

**CITY OF MT. JULIET, TENNESSEE**

Annual Financial Report

For the Year Ended June 30, 2011

# CITY OF MT. JULIET, TENNESSEE

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## **FINANCIAL SECTION**

# YEARY, HOWELL & ASSOCIATES

*Certified Public Accountants*

501 EAST IRIS DRIVE  
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY  
GREGORY V. HOWELL

TELEPHONE  
(615) 385-1008  
FAX (615) 385-1208

## **INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
City of Mt. Juliet, Tennessee  
Mt. Juliet, Tennessee

We have audited the accompanying financial statements of the governmental activities, the business - type activities, each major fund, and the aggregate remaining fund information of the City of Mt. Juliet, Tennessee (the City), as of and for the year ended June 30, 2011, which collectively comprise the City's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the City of Mt. Juliet's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business - type activities, each major fund, and the aggregate remaining fund information of the City of Mt. Juliet, Tennessee at June 30, 2011, and the respective changes in financial position and cash flows where applicable and the respective budgetary comparison for the General Fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2011, on our consideration of the City of Mt. Juliet's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As reflected in the balance sheet of the governmental funds and in the notes of the financial statements, the City has implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, effective for periods beginning and after June 15, 2010.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Mt. Juliet's basic financial statements. The Combining and Individual Nonmajor Fund Statements and Schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements. The Combining and Individual Nonmajor Fund Statements and Schedules, including the Schedule of Expenditures of Federal Awards, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Yeary Howell & Associates*

October 19, 2011

## **Management's Discussion and Analysis**

As management of the City of Mt. Juliet, 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, 2011. The analysis will focus on significant financial position, budget changes, and variances from the budget, and specific issues related to funds and the economic factors affecting the City. We encourage readers to read the information presented here in conjunction with additional information that is furnished in the City's financial statements, which follow this narrative.

### **Financial Highlights**

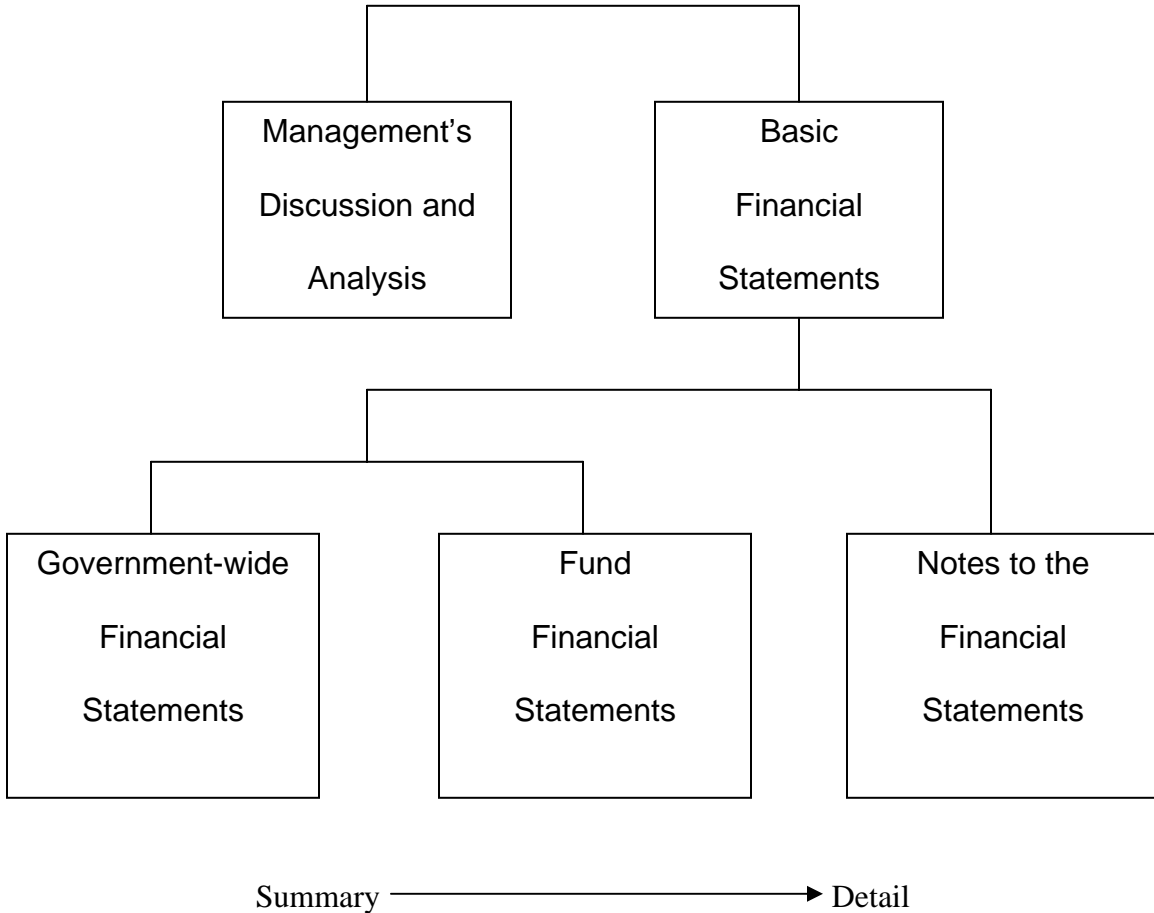
- The assets of the City of Mt. Juliet, TN exceeded its liabilities at the close of the fiscal year by \$76.1 million.
- The government's total net assets increased by \$11.4 million, primarily due to increases in the governmental type activities net assets.
- As of the close of the current fiscal year, the City of Mt. Juliet's governmental funds reported combined ending fund balances of almost \$12.8 million an increase of almost \$2.2 million in comparison with the prior year. Approximately 33 percent of this total amount, or \$4.2 million, is available for spending at the government's discretion considered unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$4.2 million, or 35.5 percent of total general fund expenditures for the fiscal year.
- The City of Mt. Juliet's total debt decreased by \$603 Thousand (3.5%) during the current fiscal year. The key factor in this decrease was principal payments.
- The City of Mt. Juliet has maintained its AA rating by Standard and Poor's and has been classified as stable since 6/20/2009.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to City of Mt. Juliet's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other information that will enhance the reader's understanding of the financial condition of the City of Mt. Juliet.

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

The first two statements, pages 1 and 2, in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the City's financial status.

The next statements, pages 3 through 13, are Fund Financial Statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. These notes are disclosed on pages 14-29. After the notes, additional information is provided to show

## **City of Mt. Juliet**

details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements. There are additional financial schedules and other required reports.

### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The two government-wide statements report the City's net assets and how they have changed. Net assets are the difference between the City's total assets and total liabilities. Measuring net assets is one way to gauge the City's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. Sewer is the only service offered by the City of Mt. Juliet. The City of Mt. Juliet has no component units.

The government-wide financial statements are on pages 1 and 2 of this report.

### **Fund Financial Statements**

The fund financial statements (see Figure 2) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Mt. Juliet, TN, like all other governmental entities in Tennessee, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Mt. Juliet can be divided into two categories: governmental funds and proprietary funds.

**Governmental Funds** – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or



## City of Mt. Juliet

less financial resources available to finance the City's programs. The relationship between government activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The **City of Mt. Juliet** adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City the management of the City and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board of Commissioners; 2) the final budget as amended by the Board of Commissioners; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – City of Mt. Juliet has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Mt. Juliet uses an enterprise fund to account for its sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Assets and the Statement of Activities.

*Internal Service Funds* are an accounting device used to accumulate and allocate costs internally among the functions of the City of Mt. Juliet. The City uses an internal service fund to account for one activity – its Employee Benefit activity. Because this operation benefits predominantly governmental rather than business-type activities, the internal service fund has been included within the governmental activities in the government-wide financial statements.

**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 are on pages 14-29 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Mt. Juliet's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 24 and 25.

## City of Mt. Juliet

### Government-Wide Financial Analysis

	City of Mt. Juliet Net Assets					
	Governmental		Business Type		Total	Total
	Activities		Activities			
	2011	2010	2011	2010		
Current and Other Assets	15,725,997	12,208,624	5,430,455	5,273,145	\$ 21,156,452	17,481,769
Capital Assets	35,508,952	30,099,733	40,519,457	36,616,139	76,028,409	66,715,872
Total Assets	51,234,949	42,308,357	45,949,912	41,889,284	97,184,861	84,197,641
Long Term Liabilities Outstanding	16,774,195	16,907,887	413,495	553,136	17,187,690	17,461,023
Other Liabilities	3,152,134	1,494,141	704,726	537,375	3,856,860	2,031,516
Total Liabilities	19,926,329	18,402,028	1,118,221	1,090,511	21,044,550	19,492,539
Net Assets:						
Invested in Capital Assets,						
Net of Related Debt	23,605,768	18,028,480	40,149,457	36,073,139	63,755,225	54,101,619
Restricted	4,056,948	2,901,142	-	-	4,056,948	2,901,142
Unrestricted	3,645,904	2,976,707	4,682,234	4,725,634	8,328,138	7,702,341
Total Net Assets	31,308,620	23,906,329	44,831,691	40,798,773	76,140,311	64,705,102

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of the City of Mt. Juliet exceeded liabilities by \$76.1 million as of June 30, 2011. The City's net assets increased by \$11.4 million for the fiscal year ended June 30, 2011. However, the largest portion, 83.7%, reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt still outstanding that was issued to acquire those items. The City of Mt. Juliet uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Mt. Juliet's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Mt. Juliet's net assets 5.3% represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$8.3 million is unrestricted.

Several particular aspects of the City's financial operations positively influenced the total unrestricted governmental net assets:

- Local sales tax collection increased despite the economic woes of the rest of the country due to commitments by incoming retail locations prior to the economic downturn.
- Continued low cost of debt due to the City's high bond rating.

## City of Mt. Juliet

	City of Mt. Juliet Changes in Net Assets					
	Governmental Activities		Business Type Activities		Total	Total
	2011	2010	2011	2010	2011	2010
Revenues						
Program Revenues:						
Charges for Services	\$ 3,178,705	\$ 2,341,657	\$ 3,915,027	\$ 3,844,994	\$ 7,093,732	\$ 6,186,651
Operating Grants and Contributions	1,312,390	1,015,869			1,312,390	1,015,869
Capital Grants and Contributions	6,346,734	5,535,555	5,096,917	3,359,339	11,443,651	8,894,894
General Revenues					-	-
Sales Taxes	6,072,406	5,648,370			6,072,406	5,648,370
Other Locally Assessed Taxes	2,009,068	1,861,011			2,009,068	1,861,011
Other State Shared Taxes	2,203,746	2,113,801			2,203,746	2,113,801
Investment Earnings & Rental Income	90,588	242,291	68,782	94,375	159,370	336,666
Other	89,078	118,550			89,078	118,550
Total Revenues	21,302,715	18,877,104	9,080,726	7,298,708	30,383,441	26,175,812
Expenses:						
General Government	2,905,916	3,125,874			2,905,916	3,125,874
Public Safety	5,757,194	5,049,073			5,757,194	5,049,073
Recreation and Culture	1,416,067	1,153,766			1,416,067	1,153,766
Streets and Public Works	2,906,050	2,357,645			2,906,050	2,357,645
Stormwater	273,894	225,980			273,894	225,980
Interest on Debt	641,303	654,554			641,303	654,554
Sewer			5,047,808	4,927,428	5,047,808	4,927,428
Total Expenses	13,900,424	12,566,892	5,047,808	4,927,428	18,948,232	17,494,320
Increase (Decrease) in Net Assets	7,402,291	6,310,212	4,032,918	2,371,280	11,435,209	8,681,492
Net Assets Beginning of Year	23,906,329	17,596,117	40,798,773	38,427,493	64,705,102	56,023,610
Net Assets End of Year	31,308,620	23,906,329	44,831,691	40,798,773	76,140,311	64,705,102

**Governmental Activities:** Governmental activities increased the City's net assets by \$7.4 million, thereby accounting for 64.7% of the total growth in the net assets of the City of Mt. Juliet. Key elements of this increase are as follows:

- Grant revenues in the streets area were used to construct capital assets.
- Tax revenues increased despite the poor economy.
- City codes require developers to build to a certain standard in streets for which the City then assumes responsibility and receives donated infrastructure.
- Developers also provided over \$200 thousand in road improvement fees.
- The decision to utilize cameras to enforce compliance with traffic laws resulted in increasing revenue some \$250 thousand net to the City as the camera providers receive more than 65% of the gross revenue.

**Business-type activities:** Business-type activities increased the City of Mt. Juliet's net assets by \$4.0 million, accounting for 35.3% of the total growth in the government's net assets. Key elements of this increase are as follows:

- City codes require developers to build to a certain standard for sewers for which the City then assumes responsibility and receives donated infrastructure.

## Financial Analysis of the City of Mt. Juliet Funds

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

**Governmental Funds:** The focus of the City of Mt. Juliet's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources.

## City of Mt. Juliet

Such information is useful in assessing the City of Mt. Juliet's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Mt. Juliet. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$4.2 million, while total fund balance reached \$5.6 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 35.5 percent of total General Fund expenditures.

At June 30, 2011, the governmental funds of City of Mt. Juliet reported a combined fund balance of \$12.8 million, a 20.9 percent increase over last year. Included in this change are fund balance increases in the General, State Street Aid, Drug, and Emergency Services Funds and decreases in the Storm Water and Capital Projects Funds.

**General Fund Budgetary Highlights:** During the fiscal year, the City revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Local tax revenues were eight percent or over \$600 thousand above the budget which approaches being an unexpected extra month of revenue in the largest City revenue category. Revenue in all areas exceeded budget with the exception of court revenue. The other largest increases were the result of road improvement fees, contributions from others and various permit fees.

The City Manager and Department Heads made every effort to hold expenditures well within budgets in order to increase the General Fund Balance in anticipation of the City's possible assumption of fire protection responsibility. Some repairs and improvements to infrastructure items have been deferred in further effort to increase the General Fund balance.

**Proprietary Funds:** The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net assets of the Sewer Fund at the end of the fiscal year amounted to almost \$2.3 million. The total growth in net assets for the fund was \$4.0 million.

- Developers built sewer lines to the required City standard which were then contributed to the City in the amount of \$4.1 million. The City assumed responsibility for maintenance, repair and eventual replacement of these assets.

## City of Mt. Juliet

### Capital Asset and Debt Administration

**Capital assets.** The City of Mt. Juliet's investment in capital assets for its governmental and business-type activities as of June 30, 2011, totals \$76 million (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include the following additions:

- Road Construction Projects completed \$7.5 million.
- Town Center Trail Phase 1 completion \$470 thousand.
- Streets donated by developers \$5.8 million.
- Police vehicles and equipment \$132 thousand.
- Park equipment \$49 thousand.
- Public Works vehicles and equipment \$141 thousand.
- Public Works Building and Grounds Improvements \$98 thousand.
- Information Technology Improvements \$12 thousand.
- Vehicle Donations \$14 thousand.
- Sewer Collection System and projects \$5 million
- Building \$58 thousand.
- No major disposals were recorded this year.

#### City of Mt. Juliet Capital Assets

	City of Mt. Juliet's Capital Assets					
	Governmental Activities		Business Type Activities		Total	Total
	2011	2010	2011	2010	2011	2010
Land	\$ 1,980,701	\$ 1,376,600	\$ 1,047,544	\$ 1,047,544	\$ 3,028,245	\$ 2,424,144
Bldgs and Improvements	3,812,073	3,762,073	480,513	422,816	4,292,586	4,184,889
Improv Other than Bldgs	2,593,031	2,529,105			2,593,031	2,529,105
Machinery and Equipment	3,914,935	3,668,123	1,201,927	1,195,027	5,116,862	4,863,150
Construction in Progress	958,558	8,427,076	294,932	1,491,706	1,253,490	9,918,782
Collection System			51,173,693	44,938,242	51,173,693	44,938,242
Infrastructure	30,159,758	16,913,924			30,159,758	16,913,924
Total Cost	43,419,056	36,676,901	54,198,609	49,095,335	97,617,665	85,772,236
Less Acc Depr	7,910,105	6,577,168	13,679,152	12,479,196	21,589,257	19,056,364
Net Capital Assets	\$ 35,508,951	\$ 30,099,733	\$ 40,519,457	\$ 36,616,139	\$ 76,028,408	\$ 66,715,872

Additional information on the City capital assets can be found in note 3 on page 19 of the Basic Financial Statements.

**Long-term Debt:** As of June 30, 2011, the City of Mt. Juliet had total bonded debt, lease-purchases and capital notes outstanding of \$16.5 million. Of this, \$16.2 million is debt backed by the full faith and credit of the City of Mt. Juliet. The remainder of the City's debt represents bonds secured solely by sewer billing revenue.

#### City of Mt. Juliet's Outstanding Debt General Obligation and Revenue Bonds

	Governmental Activities		Business Type Activities		Total	
	2011	2010	2011	2010	2011	2010
General Obligation Bonds	16,150,000	16,580,000			16,150,000	16,580,000
Revenue Bonds			370,000	543,000	370,000	543,000
Total	16,150,000	16,580,000	370,000	543,000	16,520,000	17,123,000

## **City of Mt. Juliet**

Impact Fee revenue is allocated to the Debt Service Fund in order to liquidate the City's bonds that were issued to support the City road building projects. Such revenue must be supplemented with transfers from the General Fund in order for the fund to meet the outstanding obligations. The City of Mt. Juliet's total debt decreased by \$600 thousand or 3.5% during the past fiscal year, primarily due to principal payments that were liquidated when due during the year ended 6/30/2011.

As mentioned in the financial highlights section of this document, the City of Mt. Juliet has maintained an AA rating from Standard and Poor's Corporation since June 2009. This bond rating is a clear indication of the sound financial condition of City of Mt. Juliet.

The City of Mt. Juliet's debt policy seeks to limit governmental total outstanding debt obligations to five percent (5%) of assessments, or \$1400 per capita whichever is lower. At 6/30/2011 governmental debt was less than 2.7% of assessments and less than \$650 per capita.

During the past fiscal year, the City did not issue any bonds, capital notes nor engage in any Lease/Purchase transactions. Total debt payments for the next fiscal year are less than \$1.3 million. Additional information regarding the City of Mt. Juliet's long-term debt can be found in note 5 beginning on page 21 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The following key economic indicators reflect the growth and prosperity of the City.

- The City's unemployment rate of 8.2% is below the National average of 9.0%.
- Occupancy rates on office and retail space. The City's occupancy rates are over 90% for the year and most retail space being created is presold.
- The City has not had any business that repaired significant auto collision damage in many years, but the most recent efforts have brought three of them to the City and may provide as many as 150 jobs.
- A national insurance agency is opening a regional office within the City and another 150 jobs are expected as a result.

## City of Mt. Juliet

### Budget Highlights for the Fiscal Year Ending June 30, 2012

**Governmental Activities:** Property taxes will be implemented for the first time since 1999 and are budgeted to raise \$1.2 million. The City will use this revenue to finance emergency services for fire protection. The City anticipates nominal growth in local tax revenue, licenses and permits as well as a loss in revenue of some \$200 thousand from changes in red light camera laws.

In addition to the fire protection financed by the property tax, budgeted expenditures in the General Fund are expected to rise 9% or \$1.1 million of which \$684 thousand or 5.8% will also be used to finance fire protection. The remaining largest increments are in employee compensation, including funding compensation and benefits adjustments. Budgeted expenditures are expected to exceed budgeted revenue for 6/30/2012 by \$321 thousand which will reduce the 6/30/2011 unassigned fund balance.

**Business – type Activities:** The sewer rates in the City are not projected to increase during the fiscal year ended 6/30/2012. Nominal revenue growth will be funded by new customers. Purification costs of wastewater can be expected to rise 4% in accordance with the Metro contract. Personnel costs can be expected to rise 1.5%. General operating expenses will increase by 2.0% to cover increased costs of material, supplies, and other operating expenses. With depreciation the Sewer Fund revenue will fail to cover 100% of the cost of operations.

### Requests for Information

This report is designed to provide an overview of the City of Mt. Juliet's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, John Rossmaier, PO Box 679, Mt. Juliet, YN 37121-0679 or email at [jrossmaier@cityofmtjuliet.org](mailto:jrossmaier@cityofmtjuliet.org)

Additional budget information is published on the City of Mt. Juliet's website under City Documents, Online Documents, Finance, and City Budget.  
<http://www.cityofmtjuliet.org/>

# CITY OF MT. JULIET, TENNESSEE

## Statement of Net Assets

June 30, 2011

	Primary Government		Total
	Governmental	Business-type	Primary
Assets	Activities	Activities	Government
Cash and cash equivalents	\$8,413,817	1,360,375	9,774,192
Investments	-	1,005,417	1,005,417
Receivables (net):			
Taxes	1,324,679	-	1,324,679
Due from other governments	1,663,219	-	1,663,219
Internal balances	(8,595)	8,595	-
Interest receivable	43	6,445	6,488
Accounts receivable	-	547,716	547,716
Inventories	-	89,052	89,052
Restricted assets:			
Cash - construction	-	2,402,592	2,402,592
Cash - bond proceeds	4,098,863	-	4,098,863
Prepaid expenses	132,374	10,263	142,637
Bond issue costs, net	101,597	-	101,597
Capital assets, net of accumulated depreciation	32,569,693	39,176,981	71,746,674
Land and constrution in progress - nondepreciable	2,939,259	1,342,476	4,281,735
Total Assets	<u>\$51,234,949</u>	<u>45,949,912</u>	<u>97,184,861</u>
Liabilities			
Accounts payable	\$448,167	379,562	827,729
Accrued liabilities	564,667	116,478	681,145
Accrued interest	51,286	2,984	54,270
Contracts payable	35,523	24,702	60,225
Deferred revenue	1,273,528	-	1,273,528
Long-term liabilities due within one year	778,963	181,000	959,963
Long-term liabilities due in more than one year	16,774,195	413,495	17,187,690
Total Liabilities	<u>19,926,329</u>	<u>1,118,221</u>	<u>21,044,550</u>
Net Assets			
Investment in capital assets, net of related debt	23,605,768	40,149,457	63,755,225
Restricted for:			
Debt service	186,015	-	186,015
Streets	2,587,982	-	2,587,982
Stormwater	235,679	-	235,679
Public safety	838,355	-	838,355
Parks	208,917	-	208,917
Unreserved	<u>3,645,904</u>	<u>4,682,234</u>	<u>8,328,138</u>
Total Net Assets	<u>\$31,308,620</u>	<u>44,831,691</u>	<u>76,140,311</u>

See accompanying notes to financial statements.



**CITY OF MT. JULIET, TENNESSEE**  
**Statement of Activities**  
**For the Year Ended June 30, 2011**

Functions / Programs:	Program Revenues				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-type Activities	
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General government	\$2,905,916	589,286	357,324	4,000	(1,955,306)	-	(1,955,306)
Public safety	5,757,194	1,812,853	3,460	10,100	(3,930,781)	-	(3,930,781)
Recreation and Culture	1,416,067	118,071	7,335	-	(1,290,661)	-	(1,290,661)
Streets and public works	2,906,050	64,256	944,271	6,332,634	4,435,111	-	4,435,111
Stormwater	273,894	153,023	-	-	(120,871)	-	(120,871)
Interest on debt	641,303	441,216	-	-	(200,087)	-	(200,087)
Total Government Activities	13,900,424	3,178,705	1,312,390	6,346,734	(3,062,595)	-	(3,062,595)
<b>Business-type Activities:</b>							
Sewer	5,047,808	3,915,027	-	5,096,917	-	3,964,136	3,964,136
Total Business-type Activities	5,047,808	3,915,027	-	5,096,917	-	3,964,136	3,964,136
				-			
<b>Total Primary Government</b>	<b>\$18,948,232</b>	<b>7,093,732</b>	<b>1,312,390</b>	<b>11,443,651</b>	<b>(3,062,595)</b>	<b>3,964,136</b>	<b>901,541</b>
<b>General Revenues:</b>							
Sales taxes					\$6,072,406	-	6,072,406
Wholesale beer tax					586,148	-	586,148
Franchise tax					603,662	-	603,662
Hotel/motel tax					255,812	-	255,812
Business tax					563,446	-	563,446
State shared sales tax					1,664,105	-	1,664,105
State shared beer tax					13,164	-	13,164
State shared income tax					83,879	-	83,879
Unrestricted other state shared taxes					442,598	-	442,598
Unrestricted investment earnings and rental income					90,588	68,782	159,370
Other					89,078	-	89,078
Total general revenues					10,464,886	68,782	10,533,668
Change in net assets					7,402,291	4,032,918	11,435,209
Net assets - beginning of year					23,906,329	40,798,773	64,705,102
Net assets - end of year					\$31,308,620	44,831,691	76,140,311

See accompanying notes to financial statements

**CITY OF MT. JULIET, TENNESSEE**

**Balance Sheet  
Governmental Funds**

**June 30, 2011**

<u>Assets</u>	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash	\$5,130,625	-	186,015	3,091,696	8,408,336
Cash - restricted - bond proceeds	-	4,098,863	-	-	4,098,863
Receivables (net)					
Taxes	1,324,679	-	-	-	1,324,679
Due from other governments	1,546,334	1,651	-	115,234	1,663,219
Due from other funds	150,400	-	-	-	150,400
Interest receivable	43	-	-	-	43
Prepaid items	128,400	-	-	3,974	132,374
 Total Assets	 <u>\$8,280,481</u>	 <u>4,100,514</u>	 <u>186,015</u>	 <u>3,210,904</u>	 <u>15,777,914</u>
<b>Liabilities and Fund Balances</b>					
Accounts payable	\$146,276	-	-	112,574	258,850
Accrued costs	557,280	-	-	7,387	564,667
Contracts payable	-	35,523	-	-	35,523
Due to other funds	-	150,400	-	-	150,400
Deferred revenue	1,954,576	-	-	53,063	2,007,639
 Total Liabilities	 <u>2,658,132</u>	 <u>185,923</u>	 <u>-</u>	 <u>173,024</u>	 <u>3,017,079</u>
<b>Fund Balance:</b>					
Nonspendable:					
Prepays	128,400	-	-	3,974	132,374
Restricted for:					
Streets	571,073	-	-	1,960,872	2,531,945
Parks	208,917	-	-	-	208,917
Public safety	-	-	-	146,382	146,382
Stormwater	-	-	-	234,679	234,679
Streets - capital projects	-	3,914,591	-	-	3,914,591
Public safety - capital projects	-	-	-	691,973	691,973
Debt service	-	-	186,015	-	186,015
Assigned for:					
Employee health benefits	183,836	-	-	-	183,836
Subsequent year's budget	321,075	-	-	-	321,075
Unassigned:	4,209,048	-	-	-	4,209,048
 Total Fund Balances	 <u>5,622,349</u>	 <u>3,914,591</u>	 <u>186,015</u>	 <u>3,037,880</u>	 <u>12,760,835</u>
 Total Liabilities and Fund Balances	 <u>\$8,280,481</u>	 <u>4,100,514</u>	 <u>186,015</u>	 <u>3,210,904</u>	 <u>15,777,914</u>

See accompanying notes to financial statements.

CITY OF MT. JULIET, TENNESSEE

Reconciliation of the Balance Sheet to the Statement of Net Assets  
of Governmental Activities

June 30, 2011

Amounts reported for fund balance - total governmental funds \$12,760,835

Amounts reported for governmental activities in the statement of net  
assets are different because:

Capital assets, net of accumulated depreciation, used in  
governmental activities are not financial resources and ,  
therefore, are not reported in the funds 35,508,952

Other long-term assets are not available to pay for current-period  
expenditures and, therefore, are deferred in the funds  
State shared revenue and local option sales tax receivable 734,111

Internal service fund is used by management to charge the costs of medical  
insurance to individual funds. The assets and liabilities of the internal  
service fund is included in governmental activities in the statement of net  
assets. (192,431)

In the statement of activities, interest is accrued on outstanding  
bonds, whereas in governmental funds, interest expenditures are  
reported when due. (51,286)

Bond issue costs are amortized over the life of the notes in the statement  
of activities. 101,597

Bond discounts costs are amortized over the life of the notes in the statement  
of activities. 5,240

Gain or loss on refunding is amortized as a component of interest over the  
life of the bonds on the statement of net assets 178,236

Long-term liabilities, including bonds payable are not due and payable  
in the current period and therefore are not recorded in the funds.  
Governmental bonds and notes payable (\$16,150,000)  
Other post employment benefits (1,262,671)  
Compensated absences (323,963)  
(17,736,634)

Net assets of governmental activities \$31,308,620

See accompanying notes to financial statements.

**CITY OF MT. JULIET, TENNESSEE**

**Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds**

**For the Year Ended June 30, 2011**

	General	Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$8,114,643	-	-	-	8,114,643
Intergovernmental	2,438,276	439,634	-	687,740	3,565,650
Fines and fees	1,659,749	-	-	97,415	1,757,164
Licenses and permits	520,424	-	441,216	153,023	1,114,663
Charges for services	382,463	-	-	-	382,463
Uses of money and property	145,880	49,149	3,969	24,708	223,706
Miscellaneous	308,492	19,000	-	-	327,492
Total Revenue	<u>13,569,927</u>	<u>507,783</u>	<u>445,185</u>	<u>962,886</u>	<u>15,485,781</u>
<b>Expenditures</b>					
Current:					
General government	2,475,513	35,411	-	-	2,510,924
Police	5,284,368	34,121	-	27,950	5,346,439
Streets and public works	1,217,426	249,687	-	443,537	1,910,650
Stormwater	-	-	-	254,979	254,979
Parks and culture	1,069,005	42,932	-	-	1,111,937
Debt service	-	-	1,061,250	-	1,061,250
Capital outlay	13,191	920,100	-	149,949	1,083,240
Total Expenditures	<u>10,059,503</u>	<u>1,282,251</u>	<u>1,061,250</u>	<u>876,415</u>	<u>13,279,419</u>
Excess (deficiency) revenues over expenditures	3,510,424	(774,468)	(616,065)	86,471	2,206,362
<b>Other Financing Sources (Uses)</b>					
Transfers from (to) other funds	(1,798,999)	345,103	801,757	652,139	-
Total Other Financing Sources (Uses)	<u>(1,798,999)</u>	<u>345,103</u>	<u>801,757</u>	<u>652,139</u>	<u>-</u>
Net Change in Fund Balance	1,711,425	(429,365)	185,692	738,610	2,206,362
Fund Balance, Beginning of Year	<u>3,910,924</u>	<u>4,343,956</u>	<u>323</u>	<u>2,299,270</u>	<u>10,554,473</u>
Fund Balance, End of Year	<u>\$5,622,349</u>	<u>3,914,591</u>	<u>186,015</u>	<u>3,037,880</u>	<u>12,760,835</u>

See accompanying notes to financial statements.

**CITY OF MT. JULIET, TENNESSEE**

**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities**

**For the Year Ended June 30, 2011**

**Amounts reported for net change in fund balance - total governmental funds** \$2,206,362

**Amounts reported for governmental activities in the statement of activities are different because:**

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period:

Cost of assets acquired	1,083,240
Disposal of Capital Asset	(144,553)
Depreciation expense	(1,412,568)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:

Local option sales tax	(41,136)
State shared revenues	(12,079)
Contributed capital assets	5,883,100

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, discounts, premiums and similiar items when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Debt repayment	430,000
Amortization of debt related costs	(5,515)
Amortization of debt discounts, premiums and losses on refunding	(11,807)

Interest is accrued on the outstanding bonds in the governmental activities, whereas in the governmental funds, an interest expenditure is reported when due:

Change in accrued interest on bonded debt	1,754
---	-------

Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:

Compensated absences	(36,266)
Other post employment benefits	(309,501)

Internal service funds are used by management to charge the costs of medical medical insurance to individual funds. The net revenue (expenses) of certain activities of internal service funds is reported with governmental activities. (net of amount allocated to business activities)

(228,740)

Change in net assets of governmental activities

\$7,402,291

See accompanying notes to financial statements.

**CITY OF MT. JULIET, TENNESSEE**

**Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget (GAAP Basis) and Actual**

**General Fund**

**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<b>Revenues</b>				
Local Taxes:				
Local sales taxes	\$5,600,000	5,600,000	6,113,542	513,542
Wholesale beer	525,000	525,000	586,148	61,148
Franchise taxes	580,000	580,000	603,662	23,662
Hotel/Motl taxes	240,000	240,000	255,812	15,812
Business taxes	533,900	533,900	555,479	21,579
Total Local Taxes	<u>7,478,900</u>	<u>7,478,900</u>	<u>8,114,643</u>	<u>635,743</u>
Intergovernmental:				
State sales tax	1,630,000	1,630,000	1,680,141	50,141
State beer tax	10,000	10,000	13,164	3,164
State income tax	40,000	40,000	83,879	43,879
State/City streets & transp.	55,000	55,000	54,160	(840)
Other state revenue allocation	121,000	121,000	156,297	35,297
TVA tax	240,000	240,000	283,979	43,979
Grants	298,000	324,612	166,656	(157,956)
	<u>2,394,000</u>	<u>2,420,612</u>	<u>2,438,276</u>	<u>17,664</u>
Fines and Penalties:				
City court and drug control	1,695,800	1,695,800	1,659,749	(36,051)
Total Fines and Penalties	<u>1,695,800</u>	<u>1,695,800</u>	<u>1,659,749</u>	<u>(36,051)</u>
Licenses and Permits:				
Building permits	242,550	242,550	289,825	47,275
Plumbing permits	22,000	22,000	54,705	32,705
Impact and inspection fees	18,000	18,000	11,138	(6,862)
Zoning permits	3,500	3,500	6,760	3,260
Sign permits	9,000	9,000	9,125	125
Other permits	65,450	65,450	148,871	83,421
Total Licenses & Permits	<u>360,500</u>	<u>360,500</u>	<u>520,424</u>	<u>159,924</u>
Charges for Services:				
Public safety charges	67,300	67,300	55,689	(11,611)
Road improvement fees	12,300	12,300	208,703	196,403
Recreational fees	92,000	92,000	118,071	26,071
Total Charges for Services	<u>171,600</u>	<u>171,600</u>	<u>382,463</u>	<u>210,863</u>
Uses of Property and Money				
Administrative support services	80,000	80,000	80,000	-
Rent	20,736	20,736	20,736	-
Interest	32,000	32,000	45,144	13,144
Total Uses of Property and money	<u>132,736</u>	<u>132,736</u>	<u>145,880</u>	<u>13,144</u>
Other Revenues:				
Contributions from others	7,500	23,000	206,463	183,463
Sale of assets	5,000	5,000	12,951	7,951
Miscellaneous	57,750	57,750	89,078	31,328
Total Other Revenues	<u>70,250</u>	<u>85,750</u>	<u>308,492</u>	<u>222,742</u>
Total Revenues	<u>12,303,786</u>	<u>12,345,898</u>	<u>13,569,927</u>	<u>1,224,029</u>

Continued on next page

**CITY OF MT. JULIET, TENNESSEE**

**Statement of Revenues, Expenditures and  
Changes in Fund Balance - Budget (GAAP Basis) and Actual**

**General Fund, Continued**

**For the Year Ended June 30, 2011**

Expenditures	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
General Government:				
Legislative Board:				
Salaries	\$62,500	62,500	59,698	2,802
Employee benefits	8,568	8,568	5,341	3,227
Supplies	6,750	6,750	3,126	3,624
Total Legislative Board	77,818	77,818	68,165	9,653
City Court:				
Salaries	15,990	15,990	8,425	7,565
Employee benefits	1,399	1,399	799	600
Outside services	4,111	4,111	6,650	(2,539)
Supplies	500	500	437	63
Total City Court	22,000	22,000	16,311	5,689
City Manager:				
Salaries	361,491	361,491	354,372	7,119
Employee benefits	112,962	117,991	110,678	7,313
Outside services	42,500	42,500	41,579	921
Membership and dues	30,500	30,500	15,177	15,323
Supplies	11,950	13,950	10,095	3,855
Election costs	2,500	2,500	1,978	522
Other costs	6,251	6,251	7,378	(1,127)
Retiree benefits	33,089	33,089	32,982	107
Capital outlay	-	-	-	-
Total City Manager	601,243	608,272	574,239	34,033
Finance:				
Salaries	204,177	204,177	185,207	18,970
Employee benefits	74,350	79,382	71,802	7,580
Outside services	29,000	29,000	24,196	4,804
Supplies	6,100	6,100	4,619	1,481
Other costs	1,500	1,500	2,000	(500)
Capital outlay	-	-	-	-
Total Finance	315,127	320,159	287,824	32,335
City Attorney:				
Salaries	103,849	103,849	102,119	1,730
Employee benefits	21,737	21,768	21,261	507
Outside services	68,827	68,827	44,814	24,013
Other costs	9,500	9,500	1,470	8,030
Total City Attorney	203,913	203,944	169,664	34,280
Economic and Community Development:				
Salaries	77,511	77,511	76,428	1,083
Employee benefits	24,080	24,924	22,888	2,036
Outside services	48,379	48,379	44,035	4,344
Other costs	32,650	32,650	14,045	18,605
Housing grant expenditures	300,000	300,000	160,090	139,910
Capital outlay	-	-	-	-
Total Economic and Community Development	482,620	483,464	317,486	165,978

Continued on next page

**CITY OF MT. JULIET, TENNESSEE**  
**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**

**General Fund, Continued**

**For the Year Ended June 30, 2011**

Expenditures	Budgeted Amounts		Actual	Variance with
General Government, continued:	Original	Final	Amounts	Final Budget
Planning and Codes:				Positive
Salaries	\$223,950	223,950	219,448	(Negative)
Employee benefits	74,363	75,214	69,273	4,502
Supplies	14,700	14,700	4,704	5,941
Outside services	120,000	120,000	44,916	9,996
Other costs	34,898	34,898	12,856	75,084
Capital outlay	-	-	-	22,042
Total Planning and Codes	467,911	468,762	351,197	117,565
City Hall Buildings and IT Services:				
Salaries	106,329	106,329	103,867	2,462
Employee benefits	32,104	38,263	33,485	4,778
Supplies	86,300	86,300	48,400	37,900
Repairs and maintenance	43,750	39,750	38,491	1,259
Outside services	34,330	34,330	39,335	(5,005)
Utilities	218,500	218,500	187,091	31,409
Insurance	69,000	69,000	43,398	25,602
Other costs	116,300	127,823	120,543	7,280
Capital outlay	-	-	-	-
Total City Hall Buildings	706,613	720,295	614,610	105,685
City Garage:				
Salaries	50,151	50,151	49,446	705
Benefits	19,523	20,361	19,071	1,290
Supplies	13,665	13,665	7,500	6,165
Total City Garage	83,339	84,177	76,017	8,160
Total General Government	2,960,584	2,988,891	2,475,513	513,378
Public Safety:				
Police Department:				
Salaries	3,220,909	3,220,909	3,064,434	156,475
Benefits	1,269,713	1,311,815	1,220,503	91,312
Repairs and maintenance	56,750	56,750	67,272	(10,522)
Supplies	385,138	387,938	300,626	87,312
Outside services	695,428	695,428	489,726	205,702
Utilities	21,830	21,830	17,211	4,619
Insurance	106,000	106,000	101,060	4,940
Other costs	30,479	30,479	23,536	6,943
Capital outlay	-	-	13,191	(13,191)
Total Public Safety	5,786,247	5,831,149	5,297,559	533,590
Streets and Public Works:				
Salaries	778,128	778,128	733,723	44,405
Employee benefits	336,093	370,391	344,434	25,957
Repairs and maintenance	54,500	54,500	41,670	12,830
Supplies	84,350	84,350	74,981	9,369
Outside services	30,425	40,425	22,618	17,807
Capital outlay	132,523	100,000	-	100,000
Total Streets and Public Works	1,416,019	1,427,794	1,217,426	210,368

Continued on next page



**CITY OF MT. JULIET, TENNESSEE**

**Statement of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget (GAAP Basis) and Actual**

**General Fund, Continued**

**For the Year Ended June 30, 2011**

Expenditures	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Recreation and Culture:				
Salaries	\$499,126	499,126	447,031	52,095
Employee benefits	193,530	203,555	176,528	27,027
Repairs and maintenance	18,500	21,500	18,583	2,917
Supplies	90,050	90,050	80,935	9,115
Outside services	69,000	69,000	43,662	25,338
Insurance	10,700	10,700	10,266	434
Utilities	80,250	80,250	63,938	16,312
Appropriations to nonprofits	206,631	228,881	228,062	819
Capital outlay	-	-	-	-
Total Recreation and Culture	<u>1,167,787</u>	<u>1,203,062</u>	<u>1,069,005</u>	<u>134,057</u>
Total Expenditures	<u>11,330,637</u>	<u>11,450,896</u>	<u>10,059,503</u>	<u>1,391,393</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>973,149</u>	<u>895,002</u>	<u>3,510,424</u>	<u>2,615,422</u>
Other Financing Sources (Uses):				
Transfers out	<u>(1,530,500)</u>	<u>(2,206,094)</u>	<u>(1,798,999)</u>	<u>407,095</u>
Total Other Financing Sources (Uses)	<u>(1,530,500)</u>	<u>(2,206,094)</u>	<u>(1,798,999)</u>	<u>407,095</u>
Excess (Deficiency) of Revenues Over Expenditures & Other Uses	<u>(557,351)</u>	<u>(1,311,092)</u>	<u>1,711,425</u>	<u>3,022,517</u>
Fund Balance, Beginning of Year	<u>3,910,924</u>	<u>3,910,924</u>	<u>3,910,924</u>	<u>-</u>
Fund Balance, End of Year	<u>\$3,353,573</u>	<u>2,599,832</u>	<u>5,622,349</u>	<u>3,022,517</u>

See accompanying notes to financial statements.

## CITY OF MT. JULIET, TENNESSEE

## Statement of Net Assets

## Proprietary Fund

June 30, 2011

	Business -type Activities	Internal Service Fund
<b>Assets</b>		
Current Assets:		
Cash	\$1,360,375	5,481
Investments	1,005,417	-
Receivable-net of allowance for doubtful accounts of \$28,803	547,716	-
Interest receivable	6,445	-
Prepaid insurance	10,263	-
Inventory	89,052	-
Total Current Assets	3,019,268	5,481
Noncurrent Assets:		
Restricted cash - designated for capital projects	2,402,592	-
Capital Assets:		
Land	1,047,544	-
Construction in progress	294,932	-
Collection system	51,173,693	-
Buildings	480,513	-
Equipment	1,201,927	-
Total Capital Assets	54,198,609	-
Less: accumulated depreciation	(13,679,152)	-
Net Property, Plant and Equipment	40,519,457	-
Total Noncurrent Assets	42,922,049	-
Total Assets	\$45,941,317	5,481
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	\$379,562	189,317
Accrued expenses	116,478	-
Contracts payable	24,702	-
Interest payable	2,984	-
Bonds and notes payable - current	181,000	-
Total Current Liabilities	704,726	189,317
Noncurrent Liabilities:		
Bonds and notes payable - noncurrent	189,000	-
Other post-employment benefit obligation	224,495	-
Total Noncurrent Liabilities	413,495	-
Total Liabilities	1,118,221	189,317
<b>Net Assets</b>		
Invested in capital assets, net of related debt	40,149,457	-
Designated for capital improvements	2,377,890	-
Unrestricted and undesignated	2,295,749	(183,836)
Total Net Assets	\$44,823,096	(183,836)
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	8,595	
Net Assets of business -type activities	\$44,831,691	

See accompanying notes to financial statements.

**CITY OF MT. JULIET, TENNESSEE**  
**Statement of Revenues, Expenses, and Changes in Net Assets**  
**Proprietary Fund**  
**For the Year Ended June 30, 2011**

	Business -type Activities Sewer Enterprise Fund	Internal Service Fund
Operating Revenues:		
Charges for sales and services - sewer	\$3,721,972	\$1,403,766
Sewer inspection and administrative charges	103,566	-
Penalties	80,901	-
Other	8,588	-
Total Operating Revenues	<u>3,915,027</u>	<u>1,403,766</u>
Operating Expenses:		
Sewer line and pump maintenance	1,229,131	-
Sewer lift station operation	251,936	-
Administrative and accounting	398,712	1,601,651
Sewer transportation and treatment	1,871,884	-
Depreciation	1,199,956	-
Professional services	101,851	-
Total Operating Expenses	<u>5,053,470</u>	<u>1,601,651</u>
Operating Income (Loss)	<u>(1,138,443)</u>	<u>(197,885)</u>
Nonoperating Revenues (Expenses):		
Interest expense	(25,193)	-
Interest income	68,782	-
Net Nonoperating Revenues (Expenses)	<u>43,589</u>	<u>-</u>
Net Income (Loss) Before Contributions	<u>(1,094,854)</u>	<u>(197,885)</u>
Contributions:		
Capital contribution - Tap fees	965,747	-
Capital contribution - Utility plant	4,131,170	-
Total Contributions	<u>5,096,917</u>	<u>-</u>
Change in Net Assets	4,002,063	(197,885)
Net Assets - Beginning of Year	<u>40,821,033</u>	<u>14,049</u>
Net Assets - End of Year	<u>\$44,823,096</u>	<u>(\$183,836)</u>
Change in Net Assets as shown above	4,002,063	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	30,855	
Change in Net Assets of business -type activities	<u>\$4,032,918</u>	

See accompanying notes to financial statements.

**CITY OF MT. JULIET, TENNESSEE**

**Statement of Cash Flows**

**Proprietary Fund**

**For the Year Ended June 30, 2011**

	Sewer Enterprise Fund	Internal Service Fund
Cash Flows Provided (Used) By Operating Activities:		
Cash received from customers	\$3,925,767	-
Cash paid for personnel services	(854,649)	-
Cash paid to suppliers for goods and services	(2,654,357)	-
Cash paid on interfund advances	(8,674)	-
Cash paid for interfund administrative support services	(80,000)	-
Premiums received	-	1,422,874
Medical claims and administrative expenses paid	-	(1,557,497)
Net Cash Provided (Used) by Operating Activities	<u>328,087</u>	<u>(134,623)</u>
Cash Flows Provided (Used) By Capital and Related Financing Activities:		
Purchase of property, plant and equipment	(1,028,496)	-
Interest paid on debt	(26,281)	-
Contributions from customers	965,747	-
Payments on long-term debt	(173,000)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(262,030)</u>	<u>-</u>
Cash Flows Provided (Used) By Investing Activities:		
Purchase of investments	(29,507)	-
Interest received on investments	75,010	-
	<u>45,503</u>	<u>-</u>
Net Increase (Decrease) in Cash	111,560	(134,623)
Cash and Cash Equivalents, Beginning of Year	<u>3,651,407</u>	<u>140,104</u>
Cash and Cash Equivalents, End of Year	<u><u>\$3,762,967</u></u>	<u><u>5,481</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations		
Operating income (loss)	(\$1,138,443)	(197,885)
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	1,199,956	-
(Increase) Decrease in:		
Accounts receivable	10,740	19,108
Prepaid expenses	(3,360)	-
Inventory	9,678	-
Increase (Decrease) in:		
Accounts payable	193,037	44,154
Accrued expenses	23,794	-
Other post-employment benefit obligation	41,359	-
Due/from to other funds	(8,674)	-
Net cash provided by operating activities	<u><u>\$328,087</u></u>	<u><u>(134,623)</u></u>

Non-cash Investing, Capital and Financing Activities

During the year the City accepted sewer lines from developers in the amount of \$4,131,170 and also liquidated contracts payable related to capital asset acquisitions in the net amount of \$56,392 .

See accompanying notes to financial statements.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2011

### 1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### General Information

The City of Mt. Juliet, Tennessee, was incorporated in 1972. The City operates under a Commissioner - Manager form of government and provides the following services as authorized by its charter; public safety (police), highways and streets, sanitation, public improvements, planning and zoning, and general administrative services and sanitary sewers.

The accounts of the City of Mt. Juliet are maintained, and the financial statements have been prepared in conformity with recommendations of the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

#### Reporting Entity

The accompanying financial statements present the government and its components units, entities for which the government is considered to be financially accountable. Component units, although legally separate entities, are required to be presented in the government's financial statements using either a "blended" or "discrete" presentation.

As of June 30, 2011, the City had no component units which were required to be included in these financial statements.

#### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary 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.

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 (i) 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 (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the proprietary fund. 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 Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned 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.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements (Continued)

For the Year Ended June 30, 2011

### 1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation, (Continued)

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 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 intermediary 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 payment is due.

Property taxes, state shared revenues 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. In the current year the City did not levy a property tax.

The government 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* is used to account for the acquisition and construction of major capital facilities and repairs to infrastructure. Resources are provided primarily from transfers from other governmental funds.

The *Debt Service Fund* is used to account for the payment of principal and interest on governmental debt. Resources are provided from impact fees restricted for debt service.

The government reports the following major proprietary fund:

The *Sewer Fund* accounts for the waste water services provided to customers of the system.

Additionally, the City reports the following fund types:

Internal Service Fund, to account for costs associated with the employees health insurance.

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow private-sector guidance.

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

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

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements (Continued)

For the Year Ended June 30, 2011

### 1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation, (Continued)

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

#### Joint Venture

The City has entered into a joint venture with Wilson County to form the Wilson County/Mt. Juliet Development Board to promote economic development in the area. The board is composed of six members, three appointed by each entity. The City has no equity interest in the joint venture, however, the City is required to contribute one half the funding necessary to pay development costs of projects approved by the board. Recovery of costs by the City will be from an allocation of the real and personal property taxes collected by the county as a result of projects for which the Board was responsible. Required disclosures are included in the following notes.

#### Cash and Equivalents

Cash and cash equivalents include amounts in demand deposits, savings accounts, money market accounts and short-term certificates of deposit maturing within three months or less of initial maturity dates. Also due to liquidity, the City considers funds deposited in the local government investment pool as a cash equivalent for financial statement and cash flow purposes. Restricted cash in the Capital Projects and Sewer Fund is restricted for capital improvements.

#### Inventories of Supplies

Inventory items are considered expenditures/expenses when used (consumption method). Inventories are valued as follows:

Enterprise (Sewer) Fund - Inventory, principally materials, supplies and replacement parts, is valued at the lower of cost (first-in, first-out) or market.

#### Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011 are recorded as prepaid expenses. These consist primarily of prepaid insurance and a prepaid maintenance contract with the railroad.

#### 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." The residual balance between governmental activities and business-type activities at year end was \$8,595.

All trade receivables and tax receivables, are shown net of an allowance for uncollectibles.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements (Continued)

For the Year Ended June 30, 2011

### 1) **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

#### Capital Assets

Capital assets, which include property, plant, 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 are defined by the Town as assets with an initial, individual cost of \$3,000 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 \$10,000 or more with an estimate useful life in excess of two years. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at their estimated fair value at the date of donation.

Pursuant to GASB Statement 34, the City is not required to record and depreciate infrastructure assets acquired prior to the implementation date July 1, 2003.

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. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. 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	Sidewalks	30 years
Improvements other than buildings	30 years	Bridges	50 years
Road system infrastructure	30 years	Sewer lines	45 years
Machinery, equipment and vehicles	5 - 10 years	Sewer transmission equipment	10-15 years

#### Compensated Absences

General policy of the City permits the accumulation, within certain limitations, of unused sick and annual leave with unlimited carryover. No provision exists for payment of accumulated sick leave on termination.

#### Long-term Obligations

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

Bond and note premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue costs are reported net of amortization in other assets and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt



# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements (Continued)

For the Year Ended June 30, 2011

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Long-term Obligations (Continued)

issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as other cost expenditures.

#### Fund Balance

During 2011, the City implemented Governmental Accounting Standard Board (GASB) Statement 54 for its governmental funds. As a result, fund balance is reported in the 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 resource or through enabling legislation. **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 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, or City official designated by the Board. 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.

It is the City's policy to first use restricted fund balance when an expense is incurred for purposes which both restricted and unrestricted funds are available. The City's policy for the use of unrestricted fund balance amounts required that committed amounts would be reduced first, followed by assigned amounts when expenditures incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used. In the initial GASB54 implementation year, beginning fund balances for all special revenue, debt service and capital projects funds will be classified as restricted and the beginning fund balance of the General Fund will be classified as unassigned.

By action of the Board, a rainy day account has been set aside in the General Fund, in the amount of \$203,917. A 2/3 vote of the Board is required to remove funds from the account. Additional amounts may be added to the account at the discretion of the Board. The rainy day fund amount is included in the unassigned fund balance.

#### Property Taxes

The City has the authority to levy a property tax each October on assessed value listed as of the prior January 1<sup>st</sup> for all real and personal property located in the City's legal boundaries. The City Board set the tax rate at zero for the tax year, therefore, levying no tax for that year, however a rate of \$0.20 per \$100 of assessed value was set for the 2011 tax year. Taxes receivable in the amount of \$1,230,000 are included in both the government-wide and governmental financial statements with an offsetting deferred revenue amount since they are not available until the next fiscal year. All city taxes on real property are declared to be a lien on such realty from January 1<sup>st</sup> of the year assessments are made.

#### Industrial and Commercial Property

- Real	40%
- Personal	30%

Public Utility Property 55%

Farm and Residential Property 25%

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements (Continued)

For the Year Ended June 30, 2011

### 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 percent 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 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.

At June 30, 2011 there were no amounts exposed to custodial credit risk.

Restricted cash in the governmental activities primarily relates to amounts collected from developers for road and park maintenance and improvements as well as unspent bond proceeds. Restricted cash in the business-type activities relates to amounts designated for sewer projects.

#### Investments

At June 30, 2011 the City had the following investments:

<u>Type of Investment</u>	<u>Fair Value/ Carrying Amount</u>	<u>Weighted Average Days to Maturity</u>	<u>Average Credit Quality Rating</u>
Certificates of Deposit	\$ 1,005,417	210	N/A
Local Government Investment Pool	<u>436,226</u>	N/A	N/A
Total	1,441,643		
Liquid Investments (Cash Equivalents)	<u>(436,226)</u>		
	\$ <u>1,005,417</u>		

#### Interest Rate Risk:

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

#### Credit/Credit Concentration Risk:

The City's general investment policy is to apply the prudent-person rule; investments are made as a prudent person should be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and in general avoid speculative risks, as well as limited to investments authorized by state law.

### 3) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reclasses and Decreases</u>	<u>Ending Balance</u>
<b>Governmental activities</b>				
<u>Capital assets not being depreciated:</u>				
Land	\$ 1,376,600	604,101	-	1,980,701
Construction in progress	8,427,076	656,969	(8,125,487)	958,558
<u>Capital assets being depreciated:</u>				
Buildings and improvements	3,762,073	64,170	-	3,826,243
Improvements other than buildings	2,529,105	49,758	-	2,578,863
Machinery and equipment	3,668,123	326,442	(79,632)	3,914,933
Infrastructure	<u>16,913,924</u>	<u>5,264,900</u>	<u>7,980,934</u>	<u>30,159,758</u>

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements (Continued)

For the Year Ended June 30, 2011

Total capital assets	<u>36,676,901</u>	<u>6,966,340</u>	<u>(224,185)</u>	<u>43,419,056</u>
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### 3) **CAPITAL ASSETS (Continued)**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reclasses and Decreases</u>	<u>Ending Balance</u>
Less accumulated depreciation for:				
Buildings and other improvements	\$ 1,220,421	107,527	-	1,327,948
Improvements other than buildings	1,027,266	102,010	-	1,129,276
Machinery and equipment	2,531,635	418,123	(79,632)	2,870,126
Infrastructure	<u>1,797,846</u>	<u>784,908</u>	<u>-</u>	<u>2,582,754</u>
Total accumulated depreciation	<u>6,577,168</u>	<u>1,412,568</u>	<u>(79,632)</u>	<u>7,910,104</u>
Governmental activities capital assets, net	<u>\$ 30,099,733</u>			<u>35,508,952</u>

During the year, the City accepted donated equipment and infrastructure in the amount of \$5,883,100.

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reclasses and Decreases</u>	<u>Ending Balance</u>
<b>Business-type activities:</b>				
<u>Capital assets not being depreciated:</u>				
Land	\$ 1,047,544			1,047,544
Construction in process	1,491,706	570,425	(1,767,199)	294,932
<u>Capital assets being depreciated:</u>				
Building	422,816	57,697	-	480,513
Collections System	44,938,242	4,468,252	1,767,199	51,173,693
Equipment	<u>1,195,027</u>	<u>6,900</u>	<u>-</u>	<u>1,201,927</u>
Total capital assets	<u>\$ 49,095,335</u>	<u>5,103,274</u>	<u>-</u>	<u>54,198,609</u>
Less accumulated depreciation for:				
Collection System and building	\$ 11,469,571	1,133,701	-	12,603,272
Equipment	<u>1,009,625</u>	<u>66,255</u>	<u>-</u>	<u>1,075,880</u>
Total accumulated depreciation	<u>12,479,196</u>	<u>1,199,956</u>	<u>-</u>	<u>13,679,152</u>
Business-type activities capital assets, net	<u>\$ 36,616,139</u>			<u>40,519,457</u>

Depreciation expense was charged to function/programs as of June 30, 2011, as follows:

Governmental activities:	
General government	\$ 55,135
Public safety	266,298
Street and public works	898,865
Stormwater	9,156
Recreational culture	<u>183,114</u>
Total depreciation expense- governmental activities	<u>\$ 1,412,568</u>

Business-type activities:



# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements (Continued)

For the Year Ended June 30, 2011

### 5) LONG-TERM DEBT AND OTHER OBLIGATIONS PAYABLE, Continued

Long term bonds and notes at June 30, 2011 consisted of the following obligations:

<u>Governmental-type Activities</u>	<u>Balance June 30, 2011</u>
\$6,820,000 Series 2009 general obligation refunding bonds due in annual installments through year 2026 with semi-annual interest payments at rates ranging from 3% to 4.2%.	\$ 6,360,000
\$10,000,000 general obligation public improvement bonds Series 2010 due in annual installments through year 2034 with semi-annual interest payments at rates ranging from 3% to 4%.	<u>9,790,000</u> \$ <u>16,150,000</u>
<u>Business-type Activities</u>	
\$1,800,000 Series 2001 TML Bond Fund Loans to finance sewer improvements. Interest is variable and based on bond fund index with no cap. Principal payments are made annually.	\$ <u>370,000</u>
Total Business-type activities	\$ <u>370,000</u>

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2011 are as follows:

	<u>Governmental-type</u>			<u>Business-type</u>		
Fiscal Year		Public Improvement				
		<u>Bonds</u>	<u>Interest</u>	<u>Bond</u>	<u>Interest</u>	<u>Total</u>
2012	\$	455,000	618,351	181,000	16,650	1,271,001
2013		465,000	604,699	189,000	8,505	1,267,204
2014		490,000	590,751	-	-	1,080,751
2015		500,000	576,049	-	-	1,076,049
2016		520,000	559,801	-	-	1,079,801
2017-2021		2,865,000	2,513,112	-	-	5,378,112
2022-2026		3,390,000	1,929,141	-	-	5,319,141
2027-2031		4,355,000	1,170,687	-	-	5,525,687
2032-2034		<u>3,110,000</u>	<u>257,385</u>	<u>-</u>	<u>-</u>	<u>3,367,385</u>
	\$	<u>16,150,000</u>	<u>8,819,976</u>	<u>370,000</u>	<u>25,155</u>	<u>25,365,131</u>

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements (Continued)

For the Year Ended June 30, 2011

### 6) **PENSION PLAN**

#### Plan Description

Employees of the City of Mt. Juliet are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 years of service, or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty.

Members joining the system after July 1, 1979 become vested after 5 (five) years of service and members joining prior to July 1, 1979 were vested after 4 (four) years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Mt Juliet participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/PS/](http://www.tn.gov/treasury/tcrs/PS/).

#### Funding Policy

Mt. Juliet has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to 5.0% of annual payroll.

Mt. Juliet is required to contribute at an actuarially determined rate; the rate for fiscal year ending June 30, 2011 was 12.39% annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Mt. Juliet is established and may be amended by the TCRS Board of Trustees.

#### Annual Pension Cost

For the year ending June 30, 2011, Mt. Juliet's annual pension cost of \$758,775 TCRS was equal to Mt. Juliet's required and actual contributions.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements (Continued)

For the Year Ended June 30, 2011

### 6) PENSION PLAN, Continued

The required contribution was determined as part of the July 1, 2009 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5% per year compounded annually, (b) projected 3% annual rate of inflation, (c) projected salary increases of 4.75% (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5% annual increase in the Social Security wage base, and (e) projected post retirement increases of 2.5% annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. Mt. Juliet's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009 was 9 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend information:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6/30/09	\$ 688,218	100.00%	-
6/30/10	742,619	100.00%	-
6/30/11	758,775	100.00%	-

As of July 1, 2009, the most recent actuarial valuation date, the plan was 70.27% funded. The actuarial accrued liability for benefits was \$7.3 million, and the actuarial value of assets was \$5.1 million resulting in an unfunded accrued liability (UAAL) of \$2.2 million. The covered payroll (annual payroll of active employees covered by the plan) was \$4.9 million, and the ratio of the UAAL to the covered payroll was 44.14%.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize the unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

#### Required Supplementary Information

Schedule of Funding Progress for the City of Mt. Juliet:  
(Dollar amounts in thousands)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded AAL (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage Of Covered Payroll</u>
	(a)	(b)	(b)-(a)	(a/b)	(c)	((b-a)/c)
7/01/09	\$ 5,130	\$ 7,301	\$ 2,171	70.27%	\$4,919	44.14%
7/01/07	\$ 3,993	\$ 5,492	\$ 1,499	72.71%	\$3,806	39.39%

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements (Continued)

For the Year Ended June 30, 2011

### 6) PENSION PLAN, Continued

The Governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method went into effect during the year of the 2007 actuarial valuation date therefore only the two most recent valuations are presented.

### 7) POST EMPLOYMENT HEALTHCARE PLAN

The City administers the City of Mt. Juliet, Tennessee Post Retirement Medical Benefit Plan. For accounting purposes, the plan is a single employer defined benefit OPEB plan. Benefits are established and amended by the Mayor and the Board of Commissioners. Retired employees with 15 years of service, drawing retirement from the City's retirement account under TCRS, are eligible for the Plan until the employee is eligible for Medicare coverage. The Plan does not issue a stand alone report.

#### Funding Policy

The City offers a Medical, Dental, Vision and Life Insurance Program to retirees and family of City retired employees. The coverage is for the life of the retiree and spouse. The medical premium is \$643.89 per month per person covered. The retiree pays \$82 for Plan A or \$50 for Plan B, per month of the coverage. The dental premium is \$22.89 per month and the vision premium is \$5.48 per month. The retiree does not pay for this coverage.

ARC	\$ 429,434
Increase due to interest	34,089
Adjustment to annual required contribution	(57,123)
Annual OPEB cost	406,400
Amount of contribution	(55,540)
Increase in OPEB Obligation	350,860
Net OPEB Obligation 7/1/10	1,136,306
Net OPEB Obligation 6/30/11	\$ 1,487,166

<u>Year End</u>	<u>Annual OPEB Cost</u>	<u>Percentage Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation At Year End</u>
6/30/11	406,400	13.7%	1,487,166
6/30/10	706,807	7.8%	1,136,308
6/30/09	524,811	7.6%	484,784

#### Required Supplementary Information

#### Funded Status and Funding Progress

The funding status of the plan as of June 30, 2011 was as follows:

Actuarial valuation date	6/30/11
Actuarial accrued liability (AAL)	\$ 2,516,208
Actuarial value of plan asset	-
Unfunded actuarial accrued liability	2,516,208
Actuarial value of assets as a % of AAL	-
Covered payroll	\$ 6,807,263
UAAL as a percentage of covered payroll	37.0%



# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements (Continued)

For the Year Ended June 30, 2011

### 7) **POST EMPLOYMENT HEALTHCARE PLAN, Continued**

Actuarial valuations involve estimates of the value reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

#### Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern on sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July, 2010, actuarial valuation, the Projected Unit Cost Method was used. The actuarial assumptions included a 3 percent investment rate of return (net of administrative costs) and an annual healthcare cost trend rate of 8 percent initially, reduced by decrements to an ultimate rate of 3 percent after five years. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30 year period beginning with July 1, 2008.

### 8) **COMMITMENTS AND CONTINGENCIES**

#### Metro Agreement

The City has an ongoing sewer treatment agreement with the Metro Nashville Government of Davidson County which began July 1, 2000. This agreement provides that Mt. Juliet is obligated to pay a fee per thousand gallons of flow from the Mt. Juliet System to Metro. This rate is to be recalculated on July 1 of each year with increases based on the Consumer Price Index. The agreement also provides that Mt. Juliet will not be responsible for any capital cost contribution to Metro except through the above flow charge. Additionally, for service connections that occur in Mt. Juliet after July 1, 2000, a one time capacity charge of \$534 for each 350 gallons of flow per day per connection shall be collected by Mt. Juliet and remitted to Metro. This is subject to adjustment every five years. During the current fiscal year the City paid Metro \$1,871,884 for sewer treatment and \$144,526 for connection charges under this agreement.

#### Contracts

All City construction projects were substantially complete at June 30, 2011.

#### Medical Claims

The City is contesting a medical claim, related to a former employee. Claims in excess of \$400,000 have been made, however the City contends that the procedures performed were excluded under the plan and will vigorously defend their position. No provision for this contingency has been made in the financial statements.

#### Litigation

There were several other pending lawsuits in which the City is involved. The City attorney estimates that potential claims against the City resulting from such litigation would not materially affect the financial statements of the City.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements (Continued)

For the Year Ended June 30, 2011

### 8) **COMMITMENTS AND CONTINGENCIES, Continued**

#### Leases

The City has entered into leases for computer and related equipment. The equipment may be purchased at its fair market value at the end of the term of the lease. The City made lease payments in the amount of \$14,243 during 2011. Future lease obligations are as follows:

2012	\$ 23,145
2013	23,145
2014	23,145
2015	<u>8,902</u>
	\$ <u>78,337</u>

#### Local Government Insurance Cooperative

The City previously participated in the Local Government Insurance Cooperative (LOGIC), a public entity risk pool that operated as a common risk management and workers' compensation insurance program for approximately one hundred government entities. LOGIC was self-sustaining through member premiums and also obtained specific excess and aggregate excess coverage through a commercial insurance company. The City has learned the commercial insurance company is in bankruptcy, and the City may be assessed by LOGIC to help cover claims incurred during the City's participation, all known assessments have been accrued. The City does not believe, based on current information, any potential future assessment would be material to the City's financial statements.

#### Contingencies

The City received a Department of Housing and Urban Development Home Investment Partnership Grant Note. The grant note in the amount of \$364,954, is forgivable as long as the City continues to meet the terms of the grant note through 2025.

Amounts received from Grantor agencies are subject to audit and adjustments by Grantor agencies, principally Federal and State governments. Any disallowed claims, including amounts already collected could become a liability to the applicable fund.

### 9) **RISK MANAGEMENT**

The City has chosen to establish the Self Insured Medical Insurance Fund (internal service fund) for risks associated with the employees' health insurance plan. The fund is accounted for as an internal service fund where assets are set aside for claim settlements. The City retains the risk of loss to a limit of \$50,000 per employee, and \$1,212,701 aggregate annual cap. The City has obtained a stop/loss commercial insurance policy to cover claims beyond this liability. All full-time employees of the government are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees. This charge is based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish an amount for catastrophic losses. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The process used to compute claims liabilities does not necessarily result in an exact amount. For the government-wide financial statements the activity and assets and liabilities of the fund have been allocated to the participating funds.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements (Continued)

For the Year Ended June 30, 2011

### 9) **RISK MANAGEMENT, Continued**

Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	<u>Beginning-of- Fiscal-Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance of Fiscal Year-End</u>
2008-2009	\$ -	1,207,025	1,085,407	121,618
2009-2010	121,618	1,329,461	1,305,916	145,163
2010-2011	145,163	1,601,652	1,557,498	189,317

The City continues to carry commercial insurance for all other risks of loss, including general liability, property, casualty, workers' compensation and environmental. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

### 10) **JOINT VENTURE**

During the 1995 fiscal year the City entered into an inter-local agreement with Wilson County as authorized by TCA Section 5-1-113 and 12-9-101. As part of this agreement all assets and liabilities associated with Mt. Juliet Development Corporation, a component unit of the City, were transferred to Wilson County/Mt. Juliet Development Board, a joint venture with the County.

The Board of the joint venture consists of six members, three appointed by each government. During the year the City did not appropriate any funds to the venture. Upon dissolution any obligations become the obligation of the County and any remaining funds shall be paid equally to the participating parties. At June 30, 2011 and 2010, the Board had an accumulated net assets of \$291,084 and \$247,473 respectively. The net change in net assets for fiscal year 2011 was \$43,611. Financial information regarding the joint venture is available from the City.

### 11) **INTERFUND TRANSACTIONS**

Interfund receivables and payables are attributable to obligations between funds. The actual cash transfer has not been made at June 30, 2011. The balances were eliminated in the government-wide financial statements. The composition of interfund balances is as follows and relates to amounts expended for projects that are to be reimbursed by the General Fund.

<u>Receivable Fund</u>		<u>Payable Fund</u>	
General Fund	\$150,400	Capital Projects Fund	\$150,400

Balances between activities in the government wide financial statements also include \$8,595 related to the consolidation of the internal service fund. During the year, the General Fund transferred \$345,103 to the Capital Project Fund and \$801,757 to the Debt Service Fund and \$652,139 to an Emergency Communication Service Fund, a non major governmental fund. These are attributable to budgeted allocations of resources from one fund to another.

### 12) **BUDGETS AND BUDGETARY ACCOUNTING**

The City is required by state statute to adopt an annual budget. The General and Special Revenue Funds budgets are prepared on the basis that current available funds must be sufficient to meet current expenditures. Expenditures may not legally exceed appropriations authorized by the Board. The City's budgetary basis is consistent with generally accepted accounting principles. Budget appropriations lapse at year end. The enterprise fund is not required to adopt an operating budget.

# **CITY OF MT. JULIET, TENNESSEE**

## **Notes to Financial Statements (Continued)**

For the Year Ended June 30, 2011

### **12) BUDGETS AND BUDGETARY ACCOUNTING**

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

1. Prior to June 30, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. The budget is legally enacted through passage of ordinance.
4. The budget is adopted on a departmental basis. Any revision that alters the total expenditures of any department or fund must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the department level. Budget appropriations lapse at year end.
7. Budgeted amounts are as originally adopted, or as amended by the City Council.

During the year, the General Fund appropriations budget was increased by \$120,259. The Special Revenue Fund appropriations were amended by \$192,045, the Capital Projects Fund budget was amended by \$390,260. The Debt Service Fund was not amended.

### **13) FUND DEFICIT**

The internal service fund ended the year with a deficit of \$183,836. The ultimate responsibility for any deficit is the General Fund. The deficit was funded by increase charges to other funds subsequent to year end.

### **14) SUBSEQUENT EVENTS**

Subsequent to year end the City committed to upgrade the communications equipment at a cost of approximately \$1.1 million. The City is considering the means of funding this upgrade.

**COMBINING AND INDIVIDUAL NONMAJOR FUND  
STATEMENTS AND SCHEDULES**

**CITY OF MT. JULIET, TENNESSEE**

**Combining Balance Sheet**

**Nonmajor Governmental Funds**

**June 30, 2011**

	Special Revenue Funds			Capital Project Fund	Total Nonmajor Governmental Funds
	State Street Aid Fund	Drug Fund	Stormwater Fund	Emergency/ Community Services Fund	
<b>Assets</b>					
Cash and cash equivalents	\$1,994,273	162,179	243,271	691,973	3,091,696
Prepays	2,974	-	1,000	-	3,974
Due from other governments	115,234	-	-	-	115,234
Total Assets	<u>\$2,112,481</u>	<u>162,179</u>	<u>244,271</u>	<u>691,973</u>	<u>3,210,904</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities:</b>					
Accounts payable	\$95,572	15,797	1,205	-	112,574
Accrued liabilities	-	-	7,387	-	7,387
Deferred revenue	53,063	-	-	-	53,063
Total Liabilities	<u>148,635</u>	<u>15,797</u>	<u>8,592</u>	<u>-</u>	<u>173,024</u>
<b>Fund Balances:</b>					
Nonspendable - prepaids	2,974	-	1,000	-	3,974
Restricted	1,960,872	146,382	234,679	691,973	3,033,906
Total Fund Balance	<u>1,963,846</u>	<u>146,382</u>	<u>235,679</u>	<u>691,973</u>	<u>3,037,880</u>
Total Liabilities & Fund Balances	<u>\$2,112,481</u>	<u>162,179</u>	<u>244,271</u>	<u>691,973</u>	<u>3,210,904</u>

**CITY OF MT. JULIET, TENNESSEE**

**Combining Statement of Revenues, Expenditures & Changes in Fund Balance**

**Nonmajor Governmental Funds**

**For the Year Ended June 30, 2011**

	<u>Special Revenue Funds</u>			<u>Capital Project Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>State Street Aid Fund</u>	<u>Drug Fund</u>	<u>Stormwater Fund</u>	<u>Emergency/ Community Services Fund</u>	
<b>Revenues</b>					
Intergovernmental:					
State gasoline tax	\$687,740	-	-	-	687,740
Interest	19,618	1,318	3,294	478	24,708
Licences and permits and fees	-	-	153,023	-	153,023
Drug related fines, seizures, and sales	-	97,415	-	-	97,415
<b>Total Revenues</b>	<u>707,358</u>	<u>98,733</u>	<u>156,317</u>	<u>478</u>	<u>962,886</u>
<b>Expenditures</b>					
Street Maintenance:					
Current:					
Other Costs - maintenance and lighting	443,537	-	-	-	443,537
Capital outlay	146,754	-	-	-	146,754
Stormwater:					
Current:					
Salaries	-	-	161,797	-	161,797
Employee benefits	-	-	66,515	-	66,515
Other	-	-	26,667	-	26,667
Capital outlay	-	-	-	-	-
Police:					
Current:					
Supplies and investigations	-	27,950	-	-	27,950
Capital outlay	-	3,195	-	-	3,195
<b>Total Expenditures</b>	<u>590,291</u>	<u>31,145</u>	<u>254,979</u>	<u>-</u>	<u>876,415</u>
Excess (Deficiency) of Revenues Over Expenditures	117,067	67,588	(98,662)	478	86,471
Other Financing sources (Uses)					
Transfer to from General Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>652,139</u>	<u>652,139</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	<u>117,067</u>	<u>67,588</u>	<u>(98,662)</u>	<u>652,617</u>	<u>738,610</u>
Fund Balance, Beginning of Year	<u>1,846,779</u>	<u>78,794</u>	<u>334,341</u>	<u>39,356</u>	<u>2,299,270</u>
Fund Balance, End of Year	<u>\$1,963,846</u>	<u>146,382</u>	<u>235,679</u>	<u>691,973</u>	<u>3,037,880</u>

**CITY OF MT. JULIET, TENNESSEE**

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (GAAP Basis) and Actual**

**State Street Aid Fund**

**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental:				
Gasoline tax, State of Tennessee	\$643,000	643,000	687,740	44,740
Interest	18,000	18,000	19,618	1,618
Total Revenues	<u>661,000</u>	<u>661,000</u>	<u>707,358</u>	<u>46,358</u>
<u>Expenditures</u>				
Street Maintenance				
Repairs and maintenance	667,500	673,350	399,382	273,968
Street lighting	60,000	60,000	44,189	15,811
Capital outlay	79,000	229,500	146,720	82,780
Total Expenditures	<u>806,500</u>	<u>962,850</u>	<u>590,291</u>	<u>372,559</u>
Excess of Revenues Over Expenditures	(145,500)	(301,850)	117,067	418,917
Other Financing Sources (Uses)				
Transfer to Capital Projects Fund	<u>150,500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	<u>5,000</u>	<u>(301,850)</u>	<u>117,067</u>	<u>418,917</u>
Fund Balance, Beginning of Year	<u>1,846,779</u>	<u>1,846,779</u>	<u>1,846,779</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$1,851,779</u></u>	<u><u>1,544,929</u></u>	<u><u>1,963,846</u></u>	<u><u>418,917</u></u>



**CITY OF MT. JULIET, TENNESSEE**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget (GAAP Basis) and Actual**

**Drug Fund**

**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other:				
Interest	\$500	500	1,318	818
Drug related fines, seizures and sales	25,000	25,000	97,415	72,415
Total Revenues	25,500	25,500	98,733	73,233
Expenditures				
Program costs	20,000	55,695	27,950	27,745
Capital outlay	-	-	3,195	(3,195)
Total Expenditures	20,000	55,695	31,145	24,550
Excess of Revenues Over Expenditures	5,500	(30,195)	67,588	97,783
Other Financing Sources (Uses)				
Transfer to Capital Projects Fund	(10,695)	-	-	-
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	(5,195)	(30,195)	67,588	97,783
Fund Balance, Beginning of Year	78,794	78,794	78,794	-
Fund Balance, End of Year	\$73,599	48,599	146,382	97,783

**CITY OF MT. JULIET, TENNESSEE**

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (GAAP Basis) and Actual**

**Stormwater Fund**

**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Interest	\$4,000	4,000	3,294	(706)
Licenses and permits:				
Inspection and other fees	120,000	120,000	153,023	33,023
Total Revenues	<u>124,000</u>	<u>124,000</u>	<u>156,317</u>	<u>32,317</u>
Expenditures				
Street Maintenance				
Salaries	167,103	167,103	161,797	5,306
Employee benefits	73,259	73,259	66,515	6,744
Other	56,400	56,400	26,667	29,733
Capital outlay	-	-	-	-
Total Expenditures	<u>296,762</u>	<u>296,762</u>	<u>254,979</u>	<u>41,783</u>
Excess of Revenues Over Expenditures	(172,762)	(172,762)	(98,662)	74,100
Fund Balance, Beginning of Year	<u>334,341</u>	<u>334,341</u>	<u>334,341</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$161,579</u></u>	<u><u>161,579</u></u>	<u><u>235,679</u></u>	<u><u>74,100</u></u>

**CITY OF MT. JULIET, TENNESSEE**

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (GAAP Basis) and Actual**

**Emergency and Community Services Fund**

**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Licences and permits:				
Inspection and other fees	\$ -	-	-	-
Interest	300	300	478	178
Total Revenues	300	300	478	178
<u>Expenditures</u>	-	-	-	-
Excess of Revenues Over Expenditures	300	300	478	178
Other Financing Sources (Uses)				
Transfer from General Fund	50,000	652,139	652,139	-
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	50,300	652,439	652,617	178
Fund Balance, Beginning of Year	39,356	39,356	39,356	-
Fund Balance, End of Year	<u>\$89,656</u>	<u>691,795</u>	<u>691,973</u>	<u>178</u>

## **FINANCIAL SCHEDULES**

**CITY OF MT. JULIET, TENNESSEE**

**Schedule of Revenues, Expenditures and Changes  
in Fund Balance - Budget (GAAP Basis) and Actual**

**Capital Projects Fund**

**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Intergovernmental:				
Grants	\$700,000	700,000	439,634	(260,366)
Other:				
Interest	37,000	37,000	49,149	12,149
Other	-	19,000	19,000	-
Total Revenues	<u>737,000</u>	<u>756,000</u>	<u>507,783</u>	<u>(248,217)</u>
<b>Expenditures</b>				
General Government				
Planning and Codes				
Capital outlay	35,000	35,000	-	35,000
City Hall Buildings				
Repairs and maintenance	40,000	40,000	35,411	4,589
Capital outlay	<u>107,000</u>	<u>163,500</u>	<u>13,106</u>	<u>150,394</u>
Total General Government	<u>182,000</u>	<u>238,500</u>	<u>48,517</u>	<u>189,983</u>
Public Safety				
Police				
Supplies	-	40,000	34,121	5,879
Capital outlay	<u>120,695</u>	<u>160,000</u>	<u>115,940</u>	<u>44,060</u>
Total Public Safety	<u>120,695</u>	<u>200,000</u>	<u>150,061</u>	<u>49,939</u>
Streets and Public Works				
State road projects	-	100,000	97,978	2,022
Repairs and maintenance	495,500	395,000	151,709	243,291
Capital outlay	<u>1,531,500</u>	<u>1,613,000</u>	<u>339,872</u>	<u>1,273,128</u>
Total Streets and Public Works	<u>2,026,500</u>	<u>2,108,000</u>	<u>589,559</u>	<u>1,518,441</u>
Recreation and Culture				
Repairs and maintenance	-	50,000	42,932	7,068
Capital outlay	<u>611,500</u>	<u>734,455</u>	<u>451,182</u>	<u>283,273</u>
Total Recreation and Culture	<u>611,500</u>	<u>784,455</u>	<u>494,114</u>	<u>290,341</u>
Total Expenditures	<u>2,940,695</u>	<u>3,330,955</u>	<u>1,282,251</u>	<u>2,048,704</u>
Excess of Revenues Over Expenditures	(2,203,695)	(2,574,955)	(774,468)	1,800,487
Other Financing Sources (Uses)				
Operating transfer in	<u>217,593</u>	<u>723,955</u>	<u>345,103</u>	<u>(378,852)</u>
Total other Financing Sources (Uses)	<u>217,593</u>	<u>723,955</u>	<u>345,103</u>	<u>(378,852)</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	(1,986,102)	(1,851,000)	(429,365)	1,421,635
Fund Balance, Beginning of Year	<u>4,343,956</u>	<u>4,343,956</u>	<u>4,343,956</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$2,357,854</u></u>	<u><u>2,492,956</u></u>	<u><u>3,914,591</u></u>	<u><u>1,421,635</u></u>

**CITY OF MT. JULIET, TENNESSEE**

**Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget (GAAP Basis) and Actual**

**Debt Service Fund**

**For the Year Ended June 30, 2011**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Other:				
Interest	\$1,000	1,000	3,969	2,969
Impact fees	363,627	363,627	441,216	77,589
Total Revenues	<u>364,627</u>	<u>364,627</u>	<u>445,185</u>	<u>80,558</u>
Expenditures				
Debt Service				
Principal	430,000	430,000	430,000	-
Interest	631,251	631,251	631,250	1
Total Expenditures	<u>1,061,251</u>	<u>1,061,251</u>	<u>1,061,250</u>	<u>1</u>
Excess of Revenues Over Expenditures	(696,624)	(696,624)	(616,065)	80,559
Other Financing Sources (Uses)				
Operating transfer in	795,000	820,000	801,757	(18,243)
Total other Financing Sources (Uses)	<u>795,000</u>	<u>820,000</u>	<u>801,757</u>	<u>(18,243)</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	<u>98,376</u>	<u>123,376</u>	<u>185,692</u>	<u>62,316</u>
Fund Balance, Beginning of Year	<u>323</u>	<u>323</u>	<u>323</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$98,699</u></u>	<u><u>123,699</u></u>	<u><u>186,015</u></u>	<u><u>62,316</u></u>

**CITY OF MT. JULIET, TENNESSEE**

**Capital Assets Used in the Operation of Governmental Funds**

**Schedule By Function and Activity**

**June 30, 2011**

	<u>Land</u>	<u>Building &amp; Improvements</u>	<u>Machinery &amp; Equipment</u>	<u>Infrastructure</u>	<u>Construction In Progress</u>	<u>Total</u>
Function and Activity:						
General Government	\$325,000	898,505	283,666	-	-	1,507,171
Public safety: Police	79,000	1,171,375	2,114,012	-	-	3,364,387
Streets and Public Works	872,289	483,333	1,018,765	29,709,010	958,558	33,041,955
Stormwater	-	-	50,537	-	-	50,537
Parks	704,412	3,851,893	447,953	450,748	-	5,455,006
Total governmental funds capital assets	<u>\$1,980,701</u>	<u>6,405,106</u>	<u>3,914,933</u>	<u>30,159,758</u>	<u>958,558</u>	<u>43,419,056</u>

**CITY OF MT. JULIET, TENNESSEE**

**Capital Assets Used in the Operation of Governmental Funds**

**Schedule of Changes in Capital Assets By Function and Activity**

**For the Year Ended June 30, 2011**

Function and Activity	Balance June 30, 2010	Additions	Transfers & Deletions	Balance June 30, 2011
General Government	\$1,490,065	17,106	-	1,507,171
Public safety: Police	3,301,593	142,426	(79,632)	3,364,387
Streets and Public Works	26,900,848	6,355,626	(214,519)	33,041,955
Stormwater	50,537	-	-	50,537
Parks	4,933,858	451,182	69,966	5,455,006
Total governmental funds capital assets	<u>\$36,676,901</u>	<u>6,966,340</u>	<u>(224,185)</u>	<u>43,419,056</u>



**CITY OF MT. JULIET, TENNESSEE**

**Schedule of Cash and Cash Equivalents**

**All Funds**

**June 30, 2011**

Major Governmental Funds

	<u>Interest Rates</u>	<u>Amount</u>
General Fund:		
Passbook and checking accounts	-	\$5,129,112
Petty Cash	-	1,513
Total General Fund		<u>5,130,625</u>
Capital Projects Fund:		
Passbook and checking accounts		4,098,863
Total Capital Projects Fund		<u>4,098,863</u>
Debt Service Fund		
Passbook and checking accounts		<u>186,015</u>

Nonmajor Governmental Funds

State Street Aid Fund:		
Local Government Investment Pool	Various	436,226
Passbook and checking accounts	-	1,558,047
Total State Street Aid Fund		<u>1,994,273</u>
Drug Fund:		
Cash on hand	-	156,640
Passbook and checking accounts	-	5,539
Total Drug Fund		<u>162,179</u>
Storm Water:		
Checking accounts	-	<u>243,271</u>
Emergency and Community Services Fund		
Passbook and checking accounts	-	<u>691,973</u>

Proprietary Funds

Sewer Enterprise Fund		
Petty Cash	-	750
Passbook and checking accounts	-	3,762,217
Total Sewer Enterprise Fund		<u>3,762,967</u>
Internal Service Fund		
Passbook and checking accounts		<u>5,481</u>
Total		<u>\$16,275,647</u>

**CITY OF MT. JULIET, TENNESSEE**

**Schedule of Long-Term Debt Requirements**

**Governmental-type Activities**

**June 30, 2011**

Fiscal Year	Public Improvement Bonds		Public Improvement Refunding Bonds		Total
	Principal	Interest	Principal	Interest	
2012	\$135,000	386,473	320,000	231,878	1,073,351
2013	135,000	382,422	330,000	222,277	1,069,699
2014	150,000	378,373	340,000	212,378	1,080,751
2015	150,000	373,872	350,000	202,177	1,076,049
2016	150,000	368,998	370,000	190,803	1,079,801
2017	155,000	364,122	380,000	178,777	1,077,899
2018	155,000	357,923	400,000	165,478	1,078,401
2019	155,000	351,722	420,000	151,477	1,078,199
2020	155,000	345,910	440,000	136,778	1,077,688
2021	155,000	340,098	450,000	120,827	1,065,925
2022	155,000	333,897	470,000	103,953	1,062,850
2023	150,000	327,698	510,000	85,740	1,073,438
2024	165,000	321,697	510,000	65,340	1,062,037
2025	175,000	315,098	530,000	44,940	1,065,038
2026	185,000	308,098	540,000	22,680	1,055,778
2027	795,000	300,697	-	-	1,095,697
2028	830,000	268,898	-	-	1,098,898
2029	870,000	235,697	-	-	1,105,697
2030	910,000	200,898	-	-	1,110,898
2031	950,000	164,497	-	-	1,114,497
2032	990,000	126,498	-	-	1,116,498
2033	1,035,000	86,402	-	-	1,121,402
2034	1,085,000	44,485	-	-	1,129,485
Total	<u>\$9,790,000</u>	<u>6,684,473</u>	<u>6,360,000</u>	<u>2,135,503</u>	<u>24,969,976</u>

**CITY OF MT. JULIET, TENNESSEE**

**Schedule of Long-Term Debt Requirements**

**Sewer Fund**

**June 30, 2011**

Fiscal Year	TML Bond Fund Loan		Total
	Principal	Interest	
2012	\$181,000	16,650	197,650
2013	189,000	8,505	197,505
Total	<u>\$370,000</u>	<u>25,155</u>	<u>395,155</u>

**CITY OF MT. JULIET, TENNESSEE**

**Schedule of Expenditures of Federal Awards**

**June 30, 2011**

Federal Grants As Identified in the Catalog  
of Federal Domestic Assistance:

<u>CFDA Number</u>	<u>Program Name</u>	<u>Grantor Agency</u>	<u>Expenditures</u>
20.607	Impaired Driving & Detection Program	TN Department of Transportation	\$2,790
14.239	HOME Program	US Department of Housing	161,981
20.205	* # Highway Infrastructure Investment Grant	US Department of Transportation	\$416,893
	* Highway Planning and Construction Program		<u>22,741</u>
			439,634
			<u><u>\$604,405</u></u>

\* Major Program

# American Recovery and Reinvestment Act Funds

CITY OF MT. JULIET, TENNESSEE  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2011

Federal Grants As Identified in the  
Catalog of Federal Domestic Assistance:

CFDA Number	Grant Number	Program Name	Grantor Agency	Accrued or Deferred Revenue 7/01/10	Cash Receipts	Adjustments	Expenditures	Accrued or Deferred Revenue 6/30/11
20.607	Z11GHSO26	Impaired Driving and Tetection Program	TN Department of Transportation	\$ -	-	-	2,790	(2,790)
14.239	HM-08-35	HOME Program	US Department of Housing and Urban Dev.	-	160,090	-	161,981	(1,891)
20.205	80116	Highway Planning and Construction Program	US Department of Transportation	(57,522)	80,263	-	22,741	-
20.205	95Lplm-f0-00€	Highway Infrastructure Investimnt Grant	US Department of Transportation	-	415,242	-	416,893	(1,651)
97.036	-	Public Assistance Program	Federal Emergency Management Agency	(71,000)	64,103	6,897	-	-
State Grants				<u>(\$128,522)</u>	<u>719,698</u>	<u>6,897</u>	<u>604,405</u>	<u>(6,332)</u>
-	-	Public Assistance Program	Tennessee Emergency Management Agency	(\$3,561)	-	383	-	(3,178)
		TAEP Tree Planting Grant	Tennessee Department of Agriculture	-	-	-	1,884	(1,884)
				<u>(\$3,561)</u>	<u>-</u>	<u>383</u>	<u>1,884</u>	<u>(5,062)</u>

Credit balances represent inter-governmental receivables from State and Federal Governments.  
\* ARRA Funds

CITY OF MT. JULIET, TENNESSEE  
Schedule of Liability and Property Insurance in Force

June 30, 2011

Insurance Coverage

Details of Coverage

Tennessee Municipal League Insurance Pool

Public Officials Error & Omissions

\$3,000,000/ \$2,500 deductible

General Liability Automobile Liability,  
Bodily Injury, Law Enforcement

\$300,000 per person bodily injury  
as limited by tort liability act  
\$700,000 per occurrence bodily injury  
as limited by tort liability act  
\$100,000 per occurrence law enforcement  
as limited by tort liability act  
\$3,000,000 per occurrence for each other

Automobile Physical Damage

Actual cash value of vehicle or cost to  
replace

Deductible:

Comprehensive	\$1,000
Collision	\$1,000

Uninsured Motorist

\$300,000 per person bodily injury  
\$100,000 per occurrence law enforcement

Automobile Medical Payments

\$1,000 per person/\$10,000 per accident

Property, Multi-Peril

Real and Personal Property (Total Insured)  
Mobile Equipment  
Accounts Receivable  
Valuable Papers  
Fine Arts  
EDP Equipment/Media

\$17,153,172  
\$457,264  
\$250,000  
\$250,000  
\$50,000  
\$525,000

Flood

\$1,000,000

Earthquake

\$1,500,000

Crime Limits

Forgery  
Theft, Disappearance and Destruction  
Employee Dishonesty  
Public Officials

\$250,000  
\$250,000  
\$250,000  
\$250,000

T.M.L. Insurance Pool  
(Workmen's Compensation)

\$1,000,000 Each accident limit  
\$1,000,000 Policy limit by disease  
\$1,000,000 Employee limit by disease

**CITY OF MT. JULIET, TENNESSEE**

**Schedule of City Officials**

**June 30, 2011**

<u>Position</u>	<u>Annual Salary</u>
<u>Elected Officials:</u>	
Mayor Ed Hagerty	\$1,000/monthly
Vice Mayor James Maness	\$950/monthly
Commissioner Art Giles	\$950/monthly
Commisioner Winston Floyd	\$950/monthly
Commissioner James Bradshaw	\$950/monthly
<u>Employees:</u>	
City Manager, Randy Robertson	
Finance Director, John T. Rossmaier	
City Recorder, Sheila S. Luckett	
Public Works Director, Marlin Keel	
Police Chief, Andy Garrett	
Economic Development, Kenneth Martin	
Parks Director, Jay Cameli	
Human Resources Director, Jill Johnson	

**CITY OF MT. JULIET, TENNESSEE**

**Schedule of Sewer System Data**

**For the Year Ended June 30, 2011**

	<u>Commercial</u>	<u>Outside City Commercial</u>	<u>Inside City Residential</u>	<u>Outside City Residential</u>
Sewer Rates (Based on water consumption)				
Minimum bill (first 2,000 gallons)	\$16.60	\$20.63	\$11.76	\$14.57
Each additional 1,000 gallons	\$8.03	\$9.91	\$5.76	\$7.08
Tap fees				
Residential (inside city)				\$1,500
Commercial (Based on meter size)				
Residential (outside city)				\$2,000
Installation and pump charges				\$2,000
Development fees				
Residential (Based on zoning)				\$1,285-2,5
Inspection fee				\$50
Number of customers				8,360



## **OTHER REPORTS**

# YEARY, HOWELL & ASSOCIATES

*Certified Public Accountants*

501 EAST IRIS DRIVE  
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY  
GREGORY V. HOWELL

TELEPHONE  
(615) 385-1008  
FAX (615) 385-1208

## **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**

Honorable Mayor and Board of Commissioners  
City of Mt Juliet, Tennessee

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the City of Mt. Juliet as of and for the year ended June 30, 2011, which collectively comprise the City of Mt. Juliet's basic financial statements and have issued a report thereon dated October 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Mt. Juliet's internal control over financial reporting as a basis for designing our auditing procedures 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 of Mt. Juliet's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Mt. Juliet's internal control over financial reporting.

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 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.

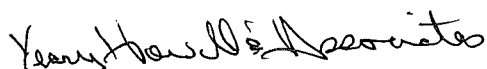
Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weakness, as defined above.

### **Compliance and Other Matters**

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

We noted certain matters that were reported to management in a separate letter dated October 19, 2011.

This report is intended solely for the information and use of management, Board of Commissioners and, State Comptroller's Office, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



October 19, 2011

# YEARY, HOWELL & ASSOCIATES

*Certified Public Accountants*

501 EAST IRIS DRIVE  
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY  
GREGORY V. HOWELL

TELEPHONE  
(615) 385-1008  
FAX (615) 385-1208

## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Honorable Mayor and Board of Commissioners  
City of Mt Juliet, Tennessee

### Compliance

We have audited City of Mt. Juliet's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the City of Mt. Juliet's major federal programs for the year ended June 30, 2011. City of Mt. Juliet, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of City of Mt. Juliet's management. Our responsibility is to express an opinion on City of Mt. Juliet's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Mt. Juliet's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of City of Mt. Juliet's compliance with those requirements.

In our opinion, City of Mt. Juliet 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, 2011.

### Internal Control over Compliance

Management of Mt. Juliet, Tennessee, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered City of Mt. Juliet's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of City of Mt. Juliet's 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Honorable Mayor and Board of Commissioners  
City of Mt Juliet, Tennessee  
Page 2

This report is intended solely for the information and use of management, Board of Commissioners, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Yanny Houllie Associates*

October 19, 2011

## **CITY OF MT JULIET, TENNESSEE**

### **Schedule of Findings and Questioned Costs**

**June 30, 2011**

#### **I. Summary of Auditor's Results**

- A. The June 30, 2011 Auditor's Report on the Financial Statements was an unqualified opinion.
- B. No significant deficiency in the internal control was disclosed during the audit of the financial statements.
- C. The audit did not disclose any noncompliance which is material to the financial statements.
- D. No significant deficiencies in internal control over major programs were disclosed by the audit.
- E. The June 30, 2011 report on compliance for major programs was an unqualified opinion.
- F. The audit did not disclose any audit findings which are required to be reported under §.510a.
- G. Major program- Highway Planning and Construction Program, CFDA 20.205.
- H. Type A programs have been distinguished as those programs with expenditures greater than \$300,000.
- I. The City of Mt Juliet was not considered a low risk auditee.

#### **II. Findings Related to the Financial Statements Which are Required to be Reported in Accordance with *Government Auditing Standards*.**

##### **Current Year Deficiencies**

None.

#### **III. There were no significant deficiencies or questioned costs related to major federal programs.**