

CITY OF HENDERSONVILLE, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

PREPARED BY:
DEPARTMENT OF FINANCE

CITY OF HENDERSONVILLE, TENNESSEE
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2024

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INTRODUCTORY SECTION

City of Hendersonville



101 Maple Drive North

Hendersonville, TN 37075

Telephone (615) 822-1000

www.hvilletn.org

December 19, 2024

To the Citizens and Aldermen of the City of Hendersonville:

State law requires that every general-purpose local government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement date for the fiscal year ended June 30, 2024.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive internal control framework established for this purpose. Because the cost of internal controls should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from any material misstatements.

KraftCPAs PLLC, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City of Hendersonville’s financial statements for the year ended June 30, 2024. The independent auditor’s report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Hendersonville is located in Sumner County, 22 miles northeast of downtown Nashville and 18 miles from Nashville’s metropolitan airport. Hendersonville offers a convenient location and exceptional scenery with over 26 miles of Old Hickory Lake shoreline. Since its incorporation in 1968, Hendersonville’s population has increased from 116 to 64,930 with a median family income above average for the State of Tennessee and is considered to be the 10th largest city in Tennessee by population. The City of Hendersonville is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Hendersonville was incorporated on June 11, 1968 under the Tennessee Uniform Commission City Manager form of government. On August 7, 1986, a vote by referendum

changed the form of government to the Mayor-Aldermen form. The Board of Mayor and Aldermen is comprised of thirteen members. The Mayor is elected at large and the Aldermen are elected on the basis of six ward districts. Members of the Board of Mayor and Aldermen are elected for a four (4) year term and may not serve more than three (3) consecutive four (4) year terms. Members of the Board of Mayor and Alderman that were in office on November 8, 2022 may only serve an additional two (2) four (4) year terms. All department heads, the City Attorney, City Judge, Chief of Operations, and City Recorder are appointed by the Board of Mayor and Aldermen. The Board of Mayor and Aldermen is responsible for passing ordinances, adopting the budget, appointing committees, and establishing policies, among other things.

The City of Hendersonville provides a full range of municipal services including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; sanitation services; recreational and cultural activities; planning and zoning; and general administrative services. The Sumner County Board of Education provides educational services to students within the jurisdiction of the City of Hendersonville. The county school system is part of the Government of Sumner County. Nashville Electric Service, Cumberland Electric Membership Corporation and Piedmont Natural Gas Company provide electrical and natural gas distribution to the City of Hendersonville.

Sewage treatment is provided by the Hendersonville Utility District, which is not part of the government of the City of Hendersonville. Water distribution is provided by the Hendersonville Utility District and the White House Utility District, which are not a part of the government of the City of Hendersonville. Financial data for these entities is not included in the financial statements of this report. However, audited financial statements of these entities are available upon request from their offices. The City contracts for solid waste disposal with a private contractor.

Component units are entities for which the City of Hendersonville is considered to be financially accountable. Financial information for component units is reported in the government-wide financial statements.

The Board of Mayor and Aldermen is required to adopt a final budget by no later than the close of the fiscal year. This annual budget serves as the foundation for the City of Hendersonville's financial planning and control. The budget detail is prepared by fund (i.e. general), function (i.e. central administration), department (i.e. personnel), and object code (i.e. salaries). Department heads are authorized to expend funds within total functional appropriations with some exceptions. However, amendments to the budget that change functional and/or total appropriations require the adoption of an ordinance by the Board of Mayor and Aldermen.

Local Economy

The City of Hendersonville is a growing residential community having a close proximity to a major metropolitan city with increased growth in industrial, residential, retail and commercial activity. The local economy is currently experiencing increased construction, planned developments and retail business in the area. Hendersonville continued to pursue its efforts in promoting industrial, retail, commercial, and residential growth in fiscal year 2024. The major positive initiatives taken by the City of Hendersonville are as follows:

1. The City budgeted \$29,443,518 for capital projects in Fiscal Year 2024. Projects include: \$6,712,318 for the Drakes Creek Road and Stop 30 Road Widening, \$3,402,249 to complete the Sanders Ferry Walking Trail, and \$1,866,700 for Traffic Signal Synchronization.
2. The City continues to expand and update the use of its parks and includes projects in the budget for Fiscal Year 2024 to accomplish this. Projects include: \$678,295 for Rugby Facilities Construction and Renovation, \$1,200,000 for Rugby Lights and Drakes Creek Soccer #4 Turf Field.
3. The City is focused on efficiency and the use of technology to improve processes. During FY2024, the City has implemented Energov for permitting and additional modules of Tyler MUNIS ERP, including budget, accounts payable and purchasing resulting in electronic approvals and streamlined processes.

In addition to these initiatives, it appears the overall attitude of the government and the citizens of the City are more than ever concerned with economic growth and impact the growth has on traffic. The City of Hendersonville is committed to building a future in which economic prosperity is balanced with a quality of life for all of its citizens.

In September of 2021, Money.com named the City of Hendersonville number sixteen among its list of [‘50 Best Places to Live 2021’](#).

Long-Term Financial Planning

The City has numerous capital projects currently funded and under construction. Several of these are: Drakes Creek / Stop 30 widening, Walton Ferry, traffic signal upgrades, and drainage projects.

The City was reaffirmed as AA+ by Standards and Poor’s rating services in April of 2021 while restructuring outstanding debt obligations in April of 2021. The City did not issue any additional debt in FY23-24.

Financial Policies

Annual budgets are adopted on an encumbrance basis, which is a basis not consistent with generally accepted accounting principles for all governmental funds except Debt Service and Capital Projects funds. Expenditures may not exceed appropriations authorized by the Board of Mayor and Aldermen. The legal level of control is held at the functional level. The City utilizes functional budgeting as authorized by the appropriating ordinances and follows these procedures in establishing the budgetary data reflected in the financial statements.

All bonds and notes of the City are to be retired from property tax revenues and are backed by the full faith and credit of the City, except the Revenue and Tax bonds and /capital leases which are to be payable primarily from revenues of the golf course, and secondarily from the taxing power of the City in the event of a deficiency in golf course revenues.

Any single capital purchase in excess of \$10,000 that was not included in the line-item budget estimates must be approved by the Mayor before the purchase is obligated, so long as funds are available. The Mayor and Finance Director are authorized to expend appropriated funds to pay the City's debts, to issue refunds for overpayments of taxes and fees, and to transfer funds between banking accounts.

Balances at June 30 of the current fiscal year for commitments made in prior fiscal years for capital or special projects are appropriated from fund balances accumulated in prior fiscal years.

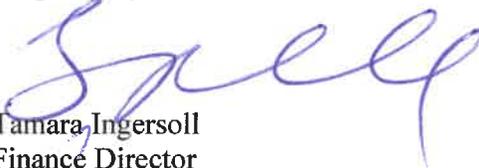
Awards and Acknowledgements

In order to be awarded a Certificate of Achievement for Excellence in Financial Reporting, a government must publish an easily readable and efficiently organized annual comprehensive financial report (ACFR). This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive financial report meets the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for a certificate.

The preparation of this report would not have been possible without the efficient and dedicated services of Jessica Cunningham, Accounting Manager, and Katie Curtis, Finance Manager, who worked tirelessly gathering and reviewing the information required for a successful audit. I would also like to express my appreciation for all members of the Finance Department who have worked tirelessly over the past year. Credit also must be given to the firm of KraftCPAs PLLC, who was most helpful in reviewing the interpretations of financial presentation and disclosure requirements.

Respectfully submitted,



Tamara Ingersoll
Finance Director

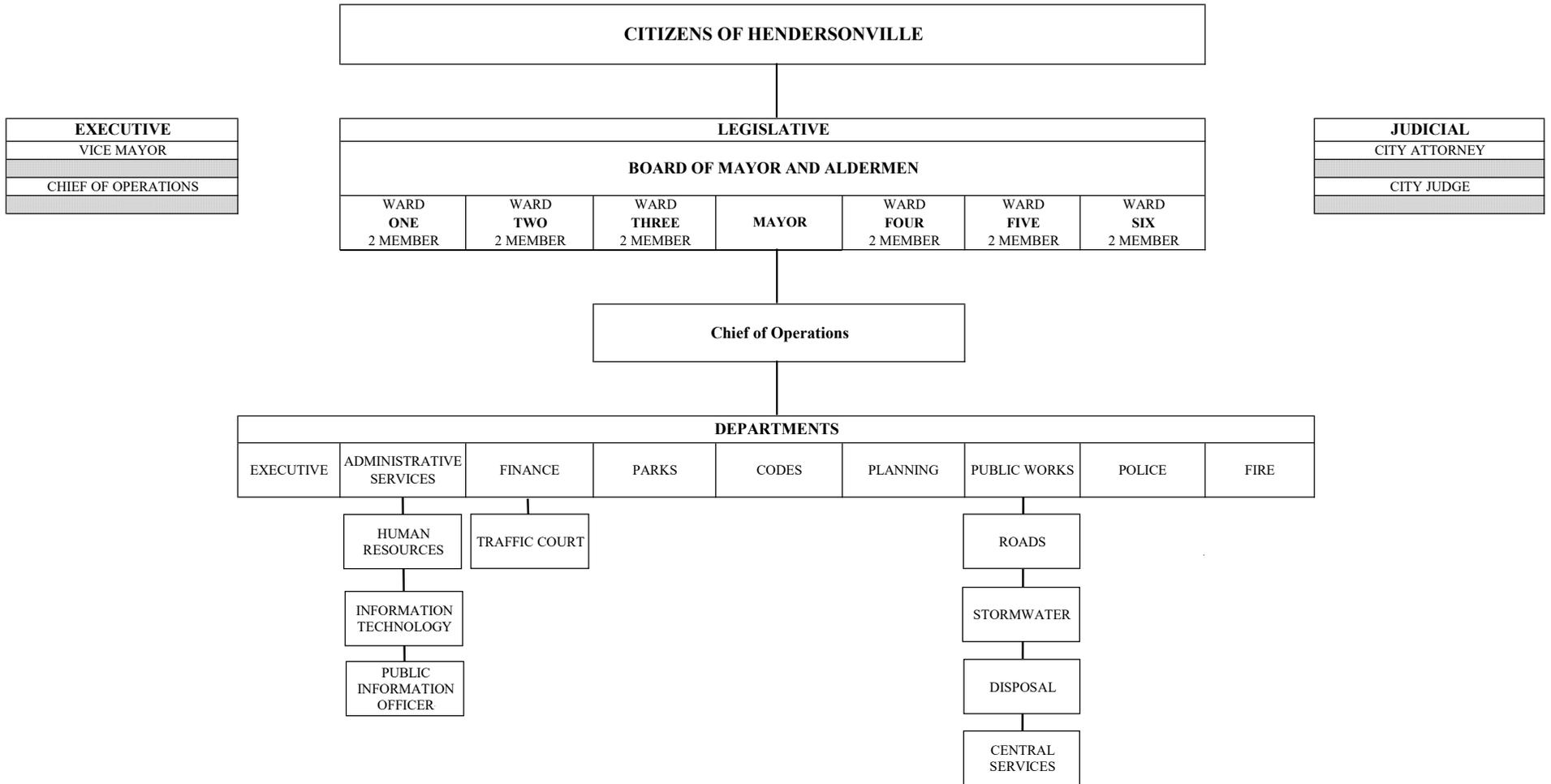


Jamie Clary
Mayor of Hendersonville, Tennessee

CITY OF HENDERSONVILLE

ORGANIZATIONAL CHART

June 30, 2024



OFFICIALS OF THE
CITY OF HENDERSONVILLE, TN

June 30, 2024

Jamie Clary
Jim Waters
Mark Skidmore
Mark Burgdorf
Lee Peterson
Michael Martin
Bob Garza
Jeffrey Sasse
Karen Dixon
Terri Goodwin
Rachel Collins
Janna Garton
Eddie Roberson
Jesse Eckenroth
Annette Hunter
Tamara Ingersoll
Andy Gilley
Greg Story
Keith Free
Sarah Lock
Jim Jones
Scotty Bush
Jason Gallo

Mayor
Vice Mayor, Ward 6
Alderman, Ward 1
Alderman, Ward 1
Alderman, Ward 2
Alderman, Ward 2
Alderman, Ward 3
Alderman, Ward 3
Alderman, Ward 4
Alderman, Ward 4
Alderman, Ward 5
Alderman, Ward 5
Alderman, Ward 6
Chief of Operations
City Recorder Designee
Finance Director/CMFO Designee
Parks Director
Codes Director
Planning Director
Public Works Director
Police Chief
Fire Chief
Administrative Services Director

The City maintains an employee dishonesty, forgery, and theft insurance policy in the amount of \$100,000 per occurrence.

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

To the Board of Mayor and Aldermen
City of Hendersonville, Tennessee

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINIONS

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the remaining fund information of the City of Hendersonville, Tennessee (the "City") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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 remaining fund information of the City of Hendersonville, Tennessee as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

BASIS FOR OPINIONS

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City's and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 15, and the schedules of changes in net pension liability (asset) and related ratios, contributions based on participation in the public employee pension plan of TCRS, and schedule of changes in other post-employment benefit liability and related ratios on pages 60 through 62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

REPORT ON SUPPLEMENTARY INFORMATION

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor funds and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements on pages on pages 63 through 69, the schedules on pages 70 through 79 as required by the State of Tennessee Audit Manual and the schedule of expenditures of federal and state awards on pages 80 through 81, as required by Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State of Tennessee Audit Manual are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements on pages 63 through 69, the schedules on pages 70 through 79 and schedule of expenditures of federal and state awards on pages 80 through 81 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

OTHER INFORMATION

Management is responsible for the other information included in the financial statements. The other information comprises the introductory section on pages i through vi and statistical sections on pages 82 through 102 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

OTHER REPORTING REQUIRED BY GOVERNMENT AUDITING STANDARDS

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2024 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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's internal control over financial reporting and compliance.

KraftCPAs PLLC

Nashville, Tennessee
December 19, 2024

CITY OF HENDERSONVILLE, TENNESSEE

Management's Discussion and Analysis

As management of the City of Hendersonville, Tennessee (the City) 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, 2024.

Financial Highlights:

The assets and deferred outflows of the City of Hendersonville exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$140,201,222 (net position). Of this amount, \$39,340,774 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

The government's total net position increased by \$17,203,492. This positive change is attributable primarily to an increase in the total value of construction in progress and capital assets, as well as an increase in cash receipts due to inflation.

As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$43,917,938, an increase of \$574,977 in comparison to the prior year. Approximately \$21,664,000 of that total is available for spending at the government's discretion (unassigned fund balance).

At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$21,664,010 or 31.70% of the total general fund expenditures.

The City's total debt decreased by \$1,968,597 or 17.14% during the current fiscal year.

Overview of the Financial Statements:

This discussion and analysis are intended to serve as an introduction to the City of Hendersonville's basic financial statements. The City'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.

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

The Statement of Net Position presents information on all of the City's assets plus deferred outflows of resources less liabilities and deferred inflows of resources as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Both of 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 of Hendersonville include general government, personnel, central services, finance, parks, codes, planning, police, fire, contributions, disposal service, program cost, streets and public works. The business-type activities of the City include its golf course operations.

The government-wide financial statements include not only the City of Hendersonville itself (known as the primary government), but also legally separate component units for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The component units reported include the Hendersonville Arts Council, Beautiful Hendersonville, Inc., and the Hendersonville Industrial Development Board.

The government-wide financial statements can be found on pages 16-17 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 from specific activities or objectives. The City of Hendersonville, 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 can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds Governmental Funds are funds 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, government 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 maintains eight 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, debt service and capital projects funds which are considered to be major funds. Data from the other three governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Hendersonville adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 18-22 of this report.

Proprietary Fund The City of Hendersonville maintains only one type of proprietary fund. An enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its golf course operations.

The proprietary fund provides the same type of information as the government-wide financial statements, only in more detail.

The basic proprietary fund financial statements can be found on pages 23-25 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 statement because the resources of those funds are not available to support the City of Hendersonville's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 26 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-59 of this report.

Other Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 63-69 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Hendersonville, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$140,201,222 at the close of the most recent fiscal year.

By far the largest portion of the City's net position (67.24%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City'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.

An additional portion of the City’s net position (4.71%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$39,340,774) may be used to meet the government’s ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior year.

The government’s net position increased by \$17,203,492 during the current fiscal year, amounting to 12.3% of total net position. This increase represents mostly an increase in total revenues exceeding expenditures, increase in net investment in capital assets and amounts within the Governmental Funds.

City of Hendersonville's Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 79,396,919	\$ 77,440,630	\$ 355,288	\$ 408,455	\$ 79,752,207	\$ 77,849,085
Capital and intangible assets	102,965,410	87,467,592	1,079,682	997,096	104,045,092	88,464,688
Total assets	<u>182,362,329</u>	<u>164,908,222</u>	<u>1,434,970</u>	<u>1,405,551</u>	<u>183,797,299</u>	<u>166,313,773</u>
Deferred outflows of resources	<u>14,977,756</u>	<u>13,609,280</u>	-	-	<u>14,977,756</u>	<u>13,609,280</u>
Long-term liabilities outstanding	25,840,127	25,021,115	-	-	25,840,127	25,021,115
Other liabilities	<u>10,085,974</u>	<u>9,445,904</u>	<u>94,907</u>	<u>132,376</u>	<u>10,180,881</u>	<u>9,578,280</u>
Total liabilities	<u>35,926,101</u>	<u>34,467,019</u>	<u>94,907</u>	<u>132,376</u>	<u>36,021,008</u>	<u>34,599,395</u>
Deferred inflows of resources	<u>22,552,825</u>	<u>22,325,928</u>	-	-	<u>22,552,825</u>	<u>22,325,928</u>
Net position:						
Net investment capital assets	93,180,490	76,763,425	1,079,682	997,096	94,260,172	77,760,521
Restricted	6,600,276	6,699,352	-	-	6,600,276	6,699,352
Unrestricted	<u>39,080,393</u>	<u>38,261,778</u>	<u>260,381</u>	<u>276,079</u>	<u>39,340,774</u>	<u>38,537,857</u>
Total net position	<u>\$ 138,861,159</u>	<u>\$ 121,724,555</u>	<u>\$ 1,340,063</u>	<u>\$ 1,273,175</u>	<u>\$ 140,201,222</u>	<u>\$ 122,997,730</u>

Governmental Activities

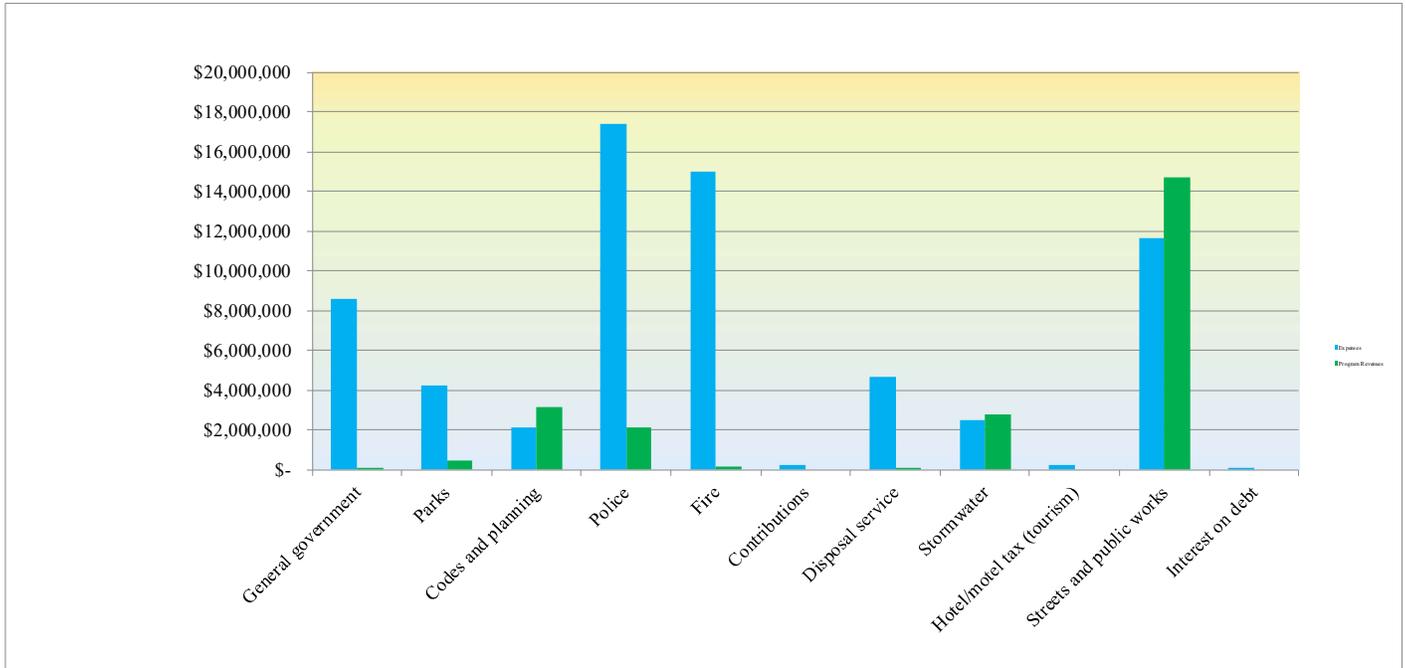
Governmental activities increased the City’s net position by \$17,136,604, thereby accounting for 99.61% of the total change in the net position of the City. The key factor for this increase was due to the increase in capital assets. Additionally, a conservative budgeting approach for both revenues and expenditures was utilized and resulted in an increased cash receipts due to inflation.

City of Hendersonville's Net Position

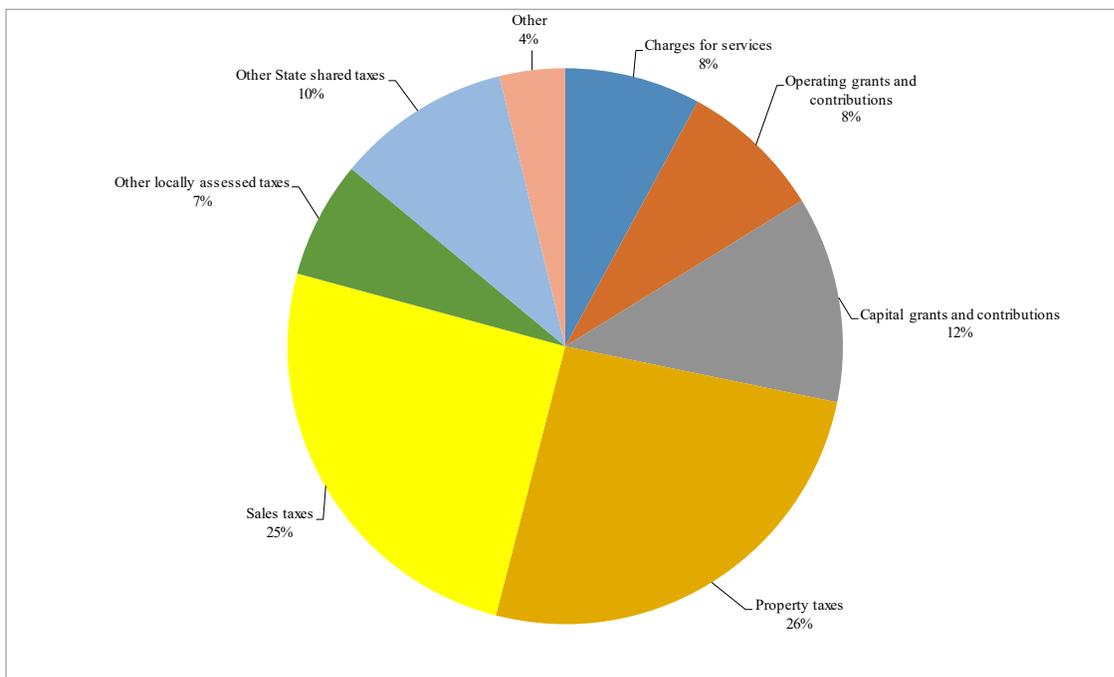
	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues						
Program revenues:						
Charges for services	\$ 6,632,283	\$ 7,216,365	\$ 1,400,543	\$ 1,290,995	\$ 8,032,826	\$ 8,507,360
Operating grants and contributions	6,986,119	3,723,437	-	-	6,986,119	3,723,437
Capital grants and contributions	10,075,437	4,713,759	-	-	10,075,437	4,713,759
General revenues:						
Property taxes	21,631,068	21,292,111	-	-	21,631,068	21,292,111
Sales taxes	21,132,769	19,986,843	-	-	21,132,769	19,986,843
Other locally assessed taxes	5,711,858	5,853,001	-	-	5,711,858	5,853,001
Other State shared taxes	8,527,833	8,106,282	-	-	8,527,833	8,106,282
Other	3,200,465	1,197,229	51,312	3,355	3,251,777	1,200,584
Total revenues	83,897,832	72,089,027	1,451,855	1,294,350	85,349,687	73,383,377
Expenses:						
General government	770,171	750,587	-	-	770,171	750,587
Central administration	3,233,464	2,911,799	-	-	3,233,464	2,911,799
Central services	3,299,456	1,512,158	-	-	3,299,456	1,512,158
Finance	1,311,673	1,172,209	-	-	1,311,673	1,172,209
Parks	4,232,421	4,055,947	-	-	4,232,421	4,055,947
Codes	1,004,960	913,232	-	-	1,004,960	913,232
Planning	1,136,019	1,168,066	-	-	1,136,019	1,168,066
Police	17,354,344	16,151,232	-	-	17,354,344	16,151,232
Fire	14,962,642	14,000,425	-	-	14,962,642	14,000,425
Contributions	247,500	296,670	-	-	247,500	296,670
Disposal service	4,681,971	4,511,864	-	-	4,681,971	4,511,864
Stormwater	2,503,682	2,352,793	-	-	2,503,682	2,352,793
Drug and forfeiture program costs	33,377	21,649	-	-	33,377	21,649
Hotel/motel tax (tourism)	211,051	-	-	-	211,051	-
Streets and Public Works	11,652,399	9,826,332	-	-	11,652,399	9,826,332
Interest expense on long-term debt	126,098	260,363	-	-	126,098	260,363
Golf course	-	-	1,384,967	1,214,909	1,384,967	1,214,909
Total expenses	66,761,228	59,905,326	1,384,967	1,214,909	68,146,195	61,120,235
Increase (decrease) in net position	17,136,604	12,183,701	66,888	79,441	17,203,492	12,263,142
Net position						
Beginning of year	121,724,555	109,540,854	1,273,175	1,193,734	122,997,730	110,734,588
End of year	\$ 138,861,159	\$ 121,724,555	\$ 1,340,063	\$ 1,273,175	\$ 140,201,222	\$ 122,997,730

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

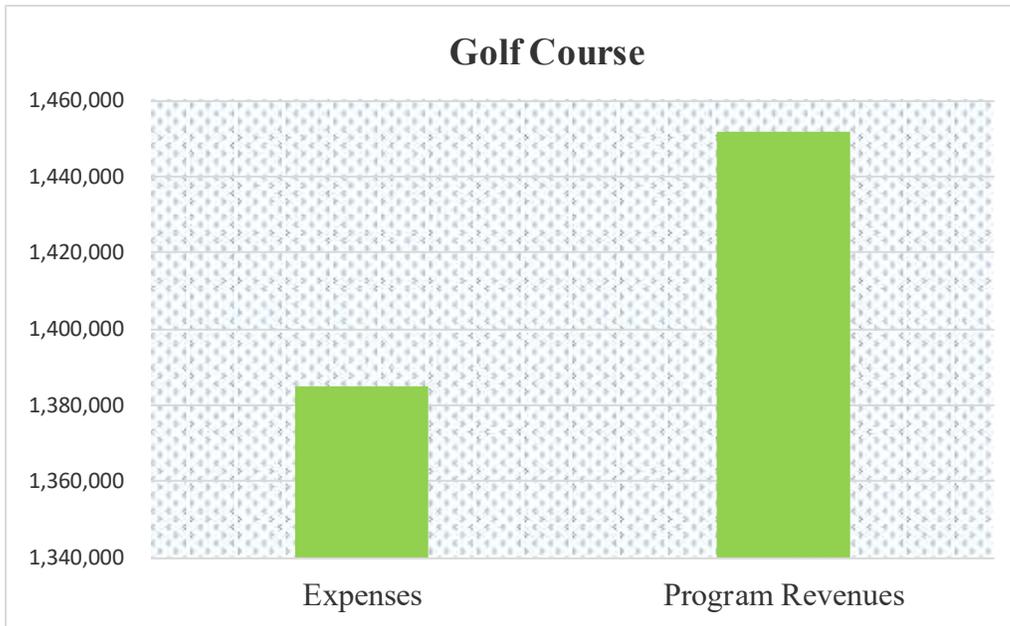
Expenses and Program Revenues - Governmental Activities



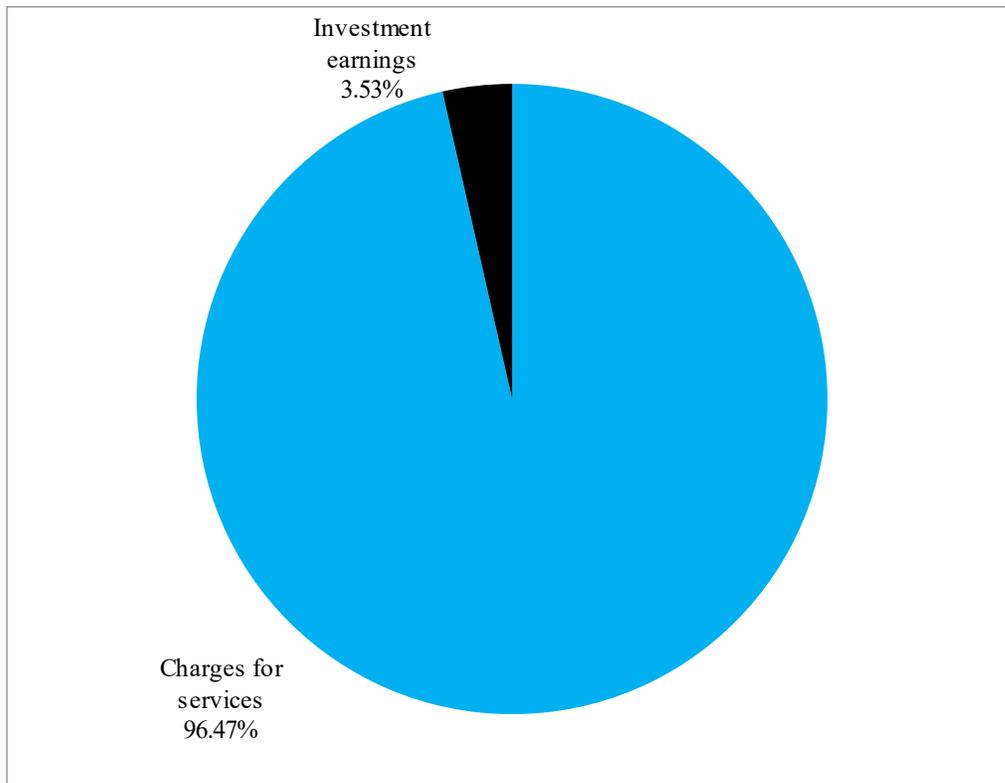
Revenues by Source - Governmental Activities



Expenses and Program Revenues - Business-Type Activities



Revenues by Source - Business-Type Activities Golf Course



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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$43,917,938, an increase of \$574,977 in comparison with the prior year. Approximately 49.33% of this total amount (\$21,664,010) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance (\$22,253,928) indicates that it is not available for new spending because it has been either 1) restricted for obligations in the amount of (\$4,760,683); 2) restricted to provide for capital projects (\$1,839,593) 3) designated non-spendable to provide for prepaid items (\$1,930,664); 4) committed to provide for designated departmental projects (\$772,051); 5) assigned for general government reserves (\$6,600,000) 6) assigned for specific projects regarding other governmental funds (\$1,107,082); 7) and assigned for departmental obligations in the amount of (\$5,243,855).

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$21,664,010, while total fund balance reached \$38,942,231. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 31.70% of total general fund expenditures, while total fund balance represents 56.98% of that same amount.

The fund balance of the City's General Fund increased by \$626,115 during the current fiscal year. This increase was a result of several factors including sales tax receipts exceeding expectations, and a conservative approach to budgeting and corresponding departmental expenditures coming in below the budgeted amount. Additionally, grants and special projects expenditures came in well below the budgeted amounts.

At the end of the current fiscal year, the total fund balance of the Capital Projects Fund was \$1,839,593. The increase in total fund balance from the prior fiscal year was \$82,133 due to the decrease in capital project expenditures and work completed on these capital projects.

At the end of the current fiscal year, the total fund balance of the State Street Aid Fund (nonmajor governmental fund) was \$947,696. The decrease in total fund balance from the prior fiscal year was \$357,596, which is primarily due to increases in road paving expenditures.

At the end of the current fiscal year, the total fund balance of the Drug Fund (nonmajor governmental fund) was \$334,623. The decrease in total fund balance from the prior fiscal year was \$10,453.

At the end of the current fiscal year, the total fund balance of the Forfeiture Fund (nonmajor governmental fund) was \$25,321. The increase in total fund balance from the prior fiscal year was \$254.

At the end of the current fiscal year, the total fund balance of the Stormwater Fund (nonmajor governmental fund) was \$1,798,676. The increase in total fund balance from the prior fiscal year was \$204,726.

At the end of the current fiscal year, the total fund balance of the newly added Hotel/Motel Tax Fund (nonmajor governmental fund) was \$29,798.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statement, but in more detail.

Unrestricted net position of the Golf Course Fund at the end of the year amounted to \$310,018. The increase in total net position of the Golf Course Fund amounted to \$66,888. Factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was an overall increase in appropriations to expenditures and other financing sources (uses) by \$7,860,634, the majority of which can be briefly summarized as follows:

- \$663,332 appropriated for a VCIF collaborative grant.
- \$1,695,000 appropriated for repair and debris removal following December 9, 2023 tornado.
- \$325,000 appropriated for traffic signal at Drakes Creek Rd. and Long Hollow Pike.
- \$600,000 appropriated for replacement police vehicles.
- \$1,000,000 appropriated for replacement fire engine.
- \$390,000 appropriated for traffic signal at Maple Row and E. Main St.
- \$417,383 appropriated for the final phase of the Senior Center project.
- \$351,213 appropriated for Parks special projects and improvements.
- \$649,222 appropriated for performance bonds.
- \$112,270 appropriated for the Saundersville Rd and Avondale intersection project.
- The remaining increase was due to various small adjustments.

Revenues were less than appropriated estimates resulting from significantly lower grant funding receipts that are a result of the grant expenditures being significantly under budget as well.

Capital Asset and Debt Administration

Capital and Intangible Assets

The City of Hendersonville's investment in capital assets for its governmental and business-type activities at June 30, 2024, amounts to \$104,045,092 (net of accumulated depreciation). This investment in capital and intangible assets includes land, buildings, improvements, SBITAs, machinery and equipment, park facilities, roads, highways and bridges. The total increase in the City's investment in capital assets for the current fiscal year was 17.66% (a 17.77% increase for governmental activities and a 8.28% increase for business-type activities).

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

- \$1,172,357 increase to Land for the acceptance of the Bradford Berry donated property.
- \$1,121,580 increase to Buildings & Improvements. The majority of this is attributable to the Rugby facilities and the Golf Barn building.
- \$12,294,782 increase in Infrastructure for various street acceptances and completion of the Sanders Ferry Walking Trail.

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 9,919,912	\$ 8,747,555	\$ 641,194	\$ 641,194	\$ 10,561,106	\$ 9,388,749
Buildings and improvements	16,771,341	15,412,217	1,056,461	1,056,461	17,827,802	16,468,678
Improvements other than buildings	10,438,330	9,765,174	4,372,932	4,321,557	14,811,262	14,086,731
Machinery and equipment	21,209,511	20,529,546	520,412	509,428	21,729,923	21,038,974
Intangible right-to-use SBITAs	639,746	76,804	-	-	639,746	76,804
Construction in progress	15,038,031	12,020,894	106,863	-	15,144,894	12,020,894
Infrastructure	<u>145,501,004</u>	<u>133,206,222</u>	<u>-</u>	<u>-</u>	<u>145,501,004</u>	<u>133,206,222</u>
	219,517,875	199,758,412	6,697,862	6,528,640	226,215,737	206,287,052
Less accumulated depreciation	<u>(116,552,465)</u>	<u>(112,290,820)</u>	<u>(5,618,180)</u>	<u>(5,531,544)</u>	<u>(122,170,645)</u>	<u>(117,822,364)</u>
Net Capital Assets	<u>\$ 102,965,410</u>	<u>\$ 87,467,592</u>	<u>\$ 1,079,682</u>	<u>\$ 997,096</u>	<u>\$ 104,045,092</u>	<u>\$ 88,464,688</u>

Additional information on the City of Hendersonville’s capital assets can be found in note 3 starting on page 37 of this report.

Long -Term Debt

At the end of the current year, the City of Hendersonville had total long-term debt outstanding of \$9,515,965, all of which is backed by the full faith and credit of the government. The enterprise fund had no bonded debt outstanding.

City of Hendersonville’s Outstanding Debt

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Notes payable	\$ 8,863,334	\$ 10,704,167	\$ -	\$ -	\$ 8,863,334	\$ 10,704,167
Note premiums	<u>652,631</u>	<u>780,395</u>	<u>-</u>	<u>-</u>	<u>652,631</u>	<u>780,395</u>
Total long-term debt obligations	<u>\$ 9,515,965</u>	<u>\$ 11,484,562</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,515,965</u>	<u>\$ 11,484,562</u>

The City of Hendersonville's total debt decreased by \$1,968,597 or 17.14% during the current fiscal year. On April 29, 2021, Standard & Poors Rating Services affirmed the City of Hendersonville's long-term rating of AA+ for the city's debt outstanding.

State statutes impose no debt limit on the amount of general obligation debt a governmental entity may issue.

Additional information on the City of Hendersonville's long-term debt can be found in note 7 beginning on page 41 of this report.

Economic Factors and Next Year's Budget and Rates

The unemployment rate at June 30, 2024 was 2.8%, which is in line with last year's rate of 2.9%. This compares to the state's average unemployment rate of 3.0% and the national average rate of 4.1%, seasonally adjusted. It is worth noting that unemployment rates have continued to trend downward from the highest point in July 2021 at 9.0% as a result of the COVID-19 pandemic.

In the 2024-2025 budget, General Fund revenues and transfers in are budgeted to increase by 5.4% from the 2023-2024 budget year. For the last several years, the City's budget has benefitted by an expanding commercial and retail base producing a consistent increase in local sales tax receipts, building permits, and business taxes as well as increased inflation.

All of these factors were considered in preparing the City's budget for the 2024-2025 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the City of Hendersonville Tennessee'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 financial information should be addressed to:

Tamara Ingersoll, Finance Director
City of Hendersonville
101 Maple Drive North
Hendersonville, TN 37075

CITY OF HENDERSONVILLE, TENNESSEE

STATEMENT OF NET POSITION

JUNE 30, 2024

	Primary Government		Total	
	Governmental Activities	Business Activities	Primary Government	Component Unit
<u>ASSETS</u>				
Cash and cash equivalents	\$ 43,492,651	\$ 304,318	\$ 43,796,969	\$ 69,223
Investments	-	-	-	187,724
Receivables:				
Property taxes	22,783,333	-	22,783,333	-
Other taxes	771,311	-	771,311	-
Disposal fees	12,068	-	12,068	-
Stormwater fees	123,035	-	123,035	-
Due from other governments	10,283,857	-	10,283,857	-
Accounts receivable	-	133	133	-
Inventories	-	50,072	50,072	-
Prepaid items	60,354	-	60,354	-
Deposits	-	765	765	-
Restricted assets - cash and cash equivalents:				
Deposit for capital construction - State of Tennessee	1,870,310	-	1,870,310	-
Capital and intangible assets:				
Land and construction in progress	24,957,943	748,057	25,706,000	10,852
Capital assets, net	77,367,721	331,625	77,699,346	-
SBITA assets, net	639,746	-	639,746	-
TOTAL ASSETS	182,362,329	1,434,970	183,797,299	267,799
 <u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred outflows relating to pensions	14,628,280	-	14,628,280	-
Deferred outflows relating to other post employment benefits	349,476	-	349,476	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	14,977,756	-	14,977,756	-
 <u>LIABILITIES</u>				
Accounts payable	2,855,904	1,330	2,857,234	-
Accrued liabilities	7,030,789	43,940	7,074,729	-
Unearned revenue	67,522	-	67,522	-
Long-term debt due within one year	1,993,598	-	1,993,598	-
SBITA liabilities due within one year	131,759	-	131,759	-
Other long-term liabilities	2,779,940	49,637	2,829,577	-
Long-term debt due more than one year	7,522,367	-	7,522,367	-
SBITA liabilities due in more than one year	137,196	-	137,196	-
Net pension liability	11,161,561	-	11,161,561	-
Net other post employment benefits liability	2,245,465	-	2,245,465	-
TOTAL LIABILITIES	35,926,101	94,907	36,021,008	-
 <u>DEFERRED INFLOWS OF RESOURCES</u>				
Assessed and unlevied taxes and fees	22,024,115	-	22,024,115	-
Deferred inflows related to pensions	71,755	-	71,755	-
Deferred inflows related to other post employment benefits	456,955	-	456,955	-
TOTAL DEFERRED INFLOWS OF RESOURCES	22,552,825	-	22,552,825	-
 <u>NET POSITION</u>				
Net investment in capital assets	93,180,490	1,079,682	94,260,172	10,852
Restricted for:				
Public works	393,118	-	393,118	-
Street maintenance	2,109,675	-	2,109,675	-
Law enforcement	429,416	-	429,416	-
General government	-	-	-	-
Capital projects	1,839,593	-	1,839,593	-
Stormwater	1,798,676	-	1,798,676	-
Sponsorships	29,798	-	29,798	-
Unrestricted	39,080,393	260,381	39,340,774	256,947
TOTAL NET POSITION	\$ 138,861,159	\$ 1,340,063	\$ 140,201,222	\$ 267,799

See accompanying notes to financial statements.

CITY OF HENDERSONVILLE, TENNESSEE

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total	Component Unit
GOVERNMENTAL ACTIVITIES:								
General government	\$ 770,171	\$ -	\$ 224,340	\$ -	\$ (545,831)	\$ -	\$ (545,831)	\$ -
Central administration	3,233,464	-	-	-	(3,233,464)	-	(3,233,464)	-
Central services	3,299,456	-	-	-	(3,299,456)	-	(3,299,456)	-
Finance	1,311,673	71,894	-	-	(1,239,779)	-	(1,239,779)	-
Parks and recreation	4,232,421	400,515	26,968	-	(3,804,938)	-	(3,804,938)	-
Codes	1,004,960	2,591,030	-	-	1,586,070	-	1,586,070	-
Planning	1,136,019	162,466	148,639	282,876	(542,038)	-	(542,038)	-
Police	17,354,344	464,995	1,661,542	-	(15,227,807)	-	(15,227,807)	-
Fire	14,962,642	156,606	-	-	(14,806,036)	-	(14,806,036)	-
Contributions	247,500	-	-	-	(247,500)	-	(247,500)	-
Disposal service	4,681,971	1,689	-	-	(4,680,282)	-	(4,680,282)	-
Stormwater	2,503,682	2,760,858	-	-	257,176	-	257,176	-
Drug and forfeiture program costs	33,377	-	-	-	(33,377)	-	(33,377)	-
Hotel/motel tax (tourism)	211,051	22,230	23,550	-	(165,271)	-	(165,271)	-
Streets and public works	11,652,399	-	4,901,080	9,792,561	3,041,242	-	3,041,242	-
Interest and issuance costs on long-term debt	126,098	-	-	-	(126,098)	-	(126,098)	-
	<u>66,761,228</u>	<u>6,632,283</u>	<u>6,986,119</u>	<u>10,075,437</u>	<u>(43,067,389)</u>	<u>-</u>	<u>(43,067,389)</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES:								
Golf course	1,384,967	1,400,543	-	-	-	15,576	15,576	-
TOTAL PRIMARY GOVERNMENT	\$ 68,146,195	\$ 8,032,826	\$ 6,986,119	\$ 10,075,437	(43,067,389)	15,576	(43,051,813)	-
COMPONENT UNITS								
	<u>\$ 93,499</u>	<u>\$ 84,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(8,914)</u>
General revenues:								
Property taxes					21,631,068	-	21,631,068	-
In lieu of taxes					877,083	-	877,083	-
Sales taxes					21,132,769	-	21,132,769	-
Wholesale beer tax					963,258	-	963,258	-
Wholesale liquor tax					891,703	-	891,703	-
Business tax					1,920,570	-	1,920,570	-
Franchise taxes					579,658	-	579,658	-
Hotel/motel tax					479,586	-	479,586	-
Unrestricted state shared taxes:								
State shared sales tax					7,597,834	-	7,597,834	-
State shared beer tax					27,143	-	27,143	-
State shared alcoholic beverage tax					383,628	-	383,628	-
Other unrestricted state shared revenues					519,228	-	519,228	-
Unrestricted investment earnings					1,696,856	719	1,697,575	9,094
Other					1,533,817	50,593	1,584,410	-
Gain (loss) on disposal of assets					(30,208)	-	(30,208)	-
Transfers					-	-	-	-
TOTAL GENERAL REVENUES					<u>60,203,993</u>	<u>51,312</u>	<u>60,255,305</u>	<u>9,094</u>
CHANGE IN NET POSITION					<u>17,136,604</u>	<u>66,888</u>	<u>17,203,492</u>	<u>180</u>
NET POSITION - BEGINNING OF YEAR					<u>121,724,555</u>	<u>1,273,175</u>	<u>122,997,730</u>	<u>267,619</u>
NET POSITION - END OF YEAR					<u>\$ 138,861,159</u>	<u>\$ 1,340,063</u>	<u>\$ 140,201,222</u>	<u>\$ 267,799</u>

See accompanying notes to financial statements.

CITY OF HENDERSONVILLE, TENNESSEE

BALANCE SHEET

GOVERNMENTAL FUNDS

JUNE 30, 2024

	General Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 38,059,945	\$ 1,839,593	\$ -	\$ 3,593,113	\$ 43,492,651
Receivables:					
Property taxes	22,783,333	-	-	-	22,783,333
Other taxes	726,760	-	-	44,551	771,311
Disposal fees	12,068	-	-	-	12,068
Stormwater fees	-	-	-	123,035	123,035
Due from other governments	9,805,993	-	-	477,864	10,283,857
Due from hotel/motel tax fund	252,028	-	-	-	252,028
Deposit for capital construction - State of Tennessee	1,870,310	-	-	-	1,870,310
Prepaid items	60,354	-	-	-	60,354
TOTAL ASSETS	<u>\$ 73,570,791</u>	<u>\$ 1,839,593</u>	<u>\$ -</u>	<u>\$ 4,238,563</u>	<u>\$ 79,648,947</u>
LIABILITIES					
Accounts payable	\$ 2,495,689	\$ -	\$ -	\$ 360,215	\$ 2,855,904
Accrued liabilities	6,735,965	-	-	187,545	6,923,510
Due to general fund	-	-	-	252,028	252,028
Unearned revenue	67,522	-	-	-	67,522
TOTAL LIABILITIES	<u>9,299,176</u>	<u>-</u>	<u>-</u>	<u>799,788</u>	<u>10,098,964</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	25,329,384	-	-	302,661	25,632,045
FUND BALANCE					
Nonspendable	1,930,664	-	-	-	1,930,664
Restricted for:					
Public works	393,118	-	-	-	393,118
Street maintenance	1,161,979	-	-	947,696	2,109,675
Law enforcement	69,472	-	-	359,944	429,416
Stormwater	-	-	-	1,798,676	1,798,676
Tourism	-	-	-	29,798	29,798
Capital projects	-	1,839,593	-	-	1,839,593
Committed for:					
Fire department	5,003	-	-	-	5,003
Parks	117,826	-	-	-	117,826
Performance bonds appropriated	649,222	-	-	-	649,222
Assigned to:					
Retiree benefits	1,107,082	-	-	-	1,107,082
General government:					
Infrastructure reserve	3,300,000	-	-	-	3,300,000
Rainy day	2,220,000	-	-	-	2,220,000
Public safety	1,080,000	-	-	-	1,080,000
Other	192,948	-	-	-	192,948
Public works	1,655,661	-	-	-	1,655,661
Law enforcement	1,290,198	-	-	-	1,290,198
Fire department	1,812,056	-	-	-	1,812,056
Parks	152,633	-	-	-	152,633
Planning	140,359	-	-	-	140,359
Unassigned	21,664,010	-	-	-	21,664,010
TOTAL FUND BALANCES	<u>38,942,231</u>	<u>1,839,593</u>	<u>-</u>	<u>3,136,114</u>	<u>43,917,938</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 73,570,791</u>	<u>\$ 1,839,593</u>	<u>\$ -</u>	<u>\$ 4,238,563</u>	<u>\$ 79,648,947</u>

See accompanying notes to financial statements.

CITY OF HENDERSONVILLE, TENNESSEE

RECONCILIATION OF BALANCE SHEET TO STATEMENT OF NET POSITION
NET POSITION OF GOVERNMENTAL ACTIVITIES

JUNE 30, 2024

TOTAL GOVERNMENTAL FUND BALANCES	\$ 43,917,938
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds Balance Sheet	102,325,664
SBITA assets are not financial resources and therefore are not reported in the governmental funds Balance Sheet	639,746
Long-term liabilities, including bonds payable and SBITAs, are not due and payable in the current period and therefore are not reported in the governmental funds Balance Sheet:	
Bonds and notes payable	(8,863,334)
Add: bond premium	(652,631)
SBITA liabilities	(268,955)
Compensated absences	(2,779,940)
In the Statement of Activities, interest is accrued on outstanding debt, whereas in governmental funds, interest expenditures are reported when due	(107,279)
Net pension asset (liability) in governmental activities is not a current financial resource and therefore is not reported in the governmental funds Balance Sheet	(11,161,561)
Net OPEB liability in governmental activities is not due and payable in the current period and therefore is not reported in the governmental funds Balance Sheet	(2,245,465)
Employer pension contributions made since the measurement date are deferred outflows of resources in governmental activities but have been expensed in governmental funds Balance Sheet	3,752,593
Deferred outflows of resources that are not financial resources and therefore are not reported in the governmental funds Balance Sheet:	
Deferred inflows related to pensions	(71,755)
Deferred inflows related to other post employment benefits	(456,955)
Other deferred outflows related to pensions	10,875,687
Other deferred outflows related to other post employment benefits	349,476
Certain deferred inflows relating to property taxes and other tax revenues in the governmental fund statements is recognized as revenues in the government-wide Statement of Net Position	<u>3,607,930</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 138,861,159</u>

See accompanying notes to financial statements.

CITY OF HENDERSONVILLE, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2024

	<u>General</u>	<u>Capital</u>	<u>Debt</u>	<u>Nonmajor</u>	<u>Total</u>
	<u>Fund</u>	<u>Projects</u>	<u>Service</u>	<u>Governmental</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>	<u>Funds</u>
REVENUES					
Local taxes	\$ 47,180,368	\$ -	\$ -	\$ 474,210	\$ 47,654,578
Intergovernmental revenues	14,956,144	-	-	2,189,196	17,145,340
Fines and forfeitures	495,456	-	-	-	495,456
Licenses and permits	3,433,780	-	-	-	3,433,780
Charges for services	400,515	-	-	2,766,354	3,166,869
Contributions	277,218	-	-	166,890	444,108
Uses of money and property	1,718,021	82,133	-	108,800	1,908,954
Other	1,584,053	-	-	-	1,584,053
TOTAL REVENUES	<u>70,045,555</u>	<u>82,133</u>	<u>-</u>	<u>5,705,450</u>	<u>75,833,138</u>
EXPENDITURES					
Current operations:					
General government	689,321	-	-	-	689,321
Central administration	3,026,132	-	-	-	3,026,132
Central services	3,299,456	-	-	-	3,299,456
Finance	1,278,844	-	-	-	1,278,844
Parks and recreation	3,464,318	-	-	-	3,464,318
Codes	983,514	-	-	-	983,514
Planning	1,092,536	-	-	-	1,092,536
Public works	5,710,865	-	-	-	5,710,865
Police	15,964,878	-	-	-	15,964,878
Fire	13,948,240	-	-	-	13,948,240
Contributions	247,500	-	-	-	247,500
Disposal service	4,681,971	-	-	-	4,681,971
Drug and forfeiture program costs	-	-	-	33,377	33,377
Streets	-	-	-	2,359,368	2,359,368
Stormwater	-	-	-	2,493,562	2,493,562
Hotel/motel tax (tourism)	-	-	-	209,425	209,425
Debt service:					
Principal	759,857	-	1,840,833	-	2,600,690
Interest	-	-	310,415	-	310,415
Capital outlay	13,191,429	-	-	630,632	13,822,061
TOTAL EXPENDITURES	<u>68,338,861</u>	<u>-</u>	<u>2,151,248</u>	<u>5,726,364</u>	<u>76,216,473</u>
REVENUES OVER (UNDER)					
EXPENDITURES	1,706,694	82,133	(2,151,248)	(20,914)	(383,335)
OTHER FINANCING SOURCES (USES)					
Financing of SBITAs	958,312	-	-	-	958,312
Transfers in	252,028	-	2,151,248	139,671	2,542,947
Transfers out	(2,290,919)	-	-	(252,028)	(2,542,947)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,080,579)</u>	<u>-</u>	<u>2,151,248</u>	<u>(112,357)</u>	<u>958,312</u>
NET CHANGE IN FUND BALANCES	626,115	82,133	-	(133,271)	574,977
FUND BALANCES - BEGINNING OF YEAR	<u>38,316,116</u>	<u>1,757,460</u>	<u>-</u>	<u>3,269,385</u>	<u>43,342,961</u>
FUND BALANCES - END OF YEAR	\$ <u>38,942,231</u>	\$ <u>1,839,593</u>	\$ <u>-</u>	\$ <u>3,136,114</u>	\$ <u>43,917,938</u>

CITY OF HENDERSONVILLE, TENNESSEE

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

YEAR ENDED JUNE 30, 2024

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	\$ 574,977
Amounts reported for governmental activities in the Statement of Activities are different from amounts reported for governmental funds in the Statement of Revenues, Expenditures and Changes in Fund Balances because:	
Governmental funds report capital outlays as expenditures. However, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities:	
Acquisition of capital assets	12,863,748
Donations of assets by developers	8,048,808
Loss on disposition of capital assets	(240,716)
Depreciation expense	(5,736,964)
Amortization of SBITA assets	(395,370)
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities	1,840,833
Payment of SBITA liabilities is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities	759,857
Governmental funds report the revenue from bond premiums when issued, whereas these amounts are deferred and amortized over the life of the bonds with deferred charges as a result of advance refunding:	
Amortization of bond premiums	127,764
Interest is accrued on the outstanding bonds in the Statement of Activities, whereas in the governmental funds, an interest expenditure is reported when due:	
Accrued interest on debt obligations at June 30, 2024	(107,279)
Accrued interest on debt obligations at June 30, 2023	163,832
Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:	
Changes in compensated absences	(539,538)
Actuarially determined pension expense	(4,471,453)
Changes in other post employment benefits obligation	238,909
Pension plan contributions after the measurement date are expensed in governmental funds but are considered deferred outflows of resources in the Statement of Net Position	3,752,593
Revenues in the Statement of Activities for property, sales and other taxes that do not provide current financial resources are not reported as revenues for governmental funds	<u>256,603</u>
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 17,136,604</u>

See accompanying notes to financial statements.

CITY OF HENDERSONVILLE, TENNESSEE

STATEMENT OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BASIS)

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2024

	<u>BUDGETED AMOUNTS</u>			<u>VARIANCE WITH FINAL BUDGET OVER (UNDER)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>ACTUAL</u>	
REVENUES				
Local taxes	\$ 45,901,000	\$ 45,976,000	\$ 47,180,368	\$ 1,204,368
Licenses and permits	3,176,000	3,431,000	3,433,780	2,780
Intergovernmental revenue	20,085,438	21,399,500	14,924,488	(6,475,012)
Fines and forfeitures	522,450	522,450	478,027	(44,423)
Charges for services	325,000	325,000	402,204	77,204
Contributions	62,000	756,098	314,283	(441,815)
Other revenues	1,417,100	3,246,100	3,312,405	66,305
TOTAL REVENUE	<u>71,488,988</u>	<u>75,656,148</u>	<u>70,045,555</u>	<u>(5,610,593)</u>
EXPENDITURES				
Executive	731,203	731,203	689,321	(41,882)
Central services	2,763,304	4,707,419	3,801,083	(906,336)
Central administration	3,046,751	3,469,601	3,217,399	(252,202)
Finance	1,490,637	1,490,637	1,363,135	(127,502)
Parks	3,232,507	3,410,506	3,278,287	(132,219)
Codes	1,140,088	1,140,088	983,514	(156,574)
Planning	1,412,606	1,521,931	1,150,791	(371,140)
Streets and public works	5,849,913	6,869,262	5,618,495	(1,250,767)
Police department	18,283,445	19,624,652	16,833,487	(2,791,165)
Fire department	13,897,964	15,766,108	14,855,651	(910,457)
Contributions	277,500	277,500	247,500	(30,000)
Disposal service	4,628,450	4,683,450	4,681,971	(1,479)
Grants and special projects	24,323,193	25,245,838	12,696,041	(12,549,797)
TOTAL EXPENDITURES	<u>81,077,561</u>	<u>88,938,195</u>	<u>69,416,675</u>	<u>(19,521,520)</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(9,588,573)</u>	<u>(13,282,047)</u>	<u>628,880</u>	<u>(13,910,927)</u>
OTHER FINANCING USES				
Transfers from other funds	60,000	60,000	252,028	(192,028)
Transfers to other funds	(2,599,150)	(2,599,150)	(2,290,919)	(308,231)
TOTAL OTHER FINANCING USES	<u>(2,539,150)</u>	<u>(2,539,150)</u>	<u>(2,038,891)</u>	<u>(500,259)</u>
CHANGE IN FUND BALANCE - GENERAL FUND - AS BUDGETED	<u>\$ (12,127,723)</u>	<u>\$ (15,821,197)</u>	<u>(1,410,011)</u>	<u>\$ (14,411,186)</u>
FUND BALANCE - BEGINNING OF YEAR			34,974,521	
ADD BACK PRIOR YEAR ENCUMBRANCES WRITTEN OFF			<u>133,866</u>	
FUND BALANCE - END OF YEAR			<u>\$ 33,698,376</u>	
Fund balance - End of year (non-GAAP)	\$ 33,698,376			
+ General Fund encumbrances	<u>5,243,855</u>			
Fund balance - End of year (GAAP)	<u>\$ 38,942,231</u>			

See accompanying notes to financial statements.

CITY OF HENDERSONVILLE, TENNESSEE

STATEMENT OF NET POSITION

PROPRIETARY FUND - GOLF COURSE

JUNE 30, 2024

ASSETS

Cash and cash equivalents	\$ 304,318
Receivables	133
Inventories	50,072
Other current assets	<u>765</u>
TOTAL CURRENT ASSETS	355,288
CAPITAL ASSETS, NET	<u>1,079,682</u>
TOTAL ASSETS	<u>1,434,970</u>

LIABILITIES

CURRENT LIABILITIES

Accounts payable	1,330
Accrued liabilities	<u>43,940</u>
TOTAL CURRENT LIABILITIES	<u>45,270</u>

LONG-TERM LIABILITY	<u>49,637</u>
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NET POSITION

Net investment in capital assets	1,030,045
Unrestricted	<u>310,018</u>
TOTAL NET POSITION	<u>\$ 1,340,063</u>

See accompanying notes to financial statements.

CITY OF HENDERSONVILLE, TENNESSEE

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

PROPRIETARY FUND - GOLF COURSE

FOR THE YEAR ENDED JUNE 30, 2024

OPERATING REVENUES	
Charges for sales and services	\$ 1,400,543
	<u>1,400,543</u>
OPERATING EXPENSES	
Costs of sales	223,290
Personnel services	642,612
Repairs and maintenance	136,345
Supplies	47,998
Gas	33,241
Credit card charges	50,042
Chemicals and fertilizer	49,732
Utilities	34,046
Depreciation	86,636
Advertising and promotion	5,893
Other operating expenses	35,132
Management services	40,000
	<u>1,384,967</u>
TOTAL OPERATING EXPENSES	<u>1,384,967</u>
OPERATING INCOME	<u>15,576</u>
NONOPERATING REVENUES (EXPENSES)	
Other income	50,593
Interest income	719
	<u>51,312</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>51,312</u>
CHANGE IN NET POSITION	66,888
NET POSITION - BEGINNING OF YEAR	<u>1,273,175</u>
NET POSITION - END OF YEAR	<u>\$ 1,340,063</u>

See accompanying notes to financial statements.

CITY OF HENDERSONVILLE, TENNESSEE

STATEMENT OF CASH FLOWS

PROPRIETARY FUND - GOLF COURSE

FOR THE YEAR ENDED JUNE 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$ 1,401,053
Cash paid for personnel services	(633,590)
Cash paid for management services	(40,000)
Payments to suppliers	<u>(634,740)</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES

92,723

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property and equipment	(169,222)
Insurance proceeds received	50,593
Repayments on long-term liabilities for golf carts	(33,120)
Interest received	<u>719</u>

NET CASH USED IN INVESTING ACTIVITIES

(151,030)

NET CHANGE IN CASH AND CASH EQUIVALENTS

(58,307)

CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR

362,625

CASH AND CASH EQUIVALENTS - END OF YEAR

\$ 304,318

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY
OPERATING ACTIVITIES

Operating income	\$ <u>15,576</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	86,636
Changes in operating assets and liabilities	
Receivables	510
Inventories	(5,286)
Prepaid expenses	(364)
Accounts payable	(13,371)
Accrued liabilities	<u>9,022</u>

TOTAL ADJUSTMENTS

77,147

NET CASH PROVIDED BY OPERATING ACTIVITIES

\$ 92,723

See accompanying notes to financial statements.

CITY OF HENDERSONVILLE, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
TRAINING AND TEEN ACTIVITY FUND
JUNE 30, 2024

ASSETS

Cash	\$ <u>13,903</u>
TOTAL ASSETS	\$ <u>13,903</u>

LIABILITIES

Amounts due to agencies	\$ <u>13,903</u>
TOTAL LIABILITIES	\$ <u>13,903</u>

See accompanying notes to financial statements.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

The City of Hendersonville, Tennessee was incorporated June 11, 1968 and is located in Sumner County. The City operates under a Mayor-Aldermen form of government and provides the following services as authorized by its charter: public safety (police and fire protection), highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

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

Reporting Entity

The accompanying financial statements represent the government and its component unit, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities are in substance, part of the government's operations. The City's discretely presented component unit is presented in a single column in the government-wide financial statements to emphasize it is legally separate from the primary government. The following is a description of the discretely presented component unit:

Industrial Development Board was established to account for the development of the City's industrial park. Primary sources of funds are sale of industrial lots from land originally purchased by the City. The Mayor and Board of Aldermen appoint the board.

Change in Reporting Entity

The City created a new special revenue fund in fiscal year 2024 to separately account for hotel/motel tax receipts and expenditures that are restricted for tourism. This activity was previously accounted for within the General Fund.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and Fund Financial Statements

The government-wide financial statements, the statement of net position and the statement of changes in net position, report information on all the non-fiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

Separate financial statements are provided for governmental funds, proprietary funds, and a fiduciary fund, even though the latter is excluded from the government-wide financial statements. The fiduciary fund category includes an agency fund type which is unlike other fund types, reporting only assets and liabilities and has no measurement focus, but reports assets and liabilities on the accrual basis of accounting. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes and disposal revenues to be available if they are collected within 60 days of the end of the current fiscal period. Sales taxes and other shared revenues through intermediate collecting governments are considered measurable and available if received within 30 days of year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims, and judgments are recorded only when payments due.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Property taxes, franchise taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

The City reports the following major governmental funds:

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

The Capital Projects Fund accounts for the financial resources to be used for acquisition or construction of major government capital assets, improvements or repairs.

The Debt Service Fund accounts for the accumulation and disbursement of funds for governmental debt service requirements.

The City reports the following proprietary fund:

The Golf Course Fund accounts for the activities of the municipal golf course which provides an eighteen-hole golf course for public use. All activities necessary to provide these services are accounted for in such a manner as to show a profit or loss similar to comparable private enterprises.

Additionally, the City reports the following fiduciary fund:

Training and Teen Activity Fund which is an agency fund type used to account for assets held by the City in a fiduciary capacity on behalf of others for training and teen activities. This fund is unlike other funds in that it reports only assets and liabilities and has no measurement focus, but utilizes the accrual basis of accounting for reporting assets and liabilities.

The City had no internal service funds as of or for the year ended June 30, 2024.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions are those charges between various functions whose elimination would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Amounts reported as program revenues include 1) charges to customers or applicants (including fines and fees) for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

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

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.

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits, savings accounts and short-term certificates of deposit with an original maturity of three months or less and the Local Government Investment Pool of the State of Tennessee (the "Pool"). The reported value of the Pool is the same as the fair value of the Pool shares.

The City of Hendersonville is authorized to invest in U.S. Government securities and obligations guaranteed by the U.S. Government, deposit accounts at state and federal chartered banks and savings and loan associations, and the Local Government Investment Pool of the State of Tennessee. The pool contains investments in collateralized certificates of deposits, U.S. Treasury Securities and Repurchase Agreements backed by U.S. Treasury Securities. Deposits in financial institutions are required by state statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must be a minimum of 105% of the value of the deposits placed in the institutions less the amount protected by federal deposit insurance. Collateral requirements are not applicable for financial institutions which participate in the State of Tennessee's collateral pool which is administered by the Tennessee Treasury Department.

Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds."

An allowance for uncollectible accounts is not provided based on management's estimate of collectability of such accounts.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories of Supplies and Prepaid Items

Inventories of supplies are valued at the lesser of cost or net realizable value using the first-in, first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepayments of government funds are recorded as expenditures when consumed rather than when purchased. Prepaid amounts relate to postage and insurance.

Capital Assets

Capital assets, which include property, equipment, and infrastructure assets (e.g., road, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets excluding infrastructure, are defined by the City as assets with an initial, individual cost of \$7,000 or more and an estimated useful life in excess of two years. Infrastructure capital assets are defined by the City as assets with an individual cost of \$50,000 or more with an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. During the year, there was no capitalized interest recorded.

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

Buildings	40 years
Improvements other than buildings	15 years
Machinery, equipment and vehicles	5 - 10 years
Road systems infrastructure	25 years
Sidewalks	25 years
Bridges	50 years

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subscription-Based Information Technology Arrangements (SBITAs)

A SBITA is a contract that conveys control of the right to use another party's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The City recognizes a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability. The subscription liability is initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. The City will recognize amortization of the discount on the subscription liability as an outflow of resources in subsequent financial reporting periods.

Deferred Inflows and Deferred Outflows of Resources

Deferred inflows of resources arise when assets are recognized before revenue recognition criteria have been satisfied. Deferred inflows of resources at June 30, 2024 relate to differences between projected and actual earnings on plan investments on pensions and changes in assumptions in other post employment benefits.

Deferred outflows of resources arise when resources used pertain to future reporting periods. Deferred outflows of resources at June 30, 2024 relate to contributions made into the pension plan after the measurement date, differences between actual and expected experience and changes in actuarial assumptions.

The government has items which arise, under the accrual and modified accrual basis of accounting that qualify for reporting in this category. Accordingly, the item, unavailable revenue, is reported in the governmental activities statement of net position and the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and state shared revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available

Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt, SBITAs and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Bond premiums and discount are deferred and amortized over the life of the bonds or notes using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Loss on refunding, if applicable, is reported as deferred outflow of resources and amortized over the shorter period of the old or new debt.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations (Continued)

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

Compensated Absences

City policy permits the accumulation, within certain limitations, of vacation leave and sick days. Vacation leave days may accumulate and carry forward from one calendar year to the next, up to one year's allowed accumulation. In extenuating circumstances, waivers may be received on carryover with limitations. Sick pay may accumulate with no limits. One half of sick leave accumulated may be paid to employees hired before September 1, 1997 when eligible for retirement. No other amounts of sick pay are vested in the event of employee termination.

All vacation and one-half sick pay of eligible employees is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee terminations or retirements.

Other Post Employment Benefits ("OPEB")

The City provides post employment health insurance benefits to eligible retirees hired prior to July 1, 2008 depending on years of service prior to age 65. The balance shown as a liability for OPEB represents the actuarially determined total liability representing the present value of projected benefit payments to be provided to current, active and inactive employees past periods of service.

Pensions

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

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classification

In the government-wide financial statements, equity is shown as net position and classified into three components:

Net investment in capital assets - Capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgage notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted net position - Net position with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; (2) law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first and then unrestricted resources as they are needed.

Unrestricted net position - All other net position that does not meet the definition of "restricted" or "net investment in capital assets."

Fund balance is reported in the governmental fund financial statements under the following categories:

- *Nonspendable fund balance* represents amounts that are required to be maintained intact, such as inventories and prepaid items.
- *Restricted fund balance* is that portion of fund balance that can be spent only for the specific purposes stipulated by external source or through enabling legislation. It is the City's policy to first use the restricted fund balance when an expenditure is incurred for purposes for which both restricted and unrestricted funds are available.
- *Committed fund balance* includes amounts constrained to specific purposes as determined by formal action of the City using its highest level of decision-making authority, an ordinance by the City Board. Conversely, to rescind or modify a fund balance commitment, action by the City Board is also required.
- *Assigned fund balance* amounts are intended to be used by the City for specific purposes but do not meet the criteria to be restricted or committed. Intent may be stipulated by the Board by resolution. Appropriations of fund balance to eliminate projected budgetary deficits in the subsequent year's budget are presented as assignments of fund balance.
- *Unassigned fund balance* is the residual classification of the General Fund. The City's policy for the use of unrestricted fund balance amounts require that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Tax , Stormwater Fees and Other Receivables

The City's property tax is levied on the first Monday in October on the assessed value as listed on January 1 for all real and personal property located in the City's legal boundaries. All City taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made. Since the legal claim is not enforceable until the next fiscal year, these taxes are deferred. Assessed values are established by the State of Tennessee at the following rates of assessed market value:

Industrial and Commercial Property			
- Real	40%	- Public Utility Property	55%
- Personal	30%	- Farm and Residential Property	25%

Taxes are levied at a rate of 0.9187 per \$100 of assessed valuation for 2024 and 2023. Payments may be made during the period from October 1 through February 28. Current tax collections of \$21,148,929 for the fiscal year ended June 30, 2024 were approximately 98 percent of the tax levy. Delinquent taxes past due for fourteen months are turned over to the county court clerk for collection.

The government-wide financial statements report property taxes receivable of \$22,783,333. Of this receivable amount, \$22,024,115 represents the estimated net realizable 2024 property taxes. This amount is included in deferred inflows of resources since they are not available until a future period.

The other taxes receivable reported includes beer and liquor taxes, franchise fees and hotel/motel taxes.

Stormwater fees are billed as a special assessment with the property tax bill and are billed annually on the first Monday in October and are payable through February 28. Stormwater rates vary for individuals and businesses based on the impervious surface area on the lot. Stormwater fees are accounted for in the Stormwater Fund, a non-major governmental special revenue fund.

Estimates

Estimates used in the preparation of financial statements require management to make assumptions that affect the reported amounts of assets, liabilities and deferred inflows and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 2 - DEPOSITS AND INVESTMENTS

Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned, or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires deposits to be 105% secured by collateral, less the amount of Federal Deposit Insurance Corporation insurance (FDIC) or deposited in an institution which participates in the State Collateral Pool. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service. Collateral agreements must be approved prior to deposit of funds as provided by law. The City Board approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of City staff.

Cash includes pooled funds in the State of Tennessee Local Government Investment Pool ("LGIP") which is maintained and operated by the State of Tennessee in accordance with applicable State laws and regulations. Because the LGIP is considered a qualified external investment pool, participants are guaranteed consistent application of an amortized cost-based measurement for financial reporting purposes. That measurement approximates fair value and mirrors the operations of external investment pools that transact with participants at a stable net asset value per share.

At June 30, 2024, there were no amounts exposed to custodial credit risk.

Investments

At June 30, 2024, the City's held no investments. At June 30, 2024, the component unit held \$200,000 in certificates of deposit.

Interest Rate Risk: The City minimizes interest rate risk, which is the risk that the market value of investments in the portfolio will fall due to changes in market interest rates, by (1) structuring the portfolio to meet the cash requirements of ongoing operations, thereby mitigating the need to liquidate investments at a loss prior to maturity; and (2) investing operating funds primarily in shorter-term investments and limiting the average maturity of the portfolio in accordance with this policy in accordance with T.C.A. 6-56-106. For purposes of disclosing interest rate risk on the deposits held by LGIP, interest rate risk is based on the dollar-weighted days to maturity of the pool's investments which was 46 days at June 30, 2024. LGIP does not have a credit rating.

Credit Risk: The City minimizes credit risk, which is the risk of loss due to the failure of the investment issuer or backer by limiting the portfolio to the types of investments pursuant to TCA 6-56-106 and diversifying its investment portfolio so the impact of potential losses from any one type of security or any one individual issuer will be minimized.

Custodial Risk: The City currently does not currently invest in securities held by counter parties other than the Local Government Investment Pool of the State of Tennessee.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 3 - CAPITAL ASSETS

Primary Government

Capital assets activity for the year ended June 30, 2024, was as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Reclassification</u>	<u>Ending Balance</u>
Capital assets not being depreciated:					
Land	\$ 8,747,555	\$ 1,172,357	\$ -	\$ -	\$ 9,919,912
Construction in progress	12,020,894	10,598,580	(83,087)	(7,498,356)	15,038,031
Total capital assets not being depreciated	<u>20,768,449</u>	<u>11,770,937</u>	<u>(83,087)</u>	<u>(7,498,356)</u>	<u>24,957,943</u>
Capital assets being depreciated:					
Buildings and improvements	15,412,217	225,347	(2,937)	1,136,714	16,771,341
Improvements other than building	9,765,174	117,226	(81,213)	637,143	10,438,330
Machinery and equipment	20,529,546	1,867,801	(1,548,798)	360,962	21,209,511
Infrastructure	133,206,222	6,931,245	-	5,363,537	145,501,004
Total capital assets being depreciated	<u>178,913,159</u>	<u>9,141,619</u>	<u>(1,632,948)</u>	<u>7,498,356</u>	<u>193,920,186</u>
Less accumulated depreciation for:					
Buildings and improvements	(6,456,987)	(412,667)	-	-	(6,869,654)
Improvements other than buildings	(4,147,238)	(522,144)	5,447	-	(4,663,935)
Machinery and equipment	(15,857,380)	(1,542,422)	1,469,872	-	(15,929,930)
Infrastructure	(85,829,215)	(3,259,731)	-	-	(89,088,946)
Total accumulated depreciation	<u>(112,290,820)</u>	<u>(5,736,964)</u>	<u>1,475,319</u>	<u>-</u>	<u>(116,552,465)</u>
Total capital assets being depreciated, net	<u>66,622,339</u>	<u>3,404,655</u>	<u>(157,629)</u>	<u>7,498,356</u>	<u>77,367,721</u>
Subscription-based information technology agreements (SBITAs):					
	208,467	958,312	(208,467)	-	958,312
Less accumulated amortization of SBITAs	<u>(131,663)</u>	<u>(395,370)</u>	<u>208,467</u>	<u>-</u>	<u>(318,566)</u>
Total SBITAs, net	<u>76,804</u>	<u>562,942</u>	<u>-</u>	<u>-</u>	<u>639,746</u>
Governmental activities capital assets, net	<u>\$ 87,467,592</u>	<u>\$ 15,738,534</u>	<u>\$ (240,716)</u>	<u>\$ -</u>	<u>\$ 102,965,410</u>

At June 30, 2024, construction in progress consists primarily of capital projects for infrastructure (streets), fire hall construction and other. Estimated costs to complete open projects amount to approximately \$27.1 million.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Primary Government (Continued)

Capital assets activity for the year ended June 30, 2024, was as follows:

Business-type Activities	Beginning Balance	Additions	Deletions	Reclassification	Ending Balance
Capital assets not being depreciated:					
Land	\$ 641,194	\$ -	\$ -	\$ -	\$ 641,194
Construction in progress	-	106,863	-	-	106,863
Total capital assets not being depreciated	<u>641,194</u>	<u>106,863</u>	<u>-</u>	<u>-</u>	<u>748,057</u>
Capital assets being depreciated:					
Buildings and structures	1,056,461	-	-	-	1,056,461
Improvements other than buildings	4,321,557	51,375	-	-	4,372,932
Machinery, equipment and vehicles	<u>509,428</u>	<u>10,984</u>	<u>-</u>	<u>-</u>	<u>520,412</u>
Total capital assets being depreciated	<u>5,887,446</u>	<u>62,359</u>	<u>-</u>	<u>-</u>	<u>5,949,805</u>
Less accumulated depreciation for:					
Buildings and structures	(880,816)	(26,089)	-	-	(906,905)
Improvements other than buildings	(4,265,189)	(10,398)	-	-	(4,275,587)
Machinery and equipment	<u>(385,539)</u>	<u>(50,149)</u>	<u>-</u>	<u>-</u>	<u>(435,688)</u>
Total accumulated depreciation	<u>(5,531,544)</u>	<u>(86,636)</u>	<u>-</u>	<u>-</u>	<u>(5,618,180)</u>
Business-type activities capital assets, net	<u>\$ 997,096</u>	<u>\$ 82,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,079,682</u>

Depreciation expense was charged to function/programs as of June 30, 2024, as follows:

Governmental activities:

General government	\$ 98,176
Public safety	1,349,921
Street and public works	3,537,098
Parks	724,681
Codes and planning	<u>27,088</u>
 Total depreciation expense - governmental activities	 <u>\$ 5,736,964</u>

Business-type activities:

Golf enterprise	<u>\$ 86,636</u>
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Donated infrastructure and land of approximately \$8,049,000 is included in current year capital asset additions of the governmental activities.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Capital assets activity for the component unit for year ended June 30, 2024, was as follows:

Component Units	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated				
Land	\$ 10,852	\$ -	\$ -	\$ 10,852
Total component unit capital assets, net	<u>\$ 10,852</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,852</u>

NOTE 4 - DEFERRED INFLOWS OF GOVERNMENTAL REVENUES

Deferred inflows of governmental revenues consist of amounts that are unavailable to liquidate liabilities of the current period. At June 30, 2024, the components of deferred inflows of resources were as follows:

	Government-wide Statements	Fund Statements
Unlevied property taxes	\$ 22,024,115	\$ 22,024,115
Delinquent property taxes	-	663,820
Delinquent solid waste fees	-	12,068
Delinquent stormwater fees	-	110,413
Hotel/motel taxes	-	3,786
State and county shared taxes	-	2,817,843
	<u>\$ 22,024,115</u>	<u>\$ 25,632,045</u>

Unearned revenues consist of codes department revenues collected in advance.

NOTE 5 - RESTRICTED ASSETS

Restricted assets consist of funds held by the State of Tennessee Department of Transportation which are advance payments on a joint transportation grant project for engineering and purchase right-of-way in the amount of \$1,870,310.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 6 - INTERFUND TRANSACTIONS

Interfund receivables and payables are attributable to obligations for transfers between funds. The actual cash transfer had not been made at June 30, 2024. These interfund amounts were liquidated subsequent to year end and consist of the following:

	<u>Due From:</u>
	<u>Non-major</u>
	<u>Governmental Fund</u>
	<u>Hotel/Motel</u>
	<u>Tax Fund</u>
<u>Due to:</u>	
General Fund	\$ <u>139,671</u>

Interfund transfers for the year ended June 30, 2024 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

	<u>Transfers From:</u>		
	<u>Governmental</u>		
	<u>Funds</u>		
	<u>Debt</u>	<u>Hotel/Motel</u>	
	<u>Service Fund</u>	<u>Tax Fund</u>	<u>Totals</u>
<u>Transfer Out:</u>			
General Fund	\$ <u>2,151,248</u>	\$ <u>139,671</u>	\$ <u>2,151,248</u>
<u>Transfer In:</u>			
General Fund	\$ <u>-</u>	\$ <u>252,028</u>	\$ <u>252,028</u>

Transfers are made from the General Fund to the Debt Service Fund to provide for debt service payments. Additionally, transfers between the general fund and hotel/motel tax fund were to break out the fund separately and to repay advances made on behalf of the hotel/motel tax fund by the general fund.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 7 - LONG-TERM DEBT

The government may issue general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities for general government purposes. The government also may issue bonds where the government pledges income derived from the acquired or constructed assets to pay debt service, such as bonds relating to the Golf Course Fund. Should golf revenues be insufficient to pay the debt service, the debt would be payable from the taxing authority of the City.

The following is a summary of changes in long-term debt for the year ended June 30, 2024:

	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
<u>Government Activities</u>					
Capital outlay notes payable	\$ 10,704,167	\$ -	\$ 1,840,833	\$ 8,863,334	\$ 1,865,834
Note premiums	780,395	-	127,764	652,631	127,764
Total governmental activities long-term debt	\$ 11,484,562	\$ -	\$ 1,968,597	\$ 9,515,965	\$ 1,993,598

Long-term bonds and notes at June 30, 2024 consisted of the following obligations:

Governmental activities long-term debt

\$6,810,000 Refunding and Improvement Capital Outlay Notes 2012 -

The notes are payable in annual installments through 2025

at rates of interest from 2% to 3%.

\$ 95,000

\$1,250,000 Capital Outlay Notes 2013 - The notes are payable in annual

installments through 2026 at a rate of interest of 2.43%.

208,334

\$5,900,000 Capital Outlay Notes 2021 - The notes are payable in annual installments beginning in 2022 through 2033 at a rate of interest of 1.65%.

4,425,000

\$7,645,000 General Obligation Refunding Capital Outlay Notes 2021 -

The notes are payable in annual installments beginning in 2022 through 2030 at rates of interest of 4% to 5%.

4,135,000

Total capital outlay notes payable

8,863,334

Plus: unamortized premium on notes

652,631

Total governmental activities long-term debt

\$ 9,515,965

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 7 - LONG-TERM DEBT (CONTINUED)

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2024, are as follows:

	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Totals</u>
<u>Year ending June 30,</u>			
2025	\$ 1,865,834	\$ 238,892	\$ 2,104,726
2026	1,795,834	167,871	1,963,705
2027	921,667	118,588	1,040,255
2028	926,666	93,175	1,019,841
2029	936,666	67,462	1,004,128
2030 - 2033	<u>2,416,667</u>	<u>90,126</u>	<u>2,506,793</u>
Totals	<u>\$ 8,863,334</u>	<u>\$ 776,114</u>	<u>\$ 9,639,448</u>

From time to time, industrial revenue bonds are issued to provide financial assistance to private-sector entities for the acquisition and construction of industrial and commercial facilities deemed to be in the public interest. The IDB of the City of Hendersonville, Tennessee, is a non-profit corporation organized and existing pursuant to Part 53 of Title 7 of the Tennessee Code. Among its powers, the IDB is authorized by statute to issue industrial revenue bonds and to use the proceeds of these bonds to finance certain projects by private sector entities. As of June 30, 2021, the outstanding principal amount of all bonds issued by the IDB is not determinable; however, the aggregate principal amount of all industrial revenue bonds issued by the IDB since January 1, 2000, was approximately \$55.5 million. Payment of the indebtedness represented by these bonds typically is from revenues derived from operations at the sites and payment is typically secured by the real property or personal property acquired with the proceeds of the bonds. These industrial revenue bonds are not obligations of, and are not backed by the full, faith and credit of, the City of Hendersonville, the IDB, the State of Tennessee or any political subdivision of the State of Tennessee. Accordingly, these bonds are not reported as liabilities in the accompanying financial statements.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 8 - OTHER LONG-TERM LIABILITIES

Other long-term liabilities of the City consisted of the following at June 30, 2024:

	<u>Balance</u> <u>June 30, 2023</u>	<u>Net Increase</u> <u>(Decrease)</u>	<u>Balance</u> <u>June 30, 2024</u>
Compensated absences	\$ 2,240,402	\$ 539,538	\$ 2,779,940

For governmental activities, compensated absences are generally liquidated by the fund in which the employees' time is charged, typically the General Fund, Stormwater and State Street Aid Funds.

NOTE 9 - SUBSCRIPTION-BASED INFORMATION TECHNOLOGY AGREEMENTS

The City has entered into subscription-based information technology agreements (SBITAs) with initial periods in excess of a year involving its financial reporting software and police investigative software. The total subscription assets are included with capital assets and are recorded at a cost of \$958,312 and accumulated amortization of \$318,566. All amortization is included with depreciation expense by the applicable function.

Activity on the SBITA liability for the year ended June 30, 2024 was as follows:

	<u>Beginning of</u> <u>Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>End of Year</u>	<u>Amounts Due</u> <u>Within One</u> <u>Year</u>
SBITA liabilities	\$ 70,500	\$ 958,312	\$ (759,857)	\$ 268,955	\$ 131,759

Annual required payments on SBITA liabilities are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
<u>Year ending June 30:</u>			
2025	\$ 131,759	\$ 11,097	\$ 142,856
2026	<u>131,196</u>	<u>5,661</u>	<u>136,857</u>
	<u>\$ 262,955</u>	<u>\$ 16,758</u>	<u>\$ 279,713</u>

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 10 - DEFERRED COMPENSATION AND FLEXIBLE BENEFIT PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full-time employees, permits them to defer a portion of their salary until future years. Participation in the plan is optional. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Assets of the plan are not subject to the claims of the City's creditors in accordance with the Small Business Job Protection Act of 1996. The plan is administered by VOYA Retirement Insurance and Annuity Company (VRIAC).

Investments are managed by the plan's trustee under six mutual fund investment options, or a combination thereof. The choice of the investment option(s) is made by the participants.

The City allows its employees to participate in a Cafeteria Plan under Section 125 of the Internal Revenue Code. Employees have the opportunity to choose among various tax-free benefits and to have those benefits paid directly by the City. Any forfeiture must be used to pay costs of the plan, reduce costs of benefits or refund pro-rata to participants.

NOTE 11 - PENSION PLAN

Plan Description

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

Benefits Provided

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

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 11 - PENSION PLAN (CONTINUED)

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, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	159
Inactive employees entitled to but not yet receiving benefits	256
Active employees	<u>348</u>
	<u>763</u>

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, the Actuarially Determined Contribution (ADC) for the City was \$3,752,593 based on a rate of 14.38% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 11 - PENSION PLAN (CONTINUED)

Actuarial Assumptions

The total pension liability as of June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on actual experience including an adjustment for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. equity	4.88 %	31 %
Developed market international equity	5.37 %	14 %
Emerging market international equity	6.09 %	4 %
Private equity and strategic lending	6.57 %	20 %
U.S. fixed income	1.20 %	20 %
Real estate	4.38 %	10 %
Short-term securities	0.00 %	1 %
		<u>100 %</u>

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 11 - PENSION PLAN (CONTINUED)

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

Discount Rate

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

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) – (b)
BALANCE AT JUNE 30, 2023	\$ 95,758,751	\$ 86,396,574	\$ 9,362,177
CHANGES FOR THE YEAR:			
Service cost	1,850,225	-	1,850,225
Interest	6,472,208	-	6,472,208
Differences between expected and actual experience	2,647,429	-	2,647,429
Changes of assumptions	-	-	-
Contributions - employer	-	3,395,033	(3,395,033)
Contributions - employee	-	943	(943)
Net investment income	-	5,804,673	(5,804,673)
Benefit payments, including refunds of employee contributions	(3,448,826)	(3,448,826)	-
Administrative expense	-	(30,171)	30,171
Net changes	<u>7,521,036</u>	<u>5,721,652</u>	<u>1,799,384</u>
BALANCE AT JUNE 30, 2024	<u>\$ 103,279,787</u>	<u>\$ 92,118,226</u>	<u>\$ 11,161,561</u>

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 11 - 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 6.75 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 (5.75 percent) or 1 percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City's net pension liability (asset)	\$ 26,545,281	\$ 11,161,561	\$ 1,429,945

Pension Expense

For the year ended June 30, 2024, the City recognized pension expense of \$4,456,190.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 4,335,671	\$ 71,755
Net difference between projected and actual earnings on pension plan investments	707,692	-
Changes in assumptions	5,832,324	-
Contributions subsequent to the measurement date of June 30, 2023	3,752,593	-
Total	\$ 14,628,280	\$ 71,755

The amount shown above for contributions subsequent to the measurement date of June 30, 2023, will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 11 - PENSION PLAN (CONTINUED)

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

<u>Year Ended June 30:</u>	
2025	1,791,422
2026	1,346,866
2027	3,887,522
2028	1,700,321
2029	1,602,187
Thereafter	475,608

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

Payable to the Pension Plan

At June 30, 2024, the City reported a payable of \$431,656 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2024.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN

Plan Description and Benefits Provided

The City administers the City of Hendersonville Post-Retirement Medical Insurance Plan. For accounting purposes, the plan is a single employer defined benefit OPEB plan funded on a “pay as you go” basis, with no assets held in a trust. Benefits are established and amended by the Mayor and Board of Aldermen. Retired employees hired prior to July 1, 2008 with 30 years of service or employees over 60 years of age with 15 years of service with the City of Hendersonville, and who are vested in TCRS, are eligible for the plan. The portion of the premium paid by the City will be the dollar amount the City pays for the current individual employee coverage multiplied by the applicable amount of percentage relative to years of service. The City’s obligation ranges from 25% for 15 years of service, up to 100% for 30 years of service. The retiree is responsible to pay any excess premium charged by the insurer for the amount above the City paid portion. Retiree medical benefits cease at age 65. The plan does not issue a stand-alone report.

Employees Covered

At the measurement date, the following employees of the City were covered by the benefit terms of the LGOP:

	<u>June 30, 2024</u>		
	<u>Single</u>	<u>Employee & Family</u>	<u>Total</u>
Retirees and beneficiaries	17	2	19
Active employees	39	52	91
	<u>56</u>	<u>54</u>	<u>110</u>

For the fiscal year ended June 30, 2024, the City paid \$170,449 for health insurance premiums for retiree coverage (OPEB benefits) as they came due.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Actuarial Assumptions

The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	4.21% (1.71% real rate of return plus 2.50% inflation)
Healthcare cost trend rates	Level 4.50%
Retiree's share of benefit-related costs	The retiree contribution will depend on the age and years of service at retirement. No City subsidy for retirees hired on or after July 1, 2008.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2024, valuations were the same as those employed in the July 1, 2018 Pension Actuarial Valuation of TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2013 - June 30, 2017. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RPH-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2021.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.21 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, using the Bond Buyer GO Bond 20 Index.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Changes in the total OPEB liability for the year ended June 30, 2024 measured as of June 30, 2023 follows:

	<u>Increase (Decrease)</u>
	<u>Total OPEB Liability</u>
BALANCE AT JUNE 30, 2023	\$ 1,933,974
CHANGES FOR THE YEAR:	
Service cost	49,666
Interest	67,485
Differences between expected and actual experience	451,364
Changes in assumptions	(102,434)
Benefit payments	(154,590)
Net changes	311,491
BALANCE AT JUNE 30, 2024	\$ 2,245,465

Sensitivity of Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.21%) or 1-percentage-point higher (5.21%) than the current discount rate.

	Measurement Date - June 30, 2024		
	1% Decrease	Current Discount Rate	1% Increase
	3.21%	4.21%	5.21%
City's total OPEB liability	\$ 2,099,748	\$ 2,245,465	\$ 2,399,625

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the total OPEB liability related to the LGOP, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current healthcare cost trend rate.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 12 - POST EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rate (Continued)

	Measurement Date - June 30, 2024		
	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
	3.50%	4.50%	5.50%
City's total OPEB liability	\$ 2,059,181	\$ 2,245,465	\$ 2,457,867

OPEB Expense

For the fiscal year ended June 30, 2024, the City recognized OPEB expense of \$238,909.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the fiscal year ended June 30, 2024, the City reported the following deferred inflows of resources related to OPEB benefits:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	\$ 349,476	\$ 204,229
Change of assumptions	-	252,726
Employer payments subsequent to the measurement date of June 30, 2024	-	-
Total	\$ 349,476	\$ 456,955

Amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:

2025	\$ (153,664)
2026	(60,862)
2027	73,177
2028	33,870
2029	-

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 13 - COMMITMENTS AND CONTINGENCIES

Litigation

There are certain pending lawsuits in which the City is involved. The City attorney estimated that potential claims against the City resulting from such litigation would not materially affect the financial statements of the City.

City Golf Course - Management Agreement

On August 28, 1992, the City entered into a management contract with Edwin B. Raskin Company, Inc. to operate and manage the City's golf course. Under the terms of the contract, expenses will be paid by the management company from golf revenues. The City will be responsible for any shortfall. The required personnel will be employees of the management company. The contract provided that the City shall pay a management fee of \$40,000 per year.

Joint Ventures

The City is a participant in the Sumner County Resource Authority, a joint venture, in which it retains an ongoing financial interest. The Authority is a joint venture of Sumner County and the Cities of Gallatin and Hendersonville which operates a solid waste transfer station. An agreement between the Resource Authority, the county and the cities provides that Sumner County will pay an annual \$100,000 fee in lieu of tipping fees. The Cities of Gallatin and Hendersonville agree to pay tipping fees in such amounts as may be determined by the Authority but cannot exceed \$45 per ton for solid waste and \$3.50 per cubic yard for brush. Effective July 1, 2011, the tipping fee became \$44 per ton. The City paid no tipping fees and \$86,480 for brush disposal for 2024. These same entities have executed a "contract in Lieu of Performance Bond" with the State of Tennessee for financial assurance of the closure and post closure costs of the landfill should the Resource Authority be unable to perform.

Also, during 2014, the City entered into a Post-Closure Monitoring and Maintenance Agreement with the Authority. The agreement provides that the three entities will pay for the post-closure costs associated with the landfills incurred by the Authority. This cost will be paid 3/7 by the county and 2/7 by the cities. The City believes that all required payments relating to the post-closure landfill cost have been paid or accrued.

The Authority, as of June 30, 2024, has net investment in capital assets of \$2,937,822, and an unrestricted net position of \$5,695,875. The City has no equity interest in the Resource Authority. Complete financial statements of the Authority are available from the City Finance Director.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 13 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

In February 2017, the Board of Mayor and Aldermen approved the City to join with other Sumner County cities and the Sumner County government to consolidate dispatch services through the Sumner County Emergency Communications District (“E911”). The funding formula for the E911 system is based on ½ of the cost based on population and ½ on calls for service. The percentage applicable to the City in the initial agreement was 29% of the E911 budget, with the percentage to be evaluated every other year. Expenses are billed quarterly. For the year ended June 30, 2024, the City expensed \$1,268,841 for E911 payments, with \$368,000 payable to the E911 as of year end.

Contracts

The City of Hendersonville has a contract for trash pickup and disposal services that became effective on July 1, 2020 and expired on June 30, 2024. The pick-up rate depends on the frequency of collection and was \$12.92 per month per unit for the year ended June 30, 2024. A new five-year contract was signed and effective on July 1, 2024.

At June 30, 2024, the City had approximately \$6.95 million in remaining construction contracts in process related to capital asset additions.

NOTE 14 - RISK MANAGEMENT

The City of Hendersonville is exposed to various risks for property and casualty losses. For many years, the City has been a member of a public entity risk pool as opposed to purchasing commercial insurance. In fiscal year 2007, the City requested bids for property, casualty, and workers compensation losses from both the public entity risk pool and commercial insurance carriers. The City determined it was more economically feasible to continue coverage with the public risk pool as opposed to purchasing commercial insurance. The City has been a member of the Tennessee Municipal League Risk Management Pool (the “Pool”) since the Pool’s creation in 1979 by the Tennessee Municipal League, now Public Entity Partners (PEP), an association of Tennessee cities. The City pays an annual premium to the Pool for its property, casualty and workers compensation insurance coverage. The Pool is self-sustaining through member premiums, with adequate reinsurance purchased through commercial reinsurance companies for both general and catastrophic claims with loss attachment levels approved by independent actuaries and auditors.

The City continues to carry commercial insurance for other potential exposures such as employee health and accident and environmental risks. Settled claims from these losses have not exceeded commercial insurance coverage in any of the past three fiscal years. The City has assumed higher deductibles on certain types of insurance including workers compensation insurance in an effort to lower premiums.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 15 - BUDGETS AND BUDGETARY ACCOUNTING

Annual budgets are adopted on an encumbrance basis, which is a basis of accounting not consistent with generally accepted accounting principles, for all governmental funds except Debt Service, Forfeiture Fund and Capital Projects funds. Expenditures may not exceed appropriations authorized by the Mayor and Aldermen. The legal level of control is at the department level. The City utilizes departmental budgeting as authorized by the appropriating ordinances and follows these procedures in establishing the budgetary data reflected in the financial statements.

1. The Mayor consults with all department heads prior to January 1st of each year to establish his priorities and objectives with each department for the coming year. The Mayor also sets salary proposals for departments.
2. During January and February, department heads prepare a proposed budget for their department. The Finance Director prepares revenue projections for the budget and prepares a summary of the overall budget for the Mayor to review.
3. Department heads meet with the Mayor and Finance Director to review their budget requests. The Mayor can amend budget requests as he deems necessary.
4. The department heads then present their budget requests to the standing committee to which their department is assigned.
5. During May, the Board of Mayor and Aldermen conduct a budget workshop meeting that addresses specific areas of the budget.
6. At least 10 days before the proposed budget is presented to the Board of Mayor and Aldermen, a notice of public hearing and a copy of the proposed budget is published in a local newspaper of general circulation.
7. At the regular board meeting, prior to the vote on second reading, a public hearing is held to give all voters and taxpayers a chance to be heard in person or by an attorney. Citizens are also always given an opportunity to speak at the beginning of each meeting, so the citizens have two chances to comment on the budget before it is passed on the second and final reading. Prior to July 1st, the budget is legally enacted through passage of an ordinance on two readings.
8. Department heads are authorized to expend funds within total departmental appropriations. However, amendments to the budget changing departmental and/or total appropriations require the passage of an ordinance on two readings. Budget transfers between departments must be approved by resolution and passed by the Board of Mayor and Aldermen.
9. At the end of each year, all unencumbered appropriations which were appropriated on a fiscal year basis revert back to their respective fund balance, except for certain capital projects.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 15 - BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

10. Formal budgetary integration is not employed for the Capital Projects Fund, Forfeiture Fund or the Debt Service Fund because effective budgetary control is alternatively achieved through bond indenture or other provisions. Annual debt service requirements are budgeted in the General Fund through operating transfers to the Debt Service Fund.

The nature and amount of the adjustments necessary to convert the actual GAAP basis to the budgetary basis is as follows:

		Non-major Governmental Funds			
General Fund	Stormwater Fund	State Street Aid Fund	Drug Fund	Hotel/Motel Tax Fund	
Net change in fund balance - GAAP basis	\$ 626,115	\$ 204,726	\$ (357,596)	\$ (10,453)	29,798
Less: new encumbrances	(4,089,128)	(262,666)	(101,614)	(152,469)	(17,500)
Add: payments on prior year encumbrances	<u>2,053,002</u>	<u>182,005</u>	<u>218,970</u>	<u>-</u>	<u>-</u>
Net change in fund balance, budgetary basis	<u>\$ (1,410,011)</u>	<u>\$ 124,065</u>	<u>\$ (240,240)</u>	<u>\$ (162,922)</u>	<u>\$ 12,298</u>

Encumbrances

Encumbrances outstanding at year end are reported as a part of assigned or committed fund balance as appropriate. Encumbrances are obligations in the form of signed unfulfilled purchase orders or contracts at the end of the fiscal year. Expenditures plus ending encumbrances less beginning encumbrances may not legally exceed the legally adopted total budget of each department within each department. Encumbrance accounting is utilized for each department within each fund. Encumbrance accounting is utilized for budgetary control purposes and is reflected in the Schedule of Revenue, Expenditures, Encumbrances and Changes in Fund Balance-Budget and Actual to provide a more meaningful comparison with the legally prescribed budget. Encumbrances, however, are not treated as expenditures in the financial statements except for the aforementioned statements which compare budgeted amounts to actual amounts. The significant ending encumbrances at June 30, 2024 are as follows:

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 15 - BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

Encumbrances (continued)

	General Fund	Nonmajor Governmental Funds
Public works/street maintenance	\$ 1,655,661	\$ 101,615
Police	1,290,198	152,469
Fire	1,812,056	-
Parks	152,633	17,500
Central administration	57,625	-
Planning	140,359	-
Stormwater	-	265,245
Other	135,323	-
	<u>\$ 5,243,855</u>	<u>\$ 536,829</u>

Budget Amendments

The General Fund expenditure budget was amended by \$7,869,134. The major amendments related to grants and special projects, streets and public works and the police and fire departments.

NOTE 16 - GASB STATEMENTS ISSUED BUT NOT YET IMPLEMENTED

GASB Statement No. 102 - *Certain Risk Disclosures*, Issued in December 2023. The objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. This Statement requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. Additionally, this Statement requires a government to assess whether an event or events associated with a concentration or constraint that could cause the substantial impact have occurred, have begun to occur, or are more likely than not to begin to occur within 12 months of the date the financial statements are issued. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 103 - *Financial Reporting Model Improvements*, Issued in April 2024. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

CITY OF HENDERSONVILLE, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2024

NOTE 16 - GASB STATEMENTS ISSUED BUT NOT YET IMPLEMENTED (CONTINUED)

Improvements include:

- MD&A changes will improve the quality of the analysis of changes from the prior year, which will enhance the relevance of that information. They also will provide clarity regarding what information should be presented in MD&A.
- Separate presentation of unusual or infrequent items will provide clarity regarding which items should be reported separately from other inflows and outflows of resources.
- Definitions of operating revenues and expenses and of nonoperating revenues and expenses will replace accounting policies that vary from government to government, thereby improving comparability.
- Addition of a subtotal for operating income (loss) and noncapital subsidies will improve the relevance of information provided in the proprietary fund statement of revenues, expenses, and changes in fund net position.
- Presentation of major component unit information will improve comparability.
- Budgetary comparison information to be presented as RSI will improve comparability, and the inclusion of the specified variances and the explanations of significant variances will provide more useful information for making decisions and assessing accountability.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)
AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION
PLAN OF TCRS

LAST FISCAL YEAR ENDING JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>TOTAL PENSION LIABILITY</u>									
Service cost	\$ 1,144,215	\$ 1,174,686	\$ 1,318,881	\$ 1,473,579	\$ 1,436,994	\$ 1,600,624	\$ 1,646,356	\$ 1,719,990	\$ 1,850,225
Interest	3,705,243	3,946,154	4,297,607	4,490,625	4,824,243	5,252,546	5,594,718	6,105,363	6,472,208
Changes in benefit terms	-	-	-	-	-	-	-	-	-
Differences between actual & expected experience	(46,948)	1,382,178	(419,524)	1,077,067	2,239,070	746,203	(30,907)	779,232	2,647,429
Change of assumptions	-	-	1,440,903	-	-	-	9,043,538	-	-
Benefit payments, including refunds of employee contributions	<u>(1,424,209)</u>	<u>(1,817,461)</u>	<u>(2,104,891)</u>	<u>(2,203,761)</u>	<u>(2,602,376)</u>	<u>(2,910,229)</u>	<u>(2,940,765)</u>	<u>(3,151,321)</u>	<u>(3,448,826)</u>
NET CHANGE IN TOTAL PENSION LIABILITY	3,378,301	4,685,557	4,532,976	4,837,510	5,897,931	4,689,144	13,312,940	5,453,264	7,521,036
TOTAL PENSION LIABILITY - BEGINNING	<u>48,971,128</u>	<u>52,349,429</u>	<u>57,034,986</u>	<u>61,567,962</u>	<u>66,405,472</u>	<u>72,303,403</u>	<u>76,992,547</u>	<u>90,305,487</u>	<u>95,758,751</u>
TOTAL PENSION LIABILITY - ENDING (A)	<u>52,349,429</u>	<u>57,034,986</u>	<u>61,567,962</u>	<u>66,405,472</u>	<u>72,303,403</u>	<u>76,992,547</u>	<u>90,305,487</u>	<u>95,758,751</u>	<u>103,279,787</u>
<u>PLAN FIDUCIARY NET POSITION</u>									
Contributions - employer	2,317,383	2,396,900	1,689,627	1,725,181	1,861,492	2,330,741	2,454,145	2,525,269	3,395,033
Contributions - employee	2,018	1,946	-	2,871	730	55,278	70,407	1,893	943
Net investment income	1,573,964	1,416,316	6,217,909	5,031,585	4,840,782	3,431,951	18,605,311	(3,449,759)	5,804,673
Benefit payments, including refunds of employee contributions	<u>(1,424,209)</u>	<u>(1,817,461)</u>	<u>(2,104,891)</u>	<u>(2,203,761)</u>	<u>(2,602,376)</u>	<u>(2,910,229)</u>	<u>(2,940,765)</u>	<u>(3,151,321)</u>	<u>(3,448,826)</u>
Administrative expense	<u>(14,657)</u>	<u>(22,728)</u>	<u>(26,506)</u>	<u>(29,100)</u>	<u>(28,313)</u>	<u>(30,594)</u>	<u>(30,892)</u>	<u>(33,573)</u>	<u>(30,171)</u>
NET CHANGE IN PLAN FIDUCIARY NET POSITION	2,454,499	1,974,973	5,776,139	4,526,776	4,072,315	2,877,147	18,158,206	(4,107,491)	5,721,652
PLAN FIDUCIARY NET POSITION - BEGINNING	<u>50,664,010</u>	<u>53,118,509</u>	<u>55,093,482</u>	<u>60,869,621</u>	<u>65,396,397</u>	<u>69,468,712</u>	<u>72,345,859</u>	<u>90,504,065</u>	<u>86,396,574</u>
PLAN FIDUCIARY NET POSITION - ENDING (B)	<u>53,118,509</u>	<u>55,093,482</u>	<u>60,869,621</u>	<u>65,396,397</u>	<u>69,468,712</u>	<u>72,345,859</u>	<u>90,504,065</u>	<u>86,396,574</u>	<u>92,118,226</u>
NET PENSION LIABILITY (ASSET) - ENDING (A)-(B)	<u>\$ (769,080)</u>	<u>\$ 1,941,504</u>	<u>\$ 698,341</u>	<u>\$ 1,009,075</u>	<u>\$ 2,834,691</u>	<u>\$ 4,646,688</u>	<u>\$ (198,578)</u>	<u>\$ 9,362,177</u>	<u>\$ 11,161,561</u>
Plan fiduciary net position as a percentage of total pension liability	101.47 %	96.60 %	98.87 %	98.48 %	96.08 %	93.96 %	100.22 %	90.22 %	89.19 %
Covered-employee payroll	\$ 15,532,055	\$ 16,065,088	\$ 16,896,265	\$ 17,251,809	\$ 18,614,010	\$ 20,517,082	\$ 21,603,387	\$ 22,229,479	\$ 23,611,312
Net pension liability (asset) as a percentage of covered-employee payroll	(4.95) %	12.09 %	4.13 %	5.85 %	15.23 %	22.65 %	(0.92) %	42.12 %	47.27 %

Notes to Schedule:

Changes of assumptions:

In 2021, 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.
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.

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC
EMPLOYEE PENSION PLAN OF TCRS

LAST FISCAL YEAR ENDING JUNE 30

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarial determined contribution	\$ 2,317,383	\$ 2,396,900	\$ 1,378,735	\$ 1,725,181	\$ 1,861,492	\$ 2,330,741	\$ 2,454,145	\$ 2,523,681	\$ 3,395,033	\$ 3,752,593
Contributions in relation to the actuarial determined contribution	<u>2,317,383</u>	<u>2,396,900</u>	<u>1,689,627</u>	<u>1,725,181</u>	<u>1,861,492</u>	<u>2,330,741</u>	<u>2,454,145</u>	<u>2,523,681</u>	<u>3,395,033</u>	<u>3,752,593</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (310,892)</u>	<u>\$ -</u>						
Covered-employee payroll	\$ 15,532,055	\$ 16,065,088	\$ 16,896,265	\$ 17,251,809	\$ 20,517,082	\$ 20,517,086	\$ 21,603,387	\$ 22,215,502	\$ 23,611,312	\$ 25,066,331
Contributions as a percentage covered employee payroll	14.92 %	14.92 %	10.00 %	10.00 %	9.07 %	11.36 %	11.36 %	11.36 %	14.38 %	14.97 %

NOTE TO SCHEDULE:

Valuation date: Actuarially determined contribution rates for 2024 were calculated based on the June 30, 2022 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.125 percent

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

COMBINING AND INDIVIDUAL NONMAJOR FUND STATEMENTS

NONMAJOR GOVERNMENTAL AND FIDUCIARY FUNDS

State Street Aid Fund - This fund accounts for all revenue and expenditures from the City's share of state gasoline taxes. Tennessee state law requires these receipts be kept in a separate fund and used for the construction and maintenance of city streets and certain related street expenditures.

Forfeiture Fund - This fund was established to record revenues and expenditures awarded to the City's Police Department by Federal and State courts.

Drug Fund - This fund accounts for funds received directly from the enforcement of laws associated with illegal drug activity. Under state law, the funds are to be used only for the enforcement of the drug laws and for the drug education of the Police Department.

Hotel/Motel Tax Fund - This fund was established in 2024 to account for the hotel/motel occupancy tax and related event and general tourism activity.

Stormwater Fund - This fund was established to account for stormwater user fees and to implement the City's stormwater management plan to protect water quality and reduce the amount of pollutants entering water bodies.

Training and Teen Activity Fund - This fund accounts for assets held by the City in a fiduciary capacity to others for training and teen activities.

CITY OF HENDERSONVILLE, TENNESSEE

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2024

	<u>Special Revenue Funds</u>					<u>Total</u>
	<u>State</u>	<u>Forfeiture</u>	<u>Drug</u>	<u>Hotel/Motel</u>	<u>Stormwater</u>	<u>Nonmajor</u>
	<u>Street</u>	<u>Fund</u>	<u>Fund</u>	<u>Tax Fund</u>	<u>Fund</u>	<u>Governmental</u>
	<u>Aid Fund</u>					<u>Funds</u>
<u>ASSETS</u>						
Cash and cash equivalents	\$ 794,123	\$ 171,467	\$ 339,427	\$ 235,716	\$ 2,052,380	\$ 3,593,113
Accounts receivable	-	-	-	44,551	123,035	167,586
Due from other governments	377,490	-	-	8,900	91,474	477,864
	<u>377,490</u>	<u>-</u>	<u>-</u>	<u>8,900</u>	<u>91,474</u>	<u>477,864</u>
TOTAL ASSETS	<u>\$ 1,171,613</u>	<u>\$ 171,467</u>	<u>\$ 339,427</u>	<u>\$ 289,167</u>	<u>\$ 2,266,889</u>	<u>\$ 4,238,563</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF</u>						
<u>RESOURCES AND FUND BALANCE</u>						
<u>Liabilities</u>						
Accounts payable	\$ 6,744	\$ -	\$ 4,804	\$ 1,500	\$ 347,167	\$ 360,215
Accrued liabilities	28,711	146,146	-	2,055	10,633	187,545
Due to general fund	-	-	-	252,028	-	252,028
	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,028</u>	<u>-</u>	<u>252,028</u>
Total Liabilities	<u>35,455</u>	<u>146,146</u>	<u>4,804</u>	<u>255,583</u>	<u>357,800</u>	<u>799,788</u>
 <u>Deferred Inflows of Resources</u>						
Unavailable revenue	<u>188,462</u>	<u>-</u>	<u>-</u>	<u>3,786</u>	<u>110,413</u>	<u>302,661</u>
 <u>Fund Balances</u>						
Restricted	<u>947,696</u>	<u>25,321</u>	<u>334,623</u>	<u>29,798</u>	<u>1,798,676</u>	<u>3,136,114</u>
Total Fund Balances	<u>947,696</u>	<u>25,321</u>	<u>334,623</u>	<u>29,798</u>	<u>1,798,676</u>	<u>3,136,114</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,171,613</u>	<u>\$ 171,467</u>	<u>\$ 339,427</u>	<u>\$ 289,167</u>	<u>\$ 2,266,889</u>	<u>\$ 4,238,563</u>

CITY OF HENDERSONVILLE, TENNESSEE

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE

NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2024

	Special Revenue Funds					Total Nonmajor Governmental Funds
	State Street Aid Fund	Forfeiture Fund	Drug Fund	Hotel/Motel Tax Fund	Stormwater Fund	
<u>REVENUES</u>						
Local taxes	\$ -	\$ -	\$ -	\$ 474,210	\$ -	\$ 474,210
Intergovernmental:						
State gasoline tax	2,148,980	-	-	-	-	2,148,980
Drug and other related fines, seizures, and sales	-	-	40,216	-	-	40,216
Grants and contributions	-	-	-	23,550	143,340	166,890
Uses of money and property	28,338	254	3,990	1,590	74,628	108,800
Fees for service	-	-	-	22,230	2,744,124	2,766,354
Miscellaneous	-	-	-	-	-	-
Total Revenues	2,177,318	254	44,206	521,580	2,962,092	5,705,450
<u>EXPENDITURES</u>						
Street Maintenance:						
Salaries and benefits	962,891	-	-	-	-	962,891
Operational expenses	1,396,477	-	-	-	-	1,396,477
Capital outlay	175,546	-	-	-	-	175,546
Drug Fund:						
Capital outlay	-	-	21,282	-	-	21,282
Other costs	-	-	33,377	-	-	33,377
Hotel/Motel Tax (Tourism):						
Salaries and benefits	-	-	-	80,599	-	80,599
Operational expenses	-	-	-	128,826	-	128,826
Capital outlay	-	-	-	170,000	-	170,000
Stormwater:						
Salaries and benefits	-	-	-	-	483,871	483,871
Operational expenses	-	-	-	-	2,009,691	2,009,691
Capital outlay	-	-	-	-	263,804	263,804
Total Expenditures	2,534,914	-	54,659	379,425	2,757,366	5,726,364
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(357,596)	254	(10,453)	142,155	204,726	(20,914)
<u>OTHER FINANCING USES</u>						
Transfers in	-	-	-	139,671	-	139,671
Transfers out	-	-	-	(252,028)	-	(252,028)
CHANGE IN FUND BALANCE	(357,596)	254	(10,453)	29,798	204,726	(133,271)
FUND BALANCE - BEGINNING OF YEAR	1,305,292	25,067	345,076	-	1,593,950	3,269,385
FUND BALANCE - END OF YEAR	\$ 947,696	\$ 25,321	\$ 334,623	\$ 29,798	\$ 1,798,676	\$ 3,136,114

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BASIS)

STATE STREET AID FUND

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Over</u>
				<u>(Under)</u>
<u>REVENUES</u>				
Intergovernmental:				
1989 tax	\$ 170,000	\$ 170,000	\$ 172,306	\$ 2,306
Three cent tax	320,000	320,000	318,163	(1,837)
2017 (Motor fuel improvement)	550,000	550,000	555,946	5,946
Gas and motor fuel tax	1,100,000	1,100,000	1,102,565	2,565
Uses of money and property	4,000	24,000	28,338	4,338
Miscellaneous	-	-	-	-
	<u>2,144,000</u>	<u>2,164,000</u>	<u>2,177,318</u>	<u>13,318</u>
<u>EXPENDITURES</u>				
Street Maintenance:				
Salaries	894,901	894,901	680,433	(214,468)
Employee benefits	361,121	361,121	282,458	(78,663)
Repairs and maintenance	1,335,000	1,455,000	1,284,226	(170,774)
Capital outlay	150,000	247,439	170,441	(76,998)
	<u>2,741,022</u>	<u>2,958,461</u>	<u>2,417,558</u>	<u>(540,903)</u>
EXCESS (DEFICIT) OF REVENUES OVER				
(UNDER) EXPENDITURES AND ENCUMBRANCES				
	<u>\$ (597,022)</u>	<u>\$ (794,461)</u>	(240,240)	<u>\$ (554,221)</u>
FUND BALANCE - BEGINNING OF YEAR			1,098,701	
PRIOR YEAR ENCUMBRANCES WRITTEN OFF			<u>(12,380)</u>	
FUND BALANCE - END OF YEAR			<u>\$ 846,081</u>	
Fund balance - end of year (non-GAAP)	\$ 846,081			
+ State Street Aid encumbrances	<u>101,615</u>			
Fund balance - end of year (GAAP)	<u>\$ 947,696</u>			

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES
AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BASIS)

DRUG FUND

FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final	Amounts	
<u>REVENUES</u>				
Other:				
Uses of money and property	\$ 5,250	\$ 5,250	\$ 3,990	\$ (1,260)
Contributions	1,000	1,000	-	(1,000)
Drug related fines, seizures and sales	75,000	75,000	40,216	(34,784)
Total Revenues	81,250	81,250	44,206	(37,044)
<u>EXPENDITURES</u>				
Operational costs	110,500	110,500	52,464	(58,036)
Capital outlay	160,000	160,000	154,664	(5,336)
Total Expenditures and Encumbrances	270,500	270,500	207,128	(63,372)
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	\$ (189,250)	\$ (189,250)	(162,922)	\$ (26,328)
FUND BALANCE - BEGINNING OF YEAR			345,076	
ADD BACK PRIOR YEAR ENCUMBRANCES WRITTEN OFF			-	
FUND BALANCE - END OF YEAR			\$ 182,154	
Fund balance - end of year (non-GAAP)	\$ 182,154			
+ Current year encumbrances	152,469			
Fund balance - end of year (GAAP)	\$ 334,623			

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BASIS)

STORMWATER FUND

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Over</u>
				<u>(Under)</u>
<u>REVENUES</u>				
Fees for service	\$ 2,650,000	\$ 2,650,000	\$ 2,744,124	\$ 94,124
Grants and contributions	4,890,000	4,890,000	143,340	(4,746,660)
Uses of money and property	<u>5,000</u>	<u>5,000</u>	<u>74,628</u>	<u>69,628</u>
Total Revenues	<u>7,545,000</u>	<u>7,545,000</u>	<u>2,962,092</u>	<u>(4,582,908)</u>
<u>EXPENDITURES</u>				
Salaries	534,620	534,620	371,907	(162,713)
Employee benefits	171,669	171,669	111,964	(59,705)
Operational costs	2,510,645	2,764,178	1,862,583	(901,595)
Capital outlay	<u>6,394,707</u>	<u>6,326,761</u>	<u>491,573</u>	<u>(5,835,188)</u>
Total Expenditures and Encumbrances	<u>9,611,641</u>	<u>9,797,228</u>	<u>2,838,027</u>	<u>(6,959,201)</u>
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	<u>\$ (2,066,641)</u>	<u>\$ (2,252,228)</u>	\$ 124,065	<u>\$ 2,376,293</u>
FUND BALANCE - BEGINNING OF YEAR			1,265,691	
ADD BACK PRIOR YEAR ENCUMBRANCES WRITTEN OFF			<u>143,674</u>	
FUND BALANCE - END OF YEAR			<u>\$ 1,533,430</u>	
Fund balance - end of year (non-GAAP)	\$ 1,533,430			
+ Stormwater encumbrances	<u>265,246</u>			
Fund balance - end of year (GAAP)	<u>\$ 1,798,676</u>			

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF REVENUES, EXPENDITURES, ENCUMBRANCES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL (NON-GAAP BASIS)

HOTEL/MOTEL TAX FUND

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Over</u>
				<u>(Under)</u>
<u>REVENUES</u>				
Hotel/motel taxes	\$ 510,000	\$ 510,000	\$ 474,210	\$ (35,790)
Fees for service	-	-	22,230	22,230
Grants and contributions	45,200	45,200	23,550	(21,650)
Uses of money and property	-	-	1,590	1,590
	<u>555,200</u>	<u>555,200</u>	<u>521,580</u>	<u>(33,620)</u>
Total Revenues				
<u>EXPENDITURES</u>				
Salaries	58,083	58,083	58,982	899
Employee benefits	22,288	22,288	21,617	(671)
Operational costs	152,500	152,500	128,826	(23,674)
Capital outlay	170,000	170,000	187,500	17,500
	<u>402,871</u>	<u>402,871</u>	<u>396,925</u>	<u>(5,946)</u>
Total Expenditures and Encumbrances				
EXCESS (DEFICIT) OF REVENUES OVER (UNDER) EXPENDITURES AND ENCUMBRANCES	<u>152,329</u>	<u>152,329</u>	<u>124,655</u>	<u>(27,674)</u>
<u>OTHER FINANCING USES</u>				
Transfers in	-	-	139,671	139,671
Transfers out	(252,028)	(252,028)	(252,028)	-
CHANGE IN FUND BALANCE	<u>\$ (99,699)</u>	<u>\$ (99,699)</u>	12,298	<u>\$ 111,997</u>
FUND BALANCE - BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE - END OF YEAR			<u>\$ 12,298</u>	
Fund balance - end of year (non-GAAP)	\$ 12,298			
+ Hotel/Motel encumbrances	17,500			
Fund balance - end of year (GAAP)	<u>\$ 29,798</u>			

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES

TRAINING AND TEEN ACTIVITY FUND

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

	<u>Beginning of year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
<u>ASSETS</u>				
Cash	<u>\$ 13,881</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 13,903</u>
<u>LIABILITIES</u>				
Liabilities	<u>\$ 13,881</u>	<u>\$ 22</u>	<u>\$ -</u>	<u>\$ 13,903</u>

FINANCIAL SCHEDULES

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF REVENUES

MAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Major Governmental Funds</u>
REVENUES				
Local Taxes:				
Real and personal property	\$ 21,536,873	\$ -	\$ -	\$ 21,536,873
Payments in lieu of property taxes	877,083	-	-	877,083
Local sales taxes	20,990,881	-	-	20,990,881
Wholesale beer	963,258	-	-	963,258
Wholesale liquor	891,703	-	-	891,703
Business taxes	1,920,570	-	-	1,920,570
Total Local Taxes	<u>47,180,368</u>	<u>-</u>	<u>-</u>	<u>47,180,368</u>
Intergovernmental:				
State sales tax	7,597,834	-	-	7,597,834
State income tax	1,486	-	-	1,486
State beer tax	27,143	-	-	27,143
State alcoholic beverage tax	383,628	-	-	383,628
State/City street and transportation	113,059	-	-	113,059
State supplemental pay	190,400	-	-	190,400
State transportation modernization	9,289	-	-	9,289
State miscellaneous	585	-	-	585
Corporate excise tax	364,070	-	-	364,070
County taxes and fines	48,867	-	-	48,867
Corp of Engineers	29,740	-	-	29,740
Sports betting tax	114,643	-	-	114,643
Grants	6,075,400	-	-	6,075,400
Total Intergovernmental	<u>14,956,144</u>	<u>-</u>	<u>-</u>	<u>14,956,144</u>
Fines and Forfeitures:				
City court and other	495,456	-	-	495,456
Total Fines and Forfeitures	<u>495,456</u>	<u>-</u>	<u>-</u>	<u>495,456</u>
Licenses and Permits:				
Building permits	2,640,041	-	-	2,640,041
Franchise taxes	579,658	-	-	579,658
Other permits	214,081	-	-	214,081
Total Licenses and Permits	<u>3,433,780</u>	<u>-</u>	<u>-</u>	<u>3,433,780</u>
Charges for Services:				
Recreational fees	400,515	-	-	400,515
Total Charges for Services	<u>400,515</u>	<u>-</u>	<u>-</u>	<u>400,515</u>

(continued on following page)

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF REVENUES (CONTINUED)

MAJOR GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Major Governmental Funds</u>
Contributions:				
Contributions	<u>\$ 277,218</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 277,218</u>
Uses of Money and Property				
Interest	1,510,963	82,133	-	1,593,096
Sale of assets	<u>207,058</u>	<u>-</u>	<u>-</u>	<u>207,058</u>
Total Uses of Money and Property	<u>1,718,021</u>	<u>82,133</u>	<u>-</u>	<u>1,800,154</u>
Other Revenues:				
Insurance recoveries	1,419,582			
Miscellaneous	<u>164,471</u>	<u>-</u>	<u>-</u>	<u>164,471</u>
Total Other Revenues	<u>1,584,053</u>	<u>-</u>	<u>-</u>	<u>1,584,053</u>
TOTAL REVENUES	<u>\$ 70,045,555</u>	<u>\$ 82,133</u>	<u>\$ -</u>	<u>\$ 70,127,688</u>

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF EXPENDITURES

MAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Major Governmental Funds</u>
EXPENDITURES				
General Government:				
Salaries	\$ 439,336	\$ -	\$ -	\$ 439,336
Employee benefits	148,892	-	-	148,892
Travel and training	846	-	-	846
Supplies	8,594	-	-	8,594
Outside services	22,840	-	-	22,840
Telephone	-	-	-	-
Other costs	68,813	-	-	68,813
Total General Government	<u>689,321</u>	<u>-</u>	<u>-</u>	<u>689,321</u>
Central Administration				
Salaries	833,623	-	-	833,623
Employee benefits	488,220	-	-	488,220
Travel and training	15,677	-	-	15,677
Insurance	1,045,043	-	-	1,045,043
Supplies	110,847	-	-	110,847
Outside services	288,409	-	-	288,409
Telephone	127,434	-	-	127,434
Other costs	116,879	-	-	116,879
Total Central Administration	<u>3,026,132</u>	<u>-</u>	<u>-</u>	<u>3,026,132</u>
Central Services:				
Salaries	200,786	-	-	200,786
Employee benefits	27,903	-	-	27,903
Repairs and maintenance	629,179	-	-	629,179
Supplies	9,622	-	-	9,622
Outside services	473,177	-	-	473,177
Utilities	123,114	-	-	123,114
BOMA and committee member wages	96,774	-	-	96,774
Sumner County Emergency Communications	1,268,841	-	-	1,268,841
Other costs	470,060	-	-	470,060
Total Central Services	<u>3,299,456</u>	<u>-</u>	<u>-</u>	<u>3,299,456</u>
Finance:				
Salaries	823,328	-	-	823,328
Employee benefits	311,118	-	-	311,118
Travel and training	1,446	-	-	1,446
Supplies	55,868	-	-	55,868
Outside services	81,138	-	-	81,138
Other costs	5,946	-	-	5,946
Total Finance	<u>1,278,844</u>	<u>-</u>	<u>-</u>	<u>1,278,844</u>
Total General Government	<u>\$ 8,293,753</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,293,753</u>

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CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF EXPENDITURES (CONTINUED)

MAJOR GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Major Governmental Funds</u>
EXPENDITURES (CONTINUED)				
Parks:				
Salaries	\$ 1,731,178	\$ -	\$ -	\$ 1,731,178
Employee benefits	464,887	-	-	464,887
Repairs and maintenance	556,818	-	-	556,818
Travel and training	7,813	-	-	7,813
Supplies	161,564	-	-	161,564
Outside services	24,274	-	-	24,274
Utilities	256,134	-	-	256,134
Other costs	261,650	-	-	261,650
Total Parks	<u>3,464,318</u>	<u>-</u>	<u>-</u>	<u>3,464,318</u>
Codes:				
Salaries	699,216	-	-	699,216
Employee benefits	243,073	-	-	243,073
Repairs and maintenance	7,587	-	-	7,587
Travel and training	233	-	-	233
Supplies	20,739	-	-	20,739
Telephone	6,692	-	-	6,692
Other costs	5,974	-	-	5,974
Total Codes	<u>983,514</u>	<u>-</u>	<u>-</u>	<u>983,514</u>
Planning:				
Salaries	728,666	-	-	728,666
Employee benefits	248,091	-	-	248,091
Repairs and maintenance	705	-	-	705
Travel and training	1,280	-	-	1,280
Supplies	8,531	-	-	8,531
Outside services	66,302	-	-	66,302
Utilities	5,903	-	-	5,903
Other costs	33,058	-	-	33,058
Total Planning	<u>1,092,536</u>	<u>-</u>	<u>-</u>	<u>1,092,536</u>
Street and Public Works:				
Salaries	1,196,875	-	-	1,196,875
Employee benefits	459,575	-	-	459,575
Repairs and maintenance	394,246	-	-	394,246
Travel and training	4,396	-	-	4,396
Supplies	118,718	-	-	118,718
Outside services	185,075	-	-	185,075
Utilities	448,393	-	-	448,393
Other costs	2,903,587	-	-	2,903,587
Total Streets and Public Works	<u>5,710,865</u>	<u>-</u>	<u>-</u>	<u>5,710,865</u>

(continued on next page)

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF EXPENDITURES (CONTINUED)

MAJOR GOVERNMENTAL FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Major Governmental Funds</u>
EXPENDITURES (CONTINUED)				
Police Department:				
Salaries	\$ 10,870,972	\$ -	\$ -	\$ 10,870,972
Employee benefits	3,670,564	-	-	3,670,564
Repairs and maintenance	291,286	-	-	291,286
Travel and training	43,913	-	-	43,913
Supplies	651,209	-	-	651,209
Outside services	218,550	-	-	218,550
Telephone and utilities	159,087	-	-	159,087
Other costs	59,297	-	-	59,297
Total Police Department	<u>15,964,878</u>	<u>-</u>	<u>-</u>	<u>15,964,878</u>
Fire Department:				
Salaries	9,471,460	-	-	9,471,460
Employee benefits	3,432,461	-	-	3,432,461
Repairs and maintenance	391,610	-	-	391,610
Travel and training	88,276	-	-	88,276
Supplies	204,189	-	-	204,189
Outside services	80,625	-	-	80,625
Telephone and utilities	116,301	-	-	116,301
Other costs	163,318	-	-	163,318
Total Fire Department	<u>13,948,240</u>	<u>-</u>	<u>-</u>	<u>13,948,240</u>
Contributions:				
Senior Citizens	15,000	-	-	15,000
Community Child Care	16,000	-	-	16,000
HHS Stars	12,000	-	-	12,000
Hendersonville Public Library	50,000	-	-	50,000
Samaratin	10,000	-	-	10,000
Forward Sumner	10,000	-	-	10,000
Health Department	12,000	-	-	12,000
Hendersonville Home Bound Meals Program	9,900	-	-	9,900
Ashley's Place	5,000	-	-	5,000
Beech High School	12,000	-	-	12,000
Other	95,600	-	-	95,600
Total Contributions	<u>247,500</u>	<u>-</u>	<u>-</u>	<u>247,500</u>
Disposal services	4,681,971	-	-	4,681,971
Debt service	759,857	-	2,151,248	2,911,105
Capital outlay	13,191,429	-	-	13,191,429
 TOTAL EXPENDITURES	 <u>\$ 68,338,861</u>	 <u>\$ -</u>	 <u>\$ 2,151,248</u>	 <u>\$ 70,490,109</u>

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE

JUNE 30, 2024

<u>Tax Year</u>	<u>Taxes Receivable June 30, 2023</u>	<u>Assessments</u>	<u>Collections and Adjustments</u>	<u>Taxes Receivable June 30, 2024</u>
2014	\$ 9,394	\$ -	\$ -	\$ 9,394
2015	14,465	-	-	14,465
2016	10,480	-	(732)	9,748
2017	16,625	-	(1,805)	14,820
2018	18,673	-	(2,594)	16,079
2019	37,551	-	(8,523)	29,028
2020	63,862	33,837	(50,871)	46,828
2021	127,345	76,166	(117,126)	86,385
2022	334,222	90,411	(278,003)	146,630
2023	<u>-</u>	<u>21,534,770</u>	<u>(21,148,929)</u>	<u>385,841</u>
	<u>\$ 632,617</u>	<u>\$ 21,735,184</u>	<u>\$ (21,608,583)</u>	759,218
2024				<u>22,024,115</u>
Taxes receivable				<u>\$ 22,783,333</u>

* Turned over to County Clerk for collections.

** Unlevied taxes receivable (anticipated current year levy)

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF CHANGES IN DISPOSAL FEES RECEIVABLE

JUNE 30, 2024

Assessment Year		Special Assessment Receivable June 30, 2023	Assessments	Collections and Adjustments	Special Assessment Receivable June 30, 2024
2014	*	\$ 1,052	\$ -	\$ -	\$ 1,052
2015	*	1,052	-	-	1,052
2016	*	2,630	-	(789)	1,841
2017	*	3,124	-	(568)	2,556
2018	*	<u>6,739</u>	<u>-</u>	<u>(1,172)</u>	<u>5,567</u>
		<u>\$ 14,597</u>	<u>\$ -</u>	<u>\$ (2,529)</u>	<u>\$ 12,068</u>

* Turned over to County Clerk for collections.

NOTE 1 - With the elimination of the separate special assessment for disposal fees in tax year 2019, uncollected receivables were moved back to the General Fund.

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF CHANGES IN STORMWATER FEES RECEIVABLE

JUNE 30, 2024

<u>Tax Year</u>	<u>Stormwater Fee Receivable June 30, 2023</u>	<u>Assessments</u>	<u>Collections and Adjustments</u>	<u>Stormwater Fee Receivable June 30, 2024</u>
2018	\$ 7,931	\$ -	\$ (360)	\$ 7,571
2019	17,700	-	(8,207)	9,493
2020	13,795	9,834	(11,406)	12,223
2021	18,286	18,533	(21,947)	14,872
2022	46,011	19,109	(45,957)	19,163
2023	-	2,646,854	(2,587,141)	59,713
	<u>\$ 103,723</u>	<u>\$ 2,694,330</u>	<u>\$ (2,675,018)</u>	<u>\$ 123,035</u>

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

JUNE 30, 2024

	<u>Original Amount of Issue</u>	<u>Interest Rate</u>	<u>Date of Issue</u>	<u>Last Maturity Date</u>	<u>Outstanding 6/30/2023</u>	<u>Issued During Period</u>	<u>Paid and/or Matured During Period</u>	<u>Refunded During Period</u>	<u>Outstanding 6/30/2024</u>
GOVERNMENTAL ACTIVITIES									
<u>CAPITAL OUTLAY NOTES</u>									
<u>Payable through Debt Service Fund</u>									
Capital Outlay Refunding Notes 2012	\$ 6,810,000	2.00 to 3.00 %	10/10/2012	7/1/2024	\$ 190,000	\$ -	\$ (95,000)	\$ -	\$ 95,000
Capital Outlay Notes 2013, 12 year	\$ 1,250,000	2.44 %	11/1/2013	7/1/2025	312,500	-	(104,167)	-	208,333
Capital Outlay Notes, 2021, 12 year	\$ 5,900,000	1.65 %	2/4/2021	2/4/2033	4,916,667	-	(491,666)	-	4,425,001
Capital Outlay Refunding Notes, 2021	\$ 7,645,000	4.00 to 5.00 %	5/18/2021	7/1/3030	<u>5,285,000</u>	<u>-</u>	<u>(1,150,000)</u>	<u>-</u>	<u>4,135,000</u>
Total Notes Payable through Debt Service Fund					<u>\$ 10,704,167</u>	<u>\$ -</u>	<u>\$ (1,840,833)</u>	<u>\$ -</u>	<u>\$ 8,863,334</u>
TOTAL LONG-TERM DEBT					<u>\$ 10,704,167</u>	<u>\$ -</u>	<u>\$ (1,840,833)</u>	<u>\$ -</u>	<u>\$ 8,863,334</u>

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF LONG-TERM DEBT REQUIREMENTS (GOVERNMENTAL ACTIVITIES)

JUNE 30, 2024

Fiscal Year	Capital Outlay Refunding Notes - 2012		Capital Outlay Notes - 2013		Capital Outlay Refunding Notes - 2021	
	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 95,000	\$ 950	\$ 104,167	\$ 5,155	\$ 1,175,000	\$ 159,775
2026	-	-	104,167	2,571	1,200,000	100,400
2027	-	-	-	-	430,000	61,800
2028	-	-	-	-	435,000	44,500
2029	-	-	-	-	445,000	26,900
2030	-	-	-	-	450,000	9,000
Total	<u>\$ 95,000</u>	<u>\$ 950</u>	<u>\$ 208,334</u>	<u>\$ 7,726</u>	<u>\$ 4,135,000</u>	<u>\$ 402,375</u>

Fiscal Year	Capital Outlay Notes - 2021		Total	Total	Total Long-Term
	Principal	Interest	Principal	Interest	Debt
2025	\$ 491,667	\$ 73,012	\$ 1,865,834	\$ 238,892	\$ 2,104,726
2026	491,667	64,900	1,795,834	167,871	1,963,705
2027	491,667	56,788	921,667	118,588	1,040,255
2028	491,666	48,675	926,666	93,175	1,019,841
2029	491,666	40,562	936,666	67,462	1,004,128
2030	491,666	32,450	941,666	41,450	983,116
2031	491,667	24,338	491,667	24,338	516,005
2032	491,667	16,225	491,667	16,225	507,892
2033	491,667	8,113	491,667	8,113	499,780
Total	<u>\$ 4,425,000</u>	<u>\$ 365,063</u>	<u>\$ 8,863,334</u>	<u>\$ 776,114</u>	<u>\$ 9,639,448</u>

CITY OF HENDERSONVILLE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

Grant Description	Federal ALN #	Grant Number	(Accrued) Deferred 6/30/2023	Receipts	Expenditures	Adjustments	(Accrued) Deferred 6/30/2024	
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT								
Community Development Block Grants - Entitlement/Special Purpose Cluster	14.218	B-17-MC-47-0015	\$ (731)	\$ 731	\$ -	\$ -	\$ -	
Community Development Block Grants - Entitlement/Special Purpose Cluster	14.218	B-18-MC-47-0015	(4,469)	4,469	-	-	-	
Community Development Block Grants - Entitlement/Special Purpose Cluster	14.218	B-19-MC-47-0016	(40,068)	40,068	-	-	-	
Community Development Block Grants - Entitlement/Special Purpose Cluster	14.218	B-20-MC-47-0017	(107,966)	335,022	247,956	-	(20,900)	
Community Development Block Grants - Entitlement/Special Purpose Cluster	14.218	B-21-MC-47-0015	(40,032)	71,753	34,921	-	(3,200)	
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			(193,266)	452,043	282,877	-	(24,100)	
U.S. DEPARTMENT OF JUSTICE								
Bulletproof Vest Partnership Program	16.607		(10,062)	10,062	-	-	-	
Bulletproof Vest Partnership Program	16.607		(11,100)	11,100	-	-	-	
Bulletproof Vest Partnership Program	16.607		-	-	12,600	-	(12,600)	
Public Safety Partnership and Community Policing Grants	16.710		(74,921)	-	-	74,921	-	
TOTAL U.S. DEPARTMENT OF JUSTICE			(96,083)	21,162	12,600	74,921	(12,600)	
U.S. DEPARTMENT OF TRANSPORTATION								
<u>Passed through the Tennessee Department of Transportation</u>								
Highway Planning and Construction (Federal-Aid Highway Program): Drakes Creek Road	*	20.205	140137	(93,566)	94,435	132,525	-	(131,656)
Highway Planning and Construction (Federal-Aid Highway Program): Congestion Mitigation/Air Quality Grant Traffic Sign Upgrade Project	*	20.205	60152	(287,819)	607,954	1,337,039	-	(1,016,904)
Highway Planning and Construction (Federal-Aid Highway Program): Congestion Mitigation/Air Quality Grant Signal Timing Optimization	*	20.205	180179	(3,167)	3,167	113,440	-	(113,440)
Highway Planning and Construction (Federal-Aid Highway Program): Sanders Ferry Walking Trail	*	20.205	120012	(817,621)	817,621	2,499,106	-	(2,499,106)
Highway Planning and Construction (Federal-Aid Highway Program): West Main Street ADA Improvement	*	20.205	210176	-	129,893	140,423	-	(10,530)
Total Highway Planning and Construction (Federal-Aid Highway Program)				(1,202,173)	1,653,070	4,222,533	-	(3,771,636)
Highway Safety Cluster: State and Community Highway Safety	20.600	Z24THS129	-	9,995	28,034	-	(18,039)	
Highway Safety Cluster: State and Community Highway Safety	20.600		(4,060)	5,709	1,828	179	-	
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			(1,206,233)	1,668,774	4,252,395	179	(3,789,675)	
U.S. DEPARTMENT OF TREASURY								
<u>Passed through the Tennessee Department of Energy and Conservation</u>								
Coronavirus State and Local Fiscal Recovery Funds		COVID 19 -21.027	-	51,866	143,340	-	(91,474)	
TOTAL U.S. DEPARTMENT OF TREASURY			-	51,866	143,340	-	(91,474)	
U.S. DEPARTMENT OF HOMELAND SECURITY								
<u>Passed through the Tennessee Emergency Management Agency</u>								
Hazard Mitigation Grant Program (HMGP)	97.039	HGMP 4320-0003 TID #0430	(480,563)	-	-	-	(480,563)	
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			(480,563)	-	-	-	(480,563)	
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ (1,976,145)	\$ 2,193,845	\$ 4,691,212	\$ 75,100	\$ (4,398,412)	

(continued on next page)

CITY OF HENDERSONVILLE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2024

Grant Description	Federal ALN #	Grant Number	(Accrued) Deferred 6/30/2023	Receipts	Expenditures	Adjustments	(Accrued) Deferred 6/30/2024
EXPENDITURES OF STATE AWARDS							
<u>Tennessee Department of Finance and Administration</u>							
VCIF FY 23-25	n/a		\$ (9,691)	\$ 160,242	\$ 159,958	\$ -	\$ (9,407)
VCIF 2	n/a		-	663,332	663,332	-	-
Total Tennessee Department of Finance and Administration			(9,691)	823,574	823,290	-	(9,407)
<u>Tennessee Department of Transportation</u>							
Saundersville Railroad Trestle	n/a	83LPLM-S3-106	(85,895)	106,443	130,849	-	(110,301)
<u>Tennessee Department of Environment and Conservation</u>							
2020 Local Parks and Recreation Fund Grant	n/a		(13,825)	507,974	640,338	-	(146,189)
TOTAL EXPENDITURES OF STATE AWARDS			\$ (109,411)	\$ 1,437,991	\$ 1,594,477	\$ -	\$ (265,897)

* Major program under Single Audit

Summary of Expenditures by ALN Number

14.218	\$ 282,877
16.607	12,600
20.205	4,222,533
20.600	29,862
COVID 19 -21.027	143,340
Total	\$ 4,691,212

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal and state award activity of the City of Hendersonville, Tennessee (the "City"), under programs of the federal and state government for the year ended June 30, 2024. The information in this schedule is presented in accordance with the requirements of the *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Tennessee Audit Manual. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to present the financial position, changes in net position or cash flows of the City.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The City has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - SUBRECIPIENTS

The City did not pass any federal awards through to subrecipients.

STATISTICAL SECTION

(Not Covered by Report of Independent Certified Public Accountants)

This part of the City of Hendersonville's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

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	<u>Schedule</u>
<u>Financial Trends</u> These Schedules contain trend information to help readers understand how the City's financial performance and well-being have changed over time.	1 - 4
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Sources: Except where noted, the information in these Schedules is derived from the City of Hendersonville's comprehensive annual financial reports for the relevant year.

CITY OF HENDERSONVILLE

NET ASSETS/POSITION BY COMPONENT (UNAUDITED)

LAST TEN FISCAL YEARS

Schedule 1

(Prepared using the accrual basis of accounting)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Governmental activities										
Net investment in capital assets	\$ 52,388,396	\$ 51,563,776	\$ 53,689,057	\$ 47,393,105	\$ 51,148,265	\$ 58,368,186	\$ 55,963,713	\$ 69,272,983	\$ 76,763,425	\$ 93,180,490
Restricted for:										
Public works	471,249	484,932	479,871	4,698,489	479,871	489,373	481,407	1,656,990	2,382,108	2,109,675
Street maintenance	1,668,231	909,128	950,640	1,722,938	1,366,657	621,382	296,615	473,615	399,786	393,118
Law enforcement	257,651	238,660	258,708	282,714	299,581	311,038	334,025	300,816	415,500	429,416
Solid waste disposal	-	-	-	-	-	-	-	364,163	150,548	-
General government	-	-	-	-	100,682	146,298	345,418	-	-	-
Capital projects	132,409	253,932	63,245	63,245	3,066,080	2,536,130	7,390,396	4,544,025	1,757,460	1,839,593
Stormwater	-	-	-	-	1,285,859	958,245	1,529,895	1,438,344	1,593,950	1,798,676
Tourism	-	-	-	-	-	-	-	-	-	29,798
Other	-	769,080	-	-	-	11,325	-	198,578	-	-
Unrestricted	<u>10,360,224</u>	<u>14,084,154</u>	<u>13,486,995</u>	<u>10,271,684</u>	<u>9,492,068</u>	<u>10,231,642</u>	<u>17,113,161</u>	<u>31,291,340</u>	<u>38,261,778</u>	<u>39,080,393</u>
Total governmental activities net position	<u>\$ 65,278,160</u>	<u>\$ 68,303,662</u>	<u>\$ 68,928,516</u>	<u>\$ 64,432,175</u>	<u>\$ 67,239,063</u>	<u>\$ 73,673,619</u>	<u>\$ 83,454,630</u>	<u>\$ 109,540,854</u>	<u>\$ 121,724,555</u>	<u>\$ 138,861,159</u>
Business-type activities										
Net investment in capital assets	\$ 1,122,051	\$ 1,055,312	\$ 991,400	\$ 976,500	\$ 940,603	\$ 904,849	\$ 1,035,809	\$ 1,016,160	\$ 997,096	\$ 1,079,682
Unrestricted	<u>125,104</u>	<u>105,484</u>	<u>89,695</u>	<u>(12,037)</u>	<u>(6,023)</u>	<u>36,108</u>	<u>64,688</u>	<u>177,574</u>	<u>276,079</u>	<u>260,381</u>
Total business-type activities net position	<u>\$ 1,247,155</u>	<u>\$ 1,160,796</u>	<u>\$ 1,081,095</u>	<u>\$ 964,463</u>	<u>\$ 934,580</u>	<u>\$ 940,957</u>	<u>\$ 1,100,497</u>	<u>\$ 1,193,734</u>	<u>\$ 1,273,175</u>	<u>\$ 1,340,063</u>
Primary government										
Net investment in capital assets	\$ 53,510,447	\$ 52,619,088	\$ 54,680,457	\$ 48,369,605	\$ 52,088,868	\$ 59,273,035	\$ 56,999,522	\$ 70,289,143	\$ 77,760,521	\$ 94,260,172
Restricted for:										
Public works	1,668,231	909,128	479,871	4,698,489	479,871	489,373	296,615	1,656,990	2,382,108	2,109,675
Street maintenance	471,249	484,932	950,640	1,722,938	1,366,657	621,382	481,407	473,615	399,786	393,118
Law enforcement	257,651	238,660	258,708	282,714	299,581	311,038	334,025	300,816	415,500	429,416
Solid waste disposal	-	-	-	-	-	-	-	364,163	150,548	-
Parks	-	-	-	-	-	-	-	-	-	-
General government	-	-	-	-	100,682	146,298	345,418	-	-	-
Capital projects	132,409	253,932	63,245	63,245	3,066,080	2,536,130	7,390,396	4,544,025	1,757,460	1,839,593
Stormwater	-	-	-	-	1,285,859	958,245	1,529,895	1,438,344	1,593,950	1,798,676
Tourism	-	-	-	-	-	-	-	-	-	29,798
Other	-	769,080	-	-	-	11,325	-	198,578	-	-
Unrestricted	<u>10,485,328</u>	<u>14,189,638</u>	<u>13,576,690</u>	<u>10,259,647</u>	<u>9,486,045</u>	<u>10,267,750</u>	<u>17,177,849</u>	<u>31,468,914</u>	<u>38,537,857</u>	<u>39,340,774</u>
Total primary government net position	<u>\$ 66,525,315</u>	<u>\$ 69,464,458</u>	<u>\$ 70,009,611</u>	<u>\$ 65,396,638</u>	<u>\$ 68,173,643</u>	<u>\$ 74,614,576</u>	<u>\$ 84,555,127</u>	<u>\$ 110,734,588</u>	<u>\$ 122,997,730</u>	<u>\$ 140,201,222</u>

CITY OF HENDERSONVILLE

CHANGES IN NET ASSETS/POSITION (UNAUDITED)

LAST TEN FISCAL YEARS

Schedule 2

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
EXPENSES										
Governmental Activities:										
General government	\$ 511,914	\$ 461,174	\$ 463,784	\$ 586,350	\$ 641,981	\$ 688,697	\$ 795,519	\$ 721,825	\$ 750,587	\$ 770,171
Personnel / Central Administration (beginning 2023)	295,704	343,659	391,863	447,730	449,180	435,132	366,683	291,759	2,911,799	3,233,464
Central services	1,923,094	1,906,242	2,030,722	2,077,320	2,213,220	1,919,508	1,367,073	1,638,257	1,512,158	3,299,456
Finance	836,380	953,047	933,442	936,820	989,843	1,097,832	1,285,275	984,324	1,172,209	1,311,673
Parks	1,899,688	2,057,819	2,116,119	2,710,888	2,686,687	2,917,521	3,383,563	3,218,703	4,055,947	4,232,421
Information technology (moved to Central Administration in 2023)	237,969	446,225	611,823	749,731	815,935	909,304	1,070,822	932,711	-	-
Codes	700,171	718,402	758,752	745,851	766,532	828,917	861,354	864,159	913,232	1,004,960
Planning	807,010	710,526	643,513	630,482	778,842	732,069	917,944	930,565	1,168,066	1,136,019
Police	9,845,376	10,391,599	11,173,075	12,322,989	13,555,768	14,895,443	14,880,489	14,865,135	16,151,232	17,354,344
Fire	8,490,945	8,972,110	9,465,982	9,857,181	10,847,398	12,155,907	12,732,161	12,132,089	14,000,425	14,962,642
Contributions	234,650	234,650	235,150	241,400	249,400	270,025	298,200	293,250	296,670	247,500
Disposal service	4,997,329	6,025,955	4,888,951	5,777,510	6,001,994	3,536,122	3,900,247	4,112,946	4,511,864	4,681,971
Stormwater	-	-	-	-	1,061,545	2,802,804	1,987,956	1,921,500	2,352,793	2,503,682
Drug and forfeiture program	29,743	50,665	23,051	19,199	12,870	20,399	14,264	27,148	21,649	33,377
Hotel/motel tax (tourism)	-	-	-	-	-	-	-	-	-	211,051
Streets and public works	7,808,136	9,405,256	10,260,978	10,652,930	8,651,120	9,436,626	8,591,402	9,799,209	9,826,332	11,652,399
Interest expense on long-term debt	225,080	212,616	187,440	262,589	332,730	284,728	382,470	267,148	260,363	126,098
Total governmental activities	<u>38,843,189</u>	<u>42,889,945</u>	<u>44,184,645</u>	<u>48,018,970</u>	<u>50,055,045</u>	<u>52,931,034</u>	<u>52,835,422</u>	<u>53,000,728</u>	<u>59,905,326</u>	<u>66,761,228</u>
Business-type activities:										
Golf Course	840,726	943,937	912,071	886,611	820,704	810,471	889,491	970,493	1,214,909	1,384,967
Total business-type activities	<u>840,726</u>	<u>943,937</u>	<u>912,071</u>	<u>886,611</u>	<u>820,704</u>	<u>810,471</u>	<u>889,491</u>	<u>970,493</u>	<u>1,214,909</u>	<u>1,384,967</u>
TOTAL PRIMARY GOVERNMENT EXPENSES	<u>\$ 39,683,915</u>	<u>\$ 43,833,882</u>	<u>\$ 45,096,716</u>	<u>\$ 48,905,581</u>	<u>\$ 50,875,749</u>	<u>\$ 53,741,505</u>	<u>\$ 53,724,913</u>	<u>\$ 53,971,221</u>	<u>\$ 61,120,235</u>	<u>\$ 68,146,195</u>
PROGRAM REVENUES										
Governmental Activities:										
Charges for services:										
Finance	\$ 67,928	\$ 69,891	\$ 52,201	\$ 91,342	\$ 65,052	\$ 56,947	\$ 78,904	\$ 87,889	\$ 92,692	\$ 71,894
Parks	181,003	382,952	341,937	337,198	366,385	201,820	552,308	335,359	409,611	400,515
Codes	1,172,941	1,438,140	1,203,629	961,294	1,464,720	1,810,884	2,690,908	3,171,138	3,165,990	2,591,030
Planning	64,938	65,239	110,335	109,078	88,577	94,358	108,661	94,290	59,834	162,466
Police	615,558	562,554	537,760	497,972	403,922	409,047	405,724	355,196	418,581	464,995
Fire	146,736	107,110	111,875	83,062	118,789	85,667	129,918	188,331	295,096	156,606
Disposal service	4,491,716	4,537,509	4,621,956	5,091,656	5,327,740	(753)	16,589	5,579	5,583	1,689
Stormwater	-	-	-	-	2,525,089	2,604,514	2,689,961	2,683,938	2,768,978	2,760,858
Streets and public works	-	2,300	4,875	4,100	3,450	1,950	-	-	-	-
Hotel/motel tax (tourism)	-	-	-	-	-	-	-	-	-	22,230
Operating grants and contributions	1,693,631	1,796,210	1,682,944	2,053,215	2,045,192	2,358,418	4,977,722	9,593,294	3,723,437	6,986,119
Capital grants and contributions	4,366,166	4,063,741	2,004,433	1,354,090	3,724,028	6,745,962	2,082,378	9,667,735	4,713,759	10,075,437
Total governmental activities and program revenues	<u>12,800,617</u>	<u>13,025,646</u>	<u>10,671,945</u>	<u>10,583,007</u>	<u>16,132,944</u>	<u>14,368,814</u>	<u>13,733,073</u>	<u>26,182,749</u>	<u>15,653,561</u>	<u>23,693,839</u>
Business-type activities:										
Charges for services:										
Golf course	840,650	857,375	827,391	769,718	789,721	814,413	1,048,790	1,063,384	1,290,995	1,400,543
Total business-type activities program revenues	<u>840,650</u>	<u>857,375</u>	<u>827,391</u>	<u>769,718</u>	<u>789,721</u>	<u>814,413</u>	<u>1,048,790</u>	<u>1,063,384</u>	<u>1,290,995</u>	<u>1,400,543</u>
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	<u>\$ 13,641,267</u>	<u>\$ 13,883,021</u>	<u>\$ 11,499,336</u>	<u>\$ 11,352,725</u>	<u>\$ 16,922,665</u>	<u>\$ 15,183,227</u>	<u>\$ 14,781,863</u>	<u>\$ 27,246,133</u>	<u>\$ 16,944,556</u>	<u>\$ 25,094,382</u>
NET (EXPENSE)/REVENUE										
Governmental activities	\$ (26,042,572)	\$ (29,864,299)	\$ (33,512,700)	\$ (37,435,963)	\$ (33,922,101)	\$ (38,562,220)	\$ (39,102,349)	\$ (26,817,979)	\$ (44,251,765)	\$ (43,067,389)
Business-type activities	(76)	(86,562)	(84,680)	(116,893)	(30,983)	3,942	159,299	92,891	76,086	15,576
TOTAL PRIMARY GOVERNMENT NET EXPENSE	<u>\$ (26,042,648)</u>	<u>\$ (29,950,861)</u>	<u>\$ (33,597,380)</u>	<u>\$ (37,552,856)</u>	<u>\$ (33,953,084)</u>	<u>\$ (38,558,278)</u>	<u>\$ (38,943,050)</u>	<u>\$ (26,725,088)</u>	<u>\$ (44,175,679)</u>	<u>\$ (43,051,813)</u>

CITY OF HENDERSONVILLE

CHANGES IN NET ASSETS/POSITION (UNAUDITED) (CONTINUED)

LAST TEN FISCAL YEARS

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
GENERAL REVENUES AND OTHER CHANGES IN NET ASSETS/POSITION										
Governmental activities:										
Taxes:										
Property and in lieu of taxes	\$ 10,635,693	\$ 10,733,814	\$ 12,536,288	\$ 12,735,380	\$ 13,146,995	\$ 13,231,151	\$ 21,046,790	\$ 21,212,700	\$ 22,360,305	\$ 22,508,151
Sales	10,020,450	10,683,972	11,355,539	12,482,225	12,776,911	13,459,303	14,055,953	16,662,754	19,986,843	21,132,769
Wholesale beer tax	944,129	956,362	977,554	1,011,321	1,026,918	1,017,361	1,097,779	1,204,811	1,093,914	963,258
Wholesale liquor tax	417,539	477,604	535,971	556,104	574,855	613,964	709,500	775,674	827,040	891,703
Business tax	882,621	986,136	1,114,201	1,164,209	1,254,804	1,304,368	1,315,581	1,447,088	1,803,088	1,920,570
Franchise taxes	779,309	834,214	876,894	923,652	1,175,087	768,049	858,299	749,996	666,333	579,658
Hotel/motel tax	-	-	-	-	-	100,682	253,572	211,465	394,432	479,586
Unrestricted state shared taxes:										
State shared sales tax	3,675,558	3,844,821	4,186,058	4,290,951	4,416,678	4,597,625	4,699,517	5,440,086	7,348,774	7,597,834
State shared income tax	633,813	814,449	873,932	626,085	566,189	666,960	431,394	231,852	-	-
State shared beer tax	24,308	24,570	25,084	24,805	23,966	23,782	24,064	24,321	28,197	27,143
State shared alcoholic beverage tax	152,711	160,452	174,490	166,904	206,924	253,643	177,413	283,291	366,606	383,628
Unrestricted other state shared taxes	37,918	27,122	133,036	38,222	101,800	75,335	131,196	171,645	362,705	519,228
Unrestricted investment earnings	21,922	23,015	27,987	24,546	30,170	31,294	26,218	30,936	426,381	1,696,856
Other	57,118	133,002	88,792	93,150	87,392	542,375	169,500	436,741	770,848	1,503,609
Special item	-	(6,351,071)	-	-	-	-	-	-	-	-
Transfers	44,877	44,877	-	-	-	-	-	-	-	-
Total government activities	28,327,966	23,393,339	32,905,826	34,137,554	35,388,689	36,685,892	44,996,776	48,883,360	56,435,466	60,203,993
Business-type activities:										
Investment earnings	186	197	203	169	261	21	92	241	582	719
Miscellaneous income	-	-	-	4,810	-	1,079	2,343	-	2,773	50,593
Transfers	(44,877)	(44,877)	-	-	-	-	-	-	-	-
Total business-type activities	(44,691)	(44,680)	203	4,979	261	1,100	2,435	241	3,355	51,312
TOTAL PRIMARY GOVERNMENT	\$ 28,283,275	\$ 23,348,659	\$ 32,906,029	\$ 34,142,533	\$ 35,388,950	\$ 36,686,992	\$ 44,999,211	\$ 48,883,601	\$ 56,438,821	\$ 60,255,305
CHANGE IN NET POSITION										
Governmental activities	\$ 2,285,394	\$ (6,470,960)	\$ (606,874)	\$ (3,298,409)	\$ 1,466,588	\$ (1,876,328)	\$ 5,894,427	\$ 22,065,381	\$ 12,183,701	\$ 17,136,604
Business-type activities	(44,767)	(131,242)	(84,477)	(111,914)	(30,722)	5,042	161,734	93,132	79,441	66,888
TOTAL PRIMARY GOVERNMENT	\$ (701,269)	\$ (2,693,989)	\$ 2,955,168	\$ 545,153	\$ (2,163,906)	\$ 2,733,908	\$ 6,056,161	\$ 22,158,513	\$ 12,263,142	\$ 17,203,492

CITY OF HENDERSONVILLE

FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

Schedule 3

(Prepared using the modified accrual basis of accounting)

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Governmental Funds:										
General Fund:										
Nonspendable	\$ 278,000	\$ 6,046	\$ 601,677	\$ 1,215	\$ 13,661	\$ 11,887	\$ 71,490	\$ 249,369	\$ 393,766	\$ 1,930,664
Restricted	1,036,187	887,274	832,915	984,323	1,149,704	1,216,897	900,940	1,621,193	1,672,507	1,624,569
Committed	836,158	2,532,774	2,010,771	1,852,781	2,171,651	2,412,317	4,179,557	6,258,709	656,619	772,051
Assigned	3,015,185	2,336,958	3,969,543	3,763,198	2,656,458	2,407,768	1,930,616	2,954,858	9,405,849	12,950,937
Unassigned	2,829,182	3,607,022	3,158,144	3,932,022	4,204,347	4,021,244	11,710,063	20,346,169	26,187,375	21,664,010
Total general fund	<u>\$ 7,994,712</u>	<u>\$ 9,370,074</u>	<u>\$ 10,573,050</u>	<u>\$ 10,533,539</u>	<u>\$ 10,195,821</u>	<u>\$ 10,070,113</u>	<u>\$ 18,792,666</u>	<u>\$ 31,430,298</u>	<u>\$ 38,316,116</u>	<u>\$ 38,942,231</u>
All Other Governmental Funds:										
Restricted reported in Special Revenue Funds	\$ 1,360,944	\$ 745,446	\$ 856,304	\$ 1,524,250	\$ 2,382,946	\$ 2,536,130	\$ 7,390,396	\$ 2,612,735	\$ 3,269,385	\$ 3,136,114
Restricted reported in Capital Projects Fund	<u>3,270,823</u>	<u>5,145,662</u>	<u>1,760,146</u>	<u>5,160,528</u>	<u>3,066,080</u>	<u>1,320,764</u>	<u>2,086,420</u>	<u>4,544,025</u>	<u>1,757,460</u>	<u>1,839,593</u>
Total all other governmental funds	<u>\$ 4,631,767</u>	<u>\$ 5,891,108</u>	<u>\$ 2,616,450</u>	<u>\$ 6,684,778</u>	<u>\$ 5,449,026</u>	<u>\$ 3,856,894</u>	<u>\$ 9,476,816</u>	<u>\$ 7,156,760</u>	<u>\$ 5,026,845</u>	<u>\$ 4,975,707</u>
Total	<u>\$ 12,626,479</u>	<u>\$ 15,261,182</u>	<u>\$ 13,189,500</u>	<u>\$ 17,218,317</u>	<u>\$ 15,644,847</u>	<u>\$ 13,927,007</u>	<u>\$ 28,269,482</u>	<u>\$ 38,587,058</u>	<u>\$ 43,342,961</u>	<u>\$ 43,917,938</u>

CITY OF HENDERSONVILLE

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (UNAUDITED)

LAST TEN FISCAL YEARS

Schedule 4

(Prepared using the modified accrual basis of accounting)

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
REVENUES										
Taxes	\$ 23,829,117	\$ 26,620,140	\$ 27,820,614	\$ 28,793,994	\$ 29,626,564	\$ 38,052,610	\$ 41,360,511	\$ 44,118,341	\$ 46,465,030	\$ 47,654,578
Intergovernmental	7,424,580	8,661,973	8,677,784	7,539,144	9,417,315	8,717,269	12,475,036	17,090,212	14,918,340	17,145,340
Fines and fees	514,335	515,320	503,072	522,233	423,004	461,529	470,600	390,512	461,017	495,456
Licenses and permits	2,202,399	2,474,785	2,330,781	2,283,966	2,421,681	2,816,218	3,917,795	4,175,300	4,193,553	3,433,780
Charges for services	4,651,311	4,929,764	4,954,836	5,433,958	8,149,062	2,779,469	2,948,294	3,017,315	3,163,959	3,166,869
Contributions	-	-	-	-	-	150,275	96,390	176,509	98,757	444,108
Uses of money, property and miscellaneous	37,749	29,039	37,912	30,170	44,996	44,328	58,037	201,233	650,251	1,908,954
Other	319,257	482,841	328,539	232,690	699,356	382,446	433,499	204,123	761,197	1,584,053
TOTAL REVENUES	38,978,748	43,713,862	44,653,538	44,836,155	50,781,978	53,404,144	61,760,162	69,373,545	70,712,104	75,833,138
EXPENDITURES										
General government	434,423	392,171	360,566	483,009	538,560	583,105	695,210	662,636	653,031	689,321
Personnel	315,919	399,598	377,876	447,371	445,824	425,205	362,655	324,273	3,045,514	3,026,132
Central services	1,894,510	1,887,501	2,032,366	2,058,315	2,194,032	2,604,890	1,344,879	1,654,214	1,512,158	3,299,456
Finance	877,973	995,139	922,366	924,439	1,084,071	1,069,626	1,232,877	1,047,742	1,169,038	1,278,844
Parks	1,700,430	1,942,921	2,065,364	2,430,277	2,253,393	2,448,259	2,876,615	2,856,388	3,372,641	3,464,318
IT	219,792	446,661	605,882	725,602	790,543	870,931	1,035,709	954,428	-	-
Codes	738,692	761,569	727,566	815,371	749,423	817,002	791,906	871,523	905,086	983,514
Planning	847,660	699,858	634,172	616,866	782,650	718,163	882,901	969,395	1,135,503	1,092,536
Public works	1,967,093	3,136,010	4,182,272	4,154,241	3,216,273	4,101,812	4,160,138	5,322,618	5,044,462	5,710,865
Police	10,030,094	10,524,713	10,760,909	11,978,528	13,031,362	14,141,010	13,763,039	15,041,691	15,316,213	15,964,878
Fire	8,798,116	9,081,173	8,851,924	9,430,304	10,230,800	11,354,198	11,504,147	12,197,804	12,982,857	13,948,240
Contributions	234,650	234,650	235,150	241,400	249,400	270,025	298,200	293,250	296,670	247,500
Disposal service	4,997,329	5,275,955	5,324,951	5,777,510	6,076,106	3,776,010	3,900,247	4,112,946	4,511,864	4,681,971
Hotel/motel tax (tourism)	-	-	-	-	-	-	-	-	-	209,425
Program costs	29,743	50,665	23,051	19,199	12,870	20,399	14,264	27,148	21,649	33,377
Streets	1,964,121	2,252,749	1,538,262	2,002,616	2,231,292	2,897,569	1,914,367	1,652,723	1,801,323	2,359,368
Stormwater	-	-	-	-	1,061,545	2,802,804	1,987,956	1,921,500	2,380,250	2,493,562
Debt service - Principal	2,282,594	2,338,593	2,150,633	1,620,633	1,628,384	1,845,244	1,845,244	2,278,128	2,287,475	2,600,690
Debt service - Interest	284,817	226,984	263,322	198,389	385,731	342,206	293,065	333,604	389,713	310,415
Debt service - Other	-	-	200	10,561	220	-	93,887	-	-	-
Capital outlay	1,748,241	4,436,624	5,668,388	5,565,732	5,436,066	4,033,526	4,405,998	6,533,961	11,245,131	13,822,061
TOTAL EXPENDITURES	39,366,197	45,083,534	46,725,220	49,500,363	52,398,545	55,121,984	53,403,304	59,055,972	68,070,578	76,216,473
Excess of revenues over (under) expenditures	(387,449)	(1,369,672)	2,071,682	(4,664,208)	(1,616,567)	(1,717,840)	8,356,858	10,317,573	2,641,526	(383,335)
OTHER FINANCING SOURCES (USES)										
Bond, notes, premiums, and leases	-	4,020,400	-	8,693,025	-	-	5,985,667	-	208,467	958,312
Operating transfers	44,877	-	-	-	-	-	-	-	11,023	-
Insurance recoveries	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	44,877	4,020,400	-	8,693,025	-	-	5,985,667	-	219,490	958,312
Net Change in Fund Balance	\$ (342,572)	\$ 2,650,728	\$ (2,071,682)	\$ 4,028,817	\$ (1,616,567)	\$ (1,717,840)	\$ 14,342,525	\$ 10,317,573	\$ 2,861,016	\$ 574,977
Debt service as a percentage of noncapital expenditures	3.1 %	6.3 %	5.9 %	4.2 %	4.3 %	4.3 %	4.6 %	5.0 %	4.7 %	4.7 %

City of Hendersonville, Tennessee
Revenue Capacity Information
Assessed Value and Estimated Actual Value of Taxable Property, Last Ten Fiscal Years

Schedule 5

Fiscal Year	Real Property					Estimated Actual Value	Total Direct Tax Rate*
	Industrial & Commercial	Farm & Residential	Personal Property	Public Utility	Total Assessed Value		
2015	439,051,452	1,010,361,629	44,579,810	17,272,369	1,511,265,260	5,327,244,660	0.6500 %
2016	444,883,652	1,025,248,084	49,089,966	18,176,318	1,537,398,020	5,418,475,735	0.7580
2017	459,899,552	1,049,878,394	49,056,055	17,051,405	1,575,885,406	6,052,133,998	0.7580
2018	483,938,432	1,071,168,662	57,956,623	16,184,364	1,629,248,081	6,240,949,169	0.7580
2019	492,045,712	1,100,086,559	50,001,090	14,670,314	1,656,803,675	7,360,619,605	0.7580
2020	591,362,520	1,515,262,524	70,481,107	20,208,189	2,197,314,340	7,820,689,385	0.9187
2021	592,794,440	1,547,715,032	73,889,516	20,227,402	2,234,626,390	7,965,484,597	0.9187
2022	598,834,080	1,581,270,749	77,319,617	17,567,386	2,274,991,832	8,111,840,953	0.9187
2023	604,537,040	1,624,081,130	77,847,676	18,418,214	2,324,884,060	8,300,647,035	0.9187
2024	619,605,880	1,662,826,450	67,670,196	13,349,479	2,363,452,005	8,506,128,964	0.9187

Property is assessed as follows:

Industrial and Commercial:	40%
Real	30%
Personal	30%
Public Utility	55%
Farm and Residential	25%

* Per \$100 of assessed valuation

Note - Property of the City is reappraised frequently. For this reason, appraised value is considered equal to actual value.

Source: City tax rolls

City of Hendersonville, Tennessee
Revenue Capacity Information
Direct and Overlapping Property Tax Rates, Last Ten Years

Schedule 6

Fiscal Year	Direct Rate City	Overlapping Rate County **	Total
2015	0.6500	2.5000	3.1500 %
2016	0.7580	2.5000	3.2580
2017	0.7580	2.5000	3.2580
2018	0.7580	2.5000	3.2580
2019	0.7580	2.5000	3.2580
2020	0.9187	2.2620	3.1807
2021	0.9187	2.2620	3.1807
2022	0.9187	2.2620	3.1807
2023	0.9187	2.2520	3.1707
2024	0.9187	2.2520	3.1707

Source - County Tax Assessor
The Direct Rate is a single rate with no components.
Levied per \$100 of assessed value

** Levied on County property within the City

Source: City tax rolls

City of Hendersonville, Tennessee

**Revenue Capacity Information
Principal Property Taxpayers, Current Year and Nine Years Ago**

Schedule 7

Taxpayer	2024			2015		
	Taxable Assessed Value*	Rank	Percent of Total Assessed Value	Taxable Assessed Value*	Rank	Percent of Total Assessed Value
Glenbrook Apartments GP	\$ 14,134,120	1	0.60%			
Monthaven Park LLC	13,717,520	2	0.58%	12,656,680	2	0.87%
HSRE Indian Lake LLC	12,454,560	3	0.53%			
Mid America Apartments LP	12,379,000	4	0.52%	9,959,120	4	0.69%
Point at Waterford LLC	11,040,000	5	0.47%			
Bereit Steadfast MF Cantare	9,207,240	6	0.39%			
Hendersonville Hosp Corp	8,916,160	7	0.38%	11,086,255	3	0.77%
Bel Hendersonville LLC	8,885,360	8	0.38%			
USPG Indian Lake LLC (Formerly, Inland American Hendersonville)	8,415,440	9	0.36%	19,200,520	1	1.33%
CRP/AV Indian Lake Owner LLC	7,999,800	10	0.34%			
Grove @ Waterford				9,840,000	5	0.68%
Walmart Real Estate Realty				7,944,280	7	0.55%
Sir Cantare, LLC				7,722,000	6	0.53%
DRG Hendersonville (Gables)				6,730,800	8	0.46%
Piedmont Natural Gas				6,653,244	9	0.46%
Sam's Club Real Estate				6,630,200	10	0.46%
Totals	<u>\$ 107,149,200</u>		<u>4.53%</u>	<u>\$ 98,423,099</u>		<u>6.80%</u>
Total Assessed Value	<u>\$ 2,363,452,005</u>			<u>\$ 1,448,285,530</u>		

Source:

* Property Tax Assessment Roll

City of Hendersonville, Tennessee
Revenue Capacity Information
Property Tax Levies and Collections, Last Ten Fiscal Years

Schedule 8

Tax Year	Fiscal Year	Total Tax Levy	Current Tax Collections	Percent Collected	Collections in Subsequent Years	Total Collections	Total Collected as Percent of Current Levy	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
2014	2015	9,814,009	9,604,742	98%	199,873	9,804,615	99.90%	9,394	0.0957%
2015	2016	11,648,086	11,435,416	98%	198,205	11,633,621	99.88%	14,465	0.1242%
2016	2017	11,895,688	11,699,657	98%	186,283	11,885,940	99.92%	9,748	0.0819%
2017	2018	12,330,262	12,156,040	99%	159,402	12,315,442	99.88%	14,820	0.1202%
2018	2019	12,426,026	12,188,659	98%	221,288	12,409,947	99.87%	16,079	0.1294%
2019	2020	19,864,793	19,474,642	98%	361,123	19,835,765	99.85%	29,028	0.1461%
2020	2021	20,240,755	19,877,886	98%	316,041	20,193,927	99.77%	46,828	0.2314%
2021	2022	20,599,640	20,237,283	98%	275,972	20,513,255	99.58%	86,385	0.4194%
2022	2023	21,114,197	20,779,975	98%	187,592	20,967,567	99.31%	146,630	0.6945%
2023	2024	21,534,770	21,148,929	98%	0	21,148,929	98.21%	385,841	1.7917%
								759,218	

Taxes are assessed as of January 1 and due on October 1 each year.
Taxes become delinquent on February 28 of the following year.

City of Hendersonville, Tennessee
Revenue Capacity Information
Local Sales Tax Collections, Last Ten Fiscal Years

Schedule 9

Fiscal Year	Total Remittances From State	Local Tax Rate*	State Tax Rate	Total Tax Rate
2015	10,700,689	2.25%	7.00%	9.25%
2016	11,464,879	2.25%	7.00%	9.25%
2017	12,301,376	2.25%	7.00%	9.25%
2018	12,776,911	2.25%	7.00%	9.25%
2019	13,459,303	2.25%	7.00%	9.25%
2020	14,055,953	2.25%	7.00%	9.25%
2021	16,662,754	2.25%	7.00%	9.25%
2022	18,765,865	2.25%	7.00%	9.25%
2023	19,986,843	2.25%	7.00%	9.25%
2024	20,990,881	2.25%	7.00%	9.25%

Local sales tax is collected by the Tennessee Department of Revenue and remitted to the City on a monthly basis. Due to this, category, industry and other source information was not readily available. Attempts are being made to accumulate this information to include in the report.

* Sumner County retains half of the local tax rate for schools. The above remittances are the City's half.

Source: Sales tax reports provided by the State of Tennessee

City of Hendersonville, Tennessee
Revenue Capacity Information
Ratios of Outstanding Debt by Type, Last Ten Fiscal Years

Schedule 10

Fiscal Year	Population**	Governmental Activities				Business-type activities	Total Primary Government	Percent of Personal Income*	Debt Per Capita
		General Obligation Bonds	Obligation to County Schools	Capital Outlay Notes	Note Premiums (Discounts)	Golf Course Bonds			
2015	55,153	-	789,703	7,937,833	312,913	-	9,040,449	0.51%	164
2016	56,018	-	592,277	9,817,066	263,176	-	10,672,519	0.58%	191
2017	57,050	-	394,851	7,863,860	230,279	-	8,488,990	0.43%	149
2018	57,634	-	197,426	15,133,678	197,382	-	15,528,486	0.75%	269
2019	58,113	-	-	13,702,720	164,485	-	13,867,205	0.63%	239
2020	59,323	-	-	11,857,475	131,588	-	11,989,063	0.50%	202
2021	61,753	-	-	15,130,833	1,035,923	-	16,166,756	0.56%	262
2022	62,257	-	-	12,853,000	908,159	-	13,761,159	0.48%	221
2023	63,628	-	-	10,704,167	780,395	-	11,484,562	0.39%	180
2024	64,930	-	-	8,863,333	652,631	-	9,515,964	0.31%	147

Notes:

Details of the City's Debt can be found in Note 7 to the current financial statements.

Debt includes related premiums and discounts.

* See schedule 15 for personal income information.

**Population is based on City's Planning Department estimate, except in years when a census is taken.

City of Hendersonville, Tennessee
Debt Capacity Information
Ratios of General Obligation Debt Outstanding, Last Ten Fiscal Years

Schedule 11

Fiscal Year	Population	Estimated Appraised Value	General Obligation Bonds	Obligation to County Schools	Capital Notes	Note Premiums (Discounts)	Total	Ratio of General Obligation Debt to Appraisal Value	Net General Obligation Debt Per Capita
2015	55,153	5,327,244,660	-	789,703	7,937,833	312,913	9,040,449	0.17%	164
2016	56,018	5,418,475,735	-	592,277	9,817,066	263,176	10,672,519	0.20%	191
2017	57,050	6,052,133,998	-	394,851	7,863,860	230,279	8,488,990	0.14%	149
2018	57,634	6,240,949,169	-	197,426	15,133,678	197,382	15,528,486	0.25%	269
2019	58,113	7,360,619,605	-	-	13,702,720	164,485	13,867,205	0.19%	239
2020	59,323	7,820,689,385	-	-	11,857,475	131,588	11,989,063	0.15%	202
2021	61,753	7,965,484,597	-	-	15,130,833	1,035,923	16,166,756	0.20%	262
2022	62,257	8,111,840,953	-	-	12,853,000	908,159	13,761,159	0.17%	221
2023	63,628	8,300,647,035	-	-	10,704,167	780,395	11,484,562	0.14%	180
2024	64,930	8,506,128,964	-	-	8,863,333	652,631	9,515,964	0.11%	147

Notes:

The above general obligation debt includes capital outlay notes since they were required to be paid from the tax base of the City.
Debt includes related premiums and discounts.

City of Hendersonville, Tennessee
Debt Capacity Information
Direct and Overlapping Governmental Activities Debt

Schedule 12

Jurisdiction	General Obligation Debt Outstanding	Percentage Applicable to City*	Amount Applicable to City*
City of Hendersonville	\$ 8,863,333	100.00%	\$ 8,863,333
Sumner County	\$ 279,935,000	25.54%	\$ 71,495,399
Total	288,798,333		\$ 80,358,732

* Based upon Assessed Value of Property in
County: \$ 6,832,678,992
City: 2,363,452,005

City of Hendersonville, Tennessee
Debt Capacity Information
Debt Margin Information, Last Ten Fiscal Years

Schedule 13

Fiscal Year	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Estimated Actual Value of Property	8,506,128,964	8,300,647,035	\$ 8,111,840,953	\$ 7,965,484,597	\$ 7,820,689,385	\$ 7,360,619,605	\$ 6,240,949,169	\$ 6,052,133,998	\$ 5,418,475,735	\$ 5,327,244,660
General Obligation Debt	8,863,333	\$ 10,704,167	\$ 12,853,000	\$ 15,675,090	\$ 11,989,063	\$ 13,867,205	\$ 15,528,486	\$ 8,488,990	\$ 10,672,519	\$ 9,040,449
Debt as a % of Estimated Actual Value of Property	0.10%	0.13%	0.16%	0.20%	0.15%	0.19%	0.25%	0.14%	0.20%	0.17%

Note: The City has no legal debt limit.

City of Hendersonville, Tennessee
Debt Capacity Information
Pledged - Revenue Coverage, Last Ten Years

Schedule 14

Golf Course Enterprise Fund

Fiscal Year	Golf Course						
	Gross Revenues*	Direct** Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2015	840,847	771,428	69,419	-	-	-	-
2016	857,578	830,221	27,357	-	-	-	-
2017	832,370	804,201	28,169	-	-	-	-
2018	769,979	817,441	(47,462)	-	-	-	-
2019	789,742	784,807	4,935	-	-	-	-
2020	816,848	774,717	42,131	-	-	-	-
2021	1,049,031	836,271	212,760	165,557 ***	-	165,557	-
2022	1,063,730	674,229	389,501	176,275 ***	-	176,275	-
2023	1,294,350	1,094,729	199,621	35,430 ***	-	35,430	-
2024	1,400,543	1,384,967	15,576	33,120 ***	-	33,120	-

* Includes nonoperating revenues

** Net of depreciation, amortization and payments to the City for golf carts and mowers.

***Owed to City of Hendersonville - General Fund

City of Hendersonville, Tennessee
Demographic and Economic Information
Demographic and Economic Statistics, Last Ten Years

Schedule 15

Year	Population	Total Personal Income	Per Capita Personal Income**	Median Age*	Unemployment Rate*
2015	55,153	1,787,674,189	32,413	37.8	4.8%
2016	56,018	1,839,126,958	32,831	39.4	3.9%
2017	57,050	1,957,956,000	34,320	40.2	3.6%
2018	57,634	2,065,717,828	35,842	40.2	3.3%
2019	58,113	2,184,874,461	37,597	40.1	3.2%
2020	59,323	2,419,251,263	40,781	40.1	9.2%
2021	61,753	2,869,476,651	46,467	40.1	4.5%
2022	62,257	2,848,133,236	45,748	39.6	3.3%
2023	63,628	2,939,962,281 ***	46,205 ***	40.1	2.9%
2024	64,930	3,030,123,035 ***	46,668 ***	40.2	2.8%

* Department of Labor, Research and Statistics

** U.S. Census Bureau

***Estimated

Total Personal Income is calculated using population and per capita personal income information.

**City of Hendersonville, Tennessee
Demographic and Economic Information
Principal Employers, Current Year and Nine Years Ago**

Schedule 16

Employer	2024			2015		
	Employees	Rank	Percentage	Employees	Rank	Percentage
Hendersonville Medical Center	680	1	27.74%	500	1	20.21%
City of Hendersonville	410	2	16.73%	309	3	12.49%
MGM Windows	240	3	9.79%	195	5	7.88%
Smith Travel Research	213	4	8.69%			0.00%
Xtend Healthcare	180	5	7.34%	500	2	20.21%
Osram Continental USA, Inc.	180	6	7.34%			0.00%
Aladdin Temp Rite	175	7	7.14%	175	6	7.07%
National Health Care	147	8	6.00%	150	8	6.06%
Sumner County YMCA	122	9	4.98%	175	7	7.07%
ITW Dynatec	104	10	4.24%			0.00%
Digital Connections	-	-	-	200	4	8.08%
Windham Professionals	-	-	-	150	9	6.06%
Nashville Wraps	-	-	-	120	10	4.85%
Totals	<u>2,451</u>		<u>100%</u>	<u>2,474</u>		<u>100.0%</u>

City of Hendersonville, Tennessee
Operating Information
Full-Time Equivalent City Government Employees by Function, Last Ten Fiscal Years

Schedule 17

Function	Full-Time Equivalent Employees as of June 30									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
General Government	4	4	5	5	5	4	4	3	3	4
Personnel	3	3	4	6	5	4	4	4	4	3
Central Service	2	2	3	4	4	-	-	-	-	-
Finance	12	12	13	13	12	10	10	9	9	9
Parks	36	33	26	30	25	20	18	19	17	16
Information Technology	5	4	5	5	4	3	3	2	2	2
Codes	10	10	11	13	13	11	10	9	8	9
Planning	8	9	8	9	8	6	6	17	6	6
Police	149	153	158	150	146	141	146	137	134	127
Fire	125	123	122	123	127	102	110	102	101	101
Streets and Public Works	35	31	34	45	47	50	50	38	34	32
Golf Course*	7	7	7	5	6	6	7	7	4	6
	396	391	396	408	402	357	368	347	322	315

* Golf course workers are leased employees.

Source: City Personnel Department

City of Hendersonville, Tennessee
Operating Information
Operating Indicators by Function/Program, Last Ten Fiscal Years

Schedule 18

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Police										
Calls	42,075	43,273	40,191	31,817	40,239	34,997	32,109	41,122	43,863	44,712
Fire										
Emergency Responses										
Fire Calls	7,895	8,222	8,176	7,415	7,078	7,990	7,634	5,745	5,647	4,658
Codes										
Building Permits Issued	3,226	3,983	3,958	4,709	3,124	2,581	2,378	774	787	618
Disposal Service										
Refuse Collected* (number of homes)	19,985	19,845	19,437	19,075	18,731	18,597	18,168	17,334	17,212	16,918
Golf Course										
Rounds Played	31,726	29,647	24,656	25,756	22,282	21,075	21,073	23,303	23,319	22,526

Note: Indicators are not available for the general government, personnel, central service, finance and planning functions.

* Collection service is contracted out.

Source: Various City Departments

City of Hendersonville, Tennessee
Operating Information
Capital Assets Statistics by Function, Last Ten Fiscal Years

Schedule 19

	Fiscal Year									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Parks										
Acres	630	630	630	630	630	630	630	595	595	540
Parks	8	8	8	8	8	8	8	7	7	7
Autos and Trucks	23	23	23	20	21	20	20	20	20	20
Codes										
Autos and Trucks	8	8	8	10	10	8	7	7	6	6
Police										
Stations	2	2	2	2	2	2	2	2	2	2
Vehicles, Motorcycles and Boats	184	200	193	203	188	186	180	163	154	145
Fire										
Stations	7	6	6	6	6	6	6	6	6	6
Fire Trucks	13	13	12	12	12	12	13	13	13	12
Autos and Trucks	23	23	18	15	15	15	15	13	12	10
Fire Boats	3	3	3	3	3	3	3	3	3	3
Streets and Public Works										
Streets (miles)	393	389	388	383	382.5	382	381	376	376	374

Note: Capital asset statistics are not available for (or not applicable) for the general government, personnel, central services, finance, planning and disposal service functions.

Source: Departments within City Hall

OTHER REPORTS SECTION



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

To the Board of Mayor and Aldermen
City of Hendersonville, Tennessee
Hendersonville, 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 discretely presented component units and remaining fund information of the City of Hendersonville, Tennessee (the “City”), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 19, 2024.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

REPORT ON COMPLIANCE AND OTHER MATTERS

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

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 City’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 City’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Kraft CPAs PLLC". The signature is written in a cursive, flowing style.

Nashville, Tennessee
December 19, 2024



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Board of Mayor and Aldermen
City of Hendersonville, Tennessee
Hendersonville, Tennessee

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

OPINION ON EACH MAJOR FEDERAL PROGRAM

We have audited City of Hendersonville's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Hendersonville's major federal programs for the year ended June 30, 2024. City of Hendersonville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of Hendersonville complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

BASIS FOR OPINION ON EACH MAJOR FEDERAL PROGRAM

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

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

RESPONSIBILITIES OF MANAGEMENT FOR COMPLIANCE

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF COMPLIANCE

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

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

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

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

REPORT ON INTERNAL CONTROL OVER COMPLIANCE

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Kraft+CPAs PLLC

Nashville, Tennessee
December 19, 2024

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ yes X none reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ yes X no

Identification of major programs:

Assistance Listing Number Name of Federal Program or Cluster

20.205 Highway Planning and Construction (Federal-Aid Highway Program)

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

\$750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

CITY OF HENDERSONVILLE, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

YEAR ENDED JUNE 30, 2024

Section II - Financial Statement Findings

Prior Year

No findings noted.

Current Year

No findings noted.

Section III - Federal Award Findings and Questioned Costs

Prior Year

No findings noted.

Current Year

No findings noted.