



JASON E. MUMPOWER  
*Comptroller*

July 12, 2024

Honorable Jim Hagaman, Mayor  
and Honorable Board of Aldermen  
City of Spring Hill  
199 Town Center Parkway  
Spring Hill, TN 37174

Dear Mayor Hagaman and Board of Aldermen:

This letter acknowledges receipt of a certified copy of the fiscal year 2025 budget.

### **Budget Not Approved**

After our review of the fiscal year 2024 budget, our office alerted the City in our letter dated December 13, 2023, that the fiscal year 2025 budget could not be approved without specific changes to the budget ordinance and water and sewer fund budget to comply with state law.

Our office recognizes and appreciates the efforts made by the City to implement the changes to the water and sewer fund. However, the statutorily required changes to the budget ordinance were not implemented. As a result, we cannot approve the City's budget for fiscal year 2025.

Pursuant to state law, outside of an emergency, the City may not issue debt or financing obligations without an approved budget from our office.

### **Looking Forward**

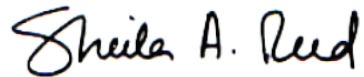
Based upon our discussions with local officials, we anticipate the needed changes to the budget ordinance will be implemented for fiscal year 2026. Specifically, a list of debt and pending/proposed capital projects and their funding sources should be included within the budget ordinance. This information is required pursuant to the Municipal Budget Law of 1982 (Tenn. Code Ann. § 6-56-201 et seq.). A sample budget ordinance that was designed to meet the statutory requirements of the Municipal Budget Law of 1982 may be accessed at [tncot.cc/budget](https://tncot.cc/budget). The changes to the budget must be implemented for fiscal year 2026 or the budget cannot be approved.

If we can be of assistance as you implement the requirements for next year, please don't hesitate to contact our office.

Spring Hill Budget Letter  
July 12, 2024  
Page 2

If you should have questions or need assistance, please refer to our online resources or feel free to contact your financial analyst, Meghan Huffstutter, at 615.747.5379 or [Meghan.Huffstutter@cot.tn.gov](mailto:Meghan.Huffstutter@cot.tn.gov).

Sincerely,



Sheila Reed, Director  
Division of Local Government Finance



Meghan Huffstutter, Senior Analyst  
Division of Local Government Finance

Enclosure: FY 2024 Budget Letter

cc: Ms. Jean Suh, Local Government Audit, COT  
Ms. Debra Dutcher, Finance Director, Spring Hill

SR:mh



JASON E. MUMPOWER  
*Comptroller*

December 13, 2023

Honorable Mr. Jim Hagaman, Mayor  
and Honorable Board of Aldermen  
City of Spring Hill  
199 Town Center Parkway  
Spring Hill, TN 37174

Dear Mayor Hagaman and Board of Aldermen:

This letter acknowledges receipt of a copy of Ordinance No. 23-20 adopted on December 4, 2023 which amended the fiscal year 2024 budget for the City of Spring Hill (the "City").

Municipal officials amended the budget to meet the conditions that were in our office's budget approval letter dated September 6, 2023. We conditionally approved the budget pending the following:

1. The Water and Sewer Fund budget be prepared on an accrual basis, not a cash basis. Our office provided the City a template to complete this requirement.
2. The City needed to amend the budget to include the correct amount of depreciation.
3. The City needed to amend the budget if the budget template reflected a negative change in net position.

The City completed requirements 2 and 3, and used the recommended template to convert the budget to an accrual basis, however, the City still made errors in the template and did not accurately reflect the changes in the ordinance.

Our office recognizes the effort made by the City to meet the requirements for budget approval.

This letter constitutes approval, by our office, for the City's fiscal year 2024 budget, however, because of the inconsistencies in the ordinance and detailed budget (template), **we ask the City to do the following before the FY 2025 budget is adopted.**

- The City should work with the Municipal Technical Advisory Service ("MTAS") in order to gain a stronger budgetary understanding specifically around utility budgets and regulatory requirements and guidelines.

· The City requested to meet with our office. We would welcome this opportunity and ask that the City first meet with MTAS. Upon meeting with MTAS please follow up with our office to schedule a time to meet with our Director, Assistant Director(s), and the City's financial analyst.

***The following areas concerning the budget submission for next year must be completed or the budget cannot be approved.***

Budget ordinance: The budget ordinance should include a list of debt, including principal, interest, debt authorized etc. The ordinance also failed to include a section on capital projects. The City should ensure that the budget ordinance meets all requirements of Municipal Budget Law of 1982.

Water and Sewer Fund Budget: This fund was not correctly prepared on an accrual basis. The City will need to submit a budget that is on an accrual basis. The ordinance will need to match the detailed budget. *State law requires that the budget be submitted in the same accounting method as the audit (accrual basis).*

Local officials are required to ensure the budget remains balanced throughout the fiscal year. All budget amendments must be sent to our office for formal acknowledgement after they are approved by the local governing body (submit to: [LGF@cot.tn.gov](mailto:LGF@cot.tn.gov)).

If you should have questions or need assistance, please refer to our online resources on our website or feel free to contact your financial analyst, Meghan Huffstutter, at 615.747.5379 or [Meghan.Huffstutter@cot.tn.gov](mailto:Meghan.Huffstutter@cot.tn.gov).

Sincerely,



Steve Osborne, Assistant Director  
Division of Local Government Finance



Meghan Huffstutter, Senior Analyst  
Division of Local Government Finance

cc: Ms. Debra Dutcher, Finance Director, Spring Hill  
Ms. Pam Caskie, City Administrator, Spring Hill  
Mr. Dan Allen, Asst. City Administrator (Utilities), Spring Hill  
Mr. Ross Colona, Assistant Director, COT