

STAFF MEMORANDUM

TO: Board of Mayor and Aldermen
FROM: J. Carter Napier, City Administrator & Rebecca Holden, Finance Director
DATE: 06/01/2026
SUBJECT: Ordinance 26-08: FY 26 Budget Amendment #4

RECOMMENDATION:

Staff recommends that the Board of Mayor and Aldermen approve Ordinance XX as presented.

PURPOSE:

Ordinance XX provides for the third budget amendment for the FY 26 budget. The provided ordinance is meant to provide modification to the previously adopted budget and detail those changes for BOMA consideration.

DESCRIPTIONS:

Budget Amendment #4 is presented as part of the City's fiscal year-end budget cleanup process. The purpose of this amendment is to align appropriations with actual operational needs, correct budget allocations, recognize grant activity, adjust internal service and cost allocation charges, and update capital project budgets based on current project funding plans. Tennessee law requires appropriations to be in place prior to expenditures being incurred. These amendments ensure expenditures remain within approved budget authority and maintain compliance with state budgeting and accounting requirements.

For operational line items, the proposed amendment includes adjustments necessary to:

- Reallocate appropriations between departments and line items to reflect actual expenditures through year-end
- Recognize personnel, insurance, overtime, and benefit costs that exceeded original budget estimates
- Adjust Water and Sewer cost-sharing allocations to accurately reflect support service costs provided by the General Fund
- Recognize grant revenues and expenditures not previously budgeted, including the ICAC Grant and CMAQ Grant
- Add depreciation expense in the Stormwater Fund



For capital project budgets, the proposed amendment includes:

- \$1,020,000 for the Battle Creek Way/Mahlon Moore Intersection Project funded through Adequate Facilities Tax revenues
- \$32,000 for Library Concept Design
- \$3,192,429 for Buckner Lane project budget cleanup and alignment with project expenditures
- \$120,660 for Port Royal Road/Buckner Lane Intersection Design funded through Impact Fees
- \$175,000 for Kedron Road/Old Kedron Road Intersection easement acquisition funded through Impact Fees
- Transfer of the CSA project budget from Fund 313 to Fund 311 (18-75 Fund) totaling approximately \$6.42 million
- \$1,280 for the I-65 L1C1 & L1C2 project to recognize an additional TDOT construction invoice.
- \$1,750,000 for Spring Hill Water improvements associated with the CSA property
- \$763,500 for installation of replacement membranes at the Water Treatment Plant
- Reallocation of existing Headworks and Equalization Basin project appropriations to support current Water and Sewer capital priorities
- Correction of Fire Apparatus project appropriations and related funding sources

FINANCIAL IMPACT:

Budget Amendment #4 includes operational budget clean-up, grant budget corrections, support service allocation adjustments, capital project reconciliations, and project funding reallocations. Many of the adjustments are budget-neutral reallocations within funds and do not impact fund balance.

The General Fund reflects a decrease in unassigned fund balance primarily related to the correction of Water and Sewer support service allocations and Fire Apparatus funding adjustments. Capital project funds are adjusted to recognize project funding needs, project budget reconciliations, and the movement of the CSA project from Fund 313 to Fund 311. The Water and Sewer Fund reflects the use of available fund balance for capital project appropriations and operating budget adjustments. The Stormwater Fund includes a depreciation budget adjustment funded through available fund balance.



CITY OF SPRING HILL

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