Tax-Exempt Obligations

Under the Code, in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain “qualified tax-exempt obligations”, as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the City as to the Bonds, Bond Counsel has determined that the Bonds upon issuance will be “qualified tax-exempt obligations” within the meaning of the Code.

State Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, City and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal and Congressional committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. It cannot be predicted whether, or in what form, these proposals might be enacted or if enacted, whether they would apply to Bonds prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Municipal Advisor

Stephens Inc. is serving as Municipal Advisor to the Issuer in connection with the issuance of the Bonds. Stephens Inc., in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal or state income tax status of the Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. The information set forth herein has been obtained from the Issuer and other sources believed to be reliable, but has not been independently verified by Municipal Advisor.

The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds.

The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Issuer and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

Underwriting

Hilltop Securities Inc., Dallas, Texas (the "Underwriter"), acting for and on behalf of itself and such other securities dealers as it may designate, will purchase the Bonds for an aggregate purchase price of \$6,589,068.15, which is par, plus original issue premium of \$438,983.65, less Underwriter's discount of \$39,915.50.

The Underwriter may offer and sell the Bonds to certain dealers (including dealer banks and dealers depositing the Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

Miscellaneous

The foregoing summaries do not purport to be complete and are expressly made subject to the exact provisions of the complete documents. For details of all terms and conditions, purchasers are referred to the Resolution, copies of which may be obtained from the Issuer.

Any statement made in this Official Statement involving matters of opinion and estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement was duly authorized by the Issuer.

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Certificate of Issuer

I, Buzzy Poole, do hereby certify that I am the duly qualified and acting Mayor of the City of Springfield, Tennessee, and as such official, I do hereby further certify with respect to the Official Statement dated December 17, 2025 issued in connection with the sale of the Issuer's \$6,190,000 General Obligation Public Improvement Bonds, Series 2025, and to the best of my knowledge, information, and belief (a) the descriptions and statements contained in said Official Statement were at the time of the acceptance of the winning bid and are on the date hereof true and correct in all material respects; and (b) that said Official Statement did not at the time of the acceptance of the winning bid and does not on the date hereof contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

WITNESS my official signature this 17th day of December, 2025.

/s/ Buzzy Poole

Mayor

I, April Sanford, do hereby certify that I am the duly qualified and acting City Recorder of the City of Springfield, Tennessee, and as such official, I do hereby certify that Buzzy Poole is the duly qualified and acting Mayor of said Issuer and that the signature appended to the foregoing certificate is the true and genuine signature of such official.

WITNESS my official signature and the seal of the City of Springfield, Tennessee as of the date subscribed to the foregoing certificate.

/s/ April Sanford

City Recorder

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APPENDIX A

Form of Legal Opinion of Bass, Berry & Sims PLC, Attorneys,
Nashville, Tennessee relating to the Bonds

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(Form of Opinion of Bond Counsel)

Bass, Berry & Sims PLC
21 Platform Way South, Suite 3500
Nashville, Tennessee 37203

December 30, 2025

We have acted as bond counsel to the City of Springfield, Tennessee (the "Issuer") in connection with the issuance of \$6,190,000 General Obligation Public Improvement Bonds, Series 2025, dated the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding general obligations of the Issuer.

2. The resolution of the Board of Mayor and Aldermen of the Issuer authorizing the Bonds have been duly and lawfully adopted, is in full force and effect and is the valid and binding agreement of the Issuer, enforceable in accordance with its terms.

3. The Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the Issuer. The full faith and credit of the Issuer are irrevocably pledged for the prompt payment of principal of and interest on the Bonds.

4. Interest on the Bonds is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. Failure to comply with certain of such requirements could cause interest on the Bonds to be so includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, City and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

6. The Bonds are “qualified tax-exempt obligations” for purposes of Section 265 of the Code.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, and by equity principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds. Further, we express no opinion herein regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

Bass, Berry & Sims PLC

APPENDIX B

Demographic and General Financial Information for the Issuer

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DEMOGRAPHIC AND GENERAL FINANCIAL INFORMATION OF THE MUNICIPALITY

GENERAL INFORMATION

The Issuer

The City of Springfield (the “City”) is located in the region of Middle Tennessee in Robertson County (the “County”). The City, located approximately 30 miles north of Nashville, was incorporated in April of 1927 by Chapter 158, Acts of 1927, as amended by the General Assembly of the State of Tennessee, and operates under a Council/Manager form of government. The City serves as the county seat of Robertson County.

The Board of Mayor and Aldermen

The Board of Mayor and Aldermen is the legislative and policy-making body of the City and consists of six Aldermen who are elected from each of the City's six wards for four-year terms. The present members and expiration of their respective terms and the mayor who is elected for a four-year term of office are as follows:

Buzzy Poole, Mayor
Term (12/1/2024 - 11/30/2028)

<u>Name</u>	<u>Expiration of Term</u>
James Hubbard, Ward 1 Alderman	11/30/2026
Bobby Trotter, Ward 2 Alderman	11/30/2026
Jeff Gragg, Ward 3 Alderman	11/30/2026
Tim Harris, Vice Mayor & Ward 4 Alderman	11/30/2028
Stephanie Bradley, Ward 5 Alderman	11/30/2028
Emily Green Holliman, Ward 6 Alderman	11/30/2028

Administration

The day-to-day administration of the City is handled through the City Manager who is responsible for the everyday functions. The members of the administration are listed below.

<u>Name</u>	<u>Title</u>
Ryan Martin	City Manager
April Sanford	Director of Finance/City Recorder

DEMOGRAPHIC AND ECONOMIC INFORMATION

Population

The U.S. Census Bureau estimated a 2024 population of 19,842 residents in the City, which represents a 6% increase from the 2020 Census.

	Robertson		
	<u>City</u>	<u>County</u>	<u>Tennessee</u>
1980 U.S. Census	10,814	37,021	4,600,252
1990 U.S. Census	12,191	41,669	4,890,626
2000 U.S. Census	14,441	54,825	5,703,719
2010 U.S. Census	16,440	66,314	6,355,518
2020 U.S. Census	18,786	72,962	6,927,904
2021 U.S. Census Estimate	18,936	74,054	6,965,740
2022 U.S. Census Estimate	19,172	75,402	7,062,217
2023 U.S. Census Estimate	19,515	76,820	7,148,304
2024 U.S. Census Estimate	19,842	78,459	7,227,750

Source: U.S. Census Bureau

Per Capita Personal Income

The County's per capita personal income for 2023 was \$56,484, reflecting a 56% increase over the last ten years.

	Robertson County	Tennessee	% of State
2014 Per Capita Personal Income	\$36,182	\$40,225	89.9%
2015 Per Capita Personal Income	\$37,542	\$41,937	89.5%
2016 Per Capita Personal Income	\$38,330	\$42,938	89.3%
2017 Per Capita Personal Income	\$40,108	\$44,407	90.3%
2018 Per Capita Personal Income	\$41,538	\$46,449	89.4%
2019 Per Capita Personal Income	\$44,202	\$48,903	90.4%
2020 Per Capita Personal Income	\$46,726	\$51,945	90.0%
2021 Per Capita Personal Income	\$51,772	\$57,491	90.1%
2022 Per Capita Personal Income	\$53,977	\$59,099	91.3%
2023 Per Capita Personal Income	\$56,484	\$62,039	91.0%

Source: U.S. Department of Commerce, Bureau of Economic Analysis, CA1-3 Personal Income Summary

Median Housing Values

	Robertson		
	County	Tennessee	% of State
2015 Median Housing Value	\$164,900	\$175,000	94.2%
2016 Median Housing Value	\$183,922	\$185,000	99.4%
2017 Median Housing Value	\$192,250	\$196,800	97.7%
2018 Median Housing Value	\$206,000	\$210,000	98.1%
2019 Median Housing Value	\$230,000	\$226,000	101.8%
2020 Median Housing Value	\$255,980	\$244,900	104.5%
2021 Median Housing Value	\$307,000	\$283,410	108.3%
2022 Median Housing Value	\$360,000	\$325,000	110.8%
2023 Median Housing Value	\$355,000	\$339,900	104.4%
2024 Median Housing Value	\$358,823	\$353,000	101.6%

Source: Tennessee Housing Development Agency – This data reflects only the sales prices of new and existing homes that were sold in the respective years. This data may not be representative of the median value of all homes in the County.

Labor Force, Employment and Unemployment Data

The labor force within the County has increased from 33,943 in 2015 to 40,970 as of August 2025, reflecting a 21% increase.

Year	Employment	Unemployment	Total Labor Force	Unemployment Percent		
				Robertson County	State	U.S.
2015	32,314	1,629	33,943	4.8%	5.5%	5.3%
2016	32,532	1,462	33,994	4.3%	4.7%	4.9%
2017	33,876	1,229	35,105	3.5%	3.7%	4.4%
2018	34,969	1,156	36,125	3.2%	3.5%	3.9%
2019	36,075	1,077	37,152	2.9%	3.3%	3.7%
2020	33,837	2,314	36,151	6.4%	7.5%	8.1%
2021	36,000	1,344	37,344	3.6%	4.5%	5.4%
2022	37,551	1,122	38,673	2.9%	3.4%	3.6%
2023	38,234	1,101	39,335	2.8%	3.2%	3.6%
2024	38,723	1,157	39,880	2.9%	3.4%	4.0%
August-25	39,700	1,270	40,970	3.1%	3.6%	4.3%

Source: Bureau of Labor Statistics

Major Employers

The following are the largest employers and their respective number of employees in the County.

LIST OF MAJOR EMPLOYERS IN ROBERTSON COUNTY		
Employer	Employees	Products/Services
Electrolux Home Products	2,500	Gas & Electric Ranges
Robertson County Board of Education	1,576	Schools
Macy's Logistics	988	Distribution for Macy's
Dorman Products	775	Auto Parts
Lowe's Home Center	752	Retail
NorthCrest Medical Center	500	Healthcare – Hospitals
Walmart Inc.	450	Retail
Robertson County Government	442	Government
Martinrea Fabco	375	Automotive Parts Fabrication
Unarco Material Handling, Inc.	370	Pallet and Warehouse Storage Systems

Source: Tennessee Department of Economic and Community Development.

Retail Sales

The County's retail sales in 2024 totaled \$1,118,182,952, reflecting a 105% increase since 2005.

Retail Sales For Robertson County

2005 Retail Sales	\$545,060,606	2015 Retail Sales	\$682,614,878
2006 Retail Sales	\$596,883,751	2016 Retail Sales	\$743,689,138
2007 Retail Sales	\$632,037,659	2017 Retail Sales	\$784,355,523
2008 Retail Sales	\$616,557,109	2018 Retail Sales	\$794,450,440
2009 Retail Sales	\$545,705,722	2019 Retail Sales	\$884,458,229
2010 Retail Sales	\$564,468,268	2020 Retail Sales	\$930,003,934
2011 Retail Sales	\$601,074,174	2021 Retail Sales	\$1,102,339,676
2012 Retail Sales	\$614,987,645	2022 Retail Sales	\$1,231,682,906
2013 Retail Sales	\$656,930,692	2023 Retail Sales	\$1,169,848,868
2014 Retail Sales	\$670,882,089	2024 Retail Sales	\$1,118,182,952

Source: Tennessee Department of Revenue

Tourism, Restaurants and Lodging

There are three hotels/motels located in the City and more than 60 restaurants. Area attractions include the Port Royal State Historic Park, Highland Rim Speedway, Tennessee-Kentucky Threshermen's Show, and the Bell Witch Bluegrass Festival.

Transportation

Interstate Highways 65 and 24 are within 12 miles of the City of Springfield. U.S. Highways 41 and 431 and also State Highway 49 pass through Robertson County, providing convenient highway and interstate access to the City.

Air Transport

The Springfield-Robertson County Airport handles corporate jets and general aviation aircraft. The nearest commercial airport, Nashville International Airport, is approximately 30 miles away in Nashville. In Fiscal Year 2024, the Nashville International Airport operated an average of ~600 daily flights and service is now provided to 114 nonstop markets.

Water Transport

The closest port facility for water transport is in Nashville on the Cumberland River.

Rail Transport

The CSX Railroad runs through the middle of the City.

Health Care

In 2021, TriStar Health purchased NorthCrest Medical Center, which began operations in 1956 under the name of Jesse Holman Jones Hospital. It is a 109-bed facility located in the City and serves Robertson and surrounding counties as well as Southern Kentucky. The 43 acre campus includes the hospital and four medical office buildings that house more than 100 physicians in a broad range of specialties. The facility has been named Top Performer on Key Quality Measures by The Joint Commission, the leading accreditor of health care organizations in America.

Higher Education

The City's population is served locally by the Highland Crest College Campus that was opened in August 2011. In coordination with Volunteer State Community College and Austin Peay State University, the college offers general education core classes in a 25,000 square foot, two-story building. In addition, many colleges and universities in the Greater Nashville Area, including Belmont University, Fisk University, Lipscomb University, Tennessee State University, Trevecca Nazarene University, and Vanderbilt University provide many options within driving distance of the City.

Public Education

There are 23 schools in the Robertson County public school system. All Robertson County schools are accredited by the Southern Association of Colleges and Schools and are approved by the Tennessee Department of Education.

The school system operates under the direction of a six-member School Board and a Director of Schools. Members are elected by popular vote in county elections. They serve staggered, four-year terms. The Director of Schools is appointed by the Board members. The average daily membership of the Robertson County school system was 11,084 for the 2023-2024 school year.

Average Daily Membership			
Robertson County		Robertson County	
School Year	Schools	School Year	Schools
2004-2005	9,974	2014-2015	11,143
2005-2006	10,261	2015-2016	10,977
2006-2007	10,551	2016-2017	11,085
2007-2008	10,710	2017-2018	11,050
2008-2009	10,774	2018-2019	10,959
2009-2010	10,909	2019-2020	12,296
2010-2011	10,957	2020-2021	13,583
2011-2012	11,050	2021-2022	13,670
2012-2013	11,182	2022-2023	11,180
2013-2014	10,807	2023-2024	11,084

Source: Tennessee Department of Education

SPRINGFIELD, TENNESSEE
SUMMARY OF OUTSTANDING DEBT⁽¹⁾

Amount Issued	Issue	Maturity Date	Interest Rate	Principal Outstanding 6/30/2024 ⁽¹⁾
Jointly Issued General Obligation Debt				
6,030,000	General Obligation Public Improvement Bonds, Series 2016	2036	2.00%-3.00%	4,185,000
9,550,000	General Obligation Public Improvement Bonds, Series 2018	2038	3.00%-5.00%	6,985,000
4,450,000	General Obligation Refunding Bonds, Series 2019	2029	3.00%-4.00%	1,415,000
3,620,000	General Obligation Public Improvement Bonds, Series 2020	2040	2.00%-5.00%	2,275,000
26,675,000	General Obligation Refunding Bonds, Series 2021	2039	1.00%-2.125%	23,425,000
6,325,000	General Obligation Public Improvement Bonds, Series 2021	2041	2.00%-4.00%	5,100,000
12,235,000	General Obligation Public Improvement Bonds, Series 2023	2043	4.25%-5.00%	11,605,000
6,190,000	General Obligation Public Improvement Bonds, Series 2025	2045	4.00%-5.00%	6,190,000
Total Jointly Issued General Obligation Bonds & Notes⁽²⁾				<u>61,180,000</u>
Total General Obligation Bonds, Notes & Leases				<u>\$61,180,000</u>
Self-Supporting Bonds, Notes, and Capital Leases				
Gas Fund				
155,000	Capital Outlay Note, Series 2021	2026	2.50%	40,000
Electric Fund				
	TVA Conservation Loan			409,438
Sewer Fund				
19,250,000	TN State Revolving Fund Loan	2043	1.35%	5,136,633
26,500,000	TN State Revolving Fund Loan	2038	1.30%	21,305,791
6,200,000	TN State Revolving Fund Loan	2040	0.78%	4,947,950
Total Self-Supporting Bonds & Notes				<u>\$31,839,812</u>
Total Current Outstanding Debt				<u><u>\$93,019,812</u></u>

DEBT STATEMENT
as of June 30, 2024

Outstanding Debt	
Total Current Outstanding Debt	<u>\$93,019,812</u>
Gross Direct Debt	<u>\$93,019,812</u>
Less: Self-Supporting Debt Issues	<u>(74,962,757)⁽³⁾</u>
Net Direct Debt	<u>\$18,057,055</u>
Net Overlapping Debt⁽⁴⁾	
City's Portion of Robertson County Debt (24.11% of \$131,869,883)	<u>\$17,413,928</u>
Total Net Overlapping Debt	<u>\$17,413,928</u>
Overall Net Debt	<u><u>\$35,470,983</u></u>

(1) As of June 30, 2024 Audit and adjusted for GO Public Improvement Bonds, Series 2025.

(2) Jointly issued debt consists of combined general governmental purpose and self-supporting debt included in the same debt issuance.

(3) This is the amount of bonds and notes payable for business-type activities.

(4) Using Robertson County and City of Springfield's 2024 assessed value taken from the tax aggregate report, as well as the outstanding debt for Robertson County for fiscal year ended June 30, 2024.

Source: Annual Financial Report for the fiscal year ending June 30, 2024 and City officials.

DEBT RECORD

There is no record of a default on bond principal and interest from information available.

POPULATION

	Robertson		
	<u>City</u>	<u>County</u>	<u>Tennessee</u>
1980 U.S. Census	10,814	37,021	4,600,252
1990 U.S. Census	12,191	41,669	4,890,626
2000 U.S. Census	14,441	54,825	5,703,719
2010 U.S. Census	16,440	66,314	6,355,518
2020 U.S. Census	18,786	72,962	6,927,904
2021 U.S. Census Estimate	18,936	74,054	6,965,740
2022 U.S. Census Estimate	19,172	75,402	7,062,217
2023 U.S. Census Estimate	19,515	76,820	7,148,304
2024 U.S. Census Estimate	19,842	78,459	7,227,750

Source: U.S. Census Bureau

DEBT PER CAPITA RATIOS

Outstanding Debt	\$4,688.03
Gross Direct Debt	\$4,688.03
Net Direct Debt	\$910.04
Net Overlapping Debt	\$877.63
Overall Net Debt	\$1,787.67

DEBT RATIOS

	<u>Estimated</u> <u>Actual Value</u>	<u>Assessed</u> <u>Value</u>
Outstanding Debt	3.45%	11.70%
Gross Direct Debt	3.45%	11.70%
Net Direct Debt	0.67%	2.27%
Net Overlapping Debt	0.65%	2.19%
Overall Net Debt	1.31%	4.46%

DEBT TREND

	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Debt Type					
Governmental Activities Bonds and Notes Payable	\$11,867,055	\$13,429,197	\$15,182,594	\$17,174,678	\$18,969,563
Business-Type Activities Bonds and Notes Payable	74,962,757	67,793,687	71,202,818	72,167,215	64,137,889
Total Bonds and Notes Payable	<u>\$86,829,812</u>	<u>\$81,222,884</u>	<u>\$86,385,412</u>	<u>\$89,341,893</u>	<u>\$83,107,452</u>

Source: Annual Financial Reports for the fiscal years ending June 30, 2020-2024 and City officials.

SPRINGFIELD, TENNESSEE
DEBT SERVICE REQUIREMENTS
as of June 30, 2024⁽¹⁾

Principal Requirements						Interest Requirements				
Plus: GO Public						Plus: GO Public				
Year		Jointly	Self-	Improvement	Percent	Jointly	Self-	Improvement	Total	Total
No.	Year	Issued ⁽²⁾	Supporting	Bonds, Series	Principal	Issued ⁽²⁾	Supporting	Bonds, Series	Requirements	Debt Service
				2025	Retired			2025		
1	2025	4,660,000	2,124,302			1,523,938	377,504		1,901,442	8,685,744
2	2026	4,355,000	1,695,576			1,400,187	354,792	114,802	1,869,781	7,920,357
3	2027	4,460,000	1,716,540	210,000		1,290,587	333,828	273,700	1,898,115	8,284,655
4	2028	3,980,000	1,737,780	220,000		1,169,281	312,588	263,200	1,745,069	7,682,849
5	2029	4,050,000	1,759,296	230,000	33.54%	1,070,398	291,072	252,200	1,613,670	7,652,966
6	2030	3,435,000	1,781,064	240,000		977,123	269,304	240,700	1,487,127	6,943,191
7	2031	3,345,000	1,803,120	250,000		886,574	247,248	228,700	1,362,522	6,760,642
8	2032	3,375,000	1,825,440	265,000		803,759	224,928	216,200	1,244,887	6,710,327
9	2033	3,445,000	1,848,060	280,000		717,934	202,308	202,950	1,123,192	6,696,252
10	2034	2,765,000	1,870,956	290,000	62.37%	626,587	179,412	188,950	994,949	5,920,905
11	2035	2,840,000	1,894,140	305,000		545,163	156,228	174,450	875,841	5,914,981
12	2036	2,925,000	1,917,636	320,000		460,477	132,732	159,200	752,409	5,915,045
13	2037	2,610,000	1,941,420	340,000		371,926	108,948	143,200	624,074	5,515,494
14	2038	2,690,000	1,965,504	350,000		290,464	84,864	129,600	504,928	5,510,432
15	2039	2,155,000	1,989,888	365,000	88.83%	211,419	60,480	115,600	387,499	4,897,387
16	2040	1,125,000	2,014,608	380,000		150,675	35,760	101,000	287,435	3,807,043
17	2041	1,090,000	943,519	395,000		111,188	15,487	85,800	212,475	2,640,994
18	2042	825,000	586,716	410,000		71,612	8,460	70,000	150,072	1,971,788
19	2043	860,000	424,247	430,000		36,552	2,675	53,600	92,827	1,807,074
20	2044	-	-	445,000		-	-	36,400	36,400	481,400
21	2045	-	-	465,000	100.00%	-	-	18,600	18,600	483,600
		\$54,990,000	\$31,839,812	\$6,190,000		\$12,715,844	\$3,398,618	\$3,068,852	\$19,183,314	\$112,203,126

(1) As of June 30, 2024 and adjusted for GO Public Improvement Bonds, Series 2025.

(2) Jointly issued debt consists of combined general governmental purpose and self-supporting debt included in the same debt issuance.

Source: Annual Financial Report for the fiscal year ending June 30, 2024 and City officials.

FINANCIAL INFORMATION

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Basis of Accounting and Financial Statements

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 statement. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flow. Property taxes are recognized as revenues in the year for which they are levied even though the receivable is recognized in the prior period when the enforceable legal claim arises. Property taxes recognized as receivable before the period of revenue recognition are reported as deferred revenues. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period are considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City.

Certain revenues are required to be recognized in the General Fund as a receivable at June 30th and either as revenue or deferred revenue, depending upon revenue recognition policies of the entity. The following items for the City are recorded: property tax, in-lieu of tax, TVA, State beer tax, income tax, local beer tax, mixed drink and gasoline tax.

The City reports the following fund types:

Governmental Funds – the focus of the governmental funds’ measurement (in the fund statements) is upon determination of financial position and changes in financial positions (sources, uses, and balances of the financial resources) rather than upon net income. The following is a description of the governmental funds of the City:

General Fund – is the general operating fund of the City. All financial resources, except those required to be accounted for in another fund, are accounted for in the General Fund.

Special Revenue Funds – are used to account for all proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes. The City reports the following special revenue funds: Capital Improvement Fund, Drug Enforcement Fund, and Forfeited Property Fund.

Capital Projects Fund – is used to account for all financial resources used for the acquisition and construction of major capital facilities not being financed by proprietary funds.

Proprietary Funds:

The focus of the proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are similar to those of business in the private sector. **The Electric Fund, Gas Fund, Sewer Fund, Water Fund, Sanitation Fund, and Storm Water Fund are proprietary funds of the City.**

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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 City’s enterprise funds are charges to customers for sales and services. Operating expenses for enterprise 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. When both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, then unrestricted resources as they are needed.

Budgetary Process

Annual budgets are prepared and adopted on a basis consistent with GAAP for governmental funds except capital project funds and certain revenue funds associated with grants which are adopted on project-by-project basis and normally span a multi-fiscal-year period.

In accordance with state law, budgetary accounting is administered as a management control for all funds of the City. The City Manager coordinates the development of a recommended budget for the upcoming fiscal year and presents the preliminary budget to the Board of Mayor and Aldermen. After a review and adjustments are made to the Annual Budget, the Board of Mayor and Aldermen must pass the budget before it is adopted and becomes the approved spending plan for the City.

The City Manager is authorized to transfer budgeted amounts within departmental activities; the Board of Mayor and Aldermen must approve transfers of budgeted amounts between departmental activities. Any

revisions to the total expenditures of any department or fund must be approved through passage of an ordinance by the Board of Mayor and Aldermen. Capital expenditures within the governmental funds are budgeted within the appropriate department. All annual appropriations lapse at year-end.

Investment and Cash Management Practices

Investment of cash funds of the City are in accordance with *Tennessee Code Annotated* Title 6, Section 56 and paragraphs 106 and 107. Generally, investments are limited to U.S. Government obligations, U.S. agencies obligations guaranteed by the U.S. Government, certificates of deposit guaranteed by the FDIC or properly collateralized under state law or the State Collateral Pool. Required collateral for investments and demand deposit accounts must be held by a third party escrow account for the benefit of the City. For reporting purposes, all investments are stated at cost that approximates market value.

Current state law does not allow cities and counties in the state to invest in repurchase agreements unless they follow the State Funding Board Regulations or invest in unusual derivative products.

Property Tax

State Authority. Under Tennessee law, a municipality is authorized to levy a tax on all taxable property within the municipality without limitation as to rate or amount, and a referendum is neither required nor permitted to set the rate or amount.

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the "General Assembly") exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as defined under the Tennessee Code Annotated.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four subclassifications and assessed at the rates as follows:

(a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;

(b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;

(c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and

(d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three subclassifications and assessed at the rates as follows:

- (a) Public Utility Property, to be assessed at 55% of its value;
- (b) Industrial and Commercial Property, to be assessed at 30% of its value; and
- (c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of \$7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into sub-classifications and to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

The financial operations of the City are accounted for primarily through its general fund. Most taxes and non-tax revenues (such as license fees, fines and costs and user's fees) are paid into the general fund and current operating expenditures are made from the general fund pursuant to appropriations made by the Board of Mayor and Aldermen. Taxes levied for debt service are paid directly into the debt service funds and debt service expenditures are made from those funds.

Financial Records

The City maintains its financial records on a fiscal year basis. Appendix C hereto sets forth the general purpose financial statements of the City for the year ended June 30, 2024, which have been examined by Mauldin & Jenkins, LLC, Chattanooga, Tennessee. The City maintains its financial records on a fiscal year basis. The City did not ask Thurman Campbell Group, PLC to perform any additional review in connection with this Official Statement.

INVESTMENT AND CASH MANAGEMENT PRACTICES

Investment of idle City operating funds is controlled by state statute and local policies and administered by the City Recorder. Generally, such policies limit investment instruments to direct U.S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledges at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. Deposits with savings and loan associations must be collateralized as outlined above, by an irrevocable letter of credit issued by the Federal Home Loan Bank or by providing notes secured by the first mortgages or first deeds of trust upon residential property in the state equal to at least 150% of the amount of uninsured deposits. All collateral must be held in a third party escrow account for the benefit of the City. For reporting purposes, all investments are stated at cost, which approximates market value. The City Recorder is responsible for all City investments.

Accounting and Financial Reporting for Retirement Commitments

See page 48, Note 10 of the of the City of Springfield Annual Financial Report for the fiscal year ending June 30, 2024.

Accounting and Financial Reporting for Other Postemployment Benefits

See page 44, Note 8 of the of the City of Springfield Annual Financial Report for the fiscal year ending June 30, 2024.

TAX LEVIES, RATES AND COLLECTIONS

Introduction

The City is authorized to levy a tax on all property within the City without limitation as to rate or amount. All real and personal property within the City is assessed in accordance with the state constitutional and statutory provisions by the City Property Tax Assessor except most utility property, which is assessed by the Office of State Assessed Properties. All property taxes are due on December 31st of each year based upon appraisals as of January 1 of the same calendar year. All property taxes are delinquent on January 1 of the subsequent calendar year.

Reappraisal Program

Title 67, Chapter 5, Part 16, Tennessee Code Annotated, as supplemented and amended, mandates that after June 1, 1989, all property in the State of Tennessee will be reappraised on a continuous six (6) year cycle composed of an on-sight review of each parcel of property over a five (5) year period followed by reevaluation of all such property in the year following the completion of the review. In the second and fourth years of the review, there shall be an updating of all real property values by application of an index or indexes established for the jurisdiction by the State Board of Equalization, so as to maintain real property values at full value as defined in Title 67, Chapter 5, Part 6, Tennessee Code Annotated. The State Board of Equalization shall also consider a plan submitted by a local assessor, which would have the effect of maintaining real property values at full value, which may be used in lieu of indexing.

Title 67, Chapter 5, Part 17, Tennessee Code Annotated, provides that at such time as such reappraisal and reassessment processes are completed in a particular county, the respective governing bodies of the county and the municipalities located therein shall determine and certify a tax rate which will provide the same ad valorem tax revenue for the respective jurisdiction as was levied prior to reappraisal and reassessment. In computing the new tax rate, the estimated assessed value of all new construction and improvements placed on the tax rolls since the previous year, and the assessed value of all deletions from the previous tax roll are excluded. The new tax rate therefore, is derived from a comparison of tax revenues, tax rates and assessed values of property on the tax roll in both the year before and the year after the reappraisal. The effect of the reappraisal and reassessment statutes is to adjust the property tax rate downward to prevent a taxing unit from collecting additional property tax revenues as a result of reappraisal. Once a municipality or county complies with state law and certifies a tax rate which provides the same property tax revenue as was collected before reappraisal, its governing body may vote to approve a tax rate change which would produce more or less tax revenue. The City last completed a reappraisal process in 2023.

PROPERTY VALUATION AND PROPERTY TAX

Fiscal Year Tax Year	2024-2025 2024	2023-2024 2023	2022-2023 2022	2021-2022 2021	2020-2021 2020
ESTIMATED ACTUAL VALUES					
Residential & Farm	\$1,591,604,200	\$1,555,304,100	\$1,273,929,194	\$982,435,289	\$943,369,591
Commercial & Industrial	613,863,200	612,358,700	649,115,728	498,222,577	469,538,256
Personal Tangible Property	467,510,339	463,587,662	376,303,909	282,304,204	252,084,582
Public Utilities	26,042,632	25,454,039	16,479,867	19,804,344	18,396,570
Total Estimated Actual Values	\$2,699,020,371	\$2,656,704,501	\$2,315,828,698	\$1,782,766,414	\$1,683,388,999
Annual Percentage Change	1.59%	14.72%	29.90%	5.90%	17.12%
Estimated Per Capita Amount	\$136,026	\$133,893	\$120,484	\$93,953	\$89,637
ASSESSED VALUES					
Residential & Farm (at 25%)	\$397,901,050	\$388,826,025	\$218,542,550	\$210,069,225	\$201,716,000
Commercial & Industrial (at 40%)	245,545,280	244,943,480	178,156,815	170,439,455	160,625,975
Personal Tangible Property (at 30%)	140,253,137	139,076,340	81,293,835	73,121,165	66,477,484
Public Utilities (at 30%-55%)	11,367,609	11,110,688	7,193,462	8,644,596	8,030,103
Total Assessed Values	\$795,067,076	\$783,956,533	\$485,186,662	\$462,274,441	\$436,849,562
Annual Percentage Change	1.42%	61.58%	4.96%	5.82%	0.67%
Estimated Per Capita Amount	\$40,070	\$39,510	\$25,243	\$24,362	\$23,261
Appraisal Ratios	100.00%	100.00%	68.62%	85.53%	85.53%
Assessed Values to Actual Values	29.46%	29.51%	20.95%	25.93%	25.95%
Property Tax Rate	\$0.7053	\$0.7053	\$1.072	\$1.072	\$1.072
Taxes Levied	In Process	\$5,529,245	\$5,201,201	\$4,955,582	\$4,683,027
Collections					
Current Fiscal Year	In Process	\$5,029,203	\$5,041,274	\$4,835,232	\$4,581,641
Percent Collected Current FY	In Process	90.96%	96.93%	97.57%	97.84%

Sources: Annual Financial Report for the fiscal year ending June 30, 2024, State Board of Equalization, 2020-2024 Tax Aggregate Reports of Tennessee and City officials.

The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the Division of Property Assessments and approved by the State Board of Equalization. Such assessment manuals are required to take into account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

Local Option Sales and Use Tax

Pursuant to applicable provisions of Title 67, Chapter 6, Part 7 of the *Tennessee Code Annotated* as amended, the “Local Sales Tax Act”), a county levies a county-wide local option sales tax. Under the Local Sales Tax Act, counties and incorporated cities may levy a sales tax on the same privileges on which the State levies its sales tax. The rate of any sales tax levied by a county or city is limited under State law to two and three-fourths percent (2 $\frac{3}{4}$ %).

Pursuant to the Local Sales Tax Act, the levy of a sales tax by a county precludes any city or town within the county from levying a sales tax, but a city or town may levy a sales tax in addition to the county’s sales tax at a rate not exceeding the difference between the county sales tax rate and the maximum local option sales tax rate of two and three-fourths percent (2 $\frac{3}{4}$ %). If a city or town is located in more than one county, each portion of the city or town that is located in a separate county is treated as a separate city or town for purposes of determining the maximum sales tax rate.

The revenues from the county-wide sales taxes are distributed pursuant to the provisions of the Local Sales Tax Act and other provision of the *Tennessee Code Annotated*. Fifty percent (50%) of the revenues raised through the county-wide sales taxes are directed to educational purposes and are distributed to all organized school systems in the county in which the taxes are collected based upon the average daily attendance of each school system. The balance of the sales tax collections are divided between the general fund of the county in which the taxes are collected and all incorporated cities or towns in such county based on the sites of collection, unless a separate agreement has been ratified concerning the distribution of these funds.

Local sales taxes collected by Robertson County and shared with the City pursuant to State statutory authorities are based on the current rate of two and three-fourths percent (2.75%) for the fiscal years 2020 – 2024 are outlined below:

	<u>FY2023-24</u>	<u>FY2022-23</u>	<u>FY2021-22</u>	<u>FY2020-21</u>	<u>FY2019-20</u>
County Sales Tax Rate	2.75%	2.75%	2.75%	2.75%	2.75%
Total Amount to City (General Fund)	\$8,653,457	\$8,322,453	\$7,832,456	\$7,160,701	\$6,471,139
% of Increase	3.98%	6.26%	9.38%	10.66%	4.22%

Sources: Annual Financial Reports for fiscal years ending June 30, 2020-2024.

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TOP TAXPAYERS

<u>Business</u>	<u>Type of Business</u>	<u>Tax Year 2024</u> <u>Assessed Value</u>	<u>Assessed Value</u> <u>as a percent of</u> <u>Total Assessment</u>
Electrolux Home Products	Manufacturing	\$60,459,595	7.60%
Martinrea Fabco Automotive	Manufacturing	16,077,491	2.02%
Springfield Health Services	Hospital	12,496,720	1.57%
Johnson Electric	Manufacturing	7,515,285	0.95%
Moore G S & Son	Real Estate	6,941,213	0.87%
Unarco Material Handling	Manufacturing	6,299,304	0.79%
Wal-Mart	Retail	5,352,000	0.67%
TPAC V Legacy Village, LLC	Apartment Complex	4,985,320	0.63%
Millian Holdings	Real Estate	4,656,280	0.59%
CSX Transportation	Rail	4,166,191	0.52%
Source: City officials			

FUND BALANCES

	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
GOVERNMENTAL FUNDS					
General Fund	\$19,416,681	\$18,042,538	\$14,930,319	\$12,169,502	\$9,586,532
Capital Improvements Fund	4,027,087	6,711,941	7,531,764	7,056,456	7,706,561
Other Governmental Funds	1,710,397	2,071,183	2,236,268	1,792,103	1,468,010
Total Governmental Funds	\$25,154,165	\$26,825,662	\$24,698,351	\$21,018,061	\$18,761,103

NET ASSETS

PROPRIETARY FUNDS					
	<u>6/30/2024</u>	<u>6/30/2023</u>	<u>6/30/2022</u>	<u>6/30/2021</u>	<u>6/30/2020</u>
Electric Fund	\$24,859,493	\$24,185,970	\$23,933,704	\$23,027,546	\$21,613,811
Gas Fund	22,981,788	23,354,559	22,948,899	23,408,365	23,583,964
Sewer Fund	44,673,613	40,186,568	34,894,384	30,886,145	29,542,394
Water Fund	46,465,210	44,148,406	41,204,538	38,811,878	35,365,842
Non-Major-Sanitation & Stormwater Mgt. Funds	6,630,292	5,841,288	4,890,737	4,529,541	3,541,411
Total Proprietary Funds	\$145,610,396	\$137,716,791	\$127,872,262	\$120,663,475	\$113,647,422

Sources: Annual Financial Reports for fiscal years ending June 30, 2020-2024 and City officials.

Statement of Revenues, Expenditures and Changes in Fund Balances
General Fund
Fiscal Year ended June 30

	2024	2023	2022	2021	2020
REVENUES					
Local Taxes	\$15,975,337	\$15,262,402	\$14,626,432	\$13,684,786	\$13,013,506
Licenses and Permits	198,065	348,092	295,418	220,836	272,308
Intergovernmental Revenues	3,138,139	2,739,434	2,551,823	2,406,461	1,945,355
Charges for Services	2,090,313	1,905,681	1,627,014	1,412,192	1,095,826
Revenues from Use of Property	180,149	148,261	150,857	149,947	152,245
Fines, Fees and Costs	109,224	71,354	110,464	130,152	142,432
Interest Income	22,765	11,305	1,375	5,814	7,101
Other Revenues	908,390	324,552	191,536	144,941	152,484
Total Revenues	22,622,382	20,811,081	19,554,919	18,155,129	16,781,257
EXPENDITURES					
General Government	\$1,926,058	\$1,769,297	\$1,966,359	\$1,620,328	\$1,706,619
Public Safety	9,647,390	7,923,031	7,437,830	7,031,135	7,096,581
Highways and Streets	3,301,919	2,015,968	1,939,520	1,727,516	1,683,452
Culture & Recreation	3,698,456	2,822,284	2,504,766	2,184,402	2,202,541
Debt Service	1,841,203	2,227,782	2,538,962	2,938,871	2,853,180
Other Expenditures	756,309	658,615	564,921	581,310	572,656
Capital Outlay	0	1,150,753	1,010,462	843,870	1,052,685
Total Expenditures	21,171,335	18,567,730	17,962,820	16,927,432	17,167,714
Excess of Revenues over (under) Expenditures	1,451,047	2,243,351	1,592,099	1,227,697	(386,457)
OTHER FINANCING SOURCES (USES)					
Operating Transfers Out	(\$1,010,000)	(\$60,000)	(\$44,000)	(\$10,000)	(\$10,000)
Operating Transfers In	899,652	890,421	983,516	945,161	942,972
Borrowing on Notes/Bonds	0	0	0	3,537,153	5,644,043
Payment to Refund Bonds	0	0	0	(3,230,268)	(4,943,459)
Sale of Capital Assets	33,444	38,447	229,202	113,227	47,144
Total Other Financing Sources (Uses)	(76,904)	868,868	1,168,718	1,355,273	1,680,700
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing	1,374,143	3,112,219	2,760,817	2,582,970	1,294,243
Fund Balance July 1	\$18,042,538	\$14,930,319	\$12,169,502	\$9,586,532	\$8,292,289
Prior Period Adjustments:					
Adjustments	0	0	0	0	0
Fund Balance, June 30	19,416,681	18,042,538	14,930,319	12,169,502	9,586,532

Sources: Annual Financial Reports for fiscal years ending June 30, 2020-2024.

APPENDIX C

Comprehensive Annual Financial Report of the Issuer for the
Fiscal Year Ended June 30, 2024

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CITY OF SPRINGFIELD,
TENNESSEE

ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024



CITY OF SPRINGFIELD, TENNESSEE
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Page Number
I. <u>INTRODUCTORY SECTION:</u>	
Directory of Principal Officials	i
II. <u>FINANCIAL SECTION:</u>	
Independent Auditor's Report	1-4
Management's Discussion and Analysis	5-12
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet - Governmental Funds	15
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual – General Fund	19-20
Statement of Net Position – Proprietary Funds	21-22
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	23
Statement of Cash Flows – Proprietary Funds	24
Notes to the Financial Statements	25-56
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS	57
Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS	58
Schedule of Changes in Total OPEB Liability Based on Participation in the City of Springfield OPEB Plan	59
Notes to Required Supplementary Information	60

CITY OF SPRINGFIELD, TENNESSEE
TABLE OF CONTENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Page Number
II. <u>FINANCIAL SECTION (CONTINUED):</u>	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	61
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	62
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual	
Special Revenue Funds	63-64
Capital Improvement Fund	65
Combining Balance Sheet – Nonmajor Proprietary Funds	66
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Proprietary Funds	67
Combining Statement of Cash Flows – Nonmajor Proprietary Funds	68
 Other Supplementary Information:	
Schedule of Changes in Long-Term Debt by Individual Issue	69-70
Schedule of Principal and Interest Requirements – General Obligation Debt and Notes to be Repaid	71-72
 III. <u>INTERNAL CONTROL AND COMPLIANCE SECTION:</u>	
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	73-74
Schedule of Expenditures of Federal Awards	75
Notes to Schedule of Expenditures of Federal Awards	76
Schedule of Expenditures of State Awards	77
Schedule of Findings and Responses	78-79
Summary Schedule of Prior Year Findings	80

**INTRODUCTORY
SECTION**

CITY OF SPRINGFIELD, TENNESSEE

LIST OF BOARD MEMBERS

JUNE 30, 2024

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

**FINANCIAL
SECTION**



INDEPENDENT AUDITOR'S REPORT

**The Honorable Mayor and Members
of the Board of Aldermen
City of Springfield, Tennessee**

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2024, 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 accompanying 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 of Springfield, Tennessee as of June 30, 2024, 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 (GAAS) and the standards applicable to financial audits contained on *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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 (on pages 5 through 12), the schedule of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plan of TCRS, schedule of contributions based on participation in the public employee pension plan of the TCRS and schedule of changes in total OPEB liability, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements, budgetary schedules, the schedule of expenditures of federal awards, as required by the Tennessee Comptroller of the Treasury Audit Manual, the schedule of expenditures of state awards, the schedule of changes in long-term debt by individual issue, and schedule of principal and interest requirements, as listed in the table of contents (collectively the "supplementary information"), 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 supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

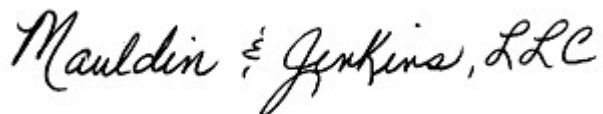
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section 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 January 27, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.



Chattanooga, Tennessee
January 27, 2025

Management's Discussion and Analysis

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, 2024. 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 \$218,685,231 (net position). Of this amount, \$85,574,296 (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 \$25,154,165, a decrease of 6.2% in comparison with the prior year. Approximately 71.6% of this total amount, \$18,008,216, 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 \$18,008,216 or 85.1% of total general fund expenditures.

The City of Springfield's total debt increased during the current fiscal year by \$6,476,195.

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 13 and 14 of this report.

Fund financial statements - A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City 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 seven (7) 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 five governmental funds (State Street Aid, Tourism, System Development, Drug, and Forfeited Property) 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 General Fund budgetary comparison statement can be found on pages 15 through 18 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric distribution, natural gas distribution, water, and sewer operations, which are considered to be major funds of the City of Springfield. The basic propriety fund financial statements can be found on pages 21 through 24 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 25 through 56 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 57 through 60 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 61 through 68 of this report.

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 \$218,685,231 at the close of the most recent fiscal year.

By far the largest portion of the City of Springfield's net position (58.5%) 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	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 30,618	\$ 29,204	\$ 51,852	\$ 54,351	\$ 82,470	\$ 83,555
Capital assets	57,500	50,677	159,898	152,262	217,398	202,939
Other non-current assets	6,042	8,359	21,840	10,257	27,882	18,616
Total assets	94,160	88,240	233,590	216,870	327,750	305,110
Deferred outflows of resources	3,188	2,651	2,065	1,875	5,253	4,526
Current liabilities	5,326	4,623	16,796	15,196	22,122	19,819
Long term liabilities	12,485	13,840	71,798	64,353	84,283	78,193
Total liabilities	17,811	18,463	88,594	79,549	106,405	98,012
Deferred inflows of resources	6,603	6,445	1,309	1,564	7,912	8,009
Net position:						
Net investment in capital assets	44,815	43,350	83,063	91,583	127,878	134,933
Restricted	2,980	3,609	2,254	4,097	5,234	7,706
Unrestricted	25,139	19,024	60,435	41,952	85,574	60,976
Total net position	\$ 72,934	\$ 65,983	\$ 145,752	\$ 137,632	\$ 218,686	\$ 203,615

A portion of the City's net position (2.4%) 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 the City as a whole as well as its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

The City's net position increased by \$15,070,351 during the current fiscal year, excluding the adjustment for the change in accounting estimate.

The following is a summary of financial activities for the City during the fiscal year ended June 30, 2024:

CITY OF SPRINGFIELD'S Statement of Activities (in thousands)							
	Governmental activities		Business type activities		Total		
	2024	2023	2024	2023	2024	2023	
Revenues:							
Program revenues							
Charges for services	\$ 2,896	\$ 2,802	\$ 57,851	\$ 66,328	\$ 60,747	\$ 69,130	
Operating grants and contributions	1,153	886	1,536	-	2,689	886	
Capital grants and contributions	-	-	1,947	2,601	1,947	2,601	
General revenues:							
Property taxes	5,736	5,263	-	-	5,736	5,263	
Other taxes	13,070	12,747	-	-	13,070	12,747	
Others	2,363	886	2,527	1,487	4,890	2,373	
Total revenue	25,218	22,584	63,861	70,416	\$ 89,079	93,000	
Expenses:							
General government	2,106	2,044	-	-	2,106	2,044	
Community development	807	525	-	-	807	525	
Public safety	9,264	8,391	-	-	9,264	8,391	
Highways and streets	3,230	3,318	-	-	3,230	3,318	
Culture and recreation	3,079	3,296	-	-	3,079	3,296	
Cemeteries	173	134	-	-	173	134	
Tourism	205	199	-	-	205	199	
Interest on long term debt	303	350	-	-	303	350	
Electric	-	-	29,466	31,860	29,466	31,860	
Gas	-	-	7,921	11,648	7,921	11,648	
Sewer	-	-	6,227	6,023	6,227	6,023	
Water	-	-	9,524	9,062	9,524	9,062	
Other business type activities	-	-	1,703	1,437	1,703	1,437	
Total functions/programs	19,167	18,257	54,841	60,030	74,008	78,287	
Excess	6,051	4,327	9,020	10,386	15,071	14,713	
Transfers	900	890	(900)	(890)	-	-	
Change in net position	6,951	5,217	8,120	9,496	15,071	14,713	
Beginning net position, as previously stated	65,983	60,766	137,967	128,471	203,950	189,237	
Prior period adjustments (See Note 17)	-	-	(335)	-	(335)	-	
Beginning net position, as restated	65,983	60,766	137,632	128,471	203,615	189,237	
Ending net position	\$ 72,934	\$ 65,983	\$ 145,752	\$ 137,967	218,686	\$ 203,950	

Governmental activities – Current period governmental activities increased the City of Springfield's net position by \$6,950,275. In the prior year, governmental activities increased net position by \$5,217,173.

Business-type activities – Current period business-type activities increased the City of Springfield's net position by \$8,120,076. In the prior year, business-type activities increased net position by \$9,495,915.

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 \$25,154,165, a decrease of \$1,671,497 in comparison with the prior year. Approximately 71.6% of this total amount \$18,008,216 constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is non-spendable \$330,698, restricted \$5,582,447, committed \$1,000,000, or assigned \$232,804. 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, \$86,042 is made up of amounts spent on inventory and \$244,656 on prepaid items. 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, \$578,518 is the State Street Aid fund balance and is restricted for road projects. \$59,766 is the Drug Fund balance and is restricted to drug enforcement activities. \$173,150 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. \$898,963 is the System Development Fund balance and is restricted to be used solely to acquire or construct system improvements. \$3,854,283 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 \$232,804 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 \$18,008,216 while total fund balance was \$19,416,681. 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 85.1% of total General Fund expenditures, while total fund balance represents 91.7% of that same amount. The fund balance of the City of Springfield's General Fund increased by \$1,374,143 as a result of current fiscal year operations. The increase is due to several budgeted capital outlay projects not starting as anticipated and thus expenditures were lower than budgeted.

The Capital Improvements Fund has a total fund balance of \$4,027,087. In general, this fund balance is made up of restricted and assigned fund balances designated for projects in process that are financed with borrowings on notes and bonds. Capital Improvements Fund decreased by \$2,684,854 as a result of current fiscal year operations.

Non-major (other) governmental funds have a fund balance of \$1,710,397. The net decrease in non-major governmental fund balance during the current year was (\$360,786).

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 \$60,293,814. The total increase in net position for all proprietary funds in total was \$8,229,038.

Other fund types - The net position of the City of Springfield's internal service fund at the end of the current fiscal year is \$897,105. These funds are to be used for the City's self-insured health insurance plan.

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, 2024, amounts to \$217,397,185 (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 \$14,459,149 from the prior year. Governmental capital assets (net of accumulated depreciation) increased by \$6,822,898. Business-type capital assets (net of accumulated depreciation) increased by \$7,636,251. Both business and governmental capital assets were purchased during the fiscal year ended June 30, 2024. Major capital asset increases during the current fiscal year included the following:

Governmental Activities

- * Police Department purchased 5 patrol vehicles, one UTV, a surveillance trailer, and one pickup truck.
- * A new fleet of golf carts and bunker rake were purchased for The Legacy Golf Course.
- * Cart path replacement was completed and range tee renovation began at The Legacy Golf Course.
- * Construction continued for the William A. Batson Boulevard extension project.
- * Public Works repaved multiple streets throughout the city and the Batts Boulevard beautification project was completed.
- * Improvements to sidewalks and crosswalks for ADA code compliance were performed.
- * The installation of a new sidewalk along Mooreland Drive began.
- * Public Works Department purchased a two-post vehicle lift for vehicle maintenance.
- * Engineering and design began on the Garner Street Park improvements.
- * Construction began on facility improvements to the finance area of city hall.
- * Upgrades were completed for the beautification of Jail Alley.
- * Construction for the Garner Street skatepark was completed.

Business-Type Activities

- * Construction of the Water Treatment Plant Pump Station Upgrade project began.
- * The Interceptor Sewer rehabilitation and replacement project continued. Easements continued to be obtained for the Wartrace Creek Interceptor Replacement portion of the project.
- * The application and permitting process for the new Wastewater Treatment plant began.
- * The replacement of old water meters continued and new services were installed throughout the water and sanitary sewer system.
- * Engineering and design phase for the Hwy 257 water line replacement continued.
- * The Gas Department purchased line locators, a line heater, volume correctors, telemetry systems, and leak detection equipment.
- * Gas residential and industrial meters, regulators, and volume correctors were purchased.
- * Construction began on the Youngville Road, Fred Perry Road, and Adams gas main extension project.
- * The AMI/Scada and Fiber Loop projects continued for the Electric Department.

- * Automatic meter reading conversion continued for the Gas, Electric, and Water/Wastewater departments with new meters and endpoints continuing to be added.
- * Multiple drainage projects were completed across the city.
- * Meter reading equipment was purchased for the Customer Service Department.
- * A replacement travelling screen for the Water Treatment Plant was purchased and installed.
- * Construction of electric vehicle charging system by the Electric Department was completed.
- * A 12,000lb forklift was purchased by the Electric Department.
- * Various sizes of transformers and poles were purchased by the Electric Department.
- * A one-ton pickup truck was purchased by the Electric Department.
- * Two HD 4x4 pickup trucks were purchased by the Gas Department.
- * One Vermeer trencher was purchased by the Gas Department.
- * Electric Department purchased two 69kV and three 15kV breakers, various switchgear, and a mobile power generator.
- * A new pickup truck was purchased by the Finance Department for meter reading and utility services.
- * Public Works Department purchased a knuckleboom truck and 3500HD pickup truck with service bed.

CITY OF SPRINGFIELD'S Capital Assets (in thousands)

	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Capital assets not depreciated						
Land	\$ 3,017	\$ 3,023	\$ 3,143	\$ 3,143	\$ 6,160	\$ 6,166
Construction in progress	9,865	3,250	17,541	8,924	27,406	12,174
Total capital assets not depreciated	12,882	6,273	20,684	12,067	33,566	18,340
Capital assets depreciated						
Buildings	13,484	13,404	332	332	13,816	13,736
Machinery and equipment	17,264	16,694	14,135	12,971	31,399	29,665
Infrastructure	48,930	47,823	218,264	214,908	267,194	262,731
Total	79,678	77,921	232,731	228,211	312,409	306,132
Less accumulated depreciation	(35,060)	(33,517)	(93,517)	(88,016)	(128,577)	(121,533)
Net capital assets depreciated	44,618	44,404	139,214	140,195	183,832	184,599
Net capital assets	\$ 57,500	\$ 50,677	\$ 159,898	\$ 152,262	\$ 217,398	\$ 202,939

Additional information on the City of Springfield's capital assets can be found in Note 5 on pages 40 and 41 of this report.

Long-term debt - At the end of the current fiscal year, the City of Springfield had total debt outstanding of \$91,241,400. All of this debt is backed by the full faith and credit of the government.

The City of Springfield's total debt increased by \$6,476,195(7.6%) during the current fiscal year. The City of Springfield maintained an Aa2 rating from Moody's Investors Service for its General Obligation debt during the fiscal year ending June 30, 2024.

CITY OF SPRINGFIELD'S Outstanding Debt (in thousands)						
	Governmental activities		Business-type activities		Total	
	2024	2023	2024	2023	2024	2023
Bonds and notes payable						
Bonds and notes payable	\$ 11,867	\$ 13,276	\$ 74,963	\$ 67,794	\$ 86,830	\$ 81,070
Add: Premium on bonds	618	716	1,333	721	1,951	1,437
Lease payable	-	153	-	-	-	153
Total bonds and notes payable	12,485	14,145	76,296	68,515	88,781	82,660
Other long-term liabilities						
Compensated absences	541	521	331	305	872	826
Total OPEB liability	966	777	623	502	1,589	1,279
Total long-term debt	\$ 13,992	\$ 15,443	\$ 77,250	\$ 69,322	\$ 91,242	\$ 84,765

Additional information on the City of Springfield's long-term debt can be found in Note 7 on pages 42 through 44 of this report.

Economic Factors and Next Year's Budget and Rates

The average unemployment rate for the Robertson County area was 3% for the current fiscal year. This compares to the average state unemployment rate for the same period of 3.7%. The prior year rate for the Robertson County area was 2.77%.

Inflationary trends in the region are comparable to national indices.

Housing starts for this fiscal year were 80 single-family homes and zero multi-family homes as compared to 135 single-family homes and 34 multi-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 2024. Interest rates during the year averaged 5.32% as compared to 3.68% in fiscal year 2023.

During the current fiscal year, unassigned fund balance in the general fund rose to \$18,008,216 (an increase of \$1,397,581 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 2025.

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, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 22,037,732	\$ 42,886,173	\$ 64,923,905
Receivables, net	8,391,171	6,557,101	14,948,272
Inventories	86,042	1,320,981	1,407,023
Internal balances	(141,129)	141,129	-
Prepaid items	244,656	946,757	1,191,413
Total current assets	30,618,472	51,852,141	82,470,613
Noncurrent assets:			
Restricted cash and cash equivalents	4,772,754	20,585,819	25,358,573
Net pension asset	1,269,418	1,254,314	2,523,732
Land and construction in progress	12,881,981	20,683,544	33,565,525
Other capital assets, net of depreciation	44,617,609	139,214,051	183,831,660
Total noncurrent assets	63,541,762	181,737,728	245,279,490
Total assets	94,160,234	233,589,869	327,750,103
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	2,940,227	1,938,582	4,878,809
Deferred outflows related to OPEB	247,453	126,176	373,629
Total deferred outflows of resources	3,187,680	2,064,758	5,252,438
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	3,662,386	10,404,513	14,066,899
Due to other governments	34,413	-	34,413
Accrued interest payable	50,400	-	50,400
Unearned revenue	72,153	-	72,153
Current portion - compensated absences	108,240	66,272	174,512
Current portion - notes and bonds payable	1,398,585	5,385,717	6,784,302
Customer deposits	-	939,895	939,895
Total current liabilities	5,326,177	16,796,397	22,122,574
Noncurrent liabilities :			
OPEB liability	965,570	622,947	1,588,517
Compensated absences	432,957	265,089	698,046
Notes and bonds payable	11,086,209	70,909,814	81,996,023
Total noncurrent liabilities	12,484,736	71,797,850	84,282,586
Total liabilities	17,810,913	88,594,247	106,405,160
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	348,246	421,124	769,370
Deferred inflows related to OPEB	432,722	252,282	685,004
Deferred inflows related to bond refunding	200,258	635,449	835,707
Property taxes levied for subsequent year	5,622,069	-	5,622,069
Total deferred inflows of resources	6,603,295	1,308,855	7,912,150
NET POSITION			
Net investment in capital assets	44,814,538	83,062,765	127,877,303
Restricted for:			
Drug fund	59,766	-	59,766
Tourism fund	173,150	-	173,150
System development	898,963	-	898,963
State street aid	578,518	-	578,518
Other purposes	1,269,418	2,253,817	3,523,235
Unrestricted	25,139,353	60,434,943	85,574,296
Total net position	\$ 72,933,706	\$ 145,751,525	\$ 218,685,231

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

CITY OF SPRINGFIELD, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Functions/Programs	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental Activities:							
General government	\$ 2,106,411	\$ 370,434	\$ 23,373	\$ -	\$ (1,712,604)	\$ -	\$ (1,712,604)
Community development	807,077	-	-	-	(807,077)	-	(807,077)
Public safety	9,264,424	8,653	279,639	-	(8,976,132)	-	(8,976,132)
Highways and streets	3,229,727	-	659,076	-	(2,570,651)	-	(2,570,651)
Culture and recreation	3,079,127	2,062,736	-	-	(1,016,391)	-	(1,016,391)
Cemeteries	172,712	24,112	-	-	(148,600)	-	(148,600)
Tourism	205,071	-	190,915	-	(14,156)	-	(14,156)
System development	-	430,097	-	-	430,097	-	430,097
Interest on long-term debt	302,832	-	-	-	(302,832)	-	(302,832)
Total Governmental Activities	19,167,381	2,896,032	1,153,003	-	(15,118,346)	-	(15,118,346)
Business-type Activities:							
Electric	29,466,587	29,226,217	696,650	140,263	-	596,543	596,543
Gas	7,921,254	7,186,967	157,227	-	-	(577,060)	(577,060)
Sewer	6,226,846	9,032,498	193,502	1,100,777	-	4,099,931	4,099,931
Water	9,523,565	10,095,538	467,822	706,238	-	1,746,033	1,746,033
Other business-type activities	1,703,162	2,309,930	20,914	-	-	627,682	627,682
Total Functions/Programs	54,841,414	57,851,150	1,536,115	1,947,278	-	6,493,129	6,493,129
Total Primary Government	\$ 74,008,795	\$ 60,747,182	\$ 2,689,118	\$ 1,947,278	\$ (15,118,346)	\$ 6,493,129	\$ (8,625,217)
General Revenues:							
Property taxes					\$ 5,735,590	\$ -	\$ 5,735,590
Payment in lieu of tax - TVA					230,175	-	230,175
Payment in lieu of tax - Housing Authority					32,014	-	32,014
Income and excise taxes					132,692	-	132,692
Sales tax					10,970,190	-	10,970,190
Alcoholic beverage taxes					850,852	-	850,852
Business taxes					655,144	-	655,144
Miscellaneous taxes					199,672	-	199,672
Investment earnings					628,899	2,526,373	3,155,272
Gain on sale of capital assets					478,352	-	478,352
Miscellaneous					1,255,389	226	1,255,615
Total general revenues					21,168,969	2,526,599	23,695,568
Transfers					899,652	(899,652)	-
Change in Net Position					6,950,275	8,120,076	15,070,351
Net Position, Beginning					65,983,431	137,966,882	203,950,313
Adjustment - change in accounting estimate					-	(335,433)	(335,433)
Net Position - Beginning, as restated					65,983,431	137,631,449	203,614,880
Net Position, Ending					\$ 72,933,706	\$ 145,751,525	\$ 218,685,231

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

CITY OF SPRINGFIELD, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Capital Improvements Fund	Total Non-major Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and cash equivalents	\$ 18,548,310	\$ 1,534,802	\$ 672,379	\$ 20,755,491
Receivables, net:				
Property taxes	5,739,508	-		5,739,508
Intergovernmental	2,037,005	17,800	128,111	2,182,916
Other	215,620	215,000	35,845	466,465
Inventory	86,042	-	-	86,042
Restricted cash and cash equivalents	17,767	3,854,283	900,704	4,772,754
Prepaid items	244,656	-	-	244,656
Total Assets	<u>26,888,908</u>	<u>5,621,885</u>	<u>1,737,039</u>	<u>34,247,832</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts payable	1,187,110	1,594,798	26,642	2,808,550
Accrued liabilities	466,418	-	-	466,418
Due to other governments	34,413	-	-	34,413
Unearned revenue	72,153	-	-	72,153
Total Liabilities	<u>1,760,094</u>	<u>1,594,798</u>	<u>26,642</u>	<u>3,381,534</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable revenues - property taxes	90,064	-	-	90,064
Property taxes levied for subsequent year	5,622,069	-	-	5,622,069
Total Deferred Inflows of Resources	<u>5,712,133</u>	<u>-</u>	<u>-</u>	<u>5,712,133</u>
<u>FUND BALANCES</u>				
Nonspendable	330,698	-	-	330,698
Restricted	17,767	3,854,283	1,710,397	5,582,447
Committed	1,000,000	-	-	1,000,000
Assigned	60,000	172,804	-	232,804
Unassigned	18,008,216	-	-	18,008,216
Total Fund Balances	<u>19,416,681</u>	<u>4,027,087</u>	<u>1,710,397</u>	<u>25,154,165</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 26,888,908</u>	<u>\$ 5,621,885</u>	<u>\$ 1,737,039</u>	<u>\$ 34,247,832</u>

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

CITY OF SPRINGFIELD, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Fund Balances - Governmental Funds	\$ 25,154,165
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental funds.	57,499,590
Property taxes not collected within 60 days subsequent to the fiscal year end are unavailable in the governmental funds.	90,064
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 the internal service funds are included in governmental activities in the statement of net position.	755,976
Long-term liabilities and related deferred items are not due and payable in the current period and therefore, are not reported in the governmental fund balance sheet but are reported on the government-wide statement of net position.	
Accrued compensated absences	(541,197)
OPEB liability	(965,570)
Deferred outflows related to OPEB	247,453
Deferred inflows related to OPEB	(432,722)
Bonds and notes payable	(11,867,055)
Premiums on bonds	(617,739)
Net pension asset	1,269,418
Deferred outflows related to pensions	2,940,227
Deferred inflows related to pensions	(348,246)
Deferred inflows related to bond refundings	(200,258)
Payables, such as accrued interest payable, are not due and payable in the current period, and therefore are not reported in governmental funds	(50,400)
Net Position of Governmental Activities	<u>\$ 72,933,706</u>

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

CITY OF SPRINGFIELD, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	General Fund	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>REVENUES</u>				
Taxes	\$ 15,975,337	\$ -	\$ -	\$ 15,975,337
Licenses and permits	198,065	-	-	198,065
Fines and forfeitures	109,224	-	5,938	115,162
Intergovernmental revenue	3,138,139	17,800	703,369	3,859,308
Charges for services	2,090,313	-	-	2,090,313
System development charges	-	-	430,097	430,097
Tourism - Hotel/Motel Local Taxes	-	-	190,915	190,915
Investment income	22,765	489,397	116,737	628,899
Rental income	180,149	-	-	180,149
Miscellaneous revenues	908,390	166,100	-	1,074,490
Total Revenues	<u>22,622,382</u>	<u>673,297</u>	<u>1,447,056</u>	<u>24,742,735</u>
<u>EXPENDITURES</u>				
Current:				
General government	1,926,058	-	-	1,926,058
Community development	575,412	230,000	-	805,412
Public safety	9,647,390	-	-	9,647,390
Highways and streets	3,301,919	28,250	-	3,330,169
Cemeteries	180,897	-	-	180,897
Culture and recreation	3,698,456	-	-	3,698,456
Drug fund	-	-	6,859	6,859
Tourism fund	-	-	207,161	207,161
Forfeited property	-	-	1,048	1,048
Debt Service:				
Principal	1,430,339	-	-	1,430,339
Interest and fiscal charges	410,864	-	-	410,864
Capital Outlay	-	6,115,331	43,584	6,158,915
	<u>21,171,335</u>	<u>6,373,581</u>	<u>258,652</u>	<u>27,803,568</u>
Revenues over (under) expenditures	1,451,047	(5,700,284)	1,188,404	(3,060,833)
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers out	(1,010,000)	-	(1,549,190)	(2,559,190)
Transfers in	899,652	2,559,190	-	3,458,842
Sale of capital assets	33,444	456,240	-	489,684
Total other financing sources (uses)	<u>(76,904)</u>	<u>3,015,430</u>	<u>(1,549,190)</u>	<u>1,389,336</u>
Net Change in Fund Balances	1,374,143	(2,684,854)	(360,786)	(1,671,497)
Fund Balance - Beginning	<u>18,042,538</u>	<u>6,711,941</u>	<u>2,071,183</u>	<u>26,825,662</u>
Fund Balance - Ending	<u>\$ 19,416,681</u>	<u>\$ 4,027,087</u>	<u>\$ 1,710,397</u>	<u>\$ 25,154,165</u>

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

CITY OF SPRINGFIELD, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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

Net Change in Fund Balance - Total Governmental Funds	\$ (1,671,497)
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Amounts reported for governmental activities in the statement of activities are different because:

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.

Capital assets purchased	8,970,332
Depreciation expense	(2,135,364)

The net effect of various miscellaneous transactions involving capital assets (disposals) to decrease net position.	(12,070)
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The net revenues of internal service funds are reported with governmental activities	(186,897)
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:	
Change in property taxes	(3,083)

Some expenses reported in the statement of activities, such as accrued leave, interest payable, debt premium amortization and OPEB liability, do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds:

Compensated absences	(20,043)
Amortization of debt issuance premium	98,205
Change in OPEB liability and deferrals	111,569
Change in net pension liabilities and deferrals	227,155
Accrued interest payable	9,827

The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any effect on net position:

Payments on bonds and notes payable	1,408,761
Payments on finance purchase obligation	21,578
Termination of finance purchase obligation	131,802

Change in Net Position of Governmental Activities	\$ 6,950,275
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The notes to the financial statements are an integral part of this statement.

CITY OF SPRINGFIELD, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	over (under)
REVENUES				
Taxes:				
Property tax	\$ 60,000	\$ 5,160,000	\$ 5,743,198	\$ 583,198
Local option sales	7,805,000	8,126,239	8,653,457	527,218
Wholesaler beer	645,000	645,000	609,649	(35,351)
Wholesaler liquor	160,000	160,000	184,293	24,293
Business	550,000	550,000	655,144	105,144
Other	187,600	187,600	129,596	(58,004)
Intergovernmental:				
Grants	-	220,368	304,064	83,696
TVA pilot	195,000	195,000	230,175	35,175
Housing authority pilot	20,000	20,000	32,014	12,014
State sales tax	2,035,000	2,035,000	2,309,575	274,575
Telecommunications sales tax	-	-	7,158	7,158
State income tax	-	-	2,284	2,284
State beer tax	7,500	7,500	3,731	(3,769)
Sports betting tax	20,000	20,000	35,699	15,699
Petroleum Special	33,000	33,000	34,377	1,377
Mixed drink tax	35,000	35,000	48,654	13,654
Corporate excise tax	70,000	70,000	130,408	60,408
Licenses and Permits	282,600	282,600	198,065	(84,535)
Fines and forfeitures	87,500	87,500	109,224	21,724
Charges for services	1,718,833	1,758,833	2,090,313	331,480
Investment income	3,200	3,200	22,765	19,565
Rental income	148,002	148,002	180,149	32,147
Miscellaneous revenues	3,286,772	4,328,457	908,390	(3,420,067)
Total Revenues	17,350,007	24,073,299	22,622,382	(1,450,917)
EXPENDITURES				
<u>General Government:</u>				
Administrative service:				
Salaries and benefits	491,576	490,886	202,194	288,692
Management and operations	39,755	40,245	12,480	27,765
Total administrative services	531,331	531,131	214,674	316,457
City recorder:				
Salary and benefits	269,924	270,969	109,331	161,638
Management and operations	30,785	26,060	15,880	10,180
Capital outlay	-	1,368	-	1,368
Total city recorder	300,709	298,397	125,211	173,186
Engineering:				
Salaries and benefits	349,139	352,409	202,257	150,152
Management and operations	80,624	68,359	25,543	42,816
Capital outlay	-	11,934	8,995	2,939
Total engineering	429,763	432,702	236,795	195,907
Finance:				
Salaries and benefits	508,304	512,271	178,931	333,340
Management and operations	226,185	218,970	74,954	144,016
Capital outlay	17,500	28,600	28,563	37
Total finance	751,989	759,841	282,448	477,393
Other general:				
Salaries and benefits	207,056	212,679	138,672	74,007
Management and operations	1,051,228	1,108,370	852,190	256,180
Capital outlay	25,000	9,851	8,992	859
Total other general	1,283,284	1,330,900	999,854	331,046
Legislative:				
Salary and benefits	77,862	81,787	31,016	50,771
Management and operations	74,400	70,475	36,060	34,415
Total Legislative	152,262	152,262	67,076	85,186
Total General Government Administration	3,449,338	3,505,233	1,926,058	1,579,175

Continued

CITY OF SPRINGFIELD, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	over (under)
<u>Community Development:</u>				
Salaries and benefits	515,138	527,876	453,558	74,318
Management and operations	98,518	147,440	121,854	25,586
Capital outlay	-	1,470	-	1,470
Total community development	613,656	676,786	575,412	101,374
<u>Public Safety:</u>				
Fire:				
Salaries and benefits	3,347,273	3,345,203	3,294,272	50,931
Management and operations	461,621	1,092,762	629,581	463,181
Capital outlay	1,392,089	1,155,535	69,356	1,086,179
Total fire	5,200,983	5,593,500	3,993,209	1,600,291
Police:				
Salaries and benefits	3,729,561	3,961,435	3,961,333	102
Management and operations	949,300	1,044,932	1,023,066	21,866
Capital outlay	203,000	527,325	461,537	65,788
Total police	4,881,861	5,533,692	5,445,936	87,756
Animal control:				
Salaries and benefits	140,902	146,359	141,520	4,839
Management and operations	36,915	31,458	24,044	7,414
Capital outlay	43,000	49,822	42,681	7,141
Total animal control	220,817	227,639	208,245	19,394
Total public safety	10,303,661	11,354,831	9,647,390	1,707,441
<u>Highways and streets:</u>				
Streets:				
Salaries and benefits	1,634,703	1,639,401	1,370,950	268,451
Management and operations	804,140	793,529	740,464	53,065
Capital outlay	1,219,350	1,677,491	1,190,505	486,986
Total streets	3,658,193	4,110,421	3,301,919	808,502
Total highways and streets	3,658,193	4,110,421	3,301,919	808,502
<u>Cemeteries</u>				
Salaries and benefits	163,095	144,871	138,793	6,078
Management and operations	21,885	40,109	29,473	10,636
Capital outlay	-	12,650	12,631	19
Total cemeteries	184,980	197,630	180,897	16,733
<u>Culture and recreation:</u>				
Golf course:				
Salaries and benefits	775,524	726,827	726,825	2
Management and operations	626,526	735,255	731,715	3,540
Capital outlay	416,900	486,533	427,536	58,997
Total golf course	1,818,950	1,948,615	1,886,076	62,539
Recreation-general:				
Salaries and benefits	1,141,590	1,150,183	1,094,514	55,669
Management and operations	652,500	742,040	681,071	60,969
Capital outlay	15,000	40,539	36,795	3,744
Total recreation-general	1,809,090	1,932,762	1,812,380	120,382
Total culture and recreation	3,628,040	3,881,377	3,698,456	182,921
Debt service:				
Principal	1,462,761	1,443,227	1,430,339	12,888
Interest and fiscal charges	388,733	410,867	410,864	3
Total debt service	1,851,494	1,854,094	1,841,203	12,891
Total Expenditures	23,689,362	25,580,372	21,171,335	4,409,037
Excess (deficiency) of revenues over (under) expenditures	(6,339,355)	(1,507,073)	1,451,047	2,958,120
OTHER FINANCING USES				
Transfers out	(510,000)	(1,010,000)	(1,010,000)	-
Transfers in	899,042	899,042	899,652	610
Sale of general capital assets	30,000	30,000	33,444	3,444
Total Other Financing Uses	419,042	(80,958)	(76,904)	4,054
Net Change in Fund Balances	\$ (5,920,313)	\$ (1,588,031)	1,374,143	\$ 2,962,174
Fund balance at beginning of year - (GAAP Modified Accrual Basis)			18,042,538	
Fund balance at end of year - (GAAP Modified Accrual Basis)			\$ 19,416,681	

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

CITY OF SPRINGFIELD, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Electric Fund	Gas Fund	Sewer Fund	Water Fund	Non-major Proprietary Funds	Total Proprietary Funds	Govt. Activities- Internal Service Fund
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 2,124,834	\$ 4,415,622	\$ 13,854,529	\$ 18,180,841	\$ 4,310,347	\$ 42,886,173	\$ 1,282,241
Receivables (net of uncollectible)	3,903,307	240,595	962,779	1,241,016	209,404	6,557,101	2,282
Due from other funds	-	-	-	-	-	-	-
Prepaid items	105,644	715,804	34,872	57,851	32,586	946,757	-
Inventory	746,547	166,143	33,068	375,223	-	1,320,981	-
Total current assets	<u>6,880,332</u>	<u>5,538,164</u>	<u>14,885,248</u>	<u>19,854,931</u>	<u>4,552,337</u>	<u>51,711,012</u>	<u>1,284,523</u>
Noncurrent assets:							
Restricted cash and cash equivalents	14,212,153	2,264,765	3,038,481	206,289	864,131	20,585,819	-
Net pension asset	288,516	244,485	151,256	458,225	111,832	1,254,314	-
Assets not depreciated	6,463,688	1,248,059	4,424,798	7,997,708	549,291	20,683,544	-
Assets net of accumulated depreciation	<u>16,434,531</u>	<u>17,146,097</u>	<u>75,301,932</u>	<u>27,146,390</u>	<u>3,185,101</u>	<u>139,214,051</u>	-
Total noncurrent assets	<u>37,398,888</u>	<u>20,903,406</u>	<u>82,916,467</u>	<u>35,808,612</u>	<u>4,710,355</u>	<u>181,737,728</u>	-
Total assets	<u>44,279,220</u>	<u>26,441,570</u>	<u>97,801,715</u>	<u>55,663,543</u>	<u>9,262,692</u>	<u>233,448,740</u>	<u>1,284,523</u>
DEFERRED OUTFLOWS OF RESOURCES							
Deferred outflows related to pensions	491,004	427,825	358,235	484,286	177,232	1,938,582	-
Deferred outflows related to OPEB	<u>21,901</u>	<u>28,788</u>	<u>28,211</u>	<u>33,131</u>	<u>14,145</u>	<u>126,176</u>	-
Total deferred outflows of resources	<u>512,905</u>	<u>456,613</u>	<u>386,446</u>	<u>517,417</u>	<u>191,377</u>	<u>2,064,758</u>	-

continued

CITY OF SPRINGFIELD, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	Electric Fund	Gas Fund	Sewer Fund	Water Fund	Non-major Proprietary Funds	Total Proprietary Funds	Govt. Activities- Internal Service Fund
LIABILITIES							
Current liabilities:							
Accounts payable	4,327,836	282,166	153,833	1,954,816	47,966	6,766,617	387,418
Accrued and other liabilities	403,342	70,704	2,822,361	310,845	30,644	3,637,896	-
Compensated absences -current	18,321	12,883	14,635	18,034	2,399	66,272	-
Bonds and notes payable-current	1,070,839	214,407	3,173,321	689,052	238,098	5,385,717	-
Due to other funds	-	-	-	-	-	-	-
Customer deposits	392,785	189,240	163,220	194,650	-	939,895	-
Total current liabilities	6,213,123	769,400	6,327,370	3,167,397	319,107	16,796,397	387,418
Noncurrent liabilities							
OPEB liability	115,239	152,294	126,223	160,066	69,125	622,947	-
Compensated absences -noncurrent	73,285	51,531	58,539	72,138	9,596	265,089	-
Bonds and notes payable-noncurrent	13,412,644	2,829,170	46,431,299	5,938,275	2,298,426	70,909,814	-
Total long-term liabilities	13,601,168	3,032,995	46,616,061	6,170,479	2,377,147	71,797,850	-
Total liabilities	19,814,291	3,802,395	52,943,431	9,337,876	2,696,254	88,594,247	387,418
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to pensions	72,398	56,424	7,559	203,153	81,590	421,124	-
Deferred inflows related to OPEB	43,802	57,576	56,422	66,192	28,290	252,282	-
Deferred inflows related to bond refunding	2,141	-	507,136	108,529	17,643	635,449	-
Total deferred inflows of resources	118,341	114,000	571,117	377,874	127,523	1,308,855	-
NET POSITION							
Net investment in capital assets	8,412,595	15,350,579	29,614,974	28,408,242	1,276,375	83,062,765	-
Restricted	-	-	-	-	2,253,817	2,253,817	-
Unrestricted	16,446,898	7,631,209	15,058,639	18,056,968	3,100,100	60,293,814	897,105
Total net position	\$ 24,859,493	\$ 22,981,788	\$ 44,673,613	\$ 46,465,210	\$ 6,630,292	\$ 145,610,396	\$ 897,105

Some amounts reported for business-type activities in the statement of net position are different because certain internal service fund assets and liabilities are included with business-type activities.

Net Position of Business-Type Activities

141,129
\$ 145,751,525

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

CITY OF SPRINGFIELD, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Electric Fund	Gas Fund	Sewer Fund	Water Fund	Non-major Proprietary Funds	Total Proprietary Funds	Govt. Activities- Internal Service Fund
OPERATING REVENUES							
Charges for services	\$ 29,226,217	\$ 7,186,967	\$ 9,032,498	\$ 10,095,538	\$ 2,309,930	\$ 57,851,150	\$ 4,074,068
Other operating revenue	696,650	157,227	193,502	467,822	20,914	1,536,115	-
Total Operating Revenues	<u>29,922,867</u>	<u>7,344,194</u>	<u>9,226,000</u>	<u>10,563,360</u>	<u>2,330,844</u>	<u>59,387,265</u>	<u>4,074,068</u>
OPERATING EXPENSES							
Cost of sales and services	25,335,127	6,084,480	2,747,852	6,999,707	1,360,484	42,527,650	4,369,927
Administration	2,646,730	892,010	688,772	977,536	-	5,205,048	-
Depreciation	954,619	806,969	2,089,546	1,392,205	259,424	5,502,763	-
Total Operating Expenses	<u>28,936,476</u>	<u>7,783,459</u>	<u>5,526,170</u>	<u>9,369,448</u>	<u>1,619,908</u>	<u>53,235,461</u>	<u>4,369,927</u>
Operating income (loss)	986,391	(439,265)	3,699,830	1,193,912	710,936	6,151,804	(295,859)
NONOPERATING REVENUES (EXPENSES)							
Investment income	774,227	328,325	678,095	595,083	150,643	2,526,373	-
Gain (loss) on sale of capital assets	82	73	-	71	(1,861)	(1,635)	-
Interest and amortization	(373,435)	(109,935)	(680,382)	(129,593)	(70,714)	(1,364,059)	-
Bond issuance	<u>(131,071)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(131,071)</u>	<u>-</u>
Total Nonoperating Revenues	<u>269,803</u>	<u>218,463</u>	<u>(2,287)</u>	<u>465,561</u>	<u>78,068</u>	<u>1,029,608</u>	<u>-</u>
Income (Loss) Before Capital Contributions and Transfers	1,256,194	(220,802)	3,697,543	1,659,473	789,004	7,181,412	(295,859)
CONTRIBUTIONS/TRANSFERS							
Capital contributions - grants	112,969	-	719,804	238,723	-	1,071,496	-
Capital contributions - developers	27,294	-	380,973	467,515	-	875,782	-
Transfers out	<u>(387,501)</u>	<u>(151,969)</u>	<u>(311,275)</u>	<u>(48,907)</u>	<u>-</u>	<u>(899,652)</u>	<u>-</u>
Total Contributions/Transfers	<u>(247,238)</u>	<u>(151,969)</u>	<u>789,502</u>	<u>657,331</u>	<u>-</u>	<u>1,047,626</u>	<u>-</u>
Change in Net Position	1,008,956	(372,771)	4,487,045	2,316,804	789,004	8,229,038	(295,859)
Net Position - Beginning	24,185,970	23,354,559	40,186,568	44,148,406	5,841,288	137,716,791	1,192,964
Adjustment - change in accounting estimate	<u>(335,433)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(335,433)</u>	<u>-</u>
Net Position - Beginning, as adjusted	<u>23,850,537</u>	<u>23,354,559</u>	<u>40,186,568</u>	<u>44,148,406</u>	<u>5,841,288</u>	<u>137,381,358</u>	<u>1,192,964</u>
Net Position - Ending	<u>\$ 24,859,493</u>	<u>\$ 22,981,788</u>	<u>\$ 44,673,613</u>	<u>\$ 46,465,210</u>	<u>\$ 6,630,292</u>	<u>\$ 145,610,396</u>	<u>\$ 897,105</u>
Change in Net Position - Proprietary Funds						\$ 8,229,038	
Some amounts reported for business-type activities in the statement of activities are different because the net revenues (expense) of certain internal service funds is reported with business-type activities.						(108,962)	
Change in Net Position of Business-Type Activities						<u>\$ 8,120,076</u>	

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

CITY OF SPRINGFIELD, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Electric Fund	Gas Fund	Sewer Fund	Water Fund	Non-major Proprietary Funds	Total Proprietary Funds	Govt. Activities- Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES							
Cash received from customers	\$ 29,901,078	\$ 7,592,462	\$ 9,206,840	\$ 10,428,697	\$ 2,315,985	\$ 59,445,062	\$ -
Cash payments for goods and services	(26,247,313)	(5,562,616)	(2,568,051)	(4,303,671)	(595,243)	(39,276,894)	(4,679,017)
Cash payments for personnel	(1,332,201)	(1,591,077)	(1,649,349)	(1,928,691)	(750,154)	(7,251,472)	-
Cash receipts (payments) - interfund services	-	-	-	-	-	-	4,074,159
Net cash provided by (used in) operating activities	<u>2,321,564</u>	<u>438,769</u>	<u>4,989,440</u>	<u>4,196,335</u>	<u>970,588</u>	<u>12,916,696</u>	<u>(604,858)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES							
Transfers to other funds	(387,501)	(151,969)	(311,275)	(48,907)	-	(899,652)	-
Interfund payables	-	-	-	-	-	-	(376)
Interfund receivables	-	-	-	-	-	-	112,792
Net cash provided by (used in) non-capital financing activities	<u>(387,501)</u>	<u>(151,969)</u>	<u>(311,275)</u>	<u>(48,907)</u>	<u>-</u>	<u>(899,652)</u>	<u>112,416</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES							
Sale of capital assets	8,836	73	14,648	18,994	76	42,627	-
Proceeds on long-term debt	9,695,449	2,015,980	-	-	673,910	12,385,339	-
Proceeds on premiums	586,091	118,853	-	-	40,506	745,450	-
Principal paid on long-term debt	(886,635)	(261,487)	(3,142,128)	(689,175)	(236,844)	(5,216,269)	-
Interest paid on long-term debt	(447,525)	(126,080)	(733,870)	(155,926)	(87,913)	(1,551,314)	-
Bond issuance costs paid	(131,071)	-	-	-	-	(131,071)	-
Capital contributions	140,263	-	1,100,777	706,238	-	1,947,278	-
Acquisition and construction of capital assets	(4,765,086)	(1,141,973)	(1,622,540)	(5,385,198)	(268,480)	(13,183,277)	-
Net cash provided by (used in) capital and related financing activities	<u>4,200,322</u>	<u>605,366</u>	<u>(4,383,113)</u>	<u>(5,505,067)</u>	<u>121,255</u>	<u>(4,961,237)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES							
Interest received	774,227	328,325	678,095	595,083	150,643	2,526,373	-
Net cash provided by investing activities	<u>774,227</u>	<u>328,325</u>	<u>678,095</u>	<u>595,083</u>	<u>150,643</u>	<u>2,526,373</u>	<u>-</u>
Net change in cash and cash equivalents	6,908,612	1,220,491	973,147	(762,556)	1,242,486	9,582,180	(492,442)
Cash and Cash Equivalents - Beginning	9,428,375	5,459,896	15,919,863	19,149,686	3,931,992	53,889,812	1,774,683
Cash and Cash Equivalents - Ending	<u>\$ 16,336,987</u>	<u>\$ 6,680,387</u>	<u>\$ 16,893,010</u>	<u>\$ 18,387,130</u>	<u>\$ 5,174,478</u>	<u>\$ 63,471,992</u>	<u>\$ 1,282,241</u>
Cash and cash equivalents are classified as:							
Current assets	\$ 2,124,834	\$ 4,415,622	\$ 13,854,529	\$ 18,180,841	\$ 4,310,347	\$ 42,886,173	\$ 1,282,241
Restricted assets	14,212,153	2,264,765	3,038,481	206,289	864,131	20,585,819	-
Total cash and cash equivalents at end of year	<u>\$ 16,336,987</u>	<u>\$ 6,680,387</u>	<u>\$ 16,893,010</u>	<u>\$ 18,387,130</u>	<u>\$ 5,174,478</u>	<u>\$ 63,471,992</u>	<u>\$ 1,282,241</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES							
Operating income (loss)	\$ 986,391	\$ (439,265)	\$ 3,699,830	\$ 1,193,912	\$ 710,936	\$ 6,151,804	\$ (295,859)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:							
Depreciation expense	954,619	806,969	2,089,546	1,392,205	259,424	5,502,763	-
Change in assets and liabilities:							
(Increase) decrease in receivable, net	(205,190)	233,416	(39,006)	(136,345)	(16,865)	(163,990)	91
(Increase) decrease in deferred outflows	(37,289)	(31,836)	(67,713)	(34,264)	(18,728)	(189,830)	-
(Increase) decrease in due from other funds	216,975	48,936	30,034	59,798	10,356	366,099	-
(Increase) decrease in inventory	50,409	(28,895)	1,545	(26,415)	-	(3,356)	-
(Increase) decrease in prepaid items	-	54,104	-	-	-	54,104	-
Increase (decrease) in accounts payable	100,080	(215,014)	(89,600)	1,596,289	14,771	1,406,526	-
Increase (decrease) in accrued liabilities	251,402	6,325	(682,810)	155,640	4,106	(265,337)	(686,202)
Increase (decrease) in customer deposits	(14,620)	(15,215)	3,530	2,770	-	(23,535)	-
Increase (decrease) in due to other funds	(18,954)	(18,869)	(13,718)	(60,886)	(8,350)	(120,777)	-
Increase (decrease) in net pension asset	71,830	56,348	47,644	64,768	15,731	256,321	-
Increase (decrease) in deferred inflows	(63,681)	(54,100)	(12,802)	(56,718)	(13,686)	(200,987)	-
Increase (decrease) in OPEB liability	24,378	29,022	25,771	29,950	12,189	121,310	377,112
Increase (decrease) in compensated absences	5,214	6,843	(2,811)	15,631	704	25,581	-
Net cash provided by (used in) operating activities	<u>\$ 2,321,564</u>	<u>\$ 438,769</u>	<u>\$ 4,989,440</u>	<u>\$ 4,196,335</u>	<u>\$ 970,588</u>	<u>\$ 12,916,696</u>	<u>\$ (604,858)</u>

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

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 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, 2024 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.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. 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. Major 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.

Capital Improvements Fund

The capital improvement 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.

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. Major 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.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Presentation (Continued)

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.

Other Fund Types

Special Revenue Funds

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

Non-Major Enterprise Funds

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

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.

D. 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.

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.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. Measurement Focus and Basis of Accounting (Continued)

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.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as other expenditures related to other long-term liabilities such as subscription-based information technology arrangements, compensated absences, and claims and judgments are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and financing through note payables are reported as other financing sources.

Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within sixty days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within one year of year-end). All other revenue items are considered to be measurable and available only when cash is received by the City. Certain revenues are required to be recognized as a receivable and either as revenue or unearned revenue, depending upon the revenue recognition policies of the entity. The amounts due for penalties, fines and forfeitures, and clerk's fees for business tax were determined to be immaterial; therefore, receivables were not recorded. Gross receipts tax, minimum business tax, and corporate (bank) excise taxes that were earned but not received by June 30, 2024, were not recorded as receivables because they were not estimable.

The proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of timing of related cash flows. Fiduciary fund reporting focuses on net position and changes in net positions. The fiduciary fund category includes OPEB trust fund and custodial funds.

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. 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.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

2. Receivables

Accounts receivables are reported at unpaid balance net of any allowance for uncollectible accounts. The allowance for uncollectible accounts was \$160,739 for the General Fund, \$1,059 for Sanitation Fund, \$19,407 for Water Fund, \$24,549 for Sewer Fund, \$180,416 for Electric Fund, and \$105,251 for Gas Fund at June 30, 2024.

3. Inventories and Prepaid Items

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 as basis as proprietary fund inventory.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statement and fund financial statements for the proprietary funds. The cost of prepaid items is recorded as an expense when consumed rather than when purchased. The payments are being recorded as expenditures on the fund level for the governmental funds.

4. 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.

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

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

4. Capital Assets (Continued)

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

5. 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.

6. Long-Term Liabilities and Interest Capitalization

For 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.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

6. Long-Term Liabilities and Interest Capitalization (Continued)

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, 2024 was \$410,864. Total interest incurred and expensed for the proprietary funds for the year ended June 30, 2024 was \$1,517,291.

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.

7. 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 nonexchange 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.

8. 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
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

9. 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.

10. 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.

11. Insurance and Advertising

Insurance and advertising costs are expensed as incurred.

12. 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.

13. 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, deferred outflows and inflows of resources, 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.

14. 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:

- **Nonspendable** – 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 Items as non-spendable to indicate that they are not available for appropriation and are not available financial resources.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

14. Fund Balance Classification (Continued)

- ***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, Tourism, and System Development Charges as being restricted because their use is restricted by State Statute for street expenditures, tourism, system development, and police investigation expenditures. Proceeds from sale of land and bonds are restricted for capital improvement projects.
- ***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.
- ***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. Through Council ordinance, the City Administrator has retained the authority to assign fund balances.

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.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (Continued)

14. Fund Balance Classification (Continued)

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.

Flow Assumptions. When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the City's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the City's policy to use fund balance in the following order: 1) committed, 2) assigned, and 3) unassigned.

Minimum Fund Balance Policy. The City will maintain an adequate, unassigned fund balance to accommodate unexpected expenditures, expenditures of a non-recurring nature, unanticipated revenue declines, or revenues for special opportunities. For the General Fund, the City will maintain, at a minimum, an unassigned fund balance of at least 15%, but not greater than 40% of the annual General Fund expenditures.

NOTE 2. DEPOSITS 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, 2024.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

Deposits include demand deposits, money market accounts, and certificates of deposit managed by an agent of the City in the City's name.

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:

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes impose various restrictions on the City's and the Commission's deposits and investments, including repurchase agreements. These restrictions are summarized for deposits as follows: all deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits.

The City's carrying amount of deposits was \$90,772,188 and the balance in financial institutions was \$90,282,478. Carrying amounts differ from financial institution balances primarily due to outstanding checks and deposits in transit. State statutes require collateral pledged by each financial institution to equal a certain percentage of the uninsured public deposits it holds. Members of the State of Tennessee Collateral Pool can be assessed if the collateral is inadequate to cover a loss. This is similar to depository insurance. The entire City's bank balance was covered by the State of Tennessee Collateral Pool, which is a multiple financial institution collateral pool, or by amounts insured by the Federal Deposit Insurance Corporation (FDIC), or with securities held by the pledging financial institution's trust department.

At June 30, 2024, the City's investment balances consisted of State of Tennessee Local Government Investment Pool (the "TN LGIP") investments of \$64,775,956 with maturity of less than a year.

Investments in the State of TN LGIP are uncategorized in terms of credit risk because specific securities related to the City cannot be identified.

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require all investments (other than federal or state government instruments) to be collateralized by depository insurance, obligation of the U.S. government, or bonds of public authorities, counties, or municipalities.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rate will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value is to changes in market interest rates. The City does not have a formal 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.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Interest Rate Risk (Continued)

The Post-Retirement Benefits Trust (OPEB Trust) manages interest rate risk over a longer-term, seeking to maximize return. The OPEB Trust holds mutual funds, which do not have maturity dates as they can be sold at any time.

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is the measure by the assignment of a rating by a nationally recognized statistical rating organization. The City does not have a formal policy for credit risk that would limit its investment choices. As of June 30, 2024 the City's investment in the LGIP was unrated.

State statutes authorize the City to invest in bonds, notes, or treasury bills of the United States of America; nonconvertible debt securities of the Federal Home Loan Bank, The Federal National Mortgage Association, The Federal Farm Credit Bank, and the Federal Home Loan Mortgage Corporation; other obligations not listed above which are guaranteed as to principal and interest by the United States of America or any of its agencies; certificates of deposit and other evidences of deposit at state and federally chartered banks and savings and loan associations; obligations of the United States of America or its agencies under a repurchase agreement for a shorter time than the maturity date of the security itself if the fair value of the security itself is more than the amount of funds invested, provided, that municipalities may invest in reverse purchase agreements only if the comptroller of the treasury or the comptroller's designee approves repurchase agreements as an authorized investment, and if such investments are made in accordance with procedures established by the state funding board; the State of Tennessee Local Government Investment Pool (TN LGIP); and obligations of the Public Housing Authority and bonds of the Tennessee Valley Authority.

Specifically, the TN LGIP was established under Tennessee Code Annotated Title 9, Chapter 4, Part 7. This investment pool is established for the use of idle funds of local governments located within the State of Tennessee. These funds are placed by the participating entity into accounts that are held and invested by the State Treasurer. The TN LGIP invests in time deposits, such as certificates of deposit, commercial paper, United States of America agency securities, repurchase agreements, and United States of America treasuries. By law, the TN LGIP is required to maintain a 90-day or less weighted-average-maturity. There are no withdrawal restrictions related to the TN LGIP. The TN LGIP has not been rated by a nationally recognized statistical rating organization. At June 30, 2024, the LGIP had a weighted average maturity of 48 days.

The LGIP is audited as part of the Annual Comprehensive Financial Report for the State of Tennessee. That report may be obtained by writing Tennessee Department of Finance and Administration, Division of Accounts, 312 Rosa Parks Avenue, Suite 2100, Nashville, TN 37243 or can be accessed at <https://www.tn.gov/finance/rd-doa/fa-accfin-ar.html>. LGIP is reported as cash equivalents for the City.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 2. DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Concentration risk is the risk of loss attributed to the magnitude of the government's investment in a single issuer. 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.

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

NOTE 3. RELATED ORGANIZATION AND JOINT VENTURES

The City of Springfield is part of an association of municipalities that own Tennessee Energy Acquisition Corporation (TEAC). One of the primary purposes of this corporation is to enter into a gas supply agreement with the Municipal Gas Authority of Georgia for the purchase of natural gas at below market prices on a long-term basis. This allows TEAC to enter into agreements with the associated municipalities to supply such gas to the municipalities, perform transportation, provide storage capacity and load management services and to secure the delivery of such gas supplies to the City gate stations for their benefit at below market prices. Gas purchases from TEAC were \$4,083,281 for the year ended June 30, 2024. At June 30, 2024, the City had prepaid gas in storage at TEAC of \$685,990 and a liability for purchased gas of \$229,747. as of year-end for the City's individual major and nonmajor funds and fiduciary funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

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, 2024, 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 \$58,205 during the year ended June 30, 2024. There were no payments due at June 30, 2024.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 3. RELATED ORGANIZATION AND JOINT VENTURES (CONTINUED)

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 \$453,943 to the Library during the year ended June 30, 2024. There were no payments due at June 30, 2024.

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.

NOTE 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:

Years of Service	Vacation per Month	Maximum Accrual
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:

Years of Service	Vacation per Month	Maximum Accrual
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.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 4. COMPENSATED ABSENCES (CONTINUED)

Vacation Leave (Continued)

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.

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, 2024, the compensated absences liability was \$872,558.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance				Balance
<u>Governmental Assets:</u>	6/30/2023	Additions	Deletions		6/30/2024
Capital assets not depreciated:					
Land	\$ 3,022,627	-	\$ (5,377)		\$ 3,017,250
Construction in progress	3,250,214	6,614,517	-		9,864,731
Total capital assets not depreciated	6,272,841	6,614,517	(5,377)		12,881,981
Capital assets depreciated:					
Buildings	13,404,067	80,027	-		13,484,094
Machinery and equipment	16,693,514	1,169,187	(598,490)		17,264,211
Infrastructure	47,823,190	1,106,601	-		48,929,791
Total	77,920,771	2,355,815	(598,490)		79,678,096
Less accumulated depreciated:					
Buildings	(5,047,359)	(291,941)	-		(5,339,300)
Machinery and equipment	(13,373,751)	(624,669)	591,797		(13,406,623)
Infrastructure	(15,095,810)	(1,218,754)	-		(16,314,564)
Total accumulated depreciation	(33,516,920)	(2,135,364)	591,797		(35,060,487)
Total capital assets, depreciable, net	44,403,851	220,451	(6,693)		44,617,609
Net governmental assets	\$ 50,676,692	\$ 6,834,968	\$ (12,070)		\$ 57,499,590
	Restated				
	Balance				Balance
<u>Business-type activities:</u>	6/30/2023	Additions	Deletions	Transfers	6/30/2024
Capital assets not depreciated:					
Land	\$ 3,142,656	\$ 33,608	\$ (33,608)	\$ -	\$ 3,142,656
Construction in progress	8,923,584	11,997,795	-	(3,380,491)	17,540,888
Total capital assets not depreciated	12,066,240	12,031,403	(33,608)	(3,380,491)	20,683,544
Capital assets depreciated:					
Buildings	332,421	2,839	(3,554)	-	331,706
Machinery and equipment	12,971,374	270,415	-	893,496	14,135,285
Infrastructure	214,908,174	878,620	(10,178)	2,486,995	218,263,611
Total	228,211,969	1,151,874	(13,732)	3,380,491	232,730,602
Less accumulated depreciated:					
Buildings	(50,717)	(7,279)	1,821	-	(56,175)
Machinery and equipment	(14,718,568)	(864,058)	-	64,578	(15,518,048)
Infrastructure	(73,247,580)	(4,631,426)	1,256	(64,578)	(77,942,328)
Net capital assets depreciation	(88,016,865)	(5,502,763)	3,077	-	(93,516,551)
Total capital assets, depreciable, net	140,195,104	(4,350,889)	(10,655)	3,380,491	139,214,051
Net business-type assets	\$ 152,261,344	\$ 7,680,514	\$ (44,263)	\$ -	\$ 159,897,595

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 5. CAPITAL ASSETS (Continued)

Depreciation expense related to governmental activities was charged to the following functions for June 30, 2024:

General government	\$ 152,055
Public safety	354,231
Highways, streets, and roadways	1,005,759
Public works	88,323
Vehicle maintenance	15,788
Cemetery	7,662
Parks and recreation	247,242
Golf	264,304
Total	<u>\$ 2,135,364</u>

NOTE 6. INTERFUND BALANCES AND TRANSFERS

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, 2024, consisted of the following:

Transfers To	Transfers From						Total
	General	Water	Sewer	Electric	Gas	Non-major Governmental Funds	
General Fund	\$ -	\$ (48,907)	\$ (311,275)	\$ (387,501)	\$ (151,969)	\$ -	\$ (899,652)
Capital Improvements	(1,010,000)	-	-	-	-	(1,549,190)	(2,559,190)
Total	<u>\$ (1,010,000)</u>	<u>\$ (48,907)</u>	<u>\$ (311,275)</u>	<u>\$ (387,501)</u>	<u>\$ (151,969)</u>	<u>\$ (1,549,190)</u>	<u>\$ (3,458,842)</u>

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7. LONG-TERM LIABILITIES

The following is a summary of changes to long-term liabilities during the year ended June 30, 2024. 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.

	Balance 6/30/2023	Increases	Decreases	Balance 6/30/2024	Due within one year
<u>Governmental activities:</u>					
Bonds payable	\$ 13,275,816	\$ -	\$ (1,408,761)	\$ 11,867,055	\$ 1,398,585
Add: Premium on bonds	715,944	-	(98,205)	617,739	-
Leases payable	153,380	-	(153,380)	-	-
Total bonds and notes payable	14,145,140	-	(1,660,346)	12,484,794	1,398,585
OPEB	776,931	337,106	(148,467)	965,570	-
Compensated absences	521,154	526,273	(506,230)	541,197	108,240
Total governmental activities	15,443,225	863,379	(2,315,043)	13,991,561	1,506,825
<u>Business-type activities:</u>					
Bonds payable	34,309,185	12,235,000	(3,421,240)	43,122,945	3,261,415
Notes Payable	33,484,502	150,339	(1,795,029)	31,839,812	2,124,302
Add: Premium on bonds	720,875	745,450	(133,551)	1,332,774	-
Total bonds and notes payable	68,514,562	13,130,789	(5,349,820)	76,295,531	5,385,717
OPEB	501,638	216,787	(95,478)	622,947	-
Compensated absences	305,780	353,793	(328,212)	331,361	66,272
Total business-type activities	69,321,980	13,701,369	(5,773,510)	77,249,839	5,451,989
Total governmental and business-type activities	\$ 84,765,205	\$ 14,564,748	\$ (8,088,553)	\$ 91,241,400	\$ 6,958,814

Governmental long-term debt at June 30, 2024 consists of the following obligations:

Issue	Original Amount Issued	Fiscal Year Maturity Date	Interest Rate	Principal Outstanding 6/30/2024
Jointly Issued General Obligation Bonds-Governmental:				
GO Public Improvements Bond, Series 2016 (US Bank)	\$ 6,030,000	2036	2-3%	\$ 790,000
GO Public Improvements Bond, Series 2018 (US Bank)	7,785,000	2038	3-5%	5,770,000
GO Public Improvements Bond, Series 2019 (US Bank)	4,450,000	2030	3-4%	1,089,308
GO Public Improvements Bond, Series 2020 (US Bank)	3,620,000	2040	2-5%	1,330,702
GO Public Improvements Bond, Series 2021 (US Bank)	6,325,000	2041	2-4%	2,836,187
GO Public Improvement Refunding Bonds, Series 2021 (US Bank)	26,675,000	2039	1-2.125%	50,858
Total jointly issued general obligation bond-governmental				<u>\$11,867,055</u>
Total governmental long-term debt				11,867,055
Add: premiums				617,739
Less: current portion				(1,398,585)
Net governmental long-term debt				<u>\$11,086,209</u>

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Proprietary long-term debt at June 30, 2024 consists of the following obligations:

Issue	Original Amount Issued	Fiscal Year Maturity Date	Interest Rate	Principal Outstanding 6/30/2024
Jointly Issued General Obligation Bonds-Governmental:				
GO Public Improvements Bond, Series 2016 (US Bank)	\$ 6,030,000	2036	2-3%	\$ 3,395,000
GO Public Improvements Bond, Series 2018 (US Bank)	7,785,000	2038	3-5%	1,215,000
GO Public Improvements Bond, Series 2019 (US Bank)	4,450,000	2030	3-4%	325,692
GO Public Improvements Bond, Series 2020 (US Bank)	3,620,000	2040	2-5%	944,298
GO Public Improvements Bond, Series 2021 (US Bank)	6,325,000	2041	2-4%	20,588,812
GO Public Improvement Refunding Bonds, Series 2021 (US Bank)	26,675,000	2039	1-2.125%	5,049,143
GO Public Improvement Bond, Series 2023 (US Bank)	12,235,000	2043	3-4%	11,605,000
Total jointly issued general obligation bond-governmental				<u>43,122,945</u>
Notes payable-proprietary				
Gas capital outlay note, series 2021 (farmers & merchants bank)	155,000	2026	2.50%	40,000
Total notes payable-proprietary				<u>40,000</u>
State loans:				
TN state funding loan (SRF 16-360)	19,250,000	2043	1.35%	5,136,633
TN state funding loan (SRF 19-422)	26,500,000	2038	1.30%	21,305,791
TN state funding loan (SRF 20-447)	6,200,000	2040	0.78%	4,947,950
Total state loans				<u>31,390,374</u>
TVA conservation loan				<u>409,438</u>
Total proprietary long-term debt				74,962,757
Add: premiums				1,332,774
Less: current portion				(5,385,717)
Net proprietary long-term debt				<u>\$ 70,909,814</u>

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 7. LONG-TERM LIABILITIES (CONTINUED)

Below is a condensed schedule of maturities for long-term debt and obligations at June 30, 2024. 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. Within the City's governmental activities, the compensated absences, subscription payable, pension, and OPEB liabilities are primarily liquidated by the General Fund. Beginning balances were restated for the recognition of subscription payable for the implementation of GASB No. 96. Similarly, Note 5 reflects the same increase in right-to-use assets.

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 Ending June 30, 2024	Principal Due	Interest Due	Total
2025	\$ 6,784,302	\$ 1,901,442	\$ 8,685,744
2026	6,050,576	1,754,979	7,805,555
2027	6,176,540	1,624,415	7,800,955
2028	5,717,780	1,481,869	7,199,649
2029	5,809,296	1,361,470	7,170,766
2030-2034	25,493,640	5,135,177	30,628,817
2035-2039	22,928,588	2,422,701	25,351,289
2040-2043	7,869,090	432,409	8,301,499
Total long-term debt	<u>\$ 86,829,812</u>	<u>\$ 16,114,462</u>	<u>\$ 102,944,274</u>

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS

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.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

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, 2024, the date of the valuation, the following employees were covered by benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Active employees	223
Total	<u>237</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, 2024, the City paid \$162,439 for retiree premiums.

Actuarial Assumptions and Other Inputs – The total OPEB liability was determined by an actuarial valuation as of June 30, 2024 using the following actuarial assumptions:

Inflation	2.50 percent
Salary increases	3.50 percent, average, including inflation
Discount rate	4.21 percent, net of investment expenses, including inflation
Healthcare cost trend rate	4.50 percent, net of investment expenses, including inflation
Retirees' share of benefit-related	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.

Changes of assumptions: In 2024, the following assumptions were changed: increased the discount rate from 3.54% to 4.21%.

A discount rate of 4.21% (1.71% 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).

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

Changes of assumptions: (Continued)

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 (3.21%) or 1-percentage-point higher (5.21%) than the current discount rate:

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
Total OPEB liability	\$ 1,712,220	\$ 1,588,517	\$ 1,476,717

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 Discount Rate (4.50%)	1% Increase (5.50%)
Total OPEB liability	\$ 1,449,960	\$ 1,588,517	\$ 1,750,476

Total OPEB Liability – June 30, 2024 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, 2024, as shown in the following table:

	<u>Total OPEB Liability</u>
Total OPEB liability at 7/1/23	\$ 1,278,568
Changes for the year:	
Service cost	79,386
Interest	45,196
Differences between expected and actual experience	429,311
Change of assumptions	(81,505)
Benefit payments	(162,439)
Net changes	309,949
Total OPEB liability at 6/30/24	<u>\$ 1,588,517</u>

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 8. OTHER POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (CONTINUED)

OPEB Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to OPEB – For the year ended June 30, 2024, the City recognized OPEB expense of -\$20,878. 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, 2024, 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	\$ 373,629	\$ 270,372
Change in assumptions	-	414,632
Total	<u>\$ 373,629</u>	<u>\$ 685,004</u>

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

Year Ending June 30	Amount Reported
2025	\$ (145,460)
2026	(145,460)
2027	(68,000)
2028	(33,197)
2029	3,602
Thereafter	77,140
	<u>\$ (311,375)</u>

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

NOTE 9. 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
June 30, 2024

NOTE 10. PENSION PLANS

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.

Employees covered by benefit terms: At the measurement date of June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	133
Inactive employees entitled to but not yet receiving benefits	199
Active employees	251
Total	<u>583</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, 2024, the employer contributions for Springfield were \$1,373,942 based on a rate of 9.45% 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, 2023, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 10. PENSION PLANS (CONTINUED)

Net Pension Liability (Asset) (Continued)

Actuarial assumptions: The total pension liability as of June 30, 2023 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, 2023 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.

Changes of assumptions: In 2023, there were no changes from the prior assumption.

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.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 10. PENSION PLANS (CONTINUED)

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.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a-b)
Balance at 6/30/22 measurement date	\$ 56,993,571	\$ 60,045,035	\$ (3,051,464)
Changes for the year			
Service Cost	1,171,747	-	1,171,747
Interest	3,858,335	-	3,858,335
Differences between expected and actual experience	696,142	-	696,142
Contributions- employer	-	1,211,105	(1,211,105)
Contributions- employees	-	1,432	(1,432)
Net investment income	-	4,008,598	(4,008,598)
Benefit payments, including refunds of employee contributions	(2,009,601)	(2,009,601)	-
Administrative expense	-	(22,643)	22,643
Net changes	<u>3,716,623</u>	<u>3,188,891</u>	<u>527,732</u>
Balance at 6/30/23 measurement date	<u>\$ 60,710,194</u>	<u>\$ 63,233,926</u>	<u>\$ (2,523,732)</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)	\$ 6,031,123	\$ (2,523,732)	\$ (9,590,157)

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 10. PENSION PLANS (CONTINUED)

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, 2024, Springfield recognized pension expense (negative pension expense) of \$1,205,347.

Deferred outflows of resources and deferred inflows of resources: For the year ended June 30, 2024, 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	\$ 810,448	\$ 769,370
Change in assumptions	2,231,371	-
Net difference between projected and actual earnings on pension plan investments	463,048	-
Contributions subsequent to the measurement date of June 30, 2023	1,373,942	-
	<u>\$ 4,878,809</u>	<u>\$ 769,370</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2023," 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 Ending June 30	Amount Reported
2025	\$ 146,517
2026	4,258
2027	1,936,423
2028	532,955
2029	15,895
Thereafter	99,449
	<u>\$ 2,735,497</u>

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, 2024, Springfield reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2024.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 11. 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, 2024, there were six PILOT agreements in force with tax abatements totaling \$266,389.

NOTE 12. 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, 2024, 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 \$2.3 million as of June 30, 2024. These contracts will be paid in the future as work is performed. Payments will be made mostly with bond proceeds.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 12. COMMITMENTS, CONCENTRATIONS, AND CONTINGENCIES (Continued)

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.

NOTE 13. RISK MANAGEMENT

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, 2024 were approximately \$716,015 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.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 13. RISK MANAGEMENT (CONTINUED)

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, 2024, including incurred but not reported claims, amounting to \$392,334 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, 2024:

Year	Beginning of Fiscal- Year Liability	Current- Year Claims & Change in Estimates	Claim Payments	Balance at Fiscal- Year End
2022-2023	\$ 305,013	\$ 3,838,161	\$ 3,456,972	\$ 686,202
2023-2024	686,202	2,922,379	3,216,247	392,334

NOTE 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.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 14. BUDGETARY INFORMATION (CONTINUED)

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.

NOTE 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.

NOTE 16. 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 and OPEB 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 10 for deferred outflows related to pensions.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2024

NOTE 16. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES (Continued)

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 and the difference in expected and actual experience. Fifth, the deferred inflows related to bond refunding. Also see Note 10 for deferred inflows related to pensions and note 8 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.

NOTE 17. Restatement

Change in accounting estimate

During fiscal year 2024, the City of Springfield determined that the beginning capital assets balances for the Electric Fund were not reported properly. Therefore, capital assets, net of depreciation, were overstated by \$335,433 for the fiscal year ended December 31, 2023. In addition, Depreciation Expense was overstated by \$335,433 for the fiscal year ended December 31, 2023. The effect of correcting that error is shown in the table below.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances	
	Funds	Government-Wide
	Electric Fund	Business-type Activities
12/31/23, as previously reported	\$ 24,185,970	\$ 137,966,882
Change in accounting estimate	(335,433)	(335,433)
12/31/23, as restated	<u>\$ 23,850,537</u>	<u>\$ 137,631,449</u>

**REQUIRED SUPPLEMENTARY
INFORMATION**

CITY OF SPRINGFIELD, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND
RELATED RATIOS BASED ON PARTICIPATION IN THE
PUBLIC EMPLOYEE PENSION PLAN OF THE TCRS
LAST FISCAL YEAR ENDING JUNE 30

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Total Pension Liability										
Service Cost	\$ 766,303	\$ 728,516	\$ 777,841	\$ 842,035	\$ 871,131	\$ 837,431	\$ 890,640	\$ 941,822	\$ 1,117,810	\$ 1,171,747
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	3,700,238	3,858,335
Change in Benefit Terms	-	-	144,788	-	-	-	-	-	-	-
Difference Between Expected and Actual Experience	(743,517)	(622,677)	96,934	(610,037)	(579,142)	(323,093)	498,759	(308,968)	(584,879)	696,142
Change in 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)	(1,880,266)	(2,009,601)
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	2,352,903	3,716,623
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	54,640,668	56,993,571
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	\$ 56,993,571	\$ 60,710,194
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	\$ 842,362	\$ 1,211,105
Contributions - Employee	3,632	2,334	3,690	803	823	2,337	1,011	680	421	1,432
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	(2,409,577)	4,008,598
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)	(1,880,266)	(2,009,601)
Administrative Expense	(10,043)	(11,348)	(16,909)	(19,237)	(21,587)	(20,111)	(20,853)	(21,645)	(23,879)	(22,643)
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	(3,470,939)	3,188,891
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	63,515,974	60,045,035
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	\$ 60,045,035	\$ 63,233,926
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)	\$ (3,051,464)	\$ (2,523,732)
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%	105.35%	104.16%
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	\$ 13,608,432	\$ 14,539,066
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%	-22.42%	-17.36%

Changes of 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
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN
THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Last Fiscal Year Ending June 30

	2014	2015	2016	2017	2018
Actuarially Determined Contribution	\$ 1,219,600	\$ 1,159,343	\$ 1,234,794	\$ 1,191,336	\$ 1,216,920
Contributions in Relation to the					
Actuarially Determined Contribution	1,219,600	1,159,343	1,234,794	1,191,336	1,216,920
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 10,831,270	\$ 10,597,281	\$ 11,286,970	\$ 11,394,264	\$ 11,689,918
Contributions as a Percentage of					
Covered Payroll	11.26%	10.94%	10.94%	10.46%	10.41%
	2019	2020	2021	2022	2023
Actuarially Determined Contribution	\$ 1,237,378	\$ 1,070,972	\$ 1,110,598	\$ 842,362	\$ 1,211,105
Contributions in Relation to the					
Actuarially Determined Contribution	1,237,378	1,070,972	1,110,598	842,362	1,211,105
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered Payroll	\$ 11,886,435	\$ 12,810,671	\$ 13,284,665	\$ 13,605,432	\$ 14,539,066
Contributions as a Percentage of					
Covered Payroll	10.41%	8.36%	8.36%	6.19%	8.33%

CITY OF SPRINGFIELD, TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
BASED ON PARTICIPATION IN THE CITY OF SPRINGFIELD OPEB PLAN
Last Fiscal Year Ending June 30

	2018	2019	2020	2021	2022	2023	2024
Total OPEB Liability							
Service Cost	\$ 111,135	\$ 115,447	\$ 115,447	\$ 112,025	\$ 112,025	\$ 79,386	\$ 79,386
Interest	89,593	89,029	96,958	38,902	40,040	44,945	45,196
Difference Between Expected and Actual Experience	-	-	-	-	(449,424)	-	429,311
Change in Assumptions	-	-	(820,644)	-	(140,241)	-	(81,505)
Benefit Payments, Including Refunds of Employee Contributions	(104,154)	(104,154)	(126,960)	(126,960)	(71,938)	(71,938)	(162,439)
Net Change in Total OPEB Liability	96,574	100,322	(735,199)	23,967	(509,538)	52,393	309,949
Total OPEB Liability - Beginning	<u>2,250,049</u>	<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>	<u>1,278,568</u>
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>	<u>\$ 1,278,568</u>	<u>\$ 1,588,517</u>
 Covered Payroll	 \$ 9,444,649	 \$ 9,444,649	 \$ 11,369,774	 \$ 11,369,774	 \$ 11,529,441	 \$ 11,529,441	 \$ 13,671,831
 Total OPEB Liability as a Percentage of Covered Payroll	 24.85%	 25.91%	 15.06%	 15.27%	 10.64%	 11.09%	 11.62%

There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB plan.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.
Years will be added to this schedule in future fiscal years until 10 years of information is available.

Changes of assumptions . In 2024, the Plan increased the discount rate from 3.54% to 4.21%; and modified mortality assumptions.

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
Last Fiscal Year Ending June 30

Notes to Schedule for TCRS Plan

Valuation Date: Actuarially determined contribution rates for fiscal year 2024 were calculated based on the June 30, 2022, 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% corridor to fair value
Inflation	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based upon age, including inflation, averaging 4.00%
Investment Rate of Return	6.75%, net of investment expense, including inflation
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including projections of mortality improvement using Scale MP-2021
Cost of Living Adjustments	2.125%

Changes of assumptions.

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

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

Nonmajor Governmental Funds

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted or committed to expenditure for particular purposes.

State Street Aid – This fund accounts for Purchasing, constructing, repairing, or leasing a facility to store street equipment, street lighting, signs, and other traffic control devices.

Tourism- This fund supports tourism-related infrastructure and development, and to market the City as a tourist attraction.

System Development- This fund provides financial support for improving and enhancing the capabilities of the City's internal systems.

Drug – This fund is used to account for fines and forfeitures collected and used to support the City police department's drug investigations and enforcement programs.

Forfeited Property– This fund is used to account for forfeitures associated with each conviction from law enforcement citations.

CITY OF SPRINGFIELD, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	State Street Aid	Tourism Fund	System Development	Drug Fund	Forfeited Property	Total Special Revenue Funds
ASSETS						
Cash and cash equivalents	\$ 463,426	\$ 137,312	\$ -	\$ 71,601	\$ 40	\$ 672,379
Intergovernmental receivables	114,813	3,645	-	9,653	-	128,111
Other receivables	-	35,845	-	-	-	35,845
Restricted cash and cash equivalents	1,741	-	898,963	-	-	900,704
Total Assets	<u>579,980</u>	<u>176,802</u>	<u>898,963</u>	<u>81,254</u>	<u>40</u>	<u>1,737,039</u>
LIABILITIES AND FUND BALANCES						
Accounts payable	1,462	3,652	-	21,488	40	26,642
Total Liabilities	<u>1,462</u>	<u>3,652</u>	<u>-</u>	<u>21,488</u>	<u>40</u>	<u>26,642</u>
FUND BALANCES						
Restricted	578,518	173,150	898,963	59,766	-	1,710,397
Total Fund Balances	<u>578,518</u>	<u>173,150</u>	<u>898,963</u>	<u>59,766</u>	<u>-</u>	<u>1,710,397</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 579,980</u>	<u>\$ 176,802</u>	<u>\$ 898,963</u>	<u>\$ 81,254</u>	<u>\$ 40</u>	<u>\$ 1,737,039</u>

CITY OF SPRINGFIELD, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	State Street Aid	Tourism Fund	System Development	Drug Fund	Forfeited Property	Total Special Revenue Funds
REVENUES						
Gasoline Tax	\$ 658,024	\$ -	\$ -	\$ -	\$ -	\$ 658,024
System Development Charges	-	-	430,097	-	-	430,097
Hotel/Motel local taxes	-	190,915	-	-	-	190,915
Fines and forfeitures	-	-	-	5,938	-	5,938
Grants	-	45,345	-	-	-	45,345
Investment income	78,459	2,827	30,434	4,826	191	116,737
Total Revenues	<u>736,483</u>	<u>239,087</u>	<u>460,531</u>	<u>10,764</u>	<u>191</u>	<u>1,447,056</u>
EXPENDITURES						
Program costs	-	207,161	-	6,859	1,048	215,068
Capital Outlay	-	-	-	42,969	615	43,584
Total Expenditures	<u>-</u>	<u>207,161</u>	<u>-</u>	<u>49,828</u>	<u>1,663</u>	<u>258,652</u>
Excess (Deficiency) of Revenues over Expenditures	736,483	31,926	460,531	(39,064)	(1,472)	1,188,404
OTHER FINANCING SOURCES (USES)						
Transfers in (out)	(1,549,190)	-	-	-	-	(1,549,190)
Net Change in Fund Balances	(812,707)	31,926	460,531	(39,064)	(1,472)	(360,786)
Fund Balance - Beginning	<u>1,391,225</u>	<u>141,224</u>	<u>438,432</u>	<u>98,830</u>	<u>1,472</u>	<u>2,071,183</u>
Fund Balance - Ending	<u>\$ 578,518</u>	<u>\$ 173,150</u>	<u>\$ 898,963</u>	<u>\$ 59,766</u>	<u>\$ -</u>	<u>\$ 1,710,397</u>

CITY OF SPRINGFIELD, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	over (under)
STATE STREET AID -				
Revenues:				
Gasoline and motor fuel tax	\$ 340,000	\$ 340,000	\$ 336,992	\$ (3,008)
Gas 1989 tax	54,000	54,000	52,685	(1,315)
Gas 3 cent tax	100,000	100,000	97,282	(2,718)
Improve act tax increase	171,000	171,000	169,899	(1,101)
Transportation Modernization City Payment	-	-	1,166	1,166
Investment income	10,000	67,000	78,459	11,459
Total Revenues	675,000	732,000	736,483	4,483
Expenditures:				
Highway and street costs	-	57,000	-	-
Total expenditures	-	57,000	-	-
Excess (deficiency) of revenues over (under) expenditures	675,000	675,000	736,483	4,483
Other financing sources (uses)				
Operating transfers out	(1,549,190)	(1,549,190)	(1,549,190)	-
Total other financing sources (use)	(1,549,190)	(1,549,190)	(1,549,190)	-
Net change in fund balance	\$ (874,190)	\$ (874,190)	\$ (812,707)	\$ 4,483
Beginning fund balance			1,391,225	
Ending fund balance			\$ 578,518	
TOURISM FUND -				
Revenues:				
Hotel/Motel local taxes	\$ 205,225	\$ 208,939	\$ 190,915	(18,024)
Grants	-	11,300	45,345	34,045
Investment income	-	-	2,827	2,827
Total revenues	205,225	220,239	239,087	18,848
Expenditures:				
Tourism program costs	202,366	228,029	207,161	20,868
Total expenditures	202,366	228,029	207,161	20,868
Net change in fund balance	\$ 2,859	\$ (7,790)	31,926	\$ (2,020)
Beginning fund balance			141,224	
Ending fund balance			\$ 173,150	
DRUG ENFORCEMENT -				
Revenues:				
Fine and forfeitures	\$ 10,000	\$ 10,000	\$ 5,938	\$ (4,062)
Investment income	-	-	4,826	4,826
Total revenues	10,000	10,000	10,764	764
Expenditures:				
Drug program costs	22,340	26,972	6,859	20,113
Capital outlay	85,775	81,143	42,969	38,174
Total expenditures	108,115	108,115	49,828	58,287
Net change in fund balance	\$ (98,115)	\$ (98,115)	(39,064)	\$ (57,523)
Beginning fund balance			98,830	
Ending fund balance			\$ 59,766	

Continued

CITY OF SPRINGFIELD, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
SPECIAL REVENUE FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance
	Original	Final	(Non-GAAP Basis)	over (under)
FORFEITED PROPERTY -				
Revenues:				
Investment income	\$ -	\$ -	\$ 191	191
Total revenues	-	-	191	191
Expenditures:				
Drug program costs	-	1,048	1,048	-
Capital outlay	3,759	2,711	615	2,096
Total expenditures	3,759	3,759	1,663	2,096
Net change in fund balance	\$ (3,759)	\$ (3,759)	(1,472)	\$ (1,905)
Beginning fund balance			1,472	
Ending fund balance			\$ -	
SYSTEM DEVELOPMENT -				
Revenues:				
System development charges	\$ -	\$ -	\$ 430,097	\$ 430,097
Investment income	-	-	30,434	30,434
Total revenues	-	-	460,531	460,531
Net change in fund balance	\$ -	\$ -	460,531	\$ 460,531
Beginning fund balance			438,432	
Ending fund balance			\$ 898,963	

CITY OF SPRINGFIELD, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual (Non-GAAP Basis)	Variance over (under)
	Original	Final		
REVENUES				
Grant revenues	\$ 500,000	\$ 500,000	\$ 17,800	\$ (482,200)
Contributions	50,000	166,100	166,100	-
Investment income	10,000	10,000	489,397	479,397
Total Revenues	<u>560,000</u>	<u>676,100</u>	<u>673,297</u>	<u>(2,803)</u>
EXPENDITURES				
Program Costs	-	258,250	258,250	-
Capital outlay	3,026,760	8,771,935	6,115,331	2,656,604
Total expenditures	<u>3,026,760</u>	<u>9,030,185</u>	<u>6,373,581</u>	<u>2,656,604</u>
Excess of revenues over (under) Expenditures	<u>(2,466,760)</u>	<u>(8,354,085)</u>	<u>(5,700,284)</u>	<u>(2,659,407)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	2,059,190	2,559,190	2,559,190	-
Sale of Capital Assets	-	-	456,240	456,240
Total other financing sources (uses)	<u>2,059,190</u>	<u>2,559,190</u>	<u>3,015,430</u>	<u>456,240</u>
Net change in fund balance	<u>(407,570)</u>	<u>(5,794,895)</u>	<u>(2,684,854)</u>	<u>(3,115,647)</u>
Beginning fund balance			6,711,941	
Ending fund balance			<u>\$ 4,027,087</u>	

CITY OF SPRINGFIELD, TENNESSEE
COMBINING BALANCE SHEET
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2024

	Sanitation	Storm Water	Total Non-major Proprietary Funds
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,797,786	\$ 2,512,561	\$ 4,310,347
Receivables (net of uncollectible)	124,139	85,265	209,404
Prepaid items	24,383	8,203	32,586
Total current assets	1,946,308	2,606,029	4,552,337
Noncurrent assets:			
Restricted cash and cash equivalents	16,008	848,123	864,131
Net pension asset	111,480	352	111,832
Assets not depreciated	50,646	498,645	549,291
Assets net of accumulated depreciation	839,820	2,345,281	3,185,101
Total noncurrent assets	1,017,954	3,692,401	4,710,355
Total assets	2,964,262	6,298,430	9,262,692
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	160,886	16,346	177,232
Deferred outflows related to OPEB	12,798	1,347	14,145
Total deferred outflows of resources	173,684	17,693	191,377
LIABILITIES			
Current liabilities:			
Accounts payable	14,791	33,175	47,966
Accrued and other liabilities	19,805	10,839	30,644
Compensated absences -current	1,970	429	2,399
Bonds and notes payable-current	81,306	156,792	238,098
Total current liabilities	117,872	201,235	319,107
Noncurrent liabilities			
OPEB liability	65,310	3,815	69,125
Compensated absences -noncurrent	7,880	1,716	9,596
Bonds and notes payable-noncurrent	290,279	2,008,147	2,298,426
Total long-term liabilities	363,469	2,013,678	2,377,147
Total liabilities	481,341	2,214,913	2,696,254
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	81,048	542	81,590
Deferred inflows related to OPEB	25,596	2,694	28,290
Deferred inflows related to bond refunding	-	17,643	17,643
Total deferred inflows of resources	106,644	20,879	127,523
NET POSITION			
Net investment in capital assets	534,889	741,486	1,276,375
Restricted	2,015,072	238,745	2,253,817
Unrestricted	-	3,100,100	3,100,100
Total net position	\$ 2,549,961	\$ 4,080,331	\$ 6,630,292

CITY OF SPRINGFIELD, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2024

	Sanitation	Storm Water	Total Non-major Proprietary Funds
OPERATING REVENUES			
Charges for services	\$ 1,445,335	\$ 864,595	\$ 2,309,930
Other operating revenue	8,684	12,230	20,914
Total Operating Revenues	<u>1,454,019</u>	<u>876,825</u>	<u>2,330,844</u>
OPERATING EXPENSES			
Cost of sales and services	1,160,543	199,941	1,360,484
Depreciation	177,312	82,112	259,424
Total Operating Expenses	<u>1,337,855</u>	<u>282,053</u>	<u>1,619,908</u>
Operating income	116,164	594,772	710,936
NONOPERATING REVENUES (EXPENSES)			
Investment income	57,902	92,741	150,643
Gain (loss) on sale of fixed assets	(120)	(1,741)	(1,861)
Interest and amortization	(10,059)	(60,655)	(70,714)
Total Nonoperating Revenues	<u>47,723</u>	<u>30,345</u>	<u>78,068</u>
Change in Net Position	163,887	625,117	789,004
Net Position - Beginning	<u>2,386,074</u>	<u>3,455,214</u>	<u>5,841,288</u>
Net Position - Ending	<u>\$ 2,549,961</u>	<u>\$ 4,080,331</u>	<u>\$ 6,630,292</u>

CITY OF SPRINGFIELD, TENNESSEE
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
JUNE 30, 2024

	Sanitation	Storm Water	Total Non-major Proprietary Funds
Cash flows from operating activities			
Cash received from customers	\$ 1,442,249	\$ 873,736	\$ 2,315,985
Cash payments for goods and services	(492,811)	(102,432)	(595,243)
Cash payments for personnel	(667,680)	(82,474)	(750,154)
Net cash provided by operating activities	<u>281,758</u>	<u>688,830</u>	<u>970,588</u>
Cash flows from capital and related financing activities:			
Sale of capital assets	76	-	76
Proceeds on long-term debt	196,570	477,340	673,910
Proceeds on premiums	11,204	29,302	40,506
Principal paid on long-term debt	(83,221)	(153,623)	(236,844)
Interest and fiscal charges paid on long-term debt	(18,277)	(69,636)	(87,913)
Acquisition and construction of capital assets	(234,532)	(33,948)	(268,480)
Net cash provided by (used in) by capital and related financing activities	<u>(128,180)</u>	<u>249,435</u>	<u>121,255</u>
Cash flows from investing activities:			
Interest received	57,902	92,741	150,643
Net cash provided by investing activities	<u>57,902</u>	<u>92,741</u>	<u>150,643</u>
Net increase in cash	211,480	1,031,006	1,242,486
Cash and cash equivalents, beginning	1,602,314	2,329,678	3,931,992
Cash and cash equivalents, ending	<u>\$ 1,813,794</u>	<u>\$ 3,360,684</u>	<u>\$ 5,174,478</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:			
Cash and cash equivalents	\$ 1,797,786	\$ 2,512,561	\$ 4,310,347
Restricted cash and cash equivalents	16,008	848,123	864,131
Total cash and cash equivalents	<u>\$ 1,813,794</u>	<u>\$ 3,360,684</u>	<u>\$ 5,174,478</u>
Reconciliation of Operating Income to Net Cash Provided By (Used in) Operating Activities:			
Operating income	\$ 116,164	\$ 594,772	\$ 710,936
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	177,312	82,112	259,424
Change in assets and liabilities:			
(Increase) decrease in receivable, net	(12,135)	(4,730)	(16,865)
(Increase) decrease in deferred outflows	(14,904)	(3,824)	(18,728)
(Increase) decrease in due from other funds	8,715	1,641	10,356
Increase (decrease) in accounts payable	1,252	13,519	14,771
Increase (decrease) in accrued liabilities	1,669	2,437	4,106
Increase (decrease) in due to other funds	(8,350)	-	(8,350)
Increase (decrease) in net pension liability	12,948	2,783	15,731
Increase (decrease) in deferred inflows	(13,185)	(501)	(13,686)
Increase (decrease) in OPEB liability	11,028	1,161	12,189
Increase (decrease) in compensated absences	1,244	(540)	704
Net Cash Provided By (Used in) Operating Activities	<u>\$ 281,758</u>	<u>\$ 688,830</u>	<u>\$ 970,588</u>

**OTHER SUPPLEMENTARY
INFORMATION**

CITY OF SPRINGFIELD, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	Original Amount Issued	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2023	Issued During Period	Paid During Period	Refunded During Period	Outstanding June 30, 2024
GOVERNMENTAL ACTIVITIES:									
GENERAL FUND									
General Obligation Bonds Payable:									
GO Public Improvements Bond, Series 2016	\$ 6,030,000	2.00-3.00%	3/22/2016	2036	\$ 845,000	\$ -	\$ 55,000	\$ -	\$ 790,000
GO Public Improvements Bond, Series 2018	7,785,000	3.00-5.00%	5/23/2018	2038	6,105,000	-	335,000	-	5,770,000
GO Public Improvements Bond, Series 2019	4,450,000	3.00-4.00%	10/17/2019	2030	1,474,222	-	384,914	-	1,089,308
GO Public Improvements Bond, Series 2020	3,620,000	2.00-5.00%	6/25/2020	2040	1,613,208	-	282,506	-	1,330,702
GO Public Improvements Bond, Series 2021	6,325,000	2.00-4.00%	6/28/2021	2041	66,680	-	15,822	-	50,858
GO Public Improvement Refunding Bond, Series 2021	26,675,000	1.00-2.125%	3/11/2021	2039	3,171,706	-	335,519	-	2,836,187
Total general obligation bonds payable					<u>13,275,816</u>	<u>-</u>	<u>1,408,761</u>	<u>-</u>	<u>11,867,055</u>
Finance Purchase Obligations									
PNC Capital Lease	224,400	3.00%	3/17/2020	2024	150,270	-	150,270	-	-
PNC Capital Lease	15,372	3.00%	3/17/2020	2024	3,110	-	3,110	-	-
Total finance purchase obligations					<u>153,380</u>	<u>-</u>	<u>153,380</u>	<u>-</u>	<u>-</u>
Total payable through general fund					<u>13,429,196</u>	<u>-</u>	<u>1,562,141</u>	<u>-</u>	<u>11,867,055</u>
Total payable governmental activities					<u>13,429,196</u>	<u>-</u>	<u>1,562,141</u>	<u>-</u>	<u>11,867,055</u>
BUSINESS-TYPE ACTIVITIES									
NOTES PAYABLE									
Payable through Gas Fund									
Capital Outlay Note, Series 2021	155,000	2.50%	10/28/2021	2026	80,000	-	40,000	-	40,000
Total notes payable					<u>80,000</u>	<u>-</u>	<u>40,000</u>	<u>-</u>	<u>40,000</u>
OTHER LOANS PAYABLE									
Payable through Sewer Fund									
TN State Funding Loan (SRF 16-360)	19,250,000	1.35%	9/23/2015	2043	5,372,217	-	235,584	-	5,136,633
TN State Funding Loan (SRF 19-422)	25,659,903	1.30%	2/8/2019	2038	22,475,755	-	1,169,964	-	21,305,791
TN State Funding Loan (SRF 20-447)	5,341,095	0.78%	7/20/2020	2040	5,196,818	-	248,868	-	4,947,950
Payable through Electric Fund									
TVA Conservaton Loan					359,712	150,339	100,613	-	409,438
Total other loans payable					<u>33,404,502</u>	<u>150,339</u>	<u>1,755,029</u>	<u>-</u>	<u>31,799,812</u>

continued

CITY OF SPRINGFIELD, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Original Amount Issued</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding July 1, 2023</u>	<u>Issued During Period</u>	<u>Paid During Period</u>	<u>Refunded During Period</u>	<u>Outstanding June 30, 2024</u>
BONDS PAYABLE									
Payable through Stormwater Management, Water, and Sewer Funds GO Public Improvement Refunding Bonds, Series 2021	26,675,000	1.00-2.125%	3/11/2021	2039	22,353,294	-	1,764,482	-	20,588,812
Payable through Water Fund GO Public Improvements Bond, Series 2016	6,030,000	2.00-3.00%	3/22/2016	2036	3,640,000	-	245,000	-	3,395,000
Payable through Sanitation, Stormwater Management, Water, Sewer, and Gas Funds GO Public Improvements Bond, Series 2018	1,770,000	3.00-5.00%	5/23/2018	2038	1,310,000	-	95,000	-	1,215,000
Payable through Sanitation, Water, and Sewer Funds GO Public Improvements Bond, Series 2019	4,450,000	3.00-4.00%	10/17/2019	2030	440,778	-	115,086	-	325,692
Payable through Sanitation, Water, Sewer, Electric, and Gas Funds GO Public Improvements Bond, Series 2021	6,325,000	2.00-4.00%	6/28/2021	2041	5,458,321	-	409,178	-	5,049,143
Payable through Stormwater Management, Sewer, and Electric Funds GO Public Improvements Bond, Series 2022	3,620,000	2.00-5.00%	6/25/2020	2040	1,106,792	-	162,494	-	944,298
Payable through Stormwater Management, Electric, Sanitation, and Gas Funds GO Public Improvements Bond, Series 2023	12,235,000	2.70-4.05%	10/5/2023	2043	-	12,235,000	630,000	-	11,605,000
Total bonds payable					<u>34,309,185</u>	<u>12,235,000</u>	<u>3,421,240</u>	<u>-</u>	<u>43,122,945</u>
Total payable business-type activities					<u>67,793,687</u>	<u>12,385,339</u>	<u>5,216,269</u>	<u>-</u>	<u>74,962,757</u>
Total City Debt					<u>\$ 81,222,883</u>	<u>\$ 12,385,339</u>	<u>\$ 6,778,410</u>	<u>\$ -</u>	<u>\$ 86,829,812</u>

CITY OF SPRINGFIELD, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT AND NOTES TO BE REPAYED
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Jointly Issued Debt																
Fiscal Year Ending June 30	General Obligation Bonds 2016		General Obligation Bonds 2018		General Obligation Bonds 2019		General Obligation Bonds 2020		General Obligation Bonds March 2021		General Obligation Bonds June 2021		General Obligation Bonds 2023		Total Joint Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 305,000	\$ 107,513	\$ 395,000	\$ 253,344	\$ 530,000	\$ 40,550	\$ 435,000	\$ 87,050	\$ 2,105,000	\$ 362,005	\$ 430,000	\$ 128,100	\$ 460,000	\$ 545,376	\$ 4,660,000	\$ 1,523,938
2026	310,000	101,413	425,000	233,594	165,000	26,650	460,000	65,300	2,125,000	339,955	390,000	110,900	480,000	522,375	4,355,000	1,400,187
2027	320,000	95,213	445,000	220,844	175,000	19,850	450,000	42,300	2,165,000	318,705	400,000	95,300	505,000	498,375	4,460,000	1,290,587
2028	325,000	88,013	465,000	198,594	175,000	13,725	60,000	19,800	2,190,000	292,725	280,000	83,300	485,000	473,124	3,980,000	1,169,281
2029	335,000	80,700	450,000	175,344	185,000	8,325	60,000	18,000	2,225,000	264,255	290,000	74,900	505,000	448,874	4,050,000	1,070,398
2030	340,000	72,325	465,000	157,344	185,000	8,325	70,000	16,200	1,605,000	233,105	295,000	66,200	475,000	423,624	3,435,000	977,123
2031	350,000	63,825	485,000	138,744	-	-	70,000	14,800	1,640,000	209,030	300,000	60,300	500,000	399,875	3,345,000	886,574
2032	360,000	54,200	505,000	124,194	-	-	70,000	13,400	1,675,000	182,790	245,000	54,300	520,000	374,875	3,375,000	803,759
2033	370,000	44,300	520,000	109,044	-	-	70,000	12,000	1,685,000	154,315	255,000	49,400	545,000	348,875	3,445,000	717,934
2034	380,000	34,125	535,000	92,794	-	-	70,000	10,600	945,000	123,143	260,000	44,300	575,000	321,625	2,765,000	628,587
2035	390,000	22,725	545,000	76,075	-	-	75,000	9,200	965,000	105,188	260,000	39,100	605,000	292,875	2,840,000	545,163
2036	400,000	12,000	560,000	58,363	-	-	75,000	7,700	990,000	85,888	265,000	33,900	635,000	262,626	2,925,000	460,477
2037	-	-	585,000	40,163	-	-	75,000	6,200	1,010,000	66,088	275,000	28,600	665,000	230,875	2,610,000	371,926
2038	-	-	605,000	20,414	-	-	75,000	4,700	1,035,000	44,625	280,000	23,100	695,000	197,625	2,690,000	290,464
2039	-	-	-	-	-	-	80,000	3,200	1,065,000	22,631	285,000	17,500	725,000	168,088	2,155,000	211,419
2040	-	-	-	-	-	-	80,000	1,600	-	-	290,000	11,800	755,000	137,275	1,125,000	150,675
	<u>\$ 4,185,000</u>	<u>\$ 776,352</u>	<u>\$ 6,985,000</u>	<u>\$ 1,898,855</u>	<u>\$ 1,415,000</u>	<u>\$ 117,425</u>	<u>\$ 2,275,000</u>	<u>\$ 332,050</u>	<u>\$ 23,425,000</u>	<u>\$ 2,804,448</u>	-	6,000	-	825,000	825,000	71,612
											-	-	860,000	36,552	860,000	36,552
											<u>\$ 5,100,000</u>	<u>\$ 927,000</u>	<u>\$ 11,605,000</u>	<u>\$ 5,859,714</u>	<u>\$ 54,990,000</u>	<u>\$ 12,715,844</u>

CITY OF SPRINGFIELD, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GENERAL OBLIGATION DEBT AND NOTES TO BE REPAYED FROM BUSINESS-TYPE ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Fiscal Year Ending June 30	Electric Fund				Gas Fund				Sewer Fund							
	TVA Conservation Loan		Total		2021 GO Capital Outlay		Total		TN SRF 20-447		TN SRF 16-360		TN SRF 19-422		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 409,438	\$ -	\$ 409,438	\$ -	\$ 40,000	\$ 2,000	\$ 40,000	\$ 2,000	\$ 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	-	-	-	-	-	-	-	-	279,744	8,772	288,432	18,228	1,421,712	33,480	1,989,888	60,480
2040	-	-	-	-	-	-	-	-	281,940	6,576	292,356	14,304	1,440,312	14,880	2,014,608	35,760
2041	-	-	-	-	-	-	-	-	284,148	4,368	296,328	10,332	363,043	787	943,519	15,487
2042	-	-	-	-	-	-	-	-	286,368	2,148	300,348	6,312	-	-	586,716	8,460
2043	-	-	-	-	-	-	-	-	119,930	275	304,317	2,400	-	-	424,247	2,675
	<u>\$ 409,438</u>	<u>\$ -</u>	<u>\$ 409,438</u>	<u>\$ -</u>	<u>\$ 40,000</u>	<u>\$ 2,000</u>	<u>\$ 40,000</u>	<u>\$ 2,000</u>	<u>\$ 4,947,950</u>	<u>\$ 365,543</u>	<u>\$ 5,136,633</u>	<u>\$ 689,964</u>	<u>\$21,305,791</u>	<u>\$ 2,341,111</u>	<u>\$31,390,374</u>	<u>\$ 3,396,618</u>

**INTERNAL CONTROL AND
COMPLIANCE SECTION**



**INDEPENDENT AUDITORS' 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***

**The Honorable Mayor and Members
of the Board of Aldermen
City of Springfield, Tennessee**

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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 27, 2025.

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.

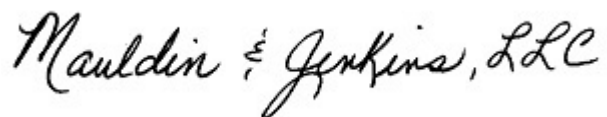
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not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



Chattanooga, Tennessee

January 27, 2025

CITY OF SPRINGFIELD, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

FALN Number	Program Name	Grant Number	Grantor/Pass- Through Agency	Amount Earned or Expended	Passed Through to Subrecipients
<u>FEDERAL AWARDS</u>					
14.228	Community Development Block Grant - Sewer Improvements	304320	HUD/TDECD	\$ 29,304	\$ -
16.607	Vest Grant	BVP01033555	U.S. Department of Justice/ OCJP	4,815	-
20.6	Community-Based Traffic SafetyEnforcement and Education	Z23THS264	USDOT/TDOT (TN Hwy Safety Office - State)	3,373	-
21.027	COVID-19 - State & Local Fiscal Recovery Funds	N/A	US Dept of Treasury	690,500	-
20.205	Highway Planning and Construction	230395	USDOT/TDOT	9,800	-
TOTAL FEDERAL AWARDS				\$ 737,792	\$ -

CITY OF SPRINGFIELD, TENNESSEE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

NOTE A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the City of Springfield, Tennessee under programs of the federal government for the fiscal year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule represents only a selected portion of the operations of the City, is it not intended to and does not present the financial position, changes in net assets, or cash flows of the City.

NOTE B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting.

NOTE C: INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF SPRINGFIELD, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

FALN Number	Program Name	Grant Number	Grantor/Pass- Through Agency	Amount Earned or Expended	Passed Through to Subrecipients
<u>STATE AWARDS</u>					
N/A	TDTD Marketing Grant	32601-74310	TDTD	\$ 29,901	-
N/A	GNRC Tourist Development Marketing Grant	N/A	TDTD	3,645	-
N/A	Rural Arts Project Support	31625-18070	Tennessee Arts Commission	11,300	-
N/A	Violent Crime Intervention Fund	N/A	Office of Criminal Justice Programs	195,789	-
N/A	TLETA Cost Sharing	33501-2425247	Department of Commerce and Insurance	18,000	-
N/A	Tennessee Law Enforcement Hiring Training & Recruitment Grant	33501-2325380	Department of Commerce and Insurance	1,000	-
N/A	State Law Enforcement Salary Supplement Grant	N/A	Department of Commerce and Insurance	23,200	-
N/A	Firefighters Salary Supplement Grant	N/A	Department of Commerce and Insurance	27,800	-
N/A	Overtime Reimbursement Program (Farmer Grant)	N/A	TBI/TDDTF	27,036	-
N/A	Cybersecurity Grant		Public Entity Partners	2,000	-
N/A	Volkswagen Diesel Settlement Environmental Mitigation Trust Fast Charge TN Network Grant	32701-04603	TDEC	112,969	-
N/A	Infrastructure Planning Grant	33007-11323	TDEC	49,003	-
N/A	Local Park & Recreation Fund	32701-05282	TDEC	8,000	-
N/A	Utility Relocation Contract	124675.00	TDOT	189,720	-
TOTAL STATE AWARDS				\$ 699,363	\$ -

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Financial Statements

Internal control over financial reporting:

Significant deficiency(ies) identified? yes X none reported

Federal Awards

- 78 -

CITY OF SPRINGFIELD, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

SECTION II
FINANCIAL STATEMENT FINDINGS

None reported

CITY OF SPRINGFIELD, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2024

None reported