

CITY OF SPRING HILL, TENNESSEE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2023

Prepared By:
Finance Department



MAULDIN & JENKINS

CPAs & ADVISORS

INTRODUCTORY SECTION

CITY OF SPRING HILL, TENNESSEE
ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

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**CITY OF SPRING HILL, TENNESSEE
ROSTER OF OFFICIALS
JUNE 30, 2023**

Board of Mayor and Aldermen

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

City Officials

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

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**To the Honorable Mayor and Members
of the Board of Aldermen
City of 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 fiscal year ended June 30, 2023, 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund, American Rescue Plan Act (ARPA) Fund, and Adequate Facilities/Development 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.

Emphasis of a Matter-Change in Accounting Principle

The City adopted the provision of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental 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 judgement made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (on pages 5 through 16), the Schedule of Changes in the City's Net Pension Liability and Related Ratios (page 58), and the Schedule of City Contributions (on page 59) 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 combining and individual fund financial statements and schedules, the schedule of changes in taxes receivable, the schedule of changes in long-term debt by individual issue, the schedule of changes in leases liabilities, the schedule of debt service requirements, the schedule of lease payment requirements, and the schedule of expenditures of federal and state awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, the schedule of insurance coverage, the schedule of property tax rates and assessments, and the schedule of utility rates, as listed in the table of contents, 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 May 24, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely 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.

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
May 24, 2024

CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

As management of the City of Spring Hill, Tennessee (the "City" or the "City of Spring Hill"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2023. We encourage readers to consider the information presented here in conjunction with the City's financial statements.

Comparative analyses of key elements of total governmental funds and total enterprise funds have been provided for prior years, when prior year information is available, a comparative analysis of government-wide data will be presented.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Spring Hill exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$252,700,041 (Total Net Position).
- The government's total net position increased by \$35,047,396.
- As of the close of the current fiscal year, the City of Spring Hill's governmental funds reported combined ending fund balances of \$131,334,101, which is an increase of \$1,640,261 in comparison with the prior year. Most of this increase (\$4,124,052) is in the Nonmajor Governmental Revenue Funds along with an increase in Adequate Facilities (\$1,366,598). In addition, the increase in the General Fund (\$1,797,586) is primarily due to an increase in sales tax revenue and growth in property taxes all of which helped offset the decrease in 18-75 Fund (\$6,085,905) which was driven by work on capital projects.
- At the end of the current fiscal year, the unassigned fund balance in the General Fund was 68% of total General Fund expenditures for the year. This is a decrease from the previous year due to the BOMA committing \$19M for future projects which included \$10.7M for public safety, \$6M for the rainy-day fund, and \$2.3M for recreation.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the City of Spring Hill's basic financial statements. The City of Spring Hill's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements 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 like a private-sector business.

The *Statement of Net Position* presents information on all the City of Spring Hill's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over periods of 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 government'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 and earned, but unused vacation leave).

CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Both 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, public safety, roads and streets, parks and recreation and culture. The business-type activities include water and sewer related funds and a storm water fund.

The government-wide financial statements can be found on pages 17 – 18 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 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, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Spring Hill maintains 16 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the Adequate Facilities / Development Fund, 18-75 Capital Project Fund and American Rescue Plan Fund which are all classified as major funds. Data for the other non-major governmental funds is provided in the form of combining statements starting on page 26 of this report.

The City of Spring Hill adopts an annual appropriated budget for its General Fund and Major Special Revenue Fund - Adequate Facilities / Development Fund, and Capital Projects Fund. Budgetary comparison statements have been provided for these funds to demonstrate compliance with the budgets.

The basic governmental fund financial statements can be found on pages 19 - 21 of this report.

Proprietary Funds. The City of Spring Hill maintains two proprietary funds, which include the Water and Sewer Fund and the Storm Water Fund. A proprietary fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Spring Hill uses enterprise funds to account for activities in its Water and Sewer Fund and Storm Water Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among a city's various functions. The City of Spring Hill did not use internal service funds in FY23 but plans to implement these in FY24.

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 and the Storm Water Fund. The basic proprietary fund financial statements can be found on pages 28 - 30 of this report.

CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support a city's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City of Spring Hill does not have any fiduciary funds.

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 31 – 60 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The City of Spring Hill's progress in funding its obligation to provide pension benefits to its employees is presented.

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and budgetary comparison statements can be found on pages 63 – 75 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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 \$252,700,041.

Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets:						
Current assets	\$ 167,508,856	\$ 155,112,355	\$ 54,427,732	\$ 50,238,145	\$ 221,936,588	\$ 205,350,500
Capital assets - net	54,253,806	39,860,257	95,832,550	84,540,725	150,086,356	124,400,982
Total assets	\$ 221,762,662	\$ 194,972,612	\$ 150,260,282	\$ 134,778,870	\$ 372,022,944	\$ 329,751,482
Deferred outflows of resources	5,903,699	3,498,023	1,206,600	1,071,010	7,110,299	4,569,033
Liabilities						
Current liabilities	\$ 20,238,876	\$ 10,351,518	\$ 2,450,007	\$ 2,146,989	\$ 22,688,883	\$ 12,498,507
Long-term liabilities (net)	76,987,127	75,620,692	10,594,710	10,777,596	87,581,837	86,398,288
Total liabilities	\$ 97,226,003	\$ 85,972,210	\$ 13,044,717	\$ 12,924,585	\$ 110,270,720	\$ 98,896,795
Deferred inflows of resources	16,124,395	17,068,283	38,087	702,792	16,162,482	17,771,075
Net Position						
Net investment in capital assets	\$ 25,123,967	\$ 14,311,315	\$ 86,313,579	\$ 73,913,696	\$ 111,437,546	\$ 88,225,011
Restricted	25,033,553	30,971,925	41,989	4,455,859	25,075,542	35,427,784
Unrestricted	64,158,443	50,146,902	52,028,510	43,852,948	116,186,953	93,999,850
Total net position	\$ 114,315,963	\$ 95,430,142	\$ 138,384,078	\$ 122,222,503	\$ 252,700,041	\$ 217,652,645

**CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

The largest portion of the City of Spring Hill's net position reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), net of any related debt used to acquire those assets that are 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 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. The City continued to track and update asset inventories throughout fiscal year 2023 and enter the acquisitions and disposals into the fixed asset module. An additional portion of the City's net position represents resources that are subject to restrictions as to how they are used. These restrictions include use for capital projects or other items as required by State law.

The following chart shows a breakdown of the revenues and expenses that make up the change in net position.

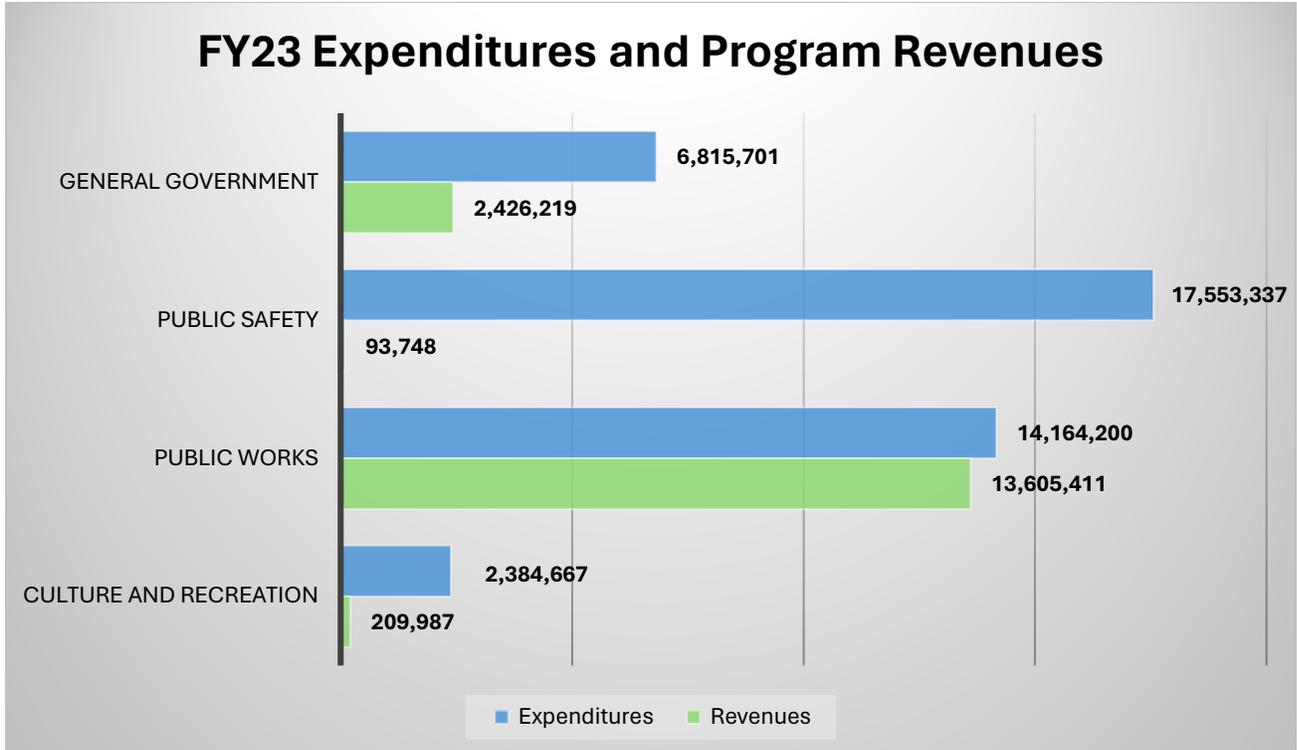
FY23 Changes in Net Position

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues						
Charges for Services	12,181,754	9,980,040	17,864,144	16,738,174	30,045,898	26,718,214
Operating Grants & Contributions	294,590	1,367,602	-	-	294,590	1,367,602
Capital Grants & Contributions	3,859,021	3,087,898	12,283,194	9,327,901	16,142,215	12,415,799
General Revenues						
Taxes	42,028,123	39,169,661	-	-	42,028,123	39,169,661
Intergovernmental Revenues	625,641	543,214	-	-	625,641	543,214
Unrestricted Interest	2,162,468	(209,183)	343,481	18,065	2,505,949	(191,118)
Sale of Materials	264,867	-	-	-	264,867	-
Miscellaneous	747,034	387,218	-	-	747,034	387,218
Total Revenues	62,163,498	54,326,450	30,490,819	26,084,140	92,654,317	80,410,590
Expenses						
General Government	6,815,701	3,965,947	-	-	6,815,701	3,965,947
Public Safety	17,553,337	14,877,968	-	-	17,553,337	14,877,968
Public Works	14,164,200	9,011,605	-	-	14,164,200	9,011,605
Culture and recreation	2,384,667	2,191,711	-	-	2,384,667	2,191,711
Interest on Long-term Debt	2,371,984	1,388,562	-	-	2,371,984	1,388,562
Water and Sewer	-	-	13,145,569	12,443,587	13,145,569	12,443,587
Stormwater	-	-	1,171,463	974,206	1,171,463	974,206
Total Expenses	43,289,889	31,435,793	14,317,032	13,417,793	57,606,921	44,853,586
Increase in net position before transfers	18,873,609	22,890,657	16,173,787	12,666,347	35,047,396	35,557,004
Transfers	12,212	(60)	(12,212)	60	-	-
Increase in net position	18,885,821	22,890,597	16,161,575	12,666,407	35,047,396	35,557,004
Net position-beginning	95,430,142	72,539,545	122,222,503	109,556,096	217,652,645	182,095,641
Net Position-ending	114,315,963	95,430,142	138,384,078	122,222,503	252,700,041	217,652,645

CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Expenses and Program Revenues - Governmental Activities

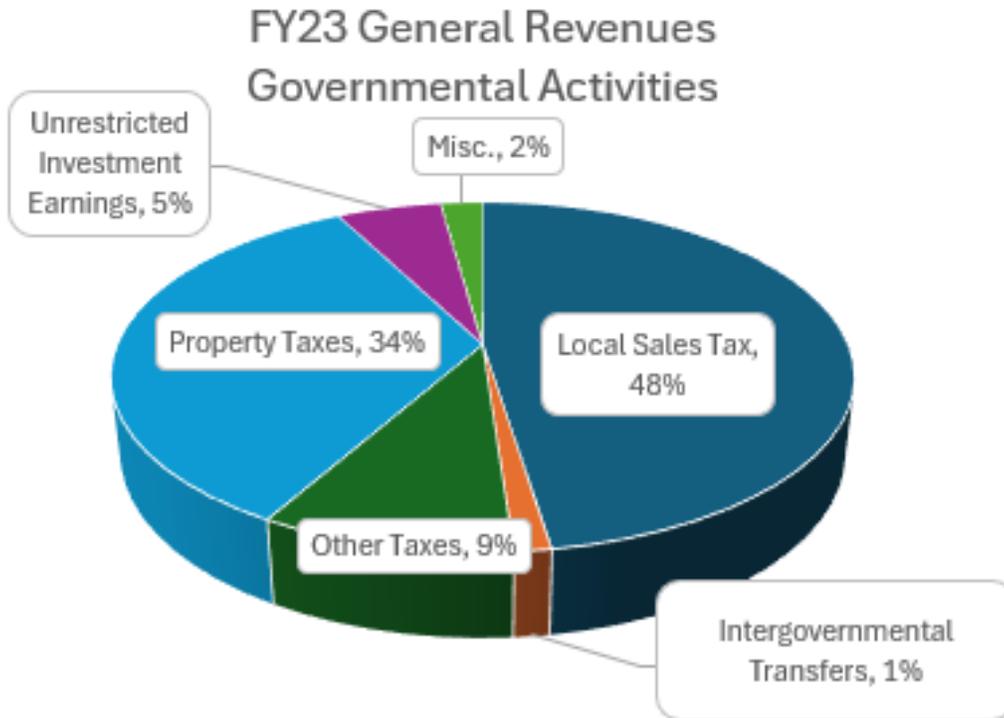
As the graph below shows, public safety expenses represent one of the largest activities, reflecting the City of Spring Hill's commitment to a safe community. Public works expenses were also a substantial activity. For the most part, expenses closely paralleled inflation and growth in the demand for services.



CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

General Revenues - Governmental Activities

As shown below, 83% of governmental revenues were provided by property taxes and local sales taxes. Intergovernmental revenues totaling 1% were federal grants, with other taxes providing 9%. Miscellaneous revenues totaled 2% and unrestricted investments totaled 5%, which consists of interest earnings on bank deposits.



FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS

As noted earlier, the City 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 of Spring Hill's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent a portion of fund balance that has not yet been limited to use for a particular purpose.

CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

FY23 Balance Sheet		
Total Governmental Funds		
	2023	2022
Total Assets	167,508,856	155,195,835
Total Liabilities	19,946,835	10,570,727
Deferred inflows of resources	16,227,920	14,962,660
Fund Balances:		
Non spendable	-	7,349
Restricted	67,603,114	80,378,287
Committed	19,469,236	330,245
Assigned	21,099,019	8,675,453
Unassigned	23,162,732	40,302,506
Total Fund Balances	131,334,101	129,693,840
Total Liabilities, deferred inflows of resources, and fund balances	167,508,856	155,227,227

As of the end of the current fiscal year, the City of Spring Hill's governmental funds reported combined ending fund balances of \$131,334,101, an increase of \$1,640,261 in comparison with the prior year.

The General Fund is the chief operating fund of the City of Spring Hill. At the end of the current fiscal year, the unassigned fund balance of the general fund of \$23,162,732, a decrease of \$17,139,774 from the prior year. This decrease was due to BOMA committing money to a rainy-day fund and to future projects. Restricted governmental fund balances were \$67,603,114, a decrease of \$12,775,173 from the previous year as work was completed and restrictions were lifted. The assigned fund balance was \$21,099,019, an increase of \$12,423,566 from the previous year for work done on capital projects in FY23 that vendors had not submitted bills to the City prior to year-end.

CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

FY23 Changes in Fund Balance
Total Governmental Funds

	2023	2022
Revenues		
Taxes	35,939,269	33,562,351
License, permits, and fees	2,110,617	1,657,825
Intergovernmental	9,094,225	9,279,427
Impact Fees	5,682,116	4,846,413
Charges for Services	3,253,560	3,063,305
Contributions	61,249	541,808
Fines and Forfeitures	1,135,461	412,497
Insurance recovery	-	-
Interest revenue	2,162,468	(209,183)
Miscellaneous	731,178	387,218
Total Revenues	60,170,143	53,541,661
Expenditures		
General government	6,609,519	3,921,484
Public safety	16,024,181	14,182,338
Public works	13,186,598	7,862,970
Culture and recreation	2,123,426	1,987,681
Capital Outlay	15,151,065	9,559,115
Debt Service	6,028,726	3,625,735
Total Expenditures	59,123,515	41,139,323
Excess of revenues over expenditure	1,046,628	12,402,338
Other Financing Sources(Uses):		
Proceeds from sale of property	52,217	17,099
Insurance of long-term debt	-	40,000,000
Premium	-	1,707,740
Transfers in	13,117,741	5,633,511
Transfers out	(13,105,529)	(5,633,571)
Lease Initiation	124,874	-
Other Financing Sources(Uses):	404,330	-
Total other financing sources (uses)	593,633	41,724,779
Net change in fund balance	1,640,261	54,127,117
Fund balance, beginning of year	129,693,840	75,566,723
Fund balance, end of year	131,334,101	129,693,840

CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

The fund balances of the City's governmental funds increased by more than \$1.6 million during the current fiscal year.

- The biggest increase to fund balance was from the Special Revenue Funds, followed by the General Fund, and Adequate Facilities which helped offset the \$6M deficit spending in the 18-75 Capital Projects fund balance.
- Increased revenues included:
 - Higher sales tax collections and property tax collections (approximately \$2.4 million over the previous year) within the General Fund.
- A summary of governmental fund balances reflecting increases includes General Fund (\$1.8 million) and increases in special revenue funds of \$4.1 million which is primarily made up of \$3.6M increase in Capital Fund and \$1.2M increase in Impact Fees.
- Adequate Facilities / Development Funds saw an increase in fund balance of \$1.4 million in FY23.

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

Unrestricted net position of the Water and Sewer Fund and the Storm Water Fund at the end of the year amounted to \$52,028,510. Restricted net position in these funds at the end of the year was \$41,989. Net investment in capital assets at the end of year totaled \$86,313,579 and the total increase in net position for proprietary funds compared to the previous year was \$16,161,575.

Drivers of this increase are higher water and sewer revenues (\$515,680 and \$527,748, respectively), the result of an increase in customer numbers from new residents and commercial properties and increased consumption. Storm water fees increased by \$54,297, and the City received \$7.4 million in capital contributions (donated infrastructure from accepted new development).

GENERAL FUND BUDGETARY HIGHLIGHTS

Original and Final Budgeted Amounts

Revenues in the adopted FY 2023 General Fund budget (\$41,468,354) represented a 21% increase over the final FY 2022 budget.

Budgeted revenues were subsequently increased by \$2,116,847 during the year through budget amendments. Primary components were increases in the budgeted Local Sales Tax (\$3.5 million), Property Taxes (\$584K), Grants (\$202K), Franchise Taxes (\$60K), Court Fees (\$70K), Insurance Recoveries (\$129K) and Interfund Revenue (\$1.3M). These increases offset by the following reductions in Miscellaneous Revenues (\$3.4 million), Other Charges for Service (\$57K), Payments in Lieu of Taxes (\$30K), Building Permits (\$311K).

Total assessed valuation for property taxes increased approximately 10% (\$210 million) from the previous year, the budget for property tax revenues increased 10% (\$1.5 million). The collection of property taxes increased by 7% (\$1M).

Budgeted expenditures were revised upward during the year by 15% from \$37.7 million to \$43.3 million, an increase of \$5.6 million. Some of the increases were \$2.2 million in Public Works, \$1.2 million for personnel, \$785K for services, and \$165K for construction materials. \$875K increase in Fire which included \$691K for personnel, a \$219K increase for Repairs & Maintenance and \$49K for mowers and communication equipment; \$401K in Parks & Recreation which includes 80K personnel, \$33K supplies, 10K for other services, and \$282K for parks construction; \$25K for Senior Center personnel; \$268K in Information Technology which includes increases \$230K for professional services and \$186K for supplies and equipment; \$214K for the Library which includes \$199K for personnel and \$9K for books and other charges; and \$115K in Finance for additional personnel.

CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

Final Budgeted and Actual Amounts

Actual revenues exceeded final budget amounts by over \$2.1 million due to an increase in Local Sales Tax.

Actual expenditure was \$9 million lower than budgeted amounts. This includes \$2.7 million less spent on Streets & Highways, \$2.1 million on capital projects, \$975K in Information Technologies, \$669K for Fire, \$807K for Police, \$560K for Parks & Recreation.

Unexpended funds at the end of the fiscal year included: \$13 million in American Rescue Funds, \$7.9 million for Buckner Lane, \$4.8 million for the I-65 interchange, \$4 million for Police Headquarters, \$2.5 million for the Port Royal and Countess Roundabout, and \$2 million for the Harvey Park Greenway. \$5.2 million for the oxidation ditch repair, and \$3.3 million for the Arbor Valley Tank. Funds for these projects and several other items/projects were reappropriated into FY 2023-2024.

COMMITTED FUNDS

The BOMA has approved \$18,964.633 of General Funds to be committed and set aside for the following uses:

- Public Safety - \$882,500 for a Pierce Rescue Truck, \$1,881,733 for a 100' Ladder Truck, \$900,400 for a Pierce Pumper Truck, and \$7,000,000 for design and construction of Fire Station #4.
- General Government - \$6,000,000 for a rainy-day fund.
- Social Cultural and Recreation - \$1,700,000 for Parkland, \$600,000 for Sports Land Acquisition.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2023, was \$150,086,356 (net of accumulated depreciation), an increase of \$25,685,374. Depreciation charges for the fiscal year totaled \$5,462,961. This investment in capital assets includes land, buildings and structures, improvements, machinery and equipment, and park facilities.

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

- A Portable Emergency Command Unit for Fire (\$64,700) was placed into service, a new access control system was installed in the City Hall (\$34,274), a skid steer with attachments (\$112,885) and a Mack Dump Truck (\$214,329) was purchased for Public Works, replaced flooring and painted walls at the Library (\$77,394), repairs & maintenance at Rippa Villa (\$50,000).
- Other active CIP projects include road improvements projects (Buckner Lane East and West widening, Buckner Road Transition in preparation for the I65 interchange as well as other roadway improvements and work on Harvey Park Greenway).
- In addition to the CIP items detailed above, increases to general fixed assets included Police (\$576,200) equipment and 7 vehicles, Fire (\$222,496) for 6 vehicles which includes one fast truck, and two lawnmowers. Public Works (\$94,875) includes a vehicle, 72" riding mower, asphalt hotbox and skid steer with attachments, Engineering (\$62,590) for two vehicles, and Parks & Recreation (\$78,301) for a vehicle and a 60" mower.
- Infrastructure additions within governmental funds totaled \$6,448,755 for accepted streets and sidewalks during the fiscal year.

**CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023**

Within business-type activities, plant and equipment increased because of:

- \$2,162,976 in donated water lines, \$2,958,921 in donated sewer lines and \$2,225,355 in stormwater improvements.
- Machinery/equipment purchases for Water (\$360,227) and Sewer (\$788,625).
- Additions to CIP projects during the year, included completion of the Highway 31 water booster station (\$1,205,290) and as well as SCADA upgrades in Water (\$233,391) and Sewer (\$257,481).

FY23 Capital Assets

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land and Easements	2,943,806	2,943,806	985,798	985,798	3,929,604	3,929,604
Construction in Progress	20,764,833	9,293,400	7,900,059	3,776,490	28,664,892	13,069,890
Building and Improvements	13,763,420	13,601,752	64,403,503	64,403,503	78,166,923	78,005,255
Right-to-use Lease Building	124,874	-	-	-	124,874	-
Infrastructure	21,853,238	18,469,592	62,177,175	59,357,831	84,030,413	77,827,423
Plant and Equipment	17,119,018	15,892,287	9,488,577	2,055,837	26,607,595	17,948,124
Subscription Lease Equipment	404,330	-	-	-	404,330	-
Less Accumulated depreciation	(22,719,713)	(20,340,580)	(49,122,562)	(46,038,734)	(71,842,275)	(66,379,314)
Total Capital Assets - Net	54,253,806	39,860,257	95,832,550	84,540,725	150,086,356	124,400,982

Additional information on the City of Spring Hill's capital assets can be found in Note 6 of this report.

Long-term Debt

At the end of the fiscal year, the City of Spring Hill's governmental activities had a total long-term debt outstanding of \$67,100,000. The business-type activities had total long-term debt of \$9,046,035.

FY23 Outstanding Debt, General Obligation and Revenue Bonds

	Governmental Activities		Business Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Notes payable	1,710,000	2,275,000	1,509,000	1,843,000	3,219,000	4,118,000
Financed purchase	-	-	52,035	69,825	52,035	69,825
Bonds Payable	65,390,000	68,045,000	7,485,000	8,140,000	72,875,000	76,185,000
Total	67,100,000	70,320,000	9,046,035	10,052,825	76,146,035	80,372,825

The City of Spring Hill's total long-term debt decreased by \$4,226,790 during the fiscal year (\$3,220,000 decrease in governmental activities and \$1,006,790 decrease in business-type activities). This decrease was due to routine principal payments of approximately \$4.2 million during the year. There were no additions of new debt during fiscal year 2023.

CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2023

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- 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 benefiting from city-driven economic initiatives. Legacy Point is underway, developing a commercial mixed-use district that will feature the regional United States Tennis Association courts for state and regional competitions. 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 opening 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 within 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, three 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 2022-23 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.

These factors were considered in preparing the 2024 fiscal year budget for the City of Spring Hill.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Spring Hill's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

City of Spring Hill
Attn: Debra A. Dutcher, Finance Director
P.O. Box 789
Spring Hill, Tennessee 37174

CITY OF SPRING HILL, TENNESSEE

STATEMENT OF NET POSITION JUNE 30, 2023

ASSETS	Primary Government		
	Governmental Activities	Business-type Activities	Total
Cash and cash equivalents	\$ 96,601,785	\$ 49,931,919	\$ 146,533,704
Investments	1,616,128	2,689,260	4,305,388
Receivables, net	509,208	1,506,313	2,015,521
Due from other governments	2,211,428	14,862	2,226,290
Taxes receivable, net	16,279,082	-	16,279,082
Inventories	-	243,389	243,389
Restricted cash	8,350,423	41,989	8,392,412
Restricted investments	41,940,802	-	41,940,802
Capital assets, nondepreciable	23,708,639	8,885,857	32,594,496
Capital assets, depreciable, net of accumulated depreciation	30,545,167	86,946,693	117,491,860
Total assets	221,762,662	150,260,282	372,022,944
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	5,903,699	1,206,600	7,110,299
Total deferred outflows of resources	5,903,699	1,206,600	7,110,299
LIABILITIES			
Accounts payable	4,889,675	615,590	5,505,265
Accrued liabilities	957,348	1,816,033	2,773,381
Accrued interest	292,041	18,384	310,425
Unearned revenue	14,099,812	-	14,099,812
Noncurrent liabilities due within one year			
Compensated absences payable	432,171	240,684	672,855
Note payable	580,000	350,000	930,000
Bonds payable	2,805,000	675,000	3,480,000
Financed purchase	-	18,357	18,357
Lease payable	8,943	-	8,943
Subscription based information technology agreements	97,801	-	97,801
Noncurrent liabilities due in more than one year			
Compensated absences payable	769,768	-	769,768
Note payable	1,130,000	1,159,000	2,289,000
Bonds payable	66,722,750	7,282,935	74,005,685
Financed purchase	-	33,679	33,679
Lease payable	107,910	-	107,910
Subscription based information technology agreements	246,996	-	246,996
Net pension liability	4,085,788	835,055	4,920,843
Total liabilities	97,226,003	13,044,717	110,270,720
DEFERRED INFLOWS OF RESOURCES			
Pension related items	186,354	38,087	224,441
Deferred revenues - property taxes	15,938,041	-	15,938,041
Total deferred inflows of resources	16,124,395	38,087	16,162,482
NET POSITION			
Net investment in capital assets	25,123,967	86,313,579	111,437,546
Restricted for:			
Roads and streets	1,494,128	-	1,494,128
Drug enforcement	192,829	-	192,829
Capital projects	22,895,713	41,989	22,937,702
ARPA	450,883	-	450,883
Unrestricted	64,158,443	52,028,510	116,186,953
Total net position	\$ 114,315,963	\$ 138,384,078	\$ 252,700,041

The accompanying notes are an integral part of this financial statement.

CITY OF SPRING HILL, TENNESSEE

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 6,815,701	\$ 2,426,219	\$ -	\$ -	\$ (4,389,482)	\$ -	\$ (4,389,482)
Public safety	17,553,337	40,232	53,516	-	(17,459,589)	-	(17,459,589)
Public works	14,164,200	9,715,303	31,087	3,859,021	(558,789)	-	(558,789)
Culture and recreation	2,384,667	-	209,987	-	(2,174,680)	-	(2,174,680)
Interest and charges on long-term debt	2,371,984	-	-	-	(2,371,984)	-	(2,371,984)
Total governmental activities	<u>43,289,889</u>	<u>12,181,754</u>	<u>294,590</u>	<u>3,859,021</u>	<u>(26,954,524)</u>	<u>-</u>	<u>(26,954,524)</u>
Business-type activities:							
Water and sewer	13,145,569	16,696,516	-	10,042,977	-	13,593,924	13,593,924
Storm Water	1,171,463	1,167,628	-	2,240,217	-	2,236,382	2,236,382
Total business-type activities	<u>14,317,032</u>	<u>17,864,144</u>	<u>-</u>	<u>12,283,194</u>	<u>-</u>	<u>15,830,306</u>	<u>15,830,306</u>
Total primary government	<u>\$ 57,606,921</u>	<u>\$ 30,045,898</u>	<u>\$ 294,590</u>	<u>\$ 16,142,215</u>	<u>(26,954,524)</u>	<u>15,830,306</u>	<u>(11,124,218)</u>
General revenues:							
Property tax					16,370,526	-	16,370,526
Sales tax					21,945,970	-	21,945,970
Wholesale beer and liquor tax					1,345,819	-	1,345,819
Business tax					1,111,332	-	1,111,332
Franchise tax					530,883	-	530,883
Room occupancy tax					375,734	-	375,734
Other taxes					973,500	-	973,500
Unrestricted investment earnings					2,162,468	343,481	2,505,949
Miscellaneous					747,034	-	747,034
Gain on sale of asset					264,867	-	264,867
Transfers					12,212	(12,212)	-
Total general revenues					<u>45,840,345</u>	<u>331,269</u>	<u>46,171,614</u>
Change in net position					<u>18,885,821</u>	<u>16,161,575</u>	<u>35,047,396</u>
Net position, beginning of year					<u>95,430,142</u>	<u>122,222,503</u>	<u>217,652,645</u>
Net position, end of year					<u>\$ 114,315,963</u>	<u>\$ 138,384,078</u>	<u>\$ 252,700,041</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SPRING HILL, TENNESSEE

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

ASSETS	General Fund	Adequate Facilities/ Development Fund	American Rescue Plan Fund	18-75 Capital Projects Fund	Nonmajor Governmental Funds	Total
Cash and cash equivalents	\$ 43,982,502	\$ 6,036,389	\$ 13,437,735	\$ 18,395,514	\$ 14,749,645	\$ 96,601,785
Investments	805,380	805,380	-	5,368	-	1,616,128
Taxes receivable, net	16,279,082	-	-	-	-	16,279,082
Accounts receivable, net	164,708	-	-	-	344,500	509,208
Due from other governments	2,211,428	-	-	-	-	2,211,428
Restricted cash	593,261	-	-	5,358,518	2,398,644	8,350,423
Restricted investment	-	-	-	41,940,802	-	41,940,802
Total assets	\$ 64,036,361	\$ 6,841,769	\$ 13,437,735	\$ 65,700,202	\$ 17,492,789	\$ 167,508,856
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts payable	\$ 3,049,065	\$ 2,097	\$ -	\$ 879,323	\$ 959,190	\$ 4,889,675
Accrued liabilities	951,480	-	-	-	5,868	957,348
Unearned revenue	1,087,270	25,690	12,986,852	-	-	14,099,812
Total liabilities	5,087,815	27,787	12,986,852	879,323	965,058	19,946,835
DEFERRED INFLOWS OF RESOURCES						
Deferred revenue - property taxes	15,938,041	-	-	-	-	15,938,041
Unavailable revenue - property taxes	289,879	-	-	-	-	289,879
Total deferred inflows of resources	16,227,920	-	-	-	-	16,227,920
FUND BALANCES						
Fund balances:						
Restricted						
Roads and streets	-	-	-	-	1,494,128	1,494,128
Drug enforcement	-	-	-	-	192,829	192,829
Capital projects	593,261	6,813,982	-	47,299,320	10,758,711	65,465,274
ARPA Funds	-	-	450,883	-	-	450,883
Committed						
General government	6,000,000	-	-	-	-	6,000,000
Culture and recreation	2,300,000	-	-	-	-	2,300,000
Library operations	-	-	-	-	112,097	112,097
Tourism	-	-	-	-	380,584	380,584
Public safety	10,664,633	-	-	-	11,922	10,676,555
Assigned for capital projects	-	-	-	17,521,559	3,577,460	21,099,019
Unassigned	23,162,732	-	-	-	-	23,162,732
Total fund balances	42,720,626	6,813,982	450,883	64,820,879	16,527,731	131,334,101
Total liabilities, deferred inflows of resources, and fund balances	\$ 64,036,361	\$ 6,841,769	\$ 13,437,735	\$ 65,700,202	\$ 17,492,789	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	54,253,806
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred inflows in the governmental funds.	289,879
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(73,193,380)
The deferred outflows of resources, deferred inflows of resources, and the net pension liability related to the City's pension plan are not expected to be liquidated with expected to be liquidated with expendable available financial resources and, therefore, are not reported in the governmental funds.	1,631,557

Net position of governmental activities \$ 114,315,963

The accompanying notes are an integral part of this financial statement.

CITY OF SPRING HILL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Adequate Facilities/ Development Fund	American Rescue Plan Fund	18-75 Capital Projects Fund	Nonmajor Governmental Funds	Total
Revenues:						
Taxes	\$ 35,563,535	\$ -	\$ -	\$ -	\$ 375,734	\$ 35,939,269
Licenses, permits, fees	2,110,617	-	-	-	-	2,110,617
Intergovernmental	6,863,573	396,381	-	-	1,834,271	9,094,225
Impact fees	-	1,707,559	-	-	3,974,557	5,682,116
Charges for services	32,084	-	-	-	3,221,476	3,253,560
Contributions	-	-	-	-	61,249	61,249
Fines and forfeitures	294,523	-	-	-	840,938	1,135,461
Interest revenue	116,893	100,680	437,930	1,480,181	26,784	2,162,468
Other	714,789	-	-	-	16,389	731,178
Total revenues	<u>45,696,014</u>	<u>2,204,620</u>	<u>437,930</u>	<u>1,480,181</u>	<u>10,351,398</u>	<u>60,170,143</u>
Expenditures:						
General government	6,609,519	-	-	-	-	6,609,519
Public safety	15,993,409	-	-	-	30,772	16,024,181
Public works	6,898,274	43,755	-	-	6,244,569	13,186,598
Culture and recreation	1,930,682	-	-	-	192,744	2,123,426
Capital outlay	2,242,576	-	-	12,569,894	338,595	15,151,065
Debt Service:						
Principal	386,195	569,220	-	2,030,000	302,139	3,287,554
Interest	122,204	170,649	-	2,388,226	60,093	2,741,172
Total expenditures	<u>34,182,859</u>	<u>783,624</u>	<u>-</u>	<u>16,988,120</u>	<u>7,168,912</u>	<u>59,123,515</u>
Excess (deficiency) of revenues over expenditures	11,513,155	1,420,996	437,930	(15,507,939)	3,182,486	1,046,628
Other financing sources (uses):						
Proceeds from sale of capital assets	52,217	-	-	-	-	52,217
Transfers in	-	-	-	9,422,034	3,695,707	13,117,741
Transfers out	(10,296,990)	(54,398)	-	-	(2,754,141)	(13,105,529)
Lease initiation	124,874	-	-	-	-	124,874
Other financing sources subscriptions	404,330	-	-	-	-	404,330
Total other financing sources (uses):	<u>(9,715,569)</u>	<u>(54,398)</u>	<u>-</u>	<u>9,422,034</u>	<u>941,566</u>	<u>593,633</u>
Net change in fund balances	1,797,586	1,366,598	437,930	(6,085,905)	4,124,052	1,640,261
Fund balances, beginning of year	<u>40,923,040</u>	<u>5,447,384</u>	<u>12,953</u>	<u>70,906,784</u>	<u>12,403,679</u>	<u>129,693,840</u>
Fund balances, end of year	<u>\$ 42,720,626</u>	<u>\$ 6,813,982</u>	<u>\$ 450,883</u>	<u>\$ 64,820,879</u>	<u>\$ 16,527,731</u>	<u>\$ 131,334,101</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SPRING HILL, TENNESSEE

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

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

Net change in fund balances - total governmental funds	\$	1,640,261
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.		100,119
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. This is the amount by which capital outlays exceeded depreciation in the current period.		12,765,180
The net effect of various miscellaneous transactions involving capital assets (i.e. donations and disposals) is to decrease net position.		1,628,369
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		2,758,350
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 governmental funds.		<u>(6,458)</u>
Change in net position - governmental activities	\$	<u>18,885,821</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF SPRING HILL, TENNESSEE
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Real and personal property	\$ 15,461,158	\$ 16,045,321	\$ 15,669,184	\$ (376,137)
Interest and penalty on taxes	20,210	20,210	36,867	16,657
Payments in lieu of taxes	622,749	592,749	581,259	(11,490)
Local sales tax	10,438,504	13,938,504	16,011,358	2,072,854
Wholesale beer tax	753,697	753,697	657,746	(95,951)
Wholesale liquor tax	604,411	604,411	688,073	83,662
Business tax	816,712	816,712	1,111,332	294,620
Franchise tax	496,058	556,058	530,883	(25,175)
Mixed drink taxes	140,076	140,076	195,276	55,200
Sports betting tax	75,008	75,008	81,557	6,549
Total Taxes	<u>29,428,583</u>	<u>33,542,746</u>	<u>35,563,535</u>	<u>2,020,789</u>
Licenses and Permits:				
Beer permit applications	17,835	17,835	8,800	(9,035)
Alarm registrations	6,827	6,827	53,415	46,588
Building permits	2,018,192	1,707,507	2,036,544	329,037
Solicitation permits	1,015	1,015	1,695	680
Sign permits	16,493	16,493	10,163	(6,330)
Total Licenses and Permits	<u>2,060,362</u>	<u>1,749,677</u>	<u>2,110,617</u>	<u>360,940</u>
Intergovernmental:				
Grants	25,000	227,500	134,862	(92,638)
TVA payments in lieu of taxes	525,053	525,053	601,223	76,170
Fire department incentive pay	48,000	48,000	-	(48,000)
State sales tax	5,550,555	5,550,555	5,934,612	384,057
Cemetery tax	-	-	6,978	6,978
State beer tax	23,502	23,502	22,833	(669)
Corporate excise tax	20,000	20,000	54,123	34,123
Other state revenue allocations	53,500	53,500	52,777	(723)
Library revenue	56,165	56,165	56,165	-
Interfund	-	1,334,983	-	(1,334,983)
Total Intergovernmental	<u>6,301,775</u>	<u>7,839,258</u>	<u>6,863,573</u>	<u>(975,685)</u>
Charges for Services:				
Other charges for services	67,579	10,334	32,084	21,750
Total Charges for Services	<u>67,579</u>	<u>10,334</u>	<u>32,084</u>	<u>21,750</u>
Fines and forfeitures:				
City court fines and costs	153,000	223,000	247,457	24,457
County court fines and costs	45,900	45,900	47,066	1,166
Total Fines and Forfeitures	<u>198,900</u>	<u>268,900</u>	<u>294,523</u>	<u>25,623</u>
Interest Revenue:				
General	35,000	35,000	116,893	81,893
Total Interest Revenue	<u>35,000</u>	<u>35,000</u>	<u>116,893</u>	<u>81,893</u>
Other Revenues:				
Contributions	-	-	500,842	500,842
Insurance recoveries	10,200	138,776	181,613	42,837
Miscellaneous revenues	3,365,955	510	32,334	31,824
Total Other Revenues	<u>3,376,155</u>	<u>139,286</u>	<u>714,789</u>	<u>575,503</u>
Total revenues	<u>41,468,354</u>	<u>43,585,201</u>	<u>45,696,014</u>	<u>2,110,813</u>

(continued)

**CITY OF SPRING HILL, TENNESSEE
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Expenditures:				
General Government:				
Board of Mayor - Alderman				
Personal services	\$ 192,280	\$ 230,180	\$ 205,112	\$ 25,068
Services	546,875	458,399	382,360	76,039
Supplies	2,600	2,750	2,812	(62)
Other charges	80,000	80,000	21,664	58,336
Grants, contributions, indemnities, and other	102,000	-	96,216	(96,216)
Total Board of Mayor - Alderman	<u>923,755</u>	<u>771,329</u>	<u>708,164</u>	<u>63,165</u>
City Court:				
Personal services	37,473	30,383	29,186	1,197
Services	11,220	11,095	1,256	9,839
Supplies	715	715	153	562
Other charges	430	530	365	165
Total Judicial	<u>49,838</u>	<u>42,723</u>	<u>30,960</u>	<u>11,763</u>
Administration:				
Personal services	1,118,773	1,143,132	963,442	179,690
Services	92,007	106,843	85,478	21,365
Supplies	130,236	91,236	64,657	26,579
Other charges	5,000	5,000	9,140	(4,140)
Grants, contributions, indemnities, and other	87,300	6,300	21	6,279
Total Financial Administration	<u>1,433,316</u>	<u>1,352,511</u>	<u>1,122,738</u>	<u>229,773</u>
Financial Administration:				
Personal services	804,841	877,984	773,726	104,258
Services	180,483	205,410	163,637	41,773
Supplies	65,982	67,679	14,169	53,510
Other charges	2,640	18,140	8,955	9,185
Grants, contributions, indemnities, and other	-	-	-	-
Total Financial Administration	<u>1,053,946</u>	<u>1,169,213</u>	<u>960,487</u>	<u>208,726</u>
Information Management System:				
Personal services	645,106	497,538	230,898	266,640
Services	727,556	957,353	654,335	303,018
Supplies	224,434	410,367	206,336	204,031
Other charges	210,616	210,616	9,178	201,438
Total Information Management System	<u>1,807,712</u>	<u>2,075,874</u>	<u>1,100,747</u>	<u>975,127</u>
Buildings and Codes:				
Personal services	660,045	660,045	601,446	58,599
Services	87,112	87,112	87,991	(879)
Supplies	26,490	26,490	12,419	14,071
Other charges	91,000	91,000	81,744	9,256
Grants, contributions, indemnities, and other	1,000	1,000	-	1,000
Total Buildings and Codes	<u>865,647</u>	<u>865,647</u>	<u>783,600</u>	<u>82,047</u>
Planning and Zoning:				
Personal services	486,617	501,592	414,217	87,375
Services	60,166	-	32,759	(32,759)
Supplies	13,050	19,650	10,179	9,471
Other charges	17,000	48,461	8,428	40,033
Total Planning and Zoning	<u>576,833</u>	<u>569,703</u>	<u>465,583</u>	<u>104,120</u>

(continued)

**CITY OF SPRING HILL, TENNESSEE
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
General Government Building - City Hall Building:				
Personal services	\$ 285,120	\$ 289,384	\$ 233,547	\$ 55,837
Services	137,100	150,676	97,514	53,162
Supplies	26,100	58,600	23,683	34,917
Other charges	7,000	7,000	10,664	(3,664)
Grants, contributions, indemnities, and other	51,000	51,000	55	50,945
Total General Government Building	<u>506,320</u>	<u>556,660</u>	<u>365,463</u>	<u>191,197</u>
Human Resources:				
Personal services	530,960	523,572	378,206	145,366
Services	43,837	65,053	50,984	14,069
Supplies	4,590	4,590	1,897	2,693
Other charges	1,020	1,020	578	442
Total Human Resources	<u>580,407</u>	<u>594,235</u>	<u>431,665</u>	<u>162,570</u>
Engineering:				
Personal services	766,274	731,363	597,000	134,363
Services	100	25,711	9,859	15,852
Other charges	51,750	59,357	33,253	26,104
Total Public Housing	<u>818,124</u>	<u>816,431</u>	<u>640,112</u>	<u>176,319</u>
Total General Government	<u>8,615,898</u>	<u>8,814,326</u>	<u>6,609,519</u>	<u>2,204,807</u>
Public Safety:				
Dispatch:				
Services	364,000	394,000	366,183	27,817
Total Dispatch	<u>364,000</u>	<u>394,000</u>	<u>366,183</u>	<u>27,817</u>
Police Department:				
Personal services	6,706,399	6,739,399	6,391,857	347,542
Services	574,725	640,497	478,723	161,774
Supplies	932,562	1,016,620	703,233	313,387
Other charges	323,950	323,950	364,009	(40,059)
Grants, contributions, indemnities, and other	18,730	47,030	22,841	24,189
Total Police Department	<u>8,556,366</u>	<u>8,767,496</u>	<u>7,960,663</u>	<u>806,833</u>
Highway Safety:				
Personal services	13,214	13,214	1,086	12,128
Supplies	11,500	11,500	12,132	(632)
Total Highway Safety Department	<u>24,714</u>	<u>24,714</u>	<u>13,218</u>	<u>11,496</u>
Fire:				
Personal Services	6,300,392	6,991,448	6,691,798	299,650
Services	455,424	674,630	411,454	263,176
Supplies	491,486	406,800	324,989	81,811
Other charges	120,000	169,267	144,633	24,634
Grants, contributions, indemnities, and other	80,000	80,471	80,471	-
Total Fire	<u>7,447,302</u>	<u>8,322,616</u>	<u>7,653,345</u>	<u>669,271</u>
Total Public Safety	<u>16,392,382</u>	<u>17,508,826</u>	<u>15,993,409</u>	<u>1,515,417</u>
Public Works:				
Streets and Highways:				
Personal Services	989,657	2,210,364	1,868,137	342,227
Services	5,261,588	6,046,724	4,579,036	1,467,688
Supplies	364,185	528,785	244,437	284,348
Other charges	767,848	817,921	206,664	611,257
Total highway and streets	<u>7,383,278</u>	<u>9,603,794</u>	<u>6,898,274</u>	<u>2,705,520</u>
Total Public Works	<u>7,383,278</u>	<u>9,603,794</u>	<u>6,898,274</u>	<u>2,705,520</u>

**CITY OF SPRING HILL, TENNESSEE
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Culture and Recreation:				
Parks and Recreation:				
Personal services	\$ 495,923	\$ 575,722	\$ 512,791	\$ 62,931
Services	340,750	350,512	199,088	151,424
Supplies	78,080	111,466	56,404	55,062
Other charges	30,950	308,650	17,762	290,888
Grants, contributions, indemnities, and other	-	-	21	(21)
Total Parks and Recreation	<u>945,703</u>	<u>1,346,350</u>	<u>786,066</u>	<u>560,284</u>
Library:				
Personal services	622,356	821,660	843,879	(22,219)
Services	104,615	111,111	118,471	(7,360)
Supplies	112,122	116,923	116,923	-
Other charges	6,375	10,221	9,132	1,089
Total Library	<u>845,468</u>	<u>1,059,915</u>	<u>1,088,405</u>	<u>(28,490)</u>
Senior Center:				
Personal services	-	25,998	8,019	17,979
Supplies	87,500	80,448	41,559	38,889
Other charges	1,000	8,044	6,633	1,411
Total Welfare and Social Services	<u>88,500</u>	<u>114,490</u>	<u>56,211</u>	<u>58,279</u>
Total Culture and Recreation	<u>1,879,671</u>	<u>2,520,755</u>	<u>1,930,682</u>	<u>590,073</u>
Capital Outlay:	3,186,093	4,381,630	2,242,576	2,139,054
Total Capital Outlay	<u>3,186,093</u>	<u>4,381,630</u>	<u>2,242,576</u>	<u>2,139,054</u>
Debt Services:				
Principal	150,000	318,640	386,195	(67,555)
Interest and issuance costs	105,000	114,479	122,204	(7,725)
Total Debt Service	<u>255,000</u>	<u>433,119</u>	<u>508,399</u>	<u>(75,280)</u>
Total Expenditures	<u>37,712,322</u>	<u>43,262,450</u>	<u>34,182,859</u>	<u>9,079,591</u>
Excess of revenues over expenditures	3,756,032	322,751	11,513,155	11,190,404
Other financing sources (uses):				
Proceeds from sale of capital assets	5,000	25,000	52,217	27,217
Issuance of lease	-	-	124,874	124,874
SBITA agreements initiated	-	-	404,330	404,330
Transfers out	(15,797,881)	(9,215,246)	(10,296,990)	(1,081,744)
Total other financing sources (uses)	<u>(15,792,881)</u>	<u>(9,190,246)</u>	<u>(9,715,569)</u>	<u>(525,323)</u>
Net change in fund balances	(12,036,849)	(8,867,495)	1,797,586	10,665,081
Fund balance, beginning	40,923,040	40,923,040	40,923,040	-
Fund balance, ending	<u>\$ 28,886,191</u>	<u>\$ 32,055,545</u>	<u>\$ 42,720,626</u>	<u>\$ 10,665,081</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF SPRING HILL, TENNESSEE
ADEQUATE FACILITIES/DEVELOPMENT FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
Capital improvements	\$ 400,000	\$ 400,000	\$ 396,381	\$ (3,619)
Total intergovernmental	<u>400,000</u>	<u>400,000</u>	<u>396,381</u>	<u>(3,619)</u>
Impact fees:				
Roads	500,000	500,000	354,960	(145,040)
Other	900,000	900,000	1,352,599	452,599
Total impact fees	<u>1,400,000</u>	<u>1,400,000</u>	<u>1,707,559</u>	<u>307,559</u>
Interest	<u>500</u>	<u>500</u>	<u>100,680</u>	<u>100,180</u>
Total revenues	<u>1,800,500</u>	<u>1,800,500</u>	<u>2,204,620</u>	<u>404,120</u>
Expenditures:				
Public works:				
Repairs and maintenance	914,433	59,616	43,755	15,861
Capital outlay	81,000	1,785,587	-	1,785,587
Debt service				
Principal	562,000	569,220	569,220	-
Interest	177,100	170,649	170,649	-
Total expenditures	<u>1,734,533</u>	<u>2,585,072</u>	<u>783,624</u>	<u>1,801,448</u>
Deficiency of revenues over expenditures	65,967	(784,572)	1,420,996	2,205,568
Other financing uses:				
Transfers out	(1,064,000)	(1,064,000)	(54,398)	1,118,398
Total other financing uses	<u>(1,064,000)</u>	<u>(1,064,000)</u>	<u>(54,398)</u>	<u>1,118,398</u>
Net change in fund balances	(998,033)	(1,848,572)	1,366,598	3,323,966
Fund balance, beginning of year	<u>5,447,384</u>	<u>5,447,384</u>	<u>5,447,384</u>	<u>-</u>
Fund balance, ending of year	<u>\$ 4,449,351</u>	<u>\$ 3,598,812</u>	<u>\$ 6,813,982</u>	<u>\$ 3,323,966</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF SPRING HILL, TENNESSEE
ARPA FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 6,493,426	\$ 6,493,426	\$ -	\$ (6,493,426)
Interest	-	-	437,930	437,930
Total revenues	<u>6,493,426</u>	<u>6,493,426</u>	<u>437,930</u>	<u>(6,055,496)</u>
Expenditures:				
Capital outlay	90,000	11,590,000	-	11,590,000
Total expenditures	<u>90,000</u>	<u>11,590,000</u>	<u>-</u>	<u>11,590,000</u>
Net change in fund balance	6,403,426	(5,096,574)	437,930	5,534,504
Fund balance, beginning of year	<u>12,953</u>	<u>12,953</u>	<u>12,953</u>	<u>-</u>
Fund balance, end of year	<u>\$ 6,416,379</u>	<u>\$ (5,083,621)</u>	<u>\$ 450,883</u>	<u>\$ 5,534,504</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SPRING HILL, TENNESSEE

STATEMENT OF NET POSITION PROPRIETARY FUNDS JUNE 30, 2023

ASSETS	Water and Sewer	Nonmajor Storm Water	Total
Current assets:			
Cash and cash equivalents	\$ 47,816,038	\$ 2,115,881	\$ 49,931,919
Investments	2,689,260	-	2,689,260
Intergovernmental receivable	-	14,862	14,862
Receivables, net	1,414,099	92,214	1,506,313
Due from other funds	299,171	-	299,171
Inventory	243,389	-	243,389
Restricted cash	41,989	-	41,989
Total current assets	52,503,946	2,222,957	54,726,903
Noncurrent assets:			
Capital assets:			
Capital assets, not being depreciated	8,852,601	33,256	8,885,857
Capital assets, being depreciated	125,697,004	10,372,251	136,069,255
Less accumulated depreciation	(48,103,617)	(1,018,945)	(49,122,562)
Total capital assets	86,445,988	9,386,562	95,832,550
Total assets	138,949,934	11,609,519	150,559,453
DEFERRED OUTFLOWS OF RESOURCES			
Pension related items	1,066,976	139,624	1,206,600
Total deferred outflows of resources	1,066,976	139,624	1,206,600
LIABILITIES			
Current liabilities:			
Accounts payable	579,132	36,458	615,590
Accrued liabilities	1,775,063	40,970	1,816,033
Accrued interest payable	18,384	-	18,384
Due to other funds	-	299,171	299,171
Compensated absences	209,690	30,994	240,684
Notes payable, due within one year	350,000	-	350,000
Bonds payable, due within one year	675,000	-	675,000
Financed purchase, due within one year	-	18,357	18,357
Total current liabilities	3,607,269	425,950	4,033,219
Long-term liabilities:			
Notes payable, long term	1,159,000	-	1,159,000
Bonds payable	7,282,935	-	7,282,935
Financed purchase, long term	-	33,679	33,679
Net pension liability	738,425	96,630	835,055
Total long-term liabilities	9,180,360	130,309	9,310,669
Total liabilities	12,787,629	556,259	13,343,888
DEFERRED INFLOWS OF RESOURCES			
Pension related items	33,680	4,407	38,087
Total deferred inflows of resources	33,680	4,407	38,087
NET POSITION			
Net investment in capital assets	76,979,053	9,334,526	86,313,579
Restricted for capital development	41,989	-	41,989
Unrestricted	50,174,559	1,853,951	52,028,510
Total net position	\$ 127,195,601	\$ 11,188,477	\$ 138,384,078

The accompanying notes are an integral part of this financial statement.

CITY OF SPRING HILL, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Water and Sewer</u>	<u>Nonmajor Storm Water</u>	<u>Total</u>
OPERATING REVENUES			
Water sales for service	\$ 7,981,085	\$ -	\$ 7,981,085
Sewer charges	8,271,804	-	8,271,804
Stormwater fees	-	1,167,266	1,167,266
Penalties and service charges	291,185	-	291,185
Other fees	152,442	362	152,804
Total operating revenues	<u>16,696,516</u>	<u>1,167,628</u>	<u>17,864,144</u>
OPERATING EXPENSES			
Salaries and administration	3,837,857	515,420	4,353,277
Supplies	2,758,861	60,199	2,819,060
Repairs and maintenance	1,181,231	38,451	1,219,682
Utility Services	1,011,264	-	1,011,264
Professional fees	572,631	275,981	848,612
Other operating expenses	801,636	26,144	827,780
Depreciation	2,834,408	249,420	3,083,828
Total operating expenses	<u>12,997,888</u>	<u>1,165,615</u>	<u>14,163,503</u>
Operating income	3,698,628	2,013	3,700,641
NONOPERATING REVENUES (EXPENSES)			
Intergovernmental	11,760	14,862	26,622
Investment earnings	342,843	638	343,481
Interest expense	(147,681)	(5,848)	(153,529)
Total nonoperating revenues (expenses)	<u>206,922</u>	<u>9,652</u>	<u>216,574</u>
INCOME BEFORE CAPITAL CONTRIBUTIONS AND TRANSFERS	3,905,550	11,665	3,917,215
Capital contributions	5,207,457	2,225,355	7,432,812
Tap and development fees	4,823,760	-	4,823,760
Transfers out	(8,455)	(3,757)	(12,212)
Change in net position	13,928,312	2,233,263	16,161,575
NET POSITION, beginning of year	<u>113,267,289</u>	<u>8,955,214</u>	<u>122,222,503</u>
NET POSITION, end of year	<u>\$ 127,195,601</u>	<u>\$ 11,188,477</u>	<u>\$ 138,384,078</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SPRING HILL, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

	Water and Sewer	Nonmajor Storm Water	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	\$ 16,585,725	\$ 1,166,104	\$ 17,751,829
Payments to suppliers and service providers	(6,765,710)	(47,675)	(6,813,385)
Payments to employees	(3,647,659)	(494,717)	(4,142,376)
Net cash provided by operating activities	<u>6,172,356</u>	<u>623,712</u>	<u>6,796,068</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale of investments	7,687,327	-	7,687,327
Investment earnings	342,843	638	343,481
Net cash provided by investing activities	<u>8,030,170</u>	<u>638</u>	<u>8,030,808</u>
CASH FLOWS FROM NON-CAPITAL AND RELATED FINANCING ACTIVITIES			
Transfers out	(8,455)	(3,757)	(12,212)
Net cash used in non-capital and related financing activities	<u>(8,455)</u>	<u>(3,757)</u>	<u>(12,212)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of capital assets	(6,892,986)	(49,855)	(6,942,841)
Tap and development fees received	4,823,760	-	4,823,760
Intergovernmental receipts	11,760	-	11,760
Payments on long-term liabilities	(989,000)	(17,789)	(1,006,789)
Interest and fiscal charges paid	(248,950)	(5,848)	(254,798)
Net cash used in capital and related financing activities	<u>(3,295,416)</u>	<u>(73,492)</u>	<u>(3,368,908)</u>
Increase in cash	10,898,655	547,101	11,445,756
Cash:			
Beginning of year	36,959,372	1,568,780	38,528,152
End of year	<u>\$ 47,858,027</u>	<u>\$ 2,115,881</u>	<u>\$ 49,973,908</u>
Cash per Statement of Net Position:			
Cash and cash equivalents	\$ 47,816,038	\$ 2,115,881	\$ 49,931,919
Restricted cash	41,989	-	41,989
Total cash and cash equivalents	<u>\$ 47,858,027</u>	<u>\$ 2,115,881</u>	<u>\$ 49,973,908</u>
Reconciliation of operating income to net cash provided by operating activities:			
Operating income	\$ 3,698,628	\$ 2,013	\$ 3,700,641
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	2,834,408	249,420	3,083,828
(Increase) decrease in:			
Accounts receivable	(110,791)	(1,524)	(112,315)
Due from other funds	(224,649)	2,774	(221,875)
Prepays	-	1,500	1,500
Inventory	(89,877)	-	(89,877)
Pension related deferred outflows of resources	(95,658)	(39,932)	(135,590)
Increase (decrease) in:			
Accounts payable	(453,290)	31,458	(421,832)
Accrued expenses	703,217	21,633	724,850
Due to other funds	(375,488)	295,735	(79,753)
Pension related deferred inflows of resources	(603,694)	(61,011)	(664,705)
Compensated absences	73,108	17,009	90,117
Net pension asset/liability	816,442	104,637	921,079
Net cash provided by operating activities	<u>\$ 6,172,356</u>	<u>\$ 623,712</u>	<u>\$ 6,796,068</u>
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital contributions	\$ 5,207,457	\$ 2,225,355	\$ 7,432,812
Total noncash capital and related financing activities	<u>\$ 5,207,457</u>	<u>\$ 2,225,355</u>	<u>\$ 7,432,812</u>

The accompanying notes are an integral part of this financial statement.

CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Spring Hill, Tennessee (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The City of Spring Hill operates under a Mayor - Alderman form of government and provides the following services to its citizens: public safety, public works, culture and recreation, general administrative, development services, sanitation, water, sewer, and storm water services.

Related Organizations

The City of Spring Hill officials are also responsible for appointing the members of the boards of other organizations, but the City's accountability of the organizations do not extend beyond making appointments. The Mayor and Aldermen appoint the board members for the Planning Commission and Board of Zoning Appeals.

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 activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. However, any interfund services provided and used are not eliminated as this process would distort the direct costs and program revenues reported in the various functions. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The statement of net position will include non-current assets and non-current liabilities. In addition, the government-wide statement of activities reflects depreciation expense on the City's capital assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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 the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period for which they are levied. Other revenues susceptible to accrual are considered available if they are collected within 180 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, sales taxes, franchise taxes, charges for services, intergovernmental grants, and investment income associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

In accordance with GASB Statement No. 33, "Accounting and Financial Reporting for Non-exchange Transactions," the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

In accordance with GASB Statement No. 34, major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

The **General Fund** is the City'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 **Adequate Facilities/Development Fund** accounts for the financial resources to be used for the acquisition or construction of major capital facilities and equipment.

The **American Rescue Plan Fund** accounts for financial resources for and the payment of non-recurring expenditures necessary to maintain vital public services amid uncertain times caused by the COVID-19 public health emergency.

The **18-75 Capital Projects Fund** accounts for financial resources to be used for the acquisition and construction 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 fund:

The **Water and Sewer Fund** accounts for the activities of the City's water system, which renders those services to the residents and businesses located within the City.

Additionally, the City reports the following fund types:

The **Special Revenue Funds** account for revenue sources that are restricted or committed to expenditure for specific purposes.

The **Stormwater Fund** accounts for the operations of the City's stormwater program to the residents and businesses located within the City.

The **Capital Projects Fund** accounts for financial resources to be used for the acquisition and construction of major capital projects.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. However, interfund services provided and used have not been eliminated in this process.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

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. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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

D. Budget

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.

E. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City's nonparticipating interest-earning investment contracts are recorded at cost. The remaining investments are recorded at fair value. Increases or decreases in fair value during the year are recognized as a component of interest income.

F. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year as well as all other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. Inventories

All inventories are valued at the lower of cost or market value 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.

H. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

I. Capital Assets

Capital assets, which include property, plant, equipment, intangible assets, infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), right-to-use buildings, and subscription based information technology arrangements are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost 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 acquisition 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 useful lives are expensed as incurred. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

Capital assets of the primary government are depreciated or amortized 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

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. 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.

K. Subscription Based Information Technology Arrangements

The City has entered into a noncancelable 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 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Subscription Based Information Technology Arrangements (Continued)

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.

L. Deferred Outflows / Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of fund balance that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category under the modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes as these amounts are deferred and will be recognized as inflow of resources in the period in which the amounts become available. Additionally, the governmental funds balance sheet and government-wide statement of net position will report unearned property tax revenues as a deferred inflow of resources as the amount represents resources associated with an imposed, non-exchange revenue transaction received or reported as a receivable before the period for which the property taxes were levied. These revenues will be recognized as an inflow of resources in the period for which they were levied.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

L. Deferred Outflows / Inflows of Resources (Continued)

The City also has deferred inflows of resources and deferred outflows of resources related to the recording of changes in its net pension liability (asset). Certain changes in the net pension liability (asset) are recognized as pension expense over time instead of all being recognized in the year of occurrence. Experience gains or losses result from periodic studies by the City's actuary which adjust the net pension liability (asset) for actual experience for certain trend information that was previously assumed, for example the assumed dates of retirement of plan members. These experience gains or losses are recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. Changes in actuarial assumptions which adjust the net pension liability (asset) are also recorded as deferred outflows of resources or deferred inflows of resources and are amortized into pension expense over the expected remaining service lives of plan members. The difference between projected investment return on pension investments and actual return on those investments is also deferred and amortized against pension expense over a five year period. Additionally, any contributions made by the City to the pension plan before year end but subsequent to the measurement date of the City's net pension liability (asset) are reported as deferred outflows of resources.

M. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation benefits. All vacation is accrued when earned in the government-wide and proprietary fund financial statements as these amounts will be paid to employees upon termination or retirement. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations or retirements.

N. 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 accrued and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable discount or premium. Bond issuance costs are expensed in the year of issuance.

In the fund financial statements, governmental fund types recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

Fund Balance – Generally, fund balance represents the difference between the assets, liabilities, and deferred inflows of resources under the current financial resources management focus of accounting. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the City is bound to honor constraints on the specific purpose for which amounts in those funds can be spent.

Fund balances are classified as follows:

Nonspendable – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – Fund balances are reported as restricted when they include amounts that can be spent only for the specific purposes stipulated by the constitution, external resource providers, or through enabling legislation.

Committed – Fund balances are reported as committed when they include amounts that can be used only for the specific purposes determined by a formal action (i.e. resolution) of the Board of Aldermen. Further the limitation that has been placed on the resources can only be removed by the Mayor and Members of the Board with reversal of the action which committed the resources in the fund balance.

Assigned – Fund balances are reported as assigned when they include amounts intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed.

Unassigned – Fund balances are reported as unassigned as the residual classification for the City’s general fund and includes all spendable amounts not contained in the other classifications. The City reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all governmental funds.

NOTES TO FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

O. Fund Equity (Continued)

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

Net Position – Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources, in reporting which utilizes the economic resources measurement focus. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used (i.e., the amount that the City has spent) for the acquisition, construction or improvement of those assets. Net position is reported as restricted using the same definition as used or restricted fund balance as described in the section above. All other net position is reported as unrestricted. The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

P. Pensions

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

Q. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, deferred inflows of resources, and liabilities, and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from these estimates.

NOTES TO FINANCIAL STATEMENTS

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

A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The governmental fund balance sheet includes reconciliation between *fund balance – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that “long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.” The details of this \$73,193,380 difference are as follows:

Notes payable	\$ (1,710,000)
Bonds payable	(65,390,000)
Premium on issuance of bonds	(4,137,750)
Accrued interest	(292,041)
Compensated absences	(1,201,939)
Subscription based information technology arrangements	(344,797)
Lease payable	<u>(116,853)</u>
Net adjustment to reduce <i>fund balance - total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ (73,193,380)</u></u>

Another element of that reconciliation states that “deferred outflows of resources, deferred inflows of resources, and the net pension liability are not expected to be liquidated with expendable available resources and therefore are not reported in the governmental funds.” The details of this \$1,631,557 difference are as follows:

Net pension liability	\$ (4,085,788)
Deferred outflows of resources - pension items	5,903,699
Deferred inflows of resources - pension items	<u>(186,354)</u>
Net adjustment to increase <i>fund balance- total governmental funds</i> to arrive at <i>net position - governmental activities</i>	<u><u>\$ 1,631,557</u></u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL (CONTINUED)

B. 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 governmental fund statement of revenues, expenditures, and changes in fund balances 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.” The details of this \$12,765,180 difference are as follows:

Capital outlay	\$ 15,356,963
Depreciation expense	<u>(2,591,783)</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ 12,765,180</u>

An element of that reconciliation states that “The net effect of various miscellaneous transactions involving capital assets (i.e. donations and disposals) is to increase net position.” The details of this \$1,628,369 difference are as follows:

Donated assets	\$ 1,628,369
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ 1,628,369</u>

Another element of that reconciliation states that “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 governmental funds.” The details of this \$6,458 difference are as follows:

Compensated absences	\$ (523,598)
Accrued interest	(115,413)
Amortization of bond premium	484,601
Pension expense	<u>147,952</u>
Net adjustment to increase <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	<u>\$ (6,458)</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE FINANCIAL STATEMENTS AND FUND FINANCIAL (CONTINUED)

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

Another element of that reconciliation states that “the issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.” The details of this \$2,758,350 difference are as follows:

Finance purchases	\$	(116,853)
Principal payment on bonds		2,655,000
Principal payment on notes payable		565,000
Subscription based information technology arrangements		(344,797)
Net adjustment to decrease <i>net changes in fund balances - total governmental funds</i> to arrive at <i>changes in net position - governmental activities</i>	\$	2,758,350

NOTE 3. LEGAL COMPLIANCE – BUDGETS

Budgets and Budgetary Accounting

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.

Budgeted amounts are as originally adopted, or as amended by the Board of Aldermen. The supplementary budgetary appropriations made are reflected in the final budget amounts. The General Fund's Library department exceeded approved appropriations by \$28,490 and the General Fund's debt service expenditures exceeded appropriations by \$75,280. These were funded with revenues collected in excess of appropriations.

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS

Credit risk. State statutes authorize the City to invest in obligations of the State of Tennessee or other states; obligations issued by the U.S. government; obligations fully insured or guaranteed by the U.S. government or by a government agency of the United States; obligations of any corporation of the U.S. government; prime bankers' acceptances; the local government investment pool established by state law; repurchase agreements; and obligations of other political subdivisions of the State of Tennessee.

Custodial credit risk. The City's policies limit deposits and investments to those instruments allowed by applicable state laws. 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 the uninsured deposits. At June 30, 2023, all deposits were covered 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, the state pooled investment fund, and mutual funds. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction.

At June 30, 2023, 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, 2023, information on the credit risk and interest rate risk related to the City's investments is disclosed as follows:

Investment	Weighted Average Maturity (Years)	Credit Rating	Fair Value
Federated Hermes Government Obligations Fund	N/A	AAA	\$ 35,502
United States Treasuries Notes	0.07	AAA	21,868,650
United States Treasuries Bonds	0.32	AAA	24,342,038
			<u>\$ 46,246,190</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 4. DEPOSITS AND INVESTMENTS (CONTINUED)

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, 2023:

Investment	Level 1	Level 2	Level 3	Fair Value
Federated Hermes Government Obligations Fund	\$ 35,502	\$ -	\$ -	\$ 35,502
United States Treasuries Notes	21,868,650	-	-	21,868,650
United States Treasuries Bonds	24,342,038	-	-	24,342,038
	<u>\$ 46,246,190</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,246,190</u>

The United States Treasuries and Federated Hermes Government Obligations Funds 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.

NOTE 5. RECEIVABLES

Receivables at June 30, 2023, for the City's individual major funds and nonmajor funds in the aggregate are as follows:

	General Fund	Nonmajor Governmental Funds	Water Fund	Stormwater Fund
Receivables:				
Taxes	\$ 17,117,926	\$ -	\$ -	\$ -
Other governments	2,211,428	-	-	-
Accounts	164,708	360,022	1,487,906	97,125
Gross receivables	<u>19,494,062</u>	<u>360,022</u>	<u>1,487,906</u>	<u>97,125</u>
Less allowance for uncollectibles	(838,844)	(15,522)	(73,807)	(4,911)
Net receivables	<u>\$ 18,655,218</u>	<u>\$ 344,500</u>	<u>\$ 1,414,099</u>	<u>\$ 92,214</u>

Property taxes are recognized as of the date when an enforceable legal claim to the taxable property arises. This is January 1 in the State of Tennessee and is referred to as the lien date. Revenues are recognized in the period for which the taxes are levied. Property taxes for the 2023 fiscal year were levied in January 2022, with property values assessed as of January 1, 2022. Bills were payable on or before February 2023, after which the applicable property is subject to penalties and interest being assessed. Unpaid property taxes become delinquent the following March 1st and on the first day of each succeeding month, interest and penalty of 1.5% shall be added to the tax amount due and payable. Taxes shall remain in the hands of the City for collection until the first day of April of the following year, at which time suit shall be filed with Maury County or Williamson County.

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets, not being depreciated:					
Land	\$ 2,943,806	\$ -	\$ -	\$ -	\$ 2,943,806
Construction in progress	9,293,400	13,051,991	-	(1,580,558)	20,764,833
Total capital assets, not being depreciated	<u>12,237,206</u>	<u>13,051,991</u>	<u>-</u>	<u>(1,580,558)</u>	<u>23,708,639</u>
Capital assets, being depreciated:					
Buildings and improvements	13,601,752	161,668	-	-	13,763,420
Right-to-use lease building	-	124,874	-	-	124,874
Equipment	15,892,287	1,439,381	(212,650)	-	17,119,018
Subscription lease equipment	-	404,330	-	-	404,330
Infrastructure	<u>18,469,592</u>	<u>1,803,088</u>	<u>-</u>	<u>1,580,558</u>	<u>21,853,238</u>
Total capital assets, being depreciated	<u>47,963,631</u>	<u>3,933,341</u>	<u>(212,650)</u>	<u>1,580,558</u>	<u>53,264,880</u>
Less accumulated depreciation for:					
Buildings and improvements	(6,682,000)	(398,323)	-	-	(7,080,323)
Right-to-use lease building	-	(8,021)	-	-	(8,021)
Equipment	(8,642,013)	(1,314,441)	212,650	-	(9,743,804)
Subscription lease equipment	-	(59,533)	-	-	(59,533)
Infrastructure	<u>(5,016,567)</u>	<u>(811,465)</u>	<u>-</u>	<u>-</u>	<u>(5,828,032)</u>
Total accumulated depreciation	<u>(20,340,580)</u>	<u>(2,591,783)</u>	<u>212,650</u>	<u>-</u>	<u>(22,719,713)</u>
Total capital assets, being depreciated, net	<u>27,623,051</u>	<u>1,341,558</u>	<u>-</u>	<u>1,580,558</u>	<u>30,545,167</u>
Governmental activities capital assets, net	<u>\$ 39,860,257</u>	<u>\$ 14,393,549</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,253,806</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 6. CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balance</u>
Business-type Activities:					
Capital assets, not being depreciated:					
Land and easements	\$ 985,798	\$ -	\$ -	\$ -	\$ 985,798
Construction in progress	3,776,490	5,707,958	-	(1,584,389)	7,900,059
Total capital assets, not being depreciated	<u>4,762,288</u>	<u>5,707,958</u>	<u>-</u>	<u>(1,584,389)</u>	<u>8,885,857</u>
Capital assets, being depreciated:					
Buildings	64,403,503	-	-	-	64,403,503
Infrastructure	59,357,831	1,468,346	-	1,350,998	62,177,175
Equipment	2,055,837	7,199,349	-	233,391	9,488,577
Total capital assets, being depreciated	<u>125,817,171</u>	<u>8,667,695</u>	<u>-</u>	<u>1,584,389</u>	<u>136,069,255</u>
Less accumulated depreciation for:					
Buildings	(32,866,362)	(1,380,193)	-	-	(34,246,555)
Infrastructure	(12,001,012)	(270,827)	-	-	(12,271,839)
Equipment	(1,171,360)	(1,432,808)	-	-	(2,604,168)
Total accumulated depreciation	<u>(46,038,734)</u>	<u>(3,083,828)</u>	<u>-</u>	<u>-</u>	<u>(49,122,562)</u>
Total capital assets, being depreciated, net	<u>79,778,437</u>	<u>5,583,867</u>	<u>-</u>	<u>1,584,389</u>	<u>86,946,693</u>
Business-type activities capital assets, net	<u>\$ 84,540,725</u>	<u>\$ 11,291,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,832,550</u>

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

Governmental activities:	
General government	\$ 186,493
Public safety	1,092,031
Public works	1,059,803
Culture and recreation	253,456
Total depreciation expense - governmental activities	<u>\$ 2,591,783</u>
Business-type activities:	
Water and Sewer Fund	\$ 2,834,408
Stormwater Fund	249,420
Total depreciation expense - business-type activities	<u>\$ 3,083,828</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 7. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables for the year ended June 30, 2023 were as follows:

Receivable fund	Payable fund	Amount
Stormwater Fund	Water and Sewer Fund	\$ 299,171

The outstanding balances between funds result mainly from the time lag between the dates that transactions are recorded in the accounting system, and payments between funds are made.

Interfund transfers for the year ended June 30, 2023 were as follows:

Transfers In	Transfers Out	Amount
18-75 Capital Projects Fund	General Fund	\$ 9,422,034
Nonmajor Governmental Funds	General Fund	1,082,578
Nonmajor Governmental Funds	Nonmajor Governmental Funds	2,754,141
Nonmajor Governmental Funds	Adequate Facilities Fund	54,398
Water and Sewer Fund	Nonmajor Governmental Funds	8,455
Nonmajor Storm Water Fund	Nonmajor Governmental Funds	3,757

Transfers are used to move revenues between the General Fund and the Adequate Facilities/Development Fund and 18-75 Capital Projects Fund for capital outlays and between the Impact Fees Fund to the 18-75 Capital Projects Fund for capital outlays.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT

The following is a summary of long-term debt activity for the year ended June 30, 2023:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Notes payable from					
direct borrowing	\$ 2,275,000	\$ -	\$ (565,000)	\$ 1,710,000	\$ 580,000
Bonds payable	68,045,000	-	(2,655,000)	65,390,000	2,805,000
Premium on bonds payable	4,622,351	-	(484,601)	4,137,750	-
Subscription based					
information technology					
agreements	-	404,330	(59,533)	344,797	97,801
Lease liability	-	124,874	(8,021)	116,853	8,943
Net pension liability (asset)	(280,965)	5,954,587	(1,587,834)	4,085,788	-
Compensated absences	678,341	1,198,403	(674,805)	1,201,939	432,171
Governmental activities					
long-term liabilities	<u>\$ 75,620,692</u>	<u>\$ 7,682,194</u>	<u>\$ (6,034,794)</u>	<u>\$ 76,987,127</u>	<u>\$ 3,923,915</u>
Business-type Activities:					
Notes payable from					
direct borrowing	\$ 1,843,000	\$ -	\$ (334,000)	\$ 1,509,000	\$ 350,000
Bonds payable	8,140,000	-	(655,000)	7,485,000	675,000
Premium on bonds payable	574,204	-	(101,269)	472,935	-
Financed purchases	69,825	-	(17,790)	52,035	18,357
Net pension liability (asset)	(86,024)	1,217,000	(295,921)	835,055	-
Compensated absences	150,567	262,655	(171,836)	241,386	241,386
Business-type activities					
long-term liabilities	<u>\$ 10,777,596</u>	<u>\$ 1,479,655</u>	<u>\$ (1,575,816)</u>	<u>\$ 10,595,411</u>	<u>\$ 1,284,743</u>

For governmental and business activities, compensated absences are liquidated in the funds from which the employees' salaries are paid, which include the General Fund, Nonmajor Governmental Funds, Water & Sewer Fund, and Stormwater Fund, as applicable.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Governmental Activities

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. The remaining amounts payable on the 2022 Series bonds at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,340,000	\$ 1,559,838	\$ 2,899,838
2025	1,405,000	1,492,838	2,897,838
2026	1,475,000	1,422,588	2,897,588
2027	1,550,000	1,348,838	2,898,838
2028	1,625,000	1,271,338	2,896,338
2029-2033	9,385,000	5,109,988	14,494,988
2034-2038	11,370,000	3,125,250	14,495,250
2039-2042	10,600,000	998,788	11,598,788
Total	<u>\$ 38,750,000</u>	<u>\$ 16,329,463</u>	<u>\$ 55,079,463</u>

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. The remaining amounts payable on the 2020A Series bonds at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 1,055,000	\$ 761,350	\$ 1,816,350
2025	1,105,000	708,600	1,813,600
2026	1,160,000	653,350	1,813,350
2027	1,215,000	595,350	1,810,350
2028	1,075,000	534,600	1,609,600
2029-2033	5,800,000	1,979,700	7,779,700
2034-2038	6,555,000	1,037,400	7,592,400
2039-2040	2,905,000	131,400	3,036,400
Total	<u>\$ 20,870,000</u>	<u>\$ 6,401,750</u>	<u>\$ 27,271,750</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

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. The remaining amounts payable on the 2014 Series bonds at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 410,000	\$ 166,100	\$ 576,100
2025	425,000	153,575	578,575
2026	435,000	141,762	576,762
2027	445,000	130,763	575,763
2028	460,000	119,163	579,163
2029-2033	2,485,000	385,947	2,870,947
2034-2035	1,110,000	36,960	1,146,960
Total	<u>\$ 5,770,000</u>	<u>\$ 1,134,270</u>	<u>\$ 6,904,270</u>

Total Bonds Payable. The remaining amounts payable on all bonds payable detailed on the prior pages, at June 30, 2023, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 2,805,000	\$ 2,487,288	\$ 5,292,288
2025	2,935,000	2,355,013	5,290,013
2026	3,070,000	2,217,700	5,287,700
2027	3,210,000	2,074,951	5,284,951
2028	3,160,000	1,925,101	5,085,101
2029-2033	17,670,000	7,475,635	25,145,635
2034-2038	19,035,000	4,199,610	23,234,610
2029-2042	13,505,000	1,130,185	14,635,185
Total	<u>\$ 65,390,000</u>	<u>\$ 23,865,483</u>	<u>\$ 89,255,483</u>

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 4.00% 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, 2023, the total amount of the note outstanding is \$1,700,000.

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

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 \$575,000, and is only payable from the governmental activities funds.

The City's debt service requirements to maturity on the governmental activities notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 580,000	\$ 72,126	\$ 652,126
2025	610,000	49,282	659,282
2026	430,000	25,100	455,100
2027	90,000	3,600	93,600
Total	<u>\$ 1,710,000</u>	<u>\$ 150,108</u>	<u>\$ 1,860,108</u>

Lease Liability. During the fiscal year, 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, 2023, the City's outstanding balance on this lease agreement was \$116,853.

The City's debt service requirements to maturity on the governmental activities lease liability is as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 8,943	\$ 4,257	\$ 13,200
2025	9,283	3,917	13,200
2026	10,975	3,545	14,520
2027	11,392	3,128	14,520
2028	11,825	2,695	14,520
2029-2033	64,435	5,987	70,422
Total	<u>\$ 116,853</u>	<u>\$ 23,529</u>	<u>\$ 140,382</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Governmental Activities (Continued)

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, 2023.

The City's debt service requirements to maturity on the governmental activities lease liability is as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 97,801	\$ 13,102	\$ 110,903
2025	79,281	9,386	88,667
2026	82,294	6,373	88,667
2027	85,421	3,246	88,667
Total	<u>\$ 344,797</u>	<u>\$ 32,107</u>	<u>\$ 376,904</u>

Business-type Activities

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, 2023, the total amount of the note outstanding is \$1,843,000 and is completely drawn down.

The City's debt service requirements to maturity on the business-type notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 350,000	\$ 60,360	\$ 410,360
2025	368,000	46,360	414,360
2026	386,000	31,640	417,640
2027	405,000	16,200	421,200
Total	<u>\$ 1,509,000</u>	<u>\$ 154,560</u>	<u>\$ 1,663,560</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 8. LONG-TERM DEBT (CONTINUED)

Business-type Activities (Continued)

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. The remaining amounts payable on the 2020B Series bonds at June 30, 2023 are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 675,000	\$ 185,550	\$ 860,550
2025	700,000	165,300	865,300
2026	715,000	144,300	859,300
2027	735,000	122,850	857,850
2028	760,000	100,800	860,800
2029-2033	3,525,000	232,000	3,757,000
2034	375,000	7,500	382,500
Total	<u>\$ 7,485,000</u>	<u>\$ 958,300</u>	<u>\$ 8,443,300</u>

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, 2023, the City had \$103,240 of equipment with accumulated depreciation of \$19,501 financed under the purchase arrangement.

At June 30, 2023, future lease payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	\$ 18,357	\$ 1,643	\$ 20,000
2025	18,943	1,057	20,000
2026	14,735	453	15,188
Total	<u>\$ 52,035</u>	<u>\$ 3,153</u>	<u>\$ 55,188</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN

Plan Description

Employees of the City 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](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 three 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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	275
Active employees	249
Total	<u>564</u>

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Plan Description (Continued)

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. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, the Actuarially Determined Contribution (ADC) for the City was \$1,114,598, with actual contributions being \$1,332,930 based on a rate of 7.71 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability of the City

The City's net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on actual experience including projection of mortality improvement using Scale MP-2020 (generational projection).

The actuarial assumptions used in the June 30, 2022 actuarial valuation were based on the review of plan experience in conjunction with an 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

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 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
U.S. equity	31%	4.88%
Developed market international equity	14%	5.37%
Emerging market international equity	4%	6.09%
Private equity and strategic lending	20%	6.57%
U.S. fixed income	20%	1.20%
Real estate	10%	4.38%
Short-term securities	1%	—
Total	100%	

The long-term 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 the City 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

Net Pension Liability of the City (Continued)

Changes in the Net Pension Liability of the City. The changes in the components of the net pension liability of the City for the fiscal year ended June 30, 2023 were as follows:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balances at 6/30/2021	\$ 25,075,071	\$ 25,442,060	\$ (366,989)
Changes for the year:			
Service cost	1,248,010	-	1,248,010
Interest	1,763,326	-	1,763,326
Differences between expected and actual experience	3,134,433	-	3,134,433
Contributions—employer	-	1,114,598	(1,114,598)
Contributions—employee	-	769,157	(769,157)
Net investment income	-	(1,001,237)	1,001,237
Benefit payments, including refunds of employee contributions	(399,460)	(399,460)	-
Administrative expense	-	(24,581)	24,581
Net changes	<u>5,746,309</u>	<u>458,477</u>	<u>5,287,832</u>
Balances at 6/30/2022	<u>\$ 30,821,380</u>	<u>\$ 25,900,537</u>	<u>\$ 4,920,843</u>

The required schedule of changes in the City's net pension liability and related ratios immediately following the notes to the financial statements presents multiyear trend information about whether the value of plan assets is increasing or decreasing over time relative to the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate. The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75 percent, as well as what the City's 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:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
City's net pension liability (asset)	\$ 10,656,308	\$ 4,920,843	\$ 307,740

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

Pension expense. For the year ended June 30, 2023, the City recognized pension expense of \$1,304,842.

NOTES TO FINANCIAL STATEMENTS

NOTE 9. PENSION PLAN (CONTINUED)

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

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2023, the City 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 experiences	\$ 3,531,025	\$ 224,411
Changes in assumptions	2,073,644	-
Net difference between projected and actual earnings of pension plan	172,700	-
Contributions subsequent to the measurement date	1,332,930	-
	\$ 7,110,299	\$ 224,411

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2022,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

City contributions subsequent to the measurement date of June 30, 2022 are reported as deferred outflows of resources and will be recognized as a reduction of the net pension liability in the plan year ending June 30, 2023. Other 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:	
2024	\$ 832,648
2025	841,007
2026	671,667
2027	1,361,637
2028	704,875
Thereafter	1,141,124
Total	\$ 5,552,958

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

NOTES TO FINANCIAL STATEMENTS

NOTE 10. RISK MANAGEMENT

The City of Spring Hill is exposed to various risks related to general liability and property and casualty losses. The City is a member of the Public Entity Partners, which is a nonprofit, risk sharing pool of Tennessee municipalities and local public agencies established by the Public Entity Partners, an association of cities and towns in Tennessee. Participating members contribute premiums to the Public Entity Partners based on that member's exposure and underwriting standards.

Reinsurance is purchased by the Public Entity Partners to cover losses that exceed the Public Entity Partners' loss fund. Members can be assessed to cover losses exceeding the reinsurance. The City contributes an annual premium to the Public Entity Partners for its general liability, errors and omissions liability, automobile physical damage, and workers' compensation.

The City carries commercial insurance for other risks of loss, including property coverage, boiler and machinery, excess liability, and employee health insurance. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 11. COMMITMENTS AND CONTINGENCIES

Litigation

The City is a defendant in certain legal actions in the nature of claims for alleged damages to persons and property and other similar types of actions rising in the course of City operations. Liability, if any, which might result from these proceedings, would not, in the opinion of management and legal counsel, have a material adverse effect on the financial position of the City.

Grant Contingencies

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could lead to the disallowance of certain expenditures previously reimbursed by those agencies. Based upon prior experience, City management believes such disallowances, if any, will not be significant.

Outstanding Construction Commitments

As of June 30, 2023, the City had \$7,282,820 of outstanding construction commitments.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SPRING HILL, TENNESSEE

**REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CHANGES IN THE CITY'S NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS**

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability									
Service cost	\$ 1,248,010	\$ 1,029,836	\$ 967,431	\$ 919,725	\$ 837,507	\$ 750,217	\$ 649,533	\$ 581,698	\$ 575,095
Interest on total pension liability	1,763,326	1,513,537	1,389,743	1,231,831	1,061,413	955,426	819,689	715,535	643,726
Differences between expected and actual experience	3,134,433	245,758	(355,434)	279,623	614,173	45,493	529,298	292,587	(22,931)
Assumption changes	-	2,614,236	-	-	-	338,904	-	-	-
Benefit payments, including refunds of employee contributions	(399,460)	(349,655)	(363,644)	(237,926)	(251,521)	(300,807)	(277,934)	(259,939)	(230,149)
Net change in total pension liability	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	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)	\$ 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	\$ 1,114,598	\$ 918,674	\$ 857,154	\$ 842,881	\$ 687,667	\$ 606,207	\$ 479,007	\$ 431,925	\$ 385,342
Contributions - employee	769,157	641,294	591,476	581,298	549,256	484,192	438,652	395,537	356,139
Net investment income(loss)	(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 member contributions	(399,460)	(349,655)	(363,644)	(237,926)	(251,521)	(300,807)	(277,934)	(259,939)	(230,149)
Administrative expenses	(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	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	25,442,060	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)	\$ 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
City's net pension (asset) liability - ending (a) - (b)	\$ 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 the total pension liability	84.03%	101.46%	95.69%	93.63%	92.00%	92.08%	88.87%	94.96%	99.56%
Covered payroll	\$ 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
City's net pension (asset) liability as a percentage of covered payroll	32.01%	-2.93%	7.30%	10.07%	11.79%	11.39%	15.40%	6.64%	0.00%

Notes to the Schedule:

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 the TCRS GASB website for prior years' data, if needed.

Changes in assumption - 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.

CITY OF SPRING HILL, TENNESSEE

**REQUIRED SUPPLEMENTARY INFORMATION
RETIREMENT PLAN
SCHEDULE OF CITY CONTRIBUTIONS**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,114,598	\$ 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	<u>1,332,930</u>	<u>1,114,598</u>	<u>906,900</u>	<u>857,135</u>	<u>842,881</u>	<u>687,667</u>	<u>606,207</u>	<u>479,022</u>	<u>431,925</u>	<u>385,342</u>
Contribution deficiency (excess)	<u>\$ (218,332)</u>	<u>\$ (129,139)</u>	<u>\$ (94,665)</u>	<u>\$ (99,309)</u>	<u>\$ (115,097)</u>	<u>\$ -</u>	<u>\$ (77,470)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 17,288,327	\$ 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 of covered payroll	7.71%	7.25%	7.25%	7.25%	7.25%	6.26%	6.26%	5.46%	5.46%	5.41%

*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 the TCRS GASB website for prior years' data, if needed.

Notes to the Schedule:

(1) Actuarial Assumptions:

Valuation Date	June 30, 2021
Cost Method	Entry age normal
Actuarial Asset Valuation Method	10-year smoothed within a 20 percent corridor to market value
Assumed Rate of Return on Investments	6.75%
Projected Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Inflation	2.25%
Amortization Method	Level dollar, closed (not to exceed 20 years)
Remaining Amortization Period	Varies by year
Retirement Age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including projection of mortality improvement using Scale MP-2019 (Static projection to 6 years beyond the valuation date)
Cost-of-living Adjustments	2.125%

SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

Library Fund – This fund is used to account for the activities and operation of the City's library system, including the private donations made to support operations.

Drug Fund – This fund is used to account for the City's fines and forfeitures related to drug related seizures. The funds are restricted to use in law enforcement activity specifically targeting drug trafficking and prevention.

Impact Fees Fund – Established to account for fees assessed upon development activity, these fees are collected to pay for system improvements (recreation/parks, streets, and public safety) as detailed within the City's impact fee ordinance, as required by state law.

State Street Aid Fund – This fund is used to account for monies received from the state to be used for city streets and transportation projects. The funds are restricted by state and federal requirements.

Tourism Fund – This fund is used to account for the 3% occupancy tax collected by the City from area hotels and motels, and restricted for the development and tourism within Spring Hill.

E-Citations Fund – This fund is used to account for the electronic tickets issued throughout the City and the operation of the system.

Sanitation Fund – This fund is used to account for the activities of the City's sanitation collection system, which renders those services to the residents and businesses located within the City.

Capital Project Funds

Capital project funds are used to account for the accumulation and expenditures of funds set aside for large capital projects.

Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition and construction of the City's locally funded capital projects.

CITY OF SPRING HILL, TENNESSEE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	Special Revenue Funds			
	Library Fund	Drug Fund	Impact Fees Fund	State Street Aid Fund
ASSETS				
Cash and cash equivalents	\$ 113,567	\$ -	\$ 9,450,062	\$ -
Accounts receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Due from other governments	-	-	-	-
Restricted cash	-	253,329	-	2,145,315
Total assets	\$ 113,567	\$ 253,329	\$ 9,450,062	\$ 2,145,315
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,470	\$ 60,500	\$ 23,646	\$ 813,020
Accrued liabilities	-	-	-	-
Due to other funds	-	-	-	-
Total liabilities	1,470	60,500	23,646	813,020
FUND BALANCES (DEFICITS)				
Restricted				
Roads and streets	-	-	-	-
Drug enforcement	-	192,829	-	-
Capital projects	-	-	9,426,416	1,332,295
Committed				
Library operations	112,097	-	-	-
Tourism	-	-	-	-
Public safety	-	-	-	-
Assigned for capital projects	-	-	-	-
Total fund balances	112,097	192,829	9,426,416	1,332,295
Total liabilities and fund balances	\$ 113,567	\$ 253,329	\$ 9,450,062	\$ 2,145,315

Special Revenue Funds			Capital Project Funds	Total Nonmajor Governmental Funds
Tourism Fund	E-Citations Fund	Sanitation Fund	Capital Project Fund	
\$ 380,584	\$ 11,922	\$ 1,215,214	\$ 3,578,296	\$ 14,749,645
-	-	344,500	-	344,500
-	-	-	-	-
-	-	-	-	-
-	-	-	-	2,398,644
<u>\$ 380,584</u>	<u>\$ 11,922</u>	<u>\$ 1,559,714</u>	<u>\$ 3,578,296</u>	<u>\$ 17,492,789</u>
\$ -	\$ -	\$ 59,718	\$ 836	\$ 959,190
-	-	5,868	-	5,868
-	-	-	-	-
<u>-</u>	<u>-</u>	<u>65,586</u>	<u>836</u>	<u>965,058</u>
-	-	1,494,128	-	1,494,128
-	-	-	-	192,829
-	-	-	-	10,758,711
-	-	-	-	112,097
380,584	-	-	-	380,584
-	11,922	-	-	11,922
-	-	-	3,577,460	3,577,460
<u>380,584</u>	<u>11,922</u>	<u>1,494,128</u>	<u>3,577,460</u>	<u>16,527,731</u>
<u>\$ 380,584</u>	<u>\$ 11,922</u>	<u>\$ 1,559,714</u>	<u>\$ 3,578,296</u>	<u>\$ 17,492,789</u>

CITY OF SPRING HILL, TENNESSEE

**COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023**

	Special Revenue Funds			
	Library Fund	Drug Fund	Impact Fees Fund	State Street Aid Fund
Revenues				
Taxes	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	-	-	1,834,271
Charges for services	-	-	-	-
Impact fees	-	-	3,974,557	-
Contributions	61,249	-	-	-
Fines and forfeitures	-	29,217	-	-
Interest revenue	25	61	25,558	824
Other	-	16,220	-	-
Total revenues	61,274	45,498	4,000,115	1,835,095
Expenditures				
Current:				
Public safety	-	30,772	-	-
Public works	-	-	-	2,381,105
Culture and recreation	44,413	-	-	-
Capital outlay	-	6,216	-	-
Debt service:				
Principal	-	-	-	302,139
Interest	-	-	-	60,093
Total expenditures	44,413	36,988	-	2,743,337
Excess (deficiency) of revenues over expenditures	16,861	8,510	4,000,115	(908,242)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers out	-	(1,916)	(2,747,380)	-
Total other financing sources (uses)	-	(1,916)	(2,747,380)	-
Net change in fund balances	16,861	6,594	1,252,735	(908,242)
Fund balances, beginning of year	95,236	186,235	8,173,681	2,240,537
Fund balances, end of year	\$ 112,097	\$ 192,829	\$ 9,426,416	\$ 1,332,295

Special Revenue Funds			Capital Project Funds	Total Nonmajor Governmental Funds
Tourism Fund	E-Citations Fund	Sanitation Fund	New Capital Project Fund	
\$ 375,734	\$ -	\$ -	\$ -	\$ 375,734
-	-	-	-	1,834,271
-	-	3,221,476	-	3,221,476
-	-	-	-	3,974,557
-	-	-	-	61,249
-	10	811,711	-	840,938
81	3	131	101	26,784
-	-	169	-	16,389
<u>375,815</u>	<u>13</u>	<u>4,033,487</u>	<u>101</u>	<u>10,351,398</u>
-	-	-	-	30,772
-	-	3,863,464	-	6,244,569
148,331	-	-	-	192,744
70,000	-	-	262,379	338,595
-	-	-	-	302,139
-	-	-	-	60,093
<u>218,331</u>	<u>-</u>	<u>3,863,464</u>	<u>262,379</u>	<u>7,168,912</u>
157,484	13	170,023	(262,278)	3,182,486
-	-	-	3,695,707	3,695,707
-	-	(4,845)	-	(2,754,141)
<u>-</u>	<u>-</u>	<u>(4,845)</u>	<u>3,695,707</u>	<u>941,566</u>
157,484	13	165,178	3,433,429	4,124,052
<u>223,100</u>	<u>11,909</u>	<u>1,328,950</u>	<u>144,031</u>	<u>12,403,679</u>
<u>\$ 380,584</u>	<u>\$ 11,922</u>	<u>\$ 1,494,128</u>	<u>\$ 3,577,460</u>	<u>\$ 16,527,731</u>

CITY OF SPRING HILL, TENNESSEE
18-75 CAPITAL PROJECTS FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Contributions	\$ 1,239,200	\$ 1,239,200	\$ -	\$ (1,239,200)
Interest revenue	600	600	1,480,181	1,479,581
Total revenues	<u>1,239,800</u>	<u>1,239,800</u>	<u>1,480,181</u>	<u>240,381</u>
Expenditures:				
Capital outlay	42,151,527	34,976,822	12,569,894	22,406,928
Debt service				
Principal	3,005,000	2,030,000	2,030,000	-
Interest	1,811,600	2,388,226	2,388,226	-
Issuance costs	350,000	350,000	-	350,000
Total expenditures	<u>47,318,127</u>	<u>39,745,048</u>	<u>16,988,120</u>	<u>22,756,928</u>
Deficiency of revenues over expenditures	(46,078,327)	(38,505,248)	(15,507,939)	22,997,309
Other Financing Sources (Uses):				
Transfers in	49,903,035	48,962,035	9,422,034	(39,540,001)
Total other financing sources (uses)	<u>49,903,035</u>	<u>48,962,035</u>	<u>9,422,034</u>	<u>(39,540,001)</u>
Net change in fund balance	3,824,708	10,456,787	(6,085,905)	(16,542,692)
Fund balance, beginning of year	<u>70,906,784</u>	<u>70,906,784</u>	<u>70,906,784</u>	<u>-</u>
Fund balance, end of year	<u>\$ 74,731,492</u>	<u>\$ 81,363,571</u>	<u>\$ 64,820,879</u>	<u>\$ (16,542,692)</u>

**CITY OF SPRING HILL, TENNESSEE
LIBRARY FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Contributions	\$ 30,000	\$ 40,000	\$ 61,249	\$ 21,249
Interest revenue	15	15	25	10
Total revenues	<u>30,015</u>	<u>40,015</u>	<u>61,274</u>	<u>21,259</u>
Expenditures:				
Culture and recreation	40,000	50,000	44,413	5,587
Total expenditures	<u>40,000</u>	<u>50,000</u>	<u>44,413</u>	<u>5,587</u>
Net change in fund balances	(9,985)	(9,985)	16,861	26,846
Fund balance, beginning of year	<u>95,236</u>	<u>95,236</u>	<u>95,236</u>	<u>-</u>
Fund balance, end of year	<u>\$ 85,251</u>	<u>\$ 85,251</u>	<u>\$ 112,097</u>	<u>\$ 26,846</u>

**CITY OF SPRING HILL, TENNESSEE
DRUG FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Fines and forfeitures	\$ 50,000	\$ 50,000	\$ 29,217	\$ (20,783)
Contributions	750	750	-	(750)
Interest revenue	-	-	61	61
Other	-	-	16,220	16,220
Total revenues	<u>50,750</u>	<u>50,750</u>	<u>45,498</u>	<u>(5,252)</u>
Expenditures:				
Public safety	28,500	37,228	30,772	6,456
Capital outlay	40,000	40,000	6,216	33,784
Total expenditures	<u>68,500</u>	<u>77,228</u>	<u>36,988</u>	<u>40,240</u>
Excess (deficiency) of revenues over expenditures	(17,750)	(26,478)	8,510	34,988
Other Financing Sources				
Transfer out	-	-	(1,916)	(1,916)
Total other financing sources	<u>-</u>	<u>-</u>	<u>(1,916)</u>	<u>(1,916)</u>
Net change in fund balance	(17,750)	(26,478)	6,594	33,072
Fund balance, beginning of year	<u>186,235</u>	<u>186,235</u>	<u>186,235</u>	<u>-</u>
Fund balance, end of year	<u>\$ 168,485</u>	<u>\$ 159,757</u>	<u>\$ 192,829</u>	<u>\$ 33,072</u>

**CITY OF SPRING HILL, TENNESSEE
IMPACT FEES FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Impact fees	\$ 2,346,960	\$ 2,346,960	\$ 3,974,557	\$ 1,627,597
Interest revenue	2,000	2,000	25,558	23,558
Total revenues	<u>2,348,960</u>	<u>2,348,960</u>	<u>4,000,115</u>	<u>1,651,155</u>
Expenditures:				
Public works	-	-	-	-
Capital outlay	307,707	829,159	-	829,159
Total expenditures	<u>307,707</u>	<u>829,159</u>	<u>-</u>	<u>829,159</u>
Excess (deficiency) of revenues over expenditures	2,041,253	1,519,801	4,000,115	2,480,314
Other Financing Sources (Uses)				
Transfer out	(600,000)	(2,700,000)	(2,747,380)	(47,380)
Total other financing sources (uses)	<u>(600,000)</u>	<u>(2,700,000)</u>	<u>(2,747,380)</u>	<u>(47,380)</u>
Net change in fund balance	1,441,253	(1,180,199)	1,252,735	2,432,934
Fund balance, beginning of year	<u>8,173,681</u>	<u>8,173,681</u>	<u>8,173,681</u>	<u>-</u>
Fund balance, end of year	<u>\$ 9,614,934</u>	<u>\$ 6,993,482</u>	<u>\$ 9,426,416</u>	<u>\$ 2,432,934</u>

**CITY OF SPRING HILL, TENNESSEE
STATE STREET AID FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Intergovernmental	\$ 1,304,726	\$ 1,304,726	\$ 1,834,271	\$ 529,545
Interest revenue	400	400	824	424
Total revenues	<u>1,305,126</u>	<u>1,305,126</u>	<u>1,835,095</u>	<u>529,969</u>
Expenditures:				
Public works - Street Improvements	2,100,823	3,279,880	2,381,105	898,775
Debt service				
Principal	323,400	177,335	302,139	(124,804)
Interest	73,564	55,946	60,093	(4,147)
Total expenditures	<u>2,497,787</u>	<u>3,513,161</u>	<u>2,743,337</u>	<u>769,824</u>
Net change in fund balance	(1,192,661)	(2,208,035)	(908,242)	1,299,793
Fund balance, beginning of year	<u>2,240,537</u>	<u>2,240,537</u>	<u>2,240,537</u>	<u>-</u>
Fund balance, end of year	<u>\$ 1,047,876</u>	<u>\$ 32,502</u>	<u>\$ 1,332,295</u>	<u>\$ 1,299,793</u>

**CITY OF SPRING HILL, TENNESSEE
TOURISM FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Taxes	\$ 250,000	\$ 250,000	\$ 375,734	\$ 125,734
Interest revenue	25	25	81	56
Other	-	-	-	-
Total revenues	<u>250,025</u>	<u>250,025</u>	<u>375,815</u>	<u>125,790</u>
Expenditures:				
Culture and recreation	157,500	185,000	148,331	36,669
Capital outlay	<u>50,000</u>	<u>80,000</u>	<u>70,000</u>	<u>10,000</u>
Total expenditures	<u>207,500</u>	<u>265,000</u>	<u>218,331</u>	<u>46,669</u>
Net change in fund balance	42,525	(14,975)	157,484	172,459
Fund balance, beginning of year	<u>223,100</u>	<u>223,100</u>	<u>223,100</u>	<u>-</u>
Fund balance, end of year	<u>\$ 265,625</u>	<u>\$ 208,125</u>	<u>\$ 380,584</u>	<u>\$ 172,459</u>

**CITY OF SPRING HILL, TENNESSEE
E-CITATIONS FUND**

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	Budget		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Fines and forfeitures	\$ -	\$ -	\$ 10	\$ 10
Interest revenue	-	-	3	3
Total revenues	<u>-</u>	<u>-</u>	<u>13</u>	<u>13</u>
Expenditures:				
Public safety	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	13	13
Fund balance, beginning of year	<u>11,909</u>	<u>11,909</u>	<u>11,909</u>	<u>-</u>
Fund balance, end of year	<u>\$ 11,909</u>	<u>\$ 11,909</u>	<u>\$ 11,922</u>	<u>\$ 13</u>

**CITY OF SPRING HILL, TENNESSEE
SANITATION FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 3,099,053	\$ 3,099,053	\$ 3,221,476	\$ 122,423
Fines and forfeitures	21,000	21,000	811,711	790,711
Interest revenue	500	500	131	(369)
Other	-	-	169	169
Total revenues	<u>3,120,553</u>	<u>3,120,553</u>	<u>4,033,487</u>	<u>912,934</u>
Expenditures:				
Public works:				
Refuse collection and disposal service	3,888,180	3,922,132	3,863,464	58,668
Total expenditures	<u>3,888,180</u>	<u>3,922,132</u>	<u>3,863,464</u>	<u>58,668</u>
Excess of revenues over expenditures	(767,627)	(801,579)	170,023	971,602
Other Financing Uses				
Transfers out	(41,171)	(41,171)	(4,845)	36,326
Total other financing uses	<u>(41,171)</u>	<u>(41,171)</u>	<u>(4,845)</u>	<u>36,326</u>
Net change in fund balances	(808,798)	(842,750)	165,178	1,007,928
Fund balance, beginning of year	<u>1,328,950</u>	<u>1,328,950</u>	<u>1,328,950</u>	<u>-</u>
Fund balance, ending of year	<u>\$ 520,152</u>	<u>\$ 486,200</u>	<u>\$ 1,494,128</u>	<u>\$ 1,007,928</u>

**CITY OF SPRING HILL, TENNESSEE
CAPITAL PROJECTS FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL - GAAP BASIS
FOR THE YEAR ENDED JUNE 30, 2023**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues:				
Interest revenue	\$	\$	\$ 101	\$ (101)
Total revenues	-	-	101	(101)
Expenditures:				
Capital outlay	3,492,500	3,761,432	262,379	3,499,053
Total expenditures	3,492,500	3,761,432	262,379	3,499,053
Deficiency of revenues over expenditures	(3,492,500)	(3,761,432)	(262,379)	(3,499,053)
Other Financing Sources				
Transfers in	6,992,500	7,192,500	3,695,707	3,496,793
Total other financing sources	6,992,500	7,192,500	3,695,707	3,496,793
Net change in fund balances	3,500,000	3,431,068	3,433,328	(2,260)
Fund balance, beginning of year	144,031	144,031	144,031	-
Fund balance, ending of year	<u>\$ 3,644,031</u>	<u>\$ 3,575,099</u>	<u>\$ 3,577,359</u>	<u>\$ (2,260)</u>

OTHER INFORMATION

CITY OF SPRING HILL, TENNESSEE

**COMBINED SCHEDULE OF CHANGES IN TAXES RECEIVABLE
Year Ended June 30, 2023**

<u>Tax Year</u>	<u>Balance July 1, 2022</u>	<u>Levy and Changes in Assessment</u>	<u>Collections and Adjustments</u>	<u>Property Taxes Receivable Balance June 30, 2023</u>
2022	\$ -	\$ 14,931,268	\$ 14,714,256	\$ 217,012
2021	125,714	-	57,058	68,656
2020	27,570	-	5,597	21,973
2019	27,112	-	9,510	17,602
2018 and prior	16,817	-	1,019	15,798
Totals	<u>\$ 197,213</u>	<u>\$ 14,931,268</u>	<u>\$ 14,787,440</u>	341,041
Estimated 2023 tax levy				16,776,885
Less allowance for estimated uncollectible				<u>(838,844)</u>
Total taxes receivable, net				<u>\$ 16,279,082</u>

CITY OF SPRING HILL, TENNESSEE

**SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
AS OF JUNE 30, 2023**

	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding 7/1/2022</u>	<u>Adjustments</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Outstanding 6/30/2023</u>
GOVERNMENTAL ACTIVITIES:									
<u>Bonds Payable:</u>									
Public Improvement Bonds, 2014	\$ 8,650,000	2.50% - 3.30%	8/21/2014	9/1/2034	\$ 6,170,000	\$ -	\$ -	\$ 400,000	\$ 5,770,000
Series 2020A General Obligation Bonds	23,880,000	3.00% - 5.00%	7/15/2020	6/1/2040	21,875,000	-	-	1,005,000	20,870,000
Series 2022 General Obligation Bonds	40,000,000	3.125% - 5.00%	5/25/2022	6/1/2042	40,000,000	-	-	1,250,000	38,750,000
Total Bonds Payable					<u>\$ 68,045,000</u>	<u>-</u>	<u>-</u>	<u>\$ 2,655,000</u>	<u>\$ 65,390,000</u>
<u>Notes Payable:</u>									
Williamson County Notes	\$ 5,385,000	2.500%-5.000%	3/15/2006	4/1/2027	\$ 1,700,000	\$ -	\$ -	\$ 375,000	\$ 1,325,000
2016 Capital Outlay Note	3,000,000	1.760%	6/29/2016	4/1/2025	575,000	-	-	190,000	385,000
Total Notes Payable					<u>\$ 2,275,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 565,000</u>	<u>\$ 1,710,000</u>
BUSINESS-TYPE ACTIVITIES:									
<u>Bonds Payable:</u>									
Series 2020B General Obligation Refunding Bonds	\$ 9,395,000	2.00% - 3.00%	7/15/2020	6/1/2034	\$ 8,140,000	\$ -	\$ -	\$ 655,000	\$ 7,485,000
					<u>\$ 8,140,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 655,000</u>	<u>\$ 7,485,000</u>
<u>Notes Payable:</u>									
Public Improvement Bonds	\$ 6,000,000	1.510%	4/25/2003	5/25/2027	\$ 1,843,000	\$ -	\$ -	\$ 334,000	\$ 1,509,000
					<u>\$ 1,843,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 334,000</u>	<u>\$ 1,509,000</u>
<u>Financed Purchases Payable:</u>									
Caterpillar Mini Ex Lease	\$ 103,940	3.189%	9/22/2020	10/1/2025	\$ 69,825	\$ -	\$ -	\$ 17,790	\$ 52,035
					<u>\$ 69,825</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,790</u>	<u>\$ 52,035</u>

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF CHANGES IN LEASE LIABILITIES
AS OF JUNE 30, 2023

GOVERNMENTAL ACTIVITIES:	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Adjustments	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2023
<u>Lease Liability</u>									
Police Department Facility	\$ 130,260	3.80	7/1/2022	12/31/2032	\$ -	\$ -	\$ 124,874	\$ 8,021	\$ 116,853
Total Bonds Payable					<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,874</u>	<u>\$ 8,021</u>	<u>\$ 116,853</u>

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF DEBT SERVICE REQUIREMENTS
June 30, 2023

Governmental Activities												
For the Year Ended June 30,	Series 2020A				Series 2022				Total Government Activities			
	General Obligation Bonds		Williamson County Notes		2016 Capital Outlay Notes		Public Improvements Bonds, 2014				General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 1,055,000	\$ 761,350	\$ 390,000	\$ 65,350	\$ 190,000	\$ 6,776	\$ 410,000	\$ 166,100	\$ 1,340,000	\$ 1,559,837	\$ 3,385,000	\$ 2,559,413
2025	1,105,000	708,600	415,000	45,850	195,000	3,432	425,000	153,575	1,405,000	1,492,838	3,545,000	2,404,295
2026	1,160,000	653,350	430,000	25,100	-	-	435,000	141,763	1,475,000	1,422,587	3,500,000	2,242,800
2027	1,215,000	595,350	90,000	3,600	-	-	445,000	130,763	1,550,000	1,348,838	3,300,000	2,078,551
2028	1,075,000	534,600	-	-	-	-	460,000	119,163	1,625,000	1,271,337	3,160,000	1,925,100
2029	1,130,000	480,850	-	-	-	-	470,000	106,663	1,710,000	1,190,088	3,310,000	1,777,601
2030	1,175,000	435,650	-	-	-	-	480,000	93,000	1,795,000	1,104,587	3,450,000	1,633,237
2031	1,130,000	388,650	-	-	-	-	495,000	78,375	1,885,000	1,014,838	3,510,000	1,481,863
2032	1,165,000	354,750	-	-	-	-	510,000	62,535	1,960,000	939,437	3,635,000	1,356,722
2033	1,200,000	319,800	-	-	-	-	530,000	45,375	2,035,000	861,038	3,765,000	1,226,213
2034	1,235,000	283,800	-	-	-	-	545,000	27,638	2,120,000	779,637	3,900,000	1,091,075
2035	1,270,000	246,750	-	-	-	-	565,000	9,323	2,205,000	694,838	4,040,000	950,911
2036	1,310,000	208,650	-	-	-	-	-	-	2,275,000	625,931	3,585,000	834,581
2037	1,350,000	169,350	-	-	-	-	-	-	2,345,000	551,994	3,695,000	721,344
2038	1,390,000	128,850	-	-	-	-	-	-	2,425,000	472,850	3,815,000	601,700
2039	1,430,000	87,150	-	-	-	-	-	-	2,510,000	387,975	3,940,000	475,125
2040	1,475,000	44,250	-	-	-	-	-	-	2,600,000	300,125	4,075,000	344,375
2041	-	-	-	-	-	-	-	-	2,695,000	205,875	2,695,000	205,875
2042	-	-	-	-	-	-	-	-	2,795,000	104,813	2,795,000	104,813
	<u>\$ 20,870,000</u>	<u>\$ 6,401,750</u>	<u>\$ 1,325,000</u>	<u>\$ 139,900</u>	<u>\$ 385,000</u>	<u>\$ 10,208</u>	<u>\$ 5,770,000</u>	<u>\$ 1,134,270</u>	<u>\$ 38,750,000</u>	<u>\$ 16,329,463</u>	<u>\$ 67,100,000</u>	<u>\$ 24,015,591</u>

Business-Type Activities								
For the Year Ended June 30,	Series 2020B				Total Business-type Activities			
	General Obligation Bonds		Public Improvement Bonds		Financed Purchase		Total Business-type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 675,000	\$ 185,550	\$ 350,000	\$ 45,270	\$ 18,357	\$ 1,643	\$ 1,043,357	\$ 232,463
2025	700,000	165,300	368,000	34,770	18,943	1,057	1,086,943	201,127
2026	715,000	144,300	386,000	23,730	14,735	453	1,115,735	168,483
2027	735,000	122,850	405,000	12,150	-	-	1,140,000	135,000
2028	760,000	100,800	-	-	-	-	760,000	100,800
2029	780,000	78,000	-	-	-	-	780,000	78,000
2030	795,000	62,400	-	-	-	-	795,000	62,400
2031	815,000	46,500	-	-	-	-	815,000	46,500
2032	765,000	30,200	-	-	-	-	765,000	30,200
2033	370,000	14,900	-	-	-	-	370,000	14,900
2034	375,000	7,500	-	-	-	-	375,000	7,500
2035	-	-	-	-	-	-	-	-
2036	-	-	-	-	-	-	-	-
	<u>\$ 7,485,000</u>	<u>\$ 958,300</u>	<u>\$ 1,509,000</u>	<u>\$ 115,920</u>	<u>\$ 52,035</u>	<u>\$ 3,153</u>	<u>\$ 9,046,035</u>	<u>\$ 1,077,373</u>

CITY OF SPRING HILL, TENNESSEE

**SCHEDULE OF LEASE PAYMENT REQUIREMENTS
June 30, 2023**

Governmental Activities				
For the Year Ended June 30,	Police Department Facility Lease			Total
	Principal	Interest		
2024	\$ 8,943	\$ 4,257	\$	13,200
2025	9,283	3,917		13,200
2026	10,975	3,545		14,520
2027	11,392	3,128		14,520
2028	11,825	2,695		14,520
2029	12,276	2,245		14,521
2030	14,214	1,758		15,972
2031	14,755	1,217		15,972
2032	15,315	656		15,971
2033	7,875	110		7,985
	<u>\$ 116,853</u>	<u>\$ 23,528</u>	<u>\$</u>	<u>140,381</u>

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF INSURANCE COVERAGE
Year Ended June 30, 2023
(UNAUDITED)

Type of Coverage	Limits of Liability
Municipal Liability and Auto Policy	
Liability	
General	\$300,000/700,000/100,000
Automobile	\$300,000/700,000/100,000
Other losses not covered by TORT liability act	2,000,000
Automobile Physical Coverage	
Comprehensive	ACV/\$1,000 Deductible
Collision	ACV/\$1,000 Deductible
Public officials errors and omissions liability	2,000,000
Workers' Compensation	Statutory
Commercial Property Policy	
Commercial property	\$38,346,354
Building and equipment	\$158,728,681
Water/waste water treatment facility	\$118,199,062
Public Employees Blanket Bond	\$150,000
Employee Bonds	
City recorder	\$400,000

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS
Year Ended June 30, 2023

(UNAUDITED)				
Fiscal Year	Tax Year	County	Tax Rate	Assessed Valuation
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	0.5381	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
2014	2013	Maury	0.5900	242,932,640
		Williamson	0.5900	511,464,115

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF UTILITY RATES
June 30, 2023
(UNAUDITED)

WATER RATES

Rates Effective July 1, 2022

	<u>Gallons Per Month</u>	<u>Rates Per 1,000 Gallons</u>
Inside City	Minimum Per 1,000	\$9.80 3.69
Outside City Limits	Minimum Per 1,000	\$18.47 3.69

Number of customers at June 30, 2023 - 18,706

SEWER RATES

Rates Effective July 1, 2022

	<u>Gallons Per Month</u>	<u>Rates Per 1,000 Gallons</u>
Inside City	Minimum Per 1,000	\$12.07 4.52

Number of customers at June 30, 2023 - 18,685

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**

**To the Honorable Mayor and Members
of the Board of Aldermen
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 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 fiscal year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated May 24, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2023-001 that we consider to be a material weakness.

Report On Compliance and Other Matters

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

City of Spring Hill's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying schedule of findings and responses. City of Spring Hill's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the responses.

Purpose of this Report

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

Mauldin & Jenkins, LLC

Chattanooga, Tennessee
May 24, 2024

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Agency or pass- through Grantor Number	Expenditures	
			Federal	State
FEDERAL AWARDS				
U.S. Department of Justice				
Bulletproof Vest Partnership Program Grant	16.607	N/A	\$ 3,124	\$ -
Total U.S. Department of Justice			<u>3,124</u>	<u>-</u>
U.S. Department of Transportation				
Passed through the State Department of Safety and Homeland Security State and Community Highway Safety - GHSO Grant	20.600	Z22THS268	17,148	-
Total U.S. Department of Transportation			<u>17,148</u>	<u>-</u>
TOTAL FEDERAL AWARDS			<u>\$ 20,272</u>	<u>\$ -</u>
STATE AWARDS				
Tennessee Department of Transportation				
Harvey Park Greenway (121850.02)	N/A	190380	-	90,962
Total Tennessee Department of Transportation			<u>-</u>	<u>90,962</u>
Tennessee Department of Finance and Administration				
TN State Library	45.31			1,611
Passed through the Metropolitan Government of Nashville and Davidson County Internet Crimes Against Children FY 2022-23	N/A	N/A	-	14,856
Total Tennessee Department of Finance and Administration			<u>-</u>	<u>16,467</u>
TOTAL STATE AWARDS			<u>\$ -</u>	<u>\$ 107,429</u>
TOTAL FEDERAL AND STATE AWARDS			<u>\$ 20,272</u>	<u>\$ 107,429</u>

NOTES:

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. Under the modified accrual basis of accounting, expenditures are recognized when the related Fund liability is incurred.

Federal grant programs which are administered through State agencies (pass-through awards) have been included in this report, including any funds expended for the State funded portion of those same programs.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act, therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements.

The City elected not to utilize the 10% de minimis indirect cost rate.

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I
SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial

statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weaknesses identified? yes no

Significant deficiencies identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards

There was not an audit of major federal award programs for the year ended June 30, 2023 due to the City not expending federal expenditures in excess of \$750,000.

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES

2023-001 **Year-End Closeout Procedures**

Criteria: Generally accepted accounting principles require (1) revenues to be recognized in the accounting period in which they are earned for exchange transactions and when the eligibility requirements of non-exchange transactions have been met, and funds are measurable and available, (2) expenditures/expenses should be recognized as soon as a liability is incurred, regardless of the timing of the related cash flows, and (3) capital assets to be recorded at their historical cost, which is written off periodically, or depreciated, in a systematic and rational manner.

Condition: Misstatements were noted in multiple transactions during the testing. These adjustments were identified during the audit process and management was able to determine the necessary adjustments to correctly report the activity.

Context/Cause: The following adjustments were required to correctly report the following activities:

- Investments of the City were not properly reported at market value as required by Governmental Accounting Standards Board (GASB) Statement No. 72 and adjustments were required to increase investment balances of the General Fund (\$21,500), Adequate Facilities/Development Fund (\$21,500), and Water & Sewer Fund (\$72,000);
- Property tax receivables, deferred tax revenues, and tax revenues were understated and required an adjustment of \$403,000;
- The year-end payroll wages were not timely accrued and wages for time worked in June, and paid in July, were not accrued to the funds as of June 30, 2023 in the General Fund (\$520,000), Water & Sewer Fund (\$91,000), Stormwater Fund (\$14,000), and other funds (\$6,000);
- Inventory balances were not adjusted as part of the year-end closeout to agree with the subsidiary ledger listings and required an adjustment of \$91,000 to the Water & Sewer Fund;
- Capital asset additions were incorrectly expensed in the enterprise funds and adjustments to increase the assets of the Water & Sewer Fund (\$186,000) and Stormwater Fund (\$33,000) were required;
- Depreciation expense was understated as compared to the subsidiary ledger as the subledger was not reconciled to the general ledger after all adjustments were made, resulting in depreciation expense and accumulated depreciation adjustments to the Water & Sewer Fund (\$95,000) and Stormwater Fund (\$33,000);

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2023

SECTION II
FINANCIAL STATEMENT FINDINGS AND RESPONSES (CONTINUED)

2023-001 **Year-End Closeout Procedures (Continued)**

- Long-term liabilities of the Water & Sewer Fund premiums on long-term liabilities were not amortized (\$101,000), requiring adjustments to the Water & Sewer Fund and the compensated absence accruals for earned but unused leave was not adjusted from the prior year and required adjustments to the Water & Sewer Fund (\$29,000) and Stormwater Fund (\$17,000).

Effects: Audit adjustments totaling \$1,734,000 were required to correct various accounts throughout the City's funds in order to reconcile to the respective sub-ledgers, adjust to the required basis of accounting, or to properly reflect the cut-off of revenue and expenditure/expense recognition.

Recommendation: We recommend the City carefully review accounts at year-end to ensure they are reported in accordance with generally accepted accounting principles. Procedures should continue to be refined as the City grows to ensure there are reviews occurring throughout the closeout process, reconciling sub-ledgers to general ledgers. The City's maintenance of the enterprise funds on a current financial resources measurement focus throughout the year requires additional procedures to be implemented as part of the year-end close to ensure adjustments are made to convert to the economic resources measurement focus as required by GAAP.

Auditee's Response: We concur with the finding. We will take necessary steps in the future to ensure that year-end closeout procedures are timely and accurately performed as required by GAAP.

CITY OF SPRING HILL, TENNESSEE

SCHEDULE OF PRIOR YEAR FINDINGS FOR THE YEAR ENDED JUNE 30, 2023

2022-001 Expenditure Recognition

Condition: A misstatement was detected in the reporting of the City's expenditures and the related Statement of Net Position/Balance Sheet accounts.

Context/Cause: An audit adjustment was required to properly report the City's expenses and related liability account for the Water and Sewer Fund in the amount of \$953,000 to remove the debt service expenses from the Water and Sewer Fund's full accrual statements. As the Water and Sewer Fund reports on the full accrual basis, the disbursements should be reported as reduction of the long-term liability (a balance sheet account) and not a component of the fund's expenses.

Status: The City continues to work implementing controls and processes to correct the recognition of expenses/expenditures in 2023; however, this is a repeat finding 2023-001.

2022-002 Investments

Condition: The City was recording their investment of the 18-75 Capital Projects Fund at historical cost. This resulted in the unrealized losses not being recorded in the Fund.

Context/Cause: An audit adjustment was required to properly report the City's expenditures and related asset accounts for the 18-75 Capital Project Fund in the amount of \$285,107 to record the related loss on investments and decrease the total investment balance. As discussed above GASB has deemed maintaining an investment at historical cost is not appropriate and thus this adjustment was required to properly reflect the financial position of the Capital Project Fund.

Status: The City continues to work implementing controls and processes to correct the recognition of expenses/expenditures in 2022; however, this is a repeat finding 2023-001.



MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

2023-001 Year end close out

Contact Person Responsible for the Corrective Action Plan: Debra Dutcher, Finance Director

Signature: _____

Corrective Action Plan: The City is planning to make the necessary changes to properly record assets and liabilities at year end.

Anticipated Completion Date: June 30, 2024



THE CITY OF SPRING HILL

199 Town Center Parkway · Spring Hill, Tennessee 37174

931-486-2252

www.springhilltn.org

