

**CITY OF MT. JULIET, TENNESSEE**

Annual Financial Report

For the Year Ended June 30, 2019

# CITY OF MT. JULIET, TENNESSEE

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## **FINANCIAL SECTION**

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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on Financial Statements**

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

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

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

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control, relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages iii through xiii and required supplementary information on page 40 to 43, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

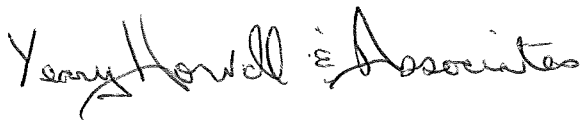
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City'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 combining and individual nonmajor fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund statements and schedules, including the schedule of expenditures of federal awards, are fairly stated in all material respects in relation to the financial statements as a whole.

## **Other Reporting Required by Governmental Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Mt. Juliet's internal control over financial reporting and compliance.



November 15, 2019

## **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, 2019. 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**

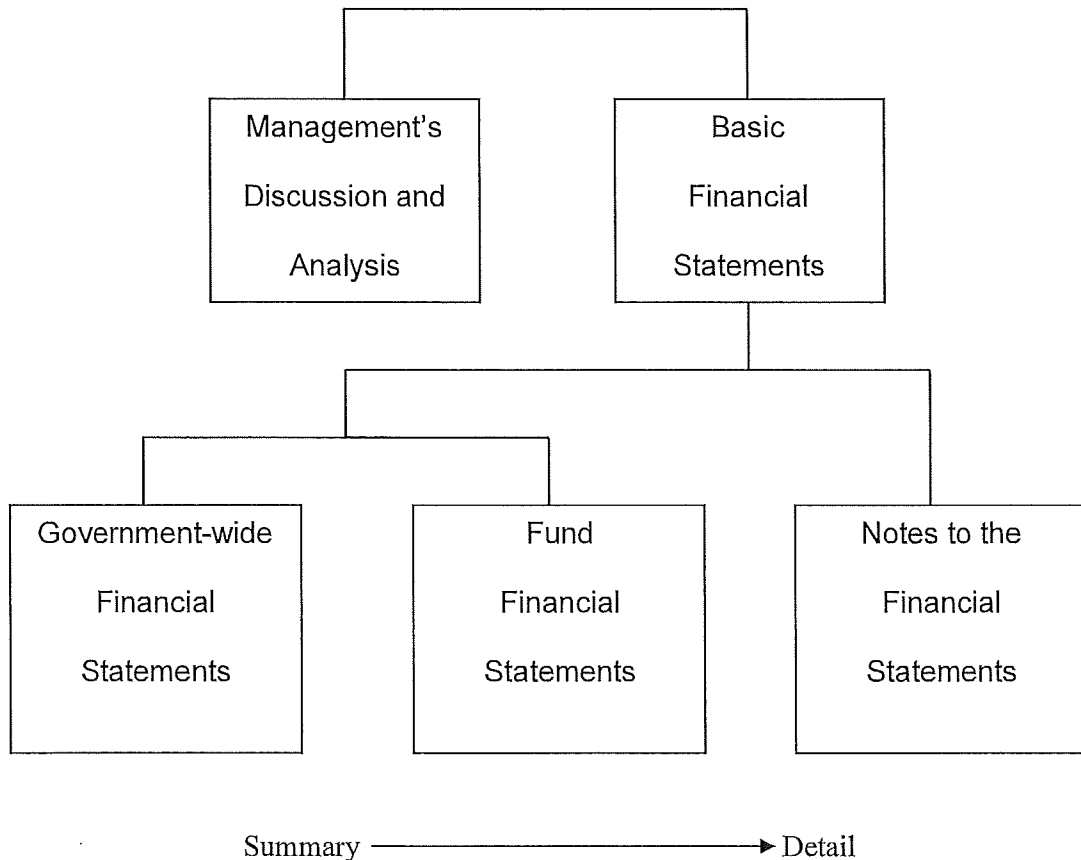
- The assets and deferred outflows of resources of the City of Mt. Juliet, TN exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by more than \$180 million.
- The government's total net position increased by \$16 million, due to increases in the business type activities net position of over \$5 million and over \$11 million due to government activity over 6/30/2018.
- As of the close of the current fiscal year, the City of Mt. Juliet's governmental funds reported combined ending fund balances of almost \$41 million an increase of \$4.2 million in comparison with the prior year. Over 30% of this total amount, or \$12.7 million, is available for spending at the government's discretion and is considered unassigned fund balance.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$12.7 million, or 51 percent of total governmental fund expenditures for the fiscal year excepting the transfers for road paving and debt service.
- The City of Mt. Juliet's long-term debt decreased by \$874 thousand (6.2%) during the current fiscal year. The decreases were created by principal payments of \$618 thousand as scheduled for bonds and capital notes including a reduction of the capital lease (fire-fighting vehicles) obligation by \$255 thousand.
- The City's Net OPEB (Other Post-Employment Benefits) obligation is now calculated under GASB (Governmental Accounting Standards Board) Statement 75. The beginning balance was stated at \$1.3 million. Net changes through the year decreased this balance by \$226 thousand.
- The City of Mt. Juliet retained its AA+ rating by Standard and Poor's, held since 12/30/2013 and has been classified as stable since 6/30/2009.

## **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 15, 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 16-38. 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 position 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 position and how they have changed. Net position is the difference between the City's total assets and total liabilities. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories, governmental activities and business-type activities. 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 1) 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 less financial resources available to finance the City's programs. The relationship between

## City of Mt. Juliet

government activities (reported in the Statement of Net Position 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.

**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 Position 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 assets and liabilities have been included within the governmental activities in the government-wide financial statements with a due to and due from to allocate the proper portion to business type activities.

**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 16-38 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 and other post-employment benefits to its employees. Required supplementary information can be found on pages 40 through 43.

### **Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the City of Mt. Juliet exceeded liabilities and deferred inflows of resources by more than \$180 million as of June

## City of Mt. Juliet

30, 2019. The City's net position increased by \$16 million for the fiscal year ended June 30, 2019 when compared to the fiscal year ended June 30, 2018. However, the largest portion, 67.3% reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding 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 position, 8.4% represents resources that are subject to external restrictions on how they may be used. The remaining balance of over \$44 million, 24.3% is unrestricted.

	<u>City of Mt. Juliet Net Position</u>					
	Governmental .		Business Type		Total	Total
	Activities		Activities			
	2019	2018	2019	2018	2019	2018
Current and Other Assets	\$ 50,363,256	\$ 47,973,812	\$ 16,171,674	13,050,518	\$ 66,534,930	61,024,330
Capital Assets	79,483,968	73,681,114	55,842,675	54,636,000	135,326,643	128,317,114
Total Assets	129,847,224	121,654,926	72,014,349	67,686,518	201,861,573	189,341,444
Deferred Outflows of Resources	1,573,936	1,592,051	138,082	137,776	1,712,018	1,729,827
Long Term Liabilities Outstanding	13,924,283	13,611,098	112,866	135,516	14,037,149	13,746,614
Other Liabilities	4,567,332	8,941,281	1,158,988	1,377,053	5,726,320	10,318,334
Total Liabilities	18,491,615	22,552,379	1,271,854	1,512,569	19,763,469	24,064,948
Deferred Inflows of Resources	3,038,849	2,169,478	105,061	24,170	3,143,910	2,193,648
Net Position:						
Net Investment in Capital Assets						
Net of Related Debt	65,824,428	56,912,067	55,842,675	54,205,432	121,667,103	111,117,499
Restricted	8,502,953	6,881,974	6,601,625	4,340,092	15,104,578	11,222,066
Unrestricted	35,563,315	34,731,079	8,331,216	7,742,031	43,894,531	42,473,110
Total Net Position	109,890,696	98,525,120	70,775,516	\$ 66,287,555	180,666,212	164,812,675

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

- Local sales tax collection increased due to incoming retail locations and maturity of others.
- Continued low cost of debt due to the City's high bond rating coupled with the refunding of the 2008 bonds to achieve lower interest.
- A sustained building "boom" that increases fees across the entire revenue spectrum.

## City of Mt. Juliet

City of Mt. Juliet Changes in Net Position						
	Governmental		Business Type		Total	
	Activities		Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues						
Program Revenues:						
Charges for Services	\$ 5,422,928	\$ 4,698,143	\$ 6,772,059	\$ 6,366,595	\$ 12,194,987	\$ 11,064,738
Operating Grants and Contributions	1,505,317	1,431,544			1,505,317	1,431,544
Capital Grants and Contributions	5,238,911	5,114,305	4,377,715	3,282,210	9,616,626	8,396,515
General Revenues						
Sales Taxes	10,677,505	10,294,078			10,677,505	10,294,078
Property Tax	1,940,501	1,824,700			1,940,501	1,824,700
Other Locally Assessed Taxes	4,260,658	4,043,026			4,260,658	4,043,026
Other State Shared Taxes	3,548,561	3,217,487			3,548,561	3,217,487
Investment Earnings & Rental Income	34,068	23,458	127,126	86,568	161,194	110,026
Other	527,760	343,935			527,760	343,935
Total Revenues	\$ 33,156,209	\$ 30,990,676	\$ 11,276,900	\$ 9,735,373	\$ 44,433,109	\$ 40,726,049
Expenses:						
General Government	\$ 3,463,296	\$ 3,199,367			\$ 3,463,296	\$ 3,199,367
Public Safety	10,093,466	9,023,518			10,093,466	9,023,518
Recreation and Culture	1,678,234	1,577,454			1,678,234	1,577,454
Streets and Public Works	5,748,332	5,422,921			5,748,332	5,422,921
Stormwater	228,537	185,563			228,537	185,563
Interest on Debt	442,000	461,226			442,000	461,226
Sewer			6,788,939	6,522,865	6,788,939	6,522,865
Total Expenses	\$ 21,653,865	\$ 19,870,049	\$ 6,788,939	\$ 6,522,865	\$ 28,442,804	\$ 26,392,914
Increase (Decrease) in Net Position	11,502,344	11,120,627	4,487,961	3,212,508	15,990,305	14,333,135
Net Position Beginning of Year	98,525,119	87,404,492	66,287,555	63,075,047	164,812,674	150,479,539
Restatement See Note 14	(136,767)	-		-	(136,767)	-
Net Position End of Year	\$ 109,890,696	\$ 98,525,119	\$ 70,775,516	\$ 66,287,555	\$ 180,666,212	\$ 164,812,674

**Governmental Activities:** Governmental activities increased the City's net position by over \$11 million, thereby accounting for 72.3% of the total growth in the net position of the City of Mt. Juliet. Key elements of this increase are as follows:

- Local Option Sales Tax revenues increased over \$380 thousand or 3.7% over the prior year showing continued growth in the City business community.
- City codes require developers to build to a certain standard in streets for which the City then assumes responsibility and receives donated infrastructure, which totaled \$4.1 million for the year ended 6/30/2019.
- Developers also provided over \$259 thousand in road improvement fees.

**Business-type activities:** Business-type activities increased the City of Mt. Juliet's net position by \$4.4 million, accounting for over 27.6% of the total growth in the government's net position. Key elements of this increase are as follows:

- City codes require developers to build to a certain standard for sewers for which the City assumes responsibility and receives donated infrastructure, which totaled \$1.8 million.
- Development continues to increase the business-type assets with sewer tap fee and sewer development fee requirements.
- The City has taken a more aggressive approach to the recovery of the sewer services expenditures from customers to recover depreciation instituting a 5% rate increase during 2015-2016, and a 3% rate increase in 2017-2018, 2018-2019 and 2019-2020 respectively.
- The City expects to re-examine the sewer rates for 2020-2021 fiscal year.

## City of Mt. Juliet

### 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. 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 over \$12.7 million, while total fund balance was over \$36 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 79.3% of total General Fund expenditures when including amounts transferred to the State Street Aid Fund and while excluding transfers for the City's share of road construction projects while total fund balance represents 227.5% of the same expenditures.

At June 30, 2019, the governmental funds of City of Mt. Juliet reported a combined fund balance of almost \$41 million, an 11.4 percent increase over last year. Included in this change are fund balance increases in the General, State Street Aid, Debt Service and Storm Water Funds and decreases in the Emergency Services, and Capital Projects funds. The city instituted a property tax for the first time in over 10 years with the year ended 6/30/2012. The property tax is dedicated to the Emergency Services Fund and has raised over \$13 million since inception. The funds raised are for the purchase of capital resources, salaries and operating costs for and of the Fire Department with the remainder held for the same.

**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 property tax contributed over \$1.9 million in the current year. Local Option Sales Tax revenues were near 3.7 percent above that of the prior year as well as 5.0% above the budget of such revenue, which is the largest City revenue category. The third largest contributor to local revenue, Business Tax was 7.8% or over \$83 thousand above budget and 3.3% above the previous year as well. Revenue in most areas exceeded budget. The other largest increases were the result of contributions from others and various permit fees as well as franchise taxes and state shared sales and income tax revenue. License and Permit fees were well above budget due mostly from a continued surge in building permits.

## **City of Mt. Juliet**

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 upcoming projects including the widening of the bridge over Interstate 40 as well as other infrastructure improvements including sidewalks and walking trails. The City is also now focused on greenway project including the Town Center Trail and Cedar Creek Greenway.

In addition to completing the Golden Bear Gateway construction, the City is utilizing the Capital Projects Fund to provide the funding for the construction of the widening of the remainder of Golden Bear Gateway from Cedar Creek Road north to Lebanon Road, the widening of Lebanon Road east to Golden Bear Gateway and the widening of Old Lebanon Dirt Road from west of Cobblestone Landing to Moreland Drive. Projects of this size typically span longer than one fiscal year however, it is necessary to provide the budgets for the projects in order to begin engineering that would allow the City to be considered for any grants that might become available in the immediate future. Certain grants are more easily obtained when the planning, engineering, and budgets already exist. With the completion of the Golden Bear Gateway, the City was able to free up staff time and resources to begin the engineering to move the other projects forward.

**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 position of the Sewer Fund at the end of the fiscal year amounted to over \$8.3 million. The total increase in net position for the fund was over \$4.3 million.

- Developers built sewer lines to the required City standard, which were contributed to the City, in the amount of over \$1.8 million. The City assumed responsibility for maintenance, repair and eventual replacement of these assets.
- Developers also contributed almost \$2.5 million in tap fees that will be available for sewer expansion and replacement.

### **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, 2019, totals almost \$135 million (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

## City of Mt. Juliet

### Major Capital Asset Acquisitions Fiscal Year 2018-2019

#### Governmental Activities

Roads Donated by Developer	4,155,900
Mt Juliet Rd at I-40 Bridge Widening	2,232,765
Town Center Trail Project	753,710
Property at Clemmons Rd	500,394
Police Vehicles & Equipment	489,400
Police Other Equipment	398,233
S. Mt. Juliet Rd Improvements	258,979
City Sidewalk Projects	173,345
Recreation Equipment & Improvements	155,149
Old Lebanon Dirt Rd Project	132,507
Park Glen Road Widening	90,412
Golden Bear Gateway Road Widening	85,793
Eastern Connector	69,292
Information Technology Vehicles & Equipment	62,926

#### Business Activities

Sewer Lines Donated by Developers	1,880,115
Sewer Vehicles and Equipment	417,608
HIGHWAY 70 W SEWER UPSIZING	398,124
Sewer Infrastructure Improvements	215,673
Royal Oaks Sewer Rehab	133,149
Stoner Creek Interceptor Replacement PH 3	128,549
Sewer Pumps & Modifications	75,352
Sewer Machinery and Equipment	36,451
Royal Oaks Pump Station Modifications	32,224

#### City of Mt. Juliet's Capital Assets

<u>Asset Class</u>	<u>Governmental</u>		<u>Business Type</u>		<u>Total</u>	
	<u>Activities</u>		<u>Activities</u>		<u>Total</u>	
	2019	2018	2019	2018	2019	2018
Land	7,047,653	6,576,231	1,141,135	1,141,135	8,188,788	7,717,366
Bldgs and Improvements	7,049,811	7,049,811	505,692	505,692	7,555,503	7,555,503
Improv Other than Bldgs	6,297,975	6,084,548	282,775	256,909	6,580,750	6,341,457
Machinery and Equipment	15,052,970	14,058,976	1,311,370	893,762	16,364,340	14,952,738
Construction in Progress	5,232,889	1,523,497	518,999	733,227	5,751,888	2,256,724
Collection System Infrastructure	65,930,769	61,624,616	76,665,003	73,868,432	76,665,003	73,868,432
Total Cost	106,612,067	96,917,679	80,424,974	77,399,157	187,037,041	174,316,836
Less Accumulated Depreciation	27,128,099	23,236,563	24,582,299	22,763,155	51,710,398	45,999,718
Net Capital Assets	79,483,968	73,681,116	55,842,675	54,636,002	135,326,643	128,317,118

Additional information on the City capital assets can be found in note 3 on page 22 and 23 of the basic Financial Statements.

## City of Mt. Juliet

**Long-term Debt:** As of June 30, 2019, the City of Mt. Juliet had total bonded debt, lease-purchases, long-term obligations and capital notes outstanding of over \$13 million. The entire debt is backed by the full faith and credit of the City of Mt. Juliet.

	Governmental Activities		Business Type Activities		Total	Total
	2019	2018	2019	2018	2019	2018
General Obligation Bonds/Capital Notes	\$ 12,189,800	\$ 12,807,500			\$ 12,189,800	\$ 12,807,500
Obligation to County School System	-	284,602 *			-	284,602
Capital Lease-Fire Apparatus	1,678,324	1,641,989			1,678,324	1,641,989
Revenue Bonds					-	-
<b>Total</b>	<b>\$ 13,868,124</b>	<b>\$ 14,734,091</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 13,868,124</b>	<b>\$ 14,734,091</b>

\* - Restated see Footnote 14

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. This revenue of over \$861 thousand was supplemented with a transfer from the Emergency Services Fund of \$300 thousand, for the fund to meet the outstanding obligations. The City of Mt. Juliet's long-term debt decreased near \$866 thousand or near 5.9% during the past fiscal year as previously discussed.

As mentioned in the financial highlights section of this document, the City of Mt. Juliet has maintained its AA+ rating by Standard and Poor's Corporation. 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 6/30/2019 governmental debt was less than 1.2% of assessments and less than \$442 per capita.

Total debt payments for the next fiscal year are near \$1.5 million. Additional information regarding the City of Mt. Juliet's long-term debt can be found in note 6 beginning on page 25 through 26 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 in June 2019 estimated at 3.2% is below the National average of 3.6% as well as the Tennessee rate of 3.3% and the Wilson County rate of 3.3%
- The City expects to welcome the second location for The Incredible Christmas Place, a 12,000 square foot retail shop opening in 2020.
- Two new hotels will open in 2019, which should require 165 employees among them contributing to a projected job growth rate of almost 2.4%.
- The City will see the addition of a 3.6 million square foot facility in 2020 known presently as Project Sam which is in the final stages of approval. The project will bring infrastructure improvements and increased fee and tax revenue throughout the City.



## City of Mt. Juliet

### Budget Highlights for the Fiscal Year Ending June 30, 2020

**Governmental Activities:** The seventh year of property tax revenue has been collected and the City will use this revenue to finance salaries and operating costs for Emergency Services. The City anticipates nominal growth in local tax revenue, licenses and permits.

The City took advantage of favorable bond rates and budgeted to borrow funds to refund the outstanding 2009 bonds and borrow an additional \$3 million for the construction of a new Fire Hall.

The City has budgeted for additional police officers as well as positions for the Streets and Sewer departments for 6/30/2020.

Increases in the General Fund expenditures are anticipated with the largest increments for roadway construction. Budgeted expenditures are expected to exceed budgeted revenue for 6/30/2020 by near \$18 million due to effort directed city roadway improvements.

The City has been awarded grants to improve the City's sidewalks and bike lanes over the next couple of years along the areas of Lebanon Road, Woodridge Place, the I-40 bridge as well as further Greenway development.

The City was also awarded a grant for the design and construction of an ITS and Signal Improvements project. This project will implement an interconnected signal system along Mt. Juliet Road from Central Pike to City Hall for 13 total signals within the corridor. This includes the installation of fiber optic cable, expansion of the traffic operations center at City Hall, implementation of Advanced Signal Control Technology, and the construction of a new signal within the corridor.

**Business-type Activities:** The City projects a 3% increase in sewer rates during the fiscal year ended 6/30/2020. Nominal revenue growth, 3.3%, will be funded by new customers. Purification costs of wastewater can be expected to rise 2.0% in accordance with the Metro contract. Personnel costs can be expected to rise .2%. General operating expenses will increase by 6.5% to cover increased costs of material, supplies, and other operating expenses. Considering depreciation, the Sewer Fund revenue expects to cover 100% of the cost of operations but will likely consider a rate increase for 2020-2021.

### 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, Dana Hire, PO Box 679, Mt. Juliet, TN 37121-0679 or email at [dhire@mtjuliet-tn.gov](mailto:dhire@mtjuliet-tn.gov)

Additional budget information is published on the City of Mt. Juliet's website under Government, Finance Department, Quick Links, and Adopted City Budget.  
<http://www.mtjuliet-tn.gov>

## CITY OF MT. JULIET, TENNESSEE

## Statement of Net Position

June 30, 2019

	Primary Government		Total
	Governmental	Business-type	Primary
Assets	Activities	Activities	Government
Cash and cash equivalents	\$43,190,511	7,086,605	50,277,116
Investments	-	1,082,767	1,082,767
Receivables (net):			
Property taxes	2,039,548	-	2,039,548
Other taxes	199,581		199,581
Due from other governments	3,626,415	-	3,626,415
Internal balances	(340,381)	340,381	-
Interest receivable	48	6,935	6,983
Customers and other	127,148	948,330	1,075,478
Inventories	-	87,073	87,073
Restricted assets:			
Cash - construction	-	6,447,288	6,447,288
Prepaid expenses	141,624	17,958	159,582
Capital assets, net of accumulated depreciation	67,203,426	54,182,541	121,385,967
Land and construction in progress - nondepreciable	12,280,542	1,660,134	13,940,676
Net pension asset	1,378,762	154,337	1,533,099
Total Assets	129,847,224	72,014,349	201,861,573
Deferred Outflows of Resources			
Deferred pension outflows of resources	1,212,871	135,768	1,348,639
Deferred OPEB outflows of resources	20,821	2,314	23,135
Deferred amounts on refunding	340,244	-	340,244
Total Deferred Outflows of Resources	1,573,936	138,082	1,712,018
Total Assets and deferred outflows of resources	131,421,160	72,152,431	203,573,591
Liabilities			
Accounts payable	1,058,895	718,003	1,776,898
Accrued liabilities	1,789,843	68,918	1,858,761
Surety bonds	-	372,067	372,067
Accrued interest	66,861	-	66,861
Contracts payable	124,478	-	124,478
Unearned revenue	-	-	-
Long-term liabilities due within one year	1,527,255	-	1,527,255
Long-term liabilities due in more than one year	12,908,486	-	12,908,486
OPEB liability	1,015,797	112,866	1,128,663
Total Liabilities	18,491,615	1,271,854	19,763,469
Deferred Inflows of Resources			
Deferred pension inflows of resources	899,217	100,657	999,874
Deferred OPEB inflows of resources	39,633	4,404	44,037
Unlevied property and income taxes	2,099,999	-	2,099,999
Total Deferred Inflows of Resources	3,038,849	105,061	3,143,910
Total Liabilities and deferred inflows of resources	21,530,464	1,376,915	22,907,379
Net Position			
Net investment in capital assets	65,824,428	55,842,675	121,667,103
Restricted for:			
Capital improvements	-	6,447,288	6,447,288
Debt service	260,206	-	260,206
Streets	2,086,513	-	2,086,513
Public safety	1,796,345	-	1,796,345
Stormwater	642,904	-	642,904
Parks	2,338,223	-	2,338,223
Pension benefits	1,378,762	154,337	1,533,099
Unrestricted	35,563,315	8,331,216	43,894,531
Total Net Position	\$109,890,696	70,775,516	180,666,212

See accompanying notes to financial statements.

**CITY OF MT. JULIET, TENNESSEE**  
**Statement of Activities**  
**For the Year Ended June 30, 2019**

	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Total
					Governmental Activities	Business-type Activities
<b>Functions / Programs:</b>						
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General government	\$3,463,296	2,533,815	14,618	-	(914,863)	-
Public safety	10,093,466	1,478,753	57,944	295,342	(8,261,427)	-
Recreation and Culture	1,678,234	101,629	-	602,911	(973,694)	-
Streets and public works	5,748,332	-	1,432,755	4,340,658	25,081	-
Stormwater	228,537	446,962	-	-	218,425	-
Interest on debt	442,000	861,769	-	-	419,769	-
Total Government Activities	21,653,865	5,422,928	1,505,317	5,238,911	(9,486,709)	-
<b>Business-type Activities:</b>						
Sewer	6,788,939	6,772,059	-	4,377,715	-	4,360,835
Total Business-type Activities	6,788,939	6,772,059	-	4,377,715	-	4,360,835
<b>Total Primary Government</b>	<b>\$28,442,804</b>	<b>12,194,987</b>	<b>1,505,317</b>	<b>9,616,626</b>	<b>(9,486,709)</b>	<b>4,360,835</b>
						<b>(5,125,874)</b>
<b>General Revenues:</b>						
Property taxes					\$1,940,501	-
Sales taxes					10,677,505	-
Wholesale beer tax					816,693	-
Wholesale liquor tax					520,618	-
Franchise tax					1,058,135	-
Hotel/motel tax					721,257	-
Business tax					1,143,955	-
State shared unrestricted taxes:						
State shared sales tax					2,782,776	-
State shared beer tax					14,525	-
State alcoholic beverage tax					183,622	-
State shared income tax					196,083	-
State shared TVA tax					371,555	-
Other unrestricted state shared taxes					34,068	-
Unrestricted investment earnings and rental income					382,769	127,126
Other					144,991	-
Total general revenues					20,989,053	127,126
Change in net position					11,502,344	4,487,961
Net position - beginning of year, as restated see Note 14					98,388,352	66,287,555
Net position - end of year					\$109,890,696	70,775,516
						180,666,212

See accompanying notes to financial statements

## CITY OF MT. JULIET, TENNESSEE

Balance Sheet  
Governmental Funds

June 30, 2019

		Special Revenue Funds		Capital Projects Fund			
	General Fund	State Street Aid Fund	Emergency Services Fund	General Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Cash	\$36,618,765	98,254	1,545,914	1,585,106	260,206	1,056,036	41,164,281
Receivables (net)							
Property taxes	-	-	2,041,327	-	-	-	2,041,327
Other taxes	199,581	-	-	-	-	-	199,581
Due from other governments	2,793,036	190,688	-	642,691	-	-	3,626,415
Due from other funds	-	-	-	-	-	1,078	1,078
Other	-	-	-	-	-	-	-
Interest receivable	48	-	-	-	-	-	48
Prepaid items	86,859	-	6,582	-	-	2,392	95,833
<b>Total Assets</b>	<b>\$39,698,289</b>	<b>288,942</b>	<b>3,593,823</b>	<b>2,227,797</b>	<b>260,206</b>	<b>1,059,506</b>	<b>47,128,563</b>
<b>Liabilities</b>							
Accounts payable	\$202,725	54,643	12,897	404,236	-	2,194	676,695
Accrued costs	1,690,903	-	23,037	-	-	75,903	1,789,843
Contracts payable	-	-	-	124,478	-	-	124,478
Unearned revenue	-	-	-	-	-	-	-
Due to other funds	1,078	-	-	-	-	-	1,078
<b>Total Liabilities</b>	<b>1,894,706</b>	<b>54,643</b>	<b>35,934</b>	<b>528,714</b>	<b>-</b>	<b>78,097</b>	<b>2,592,094</b>
<b>Deferred Inflows of Resources</b>							
Unavailable revenue	1,377,682	93,298	2,038,185	-	-	-	3,509,165
<b>Fund Balance</b>							
Nonspendable:							
Prepays	86,859	-	6,582	-	-	2,392	95,833
Restricted for:							
Streets	1,852,214	141,001	-	-	-	-	1,993,215
Parks	2,338,223	-	-	-	-	-	2,338,223
Public safety	-	-	1,513,122	-	-	324,385	1,837,507
Stormwater	-	-	-	-	-	654,632	654,632
Debt service	-	-	-	-	260,206	-	260,206
Committed:							
Capital projects	-	-	-	1,699,083	-	-	1,699,083
Stabilization	600,000	-	-	-	-	-	600,000
Assigned for:							
Parks project	30,000	-	-	-	-	-	30,000
Subsequent year's budget	18,781,523	-	-	-	-	-	18,781,523
Unassigned:	12,737,082	-	-	-	-	-	12,737,082
<b>Total Fund Balances</b>	<b>36,425,901</b>	<b>141,001</b>	<b>1,519,704</b>	<b>1,699,083</b>	<b>260,206</b>	<b>981,409</b>	<b>41,027,304</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$39,698,289</b>	<b>288,942</b>	<b>3,593,823</b>	<b>2,227,797</b>	<b>260,206</b>	<b>1,059,506</b>	<b>47,128,563</b>

See accompanying notes to financial statements.

CITY OF MT. JULIET, TENNESSEE

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

June 30, 2019

Amounts reported for fund balance - total governmental funds		\$41,027,304
Amounts reported for governmental activities in the statement of net position 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		79,483,968
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		1,390,980
Property taxes receivable		16,406
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 are included in governmental activities in the statement of net position.		1,476,588
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.		(66,861)
Bond premiums are amortized over the life of the bonds in the statement of activities.		(7,182)
Gain or loss on refunding is amortized as a component of interest over the life of the bonds on the statement of net position		340,244
Pension plan reporting requires recognition of the City's portion of net pension liability or asset and deferred outflows/inflows of resources in governmental activities. These amounts are not reflected in the fund financial statements.		
Net pension asset	1,378,762	
Deferred outflows of resources	1,212,871	
Deferred inflows of resources	(899,217)	
		1,692,417
OPEB plan reporting requires recognition of the City's portion of net pension liability or asset and deferred outflows/inflows of resources in governmental activities. These amounts are not reflected in the fund financial statements.		
Net OPEB liability	(1,015,797)	
Deferred inflows of resources	(39,633)	
Deferred outflows of resources	20,821	
		(1,034,609)
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	(\$12,189,800)	
Capital leases payable	(1,678,324)	
Obligation to county schools	-	
Compensated absences	(560,435)	
		(14,428,559)
Net position of governmental activities		<u>\$109,890,696</u>

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, 2019

		Special Revenue Funds		Capital Projects Fund			
		State Street Aid Fund	Emergency Services Fund	General Capital Projects Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
<u>Revenues</u>	General						
Taxes	\$14,862,393	-	1,942,021	-	-	-	16,804,414
Intergovernmental	3,653,143	1,098,549	4,274	747,669	-	24,020	5,527,655
Fines and fees	1,320,430	-	-	-	-	51,716	1,372,146
Licenses and permits	2,434,815	-	292,820	-	861,769	446,962	4,036,366
Charges for services	430,333	-	-	-	-	-	430,333
Uses of money and property	380,446	4,895	53,205	33,518	2,407	7,298	481,769
Miscellaneous	162,130	-	37,103	9,369	-	-	208,602
Total Revenue	<u>23,243,690</u>	<u>1,103,444</u>	<u>2,329,423</u>	<u>790,556</u>	<u>864,176</u>	<u>529,996</u>	<u>28,861,285</u>
<u>Expenditures</u>							
Current:							
General government	3,309,008	-	-	-	-	-	3,309,008
Police	7,092,733	-	-	-	-	22,342	7,115,075
Fire	-	-	2,258,648	-	-	-	2,258,648
Streets and public works	2,251,241	1,372,539	-	1,040	-	-	3,624,820
Stormwater	-	-	-	-	-	235,790	235,790
Parks and culture	1,323,846	-	-	15	-	-	1,323,861
Debt service	-	-	-	-	1,288,146	-	1,288,146
Capital outlay	1,671,955	55,254	47,809	3,891,066	-	74,702	5,740,786
Total Expenditures	<u>15,648,783</u>	<u>1,427,793</u>	<u>2,306,457</u>	<u>3,892,121</u>	<u>1,288,146</u>	<u>332,834</u>	<u>24,896,134</u>
Excess (deficiency) revenues over expenditures	<u>7,594,907</u>	<u>(324,349)</u>	<u>22,966</u>	<u>(3,101,565)</u>	<u>(423,970)</u>	<u>197,162</u>	<u>3,965,151</u>
<u>Other Financing Sources (Uses)</u>							
Capital lease proceeds	292,166	-	-	-	-	-	292,166
Proceeds from sale of property	364,501	-	-	-	-	-	364,501
Transfers from (to) other funds	(685,003)	366,521	(300,000)	10,998	607,484	-	-
Total Other Financing Sources (Uses)	<u>(28,336)</u>	<u>366,521</u>	<u>(300,000)</u>	<u>10,998</u>	<u>607,484</u>	<u>-</u>	<u>656,667</u>
Net Change in Fund Balance	7,566,571	42,172	(277,034)	(3,090,567)	183,514	197,162	4,621,818
Fund Balance, Beginning of Year as restated, see Note 14	<u>28,859,330</u>	<u>98,829</u>	<u>1,796,738</u>	<u>4,789,650</u>	<u>76,692</u>	<u>784,247</u>	<u>36,405,486</u>
Fund Balance, End of Year	<u>\$36,425,901</u>	<u>141,001</u>	<u>1,519,704</u>	<u>1,699,083</u>	<u>260,206</u>	<u>981,409</u>	<u>41,027,304</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, 2019

Amounts reported for net change in fund balance - total governmental funds	\$4,621,818
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	5,740,786
Disposal of capital asset	(88,586)
Depreciation expense	(4,045,246)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Property taxes	(1,520)
Local option sales tax	70,040
State shared revenues	30,503
Contributed capital assets	4,195,900
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 discounts and premiums and similar items when the debt is first issued, whereas these amounts deferred and amortized in the statement of activities.	
Debt repayment	873,531
Debt issuance	(292,166)
Loss on refunding	-
Amortization of debt discounts, premiums and losses on refunding	(28,202)
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	817
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	(3,504)
Pension expenditures in the governmental funds reflects amounts currently paid to fund the pension plan; however pension expense in the statement of activities is a comprehensive measurement consisting of elements deferrals and amortization of expenses which results in a difference in pension costs.	
Pension costs	248,138
OPEB expenditures in the governmental funds reflects amounts currently paid for OPEB costs; however OPEB expense in the statement of activities is a comprehensive measurement consisting of elements deferrals and amortization of expenses which results in a difference in OPEB costs.	
OPEB costs	184,167
Internal service funds are used by management to charge the costs of 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)	(4,132)
Change in net position of governmental activities	<u>\$11,502,344</u>

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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Local Taxes:				
Local sales taxes	\$10,100,000	10,100,000	10,607,465	507,465
Wholesale beer	830,000	830,000	816,693	(13,307)
Wholesale liquor	495,000	495,000	520,618	25,618
Franchise taxes	920,000	920,000	1,058,135	138,135
Hotel/Motel taxes	590,000	590,000	721,257	131,257
Business taxes	1,055,200	1,055,200	1,138,225	83,025
Total Local Taxes	<u>13,990,200</u>	<u>13,990,200</u>	<u>14,862,393</u>	<u>872,193</u>
Intergovernmental:				
State sales tax	2,604,000	2,604,000	2,776,197	172,197
State beer tax	15,600	15,600	14,525	(1,075)
State income tax	170,000	170,000	196,083	26,083
City petroleum special tax	64,000	64,000	62,300	(1,700)
State alcohol beverage tax	150,000	150,000	183,622	33,622
Police inservice	34,800	34,800	29,650	(5,150)
Other state revenue allocation	18,550	18,550	19,211	661
TVA in lieu of tax	357,000	357,000	371,555	14,555
Grants	10,000	10,000	-	(10,000)
	<u>3,423,950</u>	<u>3,423,950</u>	<u>3,653,143</u>	<u>229,193</u>
Fines and Penalties:				
City court and drug control	1,014,600	1,014,600	1,320,430	305,830
Total Fines and Penalties	<u>1,014,600</u>	<u>1,014,600</u>	<u>1,320,430</u>	<u>305,830</u>
Licenses and Permits:				
Building permits	650,000	650,000	871,650	221,650
Plumbing permits	101,000	101,000	249,564	148,564
Review and inspection fees	360,000	360,000	498,520	138,520
Zoning permits	7,000	7,000	1,539	(5,461)
Sign permits	8,000	8,000	12,525	4,525
Electrical permits	265,000	265,000	425,719	160,719
Other permits	259,075	259,075	375,298	116,223
Total Licenses & Permits	<u>1,650,075</u>	<u>1,650,075</u>	<u>2,434,815</u>	<u>784,740</u>
Charges for Services:				
Public safety charges	49,000	49,000	69,504	20,504
Road improvement fees	175,100	175,100	259,200	84,100
Recreational fees	100,650	100,650	101,629	979
Total Charges for Services	<u>324,750</u>	<u>324,750</u>	<u>430,333</u>	<u>105,583</u>
Uses of Property and Money				
Administrative support services	99,000	99,000	99,000	-
Rent	21,500	21,500	23,995	2,495
Interest	80,000	80,000	257,451	177,451
Total Uses of Property and money	<u>200,500</u>	<u>200,500</u>	<u>380,446</u>	<u>179,946</u>
Other Revenues:				
Contributions from others	2,550	2,550	14,618	12,068
Sale of assets	-	-	2,522	2,522
Miscellaneous	15,375	100,727	144,990	44,263
Total Other Revenues	<u>17,925</u>	<u>103,277</u>	<u>162,130</u>	<u>58,853</u>
 Total Revenues	 <u>20,622,000</u>	 <u>20,707,352</u>	 <u>23,243,690</u>	 <u>2,536,338</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, 2019**

<u>Expenditures</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
General Government:				
Legislative Board:				
Salaries	\$66,001	66,001	65,218	783
Employee benefits	5,874	5,874	5,403	471
Supplies and other	6,750	6,750	1,008	5,742
Total Legislative Board	78,625	78,625	71,629	6,996
City Court:				
Salaries	10,125	10,125	8,325	1,800
Employee benefits	775	775	666	109
Outside services	4,500	4,500	7,175	(2,675)
Supplies	1,000	1,000	619	381
Total City Court	16,400	16,400	16,785	(385)
City Manager:				
Salaries	440,350	451,585	456,042	(4,457)
Employee benefits	174,735	175,610	166,411	9,199
Outside services	14,500	14,500	11,721	2,779
Membership and dues	30,000	30,000	11,131	18,869
Events and city beautification	61,000	61,000	58,211	2,789
Supplies	12,650	12,650	7,625	5,025
Insurance	4,500	4,500	4,308	192
Other costs	6,100	6,100	2,944	3,156
Retiree benefits	105,020	105,020	56,726	48,294
Interest	-	-	50,735	(50,735)
Capital outlay	10,000	10,000	6,932	3,068
Total City Manager	858,855	870,965	832,786	38,179
Finance:				
Salaries	231,537	231,537	231,520	17
Employee benefits	104,608	104,608	102,725	1,883
Outside services	53,250	53,250	56,352	(3,102)
Supplies	17,225	17,225	12,238	4,987
Other costs	3,825	3,825	2,735	1,090
Capital outlay	-	-	-	-
Total Finance	410,445	410,445	405,570	4,875
City Attorney:				
Outside services	275,000	275,000	232,425	42,575
Other costs	18,000	18,000	2,655	15,345
Total City Attorney	293,000	293,000	235,080	57,920
Economic and Community Development:				
Salaries	57,946	57,946	-	57,946
Employee benefits	25,416	25,416	20,200	5,216
City beautification	30,000	30,000	29,702	298
Outside services	66,500	66,500	66,410	90
Special census	-	-	-	-
Other costs	33,700	33,700	1,696	32,004
Capital outlay	-	-	-	-
Total Economic and Community Development	213,562	213,562	118,008	95,554

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, 2019**

<u>Expenditures</u>	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
<u>General Government continued:</u>	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Planning and Codes:				
Salaries	\$291,722	291,722	261,946	29,776
Employee benefits	109,293	109,293	99,860	9,433
Supplies	18,150	18,150	7,115	11,035
Outside services	91,000	91,000	50,030	40,970
Other costs	11,550	11,550	7,677	3,873
Capital outlay	-	-	-	-
Total Planning and Codes	521,715	521,715	426,628	95,087
City Buildings and IT Services:				
Salaries	220,508	220,508	220,926	(418)
Employee benefits	63,456	63,456	59,977	3,479
Supplies	232,451	232,451	230,914	1,537
Repairs and maintenance	93,500	93,500	68,862	24,638
Outside services	125,856	125,856	95,415	30,441
Utilities	261,700	261,700	257,119	4,581
Insurance	28,350	28,350	26,377	1,973
Equipment rental	149,000	149,000	123,084	25,916
RTA commuter rail	33,000	33,000	30,000	3,000
Other costs	1,600	1,600	1,412	188
Capital outlay	321,800	321,800	85,490	236,310
Total City Hall Buildings	1,531,221	1,531,221	1,199,576	331,645
City Garage:				
Salaries	55,406	55,406	54,991	415
Benefits	32,745	32,745	31,157	1,588
Supplies	6,850	6,850	3,998	2,852
Repairs and other	5,910	5,910	5,222	688
Capital outlay	-	-	-	-
Total City Garage	100,911	100,911	95,368	5,543
Total General Government	4,024,734	4,036,844	3,401,430	635,414
Public Safety:				
Police Department:				
Salaries	4,322,216	4,322,216	4,091,238	230,978
Benefits	1,884,302	1,884,302	1,775,182	109,120
Repairs and maintenance	148,500	148,000	153,506	(5,006)
Supplies	409,400	502,805	494,623	8,182
Outside services	439,050	361,647	303,900	57,747
Utilities	58,050	55,350	49,729	5,621
Insurance	179,800	179,650	182,819	(3,169)
Other costs	52,200	52,200	41,736	10,464
Capital outlay	513,548	875,000	866,315	8,685
Total Public Safety	8,007,066	8,381,170	7,959,048	422,122
Streets and Public Works:				
Salaries	1,240,613	1,240,613	1,150,976	89,637
Employee benefits	677,986	677,986	629,395	48,591
Repairs and maintenance	81,800	81,800	79,801	1,999
Supplies	52,000	52,000	20,923	31,077
Outside services	305,600	305,600	145,206	160,394
ADA study	200,000	200,000	186,258	13,742
Insurance	33,900	33,900	31,108	2,792
Other costs	29,750	29,750	7,574	22,176
Capital outlay	550,000	550,000	539,375	10,625
Total Streets and Public Works	3,171,649	3,171,649	2,790,616	381,033

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, 2019**

<u>Expenditures</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Recreation and Culture:				
Salaries	\$729,443	729,443	567,591	161,852
Employee benefits	276,079	276,079	247,347	28,732
Repairs and maintenance	67,668	67,668	60,815	6,853
Supplies	59,162	83,130	89,830	(6,700)
Outside services	17,000	17,000	10,250	6,750
Insurance	22,800	22,800	22,148	652
Utilities	59,500	59,500	59,079	421
Other costs	5,500	5,500	2,603	2,897
Appropriations to nonprofits	264,575	264,575	264,183	392
Capital outlay	206,800	206,800	173,843	32,957
Total Recreation and Culture	<u>1,708,527</u>	<u>1,732,495</u>	<u>1,497,689</u>	<u>234,806</u>
 Total Expenditures	 <u>16,911,976</u>	 <u>17,322,158</u>	 <u>15,648,783</u>	 <u>1,673,375</u>
 Excess (Deficiency) of Revenues Over Expenditures	 <u>3,710,024</u>	 <u>3,385,194</u>	 <u>7,594,907</u>	 <u>4,209,713</u>
Other Financing Sources (Uses):				
Proceeds from sale of property	-	-	364,501	364,501
Capital lease proceeds	-	292,166	292,166	-
Transfers out	(20,877,892)	(21,047,892)	(685,003)	20,362,889
Total Other Financing Sources (Uses)	<u>(20,877,892)</u>	<u>(20,755,726)</u>	<u>(28,336)</u>	<u>20,727,390</u>
 Excess (Deficiency) of Revenues Over Expenditures & Other Uses	 <u>(17,167,868)</u>	 <u>(17,370,532)</u>	 <u>7,566,571</u>	 <u>24,937,103</u>
 Fund Balance, Beginning of Year, as restated, see Note 14	 <u>28,859,330</u>	 <u>28,859,330</u>	 <u>28,859,330</u>	 <u>-</u>
 Fund Balance, End of Year	 <u>\$11,691,462</u>	 <u>11,488,798</u>	 <u>36,425,901</u>	 <u>24,937,103</u>

See accompanying notes to financial statements.

**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, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<u>Revenues</u>				
Intergovernmental:				
Gasoline motor fuel city tax	\$595,000	595,000	595,292	292
Gas 1989 tax	95,000	95,000	94,927	(73)
Gas three cent tax	176,000	176,000	175,893	(107)
2017 tax	232,160	232,160	232,437	277
Interest	1,100	1,100	4,895	3,795
Total Revenues	<u>1,099,260</u>	<u>1,099,260</u>	<u>1,103,444</u>	<u>4,184</u>
<u>Expenditures</u>				
Street Maintenance				
Repairs and maintenance	1,315,000	1,450,000	1,254,143	195,857
Street lighting and signage	90,000	90,000	118,396	(28,396)
Capital outlay	60,000	60,000	55,254	4,746
Total Expenditures	<u>1,465,000</u>	<u>1,600,000</u>	<u>1,427,793</u>	<u>172,207</u>
Excess of Revenues Over Expenditures	(365,740)	(500,740)	(324,349)	176,391
Other Financing Sources (Uses)				
Transfers In (Out)	<u>231,521</u>	<u>366,521</u>	<u>366,521</u>	<u>-</u>
Fund Balance, Beginning of Year	<u>98,829</u>	<u>98,829</u>	<u>98,829</u>	<u>-</u>
Fund Balance, End of Year	<u><u>(\$35,390)</u></u>	<u><u>(35,390)</u></u>	<u><u>141,001</u></u>	<u><u>176,391</u></u>

See accompanying notes to financial statements.

**CITY OF MT. JULIET, TENNESSEE**

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

**Emergency Services Fund**

**For the Year Ended June 30, 2019**

<u>Revenues</u>	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Local taxes:				
Property tax	\$1,929,719	1,929,719	1,942,021	12,302
Interest	7,000	7,000	23,205	16,205
Licenses and permits	55,305	55,305	292,820	237,515
Grants	46,500	46,500	4,274	(42,226)
Rents	44,000	30,000	30,000	-
Other - contributions, etc	-	3,250	37,103	33,853
Total Revenues	<u>2,082,524</u>	<u>2,071,774</u>	<u>2,329,423</u>	<u>257,649</u>
<u>Expenditures</u>				
Fire				
Salaries	1,312,693	1,312,693	1,317,095	(4,402)
Benefits	647,887	647,887	602,229	45,658
Utilities	31,500	52,500	33,088	19,412
Contract services	11,200	11,200	9,033	2,167
Supplies	142,000	139,405	134,656	4,749
Repairs and maintenance	107,000	116,000	107,239	8,761
Insurance	26,000	26,000	30,193	(4,193)
Other	23,600	24,350	25,115	(765)
Capital outlay	46,600	52,000	47,809	4,191
Total Expenditures	<u>2,348,480</u>	<u>2,382,035</u>	<u>2,306,457</u>	<u>75,578</u>
Excess (Deficiency) of Revenues Over Expenditures	(265,956)	(310,261)	22,966	333,227
Other Financing Sources (Uses)				
Transfers In (Out)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	(565,956)	(610,261)	(277,034)	333,227
Fund Balance, Beginning of Year	<u>1,796,738</u>	<u>1,796,738</u>	<u>1,796,738</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$1,230,782</u></u>	<u><u>1,186,477</u></u>	<u><u>1,519,704</u></u>	<u><u>333,227</u></u>

See accompanying notes to financial statements.

## CITY OF MT. JULIET, TENNESSEE

## Statement of Net Position

## Proprietary Fund

June 30, 2019

	Business -type Activities	Internal Service Fund
	Sewer Enterprise Fund	
<b>Assets</b>		
Current Assets:		
Cash	\$7,086,605	2,026,230
Investments	1,082,767	-
Receivable-net of allowance for doubtful accounts of \$19,943	948,330	127,148
Interest receivable	6,935	-
Prepaid insurance	17,958	45,791
Inventory	87,073	-
Total Current Assets	9,229,668	2,199,169
Noncurrent Assets:		
Restricted cash - restricted for capital projects	6,447,288	-
Net pension asset	154,337	-
Capital Assets:		
Land	1,141,135	-
Construction in progress	518,999	-
Collection system	76,665,003	-
Buildings and other improvements	788,466	-
Equipment	1,311,371	-
Total Capital Assets	80,424,974	-
Less: accumulated depreciation	(24,582,299)	-
Net Property, Plant and Equipment	55,842,675	-
Total Noncurrent Assets	62,444,300	-
Total Assets	71,673,968	2,199,169
<b>Deferred Outflows of Resources</b>		
Net difference between projected and actual experience -OPEB plan	2,314	-
Net difference between projected and actual earnings -pension plan	135,768	-
Total Deferred Outflows of Resources	138,082	-
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	718,003	382,200
Accrued expenses	68,918	-
Surety bonds	372,067	-
Total Current Liabilities	1,158,988	382,200
Noncurrent Liabilities:		
Other post-employment benefit obligation	112,866	-
Total Noncurrent Liabilities	112,866	-
Total Liabilities	1,271,854	382,200
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources related to pensions	100,657	-
Deferred inflows of resources related to OPEB	4,404	-
	105,061	-
<b>Net Position</b>		
Net investment in capital assets	55,842,675	-
Restricted for capital improvements	6,447,288	-
Restricted for pension benefits	154,337	-
Unrestricted	7,990,835	1,816,969
Total Net Position	\$70,435,135	1,816,969
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	340,381	
Net Position of business -type activities	\$70,775,516	

See accompanying notes to financial statements.

**CITY OF MT. JULIET, TENNESSEE**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund**  
**For the Year Ended June 30, 2019**

	Business -type Activities Sewer Enterprise Fund	Internal Service Fund
Operating Revenues:		
Charges for sales and services - sewer	\$6,299,905	\$2,826,126
Sewer inspection and administrative charges	265,452	-
Penalties	98,055	-
Operating private grant	13,210	-
Other	95,437	-
Total Operating Revenues	<u>6,772,059</u>	<u>2,826,126</u>
Operating Expenses:		
Sewer line and pump maintenance	1,247,123	-
Sewer lift station operation	192,961	-
Administrative and accounting	444,465	2,662,989
Sewer transportation and treatment	3,045,067	-
Depreciation	1,836,205	-
Professional services	184,693	-
Total Operating Expenses	<u>6,950,514</u>	<u>2,662,989</u>
Operating Income (Loss)	<u>(178,455)</u>	<u>163,137</u>
Nonoperating Revenues (Expenses):		
Rent	24,000	-
Loss on sale of capital assets	(5,693)	-
Interest income	103,126	-
Net Nonoperating Revenues (Expenses)	<u>121,433</u>	<u>-</u>
Net Income (Loss) Before Contributions	<u>(57,022)</u>	<u>163,137</u>
Contributions:		
Capital contribution - Tap fees	2,497,600	-
Capital contribution - Utility plant	1,880,115	-
Total Contributions	<u>4,377,715</u>	<u>-</u>
Change in Net Position	<u>4,320,693</u>	<u>163,137</u>
Net Position - Beginning of Year	<u>66,114,442</u>	<u>1,653,832</u>
Net Position - End of Year	<u><u>\$70,435,135</u></u>	<u><u>1,816,969</u></u>
Change in Net Position as shown above	4,320,693	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>167,268</u>	
Change in Net Position of business -type activities	<u><u>\$4,487,961</u></u>	

See accompanying notes to financial statements.

**CITY OF MT. JULIET, TENNESSEE**

**Statement of Cash Flows**

**Proprietary Fund**

**For the Year Ended June 30, 2019**

	Sewer Enterprise Fund	Internal Service Fund
Cash Flows Provided (Used) By Operating Activities:		
Cash received from customers	\$6,646,726	-
Cash paid for personnel services	(869,900)	-
Cash paid to suppliers for goods and services	(4,020,295)	(45,791)
Cash received (returned) for surety bonds	40,607	-
Cash paid for interfund administrative support services	(99,000)	-
Premiums received/reimbursements received	-	2,894,229
Medical claims and administrative expenses paid	-	(2,600,930)
Net Cash Provided (Used) by Operating Activities	<u>1,698,138</u>	<u>247,508</u>
Cash Flows Provided (Used) By Capital and Related Financing Activities:		
Purchase of property, plant and equipment	(1,610,396)	-
Cash received on sale of capital assets	11,370	-
Cash received for rent	24,000	-
Contributions from customers	2,497,600	-
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>922,574</u>	<u>-</u>
Cash Flows Provided (Used) By Investing Activities:		
Purchase of investments	(9,478)	-
Interest received on investments	101,479	-
	<u>92,001</u>	<u>-</u>
Net Increase (Decrease) in Cash	2,712,713	247,508
Cash and Cash Equivalents, Beginning of Year	<u>10,821,180</u>	<u>1,778,721</u>
Cash and Cash Equivalents, End of Year	<u><u>\$13,533,893</u></u>	<u><u>2,026,229</u></u>
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operations</u></b>		
Operating income (loss)	(\$178,455)	163,137
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation and amortization	1,836,205	-
Change in deferred outflows of resources-pension related	1,911	-
Change in deferred outflows of resources-opeb related	(2,217)	-
Change in deferred inflows of resources-pension related	76,487	-
Change in deferred inflows of resources-opeb related	4,404	-
Change in net pension asset	(105,084)	-
Change in other post-employment benefit obligation	(22,650)	-
(Increase) Decrease in:		
Accounts receivable	(112,123)	(17,897)
Prepaid expenses	(9,084)	(45,791)
Inventory	(3,759)	-
Increase (Decrease) in:		
Accounts payable	173,387	148,059
Accrued expenses	11,719	-
Surety bonds	40,607	-
Unearned revenue	(13,210)	-
Net cash provided by operating activities	<u><u>\$1,698,138</u></u>	<u><u>247,508</u></u>

**Non-cash Investing, Capital and Financing Activities**

During the year the City accepted sewer lines from developers in the amount of \$1,880,115.  
During the year the City acquired capital assets with contracts payable in the amount of \$430,568.

See accompanying notes to financial statements.



# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 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, 2019, 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 position and the statement of changes in net position) 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

For the Year Ended June 30, 2019

### 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.

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

The *Emergency Services Fund* is used to account for the initial establishment and operation of the fire department.

The *General 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 grants and 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 and transfers from the governmental funds.

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.

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

For the Year Ended June 30, 2019

### 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, 2019 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 \$340,381 which relates to the consolidation of the internal service fund activities.

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

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 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 City 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. Gifts or contributions of capital assets, including intangible assets, are recorded at acquisition value when received.

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

#### Claims Payable

Medical insurance claims payable are classified as accounts payable and are recorded in accordance with GASB Statement Number 10.

#### 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.

#### Pensions

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

#### Long-term Obligations

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

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

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

#### Long-term Obligations, Continued

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

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

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has three items which qualify for reporting in this category. Deferred charges on refunding are reported in the government-wide financial statement of net position on the governmental activities statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred outflows are reported in the government-wide financial statements and fund financial statement in proprietary funds related to pensions and the current year pension contribution which is also deferred as well as deferred amounts related to other post employment benefits.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The *unavailable revenue* reported in the governmental funds balance sheet represents amounts that are deferred and recognized as an inflow of resources in the periods that the amounts become available. The deferred inflows of resources reported in the statement of net position consists primarily of assessed and unlevied property taxes, as well as income taxes, and arises from imposed non-exchange revenues (property taxes) which are assessed prior to the end of the year but levied the subsequent year. Deferred inflows of resources are also reported related to pension experience and investment earnings differences which will be amortized over the next six years.

#### Equity Classification

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

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

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

*Unrestricted net position* – All other net position that does not meet the definition of “restricted” or “net investment in capital assets.”

#### Fund Balance

In accordance with Governmental Accounting Standard Board (GASB) Statement 54, 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.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

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

#### Fund Balance (Continued)

*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 by resolution. Appropriations of fund balance to eliminate projected budgetary deficits in the subsequent year's budget are presented as assignments of fund balance. *Unassigned fund balance* is the residual classification of the General Fund.

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 committed fund balance classifications could be used.

By ordinance, the highest level of decision making authority, the Board, set aside a financial stabilization reserve in the General Fund, in the amount of \$600,000. An ordinance is required to remove funds from the account. The stabilization amount is included in the committed fund balance.

#### Property Taxes

The City's property tax is levied each October 1 on the assessed value listed as of January 1 for all real and personal property located in the City's legal boundaries. Property taxes are secured by a statutory lien effective as of the original assessment date of January 1, and as such an enforceable legal claim to the subsequent fiscal year levy exists at year end. Assessed values are established by the State of Tennessee at the following rates of assessed market value:

#### Industrial and Commercial Property

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

Taxes are levied at a rate of \$0.1664 per \$100 of assessed valuation for both years 2018 and 2019. Payments may be made during the period October 1 through February 28. Current tax collections of \$1,923,963 for the fiscal year ended June 30, 2019 were approximately 99% of the tax levy. By vote of the Board, the property taxes were levied for the purpose of capital items and operations for public safety and are accounted for in the Emergency Services Fund. Taxes become delinquent in March of the year subsequent to the levy date; delinquent taxes are turned over to the County Clerk and Master for collection each April.

The government-wide financial statements report property taxes receivable of \$2,039,548 which is net of an allowance for doubtful collections of \$1,779. Of this receivable \$2,020,000 represents the estimated net realizable 2019 property taxes assessed but which will not be levied until the subsequent fiscal year. This amount is included in deferred inflows of resources. The receivable reported in the governmental funds balance sheet is \$2,041,327 with offsetting deferred inflows of resources for amounts not available at June 30, 2019. The additional taxes receivable of \$199,581 are beer, hotel/motel, and franchise taxes. There were no tax abatements requiring disclosure under GASB 77.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 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, as required by state statutes, 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, 2019 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, 2019 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	\$ 1,082,767	299	N/A

#### 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, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclasses</u>	<u>Ending Balance</u>
<b>Governmental activities</b>					
<u>Capital assets not being depreciated:</u>					
Land	\$ 6,576,231	545,894	(74,472)	-	7,047,653
Construction in progress	1,523,497	3,859,645	-	(150,253)	5,232,889
<u>Capital assets being depreciated:</u>					
Buildings and improvements	7,049,811	-	-	-	7,049,811
Improvements other than buildings	6,084,549	213,427	-	-	6,297,976
Machinery and equipment	14,058,975	1,161,820	(167,825)	-	15,052,970
Infrastructure	61,624,615	4,155,900	-	150,253	65,930,768
Total capital assets	\$ 96,917,678	9,936,686	(242,297)	-	106,612,067

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclasses</u>	<u>Ending Balance</u>
<b>Governmental activities</b>					
<u>Less accumulated depreciation for:</u>					
Buildings and other improvements	\$ 2,421,140	173,492	-	-	2,594,632
Improvements other than buildings	2,462,813	394,896	-	-	2,857,709
Machinery and equipment	6,834,525	1,336,386	(153,711)	-	8,017,200
Infrastructure	<u>11,518,084</u>	<u>2,140,474</u>	<u>-</u>	<u>-</u>	<u>13,658,558</u>
Total accumulated depreciation	<u>23,236,562</u>	<u>4,045,248</u>	<u>(153,711)</u>	<u>-</u>	<u>27,128,099</u>
Governmental activities capital assets, net	\$ <u>73,681,114</u>				<u>79,483,968</u>

During the year, the City accepted donated improvements and infrastructure in the amount of \$4,195,900.

<b>Business-type activities:</b>	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Reclasses</u>	<u>Ending Balance</u>
<u>Capital assets not being depreciated:</u>					
Land	\$ 1,141,135	-	-	-	1,141,135
Construction in process	733,227	446,097	-	(660,325)	518,999
<u>Capital assets being depreciated:</u>					
Buildings & other improvements	762,601	25,865	-	-	788,466
Collections System	73,834,306	2,170,372	-	660,325	76,665,003
Equipment	<u>927,887</u>	<u>417,609</u>	<u>(34,125)</u>	<u>-</u>	<u>1,311,371</u>
Total capital assets	\$ <u>77,399,156</u>	<u>3,059,943</u>	<u>(34,125)</u>	<u>-</u>	<u>80,424,974</u>
<u>Less accumulated depreciation for:</u>					
Collection System and building	\$ 22,132,296	1,779,489	-	-	23,911,785
Equipment	<u>630,860</u>	<u>56,716</u>	<u>(17,062)</u>	<u>-</u>	<u>670,514</u>
Total accumulated depreciation	<u>22,763,156</u>	<u>1,836,205</u>	<u>(17,062)</u>	<u>-</u>	<u>24,582,299</u>
Business-type activities capital assets, net	\$ <u>54,636,000</u>				<u>55,842,675</u>

During the year the City accepted donated infrastructure in the amount of \$1,880,115. Depreciation expense was charged to function/programs as of June 30, 2019, as follows:

<b>Governmental activities:</b>	
General government	\$ 122,896
Public safety	1,090,303
Street and public works	2,475,830
Stormwater	5,658
Recreational and culture	<u>350,561</u>
Total depreciation expense-governmental activities	<u>\$4,045,248</u>
<b>Business-type activities:</b>	
Water and Sewer	<u>\$1,836,205</u>



# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 4) RECEIVABLES

Accounts and taxes receivable at June 30, 2019 consisted of the following:

	General	Emergency	Capital	State	Enterprise	Internal	
	Fund	Services Fund	Projects	Street Aid	Fund	Service	Total
			Fund	Fund		Fund	
Property taxes	\$ -	2,041,327	-	-	-	-	2,041,327
Beer/liquor taxes	110,729	-	-	-	-	-	110,729
Hotel/Motel tax	88,852	-	-	-	-	-	88,852
Other governments	2,793,036	-	642,691	190,688	-	-	3,626,415
Customer	-	-	-	-	968,273	-	968,273
Other	48	-	-	-	6,935	127,148	134,131
Allowance for-doubtful accounts	-	(1,779)	-	-	(19,943)	-	(21,722)
	<u>\$ 2,992,665</u>	<u>2,039,548</u>	<u>642,691</u>	<u>190,688</u>	<u>955,265</u>	<u>127,148</u>	<u>6,948,005</u>

### 5) DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

Deferred inflows of resources on the governmental funds balance sheet consists of amounts that are unavailable to liquidate liabilities of the current period which include property taxes, in lieu of property taxes, state shared revenues and pension plan related deferrals. At June 30, 2019, the components of deferred outflows and inflows on the government wide statement of net position consisted of the following:

	Governmental	Business-type
	Activities	Activities
<u>Deferred outflows of resources:</u>		
Deferred charge on refunding	\$ 340,244	-
Deferred current year pension contribution	883,714	95,002
Deferred difference in pension expected and actual experience	84,525	10,469
Deferred differences in pension due to changes in assumption	244,632	30,297
Deferred differences expected and actual OPEB experience	<u>20,821</u>	<u>2,314</u>
	<u>\$ 1,573,936</u>	<u>138,082</u>
<u>Deferred inflows of resources:</u>		
Property taxes:		
2019 assessed and unlevied	\$ 2,020,000	-
Estimated 2019 Hall Income tax	79,999	-
Deferred difference in pension expected and actual experience	814,416	91,164
Deferred difference in pension projected and actual earnings on investments	84,801	9,493
Deferred difference in OPEB expected and actual experience	<u>39,633</u>	<u>4,404</u>
	<u>\$ 3,038,849</u>	<u>105,061</u>

Deferred inflows of resources in the governmental fund statements totaled \$3,509,165 and consisted of unlevied property taxes of \$2,020,000, delinquent property taxes of \$18,185 and unavailable state and local shared taxes of \$1,470,980.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 6) LONG-TERM DEBT AND OTHER OBLIGATIONS PAYABLE

The government issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities for general government purposes.

The government also issues bonds where the government pledges income derived from the acquired or constructed assets to pay debt service. These bonds relate to the Sewer Enterprise Fund. Should sewer revenues be insufficient to pay the debt service, the debt is payable from the taxing authority of the City. For governmental activities, compensated absences and other post-employment benefits obligations are generally liquidated by the fund responsible for the employer which is the General, Emergency Services and Stormwater Funds.

The following is a summary of changes in long-term liabilities for the year ended June 30, 2019:

	Balance 07-01-18	<u>Addition</u>	<u>Reductions</u>	Balance 06-30-19	Current Portion
<u>Governmental Activities</u>					
Public Improvement Bonds	\$ 12,807,500	-	(617,700)	12,189,800	636,700
Obligation to county school system	284,602	-	(284,602)**	-	-
Capital lease	1,641,989	292,166	(255,831)	1,678,324	330,120
Compensated absences	<u>556,931</u>	<u>22,193</u>	<u>(18,689)</u>	<u>560,435</u>	<u>560,435</u>
Total Governmental Activities	\$15,291,022	<u>314,359</u>	<u>(1,176,822)</u>	14,428,559	<u>1,527,255</u>
Bond discounts/premiums	<u>8,209</u>	<u>-</u>	<u>(1,027)</u>	<u>7,182</u>	
	<u>\$15,299,231</u>			<u>14,435,741</u>	
<u>Business-type Activities</u>					
Compensated absences*	\$ <u>43,909</u>	<u>8,110</u>		<u>52,019</u>	<u>52,019</u>

\*Included in accrued liabilities

\*\*Reclassified to General Fund liability – See Footnote 14

Long term bonds and notes at June 30, 2019 consisted of the following obligations:

	Balance June 30, 2019
<u>Governmental-type Activities</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%.	\$ 3,450,000
\$9,292,000 general obligation refunding bonds Series 2016 due in annual installments through year 2034 with semi-annual interest payments at interest rate of 2.45%.	<u>8,739,800</u>
Total Governmental-type Activities	\$ <u>12,189,800</u>

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

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

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2019 are as follows:

Fiscal Year	Governmental-type		
	Refunding & Public Improvement		
	<u>Bonds</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 636,700	350,903	9,876,603
2021	645,700	330,133	975,833
2022	664,300	308,464	972,764
2023	697,900	285,491	983,391
2024	711,500	260,487	971,987
2025-2029	4,049,800	920,820	4,970,620
2030-2034	<u>4,783,900</u>	<u>358,352</u>	<u>5,142,252</u>
	\$ <u>12,189,800</u>	<u>2,814,650</u>	<u>15,004,450</u>

### Leases

The City entered into leases for the purchase of certain public safety equipment. The leases require repayment terms and have been accounted for as financing transactions. The City will have title to the assets by satisfying the minimum lease payments. The assets acquired through the capital lease are as follows:

	Governmental <u>Activities</u>
Police equipment	\$ 365,133
Fire equipment	2,600,028
Less accumulated depreciation	<u>(1,228,755)</u>
	\$ <u>1,736,406</u>

The future minimum lease obligations and net present values of those payments are as follows:

	<u>Lease Payments</u>	
2020	\$ 300,000	83,117
2021	300,000	83,117
2022	300,000	83,117
2023	300,000	83,117
2024	<u>300,000</u>	<u>-</u>
	1,500,000	332,468
Less amount representing interest	<u>(113,842)</u>	<u>(40,302)</u>
	\$ <u>1,386,158</u>	<u>292,166</u>

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 7) PENSION PLAN

#### Plan Description

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

#### Benefits Provided

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

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

#### Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	39
Inactive employees entitled to but not yet receiving benefits	117
Active employees	<u>158</u>
	<u>314</u>

#### Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees do not contribute to the plan. City of Mt. Juliet makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2019, employer contributions for City of Mt. Juliet were \$978,716, 11.24 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept City of Mt. Juliet's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 7) PENSION PLAN, Continued

#### Net Pension Liability (Asset)

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

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

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

Mortality rates were determined by using a customized table based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2018 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 7) PENSION PLAN, Continued

#### Net Pension Liability (Asset)

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

The money weighted rate of return for the year June 30, 2018 was 11.24%.

#### Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (c)
<b>Balance at 6/30/17</b>	\$ <u>14,537,518</u>	<u>15,023,822</u>	( <u>\$486,304</u> )
<b>Changes for the year:</b>			
Service cost	852,384	-	852,384
Interest	1,105,265	-	1,105,265
Differences between expected and actual experience	(809,079)	-	(809,079)
Changes in assumptions	-	-	-
Contributions- employer	-	936,797	(936,797)
Contributions- employees	-	-	-
Net investment income	-	1,273,309	(1,273,309)
Benefit payments, including refunds of employee contributions	(289,724)	(289,724)	-
Administrative expense	-	(14,741)	14,741
<b>Net changes</b>	<u>858,846</u>	<u>1,905,641</u>	<u>(1,046,795)</u>
<b>Balance at 6/30/18</b>	\$ <u>15,396,364</u>	<u>16,929,463</u>	<u>(1,533,099)</u>

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
City of Mt. Juliet's net pension liability (asset)	\$ <u>1,136,338</u>	( <u>1,533,099</u> )	( <u>3,651,303</u> )

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 7) PENSION PLAN, Continued

#### Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

*Pension expense.* For the year ended June 30, 2019, City of Mt. Juliet recognized pension expense of \$704,075.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 94,994	905,580
Net difference between projected and actual earning on pension plan investments	-	94,294
Changes in assumption	274,929	-
Contributions subsequent to the measurement date of June 30, 2018	978,716	
Total	\$ <u>1,348,639</u>	<u>999,874</u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2018,” will be recognized as a reduction (increase) to net position liability (asset) in the following measurement period.

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

Year ended June 30:	
2020	\$ 12,131
2021	(88,228)
2022	(207,286)
2023	(106,007)
2024	(73,775)
Thereafter	\$(166,791)

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

As of June 30, 2019, the City had no amounts payable for outstanding contributions to the pension plan required at year end.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 8) OTHER POST EMPLOYMENT HEALTHCARE PLAN

During 2018, the City adopted GASB Statement No. 75. This statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. GASB 75 requires the City to report the total liability on the face of the financial statements and also requires the presentation of more extensive note disclosures and required supplementary information about their OPEB.

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. The Plan does not issue a stand-alone report. The City has adopted GASB 75 as it relates to OPEB for the accounting and reporting. There is no OPEB trust.

1. **Medical Benefits:** The Medical Plan is a self insured plan. Dental, vision and life insurance are fully insured. Current retiree premium rates are as follows:

a) Dental (single):	\$29.93 per month.
b) Vision (single):	\$5.40 per month.
c) Pre-age 65 Prescription:	\$0.95 per month.
d) Pre-age 65 Medical:	No premium rate equivalent provided, so recent contributions and claims costs reflected.

Two plans are offered with differing deductibles and out-of-pocket limits. Rates differ for smokers and non-smokers. Adjustments to these premium rates to reflect the difference between the active/retiree group (for which the current premium rates were based on) and the retiree-only group, were required, in accordance with ASOP 6. The retiree and the spouse are covered under the program. For City of Mount Juliet, these adjustments were required for the Pre-Medicare liabilities. The retiree pays for the additional coverage.

2. **Medicare Part B Premiums:** Not applicable.
3. **Eligibility:** Only Employees hired prior to 2/1/1999 are eligible. Pre-November 2017 retirees were grandfathered.
4. **Retiree Contributions:** Dollar amounts apply for medical, dental and vision (0% for Life ins.) For FYE 2019, annual dollar amounts for single coverage included \$1,199.76 for medical, \$81.84 for dental and \$15.50 for vision.
5. **Funding Policy:** The employer's funding policy is to contribute the current annual premium (net of employee contributions) for all retired participants (ie., pay-as-you-go). The City has chosen not to pre-fund retiree medical benefit obligations in a Trust at this time and no assets have been segregated and restricted to provide for post employment benefits.



# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 8) OTHER POST EMPLOYMENT HEALTHCARE PLAN, Continued

#### 6. Membership Counts At 6/30/18:

	<u>Active</u>	<u>Retired</u>	<u>Total</u>
Total	11	5	16

#### 7. Actuarial Funding Method: Entry Age Normal, level % pay

#### 8. Actuarial Assumptions

1. Valuation Date 7/1/2017 (6/30/2018 EOY disclosures)
2. Discount Rate 2.98% per annum\*  
(2.79% for disclosures 6/30/19)  
(1.79% and 3.79% are illustrated for Sensitivity)

\*GASB #75 requires results be presented on your financial statements based on actual rates as of your year-end (reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index as of 6/30/2019 was 2.79%). Since the plan is not pre-funded, the Index will apply.

3. Salary Scale 3% per annum (for EAN)
4. Mortality: RP-2014 mortality table with MP-2016 projection.
5. Withdrawal: Sarasson T-5 Table
6. Disability: N/A
7. Retirement: The following table illustrates the retirement rates:

	<u>Retirement Age</u>	<u>Retirement Rates</u>
All eligible employees	60	25%
	61	15%
	62	15%
	63	15%
	64	15%
	65	100%

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 8) OTHER POST EMPLOYMENT HEALTHCARE PLAN, Continued

8. Health Care Cost

Trend Rate:

The following table illustrates the assumed health care trend rate for each future year:

<u>Year</u>	<u>Assumed Increase</u>
1	8.0%
2	7.5%
3	7.0%
4	6.5%
5	6.0%
6	5.5%
7	5.0%

9. Marital- Actives: Wife is assumed to be same age as the husband. 70% of males and 80% of females are assumed married.

10. Participation Rate: 100% of eligible retirees are expected to participate.

11. Inflation Rate: 3.0% per annum.

12. Change in provision: None.

9. Asset Valuation Method: Market value.

10. Amortization Basis: Investment gains/losses: 5 yrs (N/A Mt Juliet) Experience: Average Expected Future Working Lifetime of the Whole Group. Assumption Change: Average Expected Future Working Lifetime of the Whole Group.

### 11. Sensitivity – Discount Rate

	1% Decrease	Discount Rate	1% Increase
	<u>1.79%</u>	<u>2.79%</u>	<u>3.79%</u>
Net OPEB Liability 6/30/19	1,265,437	1,128,663	991,889
GASB 75 Expense 6/30/19	5,000	45,625	40,000

### 12. Sensitivity – Health Care Trend Rate

	1% Decrease	Healthcare Trend Rates	1% Increase
	<u>7.0%</u>	<u>8.0%</u>	<u>9.0%</u>
	<u>decreasing</u>	<u>decreasing to</u>	<u>decreasing</u>
	<u>to</u>	<u>5%</u>	<u>to</u>
	<u>4%</u>		<u>6%</u>
Net OPEB Liability 6/30/19	967,151	1,128,663	1,314,498
Projected expense 6/30/19	40,000	45,625	50,000

NOTES: Have used a 2.79% discount rate, with sensitivity at 1.79% and 3.79%. The S&P 20AA Municipal Bond Index (an appropriate index for GASB #75 purposes) was 2.79% on 6/30/19, the Measurement Date. Due to the small OPEB Trust level (Zero) vs. Liabilities, the plan is not projected to have a Plan Fiduciary Net position in excess of benefit payments for any year, so the 2.79% Municipal Bond Rate will apply. Net OPEB Liability is the GASB #75 term now used for Unfunded Accrued Liability.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 8) OTHER POST EMPLOYMENT HEALTHCARE PLAN, Continued

#### 13. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.

For the year ended June 30, 2019, the City recognized OPEB expense of \$(226,501).

<b>Total OPEB Liability</b>	
Service Cost	\$ 9,467
Interest	39,690
Changes of benefit terms	(203,710)*
Difference between expected and actual experience	(51,376)
Changes in assumptions	25,973
Benefit payments	(46,545)
GASB #75 Annual OPEB Expense	<u>\$ (226,501)</u>

\*Note: Changes in Benefits- Medical benefits now fully insured.

At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 872	44,037
Changes of assumption	22,263	-
Net difference between projected and actual earnings of OPEB plan investments	-	-
<b>Total</b>	<u>\$ 23,135</u>	<u>44,037</u>

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

Year ended June 30:	
2020	\$ (3,532)
2021	(3,532)
2022	(3,532)
2023	(3,532)
2024	(3,532)
2025	(3,533)
Thereafter (3 years)	97

#### 14. Development of Changes in OPEB Liability, Plan Fiduciary Net Position, and Related Ratios

<b>Total OPEB Liability</b>	
Service cost	\$ 9,467
Interest	39,690
Changes of benefit terms	(203,710)
Difference between expected and actual experience	(51,376)
Changes in assumptions	25,973
Benefit payments	(46,545)
<b>Net change in total OPEB liability</b>	<u>(226,501)</u>
<b>Total OPEB liability – beginning</b>	<u>1,355,164</u>
<b>Total OPEB liability- ending</b>	<u>\$ 1,128,663</u>
 Plan fiduciary net position, end of year	 -%
Employee covered payroll	756,600
Net OPEB liability as a percentage of employee covered payroll	149.18%

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 9) 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 \$604 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 \$3,045 for sewer treatment and \$513,400 for connection charges under this agreement.

#### Contracts

The City currently has approximately \$2,505,671 in project contracts. These contracts were approximately 25% complete at June 30, 2019 and are being financed with available reserves.

#### 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.

#### 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 \$102,401 during 2019. Future lease obligations are as follows:

2020	\$ 77,937
2021	54,103
2022	<u>15,447</u>
	\$ <u>147,487</u>

#### Contingencies

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.

The City received a Department of Housing and Urban Development Home Investment Partnership Grant Note. The grant note in the amount of \$384,968, 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.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 10) 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 \$60,000 per individual with aggregate specific deductible of \$125,000, and \$2,206,098 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.

Changes in the balance of claims liabilities during the past three 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>
2016-2017	\$ 218,336	2,219,149	(2,230,072)	207,413
2017-2018	\$ 207,413	2,004,147	(1,977,419)	234,141
2018-2019	\$ 234,141	2,748,989	(2,600,930)	382,200

The City is exposed to various other risks of losses. The City deemed it was more economically feasible to participate in a public entity risk pool as opposed to purchasing commercial insurance for general liability, property and casualty, and workers compensation coverage. The City participates in the TML Insurance Pool which is a public entity risk pool established by the Tennessee Municipal League, an association of member Cities. The City pays an annual premium to the TML for its general liability, property and casualty and workers compensation insurance coverage. The creation of the pool provides for it to be self-sustaining through member premiums. The pool reinsures through commercial insurance companies for claims in excess of certain amounts for each insured event. Settled claims from these losses have not exceeded insurance coverage in any of the past three fiscal years.

### 11) 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, 2019 and 2018, the Board had an accumulated net position of \$642,968 and \$598,463 respectively. The net change in net position for fiscal year 2019 was \$44,482. Separate financial statement information regarding the joint venture is available from the City.

### 12) INTERFUND TRANSACTIONS

Interfund receivable/payable balances between activities in the government wide financial statements include \$340,381 related to the consolidation of the internal service fund. The governmental funds include \$1,078 that is due from Drug Fund to the General Fund which was liquidated subsequent to year end.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 12) INTERFUND TRANSACTIONS, Continued

Interfund transfers for the year ended June 30, 2019 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

	Transfer In			
	<u>State Street</u>	<u>Capital Projects</u>	<u>Debt Service</u>	
	<u>Aid Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
Transfer out:				
General Fund	\$366,521	10,998	307,484	685,003
Emergency Services Fund	-	-	<u>300,000</u>	<u>300,000</u>
	<u>\$366,521</u>	<u>10,998</u>	<u>607,484</u>	<u>985,003</u>

### 13) 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.

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.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 13) BUDGETS AND BUDGETARY ACCOUNTING, Continued

During the year the following amendments were made to budgeted appropriations:

General Fund:	
General Government	\$ 12,110
Public Safety	374,104
Recreation & Culture	<u>23,968</u>
	\$ <u>410,182</u>
Emergency Services Fund	\$ <u>33,555</u>
State Street Aid Fund	\$ <u>135,000</u>
Drug Fund	\$ <u>22,242</u>

General Fund budget amendments primarily related to general operations, salaries and benefits and public safety capital outlay. Due to the projects not beginning in 2019, most of the budgeted transfers were not executed. The State Street Aid Fund budget was amended primarily for road repairs. The Emergency Services Fund was amended for supplies and utilities and the Drug Fund budget was amended for capital expenditures.

### 14) RESTATEMENT

The City received a judgement of a lawsuit with the County relating to TCA 57-4-306 requiring the split of the liquor tax with the local school system. The City had recorded an estimated liability (\$182,765 General Fund liability and \$284,602 long-term debt) however the court awarded additional interest costs which resulted in the following restatement. The City will pay the judgement subsequent to year end.

	Governmental <u>Activities</u>	General <u>Fund</u>
Net position/fund balance, beginning of year as previously reported	\$ 98,525,120	29,280,700
Increase in obligation to county	<u>(136,768)</u>	<u>(421,370)</u>
Net position/fund balance, beginning of year as restated	\$ <u>98,388,352</u>	<u>28,859,330</u>

The effect on net position/fund balance current year change in net position and fund balance relates to interest expense is as follows:

	Governmental <u>Activities</u>	General <u>Fund</u>
2019	\$ (50,735)	(50,735)

### 15) SUBSEQUENT EVENTS

Subsequent to year end the City discontinued the Self Insured Medical Insurance Program and began participating in a commercial insurance plan. The Self Insured Medical Insurance Fund will be liquidated in 2020 when all obligations are settled.

Also subsequent to year end, the City issued \$6,070,000 General Obligation Bonds to refund the 2009 General Obligation Refunding Bonds in the amount of \$3,450,000 with the remainder to be used to fund the construction and equipping of a new fire station. The City also purchased the land for the fire station for \$200,000.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**City of Mt Juliet, Tennessee**  
**Schedule of Changes in Net Pension Liability (Asset)**  
**and Related Ratios Based on Participation in the Public Employee**  
**Pension Plan of TCRS\*\***

Last Fiscal Year Ending

	2014	2015	2016	2017	2018
<b>Total pension liability</b>					
Service cost	\$ 443,365	485,779	546,207	645,473	852,384
Interest	763,410	830,197	899,978	992,200	1,105,265
Changes in benefit terms	-	-	-	-	-
Differences between actual & expected experience	(114,265)	(202,551)	(25,115)	122,136	(809,079)
Change of assumptions	-	-	-	353,481	-
Benefit payments, including refunds of employee contributions	(264,132)	(224,747)	(262,126)	(319,276)	(289,724)
<b>Net change in total pension liability</b>	<b>828,378</b>	<b>888,678</b>	<b>1,158,944</b>	<b>1,794,014</b>	<b>858,846</b>
<b>Total pension liability- beginning</b>	<b>9,867,504</b>	<b>10,695,882</b>	<b>11,584,560</b>	<b>12,743,504</b>	<b>14,537,518</b>
<b>Total pension liability- ending (a)</b>	<b>\$ 10,695,882</b>	<b>11,584,560</b>	<b>12,743,504</b>	<b>14,537,518</b>	<b>15,396,364</b>
<b>Plan fiduciary net position</b>					
Contributions - employer	\$ 806,691	798,473	860,287	957,220	936,797
Contributions - employee	-	398	1,762	199	-
Net investment income	1,536,270	349,649	325,756	1,497,426	1,273,309
Benefit payments, including refunds of employee contributions	(264,132)	(224,747)	(262,126)	(319,276)	(289,724)
Administrative expense	(4,822)	(6,657)	(10,583)	(12,792)	(14,741)
<b>Net change in plan fiduciary net position</b>	<b>2,074,007</b>	<b>917,116</b>	<b>915,096</b>	<b>2,122,777</b>	<b>1,905,641</b>
<b>Plan fiduciary net position- beginning</b>	<b>8,994,826</b>	<b>11,068,833</b>	<b>11,985,949</b>	<b>12,901,045</b>	<b>15,023,822</b>
<b>Plan fiduciary net position- ending (b)</b>	<b>\$ 11,068,833</b>	<b>11,985,949</b>	<b>12,901,045</b>	<b>15,023,822</b>	<b>16,929,463</b>
<b>Net Pension Liability (asset) ending (a) - (b)</b>	<b>\$ (372,951)</b>	<b>(401,389)</b>	<b>(157,541)</b>	<b>(486,304)</b>	<b>(1,533,099)</b>
<b>Plan fiduciary net position as a percentage of total pension liability</b>	<b>103.49%</b>	<b>103.46%</b>	<b>101.24%</b>	<b>103.35%</b>	<b>109.96%</b>
<b>Covered payroll</b>	<b>\$ 6,432,941</b>	<b>6,692,987</b>	<b>7,211,166</b>	<b>8,030,370</b>	<b>8,334,446</b>
<b>Net pension liability (asset) as a percentage of covered payroll</b>	<b>(5.8)%</b>	<b>(6.0)%</b>	<b>(2.18)%</b>	<b>(6.06)%</b>	<b>(18.39)%</b>

**Notes to Schedule**

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

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

**City of Mt Juliet, Tennessee**  
**Schedule of Contributions Based on Participation in the**  
**Public Employee Pension Plan of TCRS\*\***

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 806,691	798,473	860,287	957,220	936,615	978,716
Contributions in relation to actuarilly determined contribution	<u>806,691</u>	<u>798,473</u>	<u>860,287</u>	<u>957,220</u>	<u>936,615</u>	<u>978,716</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Covered payroll	\$ 6,432,941	6,694,908	7,211,166	8,030,369	8,334,446	8,707,437
Contributions as a percentage covered payroll	12.54%	11.93%	11.93%	11.92%	11.24%	11.24%

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

**NOTES TO SCHEDULE**

*Valuation date:* Actuarially determined contribution rates for 2019 were calculated based on the July 1, 2017 actuarial valuation.

*Methods and assumptions used to determine the contribution rates:*

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies year by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living adjustment	2.25 percent

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

**City of Mt. Juliet, Tennessee**  
**Schedule of Changes in the Net OPEB Liability (Asset)**  
**and Related Ratios**

Last Fiscal Year ending June 30

	<u>2018</u>	<u>2019</u>
<b>Total pension liability</b>		
Service cost	\$ 10,780	9,467
Interest	39,925	39,690
Changes in benefit terms	-	(203,710)
Differences between actual & expected experience	969	(51,376)
Change of assumptions	-	25,973
Benefit payments, including refunds of employee contributions	(72,552)	(46,545)
<b>Net change in total OPEB liability</b>	(20,878)	(226,501)
<b>Total OPEB liability- beginning</b>	1,376,042	1,355,164
<b>Total OPEB liability- ending (a)</b>	<u>\$ 1,355,164</u>	<u>1,128,663</u>
 <b>Plan fiduciary net position</b>		
Contributions - employer	\$ 72,552	46,545
Net investment income	-	-
Benefit payments, including refunds of employee contributions	(72,552)	(46,545)
Administrative expense	-	-
Net change in plan fiduciary net position	-	-
Plan fiduciary net position- beginning	-	-
Plan fiduciary net position- ending (b)	<u>\$ 1,355,164</u>	<u>1,128,663</u>
 City's net OPEB Liability (asset) ending (a) - (b)	<u>\$ 1,355,164</u>	<u>1,128,663</u>
 Plan fiduciary net position as a percentage of total pension liability	0.00%	0.00%
 Employee covered payroll	\$ 739,482	756,600
 Net pension liability (asset) as a percentage of employee covered payroll	183.26%	149.18%

**Notes to Schedule**

There is no OPEB Trust.

*Benefit changes - Medical now fully insured.*

GASB 75 requires a 10-year schedule for this data to be presented starting with the *Implementation of GASB 75*.

The information in this schedule is not required to be presented retroactively prior to the implementation date.

**City of Mt Juliet, Tennessee**  
**Schedule of OPEB Contributions and Assumptions**

Fiscal Year Ending June 30

	<u>2018</u>	<u>2019</u>
Actuarially determined contribution	\$ 50,705	100,387
Contributions in relation to actuarially determined contribution	<u>(72,552)</u>	<u>46,545</u>
Contribution excess (deficiency)	<u>21,847</u>	<u>(53,842)</u>
Employee covered payroll	\$ 739,482	756,600
Contributions as a percentage employee covered payroll	9.81%	6.15%
Annual money-weighted rate of return, net of investment expense (No OPEB Trust - Index will apply for discount rate purposes.)	N/A	N/A

GASB 75 requires a 10-year schedule for this data to be presented starting with the *Implementation of GASB 75*.  
The information in this schedule is not required to be presented retroactively prior to the implementation date.

**NOTES TO SCHEDULE**

Valuation date:	7/1/2017	7/1/2018
Census date:	6/30/2018	6/30/2018

Methods and assumptions used to determine the contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	N/A
Amortization period	N/A
Asset valuation	Market
Inflation	3.00%
Healthcare cost trend rates	8% decr to 5% ultimate
Salary Increases	3%
Investment Rate of Return	2.79% current year, 2.98% for 2018
Retirement age	Rates from age 60
Mortality	RP 2014 w/MP2016 Projection

Other information:

GASB 75 requires a 10-year schedule for this data to be presented starting with the *Implementation of GASB 75*.  
The information in this schedule is not required to be presented retroactively prior to the implementation date.

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

**CITY OF MT. JULIET, TENNESSEE**

**Combining Balance Sheet**

**Nonmajor Governmental Funds**

**June 30, 2019**

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
<u>Assets</u>	<u>Drug Fund</u>	<u>Stormwater Fund</u>	
Cash and cash equivalents	\$355,070	700,966	1,056,036
Prepays	-	2,392	2,392
Due from other funds	1,078	-	1,078
	<hr/>	<hr/>	<hr/>
Total Assets	<u>356,148</u>	<u>703,358</u>	<u>1,059,506</u>
 <u>Liabilities and Fund Balances</u>			
Liabilities:			
Accounts payable	\$1,079	1,115	2,194
Accrued liabilities	30,684	45,219	75,903
	<hr/>	<hr/>	<hr/>
Total Liabilities	<u>31,763</u>	<u>46,334</u>	<u>78,097</u>
Fund Balances:			
Nonspendable - prepaids	-	2,392	2,392
Restricted	324,385	654,632	979,017
Total Fund Balance	<u>324,385</u>	<u>657,024</u>	<u>981,409</u>
	<hr/>	<hr/>	<hr/>
Total Liabilities & Fund Balances	<u>\$356,148</u>	<u>703,358</u>	<u>1,059,506</u>

**CITY OF MT. JULIET, TENNESSEE**

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

**Nonmajor Governmental Funds**

**For the Year Ended June 30, 2019**

	<u>Special Revenue Funds</u>		<u>Total Nonmajor Governmental Funds</u>
	<u>Drug Fund</u>	<u>Stormwater Fund</u>	
<u>Revenues</u>			
Interest	\$2,692	4,606	7,298
Intergovernmental	24,020	-	24,020
Licences and permits and fees	-	446,962	446,962
Drug related fines, seizures, and sales	51,716	-	51,716
<b>Total Revenues</b>	<u>78,428</u>	<u>451,568</u>	<u>529,996</u>
<u>Expenditures</u>			
Stormwater:			
Current:			
Salaries	-	119,980	119,980
Employee benefits	-	72,882	72,882
Other	-	42,928	42,928
Capital outlay	-	-	-
Police:			
Current:			
Supplies, training and investigations	22,342	-	22,342
Capital outlay	44,020	30,682	74,702
<b>Total Expenditures</b>	<u>66,362</u>	<u>266,472</u>	<u>332,834</u>
 Excess (Deficiency) of Revenues Over Expenditures	 12,066	 185,096	 197,162
 Fund Balance, Beginning of Year	 <u>312,319</u>	 <u>471,928</u>	 <u>784,247</u>
 Fund Balance, End of Year	 <u>\$324,385</u>	 <u>657,024</u>	 <u>981,409</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, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
<u>Revenues</u>				Positive
Other:				(Negative)
Interest	\$200	200	2,692	2,492
Federal Equitable Sharing	-	14,742	24,020	9,278
Drug related fines, seizures and sales	75,000	75,000	51,716	(23,284)
Total Revenues	75,200	89,942	78,428	(11,514)
<u>Expenditures</u>				
Program costs				
Training	5,100	8,700	1,000	7,700
Supplies	1,800	1,800	5,166	(3,366)
Investigations	30,000	30,000	2,185	27,815
Repairs	-	-	-	-
Contract services	9,050	9,050	7,694	1,356
Travel	4,200	8,100	6,297	1,803
Capital outlay	30,000	44,742	44,020	722
Total Expenditures	80,150	102,392	66,362	36,030
Excess of Revenues Over Expenditures	(4,950)	(12,450)	12,066	24,516
Fund Balance, Beginning of Year	312,319	312,319	312,319	-
Fund Balance, End of Year	\$307,369	299,869	324,385	24,516



**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, 2019**

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget Positive (Negative)
<u>Revenues</u>				
Interest	\$1,000	1,000	4,606	3,606
Licenses and permits:				
Inspection and other fees	362,000	362,000	446,962	84,962
Total Revenues	<u>363,000</u>	<u>363,000</u>	<u>451,568</u>	<u>88,568</u>
<u>Expenditures</u>				
Street Maintenance				
Salaries	153,349	153,349	119,980	33,369
Employee benefits	83,275	83,275	72,882	10,393
Professional services	15,000	15,000	14,319	681
Supplies	9,200	9,200	7,959	1,241
Other	26,550	26,550	20,650	5,900
Capital outlay	36,500	36,500	30,682	5,818
Total Expenditures	<u>323,874</u>	<u>323,874</u>	<u>266,472</u>	<u>57,402</u>
Excess of Revenues Over Expenditures	<u>39,126</u>	<u>39,126</u>	<u>185,096</u>	<u>145,970</u>
Fund Balance, Beginning of Year	<u>471,928</u>	<u>471,928</u>	<u>471,928</u>	<u>-</u>
Fund Balance, End of Year	<u>\$511,054</u>	<u>511,054</u>	<u>657,024</u>	<u>145,970</u>

**CITY OF MT. JULIET, TENNESSEE**

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

**General Capital Projects Fund**

**For the Year Ended June 30, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Intergovernmental:				
Grants	\$10,348,184	13,643,996	747,669	(12,896,327)
Other:				
Interest	15,000	15,000	33,518	18,518
Other	-	-	9,369	9,369
Total Revenues	<u>10,363,184</u>	<u>13,658,996</u>	<u>790,556</u>	<u>(12,868,440)</u>
<u>Expenditures</u>				
Streets and Public Works				
Repairs and maintenance	50,000	50,000	1,040	48,960
Capital outlay	<u>34,931,927</u>	<u>34,931,927</u>	<u>3,877,066</u>	<u>31,054,861</u>
Total Streets and Public Works	<u>34,981,927</u>	<u>34,981,927</u>	<u>3,878,106</u>	<u>31,103,821</u>
Parks and culture				
Repairs and maintenance	-	-	15	(15)
Capital outlay	<u>2,250,000</u>	<u>2,250,000</u>	<u>14,000</u>	<u>2,236,000</u>
Total Streets and Public Works	<u>2,250,000</u>	<u>2,250,000</u>	<u>14,015</u>	<u>2,235,985</u>
Total Expenditures	<u>37,231,927</u>	<u>37,231,927</u>	<u>3,892,121</u>	<u>33,339,806</u>
Excess (Deficiency) of Revenues Over Expenditures	(26,868,743)	(23,572,931)	(3,101,565)	20,471,366
Other Financing Sources (Uses)				
Operating transfer in	<u>20,338,887</u>	<u>20,373,887</u>	<u>10,998</u>	<u>(20,362,889)</u>
Total other Financing Sources (Uses)	<u>20,338,887</u>	<u>20,373,887</u>	<u>10,998</u>	<u>(20,362,889)</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	(6,529,856)	(3,199,044)	(3,090,567)	108,477
Fund Balance, Beginning of Year	<u>4,789,650</u>	<u>4,789,650</u>	<u>4,789,650</u>	<u>-</u>
Fund Balance, End of Year	<u><u>(\$1,740,206)</u></u>	<u><u>1,590,606</u></u>	<u><u>1,699,083</u></u>	<u><u>108,477</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, 2019**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues</u>				
Other:				
Interest	\$2,400	2,400	2,407	7
Impact fees	725,000	725,000	861,769	136,769
Total Revenues	<u>727,400</u>	<u>727,400</u>	<u>864,176</u>	<u>136,776</u>
<u>Expenditures</u>				
Debt Service				
Principal	908,584	908,584	873,531	35,053
Interest	426,300	426,300	414,615	11,685
Total Expenditures	<u>1,334,884</u>	<u>1,334,884</u>	<u>1,288,146</u>	<u>46,738</u>
Excess of (Deficiency) Revenues Over Expenditures	(607,484)	(607,484)	(423,970)	183,514
Other Financing Sources (Uses)				
Operating transfer in	607,484	607,484	607,484	-
Total other Financing Sources (Uses)	<u>607,484</u>	<u>607,484</u>	<u>607,484</u>	<u>-</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	<u>-</u>	<u>-</u>	<u>183,514</u>	<u>183,514</u>
Fund Balance, Beginning of Year	<u>76,692</u>	<u>76,692</u>	<u>76,692</u>	<u>-</u>
Fund Balance, End of Year	<u><u>\$76,692</u></u>	<u><u>76,692</u></u>	<u><u>260,206</u></u>	<u><u>183,514</u></u>

**CITY OF MT. JULIET, TENNESSEE**

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

**Schedule By Function and Activity**

**June 30, 2019**

	<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	\$202,950	1,585,648	787,814	-	-	2,576,412
Public safety:						
Police	375,000	3,081,191	6,750,611	160,000	-	10,366,802
Fire	255,425	1,793,797	3,873,046	-	-	5,922,268
Streets and Public Works	5,509,849	1,920,598	2,363,290	65,247,779	4,995,045	80,036,561
Stormwater	-	-	88,834	-	-	88,834
Parks	704,429	4,966,553	1,189,375	522,989	237,844	7,621,190
Total governmental funds capital assets	<u>\$7,047,653</u>	<u>13,347,787</u>	<u>15,052,970</u>	<u>65,930,768</u>	<u>5,232,889</u>	<u>106,612,067</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, 2019**

Function and Activity	Balance June 30, 2018	Additions	Transfers & Deletions	Balance June 30, 2019
General Government	\$2,501,377	78,790	(3,755)	2,576,412
Public safety:				
Police	9,562,797	910,335	(106,330)	10,366,802
Fire	5,874,459	47,809		5,922,268
Streets and Public Works	71,458,371	8,652,662	(74,472)	80,036,561
Stormwater	58,152	30,682	-	88,834
Parks	7,462,522	216,408	(57,740)	7,621,190
Total governmental funds capital assets	<u>\$96,917,678</u>	<u>9,936,686</u>	<u>(242,297)</u>	<u>106,612,067</u>

**CITY OF MT. JULIET, TENNESSEE**

**Schedule of Cash and Cash Equivalents**

**All Funds**

**June 30, 2019**

Major Governmental Funds

	<u>Interest Rates</u>	<u>Amount</u>
General Fund:		
Passbook and checking accounts	-	\$36,616,655
Petty Cash	-	2,110
Total General Fund		<u>36,618,765</u>
General Capital Projects Fund:		
Passbook and checking accounts	-	1,585,106
Total Capital Projects Fund		<u>1,585,106</u>
Debt Service Fund		
Passbook and checking accounts	-	<u>260,206</u>
Emergency and Community Services Capital Projects Fund		
Passbook and checking accounts	-	<u>1,545,914</u>

Nonmajor Governmental Funds

State Street Aid Fund:		
Passbook and checking accounts	-	<u>98,254</u>
Drug Fund:		
Cash on hand	-	7,375
Passbook and checking accounts	-	347,695
Total Drug Fund		<u>355,070</u>
Storm Water:		
Checking accounts	-	<u>700,966</u>

Proprietary Funds

Sewer Enterprise Fund		
Petty Cash	-	650
Passbook and checking accounts	-	13,533,243
Total Sewer Enterprise Fund		<u>13,533,893</u>
Internal Service Fund		
Passbook and checking accounts	-	<u>2,026,230</u>
Total		<u><u>\$56,724,404</u></u>

CITY OF MT. JULIET, TENNESSEE

Schedule of Changes in Property Taxes Receivable, Tax Rates, Assessments and Levies

For the Year Ended June 30, 2019

Fiscal Year	Tax Rate	Assessment	Levy	Taxes Receivable June 30, 2018	Levy	Collections	Adjustments	Taxes Receivable June 30, 2019
2019	\$0.1664	1,166,264,423	1,940,664	-	1,940,664	(1,923,963)	-	16,701
2018	\$0.1664	1,077,751,835	1,823,590	14,330	-	(10,923)	(215)	3,192
2017 *	\$0.1664	998,442,380	1,661,408	5,652	-	(5,133)	-	519
2016 *	\$0.2000	835,164,098	1,670,889	181	-	(34)	(86)	61
2015 *	\$0.2000	788,758,500	1,577,517	80	-	(80)	-	-
2014 *	\$0.2000	742,716,000	1,485,432	258	-	(20)	(125)	113
2013 *	\$0.2000	708,757,810	1,416,493	135	-	-	(60)	75
2012 *	\$0.2000	681,578,500	1,363,157	666	-	-	-	666
				<u>\$21,302</u>	<u>1,940,664</u>	<u>(1,940,153)</u>	<u>(486)</u>	<u>21,327</u>
** 2020 Levy								<u>2,020,000</u>
Property taxes receivable per the Governmental Funds Financial Statements								<u>2,041,327</u>
Allowance for uncollectibles								<u>(1,779)</u>
Property taxes receivable per the Government Wide Financial Statements								<u>\$2,039,548</u>

\* Turned over to County Clerk for collection.

Prior to fiscal year 2012 the City has not had a property tax since 1999.

\*\* Current year anticipated levy

City of Mt Juliet  
Schedule Of Changes In Long-Term Debt By Individual Issue  
June 30, 2019

Description Of Indebtedness	Original Amount Of Issue	Interest Rate	Date Of Issue	Last Maturity Date	Outstanding 7-1-18	Issued During Period	Paid And/Or Matured During Period	Refunded During Period	Outstanding 6-30-19
<b>Governmental Activities</b>									
<u>NOTES PAYABLE</u>									
Payable Through Debt Service Fund									
Capital Lease - Fire Truck	\$ 2,600,028	2.69 %	9-3-13	9-3-23	\$ 1,641,989		255,831		1,386,158
Capital Lease - Police Equipment	292,166	5.38	11-28-18	11-28-22		292,166			292,166
Total Notes Payable Through Debt Service Fund					<u>\$ 1,641,989</u>	<u>292,166</u>	<u>255,831</u>	<u>-</u>	<u>1,678,324</u>
<u>BONDS PAYABLE</u>									
Payable Through Debt Service Fund									
Series 2009 GO Refunding Issue	\$ 6,820,000	3.0 to 4.2 %	5-1-09	6-1-26	\$ 3,870,000		420,000		3,450,000
GO Refunding Bonds 2016	9,292,000	2.45	7-15-16	6-1-34	8,937,500		197,700		8,739,800
Total Bonds Payable Through Debt Service Fund					<u>\$ 12,807,500</u>	<u>-</u>	<u>617,700</u>	<u>-</u>	<u>12,189,800</u>



**CITY OF MT. JULIET, TENNESSEE**

**Schedule of Long Term Debt Requirements**

**Governmental-Type Activities**

**June 30, 2019**

<b>Fiscal Year</b>	<b>Refunding Public Improvement Bonds</b>		<b>Public Improvement Refunding Bonds</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2020	\$196,700	214,125	440,000	136,778	987,603
2021	195,700	209,306	450,000	120,827	975,833
2022	194,300	204,511	470,000	103,953	972,764
2023	187,900	199,751	510,000	85,740	983,391
2024	201,500	195,147	510,000	65,340	971,987
2025	209,800	190,210	530,000	44,940	974,950
2026	217,900	185,071	540,000	22,680	965,651
2027	825,900	179,732	-	-	1,005,632
2028	849,300	159,497	-	-	1,008,797
2029	876,900	138,690	-	-	1,015,590
2030	903,600	117,206	-	-	1,020,806
2031	929,300	95,067	-	-	1,024,367
2032	954,100	72,300	-	-	1,026,400
2033	982,400	48,924	-	-	1,031,324
2034	1,014,500	24,855	-	-	1,039,355
<b>Total</b>	<b><u>\$8,739,800</u></b>	<b><u>2,234,392</u></b>	<b><u>3,450,000</u></b>	<b><u>580,258</u></b>	<b><u>15,004,450</u></b>

## CITY OF MT. JULIET, TENNESSEE

## Schedule of Expenditures of Federal Awards

June 30, 2019

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

CFDA Number	Program Name	Grantor Agency	Federal Identifying Number	Ass Through Entity Identifying Number	Federal Expenditures	Total Program Expenditures
97.083	SAFER	Federal Emergency Agency	EMW-2015-FH-00231		\$4,274	4,274
20.205	Surface Transportation Program	TN Department of Transportation	STP-M-9322(1)	95LPLM-F2-014 95LPLM-F3-015 95LPLM-F1-016	55,251	
20.205	Surface Transportation Program	TN Department of Transportation	STP-M-9322(4)	95LPLM-F3-091	12,917	
20.205	Transportation Alternative Program	TN Department of Transportation	M/TAP-9312(113)	95LPLM-F3-022	602,911	
20.205	Transportation Alternative Program	TN Department of Transportation	TAP-M-4855(10)	95LPLM-F1-051	33,970	705,049
					<u>\$709,323</u>	<u>709,323</u>

\* Major Program (none)

## Notes:

During 2019 there were no federal grant amounts provided to subrecipients and the City did not elect to use the de minimis cost rate. In a prior fiscal year the city received a Department of Housing and Urban Development Home Investment Partnership Grant Note. The grant note in the amount of \$384,968 is forgivable as long as the city continues to meet the terms of the grant note through 2025. All TN Department of Transportation and the TN Department of Safety grants were passed from the Federal Highway Administration. This schedule is presented on the modified accrual basis of accounting.

CITY OF MT. JULIET, TENNESSEE  
Schedule of Expenditures of Federal and State Awards  
For the Year Ended June 30, 2019

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

CFDA Number	Grant/Contract Number	Program Name	Grantor Agency	(Accrued) or Deferred Revenue 7/01/18	Cash Receipts	Program Income	Adjustments	Expenditures	(Accrued) or Deferred Revenue 6/30/19
16.607	N/A	Bullet Proof Vest Grant	U. S. Department of Justice	(\$5,250)	5,250	-	-	-	-
97.083	EMW-2015-FH-0231	SAFER	Federal Emergency Management	(52,602)	56,876	-	-	4,274	-
16.922	N/A	Equitable Sharing	U. S. Department of Justice	41,227	24,020	428	-	-	65,675
20.205	95LPLM-F2-014,F3-015,F1- 016	Surface Transportation Program	* Federal Highway Administration	(1,314,431)	1,362,347	-	-	55,251	(7,335)
20.205	95LPLM-F3-091	Surface Transportation Program	* Federal Highway Administration	-	-	-	-	12,917	(12,917)
20.205	95LPLM-F1-051	Transportation Alternative Program (Greenway)	* Federal Highway Administration	(24,796)	52,542	-	-	33,970	(6,224)
20.205	95LPLM-F3-022	Transportation Alternative Program (Greenway)	* Federal Highway Administration	-	4,329	-	-	602,911	(598,582)
20.600	Z18THS227	High Visibility Law Enforcement Grant	** Federal Highway Administration	(1,817)	1,817	-	-	-	-
				<u>(\$1,357,669)</u>	<u>1,507,181</u>	<u>428</u>	<u>-</u>	<u>709,323</u>	<u>(559,383)</u>

\* Passed through the Tennessee Department of Transportation

\*\* Passed through the Tennessee Department of Safety

State Assistance

N/A	95LPLM-S0-045	Multimodal Access Grant	TN Department of Transportation	(\$3,669)	34,790	-	-	42,621	(11,500)
				<u>(\$3,669)</u>	<u>34,790</u>	<u>-</u>	<u>-</u>	<u>42,621</u>	<u>(11,500)</u>

This schedule is presented on the modified accrual basis of accounting.  
Credit balances represent inter-governmental receivables from State and Federal Governments.

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

June 30, 2019

Insurance Coverage

Tennessee Municipal League Insurance Pool  
Public Officials Error & Omissions

General Liability Automobile Liability,  
Bodily Injury, Law Enforcement

Automobile Physical Damage

Uninsured Motorist

Automobile Medical Payments

Property, Multi-Peril

Real and Personal Property (Total Insured)  
EDP Equipment/Media  
Mobile Equipment

Flood

Earthquake

Newly Acquired Property

Loss of Revenue

Extra Expenses

Terrorism

Property in course of construction

Demolition/Debris removal/Consequential loss/Leasehold interest

Accounts receivable/Valuable records

Crime Limits

Employee Dishonesty

Forgery

Theft, Disappearance and Destruction

Computer Fraud

Tennessee Risk Management Trust Insurance Pool  
(Workmen's Compensation)

Details of Coverage

\$4,000,000/\$2,500 deductible

\$300,000 per person bodily injury  
as limited by tort ability 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  
\$4,000,000 per occurrence for each other

Actual cash value of vehicle or cost to  
replace

Deductible:

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

\$300,000 per person bodily injury  
\$100,000 per occurrence property damage

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

\$38,116,623

\$665,000

\$1,572,596

\$1,000,000

\$1,500,000

\$1,500,000

\$250,000

\$500,000

\$500,000

\$500,000

\$500,000 each

\$250,000 each

\$250,000

\$250,000

\$250,000

\$250,000

\$250,000

\$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, 2019**

<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
Commissioner Ray Justice	\$950/monthly
Vacant	\$950/monthly

Employees:

City Manager, Kenneth Martin

Finance Director, Dana Hire, CPA, CMFO

City Recorder, Sheila S. Luckett

Public Works Director, Jessica Gore

Police Chief, James Hambrick

Fire Chief, Jamie Luffman

Economic Development, Vacant

Parks Director, Roger Lee

Human Resources Director, Janet Southards

Information Technology Director, Travis Taylor

Building and Codes Chief, Mark Kirk

Planning Director, Jennifer Hamblen

The City maintains a \$250,000 Public Officials conduct insurance policy.

**CITY OF MT. JULIET, TENNESSEE**

**Schedule of Sewer System Data**

**June 30, 2019**

	<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)	\$20.95	\$26.19	\$14.85	\$18.57
Each additional 1,000 gallons	\$10.14	\$12.68	\$7.28	\$9.10
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)				\$1,320-2,570/lot
Inspection fee				\$50.00
Number of customers				11,634

## **OTHER REPORTS**

# YEARY, HOWELL & ASSOCIATES

*Certified Public Accountants*

501 EAST IRIS DRIVE  
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY  
GREGORY V. HOWELL

(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**

Board of Mayor and Commissioners  
Mt. Juliet, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Mt. Juliet, Tennessee's, (the City) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated November 15, 2019.

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

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

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

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

### **Compliance and Other Matters**

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

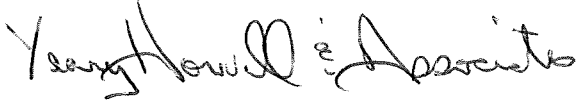
We noted certain other matters that were reported to management in a separate letter dated November 15, 2019.



Board of Mayor and Commissioners  
Mt. Juliet, Tennessee

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Yancy Howell & Associates". The signature is fluid and cursive, with a large initial "Y" and a stylized "H".

November 15, 2019

**City of Mt Juliet, Tennessee**

**Schedule of Prior Year Findings and Questioned Costs**

**For the Year June 30, 2019**

Financial Statement Findings

<b>Finding Number</b>	<b>Finding Title</b>	<b>Status</b>
2018-01	Ineffective internal controls over cash receipts	Resolved.

Federal Awards Findings and Questioned Costs

None.

**City of Mt. Juliet, Tennessee**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2019**

Current Year Findings and Questioned Costs

None.