

RESOLUTION 25-134

**A RESOLUTION TO ACCEPT THE AUDIT REPORT FOR CITY OF
SPRING HILL FINANCIAL RECORDS FOR FISCAL YEAR 2023-2024
PREPARED BY ATA, PLLC**

WHEREAS, pursuant to T.C.A. § 6-56-105, the governing body of each municipality shall cause an annual audit to be made of the accounts and records of all departments, boards, and agencies under its jurisdiction that receive and disburse funds at the close of each fiscal year; and

WHEREAS, the Board of Mayor and Aldermen of the City of Spring Hill has contracted with ATA, PLLC to perform this Audit Report for Fiscal Year 2023-2024; and

WHEREAS, the Board of Mayor and Aldermen of the City of Spring Hill has been presented the Audit Report for Fiscal Year 2023-2024 by ATA, PLLC.

NOW, THEREFORE BE IT RESOLVED, by the Board of Mayor and Aldermen of the City of Spring Hill, the Spring Hill Board of Mayor and Aldermen do hereby accept the Audit Report of the financial records of the City of Spring Hill for the fiscal year 2023-2024.

Passed and adopted the 19th day of May, 2025.



Matt Fitterer, Mayor

ATTEST:



April Goad, City Recorder

LEGAL FORM APPROVED:



Patrick Carter, City Attorney

**CITY OF SPRING HILL,
TENNESSEE**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2024

**CITY OF SPRING HILL, TENNESSEE
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INTRODUCTORY SECTION

CITY OF SPRING HILL, TENNESSEE
DIRECTORY
June 30, 2024

ELECTED OFFICIALS

Jim Hagaman, Mayor
William Pomeroy, Vice Mayor
John Canepari, Alderman
Jason Cox, Alderman
Matt Fitterer, Alderman
Brent Murray, Alderman
Kevin Gavigan, Alderman
Vincent Fuqua, Alderman
Trent Linville, Alderman

Management

Pamela Caskie, City Administrator
Dan Allen/ Tony Tolstedt, Assistant City Administrator
Don Brite, Chief of Police
Missy Stahl, CIP Director
April Goad, City Recorder
Lucas Wright, Communications Specialist
Dara Sanders, Development Director
Graig Temple, Fire Chief
David Kerr, GIS/IT
Chris Clausi, Human Resources Director
Dana Juriew, Library Director
Kayce Williams, Parks and Recreation Director
Tyler Scroggins, Public Works Director
Jessica Weaver, Utility Director
Ryan LaMunyon, Wastewater Collections Superintendent
T.C. Norman, Water Distribution Manager
Jeremy Vanderford, Water Treatment Plant Director
Greg Shouse, Wastewater Treatment Superintendent

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

ATA, PC
Jackson, Tennessee

FINANCIAL SECTION



Independent Auditor's Report

Honorable Mayor Jim Hagaman
Members of the Board of Alderman
Spring Hill, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Spring Hill, Tennessee (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Spring Hill, Tennessee, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Correction of Error

As discussed in Note 5E to the financial statements, during the fiscal year ended June 30, 2024, it was discovered that accounts receivable for the fiscal year ended June 30, 2023 was understated. Accordingly, amounts reported for accounts receivable have been restated in the June 30, 2023 financial statements to correct the error. Our opinion is not modified with respect to that matter.

Responsibility of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue

as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and other post-employment benefits related schedules and notes, and the 18-75 Capital Projects Fund budget to actual as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information section, as listed in the table of contents including the SEFA, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information section including the SEFA, as listed in the table of contents, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

ATA, PC

Jackson, Tennessee
April 30, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Spring Hill, Tennessee we offer readers of the City of Spring Hill's financial statements this narrative overview and analysis of the financial activities of the City of Spring Hill for the fiscal year ended June 30, 2024. Comparative analyses of key elements of governmental activities and business-type activities have been provided.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Spring Hill exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$312.06 million (*net position*). Of this amount, \$125.83 million (*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 Spring Hill's general fund reported an ending fund balance of \$51.31 million, an increase of \$8.59 million in comparison with the prior year, of which \$1.99 million was the correction of an error from the prior year. \$33.22 million of the fund balance is available for spending at the City of Spring Hill's discretion (*unassigned fund balance*).
- The City of Spring Hill's total debt obligations decreased by \$2.43 million during the year due mainly to \$4.43 million of principal payments made.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Spring Hill's basic financial statements. The City's basic financial statements are comprised of three components:

1. Government-wide financial statements
2. Fund financial statements and
3. Notes to the financial statements.

This report also contains required supplementary information and supplementary and other information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Spring Hill's finances, in a manner similar to a private-sector business.

- The Statement of Net Position presents information on all of the City of Spring Hill's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four 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 of Spring Hill is improving or deteriorating.
- The Statement of Activities presents information showing how the City of Spring Hill'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, compensated absences, etc.).

Both of the government-wide financial statements distinguish functions of the City of Spring Hill that are principally supported by taxes 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 of Spring Hill include general government, police, fire prevention and control, street division, state street aid, community parks, and waste management. The business-type activities of the City of Spring Hill include water and sewer activities. The government-wide financial statements can be found on pages 12 to 13 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Spring Hill, 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 of Spring Hill can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of 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 City of Spring Hill's near-term financing decisions. Both the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements and reconciliations can be found on pages 14 to 17 of this report.

The City maintains thirteen governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds for the General Fund and the 18-75 Capital Projects fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation for these statements and is also presented separately in a Combining Balance Sheet - Other Governmental Funds and a Combining Statement of Revenues, Expenditures, and Changes in Fund Balance - Other Governmental Funds.

The City of Spring Hill adopts an annual appropriated budget for each governmental fund. Budgetary comparison statements have been provided as part of the basic financial statements on pages 18 to 24, page 51, and pages 54 to 64.

Proprietary funds – There are two different types of proprietary funds.

- *Enterprise funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Spring Hill uses an enterprise fund to account for the Water and Sewer fund and the Stormwater fund.
- *Internal service funds* are an accounting device used to accumulate and allocate costs internally among a government's various functions. The City of Spring Hill currently has no internal service funds.

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 Water and Sewer fund which is considered to be a major fund of the City of Spring Hill. The basic proprietary fund financial statements can be found on pages 25 to 27 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 28 to 48 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 Spring Hill's pension related schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Spring Hill, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$312.06 million at the close of the most recent fiscal year. The largest portion of the City's net position, 43.63%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Spring Hill uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Spring Hill's investment in its 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.

An additional portion of the City of Spring Hill's net position, 16.05%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position representing unrestricted net position, 40.32%, may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the City as a whole.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 141,357,723	\$ 169,808,454	\$ 62,503,464	\$ 54,427,732	\$ 203,861,187	\$ 224,236,186
Capital assets	110,848,106	54,253,806	104,672,883	95,832,550	215,520,989	150,086,356
Total assets	<u>252,205,829</u>	<u>224,062,260</u>	<u>167,176,347</u>	<u>150,260,282</u>	<u>419,382,176</u>	<u>374,322,542</u>
Deferred outflows of resources	<u>6,537,016</u>	<u>5,903,699</u>	<u>1,049,203</u>	<u>1,206,600</u>	<u>7,586,219</u>	<u>7,110,299</u>
Long-term liabilities	76,998,915	76,987,127	9,363,319	10,594,710	86,362,234	87,581,837
Other liabilities	8,812,823	20,238,876	2,309,268	2,450,007	11,122,091	22,688,883
Total liabilities	<u>85,811,738</u>	<u>97,226,003</u>	<u>11,672,587</u>	<u>13,044,717</u>	<u>97,484,325</u>	<u>110,270,720</u>
Deferred inflows of resources	<u>17,400,586</u>	<u>16,124,395</u>	<u>24,579</u>	<u>38,087</u>	<u>17,425,165</u>	<u>16,162,482</u>
Net position:						
Net investment in capital assets	39,848,604	25,123,967	96,288,842	86,313,579	136,137,446	111,437,546
Restricted	50,092,599	25,033,553	-	41,989	50,092,599	25,075,542
Unrestricted	65,589,318	66,458,041	60,239,542	52,028,510	125,828,860	118,486,551
Total net position	<u>\$ 155,530,521</u>	<u>\$ 116,615,561</u>	<u>\$ 156,528,384</u>	<u>\$ 138,384,078</u>	<u>\$ 312,058,905</u>	<u>\$ 254,999,639</u>

Statement of Activities – Expenses in governmental activities exceeded program revenues by \$18.15 million. In the business-type activities, program revenues exceeded expenses by \$17.50 million. General government revenues and transfers of \$57.07 million helped offset the deficit, leaving a net increase of \$38.91 million. Other business type revenues of \$3.15 million and transfers out of \$2.50 million left a change in net position of \$18.14 million in the business-type activities.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 12,447,043	\$ 12,181,754	\$ 19,340,131	\$ 17,864,144	\$ 31,787,174	\$ 30,045,898
Operating grants and contributions	2,786,148	294,590	-	-	2,786,148	294,590
Capital grants and contributions	12,307,333	3,859,021	14,153,558	12,283,194	26,460,891	16,142,215
General revenues:						
Property taxes	17,737,948	16,370,526	-	-	17,737,948	16,370,526
Other taxes	25,973,957	26,283,238	-	-	25,973,957	26,283,238
Other sources	10,855,392	3,174,369	3,145,298	343,481	14,000,690	3,517,850
Total revenues	<u>82,107,821</u>	<u>62,163,498</u>	<u>36,638,987</u>	<u>30,490,819</u>	<u>118,746,808</u>	<u>92,654,317</u>
Expenses:						
General government	11,750,990	6,815,701	-	-	11,750,990	6,815,701
Public safety	17,366,805	17,553,337	-	-	17,366,805	17,553,337
Public works	5,596,138	14,164,200	-	-	5,596,138	14,164,200
Culture and recreation	6,854,857	2,384,667	-	-	6,854,857	2,384,667
Planning	2,034,620	-	-	-	2,034,620	-
Debt service	2,088,017	2,371,984	-	-	2,088,017	2,371,984
Stormwater	-	-	1,274,054	1,171,463	1,274,054	1,171,463
Water/Sewer	-	-	14,722,061	13,145,569	14,722,061	13,145,569
Total expenses	<u>45,691,427</u>	<u>43,289,889</u>	<u>15,996,115</u>	<u>14,317,032</u>	<u>61,687,542</u>	<u>57,606,921</u>
Increase (decrease) in net position before transfers	36,416,394	18,873,609	20,642,872	16,173,787	57,059,266	35,047,396
Transfers	2,498,566	12,212	(2,498,566)	(12,212)	-	-
Increase (decrease) in net position	38,914,960	18,885,821	18,144,306	16,161,575	57,059,266	35,047,396
Net position - beginning	116,615,561	95,430,142	138,384,078	122,222,503	254,999,639	217,652,645
Correction of an error	-	2,299,598	-	-	-	2,299,598
Net position - beginning - adjusted	<u>116,615,561</u>	<u>97,729,740</u>	<u>138,384,078</u>	<u>122,222,503</u>	<u>254,999,639</u>	<u>219,952,243</u>
Net position - ending	<u>\$ 155,530,521</u>	<u>\$ 116,615,561</u>	<u>\$ 156,528,384</u>	<u>\$ 138,384,078</u>	<u>\$ 312,058,905</u>	<u>\$ 254,999,639</u>

COMMENTS ON FUND FINANCIAL STATEMENTS

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

Governmental funds – The focus of the City of Spring Hill’s governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The general fund accounts for more than 76.67% of governmental fund revenues. Accordingly, this discussion will focus on the general fund. General fund balance was \$51.31 million at the end of the current fiscal year. There was a nonspendable portion of fund balance in the amount of \$8 thousand, there were commitments of \$18.06 million, and the remaining portion of \$33.22 million is considered unassigned and available to meet the day-to-day needs of the City.

Revenues and other financing sources in the general fund increased from last year by approximately \$18.02 million. The most significant changes in revenues were an increase in intergovernmental revenue of \$13.23 million due mainly to the ARPA grant activity in the current year.

Interest income increased \$2.15 million due partly to increased interest rates as well as increased cash balances due to the proceeds from long-term debt in the current year. All other revenues were within reasonable variances from last year. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

During the current year, the 18-75 Capital Projects fund's ending fund balance was \$38.75 million. The change in fund balance was a loss of \$26.07 million. There was a significant amount of capital outlay purchases in the amount of \$39.72 million, which is the purpose of the fund.

For the other governmental funds, the state street aid fund's ending fund balance was \$2.32 million which is a \$678 thousand increase from the prior year mainly due to intergovernmental revenues being \$1.85 million in the current year. The drug fund's ending balance was \$238 thousand and had a \$46 thousand increase from the prior year due mainly to a forfeiture of property in the amount of \$50 thousand. The E-citation fund's ending fund balance was \$13 thousand and had an increase of \$1 thousand in the current year. The Impact Fees fund's ending fund balance was \$10.37 million with a current year increase of \$942 thousand due mainly to the impact fees being \$4.68 million in the current year and exceeding the transfers out in the current year. The Library Fund's ending fund balance was \$130 thousand which was a \$17 thousand increase in the current year which was due mainly to contributions of \$44 thousand in the current year. The Tourism Fund's ending balance was \$586 thousand which was a \$206 thousand increase in the current year due mainly to their allocation of taxes in the current year being \$428 thousand in the current year. The ARPA fund's beginning fund balance was transferred to the Water/Sewer fund due to the fact that the funds were spent in the Water/Sewer fund in the current year. The Sanitation fund's ending fund balance was \$2.12 million with an increase of \$624 thousand increase in the current year which is close to normal operations for the fund. The Adequate Facilities fund's ending fund balance was \$5.41 million which was a \$1.40 million decrease in the current year due mainly to transfers out of \$3.57 million in the current year. The Rolling Capital Fund's ending fund balance was \$544 thousand which was the result of a \$544 thousand increase in the fund in the current year. The Capital Project fund's ending fund balance was \$3.42 million and had a \$154 thousand decrease in the current year due mainly to capital outlay purchases of \$847 thousand in the current year.

Proprietary funds – The City of Spring Hill's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of proprietary funds at the end of the year amounted to \$60.24 million. The total increase in net position for this fund was \$18.14 million due mainly to donated waterlines, tap fees, and development fees totaling \$12.54 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final Budgeted and Actual Amounts

Actual revenues and other financing sources were more than the final budgeted amounts by \$2.59 million. The original budgeted amounts for revenues were increased by \$16.48 million or 34.64%. The most significant change was the budgeted for the ARPA grant after the original budget in the amount of \$12.03 million. Significant variances were:

- Revenues related to the local sales taxes were budgeted at \$16.10 million, but \$16.55 million was collected.
- Revenues related to business taxes were budgeted at \$840 thousand, but \$1.36 million was collected.
- Revenues related to building and related permits was budgeted at \$1.55 million, but \$2.46 million was received in the current year due to the growth in the Spring Hill area.

Expenditures were less than the budgeted amounts, coming in at \$9.67 million under budget. The original budgeted amounts for expenditures were increased by \$15.18 million or 32.05%. Significant variances were:

- Capital outlay related to legislation, which included the ARPA grant activity, was \$1.11 million overbudget. Personnel costs for the police department were budgeted at \$7.83 million, but \$4.66 million of expense was incurred during the year. Some of this variance is due to some of the other police operations being split out in the financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets - At the end of fiscal year 2024, the City had invested \$215.52 million net of accumulated depreciation in a variety of capital assets and infrastructure. Infrastructure (streets, sidewalks, bridges, etc.) was valued at \$16.21 thousand net of accumulated depreciation. There were significant additions in Construction in progress due to several of the projects ongoing in the City this year.

Long-term debt – At the end of the current fiscal year, the City of Spring Hill had total bonded debt outstanding of \$69.40 million. At the end of the current fiscal year, the City of Spring Hill had total capital outlay notes outstanding of \$4.29 million. Additional information on the City of Spring Hill's long-term debt can be found in Note 4E beginning on page 40 of this report. The current year principal payments were \$4.43 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The Nashville metropolitan area has experienced a remarkable 22% growth in jobs and employment over the past 5 years. However, housing growth has lagged at only 11%. The current high interest rates have reduced the demand for owner-occupied housing, leading to a significant increase in the need for rental properties. Additionally, the strategic importance of Nashville as a logistics hub, driven by the demand for just-in-time inventory, has fueled a boom in logistics warehouses and light manufacturing spaces.
- In response to these economic shifts, the City of Spring Hill has seen a shift in the type and number of permits. While developers previously focused on single-family dwellings, there is now a more complex mix of industrial, commercial, and multi-family housing. This diversification is essential for broadening the City's property tax base and providing higher returns on investment for developers.
- Spring Hill is also benefitting from city-driven economic initiatives. Legacy Point is underway, developing a commercial mixed-use district. This development includes 400 hotel keys and a commercial area designed to cater to out-of-town visitors. Meanwhile, the June Lake mixed-use project, associated with a new I-65 interchange opened in 2024, is making significant progress

with its residential units and holds exciting commercial potential. Currently, this singular project in Spring Hill is the most valuable in the Nashville metro area.

- In a notable development, Hy-Vee, headquartered in Des Moines, Iowa, is opening its first Southeastern store in Spring Hill withing the June Lake development. Additionally, the Spring Hill Commerce Center has been approved to develop a 5 million square foot industrial-commercial complex on the east side of I-65. This marks the first significant development in that area.
- Spring Hill is also buzzing with over 20 active development sites under construction. Alongside the new hotels mentioned earlier, there more hotels are planned, providing visitors with convenient lodging options, and boosting the City's sales tax revenue.
- Property tax rates and Water/Sewer rates were maintained for the 2023-2024 budget year.
- Stormwater rates were increased this year to ensure this enterprise fund can cover the costs of these services.
- Several major road projects are in progress throughout the City, including a new I-65 interchange and related East and West approaches.
- Infrastructure improvements for water and sewer facilities are in the beginning phases, construction of the new Police Station is underway, and plans are being drawn up for the construction of Fire Station #4.

All of these factors were considered in preparing the City of Spring Hill's budget for the 2025 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Spring Hill's finances for citizens, taxpayers, customers, investors, creditors and all others with an interest in the City of Spring Hill's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Recorder and/or the City Manager, 199 Town Center Parkway, Spring Hill, TN 37185.

BASIC FINANCIAL STATEMENTS

CITY OF SPRING HILL, TENNESSEE
STATEMENT OF NET POSITION
June 30, 2024

	Governmental	Business-type	
	Activities	Activities	Total
Assets			
Cash and cash equivalents	\$ 92,286,779	\$ 59,673,155	\$ 151,959,934
Cash and cash equivalents - restricted	7,818,309	-	7,818,309
Restricted investments	18,393,088	-	18,393,088
Receivables:			
Taxes (net of allowances for uncollectibles \$49,392)	17,691,974	-	17,691,974
Accounts - other	781,855	1,730,878	2,512,733
Intergovernmental	4,352,816	-	4,352,816
Deposits	25,351	-	25,351
Inventory	-	1,099,431	1,099,431
Prepaid items	7,551	-	7,551
Capital assets not being depreciated:			
Land	18,582,045	985,798	19,567,843
Construction in progress	58,419,358	7,372,453	65,791,811
Capital assets net of accumulated depreciation:			
Buildings and improvements	7,950,673	-	7,950,673
Infrastructure	16,207,024	-	16,207,024
Utility plant	-	92,778,376	92,778,376
Equipment	9,689,006	3,536,256	13,225,262
Total assets	252,205,829	167,176,347	419,382,176
Deferred outflows of resources			
Pension related outflows	6,537,016	1,049,203	7,586,219
Total deferred outflows of resources	6,537,016	1,049,203	7,586,219
Liabilities			
Accounts payable	5,160,741	1,994,852	7,155,593
Accrued expenses	-	293,973	293,973
Unearned revenue	2,732,131	-	2,732,131
Maintenance bonds/sureties payable	538,654	-	538,654
Other liabilities	89,256	-	89,256
Accrued interest payable	292,041	20,443	312,484
Noncurrent liabilities due within one year:			
Compensated absences	432,171	200,938	633,109
Notes payable	1,110,000	368,000	1,478,000
Bonds payable	2,935,000	700,000	3,635,000
Financed purchase	-	18,943	18,943
Lease payable	300,191	-	300,191
Subscription based information technology arrangements	79,281	-	79,281
Noncurrent liabilities:			
Leases payable	1,060,169	-	1,060,169
Subscription based information technology arrangements	162,903	-	162,903
Compensated absences	717,825	-	717,825
Net pension liability	4,849,417	778,340	5,627,757
Financed purchases	-	14,735	14,735
Notes payable	2,020,000	791,000	2,811,000
Bonds payable	63,331,958	6,491,363	69,823,321
Total liabilities	85,811,738	11,672,587	97,484,325
Deferred inflows of resources			
Pension related inflows	153,139	24,579	177,718
Unavailable revenue - 2024 property tax levy	17,247,447	-	17,247,447
Total deferred inflows of resources	17,400,586	24,579	17,425,165
Net position			
Net investment in capital assets	39,848,604	96,288,842	136,137,446
Restricted:			
Public safety	238,427	-	238,427
Capital projects	45,413,713	-	45,413,713
State street aid	2,322,364	-	2,322,364
Solid waste disposal	2,118,095	-	2,118,095
Unrestricted	65,589,318	60,239,542	125,828,860
Total net position	\$ 155,530,521	\$ 156,528,384	\$ 312,058,905

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

CITY OF SPRING HILL, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	11,750,990	57,044	55,420	12,104,879	466,353	-	466,353
Public safety:							
Police	8,895,130	360,474	579,528	-	(7,955,128)	-	(7,955,128)
Fire	8,471,675	-	47,200	161,808	(8,262,667)	-	(8,262,667)
Public works	5,596,138	12,029,525	2,007,519	40,646	8,481,552	-	8,481,552
Culture and recreation	6,854,857	-	96,481	-	(6,758,376)	-	(6,758,376)
Planning	2,034,620	-	-	-	(2,034,620)	-	(2,034,620)
Debt service:							
Interest	2,088,017	-	-	-	(2,088,017)	-	(2,088,017)
Total governmental activities	<u>45,691,427</u>	<u>12,447,043</u>	<u>2,786,148</u>	<u>12,307,333</u>	<u>(18,150,903)</u>	<u>-</u>	<u>(18,150,903)</u>
Business-type activities:							
Water & sewer	14,722,061	17,515,810	-	14,153,558	-	16,947,307	16,947,307
Stormwater	1,274,054	1,824,321	-	-	-	550,267	550,267
Total business-type activities	<u>15,996,115</u>	<u>19,340,131</u>	<u>-</u>	<u>14,153,558</u>	<u>-</u>	<u>17,497,574</u>	<u>17,497,574</u>
Total primary government	<u>61,687,542</u>	<u>31,787,174</u>	<u>2,786,148</u>	<u>26,460,891</u>	<u>(18,150,903)</u>	<u>17,497,574</u>	<u>(653,329)</u>
General revenues:							
Property taxes - levied for general government including penalties					16,846,815	-	16,846,815
In lieu of property taxes - others					891,133	-	891,133
Sales taxes					22,799,159	-	22,799,159
Beer and alcohol taxes					1,390,624	-	1,390,624
Business taxes					1,362,609	-	1,362,609
Franchise tax					153,161	-	153,161
State excise tax					55,392	-	55,392
Mixed drink taxes					213,012	-	213,012
Other sources					4,789,418	1,212	4,790,630
Insurance recoveries					128,943	-	128,943
Unrestricted interest income					5,937,031	3,144,086	9,081,117
Total general revenues					<u>54,567,297</u>	<u>3,145,298</u>	<u>57,712,595</u>
Transfers:							
Transfers in (out)					2,498,566	(2,498,566)	-
Total general revenues and transfers					<u>57,065,863</u>	<u>646,732</u>	<u>57,712,595</u>
Changes in net position					38,914,960	18,144,306	57,059,266
Net position - beginning					114,315,963	138,384,078	252,700,041
Correction of an error					2,299,598	-	2,299,598
Net position - beginning - adjusted					<u>116,615,561</u>	<u>138,384,078</u>	<u>254,999,639</u>
Net position - ending					<u>\$ 155,530,521</u>	<u>\$ 156,528,384</u>	<u>\$ 312,058,905</u>

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

CITY OF SPRING HILL, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2024

	<u>General</u> <u>Fund</u>	<u>18-75</u> <u>Capital Projects</u> <u>Fund</u>	<u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets				
Cash and cash equivalents	\$ 50,743,951	\$ 15,666,920	\$ 25,875,908	\$ 92,286,779
Receivables:				
Taxes (net of allowance for uncollectibles \$49,392)	17,691,974	-	-	17,691,974
Accounts	52,356	-	729,499	781,855
Intergovernmental	4,352,816	-	-	4,352,816
Deposits	25,351	-	-	25,351
Restricted cash and cash equivalents	-	7,818,309	-	7,818,309
Restricted investments	-	18,393,088	-	18,393,088
Prepaid items	7,551	-	-	7,551
Total assets	<u>\$ 72,873,999</u>	<u>\$ 41,878,317</u>	<u>\$ 26,605,407</u>	<u>\$ 141,357,723</u>
Liabilities:				
Accounts payable and other accrued expenses	\$ 2,360,023	\$ 1,818,585	\$ 982,133	\$ 5,160,741
Maintenance bonds/sureties payable	538,654	-	-	538,654
Other liabilities	89,256	-	-	89,256
Unearned revenue	956,372	1,305,920	469,839	2,732,131
Total liabilities	<u>3,944,305</u>	<u>3,124,505</u>	<u>1,451,972</u>	<u>8,520,782</u>
Deferred inflows of resources:				
Unavailable revenue - property taxes	17,618,294	-	-	17,618,294
Total deferred inflows of resources	<u>17,618,294</u>	<u>-</u>	<u>-</u>	<u>17,618,294</u>
Fund balances:				
Nonspendable	7,551	-	-	7,551
Restricted for:				
Drug fund enforcement	-	-	238,427	238,427
Waste management	-	-	2,118,095	2,118,095
Capital projects	-	26,211,397	19,202,316	45,413,713
State street aid	-	-	2,322,364	2,322,364
Committed for:				
General government	6,000,000	-	-	6,000,000
Capital projects	-	-	544,020	544,020
Fire	9,782,133	-	-	9,782,133
Recreational services	2,300,000	-	-	2,300,000
Library operations	-	-	129,591	129,591
Public safety	-	-	12,534	12,534
Tourism	-	-	586,088	586,088
Assigned for capital projects	-	12,542,415	-	12,542,415
Unassigned	33,221,716	-	-	33,221,716
Total fund balances	<u>51,311,400</u>	<u>38,753,812</u>	<u>25,153,435</u>	<u>115,218,647</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 72,873,999</u>	<u>\$ 41,878,317</u>	<u>\$ 26,605,407</u>	<u>\$ 141,357,723</u>

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

CITY OF SPRING HILL, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2024

Amounts reported for the governmental activities in the statement of net position (Page 12) are different because:

Fund balance - total governmental funds (Page 14)	\$	115,218,647
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in funds		110,848,106
Receivables not available to pay for current expenditures and, therefore, are deferred in the funds		
Property taxes		370,847
Deferred outflows of resources - pensions are not available to pay current expenditures and, therefore, are unavailable in the funds.		6,537,016
Deferred inflows of resources - pensions are not due in the current period and, therefore, are unavailable in the funds.		(153,139)
Long-term liabilities, including net pension liability, SBITAs payable, compensated absences, bonds payable, and notes payable are not due in the current period and, therefore, are not reported in the funds		
Bonds payable		(66,266,958)
Notes payable		(3,130,000)
SBITAs payable		(242,184)
Leases payable		(1,360,360)
Accrued interest		(292,041)
Compensated absences		(1,149,996)
Net pension liability		<u>(4,849,417)</u>
Net position of governmental activities (Page 12)	\$	<u>155,530,521</u>

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

CITY OF SPRING HILL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2024

	General Fund	18-75 Capital Projects Fund	Formerly Major Fund Adequate Facilities/ Development Fund	Formerly Major Fund American Rescue Plan Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	\$ 36,036,485	\$ -	\$ -	\$ -	\$ 428,116	\$ 36,464,601
Licenses and permits	2,465,182	-	-	-	-	2,465,182
Intergovernmental	20,096,143	160,038	-	-	2,331,639	22,587,820
Impact fees	-	-	-	-	2,072,608	2,072,608
Charges for services	57,044	-	-	-	8,087,234	8,144,278
Fines	265,660	-	-	-	1,423,295	1,688,955
Interest income	2,266,512	3,061,097	-	-	-	5,327,609
Contributions	-	-	-	-	43,962	43,962
Other	1,157,245	-	-	-	1,364,427	2,521,672
Total revenues	<u>62,344,271</u>	<u>3,221,135</u>	<u>-</u>	<u>-</u>	<u>15,751,281</u>	<u>81,316,687</u>
Expenditures:						
Current:						
General government	20,749,473	-	-	-	-	20,749,473
Public safety:						
Police	10,358,342	-	-	-	55,276	10,413,618
Fire	10,471,675	-	-	-	-	10,471,675
Public works	6,189,668	4,883	-	-	1,401,587	7,596,138
Culture and recreation	2,396,296	-	-	-	4,458,561	6,854,857
Planning	2,034,620	-	-	-	-	2,034,620
Capital outlay	-	39,724,350	-	-	1,902,602	41,626,952
Debt service:						
SBITA Principal	102,613	-	-	-	-	102,613
SBITA Interest	10,420	-	-	-	-	10,420
Principal	439,961	2,160,000	-	-	589,076	3,189,037
Interest	134,723	2,252,666	-	-	146,000	2,533,389
Total expenditures	<u>52,887,791</u>	<u>44,141,899</u>	<u>-</u>	<u>-</u>	<u>8,553,102</u>	<u>105,582,792</u>
Excess (deficiency) of revenues over/(under) expenditures	<u>9,456,480</u>	<u>(40,920,764)</u>	<u>-</u>	<u>-</u>	<u>7,198,179</u>	<u>(24,266,105)</u>
Other financing sources (uses)						
Transfers from (to) other funds	(4,844,828)	12,853,697	-	-	(6,149,625)	1,859,244
Transfers - payment in lieu of taxes	639,322	-	-	-	-	639,322
Proceeds from leases	1,352,487	-	-	-	-	1,352,487
Proceeds from issuance of long-term debt	-	2,000,000	-	-	-	2,000,000
Total other financing sources (uses)	<u>(2,853,019)</u>	<u>14,853,697</u>	<u>-</u>	<u>-</u>	<u>(6,149,625)</u>	<u>5,851,053</u>
Net changes in fund balance	<u>6,603,461</u>	<u>(26,067,067)</u>	<u>-</u>	<u>-</u>	<u>1,048,554</u>	<u>(18,415,052)</u>
Fund balance - beginning, as previously reported	42,720,626	64,820,879	6,813,982	450,883	16,527,731	131,334,101
Change within financial reporting entity (major to nonmajor fund)	-	-	(6,813,982)	(450,883)	7,264,865	-
Correction of an error	1,987,313	-	-	-	312,285	2,299,598
Fund balance - beginning - restated	<u>44,707,939</u>	<u>64,820,879</u>	<u>-</u>	<u>-</u>	<u>24,104,881</u>	<u>133,633,699</u>
Fund balance - ending	<u>\$ 51,311,400</u>	<u>\$ 38,753,812</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,153,435</u>	<u>\$ 115,218,647</u>

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

CITY OF SPRING HILL, TENNESSEE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2024

Amounts reported for the governmental activities in the statement of activities (Page 13) are different because:

Net change in fund balance - total governmental funds (Page 16)	\$	(18,415,052)
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
		56,594,300
<p>The payment of pension contributions consumes current financial resources in the governmental funds. These transactions do not have any effect on the net position, but are considered deferred outflows of resources, while pension expense has no effect on the fund statements but does effect net position.</p>		
Pension expense		(97,097)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
		80,968
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>		
Compensated absences		51,943
Amortization of bond premium		455,792
<p>The issuance of the principal of long-term debt increases the current financial resources of governmental funds. These transactions do not have any effect on net position.</p>		
Issuance of notes payable		(2,000,000)
Issuance of leases		(1,352,487)
<p>The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any effect on net position.</p>		
Principal payments on leases		108,980
Principal payments on SBITas		102,613
Principal payments on long-term debt		3,385,000
		3,385,000
Change in net position of governmental activities (Page 13)	\$	38,914,960

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

CITY OF SPRING HILL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2024

Revenues:	Budgeted Amounts		Actual	Variance-
	Original	Final		Over
				(Under)
Taxes:				
Real and personal property tax	\$ 16,792,131	\$ 17,082,131	\$ 16,247,067	\$ (835,064)
Public utilities property tax	135,000	135,000	52,959	(82,041)
Interest and penalty	21,200	21,200	37,705	16,505
Excise tax	54,000	54,000	55,392	1,392
Local sales tax	15,000,000	16,100,000	16,545,998	445,998
Wholesale beer tax	772,539	772,539	476,419	(296,120)
Wholesale liquor tax	619,521	619,521	892,163	272,642
Business taxes	840,000	840,000	1,362,609	522,609
Cable TV franchise taxes	250,000	250,000	153,161	(96,839)
Mixed drink taxes	150,000	150,000	213,012	63,012
	<u>34,634,392</u>	<u>36,024,391</u>	<u>36,036,485</u>	<u>12,094</u>
Licenses and permits:				
Beer licenses	15,000	15,000	8,877	(6,123)
Other permits	-	-	150	150
Fire inspections	75,000	75,000	-	(75,000)
Building and related permits	1,500,000	1,550,000	2,456,155	906,155
	<u>1,590,000</u>	<u>1,640,000</u>	<u>2,465,182</u>	<u>825,182</u>
Intergovernmental:				
TVA payment in lieu of taxes	525,000	525,000	612,815	87,815
Grants	-	470,000	-	(470,000)
ARPA grant	-	12,030,480	12,030,480	-
FEMA SAFER grant	-	-	161,808	161,808
Maury County mutual aid	-	-	74,399	74,399
Fire salary supplement	47,200	47,200	47,200	-
Police salary supplement	52,000	52,000	47,200	(4,800)
ICAC Grant	-	10,000	27,433	17,433
State TEMA/FEMA reimbursement	-	-	26,633	26,633
TN Highway Safety (THSO Grant)	40,000	119,789	20,650	(99,139)
VCIF Grant	156,635	156,635	152,978	(3,657)
TDOT reimbursement	-	-	40,646	40,646
State - TN Library Grant - TOP grant	-	-	1,354	1,354
Beer Tax	23,502	23,502	22,042	(1,460)
Natural gas franchise tax	400,000	400,000	289,715	(110,285)
Sports Betting	75,008	75,008	95,350	20,343
Saturn - On Lieu of Tax	250,000	250,000	250,000	-
Electric Utilities - In Lieu of Tax	25,000	25,000	28,318	3,318
State - Transportation modernization	-	-	9,311	9,311
State sales tax	6,000,600	6,000,600	6,157,811	157,211
	<u>7,594,945</u>	<u>20,185,214</u>	<u>20,096,143</u>	<u>(89,071)</u>
Charges for services:				
Public Safety	-	40,230	12,592	(27,638)
Alarm registrations	22,000	22,000	44,452	22,452
	<u>22,000</u>	<u>62,230</u>	<u>57,044</u>	<u>(5,186)</u>
Fines and Forfeitures:				
Court fines and costs	203,873	203,873	265,660	61,787
	<u>203,873</u>	<u>203,873</u>	<u>265,660</u>	<u>61,787</u>
Other:				
Interest earnings	35,000	887,260	2,266,512	1,379,252
Sale of equipment	5,000	5,000	8,346	3,346
Insurance recoveries	65,455	65,455	79,013	13,558
Library contributions	56,165	56,165	51,165	(5,000)
Contributions	-	107,980	84,205	(23,775)
Police reimbursement	6,100	6,100	68,985	62,885
Developer reimbursement	90,000	90,000	-	(90,000)
Engineering reimbursement	-	2,409	332,566	330,157
Fleet reimbursement	-	2,079	189,328	187,249
GIS reimbursement	-	-	44,038	44,038
Information technology reimbursement	-	-	263,146	263,146
Rent	24,000	24,000	10,502	(13,498)
Misc Revenue	24,423	30,423	25,951	(4,472)
	<u>306,143</u>	<u>1,276,871</u>	<u>3,423,757</u>	<u>2,146,886</u>
Total revenues	\$ 44,351,352	\$ 59,392,579	\$ 62,344,271	\$ 2,951,692

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

CITY OF SPRING HILL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
GENERAL FUND - (Cont.)

For The Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance-
Expenditures:	Original	Final	Actual	Over (Under)
Current:				
General government:				
Legislation				
Personnel Costs	\$ 208,385	\$ 212,838	\$ 205,483	\$ (7,355)
Services	516,750	516,750	439,085	(77,665)
Supplies	2,600	2,600	2,531	(69)
Other Charges	159,504	182,509	173,991	(8,518)
Capital Outlay	-	12,030,480	13,138,239	1,107,759
Total legislation	<u>887,239</u>	<u>12,945,177</u>	<u>13,959,329</u>	<u>1,014,152</u>
Judicial				
Personnel Costs	\$ 32,654	\$ 32,654	30,171	\$ (2,483)
Services	11,850	11,850	143	(11,707)
Supplies	800	800	-	(800)
Other Charges	2,459	2,459	2,130	(329)
Total judicial	<u>47,763</u>	<u>47,763</u>	<u>32,444</u>	<u>(15,319)</u>
Administration				
Personnel Costs	\$ 1,061,818	\$ 1,022,298	1,171,581	\$ 149,283
Services	129,550	153,550	60,645	(92,905)
Supplies	119,150	180,150	33,210	(146,940)
Other Charges	13,435	17,367	29,534	12,167
Capital Outlay	43,000	43,000	63,337	20,337
Total administration	<u>1,366,953</u>	<u>1,416,365</u>	<u>1,358,307</u>	<u>(58,058)</u>
Financial Administration				
Personnel Costs	\$ 981,334	\$ 980,727	874,407	\$ (106,320)
Services	336,780	317,903	97,758	(220,145)
Supplies	23,000	23,000	15,487	(7,513)
Other Charges	23,325	68,900	54,454	(14,446)
Total financial administration	<u>1,364,439</u>	<u>1,390,530</u>	<u>1,042,106</u>	<u>(348,424)</u>
Information Management				
Personnel Costs	\$ 449,327	\$ 449,327	304,916	\$ (144,411)
Services	2,010,808	2,197,728	1,246,004	(951,724)
Supplies	185,000	243,944	146,164	(97,780)
Other Charges	3,743	1,025	566	(459)
Capital Outlay	347,249	400,401	281,895	(118,506)
Total information management	<u>2,996,127</u>	<u>3,292,425</u>	<u>1,979,545</u>	<u>(1,312,880)</u>
Human Resources				
Personnel Costs	\$ 560,070	\$ 552,970	512,359	\$ (40,611)
Services	26,500	35,100	43,554	8,454
Supplies	5,000	7,500	3,531	(3,969)

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

Other Charges	39,560	39,560	-	(39,560)
Capital Outlay	1,000	1,000	-	(1,000)
Total human resources	<u>632,130</u>	<u>636,130</u>	<u>559,444</u>	<u>(76,686)</u>
Capital Improvement Program Administration				
Personnel Costs	\$ -	\$ -	5,101	\$ 5,101
Services	-	-	725	725
Total capital improvement program administration	<u>-</u>	<u>-</u>	<u>5,826</u>	<u>5,826</u>
General Government Building- City Hall				
Personnel Costs	\$ 309,578	\$ 338,995	291,300	\$ (47,695)
Services	178,455	516,691	168,052	(348,639)
Supplies	63,550	74,680	54,948	(19,732)
Other Charges	43,339	33,337	(339)	(33,676)
Capital Outlay	60,555	1,383,411	1,298,511	(84,900)
Total general government building - City Hall	<u>655,477</u>	<u>2,347,114</u>	<u>1,812,472</u>	<u>(534,642)</u>
Police Department				
Personnel Costs	7,728,306	7,827,648	4,656,260	(3,171,388)
Services	1,136,059	1,136,059	738,817	(397,242)
Supplies	771,220	731,220	587,125	(144,095)
Other Charges	1,036,617	998,305	175,395	(822,910)
Grants, contributions, indemnities	161,635	161,635	96,725	(64,910)
Capital Outlay	302,685	448,659	500,877	52,218
Total Police Department	<u>11,136,522</u>	<u>11,303,526</u>	<u>6,755,199</u>	<u>(4,548,327)</u>
Police administration				
Personnel Costs	-	-	348,424	348,424
Services	-	-	30,176	30,176
Supplies	-	-	824	824
Total police administration	<u>-</u>	<u>-</u>	<u>379,424</u>	<u>379,424</u>
Police criminal investigation				
Personnel Costs	-	-	240,599	240,599
Services	-	-	614	614
Supplies	-	10,000	11,042	1,042
Other Charges	-	-	1,424	1,424
Total police criminal investigation	<u>-</u>	<u>10,000</u>	<u>253,679</u>	<u>243,679</u>
Police Field Operations				
Personnel Costs	-	65,230	1,951,090	1,885,860
Services	-	-	10,295	10,295
Supplies	-	-	2,756	2,756
Other Charges	-	-	14,997	14,997
Grants, contributions, indemnities	-	-	(8,960)	(8,960)
Capital Outlay	-	66,493	14,400	(52,093)
Total police field operations	<u>-</u>	<u>131,723</u>	<u>1,984,578</u>	<u>1,852,855</u>

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

Highway Safety

Personnel Costs	25,956	25,956	-	(25,956)
Supplies	<u>25,000</u>	<u>25,000</u>	<u>12,500</u>	<u>(12,500)</u>
Total highway safety	<u>50,956</u>	<u>50,956</u>	<u>12,500</u>	<u>(38,456)</u>

Drug Investigation and control

Personnel Costs	-	-	22,453	22,453
Services	<u>-</u>	<u>-</u>	<u>344</u>	<u>344</u>
Total drug investigation and control	<u>-</u>	<u>-</u>	<u>22,797</u>	<u>22,797</u>

Police support

Personnel Costs	-	-	920,073	920,073
Services	-	-	3,726	3,726
Supplies	-	12,448	24,531	12,083
Other Charges	<u>-</u>	<u>-</u>	<u>1,835</u>	<u>1,835</u>
Total police support	<u>-</u>	<u>12,448</u>	<u>950,165</u>	<u>937,717</u>

Fire Department

Personnel Costs	7,296,833	7,349,724	4,388,268	(2,961,456)
Services	551,536	628,812	451,639	(177,173)
Supplies	584,025	708,527	624,352	(84,175)
Other Charges	344,010	362,434	58,985	(303,449)
Capital Outlay	<u>1,902,927</u>	<u>1,010,027</u>	<u>1,193,773</u>	<u>183,746</u>
Total Fire Department	<u>10,679,332</u>	<u>10,059,524</u>	<u>6,717,017</u>	<u>(3,342,507)</u>

Fire administration

Personnel Costs	-	-	233,121	233,121
Services	-	-	1,114	1,114
Supplies	<u>-</u>	<u>-</u>	<u>196</u>	<u>196</u>
Total fire administration	<u>-</u>	<u>-</u>	<u>234,431</u>	<u>234,431</u>

Fire operations

Personnel Costs	-	755,000	3,056,743	2,301,743
Services	-	-	1,923	1,923
Supplies	<u>-</u>	<u>-</u>	<u>9,228</u>	<u>9,228</u>
Total fire operations	<u>-</u>	<u>755,000</u>	<u>3,067,894</u>	<u>2,312,894</u>

Fire training

Personnel Costs	-	-	118,903	118,903
Services	<u>-</u>	<u>-</u>	<u>215</u>	<u>215</u>
Total fire training	<u>-</u>	<u>-</u>	<u>119,118</u>	<u>119,118</u>

Fire Marshall

Personnel Costs	<u>-</u>	<u>-</u>	<u>166,236</u>	<u>166,236</u>
Total fire marshall	<u>-</u>	<u>-</u>	<u>166,236</u>	<u>166,236</u>

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

Emergency operations

Personnel Costs	129,685	129,685	134,131	4,446
Services	49,750	32,750	8,877	(23,873)
Supplies	15,368	32,368	12,644	(19,724)
Capital Outlay	<u>5,000</u>	<u>5,000</u>	<u>11,327</u>	<u>6,327</u>
Total emergency operations	<u>199,803</u>	<u>199,803</u>	<u>166,979</u>	<u>(32,824)</u>

Public works administration

Personnel Costs	667,704	667,704	611,468	(56,236)
Services	44,966	44,966	11,715	(33,251)
Supplies	23,026	25,248	12,004	(13,244)
Other Charges	45,976	45,976	-	(45,976)
Capital Outlay	<u>28,000</u>	<u>37,000</u>	<u>-</u>	<u>(37,000)</u>
Total public works administration	<u>809,672</u>	<u>820,894</u>	<u>635,187</u>	<u>(185,707)</u>

Streets and Highways

Personnel Costs	1,491,713	1,521,045	1,431,788	(89,257)
Services	5,012,308	4,705,185	2,487,516	(2,217,669)
Supplies	518,886	488,886	135,969	(352,917)
Other Charges	16,037	56,113	23,147	(32,966)
Capital Outlay	<u>216,149</u>	<u>633,064</u>	<u>306,671</u>	<u>(326,393)</u>
Total streets and highways	<u>7,255,092</u>	<u>7,404,293</u>	<u>4,385,091</u>	<u>(3,019,202)</u>

Traffic

Personnel Costs	267,088	266,360	217,853	(48,507)
Services	1,230,257	1,207,311	131,242	(1,076,069)
Supplies	253,949	308,930	165,180	(143,750)
Other Charges	2,575	8,689	8,689	-
Capital Outlay	<u>-</u>	<u>11,945</u>	<u>-</u>	<u>(11,945)</u>
Total traffic	<u>1,753,870</u>	<u>1,803,235</u>	<u>522,964</u>	<u>(1,280,271)</u>

Fleet

Personnel Costs	263,104	265,557	297,262	31,705
Services	309,620	308,629	155,194	(153,435)
Supplies	301,900	305,891	175,335	(130,556)
Other Charges	7,358	3,936	2,636	(1,300)
Capital Outlay	<u>16,000</u>	<u>16,000</u>	<u>15,999</u>	<u>(1)</u>
Total fleet	<u>897,982</u>	<u>900,013</u>	<u>646,426</u>	<u>(253,587)</u>

Parks and recreation

Personnel Costs	292,415	293,596	286,769	(6,827)
Services	65,475	65,475	26,060	(39,415)
Supplies	50,525	44,047	28,985	(15,062)
Other Charges	8,155	19,255	16,861	(2,394)
Capital Outlay	<u>65,000</u>	<u>60,000</u>	<u>57,589</u>	<u>(2,411)</u>
Total parks and recreation	<u>481,570</u>	<u>482,373</u>	<u>416,264</u>	<u>(66,109)</u>

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

Senior center

Personnel Costs	24,350	24,350	24,273	(77)
Services	43,535	43,535	21,652	(21,883)
Supplies	42,600	42,600	26,113	(16,487)
Other Charges	<u>1,000</u>	<u>1,000</u>	<u>183</u>	<u>(817)</u>
Total senior center	<u>111,485</u>	<u>111,485</u>	<u>72,221</u>	<u>(39,264)</u>

Parks maintenance

Personnel Costs	356,611	357,329	299,684	(57,645)
Services	474,660	470,998	224,856	(246,142)
Supplies	96,788	105,451	58,880	(46,571)
Other Charges	18,071	27,877	10,959	(16,918)
Capital Outlay	<u>214,995</u>	<u>214,995</u>	<u>199,945</u>	<u>(15,050)</u>
Total parks maintenance	<u>1,161,125</u>	<u>1,176,650</u>	<u>794,324</u>	<u>(382,326)</u>

Library

Personnel Costs	852,928	901,497	908,103	6,606
Services	193,016	201,132	88,531	(112,601)
Supplies	110,900	110,975	111,267	292
Other Charges	8,173	5,586	5,586	-
Capital Outlay	<u>400</u>	<u>209</u>	<u>-</u>	<u>(209)</u>
Total library	<u>1,165,417</u>	<u>1,219,399</u>	<u>1,113,487</u>	<u>(105,912)</u>

Planning

Personnel Costs	716,794	716,794	380,853	(335,941)
Services	483,695	533,695	37,402	(496,293)
Supplies	18,100	23,100	12,513	(10,587)
Other Charges	1,716	137	888	751
Capital Outlay	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Planning	<u>1,225,305</u>	<u>1,273,726</u>	<u>431,656</u>	<u>(842,070)</u>

Codes

Personnel Costs	680,921	719,291	670,069	(49,222)
Services	281,268	281,268	92,585	(188,683)
Supplies	18,990	18,990	14,954	(4,036)
Other Charges	<u>110,767</u>	<u>65,589</u>	<u>65,817</u>	<u>228</u>
Total codes	<u>1,091,946</u>	<u>1,085,138</u>	<u>843,425</u>	<u>(241,713)</u>

Engineering

Personnel Costs	681,693	686,395	672,615	(13,780)
Services	124,699	124,699	32,569	(92,130)
Supplies	43,000	43,000	52,714	9,714
Other Charges	<u>125,577</u>	<u>125,767</u>	<u>1,641</u>	<u>(124,126)</u>
Total engineering	<u>974,969</u>	<u>979,861</u>	<u>759,539</u>	<u>(220,322)</u>

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

CITY OF SPRING HILL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE - BUDGET AND ACTUAL
GENERAL FUND - (Cont.)

For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Expenditures (cont.):				
Debt Services				
SBITA Principal	-	97,801	102,613	4,812
SBITA Interest	-	13,102	10,420	(2,682)
Principal	330,981	460,004	439,961	(20,043)
Interest	100,384	133,010	134,723	1,713
	<u>431,365</u>	<u>703,917</u>	<u>687,717</u>	<u>(16,200)</u>
Total expenditures	<u>47,376,543</u>	<u>62,559,468</u>	<u>52,887,791</u>	<u>(9,671,677)</u>
Other Financing sources				
Proceeds from leases	-	1,367,000	1,352,487	(14,513)
Transfers - payment in lieu of taxes	325,000	639,322	639,322	-
Transfers from other funds	2,895,385	2,652,875	2,310,127	(342,748)
Transfers to other funds	(7,182,752)	(9,541,081)	(7,154,955)	2,386,126
Total	<u>(3,962,367)</u>	<u>(4,881,884)</u>	<u>(2,853,019)</u>	<u>2,028,865</u>
Net changes in fund balance	<u>\$ (6,987,558)</u>	<u>\$ (8,048,773)</u>	6,603,461	<u>\$ 14,652,234</u>
Fund balance - beginning			42,720,626	
Correction of an error			1,987,313	
Fund balance - beginning - restated			<u>44,707,939</u>	
Fund balance - ending			<u>\$ 51,311,400</u>	

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

CITY OF SPRING HILL, TENNESSEE
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
June 30, 2024

Assets	Water/Sewer	Non-Major Stormwater	Total
Current assets:			
Cash and cash equivalents	\$ 58,715,074	\$ 958,081	\$ 59,673,155
Accounts receivable (net of allowance for uncollectible of \$95,477)	1,575,462	155,416	1,730,878
Due from other funds	274,937	-	274,937
Inventory	1,099,431	-	1,099,431
Total current assets	61,664,904	1,113,497	62,778,401
Noncurrent assets:			
Capital assets not being depreciated:			
Land	985,798	-	985,798
Construction in progress	7,120,206	252,247	7,372,453
Capital assets net of accumulated depreciation:			
Utility plant	82,057,774	10,720,602	92,778,376
Equipment	3,360,211	176,045	3,536,256
Total capital assets	93,523,989	11,148,894	104,672,883
Total assets	155,188,893	12,262,391	167,451,284
Deferred outflows of resources			
Pension related outflows	947,115	102,088	1,049,203
Total deferred outflows of resources	947,115	102,088	1,049,203
Liabilities:			
Current liabilities:			
Accounts payable	1,952,518	42,334	1,994,852
Accrued expenses	250,812	43,161	293,973
Due to other funds	-	274,937	274,937
Compensated absences	172,140	28,798	200,938
Accrued interest payable	18,384	2,059	20,443
Long-term debt, due within one year	1,068,000	18,943	1,086,943
Total current liabilities	3,461,854	410,232	3,872,086
Noncurrent liabilities:			
Net pension liability	702,607	75,733	778,340
Financed purchase, long term	-	14,735	14,735
Long-term debt, net of current portion	7,282,363	-	7,282,363
Total noncurrent liabilities	7,984,970	90,468	8,075,438
Total liabilities	11,446,824	500,700	11,947,524
Deferred inflows of resources			
Pension related inflows	22,188	2,391	24,579
Total deferred inflows of resources	22,188	2,391	24,579
Net position:			
Net investment in capital assets	85,173,626	11,115,216	96,288,842
Unrestricted	59,493,370	746,172	60,239,542
Total net position	\$ 144,666,996	\$ 11,861,388	\$ 156,528,384

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

**CITY OF SPRING HILL, TENNESSEE
 PROPRIETARY FUNDS
 STATEMENT OF REVENUES, EXPENSES,
 AND CHANGES IN NET POSITION
 For the Fiscal Year Ended June 30, 2024**

Operating revenues	Water/Sewer	Non-Major Stormwater	Total
Water sales	\$ 8,239,828	\$ -	\$ 8,239,828
Sewer service charges	8,590,541	-	8,590,541
Stormwater fees	-	1,813,721	1,813,721
Penalties and service fees	288,623	10,600	299,223
Other Fees	396,818	-	396,818
Total operating revenues	<u>17,515,810</u>	<u>1,824,321</u>	<u>19,340,131</u>
Operating expenses			
Salaries and administration	3,907,950	548,386	4,456,336
Supplies	911,981	16,514	928,495
Professional fees	228,573	237,509	466,082
Water purchased for resale	1,400,206	-	1,400,206
Repair and Maintenance	1,500,659	54,688	1,555,347
Utility Services	1,184,281	-	1,184,281
Other operating expenses	1,767,069	112,746	1,879,815
Depreciation	3,268,941	298,230	3,567,171
Total operating expenses	<u>14,169,660</u>	<u>1,268,073</u>	<u>15,437,733</u>
Operating income (loss)	<u>3,346,150</u>	<u>556,248</u>	<u>3,902,398</u>
Nonoperating income (expense)			
Interest earned	3,021,442	122,644	3,144,086
Insurance recoveries	1,212	-	1,212
Amortization of bond premiums	(91,572)	-	(91,572)
Loss on sale of materials	(222,380)	-	(222,380)
Interest expense	(238,449)	(5,981)	(244,430)
Total nonoperating income (expense)	<u>2,470,253</u>	<u>116,663</u>	<u>2,586,916</u>
Income before transfers and capital contributions	5,816,403	672,911	6,489,314
Capital contributions -			
Grants	1,608,892	-	1,608,892
Donated waterlines	6,406,936	-	6,406,936
Tap fees and development fees	6,137,730	-	6,137,730
Transfers - payment in lieu of taxes	(639,322)	-	(639,322)
Transfers from other funds	450,883	-	450,883
Transfers to other funds	(2,310,127)	-	(2,310,127)
Total transfers	<u>11,654,992</u>	<u>-</u>	<u>11,654,992</u>
Change in net position	17,471,395	672,911	18,144,306
Total net position - beginning	127,195,601	11,188,477	138,384,078
Total net position - ending	<u>\$ 144,666,996</u>	<u>\$ 11,861,388</u>	<u>\$ 156,528,384</u>

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

CITY OF SPRING HILL, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For The Fiscal Year Ended June 30, 2024

	Water/Sewer	<u>Non-Major</u> Stormwater	Total
Cash flows from operating activities:			
Cash received from consumers and other funds	\$ 17,354,447	\$ 1,775,981	\$ 19,130,428
Cash paid to suppliers of goods and services	(5,706,546)	(200,115)	(5,906,661)
Cash paid to employees for services and benefits	<u>(6,141,845)</u>	<u>(773,468)</u>	<u>(6,915,313)</u>
Net cash provided (used) by operating activities	<u>5,506,056</u>	<u>802,398</u>	<u>6,308,454</u>
Cash flows from capital and related financing activities:			
Principal paid on long-term debt - bonds	(1,025,000)	(18,357)	(1,043,357)
Tap and development fees received	6,137,730	-	6,137,730
Interest and administrative expenses paid on long-term debt	(238,449)	(3,923)	(242,372)
Construction and purchase of capital assets	(4,345,530)	(2,060,562)	(6,406,092)
Insurance recoveries	1,212	-	1,212
Contributed capital grant revenues	<u>1,608,892</u>	<u>-</u>	<u>1,608,892</u>
Net cash provided (used) by capital and related financing activities	<u>2,138,855</u>	<u>(2,082,842)</u>	<u>56,013</u>
Cash flows from Non-Capital and Related Financing Activities			
Transfers - payments in lieu of taxes	(639,322)	-	(639,322)
Transfers in	450,883	-	450,883
Transfers out	<u>(2,310,127)</u>	<u>-</u>	<u>(2,310,127)</u>
Net cash provided (used) by investing activities	<u>(2,498,566)</u>	<u>-</u>	<u>(2,498,566)</u>
Cash flows from investing activities:			
Investments sold or matured	2,689,260	-	2,689,260
Interest income payments received	<u>3,021,442</u>	<u>122,644</u>	<u>3,144,086</u>
Net cash provided (used) by investing activities	<u>5,710,702</u>	<u>122,644</u>	<u>5,833,346</u>
Net increase (decrease) in cash and cash equivalents	10,857,047	(1,157,800)	9,699,247
Cash and cash equivalents - beginning	<u>47,858,027</u>	<u>2,115,881</u>	<u>49,973,908</u>
Cash and cash equivalents - ending	<u>\$ 58,715,074</u>	<u>\$ 958,081</u>	<u>\$ 59,673,155</u>
Reconciliation of operating income (loss) to net cash provided (used)			
by operating activities			
Operating income (loss)	\$ 3,346,150	\$ 556,248	\$ 3,902,398
Adjustments to reconcile operating income (loss) to net cash provided (used)			
by operating activities:			
Depreciation	3,268,941	298,230	3,567,171
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(161,363)	(48,340)	(209,703)
(Increase) decrease in inventory	(856,042)	-	(856,042)
(Increase) decrease in due from other funds	24,234	-	24,234
(Increase) decrease in pension-deferred outflows	119,861	37,536	157,397
Increase (decrease) in net pension liability	(35,818)	(20,897)	(56,715)
Increase (decrease) in accounts payable and accrued expenses	(150,865)	8,067	(142,798)
Increase (decrease) in compensated absences	(37,550)	(2,196)	(39,746)
Increase (decrease) in deferred inflows of resources	(11,492)	(2,016)	(13,508)
Increase (decrease) in due to other funds	<u>-</u>	<u>(24,234)</u>	<u>(24,234)</u>
Net cash provided (used) by operating activities	<u>\$ 5,506,056</u>	<u>\$ 802,398</u>	<u>\$ 6,308,454</u>

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Spring Hill, Tennessee (the City), operates under a Mayor-Board of Alderman form of government and provides the following services as authorized by its charter: public safety (police and fire), public works, culture and recreation, general administrative, development services, sanitation, water, sewer, and storm water services. As required by generally accepted accounting principles, these financial statements present all funds which comprise the City.

As required by generally accepted accounting principles, these financial statements present the entire reporting entity of the City. Based on the criteria set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, the City has no component units required to be reported.

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 non-fiduciary activities of the primary government. For the most part, the effect of the 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 support.

The statement of activities demonstrates the degree to which the direct expenses of the 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 and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor combining statements and individual statements are presented in the other supplementary section.

C. Measurement Focus, Basis of Accounting, and Financial Statements Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

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

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 City considers revenues to be available if they are collected within sixty 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 and claims and judgments, are recorded only when payment is due.

Property taxes, gross receipt taxes, sales taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The 18-75 Capital Projects Fund accounts for financial resources to be used for the acquisition and contribution of major capital projects which are financed through borrowings, grant funding, and 37% of property tax payments received.

The City reports the following major proprietary funds:

The water and sewer fund accounts for the activities associated with the water distribution system and also accounts for the activities associated with the sewage treatment plant, sewage pumping stations and collection system.

The financial statements of the City have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges for sales to customers for sales and service.

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

The water and sewer fund also recognizes as operating revenue the portion of tap fees (installation charges) intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary fund 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.

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position or Fund Balance

Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and certificates of deposit and other time deposits with a term of less than three months. Cash resources of all governmental funds are pooled and are invested to the extent possible in certificates of deposit. All interest earned on this pool is allocated to the General Fund except where legal restrictions require the earnings to be allocated to the source from which the cash originated.

State statutes authorize the City to invest in certificates of deposit, obligations of the U. S. Treasury, agencies and instrumentalities, obligations guaranteed by the U. S. Government or its agencies, repurchase agreements and the state's investment pool. The City has no investments in the current fiscal year.

Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. However, any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances." The City has these receivables and payables classified as "due from other funds" or "due to other funds" on the balance sheet.

Property tax receivables are shown net of an allowance for uncollectibles. The allowance is recorded based on the past history of collections.

Property taxes are levied annually on October 1st. The taxes are mailed on October 1st and are considered to be due and payable from the following October 1st through February 28th in the year succeeding the tax levy. An unperfected lien attaches by statute to property on January 1st for unpaid taxes from the prior year's levy. Taxes become delinquent as of March 1st of the year after levied. Taxes uncollected by April 1st of the second year they are due are submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment.

The allowances for uncollectible customer accounts recorded in the proprietary fund are based on past history of uncollectible accounts and management's analysis of current accounts. Bad debts in the proprietary funds are recorded by the allowance method.

Inventories

Inventories are valued at lower of average cost or market, using the first-in/first-out (FIFO) method. Inventories consist of expendable supplies held for consumption. The cost is recorded as an asset at the time the individual item is purchased. The cost is recorded as an expenditure in the governmental funds when consumed. Inventories reported in the governmental funds are equally offset by fund balance, which indicates that they do not constitute "available, spendable resources" even though they are a component of net current assets.

CITY OF SPRING HILL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 for equipment and \$10,000 for land improvements, infrastructure, and buildings and an estimated useful life in excess of three years. All land, construction in progress, and works of art will be included. The water and sewer fund uses a threshold of \$5,000 (\$50,000 for infrastructure projects) and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Capital assets of the City are depreciated using the straight line method over the following useful lives:

<u>Asset Category</u>	<u>Years</u>
Buildings	5-50
Right-to-use buildings	10
Water and sewer lines and storage	10-50
Equipment	5-30
Subscription based information technology arrangements	3-5
Infrastructure	15-75

Leases

The City of Spring Hill is a lessee for noncancellable leases of buildings. At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Subscription Based Information Technology Arrangements

The City has entered into a noncancellable long-term subscription-based information technology arrangement (SBITA) for various software programs. The City recognizes a right-to-use subscription asset and corresponding subscription liability in the government-wide financial statements. At the commencement of the subscription term, the City measures the subscription

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

liability at the present value of minimum payments required to be paid during the subscription term. The right-to-use subscription asset is initially measured as the sum of the initial subscription liability amount plus payments made to the vendor before commencement of the subscription term and capitalizable implementation costs, less any incentives received from the vendor at or before commencement.

The City's SBITA activities, other than making subscription payments, are accounted for as follows:

- Preliminary project stage activities include evaluating alternatives, determining the needed technology, and vendor selection are expensed as incurred.
- Initial implementation stage activities include all ancillary charges necessary to place the subscription asset into service are capitalized in addition to the subscription asset.
- Operation and additional implementation stage activities such as maintenance and support are expensed as incurred.

Key estimates and judgments related to the City's subscription assets and liabilities include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) lease term, and (3) subscription payments.

- The City uses the interest rate charged by the vendor as the discount rate. When the interest rate charged by the vendor is not specified, the City generally uses its estimated incremental borrowing rate as the discount rate.
- The lease term includes the noncancellable period of the subscription term. Subscription payments included in the measurement of the subscription assets and liabilities are composed of fixed payments due to the vendor over the subscription term.

The City monitors changes in circumstances that would require a remeasurement of its subscription assets and liabilities and will remeasure them if changes occur that are expected to significantly affect the reported amount of subscription assets and liabilities.

Unavailable/Unearned Revenue

Amounts that were receivable and measurable as of June 30, 2024, but were not available to finance expenditures for the year ended June 30, 2024 are considered to be unavailable revenues in the governmental funds. Revenue recognition is also postponed in connection with resources that have been received, but not yet earned (unearned revenue).

Compensated Absences

The governmental funds' employees accumulate vacation days and in the event of termination, employees are reimbursed for accumulated vacation. Employees are paid at retirement or upon leaving City employment for any unused vacation days.

Proprietary funds accrue a liability for vacation in the period it is earned by the employees. Employees are paid at retirement or upon leaving City employment for any unused vacation days.

Long-term Obligations

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 effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are written off completely in the year in which such expenses are incurred in the government-wide statements and the proprietary fund.

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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 that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has pension items that qualify for reporting in this category in the government wide financial and proprietary fund statements.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has property taxes, and pension-related items that qualify for reporting in this category in the government wide financial statements and proprietary fund statements. Deferred inflows of resources reported in the governmental fund statements includes unavailable and property taxes.

Impact of Recently Issued Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following statements: Statement No. 100, Accounting Changes and Error Corrections, an Amendment of GASB Statement No. 62, the requirements of this Statement were implemented and are now reported and disclosed in the financial statements. Statement No. 101, Compensated Absences, the requirements of this Statement will be implemented for fiscal year ending June 30, 2025.

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 Spring Hill's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Spring Hill'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.

Fund Equity

The City classifies fund balances in the governmental funds as follows:

Nonspendable fund balance

This classification includes amounts that are (a) not in spendable form, or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes terms that are not expected to be converted to cash, for example: inventories, prepaid amounts, and long-term notes receivable.

Restricted fund balance

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

This classification includes amounts that are restricted for specific purposes stipulated by external resource providers, constitutionally or through enabling legislation. Restrictions may effectively be changed or lifted with the consent of resource providers.

Committed fund balance

This classification includes amounts that can only be used for the specific purposes determined by a formal action of the City's highest level of decision-making authority, the Board of Alderman of the City of Spring Hill, Tennessee. Commitments may be changed or lifted only by the City taking the same formal action that imposed the constraint originally (for example: ordinance).

Assigned fund balance

This classification included amounts intended to be used by the City for specific purposes that are neither restricted nor committed. The Board of Alderman and its designee, the Recorder, have the authority to assign amounts to be used for specific purposes. Assigned amounts also include all residual amounts in governmental funds (except negative amounts) that are not classified as nonspendable, restricted, or committed.

Unassigned fund balance

This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

In circumstances when an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is depleted in the order of restricted, committed, assigned, and unassigned.

Government Wide – Net Position

Net position is a component of equity and is displayed in the following three components:

- Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- Restricted – Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. The restrictions are evident from the classification titles.
- Unrestricted – All other net position that does not meet the description of the above categories.

Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the

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

reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the Government-wide Statement of Activities

The reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities includes a reconciliation between net changes in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that “Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period.” The details of this (\$56,594,300) difference are as follows:

Capital outlay	\$ 59,881,782
Unrecovered book cost	(278,066)
Amortization on right to use assets	(159,405)
Amortization on SBITA assets	(81,823)
Depreciation expense	<u>(2,768,188)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	<u>\$ 56,594,300</u>

NOTE 3 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual appropriated budgets are adopted for all funds. The governmental fund budgets are adopted on the Generally Accepted Accounting Principles (GAAP) basis. Department heads may make transfers of appropriations within their department; however, transfers between departments require approval of the Board. All appropriations lapse at year-end. Encumbered appropriations lapse at the end of the year and require appropriation in the subsequent year by the Board of Aldermen. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is not employed by the City. The City follows these procedures in establishing budgetary data reflected in the financial statement.

1. Prior to July 1, the City Administrator submits the proposed budget to the Mayor and Board of Aldermen. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments, giving notice thereof at least seven days in advance by publication in the official organ of the City.
3. The budget is then legally enacted through passage of an ordinance by the Board at a public meeting.
4. Budget amounts can be transferred between line items within any department; however, any revisions of the department budget must be amended by formal action of the Board in a regular meeting via ordinance.

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

Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen. The supplementary budget appropriations made are reflected in the final budget amounts.

NOTE 4 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Custodial Credit Risk

The City's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the City to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities and the state pooled investment funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2024, all bank deposits were fully collateralized or insured.

At June 30, 2024, the City's only investments are held in U.S. treasuries.

Interest Rate Risk

Interest rate risk is the risk that a government may face should changes in interest rates affect the fair value of its investments. To reduce interest rate risk, the City limits the maturity of any investment to five years. An investment held to maturity will be paid at par value. The City intends to hold all investments to maturity.

At June 30, 2024, information on the credit risk and interest rate risk related to the City's investments is disclosed as follows:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Rating</u>	<u>Fair Value or Carrying Amount</u>
United States Treasuries Bonds	0.32	AAA	\$ 18,393,088
			<u>\$ 18,393,088</u>

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of June 30, 2024:

CITY OF SPRING HILL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS

June 30, 2024

<u>Investments by fair value level</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
United States Treasuries Bonds	\$ 18,393,088	\$ 18,393,088	\$ -	\$ -
Total investment measured at fair value	<u>\$ 18,393,088</u>	<u>\$ 18,393,088</u>	<u>\$ -</u>	<u>\$ -</u>

The United States Treasuries are classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those investments. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices.

B. Receivables

Receivables as of the year end for the City's individual major funds and non-major funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	<u>General</u>	<u>18-75 Capital Projects Fund</u>	<u>Water/Sewer Fund</u>	<u>Stormwater Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
Receivables:						
Property taxes	\$ 17,741,366	\$ -	\$ -	\$ -	\$ -	\$17,741,366
Accounts	52,356	-	1,670,939	155,416	729,499	2,608,210
Intergovernmental	4,352,816	-	-	-	-	4,352,816
Gross receivables	22,146,538	-	1,670,939	155,416	729,499	24,702,392
Less: Allowance for uncollectibles	(49,392)	-	(95,477)	-	-	(144,869)
Net total receivables	<u>\$ 22,097,146</u>	<u>\$ -</u>	<u>\$ 1,575,462</u>	<u>\$ 155,416</u>	<u>\$ 729,499</u>	<u>\$24,557,523</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, various components of deferred inflows of resources in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unavailable/ Unearned</u>	<u>Total</u>
Delinquent property taxes receivable (net)	\$ 370,847	\$ -	\$ 370,847
2024 property tax assessment	-	17,247,447	17,247,447
Total deferred inflows of resources for governmental funds	<u>\$ 370,847</u>	<u>\$ 17,247,447</u>	<u>\$ 17,618,294</u>

C. Capital Assets

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

CITY OF SPRING HILL, TENNESSEE
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	Beg. Balance <u>July 1, 2023</u>	<u>Increases</u>	<u>Decreases</u>	<u>Adjustment</u>	Balance <u>June 30, 2024</u>
Governmental activities:					
Capital assets, not being depreciated					
Land	\$ 2,943,806	\$ 15,638,239	\$ -	\$ -	\$ 18,582,045
Construction in progress	20,764,833	38,102,206	110,793	(336,888)	58,419,358
Total capital assets, not being depreciated	<u>23,708,639</u>	<u>53,740,445</u>	<u>110,793</u>	<u>(336,888)</u>	<u>77,001,403</u>
Capital assets, being depreciated					
Buildings and improvements	13,763,420	240,510	-	174,860	14,178,790
Right-to-use lease building	124,874	1,352,487	-	-	1,477,361
Machinery and equipment	17,119,018	3,568,914	664,886	113,247	20,136,293
Subscription lease equipment	404,330	-	-	(31,432)	372,898
Infrastructure	21,853,238	979,426	-	71,106	22,903,770
Total capital assets, being depreciated	<u>53,264,880</u>	<u>6,141,337</u>	<u>664,886</u>	<u>327,781</u>	<u>59,069,112</u>
Less: Accumulated depreciation for:					
Buildings and improvements	7,080,323	457,729	-	-	7,538,052
Right-to-use lease building	8,021	159,405	-	-	167,426
Machinery and equipment	9,743,804	1,441,745	497,613	-	10,687,936
Subscription lease equipment	59,533	81,823	-	(9,107)	132,249
Infrastructure	5,828,032	868,714	-	-	6,696,746
Total accumulated depreciation	<u>22,719,713</u>	<u>3,009,416</u>	<u>497,613</u>	<u>(9,107)</u>	<u>25,222,409</u>
Total capital assets, being depreciated, net	<u>30,545,167</u>	<u>3,131,921</u>	<u>167,273</u>	<u>336,888</u>	<u>33,846,703</u>
Governmental activities capital assets, net	<u>\$ 54,253,806</u>	<u>\$ 56,872,366</u>	<u>\$ 278,066</u>	<u>\$ -</u>	<u>\$ 110,848,106</u>

CITY OF SPRING HILL, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
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	<u>Balance</u> <u>July 1, 2023</u>	<u>Additions</u>	<u>Disposals</u>	<u>Reclass</u>	<u>Balance</u> <u>June 30, 2024</u>
Business-type activities:					
Capital assets, not being depreciated					
Land	\$ 985,798	\$ -	\$ -	\$ -	\$ 985,798
Construction in progress	7,900,059	5,305,456	347,441	(5,485,621)	7,372,453
Total capital assets, not being depreciated	<u>8,885,857</u>	<u>5,305,456</u>	<u>347,441</u>	<u>(5,485,621)</u>	<u>8,358,251</u>
Capital assets, being depreciated					
Utility System in Operations	131,194,072	7,015,558	470,669	5,485,621	143,224,582
Equipment	4,875,183	656,233	-	-	5,531,416
Total capital assets, being depreciated	<u>136,069,255</u>	<u>7,671,791</u>	<u>470,669</u>	<u>5,485,621</u>	<u>148,755,998</u>
Less: Accumulated depreciation for:					
Utility System in Operations	47,680,375	3,014,198	(248,367)	-	50,446,206
Equipment	1,442,187	552,973	-	-	1,995,160
Total accumulated depreciation	<u>49,122,562</u>	<u>3,567,171</u>	<u>(248,367)</u>	<u>-</u>	<u>52,441,366</u>
Total capital assets, being depreciated, net	<u>86,946,693</u>	<u>4,104,620</u>	<u>719,036</u>	<u>5,485,621</u>	<u>96,314,632</u>
Total capital assets, net	<u>\$ 95,832,550</u>	<u>\$ 9,410,076</u>	<u>\$ 1,066,477</u>	<u>\$ -</u>	<u>\$ 104,672,883</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 216,065
Public safety	1,341,010
Public works	1,146,637
Parks	305,704
Total depreciation expense - governmental activities	<u>\$ 3,009,416</u>

Business-type activities:

Water/Sewer	\$ 3,268,941
Stormwater	298,230
Total depreciation expense - business-type activities	<u>\$ 3,567,171</u>

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2024, is as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Water/Sewer		Stormwater	\$ 274,937
Total			<u>274,937</u>
Governmental activities eliminated			-
Business-type activities eliminated			<u>(274,937)</u>
Ending balance between government and business-type activities			<u>\$ -</u>

CITY OF SPRING HILL, TENNESSEE
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The outstanding balances between the funds were related to billings and invoices that had not yet been reconciled between the two funds.

All balances are expected to be repaid during the upcoming fiscal year.

Interfund transfers for the year ended June 30, 2024 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Rolling Capital Fund	General Fund	\$ 1,512,868
General Fund	Water/Sewer Fund	2,310,127
Water/Sewer Fund	ARPA Fund	(450,883)
Capital Projects Fund	General Fund	38,390
18-75 Capital Projects Fund	General Fund	5,603,697
General Fund	Water/Sewer Fund	639,322
Capital Projects Fund	Impact Fees Fund	358,905
18-75 Capital Projects Fund	Impact Fees Fund	3,750,000
Capital Projects Fund	Adequate Facilities Fund	65,253
18-75 Capital Projects Fund	Adequate Facilities Fund	3,500,000
		<u>17,327,679</u>
	Governmental Activities eliminated	(14,829,113)
	Total	<u>\$ 2,498,566</u>

Please see the Schedule of Transfers in the Supplementary information for descriptions of the reason for the transfers.

E. Long-term Debt

General Obligation Bonds. In 2022, the City issued \$40,000,000 of General Obligation Bonds for the purpose of funding capital projects including, but not limited to, the I-65 Interchange, Buckner Lane widening north and south segments, improvements to the intersection at Buckner Lane/Port Royal Road, and to redesign of Countess Roundabout as well as design and construction of a new Police Department Headquarters, Fire Station #4, and a Community Services Annex. The funding will also be used for the acquisition, of all other property connected to the projects listed above as well as for the payment of contracted services such as legal, administrative, architectural, and engineering. The 2022 Series bonds were issued with interest rates of 3.125% to 5.00% and a maturity of June 1, 2042.

In 2020, the City issued \$23,880,000 of General Obligation Bonds for the purpose of the acquisition, construction and equipping of various road and street work and improvements throughout the City and the acquisition, construction and equipping of various public buildings and facilities. The 2020A Series bonds were issued with interest rates of 3.00% to 5.00% and a maturity of June 1, 2040.

In 2014, the City issued \$8,650,000 of General Obligation Bonds for the purpose of improvements, expansions, extensions, renovations, and the acquisition of equipment for City roads, streets, bridges, and sidewalks and with respect to the construction, acquisition, and development of a new park and fire hall and acquisition of the right of way in connections therewith. The 2014 Series were issued with interest rates of 2.50% to 3.30% and a maturity of September 1, 2030. The bonds are payable on September 1, until 2030, with the remainder of the outstanding balance due in a balloon payment on September 1, 2034.

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Notes Payable from Direct Borrowing. In 2006, the City entered into a note payable through an intergovernmental agreement with Williamson County, Tennessee for \$5,385,000 for the purpose of funding half of the Community Recreation Center. The note bears interest rates of 2.50% to 5.00%. The note requires principal payments on April 1 and interest payments semi-annually until its maturity its maturity in April 2027. As of June 30, 2024, the total amount of the note outstanding is \$935,000.

In 2016, the City entered into a note payable for \$3,000,000, with \$1,645,000 used for the purpose of general transportation outlays, and the remainder to be used for the construction of Hardin's Landing Tank and stormwater projects. The note bears a fixed interest rate of 1.76%. The note requires monthly payments of principal and interest until its maturity in April 2025. As of June 30, 2023, the total amount of the note outstanding is \$195,000.

Lease Liability. During the fiscal year 2023, the City had an active noncancelable lease agreement as lessee with a third party for a police department facility, terminating on December 31, 2032. As the lease does not contain a specified interest rate, the City has used its incremental borrowing rate for similar assets of 3.8% as the discount rate for the lease. Aggregate quarterly payments range from \$3,000 to \$9,993 over the term of the agreement. At June 30, 2024, the City's outstanding balance on this lease agreement was \$105,046.

During the fiscal year 2024, the City had an active noncancelable lease agreement as lessee with a third party for a police headquarters, terminating on April 30, 2025. The lease is using an interest rate of 2.71%. At June 30, 2024, the City's outstanding balance on this lease agreement was \$54,324.

During the fiscal year 2024, the City had an active noncancelable lease agreement as lessee with a third party for the Station Hill lease, terminating on December 31, 2028. The lease is using an interest rate of 3.45%. At June 30, 2024, the City's outstanding balance on this lease agreement was \$1,200,990.

Subscription Based Information Technology Arrangements. During the fiscal year, the City had active noncancellable subscription-based information technology agreements (SBITAs) reported in governmental activities. These arrangements involve the City's right to use software involving identify integration, phone systems, and accounting. As the agreements do not contain specified interest rates, the City has used its incremental borrowing rate for similar assets of 3.8% as the discount rate for all SBITAs at June 30, 2024.

Long-term debt of the business-type activities at June 30, 2024 is comprised of the following:

Notes Payable from Direct Borrowing. The City has a draw loan line of credit from the Tennessee Municipal Bond Fund Loan Program. Proceeds are drawn as needed, with a cap of \$6,000,000. The note was procured for the purpose of constructing a water treatment plant. The note bears a fixed interest rate of 1.51%. The note requires monthly payments of principal and interest until its maturity in May 2037. As of June 30, 2024, the total amount of the note outstanding is \$1,159,000.

General Obligation Bonds. In 2020, the City issued \$9,395,000 of General Obligation Bonds for the purpose of providing sufficient funds to refund the City's obligations under the Revolving Fund Loan Agreement plus any accrued interest and costs on those obligations. The 2020B Series bonds were issued with interest rates of 2.00% to 3.00% and a maturity of June 1, 2034.

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Financed Purchases. In 2020, the City entered into a purchase agreement as the lessee to finance the acquisition of a Caterpillar Mini Excavator. The purchase arrangement is for a period of five years and bears interest at a rate of 3.189%. As of June 30, 2024, the City had \$33,678 still outstanding on the financing arrangement.

The annual requirements, by type of issue, to amortize all long-term debt outstanding except accrued annual leave at June 30, 2024, including interest payments of \$21.66 million for the governmental activities are as follows:

Year Ending June 30,	Governmental Activities (Direct Borrowings)										
	Bonds Payable		Notes Payable		Leases payable		SBITAs payable		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2025	\$ 2,935,000	\$ 2,355,013	\$ 1,110,000	\$ 130,765	\$ 300,191	\$ 42,355	\$ 79,281	\$ 9,386	\$ 4,424,472	\$ 2,537,519	\$ 6,961,991
2026	3,070,000	2,217,700	930,000	86,212	264,215	32,882	82,294	6,373	4,346,509	2,343,167	6,689,676
2027	3,210,000	2,074,951	590,000	44,342	282,852	23,439	80,609	3,246	4,163,461	2,145,978	6,309,439
2028	3,160,000	1,925,100	500,000	20,371	300,943	13,363	-	-	3,960,943	1,958,834	5,919,777
2029	3,310,000	1,777,601	-	-	162,864	3,764	-	-	3,472,864	1,781,365	5,254,229
2030-2034	18,260,000	6,789,110	-	-	49,295	3,741	-	-	18,309,295	6,792,851	25,102,146
2035-2039	19,075,000	3,583,661	-	-	-	-	-	-	19,075,000	3,583,661	22,658,661
2040-2042	9,565,000	655,063	-	-	-	-	-	-	9,565,000	655,063	10,220,063
	<u>\$ 62,585,000</u>	<u>\$ 21,378,199</u>	<u>\$ 3,130,000</u>	<u>\$ 281,690</u>	<u>\$ 1,360,360</u>	<u>\$ 119,544</u>	<u>\$ 242,184</u>	<u>\$ 19,005</u>	<u>\$ 67,317,544</u>	<u>\$ 21,659,889</u>	<u>\$ 88,977,433</u>

The annual requirements, by type of issue, to amortize all long-term debt outstanding except accrued annual leave at June 30, 2024, including interest payments of \$88 thousand for the business-type activities are as follows:

Year Ending June 30,	Business-type Activities (Direct Borrowings)								
	Bonds Payable		Notes Payable		Financed Purchases		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2025	\$ 700,000	\$ 2,172	\$ 368,000	\$ 34,770	\$ 18,943	\$ 1,057	\$ 1,086,943	\$ 37,999	\$ 1,124,942
2026	715,000	2,040	386,000	23,730	14,735	453	1,115,735	26,223	1,141,958
2027	735,000	1,896	405,000	12,150	-	-	1,140,000	14,046	1,154,046
2028	760,000	1,764	-	-	-	-	760,000	1,764	761,764
2029	780,000	1,632	-	-	-	-	780,000	1,632	781,632
2030-2034	3,120,000	6,000	-	-	-	-	3,120,000	6,000	3,126,000
	<u>\$ 6,810,000</u>	<u>\$ 15,504</u>	<u>\$ 1,159,000</u>	<u>\$ 70,650</u>	<u>\$ 33,678</u>	<u>\$ 1,510</u>	<u>\$ 8,002,678</u>	<u>\$ 87,664</u>	<u>\$ 8,090,342</u>

The City's outstanding bonds contain provisions prescribing that, in event of default, outstanding amounts are to become immediately due of the City is unable to make payment. Also, various bond resolutions contain other restrictive covenants and requirements with which the City must comply. All significant debt covenants and restrictions as set forth in the bond agreements were complied with. The City has no unused lines of credit as of year-end.

Long-term liability activity for the year ended June 30, 2024, was as follows:

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	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Notes payable from direct borrowing	\$ 1,710,000	\$ 2,000,000	\$ 580,000	\$ 3,130,000	\$ 1,110,000
Bond payable	65,390,000	-	2,805,000	62,585,000	2,935,000
Premium on bonds payable	4,137,750	-	455,792	3,681,958	-
SBITAs payable	344,797	-	102,613	242,184	79,281
Lease liability	116,853	1,352,487	108,980	1,360,360	300,191
Compensated absences	1,201,939	-	51,943	1,149,996	432,171
	<u>\$ 72,901,339</u>	<u>\$ 3,352,487</u>	<u>\$ 4,104,328</u>	<u>\$ 72,149,498</u>	<u>\$ 4,856,643</u>
Business-type activities:					
Notes payable from					
direct borrowing	\$ 1,509,000	\$ -	\$ 350,000	\$ 1,159,000	\$ 368,000
Bonds payable	7,485,000	-	675,000	6,810,000	700,000
Premium on bonds payable	472,935	-	91,572	381,363	-
Financed purchases	52,035	-	18,357	33,678	18,943
Compensated absences	241,386	-	40,448	200,938	200,938
	<u>\$ 9,760,356</u>	<u>\$ -</u>	<u>\$ 1,175,377</u>	<u>\$ 8,584,979</u>	<u>\$ 1,287,881</u>

The general fund is used to liquidate the compensated absences related to the governmental activities.

NOTE 5 - OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, auto liability, errors and omissions and auto physical damage coverage. The City joined the Tennessee Municipal League Risk Pool (Pool), which is a public entity risk pool established in 1979 by the Tennessee Municipal League. The City pays annual premiums to the Pool for its policies. The Pool provides the specified coverage and pays all claims from its member premiums charged or through its reinsurance policies. The City's premiums are calculated based on its prior claims history.

It is the policy of the City to purchase commercial insurance for the risks of employee dishonesty, worker's compensation, and physical damage to its office equipment. Settled claims have not exceeded this commercial coverage or the coverage provided by the Pool in any of the past three years.

B. Contingent Liabilities

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantors cannot be determined at this time although the City's management expects such amounts, if any, to be immaterial.

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C. Employee Retirement Systems and Pension Plans

Plan Description

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

Benefits Provided

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

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

Employees Covered by Benefit Terms

At the measurement date of June 30, 2023, the following employees were covered by the benefit terms:

Active employees	275
Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to but not yet receiving benefits	<u>294</u>
Total employees covered by the Plan	<u>613</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Spring Hill makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, the actuarially determined contribution (ADC) for Spring Hill was \$1,814,216 based on a rate of 8.77% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Spring Hill's state shared taxes if required employer contributions are not remitted. The employer's (ADC) and member

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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

Spring Hill's net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125 percent

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

The actuarial assumptions used in the June 30, 2023, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020, actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class is summarized in the following table:

<u>Asset Class</u>	<u>Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	<u>1%</u>
		100%

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The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Spring Hill 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)

	Increase (Decrease)		
	Total pension liability (TPL)	Plan fiduciary net position	Net pension liability (NPL)
	(a)	(b)	(a)-(b)
	<u> </u>	<u> </u>	<u> </u>
Balances as of 6/30/2022	\$ 30,821,380	\$ 25,900,537	\$ 4,920,843
Changes for the year:			
Service cost	1,534,104	-	1,534,104
Interest	2,170,256	-	2,170,256
Difference between expected and actual experience	991,969	-	991,969
Changes in assumptions	-	-	-
Contributions - employer	-	1,338,899	(1,338,899)
Contributions - employee	-	868,289	(868,289)
Net investment income	-	1,800,874	(1,800,874)
Benefit payments, including refunds of employee contributions	(407,075)	(407,075)	-
Administrative expenses	-	(18,647)	18,647
Other	-	-	-
Net changes	<u>4,289,254</u>	<u>3,582,340</u>	<u>706,914</u>
Balances as of 6/30/2023	<u>\$ 35,110,634</u>	<u>\$ 29,482,877</u>	<u>\$ 5,627,757</u>

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

The following presents the net pension liability (asset) of Spring Hill calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
	<u> </u>	<u> </u>	<u> </u>
Spring Hill's net pension liability (asset)	\$ 12,174,838	\$ 5,627,757	\$ 362,282

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

Pension Expense

For the year ended June 30, 2024, Spring Hill recognized pension expense of \$2,004,456.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2024, Spring Hill reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,780,155	\$ 177,718
Net difference between projected and actual earnings on pension plan investments	282,640	-
Changes in assumptions	1,709,208	-
Contributions subsequent to the measurement date of June 30, 2023	1,814,216	-
Total	\$ 7,586,219	\$ 177,718

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2023,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year ending June 30,	Amortized
2025	\$ 966,510
2026	797,170
2027	1,487,140
2028	830,378
2029	873,300
Thereafter	639,787

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

Payable to the Pension Plan

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

D. Subsequent Events

Management has evaluated subsequent events through April 30, 2025, the date in which the financial statements were available to be issued.

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

E. Restatement – Correction of an Error and Major Fund Changes

As of June 30, 2024, a restatement – correction of an error was made in the General Fund and the State Street Aid fund related to the intergovernmental receivables that should have been recorded in the fiscal year ended June 30, 2023. The receivables included the July 2023 collections, but should have included both the July and August 2023 collections. Also, the Adequate Facilities/Development Fund and the ARPA fund were presented as major funds in the June 30, 2023 financial statements, but were determined to be nonmajor governmental funds in the June 30, 2024 financial statements.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances				
	Fund-level				Government-wide
	General Fund	ARPA Fund	Adequate Facilities/ Development Fund	Non-Major Governmental Funds	Governmental Activities
June 30, 2023, as previously reported	\$42,720,626	\$ 450,883	\$ 6,813,982	\$ 16,527,731	\$ 114,315,963
Change from major to nonmajor fund	-	(450,883)	(6,813,982)	7,264,865	-
Error correction	1,987,313	-	-	312,285	2,299,598
June 30, 2023, as restated	<u>\$44,707,939</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 24,104,881</u>	<u>\$ 116,615,561</u>

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED
RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
Last Fiscal Year Ending June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	\$ 1,534,104	\$ 1,248,010	\$ 1,029,836	\$ 967,431	\$ 919,725	\$ 837,507	\$ 750,217	\$ 649,533	\$ 581,698	\$ 575,095
Interest	2,170,256	1,763,326	1,513,537	1,389,743	1,231,831	1,061,413	955,426	819,689	715,535	643,726
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Difference between actual & expected experience	991,969	3,134,433	245,758	(355,434)	279,623	614,173	45,493	529,298	292,587	(22,931)
Change of assumptions	-	-	2,614,236	-	-	-	338,904	-	-	-
Benefit payments, including refunds of employee contributions	(407,075)	(399,460)	(349,655)	(363,644)	(237,926)	(251,521)	(300,807)	(277,934)	(259,939)	(230,149)
Net change in total pension liability	4,289,254	5,746,309	5,053,712	1,638,096	2,193,253	2,261,572	1,789,233	1,720,586	1,329,881	965,741
Total pension liability - beginning	30,821,380	25,075,071	20,021,359	18,383,263	16,190,010	13,928,438	12,139,205	10,418,619	9,088,738	8,122,997
Total pension liability - ending (a)	\$ 35,110,634	\$ 30,821,380	\$ 25,075,071	\$ 20,021,359	\$ 18,383,263	\$ 16,190,010	\$ 13,928,438	\$ 12,139,205	\$ 10,418,619	\$ 9,088,738
Plan fiduciary net position										
Contributions - employer	\$ 1,338,899	\$ 1,114,598	\$ 918,674	\$ 857,154	\$ 842,881	\$ 687,667	\$ 606,207	\$ 479,007	\$ 431,925	\$ 385,342
Contributions - employee	868,289	769,157	641,294	591,476	581,298	549,256	484,192	438,652	395,537	356,139
Net investment income	1,800,874	(1,001,237)	5,095,437	880,180	1,152,456	1,104,634	1,266,416	270,749	287,276	1,253,177
Benefit payments, including refunds of employee contributions	(407,075)	(399,460)	(349,655)	(363,644)	(237,926)	(251,521)	(300,807)	(277,934)	(259,939)	(230,149)
Administrative expense	(18,647)	(24,581)	(21,333)	(20,526)	(20,332)	(21,260)	(18,722)	(15,505)	(9,765)	(6,509)
Net change in plan fiduciary net position	3,582,340	458,477	6,284,417	1,944,640	2,318,377	2,068,776	2,037,286	894,969	845,034	1,758,000
Plan fiduciary net position - beginning	25,900,537	25,442,060	19,157,643	17,213,003	14,894,626	12,825,850	10,788,564	9,893,595	9,048,561	7,290,561
Plan fiduciary net position - ending (b)	\$ 29,482,877	\$ 25,900,537	\$ 25,442,060	\$ 19,157,643	\$ 17,213,003	\$ 14,894,626	\$ 12,825,850	\$ 10,788,564	\$ 9,893,595	\$ 9,048,561
Net Pension Liability (Asset) - ending (a) - (b)	\$ 5,627,757	\$ 4,920,843	\$ (366,989)	\$ 863,716	\$ 1,170,260	\$ 1,295,384	\$ 1,102,588	\$ 1,350,641	\$ 525,024	\$ 40,177
Plan fiduciary net position as a percentage of total pension liability	83.97%	84.03%	101.46%	95.69%	93.63%	92.00%	92.08%	88.87%	94.96%	99.56%
Covered - employee payroll	\$ 17,365,738	\$ 15,373,769	\$ 12,508,966	\$ 11,837,860	\$ 11,625,940	\$ 10,985,100	\$ 9,683,823	\$ 8,773,028	\$ 7,909,506	\$ 7,122,761
Net pension liability (asset) as a percentage of covered-employee payroll	32.41%	32.01%	-2.93%	7.30%	10.07%	11.79%	11.39%	15.40%	6.64%	0.56%

Changes in assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC
EMPLOYEE PENSION PLAN OF TCRS
Last Fiscal Year Ending June 30

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,814,216	\$ 1,338,899	\$ 985,459	\$ 812,235	\$ 757,826	\$ 727,784	\$ 687,667	\$ 528,737	\$ 479,022	\$ 431,925	\$ 385,342
Contributions in relation to the actuarially determined contribution:	1,814,216	1,338,899	1,114,598	906,900	857,135	842,881	687,667	606,207	479,022	431,925	385,342
Contribution deficiency (excess)	\$ -	\$ -	\$ (129,139)	\$ (94,665)	\$ (99,309)	\$ (115,097)	\$ -	\$ (77,470)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 20,686,606	\$ 17,365,738	\$ 15,373,769	\$ 12,508,966	\$ 11,837,860	\$ 11,625,940	\$ 10,985,100	\$ 9,683,823	\$ 8,773,028	\$ 7,909,506	\$ 7,122,761
Contributions as a percentage covered-employee payroll	8.77%	7.71%	7.25%	7.25%	7.24%	7.25%	6.26%	6.26%	5.46%	5.46%	5.41%

Notes to Schedule:

Changes of assumptions: In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Valuation Date: Actuarially determined contribution rates for 2024 were calculated based on the June 30, 2022 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of 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	2.125 percent

See the independent auditor's report.

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
18-75 CAPITAL PROJECTS FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Revenues				
Intergovernmental revenue:				
Contributions	\$ -	\$ -	\$ 124,176	\$ 124,176
Grants	901,393	901,393	35,862	(865,531)
Other:				
Interest	-	-	3,061,097	3,061,097
Total revenues	<u>901,393</u>	<u>901,393</u>	<u>3,221,135</u>	<u>2,319,742</u>
Expenditures				
Current:				
Public works:				
Capital Outlay	73,533,105	75,815,864	39,724,350	(36,091,514)
Bank Charges	-	10,000	4,883	(5,117)
Debt service:				
Principal	2,160,000	2,160,000	2,160,000	-
Interest	2,251,688	2,251,668	2,252,666	998
Total expenditures	<u>77,944,793</u>	<u>80,237,532</u>	<u>44,141,899</u>	<u>(36,095,633)</u>
Other financing sources (uses):				
Proceeds from issuance of long-term debt	-	-	2,000,000	2,000,000
Transfer In	15,624,150	17,324,150	12,853,697	(4,470,453)
Total other financing sources (uses):	<u>15,624,150</u>	<u>17,324,150</u>	<u>14,853,697</u>	<u>(2,470,453)</u>
Net changes in fund balances	<u>\$ (61,419,250)</u>	<u>\$ (62,011,989)</u>	<u>(26,067,067)</u>	<u>\$ 35,944,922</u>
Fund balance - beginning			<u>64,820,879</u>	
Fund balance - ending			<u>\$ 38,753,812</u>	

See the independent auditor's report.

SUPPLEMENTARY INFORMATION SECTION

CITY OF SPRING HILL, TENNESSEE
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
June 30, 2024

	Special Revenue Funds								Capital Project Funds			Total Other Governmental Funds
	State Street Aid Fund	Drug Fund	E-Citation Fund	Impact Fees Fund	Library Fund	Tourism Fund	ARPA Fund	Sanitation Fund	Adequate Facilities Fund	Rolling Capital Fund	Capital Project Fund	
Assets												
Cash and cash equivalents	\$ 2,353,126	\$ 283,905	\$ 12,534	\$ 10,401,496	\$ 131,955	\$ 586,088	\$ -	\$ 1,762,691	\$ 5,870,487	\$ 588,425	\$ 3,885,201	\$ 25,875,908
Receivables	322,933	-	-	-	-	-	-	406,566	-	-	-	729,499
Total assets	<u>2,676,059</u>	<u>283,905</u>	<u>12,534</u>	<u>10,401,496</u>	<u>131,955</u>	<u>586,088</u>	<u>-</u>	<u>2,169,257</u>	<u>5,870,487</u>	<u>588,425</u>	<u>3,885,201</u>	<u>26,605,407</u>
Liabilities												
Accounts payable	353,695	45,478	-	33,025	2,364	-	-	18,662	434,218	44,405	17,786	949,633
Unearned revenue	-	-	-	-	-	-	-	-	25,690	-	444,149	469,839
Accrued expenses	-	-	-	-	-	-	-	32,500	-	-	-	32,500
Total liabilities	<u>353,695</u>	<u>45,478</u>	<u>-</u>	<u>33,025</u>	<u>2,364</u>	<u>-</u>	<u>-</u>	<u>51,162</u>	<u>459,908</u>	<u>44,405</u>	<u>461,935</u>	<u>1,451,972</u>
Fund balances												
Restricted	2,322,364	238,427	-	10,368,471	-	-	-	2,118,095	5,410,579	-	3,423,266	23,881,202
Committed	-	-	12,534	-	129,591	586,088	-	-	-	544,020	-	1,272,233
Total fund balances	<u>2,322,364</u>	<u>238,427</u>	<u>12,534</u>	<u>10,368,471</u>	<u>129,591</u>	<u>586,088</u>	<u>-</u>	<u>2,118,095</u>	<u>5,410,579</u>	<u>544,020</u>	<u>3,423,266</u>	<u>25,153,435</u>
Total liabilities and fund balances	<u>\$ 2,676,059</u>	<u>\$ 283,905</u>	<u>\$ 12,534</u>	<u>\$ 10,401,496</u>	<u>\$ 131,955</u>	<u>\$ 586,088</u>	<u>-</u>	<u>\$ 2,169,257</u>	<u>\$ 5,870,487</u>	<u>\$ 588,425</u>	<u>\$ 3,885,201</u>	<u>\$ 26,605,407</u>

CITY OF SPRING HILL, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - OTHER GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2024

	Special Revenue Funds						Capital Project Funds			Total Other Governmental Funds		
	State Street Aid Fund	Drug Fund	E-Citation Fund	Impact Fees Fund	Library Fund	Tourism Fund	Formerly Major Fund ARPA Fund	Sanitation Fund	Formerly Major Fund Adequate Facilities Fund		Rolling Capital Fund	Capital Project Fund
Revenues:												
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 428,116	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 428,116
Charges for services	-	37,760	-	4,682,621	-	-	-	3,322,413	-	-	44,440	8,087,234
Intergovernmental	1,847,481	-	-	-	-	-	-	-	484,158	-	-	2,331,639
Impact fees	-	-	-	-	-	-	-	-	2,072,608	-	-	2,072,608
Fines	-	-	10	-	-	-	-	1,423,285	-	-	-	1,423,295
Other	87,410	63,109	607	510,710	5,962	61,190	-	70,598	342,269	36,886	185,686	1,364,427
Contributions	-	-	-	-	43,962	-	-	-	-	-	-	43,962
Total revenues	1,934,891	100,869	617	5,193,331	49,924	489,306	-	4,816,296	2,899,035	36,886	230,126	15,751,281
Expenditures:												
Public safety	-	55,271	5	-	-	-	-	-	-	-	-	55,276
Public works	1,257,107	-	-	142,371	-	-	-	-	2,109	-	-	1,401,587
Culture and recreation	-	-	-	-	32,430	233,802	-	4,192,329	-	-	-	4,458,561
Capital outlay	-	-	-	-	-	50,000	-	-	-	1,005,734	846,868	1,902,602
	1,257,107	55,271	5	142,371	32,430	283,802	-	4,192,329	2,109	1,005,734	846,868	7,818,026
Debt service:												
Principal	-	-	-	-	-	-	-	-	589,076	-	-	589,076
Interest	-	-	-	-	-	-	-	-	146,000	-	-	146,000
Total debt service	-	-	-	-	-	-	-	-	735,076	-	-	735,076
Total expenditures	1,257,107	55,271	5	142,371	32,430	283,802	-	4,192,329	737,185	1,005,734	846,868	8,553,102
Excess (deficiency) of revenues over (under) expenditures	677,784	45,598	612	5,050,960	17,494	205,504	-	623,967	2,161,850	(968,848)	(616,742)	7,198,179
Other financing sources (uses):												
Transfers in (out)	-	-	-	(4,108,905)	-	-	(450,883)	-	(3,565,253)	1,512,868	462,548	(6,149,625)
Net changes in fund balance	677,784	45,598	612	942,055	17,494	205,504	(450,883)	623,967	(1,403,403)	544,020	(154,194)	1,048,554
Fund balance - beginning	1,332,295	192,829	11,922	9,426,416	112,097	380,584	-	1,494,128	-	-	3,577,460	16,527,731
Change within financial reporting entity (major to nonmajor fund)	-	-	-	-	-	-	450,883	-	6,813,982	-	-	7,264,865
Correction of an error	312,285	-	-	-	-	-	-	-	-	-	-	312,285
Fund balance - beginning - restated	1,644,580	192,829	11,922	9,426,416	112,097	380,584	450,883	1,494,128	6,813,982	-	3,577,460	24,104,881
Fund balance - ending	\$ 2,322,364	\$ 238,427	\$ 12,534	\$ 10,368,471	\$ 129,591	\$ 586,088	\$ -	\$ 2,118,095	\$ 5,410,579	\$ 544,020	\$ 3,423,266	\$ 25,153,435

See the independent auditor's report.

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
STATE STREET AID FUND

For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance- Over (Under)
	Original	Final	Actual	
Revenues				
Intergovernmental revenue:				
Gasoline and motor fuel tax	\$ 1,785,179	\$ 1,785,179	\$ 1,754,434	\$ (30,745)
Petro Tax	91,509	91,509	91,743	234
Modernization	-	-	1,304	1,304
Other:				
Interest	400	400	87,410	87,010
Total revenues	1,877,088	1,877,088	1,934,891	57,803
Expenditures				
Current:				
Public works:				
Street Operations	1,842,571	1,842,571	898,170	(944,401)
Bank Charges	-	-	661	661
Debt service:				
Principal	180,139	494,943	304,943	(190,000)
Interest	50,566	60,118	53,333	(6,785)
Total expenditures	2,073,276	2,397,631	1,257,107	(1,140,524)
Net changes in fund balances	\$ (196,188)	\$ (520,544)	677,784	\$ 1,198,328
Fund balance - beginning			1,332,295	
Correction of an error			312,285	
Fund balance - beginning - adjusted			1,644,580	
Fund balance - ending			\$ 2,322,364	

See the independent auditor's report.

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DRUG FUND**

For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance- Over
Revenues:	Original	Final	Actual	(Under)
Taxes:				
Charges for services:				
Drug related fines	\$ 30,000	\$ 30,000	\$ 37,760	\$ 7,760
Other				
Interest	-	-	11,302	11,302
Forfeiture of Property	10,000	10,000	49,930	39,930
Sale of equipment	20,000	20,000	1,877	(18,123)
Misc Refunds	2,000	2,000	-	(2,000)
Total other revenues	32,000	32,000	63,109	31,109
Total revenues	62,000	62,000	100,869	38,869
 Expenditures:				
Public safety:				
Police department:				
Telephone and TV services	5,000	5,000	4,167	(833)
Subscriptions and dues	2,500	2,500	1,050	(1,450)
Office Supplies	-	-	1,000	1,000
Program supplies	20,000	18,000	17,773	(227)
Repair and Maint	-	-	487	487
Travel	6,000	8,000	8,789	789
Misc	2,918	2,918	2,005	(913)
Capital Outlay	30,000	30,000	20,000	(10,000)
Total expenditures	66,418	66,418	55,271	(11,147)
Net changes in fund balance	\$ (4,418)	\$ (4,418)	45,598	\$ 50,016
Fund balance - beginning			192,829	
Fund balance - ending			\$ 238,427	

See the independent auditor's report.

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
E-CITATION FUND**

For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance- Over (Under)
Revenues:	Original	Final	Actual	
Taxes:				
Fines and forfeitures:				
E-citations	\$ -	\$ -	\$ 10	\$ 10
Interest Earnings	-	-	607	607
Total other revenues	-	-	617	617
Total revenues	-	-	617	617
Expenditures:				
Bank Charges	-	-	5	5
Total expenditures	-	-	5	5
Net changes in fund balance	\$ -	\$ -	612	\$ 612
Fund balance - beginning			11,922	
Fund balance - ending			\$ 12,534	

See the independent auditor's report.

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
IMPACT FEES FUND**

For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Revenues:				
Charges for services:				
Impact Fees	\$ 2,600,000	\$ 3,350,000	\$ 4,682,621	\$ 1,332,621
Other:				
Interest	<u>2,000</u>	<u>2,000</u>	<u>510,710</u>	<u>508,710</u>
Total revenues	<u>2,602,000</u>	<u>3,352,000</u>	<u>5,193,331</u>	<u>1,841,331</u>
Expenditures:				
Public works:				
Personnel costs	139,224	139,224	139,224	-
Miscellaneous	<u>-</u>	<u>5,200</u>	<u>3,147</u>	<u>(2,053)</u>
Total expenditures	<u>139,224</u>	<u>144,424</u>	<u>142,371</u>	<u>(2,053)</u>
Excess (deficiency) of revenues over (under) expenditures	2,462,776	3,207,576	5,050,960	1,843,384
Other financing sources (uses):				
Transfers in (out)	(4,370,000)	(4,370,000)	(4,108,905)	(261,095)
Net changes in fund balance	<u>\$ (1,907,224)</u>	<u>\$ (1,162,424)</u>	<u>\$ 942,055</u>	<u>\$ 2,104,479</u>
Fund balance - beginning			<u>9,426,416</u>	
Fund balance - ending			<u>\$ 10,368,471</u>	

See the independent auditor's report.

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY FUND**

For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Revenues				
General government:				
Contributions	\$ 35,000	\$ 36,000	\$ 43,962	\$ 7,962
Interest	15	15	5,962	5,947
Total general government revenues	35,015	36,015	49,924	13,909
Expenditures:				
Culture and Recreation	32,203	32,203	32,430	227
Total expenditures	32,203	32,203	32,430	227
Excess (deficiency) of revenues over/(under) expenditures	2,812	3,812	17,494	13,682
Net changes in fund balance	\$ 2,812	\$ 3,812	17,494	\$ 13,682
Fund balance - beginning			112,097	
Fund balance - ending			\$ 129,591	

See the independent auditor's report.

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TOURISM FUND**

For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Revenues				
General government:				
Taxes	\$ 400,000	\$ 400,000	\$ 428,116	\$ 28,116
Interest	25	25	25,868	25,843
Insurance Recoveries	-	-	35,322	35,322
Total general government revenues	<u>400,025</u>	<u>400,025</u>	<u>489,306</u>	<u>89,281</u>
Expenditures:				
Culture and Recreation	300,630	417,387	233,802	(183,585)
Capital Outlay	50,000	50,000	50,000	-
Total expenditures	<u>350,630</u>	<u>467,387</u>	<u>283,802</u>	<u>(183,585)</u>
Excess (deficiency) of revenues over/(under) expenditures	<u>49,395</u>	<u>(67,362)</u>	<u>205,504</u>	<u>272,866</u>
Net changes in fund balance	<u>\$ 49,395</u>	<u>\$ (67,362)</u>	205,504	<u>\$ 272,866</u>
Fund balance - beginning			380,584	
Fund balance - ending			<u>\$ 586,088</u>	

See the independent auditor's report.

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SANITATION FUND**

For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance-
	Original	Final		Over (Under)
Revenues:				
Charges for services:				
Impact Fees	\$ 4,473,420	\$ 4,473,420	\$ 3,322,413	\$ (1,151,007)
Fines and Forfeitures	22,000	22,000	1,423,285	1,401,285
Other:				
Interest	500	500	70,598	70,098
Total revenues	4,495,920	4,495,920	4,816,296	320,376
Expenditures:				
Public works:				
Refuse collection and disposal	4,551,873	4,572,079	4,192,329	(379,750)
Total expenditures	4,551,873	4,572,079	4,192,329	(379,750)
Net changes in fund balance	\$ (55,953)	\$ (76,159)	\$ 623,967	\$ 700,126
Fund balance - beginning			1,494,128	
Fund balance - ending			\$ 2,118,095	

See the independent auditor's report.

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECT FUND**

For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance-
	Original	Final		Over (Under)
Revenues:				
Other:				
Interest	\$ -	\$ -	\$ 185,686	\$ 185,686
Grant	-	-	44,440	44,440
Total revenues	-	-	230,126	230,126
Expenditures:				
Bank charges	-	2,200	1,015	(1,185)
Capital Outlay	2,773,730	3,229,369	845,853	(2,383,516)
Total expenditures	2,773,730	3,231,569	846,868	(2,384,701)
Excess (deficiency) of revenues over (under) expenditures	(2,773,730)	(3,231,569)	(616,742)	2,614,827
Other financing sources (uses):				
Transfers in (out)	1,422,786	2,047,786	462,548	(1,585,238)
Net changes in fund balance	\$ (1,350,944)	\$ (1,183,783)	\$ (154,194)	\$ 1,029,589
Fund balance - beginning			3,577,460	
Fund balance - ending			\$ 3,423,266	

See the independent auditor's report.

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ADEQUATE FACILITIES/DEVELOPMENT FUND
For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Revenues:				
Intergovernmental				
Capital Improvements	\$ 350,000	\$ 350,000	\$ 484,158	\$ 134,158
Impact Fees				
Roads	250,000	250,000	350,000	100,000
Other	<u>950,000</u>	<u>950,000</u>	<u>1,722,608</u>	<u>772,608</u>
Interest	<u>8,000</u>	<u>8,000</u>	<u>342,269</u>	<u>334,269</u>
Total revenues	<u>1,558,000</u>	<u>1,558,000</u>	<u>2,899,035</u>	<u>1,341,035</u>
Expenditures:				
Public works:				
Repair and Maintenance	-	3,600	2,109	(1,491)
Debt service:				
Principal	589,076	589,076	589,076	-
Interest	<u>146,000</u>	<u>146,000</u>	<u>146,000</u>	<u>-</u>
Total expenditures	<u>735,076</u>	<u>738,676</u>	<u>737,185</u>	<u>(1,491)</u>
Excess (deficiency) of revenues over (under) expenditures	822,924	819,324	2,161,850	1,342,526
Other financing sources (uses):				
Transfers in (out)	<u>(4,302,786)</u>	<u>(4,302,786)</u>	<u>(3,565,253)</u>	<u>(737,533)</u>
Net changes in fund balance	<u>\$ (3,479,862)</u>	<u>\$ (3,483,462)</u>	<u>(1,403,403)</u>	<u>\$ 2,080,059</u>
Fund balance - beginning			<u>6,813,982</u>	
Fund balance - ending			<u>\$ 5,410,579</u>	

See the independent auditor's report.

CITY OF SPRING HILL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ARPA GRANT FUND

For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts			Variance- Over (Under)
Revenues:	Original	Final	Actual	
Taxes:				
Intergovernmental revenue:				
ARPA grant revenue	\$ 12,986,852	\$ -	\$ -	\$ -
Total revenues	12,986,852	-	-	-
Expenditures:				
General government:				
Capital outlay	12,986,852	-	-	-
Total expenditures	12,986,852	-	-	-
Other financing sources (uses):				
Transfers in (out)	-	(450,884)	(450,883)	(1)
Net changes in fund balance	\$ -	\$ (450,884)	\$ (450,883)	\$ (1)
Fund balance - beginning			450,883	
Fund balance - ending			\$ -	

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

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ROLLING CAPITAL FUND**

For the Fiscal Year Ended June 30, 2024

	Budgeted Amounts		Actual	Variance- Over (Under)
	Original	Final		
Revenues				
Other:				
Interest	\$ -	\$ -	\$ 36,886	\$ 36,886
Total revenues	<u>-</u>	<u>-</u>	<u>36,886</u>	<u>36,886</u>
Expenditures				
Current:				
Capital outlay	1,440,442	1,440,442	1,005,734	(434,708)
Total expenditures	<u>1,440,442</u>	<u>1,440,442</u>	<u>1,005,734</u>	<u>(434,708)</u>
Other financing sources (uses):				
Transfer In	<u>1,512,868</u>	<u>1,512,868</u>	<u>1,512,868</u>	<u>-</u>
Net changes in fund balances	<u>\$ 72,426</u>	<u>\$ 72,426</u>	<u>544,020</u>	<u>\$ 471,594</u>
Fund balance - beginning			<u>-</u>	
Fund balance - ending			<u>\$ 544,020</u>	

See the independent auditor's report.

CITY OF SPRING HILL TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
For The Fiscal Year Ended June 30, 2024

Tax Levy For Year	Beginning Outstanding Taxes	Additions and Adjustments	Collections	Ending Outstanding Taxes	Taxes Filed With Chancery Court
2023	\$ -	\$ 16,776,885	\$ 16,449,006	\$ 327,879	\$ 327,879
2022	217,012		144,598	72,414	72,414
2021	68,656	-	19,262	49,394	49,394
2020	21,973	-	1,420	20,553	20,553
2019	17,602	1,538	-	19,140	19,140
2018 AND PRIOR	15,798	-	11,259	4,539	4,539
	<u>\$ 341,041</u>	<u>\$ 16,778,423</u>	<u>\$ 16,625,545</u>	<u>\$ 493,919</u>	<u>\$ 493,919</u>

Above balances represented as follows:

Considered current receivables	\$ 73,680
Allowance for uncollectible accounts	49,392
Unavailable revenue	<u>370,847</u>
	493,919
Estimated 2024 levy due October 1, 2024 considered as unavailable revenue	<u>17,247,447</u>
Total taxes receivable	17,741,366
Less taxes considered uncollectible	<u>(49,392)</u>
Net property taxes receivable	<u><u>\$ 17,691,974</u></u>

See the independent auditor's report.

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GOVERNMENTAL FUNDS
June 30, 2024

	Series 2020A								Series 2022				Total Requirements		
	General Obligation Bonds		Williamson County Note		Hurt Land Purchase		2016 Capital Outlay Note		Public Improvements Bonds 2014		General Obligation Bonds		Principal	Interest	Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2025	\$ 1,105,000	\$ 708,600	\$ 415,000	\$ 45,850	\$ 500,000	\$ 81,483	\$ 195,000	\$ 3,432	\$ 425,000	\$ 153,575	\$ 1,405,000	\$ 1,492,838	\$ 4,045,000	\$ 2,485,778	\$ 6,530,778
2026	1,160,000	653,350	430,000	25,100	500,000	61,112	-	-	435,000	141,763	1,475,000	1,422,587	4,000,000	2,303,912	6,303,912
2027	1,215,000	595,350	90,000	3,600	500,000	40,742	-	-	445,000	130,763	1,550,000	1,348,838	3,800,000	2,119,293	5,919,293
2028	1,075,000	534,600	-	-	500,000	20,371	-	-	460,000	119,163	1,625,000	1,271,337	3,660,000	1,945,471	5,605,471
2029	1,130,000	480,850	-	-	-	-	-	-	470,000	106,663	1,710,000	1,190,088	3,310,000	1,777,601	5,087,601
2030	1,175,000	435,650	-	-	-	-	-	-	480,000	93,000	1,795,000	1,104,587	3,450,000	1,633,237	5,083,237
2031	1,130,000	388,650	-	-	-	-	-	-	495,000	78,375	1,885,000	1,014,838	3,510,000	1,481,863	4,991,863
2032	1,165,000	354,750	-	-	-	-	-	-	510,000	62,535	1,960,000	939,437	3,635,000	1,356,722	4,991,722
2033	1,200,000	319,800	-	-	-	-	-	-	530,000	45,375	2,035,000	861,038	3,765,000	1,226,213	4,991,213
2034	1,235,000	283,800	-	-	-	-	-	-	545,000	27,638	2,120,000	779,637	3,900,000	1,091,075	4,991,075
2035	1,270,000	246,750	-	-	-	-	-	-	565,000	9,323	2,205,000	694,838	4,040,000	950,911	4,990,911
2036	1,310,000	208,650	-	-	-	-	-	-	-	-	2,275,000	625,931	3,585,000	834,581	4,419,581
2037	1,350,000	169,350	-	-	-	-	-	-	-	-	2,345,000	551,994	3,695,000	721,344	4,416,344
2038	1,390,000	128,850	-	-	-	-	-	-	-	-	2,425,000	472,850	3,815,000	601,700	4,416,700
2039	1,430,000	87,150	-	-	-	-	-	-	-	-	2,510,000	387,975	3,940,000	475,125	4,415,125
2040	1,475,000	44,250	-	-	-	-	-	-	-	-	2,600,000	300,125	4,075,000	344,375	4,419,375
2041	-	-	-	-	-	-	-	-	-	-	2,695,000	205,875	2,695,000	205,875	2,900,875
2042	-	-	-	-	-	-	-	-	-	-	2,795,000	104,813	2,795,000	104,813	2,899,813
	<u>\$ 19,815,000</u>	<u>\$ 5,640,400</u>	<u>\$ 935,000</u>	<u>\$ 74,550</u>	<u>\$ 2,000,000</u>	<u>\$ 203,708</u>	<u>\$ 195,000</u>	<u>\$ 3,432</u>	<u>\$ 5,360,000</u>	<u>\$ 968,173</u>	<u>\$ 37,410,000</u>	<u>\$ 14,769,626</u>	<u>\$ 65,715,000</u>	<u>\$ 21,659,889</u>	<u>\$ 87,374,889</u>

See the independent auditor's report.

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
PROPRIETARY FUNDS
June 30, 2024

	General Obligation Bonds		Public Improvement Bonds		Financed Purchases		Total Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2025	\$ 700,000	\$ 2,172	\$ 368,000	\$ 34,770	\$ 18,943	\$ 1,057	\$ 1,086,943	\$ 37,999	\$ 1,124,942
2026	715,000	2,040	386,000	23,730	14,735	453	1,115,735	26,223	1,141,958
2027	735,000	1,896	405,000	12,150	-	-	1,140,000	14,046	1,154,046
2028	760,000	1,764	-	-	-	-	760,000	1,764	761,764
2029	780,000	1,632	-	-	-	-	780,000	1,632	781,632
2030	795,000	1,488	-	-	-	-	795,000	1,488	796,488
2031	815,000	1,344	-	-	-	-	815,000	1,344	816,344
2032	765,000	1,200	-	-	-	-	765,000	1,200	766,200
2033	370,000	1,056	-	-	-	-	370,000	1,056	371,056
2034	375,000	912	-	-	-	-	375,000	912	375,912
	<u>\$ 6,810,000</u>	<u>\$ 15,504</u>	<u>\$ 1,159,000</u>	<u>\$ 70,650</u>	<u>\$ 33,678</u>	<u>\$ 1,510</u>	<u>\$ 8,002,678</u>	<u>\$ 87,664</u>	<u>\$ 8,090,342</u>

See the independent auditor's report.

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF LEASE PAYMENT REQUIREMENTS
GOVERNMENTAL FUNDS**

June 30, 2024

	Governmental Activities								
	Police Department Facility Lease		Station Hill Lease		Police Headquarters Lease		Total Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2025	\$ 9,283	\$ 3,917	\$ 236,584	\$ 37,762	\$ 54,324	\$ 676	\$ 300,191	\$ 42,355	\$ 342,546
2026	10,975	3,545	253,240	29,337	-	-	264,215	32,882	297,097
2027	11,392	3,128	271,460	20,311	-	-	282,852	23,439	306,291
2028	11,825	2,695	289,118	10,668	-	-	300,943	13,363	314,306
2029	12,276	2,245	150,588	1,519	-	-	162,864	3,764	166,628
2030	14,214	1,758	-	-	-	-	14,214	1,758	15,972
2031	14,755	1,217	-	-	-	-	14,755	1,217	15,972
2032	15,315	656	-	-	-	-	15,315	656	15,971
2033	5,011	110	-	-	-	-	5,011	110	5,121
	<u>\$ 105,046</u>	<u>\$ 19,271</u>	<u>\$ 1,200,990</u>	<u>\$ 99,597</u>	<u>\$ 54,324</u>	<u>\$ 676</u>	<u>\$ 1,360,360</u>	<u>\$ 119,544</u>	<u>\$ 1,479,904</u>

See the independent auditor's report.

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2024

Description of Indebtedness	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding 7/1/2023	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding 6/30/2024
Governmental Activities									
Payable through the General Fund									
Bonds payable									
Public Improvement Bonds, 2014	\$ 8,650,000	2.50% - 3.30%	August 21, 2014	September 1, 2034	\$ 5,770,000	\$ -	\$ 410,000	\$ -	\$ 5,360,000
Series 2020A General Obligation Bonds	23,880,000	3.00 - 5.00%	July 15, 2020	June 1, 2040	20,870,000	-	1,055,000	-	19,815,000
Series 2022 General Obligation bonds	40,000,000	3.125%-5.00%	May 25, 2022	June 1, 2042	38,750,000	-	1,340,000	-	37,410,000
Total Bonds Payable	\$ 72,530,000				\$ 65,390,000	\$ -	\$ 2,805,000	\$ -	\$ 62,585,000
Notes payable									
Williamson County Notes	5,385,000	2.50%-5.00%	March 15, 2026	April 1, 2027	1,325,000	-	390,000	-	935,000
Hurt Land Purchase	2,000,000	4.00%	April 24, 2024	April 24, 2028	-	2,000,000	-	-	2,000,000
2016 Capital Outlay Notes	3,000,000	1.76%	June 29, 2016	April 1, 2025	385,000	-	190,000	-	195,000
Total Notes Payable	\$ 10,385,000				\$ 1,710,000	\$ 2,000,000	\$ 580,000	\$ -	\$ 3,130,000
Total long-term debt - governmental activities	\$ 150,445,000				\$ 67,100,000	\$ 2,000,000	\$ 3,385,000	\$ -	\$ 65,715,000
Business-Type Activities									
Bonds Payable									
Series 2020 B General Obligation Refunding Bonds	\$ 9,395,000	2.00%-3.00%	July 15, 2020	June 1, 2034	7,485,000	-	675,000	-	6,810,000
Total Bonds Payable					\$ 7,485,000	\$ -	\$ 675,000	\$ -	\$ 6,810,000
Notes Payable									
Public Improvement Bonds	6,000,000	1.51%	April 25, 2003	May 25, 2037	1,509,000	-	350,000	-	1,159,000
Total Notes Payable					\$ 1,509,000	\$ -	\$ 350,000	\$ -	\$ 1,159,000
Financed Purchases Payable									
Caterpillar Mini Ex Lease	\$ 103,940	3.19%	September 22, 2020	October 1, 2025	52,035	-	18,357	-	33,678
Total long-term debt - business-type activities	\$ 15,498,940				\$ 9,046,035	\$ -	\$ 1,043,357	\$ -	\$ 8,002,678
Total Long-Term Debt	\$ 165,943,940				\$ 76,146,035	\$ 2,000,000	\$ 4,428,357	\$ -	\$ 73,717,678

See independent auditor's report.

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF CHANGES IN LEASE LIABILITIES
June 30, 2024

Description of Indebtedness	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding 7/1/2023	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding 6/30/2024
Governmental Activities									
Lease Liability									
Station Hill	\$ 130,260	3.45%	November 6, 2023	December 31, 2028	\$ -	\$ 1,265,956	\$ 64,966	\$ -	\$ 1,200,990
Police Headquarters	86,531	2.71%	November 6, 2023	April 30, 2025	-	86,531	32,207	-	54,324
Police Department Facility	130,260	3.80%	July 1, 2022	December 31, 2032	116,853	-	11,807	-	105,046
Total Lease Liability Payable					<u>\$ 116,853</u>	<u>\$ 1,352,487</u>	<u>\$ 108,980</u>	<u>\$ -</u>	<u>\$ 1,360,360</u>

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS
June 30, 2024

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>County</u>	<u>Tax Rate</u>	<u>Assessed Valuation</u>
2024	2023	Maury	0.7390	\$ 1,120,465,997
		Williamson	0.7390	1,198,831,257
2023	2022	Maury	0.7390	\$ 930,412,125
		Williamson	0.7390	1,155,990,014
2022	2021	Maury	0.9100	\$ 644,180,808
		Williamson	0.7900	1,119,904,736
2021	2020	Maury	0.9600	\$ 558,117,254
		Williamson	1.0100	826,439,360
2020	2019	Maury	0.8600	\$ 496,720,823
		Williamson	0.9169	806,833,053
2019	2018	Maury	0.5927	\$ 442,116,176
		Williamson	0.6569	771,159,713
2018	2017	Maury	0.5927	\$ 327,847,927
		Williamson	0.6569	725,992,768
2017	2016	Maury	0.5427	\$ 285,228,701
		Williamson	0.4881	674,308,155
2016	2015	Maury	0.5767	\$ 260,082,996
		Williamson	0.5903	540,260,607
2015	2014	Maury	0.5900	\$ 261,565,296
		Williamson	0.5900	538,817,296

See the independent auditor's report.

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF UTILITY RATES IN FORCE
 June 30, 2024

WATER RATES

Listed below are the water rates:

	Inside City Limits	Outside City Limits
Minimum	\$ 9.80	\$ 18.47
Per 1,000 gallons	\$ 3.69	\$ 3.69

SEWER RATES

Listed below are the sewer rates:

	Inside City Limits
Minimum	\$ 12.07
Per 1,000 gallons	\$ 4.52

Services - Customers

Water	19,952
Sewer	18,937

See the independent auditor's report.

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF TRANSFERS
June 30, 2024

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General Fund	Rolling Stock Fund	Capital Asset purchases	\$ 1,512,868
Water/Sewer Fund	General Fund	General Support Services	2,310,127
ARPA Fund	Water/Sewer Fund	Transfer of ARPA activity	450,883
Capital Projects Fund	General Fund	Capital Asset purchases	38,390
General Fund	18-75 Capital Projects Fund	Capital Asset purchases	5,603,697
Water/Sewer Fund	General Fund	In-Lieu of Taxes	639,322
Impact Fees Fund	Capital Projects Fund	Capital Asset purchases	358,905
Impact Fees Fund	18-75 Capital Projects Fund	Capital Asset purchases	3,750,000
Adequate Facilities Fund	Capital Projects Fund	Capital Asset purchases	65,253
Adequate Facilities Fund	18-75 Capital Projects Fund	Capital Asset purchases	3,500,000

See the independent auditor's report.

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Fiscal Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/ Cluster or Program Name	ALN	Contract Number	Expenditures
U.S. Department of Treasury			
Passed through the Tennessee Department of Finance Coronavirus State and Local Fiscal Recovery Funds - ARPA	21.027		\$ 12,030,480
U.S. Department of Homeland Security			
Passed through the Tennessee Department of Safety and Homeland Security State and Community Highway Safety - THSO Grant	20.607	Z23THS263	20,650
Federal Emergency Management Agency			
Staffing for Adequate Fire and Emergency Response (SAFER) Grant Program	97.083	EMW-2022-FF-00875	<u>161,808</u>
Total Expenditures of Federal Awards			<u>\$ 12,212,938</u>

See the independent auditor's report.

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For The Fiscal Year Ended June 30, 2024

State Grantor/Program Name	Agency or pass-through Grant Number	Expenditures
Tennessee Department of Criminal Justice		
Police Salary Supplement		\$ 47,200
Fire Salary Supplement		47,200
Tennessee Department of Transportation		
Harvey Park Greenway (121850.02)	N/A	35,862
Project Shotgun	60LPLM-S2-021	71,693
Congestion Mitigation and Air Quality Improvement (CMAQ) Program		40,646
Duplex Road Widening Grant	CU8645-CU8647	<u>1,537,199</u>
		<u>1,685,400</u>
Tennessee Department of Environment and Conservation		
Local Parks and Recreation Fund		<u>44,440</u>
Tennessee Department of Finance and Administration		
TN State Library	N/A	1,354
Passed through the Metropolitan Government of Nashville and Davidson County		
Internet Crimes Against Children FY 2023-2024		27,433
Violent Crime Intervention Fund		<u>152,978</u>
Total Tennessee Department of Finance and Administration		<u>181,765</u>
Total State Financial Assistance		<u>\$ 2,006,005</u>

CITY OF SPRING HILL, TENNESSEE
NOTES TO THE SCHEDULE OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2024

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance includes the awarded activity of the City of Spring Hill, Tennessee, under programs of the federal and state governments for the year ended June 30, 2024. The information in the schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedules present only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position of the City of Spring Hill.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the schedule of expenditures of federal awards and schedule of state financial assistance are reported on the modified accrual basis of accounting. Certain amounts shown on the schedule of expenditures of federal awards represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION

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 Jim Hagaman
Members of the Board of Alderman
City of Spring Hill, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Spring Hill, Tennessee (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated April 30, 2025.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the City'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 weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* as item 2024-001.

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 City'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.

ATA, PC

Jackson, Tennessee
April 30, 2025



Independent Auditor's Report on Compliance for Each Major Program and Report on Internal Control over Compliance As Required by the Uniform Guidance

Honorable Mayor Jim Hagaman
Members of the Board of Alderman
City of Spring Hill, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Spring Hill, Tennessee's (City) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the type of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2024-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Spring Hill, Tennessee's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Spring Hill, Tennessee's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement

of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

ATA, PC

Jackson, Tennessee
April 30, 2025

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2024

Section I – Summary of Auditor’s Results

Section I - Summary of Auditor's Results
Financial Statements

Type of auditor's report issued	Unmodified	
Internal control over financial reporting:		
Material weaknesses identified?	_____ yes	_____ <input checked="" type="checkbox"/> no
Significant deficiencies identified not considered to be material weaknesses?	_____ yes	_____ <input checked="" type="checkbox"/> none reported
Noncompliance material to financial statements noted?	_____ <input checked="" type="checkbox"/> yes	_____ no

Federal Awards

Internal control over major programs:		
Material weaknesses identified?	_____ yes	_____ <input checked="" type="checkbox"/> no
Significant deficiencies identified not considered to be material weaknesses?	_____ yes	_____ <input checked="" type="checkbox"/> none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	_____ <input checked="" type="checkbox"/> yes	_____ no
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Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Fund - ARPA

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee?	_____ yes	_____ <input checked="" type="checkbox"/> no
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Section II – Financial Statement Findings

2024-001 – Books Not Being Closed By 8/31 (Noncompliance)

Condition: We noted that the books were not closed within 60 days of year end.

Criteria: Per TN Code 9-2-102, “It is the duty of all local governments that are subject to the audit requirements of the comptroller of the treasury and that handle public funds to close their official accounting records and to have those records available for audit no later than two (2) months after the close of their fiscal year. “

Cause: The books were not closed in a timely manner.

Effect: This can lead to the risk of errors occurring.

Recommendation: We recommend that the books be closed within 60 days of year end.

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2024

Response: We will ensure books are closed within 60 days of year end.

Section III – Federal Award Findings and Questioned Costs

2024-002 – Data Collection Form Not Filed by Deadline (Noncompliance-Other)

Condition: The City did not meet the Data Collection Form Deadline of March 31st, which was nine months after City's year-end.

Criteria: Per 2 CFR 200.512 related to report submission of the data collection form, "*The audit must be completed...and submitted within the earlier of 30 calendar days after receipt of the auditor's report, or nine months after the end of the audit period.*"

Cause: The City's audit report was not completed in time for the data collection form to be filed by March 31, 2025.

Effect: Untimely filing of the data collection form can cause granting agencies to consider the City to be high-risk.

Recommendation: We recommend that the City make every effort to file the Data Collection Form under Uniform Guidance timely in the future.

Response: The City is going to work with the audit firm to ensure that the audit report and data collection form are filed timely in the future

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS
June 30, 2024

Financial Statement Findings

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2023-001	Year-End Closeout Procedures (Original Finding #2022-001)	Corrected



MANAGEMENT’S CORRECTIVE ACTION PLAN

The City of Spring Hill, Tennessee respectfully submits the following corrective action plan for the year ended June 30, 2024.

Name and address of independent public accounting firm:

ATA, PC
227 Oil Well Road
Jackson, TN 38305

Audit period:
June 30, 2024

The findings from the June 30, 2024, schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

2024-001 – Books Not Being Closed By 8/31 (Noncompliance)

Person Responsible for Implementing the Correction Action: Rebecca Holden, Finance Director

Anticipated Completion Date of Corrective Action: June 30, 2025

Repeat Finding: No

Planned Corrective Action: The City's books will be closed by 8/31 going forward.

FINDINGS – FEDERAL AWARDS AND QUESTIONED COSTS

2024-002 – Data Collection Form Not Filed by Deadline (Noncompliance-Other)

Person Responsible for Implementing the Correction Plan: Rebecca Holden, Finance Director

Anticipated Completion Date: June 30, 2025

Repeat Finding: No

Planned Corrective Action: The City is going to work to ensure that the 2025 audit report is issued timely which will allow the Data Collection Form to be issued timely.

Name and Title (print) Rebecca Holden Finance Director

Signature *Rebecca Holden*



OFFICE OF THE FINANCE DIRECTOR

199 Town Center Parkway • Spring Hill, Tennessee 37174

931-486-2252, ext 263



www.springhilltn.org