

CITY OF SPRINGFIELD, TENNESSEE
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2015

City of Springfield, Tennessee
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June 30, 2015

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City of Springfield, Tennessee
General Information and Roster of City Officials (Unaudited)
June 30, 2015

Location and General

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

Population

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

Roster of Elected Public Officials

Mayor	Billy Paul Carneal
Vice-Mayor, Alderman - Ward 4	Ann Schneider
Alderman - Ward 1	James Hubbard
Alderman - Ward 2	Bobby Trotter
Alderman - Ward 3	Jeff Gragg
Alderman - Ward 5	Bruce Head
Alderman - Ward 6	Clay Sneed

Roster of City Officials

City Manager	Paul J. Nutting
City Recorder	Lisa Crockett



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springfield, TN, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2015, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note 1(S) to the financial statements, in 2015, the City adopted the following new accounting guidance:

- GASB Statement No. 68, Accounting And Financial Reporting for Pensions—An Amendment of GASB Statement No. 27 and
- GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68.

Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and additional required supplementary information on pages 7–14 and 57–59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison information-special revenue funds and capital improvement fund, and other supplementary information, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Comptroller of the Treasury, State of Tennessee, as detailed in the Audit Manual and is also not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2015, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Thurman Campbell Group, PLC

Clarksville, Tennessee
December 17, 2015

City of Springfield, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2015

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, 2015. 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 \$109,226,342 (net position). Of this amount, \$22,472,099 (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 \$6,939,048 an increase of 58.83% in comparison with the prior year.

Approximately 54.12% of this total amount, \$3,755,462 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 \$3,755,462 or 25.45% of total general fund expenditures.

The City of Springfield's total debt increased during the current fiscal year by \$15,892,386.

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 15 and 16 of this report.

City of Springfield, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2015

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 government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

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

The City of Springfield adopts an annual appropriation budget for its general and other major special revenue funds. A budgetary comparison schedule has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund statements can be found on pages 17 - 20 of this report.

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the electric distribution, natural gas distribution, water, and sewer operations, which are considered to be major funds of the City of Springfield. The basic proprietary fund financial statements can be found on pages 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 30 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 7 through 14 and pages 57 through 59 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 60 through 65 of this report.

City of Springfield, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2015

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 \$109,226,342 at the close of the most recent fiscal year.

By far the largest portion of the City of Springfield's net position (73.5%) 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	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 12,029	\$ 9,534	\$ 30,969	\$ 29,250	\$ 42,998	\$ 38,784
Capital assets	44,166	47,308	83,749	77,441	127,915	124,749
Other non-current assets	895	548	16,675	5,491	17,570	6,039
Total assets	<u>57,090</u>	<u>57,390</u>	<u>131,393</u>	<u>112,182</u>	<u>188,483</u>	<u>169,572</u>
Deferred outflows of resources	577	-	581	-	1,158	-
Current liabilities	3,529	4,191	11,919	11,218	15,448	15,409
Long term liabilities	15,685	16,816	41,880	27,360	57,565	44,176
Total liabilities	<u>19,214</u>	<u>21,007</u>	<u>53,799</u>	<u>38,578</u>	<u>73,013</u>	<u>59,585</u>
Deferred inflows of resources	5,954	3,866	1,448	-	7,402	3,866
Net position:						
Net investment in capital assets	27,347	29,940	52,917	51,556	80,264	81,496
Restricted	1,170	952	5,320	975	6,490	1,927
Unrestricted	3,982	1,625	18,490	21,073	22,472	22,698
Total net position	<u>\$ 32,499</u>	<u>\$ 32,517</u>	<u>\$ 76,727</u>	<u>\$ 73,604</u>	<u>\$ 109,226</u>	<u>\$ 106,121</u>

A portion of the City's net position (5.9%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* may be used to meet the government's ongoing obligations to citizens and creditors.

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

The government's net position increased by \$3,260,249 during the current fiscal year.

City of Springfield, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2015

The following is a summary of financial activities for the City during the fiscal year ended June 30, 2015:

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

	Governmental activities		Business type activities		Total	
	2015	2014	2015	2014	2015	2014
Revenues:						
Program revenues						
Charges for services	\$ 1,038	\$ 1,103	\$ 50,902	\$ 51,118	\$ 51,940	\$ 52,221
Operating grants and contributions	466	452	-	-	466	452
Capital grants and contributions	19	100	-	494	19	594
General revenues:						
Property taxes	4,646	3,926	-	-	4,646	3,926
Other taxes	8,386	7,970	-	-	8,386	7,970
Others	595	571	68	63	663	634
Total revenue	<u>15,150</u>	<u>14,122</u>	<u>50,970</u>	<u>51,675</u>	<u>66,120</u>	<u>65,797</u>
Expenses:						
General government	1,330	2,391	-	-	1,330	2,391
Community development	433	445	-	-	433	445
Public safety	6,372	6,841	-	-	6,372	6,841
Highways and streets	2,099	2,195	-	-	2,099	2,195
Culture and recreation	2,282	2,346	-	-	2,282	2,346
Cemeteries	117	138	-	-	117	138
Bond issuance cost	28	-	-	-	28	-
Interest on long term debt	565	611	-	-	565	611
Electric	-	-	27,929	27,931	27,929	27,931
Gas	-	-	9,795	10,515	9,795	10,515
Sewer	-	-	3,234	3,023	3,234	3,023
Water	-	-	5,129	5,272	5,129	5,272
Other business type activities	-	-	1,028	1,005	1,028	1,005
Total functions/programs	<u>13,226</u>	<u>14,967</u>	<u>47,115</u>	<u>47,746</u>	<u>60,341</u>	<u>62,713</u>
Excess (deficiency)	1,924	(845)	3,855	3,929	5,779	3,084
Transfers	766	692	(766)	(692)	-	-
Special Item (See Note 20)	(2,519)	-	-	-	(2,519)	-
Change in net position	<u>171</u>	<u>(153)</u>	<u>3,089</u>	<u>3,237</u>	<u>3,260</u>	<u>3,084</u>
Beginning net position, as previously stated	32,517	33,168	73,604	70,827	106,121	103,995
Prior period adjustments (See Note 17)	(189)	(498)	34	(460)	(155)	(958)
Beginning net position, as restated	<u>32,328</u>	<u>32,670</u>	<u>73,638</u>	<u>70,367</u>	<u>105,966</u>	<u>103,037</u>
Ending net position	<u>\$ 32,499</u>	<u>\$ 32,517</u>	<u>\$ 76,727</u>	<u>\$ 73,604</u>	<u>\$ 109,226</u>	<u>\$ 106,121</u>

City of Springfield, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2015

Governmental activities – Current period governmental activities increased the City of Springfield's net position by \$171,298. In the prior year, governmental activities decreased net position by \$152,922.

Business-type activities – Current period business-type activities increased the City of Springfield's net position by \$3,088,951. In the prior year, business-type activities increased net position by \$3,236,999.

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 \$6,939,048, an increase of \$2,799,094 in comparison with the prior year. Approximately 54.12% of this total amount (\$3,755,462) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is non-spendable (\$46,713), restricted (\$2,064,514), or, assigned (\$1,072,359). 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, \$46,713 is made up of amounts spent on inventory and prepaid expenses. Restricted fund balance is made up of amounts that have been restricted as to purpose by enabling legislation. Of the City's total restricted fund, \$933,232 is the State Street Aid fund balance and is restricted for road projects. \$174,315 is the Drug Fund balance and is restricted to drug enforcement activities. \$62,442 is the Forfeited Property Fund balance and is restricted to law enforcement activities. \$894,525 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. Of the City's assigned fund balance \$1,072,359 is related to borrowings committed to specific projects in process as well as self-insurance claims.

The general fund is the chief operating fund of the City of Springfield. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,755,462 while total fund balance was \$4,282,817. 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 25.45% of total general fund expenditures, while total fund balance represents 29.02% of that same amount. The fund balance of the City of Springfield's general fund increased by \$1,898,926, as a result of the current fiscal year operations and prior period adjustments. See Note 17 on page 54 of this report for additional explanation of the prior period adjustments.

The capital projects fund has a total fund balance of \$1,486,242. In general this fund balance is made up of restricted and assigned fund balances designated for projects in process that are financed with borrowings on notes and bonds. Capital improvements fund increased by \$452,948 as a result of current year operations.

Non-major (other) governmental funds have a fund balance of \$1,169,989. The net increase in non-major governmental fund balance during the current year was \$218,253.

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 \$18,490,109. The total increase in net position for all proprietary funds in total was \$3,122,859. This includes a \$33,908 prior period adjustment. See Note 17 on page 54 of this report for additional explanation of the prior period adjustment.

City of Springfield, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2015

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, 2015, amounts to \$127,915,257 (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 \$3,165,637 from the prior year. Governmental capital assets (net of accumulated depreciation) decreased by \$3,141,845. Business-type capital assets (net of accumulated depreciation) increased by \$6,307,474. Both business and governmental capital assets were purchased during the fiscal year ended June 30, 2015.

Major capital asset increases during the current fiscal year included the following:

Governmental Activities

- * Development and implementation of a new Website for the City
- * Implementation of Phase 1 conversion to NextGen Enterprise software including purchase of General Ledger and Document Management modules as well as purchase of a new computer server
- * Implementation of Permitting Software for the Community Development Department
- * New computers were purchased for personnel in several departments
- * Five new patrol vehicles were purchased for the Police Department
- * Bullet proof vests, radar guns, and video cameras were purchased for the Police Department
- * Fire gear and equipment were purchased for the Fire Department
- * Digital radios were purchased for all departments
- * Five new handheld meter reading devices were purchased for the Customer Service and Meter Reading departments
- * A new phone system was installed at Public Works
- * A new 18HP RTV with power lift was purchased for the Cemetery
- * Five scoreboards located at J. Travis Price Park and Legion Field were replaced
- * Two greens mowers and a sod cutter with trailer were purchased for Legacy Golf Course
- * Renovation and maintenance of bunkers continued at Legacy Golf Course
- * Replaced two HVAC units and installed a new roof over two sections of the Bransford Community Center
- * Sidewalk repairs were completed on White Street and 3rd Ave.
- * Engineering for Phase 3 of the Greenway expansion began

City of Springfield, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2015

Business-Type Activities

- * Work continued on the rehabilitation of the sanitary sewer collection system. Phases 1A and 1B were completed and Phases 2A, 2B, 2C, and 3A were started.
- * Reconstruction of the south backwash basin at the water treatment plant began
- * The replacement of old water meters continued throughout the water system
- * Development and implementation of an Information Management System Program for the Water/Wastewater Department began
- * A new sewer camera system was purchased for the Water/Wastewater Department
- * A 5,000 gallon tanker trailer was purchased for the Water/Wastewater Department
- * Installed new roofs on two buildings at the wastewater treatment plant
- * Four service trucks were purchased for the Water/Wastewater Department
- * A 55-foot bucket truck and three pickup trucks were purchased for the Electric Department
- * Substation batteries were replaced at the South Springfield Substation
- * Digital radios were purchased for all departments
- * Gas mains were relocated to accommodate the Phase 2 future widening of Highway 431 South between Batson Parkway and Old Highway 431
- * A service truck, backhoe, and volume correctors were purchased for the Gas Department
- * A new HVAC unit was installed at the Gas Department
- * The replacement of gas meters continued
- * Natural gas mains were extended
- * Construction of Queen Ann Court drainage project was completed
- * Purchased a hydraulic tilting bucket attachment for an excavator and a pipe camera for the Storm Water Department
- * A refuse collection truck was purchased for the Sanitation Department

CITY OF SPRINGFIELD'S Capital Assets (in thousands)

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Capital assets not depreciated						
Land	\$ 6,694	\$ 6,672	\$ 1,126	\$ 1,126	\$ 7,820	\$ 7,798
Construction in progress	-	-	8,060	9,901	8,060	9,901
Total capital assets not depreciated	6,694	6,672	9,186	11,027	15,880	17,699
Capital assets depreciated						
Buildings	7,346	9,948	125,019	114,666	132,365	124,614
Machinery and equipment	16,253	15,822	8,478	7,606	24,731	23,428
Infrastructure	36,674	36,163	-	-	36,674	36,163
Total	60,273	61,933	133,497	122,272	193,770	184,205
Less accumulated depreciation	(22,801)	(21,297)	(58,934)	(55,858)	(81,735)	(77,155)
Net capital assets depreciated	37,472	40,636	74,563	66,414	112,035	107,050
Net capital assets	\$ 44,166	\$ 47,308	\$ 83,749	\$ 77,441	\$ 127,915	\$ 124,749

Additional information on the City of Springfield's capital assets can be found in Note 6 on page 40-41 of this report.

City of Springfield, Tennessee
Management's Discussion and Analysis (Unaudited)
June 30, 2015

Long-term debt - At the end of the current fiscal year, the City of Springfield had total debt outstanding of \$65,975,853. All of this debt is backed by the full faith and credit of the government.

CITY OF SPRINGFIELD'S Outstanding Debt (in thousands)

	Governmental activities		Business-type activities		Total	
	2015	2014	2015	2014	2015	2014
Bonds and notes payable						
Bonds and notes payable	\$ 17,320	\$ 17,545	\$ 45,259	\$ 29,745	\$ 62,579	\$ 47,290
Add: Premium on bonds	394	370	1,210	656	1,604	1,026
Total bonds and notes payable	17,714	17,915	46,469	30,401	64,183	48,316
Other long-term liabilities						
Compensated absences	394	431	284	275	678	706
OPEB	690	658	425	403	1,115	1,061
Total long-term debt	\$ 18,798	\$ 19,004	\$ 47,178	\$ 31,079	\$ 65,976	\$ 50,083

The City of Springfield's total debt increased by \$15,892,386 (31.7%) during the current fiscal year. The City maintains an A1 rating from Moody's Investors Service for its General Obligation debt.

Economic Factors and Next Year's Budget and Rates

The average unemployment rate for the Robertson County area was 5.47% for the current fiscal year. This compares to the average state unemployment rate for the same period of 6.36%. The prior year rate for the Robertson County area was 5.86%

Inflationary trends in the region are comparable to national indices.

Housing starts for this fiscal year were 21 single family homes and 1 multi-family complex with 4 units as compared to 33 single family homes in the prior fiscal year.

The City's short term interest rates on operating fund investments with the Local Government Investment Pool remained unchanged during fiscal year 2015. Interest rates during the year averaged .09%.

During the current fiscal year, unassigned fund balance in the general fund rose to \$3,755,462 (an increase of \$1,948,094 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 2016.

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, 2015

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 6,615,257	\$ 23,072,136	\$ 29,687,393
Receivables, Net	6,760,970	5,219,895	11,980,865
Internal Balances, Net	(1,393,754)	1,393,754	-
Inventory	22,806	745,070	767,876
Prepaid Expenses	23,907	538,414	562,321
Total Current Assets	<u>12,029,186</u>	<u>30,969,269</u>	<u>42,998,455</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	894,525	16,674,585	17,569,110
Land and Construction in Progress	6,694,438	9,186,097	15,880,535
Other Capital Assets, Net of Depreciation	37,472,058	74,562,665	112,034,723
Total Noncurrent Assets	<u>45,061,021</u>	<u>100,423,347</u>	<u>145,484,368</u>
Total Assets	<u>57,090,207</u>	<u>131,392,616</u>	<u>188,482,823</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	576,789	581,441	1,158,230
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	1,223,443	7,159,546	8,382,989
Unearned Revenue	210,979	-	210,979
Current Portion - Compensated Absences	78,732	56,803	135,535
Current Portion - Notes and Bonds Payable	2,015,678	4,214,783	6,230,461
Customer Deposits	-	487,656	487,656
Total Current Liabilities	<u>3,528,832</u>	<u>11,918,788</u>	<u>15,447,620</u>
Noncurrent Liabilities:			
OPEB Liability	689,984	425,391	1,115,375
Compensated Absences	314,927	227,211	542,138
Net Pension Liability (Asset)	(1,018,146)	(1,026,357)	(2,044,503)
Notes and Bonds Payable	15,698,310	42,254,035	57,952,345
Total Noncurrent Liabilities	<u>15,685,075</u>	<u>41,880,280</u>	<u>57,565,355</u>
Total Liabilities	<u>19,213,907</u>	<u>53,799,068</u>	<u>73,012,975</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	1,436,077	1,447,659	2,883,736
Property Taxes Levied for Subsequent Year	4,518,000	-	4,518,000
Total Deferred Inflows of Resources	<u>5,954,077</u>	<u>1,447,659</u>	<u>7,401,736</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	27,347,033	52,916,581	80,263,614
Restricted For:			
Drug Fund	174,315	-	174,315
State Street Aid	933,232	-	933,232
Forfeited Property	62,442	-	62,442
Debt Service	-	1,037,947	1,037,947
Sewer Services	-	4,282,693	4,282,693
Unrestricted	3,981,990	18,490,109	22,472,099
Total Net Position	<u>\$ 32,499,012</u>	<u>\$ 76,727,330</u>	<u>\$ 109,226,342</u>

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

City of Springfield, Tennessee
Statement of Activities
For the Year Ended June 30, 2015

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position of the Primary Government		
	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 1,329,811	\$ 246,953	\$ 22,024	\$ -	\$ (1,060,834)	\$ -	\$ (1,060,834)
Community Development	432,615	-	-	-	(432,615)	-	(432,615)
Public Safety	6,372,123	61,893	10,391	15,600	(6,284,239)	-	(6,284,239)
Highways and Streets	2,099,039	-	434,045	3,134	(1,661,860)	-	(1,661,860)
Culture and Recreation	2,282,237	701,246	-	-	(1,580,991)	-	(1,580,991)
Cemeteries	117,269	27,829	-	-	(89,440)	-	(89,440)
Bond Issuance Cost	27,945	-	-	-	(27,945)	-	(27,945)
Interest on Long-term Debt	565,165	-	-	-	(565,165)	-	(565,165)
Total Governmental Activities	13,226,204	1,037,921	466,460	18,734	(11,703,089)	-	(11,703,089)
Business-Type Activities							
Electric	27,928,758	28,580,243	-	-	-	651,485	651,485
Gas	9,795,189	10,230,885	-	-	-	435,696	435,696
Sewer	3,234,046	4,326,198	-	-	-	1,092,152	1,092,152
Water	5,129,010	6,342,591	-	-	-	1,213,581	1,213,581
Other Business-type Activities	1,027,513	1,421,873	-	-	-	394,360	394,360
Total Functions/Programs	47,114,516	50,901,790	-	-	-	3,787,274	3,787,274
Total Primary Government	\$ 60,340,720	\$ 51,939,711	\$ 466,460	\$ 18,734	(11,703,089)	3,787,274	(7,915,815)
General Revenues							
Property Taxes					4,646,336	-	4,646,336
Payment in Lieu of Tax - TVA					190,542	-	190,542
Payment in Lieu of Tax - Housing Authority					34,886	-	34,886
Income and Excise Taxes					150,184	-	150,184
Sales Tax					6,543,515	-	6,543,515
Alcoholic Beverage Taxes					789,368	-	789,368
Business Taxes					417,367	-	417,367
Miscellaneous Taxes					260,380	-	260,380
Investment Earnings					4,004	20,731	24,735
Gain/(Loss) on Sale of Assets					17,443	46,851	64,294
Miscellaneous					573,859	-	573,859
Transfers					765,905	(765,905)	-
Special Item (See Note 20)					(2,519,402)	-	(2,519,402)
Total General Revenues, Transfers and Extraordinary Item					11,874,387	(698,323)	11,176,064
Change in Net Position					171,298	3,088,951	3,260,249
Beginning Net Position, As Previously Stated					32,516,925	73,604,471	106,121,396
Prior Period Adjustments (See Note 17)					(189,211)	33,908	(155,303)
Beginning Net Position, As Restated					32,327,714	73,638,379	105,966,093
Ending Net Position					\$ 32,499,012	\$ 76,727,330	\$ 109,226,342

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

City of Springfield, Tennessee
Balance Sheet – Governmental Funds
June 30, 2015

	General Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 4,969,298	\$ 593,067	\$ 1,052,892	\$ 6,615,257
Receivables, Net:				
Property Taxes	4,949,163	-	-	4,949,163
Intergovernmental	1,526,445	-	117,467	1,643,912
Other	167,895	-	-	167,895
Due From Other Funds	22,910	-	-	22,910
Inventory	22,806	-	-	22,806
Restricted Cash and Cash Equivalents	-	894,525	-	894,525
Prepaid Expenses	23,907	-	-	23,907
Total Assets	<u>\$ 11,682,424</u>	<u>\$ 1,487,592</u>	<u>\$ 1,170,359</u>	<u>\$ 14,340,375</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 307,629	\$ 1,350	\$ 370	\$ 309,349
Accrued Liabilities	582,836	-	-	582,836
Intergovernmental Payables	187,284	-	-	187,284
Due To Other Funds	1,416,664	-	-	1,416,664
Unearned Revenue	210,979	-	-	210,979
Total Liabilities	<u>2,705,392</u>	<u>1,350</u>	<u>370</u>	<u>2,707,112</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unavailable Revenues-Property Taxes	176,215	-	-	176,215
Property Taxes Levied for Subsequent Year	4,518,000	-	-	4,518,000
Total Deferred Inflows of Resources	<u>4,694,215</u>	<u>-</u>	<u>-</u>	<u>4,694,215</u>
<u>FUND BALANCES</u>				
Non-Spendable	46,713	-	-	46,713
Restricted	-	894,525	1,169,989	2,064,514
Assigned	480,642	591,717	-	1,072,359
Unassigned	3,755,462	-	-	3,755,462
Total Fund Balances	<u>4,282,817</u>	<u>1,486,242</u>	<u>1,169,989</u>	<u>6,939,048</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 11,682,424</u>	<u>\$ 1,487,592</u>	<u>\$ 1,170,359</u>	<u>\$ 14,340,375</u>

City of Springfield, Tennessee
 Reconciliation of the Balance Sheet of Governmental Funds
 To the Statement of Net Position
 June 30, 2015

Total fund balances of governmental funds \$ 6,939,048

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

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

Capital assets	66,967,187
Accumulated depreciation	(22,800,689)

Property taxes not collected within 60 days subsequent to the fiscal year end are unavailable in the governmental funds	176,216
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Long-term liabilities and related deferred items are not due and payable in the current period and therefore, are not reported in the governmental fund balance sheet but are reported on the government-wide statement of net position.

Accrued compensated absences	(393,659)
OPEB liability	(689,984)
Bond premium	(393,532)
Bonds and notes payable	(17,320,456)
Net pension liability (asset)	1,018,146
Deferred outflows related to pensions	576,789
Deferred inflows related to pensions	(1,436,077)

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

Accrued interest	(143,977)
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Net position of governmental activities	\$ 32,499,012
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City of Springfield, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2015

	General Fund	Capital Improvements Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 11,483,967	\$ -	\$ -	\$ 11,483,967
License and Permits	99,803	-	-	99,803
Fines and Forfeitures	147,150	-	51,179	198,329
Intergovernmental Revenues	1,747,874	-	434,045	2,181,919
Charges for Services	739,789	-	-	739,789
Investment Income	2,038	867	1,099	4,004
Rental Income	165,525	-	-	165,525
Miscellaneous Revenues	301,186	104,258	2,890	408,334
Total Revenues	<u>14,687,332</u>	<u>105,125</u>	<u>489,213</u>	<u>15,281,670</u>
EXPENDITURES				
Current:				
General Government	1,018,262	-	-	1,018,262
Community Development	432,615	-	-	432,615
Public Safety	6,068,916	-	-	6,068,916
Highways and Streets	1,507,855	-	-	1,507,855
Cemeteries	118,543	-	-	118,543
Culture and Recreation	2,011,347	-	-	2,011,347
Drug Fund	-	-	6,046	6,046
Debt Service:				
Principal	2,084,249	-	-	2,084,249
Interest	602,158	-	-	602,158
Bond Issuance Cost	21,861	6,084	-	27,945
Capital Outlay	891,365	27,145	377,285	1,295,795
Total Expenditures	<u>14,757,171</u>	<u>33,229</u>	<u>383,331</u>	<u>15,173,731</u>
Revenues Over (Under) Expenditures	<u>(69,839)</u>	<u>71,896</u>	<u>105,882</u>	<u>107,939</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	(130,866)	-	-	(130,866)
Transfers In	765,905	18,495	112,371	896,771
Bond Premium	35,878	12,557	-	48,435
Bond Proceeds	1,509,369	350,000	-	1,859,369
Sale of Capital Assets	17,446	-	-	17,446
Total Other Financing Sources (Uses)	<u>2,197,732</u>	<u>381,052</u>	<u>112,371</u>	<u>2,691,155</u>
Net Changes in Fund Balances	<u>2,127,893</u>	<u>452,948</u>	<u>218,253</u>	<u>2,799,094</u>
Beginning Fund Balance, As Previously Reported	2,383,891	1,033,294	951,736	4,368,921
Prior Period Adjustment, (Note 17)	<u>(228,967)</u>	<u>-</u>	<u>-</u>	<u>(228,967)</u>
Beginning Fund Balance, As Restated	<u>2,154,924</u>	<u>1,033,294</u>	<u>951,736</u>	<u>4,139,954</u>
Ending Fund Balance	<u>\$ 4,282,817</u>	<u>\$ 1,486,242</u>	<u>\$ 1,169,989</u>	<u>\$ 6,939,048</u>

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

City of Springfield, Tennessee
Reconciliation of the Statement of Revenues, Expenditures and Changes
In Fund Balances to the Statement of Activities
For the Year Ended June 30, 2015

Net change in fund balances - total governmental funds \$ 2,799,094

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	1,137,080
Depreciation expense	(1,759,519)
Net Carrying value of the capital assets donated	(2,519,402)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Bond proceeds	(1,859,369)
Bond principal repayments	2,084,248

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds

Property Taxes	(148,114)
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Governmental funds report debt premiums, discounts, and similar items as other financing sources (uses) or expenditures. However, in the statement of net position, these are reported as additions or deductions from the long-term debt. These are allocated over the period the debt is outstanding in the statement of activities and are reported as interest expense.

Bond premium	(48,435)
Amortization of bond premiums/discounts	25,002

Net pension liability transactions	443,430
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Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

(Increase) Decrease in accrued compensated absences	37,535
(Increase) Decrease in OPEB liability	(32,245)
(Increase) Decrease in accrued interest	11,993

Change in net position of governmental activities	\$ 171,298
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City of Springfield, Tennessee
Statement of Net Position - Proprietary Funds
June 30, 2015

	Electric Fund	Gas Fund	Sewer Fund	Water Fund	Non-Major Funds	Total Proprietary Funds
<u>ASSETS</u>						
Current Assets:						
Cash and Cash Equivalents	\$ 5,729,020	\$ 8,244,355	\$ 4,741,729	\$ 2,873,547	\$ 1,483,485	\$ 23,072,136
Receivables (Net of Uncollectibles)	3,091,734	1,130,279	373,626	487,624	136,632	5,219,895
Due From Other Funds	216,113	253,207	210,372	730,419	15,082	1,425,193
Prepaid Expenses	-	528,764	1,539	8,111	-	538,414
Inventory	333,571	144,971	23,765	242,763	-	745,070
Total Current Assets	<u>9,370,438</u>	<u>10,301,576</u>	<u>5,351,031</u>	<u>4,342,464</u>	<u>1,635,199</u>	<u>31,000,708</u>
Noncurrent Assets:						
Restricted Cash and Cash Equivalents	366,902	201,971	13,816,688	1,789,977	499,047	16,674,585
Assets Not Depreciated	487,817	1,128,166	4,994,373	1,968,030	607,711	9,186,097
Assets Net of Accumulated Depreciation	14,640,261	14,617,689	23,732,890	20,793,431	778,394	74,562,665
Total Noncurrent Assets	<u>15,494,980</u>	<u>15,947,826</u>	<u>42,543,951</u>	<u>24,551,438</u>	<u>1,885,152</u>	<u>100,423,347</u>
Total Assets	<u>24,865,418</u>	<u>26,249,402</u>	<u>47,894,982</u>	<u>28,893,902</u>	<u>3,520,351</u>	<u>131,424,055</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>						
Deferred Outflows Related to Pensions	<u>147,099</u>	<u>130,882</u>	<u>108,044</u>	<u>150,830</u>	<u>44,586</u>	<u>581,441</u>
<u>LIABILITIES</u>						
Current Liabilities:						
Accounts Payable	4,331,218	518,969	712,842	502,643	63,593	6,129,265
Accrued and Other Liabilities	259,344	184,802	263,795	272,468	49,872	1,030,281
Compensated Absences-Current	11,273	15,360	6,835	21,019	2,316	56,803
Bonds and Notes Payable-Current	946,959	240,097	1,331,441	1,516,732	179,554	4,214,783
Due To Other Funds	9,586	556	4,332	4,613	12,352	31,439
Customer Deposits	264,933	147,691	-	75,032	-	487,656
Total Current Liabilities	<u>5,823,313</u>	<u>1,107,475</u>	<u>2,319,245</u>	<u>2,392,507</u>	<u>307,687</u>	<u>11,950,227</u>
Noncurrent Liabilities:						
OPEB Liability	78,673	104,656	82,953	110,381	48,728	425,391
Compensated Absences-Noncurrent	45,093	61,439	27,338	84,075	9,266	227,211
Net Pension Liability (Asset)	(259,659)	(231,033)	(190,718)	(266,245)	(78,702)	(1,026,357)
Notes and Bonds Payable-Noncurrent	1,313,129	1,711,485	29,147,153	8,675,221	1,407,047	42,254,035
Total Noncurrent Liabilities	<u>1,177,236</u>	<u>1,646,547</u>	<u>29,066,726</u>	<u>8,603,432</u>	<u>1,386,339</u>	<u>41,880,280</u>
Total Liabilities	<u>7,000,549</u>	<u>2,754,022</u>	<u>31,385,971</u>	<u>10,995,939</u>	<u>1,694,026</u>	<u>53,830,507</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Inflows Related to Pensions	<u>366,244</u>	<u>325,868</u>	<u>269,005</u>	<u>375,533</u>	<u>111,009</u>	<u>1,447,659</u>
<u>NET POSITION</u>						
Net Investment in Capital Assets	12,867,990	13,794,272	12,065,357	13,890,411	298,551	52,916,581
Restricted	366,902	201,971	4,282,693	469,074	-	5,320,640
Unrestricted	4,410,832	9,304,151	-	3,313,775	1,461,351	18,490,109
Total Net Position	<u>\$ 17,645,724</u>	<u>\$ 23,300,394</u>	<u>\$ 16,348,050</u>	<u>\$ 17,673,260</u>	<u>\$ 1,759,902</u>	<u>\$ 76,727,330</u>

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

City of Springfield, Tennessee
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds
For the Year Ended June 30, 2015

	Electric Fund	Gas Fund	Sewer Fund	Water Fund	Non-Major Funds	Total Proprietary Funds
<u>OPERATING REVENUES</u>						
Charges for Services	\$ 28,254,871	\$ 10,084,108	\$ 4,241,246	\$ 6,117,039	\$ 1,411,706	\$ 50,108,970
Other Operating Revenue	325,372	146,777	84,952	225,552	10,167	792,820
Total Operating Revenues	<u>28,580,243</u>	<u>10,230,885</u>	<u>4,326,198</u>	<u>6,342,591</u>	<u>1,421,873</u>	<u>50,901,790</u>
<u>OPERATING EXPENSES</u>						
Costs of Sales and Services	25,254,146	8,181,599	1,799,611	3,252,687	880,611	39,368,654
Administration	1,614,677	525,152	365,785	527,626	-	3,033,240
Depreciation	1,013,986	1,028,127	686,842	1,055,472	129,767	3,914,194
Total Operating Expenses	<u>27,882,809</u>	<u>9,734,878</u>	<u>2,852,238</u>	<u>4,835,785</u>	<u>1,010,378</u>	<u>46,316,088</u>
Operating Income	<u>697,434</u>	<u>496,007</u>	<u>1,473,960</u>	<u>1,506,806</u>	<u>411,495</u>	<u>4,585,702</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>						
Investment Income	3,448	5,063	5,750	3,738	2,732	20,731
Gain (Loss) on Sale of Fixed Assets	-	27,250	2,250	-	17,351	46,851
Bond Issuance Costs	(1,712)	-	(277,033)	(28,747)	(1,991)	(309,483)
Interest and Amortization	(44,237)	(60,311)	(104,775)	(264,478)	(15,144)	(488,945)
Total Non-Operating Revenues (Expenses)	<u>(42,501)</u>	<u>(27,998)</u>	<u>(373,808)</u>	<u>(289,487)</u>	<u>2,948</u>	<u>(730,846)</u>
Income (Loss) Before Contributions/Transfers	<u>654,933</u>	<u>468,009</u>	<u>1,100,152</u>	<u>1,217,319</u>	<u>414,443</u>	<u>3,854,856</u>
<u>CONTRIBUTIONS/TRANSFERS</u>						
Transfers Out	(408,122)	(188,718)	(114,425)	(54,640)	-	(765,905)
Total Contributions/Transfers	<u>(408,122)</u>	<u>(188,718)</u>	<u>(114,425)</u>	<u>(54,640)</u>	<u>-</u>	<u>(765,905)</u>
Change in Net Position	<u>246,811</u>	<u>279,291</u>	<u>985,727</u>	<u>1,162,679</u>	<u>414,443</u>	<u>3,088,951</u>
Beginning Net Position, As Previously Reported	17,471,489	23,085,677	15,134,984	16,584,997	1,327,324	73,604,471
Prior Period Adjustments (See Note 17)	(72,576)	(64,574)	227,339	(74,416)	18,135	33,908
Beginning Net Position, As Restated	<u>17,398,913</u>	<u>23,021,103</u>	<u>15,362,323</u>	<u>16,510,581</u>	<u>1,345,459</u>	<u>73,638,379</u>
Ending Net Position	<u>\$ 17,645,724</u>	<u>\$ 23,300,394</u>	<u>\$ 16,348,050</u>	<u>\$ 17,673,260</u>	<u>\$ 1,759,902</u>	<u>\$ 76,727,330</u>

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

City of Springfield, Tennessee
Statement of Cash Flows - Proprietary Funds
For the Year Ended June 30, 2015

	Electric Fund	Gas Fund	Sewer Fund	Water Fund	Non-Major Funds	Total Proprietary Funds
Cash Flows from Operating Activities:						
Cash Received From Customers	\$ 28,764,249	\$ 9,650,859	\$ 4,159,082	\$ 6,183,713	\$ 1,402,599	\$ 50,160,502
Cash Payments for Goods and Services	(25,478,548)	(7,191,795)	(903,102)	(1,203,513)	(371,372)	(35,148,330)
Cash Payments for Personnel	(1,153,874)	(1,185,178)	(1,233,593)	(1,614,407)	(480,851)	(5,667,903)
Cash Payments for Interfund Services	(448,687)	(460,380)	(266,556)	(609,206)	(104,548)	(1,889,377)
Other Receipts (Payments)	325,372	146,777	84,952	225,552	10,167	792,820
Net Cash Provided By (Used In) Operating Activities	2,008,512	960,283	1,840,783	2,982,139	455,995	8,247,712
Cash Flows from Non-Capital Financing Activities:						
Transfer to Other Funds	(408,122)	(188,718)	(114,425)	(54,640)	-	(765,905)
Interfund Payables	(29,479)	(4,144)	969	(289)	265	(32,678)
Interfund Receivables	(201,696)	994,943	(198,841)	(706,458)	27,343	(84,709)
Net Cash Provided By (Used In) Non-Capital Financing Activities	(639,297)	802,081	(312,297)	(761,387)	27,608	(883,292)
Cash Flows from Capital and Related Financing Activities:						
Sale of Fixed Assets	-	27,250	2,250	-	17,351	46,851
Proceeds from Bonds and Notes	194,765	-	16,600,404	2,049,747	226,485	19,071,401
Bond Issuance Costs	(1,712)	-	(277,033)	(28,747)	(1,991)	(309,483)
Principal Paid on Bonds and Notes	(212,845)	(234,368)	(992,829)	(1,341,335)	(160,783)	(2,942,160)
Interest Paid on Bonds and Notes	(43,668)	(61,448)	(102,089)	(288,479)	(18,336)	(514,020)
Acquisition and Construction of Capital Assets	(929,984)	(1,156,510)	(5,893,167)	(1,412,643)	(509,982)	(9,902,286)
Net Cash Provided By (Used In) Capital and Related Financing Activities	(993,444)	(1,425,076)	9,337,536	(1,021,457)	(447,256)	5,450,303
Cash Flows from Investing Activities:						
Interest Received	3,448	5,063	5,750	3,738	2,732	20,731
Net Increase (Decrease) in Cash	379,219	342,351	10,871,772	1,203,033	39,079	12,835,454
Cash and Cash Equivalents, Beginning	5,716,703	8,103,975	7,686,645	3,460,491	1,943,453	26,911,267
Cash and Cash Equivalents, Ending	\$ 6,095,922	\$ 8,446,326	\$ 18,558,417	\$ 4,663,524	\$ 1,982,532	\$ 39,746,721

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

City of Springfield, Tennessee
Statement of Cash Flows - Proprietary Funds (Continued)
For the Year Ended June 30, 2015

	Electric Fund	Gas Fund	Sewer Fund	Water Fund	Non-Major Funds	Total Proprietary Funds
Reconciliation of Operating Income to Net Cash Provided By (Used in) Operating Activities:						
Operating Income (Loss)	\$ 697,434	\$ 496,007	\$ 1,473,960	\$ 1,506,806	\$ 411,495	\$ 4,585,702
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:						
Depreciation	1,013,986	1,028,127	686,842	1,055,472	129,767	3,914,194
Change in Assets and Liabilities:						
(Increase) Decrease in Receivable, Net	454,926	(452,465)	(93,265)	43,565	(15,681)	(62,920)
(Increase) Decrease in Inventory	28,431	(72,064)	1,409	686	-	(41,538)
(Increase) Decrease in Prepaid Expenses	-	154,067	(52)	208	-	154,223
(Increase) Decrease in Deferred Outflows	(147,099)	(130,882)	(108,044)	(150,830)	(44,586)	(581,441)
Increase (Decrease) in Accounts Payable	(108,536)	(161,099)	(144,823)	446,304	(52,329)	(20,483)
Increase (Decrease) in Customer Deposits	6,050	11,610	-	4,400	-	22,060
Increase (Decrease) in Accrued Liabilities	23,696	47,238	(1,460)	31,165	11,974	112,613
Increase (Decrease) in Net Pension Liability	(332,234)	(295,607)	(244,024)	(340,661)	(100,699)	(1,313,225)
Increase (Decrease) in Deferred Inflows	366,244	325,868	269,005	375,533	111,009	1,447,659
Increase (Decrease) in OPEB Liability	4,164	5,259	4,865	5,653	2,372	22,313
Increase (Decrease) in Compensated Absences	1,450	4,224	(3,630)	3,838	2,673	8,555
Total Adjustments	1,311,078	464,276	366,823	1,475,333	44,500	3,662,010
Net Cash Provided By (Used in) Operating Activities	\$ 2,008,512	\$ 960,283	\$ 1,840,783	\$ 2,982,139	\$ 455,995	\$ 8,247,712
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:						
Cash and Cash Equivalents	\$ 5,729,020	\$ 8,244,355	\$ 4,741,729	\$ 2,873,547	\$ 1,483,485	\$ 23,072,136
Restricted Cash and Cash Equivalents	366,902	201,971	13,816,688	1,789,977	499,047	16,674,585
Total Cash and Cash Equivalents	\$ 6,095,922	\$ 8,446,326	\$ 18,558,417	\$ 4,663,524	\$ 1,982,532	\$ 39,746,721

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

City of Springfield, Tennessee
Statement of Fiduciary Assets and Liabilities
Agency Fund
June 30, 2015

	<u>Library Fund</u>
<u>ASSETS</u>	
Cash and Cash Equivalents	\$ 213,558
Accounts Receivable	<u>50,197</u>
Total Assets	<u><u>\$ 263,755</u></u>
 <u>LIABILITIES</u>	
Payable for Library Construction	<u>\$ 263,755</u>
Total Liabilities	<u><u>\$ 263,755</u></u>

City of Springfield, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES				
Taxes				
Property	\$ 4,555,388	\$ 4,555,388	\$ 4,794,450	\$ 239,062
Local Option Sales	5,069,360	5,079,360	5,296,794	217,434
Wholesale Beer	595,000	595,000	636,187	41,187
Wholesale Liquor	122,000	122,000	112,327	(9,673)
Business	375,000	375,000	417,367	42,367
Other	211,961	211,961	226,842	14,881
Intergovernmental				
Grants	-	58,892	51,149	(7,743)
TVA PILOT	190,000	190,000	190,542	542
Housing Authority PILOT	35,000	35,000	34,886	(114)
State Sales Tax	1,186,998	1,186,998	1,245,147	58,149
Telecommunications Sales Tax	1,574	1,574	1,574	-
State Income Tax	62,000	72,000	121,038	49,038
State Beer Tax	8,100	8,100	7,863	(237)
Petroleum Special	34,000	34,000	33,538	(462)
Mixed Drink Tax	25,000	25,000	32,991	7,991
Corporate Excise Tax	29,000	29,000	29,146	146
License and Permits	110,150	110,150	99,803	(10,347)
Fines and Forfeitures	188,000	188,000	147,150	(40,850)
Charges for Services	972,800	972,800	739,789	(233,011)
Investment Income	4,500	4,500	2,038	(2,462)
Rental Income	178,266	178,266	165,525	(12,741)
Miscellaneous Revenues	156,082	176,082	301,186	125,104
Total Revenues	<u>\$ 14,110,179</u>	<u>\$ 14,209,071</u>	<u>\$ 14,687,332</u>	<u>\$ 478,261</u>
EXPENDITURES				
<u>General Government</u>				
Administrative Services:				
Salaries and Benefits	\$ 127,720	\$ 128,219	\$ 127,742	\$ 477
Management & Operations	7,261	7,337	4,577	2,760
Capital Outlay	422	422	419	3
Total Administrative Services	<u>\$ 135,403</u>	<u>\$ 135,978</u>	<u>\$ 132,738</u>	<u>\$ 3,240</u>
City Recorder:				
Salaries and Benefits	\$ 164,248	\$ 159,245	\$ 125,447	\$ 33,798
Management & Operations	21,898	21,898	14,938	6,960
Capital Outlay	4,233	4,233	429	3,804
Total City Recorder	<u>\$ 190,379</u>	<u>\$ 185,376</u>	<u>\$ 140,814</u>	<u>\$ 44,562</u>

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

City of Springfield, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund (Continued)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Final	Variance - Favorable (Unfavorable)
<u>General Government (continued)</u>				
Engineering:				
Salaries and Benefits	\$ 163,108	\$ 163,108	\$ 158,249	\$ 4,859
Management & Operations	35,847	35,312	16,249	19,063
Capital Outlay	9,226	11,858	7,982	3,876
Total Engineering	<u>\$ 208,181</u>	<u>\$ 210,278</u>	<u>\$ 182,480</u>	<u>\$ 27,798</u>
Finance:				
Salaries and Benefits	\$ 95,773	\$ 105,938	\$ 96,551	\$ 9,387
Management & Operations	52,992	42,636	25,156	17,480
Capital Outlay	141,093	147,952	41,268	106,684
Total Finance	<u>\$ 289,858</u>	<u>\$ 296,526</u>	<u>\$ 162,975</u>	<u>\$ 133,551</u>
Other General:				
Salaries and Benefits	\$ 16,859	\$ 17,659	\$ 16,834	\$ 825
Management & Operations	415,825	433,441	367,322	66,119
Capital Outlay	179,000	279,172	261,876	17,296
Bond Issuance Cost	-	4,478	21,861	(17,383)
Principal Payments	2,086,682	2,089,251	2,084,249	5,002
Interest Payments	578,178	602,169	602,158	11
Total Other General	<u>\$ 3,276,544</u>	<u>\$ 3,426,170</u>	<u>\$ 3,354,300</u>	<u>\$ 71,870</u>
Legislative:				
Salaries and Benefits	\$ 25,609	\$ 24,662	\$ 24,661	\$ 1
Management & Operations	28,360	40,542	40,536	6
Total Legislative	<u>\$ 53,969</u>	<u>\$ 65,204</u>	<u>\$ 65,197</u>	<u>\$ 7</u>
 Total General Government	 <u>\$ 4,154,334</u>	 <u>\$ 4,319,532</u>	 <u>\$ 4,038,504</u>	 <u>\$ 281,028</u>
<u>Community Development:</u>				
Salaries and Benefits	\$ 388,058	\$ 388,058	\$ 372,817	\$ 15,241
Management & Operations	84,580	84,580	59,798	24,782
Capital Outlay	4,000	7,191	5,461	1,730
Total Community Development	<u>\$ 476,638</u>	<u>\$ 479,829</u>	<u>\$ 438,076</u>	<u>\$ 41,753</u>

City of Springfield, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund (Continued)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Final	Variance - Favorable (Unfavorable)
<u>Public Safety</u>				
Fire:				
Salaries and Benefits	\$ 2,072,088	\$ 2,078,027	\$ 2,055,145	\$ 22,882
Management & Operations	296,740	288,801	242,043	46,758
Capital Outlay	103,678	140,755	71,686	69,069
Total Fire	<u>\$ 2,472,506</u>	<u>\$ 2,507,583</u>	<u>\$ 2,368,874</u>	<u>\$ 138,709</u>
Police:				
Salaries and Benefits	\$ 2,978,094	\$ 2,912,040	\$ 2,849,986	\$ 62,054
Management & Operations	524,501	539,706	480,813	58,893
Capital Outlay	176,081	220,338	211,760	8,578
Total Police	<u>\$ 3,678,676</u>	<u>\$ 3,672,084</u>	<u>\$ 3,542,559</u>	<u>\$ 129,525</u>
Animal Control:				
Salaries and Benefits	\$ 83,527	\$ 83,876	\$ 74,466	\$ 9,410
Management & Operations	35,511	37,704	28,499	9,205
Capital Outlay	700	700	-	700
Total Animal Control	<u>\$ 119,738</u>	<u>\$ 122,280</u>	<u>\$ 102,965</u>	<u>\$ 19,315</u>
E911:				
Salaries and Benefits	\$ 374,706	\$ 374,706	\$ 337,964	\$ 36,742
Total E911	<u>\$ 374,706</u>	<u>\$ 374,706</u>	<u>\$ 337,964</u>	<u>\$ 36,742</u>
 Total Public Safety	 <u>\$ 6,645,626</u>	 <u>\$ 6,676,653</u>	 <u>\$ 6,352,362</u>	 <u>\$ 324,291</u>
<u>Highways and Streets</u>				
Streets:				
Salaries and Benefits	\$ 874,088	\$ 878,988	\$ 871,140	\$ 7,848
Management & Operations	512,795	507,086	437,512	69,574
Capital Outlay	166,850	172,406	156,810	15,596
Total Streets	<u>\$ 1,553,733</u>	<u>\$ 1,558,480</u>	<u>\$ 1,465,462</u>	<u>\$ 93,018</u>
Vehicle Maintenance:				
Salaries and Benefits	\$ 195,151	\$ 194,629	\$ 176,132	\$ 18,497
Management & Operations	33,870	34,374	23,071	11,303
Capital Outlay	1,994	4,575	3,303	1,272
Total Vehicle Maintenance	<u>\$ 231,015</u>	<u>\$ 233,578</u>	<u>\$ 202,506</u>	<u>\$ 31,072</u>
 Total Highways and Streets	 <u>\$ 1,784,748</u>	 <u>\$ 1,792,058</u>	 <u>\$ 1,667,968</u>	 <u>\$ 124,090</u>

City of Springfield, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual – General Fund (Continued)
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Final	Variance - Favorable (Unfavorable)
<u>Cemeteries:</u>				
Salaries and Benefits	\$ 108,947	\$ 110,432	\$ 106,132	\$ 4,300
Management & Operations	18,610	17,125	12,411	4,714
Capital Outlay	10,400	10,400	9,350	1,050
Total Cemeteries	<u>\$ 137,957</u>	<u>\$ 137,957</u>	<u>\$ 127,893</u>	<u>\$ 10,064</u>
<u>Parks and Recreation</u>				
Golf Course:				
Salaries and Benefits	\$ 446,349	\$ 418,461	\$ 415,009	\$ 3,452
Management & Operations	474,947	502,835	502,607	228
Capital Outlay	94,000	96,770	88,957	7,813
Total Golf Course	<u>\$ 1,015,296</u>	<u>\$ 1,018,066</u>	<u>\$ 1,006,573</u>	<u>\$ 11,493</u>
Recreation-General:				
Salaries and Benefits	\$ 756,434	\$ 730,974	\$ 703,961	\$ 27,013
Management & Operations	410,745	432,533	389,770	42,763
Capital Outlay	50,100	82,520	32,064	50,456
Total Recreation-general	<u>\$ 1,217,279</u>	<u>\$ 1,246,027</u>	<u>\$ 1,125,795</u>	<u>\$ 120,232</u>
Total Parks and Recreation	<u>\$ 2,232,575</u>	<u>\$ 2,264,093</u>	<u>\$ 2,132,368</u>	<u>\$ 131,725</u>
Total Expenditures	<u>\$ 15,431,878</u>	<u>\$ 15,670,122</u>	<u>\$ 14,757,171</u>	<u>\$ 912,951</u>
Revenues Over (Under) Expenditures	<u>\$ (1,321,699)</u>	<u>\$ (1,461,051)</u>	<u>\$ (69,839)</u>	<u>\$ 1,391,212</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers Out	\$ -	\$ -	\$ (130,866)	\$ (130,866)
Transfers In	758,894	777,073	765,905	(11,168)
Bond Premium	-	-	35,878	35,878
Bond and Note Proceeds	493,045	613,648	1,509,369	895,721
Sale of General Capital Assets	26,000	26,000	17,446	(8,554)
Total Other Financing Sources (Uses)	<u>1,277,939</u>	<u>1,416,721</u>	<u>2,197,732</u>	<u>781,011</u>
Net Change in Fund Balance	<u>\$ (43,760)</u>	<u>\$ (44,330)</u>	<u>2,127,893</u>	<u>\$ 2,172,223</u>
Beginning Fund Balance, As Previously Reported			2,383,891	
Prior Period Adjustment (Note 17)			<u>(228,967)</u>	
Beginning Fund Balance, As Restated			<u>2,154,924</u>	
Ending Fund Balance			<u>\$ 4,282,817</u>	

City of Springfield, Tennessee
Notes to the Financial Statements
June 30, 2015

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, and 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 Government 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, 2015 and for the fiscal year then ended, the City had no component units which were required to be included in these financial statements.

B. Government-Wide and Fund Financial Statements

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

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

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

C. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of agency funds which have no measurement focus; however, agency funds use the accrual basis of accounting to recognize assets and liabilities. 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

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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

D. Basis of Presentation

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

Governmental Fund Types

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

General Fund

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

Special Revenue Funds

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

Capital Projects Funds

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

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Fund Types

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

Electric Fund

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

Gas Fund

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

Sewer Fund

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

Water Fund

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

Sanitation Fund

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

Storm Water Fund

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

Fiduciary Fund Type

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore cannot be used to support the government's own programs.

Agency Fund

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. Agency funds are used to account for assets that the City holds for others in an agency capacity. The City has one agency fund, the Library Fund, which was created to account for assets held for the Gorham-MacBane Public Library construction.

E. Receivables

Accounts receivable are reported at unpaid principal balance net of any allowance for uncollectible accounts. The allowance for uncollectible accounts was \$605,338 at June 30, 2015. Bad debts are charged to expense using the allowance method. The City's policy, for proprietary funds, is to reserve accounts 30 days or more past due; for governmental funds (property taxes), it is the City's policy to reserve accounts one or more years past due. The bad debt expense for the year ended June 30, 2015 was \$136,541.

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Capital Assets

All property, plant and equipment are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated property, plant and equipment are valued at their estimated fair value on the date donated. Construction period interest on constructed assets is capitalized as a portion of the cost of the asset. Interest capitalized during the current fiscal year was \$706,457.

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 does not have a formal asset capitalization policy.

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

<u>Infrastructure</u>		
Roadways	50	years
Bridges	50	years
<u>Other Capital Assets</u>		
Land Improvements	50	years
Machinery and Equipment	3-10	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	33	years
Land and Improvements	25-50	years
Equipment	3-10	years
Vehicles	5	years

G. Property Tax

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

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

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Interfund Transactions

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

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

I. Long-Term Liabilities and Interest Capitalization

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

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

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

Interest costs are capitalized as part of the historical cost of acquiring certain assets. To qualify for interest capitalization, assets must require a period of time before they are ready for their intended purpose. Total interest incurred and expensed for the governmental funds for the year ended June 30, 2015 was \$590,167. Total interest incurred for the proprietary funds for the year ended June 30, 2015 was \$1,254,995. Interest capitalized was \$706,457, and interest expensed was \$548,538 for the year ended June 30, 2015.

J. Restricted and Unrestricted Resources

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

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Inventories

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

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

L. Unbilled Revenue

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

M. Unearned Revenue

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

N. Insurance and Advertising

Insurance and advertising costs are expensed as incurred.

O. Operating and Non-Operating Revenue

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

P. Cash and Cash Equivalents

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

Q. Use of Estimates

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

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Pensions

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

S. New Pronouncements

Effective for the fiscal year ending June 30, 2015, the City adopted the following provisions of Governmental Accounting Standards Board (GASB):

- GASB Statement No. 68, Accounting And Financial Reporting for Pensions—An Amendment of GASB Statement No. 27 and
- GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date—An Amendment of GASB Statement No. 68.

The objective of Statement No. 68 is to improve financial reporting by state and local governmental pension plans. In addition, it requires the liability of the employer contributing entity to employees for defined benefit pension plans (net pension liability) to be measured as the portion of the present value of projected benefit payments to be provided through the pension plan to current active and inactive employees that is attributed to those employees' past periods of service (total pension liability), less the amount of the pension plan's fiduciary net position.

In addition, Statement No. 68 details the disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. The effects of this statement were applied retroactively by reporting the cumulative effect of the application as a restatement of beginning net position. Also see note 17.

The objective of Statement No. 71 is to address an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

The provisions of Statement No. 71 are required to be applied simultaneously with the provisions of Statement No. 68.

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Fund Balance Classification

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

- I. Non-spendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The City has classified Inventories and Prepaid Expenses as non-spendable to indicate that they are not available for appropriation and are not available financial resources.
- II. Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified State Street Aid, Drug Fines and Forfeitures as being restricted because their use is restricted by State Statute for street expenditures and police investigation expenditures. Proceeds from sale of land and bonds are restricted for capital improvement projects.
- III. Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action 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.
- IV. Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of Aldermen or through the Board of Aldermen delegating this responsibility to the City Manager or City Recorder through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund. At June 30, 2015, the City had \$1,072,359 in assigned funds.
- V. Unassigned: This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

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

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

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

2. CASH AND INVESTMENTS

Statement No. 40, “Deposit and Investment Risk Disclosures”, of the Governmental Accounting Standards Board, 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: (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.

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

1. Credit risk: Credit risk is the risk that an issuer or other counterparty to deposits and investments will not fulfill its obligations. State law limits investments in debt securities to the highest rated category by at least two nationally recognized rating agencies. The City has no investment in debt securities.
2. Concentration of credit risk: A concentration of investments in any one single issuer of debt securities presents a greater risk for loss in the event that the issuer fails on its obligations. The City places no limit on the amount the City may invest in any one issuer. One hundred percent of the City’s investments are in the Local Government Investment Pool.
3. Interest rate risk: Interest rate risk is the risk that future changes in prevailing market rates of interest will have an adverse effect on the fair value of debt investments. The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The City has no debt investments.
4. Custodial credit risk: Custodial credit risk is defined as the risk that a government will not be able to recover its deposits, investments or collateral from the bank in the event of bank failure.

As of June 30, 2015, the carrying amount of the City’s deposits was \$47,470,062 (including fiduciary-agency fund) and the bank balance of \$47,204,887 was categorized as follows:

	<u>Bank Balances</u>
Insured by FDIC	\$ 524,527
Insured by Tennessee Bank Collateral Pool	8,995,201
Local Government Investment Pool (LGIP)	37,685,159
Total	\$ 47,204,887

3. RELATED PARTY TRANSACTIONS

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 \$6,683,987 for the year ended June 30, 2015. At June 30, 2015, the City had prepaid gas in storage at TEAC of \$515,905 and a liability for purchased gas of \$465,767.

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

4. COMPENSATED ABSENCES

The City has two plans for compensated absences; 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. As of June 30, 2015, the compensated absences liability was \$677,673.

Plan A - The City allows employees to accumulate sick leave up to a maximum of 120 days and vacation pay up to a maximum of 24 days. Upon termination, vacation is payable and sick leave lapses, except upon normal retirement when the employee is entitled to one-half the accumulated sick leave time.

Plan B - The City 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.

5. RISK MANAGEMENT AND SELF-INSURANCE PROGRAM

The City is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City has elected to obtain various insurance policies to transfer risks to a commercial insurance company either directly or through the Tennessee Municipal League Pool. Insurance settlements have not been in excess of insurance coverage in any of the prior three years.

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

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

Self-insurance program liabilities are reported when it is probable that a liability has been incurred at the date of the financial statements and the amount can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Estimated insurance claims payable at June 30, 2015, including incurred but not reported claims, amounting to \$301,975 and \$434,798 in the governmental funds and the proprietary funds, respectively. In addition, reinsurance recoverable on unpaid claims were deducted from the liability for unpaid claims. Following is a summary of the changes in claims liability for the Self Insurance Program for the fiscal year ended June 30, 2015:

Year	Beginning of Fiscal-Year Liability	Current-Year Claims and Change in Estimates	Claim Payments	Balance at Fiscal-Year End
2013-2014	\$ -	\$ 1,789,582	\$ 1,020,767	\$ 768,815
2014-2015	\$ 768,815	\$ 2,480,144	\$ 2,512,186	\$ 736,773

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

6. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015:

	<u>Balance</u> <u>6/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2015</u>
<u>Governmental Assets:</u>				
Capital Assets not Depreciated:				
Land	\$ 6,672,250	\$ 22,188	\$ -	\$ 6,694,438
Total Capital Assets not Depreciated	<u>6,672,250</u>	<u>22,188</u>	<u>-</u>	<u>6,694,438</u>
Capital Assets Depreciated:				
Buildings	9,948,001	172,975	(2,775,052)	7,345,924
Machinery and Equipment	15,822,279	430,790	-	16,253,069
Infrastructure	<u>36,162,626</u>	<u>511,128</u>	<u>-</u>	<u>36,673,754</u>
Total	61,932,906	1,114,893	(2,775,052)	60,272,747
Less Accumulated Depreciation	<u>(21,296,823)</u>	<u>(1,759,519)</u>	<u>255,653</u>	<u>(22,800,689)</u>
Net Capital Assets Depreciated	<u>40,636,083</u>	<u>(644,626)</u>	<u>(2,519,399)</u>	<u>37,472,058</u>
Net Governmental Assets	<u>47,308,333</u>	<u>(622,438)</u>	<u>(2,519,399)</u>	<u>44,166,496</u>
<u>Business-Type Activities:</u>				
Capital Assets not Depreciated:				
Land	1,126,460	-	-	1,126,460
Construction in Progress	<u>9,900,966</u>	<u>11,782,949</u>	<u>(13,624,278)</u>	<u>8,059,637</u>
Total Capital Assets not Depreciated	<u>11,027,426</u>	<u>11,782,949</u>	<u>(13,624,278)</u>	<u>9,186,097</u>
Capital Assets Depreciated:				
Utility Plant/Building	114,666,350	10,710,115	(357,653)	125,018,812
Equipment	<u>7,605,565</u>	<u>1,186,988</u>	<u>(314,772)</u>	<u>8,477,781</u>
Total	122,271,915	11,897,103	(672,425)	133,496,593
Less Accumulated Depreciation	<u>(55,858,054)</u>	<u>(4,049,062)</u> *	<u>973,188</u>	<u>(58,933,928)</u>
Net Capital Assets Depreciated	<u>66,413,861</u>	<u>7,848,041</u>	<u>300,763</u>	<u>74,562,665</u>
Net Business-Type Assets	<u>77,441,287</u>	<u>19,630,990</u>	<u>(13,323,515)</u>	<u>83,748,762</u>
Net Capital Assets	<u>\$ 124,749,620</u>	<u>\$ 19,008,552</u>	<u>\$ (15,842,914)</u>	<u>\$ 127,915,258</u>

* A piece of fully depreciated equipment was transferred from the General Fund to the Storm Water Fund. Accumulated depreciation includes prior depreciation on this equipment of \$134,868. This equipment was purchased and fully depreciated before GASB Statement No. 34 was implemented; therefore it was not accounted for on the general ledger in the General Fund.

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

6. CAPITAL ASSETS (continued)

Depreciation expense related to governmental activities was charged to the following functions for June 30, 2015:

General Government	\$ 173,574
Public Safety	581,582
Highways, Streets, and Roadways	620,436
Public Works	68,468
Vehicle Maintenance	6,437
Cemetery	5,395
Parks and Recreation	176,825
Golf	126,802
Total	<u>\$ 1,759,519</u>

7. LONG-TERM DEBT

The following is a summary of changes to long-term liabilities during the year ended June 30, 2015. The compensated absences liability and outstanding notes and bonds attributable to the governmental activities will be liquidated primarily by the General Fund. Interest requirements for variable rate debt are calculated using the interest rate effective at the end of the reporting year. Variable interest rates are based upon the federal prime rate.

	<u>Balance</u> <u>6/30/2014</u>	<u>Added</u>	<u>Paid</u>	<u>Balance</u> <u>6/30/2015</u>	<u>Due Within</u> <u>One year</u>
<u>Governmental Activities:</u>					
Bonds and Notes Payable	\$ 17,545,335	\$ 1,859,369	\$ 2,084,249	\$ 17,320,455	\$ 2,015,677
Add: Premium on Bonds	370,099	48,435	25,002	393,532	-
Total Bonds and Notes Payable	17,915,434	1,907,804	2,109,251	17,713,987	2,015,677
OPEB	657,739	32,245	-	689,984	-
Compensated Absences	431,194	-	37,535	393,659	78,732
Total Governmental Activities	<u>19,004,367</u>	<u>1,940,049</u>	<u>2,146,786</u>	<u>18,797,630</u>	<u>2,094,409</u>
<u>Business-Type Activities:</u>					
Bonds and Notes Payable	29,744,466	18,456,631	2,942,160	45,258,937	4,214,783
Add: Premium on Bonds	656,096	614,770	60,985	1,209,881	-
Total Bonds and Notes Payable	30,400,562	19,071,401	3,003,145	46,468,818	4,214,783
OPEB	403,079	22,312	-	425,391	-
Compensated Absences	275,459	8,555	-	284,014	56,803
Total Business-Type Activities	<u>31,079,100</u>	<u>19,102,268</u>	<u>3,003,145</u>	<u>47,178,223</u>	<u>4,271,586</u>
Total Governmental and Business-Type Activities	<u>\$ 50,083,467</u>	<u>\$ 21,042,317</u>	<u>\$ 5,149,931</u>	<u>\$ 65,975,853</u>	<u>\$ 6,365,995</u>

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

7. LONG-TERM DEBT (continued)

Governmental long-term debt at June 30, 2015 consists of the following obligations:

Issue	Original Amount Issued	Fiscal Year Maturity Date	Interest Rate	Principal Outstanding 6/30/2015
General Obligation Bonds-Governmental:				
General Obligation Bond, Series 1981 (Berkadia)	\$ 652,500	2020	5%	\$ 167,000
General Obligation Bond, Series 2009A (US Bank)	3,000,000	2030	2.00-4.20%	<u>2,510,000</u>
Total General Obligation Bonds-Governmental				<u>2,677,000</u>
General Obligation Notes-Governmental:				
Capital Outlay Note, Series 2010 (CB&T)	317,700	2017	4.06%	105,900
Capital Outlay Note, Series 2011 (US Bank)	256,450	2016	2.96%	51,290
Capital Outlay Note, Series 2011 (Commerce Union)	177,000	2020	4.14%	98,333
Capital Outlay Note, Series 2012 (Commerce Union)	232,798	2016	2.93%	58,200
Capital Outlay Note, Series 2012 (Farmers Bank)	680,000	2022	4.87%	<u>476,000</u>
Total General Obligation Notes-Governmental				<u>789,723</u>
Jointly Issued General Obligation Debt-Governmental:				
General Obligation Refunding Bond, Series 2008 (US Bank)	11,950,000	2022	3.00-4.125%	2,203,827
General Obligation Bond, Series 2009 (US Bank)	8,770,000	2025	3.00-4.00%	3,109,655
Capital Outlay Note, Series 2009 (US Bank)	200,000	2019	4.98%	23,200
General Obligation Bond, Series 2010 (US Bank)	5,260,000	2027	2.00-4.00%	2,383,411
GO Refunding and Public Impv Bond, Series 2012 (US Bank)	9,255,000	2033	2.00-3.00%	2,526,376
GO Public Improvements Bond, Series 2013 (US Bank)	11,225,000	2033	2.00-4.50%	1,355,000
GO Public Improvements Bond, Series 2014 (US Bank)	18,485,000	2039	2.00-5.00%	1,350,000
Capital Outlay Note, Series 2013 (Volunteer)	453,880	2017	2.50%	100,931
Capital Outlay Note, Series 2014-A (US Bank)	631,248	2018	1.57%	188,660
Capital Outlay Note, Series 2014-B (US Bank)	607,253	2022	2.59%	103,303
Capital Outlay Note, Series 2015 (US Bank)	\$ 1,831,000	2021	1.24-2.79%	<u>509,369</u>
Total Jointly Issued General Obligation Debt-Governmental				<u>13,853,732</u>
Total Governmental Long-Term Debt				17,320,455
Add: Premiums				393,532
Less: Current Portion				<u>(2,015,678)</u>
Net Governmental Long-Term Debt				<u>\$ 15,698,309</u>

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

7. LONG-TERM DEBT (continued)

Proprietary long-term debt at June 30, 2015 consists of the following obligations:

Issue	Original Amount Issued	Maturity Date	Interest Rate	Principal Outstanding 6/30/2015
General Obligation Bonds-Proprietary:				
General Obligation Revenue Bond, Series 1978 (Berkadia)	\$ 4,500,000	2018	5.00%	\$ 730,000
General Obligation Bond, Series 1979 (Berkadia)	700,000	2019	5.00%	150,000
Gas General Obligation Bond, Series 2012 (Fifth Third)	1,750,000	2027	2.80%	<u>1,461,000</u>
Total General Obligation Bonds-Proprietary				<u>2,341,000</u>
General Obligation Notes-Proprietary:				
Capital Outlay Note, Series 2009 (Commerce Union)	134,600	2017	4.39%	33,650
Capital Outlay Note, Series 2009 (Commerce Union)	215,000	2019	4.49%	<u>86,000</u>
Total General Obligation Notes-Proprietary				<u>119,650</u>
Jointly Issued General Obligation Debt-Proprietary:				
General Obligation Refunding Bond, Series 2008 (US Bank)	11,950,000	2022	3.00-4.125%	3,076,173
General Obligation and Tax Bond, Series 2009 (US Bank)	8,770,000	2025	3.00-4.00%	1,730,345
Capital Outlay Note, Series 2009 (US Bank)	200,000	2019	4.98%	56,800
General Obligation and Taxbond, Series 2010 (US Bank)	5,260,000	2027	2.00-4.00%	1,811,589
Capital Outlay Note, Series 2010 (US Bank)	955,500	2019	3.97%	514,875
Capital Outlay Note, Series 2011 (US Bank)	150,000	2018	3.74%	64,287
Capital Outlay Note, Series 2012 (Commerce Union)	635,670	2017	3.10%	254,268
GO Refunding and Public Impv Bond, Series 2012 (US Bank)	9,255,000	2033	2.00-3.00%	5,778,624
GO Public Improvements Bond, Series 2013 (US Bank)	11,225,000	2033	2.00-4.50%	9,185,000
GO Public Improvements Bond, Series 2014 (US Bank)	18,485,000	2039	2.00-5.00%	17,135,000
Capital Outlay Note, Series 2013 (Volunteer)	453,880	2017	2.50%	126,009
Capital Outlay Note, Series 2014-A (US Bank)	631,248	2018	1.57%	285,787
Capital Outlay Note, Series 2014-B (US Bank)	607,253	2022	2.59%	430,150
Capital Outlay Note, Series 2015 (US Bank)	1,831,000	2021	1.24-2.79%	<u>1,321,631</u>
Total Jointly Issued General Obligation Debt-Proprietary				<u>41,770,538</u>
State Loans:				
TN State Funding Board	\$ 1,607,000	2020	2.84%	<u>279,644</u>
Total State Loans				<u>279,644</u>
TVA Conversion Loan				<u>748,105</u>
Total Proprietary Long-Term Debt				45,258,937
Add: Premiums				1,209,881
Less: Current Portion				<u>(4,214,783)</u>
Net Proprietary Long-Term Debt				<u>\$ 42,254,035</u>

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

7. LONG-TERM DEBT (continued)

Below is a condensed schedule of maturities for long-term debt and obligations at June 30, 2015. 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.

Fiscal Year Ended <u>June 30</u>	Principal <u>Due</u>	Interest <u>Due</u>
2016	\$ 6,230,460	\$ 1,977,347
2017	5,658,577	1,820,683
2018	4,399,907	1,667,392
2019	4,094,942	1,533,316
2020	3,880,253	1,393,216
2021-2025	15,532,253	5,137,416
2026-2030	11,783,000	2,851,182
2031-2035	6,810,000	1,338,969
2036-2039	<u>4,190,000</u>	<u>373,625</u>
Total Long-Term Debt	<u>\$ 62,579,392</u>	<u>\$ 18,093,145</u>

8. PENSION PLAN

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

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.

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

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

8. PENSION PLAN (CONT'D)

Employees covered by benefit terms: At the measurement date of June 30, 2014, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitled to but not yet receiving benefits	133
Active employees	<u>228</u>
Total	<u><u>420</u></u>

Contributions: The City of Springfield has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5 percent of annual covered payroll. 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, 2015, employer contributions for Springfield were \$1,158,228 based on a rate of 10.94% 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, 2014, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions: The total pension liability as of June 30, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment rate of return	7.5 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.5 percent

Mortality rates were based on actual experience from the June 30, 2012 actuarial experience study adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2014 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008 through June 30, 2012. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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, 2012 actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique.

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

8. PENSION PLAN (CONT'D)

The blended capital market projection established the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding inflation of 3 percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	6.46%	33%
Developed market international equity	6.26%	17%
Emerging market international equity	6.40%	5%
Private equity and strategic lending	4.61%	8%
U.S. fixed income	0.98%	29%
Real estate	4.73%	7%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount rate: The discount rate used to measure the total pension liability was 7.5 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 6/30/13	\$ 32,279,008	\$ 30,487,967	\$ 1,791,041
Changes for the year:			
Service cost	766,303	-	766,303
Interest	2,446,913	-	2,446,913
Differences between expected and actual experience	(743,517)	-	(743,517)
Contributions- employer	-	1,219,600	(1,219,600)
Contributions- employees	-	3,632	(3,632)
Net investment income	-	5,092,053	(5,092,053)
Benefit payments, including refunds of employee contributions	(839,625)	(839,625)	-
Administrative expense	-	(10,043)	10,043
Net changes	<u>1,630,074</u>	<u>5,465,617</u>	<u>(3,835,543)</u>
Balance at 6/30/14	<u>\$ 33,909,082</u>	<u>\$ 35,953,584</u>	<u>\$ (2,044,502)</u>

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

8. PENSION PLAN (CONT'D)

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

The following presents the net pension liability (asset) of Springfield calculated using the discount rate of 7.5 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	<u>1% Decrease (6.5%)</u>	<u>Current Discount Rate (7.5%)</u>	<u>1% Increase (8.5%)</u>
Springfield's net pension liability (asset)	\$ 2,758,342	\$ (2,044,502)	\$ (6,033,325)

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

Pension expense: For the year ended June 30, 2015, Springfield recognized pension expense of \$267,791.

Deferred outflows of resources and deferred inflows of resources: For the year ended June 30, 2015, Springfield reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 650,577
Net difference between projected and actual earnings on pension plan investments	-	2,233,159
Contributions subsequent to the measurement date of June 30, 2014	1,158,228	-
	<u>\$ 1,158,228</u>	<u>\$ 2,883,736</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2014," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended		
June 30		
2016	\$	(651,229)
2017	\$	(651,229)
2018	\$	(651,229)
2019	\$	(651,229)
2020	\$	(92,940)
Thereafter	\$	(185,880)

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

8. PENSION PLAN (CONT'D)

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, 2015, Springfield reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2015.

TARGET BENEFIT PENSION PLAN

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

Mandatory employee contributions are \$1.25 per month for each \$10 of assumed normal retirement benefit and shall not exceed fifty percent of the employer contributions. Voluntary employee contributions shall not exceed ten percent of employee compensation. Total employee contributions for the current fiscal year were \$20,081. Employer contributions are equal to the level funding amount necessary to fund the participant's target benefit. The target benefit is calculated on the basis of a life annuity with ten years certain. The amount of required and actual employer contributions for the current fiscal year was \$50,418. No pension plan changes occurred during the year that affected the required contribution to be made by the City or its employees.

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

Vesting Schedule

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

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

Forfeitures are created when participants terminate employment before becoming entitled to their full benefits under the Plan. These forfeited amounts are used to reduce the employer's contributions to the Plan and or are used to pay a portion of Plan's administrative expenses. There were no forfeitures during the current fiscal year. The City had no liability to the plan at June 30, 2015.

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

9. OTHER POST EMPLOYMENT BENEFITS

The City implemented the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, during the year ended June 30, 2008. These provisions were applied prospectively with respect to the City's postemployment benefit plans. GASB Statement No. 45 requires the accrual of other postemployment benefit obligations over the working careers of plan members rather than as benefits are paid.

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 which was prospectively implemented in accordance with GASB Statement 45. 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 spouses. Employees eligible includes employees hired before July 1, 1976, age sixty with ten years of service, or age fifty-five with twenty-five years of service, or thirty years of service until Medicare. Employees hired after July 1, 1976, age sixty with five years of service or thirty years of service without regard to age are eligible. The Plan has a total of 213 participants of which 5 are retired participants and 208 are active participants. Benefits are established and amended by the Board of Aldermen. The Plan does not issue a publicly available financial report that includes financial statements and required supplementary information.

Funding Policy - The contribution requirements were determined by the actuary study performed as of July 1, 2014. The funding requirements are established and may be 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. Estimated medical claims liabilities of the Plan are used to establish premium rates for the plan members. Plan members pay fifteen percent of the medical premium rates established. The City pays 100 percent of the life insurance premiums (\$5,000 policy). Funds approved by the Board of Aldermen in fiscal year 2015 were sufficient to pay the current cost of other post employment benefits for eligible retirees in fiscal year 2015.

Annual OPEB Cost and Net OPEB Obligation - The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC), an amount that is actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the city's net OPEB obligation:

Summary of OPEB Obligations

	6/30/2015
Annual Required Contribution (ARC)	\$ 98,349
Interest on net OPEB Obligation	42,433
Adjustment to ARC	(60,155)
Annual OPEB Cost (Expense)	80,627
Contribution Made	(26,070)
Increase in OPEB Obligation	54,557
Net OPEB Obligation - beginning of year	1,060,818
Net OPEB Obligation - end of year	\$ 1,115,375

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

9. OTHER POST EMPLOYMENT BENEFITS (continued)

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are as follows:

Fiscal Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	Covered Payroll	Annual OPEB Cost as a % of Payroll
2015	\$ 80,626	32.33%	\$ 1,115,374	\$ 9,770,277	0.83%
2014	\$ 91,597	15.37%	\$ 1,060,818	\$ 12,087,460	0.76%
2013	\$ 94,417	17.91%	\$ 983,301	\$ 12,087,460	0.78%

Funded Status and Funding Progress - As of July 1, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$1,115,374, and the actuarial value of assets was zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,115,374. The covered payroll (annual payroll of active employees covered by the plan) was \$9.77 million, and the ratio of the UAAL to the covered payroll was 0.83 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the health care and life insurance cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and as new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of cost sharing between the employer and plan members. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the projected unit cost method was used. The actuarial assumptions included a 4.0 percent investment rate of return (net of administrative expenses), which is the rate of the expected long-term investment returns on plan assets, and an annual healthcare cost trend rate of 7.50 percent initially, decreasing 1.0 percent per year to a level of 4.50 percent. The rate of inflation (assumed rate of increase in payroll) was assumed at 3.0 percent. The actuarial value of assets was not applicable to the actuarial valuation. The UAAL is being amortized as a level percentage of projected payroll. The remaining amortization period as of the July 1, 2014 study date, was 30 years.

10. 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.

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

10. COMMITMENTS, CONCENTRATIONS, AND CONTINGENCIES (continued)

B. Unemployment

The City is self-insured relative to unemployment compensation claims. The City reimburses the State for claims paid. At June 30, 2015, 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 4).

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 \$11.6 million as of June 30, 2015. These contracts will be paid in the future as work is performed. Payments will be made mostly with bond proceeds.

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

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

In September 2012, the Sewer Department received a United States Environment Protection Agency (EPA) issued administrative order of consent. As per the EPA's inspection on October 6, 2011, the Sewer Department's wastewater discharges exceeded Tennessee Department of Environment and Conservation (TDEC) National Pollutant Discharge Elimination System Permit limits and provisions. In order to comply with the corrective action plans, complete assessments and maintenance, and issue reports on the status of the compliance with the order, all projects are to be completed by December 31, 2017. In July 2013, EPA issued a Consent Agreement and Final Order and assessed a civil penalty of \$122,500. The City accrued a liability of \$122,500 at June 30, 2013 and paid the penalty during the FY 13-14. The Sewer Department anticipates spending approximately \$47-\$57 million to comply with the order. Noncompliance with the order is not anticipated.

11. INTERFUND BALANCES AND TRANSFERS

The composition of interfund balances as of June 30, 2015, was as follows:

Due To	Due From						Total
	General	Water	Sewer	Electric	Gas	Non-Major Enterprise	
General Fund	\$ -	\$ 4,613	\$ 4,332	\$ 1,057	\$ 556	\$ 12,352	\$ 22,910
Water Fund	730,407	-	-	12	-	-	730,419
Sewer Fund	210,357	-	-	15	-	-	210,372
Electric Fund	216,113	-	-	-	-	-	216,113
Gas Fund	253,195	-	-	13	-	-	253,208
Non-Major Enterprise	6,592	-	-	8,489	-	-	15,081
Total	<u>\$ 1,416,664</u>	<u>\$ 4,613</u>	<u>\$ 4,332</u>	<u>\$ 9,586</u>	<u>\$ 556</u>	<u>\$ 12,352</u>	<u>\$ 1,448,103</u>

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

11. INTERFUND BALANCES AND TRANSFERS (continued)

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.

Long-term interfund loans are classified as interfund advances. The General Fund had an interfund advance payable to the Gas Fund of \$231,038 as of June 30, 2014. It was accounted for by the General Fund and Gas Fund in the fund financial statements as interfund advance payable/receivable as of June 30, 2014. This interfund loan with a balance of \$226,038 at June 30, 2015 was paid in full in December 2015, therefore, it has been accounted for by the General Fund and Gas Fund in the fund financial statements as interfund due to/from as of June 30, 2015.

Interfund transfers for the year ended June 30, 2015, consisted of the following:

Transfers To	Transfers From					
	General	Water	Sewer	Electric	Gas	Total
General Fund	\$ -	\$ 54,640	\$ 114,425	\$ 408,122	\$ 188,718	\$ 765,905
Capital Improvements	18,495	-				18,495
Street Aid Fund	112,371	-	-	-	-	112,371
Total	<u>130,866</u>	<u>54,640</u>	<u>114,425</u>	<u>408,122</u>	<u>188,718</u>	<u>896,771</u>

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

12. RESTRICTED ASSETS

Restricted assets in proprietary funds represent cash, cash equivalents and investments for capital improvements projects and as required by the bond covenants to be set aside for the retirement of bond obligations. Restricted assets in governmental funds represent cash, cash equivalents and investments for capital improvement projects and as required by state statutes for street expenditures and police investigation expenditures.

13. 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.

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

13. BUDGETARY INFORMATION (continued)

2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally enacted through passage of ordinance.

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

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

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

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

14. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

The following funds incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2015:

General Fund:	<u>Amount</u>
Other General:	
Bond Issuance Cost	\$ 17,383
Transfers Out	\$ 130,866
Capital Improvements Fund:	
Bond Issuance Cost	\$ 6,084

As discussed in Note #13, however, budgeted appropriations have been reduced by reimbursements received from proprietary funds that benefit from the services of the above departments. It should be noted that none of the above departments incurred departmental expenditures in excess of total budgeted appropriations, before the aforementioned reallocations to the proprietary funds. These reallocations were necessary in order to present meaningful budgetary comparisons.

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

15. SUBSEQUENT EVENTS

In December 2015, the General Fund paid the \$226,038 interfund loan due to the Gas Fund.

Subsequent to the year end, the City was granted a State Revolving Fund Loan in the amount of \$19,250,000 for the sewer collection system rehabilitation project. Also the Board of Aldermen approved the issuance of General Obligation Bonds in the amount of \$6,035,000 for the water pump station upgrade and other general government projects.

16. LEASES

The City has entered into a number of leases, and with the exception of the non-cancelable leases, these leases have cancellation provisions and are renewable on a monthly basis. Rent payments for all types of leases during the year ended June 30, 2015 was \$51,935. Future minimum lease payments under non-cancelable leases are \$31,960 for 2016 and \$0 thereafter.

17. PRIOR PERIOD ADJUSTMENTS

The City adopted GASB Statement No. 68 for the year ending June 30, 2015. The adoption of this statement required net pension liability (asset) to be reported on the statement of net position. The effects of this statement were applied retroactively by reporting the cumulative effect of the application as a restatement of beginning net position. The change resulted in the restatements (decrease) of the government-wide governmental and business-type activities and proprietary fund financials beginning net positions. The adoption had no effect on the governmental fund financial statements.

In prior years, the City recorded certain revenue collected as a payable instead of revenue. A prior period adjustment was made to decrease the payable and increase beginning fund balance on the governmental fund financial statements (general fund) and increase the net position on the government-wide governmental activities by \$21,194. Had the error not occurred, the change in fund balance/net position for the prior years would have been increased by \$21,194.

In prior years, the City recorded fifty percent of the revenue generated from radio fees as unearned revenue instead of revenue. A prior period adjustment was made to decrease the unearned revenue and increase beginning fund balance on the governmental fund financial statements (general fund) and increase the net position on the government-wide governmental activities by \$74,168. Had the error not occurred, the change in fund balance/net position for the prior years would have been increased by \$74,168.

Unavailable revenues are reported in governmental funds and represent revenue received more than 60 days following year end. Unavailable revenue received after 60 days is fully recognized as revenue in the government-wide financial statements. In prior years, the City recorded unavailable property tax revenue that was received more than 60 days following the year end. A prior period adjustment was made to decrease beginning fund balance on the governmental fund financial statements (general fund) and to increase deferred inflows of resources (general fund) by \$324,329. Had the error not occurred, the change in fund balance for the prior years would have been decreased by \$324,329. This had no effect on the government-wide financial statements.

In prior years, the City underestimated capitalized interest expense on capital projects. Therefore, a prior period adjustment was made to capitalize additional interest expense as part of construction-in-progress and increase beginning net position on the proprietary fund financials and government-wide business-type activities. Had the error not occurred, the change in net position for the prior years would have been increased by \$320,777.

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

17. PRIOR PERIOD ADJUSTMENTS (continued)

Summary of prior period adjustments as of June 30, 2015 are as follows:

	Government-Wide		Fund Financials	
	Governmental	Business-Type	General Fund	Electric Fund
Beginning Net Position/Fund Balance, As Previously Stated	\$ 32,516,925	\$ 73,604,471	\$ 2,383,891	\$ 17,471,489
Net Pension Liability - GASBS 68	(284,573)	(286,869)	-	(72,576)
Additional Capitalized Interest	-	320,777	-	-
Revenue recorded as a payable	21,194	-	21,194	-
Radio fees recorded as unearned revenue	74,168	-	74,168	-
Unavailable property taxes	-	-	(324,329)	-
Beginning Net Position/Fund Balance, As Restated	<u>\$ 32,327,714</u>	<u>\$ 73,638,379</u>	<u>\$ 2,154,924</u>	<u>\$ 17,398,913</u>

	Fund Financials				
	Gas Fund	Sewer Fund	Water Fund	Sanitation Fund	Storm Water Fund
Beginning Net Position/Fund Balance, As Previously Stated	\$ 23,085,677	\$ 15,134,984	\$ 16,584,997	\$ 760,230	\$ 567,094
Net Pension Liability - GASBS 68	(64,574)	(53,306)	(74,416)	(20,996)	(1,001)
Additional Capitalized Interest	-	280,645	-	-	40,132
Beginning Net Position/Fund Balance, As Restated	<u>\$ 23,021,103</u>	<u>\$ 15,362,323</u>	<u>\$ 16,510,581</u>	<u>\$ 739,234</u>	<u>\$ 606,225</u>

18. 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 pension, upon adoption of GASB Statement No. 68 and 71 (See Note 1-S), reported in the government-wide and proprietary fund statement of net position. A deferred outflow resulted from contributions to the pension plan from the City subsequent to the measurement date (June 30, 2014) of the beginning net pension liability and before the end of the City's reporting period (June 30, 2015). Also see note 8 for deferred outflows related to pensions.

City of Springfield, Tennessee
Notes to the Financial Statements (Continued)
June 30, 2015

18. 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 three 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 pension are recorded due to the difference in actuarial experience and the assumed experience, and the difference in the actual investment earnings and the assumed investment earnings. Also see note 8 for deferred inflows related to pensions.

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.

19. CHANGE IN PRESENTATION

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

20. SPECIAL ITEM

During the current fiscal year, the City transferred its ownership of Highland Crest College Building to the State of Tennessee Board of Regents. The net book value of the property at the time of the transfer was \$2,519,402.

The City and Robertson County (County) constructed the Highland Crest College Building in Springfield, TN, with the intent of eventually donating the facility to Tennessee Board of Regents. Tennessee Board of Regents now owns the facility and is responsible for all of the maintenance. The City and County are still responsible for the payment of debt service for the bonds sold to construct the facility. The City's intent was to build a facility to accommodate higher education within Springfield and Robertson County by providing a campus for Volunteer State Community College and Austin Peay State University. It was never the intent of the City to own and operate a college campus in the long run. However, if Tennessee Board of Regents ceases to use the facility for higher education purposes, the ownership of the facility will revert back to the City and County.

City of Springfield, Tennessee
Required Supplementary Information
June 30, 2015

1. Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS for the Fiscal Year Ending June 30, 2015 (Year Shown Below is Measurement Date)

	2014
Total pension liability	
Service cost	\$ 766,303
Interest	2,446,913
Changes in benefit terms	-
Differences between actual & expected experience	(743,517)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(839,625)
Net change in total pension liability	1,630,074
Total pension liability-beginning	32,279,008
Total pension liability-ending (a)	\$ 33,909,082
Plan fiduciary net position	
Contributions-employer	\$ 1,219,600
Contributions-employee	3,632
Net investment income	5,092,053
Benefit payments, including refunds of employee contributions	(839,625)
Administrative expense	(10,043)
Net change in plan fiduciary net position	5,465,617
Plan fiduciary net position-beginning	30,487,967
Plan fiduciary net position-ending (b)	\$ 35,953,584
Net Pension Liability (asset)-ending (a) – (b)	\$ (2,044,502)
Plan fiduciary net position as a percentage of total pension liability	106.03%
Covered-employee payroll	\$ 10,831,270
Net pension liability (asset) as a percentage of covered-employee payroll	18.88%

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.

City of Springfield, Tennessee
 Required Supplementary Information (Continued)
 June 30, 2015

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

	2014	2015
Actuarially determined contribution	\$ 1,219,600	\$ 1,158,228
Contributions in relation to the actuarially determined contribution	1,219,600	1,158,228
Contribution deficiency (excess)	\$ -	\$ -
Covered-employee payroll	\$ 10,831,270	\$ 10,587,109
Contributions as a percentage covered-employee payroll	11.26%	10.94%

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.

Notes to the Schedule Relating to the Actuarially Determined Contribution

Valuation Date: Actuarially determined contribution rates for 2015 were calculated based on the July 1, 2013 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Frozen initial liability
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	3 years
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation, averaging 4.25 percent
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.5 percent

City of Springfield, Tennessee
 Required Supplementary Information (Continued)
 June 30, 2015

3. Schedule of Funding Progress and Summary of Actuarial Assumptions for OPEB

Actuarial Valuation Date	Actuarial Value of Assets (b)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll (AAL) ((b-a) / c)
July 1, 2014	\$ -	\$ 901,568	\$ 901,568	0.0%	\$ 9,770,277	9.23%
July 1, 2012	\$ -	\$ 883,225	\$ 883,225	0.0%	\$ 12,087,460	7.31%
July 1, 2010	\$ -	\$ 694,878	\$ 694,878	0.0%	\$ 11,702,678	5.94%

Covered Payroll for July 1, 2014 valuation excludes those employees who opted out of medical plan.

Methods and Assumptions:

Valuation Date	July 1, 2014
Actuarial Cost Method	Projected Unit Cost Method
Amortization Method	Level Percentage
Asset Valuation Method	Not Applicable
Funding Interest Rate	4.00%
Inflation Rate (Annual Payroll Growth Rate)	3.00%
Health Care Cost Trend Rate	7.50%
Ultimate Trend Rate	4.50%

City of Springfield, Tennessee
Combining Balance Sheet
Non-Major Governmental Funds
June 30, 2015

	Non-Major Governmental Funds			Total Special Revenue Funds
	State Street Aid	Drug Fund	Forfeited Property	
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 853,694	\$ 174,685	\$ 24,513	\$ 1,052,892
Intergovernmental Receivables	79,538	-	37,929	117,467
Total Assets	\$ 933,232	\$ 174,685	\$ 62,442	\$ 1,170,359
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ 370	\$ -	\$ 370
Total Liabilities	-	370	-	370
<u>FUND BALANCES</u>				
Restricted	933,232	174,315	62,442	1,169,989
Total Fund Balances	933,232	174,315	62,442	1,169,989
Total Liabilities and Fund Balances	\$ 933,232	\$ 174,685	\$ 62,442	\$ 1,170,359

City of Springfield, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances – Non-Major Governmental Funds
For the Year Ended June 30, 2015

	Non-Major Governmental Funds			Total Special Revenue Funds
	State Street Aid	Drug Fund	Forfeited Property	
<u>REVENUES</u>				
Gasoline Tax	\$ 434,045	\$ -	\$ -	\$ 434,045
Fines and Forfeitures	-	8,158	43,021	51,179
Seized Property	-	2,890	-	2,890
Investment Income	998	85	16	1,099
Total Revenue	<u>435,043</u>	<u>11,133</u>	<u>43,037</u>	<u>489,213</u>
<u>EXPENDITURES</u>				
Program Costs	-	6,046	-	6,046
Capital Outlay	345,464	310	31,511	377,285
Total Expenditures	<u>345,464</u>	<u>6,356</u>	<u>31,511</u>	<u>383,331</u>
Excess of Revenues Over (Under) Expenditures	<u>89,579</u>	<u>4,777</u>	<u>11,526</u>	<u>105,882</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In (Out)	<u>112,371</u>	<u>-</u>	<u>-</u>	<u>112,371</u>
Net Change in Fund Balances	201,950	4,777	11,526	218,253
Beginning Fund Balance	<u>731,282</u>	<u>169,538</u>	<u>50,916</u>	<u>951,736</u>
Ending Fund Balance	<u>\$ 933,232</u>	<u>\$ 174,315</u>	<u>\$ 62,442</u>	<u>\$ 1,169,989</u>

City of Springfield, Tennessee
Combining Statement of Net Position
Non-Major Proprietary Funds
June 30, 2015

	<u>Sanitation</u>	<u>Storm Water</u>	<u>Total Non-Major Proprietary Funds</u>
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 897,949	\$ 585,536	\$ 1,483,485
Receivables (Net of Uncollectibles)	101,111	35,521	136,632
Due From Other Funds	13,796	1,286	15,082
Total Current Assets	<u>1,012,856</u>	<u>622,343</u>	<u>1,635,199</u>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	499,047	499,047
Assets Not Depreciated	21,185	586,526	607,711
Assets Net of Accumulated Depreciation	643,389	135,005	778,394
Total Noncurrent Assets	<u>664,574</u>	<u>1,220,578</u>	<u>1,885,152</u>
Total Assets	<u>1,677,430</u>	<u>1,842,921</u>	<u>3,520,351</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows Related to Pensions	<u>42,556</u>	<u>2,030</u>	<u>44,586</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	24,913	38,680	63,593
Accrued and Other Liabilities	40,179	9,693	49,872
Compensated Absences-Current	2,316	-	2,316
Bonds and Notes Payable-Current	139,554	40,000	179,554
Due To Other Funds	12,352	-	12,352
Total Current Liabilities	<u>219,314</u>	<u>88,373</u>	<u>307,687</u>
Noncurrent Liabilities:			
OPEB Liability	48,437	291	48,728
Compensated Absences-Noncurrent	9,266	-	9,266
Net Pension Liability (Asset)	(75,119)	(3,583)	(78,702)
Notes and Bonds Payable-Noncurrent	516,761	890,286	1,407,047
Total Noncurrent Liabilities	<u>499,345</u>	<u>886,994</u>	<u>1,386,339</u>
Total Liabilities	<u>718,659</u>	<u>975,367</u>	<u>1,694,026</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows Related to Pensions	<u>105,955</u>	<u>5,054</u>	<u>111,009</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	8,259	290,292	298,551
Unrestricted	887,113	574,238	1,461,351
Total Net Position	<u>\$ 895,372</u>	<u>\$ 864,530</u>	<u>\$ 1,759,902</u>

City of Springfield, Tennessee
Combining Statement of Revenues, Expenses,
and Changes in Fund Net Position – Non-Major Proprietary Funds
For the Year Ended June 30, 2015

	<u>Sanitation</u>	<u>Storm Water</u>	<u>Total Non-Major Proprietary Funds</u>
<u>OPERATING REVENUES</u>			
Charges for Services	\$ 1,019,374	\$ 392,332	\$ 1,411,706
Other Operating Revenue	10,167	-	10,167
Total Operating Revenues	<u>1,029,541</u>	<u>392,332</u>	<u>1,421,873</u>
<u>OPERATING EXPENSES</u>			
Costs of Sales and Services	759,375	121,236	880,611
Depreciation	114,394	15,373	129,767
Total Operating Expenses	<u>873,769</u>	<u>136,609</u>	<u>1,010,378</u>
Operating Income	<u>155,772</u>	<u>255,723</u>	<u>411,495</u>
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Investment Income	2,110	622	2,732
Sale of Fixed Assets	17,351	-	17,351
Bond Issuance Cost	(1,991)	-	(1,991)
Interest and Amortization	(17,104)	1,960	(15,144)
Total Non-Operating Revenues (Expenses)	<u>366</u>	<u>2,582</u>	<u>2,948</u>
Change in Net Position	<u>156,138</u>	<u>258,305</u>	<u>414,443</u>
Beginning Net Position, As Previously Reported	760,230	567,094	1,327,324
Prior Period Adjustments (See Note 17)	(20,996)	39,131	18,135
Beginning Net Position, As Restated	<u>739,234</u>	<u>606,225</u>	<u>1,345,459</u>
Ending Net Position	<u>\$ 895,372</u>	<u>\$ 864,530</u>	<u>\$ 1,759,902</u>

City of Springfield, Tennessee
Combining Statement of Cash Flows
Non-Major Proprietary Funds
For the Year Ended June 30, 2015

	Sanitation	Storm Water	Total Non-Major Proprietary Funds
Cash Flows from Operating Activities:			
Cash Received From Customers	\$ 1,007,775	\$ 394,824	\$ 1,402,599
Cash Payments for Goods and Services	(273,493)	(97,879)	(371,372)
Cash Payments for Personnel	(459,419)	(21,432)	(480,851)
Interfund Payments	(104,548)	-	(104,548)
Other Receipts (Payments)	10,167	-	10,167
Net Cash Provided By (Used In) Operating Activities	<u>180,482</u>	<u>275,513</u>	<u>455,995</u>
Cash Flows from Non-Capital Financing Activities:			
Interfund Payables	1,265	(1,000)	265
Interfund Receivables	25,395	1,948	27,343
Net Cash Provided By (Used In) Non-Capital Financing Activities	<u>26,660</u>	<u>948</u>	<u>27,608</u>
Cash Flows from Capital and Related Financing Activities:			
Sale of Fixed Assets	17,351	-	17,351
New Borrowings on Bonds and Notes	226,485	-	226,485
Bond Issuance Cost	(1,991)	-	(1,991)
Principal Paid on Bonds and Notes	(120,783)	(40,000)	(160,783)
Interest Paid on Long-term Debt	(18,203)	(133)	(18,336)
Acquisition and Construction of Capital Assets	(234,653)	(275,329)	(509,982)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(131,794)</u>	<u>(315,462)</u>	<u>(447,256)</u>
Cash Flows from Investing Activities:			
Interest Received	<u>2,110</u>	<u>622</u>	<u>2,732</u>
Net Increase (Decrease) in Cash	77,458	(38,379)	39,079
Cash and Cash Equivalents, Beginning	<u>820,491</u>	<u>1,122,962</u>	<u>1,943,453</u>
Cash and Cash Equivalents, Ending	<u>\$ 897,949</u>	<u>\$ 1,084,583</u>	<u>\$ 1,982,532</u>

City of Springfield, Tennessee
Combining Statement of Cash Flows (Continued)
Non-Major Proprietary Funds
For the Year Ended June 30, 2015

	<u>Sanitation</u>	<u>Storm Water</u>	<u>Total Non-Major Proprietary Funds</u>
Reconciliation of Operating Income to Net Cash Provided By (Used in) Operating Activities:			
Operating Income (Loss)	\$ 155,772	\$ 255,723	\$ 411,495
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	114,394	15,373	129,767
Change in Assets and Liabilities:			
(Increase) Decrease in Receivable, Net	(16,586)	905	(15,681)
(Increase) Decrease in Deferred Outflows	(42,556)	(2,030)	(44,586)
Increase (Decrease) in Accounts Payable	(51,522)	(807)	(52,329)
Increase (Decrease) in Accrued Liabilities	6,387	5,587	11,974
Increase (Decrease) in Net Pension Liability	(96,115)	(4,584)	(100,699)
Increase (Decrease) in Deferred Inflows	105,955	5,054	111,009
Increase (Decrease) in OPEB Liability	2,080	292	2,372
Increase (Decrease) in Compensated Absences	2,673	-	2,673
Total Adjustments	<u>24,710</u>	<u>19,790</u>	<u>44,500</u>
Net Cash Provided By (Used in) Operating Activities	<u>\$ 180,482</u>	<u>\$ 275,513</u>	<u>\$ 455,995</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Position:			
Cash and Cash Equivalents	\$ 897,949	\$ 585,536	\$ 1,483,485
Restricted Cash and Cash Equivalents	<u>-</u>	<u>499,047</u>	<u>499,047</u>
Total Cash and Cash Equivalents	<u>\$ 897,949</u>	<u>\$ 1,084,583</u>	<u>\$ 1,982,532</u>

City of Springfield, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Special Revenue Funds
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variance - Favorable (Unfavorable)
<u>STATE STREET AID -</u>				
<u>REVENUES</u>				
Gasoline and Motor Fuel Tax	\$ 396,000	\$ 396,000	\$ 297,585	\$ (98,415)
Gas 1989 Tax	-	-	47,780	47,780
Gas 3 Cent Tax	-	-	88,680	88,680
Investment Income	-	-	998	998
Total Revenues	<u>396,000</u>	<u>396,000</u>	<u>435,043</u>	<u>39,043</u>
<u>EXPENDITURES</u>				
Capital Outlay	520,000	520,000	345,464	174,536
Total Expenditures	<u>520,000</u>	<u>520,000</u>	<u>345,464</u>	<u>174,536</u>
Revenues Over (Under) Expenditures	<u>(124,000)</u>	<u>(124,000)</u>	<u>89,579</u>	<u>213,579</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Operating Transfers In	-	-	112,371	112,371
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>112,371</u>	<u>112,371</u>
Net Change in Fund Balance	<u>\$ (124,000)</u>	<u>\$ (124,000)</u>	<u>201,950</u>	<u>\$ 325,950</u>
Beginning Fund Balance			731,282	
Ending Fund Balance			<u>\$ 933,232</u>	
<u>DRUG ENFORCEMENT -</u>				
<u>REVENUES</u>				
Fine and Forfeitures	\$ 10,340	\$ 10,340	\$ 8,158	\$ (2,182)
Seized Property	-	-	2,890	2,890
Investment Income	-	-	85	85
Total Revenues	<u>10,340</u>	<u>10,340</u>	<u>11,133</u>	<u>793</u>
<u>EXPENDITURES</u>				
Drug Program Costs	50,000	50,000	6,046	43,954
Capital Outlay	125,087	125,087	310	124,777
Total Expenditures	<u>175,087</u>	<u>175,087</u>	<u>6,356</u>	<u>168,731</u>
Net Change in Fund Balances	<u>\$ (164,747)</u>	<u>\$ (164,747)</u>	<u>4,777</u>	<u>\$ 169,524</u>
Beginning Fund Balance			169,538	
Ending Fund Balance			<u>\$ 174,315</u>	
<u>FORFEITED PROPERTY -</u>				
<u>REVENUES</u>				
Fines and Forfeitures	\$ -	\$ -	\$ 43,021	\$ 43,021
Investment Income	-	-	16	16
Total Revenues	<u>-</u>	<u>-</u>	<u>43,037</u>	<u>43,037</u>
<u>EXPENDITURES</u>				
Capital Outlay	51,532	51,532	31,511	20,021
Total Expenditures	<u>51,532</u>	<u>51,532</u>	<u>31,511</u>	<u>20,021</u>
Net Change in Fund Balances	<u>\$ (51,532)</u>	<u>\$ (51,532)</u>	<u>11,526</u>	<u>\$ 63,058</u>
Beginning Fund Balance			50,916	
Ending Fund Balance			<u>\$ 62,442</u>	

City of Springfield, Tennessee
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Improvement Fund
For the Year Ended June 30, 2015

	Original Budget	Final Budget	Actual Amounts	Variance - Favorable (Unfavorable)
Miscellaneous Income	\$ 121,580	\$ 121,580	\$ 104,258	\$ (17,322)
Investment Income	-	-	867	867
Total Revenues	121,580	121,580	105,125	(16,455)
 <u>EXPENDITURES</u>				
Bond Issuance Cost	-	-	6,084	(6,084)
Capital Outlay	1,631,580	1,631,580	27,145	1,604,435
Total Expenditures	1,631,580	1,631,580	33,229	1,598,351
Excess of Revenues Over (Under) Expenditures	(1,510,000)	(1,510,000)	71,896	1,581,896
 <u>OTHER FINANCING SOURCES (USES)</u>				
Transfers In	-	-	18,495	18,495
Bond Premium	-	-	12,557	12,557
Loan Proceeds	1,510,000	1,510,000	350,000	(1,160,000)
Total Other Financing Sources (Uses)	1,510,000	1,510,000	381,052	(1,128,948)
Net Change in Fund Balances	\$ -	\$ -	452,948	\$ 452,948
Beginning Fund Balance			1,033,294	
Ending Fund Balance			\$ 1,486,242	

City of Springfield, Tennessee
Schedule of Expenditure of Federal and State Awards
For the Year Ended June 30, 2015

CFDA Number	Program Name	Grant Number	Grantor Agency/ Pass-Through Agency	Balance 6/30/2014 (Receivable)	Cash Receipts	Amount Earned or Expended	Balance 6/30/2015 (Receivable)
	Organized Crime Drug Enforcement						
16.111	Task Forces	SE-TNM-0164	U.S. Department of Justice	\$ -	\$ 7,063	\$ 10,391	\$ (3,328)
16.607	Vest Grant	BUBX13068557	U.S. Department of Justice	-	-	2,600	(2,600)
16.738	JAG Grant	2013DJBX1011	U.S. Department of Justice	-	13,000	13,000	-
	Pedestrian/Bicylce						
20.205	Greenway	140112	TN Department of Transportation	-	-	3,134	(3,134)
20.205	Roadscape Grant	090019	TN Department of Transportation	<u>(83,081)</u>	<u>83,081</u>	<u>-</u>	<u>-</u>
	Total CFDA# 20.205			<u>(83,081)</u>	<u>83,081</u>	<u>3,134</u>	<u>(3,134)</u>
	Alcohol, Enforcement, Prevention, and						
20.607	Safety	Z15GHS335	Gov. Hwy Safety Office -State	-	6,649	19,666	(13,017)
20.607	STEP Program	Z14GHS326	Gov. Hwy Safety Office -State	<u>(600)</u>	<u>2,958</u>	<u>2,358</u>	<u>-</u>
	Total CFDA# 20.607			<u>(600)</u>	<u>9,607</u>	<u>22,024</u>	<u>(13,017)</u>
	Total Awards			<u>\$ (83,681)</u>	<u>\$ 112,751</u>	<u>\$ 51,149</u>	<u>\$ (22,079)</u>

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

City of Springfield, Tennessee
Schedule of Future Long-Term Debt Principal and Interest Requirements
Governmental Activities (Unaudited)
June 30, 2015

GOVERNMENTAL ACTIVITIES

Fiscal Year Ended June 30,	Industrial Park General Obligation 1981		Community Bank \$317,700		US BANK \$256,450	
	Principal	Interest	Principal	Interest	Principal	Interest
	2016	\$ 30,000	\$ 8,350	\$ 52,950	\$ 3,260	\$ 51,290
2017	30,000	6,850	52,950	1,087	-	-
2018	35,000	5,350	-	-	-	-
2019	35,000	3,600	-	-	-	-
2020	37,000	1,750	-	-	-	-
Total	<u>\$ 167,000</u>	<u>\$ 25,900</u>	<u>\$ 105,900</u>	<u>\$ 4,347</u>	<u>\$ 51,290</u>	<u>\$ 1,518</u>

Fiscal Year Ended June 30,	The Farmers Bank \$680,000		Commerce Union \$232,798		Commerce Union Bank \$177,000	
	Principal	Interest	Principal	Interest	Principal	Interest
	2016	\$ 68,000	\$ 23,223	\$ 58,200	\$ 1,734	\$ 19,667
2017	68,000	19,834	-	-	19,667	3,302
2018	68,000	16,558	-	-	19,667	2,477
2019	68,000	13,246	-	-	19,667	1,651
2020	68,000	9,953	-	-	19,665	827
2021	68,000	6,611	-	-	-	-
2022	68,000	3,312	-	-	-	-
Total	<u>\$ 476,000</u>	<u>\$ 92,737</u>	<u>\$ 58,200</u>	<u>\$ 1,734</u>	<u>\$ 98,333</u>	<u>\$ 12,396</u>

City of Springfield, Tennessee
Schedule of Future Long-Term Debt Principal and Interest Requirements
Governmental Activities (Continued) (Unaudited)
June 30, 2015

Fiscal Year Ended June 30,	General Obligation Bond Series 2009A		Total Governmental Activities	
	Principal	Interest	Principal	Interest
2016	\$ 130,000	\$ 93,813	\$ 410,107	\$ 136,037
2017	130,000	89,913	300,617	120,986
2018	135,000	85,600	257,667	109,985
2019	140,000	80,788	262,667	99,285
2020	145,000	75,800	269,665	88,330
2021	150,000	70,450	218,000	77,061
2022	160,000	64,638	228,000	67,950
2023	165,000	58,544	165,000	58,544
2024	170,000	52,050	170,000	52,050
2025	180,000	45,050	180,000	45,050
2026	185,000	37,750	185,000	37,750
2027	195,000	30,150	195,000	30,150
2028	200,000	22,050	200,000	22,050
2029	210,000	13,440	210,000	13,440
2030	215,000	4,515	215,000	4,515
Total	<u>\$ 2,510,000</u>	<u>\$ 824,551</u>	<u>\$ 3,466,723</u>	<u>\$ 963,183</u>

See auditor's report.

City of Springfield, Tennessee
Schedule of Future Long-Term Debt Principal and Interest Requirements
Business Type Activities (Continued) (Unaudited)
June 30, 2015

Electric Fund

Fiscal Year Ended June 30,	TVA Conservation		Total	
	Principal	Interest	Principal	Interest
2016	\$ 748,105	-	\$ 748,105	-
	<u>\$ 748,105</u>	<u>\$ -</u>	<u>\$ 748,105</u>	<u>\$ -</u>

Sanitation Fund

Fiscal Year Ended June 30,	Commerce Union Bank \$134,600		Commerce Union Bank \$215,000		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 16,825	\$ 1,502	\$ 21,500	\$ 3,926	\$ 38,325	\$ 5,428
2017	16,825	750	21,500	2,936	38,325	3,686
2018	-	-	21,500	1,958	21,500	1,958
2019	-	-	21,500	980	21,500	980
Total	<u>\$ 33,650</u>	<u>\$ 2,252</u>	<u>\$ 86,000</u>	<u>\$ 9,800</u>	<u>\$ 119,650</u>	<u>\$ 12,052</u>

Sewer Fund

Fiscal Year Ended June 30,	TN State Funding Board \$1,607,000		Total	
	Principal	Interest	Principal	Interest
2016	\$ 55,788	\$ 7,224	\$ 55,788	\$ 7,224
2017	57,384	5,616	57,384	5,616
2018	59,040	3,960	59,040	3,960
2019	60,744	2,268	60,744	2,268
2020	46,688	558	46,688	558
Total	<u>\$ 279,644</u>	<u>\$ 19,626</u>	<u>\$ 279,644</u>	<u>\$ 19,626</u>

See auditor's report.

City of Springfield, Tennessee
Schedule of Future Long-Term Debt Principal and Interest Requirements
Business Type Activities (Continued) (Unaudited)
June 30, 2015

Gas Fund				
Fiscal Year Ended June 30,	Fifth Third Bank \$1.75m		Total	
	Principal	Interest	Principal	Interest
2016	\$ 104,000	\$ 39,452	\$ 104,000	\$ 39,452
2017	107,000	36,498	107,000	36,498
2018	110,000	33,460	110,000	33,460
2019	113,000	30,338	113,000	30,338
2020	116,000	27,132	116,000	27,132
2021	120,000	23,828	120,000	23,828
2022	123,000	20,426	123,000	20,426
2023	126,000	16,940	126,000	16,940
2024	130,000	13,356	130,000	13,356
2025	134,000	9,660	134,000	9,660
2026	137,000	5,866	137,000	5,866
2027	141,000	1,974	141,000	1,974
Total	<u>\$ 1,461,000</u>	<u>\$ 258,930</u>	<u>\$ 1,461,000</u>	<u>\$ 258,930</u>

Water Fund						
Fiscal Year Ended June 30,	1978 Water Fund Bonds \$4,500,000		1979 Water Fund Bonds \$510,300		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 230,000	\$ 30,800	\$ 35,000	\$ 6,600	\$ 265,000	\$ 37,400
2017	240,000	19,000	35,000	4,900	275,000	23,900
2018	260,000	6,500	40,000	3,000	300,000	9,500
2019	-	-	40,000	1,000	40,000	1,000
Total	<u>\$ 730,000</u>	<u>\$ 56,300</u>	<u>\$ 150,000</u>	<u>\$ 15,500</u>	<u>\$ 880,000</u>	<u>\$ 71,800</u>

See auditor's report.

City of Springfield, Tennessee
Schedule of Future Long-Term Debt Principal and Interest Requirements
Business Type Activities (Continued) (Unaudited)
June 30, 2015

Storm Water				
Fiscal Year	Improvement Bonds 2012			
Ended June 30,	\$975,000		Total	
	Principal	Interest	Principal	Interest
2016	\$ 40,000	\$ 24,613	\$ 40,000	\$ 24,613
2017	40,000	23,813	40,000	23,813
2018	40,000	23,013	40,000	23,013
2019	45,000	21,813	45,000	21,813
2020	45,000	20,463	45,000	20,463
2021	45,000	19,113	45,000	19,113
2022	45,000	17,763	45,000	17,763
2023	50,000	16,413	50,000	16,413
2024	50,000	15,413	50,000	15,413
2025	50,000	14,413	50,000	14,413
2026	50,000	13,350	50,000	13,350
2027	50,000	11,850	50,000	11,850
2028	55,000	10,350	55,000	10,350
2029	55,000	8,700	55,000	8,700
2030	55,000	7,050	55,000	7,050
2031	60,000	5,400	60,000	5,400
2032	60,000	3,600	60,000	3,600
2033	60,000	1,800	60,000	1,800
Total	\$ 895,000	\$ 258,930	\$ 895,000	\$ 258,930

See auditor's report.

City of Springfield, Tennessee
Schedule of Future Long-Term Debt Principal and Interest Requirements
Jointly Issued Debt (Continued) (Unaudited)
June 30, 2015

Fiscal Year Ended June 30,	Deutsche Bank 2010 \$5,260,000		Refunding Bonds 2009 \$8,770,000		Refunding Bonds 2008 11,950,000		US Bank \$200,000		US Bank \$607,253	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 275,000	\$ 150,750	\$ 685,000	\$ 165,425	\$ 1,300,000	\$ 172,031	\$ 20,000	\$ 3,984	\$ 73,700	\$ 13,816
2017	285,000	144,081	735,000	144,125	1,350,000	125,656	20,000	2,988	74,100	11,908
2018	295,000	135,738	370,000	127,550	675,000	89,375	20,000	1,992	74,800	9,988
2019	305,000	126,356	400,000	114,000	710,000	63,406	20,000	996	75,700	8,051
2020	320,000	115,000	430,000	97,400	630,000	37,494	-	-	76,900	6,091
2021	335,000	101,900	465,000	79,500	380,000	17,294	-	-	78,300	4,099
2022	350,000	88,200	500,000	60,200	235,000	4,846	-	-	79,953	2,071
2023	370,000	73,800	535,000	39,500	-	-	-	-	-	-
2024	385,000	58,700	350,000	21,800	-	-	-	-	-	-
2025	405,000	42,900	370,000	7,400	-	-	-	-	-	-
2026	425,000	26,300	-	-	-	-	-	-	-	-
2027	445,000	8,900	-	-	-	-	-	-	-	-
Total	<u>\$ 4,195,000</u>	<u>\$ 1,072,625</u>	<u>\$ 4,840,000</u>	<u>\$ 856,900</u>	<u>\$ 5,280,000</u>	<u>\$ 510,102</u>	<u>\$ 80,000</u>	<u>\$ 9,960</u>	<u>\$ 533,453</u>	<u>\$ 56,024</u>

Fiscal Year Ended June 30,	US Bank \$955,500		US Bank \$150,000		Commerce Union \$635,670		Capital Outlay Note \$453,880		US Bank \$631,248	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 121,302	\$ 18,033	\$ 21,429	\$ 2,404	\$ 127,134	\$ 8,014	\$ 113,470	\$ 5,764	\$ 157,100	\$ 7,449
2017	126,118	13,121	21,429	1,603	127,134	3,996	113,470	2,884	158,000	4,982
2018	131,125	8,015	21,429	801	-	-	-	-	159,346	2,502
2019	136,331	2,706	-	-	-	-	-	-	-	-
Total	<u>\$ 514,876</u>	<u>\$ 41,875</u>	<u>\$ 64,287</u>	<u>\$ 4,808</u>	<u>\$ 254,268</u>	<u>\$ 12,010</u>	<u>\$ 226,940</u>	<u>\$ 8,648</u>	<u>\$ 474,446</u>	<u>\$ 14,933</u>

See auditor's report.

City of Springfield, Tennessee
Schedule of Future Long-Term Debt Principal and Interest Requirements
Jointly Issued Debt (Continued) (Unaudited)
June 30, 2015

Fiscal Year Ended June 30,	Refunding Bonds 2012 \$9,255,000		GO Bonds 2013 \$11,225,000		GO Capital Outlay 2015 \$1,831,000		GO Bonds 2014 \$18,485,000		Total Joint Debt	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 445,000	\$ 197,500	\$ 460,000	\$ 306,325	\$ 320,000	\$ 33,373	\$ 450,000	\$ 642,325	\$ 4,569,135	\$ 1,727,193
2017	455,000	188,600	465,000	297,125	320,000	31,789	590,000	633,325	4,840,251	1,606,183
2018	465,000	179,500	475,000	287,825	330,000	26,605	595,000	615,625	3,611,700	1,485,516
2019	480,000	165,550	490,000	278,325	335,000	20,467	600,000	597,775	3,552,031	1,377,632
2020	495,000	151,150	505,000	268,525	336,000	13,298	610,000	567,775	3,402,900	1,256,733
2021	505,000	136,300	510,000	258,425	190,000	5,301	620,000	537,275	3,083,300	1,140,094
2022	525,000	121,150	525,000	248,225	-	-	635,000	506,275	2,849,953	1,030,967
2023	540,000	105,400	555,000	232,475	-	-	650,000	474,525	2,650,000	925,700
2024	550,000	94,600	565,000	215,825	-	-	665,000	442,025	2,515,000	832,950
2025	560,000	83,600	580,000	190,400	-	-	685,000	415,425	2,600,000	739,725
2026	570,000	71,700	600,000	173,000	-	-	705,000	399,156	2,300,000	670,156
2027	590,000	54,600	630,000	155,000	-	-	725,000	381,531	2,390,000	600,031
2028	605,000	36,900	645,000	136,100	-	-	750,000	359,781	2,000,000	532,781
2029	625,000	18,750	665,000	115,944	-	-	775,000	337,281	2,065,000	471,975
2030	-	-	680,000	95,163	-	-	800,000	314,031	1,480,000	409,194
2031	-	-	705,000	73,913	-	-	830,000	290,031	1,535,000	363,944
2032	-	-	735,000	50,119	-	-	855,000	264,093	1,590,000	314,212
2033	-	-	750,000	25,313	-	-	885,000	237,375	1,635,000	262,688
2034	-	-	-	-	-	-	920,000	208,613	920,000	208,613
2035	-	-	-	-	-	-	950,000	178,712	950,000	178,712
2036	-	-	-	-	-	-	990,000	146,650	990,000	146,650
2037	-	-	-	-	-	-	1,025,000	112,000	1,025,000	112,000
2038	-	-	-	-	-	-	1,065,000	76,125	1,065,000	76,125
2039	-	-	-	-	-	-	1,110,000	38,850	1,110,000	38,850
Total	<u>\$ 7,410,000</u>	<u>\$ 1,605,300</u>	<u>\$ 10,540,000</u>	<u>\$ 3,408,027</u>	<u>\$ 1,831,000</u>	<u>\$ 130,833</u>	<u>\$ 18,485,000</u>	<u>\$ 8,776,579</u>	<u>\$ 54,729,270</u>	<u>\$ 16,508,624</u>

See auditor's report.

City of Springfield, Tennessee
 Schedule of Future Long-Term Debt Principal and Interest Requirements
 Jointly Issued Debt (Continued) (Unaudited)
 June 30, 2015

Fiscal Year Ended June 30,	Total Long-Term Debt	
	Principal	Interest
2016	\$ 6,230,460	\$ 1,977,347
2017	5,658,577	1,820,683
2018	4,399,907	1,667,392
2019	4,094,942	1,533,316
2020	3,880,253	1,393,216
2021	3,466,300	1,260,096
2022	3,245,953	1,137,106
2023	2,991,000	1,017,597
2024	2,865,000	913,769
2025	2,964,000	808,848
2026	2,672,000	727,122
2027	2,776,000	644,005
2028	2,255,000	565,181
2029	2,330,000	494,115
2030	1,750,000	420,759
2031	1,595,000	369,344
2032	1,650,000	317,812
2033	1,695,000	264,488
2034	920,000	208,613
2035	950,000	178,712
2036	990,000	146,650
2037	1,025,000	112,000
2038	1,065,000	76,125
2039	1,110,000	38,850
Total	<u>\$ 62,579,392</u>	<u>\$ 18,093,145</u>

See auditor's report.

City of Springfield, Tennessee
 Utility Rates and Customers - Sewer Fund
 (Unaudited)
 June 30, 2015

Consumption (Gallons)

	City Rate	County Rate
<u>Residential</u>		
First 2,000	21.41 (minimum bill)	32.12 (minimum bill)
2,000-5,000	6.79 per 1,000	10.19 per 1,000
5,001-20,000	5.87 per 1,000	8.81 per 1,000
20,001-100,000	4.99 per 1,000	7.49 per 1,000
Over 100,000	4.07 per 1,000	6.11 per 1,000

Commercial

	Small	Large	Small	Large
First 2,000	32.86 (minimum bill)	54.72	49.28 (minimum bill)	82.09
2,000-5,000	6.79 per 1,000	6.79	10.19 per 1,000	10.19
5,001-20,000	5.87 per 1,000	5.87	8.81 per 1,000	8.81
20,001-100,000	4.99 per 1,000	4.99	7.49 per 1,000	7.49
Over 100,000	4.07 per 1,000	4.07	6.11 per 1,000	6.11

Industrial

First 2,000	218.44 (minimum bill)	328.14 (minimum bill)
2,000-5,000	6.79 per 1,000	10.19 per 1,000
5,001-20,000	5.87 per 1,000	8.81 per 1,000
20,001-100,000	4.99 per 1,000	7.49 per 1,000
Over 100,000	4.07 per 1,000	6.11 per 1,000

Installation

6"-Service: \$700.00

All others are at actual costs.

Tap Fees

All connections: \$300.00

Number of Customers - 6,726

City of Springfield, Tennessee
 Utility Rates and Customers – Gas Fund
 (Unaudited)
 June 30, 2015

<u>Residential</u>	<u>City Rate</u>	<u>County Rate</u>
First 600 cubic feet	4.00 minimum	6.00 minimum
Over 600 cubic feet	0.7355 per 100 cubic feet	0.9535 per 100 cubic feet
<u>Commerical service</u>		
First 600 cubic feet	5.00 minimum	7.50 minimum
Over 600 cubic feet	0.7825 per 100 cubic feet	1.0215 per 100 cubic feet
<u>Large Commercial and Industrial</u>		
Schedule III	200.00 minimum	
	0.6635 per 100 cubic feet	
Schedule IV	200.00 minimum	
	0.6635 per 100 cubic feet	
Schedule V	200.00 minimum	
	0.6286 per 100 cubic feet	
Schedule VI	200.00 minimum	
	0.7825 per 100 cubic feet	

Number of Customers- 7,489

City of Springfield, Tennessee
 Utility Rates and Customers – Electric Fund
 (Unaudited)
 June 30, 2015

<u>Residential</u>	
Customer Charge (minimum)	8.37
Energy Charge (per KWH)	0.08921
<u>Commercial and Industrial</u>	
General Power	
Customer Charge (minimum)	25.32
<u>GSA 1 (Codes 40 and 45)</u>	
Energy Charge (per KWH)	0.09583
<u>GSA 2 (Code 50) - Demand 51 - 1,000 KW</u>	
Customer Charge (minimum)	63.31
Demand 51- 1,000 KW	12.96
Energy Charge (per KWH)	
First 15,000 KWH	0.0959
Additional KWH	0.05992
<u>GSA 3 (Code 54 & 55) - Demand 1,001-5,000 KW</u>	
Customer Charge (minimum)	158.29
Demand	
0-1,000 KW	12.01
1,001-5,000 KW	11.31
Energy Charge (per KWH)	
	0.06321
<u>Code 5 VPI-MSB Part 2 - Demand 5,000-15,000 KWH</u>	
Customer Charge (minimum)	1,500.00
Admin Charge	350.00
Demand	
5,000-15,000 KW	20.48
Transition	0.04047
<u>Outdoor Lighting</u>	
Energy Charge (per KWH)	0.06665
Number of Customers - 8,202	

City of Springfield, Tennessee
 Utility Rates and Customers – Water Fund
 (Unaudited)
 June 30, 2015

Consumption (Gallons)

	<u>City Rate</u>		<u>County Rate</u>	
<u>Residential</u>				
First 2,000	12.72 (minimum bill)		19.10 (minimum bill)	
2,000-5,000	4.86 per 1,000		7.29 per 1,000	
5,001-20,000	4.13 per 1,000		6.20 per 1,000	
20,001-10000	3.39 per 1,000		5.09 per 1,000	
Over 100,000	2.90 per 1,000		4.35 per 1,000	
<u>Commercial</u>				
	<u>Small</u>	<u>Large</u>	<u>Small</u>	<u>Large</u>
First 2,000	19.53 (minimum bill)	29.35	29.30 (minimum bill)	44.02
2,000-5,000	4.86 per 1,000	4.86	7.29 per 1,000	7.29
5,001-20,000	4.13 per 1,000	4.13	6.20 per 1,000	6.20
20,001-10000	3.39 per 1,000	3.39	5.09 per 1,000	5.09
Over 100,000	2.90 per 1,000	2.90	4.35 per 1,000	4.35
<u>Industrial</u>				
First 2,000	48.88 (minimum bill)		73.54 (minimum bill)	
2,000-5,000	4.86 per 1,000		7.29 per 1,000	
5,001-20,000	4.13 per 1,000		6.20 per 1,000	
20,001-10000	3.39 per 1,000		5.09 per 1,000	
Over 100,000	2.90 per 1,000		4.35 per 1,000	
<u>Other Sales</u>				
Pleasant View Utility	2.99 per 1,000			
East Montgomery Utility	2.99 per 1,000			
City of Greenbrier	2.99 per 1,000			
White House Utility	2.99 per 1,000			

Installation

3/4"- Service: \$700.00 short-side / \$900.00 long-side
 Larger Service: \$1,000.00 per inch diameter plus actual main extension costs.

Tap Fees

All connections: \$300.00

Capacity Fees

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

Fire Hydrant

6" Line: \$1,500.00

Sprinklers

6" Sprinkler (Unmetered): \$1,500.00 short-side / \$1,500.00 plus actual main extension costs for long-side
 8" Sprinkler (Unmetered): \$2,000.00 short-side / \$1,500.00 plus actual main extension costs for long-side

Number of Customers- 12,362

City of Springfield, Tennessee
 Schedule of Unaccounted for Water
 (Unaudited)
 June 30, 2015

SCHEDULE OF UNACCOUNTED FOR WATER

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

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

? Click to access definition

+ Click to add a comment

Water Audit Report for: Springfield Water and Wastewater Department (TN0000666)
Reporting Year: 2015 7/2014 - 6/2015

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

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

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

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

WATER SUPPLIED

Volume from own sources:	+	?	8	1,685,468	MG/Yr
Water imported:	+	?	8	0.000	MG/Yr
Water exported:	+	?	5	197,233	MG/Yr

WATER SUPPLIED: 1,469,555 MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:	+	?	8	942,833	MG/Yr
Billed unmetered:	+	?	n/a	0.000	MG/Yr
Unbilled metered:	+	?	8	0.000	MG/Yr
Unbilled unmetered:	+	?	8	18,369	MG/Yr

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

AUTHORIZED CONSUMPTION: 961,202 MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

508,353

Apparent Losses

Unauthorized consumption:	+	?	8	3,674	MG/Yr
---------------------------	---	---	---	-------	-------

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

Customer metering inaccuracies:	+	?	6	49,623	MG/Yr
Systematic data handling errors:	+	?	8	2,357	MG/Yr

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

Apparent Losses: 55,654 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 452,699 MG/Yr

WATER LOSSES: 508,353 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 526,722 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	+	?	8	452.0	miles
Number of <u>active AND inactive</u> service connections:	+	?	8	14,410	
Service connection density:	?	?	8	32	conn./mile main

Are customer meters typically located at the curbside or property line? Select... (length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line: 10 0.0 ft

Average operating pressure: 7 70.0 psi

COST DATA

Total annual cost of operating water system:	+	?	8	\$7,816,556	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+	?	6	\$6.04	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+	?	6	\$1,045.22	\$/Million gallons

Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 70 out of 100 ***

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

PRIORITY AREAS FOR ATTENTION:

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

1: Volume from own sources

2: Customer metering inaccuracies

3: Customer retail unit cost (applied to Apparent Losses)

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See auditor's report.

City of Springfield, Tennessee
 Schedule of Unaccounted for Water (Continued)
 (Unaudited)
 June 30, 2015

SCHEDULE OF UNACCOUNTED FOR WATER (Continued)

AWWA Free Water Audit Software:
System Attributes and Performance Indicators

WAS v5.0
 American Water Works Association.
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Water Audit Report for: Springfield Water and Wastewater Department (TN0000666)

Reporting Year: 2015 | 7/2014 - 6/2015

***** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 70 out of 100 *****

System Attributes:

	Apparent Losses:	55.654	MG/Yr	
	+ Real Losses:	452.699	MG/Yr	
	= Water Losses:	508.353	MG/Yr	
<div style="display: flex; justify-content: space-between;"> ? Unavoidable Annual Real Losses (UARL): 117.70 MG/Yr </div>				
<div style="display: flex; justify-content: space-between;"> Annual cost of Apparent Losses: \$336,149 </div>				
<div style="display: flex; justify-content: space-between;"> Annual cost of Real Losses: \$473,170 Valued at Variable Production Cost </div> <p style="font-size: x-small; text-align: right;">Return to Reporting Worksheet to change this assumption</p>				

Performance Indicators:

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	35.8%	
		Non-revenue water as percent by cost of operating system:	10.6%	Real Losses valued at Variable Production Cost
Operational Efficiency:	{	Apparent Losses per service connection per day:	10.58	gallons/connection/day
		Real Losses per service connection per day:	N/A	gallons/connection/day
		Real Losses per length of main per day*:	2,743.96	gallons/mile/day
		Real Losses per service connection per day per psi pressure:	N/A	gallons/connection/day/psi
<div style="display: flex; justify-content: space-between;"> From Above, Real Losses = Current Annual Real Losses (CARL): 452.70 million gallons/year </div>				
<div style="display: flex; justify-content: space-between;"> ? Infrastructure Leakage Index (ILI) [CARL/UARL]: 3.85 </div>				

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

City of Springfield, Tennessee
Other Supplemental Information
(Unaudited)
June 30, 2015

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

Year of Levy	Tax Rate Per \$100	Total Assessed Value
2014	1.20	377,147,404
2013	1.06	360,511,390
2012	0.89	358,915,003
2011	0.89	351,858,877
2010	0.83	356,612,901
2009	0.83	352,523,312
2008	0.83	350,834,910
2007	0.83	350,310,000
2006	1.00	274,026,000
2005	1.00	271,471,600

2. CHANGES IN PROPERTY TAXES RECEIVABLE

Tax Year	Gross Property Taxes Receivable June 30, 2014	Property Tax Levied	Anticipated Current Year Levy	Collections/ Adjustments	Allowance for Uncollectibles	Net Property Taxes Receivable June 30, 2015
2015 (accrued)	\$ -	\$ -	\$ 4,518,000	\$ -	\$ -	\$ 4,518,000
2014	-	4,525,769	-	(4,316,468)	(44,149)	165,152
2013	342,320	-	-	(196,495)	(37,318)	108,507
2012	123,354	-	-	(18,653)	(31,243)	73,458
2011	113,050	-	-	(17,421)	(30,601)	65,028
2010	62,487	-	-	(14,482)	(28,987)	19,018
2009	31,068	-	-	(9,212)	(21,856)	-
2008	25,041	-	-	(9,316)	(15,725)	-
2007	11,489	-	-	(2,108)	(9,381)	-
2006	20,220	-	-	(1,075)	(19,145)	-
2005 & prior	44,743	-	-	(8,492)	(36,251)	-
Totals	<u>\$ 773,772</u>	<u>\$ 4,525,769</u>	<u>\$ 4,518,000</u>	<u>\$ (4,593,722)</u>	<u>\$ (274,656)</u>	<u>\$ 4,949,163</u>

Note: Delinquent property taxes for 2013 and prior years have been turned over to collections.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and the requirements prescribed by the Comptroller of the Treasury, State of Tennessee, as detailed in the Audit Manual, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Springfield, TN, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 17, 2015.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Thurman Campbell Group, PLC

Clarksville, Tennessee
December 17, 2015

City of Springfield, Tennessee
Schedule of Prior Year Findings and Responses
June 30, 2015

There were no prior year findings reported.