

CITY OF SPRING HILL, TENNESSEE

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2025



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**CITY OF SPRING HILL, TENNESSEE
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

INTRODUCTORY SECTION

DIRECTORY	1
------------------	----------

FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT	3
-------------------------------------	----------

MANAGEMENT'S DISCUSSION AND ANALYSIS	7
---	----------

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION	17
----------------------------------	-----------

STATEMENT OF ACTIVITIES	18
--------------------------------	-----------

FUND FINANCIAL STATEMENTS

BALANCE SHEET – GOVERNMENTAL FUNDS	19
---	-----------

RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION	20
---	-----------

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	21
---	-----------

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	22
---	-----------

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	23
--	-----------

STATEMENT OF NET POSITION – PROPRIETARY FUNDS	29
--	-----------

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	30
---	-----------

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	31
--	-----------

NOTES TO FINANCIAL STATEMENTS	32
--------------------------------------	-----------

REQUIRED SUPPLEMENTARY INFORMATION

**CITY OF SPRING HILL, TENNESSEE
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS	60
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS	61
SUPPLEMENTARY INFORMATION SECTION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – 18-75 CAPITAL PROJECTS FUND	63
COMBINING BALANCE SHEET – OTHER GOVERNMENTAL FUNDS	64
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – OTHER GOVERNMENTAL FUNDS	65
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – STATE STREET AID FUND	66
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – DRUG FUND	67
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – E-CITATION FUND	68
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – IMPACT FEES FUND	69
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – LIBRARY FUND	70
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – SANITATION FUND	71
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – CAPITAL PROJECT FUND	72
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – ADEQUATE FACILITIES/DEVELOPMENT FUND	73
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – ROLLING CAPITAL FUND	74
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE	75

**CITY OF SPRING HILL, TENNESSEE
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025**

SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS – GOVERNMENTAL FUNDS	76
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS – PROPRIETARY FUNDS	77
SCHEDULE OF LEASE PAYMENT REQUIREMENTS – GOVERNMENTAL FUNDS	78
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE	79
SCHEDULE OF CHANGES IN LEASE LIABILITY	80
SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS	81
SCHEDULE OF UTILITY RATES IN FORCE	82
SCHEDULE OF TRANSFERS	83
INTERNAL CONTROL AND COMPLIANCE SECTION	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	85
SCHEDULE OF STATE FINANCIAL ASSISTANCE	86
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND SCHEDULE OF STATE FINANCIAL ASSISTANCE	87
INDEPENDENT AUDITORS’ REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	88
INDEPENDENT AUDITORS’ REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE	90
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	93

INTRODUCTORY SECTION

**CITY OF SPRING HILL, TENNESSEE
DIRECTORY
JUNE 30, 2025**

ELECTED OFFICIALS

Matt Fitterer, Mayor
Trent Linville, Vice Mayor
John Canepari, Alderman
Jaimee Davis, Alderman
Brent Murray, Alderman
Vincent Fuqua, Alderman
Erinn Hartwell, Alderman
Scott Wernert, Alderman
Alex Jiminez, Alderman

MANAGEMENT

Chris Clausi, Interim City Administrator, HR Director
Dan Allen, Assistant City Administrator/General Manager, Spring Hill Water
Rebecca Holden, Finance Director
Don Brite, Chief of Police
Graig Temple, Fire Chief
Missy Stahl, CIP Director
Greg Boyd, Emergency Management Director
Dara Sanders, Development Director
Lucas Wright, Communications Specialist
Dana Juriew, Library Director
David Kerr, GIS/IT
Kayce Williams, Recreation Director
Tyler Scroggins, Public Works Director
April Goad, City Recorder
Joseph Lascala, Accounting Manager
Chelsea Perryman, Budget and Performance Manager
Donna Younger, Utility Billing Supervisor

INDEPENDENT CERTIFIED PUBLIC ACCOUNTS

CliftonLarsonAllen LLP
Nashville, Tennessee

FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

Honorable Mayor Matt Fitterer
Members of the Board of Mayor and 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, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Spring Hill, Tennessee'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, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Spring Hill, Tennessee 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 Matter

Change in Accounting Policy

As disclosed in Note 12 to the financial statements, the City of Spring Hill, Tennessee's beginning net position was restated for a change in accounting policy. Our opinions are 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.

Honorable Mayor Matt Fitterer
Members of the Board of Mayor and Aldermen
City of Spring Hill, Tennessee

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 of Spring Hill, Tennessee'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.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of City of Spring Hill, Tennessee'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 City of Spring Hill, Tennessee'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.

Honorable Mayor Matt Fitterer
Members of the Board of Mayor and Aldermen
City of Spring Hill, Tennessee

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Spring Hill, Tennessee's basic financial statements. The supplementary information section, as listed in the table of contents and the schedule of expenditures of federal awards (SEFA), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* 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 GAAS. In our opinion, the supplementary information section including the SEFA, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' 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.

Honorable Mayor Matt Fitterer
Members of the Board of Mayor and Aldermen
City of Spring Hill, Tennessee

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2026, on our consideration of the City of Spring Hill, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Spring Hill, Tennessee'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 City of Spring Hill, Tennessee's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Nashville, Tennessee
April 23, 2026

**CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

As management of the City of Spring Hill, Tennessee we offer readers of the City of Spring Hill's financial statements this narrative overview and analysis of the financial activities of the City of Spring Hill for the fiscal year ended June 30, 2025. Comparative analyses of key elements of governmental activities and business-type activities have been provided.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City of Spring Hill exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$350.8 million (net position). Of this amount, \$118.25 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Spring Hill's general fund reported an ending fund balance of \$44.12 million, a decrease of \$7.19 million in comparison with the prior year. \$34.64 million of the fund balance is available for spending at the City of Spring Hill's discretion (unassigned fund balance).
- The City of Spring Hill's total debt obligations increased by \$47.13 million during the year due mainly to issuance of \$54.19 million of general obligation bonds, offset by principal payments made during the year of \$7.21 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

Government-Wide Financial Statements

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

- The statement of net position presents information on all of the City of Spring Hill's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Spring Hill is improving or deteriorating.

**CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

- The Statement of Activities presents information showing how the City of Spring Hill's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes, compensated absences, etc.).

Both of the government-wide financial statements distinguish functions of the City of Spring Hill that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Spring Hill include general government, police, fire prevention and control, street division, state street aid, community parks, and waste management. The business-type activities of the City of Spring Hill include water and sewer activities. The government-wide financial statements can be found on pages 17 to 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 of the funds of the City of Spring Hill can be divided into two categories: governmental funds and proprietary funds.

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City of Spring Hill's near-term financing decisions. Both the balance sheet – governmental funds and the statement of revenues, expenditures and changes in fund balances – governmental funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements and reconciliations can be found on pages 19 to 22 of this report.

The City maintains thirteen governmental funds. Information is presented separately in the balance sheet – governmental funds and in the statement of revenues, expenditures, and changes in fund balances – governmental funds for the general fund and the 18-75 capital projects fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation for these statements and is also presented separately in a combining balance sheet – other governmental funds and a combining statement of revenues, expenditures, and changes in fund balance – other governmental funds.

The City of Spring Hill adopts an annual appropriated budget for each governmental fund. Budgetary comparison statements have been provided as part of the basic financial statements on pages 23 to 28, page 63, and pages 66 to 74.

**CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

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

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

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer fund which is considered to be a major fund of the City of Spring Hill. The basic proprietary fund financial statements can be found on pages 29 to 31 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 to 58 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Spring Hill's pension related schedules.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Spring Hill, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$350.8 million at the close of the most recent fiscal year. The largest portion of the City's net position, 48.51%, reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City of Spring Hill uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Spring Hill's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

An additional portion of the City of Spring Hill's net position, 17.78%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of net position representing unrestricted net position, 33.71%, may be used to meet the City's ongoing obligations to citizens and creditors. At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the City as a whole.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and Other Assets	\$ 164,063,984	\$ 141,357,723	\$ 78,666,130	\$ 62,503,464	\$ 242,730,114	\$ 203,861,187
Capital Assets	150,990,056	110,848,106	122,758,282	104,672,883	273,748,338	215,520,989
Total Assets	<u>315,054,040</u>	<u>252,205,829</u>	<u>201,424,412</u>	<u>167,176,347</u>	<u>516,478,452</u>	<u>419,382,176</u>
DEFERRED OUTFLOWS OF RESOURCES	7,730,563	6,537,016	1,317,837	1,049,203	9,048,400	7,586,219
LIABILITIES						
Long-Term Liabilities	114,960,335	76,998,915	25,905,472	9,363,319	140,865,807	86,362,234
Other Liabilities	9,680,833	8,812,823	1,105,275	2,309,268	10,786,108	11,122,091
Total Liabilities	<u>124,641,168</u>	<u>85,811,738</u>	<u>27,010,747</u>	<u>11,672,587</u>	<u>151,651,915</u>	<u>97,484,325</u>
DEFERRED INFLOWS OF RESOURCES	22,995,468	17,400,586	71,563	24,579	23,067,031	17,425,165
NET POSITION						
Net Investment in Capital Assets	58,399,376	39,848,604	111,771,183	96,288,842	170,170,559	136,137,446
Restricted	62,384,703	50,092,599	-	-	62,384,703	50,092,599
Unrestricted	54,363,888	65,589,318	63,888,756	60,239,542	118,252,644	125,828,860
Total Net Position	<u>\$ 175,147,967</u>	<u>\$ 155,530,521</u>	<u>\$ 175,659,939</u>	<u>\$ 156,528,384</u>	<u>\$ 350,807,906</u>	<u>\$ 312,058,905</u>

**CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

Statement of Activities

Expenses in governmental activities exceeded program revenues by \$31.23 million. In the business-type activities, program revenues exceeded expenses by \$16.55 million. General government revenues and transfers of \$53.93 million more than offset the deficit, leaving a net increase of \$22.69 million. Other business type revenues of \$2.98 million and transfers out of \$1,253 left an increase in net position of \$19.50 million in the business-type activities.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenues:						
Charges for Services	\$ 17,086,769	\$ 12,447,043	\$ 30,115,332	\$ 19,340,131	\$ 47,202,101	\$ 31,787,174
Operating Grants and Contributions	1,148,017	2,786,148	-	14,153,558	1,148,017	16,939,706
Capital Grants and Contributions	2,690,814	12,307,333	8,088,878	-	10,779,692	12,307,333
General Revenues:						
Property Taxes	18,812,218	17,737,948	-	-	18,812,218	17,737,948
Other Taxes	26,552,286	25,973,957	-	-	26,552,286	25,973,957
Other Sources	8,558,345	10,855,392	2,983,452	3,145,298	11,541,797	14,000,690
Total Revenues	74,848,449	82,107,821	41,187,662	36,638,987	116,036,111	118,746,808
EXPENSES						
General Government	7,523,224	11,750,990	-	-	7,523,224	11,750,990
Public Safety	23,295,669	17,366,805	-	-	23,295,669	17,366,805
Public Works	13,765,924	5,596,138	-	-	13,765,924	5,596,138
Culture and Recreation	2,690,469	6,854,857	-	-	2,690,469	6,854,857
Planning	2,436,552	2,034,620	-	-	2,436,552	2,034,620
Debt Service	2,445,625	2,088,017	-	-	2,445,625	2,088,017
Stormwater	-	-	1,284,547	1,274,054	1,284,547	1,274,054
Water/Sewer	-	-	20,371,931	14,722,061	20,371,931	14,722,061
Total Expenses	52,157,463	45,691,427	21,656,478	15,996,115	73,813,941	61,687,542
INCREASE IN NET POSITION BEFORE TRANSFERS	22,690,986	36,416,394	19,531,184	20,642,872	42,222,170	57,059,266
TRANSFERS	1,253	2,498,566	(1,253)	(2,498,566)	-	-
INCREASE (DECREASE) IN NET POSITION	22,692,239	38,914,960	19,529,931	18,144,306	42,222,170	57,059,266
Net Position - Beginning of Year, as Originally Stated	155,530,521	116,615,561	156,528,384	138,384,078	312,058,905	254,999,639
Change in Accounting Principle	(3,074,793)	-	(398,376)	-	(3,473,169)	-
Net Position - Beginning of Year, as Restated	152,455,728	116,615,561	156,130,008	138,384,078	308,585,736	254,999,639
NET POSITION - END OF YEAR	\$ 175,147,967	\$ 155,530,521	\$ 175,659,939	\$ 156,528,384	\$ 350,807,906	\$ 312,058,905

**CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

COMMENTS ON FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

The general fund accounts for approximately 73.69% of governmental fund revenues. Accordingly, this discussion will focus on the general fund. General fund balance was \$44.12 million at the end of the current fiscal year. There were commitments of \$9.48 million, and the remaining portion of \$34.64 million is considered unassigned and available to meet the day-to-day needs of the City.

Revenues and other financing sources in the general fund decreased from last year by approximately \$8.2 million. The most significant change in revenues was a decrease in intergovernmental revenue of \$18.72 million due mainly to the discontinuation of ARPA grant funding in the current year.

Tax revenues increased \$9.47 million due primarily to increased property assessment valuations. Charges for services increased \$3.39 million primarily due to recognition of supporting services for other governmental funds. All other revenues were within reasonable variances from last year. A budgetary comparison statement has been provided to demonstrate compliance with the budget.

During the current year, the 18-75 Capital Projects fund's ending fund balance was \$53.95 million. The change in fund balance was an increase of \$15.20 million. There was a significant amount of capital outlay purchases in the amount of \$29.39 million, which is the purpose of the fund.

For the other governmental funds, the state street aid fund's ending fund balance was \$1.94 million which is a \$387 thousand decrease from the prior year mainly due to public works expenditures of \$1.78 million, an increase of \$519 thousand from the prior year. The drug fund's ending balance was \$285 thousand and had a \$47 thousand increase from the prior year due mainly to a forfeiture of property in the amount of \$22 thousand. The E-citation fund's ending fund balance was \$13 thousand and had an increase of \$1 thousand in the current year. The Impact Fees fund's ending fund balance was \$10.38 million with a current year increase of \$12 thousand due mainly to the impact fees and interest income being \$4.19 million and \$517 thousand respectively in the current year with a corresponding amount of transfers out in the current year. The Library Fund's ending fund balance was \$162 thousand which was a \$32 thousand increase in the current year which was due mainly to contributions of \$62 thousand in the current year. The Tourism Fund's ending balance was \$783 thousand which was a \$197 thousand increase in the current year due mainly to their allocation of taxes in the current year being \$410 thousand in the current year. The Sanitation fund's ending fund balance was \$2.72 million with an increase of \$606 thousand increase in the current year which is close to normal operations for the fund.

**CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

The Adequate Facilities fund's ending fund balance was \$7.04 million which was a \$1.63 million increase in the current year due mainly to an increase in impact fees of \$1.50 million in the current year. The Rolling Capital Fund's ending fund balance was \$2.41 million which was the result of a \$1.86 million increase in the fund in the current year caused primarily by transfers in of \$2.76 million. The Capital Project fund's ending fund balance was \$7.93 million and had a \$4.51 million increase in the current year due mainly to transfers in of \$13.70 million exceeding capital outlay purchases of \$9.30 million in the current year.

Proprietary Funds

The City of Spring Hill's proprietary fund provides the same type of information found in the government-wide financial statements, but in more detail. Unrestricted net position of proprietary funds at the end of the year amounted to \$63.47 million. The total increase in net position for this fund was \$19.53 million due mainly to operating income of \$9.03 million and donated waterlines totaling \$8.09 million.

GENERAL FUND BUDGETARY HIGHLIGHTS

Final Budgeted and Actual Amounts

Actual revenues and other financing sources were more than the final budgeted amounts by \$1.63 million. The original budgeted amounts for revenues were increased by \$3.03 million or 5.89%. The most significant change was the budgeted for charges for services after the original budget in the amount of \$3.85 million. Significant variances were:

- Revenues related to the local sales taxes were budgeted at \$15.6 million, but \$17.81 million was collected.
- Revenues related to interest earnings were budgeted at \$1.21 million, but \$2.26 million was collected.
- Revenues related to licenses and permits was budgeted at \$3.90 million, but \$2.90 million was received in the current year.

Expenditures were less than the budgeted amounts, coming in at \$9.03 million under budget. The original budgeted amounts for expenditures were increased by \$4.88 million or 9.5%. Significant variances were:

- Service expense related to facilities were budgeted at \$1.02 million, but \$496 thousand of expense was incurred during the year. Capital outlay costs for the fire department were budgeted at \$2.24 million, but \$1.02 million of expense was incurred during the year. Public Works services costs were budgeted at 6.43 million, but \$3.37 million of expense was incurred during the year.

**CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2025, the City had invested \$273.73 million net of accumulated depreciation in a variety of capital assets and infrastructure. Infrastructure (streets, sidewalks, bridges, etc.) was valued at \$16.93 million net of accumulated depreciation. There were significant additions in Construction in progress due to several of the projects ongoing in the City this year.

Long-Term Debt

At the end of the current fiscal year, the City of Spring Hill had total bonded debt outstanding of \$119.95 million. At the end of the current fiscal year, the City of Spring Hill had total capital outlay notes outstanding of \$1.31 million. Additional information on the City of Spring Hill's long-term debt can be found in Note 8 beginning on page 48 of this report. The current year principal payments were \$6.61 million.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- Spring Hill continues to rank among the fastest-growing municipalities in Middle Tennessee and within the Nashville Metropolitan Statistical Area, with sustained population growth since 2020 and continued in-migration projected through fiscal year 2025 and beyond.
- The City benefits from strategic access to Interstate 65, strengthening regional connectivity, logistics activity, and business attraction.
- Major projects influencing current and future fiscal years include the continued build-out of the June Lake development, the Legacy Point commercial district, expansion within the Spring Hill Commerce Center, and additional hotel and retail projects.
- Expansion of the commercial tax base is expected to increase assessed valuation, enhance local sales tax collections, strengthen business tax revenues, and generate recurring utility connection fees.
- Property taxes remain the City's most stable and predictable revenue source, while sales tax revenues continue to reflect regional retail growth but remain sensitive to broader economic conditions and consumer spending trends.
- Major road capital initiatives include roadway and corridor improvements, I-65 interchange-related infrastructure, and the widening of Buckner Lane.
- Major public safety infrastructure initiatives include the completion of the new Police Headquarters and construction of the new Fire Station #4.
- The City continues advancing long-term water supply planning initiatives, including implementation and evaluation of an Advanced Water Purification pilot program designed to enhance water reliability and sustainability.

**CITY OF SPRING HILL, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED JUNE 30, 2025**

- Continued capital investment is necessary to accommodate population growth, maintain service levels, and preserve infrastructure quality.

All of these factors were considered in preparing the City of Spring Hill's budget for the 2026 fiscal year.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Spring Hill's finances for citizens, taxpayers, customers, investors, creditors, and all others with an interest in the City of Spring Hill's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Recorder and/or the City Manager, 199 Town Center Parkway, Spring Hill, TN 37174.

BASIC FINANCIAL STATEMENTS

CITY OF SPRING HILL, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 90,934,157	\$ 61,869,874	\$ 152,804,031
Cash and Cash Equivalents - Restricted	10,918,614	143,624	11,062,238
Restricted Investments	33,832,785	13,747,370	47,580,155
Receivables:			
Taxes, Net	23,078,181	-	23,078,181
Accounts - Other	852,742	1,933,101	2,785,843
Intergovernmental	4,422,078	-	4,422,078
Deposits	25,351	-	25,351
Inventory	-	732,355	732,355
Prepaid Items	-	239,882	239,882
Internal Balances	76	(76)	-
Capital Assets Not Being Depreciated:			
Land	18,648,873	9,169,574	27,818,447
Construction In Progress	97,519,438	10,505,381	108,024,819
Capital Assets Net of Accumulated Depreciation & Amortization:			
Buildings and Improvements	6,239,824	-	6,239,824
Infrastructure	16,929,853	-	16,929,853
Utility Plant	-	99,120,527	99,120,527
Equipment	10,598,421	3,962,800	14,561,221
Right-to-Use Lease Assets	943,742	-	943,742
SBITAs	109,905	-	109,905
Total Assets	<u>315,054,040</u>	<u>201,424,412</u>	<u>516,478,452</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Outflows	7,730,563	1,317,837	9,048,400
Total Deferred Outflows of Resources	<u>7,730,563</u>	<u>1,317,837</u>	<u>9,048,400</u>
LIABILITIES			
Accounts Payable	5,578,835	530,688	6,109,523
Accrued Expenses	1,043,150	554,144	1,597,294
Unearned Revenue	2,417,231	-	2,417,231
Maintenance Bonds/Sureties Payable	292,824	-	292,824
Accrued Interest Payable	348,793	20,443	369,236
Noncurrent Liabilities Due Within One Year:			
Compensated Absences	1,665,638	227,841	1,893,479
Notes Payable	430,000	386,000	816,000
Bonds Payable	3,070,000	715,000	3,785,000
Financed Purchase	-	14,735	14,735
Lease Payable	264,339	-	264,339
Subscription Based Information Technology Arrangements	43,451	-	43,451
Noncurrent Liabilities:			
Leases Payable	801,469	-	801,469
Subscription Based Information Technology Arrangements	65,218	-	65,218
Compensated Absences	2,617,730	378,413	2,996,143
Net Pension Liability	5,774,921	984,456	6,759,377
Notes Payable	90,000	405,000	495,000
Bonds Payable	94,510,000	21,655,000	116,165,000
Unamortized Debt Premium	5,627,569	1,139,027	6,766,596
Total Liabilities	<u>124,641,168</u>	<u>27,010,747</u>	<u>151,651,915</u>
DEFERRED INFLOWS OF RESOURCES			
Pension Related Inflows	419,795	71,563	491,358
Taxes Levied for Subsequent Year	22,575,673	-	22,575,673
Total Deferred Inflows of Resources	<u>22,995,468</u>	<u>71,563</u>	<u>23,067,031</u>
NET POSITION			
Net Investment in Capital Assets	58,399,376	111,771,183	170,170,559
Restricted:			
Public Safety	285,008	-	285,008
Capital Projects	57,439,875	-	57,439,875
State Street Aid	1,935,304	-	1,935,304
Solid Waste Disposal	2,724,516	-	2,724,516
Unrestricted	54,363,888	63,888,756	118,252,644
Total Net Position	<u>\$ 175,147,967</u>	<u>\$ 175,659,939</u>	<u>\$ 350,807,906</u>

See accompanying Notes to Financial Statements.

**CITY OF SPRING HILL, TENNESSEE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		Total
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	
GOVERNMENTAL ACTIVITIES							
General Government	\$ 7,523,224	\$ 123,755	\$ 591,359	\$ 14,862	\$ (6,793,248)	\$ -	\$ (6,793,248)
Public Safety:							
Police	11,168,593	345,297	243,032	-	(10,580,264)	-	(10,580,264)
Fire	12,127,076	62,828	63,448	1,048,840	(10,951,960)	-	(10,951,960)
Public Works	13,765,924	16,537,837	121,654	1,627,112	4,520,679	-	4,520,679
Culture and Recreation	2,690,469	14,452	128,524	-	(2,547,493)	-	(2,547,493)
Planning	2,436,552	2,600	-	-	(2,433,952)	-	(2,433,952)
Debt Service:							
Interest and Related Costs on Long-Term Debt	2,445,625	-	-	-	(2,445,625)	-	(2,445,625)
Total Governmental Activities	52,157,463	17,086,769	1,148,017	2,690,814	(31,231,863)	-	(31,231,863)
BUSINESS-TYPE ACTIVITIES							
Water and Sewer	20,371,931	27,674,063	-	8,088,878	-	15,391,010	15,391,010
Stormwater	1,284,547	2,441,269	-	-	-	1,156,722	1,156,722
Total Business-Type Activities	21,656,478	30,115,332	-	8,088,878	-	16,547,732	16,547,732
Total Governmental Activities	\$ 73,813,941	\$ 47,202,101	\$ 1,148,017	\$ 10,779,692	(31,231,863)	16,547,732	(14,684,131)
GENERAL REVENUES							
Property Taxes - Levied for General Government Including Penalties					17,520,075	-	17,520,075
In Lieu of Property Taxes - Others					1,292,143	-	1,292,143
Sales Taxes					23,563,089	-	23,563,089
Beer and Alcohol Taxes					1,433,401	-	1,433,401
Business Taxes					1,105,985	-	1,105,985
Franchise Tax					449,811	-	449,811
Other Sources					2,436,398	2,212	2,438,610
Insurance Recoveries					167,701	46,875	214,576
Unrestricted Interest Income					5,954,246	2,934,365	8,888,611
Total General Revenues					53,922,849	2,983,452	56,906,301
TRANSFERS							
Transfers In (Out)					1,253	(1,253)	-
Total General Revenues and Transfers					53,924,102	2,982,199	56,906,301
CHANGES IN NET POSITION							
Net Position - Beginning of Year, as Originally Stated					155,530,521	156,528,384	312,058,905
Change in Accounting Principle					(3,074,793)	(398,376)	(3,473,169)
Net Position - Beginning of Year, as Restated					152,455,728	156,130,008	308,585,736
NET POSITION - END OF YEAR					\$ 175,147,967	\$ 175,659,939	\$ 350,807,906

See accompanying Notes to Financial Statements.

**CITY OF SPRING HILL, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	General Fund	18-75 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 42,194,232	\$ 14,057,928	\$ 34,681,997	\$ 90,934,157
Receivables:				
Taxes, Net	23,078,181	-	-	23,078,181
Accounts, Net	140,309	3,707	708,726	852,742
Intergovernmental	4,422,078	-	-	4,422,078
Due from Other Funds	156,530	-	76	156,606
Deposits	25,351	-	-	25,351
Restricted Cash and Cash Equivalents	-	10,572,248	346,366	10,918,614
Restricted Investments	-	33,832,785	-	33,832,785
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 70,016,681</u>	<u>\$ 58,466,668</u>	<u>\$ 35,737,165</u>	<u>\$ 164,220,514</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable and Other Accrued Expenses	1,584,740	1,078,564	\$ 1,368,207	\$ 4,031,511
Due to Other Funds	-	-	156,530	156,530
Maintenance Bonds/Sureties Payable	292,824	-	-	292,824
Other Liabilities	-	2,590,474	-	2,590,474
Unearned Revenue	1,013,052	846,470	557,709	2,417,231
Total Liabilities	<u>2,890,616</u>	<u>4,515,508</u>	<u>2,082,446</u>	<u>9,488,570</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	433,212	-	-	433,212
Taxes Levied for Subsequent Year	22,575,673	-	-	22,575,673
Total Deferred Inflows of Resources	<u>23,008,885</u>	<u>-</u>	<u>-</u>	<u>23,008,885</u>
FUND BALANCES				
Restricted For:				
Drug Fund Enforcement	-	-	285,008	285,008
Waste Management	-	-	2,724,516	2,724,516
Capital Projects	-	44,405,033	25,346,208	69,751,241
State Street Aid	-	-	1,935,304	1,935,304
Committed For:				
General Government	6,000,000	-	-	6,000,000
Capital Projects	1,281,101	-	2,405,554	3,686,655
Recreational Services	2,198,986	-	-	2,198,986
Library Operations	-	-	161,598	161,598
Public Safety	-	-	13,111	13,111
Tourism	-	-	783,420	783,420
Assigned for Capital Projects	-	9,546,127	-	9,546,127
Unassigned	34,637,093	-	-	34,637,093
Total Fund Balances	<u>44,117,180</u>	<u>53,951,160</u>	<u>33,654,719</u>	<u>131,723,059</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 70,016,681</u>	<u>\$ 58,466,668</u>	<u>\$ 35,737,165</u>	<u>\$ 164,220,514</u>

See accompanying Notes to Financial Statements.

**CITY OF SPRING HILL, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2025**

Fund Balance - Total Governmental Funds	\$ 131,723,059
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 funds.	150,990,056
Receivables not available to pay for current expenditures and, therefore, are deferred in the funds:	
Property Taxes	433,212
Deferred outflows of resources - pensions are not available to pay current expenditures and, therefore, are unavailable in the funds.	7,730,563
Deferred inflows of resources - pensions are not due in the current period and, therefore, are unavailable in the funds.	(419,795)
Long-term liabilities, including net pension liability, SBITAs payable, compensated absences, bonds payable, and notes payable are not due in the current period and, therefore, are not reported in the funds.	
Bonds Payable	(97,580,000)
Unamortized Premiums on Bonds Payable	(5,627,569)
Notes Payable	(520,000)
SBITAs Payable	(108,669)
Leases Payable	(1,065,808)
Accrued Interest	(348,793)
Compensated Absences	(4,283,368)
Net Pension Liability	<u>(5,774,921)</u>
Net Position of Governmental Activities	<u><u>\$ 175,147,967</u></u>

See accompanying Notes to Financial Statements.

CITY OF SPRING HILL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	General Fund	18-75 Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Taxes	\$ 45,505,168	\$ -	\$ 2,093,131	\$ 47,598,299
License and Permits	2,900,772	106,017	-	3,006,789
Intergovernmental	1,378,762	19,410	504,326	1,902,498
Impact Fees	-	-	7,765,550	7,765,550
Charges for Services	3,446,309	-	5,092,804	8,539,113
Fines	3,638	-	44,203	47,841
Interest Income	2,264,254	2,552,151	1,137,841	5,954,246
Contributions	209,637	569,949	62,759	842,345
Other	270,799	8,667	28,473	307,939
Total Revenues	<u>55,979,339</u>	<u>3,256,194</u>	<u>16,729,087</u>	<u>75,964,620</u>
EXPENDITURES				
Current:				
General Government	7,856,420	-	-	7,856,420
Public Safety:				
Police	10,794,621	-	33,852	10,828,473
Fire	11,150,468	-	-	11,150,468
Public Works	6,900,285	-	6,363,916	13,264,201
Culture and Recreation	2,416,358	-	213,352	2,629,710
Planning	2,569,725	-	-	2,569,725
Capital Outlay	2,378,299	29,389,161	10,273,702	42,041,162
Debt Service:				
Principal	2,936,711	2,253,025	935,507	6,125,243
Interest	194,904	2,899,207	167,350	3,261,461
Costs of Issuance	-	294,727	-	294,727
Total Expenditures	<u>47,197,791</u>	<u>34,836,120</u>	<u>17,987,679</u>	<u>100,021,590</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	8,781,548	(31,579,926)	(1,258,592)	(24,056,970)
OTHER FINANCING SOURCES (USES)				
Transfers from Other Funds	1,253	6,369,321	16,459,876	22,830,450
Transfers to Other Funds	(16,129,197)	-	(6,700,000)	(22,829,197)
SBITA Issuance	152,176	-	-	152,176
Issuance of Bonds	-	37,930,000	-	37,930,000
Bond Premiums	-	2,477,953	-	2,477,953
Total Other Financing Sources (Uses)	<u>(15,975,768)</u>	<u>46,777,274</u>	<u>9,759,876</u>	<u>40,561,382</u>
NET CHANGES IN FUND BALANCE	(7,194,220)	15,197,348	8,501,284	16,504,412
Fund Balance - Beginning of Year	<u>51,311,400</u>	<u>38,753,812</u>	<u>25,153,435</u>	<u>115,218,647</u>
FUND BALANCE - END OF YEAR	<u>\$ 44,117,180</u>	<u>\$ 53,951,160</u>	<u>\$ 33,654,719</u>	<u>\$ 131,723,059</u>

See accompanying Notes to Financial Statements.

CITY OF SPRING HILL, TENNESSEE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Net Change in Fund Balance - Total Governmental Funds	\$ 16,504,412
<p>Amounts reported for the governmental activities in the statement of activities are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation and amortization expense in the current period. This is the net activity related to capital activity and related depreciation and amortization.</p>	40,141,950
<p>The payment of pension contributions consumes current financial resources in the governmental funds. These transactions do not have any effect on the net position, but are considered deferred outflows of resources, while pension expense has no effect on the fund statements but does effect net position.</p>	
Pension Expense	1,387
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>	62,365
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.</p>	
Compensated Absences	(58,579)
Accrued Interest	(56,752)
Amortization of Premiums and Discounts on Debt	531,982
<p>The issuance of the principal of long-term debt increases the current financial resources of governmental funds. These transactions do not have any effect on net position.</p>	
Issuance of General Obligation Bonds	(37,930,000)
Bond Premiums	(2,477,593)
Issuance of SBITAs	(152,176)
<p>The repayment of the principal of long-term debt consumes the current financial resources of governmental funds. These transactions do not have any effect on net position.</p>	
Principal Payments on Leases	294,552
Principal Payments on SBITAs	285,691
Principal Payments on Long-Term Debt	<u>5,545,000</u>
Change in Net Position of Governmental Activities	<u>\$ 22,692,239</u>

See accompanying Notes to Financial Statements.

**CITY OF SPRING HILL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
REVENUES				
Taxes:				
Property Taxes	\$ 17,316,163	\$ 17,459,063	\$ 17,421,891	\$ (37,172)
Sales Tax	16,100,000	15,600,000	17,813,689	2,213,689
State Shared Taxes	6,857,969	6,733,674	6,573,393	(160,281)
Payments in Lieu of Taxes	603,318	603,318	680,804	77,486
Interest and Penalties	25,000	25,000	35,819	10,819
Franchise and Hotel Taxes	608,489	608,489	449,811	(158,678)
Business Taxes	891,476	891,476	1,105,985	214,509
Alcohol Taxes	1,649,811	1,649,811	1,423,776	(226,035)
Total Taxes	<u>44,052,226</u>	<u>43,570,831</u>	<u>45,505,168</u>	<u>1,934,337</u>
Licenses and Permits:				
Licenses and Permits	3,897,737	3,897,737	2,900,772	(996,965)
Total Licenses and Permits	<u>3,897,737</u>	<u>3,897,737</u>	<u>2,900,772</u>	<u>(996,965)</u>
Intergovernmental:				
Federal Grants	1,036,384	1,036,384	1,048,840	12,456
State Grants	197,954	201,839	329,922	128,083
Total Intergovernmental	<u>1,234,338</u>	<u>1,238,223</u>	<u>1,378,762</u>	<u>140,539</u>
Charges for Services:				
Charges for Services	460,590	4,310,763	3,446,309	(864,454)
Total Charges for Services	<u>460,590</u>	<u>4,310,763</u>	<u>3,446,309</u>	<u>(864,454)</u>
Fines and Forfeitures:				
Court Fines and Costs	-	-	3,638	3,638
Total Fines and Forfeitures	<u>-</u>	<u>-</u>	<u>3,638</u>	<u>3,638</u>
Other Revenues:				
Interest Earnings	1,577,714	1,211,755	2,264,254	1,052,499
Contributions	146,165	146,165	209,637	63,472
Miscellaneous	99,137	124,137	270,799	146,662
Total Other	<u>1,823,016</u>	<u>1,482,057</u>	<u>2,744,690</u>	<u>1,262,633</u>
Total Revenues	<u>51,467,907</u>	<u>54,499,611</u>	<u>55,979,339</u>	<u>1,479,728</u>

See accompanying Notes to Financial Statements.

**CITY OF SPRING HILL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
EXPENDITURES				
Current:				
General Government:				
Legislation:				
Personnel Costs	\$ 232,452	\$ 267,661	\$ 248,793	\$ (18,868)
Services	408,045	522,190	477,463	(44,727)
Supplies	2,500	2,550	2,362	(188)
Fixed Charges	44,922	85,887	85,887	-
Grants, Contributions, Indemnities, and Other Costs	136,478	160,733	89,356	(71,377)
Total Legislation	<u>824,397</u>	<u>1,039,021</u>	<u>903,861</u>	<u>(135,160)</u>
Judicial:				
Personnel Costs	32,867	34,305	30,830	(3,475)
Services	850	550	-	(550)
Supplies	800	1,100	995	(105)
Fixed Charges	29	29	-	(29)
Grants, Contributions, Indemnities, and Other Costs	9,311	-	-	-
Total Judicial	<u>43,857</u>	<u>35,984</u>	<u>31,825</u>	<u>(4,159)</u>
Administration:				
Personnel Costs	1,552,650	1,754,506	1,630,848	(123,658)
Services	283,410	241,492	151,687	(89,805)
Supplies	136,116	48,019	38,105	(9,914)
Fixed Charges	29,684	42,770	21,837	(20,933)
Grants, Contributions, Indemnities, and Other Costs	330,804	42,124	628	(41,496)
Capital Outlay	-	5,700	-	(5,700)
Total Administration	<u>2,332,664</u>	<u>2,134,611</u>	<u>1,843,105</u>	<u>(291,506)</u>
Financial Administration:				
Personnel Costs	1,238,680	1,081,403	1,006,444	(74,959)
Services	180,985	159,012	149,679	(9,333)
Supplies	6,527	21,027	16,558	(4,469)
Fixed Charges	2,186	102,936	89,934	(13,002)
Grants, Contributions, Indemnities, and Other Costs	311,667	3,168	2,249	(919)
Capital Outlay	-	3,500	-	(3,500)
Total Financial Administration	<u>1,740,045</u>	<u>1,371,046</u>	<u>1,264,864</u>	<u>(106,182)</u>
Information Management:				
Personnel Costs	-	622,407	510,858	(111,549)
Services	142,283	2,084,274	1,748,392	(335,882)
Supplies	51,970	194,261	144,578	(49,683)
Fixed Charges	-	4,061	1,926	(2,135)
Capital Outlay	45,621	147,077	215,123	68,046
Total Information Management	<u>239,874</u>	<u>3,052,080</u>	<u>2,620,877</u>	<u>(431,203)</u>

See accompanying Notes to Financial Statements.

**CITY OF SPRING HILL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
Current (Continued):				
General Government (Continued):				
Human Resources:				
Personnel Costs	\$ 552,835	\$ 507,916	\$ 442,114	\$ (65,802)
Services	63,798	57,998	18,962	(39,036)
Supplies	21,473	25,473	14,847	(10,626)
Fixed Charges	730	730	-	(730)
Grants, Contributions, Indemnities, and Other Costs	155,189	-	-	-
Total Human Resources	794,025	592,117	475,923	(116,194)
Capital Improvement Program Administration:				
Services	14,950	15,750	4,609	(11,141)
Supplies	2,000	1,250	128	(1,122)
Capital Outlay	45,000	43,570	41,478	(2,092)
Total Capital Improvement Program Administration	61,950	60,570	46,215	(14,355)
General Government Facilities:				
Personnel Costs	-	411,799	386,904	(24,895)
Services	169,329	1,022,704	346,809	(675,895)
Supplies	-	124,824	57,109	(67,715)
Fixed Charges	-	31,537	135,529	103,992
Capital Outlay	-	360,256	313,157	(47,099)
Total General Government Facilities	169,329	1,951,120	1,239,508	(711,612)
Total General Government	6,206,141	10,236,549	8,426,178	(1,810,371)
Public Safety:				
Police Department:				
Personnel Costs	9,117,740	9,812,167	9,414,600	(397,567)
Services	708,145	1,030,177	648,452	(381,725)
Supplies	801,162	778,479	592,126	(186,353)
Fixed Charges	124,086	141,398	98,128	(43,270)
Grants, Contributions, Indemnities, and Other Costs	1,415,130	41,500	41,315	(185)
Capital Outlay	323,400	309,000	268,806	(40,194)
Total Police Department	12,489,663	12,112,721	11,063,427	(1,049,294)
Fire Department:				
Personnel Costs	8,942,883	9,817,580	9,445,148	(372,432)
Services	527,990	717,630	647,795	(69,835)
Supplies	711,597	766,759	740,695	(26,064)
Fixed Charges	44,440	152,876	137,451	(15,425)
Grants, Contributions, Indemnities, and Other Costs	1,072,320	-	-	-
Capital Outlay	925,400	2,163,450	937,520	(1,225,930)
Total Fire Department	12,224,630	13,618,295	11,908,609	(1,709,686)

See accompanying Notes to Financial Statements.

**CITY OF SPRING HILL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
EXPENDITURES (CONTINUED)				
Current (Continued):				
Public Safety (Continued):				
Emergency Operations:				
Personnel Costs	\$ 146,432	\$ 152,767	\$ 148,602	\$ (4,165)
Services	31,989	32,509	22,350	(10,159)
Supplies	6,954	14,354	7,786	(6,568)
Fixed Charges	637	647	641	(6)
Grants, Contributions, Indemnities, and				
Other Costs	29,750	-	-	-
Capital Outlay	53,000	41,521	39,521	(2,000)
Total Emergency Operations	<u>268,762</u>	<u>241,798</u>	<u>218,900</u>	<u>(22,898)</u>
Total Public Safety	24,983,055	25,972,814	23,190,936	(2,781,878)
Public Works:				
Public Works:				
Personnel Costs	2,342,701	2,669,810	2,537,110	(132,700)
Services	7,784,712	6,430,874	3,367,469	(3,063,405)
Supplies	1,132,165	1,237,456	925,967	(311,489)
Fixed Charges	30,176	163,830	69,739	(94,091)
Grants, Contributions, Indemnities, and				
Other Costs	798,082	-	-	-
Capital Outlay	880,469	510,487	501,865	(8,622)
Total Public Works	<u>12,968,305</u>	<u>11,012,457</u>	<u>7,402,150</u>	<u>(3,610,307)</u>
Parks and Recreation:				
Parks and Recreation:				
Personnel Costs	354,242	369,600	337,782	(31,818)
Services	76,993	74,344	54,936	(19,408)
Supplies	63,454	58,883	35,306	(23,577)
Fixed Charges	23,600	34,070	28,179	(5,891)
Grants, Contributions, Indemnities, and				
Other Costs	135,780	8,300	4,012	(4,288)
Capital Outlay	15,000	15,000	10,996	(4,004)
Total Parks and Recreation	<u>669,069</u>	<u>560,197</u>	<u>471,211</u>	<u>(88,986)</u>
Parks Maintenance:				
Personnel Costs	302,984	346,629	332,797	(13,832)
Services	438,532	386,879	234,105	(152,774)
Supplies	93,000	98,250	61,292	(36,958)
Fixed Charges	11,875	13,485	13,120	(365)
Grants, Contributions, Indemnities, and				
Other Costs	82,217	-	-	-
Capital Outlay	10,242	50,342	49,833	(509)
Total Parks Maintenance	<u>938,850</u>	<u>895,585</u>	<u>691,147</u>	<u>(204,438)</u>

See accompanying Notes to Financial Statements.

**CITY OF SPRING HILL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

EXPENDITURES (CONTINUED)	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
Current (Continued):				
Development:				
Libraries:				
Personnel Costs	\$ 1,027,561	\$ 1,059,952	\$ 971,861	\$ (88,091)
Services	92,750	102,391	76,364	(26,027)
Supplies	116,700	122,660	123,194	534
Fixed Charges	6,623	7,123	707	(6,416)
Grants, Contributions, Indemnities, and Other Costs	416,725	-	-	-
Capital Outlay	5,400	5,400	-	(5,400)
Total Libraries	1,665,759	1,297,526	1,172,126	(125,400)
Total Parks and Recreation	3,273,678	2,753,308	2,334,484	(418,824)
Economic Development:				
Economic Development:				
Personnel Costs	153,175	154,377	142,678	(11,699)
Services	22,000	900	25	(875)
Grants, Contributions, Indemnities, and Other Costs	23,383	-	-	-
Total Economic Development	198,558	155,277	142,703	(12,574)
Personnel Costs	1,632,704	2,298,405	2,059,854	(238,551)
Services	824,025	716,627	465,766	(250,861)
Supplies	57,142	88,402	42,634	(45,768)
Fixed Charges	3,535	4,975	1,471	(3,504)
Grants, Contributions, Indemnities, and Other Costs	545,936	-	-	-
Total Development	3,063,342	3,108,409	2,569,725	(538,684)
Debt Services:				
Principal	344,493	2,360,168	2,505,986	145,818
Interest	99,726	155,065	149,551	(5,514)
Lease Principal	211,450	433,385	301,051	(132,334)
Lease Interest	-	41,234	41,495	261
SBITA Principal	-	-	129,674	129,674
SBITA Interest	-	-	3,858	3,858
Total Debt Services	655,669	2,989,852	3,131,615	141,763
Total Expenditures	51,348,748	56,228,666	47,197,791	(9,030,875)

See accompanying Notes to Financial Statements.

**CITY OF SPRING HILL, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
OTHER FINANCING SOURCES (USES)				
Proceeds from SBITA Issuance	\$ -	\$ -	\$ 152,176	\$ 152,176
Transfers from Other Funds	2,896,259	-	1,253	1,253
Transfers to Other Funds	(7,809,068)	(16,059,875)	(16,129,197)	(69,322)
Total Other Financing Sources (Uses)	<u>(4,912,809)</u>	<u>(16,059,875)</u>	<u>(15,975,768)</u>	<u>84,107</u>
NET CHANGES IN FUND BALANCE	(4,793,650)	(17,788,930)	(7,194,220)	10,594,710
Fund Balance - Beginning of Year	<u>51,311,400</u>	<u>51,311,400</u>	<u>51,311,400</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ 46,517,750</u>	<u>\$ 33,522,470</u>	<u>\$ 44,117,180</u>	<u>\$ 10,594,710</u>

See accompanying Notes to Financial Statements.

CITY OF SPRING HILL, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Water/Sewer	Nonmajor Stormwater	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 61,469,235	\$ 400,639	\$ 61,869,874
Accounts Receivable, Net	1,738,532	194,569	1,933,101
Due from Other Funds	274,842	-	274,842
Restricted Cash and Cash Equivalents	143,624	-	143,624
Restricted Investments	12,147,400	1,599,970	13,747,370
Inventory	732,355	-	732,355
Prepaid Expenses	239,882	-	239,882
Total Current Assets	76,745,870	2,195,178	78,941,048
Noncurrent Assets:			
Capital Assets Not Being Depreciated:			
Land	9,169,574	-	9,169,574
Construction In Progress	10,185,083	320,298	10,505,381
Capital Assets, Net of Accumulated Depreciation:			
Utility Plant	86,442,169	12,678,358	99,120,527
Equipment	3,679,900	282,900	3,962,800
Total Noncurrent Assets	109,476,726	13,281,556	122,758,282
Total Assets	186,222,596	15,476,734	201,699,330
DEFERRED OUTFLOWS OF RESOURCES			
Pension Related Outflows	1,143,559	174,278	1,317,837
Total Deferred Outflows of Resources	1,143,559	174,278	1,317,837
LIABILITIES			
Current Liabilities:			
Accounts Payable	502,031	28,657	530,688
Accrued Expenses	497,951	56,193	554,144
Due to Other Funds	-	274,918	274,918
Compensated Absences	194,807	33,034	227,841
Accrued Interest Payable	18,384	2,059	20,443
Long-Term Debt, Due Within One Year	1,101,000	14,735	1,115,735
Total Current Liabilities	2,314,173	409,596	2,723,769
Noncurrent Liabilities:			
Net Pension Liability	854,266	130,190	984,456
Compensated Absences, Net of Current Portion	335,366	43,047	378,413
Long-Term Debt, Net of Current Portion	21,189,805	2,009,222	23,199,027
Total Noncurrent Liabilities	22,379,437	2,182,459	24,561,896
Total Liabilities	24,693,610	2,592,055	27,285,665
DEFERRED INFLOWS OF RESOURCES			
Pension Related Inflows	62,099	9,464	71,563
Total Deferred Inflows of Resources	62,099	9,464	71,563
NET POSITION			
Net Investment in Capital Assets	98,961,982	12,809,201	111,771,183
Unrestricted	63,648,464	240,292	63,888,756
Total Net Position	\$ 162,610,446	\$ 13,049,493	\$ 175,659,939

See accompanying Notes to Financial Statements.

CITY OF SPRING HILL, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	<u>Water/Sewer</u>	<u>Nonmajor Stormwater</u>	<u>Total</u>
OPERATING REVENUES			
Water Sales	\$ 12,783,821	\$ -	\$ 12,783,821
Sewer Service Charges	12,384,102	-	12,384,102
Stormwater Fees	-	2,425,391	2,425,391
Penalties and Service Fees	2,212,382	15,878	2,228,260
Other Fees	212,180	-	212,180
Total Operating Revenues	<u>27,592,485</u>	<u>2,441,269</u>	<u>30,033,754</u>
OPERATING EXPENSES			
Salaries and Administration	6,017,312	600,702	6,618,014
Supplies	3,145,588	14,317	3,159,905
Professional Fees	2,205,228	159,256	2,364,484
Water Purchased for Resale	1,064,345	-	1,064,345
Repair and Maintenance	926,025	68,444	994,469
Utility Services	1,160,446	-	1,160,446
Other Operating Expenses	1,615,815	37,477	1,653,292
Depreciation	3,638,393	354,241	3,992,634
Total Operating Expenses	<u>19,773,152</u>	<u>1,234,437</u>	<u>21,007,589</u>
OPERATING INCOME	7,819,333	1,206,832	9,026,165
NONOPERATING INCOME (EXPENSE)			
Interest Earned	2,855,991	78,374	2,934,365
Insurance Recoveries	46,875	-	46,875
Miscellaneous Revenue	2,212	-	2,212
Costs of Debt Issuance	(113,119)	(13,612)	(126,731)
Loss on Sale of Materials	(1,211)	-	(1,211)
Interest Expense	(402,871)	(36,498)	(439,369)
Total Nonoperating Income (Expense)	<u>2,387,877</u>	<u>28,264</u>	<u>2,416,141</u>
INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	10,207,210	1,235,096	11,442,306
TRANSFERS AND CAPITAL CONTRIBUTIONS			
Capital Contributions	8,088,878	-	8,088,878
Transfers to Other Funds	(1,253)	-	(1,253)
Total Transfers and Capital Contributions	<u>8,087,625</u>	<u>-</u>	<u>8,087,625</u>
CHANGE IN NET POSITION	18,294,835	1,235,096	19,529,931
Net Position - Beginning of Year, as Originally Stated	144,666,996	11,861,388	156,528,384
Change in Accounting Principle	(351,385)	(46,991)	(398,376)
Net Position - Beginning of Year, as Restated	<u>144,315,611</u>	<u>11,814,397</u>	<u>156,130,008</u>
NET POSITION - END OF YEAR	<u>\$ 162,610,446</u>	<u>\$ 13,049,493</u>	<u>\$ 175,659,939</u>

See accompanying Notes to Financial Statements.

**CITY OF SPRING HILL, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025**

	Water/Sewer	Nonmajor Stormwater	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Consumers and Other Funds	\$ 27,430,415	\$ 2,402,116	\$ 29,832,531
Cash Paid to Suppliers of Goods and Services	(11,261,037)	(285,900)	(11,546,937)
Cash Paid to Employees for Services and Benefits	(5,948,101)	(605,308)	(6,553,409)
Net Cash Provided by Operating Activities	<u>10,221,277</u>	<u>1,510,908</u>	<u>11,732,185</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Principal Paid on Long-Term Debt	(963,000)	(123,944)	(1,086,944)
Proceeds from the issuance of Long-Term Debt	15,008,119	2,118,612	17,126,731
Cost of debt issuance	(113,119)	(13,612)	(126,731)
Interest and Administrative Expenses			
Paid on Long-Term Debt	(507,548)	(40,888)	(548,436)
Construction and Purchase of Capital Assets	(11,502,252)	(2,486,903)	(13,989,155)
Insurance Recoveries	46,875	-	46,875
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>1,969,075</u>	<u>(546,735)</u>	<u>1,422,340</u>
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES			
Temporary Advances from other funds	95	-	95
Temporary Advances to other funds	-	(19)	(19)
Transfers Out	(1,253)	-	(1,253)
Net Cash Used by Noncapital and Related Financing Activities	<u>(1,158)</u>	<u>(19)</u>	<u>(1,177)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Investments Sold or Matured	24,558,892	3,234,724	27,793,616
Investments Purchased	(36,706,292)	(4,834,694)	(41,540,986)
Interest Income Received	2,855,991	78,374	2,934,365
Net Cash Used by Investing Activities	<u>(9,291,409)</u>	<u>(1,521,596)</u>	<u>(10,813,005)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	2,897,785	(557,442)	2,340,343
Cash and Cash Equivalents - Beginning of Year	<u>58,715,074</u>	<u>958,081</u>	<u>59,673,155</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 61,612,859</u>	<u>\$ 400,639</u>	<u>\$ 62,013,498</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income	\$ 7,819,333	\$ 1,206,832	\$ 9,026,165
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	3,638,393	354,241	3,992,634
Other Operating Revenue	1,001	-	1,001
Changes in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	(163,071)	(39,153)	(202,224)
(Increase) Decrease in Inventory	367,076	-	367,076
(Increase) Decrease in Prepaid Expenses	(239,882)	-	(239,882)
(Increase) Decrease in Pension - Deferred Outflows	(196,444)	(72,190)	(268,634)
Increase (Decrease) in Net Pension Liability	151,659	54,457	206,116
Increase (Decrease) in Accounts Payable and Accrued Expenses	(1,203,348)	(644)	(1,203,992)
Increase (Decrease) in Compensated Absences	6,649	292	6,941
Increase (Decrease) in Deferred Inflows of Resources	39,911	7,073	46,984
Net Cash Provided by Operating Activities	<u>\$ 10,221,277</u>	<u>\$ 1,510,908</u>	<u>\$ 11,732,185</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING, CAPITAL, AND FINANCING ACTIVITIES			
Contributed Capital Assets	<u>\$ 8,088,878</u>	<u>\$ -</u>	<u>\$ 8,088,878</u>

See accompanying Notes to Financial Statements.

CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

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

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. Nonmajor combining statements and individual statements are presented in the other supplementary section.

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

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

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

The City reports the following major governmental funds:

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

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

The City reports the following major proprietary funds:

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

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

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

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

The water and sewer fund also recognizes as operating revenue the portion of tap fees (installation charges) intended to recover the cost of connecting new customers to the system. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

Deposits and Investments

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

CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deposits and Investments (Continued)

State Statutes authorize the City to invest in certificates of deposit, obligations of the U.S. treasury, agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements and the state's investment pool is allocated to the General Fund except where legal restrictions require the earnings to be allocated to the source from which the cash originated.

Receivables and Payables

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

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

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

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

Inventories

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

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets

Capital assets, including property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$500 for equipment and \$10,000 for land improvements, infrastructure, and buildings and an estimated useful life in excess of one year. All land, construction in progress, and works of art will be included. The water and sewer fund uses a threshold of \$5,000 (\$50,000 for infrastructure projects) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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 assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital assets of the City are depreciated using the straight line method over the following useful lives:

<u>Asset Category</u>	<u>Years</u>
Buildings	5 to 50
Right-to-Use Buildings	10
Water and Sewer Lines and Storage	10 to 50
Equipment	5 to 30
Subscription Based Information Technology Arrangements	3 to 5
Infrastructure	15 to 75

Leases

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

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.

CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Leases (Continued)

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

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

Subscription Based Information Technology Arrangements

The City has entered into a noncancellable long-term subscription-based information technology arrangement (SBITA) for various software programs. The City recognizes a right-to-use subscription asset and corresponding subscription liability in the government-wide financial statements. At the commencement of the subscription term, the City measures the subscription liability at the present value of minimum payments required to be paid during the subscription term. The right-to-use subscription asset is initially measured as the sum of the initial subscription liability amount plus payments made to the vendor before commencement of the subscription term and capitalizable implementation costs, less any incentives received from the vendor at or before commencement.

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

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

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

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Subscription Based Information Technology Arrangements (Continued)

- The subscription term includes the noncancellable period of the subscription term. Subscription payments included in the measurement of the subscription assets and liabilities are composed of fixed payments due to the vendor over the subscription term.

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

Unavailable/Unearned Revenue

Amounts that were receivable and measurable as of June 30, 2025, but were not available to finance expenditures for the year ended June 30, 2025 are considered to be unavailable revenues in the governmental funds. Revenue recognition is also postponed in connection with resources that have been received but not yet earned (unearned revenue).

Compensated Absences

Employees accrue vacation leave monthly based on the number of standard hours in a work week, beginning the first month after the employee's hire date in a full-time benefits eligible role, or on the date of changing from a noneligible role to an eligible role. Work weeks are calculated separately for 40 hour-per-week employees, and uniformed safety personnel. Annual leave shall accrue but not be taken during the first six months of employment. Annual leave may also be earned in certain circumstances for time worked on City-observed holidays. Nonsalary-exempt employees have the option to accrue compensated leave time at a rate of one-and-a-half times hours worked for overtime. Annual vacation leave and compensated leave have a carryover limit based on hourly work week and 80 hours, respectively, applied on the anniversary of the employee's hiring date, with excess accrued time converted to sick leave. Both annual leave and compensated leave are paid out in full upon ceasing employment for all employees. All active full-time employees also accrue sick leave at a rate of one working day per month, with no carryover limit. Upon ceasing employment, unused sick leave is forfeited by all employees. The City also allows for compensated time off for all employees under certain circumstances that may be recognized based on triggering events.

Vacation leave, compensated leave, sick leave, and circumstantial leave collectively comprise paid time off (PTO). The liability for compensated absences that is recognized in the statement of net position and proprietary fund statements consists of PTO that has not been used that is attributable to services already rendered, accumulates, and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are written off completely in the year in which such expenses are incurred in the government-wide statements and the proprietary fund.

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

Deferred Outflows/Inflows of Resources

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

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

Pensions

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

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Equity

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

Government Wide – Net Position

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

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Net Investment in Capital Assets

Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

Restricted

Consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities. The restrictions are evident from the classification titles.

Unrestricted

All other net position that does not meet the description of the above categories.

Net Position Flow Assumption

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

Use of Estimates

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

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 2 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The reconciliation of the statement of revenues, expenditures, and changes in fund balances of governmental funds to the statement of activities includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period. The details of this (\$40,141,950) difference are as follows:

Capital Outlay	\$ 41,973,087
Unrecovered Book Costs	(210,747)
Contributions of Infrastructure in Aid of Construction	1,627,112
Amortization on Right-to-Use Assets	(310,526)
Amortization on SBITA Assets	(129,979)
Depreciation Expense	<u>(2,806,997)</u>
Net Adjustment to Increase Net Changes in Fund Balances - Total Governmental Funds to Arrive at Changes in Net Position of Governmental Activities	<u>\$ 40,141,950</u>

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

Annual appropriated budgets are adopted for all funds. The governmental fund budgets are adopted on the accounting principles generally accepted in the United States of America (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 Mayor and Aldermen. Encumbrance accounting – under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation – is not employed by the City. The City follows these procedures in establishing budgetary data reflected in the financial statement.

1. Prior to July 1, the City Administrator submits the proposed budget to the Mayor and Board of Mayor and 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.

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Budgetary Information (Continued)

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 Mayor and Aldermen. The supplementary budget appropriations made are reflected in the final budget amounts.

NOTE 4 DEPOSITS AND INVESTMENTS

Custodial Credit Risk

The City's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State Statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the City's agent in the City's name, or by the Federal Reserve Banks acting as third-party agents. State Statutes also authorize the City to invest in bonds, notes, or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities and the state pooled investment funds. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2025, all bank deposits were fully collateralized or insured.

At June 30, 2025, 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, 2025, information on the credit risk and interest rate risk related to the City's investments is disclosed as follows:

<u>Investment</u>	<u>Weighted Average Maturity (Years)</u>	<u>Credit Rating</u>	<u>Fair Value or Carrying Amount</u>
United States Treasuries Bonds	0.19	AAA	\$ 47,580,155
Total			<u>\$ 47,580,155</u>

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Fair Value Measurements

The City categorizes its fair value measurements within the fair value hierarchy established by accounting principles generally accepted in the United States of America. 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, 2025:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
United States Treasuries Bonds	\$ 47,580,155	\$ 47,580,155	\$ -	\$ -
Total Investment Measured at Fair Value	<u>\$ 47,580,155</u>	<u>\$ 47,580,155</u>	<u>\$ -</u>	<u>\$ -</u>

The United States Treasuries 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 as of the year-end for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	General	18-75 Capital Projects Fund	Water/Sewer Fund	Stormwater Fund	Nonmajor Governmental Funds	Total
Receivables:						
Property Taxes	\$ 23,134,015	\$ -	\$ -	\$ -	\$ -	\$ 23,134,015
Accounts	140,309	3,707	1,880,280	206,594	739,143	2,970,033
Intergovernmental	<u>4,422,078</u>	-	-	-	-	<u>4,422,078</u>
Gross Receivables	27,696,402	3,707	1,880,280	206,594	739,143	30,526,126
Less: Allowance for Uncollectibles	<u>(55,834)</u>	-	<u>(141,748)</u>	<u>(12,025)</u>	<u>(30,417)</u>	<u>(240,024)</u>
Net Total Receivables	<u>\$ 27,640,568</u>	<u>\$ 3,707</u>	<u>\$ 1,738,532</u>	<u>\$ 194,569</u>	<u>\$ 708,726</u>	<u>\$ 30,286,102</u>

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned.

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 5 RECEIVABLES (CONTINUED)

At the end of the current fiscal year, various components of deferred inflows of resources in the governmental funds were as follows:

	Unavailable	Unavailable/ Unearned	Total
Delinquent Property Taxes Receivable, Net	\$ 433,212	\$ -	\$ 433,212
2025 Property Tax Assessment	-	22,575,673	22,575,673
Total Deferred Inflows of Resources for Governmental Funds	<u>\$ 433,212</u>	<u>\$ 22,575,673</u>	<u>\$ 23,008,885</u>

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Beginning Balance July 1, 2024	Increases	Decreases	Transfers	Ending Balance June 30, 2025
Governmental Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 18,582,045	\$ 66,828	\$ -	\$ -	\$ 18,648,873
Construction In Progress	58,419,358	39,564,796	-	(464,716)	97,519,438
Total Capital Assets, Not Being Depreciated	77,001,403	39,631,624	-	(464,716)	116,168,311
Capital Assets, Being Depreciated:					
Buildings and Improvements	14,178,790	78,198	-	-	14,256,988
Machinery and Equipment	20,136,293	2,111,089	(299,810)	464,716	22,412,288
Infrastructure	22,903,770	1,627,112	-	-	24,530,882
Right-to-Use Lease Building	1,477,361	-	(79,269)	-	1,398,092
SBITA Assets	372,898	152,176	(372,898)	-	152,176
Total Capital Assets, Being Depreciated	59,069,112	3,968,575	(751,977)	464,716	62,750,426
Less Accumulated Depreciation For:					
Buildings and Improvements	7,538,052	479,112	-	-	8,017,164
Machinery and Equipment	10,687,936	1,423,602	(297,671)	-	11,813,867
Infrastructure	6,696,746	904,283	-	-	7,601,029
Right-to-Use Lease Building	167,426	310,526	(23,602)	-	454,350
SBITA Assets	132,249	129,979	(219,957)	-	42,271
Total Accumulated Depreciation	25,222,409	3,247,502	(541,230)	-	27,928,681
Total Capital Assets, Being Depreciated, Net	33,846,703	721,073	(210,747)	464,716	34,821,745
Governmental Activities					
Capital Assets, Net	<u>\$ 110,848,106</u>	<u>\$ 40,352,697</u>	<u>\$ (210,747)</u>	<u>\$ -</u>	<u>\$ 150,990,056</u>

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 6 CAPITAL ASSETS (CONTINUED)

	Beginning Balance July 1, 2024	Increases	Decreases	Transfers	Ending Balance June 30, 2025
Business-Type Activities:					
Capital Assets, Not Being Depreciated:					
Land	\$ 985,798	\$ 8,183,776	\$ -	\$ -	\$ 9,169,574
Construction In Progress	7,372,453	4,771,988	-	(1,639,060)	10,505,381
Total Capital Assets, Not Being Depreciated	8,358,251	12,955,764	-	(1,639,060)	19,674,955
Capital Assets, Being Depreciated:					
Utility System in Operations	143,224,582	8,088,955	-	1,639,060	152,952,597
Equipment	5,531,416	1,034,525	(44,530)	-	6,521,411
Total Capital Assets, Being Depreciated	148,755,998	9,123,480	(44,530)	1,639,060	159,474,008
Less Accumulated Depreciation For:					
Utility System in Operations	50,446,206	3,385,864	-	-	53,832,070
Equipment	1,995,160	606,770	(43,319)	-	2,558,611
Total Accumulated Depreciation	52,441,366	3,992,634	(43,319)	-	56,390,681
Total Capital Assets, Being Depreciated, Net	96,314,632	5,130,846	(1,211)	1,639,060	103,083,327
Business-Type Activities Capital Assets, Net	<u>\$ 104,672,883</u>	<u>\$ 18,086,610</u>	<u>\$ (1,211)</u>	<u>\$ -</u>	<u>\$ 122,758,282</u>

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

Governmental Activities:	
General Government	\$ 176,418
Public Safety	1,337,555
Public Works	1,341,988
Culture and Recreation	356,990
Development	34,551
Total Governmental Activities	<u>\$ 3,247,502</u>
Business-Type Activities:	
Water/Sewer	\$ 3,638,393
Stormwater	354,241
Total Business-Type Activities	<u>\$ 3,992,634</u>

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 7 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2025 was as follows:

Receivable Fund	Payable Fund	Amount
Water/Sewer	Stormwater	\$ 274,842
Sanitation	Stormwater	76
General Fund	State Street Aid Fund	156,530
Total		431,448
Governmental Activities Eliminated		(156,530)
Business-Type Activities Eliminated		(274,842)
Ending Balance Between Government and Business-Type Activities		\$ 76

The outstanding balances between the funds were related to billings, invoices, and interfund notes that had not yet been reconciled between the two funds.

All balances are expected to be repaid during the upcoming fiscal year. Interfund transfers for the year ended June 30, 2025 were as follows:

Transfers In	Transfers Out	Amount
Rolling Capital Fund	General Fund	\$ 2,759,876
General Fund	Water/Sewer Fund	1,253
Capital Projects Fund	General Fund	7,000,000
Capital Projects Fund	Impact Fees Fund	4,700,000
Capital Projects Fund	Adequate Facilities Fund	2,000,000
18-75 Capital Projects Fund	General Fund	6,369,321
Subtotal		22,830,450
Governmental Activities Eliminated		(22,829,197)
Total		\$ 1,253

Transfers made to all Capital Projects funds were made for the purpose of capital asset purchases, the transfer made to the general fund was for support of general services.

Interfund Services Provided and Used

The General Fund provides administrative and support services to the Water/Sewer Fund. The costs of these services are billed monthly based on estimated time and effort. For the year ended June 30, 2025, the General Fund recognized revenues of \$2,656,130 related to these services, and the Water and Sewer Fund reported corresponding operating expenses.

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 LONG-TERM DEBT

General Obligation Bonds

In 2024, the City issued \$54,190,000 of General Obligation Bonds, of which \$37,930,000 is for the purpose of funding capital projects including, but not limited to, the construction, improvement, and equipping of various roads, highways, streets, bridges, greenways, culverts, and curbs, as well as public safety and community service buildings. 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 2024 Series bonds were issued with interest rates of 4.00% to 5.00% and a maturity of June 1, 2045.

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

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

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

Notes Payable from Direct Borrowing

In 2006, the City entered into a note payable through an intergovernmental agreement with Williamson County, Tennessee for \$5,385,000 for the purpose of funding half of the Community Recreation Center. The note bears interest rates of 2.50% to 5.00%. The note requires principal payments on April 1 and interest payments semi-annually until its maturity its maturity in April 2027. As of June 30, 2025, the total amount of the note outstanding was \$520,000.

In 2016, the City entered into a note payable for \$3,000,000, with \$1,645,000 used for the purpose of general transportation outlays, and the remainder to be used for the construction of Hardin's Landing Tank and stormwater projects. The note bears a fixed interest rate of 1.76%. The note required monthly payments of principal and interest and matured on April 1, 2025. As of June 30, 2025, the total amount of the note outstanding was \$0-

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 LONG-TERM DEBT (CONTINUED)

Lease Liability

During the fiscal year 2023, the City had an active noncancelable lease agreement as lessee with a third party for a police department facility, terminating on December 31, 2032. As the lease does not contain a specified interest rate, the City has used its incremental borrowing rate for similar assets of 3.8% as the discount rate for the lease. Aggregate quarterly payments range from \$3,000 to \$3,993 over the term of the agreement. At June 30, 2025, the City's outstanding balance on this lease agreement was \$99,331.

During the fiscal year 2024, the City had an active noncancelable lease agreement as lessee with a third party for a police headquarters, terminating on April 30, 2025. The lease used an interest rate of 2.71%. At June 30, 2025, the City's outstanding balance on this lease agreement was \$-0-.

During the fiscal year 2024, the City had an active noncancelable lease agreement as lessee with a third party for the Station Hill lease, terminating on December 31, 2028. The lease is using an interest rate of 3.45%. At June 30, 2025, the City's outstanding balance on this lease agreement was \$966,497.

Subscription Based Information Technology Arrangements Liability

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, 2025.

Long-term debt of the business-type activities at June 30, 2025 is comprised of the following:

General Obligation Bonds

In 2024, the City issued \$54,190,000 of General Obligation Bonds, of which \$14,365,000 is for the purpose of funding capital projects including, but not limited to, the construction, improvement, and equipping of improvements and extensions to the Municipality's water and sewer system. 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 2024 Series bonds were issued with interest rates of 4.00% to 5.00% and a maturity of June 1, 2054.

In 2024, the City issued \$54,190,000 of General Obligation Bonds, of which \$1,895,000 is for the purpose of funding capital projects including, but not limited to, the construction, improvement, and equipping of drainage systems including storm water sewers, drains and viaducts. 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 2024 Series bonds were issued with interest rates of 4.00% to 5.00% and a maturity of June 1, 2045.

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

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.

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, 2025, the total amount of the note outstanding is \$791,000. The City's outstanding note from the direct borrowing contains a provision that in an event of default, outstanding amounts become immediately due if payment is not made within 5 days of the due date, the City generally fails to pay its debts as such debts become due, or if the City becomes insolvent or bankrupt.

Financed Purchases

In 2020, the City entered into a purchase agreement 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, 2025, the City had \$14,735 outstanding on the financing arrangement.

Annual and Compliance Requirements

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

The annual requirements, by type of issue, to amortize all long-term debt outstanding except accrued annual leave at June 30, 2025, including interest payments of \$39.26 million for the governmental activities are as follows:

Year Ending June 30,	Bonds Payable		(Direct Borrowings) Notes Payable		Leases Payable		SBITAs Payable		Total		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2026	\$ 3,070,000	\$ 3,896,637	\$ 430,000	\$ 25,100	\$ 264,339	\$ 32,098	\$ 43,451	\$ 2,200	\$ 3,807,790	\$ 3,956,035	\$ 7,763,825
2027	3,860,000	3,754,013	90,000	3,600	282,963	22,612	65,218	334	4,298,181	3,780,559	8,078,740
2028	4,520,000	3,572,137	-	-	301,820	12,485	-	-	4,821,820	3,584,622	8,406,442
2029	4,735,000	3,357,063	-	-	164,088	3,266	-	-	4,899,088	3,360,329	8,259,417
2030	4,950,000	3,142,187	-	-	14,322	1,650	-	-	4,964,322	3,143,837	8,108,159
2031-2035	27,540,000	12,456,433	-	-	38,276	1,654	-	-	27,578,276	12,458,087	40,036,363
2036-2040	30,065,000	7,017,775	-	-	-	-	-	-	30,065,000	7,017,775	37,082,775
2041-2045	18,840,000	1,954,288	-	-	-	-	-	-	18,840,000	1,954,288	20,794,288
Total	\$ 97,580,000	\$ 39,150,533	\$ 520,000	\$ 28,700	\$ 1,065,808	\$ 73,765	\$ 108,669	\$ 2,534	\$ 99,274,477	\$ 39,255,532	\$ 138,530,009

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 8 LONG-TERM DEBT (CONTINUED)

Annual and Compliance Requirements (Continued)

The annual requirements, by type of issue, to amortize all long-term debt outstanding except accrued annual leave at June 30, 2025, including interest payments of \$10.57 million for the business-type activities are as follows:

Year Ending June 30,	Bonds Payable		(Direct Borrowings) Notes Payable		Financed Purchases		Total		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
	2026	\$ 715,000	\$ 854,350	\$ 386,000	\$ 39,550	\$ 14,735	\$ 453	\$ 1,115,735	
2027	900,000	832,900	405,000	20,250	-	-	1,305,000	853,150	2,158,150
2028	1,290,000	802,600	-	-	-	-	1,290,000	802,600	2,092,600
2029	1,320,000	753,300	-	-	-	-	1,320,000	753,300	2,073,300
2030	1,290,000	710,700	-	-	-	-	1,290,000	710,700	2,000,700
2031-2035	5,620,000	2,953,100	-	-	-	-	5,620,000	2,953,100	8,573,100
2036-2040	4,275,000	1,897,600	-	-	-	-	4,275,000	1,897,600	6,172,600
2041-2045	3,565,000	1,098,200	-	-	-	-	3,565,000	1,098,200	4,663,200
2046-2050	2,205,000	489,600	-	-	-	-	2,205,000	489,600	2,694,600
2051-2054	1,190,000	113,400	-	-	-	-	1,190,000	113,400	1,303,400
Total	<u>\$ 22,370,000</u>	<u>\$ 10,505,750</u>	<u>\$ 791,000</u>	<u>\$ 59,800</u>	<u>\$ 14,735</u>	<u>\$ 453</u>	<u>\$ 23,175,735</u>	<u>\$ 10,566,003</u>	<u>\$ 33,741,738</u>

Long-term liability activity for the year ended June 30, 2025 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Notes Payable from					
Direct Borrowing	\$ 3,130,000	\$ -	\$ (2,610,000)	\$ 520,000	\$ 430,000
Bond Payable	62,585,000	37,930,000	(2,935,000)	97,580,000	3,070,000
Premium on Bonds Payable	3,681,958	2,477,593	(531,982)	5,627,569	-
SBITAs Payable	242,184	152,176	(285,691)	108,669	43,451
Lease Liability	1,360,360	-	(294,552)	1,065,808	264,339
Compensated Absences*	4,224,789	58,579	-	4,283,368	1,665,638
Total	<u>\$ 75,224,291</u>	<u>\$ 40,618,348</u>	<u>\$ (6,657,225)</u>	<u>\$ 109,185,414</u>	<u>\$ 5,473,428</u>
Business-Type Activities:					
Notes Payable from					
Direct Borrowing	\$ 1,159,000	\$ -	\$ (368,000)	\$ 791,000	\$ 386,000
Bonds Payable	6,810,000	16,260,000	(700,000)	22,370,000	715,000
Premium on Bonds Payable	381,363	866,731	(109,067)	1,139,027	-
Financed Purchases	33,678	-	(18,943)	14,735	14,735
Compensated Absences*	599,314	6,940	-	606,254	227,841
Total	<u>\$ 8,983,355</u>	<u>\$ 17,133,671</u>	<u>\$ (1,196,010)</u>	<u>\$ 24,921,016</u>	<u>\$ 1,343,576</u>

*Beginning balances were restated for the implementation of GASB Statement No. 101, *Compensated Absences* resulting in an increase in beginning balances of \$3,074,793 for governmental funds and \$398,376 for business-type funds. Changes in compensated absence liability are shown as a net increase or decrease.

CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE 9 RISK MANAGEMENT

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

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

NOTE 10 CONCENTRATIONS AND OTHER RISKS

Contingent Liability

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

Constraint on Growth and Development

Subsequent to year end, the City became subject to a sewer moratorium on new development and expansion within its jurisdiction due to limitations in the capacity of its sewer system. The moratorium was imposed by an external regulatory authority and restricts the City's ability to approve new connections and certain forms of development until the capacity issues are resolved. The moratorium was enacted by Ordinance 25-29 on January 5th, 2026.

The moratorium constrains the City's ability to accommodate growth and may affect future revenues, service demands, and capital planning activities. In addition, the City may be required to undertake significant infrastructure improvements or other actions to address the underlying capacity limitations. The City has submitted a corrective action plan to the regulatory authority in January 2026 and has begun the process of evaluating the existing reclamation plant in accordance with the order. The results of this evaluation will help further identify structural and process improvements to address remediation options related to the sewer system.

At this time, the City is unable to determine the duration of the moratorium or the extent of the potential financial and operational impacts. However, management believes that the moratorium represents a constraint that could have a substantial impact on the City through the year 2030.

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 10 CONCENTRATIONS AND OTHER RISKS (CONTINUED)

Contingent Litigation

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's legal counsel, the resolution of these matters will not have a material adverse effect on the financial condition of the City.

NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS PLAN DESCRIPTION

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

Benefits Provided

Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit.

Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for nonservice related disability eligibility. The service related and nonservice related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than 0.5%. A 1% COLA is granted if the CPI change is between 0.5% and 1%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS PLAN DESCRIPTION
(CONTINUED)**

Employees Covered by Benefit Terms

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

Active Employees	307
Inactive Employees or Beneficiaries Currently Receiving Benefits	51
Inactive Employees Entitled to But Not Yet Receiving Benefits	301
Total Employees Covered by the Plan	659

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% of salary. Spring Hill makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2025, the actuarially determined contribution (ADC) for Spring Hill was \$2,106,689, with actual contributions of \$2,327,716 based on a rate of 8.82% of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Spring Hill's state shared taxes if required employer contributions are not remitted. The employer's (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability

Spring Hill's net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of the June 30, 2024 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 an adjustment for some anticipated improvement.

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS PLAN DESCRIPTION
(CONTINUED)**

Actuarial Assumptions (Continued)

The actuarial assumptions used in the June 30, 2024 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

Asset Class	Expected Real Rate of Return	Target Allocation
U.S. Equity	4.88 %	31.00 %
Developed Market International Equity	5.37	14.00
Emerging Market International Equity	6.09	4.00
Private Equity and Strategic Lending	6.57	20.00
U.S. Fixed Income	1.20	20.00
Real Estate	4.38	10.00
Short-Term Securities	-	1.00
Total		<u>100.00 %</u>

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Spring Hill will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS PLAN DESCRIPTION
(CONTINUED)**

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (TPL) (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (NPL) (a) - (b)
Balance as of June 30, 2023	\$ 35,110,634	\$ 29,482,877	\$ 5,627,757
Changes for the Year:			
Service Cost	1,798,285	-	1,798,285
Interest	2,470,388	-	2,470,388
Difference Between Expected and Actual Experience	2,672,677	-	2,672,677
Changes in Assumptions	-	-	-
Contributions - Employer	-	1,814,215	(1,814,215)
Contributions - Employee	-	1,034,330	(1,034,330)
Net Investment Income	-	2,985,748	(2,985,748)
Benefit Payments, Including Refunds of Employee Contributions	(621,145)	(621,145)	-
Administrative Expenses	-	(24,563)	24,563
Other	-	-	-
Net Changes	<u>6,320,205</u>	<u>5,188,585</u>	<u>1,131,620</u>
Balances as of June 30, 2024	<u>\$ 41,430,839</u>	<u>\$ 34,671,462</u>	<u>\$ 6,759,377</u>

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Spring Hill's Net Pension Liability (Asset)	<u>\$ 14,487,193</u>	<u>\$ 6,759,377</u>	<u>\$ 579,461</u>

Pension Expense

For the year ended June 30, 2025, Spring Hill recognized pension expense of \$2,310,794.

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

**NOTE 11 EMPLOYEE RETIREMENT SYSTEMS AND PENSION PLANS PLAN DESCRIPTION
(CONTINUED)**

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

For the year ended June 30, 2025, Spring Hill reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 5,375,912	\$ 133,289
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	358,069
Changes in Assumptions	1,344,772	-
Contributions Subsequent to the Measurement Date of June 30, 2024	<u>2,327,716</u>	<u>-</u>
Total	<u>\$ 9,048,400</u>	<u>\$ 491,358</u>

The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2024,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

<u>Year Ending June 30,</u>	<u>Amortized</u>
2026	\$ 946,993
2027	1,636,963
2028	980,201
2029	1,023,123
2030	849,885
Thereafter	792,161

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

Payable to the Pension Plan

At June 30, 2025, Spring Hill reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2025.

**CITY OF SPRING HILL, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2025**

NOTE 12 RESTATEMENT OF BEGINNING NET POSITION

Change in Accounting Principle

Effective July 1, 2024, the City implemented GASB 101 Statement No. 101, *Compensated Absences*. This statement updated the recognition and measurement guidance for compensated absences and associated salary-related payments and amended certain previously required disclosures. As a result of the implementation of this standard, the compensated absence liabilities as of June 30, 2024, were understated in by \$3,074,793, \$351,385, and \$46,991 in the governmental activities, Water/Sewer fund, and Stormwater fund respectively. The effect of the implementation of this standard is shown in the table below.

Restatements of Beginning Balance

During Fiscal Year 2025, the change in accounting principle for the implementation of GASB Statement No. 101 resulted in a restatement of beginning net position as follows:

Project	Spent-to-Date	Remaining Commitment
Governmental Construction Projects		
Police Dept HQ	\$ 36,408,517	\$ 33,783
Fire Station #4	7,116,640	3,013,346
Buckner Lane North Segment	14,475,173	2,238,321
Buckner Lane South Segment	304,402	8,991,688
Enterprise Construction Projects		
Southside Water Tank	\$ 2,725,330	\$ 3,663,910

NOTE 13 CONSTRUCTION COMMITMENTS

As of June 30, 2025 the City has active construction projects as follows:

Project	Spent-to-Date	Remaining Commitment
Governmental Construction Projects		
Police Dept HQ	\$ 36,408,517	\$ 33,783
Fire Station #4	7,116,640	3,013,346
Buckner Lane North Segment	14,475,173	2,238,321
Buckner Lane South Segment	304,402	8,991,688
Enterprise Construction Projects		
Southside Water Tank	\$ 2,725,330	\$ 3,663,910

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Service Cost	\$ 1,798,285	\$ 1,534,104	\$ 1,248,010	\$ 1,029,836	\$ 967,431	\$ 919,725	\$ 837,507	\$ 750,217	\$ 649,533	\$ 581,698
Interest	2,470,388	2,170,256	1,763,326	1,513,537	1,389,743	1,231,831	1,061,413	955,426	819,689	715,535
Changes in Benefit Terms	-	-	-	-	-	-	-	-	-	-
Difference Between Actual and Expected Experience	2,672,677	991,969	3,134,433	245,758	(355,434)	279,623	614,173	45,493	529,298	292,587
Change of Assumptions	-	-	-	2,614,236	-	-	-	338,904	-	-
Benefit Payments, Including Refunds of Employee Contributions	(621,145)	(407,075)	(399,460)	(349,655)	(363,644)	(237,926)	(251,521)	(300,807)	(277,934)	(259,939)
Net Change in Total Pension Liability	6,320,205	4,289,254	5,746,309	5,053,712	1,638,096	2,193,253	2,261,572	1,789,233	1,720,586	1,329,881
Total Pension Liability - Beginning	35,110,634	30,821,380	25,075,071	20,021,359	18,383,263	16,190,010	13,928,438	12,139,205	10,418,619	9,088,738
Total Pension Liability - Ending (a)	41,430,839	35,110,634	30,821,380	25,075,071	20,021,359	18,383,263	16,190,010	13,928,438	12,139,205	10,418,619
Plan Fiduciary Net Position:										
Contributions - Employer	1,814,215	1,338,899	1,114,598	918,674	857,154	842,881	687,667	606,207	479,007	431,925
Contributions - Employee	1,034,330	868,289	769,157	641,294	591,476	581,298	549,256	484,192	438,652	395,537
Net Investment Income	2,985,748	1,800,874	(1,001,237)	5,095,437	880,180	1,152,456	1,104,634	1,266,416	270,749	287,276
Benefit Payments, Including Refunds of Employee Contributions	(621,145)	(407,075)	(399,460)	(349,655)	(363,644)	(237,926)	(251,521)	(300,807)	(277,934)	(259,939)
Administrative Expense	(24,563)	(18,647)	(24,581)	(21,333)	(20,526)	(20,332)	(21,260)	(18,722)	(15,505)	(9,765)
Net Change in Plan Fiduciary Net Position	5,188,585	3,582,340	458,477	6,284,417	1,944,640	2,318,377	2,068,776	2,037,286	894,969	845,034
Plan Fiduciary Net Position - Beginning	29,482,877	25,900,537	25,442,060	19,157,643	17,213,003	14,894,626	12,825,850	10,788,564	9,893,595	9,048,561
Plan Fiduciary Net Position - Ending (b)	34,671,462	29,482,877	25,900,537	25,442,060	19,157,643	17,213,003	14,894,626	12,825,850	10,788,564	9,893,595
Net Pension Liability (Asset) - Ending (a) - (b)	<u>\$ 6,759,377</u>	<u>\$ 5,627,757</u>	<u>\$ 4,920,843</u>	<u>\$ (366,989)</u>	<u>\$ 863,716</u>	<u>\$ 1,170,260</u>	<u>\$ 1,295,384</u>	<u>\$ 1,102,588</u>	<u>\$ 1,350,641</u>	<u>\$ 525,024</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	83.69 %	83.97 %	84.03 %	101.46 %	95.69 %	93.63 %	92.00 %	92.08 %	88.87 %	94.96 %
Covered-Employee Payroll	\$ 20,686,606	\$ 17,365,738	\$ 15,373,769	\$ 12,508,966	\$ 11,837,860	\$ 11,625,940	\$ 10,985,100	\$ 9,683,823	\$ 8,773,028	\$ 7,909,506
Net Pension Liability (Asset) as a Percentage of Covered-Employee Payroll	32.68 %	32.41 %	32.01 %	(2.93)%	7.30 %	10.07 %	11.79 %	11.39 %	15.40 %	6.64 %

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

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

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION
IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	\$ 2,106,689	\$ 1,814,216	\$ 1,338,899	\$ 985,459	\$ 812,235	\$ 757,826	\$ 727,784	\$ 687,667	\$ 528,737	\$ 479,022
Contributions in Relation to the Actuarially Determined Contribution	<u>2,327,716</u>	<u>1,814,216</u>	<u>1,338,899</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>
Contribution Deficiency (Excess)	<u>\$ (221,027)</u>	<u>\$ -</u>	<u>\$ -</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>
Covered-Employee Payroll	\$ 23,885,365	\$ 20,686,606	\$ 17,365,738	\$ 15,373,769	\$ 12,508,966	\$ 11,837,860	\$ 11,625,940	\$ 10,985,100	\$ 9,683,823	\$ 8,773,028
Contributions as a Percentage Covered-Employee Payroll	8.82 %	8.77 %	7.71 %	7.25 %	7.25 %	7.24 %	7.25 %	6.26 %	6.26 %	5.46 %

Notes to Schedule:

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

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

Valuation Date: Actuarially determined contribution rates for 2025 were calculated based on the June 30, 2023 actuarial valuation.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
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 Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustments	2.125%

SUPPLEMENTARY INFORMATION SECTION

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL
18-75 CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental Revenue:				
Contributions	\$ -	\$ -	\$ 569,949	\$ 569,949
Grants	6,422	6,422	19,410	12,988
Other:				
Licenses and Permits	420,000	420,000	106,017	(313,983)
Interest	915,000	915,000	842,521	(72,479)
Gain on Investments	-	-	1,709,630	1,709,630
Miscellaneous	-	-	8,667	8,667
Total Revenues	<u>1,341,422</u>	<u>1,341,422</u>	<u>3,256,194</u>	<u>1,914,772</u>
EXPENDITURES				
Current:				
Public Works:				
Capital Outlay	74,186,067	82,682,653	29,389,161	(53,293,492)
Debt Service:				
Principal	2,160,000	2,266,900	2,253,025	(13,875)
Interest	2,251,688	2,885,444	2,899,207	13,763
Cost of Issuance	-	-	294,727	294,727
Total Expenditures	<u>78,597,755</u>	<u>87,834,997</u>	<u>34,836,120</u>	<u>(52,998,877)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Issuance of				
Long-Term Debt	30,000,000	41,000,000	40,407,953	(592,047)
Transfer In	6,300,000	6,300,000	6,369,321	69,321
Total Other Financing Sources (Uses)	<u>36,300,000</u>	<u>47,300,000</u>	<u>46,777,274</u>	<u>(522,726)</u>
NET CHANGES IN FUND BALANCES	<u>\$ (40,956,333)</u>	<u>\$ (39,193,575)</u>	15,197,348	<u>\$ 54,390,923</u>
Fund Balance - Beginning of Year			<u>38,753,812</u>	
FUND BALANCE - END OF YEAR			<u>\$ 53,951,160</u>	

**CITY OF SPRING HILL, TENNESSEE
COMBINING BALANCE SHEET
OTHER GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Special Revenue Funds						Capital Project Funds			Total Other Governmental Funds	
	State Street Aid Fund	Drug Fund	E-Citation Fund	Impact Fees Fund	Library Fund	Tourism Fund	Sanitation Fund	Adequate Facilities Fund	Rolling Capital Fund		Capital Project Fund
ASSETS											
Cash and Cash Equivalents	\$ 1,788,704	\$ 343,082	\$ 13,111	\$ 10,380,077	\$ 166,755	\$ 783,420	\$ 2,713,774	\$ 7,061,807	\$ 2,437,148	\$ 8,994,119	\$ 34,681,997
Receivables	303,130	-	-	-	-	-	405,596	-	-	-	708,726
Due from Other Funds	-	-	-	-	-	-	76	-	-	-	76
Restricted Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-	346,366	346,366
Total Assets	<u>\$ 2,091,834</u>	<u>\$ 343,082</u>	<u>\$ 13,111</u>	<u>\$ 10,380,077</u>	<u>\$ 166,755</u>	<u>\$ 783,420</u>	<u>\$ 3,119,446</u>	<u>\$ 7,061,807</u>	<u>\$ 2,437,148</u>	<u>\$ 9,340,485</u>	<u>\$ 35,737,165</u>
LIABILITIES AND FUND BALANCES											
LIABILITIES											
Accounts Payable	\$ -	\$ 58,074	\$ -	\$ -	\$ 5,157	\$ -	\$ 352,265	\$ -	\$ 31,594	\$ 508,122	\$ 955,212
Unearned Revenue	-	-	-	-	-	-	-	25,690	-	532,019	557,709
Due to Other Funds	156,530	-	-	-	-	-	-	-	-	-	156,530
Accrued Expenses	-	-	-	-	-	-	42,665	-	-	370,330	412,995
Total Liabilities	<u>156,530</u>	<u>58,074</u>	<u>-</u>	<u>-</u>	<u>5,157</u>	<u>-</u>	<u>394,930</u>	<u>25,690</u>	<u>31,594</u>	<u>1,410,471</u>	<u>2,082,446</u>
FUND BALANCES											
Restricted	1,935,304	285,008	-	10,380,077	-	-	2,724,516	7,036,117	-	7,930,014	30,291,036
Committed	-	-	13,111	-	161,598	783,420	-	-	2,405,554	-	3,363,683
Total Fund Balances	<u>1,935,304</u>	<u>285,008</u>	<u>13,111</u>	<u>10,380,077</u>	<u>161,598</u>	<u>783,420</u>	<u>2,724,516</u>	<u>7,036,117</u>	<u>2,405,554</u>	<u>7,930,014</u>	<u>33,654,719</u>
Total Liabilities and Fund Balances	<u>\$ 2,091,834</u>	<u>\$ 343,082</u>	<u>\$ 13,111</u>	<u>\$ 10,380,077</u>	<u>\$ 166,755</u>	<u>\$ 783,420</u>	<u>\$ 3,119,446</u>	<u>\$ 7,061,807</u>	<u>\$ 2,437,148</u>	<u>\$ 9,340,485</u>	<u>\$ 35,737,165</u>

CITY OF SPRING HILL, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
OTHER GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Special Revenue Funds						Capital Project Funds			Total Other Governmental Funds	
	State Street Aid Fund	Drug Fund	E-Citation Fund	Impact Fees Fund	Library Fund	Tourism Fund	Sanitation Fund	Adequate Facilities Fund	Rolling Capital Fund		Capital Project Fund
REVENUES											
Taxes	\$ 1,682,954	\$ -	\$ -	\$ -	\$ -	\$ 410,177	\$ -	\$ -	\$ -	\$ -	\$ 2,093,131
Charges for Services	-	-	-	-	-	-	5,092,804	-	-	-	5,092,804
Intergovernmental	-	-	-	-	-	-	-	504,326	-	-	504,326
Impact Fees	-	-	-	4,194,316	-	-	-	3,571,234	-	-	7,765,550
Fines	-	44,203	-	-	-	-	-	-	-	-	44,203
Other	66,435	35,830	577	517,290	6,652	30,705	101,836	292,083	6,307	108,599	1,166,314
Contributions	-	400	-	-	62,359	-	-	-	-	-	62,759
Total Revenues	1,749,389	80,433	577	4,711,606	69,011	440,882	5,194,640	4,367,643	6,307	108,599	16,729,087
EXPENDITURES											
Public Safety	-	33,852	-	-	-	-	-	-	-	-	33,852
Public Works	1,775,697	-	-	-	-	-	4,588,219	-	-	-	6,363,916
Culture and Recreation	-	-	-	-	37,004	176,348	-	-	-	-	213,352
Capital Outlay	-	-	-	-	-	67,202	-	-	904,649	9,301,851	10,273,702
Debt Service:											
Principal	314,148	-	-	-	-	-	-	621,359	-	-	935,507
Interest	46,604	-	-	-	-	-	-	120,746	-	-	167,350
Total Debt Service	360,752	-	-	-	-	-	-	742,105	-	-	1,102,857
Total Expenditures	2,136,449	33,852	-	-	37,004	243,550	4,588,219	742,105	904,649	9,301,851	17,987,679
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(387,060)	46,581	577	4,711,606	32,007	197,332	606,421	3,625,538	(898,342)	(9,193,252)	(1,258,592)
OTHER FINANCING SOURCES (USES)											
Transfers From	-	-	-	-	-	-	-	-	2,759,876	13,700,000	16,459,876
Transfers To	-	-	-	(4,700,000)	-	-	-	(2,000,000)	-	-	(6,700,000)
Total Other Financing Sources (Uses)	-	-	-	(4,700,000)	-	-	-	(2,000,000)	2,759,876	13,700,000	9,759,876
NET CHANGES IN FUND BALANCE	(387,060)	46,581	577	11,606	32,007	197,332	606,421	1,625,538	1,861,534	4,506,748	8,501,284
Fund Balance - Beginning of Year	2,322,364	238,427	12,534	10,368,471	129,591	586,088	2,118,095	5,410,579	544,020	3,423,266	25,153,435
FUND BALANCE - END OF YEAR	\$ 1,935,304	\$ 285,008	\$ 13,111	\$ 10,380,077	\$ 161,598	\$ 783,420	\$ 2,724,516	\$ 7,036,117	\$ 2,405,554	\$ 7,930,014	\$ 33,654,719

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
STATE STREET AID FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance -
	Original	Final		Over (Under)
REVENUES				
Intergovernmental Revenue:				
State Shared Taxes	\$ 1,903,643	\$ 1,903,643	\$ 1,682,954	\$ (220,689)
Other:				
Interest	65,000	65,000	66,435	1,435
Total Revenues	1,968,643	1,968,643	1,749,389	(219,254)
EXPENDITURES				
Current:				
Public Works:				
Street Operations	2,300,000	2,299,848	1,775,697	(524,151)
Fixed Charges	-	-	-	-
Debt Service:				
Principal	314,148	314,150	314,148	(2)
Interest and Cost of Debt	46,487	46,637	46,604	(33)
Total Expenditures	2,660,635	2,660,635	2,136,449	(524,186)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	(691,992)	(387,060)	304,932
OTHER FINANCING SOURCES (USES)				
Proceeds from Issuance of Long-Term Debt	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
NET CHANGES IN FUND BALANCES	\$ (691,992)	\$ (691,992)	(387,060)	\$ 304,932
Fund Balance - Beginning of Year			2,322,364	
FUND BALANCE - END OF YEAR			\$ 1,935,304	

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
DRUG FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
REVENUES				
Fines and Forfeitures:				
Drug-Related Fines	\$ 30,000	\$ 30,000	\$ 44,203	\$ 14,203
Forfeiture of Property	55,000	55,000	22,182	(32,818)
Contributions	-	-	400	400
Total Fines and Forfeitures	<u>85,000</u>	<u>85,000</u>	<u>66,785</u>	<u>(18,215)</u>
Other:				
Interest Earnings	4,500	4,500	13,648	9,148
Miscellaneous	17,500	17,500	-	(17,500)
Total Other Revenues	<u>22,000</u>	<u>22,000</u>	<u>13,648</u>	<u>(8,352)</u>
 Total Revenues	 107,000	 107,000	 80,433	 (26,567)
EXPENDITURES				
Public Safety:				
Services	24,000	21,676	7,028	(14,648)
Supplies	31,950	34,274	26,824	(7,450)
Capital Outlay	50,000	50,000	-	(50,000)
Total Expenditures	<u>105,950</u>	<u>105,950</u>	<u>33,852</u>	<u>(72,098)</u>
 NET CHANGES IN FUND BALANCES	 <u>\$ 1,050</u>	 <u>\$ 1,050</u>	 46,581	 <u>\$ 45,531</u>
 Fund Balance - Beginning of Year			 <u>238,427</u>	
 FUND BALANCE - END OF YEAR			 <u>\$ 285,008</u>	

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
E-CITATION FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
REVENUES				
Other:				
Interest Earnings	\$ -	\$ -	\$ 577	\$ 577
Total Revenues	<u>-</u>	<u>-</u>	<u>577</u>	<u>577</u>
EXPENDITURES				
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	<u>\$ -</u>	<u>\$ -</u>	577	<u>\$ 577</u>
Fund Balance - Beginning of Year			<u>12,534</u>	
FUND BALANCE - END OF YEAR			<u>\$ 13,111</u>	

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
IMPACT FEES FUND
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Impact Fees:				
Impact Fees	\$ 3,500,000	\$ 3,500,000	\$ 4,194,316	\$ 694,316
Other:				
Interest Earnings	<u>175,000</u>	<u>175,000</u>	<u>517,290</u>	<u>342,290</u>
Total Revenues	<u>3,675,000</u>	<u>3,675,000</u>	<u>4,711,606</u>	<u>1,036,606</u>
EXPENDITURES				
Public Works:				
Capital Outlay	<u>6,914</u>	<u>6,914</u>	<u>-</u>	<u>(6,914)</u>
Total Expenditures	<u>6,914</u>	<u>6,914</u>	<u>-</u>	<u>(6,914)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,668,086	3,668,086	4,711,606	1,043,520
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	<u>(3,300,000)</u>	<u>(4,700,000)</u>	<u>(4,700,000)</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	<u>\$ 368,086</u>	<u>\$ (1,031,914)</u>	11,606	<u>\$ 1,043,520</u>
Fund Balance - Beginning of Year			<u>10,368,471</u>	
FUND BALANCE - END OF YEAR			<u>\$ 10,380,077</u>	

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
LIBRARY FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
REVENUES				
General Government:				
Contributions	\$ 50,000	\$ 50,000	\$ 62,359	\$ 12,359
Interest	5,000	5,000	6,652	1,652
Total Revenues	<u>55,000</u>	<u>55,000</u>	<u>69,011</u>	<u>14,011</u>
EXPENDITURES				
Culture and Recreation:				
Culture and Recreation	34,500	34,510	33,650	(860)
Grants, Contributions, Indemnities, and Other Costs	4,000	4,000	3,354	(646)
Total Expenditures	<u>38,500</u>	<u>38,510</u>	<u>37,004</u>	<u>(1,506)</u>
NET CHANGES IN FUND BALANCES	<u><u>\$ 16,500</u></u>	<u><u>\$ 16,490</u></u>	32,007	<u><u>\$ 15,517</u></u>
Fund Balance - Beginning of Year			<u>129,591</u>	
FUND BALANCE - END OF YEAR			<u><u>\$ 161,598</u></u>	

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
SANITATION FUND
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for Services:				
Charges for Services	\$ 5,025,460	\$ 5,025,460	\$ 5,092,804	\$ 67,344
Other:				
Interest	500	500	95,545	95,045
Miscellaneous	-	-	6,291	6,291
Total Other Revenues	<u>500</u>	<u>500</u>	<u>101,836</u>	<u>101,336</u>
Total Revenues	<u>5,025,960</u>	<u>5,025,960</u>	<u>5,194,640</u>	<u>168,680</u>
EXPENDITURES				
Refuse Collection and Disposal:				
Personnel Costs	452,877	472,536	427,097	(45,439)
Services	4,238,116	4,302,064	4,101,094	(200,970)
Supplies	76,650	74,531	45,254	(29,277)
Grants, Contributions, Indemnities, and Other Costs	4,417	9,517	5,210	(4,307)
Supplies	<u>195,110</u>	<u>-</u>	<u>9,564</u>	<u>9,564</u>
Total Expenditures	<u>4,967,170</u>	<u>4,858,648</u>	<u>4,588,219</u>	<u>(270,429)</u>
NET CHANGES IN FUND BALANCES	<u>\$ 58,790</u>	<u>\$ 167,312</u>	606,421	<u>\$ 439,109</u>
Fund Balance - Beginning of Year, Adjusted			<u>2,118,095</u>	
FUND BALANCE - END OF YEAR			<u>\$ 2,724,516</u>	

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
CAPITAL PROJECT FUND
YEAR ENDED JUNE 30, 2025**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance - Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other:				
Interest	\$ -	\$ -	\$ 108,599	\$ 108,599
Total Revenues	<u>-</u>	<u>-</u>	<u>108,599</u>	<u>108,599</u>
EXPENDITURES				
Capital Outlay	<u>17,372,160</u>	<u>18,943,288</u>	<u>9,301,851</u>	<u>(9,641,437)</u>
Total Expenditures	<u>17,372,160</u>	<u>18,943,288</u>	<u>9,301,851</u>	<u>(9,641,437)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(17,372,160)	(18,943,288)	(9,193,252)	9,750,036
OTHER FINANCING SOURCES (USES)				
Issuance of Debt	10,000,000	10,000,000	-	(10,000,000)
Transfers In (Out)	<u>5,300,000</u>	<u>13,700,000</u>	<u>13,700,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>15,300,000</u>	<u>23,700,000</u>	<u>13,700,000</u>	<u>(10,000,000)</u>
NET CHANGES IN FUND BALANCE	<u>\$ (2,072,160)</u>	<u>\$ 4,756,712</u>	4,506,748	<u>\$ (10,249,964)</u>
Fund Balance - Beginning of Year			<u>3,423,266</u>	
FUND BALANCE - END OF YEAR			<u>\$ 7,930,014</u>	

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
ADEQUATE FACILITIES/DEVELOPMENT FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		
REVENUES				
Intergovernmental:				
Capital Improvements	\$ 350,000	\$ 350,000	\$ 504,326	\$ 154,326
Impact Fees:				
Impact Fees	2,250,000	2,250,331	3,571,234	1,320,903
Other:				
Interest Earnings	<u>240,000</u>	<u>240,000</u>	<u>292,083</u>	<u>52,083</u>
Total Revenues	<u>2,840,000</u>	<u>2,840,331</u>	<u>4,367,643</u>	<u>1,527,312</u>
EXPENDITURES				
Public Works:				
Repair and Maintenance	-	-	-	-
Debt Service:				
Principal	621,359	621,360	621,359	(1)
Interest and Cost of Debt	<u>120,418</u>	<u>120,748</u>	<u>120,746</u>	<u>(2)</u>
Total Expenditures	<u>741,777</u>	<u>742,108</u>	<u>742,105</u>	<u>(3)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,098,223	2,098,223	3,625,538	1,527,315
OTHER FINANCING SOURCES (USES)				
Transfers In (Out)	(2,000,000)	(2,000,000)	(2,000,000)	-
Proceeds from Issuance of Long-Term Debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>(2,000,000)</u>	<u>-</u>
NET CHANGES IN FUND BALANCE	<u>\$ 98,223</u>	<u>\$ 98,223</u>	1,625,538	<u>\$ 1,527,315</u>
Fund Balance - Beginning of Year			<u>5,410,579</u>	
FUND BALANCE - END OF YEAR			<u>\$ 7,036,117</u>	

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
ROLLING CAPITAL FUND
YEAR ENDED JUNE 30, 2025**

	Budgeted Amounts		Actual	Variance - Over (Under)
	Original	Final		(Under)
REVENUES				
Other:				
Interest	\$ 8,000	\$ 8,000	\$ 6,307	\$ (1,693)
Total Revenues	8,000	8,000	6,307	(1,693)
EXPENDITURES				
Current:				
Capital Outlay:				
Public Safety:				
Police Department	1,705,806	1,084,166	594,058	(490,108)
Fire Department	2,019,733	1,720,940	120,940	(1,600,000)
Total Public Safety	3,725,539	2,805,106	714,998	(2,090,108)
Public Works	250,000	189,651	189,651	-
Total Expenditures	3,975,539	2,994,757	904,649	(2,090,108)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(3,967,539)	(2,986,757)	(898,342)	2,088,415
OTHER FINANCING SOURCES (USES)				
Transfers In	2,032,077	2,670,861	2,759,876	89,015
NET CHANGES IN FUND BALANCE	\$ (1,935,462)	\$ (315,896)	1,861,534	\$ 2,177,430
Fund Balance - Beginning of Year			544,020	
FUND BALANCE - END OF YEAR			\$ 2,405,554	

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
YEAR ENDED JUNE 30, 2025

Tax Levy For Year	Beginning Outstanding Taxes	Additions and Adjustments	Collections	Ending Outstanding Taxes	Taxes Filed With Chancery Court
2024	\$ -	\$ 17,247,447	\$ 16,874,870	\$ 372,577	\$ 372,577
2023	327,879	-	250,321	77,558	77,558
2022	72,414	-	29,119	43,295	43,295
2021	49,394	-	10,258	39,136	39,136
2020	20,553	-	3,029	17,524	17,524
2019 and Prior	23,679	-	15,427	8,252	8,252
Total	<u>\$ 493,919</u>	<u>\$ 17,247,447</u>	<u>\$ 17,183,024</u>	<u>\$ 558,342</u>	<u>\$ 558,342</u>

Above Balances Represented as Follows:

Considered Current Receivables	\$ 69,296
Allowance for Uncollectible Accounts	55,834
Unavailable Revenue	433,212
Total	<u>558,342</u>
Estimated 2025 Levy Due October 1, 2025 Considered as Unavailable Revenue	<u>22,575,673</u>
Total Taxes Receivable	23,134,015
Less: Taxes Considered Uncollectible	<u>(55,834)</u>
Net Property Taxes Receivable	<u>\$ 23,078,181</u>

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Series 2020A General Obligation Bonds		Williamson County Note		Public Improvements Bonds 2014		Series 2022 General Obligation Bonds		Series 2024 General Obligation Bonds		Total Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2026	\$ 1,160,000	\$ 653,350	\$ 430,000	\$ 25,100	\$ 435,000	\$ 147,200	\$ 1,475,000	\$ 1,422,587	\$ -	\$ 1,673,500	\$ 3,500,000	\$ 3,921,737	\$ 7,421,737
2027	1,215,000	595,350	90,000	3,600	445,000	136,325	1,550,000	1,348,838	650,000	1,673,500	3,950,000	3,757,613	7,707,613
2028	1,075,000	534,600	-	-	460,000	125,200	1,625,000	1,271,337	1,360,000	1,641,000	4,520,000	3,572,137	8,092,137
2029	1,130,000	480,850	-	-	470,000	113,125	1,710,000	1,190,088	1,425,000	1,573,000	4,735,000	3,357,063	8,092,063
2030	1,175,000	435,650	-	-	480,000	100,200	1,795,000	1,104,587	1,500,000	1,501,750	4,950,000	3,142,187	8,092,187
2031	1,130,000	388,650	-	-	495,000	85,800	1,885,000	1,014,838	1,575,000	1,426,750	5,085,000	2,916,038	8,001,038
2032	1,165,000	354,750	-	-	510,000	70,950	1,960,000	939,437	1,650,000	1,348,000	5,285,000	2,713,137	7,998,137
2033	1,200,000	319,800	-	-	530,000	54,120	2,035,000	861,038	1,735,000	1,265,500	5,500,000	2,500,458	8,000,458
2034	1,235,000	283,800	-	-	545,000	36,630	2,120,000	779,637	1,820,000	1,178,750	5,720,000	2,278,817	7,998,817
2035	1,270,000	246,750	-	-	565,000	18,645	2,205,000	694,838	1,910,000	1,087,750	5,950,000	2,047,983	7,997,983
2036	1,310,000	208,650	-	-	-	-	2,275,000	625,931	2,005,000	992,250	5,590,000	1,826,831	7,416,831
2037	1,350,000	169,350	-	-	-	-	2,345,000	551,994	2,110,000	892,000	5,805,000	1,613,344	7,418,344
2038	1,390,000	128,850	-	-	-	-	2,425,000	472,850	2,190,000	807,600	6,005,000	1,409,300	7,414,300
2039	1,430,000	87,150	-	-	-	-	2,510,000	387,975	2,280,000	720,000	6,220,000	1,195,125	7,415,125
2040	1,475,000	44,250	-	-	-	-	2,600,000	300,125	2,370,000	628,800	6,445,000	973,175	7,418,175
2041	-	-	-	-	-	-	2,695,000	205,875	2,465,000	534,000	5,160,000	739,875	5,899,875
2042	-	-	-	-	-	-	2,795,000	104,813	2,565,000	435,400	5,360,000	540,213	5,900,213
2043	-	-	-	-	-	-	-	-	2,665,000	332,800	2,665,000	332,800	2,997,800
2044	-	-	-	-	-	-	-	-	2,775,000	226,200	2,775,000	226,200	3,001,200
2045	-	-	-	-	-	-	-	-	2,880,000	115,200	2,880,000	115,200	2,995,200
Total	\$ 18,710,000	\$ 4,931,800	\$ 520,000	\$ 28,700	\$ 4,935,000	\$ 888,195	\$ 36,005,000	\$ 13,276,788	\$ 37,930,000	\$ 20,053,750	\$ 98,100,000	\$ 39,179,233	\$ 137,279,233

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF PRINCIPAL AND INTEREST REQUIREMENTS
PROPRIETARY FUNDS
JUNE 30, 2025**

	General Obligation Bonds		Public Improvement Bonds		Financed Purchases		Total Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2026	\$ 715,000	\$ 854,350	\$ 386,000	\$ 39,550	\$ 14,735	\$ 453	\$ 1,115,735	\$ 894,353	\$ 2,010,088
2027	900,000	832,900	405,000	20,250	-	-	1,305,000	853,150	2,158,150
2028	1,290,000	802,600	-	-	-	-	1,290,000	802,600	2,092,600
2029	1,320,000	753,300	-	-	-	-	1,320,000	753,300	2,073,300
2030	1,290,000	710,700	-	-	-	-	1,290,000	710,700	2,000,700
2031	1,270,000	670,050	-	-	-	-	1,270,000	670,050	1,940,050
2032	1,195,000	631,000	-	-	-	-	1,195,000	631,000	1,826,000
2033	1,105,000	594,200	-	-	-	-	1,105,000	594,200	1,699,200
2034	1,070,000	550,050	-	-	-	-	1,070,000	550,050	1,620,050
2035	980,000	507,800	-	-	-	-	980,000	507,800	1,487,800
2036	940,000	458,800	-	-	-	-	940,000	458,800	1,398,800
2037	900,000	411,800	-	-	-	-	900,000	411,800	1,311,800
2038	855,000	375,800	-	-	-	-	855,000	375,800	1,230,800
2039	800,000	341,600	-	-	-	-	800,000	341,600	1,141,600
2040	780,000	309,600	-	-	-	-	780,000	309,600	1,089,600
2041	755,000	278,400	-	-	-	-	755,000	278,400	1,033,400
2042	735,000	248,200	-	-	-	-	735,000	248,200	983,200
2043	715,000	218,800	-	-	-	-	715,000	218,800	933,800
2044	690,000	190,200	-	-	-	-	690,000	190,200	880,200
2045	670,000	162,600	-	-	-	-	670,000	162,600	832,600
2046	500,000	135,800	-	-	-	-	500,000	135,800	635,800
2047	475,000	115,800	-	-	-	-	475,000	115,800	590,800
2048	445,000	96,800	-	-	-	-	445,000	96,800	541,800
2049	420,000	79,000	-	-	-	-	420,000	79,000	499,000
2050	365,000	62,200	-	-	-	-	365,000	62,200	427,200
2051	340,000	47,600	-	-	-	-	340,000	47,600	387,600
2052	310,000	34,000	-	-	-	-	310,000	34,000	344,000
2053	285,000	21,600	-	-	-	-	285,000	21,600	306,600
2054	255,000	10,200	-	-	-	-	255,000	10,200	265,200
Total	\$ 22,370,000	\$ 10,505,750	\$ 791,000	\$ 59,800	\$ 14,735	\$ 453	\$ 23,175,735	\$ 10,566,003	\$ 33,741,738

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF LEASE PAYMENT REQUIREMENTS
GOVERNMENTAL FUNDS
JUNE 30, 2025**

	Governmental Activities								
	Police Department Facility Lease		Station Hill Lease		Police Headquarters Lease		Total Requirements		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2026	\$ 10,347	\$ 3,513	\$ 253,992	\$ 28,585	\$ -	\$ -	\$ 264,339	\$ 32,098	\$ 296,437
2027	11,429	3,091	271,534	19,521	-	-	282,963	22,612	305,575
2028	11,871	2,649	289,949	9,836	-	-	301,820	12,485	314,305
2029	13,066	2,180	151,022	1,086	-	-	164,088	3,266	167,354
2030	14,322	1,650	-	-	-	-	14,322	1,650	15,972
2031	14,877	1,096	-	-	-	-	14,877	1,096	15,973
2032	15,451	521	-	-	-	-	15,451	521	15,972
2033	7,948	37	-	-	-	-	7,948	37	7,985
Total	\$ 99,311	\$ 14,737	\$ 966,497	\$ 59,028	\$ -	\$ -	\$ 1,065,808	\$ 73,765	\$ 1,139,573

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2025

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2025
GOVERNMENTAL ACTIVITIES									
Payable Through the General Fund:									
Bonds Payable:									
Public Improvement Bonds, 2014	\$ 8,650,000	2.50% - 3.30%	August 21, 2014	September 1, 2034	\$ 5,360,000	\$ -	\$ 425,000	\$ -	\$ 4,935,000
Series 2020A General Obligation Bonds	23,880,000	3.00% - 5.00%	July 15, 2020	June 1, 2040	19,815,000	-	1,105,000	-	18,710,000
Series 2022 General Obligation Bonds	40,000,000	3.125% - 5.00%	May 25, 2022	June 1, 2042	37,410,000	-	1,405,000	-	36,005,000
Series 2024 General Obligation Bonds	<u>37,930,000</u>	4.00% - 5.00%	December 18, 2024	June 1, 2045	-	<u>37,930,000</u>	-	-	<u>37,930,000</u>
Total Bonds Payable	72,530,000				62,585,000	37,930,000	2,935,000	-	97,580,000
Notes Payable:									
Williamson County Notes	5,385,000	2.50% - 5.00%	March 15, 2006	April 1, 2027	935,000	-	415,000	-	520,000
Hurt Land Purchase	2,000,000	4.00%	April 24, 2024	April 24, 2028	2,000,000	-	2,000,000	-	-
2016 Capital Outlay Notes	<u>3,000,000</u>	1.76%	June 29, 2016	April 1, 2025	195,000	-	195,000	-	-
Total Notes Payable	<u>10,385,000</u>				<u>3,130,000</u>	-	<u>2,610,000</u>	-	<u>520,000</u>
Total Governmental Activities	82,915,000				65,715,000	37,930,000	5,545,000	-	98,100,000
BUSINESS-TYPE ACTIVITIES									
Bonds Payable:									
Series 2020 B General Obligation Refunding Bonds	9,395,000	2.00% - 3.00%	July 15, 2020	June 1, 2034	6,810,000	-	700,000	-	6,110,000
Series 2024 General Obligation Bonds	<u>16,260,000</u>	4.00% - 5.00%	December 18, 2024	June 1, 2054	-	<u>16,260,000</u>	-	-	<u>16,260,000</u>
Total Bonds Payable	25,655,000				6,810,000	16,260,000	700,000	-	22,370,000
Notes Payable:									
Public Improvement Bonds	<u>6,000,000</u>	1.51%	April 25, 2003	May 25, 2037	1,159,000	-	368,000	-	791,000
Total Notes Payable	6,000,000				1,159,000	-	368,000	-	791,000
Financed Purchases Payable:									
Caterpillar Mini Ex Lease	<u>103,940</u>	3.19%	September 22, 2020	October 1, 2025	33,678	-	18,943	-	14,735
Total Business-Type Activities	<u>31,758,940</u>				<u>8,002,678</u>	<u>16,260,000</u>	<u>1,086,943</u>	-	<u>23,175,735</u>
Total Long-Term Debt	<u>\$ 114,673,940</u>				<u>\$ 73,717,678</u>	<u>\$ 54,190,000</u>	<u>\$ 6,631,943</u>	<u>\$ -</u>	<u>\$ 121,275,735</u>

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF CHANGES IN LEASE LIABILITIES
JUNE 30, 2025**

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2025
GOVERNMENTAL ACTIVITIES									
Lease Liability:									
Station Hill	\$ 1,265,301	3.45%	November 6, 2023	December 31, 2028	\$ 1,200,990	\$ -	\$ 234,493	\$ -	\$ 966,497
Police Headquarters	86,531	2.71%	November 6, 2023	April 30, 2025	54,324	-	54,324	-	-
Police Department Facility	132,791	3.80%	July 1, 2021	December 31, 2032	105,046	-	5,735	-	99,311
Total Lease Liability Payable					<u>\$ 1,360,360</u>	<u>\$ -</u>	<u>\$ 294,552</u>	<u>\$ -</u>	<u>\$ 1,065,808</u>

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS
JUNE 30, 2025**

Fiscal Year	Tax Year	County	Tax Rate	Assessed Valuation
2025	2024	Maury	0.7390	\$ 1,195,404,135
		Williamson	0.7390	1,865,523,156
2024	2023	Maury	0.7390	1,120,465,997
		Williamson	0.7390	1,198,831,257
2023	2022	Maury	0.7390	930,412,125
		Williamson	0.7390	1,155,990,014
2022	2021	Maury	0.9100	644,180,808
		Williamson	0.7900	1,119,904,736
2021	2020	Maury	0.9600	558,117,254
		Williamson	1.0100	826,439,360
2020	2019	Maury	0.8600	496,720,823
		Williamson	0.9169	806,833,053
2019	2018	Maury	0.5927	442,116,176
		Williamson	0.6569	771,159,713
2018	2017	Maury	0.5927	327,847,927
		Williamson	0.6569	725,992,768
2017	2016	Maury	0.5427	285,228,701
		Williamson	0.4881	674,308,155
2016	2015	Maury	0.5767	260,082,996
		Williamson	0.5903	540,260,607
2015	2014	Maury	0.5900	261,565,296
		Williamson	0.5900	538,817,296

**CITY OF SPRING HILL, TENNESSEE
 SCHEDULE OF UTILITY RATES IN FORCE
 JUNE 30, 2025**

WATER RATES

Listed below are the water rates:

	<u>Inside City Limits</u>	<u>Outside City Limits</u>
Minimum	\$ 12.25	\$ 23.09
Per 1,000 Gallons	\$ 4.13	\$ 4.13

SEWER RATES

Listed below are the sewer rates:

	<u>Inside City Limits</u>
Minimum	\$ 15.09
Per 1,000 Gallons	\$ 5.65
Services - Customers:	
Water	21,405
Sewer	19,827

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF TRANSFERS
JUNE 30, 2025**

From Fund	To Fund	Purpose	Amount
General Fund	Rolling Stock Fund	Capital Asset Purchases	\$ 2,759,876
General Fund	18-75 Capital Projects Fund	Capital Asset Purchases	6,369,321
General Fund	Capital Projects Fund	Capital Asset Purchases	7,000,000
Water/Sewer Fund	General Fund	General Support Services	1,253
Impact Fees Fund	Capital Projects Fund	Capital Asset Purchases	4,700,000
Adequate Facilities Fund	Capital Projects Fund	Capital Asset Purchases	2,000,000

INTERNAL CONTROL AND COMPLIANCE SECTION

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025**

Federal Grantor/Pass-Through Grantor/Cluster or Program Name	ALN	Contract Number	Expenditures
U.S. DEPARTMENT OF TRANSPORTATION			
Passed Through the Tennessee Department of Transportation:			
Congestion Mitigation and Air Quality Improvements Grant	20.205	220054	\$ 5,120
Highway Planning and Construction – Harvey Park Greenway Project	20.205	190380	<u>16,830</u>
Total Tennessee Department of Transportation			21,950
Passed Through the Tennessee Department of Safety and Homeland Security, Tennessee Highway Safety Office:			
Tennessee Highway Safety Officer (THSO)	20.607	225THS286	<u>77,459</u>
Total U.S. Department of Transportation			99,409
U.S. DEPARTMENT OF HOMELAND SECURITY			
Staffing for Adequate Fire and Emergency Response (SAFER) Grant Program	97.083	N/A	<u>1,048,840</u>
Total Expenditures of Federal Awards			<u>\$ 1,148,249</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance.

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2025**

State Grantor/Program Name	Agency or Pass-Through Grant Number	Expenditures
TENNESSEE DEPARTMENT OF COMMERCE AND INSURANCE		
Tennessee Law Enforcement Hiring, Training, and Recruitment Program Recruitment Program	77731-30	\$ 25,000
TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION		
Local Parks and Recreation Fund	32701-04559	400
PUBLIC ENTITY PARTNERS		
PEP Property Conservation Grant	N/A	4,730
PEP Bleeding Control Kit Grant	N/A	<u>3,886</u>
Total Public Entity Partners		<u>8,616</u>
Total State Financial Assistance		<u>\$ 34,016</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards and Schedule of State Financial Assistance.

CITY OF SPRING HILL, TENNESSEE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
AND SCHEDULE OF STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2025

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards and state financial assistance includes the awarded activity of the City of Spring Hill, Tennessee, under programs of the federal and state governments for the year ended June 30, 2025. The information in the schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedules present only a selected portion of the operations of the City, it is not intended to, and does not, present the financial position of the City of Spring Hill.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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



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

Honorable Mayor Matt Fitterer
Members of the Board of Mayor and 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 City of Spring Hill, Tennessee, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City of Spring Hill, Tennessee's basic financial statements, and have issued our report thereon dated April 23, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Spring Hill, Tennessee'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 City of Spring Hill, Tennessee's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Spring Hill, Tennessee'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 were not identified.

Honorable Mayor Matt Fitterer
Members of the Board of Mayor and Aldermen
City of Spring Hill, Tennessee

We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

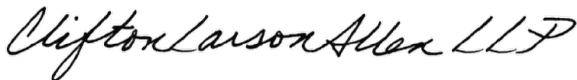
As part of obtaining reasonable assurance about whether City of Spring Hill, Tennessee’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2025-003.

City of Spring Hill, Tennessee’s Response to Findings

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

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.



CliftonLarsonAllen LLP

Nashville, Tennessee
April 23, 2026



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE**

Honorable Mayor Matt Fitterer
Members of the Board of Mayor and Aldermen
City of Spring Hill, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Spring Hill, Tennessee's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Spring Hill, Tennessee's major federal programs for the year ended June 30, 2025. City of Spring Hill, Tennessee's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Spring Hill, Tennessee complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Honorable Mayor Matt Fitterer
Members of the Board of Mayor and Aldermen
City of Spring Hill, Tennessee

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a material weakness.

Honorable Mayor Matt Fitterer
Members of the Board of Mayor and Aldermen
City of Spring Hill, Tennessee

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-002 to be a material weakness.

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

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

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



CliftonLarsonAllen LLP

Nashville, Tennessee

April 23, 2026 except as to Finding 2025-003, which is as of April 28, 2026

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2025**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? x yes no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes no

Identification of Major Federal Programs

Assistance Listing Number(s)

97.083

Name of Federal Program or Cluster

Staffing for Fire and Emergency Response (SAFER) Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$ \$750,000

Auditee qualified as low-risk auditee?

 yes x no

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2025

Section II – Financial Statement Findings

2025 – 001 - Financial Close and Reporting

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: The City has an internal control deficiency over the financial close and reporting process to allow for reasonable assurance that the financial statements will be reported in accordance with accounting principles generally accepted in the United States of America (GAAP); therefore, the potential exists that a material misstatement of the annual financial statements could occur and not be prevented, or detected and corrected, by the City's internal controls.

Criteria or specific requirement: Internal controls should be in place to provide reasonable assurance that the financial statements are prepared in accordance with GAAP.

Effect: The internal control deficiency over the financial close and reporting process increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected. The following misstatements were detected as a result of audit procedures:

Restricted cash and retainage payable were understated by \$3,015,152.

Prepaid expenses were understated and construction in progress was overstated by \$239,882.

Construction in progress was understated by \$304,420, and accounts payable and retainage payable were understated by \$289,182 and \$15,220 respectively.

Business-type long term debt liability and expenses were overstated by \$1,068,000 related to principal payments recorded to expense.

Beginning governmental unamortized bond premiums and net position were understated by \$112,866, and premium amortization was understated by \$17,903 related to a previous debt issuance.

Governmental long term debt liability was overstated by \$2,070,000, unamortized bond premium was understated by \$2,278,762, premium amortization was understated by \$85,965 and proceeds from issuance and costs of issuance were understated by \$294,727 related to an FY25 issuance.

Business-type long term debt liability was overstated by \$740,000, unamortized bond premium was understated by \$839,241, premium amortization was understated by \$27,489, and costs of issuance were understated by \$126,731 related to an FY25 issuance.

Receivables and sales tax revenues were overstated by \$848,838 and amounts due from the State Street Aid Fund to the General Fund were understated by \$156,530.

Beginning net position was overstated and accrued liabilities were understated by \$162,297.

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2025**

Section II – Financial Statement Findings (Continued)

2025 – 001 - Financial Close and Reporting (Continued)

Beginning net position was understated by \$74,928, and grant receivables and revenues were understated by \$207,067 and \$132,139 respectively.

Revenues were overstated and unearned revenues were understated by \$956,372 for ARPA grant funds received prior to June 30, 2025 but not expended.

Property tax receivables were overstated by \$558,342, unavailable revenues were overstated by \$433,212 and property tax revenues were overstated by \$125,130 in the General Fund.

The City had difficulty providing detailed populations and reconciliations timely for certain balances subsequent to financial close, including taxes receivable, capital assets, and compensated absences, resulting in delays and additional difficulty in performing testwork over those balances. As a result the City did not meet the Data Collection Form deadline of March 31st, which was nine months after the City's year-end.

Cause: As a result of challenges in achieving full staffing and turnover, the City has newer employees and supporting staff that have not received sufficient training on the financial close and reporting process and there was not sufficient management oversight to review and approve closing entries before providing the trial balance for audit.

Repeat Finding: Yes, Finding 2024-001.

Recommendation: The City should provide additional training to staff on the financial close and reporting process, including new accounting pronouncements, and implement control procedures to allow for sufficient review and approval of all account reconciliations, supporting schedules, and closing entries to provide reasonable assurance that financial statements are prepared in accordance with GAAP and to support timely reporting.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding.

CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2025

Section II – Financial Statement Findings (Continued)

2025 – 003 – Cyber Security Plan

Type of Finding:

- Material Noncompliance

Condition: City management was unable to provide a written cybersecurity plan, evidence of a risk assessment, assignment of cybersecurity roles, or documentation of any periodic reassessment.

Criteria or specific requirement: T.C.A. § 7-51-2302(a) requires the City to prepare and implement a cybersecurity plan to protect utility facilities from unauthorized use, alteration, ransom, or destruction of electronic data. T.C.A. § 7-51-2302(b) requires reassessment at least every two years.

Effect: IT and OT systems (SCADA, billing, treatment controls) are at increased risk of unauthorized access, ransomware, and data destruction. The City has no documented incident response procedures. The City is in noncompliance with T.C.A. § 7-51-2302.

Cause: Management indicated they were working on their formal plan but did not have evidence of a plan in place at the time of the audit.

Repeat Finding: No

Recommendation: Six specific action items including: adopt a written plan, cover IT and OT systems, assign responsibility, implement training, establish biennial review, and leverage Comptroller Cyber Aware resources.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding.

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs

2025 – 002

Federal Agency: Department of Homeland Security - Federal Emergency Management Agency (FEMA)

Federal Program Name: Staffing for Adequate Fire and Emergency Response (SAFER)

Assistance Listing Number: 97.083

Federal Award Identification Number and Year: EMW-2022-FF-00875

Award Period: 3/13/2024 – 3/12/2027

Compliance Requirements Affected: Allowable Activities/Costs, Cash Management and Reporting

Type of Finding:

- Material Weakness in Internal Control over Compliance

Criteria or specific requirement: Uniform Guidance requires nonfederal entities to establish and maintain effective internal control over the federal award that provides reasonable assurance that the entity is managing the award in compliance with federal statutes, regulations, and terms and conditions, safeguards assets, and for preventing, detecting, and correcting noncompliance.

Condition: The audit team was notified prior to the beginning of testwork that internal controls were not operating effectively, and as a result it was determined the internal controls were not properly implemented. Based on supporting documentation tested, no noncompliance was noted; however, the absence of effective internal controls resulted in a material weakness in internal control and an overstatement of expenditures reported in the SEFA of \$74,928 to bring total reported expenditures through 6/30/2025 to the amount approved by FEMA.

Questioned costs: None noted.

Context: CliftonLarsonAllen LLP (CLA) was notified by the City prior to the beginning of testwork that internal controls were not designed effectively, and that documentation supporting effective implementation of internal control would therefore not be available. Evidence that internal controls are designed effectively and implemented should be appropriately documented and maintained to allow for review during the audit process.

Cause: Costs related to firefighter salaries must fall under specific criteria to be considered eligible costs allowable for reimbursement under the terms of the SAFER Grant and Uniform Guidance. The Grant Administrator for the grant was not sufficiently familiar with the compliance requirements of the SAFER Grant or Uniform Guidance to effectively determine or document eligible versus ineligible costs allowable for reimbursement, or to maintain sufficient and appropriate documentation of that determination.

**CITY OF SPRING HILL, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
JUNE 30, 2025**

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2025 – 002 (Continued)

Effect: The City notified FEMA of the situation upon discovery and subsequently reformed and resubmitted determinations and findings, including amounts of unallowable costs included in each reimbursement request and payroll periods to which those unallowable costs belonged, receiving a determination that there was no fraud, waste, abuse, or mismanagement related to the grant. While there were no instances of noncompliance identified during the audit, when internal controls are not designed and implemented effectively it could lead to noncompliance within the program which could result in loss of funding or liability to reimburse federal funds.

Repeat Finding: No

Recommendation: The City should provide training for the grant administrator and/or include an additional review by individual that has been fully trained on the compliance requirements of the grant. The internal control process should include a formal way to document the review and approval of Fire Safety salary costs charged to the grant to provide evidence that internal controls are effectively designed and implemented and functioning in a timely manner throughout the year.

Views of responsible officials: There is no disagreement with the audit finding.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

MANAGEMENT'S CORRECTIVE ACTION PLAN

The City of Spring Hill respectfully submits the following corrective action plan for the year ended June 30, 2025.

Audit period: July 1, 2024 – June 30, 2025

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

FINDINGS—FINANCIAL STATEMENT AUDIT

MATERIAL WEAKNESS

2025-001 Financial Close and Reporting

Recommendation: The City should provide additional training to staff on the financial close and reporting process, including new accounting pronouncements, and implement control procedures to allow for sufficient review and approval of all account reconciliations, supporting schedules, and closing entries to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP and to support timely reporting.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned in response to finding: The City will enhance internal controls and will ensure all staff has proper training on new accounting pronouncements. Additionally, the City will work to ensure the 2026 audit report is issued timely which will allow the Data Collection Form to be issued timely.

Name(s) of the contact person(s) responsible for corrective action: Rebecca Holden

Planned completion date for corrective action plan: 6/30/2026

MATERIAL NONCOMPLIANCE

2025-003 Cyber Security Plan

Recommendation: Six specific action items including: adopt a written plan, cover IT and OT systems, assign responsibility, implement training, establish biennial review, and leverage Comptroller Cyber Aware resources.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action planned in response to finding: The City will adopt a written plan, cover IT and OT systems, assign responsibility, implement training, establish biennial review, and leverage Comptroller Cyber Aware resources.



Name(s) of the contact person(s) responsible for corrective action: Rebecca Holden

Planned completion date for corrective action plan: 6/30/2026

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

Department of Homeland Security – Federal Emergency Management Agency (FEMA)

2025-002 Staffing for Adequate Fire and Emergency Response (SAFER) – CFDA No. 97.083

Recommendation: The City should provide training for the grant administrator and/or include an additional review by individual that has been fully trained on the compliance requirements of the grant. The internal control process should include a formal way to document the review and approval of Fire Safety salary costs charged to the grant to provide evidence that internal controls are effectively designed and implemented and functioning in a timely manner throughout the year.

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

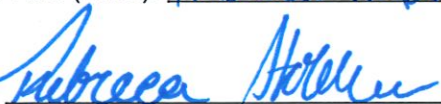
Action planned and taken in response to finding: The City has authorized a full-time grants specialist position within the Finance Department to oversee the administration of grants separate from the programming department. The City will strengthen internal controls over grant compliance by implementing formal policies and procedures for allowable costs, documentation, and review. All grant expenditures will be reviewed and approved by Finance prior to submission, with supporting documentation maintained for eligibility determinations.

Name(s) of the contact person(s) responsible for corrective action: Rebecca Holden

Planned completion date for corrective action plan: 6/30/2026

If the Tennessee Comptroller of the Treasury has questions regarding this plan, please call Rebecca Holden at 931-922-8126.

Name and Title (Print): Rebecca Holden, Finance Director

Signature: 



City of Spring Hill | Department
199 Town Center Parkway
Spring Hill, Tennessee 37174
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The City of Spring Hill respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2025.

Audit period: July 1, 2024 – June 30, 2025

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

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

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

Status: Resolved

FINDINGS—FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

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

Status: See current year finding 2025-001.

Reason for finding's recurrence: The audit was not issued by the March 31, 2026, therefore the Data Collection Form was not submitted by the deadline.



City of Spring Hill | Finance

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