

**NEW ISSUES**  
**Book-Entry-Only**

**Rating: S&P: "AA"**  
(See "MISCELLANEOUS-Rating")

*In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS - Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, city and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "LEGAL MATTERS - Tax Matters" herein).*

**\$33,275,000**  
**CITY OF SPRING HILL, TENNESSEE**  
**\$23,880,000 General Obligation Bonds, Series 2020A**  
**\$9,395,000 General Obligation Refunding Bonds, Series 2020B**

Dated: August 7, 2020

Due: June 1 (as indicated below)

The \$23,880,000 General Obligation Bonds, Series 2020A (the "Series 2020A Bonds") and the \$9,395,000 General Obligation Refunding Bonds, Series 2020B (the "Series 2020B Bonds") (the Series 2020A Bonds and Series 2020B Bonds are collectively referred to as the "Bonds") shall be issued by the City of Spring Hill, Tennessee (the "City", "Municipality", or "Issuer") as book-entry-only Bonds in denominations of \$5,000 and authorized integral multiples thereof. The Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC") except as otherwise described herein. DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on December 1, 2020 and thereafter on each June 1 and December 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry-only system, principal of and interest on the Bonds are payable at the designated corporate trust office of the Registration Agent.

The Series 2020A Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.

The Series 2020B Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged. The Series 2020B Bonds shall be additionally payable from and secured by a pledge of Net Revenues of the System (as such terms are defined in the *Official Statement*), subject to the prior pledge of the Net Revenues in favor of the Prior Lien Obligations (as defined in the *Official Statement*).

The Bonds maturing June 1, 2029 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2028.

This cover page contains certain information for quick reference only. It is not a summary of these issues. Investors must read the entire *Official Statement* to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued by the City, subject to the approval of the legality thereof by Waller Lansden Dortch and Davis, LLP, Nashville, Tennessee, bond counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon by Patrick Carter, Esq., City Attorney. It is expected that the Bonds, will be available for delivery through the facilities of DTC, New York, New York, on or about August 7, 2020.

**Cumberland Securities Company, Inc.**  
*Municipal Advisor*

July 15, 2020



**\$23,880,000**  
**CITY OF SPRING HILL, TENNESSEE**  
**General Obligation Bonds, Series 2020A**

<u>Due (June 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Due (June 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2021	\$ 1,050,000	5.00 %	0.21 %	84966PAT7	2031	\$ 1,130,000	3.00 %	1.20 % c	84966PBD1
2022	955,000	5.00	0.25	84966PAU4	2032	1,165,000	3.00	1.31 c	84966PBE9
2023	1,005,000	5.00	0.30	84966PAV2	2033	1,200,000	3.00	1.41 c	84966PBF6
2024	1,055,000	5.00	0.38	84966PAW0	2034	1,235,000	3.00	1.47 c	84966PBG4
2025	1,105,000	5.00	0.48	84966PAX8	2035	1,270,000	3.00	1.54 c	84966PBH2
2026	1,160,000	5.00	0.60	84966PAY6	2036	1,310,000	3.00	1.58 c	84966PBJ8
2027	1,215,000	5.00	0.72	84966PAZ3	2037	1,350,000	3.00	1.63 c	84966PBK5
2028	1,075,000	5.00	0.79	84966PBA7	2038	1,390,000	3.00	1.70 c	84966PBL3
2029	1,130,000	4.00	0.90 c	84966PBB5	2039	1,430,000	3.00	1.74 c	84966PBM1
2030	1,175,000	4.00	1.00 c	84966PBC3	2040	1,475,000	3.00	1.78 c	84966PBN9

c = Yield to call on June 1, 2028.

**\$9,395,000**  
**CITY OF SPRING HILL, TENNESSEE**  
**General Obligation Refunding Bonds, Series 2020B**

<u>Due (June 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Due (June 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2021	\$ 620,000	3.00 %	0.24 %	84966PBP4	2028	\$ 760,000	3.00 %	0.85 %	84966PBW9
2022	635,000	3.00	0.27	84966PBQ2	2029	780,000	2.00	1.00 c	84966PBX7
2023	655,000	3.00	0.30	84966PBR0	2030	795,000	2.00	1.10 c	84966PBY5
2024	675,000	3.00	0.35	84966PBS8	2031	815,000	2.00	1.30 c	84966PBZ2
2025	700,000	3.00	0.45	84966PBT6	2032	765,000	2.00	1.45 c	84966PCA6
2026	715,000	3.00	0.60	84966PBU3	2033	370,000	2.00	1.60 c	84966PCB4
2027	735,000	3.00	0.75	84966PBV1	2034	375,000	2.00	1.70 c	84966PCC2

c = Yield to call on June 1, 2028

\*\*Copyright, American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Issuer makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

This *Official Statement* speaks only as of its date, and the information contained herein is subject to change.

This *Official Statement* may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this *Official Statement*, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this *Official Statement*. The Issuer disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This *Official Statement* and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Bonds, the Resolution, the Disclosure Certificate (as defined herein), and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Bonds are qualified in their entirety to the forms thereof included in the Resolution.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This *Official Statement* does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations other than those contained in this *Official Statement*, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer or the Underwriter. Except where otherwise indicated, all information contained in this *Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

CITY OF SPRING HILL, TENNESSEE

**BOARD OF MAYOR AND ALDERMEN**

Rick Graham, Mayor

Amy Wurth, Vice Mayor

Dan Allen

Kevin Gavigan

John Canepari

Jeff Graves

Matt Fitterer

Hazel Nieves

Vincent Fuqua

**CITY OFFICIALS**

Victor Lay

*City Administrator*

Tonya Travis

*Finance Director*

Patrick Carter, Esq.

*City Attorney*

**UNDERWRITERS**

**Series 2020A**

FHN Financial Capital Markets  
Memphis, Tennessee

**Series 2020B**

Hilltop Securities  
Dallas, Texas

**BOND REGISTRATION AND PAYING AGENT**

Regions Bank

Nashville, Tennessee

**BOND COUNSEL**

Waller Lansden Dortch and Davis, LLP  
Nashville, Tennessee

**MUNICIPAL ADVISOR**

Cumberland Securities Company, Inc.



## TABLE OF CONTENTS

<b>SUMMARY STATEMENT</b> .....	I
<b>SECURITIES OFFERED</b>	
Authority and Purpose .....	1
Series 2020B Bonds Refunding Plan .....	1
Description of the Bonds .....	2
Security .....	2
Definitions.....	3
Optional Redemption.....	3
Notice of Redemption.....	4
<b>BASIC DOCUMENTATION</b>	
Registration Agent .....	5
Book-Entry-Only System .....	5
Discontinuance of Book-Entry-Only System.....	7
Disposition of Series 2020A Bond Proceeds .....	8
Disposition of Series 2020B Bond Proceeds.....	8
Discharge and Satisfaction of Bonds.....	8
Remedies of Bondholders.....	10
<b>LEGAL MATTERS</b>	
Litigation.....	11
Tax Matters	
<i>Federal</i> .....	11
<i>State Taxes</i> .....	12
Changes in Federal and State Tax Law .....	13
Closing Certificates.....	13
Approval of Legal Proceedings .....	13
<b>MISCELLANEOUS</b>	
Rating.....	15
Competitive Public Sale .....	15
Municipal Advisor; Related Parties; Other .....	15
Debt Record.....	16
Additional Debt.....	17
Debt Limitations .....	17
Continuing Disclosure .....	17
<i>Five-Year History Filing</i> .....	17
<i>Content of Annual Report</i> .....	17
<i>Reporting of Significant Events</i> .....	18
<i>Termination of Reporting Obligation</i> .....	19
<i>Amendment; Waiver</i> .....	19
<i>Default</i> .....	20
Bondholder Risk – COVID-19.....	20
Additional Information.....	23
<b>CERTIFICATION OF ISSUER</b> .....	24

### APPENDIX A: FORM OF LEGAL OPINIONS

## APPENDIX B: SUPPLEMENTAL INFORMATION STATEMENT

### GENERAL INFORMATION

Location .....	B-1
General.....	B-1
Transportation.....	B-2
Education .....	B-2
Healthcare .....	B-4
Manufacturing and Commerce .....	B-5
<i>Major Employers in Maury County</i> .....	B-8
<i>Major Employers in Williamson County</i> .....	B-9
Employment Information.....	B-10
Economic Data.....	B-12
Recreation .....	B-12
Recent Developments .....	B-13

### DEBT STRUCTURE

Summary of Bonded Indebtedness .....	B-17
Indebtedness and Debt Ratios .....	B-18
Debt Service Requirements – General Obligation.....	B-20
Debt Service Requirements – Water and Sewer.....	B-21

### FINANCIAL INFORMATION

Basis of Accounting and Presentation .....	B-22
Fund Balances and Retained Earnings.....	B-22
Five-Year Summary of Revenues, Expenditures and Changes in Fund Balance – General Fund .....	B-23
Investment and Cash Management Practices.....	B-24
Real Property Assessment, Tax Levy and Collection Procedures	
<i>State Taxation of Property</i> .....	B-24
<i>County Taxation of Property</i> .....	B-25
<i>Assessment of Property</i> .....	B-25
<i>Periodic Reappraisal and Equalization</i> .....	B-26
<i>Valuation for Property Tax Purposes</i> .....	B-27
<i>Certified Tax Rate</i> .....	B-27
<i>Tax Freeze for the Elderly Homeowners</i> .....	B-28
<i>Tax Collection and Tax Lien</i> .....	B-28
<i>Assessed Valuations</i> .....	B-29
<i>Property Tax Rates and Collections</i> .....	B-29
<i>Ten Largest Taxpayers</i> .....	B-30
Pension Plans .....	B-31

## APPENDIX C: GENERAL PURPOSE FINANCIAL STATEMENTS



## SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this *Official Statement*. This Summary Statement shall not be reproduced, distributed, or otherwise used except in conjunction with the remainder of this *Official Statement*.

Issuer .....City of Spring Hill, Tennessee (the “City”, “Municipality” or “Issuer”). See APPENDIX B contained herein.

The Bonds.....The \$23,880,000 General Obligation Bonds, Series 2020A (the “Series 2020A Bonds”) and the \$9,395,000 General Obligation Refunding Bonds, Series 2020B (the “Series 2020B Bonds”) (the Series 2020A Bonds and Series 2020B Bonds are collectively referred to as the “Bonds”) of the City, dated August 7, 2020. The Series 2020A Bonds mature each June 1 beginning June 1, 2021 through June 1, 2040, inclusive. The Series 2020B Bonds mature each June 1 beginning June 1, 2021 through June 1, 2034, inclusive. See the section entitled “SECURITIES OFFERED” herein for additional information.

Security .....The Series 2020A Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.

The Series 2020B Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged. The Series 2020B Bonds shall be additionally payable from and secured by a pledge of Net Revenues of the System, subject to the prior pledge of the Net Revenues in favor of the Prior Lien Obligations. See the section entitled “Definitions” for a definition of the terms “Net Revenues”, “Prior Lien Obligations” and the “System”.

The City may issue Parity Bonds (see the section entitled “Definitions” for a definition of the term “Parity Bonds”) ranking *pari passu* with the Series 2020B Bonds with respect to the lien on Net Revenues and nothing in the resolution adopted on June 15, 2020 authorizing the Series 2020B Bonds (the “Refunding Resolution”) establishes any additional bond test or contains other covenant restriction to issuing additional Parity Bonds. Notwithstanding the above, the City covenants to charge rates for the use of its System sufficient to pay its debts as they come due.

Purpose .....The Series 2020A Bonds are being issued for the purpose of (i) the acquisition, construction and equipping of road and street work improvements and acquisition of right of ways in connection therewith, including improvements to Buckner Road at the I-65 interchange and other locations, real and personal property, (ii) the conversion of the Fire Equipment Acquisition Capital Outlay Note, Series 2019, dated November 22, 2019 to a bond which was used to acquire a Pierce one hundred foot aerial fire truck and related public safety equipment, (iii) the acquisition of public works and public safety equipment and (iv) the acquisition, construction, improvements to other public buildings and facilities (collectively the “Projects”) (v) payment of legal, fiscal, administrative, architectural, design and engineering costs incident to all of the foregoing, (vi) reimbursement to the appropriate fund of the City for prior expenditures for the foregoing cost, if applicable, and (vii) payment of cost incident to the issuance of the Series 2020A Bonds.

The Series 2020B Bonds are being issued for the purpose of providing funds for (i) refinancing, in whole or in part, certain Refunded Obligations of the City, as defined herein; and (ii) the payment of legal, fiscal, administrative costs incident to the issuance of the Series 2020B Bonds

- Optional Redemption .....The Bonds maturing June 1, 2029 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2028.
- Tax Matters.....In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Interest on the Bonds will be exempt from certain taxation in Tennessee, all as more fully described in the section entitled “LEGAL MATTERS-Tax Matters” and APPENDIX A (form of opinion) included herein.
- Rating.....S&P: “AA”. See the section entitled “MISCELLANEOUS – Rating” for more information.
- Registration and Paying Agent .....Regions Bank, Nashville, Tennessee (the “Registration Agent”).
- Bond Counsel .....Waller Lansden Dortch and Davis, LLP, Nashville, Tennessee.
- Municipal Advisor.....Cumberland Securities Company, Inc. See the section entitled “MISCELLANEOUS – Municipal Advisor; Related Parities; Others”, herein.
- Underwriter.....Series 2020A: FHN Financial Capital Markets, Memphis, Tennessee.  
Series 2020B: Hilltop Securities, Dallas, Texas.
- Book-Entry-Only.....The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled “BASIC DOCUMENTATION – Book-Entry-Only System”.
- General .....The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and revised. See the section entitled SECURITIES OFFERED herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of the Depository Trust Company, New York, New York.
- Disclosure .....In accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the City will provide the Municipal Securities Rulemaking Board (“MSRB”) through the operation of the Electronic Municipal Market Access system (“EMMA”) and the State Information Depository (“SID”) established in Tennessee, if any, annual financial statements and other pertinent credit information, including the Comprehensive Annual Financial Reports. For additional information, see the section entitled “MISCELLANEOUS – Continuing Disclosure” for additional information.
- Other Information.....The information in this *Official Statement* is deemed “final” within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof. For more information concerning the City or this *Official Statement*, contact Mr. Victor Lay, City Administrator, 199 Town Center Parkway, Spring Hill, Tennessee 37174, Telephone: 931-486-2252; or the City’s Municipal Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663.

**GENERAL FUND BALANCES**  
**Summary of Changes In Fund Balances**  
(Fiscal Years Ending June 30)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Beginning Fund Balance	\$ 4,628,759	\$ 7,660,572	\$ 9,256,301	\$ 7,768,949	\$ 8,627,507
Revenues	25,633,907	17,307,628	19,557,876	20,725,759	24,357,761
Expenditures	22,426,526	17,786,435	21,010,779	28,244,035	19,826,332
Excess (Deficiency) of Revenues Over Expenditures					
Transfers In	271,525	152,024	162,000	199,354	-
Transfers Out	-	-	-	-	(636,000)
Issuance of Debt	-	1,645,000	-	8,259,080	-
Adjustments	(447,093)	277,512	(196,449)	(81,600)	-
<b>Ending Fund Balance</b>	<b><u>\$ 7,660,572</u></b>	<b><u>\$ 9,256,301</u></b>	<b><u>\$ 7,768,949</u></b>	<b><u>\$ 8,627,507</u></b>	<b><u>\$12,522,936</u></b>

Source: Comprehensive Annual Financial Reports of the City of Spring Hill, Tennessee.

*(The remainder of this page left blank intentionally.)*

**\$33,275,000**  
**CITY OF SPRING HILL, TENNESSEE**  
**\$23,880,000 General Obligation Bonds, Series 2020A**  
**\$9,395,000 General Obligation Refunding Bonds, Series 2020B**

**SECURITIES OFFERED**

**AUTHORITY AND PURPOSE**

This *Official Statement* which includes the Summary Statement hereof and appendices hereto is furnished in connection with the offering by the City of Spring Hill, Tennessee (the “City”, “Municipality” or “Issuer”) of its \$23,880,000 General Obligation Bonds, Series 2020A (the “Series 2020A Bonds”) and the \$9,395,000 General Obligation Refunding Bonds, Series 2020B (the “Series 2020B Bonds”) (the Series 2020A Bonds and Series 2020B Bonds are collectively referred to as the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Sections 9-21-101 *et. seq.*, *Tennessee Code Annotated*, and other applicable provisions of law and pursuant to resolutions duly adopted by the Board of Mayor and Aldermen on June 15, 2020. The resolution authorizing the Series 2020A Bonds is herein referred to as the New Money Resolution. The resolution authorizing the refunding of certain Refunded Obligations of the City, as hereinafter described, is referred to as the Refunding Resolution (the New Money Resolution and the Refunding Resolution are collectively referred to as the “Resolution”).

The Series 2020A Bonds are being issued for the purpose of (i) the acquisition, construction and equipping of road and street work improvements and acquisition of right of ways in connection therewith, including improvements to Buckner Road at the I-65 interchange and other locations, real and personal property, (ii) the conversion of the Fire Equipment Acquisition Capital Outlay Note, Series 2019, dated November 22, 2019 (the “2019 Note”) to a bond which was used to acquire a Pierce one hundred foot aerial fire truck and related public safety equipment, (iii) the acquisition of public works and public safety equipment and (iv) the acquisition, construction, improvements to other public buildings and facilities (the “Projects”) (v) payment of legal, fiscal, administrative, architectural, design and engineering costs incident to all of the foregoing, (vi) reimbursement to the appropriate fund of the City for prior expenditures for the foregoing cost, if applicable, and (vii) payment of cost incident to the Series 2020A Bonds authorized herein.

The Series 2020B Bonds are being issued for the purpose of providing funds for (i) refinancing, in whole or in part, certain Refunded Obligations of the City, as described herein; and (ii) the payment of legal, fiscal, administrative costs incident to the issuance of the Series 2020B Bonds.

**SERIES 2020B BONDS REFUNDING PLAN**

The City is proposing to issue the Series 2020B Bonds to refinance the City’s Revolving Fund Loan Agreements (SRF 11-294 and CGO 2010-267), both with application dates of 2/28/2011) (the “Refunded Obligations”) maturing September 1, 2020 and thereafter. The Refunded Obligations will be called for redemption on August 7, 2020.

As required by Title 9, Chapter 21, Part 9 of *Tennessee Code Annotated* as supplemented and revised, a plan of refunding (the "Plan") for the Refunded Obligations was submitted to the Director of the Division of Local Government Finance for review, and a report was received thereon.

## **DESCRIPTION OF THE BONDS**

The Bonds will be initially dated and bear interest from August 7, 2020. Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing December 1, 2020. The Bonds are issuable in registered book-entry-only form only and in \$5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

The Bonds shall be signed by the Mayor and shall be attested by the City Recorder. No Bond shall be valid until it has been authenticated by the manual signature of an authorized representative of the Registration Agent and the date of authentication noted thereon.

## **SECURITY**

The Series 2020A Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.

The Series 2020B Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged. The Series 2020B Bonds shall be additionally payable from and secured by a pledge of Net Revenues of the System, subject to the prior pledge of the Net Revenues in favor of the Prior Lien Obligations. The terms "Net Revenues", the "System" and "Prior Lien Obligations" are defined in the section headed "DEFINITIONS".

The City may issue Parity Bonds ranking *pari passu* with the Series 2020B Bonds with respect to the lien on Net Revenues and nothing in the Refunding Resolution establishes any additional bond test or creates other covenant restriction to issuing additional Parity Bonds. Notwithstanding the above, the City covenants to charge rates for the use of its System sufficient to pay its debts as they come due.

The City, through its governing body, shall annually levy and collect a tax on all taxable property within the City, in addition to all other taxes authorized by law, sufficient to pay the principal of and interest on the Bonds when due. Principal and interest on the Bonds falling due at any time when there are insufficient funds from such tax shall be paid from the current funds of the City and reimbursement therefore shall be made out of taxes provided by the Resolution when the same shall have been collected. The taxes may be reduced to the extent of direct appropriations from the General Fund of the City to the payment of debt service on the Bonds.

The Bonds are not obligations of the State of Tennessee (the "State") or any political subdivision thereof other than the City.

The Bonds will not be obligations of the State of Tennessee.

## **DEFINITIONS**

“Board” shall mean the Board of Mayor and Aldermen of the City.

“Current Expenses” shall mean expenses incurred by the City in the operation of the System, determined in accordance with generally accepted accounting principles, including the reasonable and necessary cost of operating, maintaining, repairing and insuring the System, including the cost of obtaining potable water, salaries, wages, cost of material and supplies and insurance premiums, but shall exclude depreciation, payment of principal, premium and interest when due with respect to all bonds, notes or other obligations of the City.

“Gross Earnings” shall mean all revenues, rentals, earnings and income of the City from whatever source of the System, determined in accordance with generally accepted accounting principles, including all revenues derived from the operation of the System; proceeds from the sale of System property, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets; proceeds of insurance and condemnation awards and compensation for damages, to the extent not applied to the payment of the cost of repairs, replacements and improvements to the System; and all amounts realized from the investment of funds created by this Resolution and resolutions authorizing any Prior Lien Obligations, Parity Bonds or subordinate lien bonds (excluding any investment earnings from construction or improvement funds created for the deposit of bond proceeds pending use, to the extent such income is applied to the purposes for which the bonds were issued, and funds created to defease any outstanding obligations of the City);

“Net Revenue” shall mean Gross Earnings of the System from all sources after deduction of Current Expenses.

“Parity Bonds” shall mean bonds issued on a parity with the Series 2020B Bonds authorized with respect to the lien on the Net Revenues to secure the same.

“Prior Lien Obligations” means the obligations of the City secured in whole or in part by a pledge of Net Revenues ranking prior to the lien created by Series 2020B Bond Resolution for the benefit of the Series 2020B Bonds or any Parity Bonds hereinafter issued.

“Refunding Resolution” means the Series 2020B Bond Resolution, as supplemented and amended.

“System” means the City’s water and sewer procurement, treatment, storage and distribution system.

## **OPTIONAL REDEMPTION**

Bonds maturing June 1, 2029, and thereafter, shall be subject to optional redemption prior to maturity at the option of the City on June 1, 2028 and thereafter, as a whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Board of the City, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry-Only System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry-Only System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

## **NOTICE OF REDEMPTION**

Notice of call for an optional redemption shall be given by the Registration Agent on behalf of the City not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to effect the redemption with the Registration Agent no later than the redemption date (“Conditional Redemption”). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the City nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the City pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

*(The remainder of this page left blank intentionally.)*



## BASIC DOCUMENTATION

### REGISTRATION AGENT

The Registration Agent, Regions Bank, Nashville, Tennessee, its successor or the City will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as described below.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. For additional information, see the following section.

### BOOK-ENTRY-ONLY SYSTEM

The Registration Agent, its successor or the Issuer will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the “Regular Record Date”) by check or draft mailed to such owner at its address shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Issuer in respect of such Bonds to the extent of the payments so made, except as described above. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee, except as described above. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the “Book-Entry-Only System”). One fully registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC.

*DTC and its Participants.* DTC, the world’s largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized Book-Entry-Only transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned

subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the U.S. Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

*Purchase of Ownership Interests.* Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC’s records. The ownership interest of each actual purchaser of each Security (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the Book-Entry-Only System for the Bonds is discontinued.

*Payments of Principal and Interest.* Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts, upon DTC’s receipt of funds and corresponding detail information from the Registration Agent on the payable date in accordance with their respective holdings shown on DTC’s records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to beneficial owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in “street name”, and will be the responsibility of such Participant and not of DTC, the Issuer or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the beneficial owners shall be the responsibility of Direct and Indirect Participants.

*Notices.* Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a maturity are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such

maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NONE OF THE ISSUER, THE UNDERWRITER, THE BOND COUNSEL, THE MUNICIPAL ADVISOR OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

*Transfers of Bonds.* To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

None of the Issuer, the Bond Counsel, the Registration Agent, the Municipal Advisor or the Underwriter will have any responsibility or obligation, legal or otherwise, to any party other than to the registered owners of any Bond on the registration books of the Registration Agent.

## **DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM**

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) to the extent permitted by the rules of DTC, the City determines to discontinue the Book-Entry-Only System, the Book-Entry-Only System shall be discontinued. Upon the occurrence of the event described above, the City will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Bond certificates will be printed and delivered to beneficial owners.

*No Assurance Regarding DTC Practices.* The foregoing information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the City believes to be reliable, but the City, the Bond Counsel, the Registration Agent, the Municipal Advisor and the Underwriter do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. None of the City, the Bond Counsel, the Registration Agent, the Municipal Advisor or the Underwriter will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

For more information on the duties of the Registration Agent, please refer to the Resolution. Also, please see the section entitled "SECURITIES OFFERED – Redemption."

## **DISPOSITION OF SERIES 2020A BOND PROCEEDS**

The proceeds of the sale of the Series 2020A Bonds shall be applied by the City as follows:

- (a) An amount, which together with investment earnings thereon and other legally available funds of the City, if any, will be sufficient to pay principal of, premium, if any, and interest on the 2019 Note until and through the redemption date therefor shall be transferred to the paying agent or holder of the 2019 Note to be held to the earliest optional redemption date and used for the payment and retirement of the 2019 Note; and
- (b) the remainder of the proceeds of the sale of the Series 2020A Bonds shall be deposited with a financial institution regulated by the Federal Deposit Insurance Corporation or similar federal agency in a special fund to be known as the 2020 Project Fund (the "Project Fund") to be kept separate and apart from all other funds of the City. The City shall disburse funds in the Project Fund to pay costs of issuance of the Series 2020A Bonds, including necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, administrative and clerical costs, Registration Agent fees, bond insurance premiums, if any, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Series 2020A Bonds. The remaining funds in the Project Fund shall be disbursed solely to pay the costs of the Project. Money in the Project Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in said Project Fund.

## **DISPOSITION OF SERIES 2020B BOND PROCEEDS**

The proceeds of the sale of the Series 2020B Bonds shall be applied by the City as follows:

- (a) An amount which together other legally available funds of the City contributed for such purpose, if any, shall be sufficient to pay principal of, premium, if any, and interest on the Refunded Obligations to the date of redemption shall be used to pay the redemption price to the holder of the Refunded Obligations; and
- (b) the remainder of the proceeds of the sale of the Series 2020B Bonds shall be used to pay the costs of issuance the Series 2020B Bonds, and all necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, bond insurance premium, if any, administrative and clerical costs, rating agency fees, registration agent fees, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Series 2020B Bonds.

## **DISCHARGE AND SATISFACTION OF BONDS**

If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways:

1. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

2. By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (“an Agent”; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Government Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice); or
3. By delivering such Bonds to the Registration Agent for cancellation by it;

and if the City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such escrow agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the City to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void; and if the City shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Government Obligations (defined herein) deposited as aforesaid.

Except as otherwise provided in this section, neither Government Obligations nor moneys deposited with the Registration Agent nor principal or interest payments on any such Government Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Government Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Government Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Registration Agent. For the purposes hereof, Government Obligations shall mean any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of Federal agencies to the extent unconditionally guaranteed by the United States of America, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

*(The remainder of this page left blank intentionally.)*

## **REMEDIES OF BONDHOLDERS**

Under Tennessee law, any Bondholder has the right, in addition to all other rights:

(1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the City, including, but not limited to, the right to require the City to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the City to carry out any other covenants and agreements, or

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Bondholder.

*(The remainder of this page left blank intentionally.)*

## LEGAL MATTERS

### LITIGATION

There are no claims against the City, including claims in litigation, which, in the opinion of the City, would have a material adverse effect on the City's financial position. There are no suits threatened or pending challenging the legality or validity of the Bonds or the right of the City to sell or issue the Bonds.

### TAX MATTERS

#### **Federal**

*General.* Waller Lansden Dortch and Davis, LLP, Nashville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the City and assuming compliance by the City with certain covenants, is that interest on the Bonds:

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended, (the "Code") and
- is not a preference item for a bondholder under the federal alternative minimum tax.

The Code imposes requirements on the Bonds that the City must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the City does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The City has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also the section below "CHANGES IN FEDERAL AND STATE LAW".

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

*Bond Premium.* If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

*Original Issue Discount.* A Bond will have "original issue discount" if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel's opinion is that any original issue discount on these Bonds as it accrues is excluded from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount

*Information Reporting and Backup Withholding.* Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

## **State Taxes**

Under existing law, the Bonds and the income therefrom are exempt from all present state, City and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

*(The remainder of this page left blank intentionally.)*



## **CHANGES IN FEDERAL AND STATE TAX LAW**

From time to time, there are Presidential proposals, proposals of various Congressional committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

## **CLOSING CERTIFICATES**

Upon delivery of the Bonds, the City will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the *Official Statement*, in final form, signed by the Mayor acting in his official capacity to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the *Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the City since the date of the *Official Statement*, in final form, and having attached thereto a copy of the *Official Statement*, in final form, and (d) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the Mayor acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the Mayor and City Clerk acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure Certificate regarding certain covenants of the City concerning the preparation and distribution of certain annual financial information and notification of certain material events, if any.

## **APPROVAL OF LEGAL PROCEEDINGS**

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Waller Lansden Dortch and Davis, LLP, Nashville, Tennessee, bond counsel. Bond counsel has not prepared the *Preliminary Official Statement* or the *Official Statement*, in final form, or verified their accuracy, completeness or fairness. Accordingly, bond counsel expresses no opinion of any kind

concerning the *Preliminary Official Statement* or *Official Statement*, in final form, except for the information in the section entitled “LEGAL MATTERS - Tax Matters.” The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on the Bonds under present federal income tax laws, both as described above. The legal opinion will be delivered with the Bonds and the form of the opinion is included in APPENDIX A. For additional information, see the section entitled MISCELLANEOUS – “Competitive Public Sale”, “Additional Information” and “Continuing Disclosure.”

*(The remainder of this page left blank intentionally.)*

## MISCELLANEOUS

### **RATING**

S&P Global Ratings (“S&P”) has given the Bonds the rating of “AA”.

There is no assurance that such rating will continue for any given period of time or that the rating may not be suspended, lowered or withdrawn entirely by S&P, if circumstances so warrant. Due to the ongoing uncertainty regarding the economy and debt of the United States of America, including, without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for, and ratings, liquidity, and market value of Outstanding Bonds obligations, including the Bonds. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds.

The rating reflects only the views of S&P and any explanation of the significance of such rating should be obtained from S&P.

### **COMPETITIVE PUBLIC SALE**

The Bonds were offered for sale at competitive public bidding on July 15, 2020. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated July 8, 2020.

The successful bidder for the Series 2020A Bonds was an account led by FHN Financial Capital Markets, Memphis, Tennessee (the “Underwriters”) who contracted with the City, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Series 2020A Bonds at a purchase price of \$27,368,766.81 (consisting of the par amount of the Series 2020A Bonds, plus an original issue premium of \$3,562,730.60 and less an underwriter’s discount of \$73,963.79) or 114.609576% of par plus accrued interest, if any, to the date of delivery.

The successful bidder for the Series 2020B Bonds was an account led by Hilltop Securities, Dallas Texas, the “Underwriters”) who contracted with the City, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Series 2020B Bonds at a purchase price of \$10,135,557.66 (consisting of the par amount of the Bonds, plus an original issue premium of \$782,753.80 and less an underwriter’s discount of \$42,196.14) or 107.882466% of par plus accrued interest, if any, to the date of delivery.

### **MUNICIPAL ADVISOR; RELATED PARTIES; OTHER**

*Municipal Advisor.* Cumberland Securities Company, Inc. has served as Municipal Advisor (the “Municipal Advisor”) to the City for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged by the City to compile, create, or interpret any information in the *Preliminary Official Statement* and *Official Statement* relating to the City, including without limitation any of the City’s financial and

operating data, whether historical or projected. Any information contained in the *Preliminary Official Statement* and *Official Statement* concerning the City, any of its affiliated or contractors and any outside parties has not been independently verified by the Municipal Advisor, and inclusion of such information is not, and should not be construed as, a representation by the Municipal Advisor as to its accuracy or completeness or otherwise. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to review or audit any information in the *Preliminary Official Statement* and *Official Statement* in accordance with accounting standards.

*Regions Bank.* Regions Bank (the “Bank”) provides, among other services, commercial banking, investments and corporate trust services to private parties and to State and local jurisdictions, including serving as registration, paying agent or filing agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration and Paying Agent for the Bonds. In instances where the Bank serves the City in other normal commercial banking capacities, it will be compensated separately for such services.

*Official Statements.* Certain information relative to the location, economy and finances of the Issuer is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. Except where otherwise indicated, all information contained in this *Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

Cumberland Securities Company, Inc. distributed the *Preliminary Official Statement*, in final form, and the *Official Statement*, in final form on behalf of the City and will be compensated and/or reimbursed for such distribution and other such services.

*Bond Counsel.* From time to time, Waller Lansden Dortch and Davis, LLP has represented the Bank on legal matters unrelated to the City and may do so again in the future.

*Other.* Among other services, Cumberland Securities Company, Inc. and the Bank may also assist local jurisdictions in the investment of idle funds and may serve in various other capacities, including Cumberland Securities Company’s role as serving as the City’s Dissemination Agent. If the City chooses to use one or more of these other services provided by Cumberland Securities Company, Inc. and/or the Bank, then Cumberland Securities Company, Inc. and/or the Bank may be entitled to separate compensation for the performance of such services.

## **DEBT RECORD**

There is no record of default on principal or interest payments of the Issuer. Additionally, no agreements or legal proceedings of the Issuer relating to securities have been declared invalid or unenforceable.

## **ADDITIONAL DEBT**

The City has not authorized any additional debt. However, the City has ongoing capital needs that may or may not require the issuance of additional debt. The City may also authorize the issuance of additional refundings of Outstanding Bonds as savings opportunities arise.

## **DEBT LIMITATIONS**

Pursuant to Title 9, Chapter 21, *Tennessee Code Annotated*, as amended, there is no limit on the amount of bonds that may be issued when the City uses the statutory authority granted therein to issue bonds. (see “DEBT STRUCTURE - Indebtedness and Debt Ratios” for additional information.)

## **CONTINUING DISCLOSURE**

The City will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information relating to the City by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2020 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the City. The Issuer will provide notice in a timely manner to the MSRB of a failure by the City to provide the annual financial information on or before the date specified in the continuing disclosure agreement. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB") at [www.emma.msrb.org](http://www.emma.msrb.org) and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

*Five-Year History of Filing.* While it is believed that all appropriate filings were made with respect to the ratings of the City's outstanding bond issues, some of which were insured by the various municipal bond insurance companies, no absolute assurance can be made that all such rating changes due to rating changes of municipal bond insurance companies which insured some transactions were made or made in a timely manner as required by Rule 15c2-12. The City does not deem any of the forgoing omissions to be material, and therefore, in the judgment of the City, for the past five years, the City has complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

*Content of Annual Report.* The City's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the City for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the City's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in APPENDIX B entitled “SUPPLEMENTAL INFORMATION STATEMENT.”

1. Summary of bonded indebtedness as of the end of such fiscal year as shown on page B-17;
1. The indebtedness and debt ratios as of the end of such fiscal year, together with information about the property tax base as shown on pages B-18 and B-19;
2. Information about the Bonded Debt Service Requirements – General Obligation as of the end of such fiscal year as shown on page B-20;
3. Information about the Bonded Debt Service Requirements – Water and Sewer System as of the end of such fiscal year as shown on page B-21;
4. The fund balances, net assets, and retained earnings for the fiscal year as shown on page B-22;
5. Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year as shown on page B-23;
6. The estimated assessed value of property in the City for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year as shown on page B-29;
7. Property tax rates and tax collections of the City for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year as shown on page B-29; and
8. The ten largest taxpayers as shown on page B-30.

Any or all of the items above may be incorporated by reference from other documents, including *Official Statements* in final form for debt issues of the City or related public entities, which have been submitted to the MSRB or the U.S. Securities and Exchange Commission. If the document incorporated by reference is a final *Official Statement*, in final form, it will be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so incorporated by reference.

*Reporting of Significant Events.* The City will file notice regarding material events with the MSRB and the SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the City shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the City shall determine the materiality of such event as soon as possible after learning of its occurrence.
3. The following are the Listed Events:
  - a. Principal and interest payment delinquencies;
  - b. Non-payment related defaults, if material;

- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of credit or liquidity providers, or their failure to perform;
- f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- g. Modifications to rights of Bondholders, if material;
- h. Bond calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution, or sale of property securing repayment of the securities, if material;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person;
- m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- o. Incurrence of a financial obligation (which includes a debt obligation, or a derivative instrument entered into connection with, or pledged as security or as a source of payment for, an existing or planned debt obligation, or a guarantee of debt obligation or derivative instrument) of the City, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms as of a financial obligation of the City, any of which affect security holders, if material; and
- p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (as described above) of the City, any of which reflect financial difficulties.

*Termination of Reporting Obligation.* The City's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

*Amendment; Waiver.* Notwithstanding any other provision of the Disclosure Certificate, the City may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

*Default.* In the event of a failure of the City to comply with any provision of the Disclosure Certificate, any Bondholder or any beneficial owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the City to comply with the Disclosure Certificate shall be an action to compel performance.

## **BONDHOLDER RISK - COVID-19**

The world-wide outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread to several counties and cities in the State of Tennessee, including the Issuer and is considered by the World Health Organization to be a Public Health Emergency of International Concern. The spread of COVID-19 has led to quarantine and other “social distancing” measures in affected regions. While effects of COVID-19 on the Issuer may be temporary, the virus has affected travel, commerce and financial markets across the world. Additionally, U.S. and global stock markets have recently experienced significant volatility and overall declines that have attributed to COVID-19 concerns.

The Issuer is unable to predict: (i) the extent or duration of the COVID-19 outbreak or any other epidemic or pandemic; (ii) the extent or duration of existing and additional quarantines, travel restrictions or other measures relating to COVID-19 or any other epidemic or pandemic; or (iii) whether and to what extent the COVID-19 outbreak or any other epidemic or pandemic may disrupt the local or global economy, manufacturing or the supply chain or whether any such disruption may adversely affect the operations of the Issuer. Given the evolving nature of the spread of the virus and the behavior of



governments, businesses and individuals in response thereto, the Issuer cannot accurately predict the magnitude of the impact of COVID-19 on the Issuer and its financial condition. The Issuer is proactively taking steps to mitigate the spread of COVID-19 and to preserve effective staffing for all essential Issuer operations.

Although the Issuer cannot accurately predict the magnitude of the ultimate impact of COVID-19 outbreak on the Issuer's finances, the Issuer is carefully monitoring the immediate effect of the COVID-19 outbreak on the Issuer's finances and is attempting to make projections as to the effect of the COVID-19 outbreak for the upcoming fiscal year. For the current fiscal year, the Issuer's largest source of revenues is property tax revenues. Property tax revenues are due each year on October 1<sup>st</sup> and are delinquent on the last day of February of the following year, so all tax year 2019 taxes were required to be paid without any penalty by February 29, 2020. The Issuer has already collected in excess of 99.24% of its billed property taxes for tax year 2019, which is comparable to prior years. Economic uncertainties resulting from the COVID-19 outbreak may result in delays in collecting the remaining amount of tax year 2019 property taxes outstanding, which is a relatively small portion of the Issuer's revenues, and may also affect collections in future years if the COVID-19 outbreak and resulting economic restrictions continue.

The Issuer's second largest source of revenues is sales and use tax revenues. Such tax revenues are expected to comprise approximately 23.81% of the Issuer's revenues in the current 2020 fiscal year that ends June 30, 2020. All sales and use tax revenues are collected by the State, and the Issuer does not typically receive notice from the State of the Issuer's share of sales and use taxes collected for approximately 50 days after the close of each month. With respect to sales and use tax revenues for the most recent month for which information is available, the Issuer's local sales and use tax revenues for March 2020 increased 6.5% from the prior March and April 2020 increased 8.2% from the prior April. State shared sales tax decreased 5.57% from the prior March and 12.82% from the prior April. The Issuer has not received any information regarding sales and use tax revenues for any subsequent months.

The Issuer also collects other tax revenues such as business taxes that are expected to be materially affected by business closures and reduced economic activity resulting from the COVID-19 outbreak. Such revenues typically consist of less than 2.06% of the Issuer's revenues.

The administration for the Issuer has proposed a budget for the 2021 fiscal year commencing July 1, 2020 which anticipates a 13.03% decline in revenues. This projected decline in revenues is primarily due to the effect of the COVID-19 outbreak. This decline includes a projected 20% decline in sales tax revenues. Given the uncertainties as to when businesses, including tourism-related businesses, will be fully operational, these projected declines are uncertain and the ultimate amount of revenues from sales and use taxes, hotel-motel taxes and other similar business taxes may be significantly less or more than what has been projected in the Issuer's proposed budget. In the proposed budget, the Issuer has proposed certain cost reduction measures that will offset projected revenue reductions due to the COVID-19 outbreak.

The Issuer expects to receive some federal and/or State assistance to offset costs to the Issuer of addressing the COVID-19 outbreak. As this point, the Issuer has not been informed as to the timing or amount of federal or State assistance that may be provided, nor does the Issuer know the scope of expenses that will be payable from such assistance. Therefore, the Issuer cannot provide any assurances to whether the projected decline in tax revenues will be mitigated, in whole or part, by such assistance. The Issuer's proposed budget for the 2021 fiscal year does not include any such assistance as a source of revenue to provide for a balanced budget.

The Issuer's liquidity position remains strong. As of May 31, 2020, the Issuer had in excess of \$15 million in reserves, which is approximately 51.16% of the Issuer's general fund budget. The City's Water and Sewer System has \$28,245,384 cash on hand as of May 31, 2020. The Issuer's current liquidity position is expected to be adequate to fund essential services and make timely debt service payments on debt of the Issuer.

Various types of information regarding employment and income trends within the Issuer and Williamson County and Maury County are detailed in APPENDIX B. This information was assembled prior to the COVID-19 outbreak and may not be reflective of current financial conditions. For example, unemployment rates throughout the United States, including the City and the County, have increased significantly since the COVID-19 outbreak. Furthermore, APPENDIX B lists the largest employers in the County. The COVID-19 outbreak has affected businesses throughout the United States, including businesses in the County, and many of the employers listed in APPENDIX B have been forced to reduce their employment levels from the levels described in APPENDIX B. Given the fluidity of the current economic environment, the Issuer is not able to provide sufficiently accurate updates to this information.

## **ADDITIONAL INFORMATION**

Use of the words "shall," "must," or "will" in this *Official Statement* in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this *Official Statement* involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this *Official Statement* nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

The references, excerpts and summaries contained herein of certain provisions of the laws of the State of Tennessee, and any documents referred to herein, do not purport to be complete statements of the provisions of such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights of the holders thereof.

The *Preliminary Official Statement* and *Official Statement*, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the City and the purchasers of any of the Bonds. Any statements or information printed in the *Preliminary Official Statement* or this *Official Statement*, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

The City has deemed this *Official Statement* as "final" as of its date within the meaning of Rule 15c2-12.

**CERTIFICATION OF THE CITY**

On behalf of the City, we hereby certify that to the best of our knowledge and belief, the information contained herein as of this date is true and correct in all material respects, and does not contain an untrue statement of material fact or omit to state a material fact required to be stated where necessary to make the statement made, in light of the circumstance under which they were made, not misleading.

/s/ Rick Graham  
\_\_\_\_\_  
Mayor

ATTEST:

/s/ April Goad  
\_\_\_\_\_  
City Recorder



**APPENDIX A**

**FORM OF LEGAL OPINIONS**



August 7, 2020

City of Spring Hill  
Spring Hill, Tennessee

Cumberland Securities Company, Inc.  
Knoxville, Tennessee

FHN Financial Capital Markets  
Memphis, Tennessee

Re: \$23,880,000 General Obligation Bonds, Series 2020A

Ladies and Gentlemen:

We have acted as bond counsel to the City of Spring Hill, Tennessee (the “City”) in connection with the issuance of \$23,880,000 General Obligation Bonds, Series 2020A, dated August 7, 2020 (the “Series 2020A Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify such facts by independent investigation.

Based on the foregoing, we are of the opinion, as of the date hereof, as follows:

1. The Series 2020A Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and are valid and binding obligations of the City.
2. The resolution of the Board of Mayor and Aldermen of the City authorizing the Series 2020A Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the City enforceable in accordance with its terms.
3. The Series 2020A Bonds constitute general obligations of the City for the payment of which the City has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Series 2020A Bonds are payable primarily from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the City.
4. Interest on the Series 2020A Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax under the Internal Revenue Code of 1986, as amended (the “Code”). The opinion set forth in

the preceding sentence is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2020A Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause interest on the Series 2020A Bonds to be so included in gross income retroactive to the date of issuance of the Series 2020A Bonds. Except as set forth in this Opinion 4, we express no other opinion regarding other federal tax consequences arising with respect to the Series 2020A Bonds.

5. Under existing law, the Series 2020A Bonds and the income therefrom are exempt from all present state, county and municipal taxation in Tennessee except (a) Tennessee excise taxes on interest on the Series 2020A Bonds during the period the Series 2020A Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2020A Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Series 2020A Bonds and the enforceability of the Series 2020A Bonds and the resolution authorizing the Series 2020A Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2020A Bonds.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or changes in law that may hereafter occur.

Yours very truly,

Waller Lansden Dortch & Davis, LLP



August 7, 2020

City of Spring Hill  
Spring Hill, Tennessee

Cumberland Securities Company, Inc.  
Knoxville, Tennessee

Hilltop Securities  
Dallas, Texas

Re: \$9,395,000 General Obligation Refunding Bonds, Series 2020B

Ladies and Gentlemen:

We have acted as bond counsel to the City of Spring Hill, Tennessee (the “City”) in connection with the issuance of \$9,395,000 General Obligation Refunding Bonds, Series 2020B, dated August 7, 2020 (the “Series 2020B Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify such facts by independent investigation. Capitalized terms not defined herein shall have the meaning assigned to them in the Refunding Resolution as herein defined.

Based on the foregoing, we are of the opinion, as of the date hereof, as follows:

1. The Series 2020B Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and are valid and binding obligations of the City.

2. The resolution of the Board of Mayor and Aldermen of the City adopted on June 15, 2020 authorizing the Series 2020B Bonds for the purpose of refunding the Refunded Obligations (the “Refunding Resolution”) has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the City enforceable in accordance with its terms.

3. The Series 2020B Bonds constitute general obligations of the City for the payment of which the City has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Series 2020B Bonds are payable primarily from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the City. The principal of and interest on the Series 2020B Bonds are also payable from and secured by a

pledge of the Net Revenues of the System, subject to the prior pledge of such Net Revenues in favor of the City's Prior Lien Obligations. We express no opinion as to the sufficiency of such Net Revenues for the payment of principal of and interest on the Series 2020 Bonds.

4. Interest on the Series 2020B Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the alternative minimum tax under the Internal Revenue Code of 1986, as amended (the "Code"). The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2020B Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause interest on the Series 2020B Bonds to be so included in gross income retroactive to the date of issuance of the Series 2020B Bonds. Except as set forth in this Opinion 4, we express no other opinion regarding other federal tax consequences arising with respect to the Series 2020B Bonds.

5. Under existing law, the Series 2020B Bonds and the income therefrom are exempt from all present state, county and municipal taxation in Tennessee except (a) Tennessee excise taxes on interest on the Series 2020B Bonds during the period the Series 2020B Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2020B Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Series 2020B Bonds and the enforceability of the Series 2020B Bonds and the resolution authorizing the Series 2020B Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Series 2020B Bonds.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or changes in law that may hereafter occur.

Yours very truly,

Waller Lansden Dortch & Davis, LLP

**SUPPLEMENTAL INFORMATION STATEMENT**



## GENERAL INFORMATION

### LOCATION

The City of Spring Hill, Tennessee (the “City”) is located in the southern region of Middle Tennessee in both northern Maury County and southern Williamson County (the “Counties”). The City of Spring Hill is located approximately 30 miles south of Nashville, the state capital in Davidson County. The Counties are bordered to the east by Marshall and Rutherford Counties, to the South by Giles and Lawrence Counties, to the west by Lewis and Hickman Counties, and to the north by Dickson and Davidson Counties. The 2010 Census puts Spring Hill’s population at 29,036.

Maury County’s seat is the City of Columbia and is located approximately 45 miles south of Nashville. Other incorporated cities in Maury County include Mt. Pleasant and a portion of Spring Hill. The land area of Maury County is approximately 613 square miles. Maury County’s 2010 Census population at 80,956.

Williamson County is one of Tennessee’s and the nation’s fastest-growing and most modern communities. The City of Franklin serves as the Williamson County seat and is located approximately 25 miles south of Nashville. Williamson County is adjacent to the southern boundary of Metropolitan Nashville and Davidson County and includes the Cities of Brentwood, Fairview, Franklin, Nolensville, Thompson’s Station and a portion of Spring Hill. The land area of Williamson County is approximately 583 square miles. The 2010 Census puts Williamson County’s population at 183,182.

### GENERAL

The Williamson County is part of the Nashville-Murfreesboro Metropolitan Statistical Area (the “MSA”), which includes Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson and Wilson Counties. According to the 2010 US Census the MSA had a population of 1,571,860.

Both Maury and Williamson Counties are also part of the Nashville-Murfreesboro-Columbia Combined Statistical Area (the “CSA”) which includes Maury, Cannon, Cheatham, Davidson, Dickson, Hickman, Macon, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson and Wilson Counties. According to the 2010 Census, the CSA had a population of 1,674,191. The City of Nashville, the State Capital, is the largest city in the CSA with a population of 626,681 according to the 2010 Census.

*Main Street Program.* Columbia in Maury County and Franklin in Williamson County were accredited with Tennessee Main Street Accreditation. Both cities have a historically significant downtown with plans for improvement through the Main Street program, encouraging new investment and entrepreneurship.

As of February 2020, there are 37 communities that are accredited through the state program Tennessee Main Street Accreditation and a program of the national Trust for Historic

Preservation (called Main Street America). The Main Street Program provides training, support and grant opportunities to assist in downtown revitalization efforts to focus on historic preservation, community events and economic revitalization. In 2018, accredited Tennessee Main Street communities generated \$145 million of public and private investment and nearly 1,200 new jobs. The Tennessee Main Street Program requires communities to illustrate a commitment from local government and other local organizations, an adequate organizational budget, a strong historic preservation ethic, a collection of historic commercial buildings and a walkable district.

## **TRANSPORTATION**

Maury County has Interstate 65 run north-south through the eastern part of the county. Interstate 840 is just north of the County line in Williamson County. There are four U.S. Highways (31, 43, 412 and 431) and eight State Highways (7, 50, 99, 106, 166, 245, 246 and 247) within the County. CSX Transportation and TN Southern Railroad serve the County via railroads. Maury County has a general aviation airport with a 6,003-foot asphalt runway. The Nashville International Airport serves approximately 16 million total passengers annually and is located about 84 miles from Columbia.

Interstate-65 and Highway-840 run crosswise through Williamson County. Williamson County is only eight miles from the convergence of the Interstates I-65, I-40 and I-24. There are 9 major state and federal roads within the county lines -- Interstates 40 and 65; U.S. Highways 31, 41 and 431; State Highways 11, 96, 100, and 397.

The close proximity to Nashville gives Williamson County access to several forms of transportation located in the State Capital. The CSX Transportation Group links 20 states and operates a major inter modal yard (Radnor Inter modal Yard) in Nashville with 90 trains daily. The Port of Nashville on the Cumberland River provides a nine-foot navigation channel. The Southern Inland Waterway offers access to the Gulf of Mexico. The Nashville International Airport provides commercial air services to many cities and countries.

## **EDUCATION**

### *Maury County*

*Maury County Schools* is a K-12 school district with approximately 12,580 students enrolled for the fall 2018 school year. There are 23 school sites: four high schools, four middle schools, twelve elementary schools, and three K-12 unit schools. For the 2018 school year, there were 897 teachers employed by Maury County. Spring Hill has an elementary school, a middle school and a high school within the Maury County school system.

*Columbia State Community College*. Columbia State Community College, located in Maury County and founded in 1966, is Tennessee's first two-year college. As of the fall 2018 semester, there were 6,346 students enrolled. Columbia State offers more than 50 programs of study both online and in-class courses, in both credit and non-credit formats. Columbia State offers both online and in-class courses, in both credit and non-credit formats. Columbia State serves close to 10,000 students per year in credit and continuing education courses and awards more than \$10 million in financial aid. In addition to the Columbia campus, the college has four

campuses: Franklin (Williamson County); Lawrenceburg (Lawrence County); Lewisburg (Marshall County); Clifton (Wayne County). Hickman, Lewis, Giles and Perry are the other four counties served.

*Source:* Columbia State Community College.

*The Tennessee College of Applied Technology at Hohenwald.* The Tennessee College of Applied Technology at Hohenwald (the “TCAT-H”) is part of a statewide system of 26 vocational-technical schools. The TCAT-H meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution’s primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The TCAT-H serves the south central region of the state including Lewis, Maury, Wayne, Perry and Hickman Counties. The TCAT-H began operations in 1965, and the 15 acre main campus is located in Lewis County. Fall 2017 enrollment was 814 students. There are two Instructional Service Centers for Hohenwald located in Maury County at Columbia Central High School and Mount Pleasant High School.

*Source:* Tennessee Technology Center at Hohenwald.

### *Williamson County*

*Williamson County Schools* is a K-12 school district with approximately 39,830 students enrolled for the fall 2018 school year. There are 44 school sites: ten high schools, nine middle schools, twenty-four elementary schools, and one K-8 school. For the 2018 school year, there were 2,734 teachers employed by Williamson County. Williamson County typically has a higher graduation rate than other counties within the state each year. More than half of Williamson County residents hold a bachelor’s degree. The two school systems in Williamson County are the Williamson County Schools and the Franklin Special School District. Franklin High School was named as the state’s first International Baccalaureate school. A pre-kindergarten program is in place at 9 elementary schools. This program is designed to prepare at-risk children for a more successful entry into kindergarten.

The *Franklin Special School District* owns and operates its school system separate and apart from Williamson County system, providing public education in grades K-8. Students are served by seven schools: four elementary schools, one intermediate school, one middle school, and a balanced calendar K-8 school. The fall 2018 enrollment had 3,453 students with 326 teachers.

*Source:* Tennessee Department of Education and the Williamson County Chamber of Commerce.

*Columbia State Community College Franklin Campus* is located in Maury County and offers more than 50 programs of study. As of the fall 2018 semester, there were 6,346 students enrolled. Columbia State was founded in 1966, becoming the first community college in the Tennessee Board of Regents system. Lady Bird Johnson, accompanied by President Lyndon B. Johnson, officially dedicated the new Columbia State campus. The College has a total of five campuses.

*Source:* Columbia State Community College.

*Tennessee College of Applied Technology at Dickson - Franklin Campus.* The Tennessee College of Applied Technology at Dickson (the “TCAT-D”) is part of a statewide system of 26 vocational-technical schools. The institution’s primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective

businesses and industries in the region. The TCAT-D serves the south central region of the state including Dickson, Montgomery, Williamson, Houston and Humphreys Counties. The TCAT-D began operations in 1968, and the main campus is located in Dickson County. Fall 2017 enrollment was 1,112 students. There are three satellite campuses located in Clarksville, Franklin and Waverly, Tennessee

*Source:* Tennessee College of Applied Technology at Dickson.

The Nashville Metropolitan Statistical Area has 15 colleges and universities, including Vanderbilt University, Belmont University, Tennessee State University, David Lipscomb University, Meharry Medical College, Nashville State Technical Institute and Fisk University. Total higher education enrollment exceeds 65,000 students annually. Seven of Nashville's institutions of higher education offer graduate programs. Nashville is also a leading center for medical research and education with Vanderbilt University emphasizing medical research in addition to its programs in other disciplines and with Meharry Medical College specializing in health care delivery.

## **HEALTHCARE**

### *Maury County*

*Maury Regional Medical Center* in Columbia serves as the flagship hospital for the Maury Regional Medical Group. Founded in 1953, the facility has grown to include 255 beds and a medical staff of more than 200 physicians. The medical center offers a wide range of advanced services including an accredited heart program, neonatal intensive care and cancer center.

Maury Regional Health is a not-for-profit regional health system serving southern Middle Tennessee through its hospitals, clinics, surgery centers, outpatient facilities and physician practice group. Maury Regional Health is the largest health care provider between Nashville, Tennessee and Huntsville, Alabama, with approximately 3,000 employees throughout the system. The system consists of four hospitals in southern Middle Tennessee: Maury Regional Medical Center in Columbia, Marshall Medical Center in Lewisburg, Wayne Medical Center in Waynesboro, and Lewis Health Center in Hohenwald.

### *Williamson County*

LifePoint Hospital, Inc. and RCCH Healthcare Partners are headquartered in Brentwood. Together, the two healthcare systems have a network of 84 hospitals in 30 states. See “RECENT DEVELOPMENTS” for more information on the recent purchase of LifePoint Hospital, Inc. and merger with RCCH Healthcare Partners by Apollo Global Management.

*TriStar Spring Hill ER* is a full-service, free-standing emergency department staffed by board-certified physicians and emergency care staff. In addition to the physician specialties mentioned, the ER has dedicated medical laboratory and imaging diagnostic services, telemedicine technology for consult with specialists, and features a helipad for expedited transport to area hospitals for seriously ill or injured patients.

*TriStar Health* is the region's largest, most comprehensive healthcare provider and is based in Brentwood, TN. TriStar Health System provides health services to Tennessee and



Kentucky: 10 hospitals, 14 emergency rooms, 21 imaging locations, 12 CareNow Urgent Care centers and 58 TriStar Medical Group provider office locations with an average of 1,600 physicians, 3,800 nurses and 142,000 patients treated. TriStar provides affordable healthcare by consolidating business and financial services and allowing medical centers and hospitals to focus on delivering quality healthcare.

The Nashville-based *Hospital Corporation of America* (the “HCA”) was one of the nation's first hospital companies in 1968 and owns the TriStar Health System. Today, HCA is one of the nation's leading providers of healthcare services. The company is comprised of locally managed facilities that include about 162 hospitals and 113 freestanding surgery centers in 20 states and England and employing approximately 199,000 people. Approximately four to five percent of all inpatient care delivered in the country today is provided by HCA facilities.

*Source:* Tri-Star Health System and Hospital Corporation of America.

*Williamson Medical Center* (the “WMC”) is a 185-bed acute care hospital that offers comprehensive inpatient and outpatient services, 24-hour emergency care, preventive health screenings and wellness activities. More than 500 outstanding physicians represent 53 medical specialties. WMC was established as Williamson County Hospital in 1957 with 50 beds. WMC is operated by the citizens of Williamson County through its Board of Trustees. The WMC Board of Trustees includes civic leaders, private citizens, government leaders and physicians. WMC also provides a full-time family physician for Williamson County Health Department patients in Franklin, as well as a part-time physician for the Health Department clinic in the City.

*Source:* Williamson Medical Center.

Nearby Nashville is one of the nation's leaders in the healthcare field. There are several health systems headquartered in Nashville, for example Community Health Systems, Hospital Corporation of America, Saint Thomas Health, TriStar Health System and Hospital Alliance of Tennessee Inc. The Metropolitan Government relocated the city-owned hospital, the Metropolitan Nashville General Hospital, to Hubbard Hospital of Meharry Medical College in 1998. Skyline Medical Center, Baptist Hospital, Vanderbilt University Medical Center and St. Thomas Hospital are the city’s other primary hospitals.

## **MANUFACTURING AND COMMERCE**

### *Maury County*

*General Motors.* Aside from the engines, the former Saturn Plant Spring Hill located in Spring Hill assembles the Cadillac XT6, XT5, GMC Acadia, and Holden Acadia for Australia in right-hand drive. DFM is currently reserved for the V8 engines found in GM’s full-size trucks, the Chevrolet Silverado and GMC Sierra, but the latest investment likely foreshadows the 6.2-liter V8’s availability in the next-generation of GM’s full-size SUVs: the Chevrolet Tahoe and Suburban, GMC Yukon and Cadillac Escalade.

The plant was reopened in 2012, with \$419 million invested, after being idled for two years after the Saturn production closed. The Chevrolet Equinox sport utility and the Ecotec engine were produced at Spring Hill from 2012 through 2016. Built on a 2,100-acre site about 30 miles south of Nashville, the Spring Hill plant is the largest General Motors plant in North America and has about 7.1 million square feet of space under roof. General Motors has invested

more than \$2 billion in the facility since 2010. As of 2019, the plant employs approximately 3,400 employees. See “RECENT DEVELOPMENTS” for more information.

### *Williamson County*

Williamson County, with well over half of its residents born in a different state, surpasses the rest of the Nashville MSA with educational attainment, average earnings, population growth, and job growth. Williamson County only has about a quarter of the percentage of jobs in manufacturing compared to the nation and roughly half the percentage of jobs in government. Williamson County has much higher employment in professional & business services, with nearly three times the portion of jobs in this industry compared to national employment, and finance & insurance, with more than double the portion of jobs in this industry. Williamson County also has nearly four times the percentage of jobs in management of companies compared to national jobs. Williamson County remains one of the fastest growing job markets in the United States.

In recent years, Williamson County has benefited from its status as Williamson County with the highest per capita income and the lowest unemployment rate in the state. The corporate headquarters of 13 of the largest 25 publicly traded companies in the Nashville region are all located in Williamson County; among them are: Community Health Systems, Nissan Americas, Healthways, Medsolutions, Passport Health Communications, Franklin American Mortgage, Medquist, Walgreens Take Care Health, and PureSafety. Two of the state’s largest office parks, Maryland Farms and Aspen Grove, and one of Tennessee’s largest shopping malls, Cool Springs Galleria, are located in Williamson County.

*Source:* The City of Franklin, Tennessee Comprehensive Annual Financial Report.

There are several industrial and business parks within Williamson County. There are 23 buildings or parks within the City of Franklin, Brentwood or the Town of Nolensville. Aspen Grove is a series of six business parks located in Franklin. Brentwood South Business Center has five sites located in both Brentwood and Franklin. There are eight buildings zoned for industrial in Franklin and one in Nolensville. The City of Franklin also has six sites for warehouses and distribution.

*CoolSprings Galleria.* The 1 million-square-foot shopping complex is one of the biggest and most successful retailer centers in the Southeast, and it is the largest annual tax generator for Williamson County. The complex has on average 13 million annual visitors and yearly sales topping \$400 million in over 150 stores and restaurants. It is anchored by Belk, Dillard’s, JCPenney, and Macy’s. Expansion plans are underway for the Belk store, as well as the arrival of H&M, American Girl, and the Cheesecake Factory. The complex opened in 1991.

*Health Care Management Offices.* Brentwood and Cool Springs are home to many health care companies, including AIM Healthcare Services, Cogent Healthcare, DaVita, HCA, MedSolutions and Simplex Healthcare. In addition, Cool Springs-based Community Health Systems is one of the nation’s leading operators of hospitals, owning or operating more than 130 hospitals in 28 states. Healthways, a disease-management company, moved from Nashville to a \$65 million headquarters in Cool Springs in 2008.

*Mars Petcare US.* The Brentwood-based pet food giant designs and develops products for dogs, cats and other animals. Mars is a leading manufacturer of dry pet foods, soft-dry foods, soft treats and dog biscuits. The company also makes products for other pet food companies, with customers such as Walmart, grocery and pet store chains, and farm and feed stores.

*Maryland Farms and Brentwood Town Center.* The Maryland Farms office park is home to several national headquarters more than 5 million square feet of office space. Its location is convenient to Nashville International Airport, interstates, downtown Nashville, shopping and residential areas. The Town Center area consists of more than 100 retail stores and businesses.

Nashville is the major wholesale and retail trade center for the MSA and some 50 counties in the central region of the state, southern Kentucky and northern Alabama, a retail trade area of more than 2.3 million people with retail sales of over \$27.0 billion. Major regional shopping centers register more than \$3.0 billion in retail sales annually, placing Nashville in the nation's top 50 markets. Outside the Nashville downtown area, there are five major shopping centers, four of which are enclosed malls, and 60 smaller shopping complexes. Opry Mills Mall located nearby but outside the Nashville downtown area. Rivergate Mall, one of the MSA's largest shopping centers in which approximately 192 stores operate is located in Nashville and is a major economic engine for the MSA and Nashville.

*Source:* Williamson County Chamber of Commerce.

*[balance of page left blank]*

The following chart is a list of the major employers in Maury County:

**Major Employers**

<u>Company</u>	<u>Product</u>	<u>City</u>	<u>Employment</u>
GM Spring Hill Mfg.	Automotive	Spring Hill	4,000
Maury Regional Hospital	Healthcare	Columbia	2,610
Maury County School System	Education	Columbia	1,696
Ryder Logistics	Logistics	Spring Hill	1,300
Tennessee Farm Bureau & Affiliates	Agriculture	Columbia	810
MAGNA Seating of America, Inc.	Automobile Seats	Spring Hill	595
WalMart	Retail	Columbia	520
Columbia State Community College	Education	Columbia	500
Maury County Government	Government	Columbia	480
IBEX Global	Call Center	Spring Hill	455
Comprehensive Logistics	Sub Assembly for GM	Spring Hill	412
City of Columbia	Government	Columbia	410
Armada Nutrition LLC	Nutrition	Spring Hill	400
Leadec Industrial Services	Manufacturing Services	Spring Hill	300
Maury Regional Medical Group (Family Health Group)	Healthcare	Columbia	249
NHC Healthcare	Healthcare	Columbia	215
WireMasters, Inc.	Wiring & Cables	Columbia	200
Kings Daughter's School	Education	Columbia	185
Tenneco Automotive Operating Co., Inc.	Motor Vehicle Parts	Spring Hill	180
Sleep Solutions & Services	Call Center	Columbia	130
Medical Necessities	Medical Supplies	Columbia	123
Miliken Nonwoven	Textile Fabrics	Columbia	115

*Source:* Middle TN Industrial Development Association (2020) and the City of Columbia Audit (2019).

*[balance of page left blank]*

The following chart is a list of the major employers in Williamson County:

### Major Employers

<u>Company</u>	<u>Product</u>	<u>Employment</u>
Williamson Co. Board of Education*	Education	2,997
Community Health System**	Healthcare	2,652
United Health Group	Healthcare	2,052
Nissan Americas**	Automobiles	1,700
Optum, Inc.	Healthcare	1,600
Williamson Medical Center	County Hospital	1,201
Tractor Supply Company**	Retail	1,110
Parallon Business Solutions		1,100
Mars Petcare US**	Pet Care Products	1,000
Comdata Holdings Corp.**	Financial Services	1,000
HCA	Healthcare	883
Williamson County	Government	881
Lee Co.	Mechanical Contractors	877
Ford Motor Credit	Customer Care	860
Schneider Electric		850
Verizon Wireless	Telecommunications	763
Healthways**	Healthcare	717
City of Franklin	Government	711
DA Vita	Healthcare service	701
Ramsey Solutions	Financial Services	685
Brookdale Senior Living	Healthcare	668
eviCore Healthcare	Healthcare	653
Vanderbilt University Medical Center	Healthcare	580
Lampo Group, Inc.	Investment advisory service	568
GEODIS		536
Jackson National Life Ins. Co.	Insurance	518
AT&T	Telecommunications	515
Premise Health	Healthcare	500

\* Employment only includes teacher, administrators and staff.

\*\* The headquarters for these companies are located in Williamson County.

Source: Williamson County Trends Report from Williamson, Inc. Economic Development 2018 and the Cities of Franklin and Brentwood Audits – 2019.

*[balance of page left blank]*

## EMPLOYMENT INFORMATION

Due to the national rise in unemployment due to COVID-19 in the spring of 2020, the rates for the County for April 2020 do not represent the usual unemployment rate. In addition to the current unemployment rates for April 2020, below are also the unemployment rates for March 2020 and April 2019 to show the usual trends.

As of April 2020, Maury County's unemployment rate was 22.0% with 40,283 persons employed out of a work force of 51,657. Williamson County typically has the lowest unemployment rate in the state each month. For the month of April 2020, the unemployment rate for Williamson County stood at 10.4% with 105,441 persons employed out of a labor force of 117,675. The Nashville-Murfreesboro MSA's unemployment for April 2020 was at 15.2% with 881,209 persons employed out of a labor force of 1,038,875. As of April 2020, the unemployment rate in the Nashville-Murfreesboro CSA stood at 15.4%, representing 927,750 persons employed out of a workforce of 1,097,199.

As of March 2020, Maury County's unemployment rate was 3.2% with 48,965 persons employed out of a work force of 50,583. For the month of March 2020, the unemployment rate for Williamson County stood at 2.6% with 128,017 persons employed out of a labor force of 131,402. The Nashville-Murfreesboro MSA's unemployment for March 2020 was at 2.8% with 1,071,612 persons employed out of a labor force of 1,102,976. As of March 2020, the unemployment rate in the Nashville-Murfreesboro-Columbia CSA stood at 2.9%, representing 1,125,814 persons employed out of a workforce of 1,159,460.

As of April 2019, Maury County's unemployment rate was 2.8% with 47,810 persons employed out of a work force of 49,170. For the month of April 2019, the unemployment rate for Williamson County stood at 1.9% with 124,960 persons employed out of a labor force of 127,440. The Nashville-Murfreesboro MSA's unemployment for April 2019 was at 2.1% with 1,055,740 persons employed out of a labor force of 1,078,780. As of April 2019, the unemployment rate in the Nashville-Murfreesboro CSA stood at 2.2%, representing 1,109,560 persons employed out of a workforce of 1,134,340.

*[balance of page left blank]*

The following charts show unemployment trends in the Counties for the last 5 years:

### Unemployment

	Annual Average <b><u>2015</u></b>	Annual Average <b><u>2016</u></b>	Annual Average <b><u>2017</u></b>	Annual Average <b><u>2018</u></b>	Annual Average <b><u>2019</u></b>
National	5.3%	4.9%	4.4%	3.6%	3.9%
Tennessee	5.6%	4.7%	3.8%	3.5%	3.4%
<b>Maury County</b>	<b>5.1%</b>	<b>4.0%</b>	<b>3.3%</b>	<b>3.2%</b>	<b>3.2%</b>
Index vs. National	96	82	75	89	82
Index vs. State	91	85	87	91	94
<b>Williamson County</b>	<b>4.0%</b>	<b>3.4%</b>	<b>2.7%</b>	<b>2.5%</b>	<b>2.4%</b>
Index vs. National	75	69	61	69	62
Index vs. State	71	72	71	71	71
<b>Nashville-Murfreesboro MSA</b>	<b>4.5%</b>	<b>3.7%</b>	<b>3.0%</b>	<b>2.8%</b>	<b>2.6%</b>
Index vs. National	85	76	68	78	67
Index vs. State	80	79	79	80	76
<b>Nashville-Murfreesboro-CSA</b>	<b>4.6%</b>	<b>3.8%</b>	<b>3.0%</b>	<b>2.8%</b>	<b>2.7%</b>
Index vs. National	87	78	68	78	69
Index vs. State	82	81	79	80	79

*Source:* Tennessee Department of Employment Security, CPS Labor Force Estimates Summary.

*[balance of page left blank]*

## ECONOMIC DATA

### Per Capita Personal Income

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
National	\$47,058	\$48,978	\$49,870	\$51,885	\$54,446
Tennessee	\$40,801	\$42,593	\$43,726	\$44,950	\$46,900
<b>Maury County</b>	<b>\$36,817</b>	<b>\$38,056</b>	<b>\$39,918</b>	<b>\$40,901</b>	<b>\$42,696</b>
Index vs. National	78	78	80	79	78
Index vs. State	90	89	91	91	91
<b>Williamson County</b>	<b>\$84,595</b>	<b>\$91,767</b>	<b>\$92,654</b>	<b>\$91,001</b>	<b>\$94,872</b>
Index vs. National	180	187	186	175	174
Index vs. State	207	215	212	202	202
<b>Nashville-Murfreesboro MSA</b>	<b>\$49,208</b>	<b>\$51,805</b>	<b>\$53,704</b>	<b>\$55,382</b>	<b>\$57,953</b>
Index vs. National	105	106	108	107	106
Index vs. State	121	122	123	123	124
<b>Nashville-Murfreesboro-CSA</b>	<b>\$48,134</b>	<b>\$50,644</b>	<b>\$52,497</b>	<b>\$54,127</b>	<b>\$56,628</b>
Index vs. National	102	103	105	104	104
Index vs. State	118	119	120	120	121

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

### Social and Economic Characteristics

	<u>National</u>	<u>Tennessee</u>	<u>Maury County</u>	<u>Williamson County</u>	<u>Spring Hill</u>
Median Value Owner Occupied Housing	\$204,900	\$158,600	\$170,400	\$417,700	\$257,800
% High School Graduates or Higher Persons 25 Years Old and Older	87.7%	87.0%	89.4%	95.6%	97.1%
% Persons with Income Below Poverty Level	11.8%	15.3%	10.8%	3.8%	2.8%
Median Household Income	\$60,293	\$50,972	\$54,249	\$109,026	\$89,054

Source: U.S. Census Bureau State & County QuickFacts - 2018.

## RECREATION

*Natchez Trace Parkway.* The 444-mile Natchez Trace Parkway from Natchez to Nashville generally follows an ancient trail that connected southern portions of the Mississippi River, through Alabama, to salt licks in today's central Tennessee. Today, visitors can experience



this National Scenic Byway and All-American Road through driving, hiking, biking, horseback riding, and camping. The Natchez Trace Parkway goes through the Tennessee Counties of Davidson, Williamson, Maury, Hickman, Lewis, Lawrence and Wayne before crossing into Alabama. The terrain along the Natchez Trace Parkway changes from 70 to 1,100 feet in elevation and passes through 5 degrees of latitude. Originally a prehistoric Indian trail and later used by the Spaniards, French, British, and Americans, the Natchez Trace Parkway was for several centuries an important trade and emigrant road in the old Southwest.

*Source:* National Park Service.

The *Natchez Trace Parkway Bridge* is a concrete double arch bridge located in the County, near the northern terminus of the Natchez Trace Parkway. The Natchez Trace Parkway Bridge is the nation's first segmentally constructed concrete arch bridge. Spanning 502 m (1,648 feet), the double arch structure offers motorists a view from 47m (155 feet) above the valley floor and is one of the final links in the Natchez Trace Parkway project. The bridge's arches are designed to support the deck without evenly spaced spandrel columns, resulting in a picturesque, unencumbered appearance. The bridge is the first segmentally constructed concrete arch bridge in the United States. The bridge has won many awards for its design, including a Presidential Award for Design Excellence in 1995, and an Award of Merit from the Federal Highway Administration in 1996. The Eleventh International Bridge Conference named it the single most outstanding achievement in the bridge industry for 1994.

*Source:* Federal Highway Administration.

*Ag Expo Park.* The Williamson County Agricultural Exposition Park is located on 110 picturesque acres in historically rich Franklin, Tennessee, and is conveniently located on I-65. It provides over 230,000 square feet under roof, and 15+ acres of parking. The Ag Expo Park has been designed to host a variety of activities including trade shows and agricultural events. With over 45 major events per year, it has become a popular destination for local, regional and national events.

The Main Arena is 150 feet by 300 feet, and has permanent seating for 4,180, with optional temporary seating for an additional 3,500. It provides over 175,000 square feet of climate-controlled space. The warm up arena is 100 feet by 200 feet and is attached to the main arena. The Manier Arena is 110 feet by 190 feet and is located a short distance from the barns that house 194 stalls.

*Source:* Williamson County.

## **RECENT DEVELOPMENTS**

### *Maury County*

*Athena-SCE, Inc.* The automotive supplier Athena-SCE, Inc. invested more than \$3 million and created 36 jobs to expand in Mount Pleasant. The Athena-SCE's facility totaled 38,300 square feet after completion. With its parent company headquartered in Italy, Athena-SCE produces gaskets and other sealing devices for automotive and industrial applications.

*General Motors.* In 2020 General Motors in the Spring Hill plant will add a third vehicle, a Cadillac XT6 crossover, to the Spring Hill production lineup with a \$300 million investment. This announcement follows another large investment to the plant: in 2019, General Motors invested \$22 million for the powertrain departments to build 6.2-liter V8 engines with Dynamic

Fuel Management technology. These announcements come in spite of General Motors announcing a sweeping \$6 billion cost-cutting plan across the country and announced plans to lay off 525 employees at the Spring Hill manufacturing facility.

*Maury Regional Medical Center.* The Maury Regional Medical Center invested \$28.1 million in partnership with a TriStar Health behavioral health hospital. The facility opened in late 2019. This is part of TriStar Health's expanding capacity and adding services throughout the healthcare network with an investment of more than \$500 million. The capital investments include new construction, campus expansion projects and the addition of new technology and services to existing healthcare facilities.

*Mersen.* Mersen, a global leader in electrical power and advanced materials, announced in 2019 that the manufacturer will invest up to \$65 million over time to establish operations in Columbia. This will create approximately 100 jobs. The company acquired and renovated part of a former industrial building in Columbia. The company plans to begin operations in late 2020. Headquartered in France, Mersen designs innovative solutions that enable clients to optimize their manufacturing performance. It works with businesses in the energy, electronics, transportation, chemical, pharmaceuticals and process industries. Mersen has 6,900 employees across 35 counties.

*Smalticeram USA, Inc.* Smalticeram USA, Inc. located new operations in a 50,000 square foot facility in Mount Pleasant's Cherry Glen Industrial Park in 2018. The ceramic and tile ink, glaze and pigment producer and distributor invested \$4 million and created 26 new jobs in Maury County. Smalticeram USA, Inc. produces and distributes glazes, frits, pigments and inks for ceramic tiles. Headquartered in Italy, Smalticeram has operations across the globe.

#### *Williamson County*

*AAC Holdings.* AAC Holdings, the parent company of American Addiction Centers, has expanded into the former Tractor Supply Company headquarters building in Brentwood in early 2015. The two-story, 102,000-square-foot office building will increase the company's space for its call center operations and expanding their training facilities with room to expand later.

*Apollo Global Management.* Private equity firm Apollo Global Management will spend about \$5.6 billion to buy the rural hospital chain LifePoint and combine it with health system operator RCCH HealthCare Partners in 2018. Both companies are based in Brentwood. LifePoint has operations in 22 states, including community hospitals and regional health systems. The hospital company employs about 600 people in Middle Tennessee as of July 2018. The combined, privately held company will operate under the LifePoint name. The combined system will run 84 hospitals in 30 states as well as physician practices, outpatient centers and regional health systems. It will also have an estimated \$8 billion in annual revenue, 7,000 affiliated physicians, 60,000 employees and more than 12,000 licensed beds.

*CKE Restaurants, Inc.* CKE Restaurants, Inc. expanded its headquarters operations in Franklin. CKE, parent to the Carl's Jr.® and Hardee's® sister chains in 2018. The company invested \$3.6 million and created 145 jobs in Williamson County. CKE added approximately 47,000 square feet to its current facility and hired employees to fill office support, IT, finance, risk management and international operations job. The CKE relocated its headquarters to

Franklin in 2016, and the system includes more than 3,300 restaurant locations in 42 states and in 28 countries.

*Comprehensive Logistics Co., Inc.* Comprehensive Logistics located a new automotive manufacturing support facility in Spring Hill (Maury County) that houses the manufacturing and light assembly of automotive components for the local General Motors plant. The Ohio-based logistics provider invested \$30 million on 13 acres and created more than 200 new jobs. The new facility was completed in mid-2015. In addition to logistic support, Comprehensive Logistics provides services including parts sequencing and assembly of headliners, tires and wheels, rear suspensions, and front verticals. The company manages 19 operations comprised of 4 million square feet of warehousing and subassembly.

*Enexor BioEnergy LLC.* Enexor BioEnergy LLC expanded its operations in Franklin and moved into a new manufacturing facility in late 2019. Enexor will invest \$5 million and create approximately 50 jobs in Williamson County over the next two years. Enexor will locate its operations in a 40,000-square-foot facility in Franklin, where it will conduct prototyping, testing and manufacturing. Founded in 2015, the Franklin-based startup has developed a small-scale, renewable energy system that converts organic and biomass waste into clean electricity as well as hot and chilled water. This combined heating and power system has broad applications for commercial, industrial and institutional use.

*Magna International.* The Canadian manufacturer of auto seats invested \$16 million to build a new manufacturing facility in Spring Hill (Maury County). The company, which currently has a location in Columbia, will eventually create up to 357 new jobs in Maury County. The new, 122,500-square-foot facility will be Magna's fifth location in Tennessee and became fully operational in January 2015.

*Medacta USA.* Medacta USA, the orthopedic and medical device maker, relocated its U.S. headquarters to Middle Tennessee from Chicago in 2019. Medacta USA will invest \$2.5 million and create over 50 jobs in Franklin over the next five years. A subsidiary of Switzerland-based Medacta International, Medacta USA specializes in the design and production of innovative orthopedic products and the development of accompanying surgical techniques. Founded in 1999, Medacta is a pioneer in developing new offerings with minimally invasive surgical techniques.

*Mars Petcare.* Mars Petcare opened its national headquarters in Franklin in June 2019

*Mitsubishi Motors North America.* Mitsubishi relocated its U.S. headquarters from California to Williamson County in 2019. Mitsubishi's move created approximately 200 jobs in Franklin and resulted in *\$18.25 million invested*. The choice of Franklin brings Mitsubishi Motors closer to its sister company, Nissan, which also has its North American headquarters in Williamson County. Since 1988, Mitsubishi Motors North America has been rooted in California. All departments will be relocating, including sales, marketing, IT, human resources, communications, parts and services, product planning, dealer operations, finance and legal.

*Red Collar Pet Foods.* Red Collar Pet Foods expanded its headquarters operations in Williamson County in 2019. The pet food manufacturer invested \$3.65 million and created 30

new jobs in Franklin. Red Collar is a leading manufacturer of mainstream and premium private label dog food, dog treats, cat food and cat treats for national retail customers. The company produces dry dog and cat food, including mainstream, premium, meat-first and grain-free varieties. Red Collar's Franklin facility supports six other locations across the U.S.

*Spirit Airlines.* Spirit Airlines officials announced in 2020 that the company will relocate its Operations Control Center (OCC) from Florida to Williamson County. The project represents an investment of \$11.3 million and will bring 345 jobs to Tennessee over the next five years. Spirit will relocate more than 240 positions to Tennessee and create 100 additional jobs in Williamson County. Headquartered in South Florida, Spirit is the seventh-largest commercial airline in the U.S. and operates more than 650 flights a day to 77 destinations throughout the U.S., Caribbean and Latin America.

Spirit's OCC serves as the company's 24/7, mission-critical operations function that directs operational control over all Spirit flights. It includes functions such as flight dispatch, crew scheduling, maintenance control, aircraft routing, air traffic control coordination, guest solutions and more. The facility will contain robust infrastructure to support significant technology and operational reliability. The OCC move coincides with Spirit's plan to double its all-Airbus fleet to about 300 aircraft over the next five years. The airline recently finalized an order for the delivery of 100 new Airbus A320neo Family Aircraft through 2027.

*Thnks.* Thnks will relocate its corporate headquarters from New York City to Williamson County and create 50 jobs over the next three years (2020-2023). The fast-growing tech firm provides a digital platform to strengthen business relationships through expressions of gratitude and appreciation. Thnks, a Loeb Enterprises portfolio company, intends to hire positions across engineering, customer support, sales, marketing and administration at its Williamson County based headquarters in the following months.

*TriStar Health.* Starting in 2018 TriStar Health is expanding capacity and adding services throughout the healthcare network with an investment of more than \$500 million over the next three years. This commitment is in addition to the \$300 million investment made over the past three years. The capital investments include new construction, campus expansion projects and the addition of new technology and services to existing healthcare facilities.

*Source:* Williamson, Inc. Economic Development, The Tennessean and Knoxville News Sentinel.

*[balance of page left blank]*

**CITY OF SPRING HILL, TENNESSEE**  
**SUMMARY OF BONDED INDEBTEDNESS**

<b>PURPOSE</b>	<b>DUE DATE</b>	<b>TYPE</b>	<b>Estimated As of June 30, 2020 DEBT OUTSTANDING</b>
\$5,385,000 General Obligation Interlocal Agreement Note, Series 2006	Apr 2027	Fixed	\$ 2,395,000
\$8,650,000 General Obligation Public Improvement Bonds, Series 2014	Sep 2034	Fixed	6,930,000
\$13,180,000 General Obligation TMBF Loan, Series 2017	Sep 2037	Variable	7,503,000
Miscellaneous Capital Outlay Note	2025	Fixed	940,000
\$1,375,000 Capital Outlay Note, Series 2019	Nov 2026	Fixed	1,375,000
\$6,000,000 General Obligation TMBF Loan, Series 2002	May 2027	Variable <sup>2</sup>	2,463,000
\$10,000,000 G.O. Revolving Fund Loan, Series CGO 2010-267	2032	Fixed <sup>2</sup>	5,229,373
\$7,200,000 G.O. Revolving Fund Loan, Series SRF 2011-294	2035	Fixed <sup>2</sup>	4,839,092
\$4,406,838 G.O. Revolving Fund Loan, Series 2003	2021	Fixed <sup>2</sup>	99,721
<b>TOTAL EXISTING DEBT AS OF JUNE 30, 2020</b>			<b>\$ 31,774,186</b>
<b>DEBT ISSUANCE POST JUNE 30, 2020</b>			
General Obligation Bonds, Series 2020A		Fixed <sup>3</sup>	\$ 23,880,000
General Obligation Bonds, Series 2020B		Fixed <sup>2,4</sup>	9,395,000
Less Refunded Debt: Capital Outlay Note, Series 2019		Fixed	(1,375,000)
Less Refunded Debt: SRF Loans		Fixed <sup>2</sup>	(10,068,465)
Less Revenue Supported Debt			(11,957,721)
<b>NET DIRECT DEBT</b>			<b>\$ 41,648,000</b>

<sup>1</sup> The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements herein.

<sup>2</sup> Debt supported by revenues of the water and sewer system.

<sup>3</sup> True Interest Cost of 1.878%.

<sup>4</sup> True Interest Cost of 1.204%.

**CITY OF SPRING HILL**  
Indebtedness and Debt Ratios

**INTRODUCTION**

The information set forth in the following table is based upon information derived in part from the City's Annual Financial Statements which are attached herein and the table should be read in conjunction with those statements. The table does not include future funding plans whether disclosed or not in this document.

	For Fiscal Year Ended June 30			Unaudited 2020	After Issuance 2020
	2016	2017	2018		
<b>INDEBTEDNESS</b>					
<b>TAX SUPPORTED</b>					
General Obligation Bonds & Notes <sup>1</sup>	\$ 14,673,915	\$ 12,835,526	\$ 20,323,933	\$ 19,143,000	\$ 41,648,000
<b>TOTAL TAX SUPPORTED</b>					
<b>REVENUE SUPPORTED</b>					
Water and Sewer Bonds and Loans	\$ 18,625,751	\$ 17,222,309	\$ 15,647,171	\$ 14,135,607	\$ 11,957,721
<b>TOTAL REVENUE SUPPORTED</b>					
<b>TOTAL DEBT</b>	\$ 33,299,666	\$ 30,057,835	\$ 35,971,104	\$ 33,066,607	\$ 53,605,721
Less: Revenue Supported Debt	(18,625,751)	(17,222,309)	(15,647,171)	(14,135,607)	(11,957,721)
<b>NET DIRECT DEBT</b>	\$ 14,673,915	\$ 12,835,526	\$ 20,323,933	\$ 18,931,000	\$ 41,648,000
<b>OVERLAPPING DEBT<sup>2</sup></b>	\$ 32,210,788	\$ 36,019,843	\$ 49,207,048	\$ 54,606,343	\$ 54,606,343
<b>NET DIRECT &amp; OVERLAPPING DEBT</b>	\$ 46,884,703	\$ 48,855,369	\$ 69,530,981	\$ 73,537,343	\$ 96,254,343
<b>PROPERTY TAX BASE</b>					
Estimated Actual Value	\$ 3,228,565,382	\$ 3,674,642,551	\$ 3,991,807,198	\$ 4,847,245,736	\$ 5,199,250,181
Appraised Value	\$ 2,969,010,742	\$ 3,564,420,839	\$ 3,868,523,941	\$ 4,484,733,718	\$ 4,821,163,290
Assessed Value	\$ 810,568,784	\$ 972,861,428	\$ 1,054,028,029	\$ 1,224,497,243	\$ 1,317,628,063
Source: Tax Aggregate Reports					

<sup>1</sup> Does not include capital leases or compensated absences, if any. See the Notes to the Financial Statements attached herein for additional details.

<sup>2</sup> OVERLAPPING DEBT Includes the City's portion of debt of Metropolitan Government of Maury County and Williamson County. Best available information from audits.

DEBT RATIOS	For Fiscal Year Ended June 30				Unaudited 2020	After Issuance 2020
	2016	2017	2018	2019		
TOTAL DEBT to Estimated Actual Value	1.03%	0.82%	0.90%	0.68%	0.61%	1.03%
TOTAL DEBT to Appraised Value	1.12%	0.84%	0.93%	0.74%	0.66%	1.11%
TOTAL DEBT to Assessed Value	4.11%	3.09%	3.41%	2.70%	2.41%	4.07%
NET DIRECT DEBT to Estimated Actual Value	0.45%	0.35%	0.51%	0.39%	0.37%	0.80%
NET DIRECT DEBT to Appraised Value	0.49%	0.36%	0.53%	0.42%	0.40%	0.86%
NET DIRECT DEBT to Assessed Value	1.81%	1.32%	1.93%	1.55%	1.45%	3.16%
OVERLAPPING DEBT to Estimated Actual Value	1.00%	0.98%	1.23%	1.13%	1.05%	1.05%
OVERLAPPING DEBT to Appraised value	1.08%	1.01%	1.27%	1.22%	1.13%	1.13%
OVERLAPPING DEBT to Assessed Value	3.97%	3.70%	4.67%	4.46%	4.14%	4.14%
NET DIRECT & OVERLAPPING DEBT to Estimated Actual Value	1.45%	1.33%	1.74%	1.52%	1.42%	1.85%
NET DIRECT & OVERLAPPING DEBT to Appraised Value	1.58%	1.37%	1.80%	1.64%	1.53%	2.00%
NET DIRECT & OVERLAPPING DEBT to Assessed Value	5.78%	5.02%	6.60%	6.01%	5.60%	7.31%
<b>PER CAPITA RATIOS</b>						
POPULATION (1)	37,699	39,615	41,464	41,464	41,464	41,464
PER CAPITA PERSONAL INCOME (2)	\$39,918	\$40,901	\$42,696	\$42,696	\$42,696	\$42,696
Estimated Actual Value to POPULATION	\$85,641	\$92,759	\$96,272	\$116,903	\$125,392	\$125,392
Assessed Value to POPULATION	\$21,501	\$24,558	\$25,420	\$29,532	\$31,778	\$31,778
Total Debt to POPULATION	\$883	\$759	\$868	\$797	\$766	\$1,293
Net Direct Debt to POPULATION	\$389	\$324	\$490	\$457	\$462	\$1,004
Overlapping Debt to POPULATION	\$854	\$909	\$1,187	\$1,317	\$1,317	\$1,317
Net Direct & Overlapping Debt to POPULATION	\$1,244	\$1,233	\$1,677	\$1,774	\$1,779	\$2,321
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	2.21%	1.86%	2.03%	1.87%	1.79%	3.03%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	0.98%	0.79%	1.15%	1.07%	1.08%	2.35%
Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	2.14%	2.22%	2.78%	3.08%	3.08%	3.08%
Net Direct & Overlapping Debt Per Capita as a % of PER CAPITA PERSONAL INCOME	3.12%	3.02%	3.93%	4.15%	4.17%	5.44%

(1) Per Capita computations are based upon POPULATION data according the U.S. Census data.

(2) PER CAPITA PERSONAL INCOME is based upon the most current data available from the Bureau of Economic Analysis for Maury County.

**CITY OF SPRING HILL, TENNESSEE**  
**BONDED DEBT SERVICE REQUIREMENTS - GENERAL**  
As of June 30, 2020

FY Ended 6/30	Existing Debt as of June 30, 2020 <sup>1</sup>			Plus: Bond Issued Post June 30, 2019			Less: Debt Being Refunded			General Obligation Bonds, Series 2020A			Total Bonded Debt Service Requirements <sup>1</sup>			% Principal Repaid
	Principal	Interest	TOTAL	Principal	Interest	TOTAL	Principal	Interest	TOTAL	Principal	Interest	TOTAL	Principal	Interest	TOTAL	
2021	\$ 1,198,000	\$ 596,447	\$ 1,794,447	\$ 181,000	\$ 25,871	\$ 206,871	\$ (181,000)	\$ (25,871)	\$ (206,871)	\$ 1,050,000	\$ 744,678	\$ 1,794,678	\$ 2,248,000	\$ 1,341,125	\$ 3,589,125	5.40%
2022	1,239,000	555,278	1,794,278	186,000	30,278	216,278	(186,000)	(30,278)	(216,278)	955,000	859,350	1,814,350	2,194,000	1,414,628	3,608,628	
2023	1,291,000	511,137	1,802,137	191,000	25,094	216,094	(191,000)	(25,094)	(216,094)	1,005,000	811,600	1,816,600	2,296,000	1,322,737	3,618,737	
2024	1,327,000	465,124	1,792,124	196,000	19,773	215,773	(196,000)	(19,773)	(215,773)	1,055,000	761,350	1,816,350	2,382,000	1,226,474	3,608,474	
2025	1,384,000	417,579	1,801,579	201,000	14,314	215,314	(201,000)	(14,314)	(215,314)	1,105,000	708,600	1,813,600	2,489,000	1,126,179	3,615,179	27.87%
2026	1,227,000	368,964	1,595,964	207,000	8,704	215,704	(207,000)	(8,704)	(215,704)	1,160,000	653,350	1,813,350	2,387,000	1,022,314	3,409,314	
2027	910,000	323,382	1,233,382	213,000	2,929	215,929	(213,000)	(2,929)	(215,929)	1,215,000	595,350	1,810,350	2,125,000	918,732	3,043,732	
2028	849,000	294,621	1,143,621	-	-	-	-	-	-	1,075,000	534,600	1,609,600	1,924,000	829,221	2,753,221	
2029	873,000	268,063	1,141,063	-	-	-	-	-	-	1,130,000	480,850	1,610,850	2,003,000	748,913	2,751,913	
2030	897,000	239,846	1,136,846	-	-	-	-	-	-	1,175,000	435,650	1,610,650	2,072,000	675,496	2,747,496	53.11%
2031	927,000	210,151	1,137,151	-	-	-	-	-	-	1,130,000	388,650	1,518,650	2,057,000	598,801	2,655,801	
2032	958,000	178,691	1,136,691	-	-	-	-	-	-	1,165,000	354,750	1,519,750	2,123,000	533,441	2,656,441	
2033	994,000	145,343	1,139,343	-	-	-	-	-	-	1,200,000	319,800	1,519,800	2,194,000	465,143	2,659,143	
2034	1,026,000	110,832	1,136,832	-	-	-	-	-	-	1,235,000	283,800	1,518,800	2,261,000	394,632	2,655,632	
2035	1,063,000	75,140	1,138,140	-	-	-	-	-	-	1,270,000	246,750	1,516,750	2,333,000	321,890	2,654,890	79.45%
2036	516,000	47,819	563,819	-	-	-	-	-	-	1,310,000	208,650	1,518,650	1,826,000	256,469	2,082,469	
2037	535,000	29,163	564,163	-	-	-	-	-	-	1,350,000	169,350	1,519,350	1,885,000	198,513	2,083,513	
2038	554,000	9,834	563,834	-	-	-	-	-	-	1,390,000	128,850	1,518,850	1,944,000	138,684	2,082,684	
2039	-	-	-	-	-	-	-	-	-	1,430,000	87,150	1,517,150	1,430,000	87,150	1,517,150	
2040	-	-	-	-	-	-	-	-	-	1,475,000	44,250	1,519,250	1,475,000	44,250	1,519,250	100.00%
	<b>\$ 17,768,000</b>	<b>\$ 4,847,412</b>	<b>\$ 22,615,412</b>	<b>\$ 1,375,000</b>	<b>\$ 126,961</b>	<b>\$ 1,501,961</b>	<b>\$ (1,375,000)</b>	<b>\$ (126,961)</b>	<b>\$ (1,501,961)</b>	<b>\$ 23,880,000</b>	<b>\$ 8,817,378</b>	<b>\$ 32,697,378</b>	<b>\$ 41,648,000</b>	<b>\$ 13,664,790</b>	<b>\$ 55,312,790</b>	

**NOTES:**

<sup>1</sup> May not include all capitalized leases, compensated absences or additional notes. See the Notes to the Annual Financial Report herein for additional information. For more information, see the notes to the Financial Statements in the ANNUAL FINANCIAL STATEMENTS included herein.  
<sup>2</sup> True Interest Cost of 1.878%.  
<sup>3</sup> Does not include General Obligation Refunding Bonds, Series 2020B because such Series 2020B Bonds are secured by water and sewer revenues in addition to a general obligation tax pledge. For information concerning the Series 2020B Bonds, see Bonded Debt Service Requirements - Water and Sewer Fund on page B-20.



**CITY OF SPRING HILL, TENNESSEE**  
**BONDED DEBT SERVICE REQUIREMENTS - WATER & SEWER FUND**  
As of June 30, 2020

FY Ended 6/30	Existing Debt as of June 30, 2020 <sup>1</sup>			Less: Obligations Being Refunded			Refunding Bonds, Series 2020B			Total Bonded Debt Service Requirements <sup>1</sup>			% Principal Repaid
	Principal	Interest	TOTAL	Principal	Interest	TOTAL	Principal	Interest <sup>2</sup>	TOTAL	Principal	Interest	TOTAL	
2021	\$ 1,065,813	\$ 357,720	\$ 1,423,533	\$ (664,092)	\$ (214,560)	\$ (878,652)	\$ 620,000	\$ 198,328	\$ 818,328	\$ 1,021,721	\$ 341,487	\$ 1,363,208	8.51%
2022	999,720	325,846	1,325,566	(681,720)	(239,844)	(921,564)	635,000	224,250	859,250	953,000	310,252	1,263,252	
2023	1,033,792	295,001	1,328,793	(699,792)	(221,772)	(921,564)	655,000	205,200	860,200	989,000	278,429	1,267,429	
2024	1,068,356	263,024	1,331,380	(718,356)	(203,208)	(921,564)	675,000	185,550	860,550	1,025,000	245,366	1,270,366	
2025	1,105,400	229,920	1,335,320	(737,400)	(184,164)	(921,564)	700,000	165,300	865,300	1,068,000	211,056	1,279,056	42.11%
2026	1,142,960	195,580	1,338,540	(756,960)	(164,604)	(921,564)	715,000	144,300	859,300	1,101,000	175,276	1,276,276	
2027	1,182,024	160,012	1,342,036	(777,024)	(144,540)	(921,564)	735,000	122,850	857,850	1,140,000	138,322	1,278,322	
2028	797,628	124,558	922,186	(797,628)	(123,936)	(921,564)	760,000	100,800	860,800	760,000	101,422	861,422	
2029	818,784	103,402	922,186	(818,784)	(102,780)	(921,564)	780,000	78,000	858,000	780,000	78,622	858,622	
2030	840,480	81,706	922,186	(840,480)	(81,084)	(921,564)	795,000	62,400	857,400	795,000	63,022	858,022	80.22%
2031	862,776	59,410	922,186	(862,776)	(58,788)	(921,564)	815,000	46,500	861,500	815,000	47,122	862,122	
2032	824,065	36,529	860,594	(796,090)	(35,907)	(831,997)	765,000	30,200	795,200	792,975	30,822	823,797	
2033	388,584	18,786	407,370	(388,584)	(18,648)	(407,232)	370,000	14,900	384,900	370,000	15,038	385,038	
2034	398,892	8,478	407,370	(398,892)	(8,340)	(407,232)	375,000	7,500	382,500	375,000	7,638	382,638	
2035	101,912	644	102,556	(80,044)	(506)	(80,550)	-	-	-	21,868	138	22,006	100.00%
	\$ 12,631,186	\$ 2,260,619	\$ 14,891,805	\$ (10,018,622)	\$ (1,802,681)	\$ (11,821,303)	\$ 9,395,000	\$ 1,586,078	\$ 10,981,078	\$ 12,007,564	\$ 2,044,016	\$ 14,051,580	

**NOTES:**  
<sup>1</sup> May not include all capitalized leases, compensated absences or additional notes. See the Notes to the Annual Financial Report herein for additional information. For more information, see the notes to the Financial Statements in the ANNUAL FINANCIAL STATEMENTS included herein.

<sup>2</sup> True Interest Cost of 1.204%.

## FINANCIAL INFORMATION

### BASIS OF ACCOUNTING AND PRESENTATION

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The modified accrual basis of accounting is used to account for all governmental funds of the County. Revenues for such funds are recognized when they become measurable and available as net current assets. Expenditures, other than interest or long-term debt, are recognized when incurred and measurable.

All proprietary funds are accounted for using the accrual basis of accounting, whereby revenues are recognized when they are earned and expenses are recognized when they are incurred except for prepaid expenses, such as insurance, which are fully expended at the time of payment.

### FUND BALANCES AND RETAINED EARNINGS

The following table depicts fund balances and retained earnings for the last five fiscal years ending June 30:

	<u>For the Fiscal Year Ended June 30</u>				
<u>Fund Type</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<i>Governmental Funds:</i>					
General	\$ 7,660,572	\$ 9,059,852	\$ 7,768,949	\$ 8,627,507	\$12,522,936
Facilities / Development	2,285,796	2,593,893	3,322,533	4,046,015	4,202,083
Sanitation	296,973	425,440	264,149	272,823	366,055
Other Governmental	<u>451,992</u>	<u>945,321</u>	<u>958,166</u>	<u>2,201,538</u>	<u>3,481,337</u>
<b>Total</b>	<b><u>\$10,695,333</u></b>	<b><u>\$13,024,506</u></b>	<b><u>\$12,313,797</u></b>	<b><u>\$15,147,883</u></b>	<b><u>\$20,572,411</u></b>

*Source:* Comprehensive Annual Financial Report and Auditor's Report, Spring Hill, Tennessee

*[balance of page left blank]*

**CITY OF SPRING HILL, TENNESSEE**  
Five Year Summary of Revenues, Expenditures and  
Changes In Fund Balances - General Fund  
For the Fiscal Year Ended June 30

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Revenues:</b>					
Local Taxes	\$ 11,369,413	\$ 12,634,183	\$ 14,100,880	\$ 14,775,926	\$ 17,642,061
Licenses and Permits	1,002,081	1,051,918	1,125,337	1,196,115	1,381,821
Intergovernmental Revenues	3,405,330	3,317,584	3,874,730	3,938,804	4,661,044
Charges for Services	2,350	3,025	42,300	5,856	11,332
Capital Improvement	9,305,259	-	-	-	-
Contributions	5,610	1,880	260	11,871	800
Fines and Forfeitures	380,403	192,332	321,160	272,651	203,902
Insurance Recovery	131,620	-	-	40,373	39,657
Interest Revenue	7,107	9,024	5,024	5,387	60,104
Sale of Property	18,946	31,416	22,666	4,589	17,791
Miscellaneous Revenues	5,788	66,266	65,519	474,187	339,249
<b>Total Revenues</b>	<b>\$ 25,633,907</b>	<b>\$ 17,307,628</b>	<b>\$ 19,557,876</b>	<b>\$ 20,725,759</b>	<b>\$ 24,357,761</b>
<b>Expenditures:</b>					
General Government	\$ 2,417,367	\$ 2,311,714	\$ 2,627,997	\$ 3,497,036	\$ 3,139,218
Public Safety	10,686,510	8,625,062	9,877,955	10,643,660	10,655,869
Public Works	3,863,226	2,405,071	2,784,249	2,398,632	2,342,143
Parks and Recreation	4,787,132	471,453	465,551	505,145	560,417
Economic Development	-	-	-	103,749	80,167
Library	672,291	739,593	776,298	863,529	848,013
Debt Service	-	556,545	452,585	273,954	191,113
Capital Outlay	-	2,676,997	4,026,144	9,958,330	2,009,392
<b>Total Expenditures</b>	<b>\$ 22,426,526</b>	<b>\$ 17,786,435</b>	<b>\$ 21,010,779</b>	<b>\$ 28,244,035</b>	<b>\$ 19,826,332</b>
Excess of Revenues Over (Under) Expenditures	\$ 3,207,381	\$ (478,807)	\$ (1,452,903)	\$ (7,518,276)	\$ 4,531,429
<b>Other Sources &amp; Uses:</b>					
Operating Transfers In	\$ 271,525	\$ 152,024	\$ 162,000	\$ 199,354	\$ -
Operating Transfers Out	-	-	-	-	(636,000)
Issuance of Debt	-	1,645,000	-	8,259,080	-
Insurance Recoveries	-	-	-	-	-
<b>Total Other Sources &amp; Uses</b>	<b>\$ 271,525</b>	<b>\$ 1,797,024</b>	<b>\$ 162,000</b>	<b>\$ 8,458,434</b>	<b>\$ (636,000)</b>
Excess of Revenues Over (Under) Expenditures	\$ 3,478,906	\$ 1,318,217	\$ (1,290,903)	\$ 940,158	\$ 3,895,429
<b>Fund Balance July 1</b>	<b>4,628,759</b>	<b>7,660,572</b>	<b>9,256,301</b>	<b>7,768,949</b>	<b>8,627,507</b>
Prior Period Adjustment	(447,093)	277,512	(196,449)	(81,600)	-
<b>Fund Balance June 30</b>	<b>\$ 7,660,572</b>	<b>\$ 9,256,301</b>	<b>\$ 7,768,949</b>	<b>\$ 8,627,507</b>	<b>\$ 12,522,936</b>

Source: Comprehensive Annual Financial Reports of the City of Spring Hill.

## **INVESTMENT AND CASH MANAGEMENT PRACTICES**

Investment of idle County operating funds is controlled by state statute and local policies and administered by the County Trustee. Generally, such policies limit investment instruments to direct U. S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledged at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. For reporting purposes, all investments are stated at cost which approximates market value.

## **REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES**

### *State Taxation of Property; Classifications of Taxable Property; Assessment Rates*

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the "General Assembly") exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as provided under Tennessee law.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four sub classifications and assessed at the rates as follows:

- (a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;
- (b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;
- (c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and
- (d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three sub classifications and assessed at the rates as follows:

- (a) Public Utility Property, to be assessed at 55% of its value;
- (b) Industrial and Commercial Property, to be assessed at 30% of its value; and
- (c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of \$7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into sub classifications and to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

#### *County Taxation of Property*

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the *Tennessee Code Annotated*, the General Assembly has authorized the counties in Tennessee to levy an *ad valorem* tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the county legislative body of each county based upon tax rates to be established on the first Monday of July of each year or as soon thereafter as practicable.

All property is required to be taxed according to its value upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness, are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

#### *Assessment of Property*

*County Assessments; County Board of Equalization.* The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January 1 for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each

county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least 10 days before the local board of equalization begins its annual session.

The county board of equalization is required (among other things) to carefully examine, compare and equalize the county assessments; assure that all taxable properties are included on the assessments lists and that exempt properties are eliminated from the assessment lists; hear and act upon taxpayer complaints; and correct errors and assure conformity to State law and regulations.

*State Assessments of Public Utility Property; State Board of Equalization.* The State Comptroller of the Treasury is authorized and directed under Tennessee law to assess for taxation, for State, county and municipal purposes, all public utility properties of every description, tangible and intangible, within the State. Such assessment is required to be made annually as of the same day as other properties are assessed by law (as described above) and takes into account such factors as are prescribed by Tennessee law.

On or before the first Monday in August of each year, the assessments are required to be completed and the State Comptroller of the Treasury is required to send a notice of assessment to each company assessable under Tennessee law. Within ten days after the first Monday in August of each year, any owner or user of property so assessed may file an exception to such assessment together with supporting evidence to the State Comptroller of the Treasury, who may change or affirm the valuation. On or before the first Monday in September of each year, the State Comptroller of the Treasury is required to file with the State Board of Equalization assessments so made. The State Board of Equalization is required to examine such assessments and is authorized to increase or diminish the valuation placed upon any property valued by the State Comptroller of the Treasury.

The State Board of Equalization has jurisdiction over the valuation, classification and assessment of all properties in the State. The State Board of Equalization is authorized to create an assessment appeals commission to hear and act upon taxpayer complaints. The action of the State Board of Equalization is final and conclusive as to all matters passed upon by the Board, subject to judicial review consisting of a new hearing in chancery court.

#### *Periodic Reappraisal and Equalization*

Tennessee law requires reappraisal in each county by a continuous six-year cycle comprised of an on-site review of each parcel of real property over a five-year period, or, upon approval of the State Board of Equalization, by a continuous four-year cycle comprised of an

one-site review of each parcel of real property over a three-year period, followed by revaluation of all such property in the year following completion of the review period. Alternatively, if approved by the assessor and adopted by a majority vote of the county legislative body, the reappraisal program may be completed by a continuous five-year cycle comprised of an on-site review of each parcel of real property over a four-year period followed by revaluation of all such property in the year following completion of the review period.

After a reappraisal program has been completed and approved by the Director of Property Assessments, the value so determined must be used as the basis of assessments and taxation for property that has been reappraised. The State Board of Equalization is responsible to determine whether or not property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State of Tennessee.

### *Valuation for Property Tax Purposes*

*County Valuation of Property.* The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State board of equalization. Such assessment manuals are required to take into account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

*State Valuation of Public Utility Property.* The State Comptroller of the Treasury determines the value of public utility property based upon the appraisal of the property as a whole without geographical or functional division of the whole (*i.e.*, the unit rule of appraisal) and on other factors provided by Tennessee law. In applying the unit rule of appraisal, the State Comptroller of the Treasury is required to determine the State's share of the unit or system value based upon factors that relate to the portion of the system relating to the State of Tennessee.

### *Certified Tax Rate*

Upon a general reappraisal of property as determined by the State Board of Equalization, the county assessor of property is required to (1) certify to the governing bodies of the county and each municipality within the county the total assessed value of taxable property within the jurisdiction of each governing body and (2) furnish to each governing body an estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the assessed value of deletions from the previous assessment roll. Exclusive of such new construction, improvements and deletions, each governing body is required to determine and certify a tax rate (herein referred to as the "*Certified Tax Rate*") which will provide the same *ad valorem* revenue for that jurisdiction as was levied during the previous year. The governing body of a county or municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

Tennessee law provides that no tax rate in excess of the Certified Tax Rate may be levied by the governing body of any county or of any municipality until a resolution or ordinance has

been adopted by the governing body after publication of a notice of the governing body's intent to exceed the Certified Tax Rate in a newspaper of general circulation and the holding of a public hearing.

The Tennessee Local Government Public Obligations Act of 1986 provides that a tax sufficient to pay when due the principal of and interest on general obligation bonds (such as the Bonds) shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the local government as described above and shall be in addition to all other taxes authorized or limited by law. Bonds issued pursuant to the Local Government Public Obligations Act of 1986 may be issued without regard to any limit on indebtedness provided by law.

#### *Tax Freeze for the Elderly Homeowners*

The Tennessee Constitution was amended by the voters in November 2006 to authorize the Tennessee General Assembly to enact legislation providing property tax relief for homeowners age 65 and older. The General Assembly subsequently adopted the Property Tax Freeze Act permitting (but not requiring) local governments to implement a program for "freezing" the property taxes of eligible taxpayers at an amount equal to the taxes for the year the taxpayer becomes eligible. For example, if a taxpayer's property tax bill is \$500 for the year in which he becomes eligible, his property taxes will remain at \$500 even if property tax rates or appraisals increase so long as he continues to meet the program's ownership and income requirements.

#### *Tax Collection and Tax Lien*

Property taxes are payable the first Monday in October of each year. The county trustee of each county acts as the collector of all county property taxes and of all municipal property taxes when the municipality does not collect its own taxes.

The taxes assessed by the State of Tennessee, a county, a municipality, a taxing district or other local governmental entity, upon any property of whatever kind, and all penalties, interest and costs accruing thereon become and remain a first lien on such property from January 1 of the year for which such taxes are assessed. In addition, property taxes are a personal debt of the property owner as of January and, when delinquent, may be collected by suit as any other personal debt. Tennessee law prescribes the procedures to be followed to foreclose tax liens and to pursue legal proceedings against property owners whose property taxes are delinquent.

*[balance of page left blank]*



*Assessed Valuations.* According to the Tax Aggregate, property in the City reflected a ratio of appraised value to true market value of 1.00 in Maury County and 0.8903 in Williamson County. Public utility assessments have been equalized and certified by the State after adjustment for the results of sales studies.

<u>Class</u>	<u>Assessed Valuation*</u>	<u>Rate</u>	<u>Appraised Value*</u>
Public Utilities	\$ 14,089,187	55%	\$ 32,277,634
Commercial and Industrial	267,261,640	40%	699,772,208
Personal Tangible	36,308,266	30%	124,869,758
Residential and Farm	<u>999,968,970</u>	25%	<u>4,342,330,581</u>
<b>Total</b>	<b><u>\$1,317,628,063</u></b>		<b><u>\$5,199,250,181</u></b>

\* The figures above represent both counties that the City is located in. The tax year coincides with the calendar year, therefore, tax year 2019 is actually fiscal year 2019-2020. Source: 2019 Tax Aggregate Report of Tennessee.

The estimated assessed value of property in the City for the fiscal year ending June 30, 2020 (tax year 2019) is \$1,317,628,063 compared to \$1,224,497,243 for the fiscal year ending June 30, 2019 (tax year 2018). The estimated actual value of all taxable property for tax year 2019 is \$5,199,250,181 compared to \$4,847,245,736 for tax year 2018.

*Property Tax Rates and Collections.* The following table shows the property tax rates and collections of the City for tax years 2015 through 2019 as well as the aggregate uncollected balances for each fiscal year ending June 30, 2019.

PROPERTY TAX RATES AND COLLECTIONS				Fiscal Yr Collections		Aggregate Uncollected Balance	
Tax Year <sup>1</sup>	Assessed Valuation(a)	Tax Rates(b)	Taxes Levied	Amount	Pct	as of June 30, 2019	
						Amount	Pct
2015	\$ 810,568,784	\$0.5767 / \$0.5903	\$ 4,689,056	\$4,631,188	98.8%	-	0.0%
2016	972,861,428	0.5927 / 0.5381	4,839,234	4,795,138	99.1%	\$13,203	0.3%
2017	1,054,028,029	0.5927 / 0.5381	5,839,481	5,783,246	99.0%	10,240	0.2%
2018	1,224,497,243	0.60 / 0.6569	7,718,445	7,673,015	99.4%	45,430	0.6%
2019	1,317,628,063	0.86 / 0.9169	11,656,412	<b>IN PROCESS</b>			

(a) The property assessed valuation includes both counties that the City is located in.

(b) The Tax Rate for Maury County and Williamson County, respectively.

\* Estimated

<sup>1</sup> The tax year coincides with the calendar year, therefore, tax year 2019 is actually fiscal year 2019-2020.

*Ten Largest Taxpayers.* For the fiscal year ending June 30, 2019 (tax year 2018), the ten largest taxpayers in the City are as follows:

	<u>Taxpayer</u>	<u>Business Type</u>	<u>Taxes Levied</u>	<u>% of Total Levied</u>
1.	Worthington Glen	Apartments	\$125,203	1.622%
2.	Commonwealth Capital Part	Apartments	100,638	1.303%
3.	Grand Reserve at Spring Hill	Apartments	80,555	1.044%
4.	Walden Creek Apartments	Apartments	64,707	0.838%
5.	Pulte Homes Tennessee LTD	Developer	63,709	0.825%
6.	TCSH LLC	Property Management	60,477	0.784%
7.	John Maher Builders Inc	Developer	48,246	0.625%
8.	AMH 2014-3 Borrower LLC	Residential Rental	43,481	0.563%
9.	Progress Residential 2016	Residential Rental	27,517	0.357%
10.	American Residential Leas	Residential Rental	<u>27,062</u>	<u>0.351%</u>
	<b>TOTAL</b>		<b><u>\$641,595</u></b>	<b><u>8.312%</u></b>

Source: The City.

*Ten Largest Taxpayers.* For the fiscal year ending June 30, 2020 (tax year 2019), the ten largest taxpayers in the City are as follows:

	<u>Taxpayer</u>	<u>Business Type</u>	<u>Taxes Levied</u>	<u>% of Total Levied</u>
1.	Worthington Glen	Apartments	\$179,458	1.54%
2.	Commonwealth Capital Part	Apartments	140,408	1.21%
3.	B H 3085 Common Wealth	Apartments	115,462	0.99%
4.	Walden Creek Apartments	Apartments	90,318	0.77%
5.	TCSH LLC	Property Management	86,685	0.74%
6.	Progress Residential Borro	Residential Rental	75,535	0.65%
7.	Armada Nutrition LLC		57,560	0.49%
8.	AMH 2014-3 Borrower LLC	Residential Rental	54,118	0.46%
9.	Phoenix Corporation		44,877	0.39%
10.	Pulte Homes Tennessee LTD	Developer	<u>41,548</u>	<u>0.36%</u>
	<b>TOTAL</b>		<b><u>\$885,969</u></b>	<b><u>7.60%</u></b>

Source: The City.

## **PENSION PLANS**

Employees of the City are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34 - 37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS.

For additional information on the funding status, trend information and actuarial status of the City's retirement programs, please refer to the General Purpose Financial Statements of the City located in herein.

*[balance of page left blank]*



**GENERAL PURPOSE FINANCIAL STATEMENTS**

**THE CITY OF SPRING HILL, TENNESSEE**



**CITY OF SPRING HILL, TENNESSEE**  
**FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2019**

CITY OF SPRING HILL, TENNESSEE  
 FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Table of Contents

	<u>Page</u>
<b>INTRODUCTORY SECTION</b>	
Board of Mayor and Alderman and City Officials .....	iii
<b>FINANCIAL SECTION</b>	
INDEPENDENT AUDITOR’S REPORT .....	1 - 3
MANAGEMENT’S DISCUSSION AND ANALYSIS .....	4 - 14
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-Wide Financial Statements:	
Statement of Net Position .....	15
Statement of Activities.....	16
Fund Financial Statements:	
Governmental Fund Financial Statements:	
Balance Sheet .....	17
Reconciliation of the Balance Sheet of Governmental Funds to Statement of Net Position .....	18
Statement of Revenues, Expenditures, and Changes in Fund Balances .....	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	20
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	21 - 26
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Adequate Facilities/Development Fund .....	27
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Sanitation Fund .....	28
Proprietary Funds:	
Statement of Net Position .....	29
Statement of Revenues, Expenses, and Changes in Fund Net Position .....	30
Statement of Cash Flows .....	31
Notes to Financial Statements .....	32 - 57
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Changes in the Net Pension Liability and Related	
Ratios - Pension Plan (unaudited).....	58
Schedule of Employer Contributions - Pension Plan (unaudited) .....	59
Notes to Required Supplementary Information - Pension Plan (unaudited) .....	60



CITY OF SPRING HILL, TENNESSEE  
 FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2019

Table of Contents - Continued

	<u>Page</u>
<b>COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES</b>	
Combining Balance Sheet - Non-Major Governmental Funds .....	61
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Governmental Funds .....	62
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Library Fund .....	63
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Drug Fund .....	64
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Impact Fees Fund .....	65
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Fire Belle Restoration Fund .....	66
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - State Street Aid Fund .....	67
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Tourism Fund .....	68
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - E-Citations Fund .....	69
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Northfield Fund .....	70
 <b>SUPPLEMENTAL INFORMATION</b>	
Schedule of Expenditures of Federal Awards and State Financial Assistance .....	71 - 72
Schedule of Changes in Property Taxes Receivable .....	73
Schedule of Changes in Long-Term Debt by Individual Issue .....	74
Schedule of Debt Service Requirements .....	75 - 76
Schedule of Insurance Coverage (unaudited) .....	77
Schedule of Property Tax Rates and Assessments - Ten Year Summary (unaudited) .....	78
Schedule of Utility Rates (unaudited) .....	79
 <b>COMPLIANCE AND INTERNAL CONTROL</b>	
State Compliance Schedule	
AWWA Water Audit Software Reporting Schedules (unaudited) .....	80 - 81
Other Report	
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> .....	82 - 83
Schedule of Findings and Responses .....	84 - 86
Schedule of Prior Year Findings .....	87

## INTRODUCTORY SECTION



CITY OF SPRING HILL, TENNESSEE  
LIST OF PRINCIPAL OFFICIALS  
JUNE 30, 2019

Board of Mayor and Aldermen

Mayor	Rick Graham
Vice Mayor and Alderman	Bruce Hull (term expired April 2019)
	Amy Wurth (beginning May 2019)
Alderman	Matt Fitterer
Alderman	Kevin Gavigan
Alderman	Vincent Fuqua
Alderman	Susan Zemek (term expired April 2019)
Alderman	Jeff Graves
Alderman	John Canepari (term began April 2019)
Alderman	Dan Allen (term began April 2019)
Alderman	Hazel Nieves (term began April 2019)

City Officials

City Administrator	Victor Lay
Assistant City Administrator	Chuck Downham
Finance Director	Patti Amorello, CMFO
Chief of Police	Don Brite
City Planner	Steve Foote
City Recorder	April Goad
Codes Director	Chris Brooks
Communications Officer	Jamie Page
Dispatch Director	Brandi Smith (resigned 9/26/2018)
Fire Chief	Terry Hood
GIS/IT	John Pewitt
Human Resources Director	Shelley Taylor
Infrastructure Director	Philip Stuckert (resigned 8/24/2018)
	James Moore (appointed 1/24/2019)
Library Director	Dana Juriew
Parks & Recreation Director	Kevin Fischer
Public Works Director	Tyler Scroggins
Wastewater Treatment Plant Director	Travis Massey
Water Treatment Plant Director	Caryl Giles

**FINANCIAL SECTION**





## Independent Auditor's Report

The Board of Mayor and Alderman  
City of Spring Hill, Tennessee

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Spring Hill, Tennessee, (the "City") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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



### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Spring Hill, Tennessee, as of June 30, 2019, and the respective changes in financial position, and where applicable, cash flows thereof, and the respective budgetary comparison for the General Fund, Adequate Facilities / Development Fund, and Sanitation Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 4 through 14, the schedule of changes in the net pension liability and related ratios - pension plan, the schedule of employer contributions - pension plan, and the notes to required supplementary information - pension plan on pages 58 through 60, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Spring Hill, Tennessee's basic financial statements. The introductory section, the combining and individual nonmajor fund statements and schedules on pages 61 through 70, and the supplemental schedules on pages 73 through 81, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards and state financial assistance on pages 71 through 72 is presented for purposes of additional analysis as required by the State of Tennessee, and is also not a required part of the basic financial statements.



The combining and individual nonmajor fund statements and schedules, the other schedules on pages 73 through 76, and the schedule of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund statements and schedules, the other schedules on pages 73 through 76, and the schedule of expenditures of federal awards and state financial assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, as listed in the table of contents, and the other schedules on pages 77 through 81 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2020, 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'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.

*Crosslin, PLLC*

Nashville, Tennessee  
March 26, 2020

CITY OF SPRING HILL, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019

As management of the City of Spring Hill, Tennessee (the "City" or the "City of Spring Hill"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with the City's financial statements (beginning on page 15).

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

### FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City of Spring Hill exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$122,715,597 (total net position).
- The government's total net position increased by \$21,945,236.
- As of the close of the current fiscal year, the City of Spring Hill's governmental funds reported combined ending fund balances of \$20,572,411, which is an increase of \$5,424,528 in comparison with the prior year.
- At the end of the current fiscal year, the unassigned fund balance in the general fund was 60.3% of total general fund expenditures for the year.

### 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 of Spring Hill's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the City of Spring Hill's finances, in a manner 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 reported as net position. Over periods of time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Spring Hill is improving or deteriorating.



CITY OF SPRING HILL, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019

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

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

The government-wide financial statements can be found on pages 15 - 16 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, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The City of Spring Hill maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Adequate Facilities / Development Fund, and the Sanitation Fund, which are considered to be major funds. Data for the other non-major governmental funds is provided in the form of combining statements starting on page 61 of this report.

CITY OF SPRING HILL, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019

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

The basic governmental fund financial statements can be found on pages 17 - 28 of this report.

*Proprietary Funds.* The City of Spring Hill maintains two proprietary funds, which include the Water and Sewer Fund and the Storm Water Fund. A proprietary fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City of Spring Hill uses enterprise funds to account for activities in its Water and Sewer Fund and Storm Water Fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among a City's various functions. The City of Spring Hill does not use 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 and the Storm Water Fund. The basic proprietary fund financial statements can be found on pages 29 - 31 of this report.

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

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 32 - 57 of this report.

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

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information on pensions. Combining and individual fund statements and budgetary comparison statements can be found on pages 61 - 70 of this report.

CITY OF SPRING HILL, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Spring Hill, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$122,715,597.

**Net Position - Primary Government  
June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2018		2018		2018	
	2019	(As Restated)	2019	(As Restated)	2019	(As Restated)
Current and other assets	\$ 34,148,518	\$ 24,275,118	\$ 24,782,440	\$ 19,980,552	\$ 58,930,958	\$ 44,255,670
Capital assets	35,913,753	32,756,097	75,107,339	69,707,729	111,021,092	102,463,826
Total assets	<u>70,062,271</u>	<u>57,031,215</u>	<u>99,889,779</u>	<u>89,688,281</u>	<u>169,952,050</u>	<u>146,719,496</u>
Deferred outflows of resources	1,679,844	1,247,657	536,309	398,328	2,216,153	1,645,985
Other liabilities	5,302,060	4,688,685	2,513,526	2,319,611	7,815,586	7,008,296
Long-term liabilities outstanding	17,580,080	18,930,080	12,581,343	14,135,607	30,161,423	33,065,687
Total liabilities	<u>22,882,140</u>	<u>23,618,765</u>	<u>15,094,869</u>	<u>16,455,218</u>	<u>37,977,009</u>	<u>40,073,983</u>
Deferred inflows of resources	11,451,396	7,513,339	24,201	7,798	11,475,597	7,521,137
Net position:						
Net investment in capital assets	17,541,619	13,003,661	63,948,607	54,060,558	81,490,226	67,064,219
Restricted	1,539,878	882,850	1,295,535	3,904,095	2,835,413	4,786,945
Unrestricted	18,327,082	13,260,257	20,062,876	15,658,940	38,389,958	28,919,197
Total net position	<u>\$ 37,408,579</u>	<u>\$ 27,146,768</u>	<u>\$ 85,307,018</u>	<u>\$ 73,623,593</u>	<u>\$ 122,715,597</u>	<u>\$ 100,770,361</u>

By far the largest portion of the City of Spring Hill's net position reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), net of any related debt used to acquire those assets that are still outstanding. The City of Spring Hill uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although City of Spring Hill's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Fiscal year 2018 has been restated in relation to the City's capital assets. During fiscal year 2019, the City performed a physical capital asset inventory, based on a prior year material weakness finding, to ensure accurate accounting for the City's capital assets. Once the physical capital asset inventory was completed, the information was entered into the City's accounting software and an entry to beginning balances was necessary to record the adjustments. See Note A. An additional portion of the City's net position represents resources that are subject to restrictions as to how they are used. These restrictions include use for capital projects or other items as required by State law.

CITY OF SPRING HILL, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019

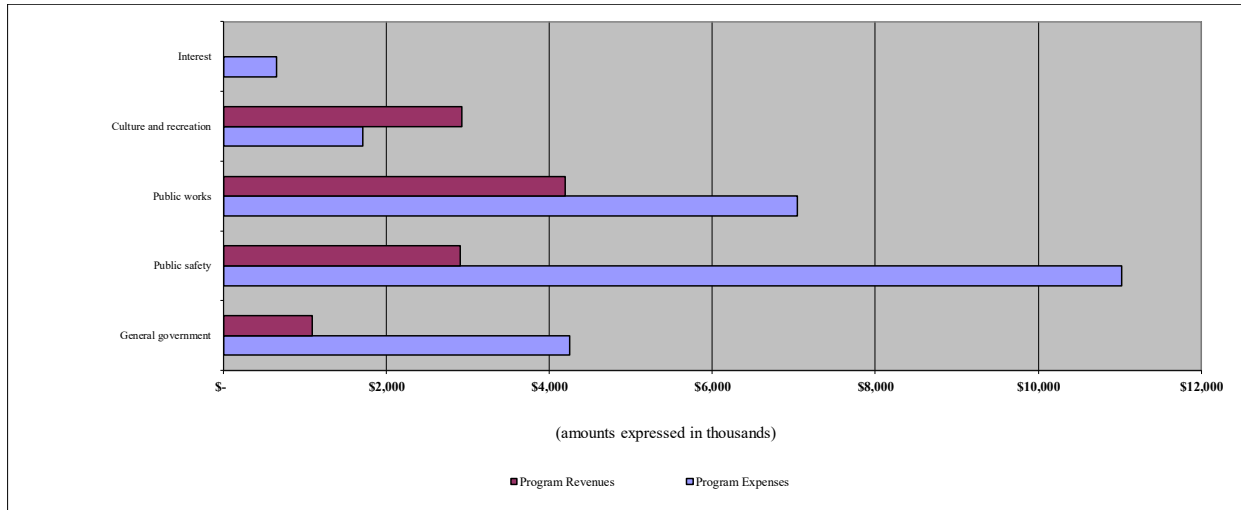
**Changes in Net Position  
For the Year Ended June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018 (As Restated)	2019	2018 (As Restated)	2019	2018 (As Restated)
Program revenues:						
Charges for service	\$ 7,263,801	\$ 6,686,561	\$ 11,065,430	\$ 9,693,081	\$ 18,329,231	\$ 16,379,642
Operating grants and contributions	1,959,073	1,662,061	-	-	1,959,073	1,662,061
Capital grants and contributions	1,896,053	3,166,306	11,963,465	6,774,059	13,859,518	9,940,365
General revenues:						
Taxes	17,854,888	14,946,721	-	-	17,854,888	14,946,721
Intergovernmental revenues	4,282,232	3,662,641	181,562	86,726	4,463,794	3,749,367
Unrestricted investment earnings	125,294	9,298	223,345	29,714	348,639	39,012
Rent	943,907	-	117,375	83,916	1,061,282	83,916
Sales of materials	21,522	4,589	242,562	151,761	264,084	156,350
Miscellaneous	421,560	536,850	79,906	263,286	501,466	800,136
Total revenues	<u>34,768,330</u>	<u>30,675,027</u>	<u>23,873,645</u>	<u>17,082,543</u>	<u>58,641,975</u>	<u>47,757,570</u>
Expenses:						
General government	4,244,835	3,904,512	-	-	4,244,835	3,904,512
Public safety	11,024,249	11,344,469	-	-	11,024,249	11,344,469
Public works	7,042,826	6,430,800	-	-	7,042,826	6,430,800
Culture and recreation	1,711,219	1,905,968	-	-	1,711,219	1,905,968
Interest	650,390	767,208	-	-	650,390	767,208
Business-type activities	-	-	12,023,220	10,610,679	12,023,220	10,610,679
Total expenses	<u>24,673,519</u>	<u>24,352,957</u>	<u>12,023,220</u>	<u>10,610,679</u>	<u>36,696,739</u>	<u>34,963,636</u>
Change in net position before transfers	10,094,811	6,322,070	11,850,425	6,471,864	21,945,236	12,793,934
Transfers	167,000	199,354	(167,000)	(199,354)	-	-
Change in net position	10,261,811	6,521,424	11,683,425	6,272,510	21,945,236	12,793,934
Net position - beginning of year	27,146,768	22,905,876	73,623,593	65,718,202	100,770,361	88,624,078
Restatement (Note A)	-	(2,280,532)	-	1,632,881	-	(647,651)
Net position - end of year	<u>\$ 37,408,579</u>	<u>\$ 27,146,768</u>	<u>\$ 85,307,018</u>	<u>\$ 73,623,593</u>	<u>\$ 122,715,597</u>	<u>\$ 100,770,361</u>

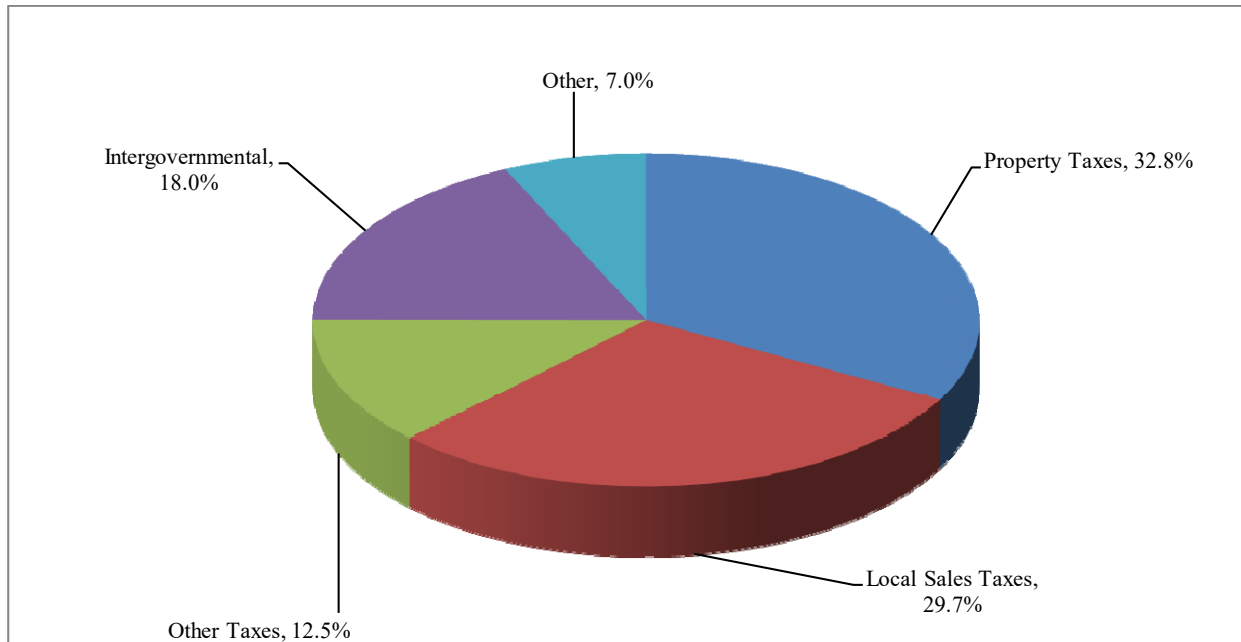
CITY OF SPRING HILL, TENNESSEE  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE YEAR ENDED JUNE 30, 2019

Expenses and Program Revenues - Governmental Activities

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



General Revenues - Governmental Activities



As shown above, 62.5% of governmental revenues were provided by property taxes and local sales taxes. Intergovernmental revenues totaling 18.0% were predominately state-shared sales tax and TVA payments in lieu of tax, with other taxes providing 12.5%. Other governmental revenues totaled 7.1%.

CITY OF SPRING HILL, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019

**FINANCIAL ANALYSIS OF THE GOVERNMENTAL FUNDS**

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

*Governmental Funds.* The focus of the City of Spring Hill's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Spring Hill's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent a portion of fund balance that has not yet been limited to use for a particular purpose.

**Balance Sheet  
Total Governmental Funds  
June 30, 2019 and 2018**

	2019	2018
<b>Total assets</b>	<b>\$ 34,148,518</b>	<b>\$ 24,275,118</b>
Total liabilities	2,200,515	1,638,319
Deferred inflows of resources	11,375,592	7,488,916
Fund balances:		
Nonspendable	10,226	708,969
Restricted	2,097,824	1,454,347
Committed	6,508,997	5,637,526
Unassigned	11,955,364	7,347,041
Total fund balances	20,572,411	15,147,883
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 34,148,518</b>	<b>\$ 24,275,118</b>

As of the end of the current fiscal year, the City of Spring Hill's governmental funds reported combined ending fund balances of \$20,572,411, which is an increase of \$5,424,528 in comparison with the prior year.

The general fund is the chief operating fund of the City of Spring Hill. At the end of the current fiscal year, unassigned fund balance of the general fund was \$11,955,364.

CITY OF SPRING HILL, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019

**Changes in Fund Balances of Governmental Funds  
For the Year Ended June 30, 2019 and 2018**

	<u>2019</u>	<u>2018</u>
<b>Revenues:</b>		
Taxes	\$ 17,854,888	\$14,946,721
Licenses, permits and fees	1,381,821	1,196,115
Intergovernmental	6,602,764	6,147,099
Impact fees	2,879,789	2,374,970
Charges for services	2,111,838	2,233,533
Rent	943,907	-
Contributions	44,552	68,969
Fines and forfeitures	275,778	314,527
Recycling fees	614,575	567,416
Insurance recovery	39,657	40,373
Interest revenue	125,294	9,298
Sale of property	21,522	4,589
Miscellaneous	<u>421,560</u>	<u>536,850</u>
 Total revenues	 <u>33,317,945</u>	 <u>28,440,460</u>
 <b>Expenditures:</b>		
General government	3,976,202	3,497,036
Public safety	10,687,079	10,662,639
Public works	5,720,908	5,795,055
Culture and recreation	1,631,106	1,688,289
Debt service	2,098,650	1,373,685
Capital outlay	<u>3,946,472</u>	<u>11,048,104</u>
 Total expenditures	 <u>28,060,417</u>	 <u>34,064,808</u>
 <b>Excess (deficiency) of revenues over (under) expenditures</b>	 5,257,528	 (5,624,348)
 <b>Other Financing Sources (Uses):</b>		
Issuance of new debt	-	8,259,080
Transfers in	<u>167,000</u>	<u>199,354</u>
Total other financing sources	<u>167,000</u>	<u>8,458,434</u>
 <b>Net change in fund balances</b>	 5,424,528	 2,834,086
 <b>Fund balance - beginning</b>	 <u>15,147,883</u>	 <u>12,313,797</u>
 <b>Fund balance - ending</b>	 <u>\$ 20,572,411</u>	 <u>\$ 15,147,883</u>

CITY OF SPRING HILL, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019

The fund balances of the City's governmental funds increased by over \$5.4 million during the current fiscal year. This increase was predominantly a result of increased revenues, including:

- Increased property tax, sales tax and building permit revenues (including both General Fund permits and impact fees), and
- Rental income in the amount of \$944,000 from the Northfield facility.
- Governmental fund balances reflecting increases included General Fund (\$3.9 million), Impact Fees (\$444,000), State Street Aid (\$550,000), Northfield (\$172,000), Adequate Facilities (\$156,000), Sanitation (\$93,000), and Tourism (\$76,000).

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

Unrestricted net position of the Water and Sewer Fund and the Storm Water Fund at the end of the year amounted to \$20,062,876. Restricted net position in these funds at the end of the year amounted to \$1,295,535. Net investment in capital assets at the end of year amounted to \$63,948,607. The total increase in net position for the proprietary funds was \$11,683,425. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Spring Hill's business-type activities.

## **GENERAL FUND BUDGETARY HIGHLIGHTS**

### ***Original and Final Budgeted Amounts***

The amount of budgeted revenue increased by \$2,215,577. Total assessed valuation for property taxes increased approximately 31% from \$318 million to \$417 million and the resulting property tax budget increased over \$1.7 million (30%). Budgeted revenues for building permits increased 23% from \$975,000 to \$1.2 million, primarily a result of increased residential construction activity in the area. Budgeted sales tax revenue increased \$419,000 (14%).

The amount of budgeted expenditures decreased by 36% from \$32.7 million to \$24 million (a decrease of \$8.7 million). During FY 2017-18, \$8.2 million was expended for the purchase of the Northfield Facility. The Dispatch budget was reduced by \$302,673 as a result of transitioning the Dispatch function to Williamson County.

### ***Final Budgeted and Actual Amounts***

Actual revenues were more than final budgeted amounts by nearly \$1.3 million, driven by property taxes (\$334,594), Local Sales Tax (\$746,158) and State Sales Tax (229,305).

Actual expenditures were \$4,212,941 lower than budgeted amounts. Nearly \$900,000 was related to salary/benefit savings from staff transitions and reduced health insurance compared to budget during the year throughout all General Fund departments. Within Public Works, \$2.1 million budgeted for two capital projects (partially funded through the issuance of debt) was not fully expended at fiscal yearend (project budgets were reallocated in FY 2019-20). Approximately \$100,000 was left between Police, Public Works & Legislative for outstanding purchase orders at June 30<sup>th</sup> for which goods/services had not been received. Those items were reappropriated within the fiscal year 2019-20 budget. Approximately \$200,000 remained within Public Works for right of way acquisitions not conducted during the year.



CITY OF SPRING HILL, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019

Other financing sources were budgeted at \$2.25 million for issuance of debt that didn't occur during the year (Crossings Circle North and Northfield) and \$250,000 in transfers out to the Northfield Fund for facility improvements did not move forward.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

The City's net investment in capital assets for its governmental and business-type activities as of June 30, 2019 amounts to \$81,490,226 (net of accumulated depreciation), an increase of \$14,426,007. Depreciation charges for the fiscal year totaled \$4,332,072. This investment in capital assets includes land, buildings and structures, improvements, machinery and equipment, and park facilities.

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

- Land acquired on Derryberry for a future Park location totaled \$98,900.
- Mobile radio purchases for Police and Fire totaled approximately \$843,000 during the year and other acquisitions of equipment included a Fire vehicle, trailer & tools (\$82,002), Police vehicles (\$135,368), message boards/trailers (\$37,350), crime scene equipment (\$15,247), Parks vehicles (\$37,520), IT equipment (\$34,264), traffic signalization (\$192,288), Public works vehicles/equipment (\$63,780) and a garbage truck (\$70,686).
- Infrastructure additions within governmental funds totaled \$1,450,385 for accepted streets (\$926,803) and sidewalks (\$523,582 during the fiscal year.
- CIP projects in process at year-end included several road improvement projects (interchange approaches, turn lane improvements, Crossings Circle Bridge, Mahlon Moore Road), and design services for the Police Department and Library.

Within business-type activities, plant and equipment increased:

- \$2.1 in donated water lines, \$3 million in donated sewer lines and \$2.1 million in stormwater improvements,
- \$138,000 in vehicle/equipment acquisitions for water, sewer and stormwater, and
- CIP projects in progress at fiscal year-end included water and sewer line relocations for Duplex Road, Cleburne Road, Saturn Parkway and Project Shotgun.

**Capital Assets  
June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2018		2018		2018	
	2019	(As Restated)	2019	(As Restated)	2019	(As Restated)
Land	\$ 3,134,006	\$ 3,035,106	\$ 685,955	\$ 685,955	\$ 3,819,961	\$ 3,721,061
Building and improvements	21,267,317	21,267,317	-	-	21,267,317	21,267,317
Plant and equipment	10,942,288	9,418,708	111,552,503	104,078,762	122,494,791	113,497,470
Infrastructure	12,920,354	11,469,969	-	-	12,920,354	11,469,969
Easements	-	-	299,843	299,843	299,843	299,843
Construction in progress	2,706,068	693,289	566,793	236,840	3,272,861	930,129
Total capital assets	50,970,033	45,884,389	113,105,094	105,301,400	164,075,127	151,185,789
Less: Accumulated depreciation	(15,056,280)	(13,128,292)	(37,997,755)	(35,593,671)	(53,054,035)	(48,721,963)
Capital assets, net	\$ 35,913,753	\$ 32,756,097	\$ 75,107,339	\$ 69,707,729	\$ 111,021,092	\$ 102,463,826

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

CITY OF SPRING HILL, TENNESSEE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2019

***Long-term Debt***

At the end of the current fiscal year, the City of Spring Hill's governmental activities had total long-term debt outstanding of \$18,930,080. The business-type activities had total long-term debt of \$14,135,607.

**Outstanding Debt, General Obligation, and Revenue Bonds  
June 30, 2019 and 2018**

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Notes payable	\$ 10,515,080	\$ 11,378,933	\$ -	\$ -	\$ 10,515,080	\$ 11,378,933
Capital outlay note	1,120,000	1,295,000	345,000	685,000	1,465,000	1,980,000
Public improvement bonds	7,295,000	7,650,000	2,751,000	3,025,000	10,046,000	10,675,000
Clean water state loan program	-	-	10,665,578	11,295,806	10,665,578	11,295,806
State of Tennessee loan program	-	-	374,029	641,365	374,029	641,365
Total	<u>\$ 18,930,080</u>	<u>\$ 20,323,933</u>	<u>\$ 14,135,607</u>	<u>\$ 15,647,171</u>	<u>\$ 33,065,687</u>	<u>\$ 35,971,104</u>

The City of Spring Hill's total long-term debt decreased by \$2,905,417 during the current fiscal year (a \$1,393,853 decrease in governmental activities and \$1,511,564 decrease in business-type activities). Principal payments totaled \$2,905,417 and there were no additions of new debt during fiscal year 2019. Additional information on the City of Spring Hill's long-term debt can be found in Note G of this report.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

- The City of Spring Hill continues to see rapid growth. Calendar year 2019 reflected a second record number of new residential permits. This growth serves to build the property tax base and increase the sales tax collections, building permits and impact fees. However, it also increases the need for police, fire, sanitation and water and sewer services and presents a continuing challenge in existing infrastructure.
- Several major road projects are in progress throughout the City, including a new I-65 interchange and related East and West approaches. A property tax increase was approved, with the associated funds designated for specific capital improvements. Design work on the Northfield Building to provide new physical locations for the Library and Police Departments is on hold pending a decision regarding the facility as a whole. New rate structures have been approved for water and sewer to assist with operating and infrastructure needs.

These factors were considered in preparing the 2020 fiscal year budget for the City of Spring Hill.

**REQUEST FOR INFORMATION**

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

City of Spring Hill  
Attn: Tonya Travis, Finance Director  
P.O. Box 789  
Spring Hill, Tennessee

# BASIC FINANCIAL STATEMENTS



**City of Spring Hill, Tennessee**  
**Statement of Net Position**  
**June 30, 2019**

	<b>Governmental Activities</b>	<b>Business- Type Activities</b>	<b>Total Primary Government</b>
<b>Assets:</b>			
Cash	\$ 19,300,060	\$ 19,049,431	\$ 38,349,491
Taxes receivable	11,394,817	-	11,394,817
Accounts and other receivables, net	246,571	1,243,638	1,490,209
Due from other governments	1,560,676	104,424	1,665,100
Internal balances	22,967	(22,967)	-
Inventory of supplies, at cost	-	132,566	132,566
Prepaid expenses and other assets	10,226	2,938	13,164
Restricted assets:			
Cash	1,613,201	4,272,410	5,885,611
Capital assets:			
Capital assets not being depreciated	5,840,074	1,552,591	7,392,665
Capital assets net of accumulated depreciation	30,073,679	73,554,748	103,628,427
<b>Total assets</b>	<b>70,062,271</b>	<b>99,889,779</b>	<b>169,952,050</b>
<b>Deferred Outflows of Resources:</b>			
Pensions	1,679,844	536,309	2,216,153
<b>Liabilities:</b>			
Accounts payable and other current liabilities	2,391,867	469,750	2,861,617
Due to other governments	-	89,029	89,029
Accrued compensated absences	578,292	87,000	665,292
Long-term liabilities:			
Net pension liability	981,901	313,483	1,295,384
Bonds and notes due within one year	1,350,000	1,554,264	2,904,264
Bonds and notes due in more than one year	17,580,080	12,581,343	30,161,423
<b>Total liabilities</b>	<b>22,882,140</b>	<b>15,094,869</b>	<b>37,977,009</b>
<b>Deferred Inflows of Resources:</b>			
Pensions	75,804	24,201	100,005
Property taxes	11,375,592	-	11,375,592
<b>Total deferred inflows of resources</b>	<b>11,451,396</b>	<b>24,201</b>	<b>11,475,597</b>
<b>Net Position:</b>			
Net investment in capital assets	17,541,619	63,948,607	81,490,226
Restricted for:			
Roads and streets	1,062,523	-	1,062,523
Special revenue funds	366,055	-	366,055
Drug enforcement and education	111,300	-	111,300
Capital projects	-	1,295,535	1,295,535
Unrestricted	18,327,082	20,062,876	38,389,958
<b>Total net position</b>	<b>\$ 37,408,579</b>	<b>\$ 85,307,018</b>	<b>\$ 122,715,597</b>

The notes to the financial statements are an integral part of this statement.

City of Spring Hill, Tennessee  
Statement of Activities  
For the Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government:							
Governmental Activities:							
General government	\$ 4,244,835	\$ 255,438	\$ 389,269	\$ 445,668	\$ (3,154,460)	\$ -	\$ (3,154,460)
Public safety	11,024,249	1,384,879	1,526,052	-	(8,113,318)	-	(8,113,318)
Public works	7,042,826	2,743,635	-	1,450,385	(2,848,806)	-	(2,848,806)
Culture and recreation	1,711,219	2,879,849	43,752	-	1,212,382	-	1,212,382
Interest	650,390	-	-	-	(650,390)	-	(650,390)
Total Governmental Activities	<u>24,673,519</u>	<u>7,263,801</u>	<u>1,959,073</u>	<u>1,896,053</u>	<u>(13,554,592)</u>	<u>-</u>	<u>(13,554,592)</u>
Business-Type Activities:							
Water and Sewer	11,328,701	10,109,737	-	9,877,477	-	8,658,513	8,658,513
Storm Water	694,519	955,693	-	2,085,988	-	2,347,162	2,347,162
Total Business-Type Activities	<u>12,023,220</u>	<u>11,065,430</u>	<u>-</u>	<u>11,963,465</u>	<u>-</u>	<u>11,005,675</u>	<u>11,005,675</u>
<b>Total primary government</b>	<u>\$ 36,696,739</u>	<u>\$ 18,329,231</u>	<u>\$ 1,959,073</u>	<u>\$ 13,859,518</u>	<u>(13,554,592)</u>	<u>11,005,675</u>	<u>(2,548,917)</u>
General revenues:							
Taxes:							
Property taxes					7,809,630	-	7,809,630
Utility taxes					76,425	-	76,425
Local sales taxes					7,071,158	-	7,071,158
Wholesale beer and liquor taxes					989,447	-	989,447
Business and privilege tax					751,271	-	751,271
Franchise tax					556,500	-	556,500
Room occupancy tax					212,827	-	212,827
Mixed drink tax					124,328	-	124,328
Payment in lieu of taxes					263,302	-	263,302
Intergovernmental:							
State taxes					3,763,732	-	3,763,732
Payment in lieu of taxes					478,843	-	478,843
Other					39,657	181,562	221,219
Unrestricted investment earnings					125,294	223,345	348,639
Rent					943,907	117,375	1,061,282
Sales of materials					21,522	242,562	264,084
Miscellaneous					421,560	79,906	501,466
Transfers					167,000	(167,000)	-
Total general revenues and transfers					<u>23,816,403</u>	<u>677,750</u>	<u>24,494,153</u>
Change in net position					10,261,811	11,683,425	21,945,236
Net position - beginning , as previously reported					29,427,300	71,990,712	101,418,012
Restatement (Note A)					(2,280,532)	1,632,881	(647,651)
Net position - ending					<u>\$ 37,408,579</u>	<u>\$ 85,307,018</u>	<u>\$ 122,715,597</u>

The notes to the financial statements are an integral part of this statement.

**City of Spring Hill, Tennessee**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2019**

	<b>General Fund</b>	<b>Adequate Facilities/ Development Fund</b>	<b>Sanitation Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>					
Cash	\$ 12,575,955	\$ 4,174,742	\$ 142,001	\$ 2,407,362	\$ 19,300,060
Receivables (net, where applicable, allowances for uncollectible):					
Taxes - property taxes	11,375,593	-	-	-	11,375,593
Taxes - other taxes	-	-	-	19,224	19,224
Accounts and grants	1,464	-	201,087	-	202,551
Accounts receivable	-	-	-	44,020	44,020
Due from other governments	1,383,620	41,533	-	135,523	1,560,676
Due from other funds	-	-	22,967	-	22,967
Prepaid expenses and other assets	9,626	-	-	600	10,226
Restricted assets:					
Cash	557,946	-	-	1,055,255	1,613,201
<b>Total assets</b>	<b>\$ 25,904,204</b>	<b>\$ 4,216,275</b>	<b>\$ 366,055</b>	<b>\$ 3,661,984</b>	<b>\$ 34,148,518</b>
<b>Liabilities:</b>					
Accounts payable	\$ 1,078,378	\$ 14,192	\$ -	\$ 157,611	\$ 1,250,181
Accrued liabilities	927,298	-	-	23,036	950,334
Due to other governments	-	-	-	-	-
Due to other funds	-	-	-	-	-
<b>Total liabilities</b>	<b>2,005,676</b>	<b>14,192</b>	<b>-</b>	<b>180,647</b>	<b>2,200,515</b>
<b>Deferred Inflows of Resources:</b>					
Unavailable revenue - taxes	11,375,592	-	-	-	11,375,592
<b>Total deferred inflows of resources</b>	<b>11,375,592</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,375,592</b>
<b>Fund Balances:</b>					
Nonspendable	9,626	-	-	600	10,226
Restricted:					
Unspent debt proceeds	557,946	-	-	-	557,946
Special revenue funds	-	-	366,055	1,173,823	1,539,878
Committed	-	4,202,083	-	2,306,914	6,508,997
Unassigned	11,955,364	-	-	-	11,955,364
<b>Total fund balances</b>	<b>12,522,936</b>	<b>4,202,083</b>	<b>366,055</b>	<b>3,481,337</b>	<b>20,572,411</b>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<b>\$ 25,904,204</b>	<b>\$ 4,216,275</b>	<b>\$ 366,055</b>	<b>\$ 3,661,984</b>	<b>\$ 34,148,518</b>

The notes to the financial statements are an integral part of this statement.

**City of Spring Hill, Tennessee**  
**Reconciliation of the Balance Sheet of**  
**Governmental Funds to the Statement of Net Position**  
**June 30, 2019**

<b>Total fund balances of governmental funds</b>	<b>\$ 20,572,411</b>
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental funds.	35,913,753
Deferred inflows and outflows of resources related to pensions are not financial resources, and therefore, are not reported in the governmental funds.	
Deferred inflows of resources	(75,804)
Deferred outflows of resources	1,679,844
Long-term liabilities, including notes payable, bonds payable, and net pension liability, are not due and payable in the current period, and therefore, are not reported in the governmental funds.	
Long-term debt	(18,930,080)
Net pension liability	(981,901)
Compensated absences	(578,292)
Interest on outstanding long-term debt is accrued in the statement of net position, whereas in governmental funds, interest expenditures are reported when due.	<u>(191,352)</u>
<b>Net position of governmental activities</b>	<b><u><u>\$ 37,408,579</u></u></b>

The notes to the financial statements are an integral part of this statement.

**City of Spring Hill, Tennessee**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2019**

	<b>General Fund</b>	<b>Adequate Facilities/ Development Fund</b>	<b>Sanitation Fund</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Revenues:</b>					
Taxes	\$ 17,642,061	\$ -	\$ -	\$ 212,827	\$ 17,854,888
Licenses, permits and fees	1,381,821	-	-	-	1,381,821
Intergovernmental	4,661,044	445,668	-	1,496,052	6,602,764
Impact fees	-	1,923,729	-	956,060	2,879,789
Charges for services	11,332	-	2,096,318	4,188	2,111,838
Rent	-	-	-	943,907	943,907
Contributions	800	-	-	43,752	44,552
Fines and forfeitures	203,902	-	32,742	39,134	275,778
Recycling fees	-	-	614,575	-	614,575
Insurance recovery	39,657	-	-	-	39,657
Interest revenue	60,104	55,891	930	8,369	125,294
Sale of property	17,791	-	-	3,731	21,522
Miscellaneous	339,249	-	90	82,221	421,560
<b>Total revenues</b>	<b>24,357,761</b>	<b>2,425,288</b>	<b>2,744,655</b>	<b>3,790,241</b>	<b>33,317,945</b>
<b>Expenditures:</b>					
Current:					
General government:					
Legislative, executive, and general	1,134,692	-	-	-	1,134,692
City court	34,173	-	-	-	34,173
Financial administration	419,332	-	-	-	419,332
Information management system	492,362	-	-	-	492,362
Buildings and codes	596,878	-	-	-	596,878
Planning and zoning	227,400	-	-	-	227,400
General government building	234,381	-	-	836,984	1,071,365
Public safety:					
Police	5,138,228	-	-	31,210	5,169,438
Fire	4,962,779	-	-	-	4,962,779
Dispatch	554,862	-	-	-	554,862
Public works:					
Streets	2,342,143	140,954	-	586,388	3,069,485
Sanitation	-	-	2,651,423	-	2,651,423
Culture and recreation:					
Parks and recreation	560,417	-	-	-	560,417
Economic development	80,167	-	-	-	80,167
Tourism	-	-	-	121,792	121,792
Library	848,013	-	-	20,717	868,730
Debt service	191,113	744,939	-	1,162,598	2,098,650
Capital outlay	2,009,392	1,383,327	-	553,753	3,946,472
<b>Total expenditures</b>	<b>19,826,332</b>	<b>2,269,220</b>	<b>2,651,423</b>	<b>3,313,442</b>	<b>28,060,417</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>4,531,429</b>	<b>156,068</b>	<b>93,232</b>	<b>476,799</b>	<b>5,257,528</b>
<b>Other Financing Sources (Uses):</b>					
Transfers in (out)	(636,000)	-	-	803,000	167,000
<b>Total other financing sources</b>	<b>(636,000)</b>	<b>-</b>	<b>-</b>	<b>803,000</b>	<b>167,000</b>
<b>Net change in fund balances</b>	<b>3,895,429</b>	<b>156,068</b>	<b>93,232</b>	<b>1,279,799</b>	<b>5,424,528</b>
<b>Fund balance - beginning, as reclassified</b>	<b>8,627,507</b>	<b>4,046,015</b>	<b>272,823</b>	<b>2,201,538</b>	<b>15,147,883</b>
<b>Fund balance - ending</b>	<b>\$ 12,522,936</b>	<b>\$ 4,202,083</b>	<b>\$ 366,055</b>	<b>\$ 3,481,337</b>	<b>\$ 20,572,411</b>

The notes to the financial statements are an integral part of this statement.



**City of Spring Hill, Tennessee**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds to the**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

<b>Net change in fund balances - total governmental funds</b>	<b>\$ 5,424,528</b>
 Amounts reported for the governmental activities in the statement of activities are different because:	
 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. Specifically these items are as follows:	
Capital assets added	3,635,259
Depreciation expense	(1,927,988)
Net carrying value of disposals and adjustments of capital assets	-
 Donations of capital assets increase net position for governmental activities, but do not appear in the governments funds because they are not financial resources.	
	1,450,385
 The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Specifically, these items are as follows:	
Issuance of capital outlay note	-
Payments on debt principal	1,393,853
 Expenses reported in the statement of activities that do not require the use of current financial resources are not reported as expenditures in the governmental funds for:	
Accrued interest	54,407
Changes in the net pension liability and related deferred outflows and inflows of resources	234,667
Compensated absences	(3,300)
	10,261,811
 <b>Change in net position of governmental activities</b>	 <b>\$ 10,261,811</b>

The notes to the financial statements are an integral part of this statement.

**City of Spring Hill, Tennessee**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES:</b>				
Taxes:				
Real and personal property	\$ 5,728,000	\$ 7,464,000	\$ 7,798,594	\$ 334,594
Utility taxes	60,000	60,000	76,425	16,425
Interest and penalty on taxes	5,000	5,000	11,036	6,036
Payments in lieu of electric	9,000	9,000	13,302	4,302
Payments in lieu of property taxes	250,000	250,000	250,000	-
Local sales tax	6,325,000	6,325,000	7,071,158	746,158
Wholesale beer tax	600,000	600,000	598,676	(1,324)
Wholesale liquor tax	250,000	250,000	390,771	140,771
Business tax	563,300	563,300	751,271	187,971
Franchise tax	525,000	525,000	556,500	31,500
Mixed drink taxes	100,000	100,000	124,328	24,328
Total Taxes	<u>14,415,300</u>	<u>16,151,300</u>	<u>17,642,061</u>	<u>1,490,761</u>
Licenses and Permits:				
Beer permit applications	20,000	20,000	12,300	(7,700)
Alarm registrations	10,000	10,000	12,710	2,710
Building permits	1,200,000	1,200,000	1,341,617	141,617
Sign permits	15,000	15,000	14,294	(706)
Other permits	1,000	1,000	900	(100)
Total Licenses and Permits	<u>1,246,000</u>	<u>1,246,000</u>	<u>1,381,821</u>	<u>135,821</u>
Intergovernmental:				
Grants	28,900	1,058,057	332,304	(725,753)
TVA payments in lieu of taxes	460,970	460,970	478,843	17,873
Police dispatcher training	5,000	5,000	-	(5,000)
Fire department incentive pay	27,000	27,000	30,000	3,000
State sales tax	3,356,188	3,356,188	3,585,493	229,305
State income tax	50,000	50,000	137,137	87,137
State beer tax	20,218	20,218	18,719	(1,499)
Other state revenue allocations	30,500	30,500	22,383	(8,117)
Library revenue	56,200	56,200	56,165	(35)
Total Intergovernmental	<u>4,034,976</u>	<u>5,064,133</u>	<u>4,661,044</u>	<u>(403,089)</u>
Charges for Services:				
Other charges for services	3,200	3,200	11,332	8,132
Total Charges for Services	<u>3,200</u>	<u>3,200</u>	<u>11,332</u>	<u>8,132</u>

The notes to the financial statements are an integral part of this statement.

**City of Spring Hill, Tennessee**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Fines and Forfeitures:</b>				
City court fines and costs	175,000	175,000	134,160	(40,840)
County court fines and costs	40,000	40,000	66,064	26,064
Police fines and costs	2,200	2,200	8	(2,192)
Public safety	1,000	1,000	3,670	2,670
Total Fines and Forfeitures	<u>218,200</u>	<u>218,200</u>	<u>203,902</u>	<u>(14,298)</u>
<b>Interest Revenue:</b>				
General	5,000	9,000	60,104	51,104
Total Interest Revenue	<u>5,000</u>	<u>9,000</u>	<u>60,104</u>	<u>51,104</u>
<b>Other Revenues:</b>				
Contributions	-	5,000	800	(4,200)
Insurance recoveries	14,200	18,875	39,657	20,782
Sale of surplus property	10,000	10,000	17,791	7,791
Miscellaneous revenues	341,181	348,037	339,249	(8,788)
Total Other Revenues	<u>365,381</u>	<u>381,912</u>	<u>397,497</u>	<u>15,585</u>
Total Revenues	<u>20,288,057</u>	<u>23,073,745</u>	<u>24,357,761</u>	<u>1,284,016</u>
<b>EXPENDITURES:</b>				
<b>General Government:</b>				
<b>Legislative, Executive, and General:</b>				
Personal services	450,200	440,200	381,060	(59,140)
Services	374,600	395,800	336,941	(58,859)
Supplies	30,700	29,800	15,145	(14,655)
Other charges	57,000	62,233	62,140	(93)
Grants, contributions, indemnities, and other	121,200	506,032	339,406	(166,626)
Capital outlay	-	7,000	6,890	(110)
Total Legislative, Executive, and General	<u>1,033,700</u>	<u>1,441,065</u>	<u>1,141,582</u>	<u>(299,483)</u>
<b>Judicial:</b>				
Personal services	30,300	32,900	32,766	(134)
Services	1,400	1,400	1,334	(66)
Supplies	300	300	73	(227)
Other charges	27,500	24,900	-	(24,900)
Total Judicial	<u>59,500</u>	<u>59,500</u>	<u>34,173</u>	<u>(25,327)</u>

The notes to the financial statements are an integral part of this statement.

**City of Spring Hill, Tennessee**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>Financial Administration:</b>				
Personal services	353,430	340,030	300,005	(40,025)
Services	141,800	148,175	108,442	(39,733)
Supplies	10,000	10,000	8,183	(1,817)
Other charges	2,100	2,125	2,121	(4)
Grants, contributions, indemnities, and other	2,000	2,000	581	(1,419)
Debt service	104,300	104,300	54,365	(49,935)
<b>Total Financial Administration</b>	<u>613,630</u>	<u>606,630</u>	<u>473,697</u>	<u>(132,933)</u>
<b>Information Management System:</b>				
Personal services	201,900	191,900	158,910	(32,990)
Services	240,951	252,551	211,408	(41,143)
Supplies	134,301	150,592	118,325	(32,267)
Other charges	2,200	2,200	2,180	(20)
Grants, contributions, indemnities, and other	3,500	2,600	1,539	(1,061)
Capital outlay	-	27,376	27,374	(2)
<b>Total Information Management System</b>	<u>582,852</u>	<u>627,219</u>	<u>519,736</u>	<u>(107,483)</u>
<b>Buildings and Codes:</b>				
Personal services	548,825	529,825	496,783	(33,042)
Services	78,200	76,200	73,019	(3,181)
Supplies	19,000	16,000	10,929	(5,071)
Other charges	18,000	16,000	15,995	(5)
Grants, contributions, indemnities, and other	500	500	152	(348)
<b>Total Buildings and Codes</b>	<u>664,525</u>	<u>638,525</u>	<u>596,878</u>	<u>(41,647)</u>
<b>Planning and Zoning:</b>				
Personal services	247,400	239,400	197,345	(42,055)
Services	44,300	76,300	28,389	(47,911)
Supplies	10,000	10,000	1,515	(8,485)
Other charges	6,000	6,000	-	(6,000)
Grants, contributions, indemnities, and other	500	500	151	(349)
Capital outlay	6,000	6,000	-	(6,000)
<b>Total Planning and Zoning</b>	<u>314,200</u>	<u>338,200</u>	<u>227,400</u>	<u>(110,800)</u>

The notes to the financial statements are an integral part of this statement.

**City of Spring Hill, Tennessee**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
General Government Building - City Hall Building:				
Personal services	191,532	182,532	131,027	(51,505)
Services	102,800	105,750	82,020	(23,730)
Supplies	9,500	19,400	16,743	(2,657)
Other charges	2,800	4,450	4,440	(10)
Grants, contributions, indemnities, and other	1,000	200	151	(49)
Total General Government Building	<u>307,632</u>	<u>312,332</u>	<u>234,381</u>	<u>(77,951)</u>
Total General Government	<u>3,576,039</u>	<u>4,023,471</u>	<u>3,227,847</u>	<u>(795,624)</u>
Public Safety:				
Police Department:				
Personal services	4,673,150	4,555,360	4,270,123	(285,237)
Services	353,200	349,000	243,684	(105,316)
Supplies	391,475	393,778	331,926	(61,852)
Other charges	236,200	289,608	288,788	(820)
Grants, contributions, indemnities, and other	7,000	7,000	3,707	(3,293)
Debt service	3,600	3,600	1,829	(1,771)
Capital outlay	149,271	949,471	885,574	(63,897)
Total Police Department	<u>5,813,896</u>	<u>6,547,817</u>	<u>6,025,631</u>	<u>(522,186)</u>
Fire:				
Personal services	4,635,044	4,455,044	4,374,162	(80,882)
Services	325,018	288,428	222,202	(66,226)
Supplies	257,521	290,111	236,178	(53,933)
Other charges	110,000	130,634	130,019	(615)
Grants, contributions, indemnities, and other	2,500	2,500	218	(2,282)
Debt service	136,800	136,800	134,919	(1,881)
Capital outlay	47,500	582,514	567,161	(15,353)
Total Fire	<u>5,514,383</u>	<u>5,886,031</u>	<u>5,664,859</u>	<u>(221,172)</u>
Dispatch:				
Personal services	438,854	305,044	305,035	(9)
Services	243,033	247,433	247,424	(9)
Supplies	4,500	900	894	(6)
Other charges	-	1,340	1,337	(3)
Grants, contributions, indemnities, and other	750	210	172	(38)
Total Dispatch	<u>687,137</u>	<u>554,927</u>	<u>554,862</u>	<u>(65)</u>
Total Public Safety	<u>12,015,416</u>	<u>12,988,775</u>	<u>12,245,352</u>	<u>(743,423)</u>

The notes to the financial statements are an integral part of this statement.

**City of Spring Hill, Tennessee**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Public Works:				
Streets and Highways:				
Personal services	1,378,427	1,314,427	1,168,724	(145,703)
Services	916,100	975,900	865,049	(110,851)
Supplies	183,400	199,575	165,562	(34,013)
Other charges	64,000	106,819	106,642	(177)
Grants, contributions, indemnities, and other	-	233,980	36,166	(197,814)
Debt service	400	400	-	(400)
Capital outlay	43,800	2,623,800	497,947	(2,125,853)
Total Streets and Highways	<u>2,586,127</u>	<u>5,454,901</u>	<u>2,840,090</u>	<u>(2,614,811)</u>
Total Public Works	<u>2,586,127</u>	<u>5,454,901</u>	<u>2,840,090</u>	<u>(2,614,811)</u>
Culture and Recreation:				
Parks and Recreation:				
Personal services	401,200	401,200	357,749	(43,451)
Services	111,700	106,700	94,965	(11,735)
Supplies	31,800	90,800	89,330	(1,470)
Other charges	13,500	17,767	17,529	(238)
Grants, contributions, indemnities, and other	16,000	1,000	844	(156)
Capital outlay	4,000	22,120	22,120	-
Total Parks and Recreation	<u>578,200</u>	<u>639,587</u>	<u>582,537</u>	<u>(57,050)</u>
Economic Development:				
Personal services	51,900	54,300	54,198	(102)
Services	27,000	25,800	24,915	(885)
Supplies	1,300	1,900	1,054	(846)
Grants, contributions, indemnities, and other	1,000	-	-	-
Total Economic Development	<u>81,200</u>	<u>82,000</u>	<u>80,167</u>	<u>(1,833)</u>

The notes to the financial statements are an integral part of this statement.

**City of Spring Hill, Tennessee**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - General Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Library:				
Personal services	672,375	589,875	589,836	(39)
Services	85,100	101,000	100,910	(90)
Supplies	104,000	146,210	146,206	(4)
Other charges	4,600	9,480	9,455	(25)
Grants, contributions, indemnities, and other	1,000	1,610	1,606	(4)
Capital outlay	-	2,364	2,326	(38)
Total Library	<u>867,075</u>	<u>850,539</u>	<u>850,339</u>	<u>(200)</u>
Total Culture and Recreation	<u>1,526,475</u>	<u>1,572,126</u>	<u>1,513,043</u>	<u>(59,083)</u>
Total Expenditures	<u>19,704,057</u>	<u>24,039,273</u>	<u>19,826,332</u>	<u>(4,212,941)</u>
Other financing sources (uses)				
Loan proceeds	-	2,250,000	-	(2,250,000)
Transfers out	<u>(584,000)</u>	<u>(888,000)</u>	<u>(636,000)</u>	<u>252,000</u>
Total other financing sources (uses)	<u>(584,000)</u>	<u>1,362,000</u>	<u>(636,000)</u>	<u>(1,998,000)</u>
Net change in fund balance	-	396,472	3,895,429	3,498,957
Fund balance - beginning, as reclassified	<u>8,627,507</u>	<u>8,627,507</u>	<u>8,627,507</u>	<u>-</u>
Fund balance - ending	<u>\$ 8,627,507</u>	<u>\$ 9,023,979</u>	<u>\$ 12,522,936</u>	<u>\$ 3,498,957</u>

The notes to the financial statements are an integral part of this statement.

**City of Spring Hill, Tennessee**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Adequate Facilities/Development Fund**  
**For the Year Ended June 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original Budget</b>	<b>Final Budget</b>		
<b>REVENUES:</b>				
Intergovernmental:				
Capital improvements	\$ 420,000	\$ 420,000	\$ 445,668	\$ 25,668
Total intergovernmental	<u>420,000</u>	<u>420,000</u>	<u>445,668</u>	<u>25,668</u>
Adequate Facilities:				
Roads	500,000	500,000	436,500	(63,500)
Other	1,200,000	1,200,000	1,487,229	287,229
Total adequate facilities	<u>1,700,000</u>	<u>1,700,000</u>	<u>1,923,729</u>	<u>223,729</u>
Interest	1,000	5,000	55,891	50,891
Apportioned fund balance	-	1,054,975	-	(1,054,975)
Total revenues	<u>2,121,000</u>	<u>3,179,975</u>	<u>2,425,288</u>	<u>(754,687)</u>
<b>EXPENDITURES:</b>				
Culture and Recreation:				
Parks and Recreation:				
Debt service	747,200	747,200	744,939	(2,261)
Total culture and recreation	<u>747,200</u>	<u>747,200</u>	<u>744,939</u>	<u>(2,261)</u>
Public Safety:				
Repairs and maintenance	-	153,493	140,954	(12,539)
Capital outlay	1,100,000	2,279,282	1,383,327	(895,955)
Total expenditures	<u>1,847,200</u>	<u>3,179,975</u>	<u>2,269,220</u>	<u>(910,755)</u>
Net change in fund balance	273,800	-	156,068	156,068
Fund balance - beginning	<u>4,046,015</u>	<u>4,046,015</u>	<u>4,046,015</u>	<u>-</u>
Fund balance - ending	<u>\$ 4,319,815</u>	<u>\$4,046,015</u>	<u>\$ 4,202,083</u>	<u>\$ 156,068</u>

The notes to the financial statements are an integral part of this statement.



**City of Spring Hill, Tennessee**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Sanitation Fund**  
**For the Year Ended June 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original Budget</b>	<b>Final Budget</b>		
<b>REVENUES:</b>				
Charges for services	\$ 2,100,000	\$ 2,100,000	\$ 2,096,318	\$ (3,682)
Fines and forfeitures	16,000	16,000	32,742	16,742
Recycling fees	550,000	550,000	614,575	64,575
Interest	400	400	930	530
Other	-	-	90	90
Apportioned fund balance	-	93,600	-	(93,600)
Total revenues	<u>2,666,400</u>	<u>2,760,000</u>	<u>2,744,655</u>	<u>(15,345)</u>
<b>EXPENDITURES:</b>				
Sanitation:				
Refuse collection and disposal service	2,680,000	2,680,000	2,580,802	(99,198)
Capital Outlay	80,000	80,000	70,621	(9,379)
Total expenditures	<u>2,760,000</u>	<u>2,760,000</u>	<u>2,651,423</u>	<u>(108,577)</u>
Net change in fund balance	(93,600)	-	93,232	93,232
Fund balance - beginning	<u>272,823</u>	<u>272,823</u>	<u>272,823</u>	<u>-</u>
Fund balance - ending	<u>\$ 179,223</u>	<u>\$ 272,823</u>	<u>\$ 366,055</u>	<u>\$ 93,232</u>

The notes to the financial statements are an integral part of this statement.

**City of Spring Hill, Tennessee**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2019**

	<u>Water and Sewer Fund</u>	<u>Storm Water Fund</u>	<u>Total</u>
<b>Assets:</b>			
Current assets:			
Cash	\$ 18,273,150	\$ 776,281	\$ 19,049,431
Accounts receivable, net of allowances	1,163,579	80,059	1,243,638
Interest receivable	-	-	-
Due from other funds	-	8,728	8,728
Due from other governments	104,424	-	104,424
Inventory of supplies, at cost	132,566	-	132,566
Prepaid expenses and other assets	2,938	-	2,938
Total current assets	<u>19,676,657</u>	<u>865,068</u>	<u>20,541,725</u>
Restricted assets:			
Cash	4,272,410	-	4,272,410
Total restricted assets	<u>4,272,410</u>	<u>-</u>	<u>4,272,410</u>
Utility, plant and equipment:			
Utility plant, at cost	107,969,013	3,122,034	111,091,047
Equipment, at cost	1,118,044	329,210	1,447,254
Less accumulated depreciation	<u>(37,742,611)</u>	<u>(255,144)</u>	<u>(37,997,755)</u>
Utility, plant and equipment, net	<u>71,344,446</u>	<u>3,196,100</u>	<u>74,540,546</u>
Construction in progress	559,293	7,500	566,793
Total assets	<u>95,852,806</u>	<u>4,068,668</u>	<u>99,921,474</u>
<b>Deferred Outflows of Resources:</b>			
Pensions	485,559	50,750	536,309
<b>Liabilities:</b>			
Current Liabilities:			
Accounts payable and accrued expenses	529,820	26,930	556,750
Current portion of long term-debt	1,463,877	90,387	1,554,264
Due to other funds	31,695	-	31,695
Due to other governments	89,029	-	89,029
Total current liabilities	<u>2,114,421</u>	<u>117,317</u>	<u>2,231,738</u>
Noncurrent Liabilities:			
Net pension liability	283,819	29,664	313,483
Long-term debt, net of current portion	12,581,343	-	12,581,343
Total noncurrent liabilities	<u>12,865,162</u>	<u>29,664</u>	<u>12,894,826</u>
Total liabilities	<u>14,979,583</u>	<u>146,981</u>	<u>15,126,564</u>
<b>Deferred Inflows of Resources:</b>			
Pensions	21,911	2,290	24,201
<b>Net Position:</b>			
Net investment in capital assets	60,835,394	3,113,213	63,948,607
Restricted	1,295,535	-	1,295,535
Unrestricted	19,205,942	856,934	20,062,876
Total net position	<u>\$ 81,336,871</u>	<u>\$ 3,970,147</u>	<u>\$ 85,307,018</u>

The notes to the financial statements are an integral part of this statement.

**City of Spring Hill, Tennessee**  
**Statement of Revenues, Expenses, and Changes**  
**in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Water and Sewer Fund</b>	<b>Storm Water Fund</b>	<b>Total</b>
<b>Operating Revenues:</b>			
Intergovernmental	\$ 181,562	\$ -	\$ 181,562
Charges for services	101,452	-	101,452
Water sales	4,958,534	-	4,958,534
Sewer	4,961,474	-	4,961,474
Stormwater fees	-	955,693	955,693
Penalties and service charges	88,277	-	88,277
Insurance recoveries	-	6,930	6,930
Rent	117,375	-	117,375
Sale of materials	242,562	-	242,562
Miscellaneous	50,614	20,442	71,056
Total operating revenues	<u>10,701,850</u>	<u>983,065</u>	<u>11,684,915</u>
<b>Operating Expenses:</b>			
Salaries	2,573,746	298,473	2,872,219
Employee benefits	977,387	132,663	1,110,050
Postage	86,880	-	86,880
Dues and subscriptions	91,539	6,273	97,812
Utility services	1,344,026	-	1,344,026
Professional fees	682,858	39,548	722,406
Repairs and maintenance	745,450	9,527	754,977
Telephone	17,861	5,133	22,994
Travel	3,588	181	3,769
Other services	332,986	54,833	387,819
Office supplies and materials	24,556	1,056	25,612
Operating supplies	1,475,478	36,353	1,511,831
Uniforms	16,641	2,813	19,454
Automobile expenses	52,663	15,427	68,090
Insurance	144,212	13,192	157,404
State fees	37,701	-	37,701
Depreciation	2,328,196	75,888	2,404,084
Total operating expenses	<u>10,935,768</u>	<u>691,360</u>	<u>11,627,128</u>
Operating (loss) income	<u>(233,918)</u>	<u>291,705</u>	<u>57,787</u>
<b>Non-operating Income (Expense):</b>			
Interest income	223,142	203	223,345
Interest expense	(392,933)	(3,159)	(396,092)
Gain on sale of property	1,920	-	1,920
Total non-operating expense	<u>(167,871)</u>	<u>(2,956)</u>	<u>(170,827)</u>
<b>Capital Contributions:</b>			
Tap and development fees	4,775,081	-	4,775,081
Contributed infrastructure	5,102,396	2,085,988	7,188,384
Total capital contributions	<u>9,877,477</u>	<u>2,085,988</u>	<u>11,963,465</u>
<b>Transfers in (out)</b>	<u>(167,000)</u>	<u>-</u>	<u>(167,000)</u>
Change in net position	9,308,688	2,374,737	11,683,425
<b>Net position, beginning of year, as restated</b>	<u>72,028,183</u>	<u>1,595,410</u>	<u>73,623,593</u>
<b>Net position, end of year</b>	<u>\$ 81,336,871</u>	<u>\$ 3,970,147</u>	<u>\$ 85,307,018</u>

The notes to the financial statements are an integral part of this statement.

**City of Spring Hill, Tennessee**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2019**

	<b>Water and Sewer Fund</b>	<b>Storm Water Fund</b>	<b>Total</b>
<b>Cash Flows from Operating Activities:</b>			
Receipts from customers	\$ 9,924,556	\$ 983,790	\$ 10,908,346
Payments to or on behalf of employees	(3,618,964)	(438,226)	(4,057,190)
Other operating receipts	498,828	27,372	526,200
Other operating expenses	(4,999,042)	(177,493)	(5,176,535)
Net cash provided by operating activities	<u>1,805,378</u>	<u>395,443</u>	<u>2,200,821</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Transfers to other funds	(167,000)	-	(167,000)
Net receipts on interfund borrowings	(621,615)	(69,750)	(691,365)
Net cash used in noncapital financing activities	<u>(788,615)</u>	<u>(69,750)</u>	<u>(858,365)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Principal payments on long-term debt	(1,422,487)	(89,077)	(1,511,564)
Proceeds from capital outlay note	-	-	-
Interest paid on debt	(392,933)	(3,159)	(396,092)
Proceeds from sale of capital assets	1,920	-	1,920
Tap and development fees	4,775,081	-	4,775,081
Cash payments for the purchase of plant assets	(526,741)	(88,569)	(615,310)
Net cash provided by (used in) capital and related financing activities	<u>2,434,840</u>	<u>(180,805)</u>	<u>2,254,035</u>
<b>Cash Flows from Investing Activities:</b>			
Interest income from cash deposits	223,142	203	223,345
Net cash provided by investing activities	<u>223,142</u>	<u>203</u>	<u>223,345</u>
Net increase in cash	3,674,745	145,091	3,819,836
<b>Cash, Beginning of Year</b>	<u>18,870,815</u>	<u>631,190</u>	<u>19,502,005</u>
<b>Cash, End of Year</b>	<u>\$ 22,545,560</u>	<u>\$ 776,281</u>	<u>\$ 23,321,841</u>
<b>Reconciliation of operating (loss) income to net cash provided by operating activities:</b>			
Operating (loss) income	\$ (233,918)	\$ 291,705	\$ 57,787
Adjustments to reconcile operating (loss) income to net cash provided by operating activities:			
Depreciation	2,328,196	75,888	2,404,084
Net pension liability and related accounts	(67,831)	(7,090)	(74,921)
Changes in assets and liabilities:			
Increase in receivables	(314,285)	28,097	(286,188)
Decrease in inventories	(5,289)	-	(5,289)
Decrease in prepaids	490	300	790
Decrease in accounts payable and accrued expenses	64,352	6,543	70,895
Increase in due to others	33,663	-	33,663
Total adjustments	<u>2,039,296</u>	<u>103,738</u>	<u>2,143,034</u>
Net cash provided by operating activities	<u>\$ 1,805,378</u>	<u>\$ 395,443</u>	<u>\$ 2,200,821</u>

**Supplemental Disclosure of Non-Cash Items:**

During fiscal year 2019, the contributions of water and sewer infrastructure totaled \$7,188,384.

The notes to the financial statements are an integral part of this statement.

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Spring Hill, Tennessee (the “City”) have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units, as promulgated by the Governmental Accounting Standards Board (“GASB”). The following is a summary of the more significant policies:

Reporting Entity

The City operates under a mayor-alderman form of government. The City provides the following services: public safety, streets, sanitation, parks, planning, codes, and water and sewer services. As required by U.S. generally accepted accounting principles, these financial statements present all funds, which comprise the City.

The accompanying financial statements present the government and component units, if any. Component units are entities for which the government is considered financially accountable. Component units, although legally separate entities, are required to be presented in the government’s financial statements using either a “blended” or “discrete” presentation. Based on the City’s analysis as of June 30, 2019, the City had no component units that were required to be included in these financial statements.

Basic Financial Statements

Basic financial statements consist of the following:

- Government-wide financial statements
- Fund financial statements
- Notes to the basic financial statements

Basis of Presentation

*Government-wide Financial Statements*

The government-wide financial statements consist of the statement of net position and the statement of activities and report information on all of the nonfiduciary activities of the primary government. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. All internal balances in the statement of net position have been eliminated, with the exception of those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total government column. In the statement of activities, those transactions between governmental and business-type activities have generally been eliminated. Exceptions to this general rule are charges between the City’s Water and Sewer Fund 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.

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Both the government-wide financial statements distinguish functions of the City 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 include general government (including general administration support services), public safety (police and fire), public works / improvements, library, culture and recreation. The business-type activities of the City include the Water and Sewer Fund and the Storm Water Fund.

The Statement of Net Position presents the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

- *Net investment in capital assets* consists of capital assets, net of accumulated depreciation and reduced by outstanding debt that is attributable to the acquisition, construction and improvement of those assets. Debt that was issued for capital purposes is not a part of the calculation of net investment in capital assets, until the proceeds have been used to acquire capital assets.
- *Restricted net position* results from restriction placed on net position by external sources such as creditors, grantors and contributors, or imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net position* consists of net position which does not meet the definition of the two preceding categories.

The Statement of Activities demonstrates the degree to which the direct and indirect expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Indirect expenses are allocated based on the annual cost allocation plan. 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 activity, and 2) grants and contributions, including special assessments that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

*Fund Financial Statements*

The accounts of the City are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary - enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are combined and reported in a single column.

The City reports the following major governmental funds:

- The General Fund is the City’s primary operating fund. It accounts for all the financial resources and the legally authorized activities of the City except those required to be accounted for in other specialized funds.
- Adequate Facilities / Development Fund is a Special Revenue Fund used to account for financial resources to be used for the acquisition or construction of major capital facilities and equipment.
- Sanitation Fund is a Special Revenue Fund used to account for revenue from sources that are to be used for specific financial activities.

The City’s non-major governmental funds consist of Special Revenue Funds, which are funds used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes. These funds include the Library Fund, Drug Fund, Impact Fees Fund, Fire Belle Restoration Fund, State Street Aid Fund, Tourism Fund, E-Citations Fund, and Northfield Fund.

During fiscal year 2019, the City performed a physical capital asset inventory, based on a prior year material weakness finding, to ensure accurate accounting for the City’s capital assets. Once the physical capital asset inventory was completed, the information was entered into the City’s accounting software and an entry to beginning balances was necessary to record the adjustments. The effect on opening fund balances are as follows:

	Governmental Activities	Business- Type Activities
Total net position, June 30, 2018, as previously reported	\$ 29,427,300	\$ 71,990,712
Restatement of capital assets	(2,280,532)	1,632,881
Total net position, June 30, 2018, as restated	\$ 27,146,768	\$ 73,623,593

The City reports the following major proprietary - enterprise funds:

- The Water and Sewer Fund accounts for the activities of providing water and sewer service to the citizens of the City.
- The Storm Water Fund accounts for storm water fees to the citizens of the City.

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e. the governmental funds) are eliminated so that only the net amount, when applicable, is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so only the net amount is included as transfers in the governmental activities column.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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 or, for property tax revenues, in the period for which levied and legal title to the money exists. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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. The City in general considers revenues available if they are collected within 180 days after year-end, except for property taxes, which the City considers available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences, pension liability, and claims and judgments, which are recognized when payment is due.

For the governmental fund financial statements, the City considers all revenues susceptible to accrual and recognizes revenue if the accrual criteria are met. Specifically, sales taxes, franchise taxes, licenses, interest, special assessments, charges for services, and other miscellaneous revenue are all considered to be susceptible to accrual and have been recognized as revenue in the current fiscal period. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met and are recorded at the time of receipt or earlier, if the susceptible to accrual criteria are met.



CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The City reports no proprietary - internal service funds at June 30, 2019.

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

Budgetary Information

The City is required by its charter to adopt an annual budget on or before June 30 for the ensuing fiscal year. The general fund and special revenue funds, governmental fund types, have legally adopted budgets. From the effective date of the budget, the amounts stated therein as proposed expenditures/expenses become appropriations to the various City departments. Throughout the fiscal year, the budget may be amended to add supplemental appropriations. All amendments to the budget, which change the total appropriation amount for any department, require approval of the Board of Mayor and Alderman and all increases in appropriations must be accompanied by an increase in revenue sources of a like amount to maintain a balanced budget. The City Administrator has the authority to change individual budget line items within a department as long as the total department's appropriation amount is not changed.

GASB Statement No. 34 requires that budgetary comparison statements for the general fund and major special revenue funds be presented in the basic financial statements. These statements must display original budget, amended budget and actual results (on a budgetary basis).

Budgeted revenue amounts represent the original budget modified by Board of Mayor and Alderman authorized adjustments during the year, which were contingent upon new or additional revenue sources. Budgeted expenditure amounts represent original appropriations adjusted for supplemental appropriations during the year. Budgets are prepared in conformity with GAAP using the modified accrual basis of accounting.

The City generally follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The City Administrator and Finance Director prepare a proposed budget in May.
2. The budget is adopted by the Board of Mayor and Alderman prior to June 30.
3. The budget is amended by the Board of Mayor and Alderman as required.

The budget amounts reflected in the financial statements are as amended. The budgets are presented on a modified accrual basis. All annual appropriations lapse at year end.

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Encumbrances

The City does not record encumbrances within the accounting records. However, outstanding purchase orders totaled approximately \$3,100,000 as of June 30, 2019.

Cash and Cash Equivalents

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

Receivables

Accounts receivable, including trade receivables and property tax receivables, are presented net of any allowance for uncollectible accounts.

Inventory

The Water and Sewer Enterprise Fund's inventory of supplies is stated at cost using the first-in, first-out method. The costs of inventory items are recognized as expenditures in governmental funds when purchased, since they are not of a material nature, and as expenses in the enterprise funds when used.

Prepaid Items

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

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets (e.g., roads, sidewalks, traffic lights and signals, street lights, 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 City as assets with an initial individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at the estimated acquisition value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives is not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. No interest was capitalized during the year ended June 30, 2019.

CITY OF SPRING HILL, TENNESSEE  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital assets of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	5 to 50
Improvements other than buildings	5 to 50
Infrastructure	15 to 75
Utility systems	10 to 50
Machinery and equipment	5 to 30

Utility, plant, and equipment of the enterprise funds are stated at cost less accumulated depreciation. Depreciation has been provided on the straight-line method over the estimated useful lives of the assets as follows: equipment - 10 years; sewer pumping station - 25 years; other utility plants in service - 40 to 50 years; and structures and improvements - 20 to 50 years.

Grants

The City receives grant revenues from various federal and state agencies. Grant revenues are recognized as earned, generally in the period a liability is incurred for the related expenditures. Grants in aid of construction received by the Water and Sewer Fund are credited to contributed capital as such grants are earned.

Statement of Cash Flows

For the purposes of the Statement of Cash Flows, the Water and Sewer Fund and the Storm Water Fund consider all highly liquid investments (including restricted position) with a maturity of three months or less when purchased to be cash equivalents.

Compensated Absences

City policy provides for the accumulation of unused vacation days equal to those earned in the current year. No amounts of sick leave are vested in the event of employee termination; however, the employee is entitled to payment for unused vacation leave upon the completion of one year from their hire date.

All annual leave is accrued when incurred in the government-wide and proprietary fund financial statements. The City compensates persons leaving the City's employment for any reason, including retirement, for any balance of accrued vacation not taken. The compensation is based upon 100% of the employee's ending regular rate of pay. A final paycheck will be issued to any discharged or resigning employee on the next regular payday.

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has the following types of deferred outflows of resources: the implementation of GASB Statement No. 68 related to reporting of the Tennessee Consolidated Retirement System (“TCRS”) pension plan. Deferred outflows of resources related to pension may result from actuarial losses related to the differences between expected and actual experience for the pension plan’s adopted economic and demographic assumptions, differences between expected and actual investment earnings, as well as employer contributions made subsequent to the measurement date.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then.

The City has the following types of deferred inflows of resources: the unavailable revenue reported in the governmental funds balance sheet, which arises under a modified accrual basis of accounting, represents amounts that are deferred and recognized as an inflow of resources in the periods that the amounts become available. These amounts relate primarily to unavailable property taxes and other receivables not within the collection period. The deferred inflows of resources reported in the statement of net position, arises from imposed nonexchange revenues (property taxes) which are assessed prior to the end of the fiscal year, but levied in the subsequent year. TCRS pension related deferred inflows of resources may result from actuarial gains related to the difference between expected and actual experience for the plan’s adopted economic and demographic assumptions and differences between expected and actual earnings on plan investments.

Property Tax

The City levies property taxes annually based upon assessed valuations provided by both the Williamson County and Maury County Tax Assessors. The various types of property are assessed at a percentage of estimated actual value on January 1 of each year. Taxes on real estate are considered to be a lien on such realty as of January 1 of the year the assessment is made. Taxes levied by the City against real property are payable October 1 through February 28, and are delinquent on March 1. Total property tax, including delinquent taxes from prior years, collected during the fiscal year was \$7,718,667 and included \$7,673,015 collected from current year levy, which was approximately 99.41%.

The property tax levy is without legal limit. The rate, as permitted by the Tennessee state law and City charter, is set annually by the Board of Mayor and Alderman and collected by the Finance Department. The property tax rate for the year ended June 30, 2019 (2018 levy), was \$0.6000 and \$0.6569 per \$100 of assessed value for Maury County and Williamson County, respectively.

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Long-term Obligations

In the government-wide financial statements and proprietary 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. When applicable, bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Fund Balances

In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, governmental funds report fund balance in classifications based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the funds can be spent. Based on the requirements of GASB No. 54, fund balances are reported in the following categories:

- *Nonspendable fund balance* - amounts that cannot currently be spent, such as inventories.
- *Restricted fund balance* - fund balances that can be spent only for specific purposes stipulated by external parties, constitutional provisions, or enabling legislation.
- *Committed fund balance* - amounts that can be used only for the specific purposes determined by a formal action of the City's Board of Mayor and Alderman.
- *Assigned fund balance* - amounts the City intends to use for a specific purpose, but do not meet the definition of being restricted or committed. The City's Budget and Finance Advisory Committee is authorized to make assignments.
- *Unassigned fund balance* - represents the residual classification and includes all spendable amounts not included in other classifications within the General Fund.

It is the City's policy to use any available nonspendable, restricted, committed, or assigned resources, in this hierarchical order, prior to expending unassigned resources.

Postemployment Benefits

The City participates in the Political Subdivision Pension Plan administered by TCRS. Postemployment pension benefits are accounted for under GASB Statement No. 68, *Accounting and Financial Reporting for Pensions, An Amendment of GASB Statement No. 27*, which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, assets, note disclosures, and required supplementary information. See additional information regarding the City's pension benefits in Note H.

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 the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Use of Estimates

The preparation of basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

Other Significant Accounting Policies

Other significant accounting policies are described throughout the notes to the financial statements or disclosed in the financial statements themselves.

B. CASH AND CASH EQUIVALENTS

At June 30, 2019, the cash deposits consisted of the following:

	<u>Weighted Average Maturity</u>	<u>Fair Value or Carrying Amount</u>
Unrestricted		\$ 38,349,491
Restricted for:		
Capital projects, including unspent debt proceeds		4,830,356
Special revenue funds		<u>1,055,255</u>
Total cash deposits	N/A	<u>\$ 44,235,102</u>

Interest Rate Risk

As a means of limiting its exposure to fair value losses arising from interest rate risks, the City generally limits investments to those with maturities of one year or less. The City's investment portfolio did not experience a significant fluctuation in fair value during the year.

Custodial Credit Risk

The City's policies limit deposits and investments to those instruments allowed by applicable state laws as described below. Statutes authorize the City to invest in: (1) U.S. Government securities and obligations guaranteed by the U.S. Government; (2) deposit accounts at state and federal chartered banks and savings and loan associations; and (3) the Local Government Investment Pool of the State of Tennessee. During the current fiscal year, the City invested funds that were not immediately needed in savings accounts and certificate of deposits. Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions.

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

B. CASH AND CASH EQUIVALENTS - Continued

The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. Collateral securities required to be pledged by the participating banks to protect their public funds are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure. As of June 30, 2019, all bank deposits were fully collateralized or insured.

Credit Risk

The City is authorized to invest funds in Federal treasury bills and notes, State of Tennessee Local Government Investment Pool and financial institution demand deposit accounts and certificates of deposit. Deposits in financial institutions are required by state statute to be secured and collateralized by the institutions.

C. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2019, consist of the following:

Fund	Other Governments	Property and Other Taxes	Customer and Other Accounts	Total
General Fund	\$ 1,383,620	\$ 11,725,285	\$ 1,464	\$ 13,110,369
Adequate Facilities/ Development Fund	41,533	-	-	41,533
Sanitation Fund	-	-	212,321	212,321
State Street Aid Fund	131,921	-	-	131,921
Drug Fund	3,602	-	750	4,352
Water and Sewer Fund	104,424	-	1,196,169	1,300,593
Storm Water Fund	-	-	83,902	83,902
Tourism Fund	-	19,224	-	19,224
Northfield Fund	-	-	43,270	43,270
Less: Allowance for Doubtful Accounts	-	(349,692)	(47,667)	(397,359)
Total	<u>\$ 1,665,100</u>	<u>\$ 11,394,817</u>	<u>\$ 1,490,209</u>	<u>\$ 14,550,126</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. At the end of the current fiscal year, the deferred inflows of resources reported in the governmental funds related to property taxes totaled \$11,375,592.

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

D. INTERFUND TRANSACTIONS

Interfund receivables and payables at June 30, 2019 are attributable to unsettled balances at year end primarily for internal billings and transfers between funds.

Balances at June 30, 2019 are as follows:

All of the interfund payables are expected to be repaid within one year.

Interfund transfers are attributable to the budgeted allocation of resources from one fund to another. Transfers for the year ended June 30, 2019 included \$636,000 from the General Fund to the Northfield Fund and \$167,000 from the Water and Sewer Fund to the Northfield Fund. The purpose of the transfers were to fund the annual debt service payment for the building.

E. RESTRICTED ASSETS

Restricted assets consist primarily of cash on deposit in savings accounts and include funds for construction projects and other purposes. Restricted assets as of June 30, 2019, are as follows:

General Fund:	
Unspent debt proceeds	\$ 201,366
Escrow agreement	353,271
Other	3,309
Special Revenue Funds:	
Drug enforcement and education	124,653
Roads and streets	930,602
Water and Sewer Fund:	
Capital projects - water capacity fees	1,295,535
Capital projects - development fees	<u>2,976,875</u>
	<u>\$ 5,885,611</u>



CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

F. CAPITAL ASSETS

A summary of changes in governmental activities capital assets for the year ended June 30, 2019 is as follows:

	Balance July 1, 2018 (As Restated)	Additions	Reductions	Balance June 30, 2019
<i>Capital assets, not being depreciated -</i>				
Land	\$ 3,035,106	\$ 98,900	\$ -	\$ 3,134,006
Construction in progress	693,289	2,012,779	-	2,706,068
Subtotal	<u>3,728,395</u>	<u>2,111,679</u>	<u>-</u>	<u>5,840,074</u>
<i>Capital assets, being depreciated -</i>				
Building and improvements	21,267,317	-	-	21,267,317
Equipment	9,418,708	1,523,580	-	10,942,288
Infrastructure	11,469,969	1,450,385	-	12,920,354
Subtotal	<u>42,155,994</u>	<u>2,973,965</u>	<u>-</u>	<u>45,129,959</u>
<i>Accumulated depreciation -</i>				
Building and improvements	5,356,246	582,202	-	5,938,448
Equipment	5,195,923	877,479	-	6,073,402
Infrastructure	2,576,123	468,307	-	3,044,430
Subtotal	<u>13,128,292</u>	<u>1,927,988</u>	<u>-</u>	<u>15,056,280</u>
Capital assets, being depreciated, net	<u>29,027,702</u>	<u>1,045,977</u>	<u>-</u>	<u>30,073,679</u>
Capital assets, net	<u>\$ 32,756,097</u>	<u>\$ 3,157,656</u>	<u>\$ -</u>	<u>\$ 35,913,753</u>

Included in construction in progress for the governmental activities capital assets at June 30, 2019 are various projects that have an estimated cost to complete of approximately \$25,563,000.

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

F. CAPITAL ASSETS - Continued

A summary of changes in business-type activities capital assets for the year ended June 30, 2019 is presented below:

	Balance July 1, 2018 (As Restated)	Additions	Reductions	Balance June 30, 2019
Utility, plant and equipment				
<i>Capital assets, not being depreciated -</i>				
Land	\$ 685,955	\$ -	\$ -	\$ 685,955
Easements	299,843	-	-	299,843
Construction in progress	236,840	329,953	-	566,793
Subtotal	<u>1,222,638</u>	<u>329,953</u>	<u>-</u>	<u>1,552,591</u>
<i>Capital assets, being depreciated -</i>				
Utility system in operation	102,769,463	7,335,786	-	110,105,249
Equipment	1,309,299	137,955	-	1,447,254
Subtotal	<u>104,078,762</u>	<u>7,473,741</u>	<u>-</u>	<u>111,552,503</u>
<i>Accumulated depreciation -</i>				
Utility system in operation	34,932,147	2,277,387	-	37,209,534
Equipment	661,524	126,697	-	788,221
Subtotal	<u>35,593,671</u>	<u>2,404,084</u>	<u>-</u>	<u>37,997,755</u>
Utility, plant and equipment, being depreciated, net	<u>68,485,091</u>	<u>5,069,657</u>	<u>-</u>	<u>73,554,748</u>
Total utility, plant and equipment, net	<u>\$ 69,707,729</u>	<u>\$ 5,399,610</u>	<u>\$ -</u>	<u>\$ 75,107,339</u>

Included in construction in progress for the business-type activities capital assets at June 30, 2019 are various projects that have an estimated cost to complete of approximately \$2,471,000.

Depreciation expense was charged to function/programs for the year ended June 30, 2019 as follows:

*Governmental Activities:*

General government and administration	\$ 305,617
Public safety	755,367
Public works	622,076
Culture and recreation	244,928
Total	<u>\$ 1,927,988</u>

*Business-Type Activities:*

Water and sewer	\$ 2,328,196
Storm water	75,888
Total	<u>\$ 2,404,084</u>

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

G. LONG-TERM LIABILITIES

During the year ended June 30, 2019, the changes in long-term liabilities were as follows:

	Balance July 1, 2018	Additions	Reductions	Balance June 30, 2019	Due within one year
Governmental Activities					
TN Municipal Bond Fund	\$ 8,259,080	\$ -	\$ 464,000	\$ 7,795,080	\$ 480,000
2016 Capital Outlay Note	1,295,000	-	175,000	1,120,000	180,000
2014 General Obligation Bonds	7,650,000	-	355,000	7,295,000	365,000
2014 Note Payable	79,853	-	79,853	-	-
Note Payable-Williamson Cty	3,040,000	-	320,000	2,720,000	325,000
<b>Total Governmental Activities</b>					
Long-term Liabilities	<u>\$ 20,323,933</u>	<u>\$ -</u>	<u>\$ 1,393,853</u>	<u>\$ 18,930,080</u>	<u>\$ 1,350,000</u>
Business-type Activities					
TN Municipal Bond Fund loan	\$ 3,025,000	\$ -	\$ 274,000	\$ 2,751,000	\$ 288,000
State of Tenn loan program	641,365	-	267,336	374,029	274,308
2016 Capital Outlay Note	685,000	-	340,000	345,000	345,000
Clean Water State					
Revolving Fund Loan 1	5,932,678	-	360,852	5,571,826	370,428
Clean Water State					
Revolving Fund Loan 2	5,363,128	-	269,376	5,093,752	276,528
<b>Total Business-type Activities</b>					
Long-term Liabilities	<u>\$ 15,647,171</u>	<u>\$ -</u>	<u>\$ 1,511,564</u>	<u>\$ 14,135,607</u>	<u>\$ 1,554,264</u>

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

G. LONG-TERM LIABILITIES - Continued

Amounts payable at June 30, 2019 consist of the following:

Governmental Activities:

Public improvement bonds:

A “draw loan/line of credit” from the Public Building Authority of the City of Clarksville, Tennessee through the Tennessee Municipal Bond Fund Loan program. Proceeds are drawn as needed. As of June 30, 2019, \$8,259,080 of the total available loan amount of \$13,180,000 had actually been drawn. The note is for the purchase of/improvements to the Northfield Facility and bears a fixed interest rate of 3.55%. The bond requires monthly payments of interest and an annual payment of principal each year through September 2037.

\$ 7,795,080

Capital outlay note payable:

2016 Capital Outlay Note in the amount of \$3,000,000, of which \$1,645,000 is to be used for general fund transportation. The note bears a fixed interest rate of 1.76%. The note requires annual payments of principal and interest through April 2025.

\$ 1,120,000

Notes payable:

Interlocal agreement with Williamson County for one half the cost of the Community Recreation Center located in Williamson County in the amount of \$5,385,000. The related notes bear interest between 2.50% and 5.00% and mature in fiscal year 2027. The City does not have an asset recorded related to this agreement as the property is owned and maintained by Williamson County.

2,720,000

Public improvement bonds:

2014 Public Improvement Bonds in the amount of \$8,650,000. The bonds bear interest fixed at rates of 2.50% to 3.30% and require annual payments of principal and interest through September 2034.

7,295,000

Total governmental activities debt

\$ 18,930,080

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

G. LONG-TERM LIABILITIES - Continued

Business-type Activities:

Public improvement bonds:

The City obtained a loan from the Tennessee Municipal Bond Fund for the construction of a water treatment plant in the amount of \$6,000,000. The note bears a variable interest rate. The note bears an interest rate of 1.51%. The bond requires monthly payments of interest and an annual payment of principal each year through May 2027. \$ 2,751,000

State of Tennessee loan program:

The City obtained a loan through the State of Tennessee loan program for the construction of a sewer plant in the amount of \$4,406,838. The note bears an interest rate of 2.58% and matures in 2021, with monthly payments of \$23,481 including interest. 374,029

Clean Water State Revolving Fund:

The City obtained a loan from the State of Tennessee for the construction of waste water treatment plant in the amount of \$10,000,000, of which \$2,000,000 was forgiven. The note bears an interest rate of 2.62% and matures in 2032, with monthly payments of \$42,861 including interest. 5,571,826

The City obtained a loan from the State of Tennessee for the construction of waste water treatment plant in the amount of \$7,200,000. The note bears an interest rate of 2.62% and matures in 2034, with monthly payments of \$33,936 including interest. 5,093,752

Capital outlay notes payable:

The City issued a Capital Outlay Note in the amount of \$3,000,000, of which \$1,000,000 is to be used for the construction of Hardins Landing Tank. The note bears a fixed interest rate of 1.76%. The note requires annual payments of principal and interest through April 2025. 254,613

The City issued a Capital Outlay Note in the amount of \$3,000,000, of which \$355,000 is to be used for stormwater projects. The note bears a fixed interest rate of 1.76%. The note requires annual payments of principal and interest through April 2025. 90,387

Total business-type activities debt \$ 14,135,607

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

G. LONG-TERM LIABILITIES - Continued

General obligation bonds and notes payable are direct obligations of the City for which full faith and credit are pledged. The obligations are payable generally from the assessment of taxes in the General Fund as well as certain funds of the State Street Aid Fund and Adequate Facilities / Development Fund.

All bonds of the Water and Sewer Fund are collateralized by the revenues of the department.

Debt Service Requirements

The annual debt service requirements to maturity for all long-term obligations outstanding as of June 30, 2019, are as follows:

Year Ended June 30,	Governmental Activities		Business-type Activities		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,350,000	\$ 813,060	\$ 1,554,264	\$ 398,172	\$ 2,904,264	\$ 1,211,232
2021	1,392,000	766,650	1,065,813	358,104	2,457,813	1,124,754
2022	1,440,000	718,619	999,720	326,284	2,439,720	1,044,903
2023	1,498,000	667,461	1,033,792	295,492	2,531,792	962,953
2024	1,542,000	614,109	1,068,356	263,568	2,610,356	877,677
2025-2029	6,434,000	2,294,644	5,046,796	814,224	11,480,796	3,108,868
2030-2034	6,213,000	1,287,473	3,286,822	202,767	9,499,822	1,490,240
2035-2038	<u>3,982,000</u>	<u>266,523</u>	<u>80,044</u>	<u>506</u>	<u>4,062,044</u>	<u>267,029</u>
Totals	\$ 23,851,000	<u>\$ 7,428,539</u>	<u>\$ 14,135,607</u>	<u>\$ 2,659,117</u>	\$ 37,986,607	<u>\$ 10,087,656</u>
Less, amount not drawn	<u>(4,920,920)</u>				<u>(4,920,920)</u>	
Balance at June 30, 2019	<u>\$ 18,930,080</u>				<u>\$ 33,065,687</u>	

H. RETIREMENT SYSTEM AND PENSION PLAN

General Information about the Pension Plan:

Plan Description

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

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

H. RETIREMENT SYSTEM AND PENSION PLAN - Continued

Benefits Provided

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

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

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	29
Inactive employees entitled to but not yet receiving benefits	204
Active employees	<u>227</u>
	<u>460</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ending June 30, 2019, the actuarially determined contribution ("ADC") for the City was \$842,829 based on a rate of 6.26% of covered payroll. The City voluntarily elected to contribute at an increased rate of 7.25% for fiscal year 2019. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

H. RETIREMENT SYSTEM AND PENSION PLAN - Continued

Net Pension Liability:

The City's net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The total pension liability as of June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation
Cost of living adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. 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, 2016 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 2.5 percent.

The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	<u>1%</u>
		<u>100%</u>



CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

H. RETIREMENT SYSTEM AND PENSION PLAN - Continued

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset):

	Increase (Decrease)		Net Pension Liability (Asset)
	Total Pension Liability	Plan Fiduciary Net Position	
	(a)	(b)	
Balance at June 30, 2017 (measurement date)	\$ 13,928,438	\$ 12,825,850	\$ 1,102,588
Changes for the year:			
Service cost	837,507	-	837,507
Interest	1,061,413	-	1,061,413
Differences between expected and actual experience	614,173	-	614,173
Changes in assumptions	-	-	-
Contributions-employer	-	687,667	(687,667)
Contributions-employees	-	549,256	(549,256)
Net investment income	-	1,104,634	(1,104,634)
Benefit payments, including of employee contributions	(251,521)	(251,521)	-
Administrative expense	-	(21,260)	21,260
Net changes	<u>2,261,572</u>	<u>2,068,776</u>	<u>192,796</u>
Balance at June 30, 2018 (measurement date)	<u>\$ 16,190,010</u>	<u>\$ 14,894,626</u>	<u>\$ 1,295,384</u>

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

H. RETIREMENT SYSTEM AND PENSION PLAN - Continued

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

The following presents the net pension liability (asset) of the City calculated using the discount rate of 7.25 percent as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City's net pension liability (asset)	\$4,200,588	\$1,295,384	\$(1,026,068)

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

Pension Expense

For the year ended June 30, 2019, the City recognized pension expense of \$533,095.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,109,732	\$ 11,466
Changes in assumptions	263,592	-
Net difference between projected and actual earnings on pension plan investments	-	88,539
Contributions subsequent to the measurement date of June 30, 2018	842,829	-
	\$ 2,216,153	\$ 100,005

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

H. RETIREMENT SYSTEM AND PENSION PLAN - Continued

The amount shown above for “contributions subsequent to the measurement date of June 30, 2018,” will be recognized as a reduction of the pension liability in the following measurement period.

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

<u>Year Ended June 30 ,</u>	
2020	\$ 264,486
2021	182,030
2022	83,093
2023	168,767
2024	196,728
Thereafter	378,215

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

Allocation of Pension Related Activity to Funds of the Primary Government:

The pension related activity has been allocated to the individual funds of the primary government by use of an allocation ratio of the fiscal year 2019 pension contributions by fund. This ratio dictates that 75.80% of the pension related activity belongs to the General Government, 21.91% is attributed to the Water and Sewer Funds, and the remaining 2.29% is attributed to the Storm Water Fund.

A summary of the pension related activity by fund follows:

	<u>General Government</u>	<u>Water and Sewer Fund</u>	<u>Storm Water Fund</u>
Net Pension Liability	\$ 981,901	\$ 283,819	\$ 29,664
Deferred Inflows	75,804	21,911	2,290
Deferred Outflows	1,679,844	485,559	50,750

Payable to the Pension Plan:

At June 30, 2019, the City did not have a payable relating to contributions to the Plan required for the year ended June 30, 2019.

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

I. COMMITMENTS AND CONTINGENCIES

Litigation

The City, in the normal course of governmental operations, is a party to various lawsuits. The ultimate outcome of the actions is not determinable; however, the City officials and legal counsel believe that the ultimate outcome, either singularly or in the aggregate, will not have a material adverse effect on the City's financial condition or operations.

Commitments

The City has contractual commitments for construction projects, including engineering and design, at June 30, 2019. The value of the commitments were approximately \$3,259,000.

J. RISK MANAGEMENT

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

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

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

K. DEFICIT FUND BALANCES

For the fiscal year ended June 30, 2019, there were no instances of deficit fund balance in any funds.

L. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 26, 2020, which is the date the financial statement were available to be issued. Management noted that there were two items requiring disclosure, which are as follows:

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

L. SUBSEQUENT EVENTS - Continued

On October 21, 2019, the City authorized the issuance of the Fire Equipment Acquisition Capital Outlay Notes, Series 2019, in an amount not to exceed \$1,375,000, which shall bear interest at a rate or rates not to exceed 2.75% per annum.

On December 16, 2019, the City's Board of Mayor and Aldermen approved Resolution 19-222 authorizing a Build Grant with the Federal Highway Administration for construction of an interchange at I-65 and Buckner Road. On March 6<sup>th</sup>, 2020, the City's Board of Mayor and Alderman passed resolution 20-19A, authorizing the City to enter into an agreement with the State of Tennessee – Department of Transportation for their participation in the Build Grant to construct the interchange and to complete the related approaches. The total project is estimated to cost fifty-seven million dollars. The City is required to fund an estimated twenty million one hundred dollars toward the interchange project.

The Board of Mayor and Alderman passed resolutions 20-14 and 20-15 authorizing the City to issue debt in the amount not to exceed twenty-five million dollars to fund the interchange project and related approaches. The remaining funds from the bond issue will be used to fund other infrastructure projects. The interchange project will be conducted over multiple fiscal years with completion set for fiscal year 2025. As of March 26, 2020, the agreement and related debt have not been executed.

On March 5, 2020, the City entered into a purchase and sale agreement with a Tennessee limited liability company to sale the City's Northfield property in the amount of \$9,200,000. As of the audit report date, the closing on this property had not yet taken place.

M. RECENT ACCOUNTING PRONOUNCEMENTS

The following are recent accounting pronouncements which, to the extent applicable, pose consideration for the City. Management is currently in the process of determining the impact of these Statements to the City's financial statements.

The GASB issued Statement No. 84, *Fiduciary Activities*, required for fiscal periods beginning after December 15, 2018, fiscal year 2020 for the City. This Statement enhances consistency and comparability by establishing specific criteria for identifying activities that should be reported as fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

The GASB issued Statement No. 87, *Leases*, required for fiscal periods beginning after December 15, 2019, fiscal year 2021 for the City. This Statement increases the usefulness of financial statements by requiring reporting of certain lease liabilities that currently are not reported, enhances comparability by requiring lessees and lessors to report leases under a single model, and enhances the usefulness of information by requiring notes to the financial statements regarding leasing arrangements.

The GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*, required for fiscal periods beginning after December 15, 2019, in fiscal year 2021 for the City. This Statement enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period.

CITY OF SPRING HILL, TENNESSEE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2019

M. RECENT ACCOUNTING PRONOUNCEMENTS - Continued

The GASB issued Statement No. 90, *Majority Equity Interests*, required for fiscal periods beginning after December 15, 2018, in fiscal year 2020 for the City. This Statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improves the relevance of financial statement information for certain component units.

The GASB issued Statement No. 91, *Conduit Debt Obligations*, required for fiscal periods beginning after December 15, 2020, in fiscal year 2022 for the City. This Statement's objectives are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures.

The GASB issued Statement No. 92, *Omnibus 2020*, which is required as follows:

- The requirements related to the effective date of Statement 87 and Implementation Guide 2019-3, reinsurance recoveries, and terminology used to refer to derivative instruments are effective upon issuance.
- The requirement related to intra-entity transfers of assets and those related to the applicability of Statements 73 and 74 are effective for fiscal years beginning after June 15, 2020.
- The requirements related to application of Statement 84 to postemployment benefit arrangements and those related to nonrecurring fair value measurements of assets or liabilities are effective for reporting periods beginning after June 15, 2020.
- The requirements related to the measurement of liabilities (and asset, if any) associated with asset retirement obligations in a government acquisition are effective for government acquisitions occurring in reporting periods beginning after June 15, 2020.

**REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF SPRING HILL, TENNESSEE**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY**  
**AND RELATED RATIOS - PENSION PLAN**  
**JUNE 30, 2019**  
**(UNAUDITED)**

	<b>2019 Financial Statement Date 2018 Measurement Date</b>	<b>2018 Financial Statement Date 2017 Measurement Date</b>	<b>2017 Financial Statement Date 2016 Measurement Date</b>	<b>2016 Financial Statement Date 2015 Measurement Date</b>	<b>2015 Financial Statement Date 2014 Measurement Date</b>
<b>TOTAL PENSION LIABILITY</b>					
Service cost	\$ 837,507	\$ 750,217	\$ 649,533	\$ 581,698	\$ 575,095
Interest	1,061,413	955,426	819,689	715,535	643,726
Differences between actual and expected experience	614,173	45,493	529,298	292,587	(22,931)
Changes in assumptions	-	338,904	-	-	-
Benefit payments, including refunds of employee contributions	<u>(251,521)</u>	<u>(300,807)</u>	<u>(277,934)</u>	<u>(259,939)</u>	<u>(230,149)</u>
Net change in total pension liability	2,261,572	1,789,233	1,720,586	1,329,881	965,741
Total pension liability-beginning	<u>13,928,438</u>	<u>12,139,205</u>	<u>10,418,619</u>	<u>9,088,738</u>	<u>8,122,997</u>
Total pension liability-ending (a)	<u>\$ 16,190,010</u>	<u>\$ 13,928,438</u>	<u>\$ 12,139,205</u>	<u>\$ 10,418,619</u>	<u>\$ 9,088,738</u>
<b>PLAN FIDUCIARY NET POSITION</b>					
Contributions-employer	\$ 687,667	\$ 606,207	\$ 479,007	\$ 431,925	\$ 385,342
Contributions-employee	549,256	484,192	438,652	395,537	356,139
Net investment income	1,104,634	1,266,416	270,749	287,276	1,253,177
Benefit payments, including refunds of employee contributions	(251,521)	(300,807)	(277,934)	(259,939)	(230,149)
Administrative expense	<u>(21,260)</u>	<u>(18,722)</u>	<u>(15,505)</u>	<u>(9,765)</u>	<u>(6,509)</u>
Net change in plan fiduciary net position	2,068,776	2,037,286	894,969	845,034	1,758,000
Plan fiduciary net position-beginning	<u>12,825,850</u>	<u>10,788,564</u>	<u>9,893,595</u>	<u>9,048,561</u>	<u>7,290,561</u>
Plan fiduciary net position-ending (b)	<u>\$ 14,894,626</u>	<u>\$ 12,825,850</u>	<u>\$ 10,788,564</u>	<u>\$ 9,893,595</u>	<u>\$ 9,048,561</u>
Net pension liability (a) - (b)	<u>\$ 1,295,384</u>	<u>\$ 1,102,588</u>	<u>\$ 1,350,641</u>	<u>\$ 525,024</u>	<u>\$ 40,177</u>
Plan fiduciary net position as a percentage of total pension liability	92.00%	92.08%	88.87%	94.96%	99.56%
Covered payroll	\$ 10,985,100	\$ 9,683,823	\$ 8,773,028	\$ 7,909,506	\$ 7,122,761
Net pension liability as a percentage of covered payroll	11.79%	11.39%	15.40%	6.64%	0.56%

Notes to Schedule:

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

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.



CITY OF SPRING HILL, TENNESSEE  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF EMPLOYER CONTRIBUTIONS - PENSION PLAN  
 JUNE 30, 2019  
 (UNAUDITED)

<u>Fiscal Year Ended</u>	<u>Actuarially Determined Contribution</u>	<u>Contribution in Relation to the Actuarially Determined Contributions</u>	<u>Contribution (Excess) Deficiency</u>	<u>Covered Payroll</u>	<u>Contribution as a Percent of Covered Payroll</u>
June 30, 2019	\$842,829	\$842,829	\$ -	\$11,625,228	7.25%
June 30, 2018	\$687,667	\$687,667	\$ -	\$10,985,100	6.26%
June 30, 2017	\$528,737	\$606,207	\$(77,470)	\$9,683,823	6.26%
June 30, 2016	\$479,022	\$479,022	\$ -	\$8,773,028	5.46%
June 30, 2015	\$431,925	\$431,925	\$ -	\$7,909,506	5.46%
June 30, 2014	\$385,342	\$385,342	\$ -	\$7,122,761	5.41%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

See independent auditor's report.

CITY OF SPRING HILL, TENNESSEE  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION - PENSION PLAN  
JUNE 30, 2019  
(UNAUDITED)

Notes to Schedule

Valuation date: Actuarially determined contribution rates for fiscal year 2019 were calculated based on the June 30, 2017 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	Various by year
Asset valuation	10-year smoothed within a 20% corridor to market value
Inflation	2.5%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation
Investment rate of return	7.25%, 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	2.25%

Information regarding the Plan's annual money-weighted rate of return can be obtained in the separate TCRS report.

Changes of Assumptions

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

See independent auditor's report.

City of Spring Hill, Tennessee  
Combining Balance Sheet  
Non-Major Governmental Funds  
June 30, 2019

	Special Revenue Funds							Total	
	Library Fund	Drug Fund	Impact Fees Fund	Fire Belle Restoration Fund	State Street Aid Fund	Tourism Fund	E-Citations Fund		Northfield Fund
<b>Assets</b>									
Cash and cash equivalents	\$ 90,010	\$ -	\$ 1,916,946	\$ 3,949	\$ -	\$ 217,110	\$ 1,435	\$ 177,912	\$ 2,407,362
Accounts receivable	-	750	-	-	-	19,224	-	43,270	63,244
Due from other governments	-	3,602	-	-	131,921	-	-	-	135,523
Prepaid Expenses	-	600	-	-	-	-	-	-	600
Restricted assets:									
Cash and cash equivalents	-	124,653	-	-	930,602	-	-	-	1,055,255
Total assets	<u>\$ 90,010</u>	<u>\$ 129,605</u>	<u>\$ 1,916,946</u>	<u>\$ 3,949</u>	<u>\$ 1,062,523</u>	<u>\$ 236,334</u>	<u>\$ 1,435</u>	<u>\$ 221,182</u>	<u>\$ 3,661,984</u>
<b>Liabilities and Fund Balances</b>									
<b>Liabilities</b>									
Accounts payable	\$ 98	\$ 310	\$ 102,622	\$ 3,947	\$ -	\$ 6,910	\$ -	\$ 43,724	\$ 157,611
Accrued liabilities	-	17,395	-	-	-	-	-	5,641	23,036
Total liabilities	<u>98</u>	<u>17,705</u>	<u>102,622</u>	<u>3,947</u>	<u>-</u>	<u>6,910</u>	<u>-</u>	<u>49,365</u>	<u>180,647</u>
<b>Fund Balances</b>									
Nonspendable	-	600	-	-	-	-	-	-	600
Restricted	-	111,300	-	-	1,062,523	-	-	-	1,173,823
Committed	89,912	-	1,814,324	2	-	229,424	1,435	171,817	2,306,914
Total fund balances	<u>89,912</u>	<u>111,900</u>	<u>1,814,324</u>	<u>2</u>	<u>1,062,523</u>	<u>229,424</u>	<u>1,435</u>	<u>171,817</u>	<u>3,481,337</u>
<b>Total liabilities and fund balances</b>	<u>\$ 90,010</u>	<u>\$ 129,605</u>	<u>\$ 1,916,946</u>	<u>\$ 3,949</u>	<u>\$ 1,062,523</u>	<u>\$ 236,334</u>	<u>\$ 1,435</u>	<u>\$ 221,182</u>	<u>\$ 3,661,984</u>

See independent auditor's report.

**City of Spring Hill, Tennessee**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Non-Major Governmental Funds**  
**For the Year Ended June 30, 2019**

	Special Revenue Funds							Total	
	Library Fund	Drug Fund	Impact Fees Fund	Fire Belle Restoration Fund	State Street Aid Fund	Tourism Fund	E-Citations Fund		Northfield Fund
<b>Revenues:</b>									
Intergovernmental and taxes:									
Room occupancy tax	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 212,827	\$ -	\$ -	\$ 212,827
Gasoline and motor fuel tax	-	-	-	-	763,340	-	-	-	763,340
Three cent tax	-	-	-	-	225,637	-	-	-	225,637
Gas 1989 tax	-	-	-	-	121,773	-	-	-	121,773
Petroleum special	-	-	-	-	80,290	-	-	-	80,290
Gas 2017	-	-	-	-	305,012	-	-	-	305,012
Impact fees	-	-	956,060	-	-	-	-	-	956,060
Charges for services	-	4,128	-	-	-	60	-	-	4,188
Rent	-	-	-	-	-	-	-	943,907	943,907
Sale of property	-	3,731	-	-	-	-	-	-	3,731
Contributions	43,752	-	-	-	-	-	-	-	43,752
Fines and forfeitures	-	37,699	-	-	-	-	1,435	-	39,134
Interest revenue	25	33	8,022	1	189	52	-	47	8,369
Other	-	46	-	-	-	-	-	82,175	82,221
<b>Total revenues</b>	<u>43,777</u>	<u>45,637</u>	<u>964,082</u>	<u>1</u>	<u>1,496,241</u>	<u>212,939</u>	<u>1,435</u>	<u>1,026,129</u>	<u>3,790,241</u>
<b>Expenditures:</b>									
Current:									
General Government:									
General government building	-	-	-	-	-	-	-	836,984	836,984
Public Safety:									
Police	-	31,210	-	-	-	-	-	-	31,210
Public Works:									
Streets	-	-	-	-	586,388	-	-	-	586,388
Culture:									
Library	20,717	-	-	-	-	-	-	-	20,717
Tourism	-	-	-	-	-	121,792	-	-	121,792
Debt Service	-	-	-	-	359,884	-	-	802,714	1,162,598
Capital Outlay	-	-	520,514	-	-	15,625	-	17,614	553,753
<b>Total expenditures</b>	<u>20,717</u>	<u>31,210</u>	<u>520,514</u>	<u>-</u>	<u>946,272</u>	<u>137,417</u>	<u>-</u>	<u>1,657,312</u>	<u>3,313,442</u>
Excess (deficiency) of revenues over (under) expenditures	23,060	14,427	443,568	1	549,969	75,522	1,435	(631,183)	476,799
<b>Other Financing Sources (Uses):</b>									
Transfers in (out)	-	-	-	-	-	-	-	803,000	803,000
Net change in fund balance	23,060	14,427	443,568	1	549,969	75,522	1,435	171,817	1,279,799
<b>Fund Balance - Beginning of Year</b>	<u>66,852</u>	<u>97,473</u>	<u>1,370,756</u>	<u>1</u>	<u>512,554</u>	<u>153,902</u>	<u>-</u>	<u>-</u>	<u>2,201,538</u>
<b>Fund Balance - Ending of Year</b>	<u>\$ 89,912</u>	<u>\$ 111,900</u>	<u>\$ 1,814,324</u>	<u>\$ 2</u>	<u>\$ 1,062,523</u>	<u>\$ 229,424</u>	<u>\$ 1,435</u>	<u>\$ 171,817</u>	<u>\$ 3,481,337</u>

See independent auditor's report.

**City of Spring Hill, Tennessee**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Library Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES:</b>				
Contributions	\$ 25,000	\$ 25,000	\$ 43,752	\$ 18,752
Other	-	-	25	25
Total revenues	<u>25,000</u>	<u>25,000</u>	<u>43,777</u>	<u>18,777</u>
<b>EXPENDITURES:</b>				
Culture:				
Library:				
Programs	16,100	16,100	16,086	(14)
Operating supplies	1,600	600	420	(180)
Educational supplies	1,300	1,300	107	(1,193)
Other services	1,000	1,000	407	(593)
Repairs and maintenance	500	470	170	(300)
Miscellaneous	2,700	3,730	3,527	(203)
Total expenditures	<u>23,200</u>	<u>23,200</u>	<u>20,717</u>	<u>(2,483)</u>
Change in fund balance	1,800	1,800	23,060	21,260
Fund balance - beginning	<u>66,852</u>	<u>66,852</u>	<u>66,852</u>	<u>-</u>
Fund balance - ending	<u>\$ 68,652</u>	<u>\$ 68,652</u>	<u>\$ 89,912</u>	<u>\$ 21,260</u>

See independent auditor's report.

## **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**



### **SPECIAL REVENUE FUNDS**

Special Revenue Funds are governmental funds used to account for certain tax and nontax revenues, which are legally restricted or committed to finance functions or activities of government; therefore, cannot be diverted to other uses.

**City of Spring Hill, Tennessee**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Drug Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES:</b>				
Charges for services	\$ -	\$ -	\$ 4,128	\$ 4,128
Fines and forfeitures	25,000	25,000	37,699	12,699
Sale of property	5,000	5,000	3,731	(1,269)
Contributions	300	300	-	(300)
Interest	100	100	33	(67)
Other	-	-	46	46
Apportioned fund balance	-	18,195	-	(18,195)
Total revenues	<u>30,400</u>	<u>48,595</u>	<u>45,637</u>	<u>(2,958)</u>
<b>EXPENDITURES:</b>				
Public Safety:				
Police Department:				
Operating supplies	25,000	41,195	28,934	(12,261)
Travel	500	2,500	2,276	(224)
Total expenditures	<u>25,500</u>	<u>43,695</u>	<u>31,210</u>	<u>(12,485)</u>
Change in fund balance	4,900	4,900	14,427	9,527
Fund balance - beginning	<u>97,473</u>	<u>97,473</u>	<u>97,473</u>	<u>-</u>
Fund balance - ending	<u>\$ 102,373</u>	<u>\$ 102,373</u>	<u>\$ 111,900</u>	<u>\$ 9,527</u>

See independent auditor's report.

**City of Spring Hill, Tennessee**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Impact Fees Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES:</b>				
Impact fees	\$ 400,000	\$ 700,000	\$ 956,060	\$ 256,060
Interest	-	-	8,022	8,022
Apportioned fund balance	-	1,370,000	-	(1,370,000)
Total Revenues	<u>400,000</u>	<u>2,070,000</u>	<u>964,082</u>	<u>(1,105,918)</u>
<b>EXPENDITURES:</b>				
Capital outlay	-	2,070,000	520,514	(1,549,486)
Change in fund balance	400,000	-	443,568	443,568
Fund balance - beginning	<u>1,370,756</u>	<u>1,370,756</u>	<u>1,370,756</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 1,770,756</u></u>	<u><u>\$ 1,370,756</u></u>	<u><u>\$ 1,814,324</u></u>	<u><u>\$ 443,568</u></u>

See independent auditor's report.



**City of Spring Hill, Tennessee**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Fire Belle Restoration Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES:</b>	\$ -	\$ -	\$ 1	\$ 1
<b>EXPENDITURES:</b>	-	-	-	-
Change in fund balance	-	-	1	1
Fund balance - beginning	1	1	1	-
Fund balance - ending	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 2</u>	<u>\$ 1</u>

See independent auditor's report.

**City of Spring Hill, Tennessee**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - State Street Aid Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES:</b>				
Intergovernmental	\$ 1,498,154	\$ 1,498,154	\$ 1,496,052	\$ (2,102)
Interest	200	200	189	(11)
Apportioned fund balance	-	14,591	-	(14,591)
Total revenues	<u>1,498,354</u>	<u>1,512,945</u>	<u>1,496,241</u>	<u>(16,704)</u>
<b>EXPENDITURES:</b>				
Public Safety:				
Streets:				
Services	-	39,591	19,389	(20,202)
Postage	1,500	-	-	-
Professional services	65,000	60,500	17,664	(42,836)
Repairs and maintenance	550,000	553,400	546,968	(6,432)
Operating supplies	-	2,600	2,367	(233)
Debt service	274,600	274,600	274,523	(77)
Interest	87,000	87,000	85,361	(1,639)
Capital outlay	-	-	-	-
Total expenditures	<u>978,100</u>	<u>1,017,691</u>	<u>946,272</u>	<u>(71,419)</u>
Change in fund balance	520,254	495,254	549,969	54,715
Fund balance - beginning	<u>512,554</u>	<u>512,554</u>	<u>512,554</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,032,808</u>	<u>\$ 1,007,808</u>	<u>\$ 1,062,523</u>	<u>\$ 54,715</u>

See independent auditor's report.

**City of Spring Hill, Tennessee**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Tourism Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES:</b>				
Taxes	\$ 140,000	\$ 140,000	\$ 212,827	\$ 72,827
Charges for services	-	-	60	60
Interest revenue	-	-	52	52
Other revenue	-	-	-	-
Apportioned fund balance	-	53,600	-	(53,600)
Total revenues	<u>140,000</u>	<u>193,600</u>	<u>212,939</u>	<u>19,339</u>
<b>EXPENDITURES:</b>				
Culture:				
Tourism:				
Other services	100,000	150,000	118,232	(31,768)
Office supplies and materials	-	-	-	-
Insurance	-	3,600	3,560	(40)
Utilities	-	-	-	-
Miscellaneous	-	-	-	-
Capital outlay	<u>20,000</u>	<u>20,000</u>	<u>15,625</u>	<u>(4,375)</u>
Total expenditures	<u>120,000</u>	<u>173,600</u>	<u>137,417</u>	<u>(36,183)</u>
Change in fund balance	20,000	20,000	75,522	55,522
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>153,902</u>	<u>153,902</u>
Fund balance - ending	<u>\$ 20,000</u>	<u>\$ 20,000</u>	<u>\$ 229,424</u>	<u>\$ 209,424</u>

See independent auditor's report.

**City of Spring Hill, Tennessee**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - E-Citations Fund**  
**For the Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Over (Under)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
<b>REVENUES:</b>				
Fines and forfeitures	\$ 8,600	\$ 8,600	\$ 1,435	\$ (7,165)
<b>EXPENDITURES:</b>	-	-	-	-
Change in fund balance	8,600	8,600	1,435	(7,165)
Fund balance - beginning	-	-	-	-
Fund balance - ending	<u>\$ 8,600</u>	<u>\$ 8,600</u>	<u>\$ 1,435</u>	<u>\$ (7,165)</u>

See independent auditor's report.

**City of Spring Hill, Tennessee**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget and Actual - Northfield Fund**  
**For the Year Ended June 30, 2019**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget Over (Under)</b>
	<b>Original Budget</b>	<b>Final Budget</b>		
<b>REVENUES:</b>				
Rent	\$ 1,200,000	\$ 950,000	\$ 943,907	\$ (6,093)
Interest	-	-	47	47
Other	-	80,000	82,175	2,175
Total revenues	<u>1,200,000</u>	<u>1,030,000</u>	<u>1,026,129</u>	<u>(3,871)</u>
<b>EXPENDITURES:</b>				
General government:				
General government building:				
Personal services	200	164,200	126,399	(37,801)
Insurance	-	38,600	37,616	(984)
Contractual services	-	619,800	584,358	(35,442)
Supplies	-	147,500	88,611	(58,889)
Debt service	-	803,000	802,714	(286)
Capital outlay	-	5,222,620	17,614	(5,205,006)
Total expenditures	<u>200</u>	<u>6,995,720</u>	<u>1,657,312</u>	<u>(5,338,408)</u>
Excess (deficiency) of revenues over (under) expenditures	1,199,800	(5,965,720)	(631,183)	5,334,537
<b>OTHER FINANCING SOURCES (USES):</b>				
Issuance of debt	4,920,920	4,920,920	-	(4,920,920)
Transfers in (out)	749,000	1,053,000	803,000	(250,000)
Total other financing sources	<u>5,669,920</u>	<u>5,973,920</u>	<u>803,000</u>	<u>(5,170,920)</u>
Change in fund balance	6,869,720	8,200	171,817	163,617
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ 6,869,720</u>	<u>\$ 8,200</u>	<u>\$ 171,817</u>	<u>\$ 163,617</u>

See independent auditor's report.

**SUPPLEMENTAL INFORMATION**



CITY OF SPRING HILL, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2019

GRANTOR AGENCY	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE JULY 1, 2018	RECEIPTS	EXPENDITURES	ADJUSTMENTS	ACCRUED (DEFERRED) REVENUE JUNE 30, 2019
<b><u>Federal Awards</u></b>								
<u>U.S. Department of Housing and Urban Development</u>								
Direct Assistance								
HOME Investment Partnership Program	14.239	31620-00299	\$ 375,000	\$ -	\$ 144,912	\$ 244,682	\$ -	\$ 99,770
<u>U.S. Department of Justice</u>								
Direct Assistance								
Bulletproof Vest Partnership Program Grant (2016)	16.607	N/A	4,212	2,380	2,380	-	-	-
Bulletproof Vest Partnership Program Grant (2018)	16.607	N/A	5,145	-	1,168	4,886	-	3,718
Total U.S. Department of Justice			9,357	2,380	3,548	4,886	-	3,718
<u>U.S. Department of Transportation</u>								
Direct Assistance								
Highway Planning and Construction - Duplex Road	20.205	80167	38,161,516	48,560	48,560	18,668	-	18,668
Total program 20.205			38,161,516	48,560	48,560	18,668	-	18,668
Passed through Tennessee State Department of Safety and Homeland Security								
State and Community Highway Safety -GHSO Grant	20.600	Z18THS297	15,000	9,545	9,545	-	-	-
State and Community Highway Safety -GHSO Grant	20.600	Z19THS267	20,000	-	-	2,725	-	2,725
Total program 20.600			35,000	9,545	9,545	2,725	-	2,725
Total U.S. Department of Transportation			38,196,516	58,105	58,105	21,393	-	21,393
<b>Total Federal Awards</b>			<b>\$ 38,580,873</b>	<b>\$ 60,485</b>	<b>\$ 206,565</b>	<b>\$ 270,961</b>	<b>\$ -</b>	<b>\$ 124,881</b>
<b><u>State Financial Assistance</u></b>								
<u>Tennessee Department of Finance and Administration</u>								
Passed through the Metropolitan Government of Nashville and Davidson County								
Internet Crimes Against Children FY 18-19	NA	NA	\$ 15,000	\$ -	\$ 15,000	\$ 15,000	\$ -	\$ -

See independent auditor's report.

**CITY OF SPRING HILL, TENNESSEE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
AND STATE FINANCIAL ASSISTANCE  
FOR THE YEAR ENDED JUNE 30, 2019**

GRANTOR AGENCY	FEDERAL CFDA NUMBER	GRANTOR'S NUMBER	PROGRAM OR AWARD AMOUNT	ACCRUED (DEFERRED) REVENUE JULY 1, 2018	RECEIPTS	EXPENDITURES	ADJUSTMENTS	ACCRUED (DEFERRED) REVENUE JUNE 30, 2019
<b><u>State Financial Assistance - Continued</u></b>								
<u>Tennessee Department of Transportation</u>								
Direct Assistance								
1990 Bridge Grant Program - John Lunn Bridge	NA	BG 60-B561-0.57	442,373	7,214	7,214	-	-	-
Beechcroft - Water Relocation (117319.01)	NA	8594	257,604	1,376	19,265	22,362	-	4,473
Beechcroft - Sewer Relocation (117319.01)	NA	8596	204,064	1,054	10,430	10,337	-	961
Project Shotgun - Sewer Relocation (121394.00)	NA	8598	247,696	1,269	25,719	30,018	-	5,568
Project Shotgun - Water Relocation (121394.00)	NA	8600	340,528	941	23,808	28,986	-	6,119
Duplex Rd - Water Relocation (103169.00)	NA	8645	4,630,534	-	-	66,635	-	66,635
Duplex Rd - Sewer Relocation (103169.00)	NA	8646	96,504	-	-	2,553	-	2,553
Saturn Parkway Ext - Water Relocation (12339.00)	NA	8893	569,466	-	-	5,645	-	5,645
Saturn Parkway Ext - Sewer Relocations (12339.00)	NA	8892	224,184	-	-	11,469	-	11,469
Total Tennessee Department of Transportation			7,012,953	11,854	86,436	178,005	-	103,423
<u>Tennessee Secretary of State - Library and Archives</u>								
Direct Assistance								
Library Technology Training Grant	NA	30504-02017-41	9,787	-	2,266	2,266	-	-
<b>Total State Financial Assistance</b>			<b>\$ 7,037,740</b>	<b>\$ 11,854</b>	<b>\$ 103,702</b>	<b>\$ 195,271</b>	<b>\$ -</b>	<b>\$ 103,423</b>
<b>Total Federal Awards and State Financial Assistance</b>			<b>\$ 45,618,613</b>	<b>\$ 72,339</b>	<b>\$ 310,267</b>	<b>\$ 466,232</b>	<b>\$ -</b>	<b>\$ 228,304</b>

Basis of Presentation:

Note 1: The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of the City of Spring Hill under programs of the federal and state governments for the year ended June 30, 2019. The schedule is presented using the accrual basis of accounting.

Note 2: There were no amounts passed through to subrecipients during the year ended June 30, 2019.



**CITY OF SPRING HILL, TENNESSEE**  
**SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE**  
**FOR THE YEAR ENDED JUNE 30, 2019**

Tax Year	Balance July 1, 2018	Levy and Changes in Assessment	Collections and Adjustments	Balance June 30, 2019
2018	\$ -	\$ 7,718,445	\$ (7,673,015)	\$ 45,430
2017	56,235	-	(45,995)	10,240
2016	<u>26,063</u>	<u>(13,203)</u>	<u>343</u>	<u>13,203</u>
Total	<u>\$ 82,298</u>	<u>\$ 7,705,242</u>	<u>\$ (7,718,667)</u>	68,873
Estimated 2019 tax levy				11,656,412
Less allowance for estimated uncollectible				<u>(349,692)</u>
Total taxes receivable, net				<u>\$ 11,375,593</u>

See independent auditor's report.

CITY OF SPRING HILL, TENNESSEE  
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE  
JUNE 30, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2018	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2019
<b>Government Activities:</b>									
<u>BONDS PAYABLE</u>									
Public Improvement Bonds (TN Municipal Bond Fund)	\$ 13,180,000	3.55%	12/26/2017	9/1/2037	\$ 8,259,080	\$ -	\$ 464,000	\$ -	\$ 7,795,080
Public Improvement Bonds, 2014	8,650,000	2.500-3.300%	8/21/2014	9/1/2034	7,650,000	-	355,000	-	7,295,000
Total Bonds Payable					<u>\$ 15,909,080</u>	<u>\$ -</u>	<u>\$ 819,000</u>	<u>\$ -</u>	<u>\$ 15,090,080</u>
<u>NOTES PAYABLE</u>									
Williamson County Notes	\$ 5,385,000	2.500-5.000%	3/15/2006	4/1/2027	\$ 3,040,000	\$ -	\$ 320,000	\$ -	\$ 2,720,000
Capital Outlay Note	3,000,000	1.760%	6/29/2016	4/1/2025	1,295,000	-	175,000	-	1,120,000
Equipment Financing Notes	500,000	1.530%	11/29/2010	2/28/2019	79,853	-	79,853	-	-
Total Notes Payable					<u>\$ 4,414,853</u>	<u>\$ -</u>	<u>\$ 574,853</u>	<u>\$ -</u>	<u>\$ 3,840,000</u>
<b>Business-type Activities:</b>									
<u>BONDS PAYABLE</u>									
Public Improvement Bonds	\$ 6,000,000	1.510%	4/25/2003	5/25/2027	\$ 3,025,000	\$ -	\$ 274,000	\$ -	\$ 2,751,000
Total Bonds Payable					<u>\$ 3,025,000</u>	<u>\$ -</u>	<u>\$ 274,000</u>	<u>\$ -</u>	<u>\$ 2,751,000</u>
<u>NOTES PAYABLE</u>									
State of Tennessee Loan	\$ 4,406,838	2.580%	6/1/2003	7/1/2021	\$ 641,365	\$ -	\$ 267,336	\$ -	\$ 374,029
Clean Water Revolving Fund Loan 1	10,000,000	2.620%	2/28/2011	3/1/2032	5,932,678	-	360,852	-	5,571,826
Clean Water Revolving Fund Loan 2	7,200,000	2.620%	2/28/2011	3/1/2025	5,363,128	-	269,376	-	5,093,752
Capital Outlay Notes	3,000,000	1.76%	6/29/2016	4/1/2025	685,000	-	340,000	-	345,000
Total Notes Payable					<u>\$ 12,622,171</u>	<u>\$ -</u>	<u>\$ 1,237,564</u>	<u>\$ -</u>	<u>\$ 11,384,607</u>

See independent auditor's report.

**CITY OF SPRING HILL, TENNESSEE**  
**SCHEDULE OF DEBT SERVICE REQUIREMENTS**  
**JUNE 30, 2019**

**Governmental Activities**

For the Year Ended June 30,	Public Improvement Bonds (TN Municipal Bond Fund)		Williamson County Notes		Capital Outlay Note		Public Improvement Bonds, 2014		Total Governmental Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2020	\$ 480,000	\$ 442,898	\$ 325,000	\$ 132,450	\$ 180,000	\$ 19,712	\$ 365,000	\$ 218,000	\$ 1,350,000
2021	497,000	425,556	340,000	117,500	180,000	16,544	375,000	207,050	1,392,000	766,650
2022	515,000	407,593	355,000	101,850	185,000	13,376	385,000	195,800	1,440,000	718,619
2023	533,000	388,991	375,000	84,100	190,000	10,120	400,000	184,250	1,498,000	667,461
2024	552,000	369,733	390,000	65,350	190,000	6,776	410,000	172,250	1,542,000	614,109
2025	572,000	349,782	415,000	45,850	195,000	3,432	425,000	159,950	1,607,000	559,014
2026	592,000	329,121	430,000	25,100	-	-	435,000	147,200	1,457,000	501,421
2027	613,000	307,732	90,000	3,600	-	-	445,000	136,325	1,148,000	447,657
2028	635,000	285,580	-	-	-	-	460,000	125,200	1,095,000	410,780
2029	657,000	262,647	-	-	-	-	470,000	113,125	1,127,000	375,772
2030	680,000	238,915	-	-	-	-	480,000	100,200	1,160,000	339,115
2031	705,000	214,331	-	-	-	-	495,000	85,800	1,200,000	300,131
2032	730,000	188,860	-	-	-	-	510,000	70,950	1,240,000	259,810
2033	756,000	162,483	-	-	-	-	530,000	54,120	1,286,000	216,603
2034	782,000	135,184	-	-	-	-	545,000	36,630	1,327,000	171,814
2035	810,000	106,926	-	-	-	-	565,000	18,645	1,375,000	125,571
2036	839,000	77,656	-	-	-	-	-	-	839,000	77,656
2037	869,000	47,339	-	-	-	-	-	-	869,000	47,339
2038	899,000	15,957	-	-	-	-	-	-	899,000	15,957
	<u>\$ 12,716,000</u>	<u>\$ 4,757,284</u>	<u>\$ 2,720,000</u>	<u>\$ 575,800</u>	<u>\$ 1,120,000</u>	<u>\$ 69,960</u>	<u>\$ 7,295,000</u>	<u>\$ 2,025,495</u>	<u>\$ 23,851,000</u>	<u>\$ 7,428,539</u>
Less, amount not drawn	(4,920,920)								(4,920,920)	
Balance at June 30, 2019	<u>\$ 7,795,080</u>								<u>\$ 18,930,080</u>	

See independent auditor's report.

**CITY OF SPRING HILL, TENNESSEE  
SCHEDULE OF DEBT SERVICE REQUIREMENTS  
JUNE 30, 2019**

**Business-Type Activities**

Year	Public Improvement Bonds		State of Tennessee Loan		Clean Water Revolving Fund		Clean Water Revolving Fund		Capital Outlay Notes		Total Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 288,000	\$ 110,040	\$ 274,308	\$ 7,452	\$ 370,428	\$ 143,904	\$ 276,528	\$ 130,704	\$ 345,000	\$ 6,072	\$ 1,554,264	\$ 398,172
2021	302,000	98,520	99,721	2,112	380,244	134,088	283,848	123,384	-	-	1,065,813	358,104
2022	318,000	86,440	-	-	390,336	123,996	291,384	115,848	-	-	999,720	326,284
2023	334,000	73,720	-	-	400,680	113,652	299,112	108,120	-	-	1,033,792	295,492
2024	350,000	60,360	-	-	411,312	103,020	307,044	100,188	-	-	1,068,356	263,568
2025	368,000	46,360	-	-	422,220	92,112	315,180	92,052	-	-	1,105,400	230,524
2026	386,000	31,640	-	-	433,416	80,916	323,544	83,688	-	-	1,142,960	196,244
2027	405,000	16,200	-	-	444,900	69,432	332,124	75,108	-	-	1,182,024	160,740
2028	-	-	-	-	456,696	57,636	340,932	66,300	-	-	797,628	123,936
2029	-	-	-	-	468,816	45,516	349,968	57,264	-	-	818,784	102,780
2030	-	-	-	-	481,236	33,096	359,244	47,988	-	-	840,480	81,084
2031	-	-	-	-	494,004	20,328	368,772	38,460	-	-	862,776	58,788
2032	-	-	-	-	417,538	7,227	378,552	28,680	-	-	796,090	35,907
2033	-	-	-	-	-	-	388,584	18,648	-	-	388,584	18,648
2034	-	-	-	-	-	-	398,892	8,340	-	-	398,892	8,340
2035	-	-	-	-	-	-	80,044	506	-	-	80,044	506
	<u>\$ 2,751,000</u>	<u>\$ 523,280</u>	<u>\$ 374,029</u>	<u>\$ 9,564</u>	<u>\$ 5,571,826</u>	<u>\$ 1,024,923</u>	<u>\$ 5,093,752</u>	<u>\$ 1,095,278</u>	<u>\$ 345,000</u>	<u>\$ 6,072</u>	<u>\$ 14,135,607</u>	<u>\$ 2,659,117</u>

See independent auditor's report.

**CITY OF SPRING HILL, TENNESSEE**  
**SCHEDULE OF INSURANCE COVERAGE**  
**JUNE 30, 2019**  
**(UNAUDITED)**

Type of Coverage	Limits of Liability
Municipal Liability and Auto Policy	
Liability	
General	\$300,000/700,000/100,000
Automobile	\$300,000/700,000/100,000
Other losses not covered by tort liability act	\$2,000,000
Automobile physical coverage	
Comprehensive	ACV/\$1,000 Deductible
Collision	ACV/\$1,000 Deductible
Public officials errors and omissions liability	\$2,000,000
Workers' compensation	Statutory
Commercial Property Policy	
Building and Equipment	\$61,212,304
Water/waste water treatment facility	\$71,194,298
Public Employees Blanket Bond	\$150,000
Employee bonds	
City Recorder	\$400,000

See independent auditor's report.

**CITY OF SPRING HILL, TENNESSEE**  
**SCHEDULE OF PROPERTY TAX RATES AND ASSESSMENTS**  
**TEN YEAR SUMMARY**  
**JUNE 30, 2019**  
**(UNAUDITED)**

Fiscal Year	Tax Year	County	Tax Rate*	Assessed Value
2019	2018	Maury	0.6000	\$ 442,116,176
		Williamson	0.6569	771,159,713
2018	2017	Maury	0.5927	327,847,927
		Williamson	0.5381	725,992,768
2017	2016	Maury	0.5427	285,228,701
		Williamson	0.4881	674,308,155
2016	2015	Maury	0.5767	260,082,996
		Williamson	0.5903	540,260,607
2015	2014	Maury	0.59	261,565,296
		Williamson	0.59	538,817,290
2014	2013	Maury	0.59	242,932,640
		Williamson	0.59	511,464,115
2013	2012	Maury	0.59	228,823,286
		Williamson	0.59	487,062,781
2012	2011	Maury	0.59	207,961,965
		Williamson	0.59	458,312,983
2011	2010	Maury	0.57	202,551,970
		Williamson	0.60	457,439,932
2010	2009	Maury	0.60	196,199,392
		Williamson	0.60	446,203,175

The City of Spring Hill is located in two counties, Maury and Williamson. Reassessments of property in the two counties occurred on different dates. In order to equalize the effective tax rates, the City set a separate rate for each county.

\* Per \$100 of assessed valuation.

See independent auditor's report.

**CITY OF SPRING HILL, TENNESSEE  
 SCHEDULE OF UTILITY RATES  
 JUNE 30, 2019  
 (UNAUDITED)**

WATER RATES

	<u>Gallons Per Month</u>		<u>Rate Per 1,000 Gallons</u>
Inside City	First 2,000	Minimum	\$9.80
	Over 2,000		3.69
Maury County Water System	First 2,000	Minimum	\$18.47
	Over 2,000		3.69

Number of customers at June 30, 2019 - 16,598

SEWER RATES

Based on actual number of gallons used during the month	First 2,000	Minimum	\$12.07
	Over 2,000		4.52

Number of customers at June 30, 2019 - 16,598

See independent auditor's report.

**COMPLIANCE AND INTERNAL CONTROL**





CITY OF SPRING HILL, TENNESSEE  
 AWWA REPORTING WORKSHEET  
 JUNE 30, 2019  
 (UNAUDITED)

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

WAS v6.0  
American Water Works Association,  
 Copyright © 2014, All Rights Reserved.

[?](#) Click to access definition

[+](#) Click to add a comment

Water Audit Report for: **City of Spring Hill (0000667)**

Reporting Year: **2019** | 7/2018 - 6/2019

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

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

---

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

**WATER SUPPLIED**

Volume from own sources:	+	?	9	705.304	MG/Yr
Water imported:	+	?	9	121.538	MG/Yr
Water exported:	+	?	9	10.721	MG/Yr

---

**WATER SUPPLIED:** 816.121 MG/Yr

**AUTHORIZED CONSUMPTION**

Billed metered:	+	?	10	625.163	MG/Yr
Billed unmetered:	+	?	n/a	0.000	MG/Yr
Unbilled metered:	+	?	n/a	0.000	MG/Yr
Unbilled unmetered:	+	?	9	2.200	MG/Yr

---

**AUTHORIZED CONSUMPTION:** 627.363 MG/Yr

**WATER LOSSES (Water Supplied - Authorized Consumption)** 188.758 MG/Yr

**Apparent Losses**

Unauthorized consumption:	+	?	?	2.040	MG/Yr
---------------------------	---	---	---	-------	-------

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

Customer metering inaccuracies:	+	?	9	12.758	MG/Yr
Systematic data handling errors:	+	?	10	0.001	MG/Yr

---

**Apparent Losses:** 14.800 MG/Yr

**Real Losses (Current Annual Real Losses or CARL)**

Real Losses = Water Losses - Apparent Losses: 173.958 MG/Yr

---

**WATER LOSSES:** 188.758 MG/Yr

---

**NON-REVENUE WATER**

NON-REVENUE WATER: 190.958 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

---

**SYSTEM DATA**

Length of mains:	+	?	10	246.0	miles
Number of <u>active AND inactive</u> service connections:	+	?	9	18,400	
Service connection density:	?			67	conn./mile main

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

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure: 75.0 psi

---

**COST DATA**

Total annual cost of operating water system:	+	?	9	\$4,050,672	\$/Year
Customer retail unit cost (applied to Apparent Losses):	+	?	9	\$15.78	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	+	?	9	\$1,867.43	\$/Million gallons

☐ Use Customer Retail Unit Cost to value real losses

---

**WATER AUDIT DATA VALIDITY SCORE:**

\*\*\* YOUR SCORE IS: 90 out of 100 \*\*\*

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

**PRIORITY AREAS FOR ATTENTION:**

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

- 1: Volume from own sources
- 2: Unauthorized consumption
- 3: Customer metering inaccuracies

See independent auditor's report.

- 80 -

CITY OF SPRING HILL, TENNESSEE  
 AWWA REPORTING WORKSHEET  
 JUNE 30, 2019  
 (UNAUDITED)

AWWA Free Water Audit Software: System Attributes and Performance Indicators		WAS v5.0 American Water Works Association. Copyright © 2014, All Rights Reserved.												
Water Audit Report for: <span style="border: 1px solid black; padding: 2px;">City of Spring Hill (0000667)</span>														
Reporting Year: <span style="border: 1px solid black; padding: 2px;">2019</span>   <span style="border: 1px solid black; padding: 2px;">7/2018 - 6/2019</span>														
*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 90 out of 100 ***														
<b>System Attributes:</b>														
	Apparent Losses:	14.800 MG/Yr												
	+ Real Losses:	173.958 MG/Yr												
	= <b>Water Losses:</b>	<b>188.758 MG/Yr</b>												
?	Unavoidable Annual Real Losses (UARL):	103.77 MG/Yr												
	Annual cost of Apparent Losses:	\$233,540												
	Annual cost of Real Losses:	\$324,854												
		Valued at <b>Variable Production Cost</b> Return to Reporting Worksheet to change this assumption												
<b>Performance Indicators:</b>														
Financial:	{	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Non-revenue water as percent by volume of Water Supplied:</td> <td style="border: 1px solid black; text-align: right;">23.4%</td> <td></td> </tr> <tr> <td>Non-revenue water as percent by cost of operating system:</td> <td style="border: 1px solid black; text-align: right;">13.9%</td> <td style="font-size: small;">Real Losses valued at Variable Production Cost</td> </tr> </table>	Non-revenue water as percent by volume of Water Supplied:	23.4%		Non-revenue water as percent by cost of operating system:	13.9%	Real Losses valued at Variable Production Cost						
Non-revenue water as percent by volume of Water Supplied:	23.4%													
Non-revenue water as percent by cost of operating system:	13.9%	Real Losses valued at Variable Production Cost												
Operational Efficiency:	{	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Apparent Losses per service connection per day:</td> <td style="border: 1px solid black; text-align: right;">2.47</td> <td style="font-size: small;">gallons/connection/day</td> </tr> <tr> <td>Real Losses per service connection per day:</td> <td style="border: 1px solid black; text-align: right;">29.06</td> <td style="font-size: small;">gallons/connection/day</td> </tr> <tr> <td>Real Losses per length of main per day*:</td> <td style="border: 1px solid black; text-align: right;">N/A</td> <td></td> </tr> <tr> <td>Real Losses per service connection per day per psi pressure:</td> <td style="border: 1px solid black; text-align: right;">0.39</td> <td style="font-size: small;">gallons/connection/day/psi</td> </tr> </table>	Apparent Losses per service connection per day:	2.47	gallons/connection/day	Real Losses per service connection per day:	29.06	gallons/connection/day	Real Losses per length of main per day*:	N/A		Real Losses per service connection per day per psi pressure:	0.39	gallons/connection/day/psi
Apparent Losses per service connection per day:	2.47	gallons/connection/day												
Real Losses per service connection per day:	29.06	gallons/connection/day												
Real Losses per length of main per day*:	N/A													
Real Losses per service connection per day per psi pressure:	0.39	gallons/connection/day/psi												
		From Above, Real Losses = Current Annual Real Losses (CARL): <span style="border: 1px solid black; text-align: right;">173.96</span> million gallons/year												
?		Infrastructure Leakage Index (ILI) [CARL/UARL]: <span style="border: 1px solid black; text-align: right;">1.68</span>												
* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline														

See independent auditor's report.



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

The Board of Mayor and Alderman  
City of Spring Hill, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Spring Hill, Tennessee (the “City”) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated March 26, 2020.

**Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness. We consider the deficiency described in the accompanying schedule of findings and responses as item 2019-001 to be a material weakness.



### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, but one other matter that is required to be reported under the State of Tennessee Audit Manual is referenced as 2019-002 in the accompanying Schedule of Findings and Questioned Costs.

### **The City's Response to Findings**

The City's response to the findings identified in our audit are described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### **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.

*Crosslin, PLLC*

Nashville, Tennessee  
March 26, 2020

CITY OF SPRING HILL  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**FINANCIAL STATEMENT FINDINGS**

**2019-001 - Capital Assets**

Condition, Criteria, Cause, and Effect: During the prior year audit, we noted that detailed capital asset records were being maintained by the City in an Excel spreadsheet that detailed the capital asset records based on the prior year audit, accounted for current year additions based on the capitalization policy, and removed capital assets that had been disposed of during the year. This spreadsheet was also used to calculate depreciation expense for the year. All fixed asset entries were prepared prior to closing the books. This is a time-consuming process and errors could be easily made and not detected. The City noted that their accounting system has a capital asset module; however, it was not being used.

Recommendations: As part of our prior year audit, we made several recommendations to City management, which are summarized as follows:

- We recommended that the City perform a physical capital asset inventory or have one performed by an outside source, designate one individual to maintain the detailed fixed asset records and reconcile these records to the general ledger on a timely basis to ensure accurate accounting for assets. Independent review of the employee's work should also be performed. Specifically, capital asset records should include the following data:
  - Description of the asset;
  - Cost, voucher number, and vendor name;
  - Date placed in service;
  - Grant source, if applicable;
  - Estimated useful life;
  - Depreciation method (for both accounting and tax purposes);
  - Depreciation expense and accumulated depreciation for the year (for both accounting and tax purposes); and
  - Date asset retired and selling price, if applicable.

Complete information such as the above on all capital assets would provide appropriate control for the safeguarding of these assets, which are significant in cost. Better assessment and evaluation could also be made regarding the reliability of certain capital assets and the need for replacements, etc.

- We also recommended the City convert its current capital asset spreadsheet, which is manually prepared, to the capital asset module in the computerized system or another software package in order to accumulate asset cost and calculate depreciation expense. Once the capital assets are input into the fixed asset module, additions, deletions, depreciation expense, and accumulated depreciation for all capital assets meeting the City's capitalization policy should be recorded and reconciled to the general ledger on a monthly basis. This will eliminate a significant amount of manual record-keeping duties, make operations more efficient, and provide more accurate information with which to make business decisions regarding capital assets. This will also free time for the accountant to perform more important tasks, expedite the annual year-end closing, as well as provide more accurate depreciation amounts for interim and year-end financial statements.

CITY OF SPRING HILL  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**FINANCIAL STATEMENT FINDINGS - CONTINUED**

**2019-001 - Capital Assets - Continued**

Based on our recommendations, the City performed a physical capital asset inventory during fiscal year 2019, which continued into fiscal year 2020. Once the physical capital asset inventory was complete, the City entered the information into their accounting software, which resulted in the current year restatement as discussed further in Note A. We recommend that the City continue to enter and dispose of their capital assets in their accounting software going forward to ensure that capital assets are being properly tracked, depreciated, and reconciled on a monthly basis.

Views of Responsible Officials and Planned Corrective Actions:

*City staff concurs with this finding. Capital assets were previously being recorded manually by the City's former auditor. City staff recognized the need for capital assets to be maintained by the City and responded, in previous years, by preparing an updated Excel spreadsheet of capital assets to support the audit process. As noted above, City staff prepared the related entries for fixed assets in the prior fiscal year prior to closing the books.*

*City staff understood the need to have accurate fixed asset data and performed a physical fixed asset inventory during fiscal year 2019, which continued into fiscal year 2020. City staff worked with the Tyler software vendor to convert the manually prepared fixed asset spreadsheet to the capital asset module of the Tyler software system utilized by the City.*

*Now that the City's capital assets have been properly recorded and placed into the fixed asset module of Tyler, procedures are currently being developed and implemented to track, record and reconcile capital assets on a regular basis. Now that accurate information has been obtained and entered into the Tyler software package, City staff believes that the existing Finance Department staff will be able to maintain the database and generate the required entries annually.*

**FINDINGS AND QUESTIONED COSTS REQUIRED BY THE STATE OF TENNESSEE AUDIT MANUAL**

**2019-002 - Employee Fraud**

Condition, Criteria, Cause, Questioned Costs, and Effect: During the period October 2017 through January 2018, a former City employee stole at least \$798. Cash payments were withheld from daily deposits and when a spreadsheet was used to post payments to customer accounts, there were amounts in the spreadsheet that did not tie back to the daily deposits. The employee was confronted with the documents and confessed to taking the money. Staff continued evaluating other missing cash items and asked the Comptroller's Investigative Division to get involved. City officials accepted the resignation of the employee on February 8, 2018. The former employee agreed to make restitution by forfeiting that amount from their final paycheck. After the \$798 was withheld from the employee's last paycheck, the City considered that portion of the theft to be resolved. Subsequently, an additional \$746 was uncovered and the employee was indicted in September 2019.

CITY OF SPRING HILL  
SCHEDULE OF FINDINGS AND RESPONSES - CONTINUED  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**FINDINGS AND QUESTIONED COSTS REQUIRED BY THE STATE OF TENNESSEE AUDIT  
MANUAL - Continued**

**2019-002 - Employee Fraud - Continued**

Recommendations: We recommend that management continue to consider further controls that could prevent and/or detect future fraudulent issues.

Views of Responsible Officials and Planned Corrective Actions:

*This matter has already been investigated by City. The employee suspected of taking the missing money confessed, resigned, and paid full restitution on \$798 of the \$1,544. On September 5, 2019, the Maury County Grand Jury indicted the employee on one count of theft over \$1,000, one count of official misconduct, one count of computer crimes violation over \$1,000, and one count of destruction/tampering of government records. City officials consider this matter to be partially resolved and closed, pending repayment of the balance of \$746.*

CITY OF SPRING HILL  
SCHEDULE OF PRIOR YEAR FINDINGS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

**Schedule of Disposition of Prior Year Findings**

<b>Finding Number</b>	<b>Finding Title</b>	<b>Status</b>
2018-001	Capital Assets (See 2019-001)	Partially Corrected/Repeated