



Annual Financial Report  
For the Fiscal Year Ended June 30, 2020

**City of Mt. Juliet**  
 Annual Financial Report  
 For the Fiscal Year Ended June 30, 2020

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## Introductory Section

# **City of Mt. Juliet, Tennessee**

## **Schedule of City Officials**

**June 30, 2020**

### **Elected Officials:**

Mayor	Ed Hagerty
Vice Mayor	James Maness
Commissioner	Art Giles
Commissioner	Ray Justice
Commissioner	James Maness
Commissioner	Jennifer Milele
City Manager	Kenneth Martin
Finance Director CPA, CMFO Designee	Dana Hire
City Recorder	Sheila S. Luckett
Director of Public Works	Andrew Barlow
Chief of Police	James Hambrick
Fire Chief	Jamie Luffman
Director of Economic Development	Vacant
Director of Parks	Roger Lee
Director of Human Resources	Janet Southards
Director of Information Technology	Travis Taylor
Building and Codes Chief	Mark Kirk
Director of Planning	Jennifer Hamblen
City Attorney	Gino Marchetti

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

## Financial Section



## Independent Auditor's Report

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mt. Juliet, Tennessee (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

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

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

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

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

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective 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 and Pension and OPEB Information on pages 50 to 53 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 introductory section, the combining and individual nonmajor fund financial statements and schedules (budgetary comparisons), the major fund schedules (budgetary schedules), and the other supplementary schedules as noted in the supplementary information section in the table of contents including the schedule of expenditures of federal awards and state financial assistance and related notes as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information on pages 54 to 69 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information on pages 54 to 67 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 supplementary information on pages 54 to 67 is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and supplementary information on pages 68 to 69 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 15, 2021, 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's internal control over financial reporting and compliance.

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC

Mt. Juliet, Tennessee

February 15, 2021

**City of Mt. Juliet, Tennessee**  
Management's Discussion and Analysis  
June 30, 2020

**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, 2020. 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**

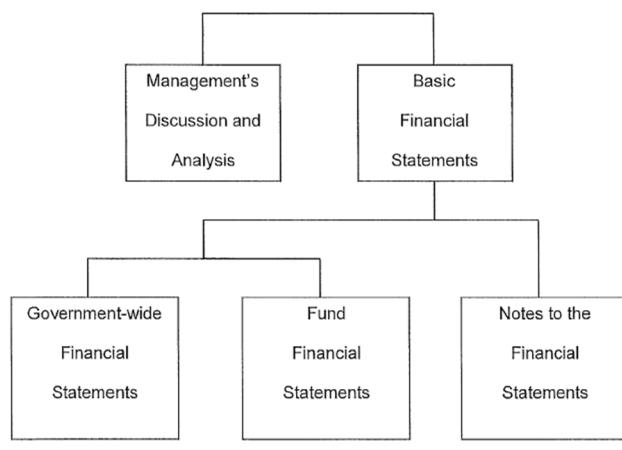
- The assets and deferred outflows of resources of the City of Mt. Juliet, Tennessee exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by more than \$199 million.
- The government's total net position increased by \$19 million, due to increases in the business type activities net position of over \$3 million and over \$16 million due to government activity over 6/30/2019.
- As of the close of the current fiscal year, the City of Mt. Juliet's governmental funds reported combined ending fund balances of almost \$50 million, an increase of \$8.6 million in comparison with the prior year. Over 31% of this total amount, or \$15.7 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 \$15.7 million, or 45.6 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 increased by \$1.8 million (12%) during the current fiscal year. The increase was created by a refunding of series 2009 bonds with an additional \$3 million borrowing for the construction of a new Fire Hall. The increase was offset by principal payments of \$636 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 \$1.1 million. Net changes through the year decreased this balance by \$409 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 is intended to serve as an introduction to the City'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**



**City of Mt. Juliet, Tennessee**  
Management's Discussion and Analysis  
June 30, 2020

**Basic Financial Statements**

The first two statements, pages 12 and 13, 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 14 through 27, 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 28-49. After the notes, additional information is provided to show 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 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 12 and 13 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 the City 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 to 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 government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is 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 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.

**City of Mt. Juliet, Tennessee**  
**Management's Discussion and Analysis**  
**June 30, 2020**

**Proprietary Funds** – The 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. The City 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 28-49 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'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 50-53 of this report.

**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 \$199 million as of June 30, 2020. The City's net position increased by \$19 million of the fiscal year ended June 30, 2020 when compared to the fiscal year ended June 30, 2019. However, the largest portion, 63.7% 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 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, 9.2% represents resources that are subject to external restriction on how they may be used. The remaining balance of over \$54 million, 27.1% is unrestricted.

	<b>Primary Government</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Assets</b>						
Current and other assets	\$ 62,846,332	\$ 50,363,256	\$ 18,524,169	\$ 16,171,674	\$ 81,370,501	\$ 66,534,930
Capital assets	86,899,575	79,483,968	56,041,470	55,842,675	142,941,045	135,326,643
Total Assets	<u>149,745,907</u>	<u>129,847,224</u>	<u>74,565,639</u>	<u>72,014,349</u>	<u>224,311,546</u>	<u>201,861,573</u>
<b>Deferred Outflows of Resources</b>						
Deferred outflows	1,572,250	1,573,936	114,826	138,082	1,687,076	1,712,018
<b>Liabilities</b>						
Other liabilities	6,530,593	4,567,332	162,902	112,866	6,693,495	4,680,198
Long-term liabilities	15,024,050	13,924,283	510,055	1,158,988	15,534,105	15,083,271
Total Liabilities	<u>21,554,643</u>	<u>18,491,615</u>	<u>672,957</u>	<u>1,271,854</u>	<u>22,227,600</u>	<u>19,763,469</u>
<b>Deferred Inflows of Resources</b>						
Deferred inflows	3,812,593	3,038,849	160,382	105,061	3,972,975	3,143,910
<b>Net Position</b>						
Net Investment in capital assets						
Net of Related Debt	71,189,181	65,824,428	56,041,470	55,842,675	127,230,651	121,667,103
Restricted	11,405,241	8,502,953	7,859,191	6,601,625	19,264,432	15,104,578
Unrestricted	43,356,499	35,563,315	9,946,465	8,331,216	53,302,964	43,894,531
Total Net Position	<u>\$ 125,950,921</u>	<u>\$ 109,890,696</u>	<u>\$ 73,847,126</u>	<u>\$ 70,775,516</u>	<u>\$ 199,798,047</u>	<u>\$ 180,666,212</u>

**City of Mt. Juliet, Tennessee**  
**Management's Discussion and Analysis**  
**June 30, 2020**

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 2009 bonds to achieve lower interest.
- A sustained building "boom" that increases fees across the entire revenue spectrum.

	<b>Primary Government</b>					
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
<b>Program Revenues</b>						
Charges for services	\$ 9,066,930	\$ 5,422,928	\$ 7,264,283	\$ 6,772,059	\$ 16,331,213	\$ 12,194,987
Operating grants and contributions	2,747,314	1,505,317	-	-	2,747,314	1,505,317
Capital grants and contributions	6,928,810	5,238,911	3,108,280	4,377,715	10,037,090	9,616,626
<b>General Revenues</b>						
Sales Tax	11,490,725	10,677,505	-	-	11,490,725	10,677,505
Property Tax	2,030,864	1,940,501	-	-	2,030,864	1,940,501
Other Locally Assessed Taxes	4,688,395	4,260,658	-	-	4,688,395	4,260,658
Other State Shared Taxes	3,947,704	3,548,561	-	-	3,947,704	3,548,561
Investment Earnings & Rental Income	72,873	34,068	162,093	127,126	234,966	161,194
Other	55,382	527,760	-	-	55,382	527,760
<b>Total Revenues</b>	<b>41,028,997</b>	<b>33,156,209</b>	<b>10,534,656</b>	<b>11,276,900</b>	<b>51,563,653</b>	<b>44,433,109</b>
<b>Expenses</b>						
General government	3,354,158	3,463,296	-	-	3,354,158	3,463,296
Public safety	10,998,879	10,093,466	-	-	10,998,879	10,093,466
Recreation and Culture	1,625,737	1,678,234	-	-	1,625,737	1,678,234
Streets and Public Works	8,282,828	5,748,332	-	-	8,282,828	5,748,332
Stormwater	226,182	228,537	-	-	226,182	228,537
Interest on long-term debt	480,988	442,000	-	-	480,988	442,000
Sewer	-	-	7,463,046	6,788,939	7,463,046	6,788,939
<b>Total Expenses</b>	<b>24,968,772</b>	<b>21,653,865</b>	<b>7,463,046</b>	<b>6,788,939</b>	<b>32,431,818</b>	<b>28,442,804</b>
<b>Increase (Decrease) in net position</b>	<b>16,060,225</b>	<b>11,502,344</b>	<b>3,071,610</b>	<b>4,487,961</b>	<b>19,131,835</b>	<b>15,990,305</b>
Net Position - Beginning	109,890,696	98,525,119	70,775,516	66,287,555	180,666,212	164,812,674
Prior Year Restatement	-	(136,767)	-	-	-	(136,767)
<b>Net Position - Ending</b>	<b>\$ 125,950,921</b>	<b>\$ 109,890,696</b>	<b>\$ 73,847,126</b>	<b>\$ 70,775,516</b>	<b>\$ 199,798,047</b>	<b>\$ 180,666,212</b>

**Governmental Activities:** Governmental activities increased the City's net position by over \$16 million, thereby accounting for 84.2% 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 \$813 thousand, or 7.6% 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 \$3.3 million for the year ended 6/30/2020.
- Developers also provided over \$225 thousand in road improvement fees.

**Business-type activities:** Business-type activities increased the City of Mt. Juliet's net position by \$3 million, accounting for over 16.1% 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 million.
- Development continues to increase the business-type assets with sewer tap fees and sewer development fee requirements.

**City of Mt. Juliet, Tennessee**  
Management's Discussion and Analysis  
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- 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 fiscal year 2016, and a 3% rate increase in fiscal years 2017, 2018, 2019, 2020 and 2021 respectively.
- The City expects to re-examine the sewer rates for 2021-2022 fiscal year.

**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 such 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 \$15.7 million, while total fund balance was over \$40 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 88.5% of total General Fund expenditures when including amounts transferred to the State Street Aid Fund and while total fund balance represents 226.2% of the same expenditures.

At June 30, 2020, the governmental funds of the City of Mt. Juliet reported a combined fund balance of \$49.6 million, a 21% increase over last year. Included in this change are fund balance increases in the General, State Street Aid, Emergency Services Capital Projects and Storm Water Funds and decreases in the Debt Service Fund. 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 \$15 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 \$2.0 million in the current year. Local Option Sales Tax revenues were near 7.6 percent above that of the prior year as well as 12.5% above the budget of such revenue, which is the largest City revenue category. The third largest contributor to local revenue, Business Tax, was 11.2% or over \$118 thousand above budget and 3.5% 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.

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 the 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 engineering to move the other projects forward.

**City of Mt. Juliet, Tennessee**  
**Management's Discussion and Analysis**  
**June 30, 2020**

**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 \$9.9 million. The total increase in net position for the fund was over \$3.0 million.

- Developers built sewer lines to the required City standard, which were contributed to the City, in the amount of over \$1.1 million. The City assumed responsibility for maintenance, repair, and eventual replacement of these assets.
- Developers also contributed almost \$2 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, 2020, totals almost \$142 million (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

**Major Capital Asset Acquisitions Fiscal Year 2019-2020**

Governmental Activities

MJ RD @I-40 BRIDGE WIDENING	\$ 2,789,302
TOWN CENTER TRAIL PHASE II	1,979,302
BELINDA SIDEWALKS	1,329,361
SIDEWALK US 70 LEBANON RD	836,303
CENTRAL PIKE INTERCHANGE	750,587
S MJ ROAD IMPROVEMENTS	491,307
GOLDEN BEAR GATEWAY WIDENING	382,129
LEBANON RD SIDEWALKS	329,962
LEBANON RD WIDENING FROM PARK GLEN TO GOLDEN BEAR	316,120
OLD LEBANON DIRT RD PROJECT	293,191
WEST DIVISION GREENWAY-PHASE THREE	196,367
Cedar Creek Greenway	175,051
ITS (INTELLIGENT SIGNAL SYSTEM) PHASE II	133,560
S GREENHILL RD AT WILLOUGHNY STATION BLVD (ROUNABOUT)	93,420
Greenway 4th Ave to Brookstone Blvd Phase II	73,233
PROVIDENCE PKWY AT PROVIDENCE COMMONS	67,508
ADDITIONAL SIGNAL AND CROSSING IMPROVMENTS FOR S GREENHILL RD	59,221
UA SIA SIGNAL	25,491
TCG 4237 PROVIDENCE WAY & DESIGN	18,780
S GREENHILL RD AT WILLOUGHBY STATION BLVD	14,000
NEW FIRE STATION	4,435

Business Activities

ROYAL OAKS WASTEWATER PUMP STATION MODIFICATIONS	\$ 743,475
HIGHWAY 70 WEST SEWER UPSIZING (Completed FY2020)	443,129
DEVELOPMENT SEWER AVAILABILITY REVIEW	55,474
WOODLAND PLACE GRAVITY SEWER- TIMBER TRAIL REROUTE	25,513
Providence/BELINDA CITY AREA EXISTING SEWER REHAB	22,776
Page Drive Gravity Engineering	3,183

**City of Mt. Juliet, Tennessee**  
**Management's Discussion and Analysis**  
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<u>Asset Class</u>	<u>City of Mt. Juliet's Capital Assets</u>					
	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Land	\$ 7,249,314	\$ 7,047,653	\$ 1,141,135	\$ 1,141,135	\$ 8,390,449	\$ 8,188,788
Bldgs and Improvements	7,280,457	7,049,811	513,691	505,692	7,794,148	7,555,503
Improv Other than Bldgs	6,678,018	6,297,975	282,775	282,775	6,960,793	6,580,750
Machinery and Equipment	16,268,041	15,052,970	1,311,370	1,311,370	17,579,411	16,364,340
Construction in Progress	10,358,630	5,232,889	1,293,551	518,999	11,652,181	5,751,888
Collection System	-	-	77,995,113	76,665,003	77,995,113	76,665,003
Infrastructure	70,191,061	65,930,769	-	-	70,191,061	65,930,769
<b>Total Cost</b>	<b>\$ 118,025,521</b>	<b>\$ 106,612,067</b>	<b>\$ 82,537,635</b>	<b>\$ 80,424,974</b>	<b>\$ 200,563,156</b>	<b>\$ 187,037,041</b>
Less Accumulated Depreciation	31,125,946	27,128,099	26,496,166	24,582,299	57,622,112	51,710,398
<b>Net Capital Assets</b>	<b>\$ 86,899,575</b>	<b>\$ 79,483,968</b>	<b>\$ 56,041,469</b>	<b>\$ 55,842,675</b>	<b>\$ 142,941,044</b>	<b>\$ 135,326,643</b>

Additional information on the City capital assets can be found in note 3 on page 35 and 36 of the basic Financial Statements.

**Long-term Debt:** As of June 30, 2020, the City of Mt. Juliet had total bonded debt, lease-purchases, long-term obligations, and capital notes outstanding of over \$15 million. The entire debt is backed by the full faith and credit of the City of Mt. Juliet.

	<u>Governmental Activities</u>		<u>Business Type Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
General Obligation Bonds and Capital Notes	\$ 13,818,100	\$ 12,189,800	\$ -	\$ -	\$ 13,818,100	\$ 12,189,800
Capital Lease	1,349,599	1,678,324	-	-	1,349,599	1,678,324
Bond Premium	717,713	7,182	-	-	717,713	7,182
<b>Total</b>	<b>\$ 15,885,412</b>	<b>\$ 13,875,306</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,885,412</b>	<b>\$ 13,875,306</b>

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 \$1 million 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 has maintained its AA+ rating by Standard and Poor's Corporation. This bond rating is a clear indication of the sound financial condition of the 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 \$1,400 per capita, whichever is lower. At 6/30/2020, governmental debt was less than 1.2% of assessments and less than \$483 per capita.

Total debt payments for the next fiscal year are near \$1.4 million. Additional information regarding the City of Mt. Juliet's long-term debt can be found in note 7 beginning on page 37 through 39 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 has approved the addition of a 3.6 million square foot Amazon distribution facility in 2021 which is estimated to create 1,000 new jobs and use innovative robotics technology. The project will bring infrastructure improvements and increased fee and tax revenue throughout the City.
- The City's unemployment rate is recovering from a high of 15.3% in April due to the statewide shutdown to combat the Covid-19 pandemic. In June 2020, it was estimated at 10.1% which is below the National average of 11.2% and in line with the Tennessee rate of 10.1% and the Wilson County rate of 9.2%. The rate is expected to continue to steadily decline as the year progresses.
- The City is welcoming the second location for The Incredible Christmas Place, a 12,000 square foot, two story retail shop currently under construction and estimated to open in 2021.
- North Town Gardens, a new 360-unit residential complex has been approved and will begin construction in early 2021.

**City of Mt. Juliet, Tennessee**  
Management's Discussion and Analysis  
June 30, 2020

- The City approved the Providence Central Development which will include a 296 unit residential complex and future planned space for retail and professional office space as well as a hotel. The City will also benefit from planned infrastructure improvements at the Central Pike Interchange.

Budget Highlights for the Fiscal Year ending 6/30/2021

**Governmental Activities:** The eighth 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 will use a reserve built from hotel/motel tax collections as well as unrestricted funds to purchase land to be used for city parks.

The City has budgeted for additional police officers as well as vehicles to replace aging fleet vehicles.

Increases in the General Fund expenditures are anticipated with the largest increments for roadway construction. Budgeted expenditures are expected to exceed budgeted revenue for 6/30/2021 by nearly \$29 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.

The City was awarded a Governor's grant which will be used to replace aging HVAC units in all buildings throughout the City, to purchase a Fire Department apparatus, a hardened generator and redesign of the police headquarters to a hardened facility.

**Business-type Activities:** The City projects a 3% increase in sewer rates during the fiscal year ended 6/30/2021. Nominal revenue growth, 3.3%, will be funded by new customers. Purification costs can be expected to rise 2.0% in accordance with the Metro contract. Personnel costs can be expected to rise 1%. General operating expenses will decrease slightly as the department guards against the impact of the Covid-19 pandemic. Three new capital projects including replacement and upgrade of existing systems have been added to the budget. Considering depreciation, the Sewer Fund revenue expects to cover 100% of the costs of operations but the City will conduct a rate study to project revenue and expenses for the next 5 years to help assess future rates.

**Requests for Information**

This report was 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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 50,117,575	\$ 8,397,652	\$ 58,515,227
Investments	-	1,100,736	1,100,736
Receivables, net:			
Property taxes	2,137,617	-	2,137,617
Other taxes	452,740	-	452,740
Due from other governments	7,069,630	-	7,069,630
Interest receivable	50	4,600	4,650
Customers and other	85,925	1,057,223	1,143,148
Inventories	-	87,073	87,073
Restricted assets:			
Cash - construction	785,075	7,630,447	8,415,522
Prepaid expenses	92,783	17,694	110,477
Capital assets, net of accumulated depreciation	69,291,631	53,606,784	122,898,415
Land and construction in progress - nondepreciable	17,607,944	2,434,686	20,042,630
Net pension asset	2,104,937	228,744	2,333,681
<b>Total Assets</b>	<b>149,745,907</b>	<b>74,565,639</b>	<b>224,311,546</b>
<b>Deferred Outflows of Resources</b>			
Deferred pension outflows of resources	1,232,240	111,604	1,343,844
Deferred OPEB outflows of resources	28,995	3,222	32,217
Deferred amounts on refunding	311,015	-	311,015
<b>Total Deferred Outflows of Resources</b>	<b>1,572,250</b>	<b>114,826</b>	<b>1,687,076</b>
<b>Total Assets and deferred outflows of resources</b>	<b>151,318,157</b>	<b>74,680,465</b>	<b>225,998,622</b>
<b>Liabilities</b>			
Accounts payable	1,867,210	86,742	1,953,952
Accrued liabilities	890,945	76,160	967,105
Surety bonds	1,892,294	438,091	2,330,385
Accrued interest	67,347	-	67,347
Contracts payable	303,755	-	303,755
Long-term liabilities due within one year	1,509,042	-	1,509,042
Long-term liabilities due in more than one year	14,376,370	-	14,376,370
OPEB Liability	647,680	71,964	719,644
<b>Total Liabilities</b>	<b>21,554,643</b>	<b>672,957</b>	<b>22,227,600</b>
<b>Deferred Inflows of Resources</b>			
Deferred pension inflows of resources	1,302,480	118,840	1,421,320
Deferred OPEB inflows of resources	373,879	41,542	415,421
Unlevied property and income taxes	2,136,234	-	2,136,234
<b>Total Deferred Inflows of Resources</b>	<b>3,812,593</b>	<b>160,382</b>	<b>3,972,975</b>
<b>Total Liabilities and deferred inflows of resources</b>	<b>25,367,236</b>	<b>833,339</b>	<b>26,200,575</b>
<b>Net Position</b>			
Net Investment in Capital Assets	71,189,181	56,041,470	127,230,651
Restricted for:			
Capital improvements	-	7,630,447	7,630,447
Debt service	188,304	-	188,304
Streets	2,248,562	-	2,248,562
Public safety	3,442,198	-	3,442,198
Stormwater	852,483	-	852,483
Parks	2,568,757	-	2,568,757
Pension benefits	2,104,937	228,744	2,333,681
Unrestricted	43,356,499	9,946,465	53,302,964
<b>Total Net Position</b>	<b>\$ 125,950,921</b>	<b>\$ 73,847,126</b>	<b>\$ 199,798,047</b>

See notes to the financial statements.

**City of Mt. Juliet, Tennessee**

Statement of Activities  
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General government	\$ 3,354,158	\$ 3,567,922	\$ 18,400	\$ -	\$ 232,164	\$ -	\$ 232,164
Public safety	10,998,879	3,321,430	-	-	(7,677,449)	-	(7,677,449)
Recreation and culture	1,625,737	67,003	-	-	(1,558,734)	-	(1,558,734)
Streets and public works	8,282,828	225,945	2,728,914	6,928,810	1,600,841	-	1,600,841
Stormwater	226,182	453,180	-	-	226,998	-	226,998
Interest on debt	480,988	1,431,450	-	-	950,462	-	950,462
<b>Total Governmental Activities</b>	<b>24,968,772</b>	<b>9,066,930</b>	<b>2,747,314</b>	<b>6,928,810</b>	<b>(6,225,718)</b>	<b>-</b>	<b>(6,225,718)</b>
<b>Business-type Activities</b>							
Sewer	7,463,046	7,264,283	-	3,108,280	-	2,909,517	2,909,517
<b>Total Business-type Activities</b>	<b>7,463,046</b>	<b>7,264,283</b>	<b>-</b>	<b>3,108,280</b>	<b>-</b>	<b>2,909,517</b>	<b>2,909,517</b>
<b>Total Primary Government</b>	<b>\$ 32,431,818</b>	<b>\$ 16,331,213</b>	<b>\$ 2,747,314</b>	<b>\$ 10,037,090</b>	<b>(6,225,718)</b>	<b>2,909,517</b>	<b>(3,316,201)</b>
<b>General Revenues</b>							
Property taxes				2,030,864	-	2,030,864	
Sales taxes				11,490,725	-	11,490,725	
Wholesale beer tax				1,018,088	-	1,018,088	
Wholesale liquor tax				607,985	-	607,985	
Franchise tax				1,236,082	-	1,236,082	
Hotel/motel tax				642,310	-	642,310	
Business tax				1,183,930	-	1,183,930	
State shared unrestricted taxes:							
State shared sales tax				3,105,160	-	3,105,160	
State shared beer tax				14,697	-	14,697	
State shared alcoholic beverage tax				196,150	-	196,150	
State shared income tax				142,699	-	142,699	
State shared TVA tax				385,907	-	385,907	
Other unrestricted state shared taxes				103,091	-	103,091	
Unrestricted Investment Earnings				72,873	162,093	234,966	
Other				55,382	-	55,382	
Total general revenues				22,285,943	162,093	22,448,036	
Change in net position				16,060,225	3,071,610	19,131,835	
Net Position - July 1, 2019				109,890,696	70,775,516	180,666,212	
Net Position - June 30, 2020				\$ 125,950,921	\$ 73,847,126	\$ 199,798,047	

See notes to the financial statements.

**City of Mt. Juliet, Tennessee**

Balance Sheet

Governmental Funds

June 30, 2020

	Special Revenue Funds						Debt Service Fund	Other Governmental Funds	Total Governmental Funds			
	General Fund	State Street Aid Fund		Emergency Services Fund	Capital Projects Fund							
<b>Assets</b>												
Cash	\$ 40,035,046	\$ 868,553	\$ 3,166,862	\$ 3,218,557	\$ 188,304	\$ 1,269,496	\$ 48,746,818					
Receivables, net				2,139,396	-	-	-	-	2,139,396			
Property taxes	-	-	-	-	-	-	-	-	452,740			
Other taxes	452,740	-	-	-	-	-	-	-	452,740			
Due from other governments	3,713,056	185,166	-	1,575,981	-	-	-	-	5,474,203			
Due from other funds	-	-	27,475	-	-	-	-	-	27,475			
Other	27,895	-	51,583	-	-	-	475	79,953				
Interest receivable	50	-	-	-	-	-	-	-	50			
Restricted assets:												
Cash - construction	-	-	-	785,075	-	-	-	-	785,075			
Prepaid expenses	80,674	-	7,970	-	-	-	2,391	91,035				
<b>Total Assets</b>	<b>\$ 44,309,461</b>	<b>\$ 1,053,719</b>	<b>\$ 5,393,286</b>	<b>\$ 5,579,613</b>	<b>\$ 188,304</b>	<b>\$ 1,272,362</b>	<b>\$ 57,796,745</b>					
<b>Liabilities, Deferred Inflows of Resources and Fund Balances</b>												
<b>Liabilities</b>												
Accounts payable	\$ 455,549	\$ 652,473	\$ 11,819	\$ 637,370	\$ -	\$ 29,157	\$ 1,786,368					
Accrued costs	2,090,085	-	31,892	-	-	49,999	2,171,976					
Contracts payable	-	-	-	303,755	-	-	-	303,755				
Unearned revenue	-	-	-	-	-	-	-	-				
Due to other funds	52,456	-	-	-	-	-	-	-	52,456			
Total Liabilities	2,598,090	652,473	43,711	941,125	-	79,156	4,314,555					
<b>Deferred Inflows of Resources - Property taxes</b>												
Unavailable revenue	1,585,266	98,196	2,136,234	-	-	-	-	-	3,819,696			
<b>Fund Balances (Deficit)</b>												
Nonspendable:												
Prepaid items	80,674	-	7,970	-	-	-	2,391	91,035				
Restricted For:												
Streets	1,968,395	303,050	-	-	-	-	-	-	2,271,445			
Parks	2,568,757	-	-	-	-	-	-	-	2,568,757			
Public safety	-	-	3,205,371	-	-	-	326,602	3,531,973				
Stormwater	-	-	-	-	-	-	864,213	864,213				
Debt service	-	-	-	-	188,304	-	-	188,304				
Committed To:												
Capital projects	-	-	-	4,638,488	-	-	-	-	4,638,488			
Stabilization	600,000	-	-	-	-	-	-	-	600,000			
Assigned for:												
Parks project	30,000	-	-	-	-	-	-	-	30,000			
Unassigned	34,878,279	-	-	-	-	-	-	-	34,878,279			
<b>Total Fund Balances</b>	<b>\$ 40,126,105</b>	<b>303,050</b>	<b>3,213,341</b>	<b>4,638,488</b>	<b>188,304</b>	<b>1,193,206</b>	<b>\$ 49,662,494</b>					
<b>Total Liabilities, Deferred Inflows, of Resources and Fund Balances</b>	<b>\$ 44,309,461</b>	<b>\$ 1,053,719</b>	<b>\$ 5,393,286</b>	<b>\$ 5,579,613</b>	<b>\$ 188,304</b>	<b>\$ 1,272,362</b>	<b>\$ 57,796,745</b>					

See notes to the financial statements.

# City of Mt. Juliet, Tennessee

## Reconciliation of the Balance Sheet to the Statement of Net Position

### of Governmental Activities

June 30, 2020

<b>Amounts reported for fund balance - total governmental funds</b>	\$ 49,662,494
<b>Amounts reported for governmental activities in the statement of net position are different because:</b>	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds	86,899,575
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	1,683,462
Property taxes receivable	(1,779)
Grant revenues and reimbursements	1,520,557
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	1,397,486
In the statement of activities, interest is accrued on outstanding bonds, whereas in government funds, interest expenditures are reported when due	(67,347)
Bond premiums are amortized over the life of the bonds in the statement of activities	(717,713)
Gain or loss on refunding is amortized as a component of interest over the life of the bonds in the statement of net position	311,015
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	2,104,937
Deferred outflows of resources	1,232,240
Deferred inflows of resources	<u>(1,302,480)</u>
	2,034,697
OPEB plan reporting requires recognition of the City's portion of net OPEB 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	(647,680)
Deferred inflows of resources	(373,879)
Deferred outflows of resources	<u>28,995</u>
	(992,564)
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	(13,818,100)
Capital leases payable	(1,349,599)
Compensated absences	<u>(611,263)</u>
	<u>(15,778,962)</u>
<b>Net position of governmental activities</b>	<u>\$ 125,950,921</u>

See notes to the financial statements.

**City of Mt. Juliet, Tennessee**  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2020

	Special Revenue Funds						Other Governmental Funds	Total Governmental Funds
	General Fund	State Street Aid Fund	Emergency Services Fund	Capital Projects Fund	Debt Service Fund			
<b>Revenues</b>								
Taxes	\$ 16,263,598	\$ -	\$ 2,049,049	\$ -	\$ -	\$ -	\$ 45,434	\$ 18,312,647
Intergovernmental	3,627,506	1,110,161	14,400	3,595,327	-	1,027,883	39,168	8,392,828
Fines and fees	1,333,128	-	-	-	-	-	453,180	2,400,179
Licenses and permits	3,309,621	-	1,889,303	-	-	-	-	5,652,104
Charges for Services	325,304	-	-	-	-	-	-	325,304
Uses of money and property	431,822	4,488	78,385	45,093	9,625	9,027	578,440	
Miscellaneous	373,675	5,188	35,595	-	-	-	-	414,458
Total Revenues	<u>25,664,654</u>	<u>1,119,837</u>	<u>4,066,732</u>	<u>3,640,420</u>	<u>1,037,508</u>	<u>546,809</u>	<u>36,075,960</u>	
<b>Expenditures</b>								
Current:								
General Government	3,394,560	-	-	-	-	-	-	3,394,560
Police	7,737,341	-	-	-	-	-	26,103	7,763,444
Fire	-	-	2,073,095	-	-	-	-	2,073,095
Streets and public works	3,917,598	1,757,788	-	-	-	-	-	5,675,386
Stormwater	-	-	-	-	-	-	223,052	223,052
Parks and culture	1,307,310	-	-	-	-	-	-	1,307,310
Debt service	-	-	-	-	-	5,389,916	-	5,389,916
Capital outlay	1,378,462	-	-	7,098,437	-	-	85,857	8,562,756
Total Expenditures	<u>17,735,271</u>	<u>1,757,788</u>	<u>2,073,095</u>	<u>7,098,437</u>	<u>5,389,916</u>	<u>335,012</u>	<u>34,389,519</u>	
Excess (deficiency) of revenues over expenditures	<u>7,929,383</u>	<u>(637,951)</u>	<u>1,993,637</u>	<u>(3,458,017)</u>	<u>(4,352,408)</u>	<u>211,797</u>	<u>1,686,441</u>	
<b>Other Financing Sources (Uses)</b>								
Debt proceeds	-	-	-	3,397,583	3,551,166	-	6,948,749	
Transfers from (to) other funds	(4,229,179)	800,000	(300,000)	2,999,839	729,340	-	-	
Total Other Financing Sources	<u>(4,229,179)</u>	<u>800,000</u>	<u>(300,000)</u>	<u>6,397,422</u>	<u>4,280,506</u>	<u>-</u>	<u>6,948,749</u>	
Net Change in Fund Balances	3,700,204	162,049	1,693,637	2,939,405	(71,902)	211,797	8,635,190	
Fund Balance - July 1, 2019	<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>	
Fund Balance - June 30, 2020	<u>\$ 40,126,105</u>	<u>\$ 303,050</u>	<u>\$ 3,213,341</u>	<u>\$ 4,638,488</u>	<u>\$ 188,304</u>	<u>\$ 1,193,206</u>	<u>\$ 49,662,494</u>	

See notes to the 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, 2020

**Amounts reported for net change in fund balance - total governmental funds** \$ 8,635,190

**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	8,562,756
Disposal of capital asset	(150,718)
Depreciation expense	(4,305,331)

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

Property taxes	(18,185)
Local option sales tax	(96,182)
State shared revenues	388,664
Grant revenues	1,520,557
Contributed capital assets	3,308,900

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 discounts and premiums and similar items when the debt is first issued, whereas these amounts deferred and amortized in the statement of activities.

Proceeds from debt issuance	(6,948,749)
Debt repayment	4,770,425
Loss on refunding	138,503

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	(50,827)
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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 measure consisting of elements, deferrals and amortization of expenses which results in a difference of pension costs.

Pension costs	342,281
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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	25,012
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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).

(62,071)

**Change in net position of governmental activities** \$ 16,060,225

See notes to the financial statements.

**City of Mt. Juliet, Tennessee**  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Budget (GAAP Basis) and Actual  
 General Fund  
 For the Year Ended June 30, 2020

	<b>General Fund</b>				Positive (Negative) Variance with Final	
	<b>Budgeted Amounts</b>		Actual			
	Original	Final				
<b>Revenues</b>						
Local Taxes:						
Local sales taxes	\$ 10,300,000	\$ 10,300,000	\$ 11,586,907	\$ 1,286,907		
Wholesale beer	800,000	800,000	1,018,088	218,088		
Wholesale liquor	490,000	490,000	607,985	117,985		
Franchise taxes	990,000	990,000	1,236,082	246,082		
Hotel/motel taxes	625,000	625,000	642,310	17,310		
Business taxes	1,054,000	1,054,000	1,172,226	118,226		
Total Local Taxes	<u>14,259,000</u>	<u>14,259,000</u>	<u>16,263,598</u>	<u>2,004,598</u>		
Intergovernmental Revenues:						
State sales tax	2,792,464	2,792,464	2,841,663	49,199		
State beer tax	15,688	15,688	14,697	(991)		
State income tax	170,000	170,000	72,653	(97,347)		
City petroleum special tax	62,752	62,752	62,291	(461)		
State alcohol beverage tax	155,000	155,000	180,883	25,883		
Police inservice	34,800	34,800	40,800	6,000		
Other state revenue allocation	18,500	18,500	24,612	6,112		
TVA in lieu of tax	370,237	370,237	385,907	15,670		
Grants	-	-	4,000	4,000		
Total Intergovernmental Revenues	<u>3,619,441</u>	<u>3,619,441</u>	<u>3,627,506</u>	<u>8,065</u>		
Fines and Penalties:						
City court and drug control	1,079,600	1,079,600	1,333,128	253,528		
Total Fines and Penalties	<u>1,079,600</u>	<u>1,079,600</u>	<u>1,333,128</u>	<u>253,528</u>		
Licenses and Permits:						
Building permits	700,000	700,000	1,242,869	542,869		
Plumbing permits	130,000	130,000	294,417	164,417		
Review and inspection fees	360,000	360,000	783,872	423,872		
Zoning permits	7,000	7,000	1,630	(5,370)		
Sign permits	8,000	8,000	12,150	4,150		
Electrical permits	275,000	275,000	525,527	250,527		
Other permits	274,925	274,925	449,156	174,231		
Total Licenses and Permits	<u>1,754,925</u>	<u>1,754,925</u>	<u>3,309,621</u>	<u>1,554,696</u>		
Charges for Services:						
Public safety charges	41,750	41,750	32,356	(9,394)		
Road improvement fees	230,000	230,000	225,945	(4,055)		
Recreational fees	96,500	96,500	67,003	(29,497)		
Total Charges for Services	<u>368,250</u>	<u>368,250</u>	<u>325,304</u>	<u>(42,946)</u>		
Uses of Property and Money:						
Administrative support services	102,000	102,000	102,000	-		
Rent	21,500	21,500	22,873	1,373		
Interest	90,000	90,000	306,949	216,949		
Total Uses of Property and Money	<u>213,500</u>	<u>213,500</u>	<u>431,822</u>	<u>218,322</u>		
Other Revenues:						
Contributions from others	2,550	17,550	24,583	7,033		
Sale of assets	200	200	39,750	39,550		
Miscellaneous	21,575	63,345	309,342	245,997		
Total Other Revenues	<u>24,325</u>	<u>81,095</u>	<u>373,675</u>	<u>292,580</u>		
Total Revenues	<u>21,319,041</u>	<u>21,375,811</u>	<u>25,664,654</u>	<u>4,288,843</u>		

See notes to the financial statements.

**City of Mt. Juliet, Tennessee**  
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Continued  
 Budget (GAAP Basis) and Actual  
 General Fund  
 For the Year Ended June 30, 2020

	<b>General Fund</b>				Positive (Negative) Variance with Final	
	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Final</b>		
	<b>Original</b>	<b>Final</b>				
<b>Expenditures</b>						
Current:						
General Government:						
Legislative Board:						
Salaries	\$ 67,201	\$ 67,201	\$ 62,976	\$ 4,225		
Employee benefits	7,241	7,241	5,050	2,191		
Supplies and other	10,805	10,805	1,444	9,361		
Total Legislative Board	<u>85,247</u>	<u>85,247</u>	<u>69,470</u>	<u>15,777</u>		
City Court:						
Salaries	10,125	10,125	9,716	409		
Employee benefits	775	775	759	16		
Outside services	4,500	4,500	2,475	2,025		
Supplies	1,000	1,000	1,056	(56)		
Total City Court	<u>16,400</u>	<u>16,400</u>	<u>14,006</u>	<u>2,394</u>		
City Manager:						
Salaries	421,660	421,660	399,998	21,662		
Employee benefits	142,968	142,968	136,142	6,826		
Outside services	13,000	13,000	10,690	2,310		
Membership and dues	30,000	30,000	49,621	(19,621)		
Events and city beautification	60,000	60,000	32,525	27,475		
Supplies	14,200	14,200	8,214	5,986		
Insurance	5,000	5,000	4,627	373		
Other costs	20,650	20,650	10,844	9,806		
Retiree benefits	45,007	45,007	44,941	66		
Total City Manager	<u>752,485</u>	<u>752,485</u>	<u>697,602</u>	<u>54,883</u>		
Finance:						
Salaries	248,794	248,794	257,664	(8,870)		
Employee benefits	104,545	104,545	103,554	991		
Outside services	56,000	56,000	46,722	9,278		
Supplies	15,650	15,650	13,200	2,450		
Other costs	4,250	4,250	3,160	1,090		
Capital outlay	10,000	10,000	5,595	4,405		
Total Finance	<u>439,239</u>	<u>439,239</u>	<u>429,895</u>	<u>9,344</u>		
City Attorney:						
Outside services	250,000	250,000	238,083	11,917		
Other costs	43,000	43,000	-	43,000		
Total City Attorney	<u>293,000</u>	<u>293,000</u>	<u>238,083</u>	<u>54,917</u>		
Economic and Community Development:						
Salaries	139,704	139,704	124,840	14,864		
Employee benefits	66,830	66,830	61,001	5,829		
City beautification	30,000	30,000	29,896	104		
Outside services	76,500	76,500	66,919	9,581		
Other costs	23,400	24,900	3,397	21,503		
Total Economic and Community Development	<u>336,434</u>	<u>337,934</u>	<u>286,053</u>	<u>51,881</u>		

See notes to the financial statements.

**City of Mt. Juliet, Tennessee**  
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Continued  
 Budget (GAAP Basis) and Actual  
 General Fund  
 For the Year Ended June 30, 2020

	<b>General Fund</b>				Positive (Negative) Variance with Final	
	<b>Budgeted Amounts</b>		Actual			
	Original	Final				
<b>Expenditures, continued</b>						
General Government, continued:						
Planning and Codes:						
Salaries	\$ 245,680	\$ 245,680	\$ 232,673	\$ 13,007		
Employee benefits	98,113	98,113	90,360	7,753		
Supplies	10,500	10,500	10,738	(238)		
Outside services	33,000	33,000	11,198	21,802		
Other costs	11,100	11,100	6,261	4,839		
Total Planning and Codes	<u>398,393</u>	<u>398,393</u>	<u>351,230</u>	<u>47,163</u>		
City Buildings and IT Services:						
Salaries	228,937	228,937	232,221	(3,284)		
Employee benefits	60,450	60,450	59,636	814		
Supplies	232,720	232,720	201,390	31,330		
Repairs and maintenance	93,500	93,500	101,839	(8,339)		
Outside services	139,118	139,118	106,052	33,066		
Utilities	309,900	309,900	308,827	1,073		
Insurance	31,391	31,391	29,029	2,362		
Equipment Rental	149,000	149,000	145,715	3,285		
RTA commuter rail	30,000	30,000	30,000	-		
Other costs	12,600	12,600	3,172	9,428		
Capital outlay	278,300	278,300	129,624	148,676		
Total City Hall Buildings	<u>1,565,916</u>	<u>1,565,916</u>	<u>1,347,505</u>	<u>218,411</u>		
City Garage:						
Salaries	56,062	56,062	56,085	(23)		
Employee benefits	31,564	31,564	30,468	1,096		
Supplies	6,950	6,950	3,669	3,281		
Repairs and other	5,510	5,510	5,713	(203)		
Total City Garage	<u>100,086</u>	<u>100,086</u>	<u>95,935</u>	<u>4,151</u>		
Total General Government	<u>3,987,200</u>	<u>3,988,700</u>	<u>3,529,779</u>	<u>458,921</u>		
Public Safety:						
Police Department:						
Salaries	4,582,181	4,582,181	4,589,521	(7,340)		
Benefits	1,720,956	1,720,956	1,632,803	88,153		
Repairs and Maintenance	128,500	128,500	131,354	(2,854)		
Supplies	857,800	918,887	825,718	93,169		
Outside services	399,200	399,200	300,517	98,683		
Utilities	39,400	39,400	41,527	(2,127)		
Insurance	182,720	182,720	168,966	13,754		
Other costs	62,500	62,500	46,935	15,565		
Capital outlay	456,500	598,520	490,506	108,014		
Total Public Safety	<u>8,429,757</u>	<u>8,632,864</u>	<u>8,227,847</u>	<u>405,017</u>		
Streets and Public Works:						
Salaries	1,550,227	1,550,227	1,401,259	148,968		
Benefits	736,957	736,957	674,526	62,431		
Repairs and maintenance	78,800	78,800	101,213	(22,413)		
Supplies	61,900	161,900	55,759	106,141		
Outside services	422,550	422,550	151,475	271,075		
Insurance	46,200	46,200	44,474	1,726		
Other costs	187,400	2,211,400	1,488,892	722,508		
Capital outlay	322,500	642,500	606,272	36,228		
Total Streets and Public Works	<u>3,406,534</u>	<u>5,850,534</u>	<u>4,523,870</u>	<u>1,326,664</u>		

See notes to the financial statements.

**City of Mt. Juliet, Tennessee**  
 Statement of Revenues, Expenditures, and Changes in Fund Balances - Continued  
 Budget (GAAP Basis) and Actual  
 General Fund  
 For the Year Ended June 30, 2020

	<b>General Fund</b>				<b>Positive (Negative) Variance with Final</b>	
	<b>Budgeted Amounts</b>		<b>Actual</b>			
	<b>Original</b>	<b>Final</b>				
<b>Expenditures, continued</b>						
Recreation and Culture:						
Salaries	\$ 740,273	\$ 740,273	\$ 594,800	\$ 145,473		
Employee benefits	248,459	248,459	225,335	23,124		
Repairs and maintenance	42,500	42,500	25,550	16,950		
Supplies	105,700	105,700	80,387	25,313		
Outside services	25,000	25,000	23,460	1,540		
Insurance	22,800	22,800	21,679	1,121		
Utilities	59,500	59,500	71,638	(12,138)		
Other costs	31,130	31,130	1,920	29,210		
Appropriation to nonprofits	264,575	263,075	262,541	534		
Capital outlay	168,500	168,500	146,465	22,035		
Total Recreation and Culture	<u>1,708,437</u>	<u>1,706,937</u>	<u>1,453,775</u>	<u>253,162</u>		
Total Expenditures	<u>17,531,928</u>	<u>20,179,035</u>	<u>17,735,271</u>	<u>2,443,764</u>		
Excess of Revenues Over (Under) Expenditures (Deficit) Excess of Revenues (Under) Over Expenditures	<u>3,787,113</u>	<u>1,196,776</u>	<u>7,929,383</u>	<u>6,732,607</u>		
<b>Other Financing Sources (Uses)</b>						
Transfers out	(22,568,637)	(24,402,105)	(4,229,179)	(20,172,926)		
Total Other Financing Sources (Uses)	<u>(22,568,637)</u>	<u>(24,402,105)</u>	<u>(4,229,179)</u>	<u>(20,172,926)</u>		
Net Change in Fund Balances	<u>(18,781,524)</u>	<u>(23,205,329)</u>	<u>3,700,204</u>	<u>(19,505,125)</u>		
Fund Balance - July 1, 2019	<u>36,425,901</u>	<u>36,425,901</u>	<u>36,425,901</u>	<u>-</u>		
Fund Balance - June 30, 2020	<u>\$ 17,644,377</u>	<u>\$ 13,220,572</u>	<u>\$ 40,126,105</u>	<u>\$ (19,505,125)</u>		

**City of Mt. Juliet, Tennessee**  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Budget (GAAP Basis) and Actual  
 State Street Aid Fund  
 For the Year Ended June 30, 2020

	<b>Budgeted Amounts</b>			<b>Positive (Negative) Variance with Final</b>	
	<b>Original</b>	<b>Final</b>	<b>Actual</b>		
				<b>Final</b>	
<b>Revenues</b>					
Intergovernmental:					
Gasoline motor fuel city tax	\$ 627,976	\$ 627,976	\$ 571,143	\$ (56,833)	
Gas 1989 tax	100,000	100,000	90,344	(9,656)	
Gas 3 cent tax	180,000	180,000	167,402	(12,598)	
Gas 2017 tax	300,000	300,000	281,272	(18,728)	
Interest	2,000	2,000	4,488	2,488	
Miscellaneous	-	-	5,188	5,188	
Total Revenues	<u>1,209,976</u>	<u>1,209,976</u>	<u>1,119,837</u>	<u>(90,139)</u>	
<b>Expenditures</b>					
Street maintenance:					
Repairs and maintenance	1,795,500	1,795,500	1,626,765	168,735	
Street lighting and signage	145,000	145,000	131,023	13,977	
Capital outlay	-	-	-	-	
Total Expenditures	<u>1,940,500</u>	<u>1,940,500</u>	<u>1,757,788</u>	<u>182,712</u>	
Excess (Deficiency) of Revenues Over Expenditures	(730,524)	(730,524)	(637,951)	92,573	
<b>Other Financing Sources (Uses)</b>					
Transfers In (Out)	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>	<u>-</u>	
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	69,476	69,476	162,049	92,573	
Fund Balance - July 1, 2019	<u>141,001</u>	<u>141,001</u>	<u>141,001</u>	<u>-</u>	
Fund Balance - June 30, 2020	<u>\$ 210,477</u>	<u>\$ 210,477</u>	<u>\$ 303,050</u>	<u>\$ 92,573</u>	

**City of Mt. Juliet, Tennessee**  
 Statement of Revenues, Expenditures, and Changes in Fund Balances  
 Budget (GAAP Basis) and Actual  
 Emergency Services Fund  
 For the Year Ended June 30, 2020

	Budgeted Amounts			Positive (Negative) Variance with Final	
	Original	Final	Actual		
				Final	
<b>Revenues</b>					
Local taxes:					
Property tax	\$ 2,067,701	\$ 2,067,701	\$ 2,049,049	\$ (18,652)	
Interest	7,000	7,000	28,385	21,385	
Licenses and permits	477,000	477,000	1,889,303	1,412,303	
Rents	60,000	60,000	50,000	(10,000)	
Other - contributions, etc.	-	4,444	49,995	45,551	
Total Revenues	<u>2,611,701</u>	<u>2,616,145</u>	<u>4,066,732</u>	<u>1,450,587</u>	
<b>Expenditures</b>					
Fire:					
Salaries	1,333,125	1,333,125	1,308,170	24,955	
Benefits	598,195	598,195	559,120	39,075	
Utilities	49,000	49,000	37,353	11,647	
Contract services	15,200	15,200	6,888	8,312	
Supplies	139,300	139,300	69,817	69,483	
Repairs and maintenance	119,000	119,000	40,774	78,226	
Insurance	32,000	32,000	33,845	(1,845)	
Other	20,358	24,802	17,128	7,674	
Total Expenditures	<u>2,306,178</u>	<u>2,310,622</u>	<u>2,073,095</u>	<u>237,527</u>	
Excess (Deficiency) of Revenues Over Expenditures	305,523	305,523	1,993,637	1,688,114	
<b>Other Financing Sources (Uses)</b>					
Transfers In (Out)	(300,000)	(300,000)	(300,000)	-	
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	5,523	5,523	1,693,637	1,688,114	
Fund Balance - July 1, 2019	<u>1,519,704</u>	<u>1,519,704</u>	<u>1,519,704</u>	<u>-</u>	
Fund Balance - June 30, 2020	<u>\$ 1,525,227</u>	<u>\$ 1,525,227</u>	<u>\$ 3,213,341</u>	<u>\$ 1,688,114</u>	

**City of Mt. Juliet, Tennessee**

Statement of Fund Net Position

Proprietary Funds

June 30, 2020

	<b>Business-type Activities</b>	
	<b>Sewer Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 8,103,194	\$ 1,665,215
Investments	1,100,736	-
Receivable - net of allowance for doubtful accounts of \$32,466	1,027,753	1,748
Interest receivable	4,600	-
Grants receivable	29,470	-
Due from other funds	16,699	8,282
Prepaid insurance	17,694	-
Inventory	87,073	-
Total Current Assets	<u>10,387,219</u>	<u>1,675,245</u>
<b>Noncurrent Assets</b>		
Cash restricted for capital projects	7,630,447	-
Net pension asset	228,744	-
Subtotal	<u>7,859,191</u>	<u>-</u>
Capital Assets		
Land	1,141,135	-
Construction in progress	1,293,551	-
Collection system	77,995,113	-
Buildings and other improvements	796,466	-
Equipment and rolling stock	1,311,371	-
Total Capital Assets	<u>82,537,636</u>	<u>-</u>
Less: Accumulated depreciation	(26,496,166)	-
Net Property, Plant and Equipment	56,041,470	-
Total Noncurrent Assets	<u>63,900,661</u>	<u>-</u>
Total Assets	<u>74,287,880</u>	<u>1,675,245</u>
<b>Deferred Outflows of Resources</b>		
Net difference between projected and actual experience -pension plan	111,604	-
Net difference between projected and actual earnings -OPEB plan	3,222	-
Total Deferred Outflows of Resources	<u>114,826</u>	<u>-</u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts Payable	86,742	-
Accrued expenses	76,160	-
Surety bonds	438,091	-
Total Current Liabilities	<u>600,993</u>	<u>-</u>
<b>Long-term Liabilities</b>		
Other post-employment benefit obligation	71,964	-
Total Long-term Liabilities	<u>71,964</u>	<u>-</u>
Total Liabilities	<u>672,957</u>	<u>-</u>
<b>Deferred Inflows of Resources</b>		
Deferred inflows of resources related to pensions	118,840	-
Deferred inflows of resources related to OPEB	41,542	-
Total Deferred Inflows of Resources	<u>160,382</u>	<u>-</u>
<b>Net Position</b>		
Net Investment in capital assets	56,041,470	-
Restricted for capital improvements	7,630,447	-
Restricted for pension benefits	228,744	-
Unrestricted	9,668,706	1,675,245
Total Net Position	<u>\$ 73,569,367</u>	<u>\$ 1,675,245</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>277,759</u>	<u>-</u>
	<u><u>\$ 73,847,126</u></u>	<u><u>\$ 1,675,245</u></u>

See notes to the financial statements.

**City of Mt. Juliet, Tennessee**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	<b>Business-type Activities</b>	
	<b>Sewer Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>Operating Revenues</b>		
Charges for services - sewer	\$ 6,773,908	\$ 2,647,240
Sewer inspection and administrative charges	278,078	-
Penalties	97,127	-
Operating grant	29,470	-
Other	85,700	-
Total Operating Revenues	<u>7,264,283</u>	<u>2,647,240</u>
<b>Operating Expenses</b>		
Sewer line and pump maintenance	1,338,835	-
Sewer lift station operation	318,216	-
Administrative and accounting	518,729	2,788,964
Sewer transportation and treatment	3,184,063	-
Depreciation	1,913,867	-
Professional services	126,714	-
Total Operating Expenses	<u>7,400,424</u>	<u>2,788,964</u>
Operating Loss	<u>(136,141)</u>	<u>(141,724)</u>
<b>Non-Operating Revenues (Expenses)</b>		
Rent	24,000	-
Interest income	<u>138,093</u>	<u>-</u>
Total Non-Operating Revenues (Expenses)	<u>162,093</u>	<u>-</u>
Net Income (Loss) before Contributions	<u>25,952</u>	<u>(141,724)</u>
<b>Contributions</b>		
Capital contribution - Tap fees	2,000,586	-
Capital contribution - Utility plant	<u>1,107,694</u>	<u>-</u>
Total Contributions	<u>3,108,280</u>	<u>-</u>
Change in Net Position	<u>3,134,232</u>	<u>(141,724)</u>
Net Position - July 1, 2019	<u>70,435,135</u>	<u>1,816,969</u>
Net Position - June 30, 2020	<u>\$ 73,569,367</u>	<u>\$ 1,675,245</u>
Change in Net Position as shown above	<u>\$ 3,134,232</u>	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>(62,622)</u>	
Change in Net Position of business-type activities	<u>\$ 3,071,610</u>	

See notes to the financial statements.

# City of Mt. Juliet, Tennessee

## Statement of Cash Flows Proprietary Funds For the Year Ended June 30, 2020

	Sewer Enterprise Fund	Internal Service Fund
<b>Cash Flows from Operating Activities:</b>		
Cash received from customers	\$ 7,157,725	\$ -
Cash payments to suppliers for goods and services	(5,162,027)	-
Cash payments to employees for services	(899,716)	(138,223)
Cash received (returned) for surety bonds	66,024	-
Cash paid for interfund administrative support services	(102,000)	-
Premiums received/reimbursements received	-	2,647,240
Medical claims and administrative expenses paid	-	(2,870,032)
Net Cash Provided (Used) by Operating Activities	<u>1,060,006</u>	<u>(361,015)</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>		
Purchase of property, plant, and equipment	(1,004,968)	-
Cash received for rent	24,000	-
Contributions from customers	<u>2,000,586</u>	<u>-</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>1,019,618</u>	<u>-</u>
<b>Cash Flows from Investing Activities:</b>		
Purchase of investments	(17,969)	-
Interest received	<u>138,093</u>	<u>-</u>
Net Cash Provided by Investing Activities	<u>120,124</u>	<u>-</u>
Net Increase (Decrease) in Cash	2,199,748	(361,015)
Cash at Beginning of Year	<u>13,533,893</u>	<u>2,026,230</u>
Cash at End of Year	<u>\$ 15,733,641</u>	<u>\$ 1,665,215</u>
Unrestricted cash	\$ 8,103,194	\$ 1,665,215
Cash restricted for capital projects	<u>7,630,447</u>	<u>-</u>
	<u>\$ 15,733,641</u>	<u>\$ 1,665,215</u>

See notes to the financial statements.

**City of Mt. Juliet, Tennessee**  
**Statement of Cash Flows - Continued**  
**Proprietary Funds**  
**For the Year Ended June 30, 2020**

	<b>Sewer Enterprise Fund</b>	<b>Internal Service Fund</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:</b>		
Operating Loss	\$ (136,141)	\$ (141,724)
<b>Adjustments to Reconcile Operating Loss to Net Cash Provided by Operating Activities:</b>		
Depreciation and amortization	1,913,867	-
(Increase) Decrease in:		
Accounts receivable	(106,558)	125,400
Due from other funds	(16,699)	(8,282)
Prepaid items	264	45,791
Net pension asset	(74,407)	-
Deferred outflow - pension	24,164	-
Deferred outflow - OPEB	(908)	-
Increase (Decrease) in:		
Accounts payable	(631,261)	(382,200)
Accrued expenses	7,242	-
Surety bonds	66,024	-
Other postemployment benefits liability	(40,902)	-
Deferred inflow - pension	18,183	-
Deferred inflow - OPEB	37,138	-
Net Cash Provided (Used) by Operating Activities	<b><u>\$ 1,060,006</u></b>	<b><u>\$ (361,015)</u></b>
<b>Supplemental Disclosure of Noncash Capital and Related Financing Activities:</b>		
Contributions of sewer lines	<b><u>\$ 1,107,694</u></b>	<b><u>\$ -</u></b>
Capital assets financed by contracts payable	<b><u>\$ 589,432</u></b>	<b><u>\$ -</u></b>

# **City of Mt. Juliet, Tennessee**

## **Notes to the Financial Statements**

**For the Year Ended June 30, 2020**

### **Note 1. Significant Accounting Policies**

#### **A. General Information**

The City of Mt. Juliet, Tennessee, (the City) 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 the recommendations of the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

#### **B. Reporting Entity**

The City of Mt. Juliet (the City) is a municipality governed by an elected five-member commission. These financial statements present the financial position and activities of the City government only. The City has no component units, thus no blended or discretely presented component units are included in these financial statements.

#### **C. Government-wide and Fund Financial Statements**

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

The government-wide financial statements (the Statement of Net Position and the Statement of Activities) report information on all of the activities of the City. As a rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's utilities and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. 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 program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given program and 2) operating or capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

##### *Fund Financial Statements*

The government uses funds to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The City has its funds classified into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types."

Governmental funds are used to account for all or most of a government's general activities including the collection and disbursement of earmarked monies (special revenue funds) and the acquisition or construction of general fixed assets (capital projects funds). The General Fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

# City of Mt. Juliet, Tennessee

## Notes to the Financial Statements – Continued

For the Year Ended June 30, 2020

### Note 1. Significant Accounting Policies – Continued

#### B. Government-wide and Fund Financial Statements – Continued

The following is a list of the City's funds:

##### *Governmental Fund Types*

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 *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.

##### *Proprietary Fund Types*

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

The *Internal Service Fund* accounts for costs associated with the employees' health insurance.

#### D. Measurement Focus and Basis of Accounting

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 assessed. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers all revenues to be available in the period for which levied if they are collected within 60 days of the end of the current fiscal period. Those revenues susceptible to accrual are property taxes, franchise taxes, special assessments, licenses, interest revenue, and charges for services. Fines, permits, and parking meter revenues are not susceptible to accrual because generally they are not measurable until received in cash. Expenditures are recorded when the related fund liability is incurred. Principal and interest on long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Proprietary funds distinguish operating revenues and expenses from non-operating 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. Operating expenses for the proprietary funds include the necessary costs to provide the services including the cost of personal and contractual services, supplies, 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.

# **City of Mt. Juliet, Tennessee**

## **Notes to the Financial Statements – Continued**

**For the Year Ended June 30, 2020**

### **Note 1. Significant Accounting Policies – Continued**

#### **E. 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.

#### **F. 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.

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

<b>General Fund</b>	
General Government	\$ 1,500
Public Safety	203,107
Streets and Public Works	2,444,000
Recreation & Culture	(1,500)
	<u>\$ 2,647,107</u>
Emergency Services Fund	<u>\$ 4,444</u>

General Fund budget amendments primarily related to public safety capital outlay and costs reimbursable through operating grants. The Emergency Services Fund was amended for other miscellaneous costs.

#### **G. Cash and Cash 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.

# **City of Mt. Juliet, Tennessee**

## **Notes to the Financial Statements**

**For the Year Ended June 30, 2020**

### **Note 1. Significant Accounting Policies – Continued**

#### **H. 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 \$277,759 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.

#### **I. Capital Assets**

Capital assets, which includes 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 estimated 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:

	Estimated Useful Life (Years)
Buildings	40
Improvements other than buildings	30
Road system infrastructure	30
Machinery, equipment and vehicles	5 - 10
Sidewalks	30
Bridges	50
Sewer lines	45
Sewer transmission equipment	10 - 15

#### **J. Claims Payable**

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

#### **K. 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.

# **City of Mt. Juliet, Tennessee**

## **Notes to the Financial Statements – Continued**

**For the Year Ended June 30, 2020**

### **Note 1. Significant Accounting Policies – Continued**

#### **L. 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 2020. Payments may be made during the period October 1 through February 28. Current tax collections of \$2,032,351 for the fiscal year ended June 30, 2020 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 \$2,137,617 which is net of an allowance for doubtful collections of \$1,779. Of this receivable, \$2,088,010 represents the estimated net realizable 2020 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 \$2,139,396 with offsetting deferred inflows of resources for amounts not available at June 30, 2020. The additional taxes receivable of \$452,740 are beer, hotel/motel, and franchise taxes. There were no tax abatements requiring disclosure under GASB 77.

#### **M. Interfund Receivables and Payables**

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "due to/from other funds" (i.e., the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

#### **N. Interfund Transactions**

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Residual amounts due at year-end on quasi-external transactions are shown as due to/from other funds.

All other interfund transactions, except interfund services provided and used, are reported as transfers. All other interfund transfers are reported as transfers.

#### **O. Long-term Liabilities**

Long-term liabilities consist of bonds, notes, and other indebtedness including liabilities associated with compensated absences and post-employment benefits. 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. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

# City of Mt. Juliet, Tennessee

## Notes to the Financial Statements – Continued

For the Year Ended June 30, 2020

### Note 1. Significant Accounting Policies – Continued

#### P. Fund Balance

The City classifies fund balances in accordance with GASB *Codification of Governmental Accounting and Financial Reporting Standards, Section 1800.142, Fund Balance Reporting*. This statement classifies fund balances into clearly defined categories making the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints as defined in the City's fund balance policy:

Nonspendable Fund Balance – Funds that cannot be spent due to their form (e.g. inventories, prepaid items, and long term receivables) or funds that legally or contractually must be maintained intact (e.g. principal of permanent funds).

Restricted Fund Balance – Funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance – Funds that are set aside for a specific purpose by the City's highest level of decision-making authority (i.e. Board of Commission) and the highest form of authority (ordinance). This commitment of funds is authorized by ordinance and is binding unless removed by ordinance. Formal action must be taken prior to the end of the fiscal year; however, the actual amount can be determined after the close of the year.

Assigned Fund Balance – Funds that are set aside with the intent to be used for a specific purpose by the City's highest level of decision making authority (i.e. Board of Commission) or a body or official that has been given the authority to assign funds. Assignment of fund balance is less formal than the commitment of fund balance. It does not require formal action. The City Commission has given no other body or official authority to assign funds.

Unassigned Fund Balance – Excess funds that have not been classified in the previous four categories. All funds in this category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls. This category is also referred to as "surplus." The general fund is the only fund that reports a positive unassigned fund balance amount. However, in governmental funds other than the general fund, if expenditures for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the City to use the restricted amounts first as permitted under the law. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City to use the committed amounts first, followed by the assigned amounts and then unassigned amounts determined by management.

#### Q. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Government-wide and proprietary fund net position are divided into three components:

Net investment in capital assets – Consists of the historical cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets plus deferred outflows of resources less deferred inflows of resources related to those assets.

Restricted net position – Consist of assets that have limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted – All other net position is reported in this category.

The government-wide financial statements split the City programs between governmental and business-type activities. The beginning net position amount for the business-type activities equals fund equity of the enterprise funds from last year. The beginning net position amount for governmental activities reflects fund balance for governmental funds adjusted for the conversion to the accrual basis of accounting from last year.

# **City of Mt. Juliet, Tennessee**

## **Notes to the Financial Statements – Continued**

**For the Year Ended June 30, 2020**

### **Note 1. Significant Accounting Policies – Continued**

#### **R. Inventory and Prepaid Items**

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.

Inventory for both governmental and proprietary funds, consisting principally of materials and supplies held for consumption, are valued at cost, approximating market value, using first-in, first-out (FIFO) method. The costs of governmental funds inventories are recorded as expenditures when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. The inventories and prepaid items recorded in the governmental funds do not reflect current appropriable resources and, thus, an equivalent portion of fund balance is reported as nonspendable.

#### **S. Contributions of Capital**

Contributions of capital in the proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, or from grants or outside contributions of resources restricted to capital acquisition and construction. Contributions of capital assets are recorded as revenue in the Statement of Revenue, Expenses, and Changes in Net Position.

#### **T. Estimates**

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

#### **U. 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 the City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the City'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 the TCRS. Investments are reported at fair value.

#### **V. Other Postemployment Benefit (OPEB) Plan**

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the City. For this purpose, the City recognizes benefit payments when due and payable in accordance with benefit terms. The City's OPEB plan is not administered through a trust.

### **Note 2. Cash and Investments**

#### **A. Cash**

The City has no formal deposit and investment policies other than those prescribed by State of Tennessee statute and explained below.

Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions, less the amount protected by Federal Deposit Insurance Corporation insurance (FDIC). Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

# City of Mt. Juliet, Tennessee

## Notes to the Financial Statements – Continued

For the Year Ended June 30, 2020

### **Note 2. Cash and Investments – Continued**

As of June 30, 2020, all of the City's deposits and investments were held by financial institutions which participate in the bank collateral pool administered by the Treasurer of the State of Tennessee or in the State of Tennessee Local Government Investment Pool (LGIP). Participating banks in the bank collateral pool determine the aggregate balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. Collected securities required to be pledged by the participant banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool.

The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under the additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk disclosure.

### **B. Investments**

The City's investments presented on the balance sheet consist solely of a secured bank certificate of deposit with a maturity over 90 days and a balance of approximately \$1,100,000 at June 30, 2020.

#### *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.

### **Note 3. Capital Assets**

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2020:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Governmental activities</b>					
<u>Capital assets not being depreciated:</u>					
Land	\$ 7,047,653	\$ 201,661	\$ -	\$ -	\$ 7,249,314
Construction in progress	5,232,889	6,282,923	-	(1,157,182)	10,358,630
<u>Capital assets being depreciated</u>					
Buildings and improvements	7,049,811	-	-	230,646	7,280,457
Improvements other than buildings	6,297,976	360,409	-	19,633	6,678,018
Machinery and equipment	15,052,970	1,673,273	458,202	-	16,268,041
Infrastructure	65,930,768	3,353,390	-	906,903	70,191,061
Total capital assets	<u>\$ 106,612,067</u>	<u>\$ 11,871,656</u>	<u>\$ 458,202</u>	<u>\$ -</u>	<u>\$ 118,025,521</u>
<u>Less accumulated depreciation for:</u>					
Buildings and improvements	\$ 2,594,632	\$ 176,516	\$ -	\$ -	\$ 2,771,148
Improvements other than buildings	2,857,709	420,231	-	-	3,277,940
Machinery and equipment	8,017,200	1,424,412	307,484	-	9,134,128
Infrastructure	13,658,558	2,284,172	-	-	15,942,730
Total accumulated depreciation	<u>\$ 27,128,099</u>	<u>\$ 4,305,331</u>	<u>\$ 307,484</u>	<u>\$ -</u>	<u>\$ 31,125,946</u>
Governmental activities capital assets, net	<u>\$ 79,483,968</u>	<u>\$ 7,566,325</u>	<u>\$ 150,718</u>	<u>\$ -</u>	<u>\$ 86,899,575</u>

# City of Mt. Juliet, Tennessee

## Notes to the Financial Statements – Continued

For the Year Ended June 30, 2020

### Note 3. Capital Assets – Continued

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
<b>Business-type activities</b>					
<u>Capital assets not being depreciated:</u>					
Land	\$ 1,141,135	\$ -	\$ -	\$ -	\$ 1,141,135
Construction in progress	518,999	774,552	-	-	1,293,551
<u>Capital assets being depreciated</u>					
Buildings & other improvements	788,466	8,000	-	-	796,466
Collection System	76,665,003	1,330,111	-	-	77,995,114
Equipment	<u>1,311,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,311,370</u>
Total capital assets	<u>\$ 80,424,973</u>	<u>\$ 2,112,663</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,537,636</u>
<u>Less accumulated depreciation for:</u>					
Collection system and building	\$ 23,911,785	\$ 1,842,128	\$ -	\$ -	\$ 25,753,913
Equipment	<u>670,514</u>	<u>71,739</u>	<u>-</u>	<u>-</u>	<u>742,253</u>
Total accumulated depreciation	<u>\$ 24,582,299</u>	<u>\$ 1,913,867</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,496,166</u>
Business-type activities capital assets, net	<u>\$ 55,842,674</u>	<u>\$ (1,139,315)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 56,041,470</u>

During the year the City accepted donated city roadways in the amount of \$3,308,900 and sewer lines in the amount of \$1,084,600. Depreciation expense was charged to function/programs as of June 30, 2020, as follows:

#### **Governmental activities:**

General government	\$ 132,722
Public Safety	1,167,574
Street and public works	2,659,286
Stormwater	7,409
Recreational and culture	<u>338,340</u>
Total depreciation expense - governmental activities	<u>\$ 4,305,331</u>

#### **Business-type activities:**

Sewer	<u>\$ 1,913,867</u>
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### Note 4. Receivables

Accounts and taxes receivable at June 30, 2020 consisted of the following:

	General Fund	Emergency Services Fund	Capital Projects Fund	State Street Aid	Stormwater Fund	Sewer Enterprise Fund	Internal Service Fund	Total
Property taxes	\$ -	\$ 2,137,617	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,137,617
Beer/liquor taxes	180,418	-	-	-	-	-	-	180,418
Franchise taxes	220,563	-	-	-	-	-	-	220,563
Hotel/Motel tax	51,759	-	-	-	-	-	-	51,759
Other governments	3,713,056	51,583	1,575,981	185,166	-	29,470	-	5,555,256
Customer	-	-	-	-	-	1,060,219	-	1,060,219
Other	1,588,028	29,620	-	3,445	475	4,600	10,030	1,636,198
Allowance for doubtful accounts	-	(1,779)	-	-	-	(32,466)	-	(34,245)
	<u>\$ 5,753,824</u>	<u>\$ 2,217,041</u>	<u>\$ 1,575,981</u>	<u>\$ 188,611</u>	<u>\$ 475</u>	<u>\$ 1,061,823</u>	<u>\$ 10,030</u>	<u>\$ 10,807,785</u>

### Note 5. Property Taxes Receivable

Gross property taxes receivable of \$2,139,396 is summarized in the Supplementary Information section on page 63 of this report.

# City of Mt. Juliet, Tennessee

## Notes to the Financial Statements – Continued

For the Year Ended June 30, 2020

### **Note 6. 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, 2020, the components of deferred outflows and inflows on the government wide statement of net position consisted of the following:

	Governmental Activities	Business-type Activities
<b><u>Deferred outflows of resources:</u></b>		
Deferred charge on refunding	\$ 311,015	\$ -
Deferred current year pension contribution	1,232,240	111,604
Deferred differences expected and actual		
OPEB experience	<u>28,995</u>	<u>3,222</u>
	<u><u>\$ 1,572,250</u></u>	<u><u>\$ 114,826</u></u>
<b><u>Deferred inflows of resources:</u></b>		
Property taxes:		
2020 assessed and unlevied	\$ 2,087,990	\$ -
Other estimated taxes	48,244	-
Deferred difference in pension expected and actual experience	1,302,480	118,840
Deferred differences expected and actual		
OPEB experience	<u>373,879</u>	<u>41,542</u>
	<u><u>\$ 3,812,593</u></u>	<u><u>\$ 160,382</u></u>

Deferred inflows of resources in the governmental fund statements totaled \$3,819,716 and consisted of unlevied property taxes of \$2,088,010, delinquent property taxes of \$48,244 and unavailable state and local shared taxes of \$1,683,462.

### **Note 7. 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, 2020:

	Balance 7/1/2019	Additions	Reductions	Balance 6/30/2020	Current Portion
<b><u>Governmental Activities</u></b>					
Public Improvement Bonds	\$ 12,189,800	\$ 6,070,000	\$ (4,441,700)	\$ 13,818,100	\$ 970,700
Capital lease	1,678,324	-	(328,725)	1,349,599	340,512
Bond premium	7,182	878,749	(168,218)	717,713	197,830
Total Governmental Activities					
Long-Term Debt	13,875,306	6,948,749	(4,938,643)	15,885,412	1,509,042
Compensated absences*	560,435	69,517	(18,689)	611,263	611,263
	<u>\$ 14,435,741</u>	<u>\$ 7,018,266</u>	<u>\$ (4,957,332)</u>	<u>\$ 16,496,675</u>	<u>\$ 2,120,305</u>
<b><u>Business-type Activities</u></b>					
Compensated absences*	\$ 52,019	\$ 3,118	\$ -	\$ 55,137	\$ 55,137

\*Included in accrued liabilities

# City of Mt. Juliet, Tennessee

## Notes to the Financial Statements – Continued

For the Year Ended June 30, 2020

### **Note 7. Long-Term Debt and Other Obligations Payable – Continued**

Long-term bonds and notes at June 30, 2020 consisted of the following obligations:

<u>Governmental-type Activities</u>	<u>Balance</u> <u>June 30, 2020</u>
\$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%.	\$ 8,543,100
Capital leases payable bearing interest at 2.69% per annum, payable in monthly installments with final payment due in 2024	1,349,599
\$6,070,000 general obligation refunding bonds Series 2019 due in annual installments through year 2026 with semi-annual interest payments at interest rate of 5.00%.	5,275,000
Total Governmental-type Activities Obligations	15,167,699
Less: Current Portion	(1,311,212)
<b>Total Long-Term Govermental-type Activities Obligations</b>	<b>\$ 13,856,487</b>

In August 2019, the City issued \$6,070,000 in General Obligation Refunding and Improvement Bonds, Series 2019 (Series 2019) to refund the \$3,450,000 outstanding General Obligation Refunding Bonds, Series 2009 (Series 2009) and to pay the costs of issuing the bonds. The Series 2009 bonds were called for redemption and were redeemed at a redemption price of 100% of their principal amount plus accrued interest. The estimated economic gain from the refunding was approximately \$330,000. The Series 2019 bonds are issued as fully registered bonds and carry an interest rate of 5.00% and mature between June 2020 and June 2026. The bonds are secured by a pledge of the Authority's net revenues.

The above bonds payable are secured by a pledge of a portion of the City's net revenues. Additionally, the bonds payable contain provisions that in the event of default, the lenders can exercise one or more of the following options: 1) make the outstanding note payable with accrued interest due and payable, 2) use remedies allowed by state or federal law.

The annual requirements to amortize all bonds and notes outstanding as of June 30, 2020 are as follows:

<u>Governmental-type</u>				
<u>Fiscal</u> <u>Year</u>	<u>Refunding &amp; Public Improvement Bonds</u>			
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2021	\$ 970,700	\$ 473,056	\$ 1,443,756	
2022	1,004,300	429,511	1,433,811	
2023	1,037,900	384,251	1,422,151	
2024	1,101,500	337,147	1,438,647	
2025	1,159,800	287,210	1,447,010	
2026 - 2030	4,663,600	829,696	5,493,296	
2031 - 2034	<u>3,880,300</u>	<u>241,146</u>	<u>4,121,446</u>	
	<u><u>\$ 13,818,100</u></u>	<u><u>\$ 2,982,017</u></u>	<u><u>\$ 16,800,117</u></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:

# City of Mt. Juliet, Tennessee

## Notes to the Financial Statements – Continued

For the Year Ended June 30, 2020

### Note 7. Long-Term Debt and Other Obligations Payable – Continued

	Governmental Activities
Police Equipment	\$ 365,133
Fire equipment	2,600,028
Less accumulated depreciation	<u>(1,518,553)</u>
	<u><u>\$ 1,446,608</u></u>

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

	Fire Truck	Police Equipment
2021	\$ 300,000	\$ 83,117
2022	300,000	83,117
2023	300,000	83,117
2024	<u>312,372</u>	<u>-</u>
	1,212,372	249,351
Less amount representing interest	<u>(87,531)</u>	<u>(24,593)</u>
	<u><u>\$ 1,124,841</u></u>	<u><u>\$ 224,758</u></u>

### Note 8. Pension Plan

#### A. General Information About the Pension Plan

##### *Plan Description*

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

##### *Benefits Provided*

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

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.

# City of Mt. Juliet, Tennessee

## Notes to the Financial Statements – Continued

For the Year Ended June 30, 2020

### Note 8. Pension Plan - Continued

#### A. General Information About the Pension Plan, Continued

##### *Employees Covered by Benefit Terms*

At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	42
Inactive employees entitled to but not yet receiving benefits	126
Active employees	164
	<hr/>
	332

##### *Contributions*

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2020, employer contributions for the City were \$1,026,768 based on a rate of 10.22 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's 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.

#### B. Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

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

The actuarial assumptions used in the June 30, 2019 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:

# City of Mt. Juliet, Tennessee

## Notes to the Financial Statements – Continued

For the Year Ended June 30, 2020

### **Note 8. Pension Plan – Continued**

#### **B. Net Pension Liability (Asset) – Continued**

<b>Asset Class</b>	<b>Long-Term Expected Real Rate of Return</b>	<b>Target Allocation</b>
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%
		<b>100%</b>

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

#### *Discount Rate*

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

#### **C. Changes in Net Pension Liability (Asset)**

	<b>Total Pension Liability (a)</b>	<b>Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (Asset) (a) - (b)</b>
<b>Balance at June 30, 2018</b>	<b>\$ 15,396,364</b>	<b>\$ 16,929,463</b>	<b>\$ (1,533,099)</b>
<b>Changes for the Year:</b>			
Service Cost	784,750	-	784,750
Interest	1,161,428	-	1,161,428
Change of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(497,280)	-	(497,280)
Changes in Assumptions	-	-	-
Contributions - Employer	-	978,716	(978,716)
Contributions - Employees	-	593	(593)
Net Investment Income	-	1,284,470	(1,284,470)
Benefit Payments, Including Refunds of Employee Contributions	(322,837)	(322,837)	-
Administrative Expense	-	(14,299)	14,299
Other Changes	-	-	-
<b>Net Changes</b>	<b>1,126,061</b>	<b>1,926,643</b>	<b>(800,582)</b>
<b>Balance at June 30, 2019</b>	<b>\$ 16,522,425</b>	<b>\$ 18,856,106</b>	<b>\$ (2,333,681)</b>

# City of Mt. Juliet, Tennessee

## Notes to the Financial Statements – Continued

For the Year Ended June 30, 2020

### **Note 8. Pension Plan – Continued**

#### **C. Changes in Net Pension Liability (Asset) – Continued**

##### *Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

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

	1% Decrease <u>(6.25%)</u>	Current <u>Discount Rate</u> <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Net Pension Liability (Asset)	\$ 526,863	\$ (2,333,681)	\$ (4,606,000)

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

##### *Pension Expense*

For the year ended June 30, 2020, the City recognized pension expense of \$652,427.

##### *Deferred Outflows of Resources and Deferred Inflows of Resources*

For the year ended June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual		
Experience	\$ 81,423	\$ 1,214,078
Net Difference Between Projected and Actual		
Earnings on Pension Plan Investments	-	207,242
Changes in Assumptions	235,653	-
Contributions Subsequent to the Measurement		
Date of June 30, 2019	<u>1,026,768</u>	<u>-</u>
 Total	<u><u>\$ 1,343,844</u></u>	<u><u>\$ 1,421,320</u></u>

The amount shown above for “Contributions subsequent to the measurement date of June 30, 2019,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

# City of Mt. Juliet, Tennessee

## Notes to the Financial Statements – Continued

For the Year Ended June 30, 2020

### Note 8. Pension Plan – Continued

#### D. Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – Continued

*Deferred Outflows of Resources and Deferred Inflows of Resources, continued*

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,	Amount
2021	\$ (157,149)
2022	(276,207)
2023	(174,928)
2024	(142,696)
2025	(102,002)
Thereafter	(251,262)

### Note 9. Other Postemployment Benefits Plan (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.

**A. 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 the City of Mount Juliet, these adjustments were required for the Pre-Medicare liabilities. The retiree pays for the additional coverage.

**B. Medicare Part B Premiums:** Not applicable.

**C. Eligibility:** Only Employees hired prior to February 1, 1999 are eligible. Pre-November 2017 retirees were grandfathered.

# City of Mt. Juliet, Tennessee

## Notes to the Financial Statements – Continued

For the Year Ended June 30, 2020

### Note 9. Other Postemployment Benefits - Continued

**D. 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.

**E. 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 postemployment benefits.

**F. Membership Counts at 6/30/2020:**

Retired	4
Active employees	10
Total	<u>14</u>

**G. Actuarial Funding Method:** Entry Age Normal, level % pay

### H. Actuarial Assumptions

1. Valuation Date: 7/1/2018 (6/30/2019 EOY disclosures)
2. Discount Rate: 2.98% per annum\*  
(2.79% for disclosures 6/30/2020)  
(1.79% and 3.79% are illustrated for Sensitivity)
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:

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

# City of Mt. Juliet, Tennessee

## Notes to the Financial Statements – Continued

For the Year Ended June 30, 2020

### **Note 9. Other Postemployment Benefits – Continued**

#### **H. Actuarial Assumptions - 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% females 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.

#### **I. Asset Valuation Method:** Market value.

#### **J. Amortization Basis:** Investment gains/losses: 5 years (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.

#### **K. Sensitivity – Discount Rate**

	1% Decrease 1.66%	Discount Rate 2.66%	1% Increase 3.66%
OPEB Liability 6/30/2020	\$ 835,401	\$ 719,644	\$ 603,888
GASB 75 Expense 6/30/2020	(20,000)	(25,012)	(30,000)

#### **L. Sensitivity – Health Care Trend Rate**

	1% Decrease	Healthcare Trend Rates	1% Increase
	7% decreasing to 4%	8% decreasing to 5%	9% decreasing to 6%
OPEB Liability 6/30/2020	\$ 612,750	\$ 719,644	\$ 844,003
Projected Expense for FYE 2020	(30,000)	(25,012)	(20,000)

# City of Mt. Juliet, Tennessee

## Notes to the Financial Statements – Continued

For the Year Ended June 30, 2020

### Note 9. Other Postemployment Benefits – Continued

**M. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB.**  
For the year ended June 30, 2020, the City recognized OPEB expense of \$(409,019).

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Total OPEB Expense</b>	
Service Cost	\$ 8,306
Interest	31,187
Changes of benefit terms	-
Difference between expected and actual experience	(441,844)
Changes in assumptions	15,037
Benefit payments	(21,705)
<b>GASB #75 Annual OPEB Expense</b>	<b><u>\$ (409,019)</u></b>

### N. Total OPEB Liability

<b>Total OPEB Liability</b>	
Service Cost	\$ 8,306
Interest	31,187
Changes of benefit terms	-
Difference between expected and actual experience	(441,844)
Changes in assumptions	15,037
Benefit payments	(21,705)
<b>Net change in total OPEB liability</b>	<b><u>(409,019)</u></b>
<b>Total OPEB liability - beginning</b>	<b><u>1,128,663</u></b>
<b>Total OPEB liability - ending</b>	<b><u>\$ 719,644</u></b>
Plan fiduciary net position, end of year	0%
Employee covered payroll	\$ 702,606
OPEB liability as a percentage of employee covered payroll	102.42%

# **City of Mt. Juliet, Tennessee**

## **Notes to the Financial Statements – Continued**

**For the Year Ended June 30, 2020**

### **Note 10. 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 \$502,884 for sewer treatment and connection charges under this agreement.

#### *Contracts*

The City currently has approximately \$3,442,548 in project contracts. These contracts were approximately 66% complete at June 30, 2020 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 \$145,715 during 2020. Future lease obligations are as follows:

2021	\$	54,103
2022		<u>15,447</u>
	\$	<u>69,550</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 in a prior fiscal year. 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 the Financial Statements – Continued

For the Year Ended June 30, 2020

### **Note 11. Interfund Receivables, Payables, and Transfers**

Interfund receivables and payables are attributable to charges between funds that are outstanding as of June 30, 2020 and are as follows:

Fund	Interfund Receivable	Interfund Payable
Governmental Activities:		
General Fund	\$ -	\$ 52,456
Emergency Services Fund	27,475	-
Sewer Enterprise Fund	16,699	-
Internal Service Fund	8,282	-
<b>Total</b>	<b>\$ 52,456</b>	<b>\$ 52,456</b>

Interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments

Interfund transfers for the year ended June 30, 2020 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

Fund	Transfers In	Transfers Out
Governmental Activities:		
General Fund	\$ -	\$ 4,229,179
State Street Aid	800,000	-
Capital Projects Fund	2,999,839	-
Debt Service Fund	729,340	-
Emergency Services Fund	- 300,000	-
<b>Total</b>	<b>\$ 4,529,179</b>	<b>\$ 4,529,179</b>

### **Note 12. Risk Management**

In July 2019, the City discontinued its self insurance program and began participating in a commercial insurance plan. The City has an 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 and insurance premiums. 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:

	Beginning of Fiscal Year Liability	Current Year Claims			Balance of Fiscal Year End
		and Changes in Estimates	Claim Payments		
2017 - 2018	\$ 207,413	\$ 2,004,147	\$ (1,977,419)	\$ 234,141	
2018 - 2019	234,141	2,748,989	(2,600,930)	382,200	
2019 - 2020	382,200	225,900	(608,100)	-	

## **City of Mt. Juliet, Tennessee**

### **Notes to the Financial Statements – Continued**

**For the Year Ended June 30, 2020**

#### **Note 12. Risk Management – Continued**

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.

#### **Note 13. 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, 2020 and 2019, the Board had an accumulated net position of \$698,209 and \$642,968 respectively. The net change in net position for fiscal year 2020 was \$55,244. Separate financial statement information regarding the joint venture is available from the City.

#### **Note 14. Subsequent Events**

In November 2020, the City issued \$7,980,000 of General Obligation Refunding and Improvement Bonds, Series 2020, at a premium for the purpose of refunding and redeeming the entire remaining outstanding balance, principal and interest, of all remaining outstanding maturities of the City's General Obligation Refunding and Improvement Bonds, Series 2016, and to pay costs incident to the issuance of the Series 2020 Bonds.

In December 2020, the City's Board of Commissioners passed an ordinance to transfer the Emergency Services fund balance into the General fund effective June 30, 2021. Effective July 1, 2021, budgets for the City's fire department shall be included in the General fund.

## Required Supplementary Information

**City of Mt. Juliet, Tennessee**  
 Required Supplementary Information  
 Schedule of Changes in Net Pension Liability and Related Ratios Based on  
 Participation in the Public Employee Pension Plan of the TCRS  
 Last Fiscal Year ending June 30,

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
<b>Total Pension Liability</b>						
Service Cost	\$ 443,365	\$ 485,779	\$ 546,207	\$ 645,473	\$ 852,384	\$ 784,750
Interest	763,410	830,197	899,978	992,200	1,105,265	1,161,428
Changes in Benefit Terms	-	-	-	-	-	-
Differences Between Actual and Expected Experience	(114,265)	(202,551)	(25,115)	122,136	(809,079)	(497,280)
Change of Assumptions	-	-	-	353,481	-	-
Benefit Payments, Including Refunds of Employee Contributions	(264,132)	(224,747)	(262,126)	(319,276)	(289,724)	(322,837)
<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>1,126,061</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>15,396,364</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>\$ 16,522,425</b>
 <b>Plan Fiduciary Net Position</b>						
Contributions - Employer	\$ 806,691	\$ 798,473	\$ 860,287	\$ 957,220	\$ 936,797	\$ 978,716
Contributions - Employee	-	398	1,762	199	-	593
Net investment income	1,536,270	349,649	325,756	1,497,426	1,273,309	1,284,470
Benefit Payments, Including Refunds of Employee Contributions	(264,132)	(224,747)	(262,126)	(319,276)	(289,724)	(322,837)
Administrative Expense	(4,822)	(6,657)	(10,583)	(12,792)	(14,741)	(14,299)
Other	-	-	-	-	-	-
<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>1,926,643</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>16,929,463</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>\$ 18,856,106</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>\$ (2,333,681)</b>
 <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>						
	103.49%	103.46%	101.24%	103.35%	109.96%	114.12%
<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>\$ 8,707,446</b>
 <b>Net Pension Liability as a Percentage of Covered Payroll</b>						
	-5.80%	-6.00%	-2.18%	-6.06%	-18.39%	-26.80%

**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 the previously supplied data from the TCRS GASB website for prior years' data, if needed.

**City of Mt. Juliet, Tennessee**  
**Required Supplementary Information**  
**Schedule of Contributions Based on Participation in the Public Employee Pension Plan of the TCRS**  
**Last Fiscal Year Ending June 30,**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
Actuarially Determined Contribution	\$ 806,691	\$ 798,473	\$ 860,287	\$ 957,220	\$ 936,615	\$ 978,716	\$ 1,026,768
Contributions in Relation to the Actuarially 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>	<u>1,026,768</u>
Contribution Deficiency (Excess)	<u>\$ -</u>						
Covered Payroll	\$ 6,432,941	\$ 6,694,908	\$ 7,211,166	\$ 8,030,369	\$ 8,334,446	\$ 8,707,437	\$ 10,050,379
Contributions as a Percentage Covered Payroll	12.54%	11.93%	11.93%	11.92%	11.24%	11.24%	10.22%

**Notes to Schedules:**

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.

*Valuation Date:* Actuarially determined contribution rates for the year ended June 30, 2020 were calculated based on the June 30, 2018 actuarial valuation.

*Methods and assumptions used to determine contribution rates:*

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	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 adjustments	2.25 percent

*Changes in assumptions:*

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

**City of Mt. Juliet, Tennessee**  
 Required Supplementary Information  
 Schedule of Changes in Total OPEB Liability and Related Ratios  
 Last Fiscal Year ending June 30,

	<b>2018</b>	<b>2019</b>	<b>2020</b>
<b>Total OPEB Liability</b>			
Service Cost	\$ 10,780	\$ 9,467	\$ 8,306
Interest	39,925	39,690	31,187
Changes in benefit terms	-	(203,710)	-
Differences between actual & expected experience	969	(51,376)	(441,844)
Change of assumptions	-	25,973	15,037
Benefit Payments, net	(72,552)	(46,545)	(21,705)
<b>Net Change in Total OPEB Liability</b>	<b>(20,878)</b>	<b>(226,501)</b>	<b>(409,019)</b>
<b>Total OPEB Liability - beginning</b>	<b>1,376,042</b>	<b>1,355,164</b>	<b>1,128,663</b>
<b>Total OPEB Liability - ending (a)</b>	<b>\$ 1,355,164</b>	<b>\$ 1,128,663</b>	<b>\$ 719,644</b>
 <b>Plan fiduciary net position</b>			
Contributions - employer	\$ 72,552	\$ 46,545	\$ 21,705
Net investment income	-	-	-
Benefit payments, including refunds of employee contributions	(72,552)	(46,545)	(21,705)
Administrative expense	-	-	-
Net change in plan fiduciary net position	-	-	-
Plan fiduciary net position - beginning	-	-	-
Plan fiduciary net position - ending (b)	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
 City's OPEB Liability (asset) ending (a) - (b)	<b>\$ 1,355,164</b>	<b>\$ 1,128,663</b>	<b>\$ 719,644</b>
 Plan fiduciary net position as a percentage of total OPEB liability	0%	0%	0%
 Employee covered payroll	\$ 739,482	\$ 756,600	\$ 702,606
 <b>Total OPEB Liability as a Percentage of Covered-Employee Payroll</b>	<b>183.26%</b>	<b>149.18%</b>	<b>102.42%</b>

**Notes to Schedule:**

There are no assets accumulating in a trust that meets the criteria in paragraph 4 of GASB 75 related to this OPEB plan.

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

See independent auditor's report.

**City of Mt. Juliet, Tennessee**  
 Required Supplementary Information  
 Schedule of OPEB Contributions and Assumptions  
 Fiscal Year Ending June 30,

	<b>2018</b>	<b>2019</b>	<b>2020</b>
Actuarially determined contribution	\$ 50,705	\$ 100,387	\$ 82,705
Contributions in relation to the actuarially determined contribution	<u>(72,552)</u>	<u>46,545</u>	<u>21,705</u>
Contribution excess (deficiency)	<u><u>\$ 21,847</u></u>	<u><u>\$ (53,842)</u></u>	<u><u>\$ (61,000)</u></u>
Employee covered payroll	\$ 739,482	\$ 756,600	\$ 702,606
Contributions as a percentage covered payroll	9.81%	6.15%	3.09%
Annual money-weighted rate of return, net of investment expense (No OPEB Trust - Index will apply for discount rate purposes.)	N/A	N/A	N/A

GASB 68 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:	7/01/2017	7/01/2018	7/01/2019
Census date:	6/30/2018	6/30/2018	6/30/2019
<b>Methods and assumptions used to determine contribution rates:</b>			
Actuarial cost method	Entry Age Normal		
Amortization method	N/A		
Amortization period	N/A		
Asset valuation	Market		
Inflation	3.00%		
Healthcare cost trend	8% decreasing to 5% ultimate		
Salary increases	3.00%		
Investment rate of return	2.98%	2.79%	2.66%
Retirement age	Rates from age 60		
Mortality	RP 2006 w/MP2019 Projection		

**Other information:**

GASB 68 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.

## Supplementary Information

**City of Mt. Juliet, Tennessee**

Combining Balance Sheet  
Non-major Governmental Funds

June 30, 2020

	<b>Special Revenue Funds</b>		<b>Total Non-major Governmental Funds</b>
	<b>Drug Fund</b>	<b>Stormwater Fund</b>	
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 396,733	\$ 872,763	\$ 1,269,496
Accounts receivable	-	475	475
Prepays	-	2,391	2,391
<b>Total Assets</b>	<b>\$ 396,733</b>	<b>\$ 875,629</b>	<b>\$ 1,272,362</b>
<b><u>Liabilities and Fund Balances</u></b>			
Liabilities:			
Accounts payable	\$ 29,035	\$ 122	\$ 29,157
Accrued liabilities	41,096	8,903	49,999
<b>Total Liabilities</b>	<b>\$ 70,131</b>	<b>\$ 9,025</b>	<b>\$ 79,156</b>
Fund Balances:			
Nonspendable - prepays	-	2,391	2,391
Restricted	326,602	864,213	1,190,815
<b>Total Fund Balances</b>	<b>\$ 326,602</b>	<b>\$ 866,604</b>	<b>\$ 1,193,206</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 396,733</b>	<b>\$ 875,629</b>	<b>\$ 1,272,362</b>

See independent auditor's report.

# City of Mt. Juliet, Tennessee

## Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

### Non-major Governmental Funds

For the Year Ended June 30, 2020

	<u>Special Revenue Funds</u>		Total Non-major Governmental Funds
	Drug Fund	Stormwater Fund	
<b>Revenues</b>			
Interest	\$ 2,817	\$ 6,210	\$ 9,027
Intergovernmental	45,434	-	45,434
Licenses and permits and fines	-	453,180	453,180
Drug-related fines, seizures, and sales	<u>39,168</u>	<u>-</u>	<u>39,168</u>
Total Revenues	<u>87,419</u>	<u>459,390</u>	<u>546,809</u>
<b>Expenditures</b>			
Stormwater:			
Current:			
Salaries	\$ -	\$ 118,407	\$ 118,407
Employee benefits	-	59,975	59,975
Other	-	44,670	44,670
Police:			
Current:			
Supplies, training and investigations	26,103	-	26,103
Capital outlay	<u>59,099</u>	<u>26,758</u>	<u>85,857</u>
Total Expenditures	<u>85,202</u>	<u>249,810</u>	<u>335,012</u>
Excess of Revenues Over Expenditures	2,217	209,580	211,797
Fund Balance - July 1, 2019	<u>324,385</u>	<u>657,024</u>	<u>981,409</u>
Fund Balance - June 30, 2020	<u>\$ 326,602</u>	<u>\$ 866,604</u>	<u>\$ 1,193,206</u>

See independent auditor's report.

# City of Mt. Juliet, Tennessee

Schedules of Revenues, Expenditures, and Changes in Fund Balances  
 Budget (GAAP Basis) and Actual  
 Special Revenue Funds - Drug Fund  
 For the Year Ended June 30, 2020

	Drug Fund				Variance Favorable (Unfavorable)	
	Original Budgeted	Final Budgeted	Actual			
<b>Revenues</b>						
Other:						
Interest	\$ 1,000	\$ 1,000	\$ 2,817	\$ 1,817		
Federal Equitable Sharing	2,000	2,000	45,434	43,434		
Drug-related fines, seizures and sales	70,000	70,000	39,168	(30,832)		
Total Revenues	<u>73,000</u>	<u>73,000</u>	<u>87,419</u>	<u>14,419</u>		
<b>Expenditures</b>						
Program costs						
Training	3,000	3,000	1,975	1,025		
Supplies	6,000	6,000	3,108	2,892		
Investigations	30,000	30,000	7,740	22,260		
Contract services	9,150	9,150	9,694	(544)		
Travel	7,500	7,500	3,586	3,914		
Capital Outlay	<u>103,000</u>	<u>103,000</u>	<u>59,099</u>	<u>43,901</u>		
Total Expenditures	<u>158,650</u>	<u>158,650</u>	<u>85,202</u>	<u>73,448</u>		
Excess of Revenues Over (Under) Expenditures	<u>(85,650)</u>	<u>(85,650)</u>	<u>2,217</u>	<u>87,867</u>		
Fund Balance - July 1, 2019	<u>324,385</u>	<u>324,385</u>	<u>324,385</u>	<u>-</u>		
Fund Balance - June 30, 2020	<u>\$ 238,735</u>	<u>\$ 238,735</u>	<u>\$ 326,602</u>	<u>\$ 87,867</u>		

See independent auditor's report.

**City of Mt. Juliet, Tennessee**  
**Schedules of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget (GAAP Basis) and Actual**  
**Special Revenue Funds - Stormwater Fund**  
**For the Year Ended June 30, 2020**

<b>Stormwater Fund</b>						
	<b>Original Budgeted</b>	<b>Final Budgeted</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>		
<b>Revenues</b>						
Interest	\$ 1,500	\$ 1,500	\$ 6,210	\$ 4,710		
Licenses and permits:						
Inspection and other fees	371,000	371,000	453,180	82,180		
Total Revenues	<u>372,500</u>	<u>372,500</u>	<u>459,390</u>	<u>86,890</u>		
<b>Expenditures</b>						
Street Maintenance						
Salaries	154,231	154,231	118,407	35,824		
Employee Benefits	70,907	70,907	59,975	10,932		
Professional services	24,000	24,000	19,143	4,857		
Supplies	10,100	10,100	4,202	5,898		
Other	25,500	25,500	21,325	4,175		
Capital Outlay	26,500	26,500	26,758	(258)		
Total Expenditures	<u>311,238</u>	<u>311,238</u>	<u>249,810</u>	<u>61,428</u>		
Excess of Revenues Over (Under) Expenditures	61,262	61,262	209,580	148,318		
Fund Balance - July 1, 2019	<u>657,024</u>	<u>657,024</u>	<u>657,024</u>	<u>-</u>		
Fund Balance - June 30, 2020	<u>\$ 718,286</u>	<u>\$ 718,286</u>	<u>\$ 866,604</u>	<u>\$ 148,318</u>		

See independent auditor's report.

# City of Mt. Juliet, Tennessee

## Schedules of Revenues, Expenditures, and Changes in Fund Balances

Budget (GAAP Basis) and Actual

General Capital Projects Fund

For the Year Ended June 30, 2020

	<b>Capital Projects Fund</b>			<b>Variance</b> <b>Favorable</b> <b>(Unfavorable)</b>
	<b>Original</b> <b>Budgeted</b>	<b>Final</b> <b>Budgeted</b>	<b>Actual</b>	
<b>Revenues</b>				
Intergovernmental:				
Grants	\$ 11,867,397	\$ 8,847,537	\$ 3,595,327	\$ (5,252,210)
Other:				
Interest	15,000	15,000	45,093	30,093
Total Revenues	<u>11,882,397</u>	<u>8,862,537</u>	<u>3,640,420</u>	<u>(5,222,117)</u>
<b>Expenditures</b>				
Streets and Public Works				
Capital outlay	40,570,682	42,173,322	6,867,596	35,305,726
Total Streets and Public Works	<u>40,570,682</u>	<u>42,173,322</u>	<u>6,867,596</u>	<u>35,305,726</u>
Parks and Culture				
Capital outlay	235,000	235,000	230,841	4,159
Total Parks and Culture	<u>235,000</u>	<u>235,000</u>	<u>230,841</u>	<u>4,159</u>
Total Expenditures	<u>40,805,682</u>	<u>42,408,322</u>	<u>7,098,437</u>	<u>35,309,885</u>
Excess of Revenues Over (Under) Expenditures	(28,923,285)	(33,545,785)	(3,458,017)	30,087,768
<b>Other Financing Sources</b>				
Debt proceeds	3,000,000	3,000,000	3,397,583	397,583
Operating transfer in	<u>21,382,679</u>	<u>21,382,679</u>	<u>2,999,839</u>	<u>(18,382,840)</u>
Total Other Financing Sources	<u>24,382,679</u>	<u>24,382,679</u>	<u>6,397,422</u>	<u>(17,985,257)</u>
Excess (Deficiency) of Revenues & Other Sources				
Over Expenditures & Other Uses	(4,540,606)	(9,163,106)	2,939,405	12,102,511
Fund Balance - July 1, 2019	<u>1,699,083</u>	<u>1,699,083</u>	<u>1,699,083</u>	<u>-</u>
Fund Balance - June 30, 2020	<u>\$ (2,841,523)</u>	<u>\$ (7,464,023)</u>	<u>\$ 4,638,488</u>	<u>\$ 30,087,768</u>

See independent auditor's report.

**City of Mt. Juliet, Tennessee**

Schedules of Revenues, Expenditures, and Changes in Fund Balances

Budget (GAAP Basis) and Actual

Debt Service Fund

For the Year Ended June 30, 2020

	<b>Debt Service Fund</b>			<b>Variance Favorable (Unfavorable)</b>
	<b>Original Budgeted</b>	<b>Final Budgeted</b>	<b>Actual</b>	
<b>Revenues</b>				
Other:				
Interest	\$ 1,500	\$ 1,500	\$ 9,625	\$ 8,125
Impact fees	730,000	730,000	1,027,883	297,883
Total Revenues	<u>731,500</u>	<u>731,500</u>	<u>1,037,508</u>	<u>306,008</u>
<b>Expenditures</b>				
Debt Service				
Principal	1,001,873	5,279,533	4,770,425	509,108
Interest	415,585	573,835	550,535	23,300
Bond Fees	-	68,956	68,956	-
Total Expenditures	<u>1,417,458</u>	<u>5,922,324</u>	<u>5,389,916</u>	<u>532,408</u>
Excess (Deficiency) of Revenues Over Expenditures	(685,958)	(5,190,824)	(4,352,408)	838,416
Other Financing Sources				
Debt proceeds	-	3,450,000	3,551,166	101,166
Operating transfer in	<u>685,958</u>	<u>1,740,824</u>	<u>729,340</u>	<u>(1,011,484)</u>
Total other Financing Sources	<u>685,958</u>	<u>5,190,824</u>	<u>4,280,506</u>	<u>(910,318)</u>
Excess (Deficiency) of Revenues & Other Sources Over Expenditures & Other Uses	-	-	(71,902)	(71,902)
Fund Balance - July 1, 2019	<u>260,206</u>	<u>260,206</u>	<u>260,206</u>	<u>-</u>
Fund Balance - June 30, 2020	<u>\$ 260,206</u>	<u>\$ 260,206</u>	<u>\$ 188,304</u>	<u>\$ 838,416</u>

See independent auditor's report.

**City of Mt. Juliet, Tennessee**

Capital Assets Used in the Operation of Governmental Funds

Schedule by Function and Activity

June 30, 2020

	Land	Building & Improvements	Machinery & Equipment	Infrastructure	Construction in Progress	Total
<b>Function and Activity:</b>						
General Government	\$ 404,610	\$ 1,593,977	\$ 946,993	\$ -	\$ 4,435	\$ 2,950,015
<b>Public Safety:</b>						
Police	375,000	3,324,862	7,220,587	160,000	-	11,080,449
Fire	255,425	1,793,797	3,880,221	-	-	5,929,443
Streets and Public Works	5,509,849	2,180,865	2,962,169	69,468,384	10,105,910	90,227,177
Stormwater	-	-	96,295	-	-	96,295
Parks	<u>704,430</u>	<u>5,064,974</u>	<u>1,161,776</u>	<u>562,677</u>	<u>248,285</u>	<u>7,742,142</u>
<b>Total governmental funds capital assets</b>	<b><u>\$ 7,249,314</u></b>	<b><u>\$ 13,958,475</u></b>	<b><u>\$ 16,268,041</u></b>	<b><u>\$ 70,191,061</u></b>	<b><u>\$ 10,358,630</u></b>	<b><u>\$ 118,025,521</u></b>

See independent auditor's report.

**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, 2020

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Transfers &amp; Deletions</u>	<u>Balance</u> <u>June 30, 2020</u>
<b>Function and Activity:</b>				
General Government	\$ 2,576,412	\$ 373,603	\$ -	\$ 2,950,015
<b>Public Safety:</b>				
Police	10,366,802	1,024,509	(310,862)	11,080,449
Fire	5,922,268	7,175	-	5,929,443
Streets and Public Works	80,036,561	10,224,194	(33,578)	90,227,177
Stormwater	88,834	55,198	(47,737)	96,295
Parks	<u>7,621,190</u>	<u>186,977</u>	<u>(66,025)</u>	<u>7,742,142</u>
<b>Total governmental funds capital assets</b>	<b><u>\$ 106,612,067</u></b>	<b><u>\$ 11,871,656</u></b>	<b><u>\$ (458,202)</u></b>	<b><u>\$ 118,025,521</u></b>

See independent auditor's report.

**City of Mt. Juliet, Tennessee**  
**Schedule of Cash and Cash Equivalents**  
**All Funds**  
**June 30, 2020**

**Major Governmental Funds**

	<b>Amount</b>
General Fund:	
Passbook and checking accounts	\$ 40,032,489
Petty cash	2,557
Total General Fund	<u>40,035,046</u>
General Capital Projects Fund:	
Passbook and checking accounts	<u>4,003,632</u>
Debt Service Fund:	
Passbook and checking accounts	<u>188,304</u>
Emergency and Community Services Capital Projects Fund:	
Passbook and checking accounts	<u>3,166,862</u>
Drug Fund:	
Cash on hand	3,105
Passbook and checking accounts	393,628
Total Drug Fund	<u>396,733</u>
<b><u>Nonmajor Governmental Funds</u></b>	
State Street Aid Fund:	
Passbook and checking accounts	<u>868,553</u>
Storm Water:	
Checking accounts	<u>872,763</u>
<b><u>Proprietary Funds</u></b>	
Sewer Enterprise Fund:	
Petty Cash	650
Passbook and checking accounts	15,732,991
Total Sewer Enterprise Fund	<u>15,733,641</u>
Internal Service Fund:	
Passbook and checking accounts	<u>1,665,215</u>
Total	<u>\$ 66,930,749</u>

See independent auditor's report.

**City of Mt. Juliet, Tennessee**  
**Schedule of Changes in Property Taxes Receivable, Tax Rates, Assessments and Levies**  
**For the Year Ended June 30, 2020**

Fiscal Year	Tax Rate	Assessment	Taxes Receivable June 30, 2019				Collections	Adjustments	Taxes Receivable June 30, 2020
			Levy		Levy				
2020	\$ 0.1664	\$ 1,247,819,907	\$ 2,076,372	\$ -	\$ 2,076,372	\$ (2,032,351)	-	\$ 44,021	
2019	* \$ 0.1664	1,166,264,423	1,940,664	16,701	-	(12,500)	-	4,201	
2018	* \$ 0.1664	1,077,751,835	1,823,590	4,626	-	(1,462)	-	3,164	
2017	\$ 0.1664	998,442,380	1,661,408	-	-	-	-	-	
2016	\$ 0.2000	835,164,098	1,670,889	-	-	-	-	-	
2015	\$ 0.2000	788,758,500	1,577,517	-	-	-	-	-	
2014	\$ 0.2000	742,716,000	1,485,432	-	-	-	-	-	
2013	\$ 0.2000	708,757,810	1,416,493	-	-	-	-	-	
2012	\$ 0.2000	681,578,500	1,363,157	-	-	-	-	-	
				\$ 21,327	\$ 2,076,372	\$ (2,046,313)	\$ -	\$ 51,386	
** 2021 Levy								2,088,010	
Property taxes receivable per the Governmental Funds Financial Statements								2,139,396	
Allowance for uncollectibles								(1,779)	
Property taxes receivable per the Government-Wide Financial Statements								\$ 2,137,617	

\* 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 - Long-Term Debt by Individual Issue

For the Year Ended June 30, 2020

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2020
<b>Governmental Activities</b>									
<b>Notes Payable</b>									
<u>Payable through Debt Service Fund</u>									
Capital Lease - Fire Truck	\$ 2,600,028	2.69%	9/3/2013	9/3/2023	\$ 1,386,158	\$ -	\$ 261,317	\$ -	\$ 1,124,841
Capital Lease - Police Equipment	292,166	5.38%	11/28/2018	11/28/2022	292,166	-	67,408	-	224,758
Total Notes Payable through Debt Service Fund					1,678,324	-	328,725	-	1,349,599
<b>Bonds Payable</b>									
<u>Payable through Debt Service Fund</u>									
Series 2009 GO Refunding Issue	6,820,000	3.0 to 4.2%	5/1/2009	6/1/2026	3,450,000	-	-	3,450,000	-
GO Refunding Bonds, Series 2016	9,292,000	2.45%	7/15/2016	6/1/2034	8,739,800	-	196,700	-	8,543,100
GO Refunding Bonds, Series 2019	6,070,000	5.00%	8/12/2019	6/1/2026	-	6,070,000	795,000	-	5,275,000
Total Bonds Payable through Debt Service Fund					12,189,800	6,070,000	991,700	3,450,000	13,818,100
<b>Total Governmental Activities</b>					<b>\$ 13,868,124</b>	<b>\$ 6,070,000</b>	<b>\$ 1,320,425</b>	<b>\$ 3,450,000</b>	<b>\$ 15,167,699</b>

**City of Mt. Juliet, Tennessee**

Schedule of Long-Term Debt, Principal, and Interest Requirements

Governmental-Type Activities

By Fiscal Year

June 30, 2020

**Governmental Activities**

Fiscal Year Ended June 30,	Capital Lease				Capital Lease			
	Fire Truck		Police Equipment		Principal		Interest	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 269,480	\$ 21,883	\$ 71,032	\$ 8,198				
2022	276,729	21,883	71,117	8,198				
2023	274,445	21,883	82,609	8,197				
2024	304,187	21,882	-	-				
Total	<u>\$ 1,124,841</u>	<u>\$ 87,531</u>	<u>\$ 224,758</u>	<u>\$ 24,593</u>				

June 30,	Principal	Interest	Principal	Interest	Total
2021	\$ 195,700	\$ 209,306	\$ 775,000	\$ 263,750	\$ 1,814,349
2022	194,300	204,511	810,000	225,000	1,811,738
2023	187,900	199,751	850,000	184,500	1,809,285
2024	201,500	195,147	900,000	142,000	1,764,716
2025	209,800	190,210	950,000	97,000	1,447,010
2026	217,900	185,071	990,000	49,500	1,442,471
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
Total	<u>\$ 8,543,100</u>	<u>\$ 2,020,267</u>	<u>\$ 5,275,000</u>	<u>\$ 961,750</u>	<u>\$ 18,261,840</u>

See independent auditor's report.

**City of Mt. Juliet, Tennessee**  
 Schedule of Expenditures of Federal Awards and State Financial Assistance  
 For the Year Ended June 30, 2020

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>CFDA Number</u>	<u>Pass Through Entity</u>	<u>Contract Number</u>	<u>Expenditures</u>
<b><u>Federal Awards</u></b>				
<b>U.S. Department of Transportation</b>				
<u>Pass-through programs:</u>				
Highway Planning and Construction Cluster Transportation Alternative Program - Town Center Trail	20.205	TN Dept. of Transportation	CM/TAP-M-9312 (113) 95LPLM-F3-022	\$ 1,657,495
Highway Planning and Construction Cluster Transportation Alternative Program - Belinda Sidewalks	20.205	TN Dept. of Transportation	TAP-M-4855 (10) 95LPLM-F3-053 (051)	1,071,810
Highway Planning and Construction Cluster Surface Transportation Program - Elzie Patton SRTS	20.205	TN Dept. of Transportation	TAP-9322 (3) 95LPLM-F3-062 (059,060,061,062)	218,000
Highway Planning and Construction Cluster Transportation Alternative Program - Woodridge Place Sidewalks	20.205	TN Dept. of Transportation	TAP-4854 (10) 95LPLM-F3-067	343,422
Congestion Mitigation & Air Quality Improvement Program ITS & Signal Improvement Project Ph2	20.205	TN Dept. of Transportation	CM-NH-171 (32) 95LPLM-F1-086	133,650
Surface Transportation Program Lebanon Sidewalks Ph2	20.205	TN Dept. of Transportation	STP-M-9322 (4) 95LPLM-F3-091	66,075
Total U.S. Department of Transportation				<u>3,490,452</u>
<b>Federal Emergency Management Agency</b>				
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	TN Emergency Management Agency	PA ID 189-50780-00	<u>1,397,887</u>
Total Federal Awards				<u>4,888,339</u>
<b><u>State Financial Assistance</u></b>				
<b>Tennessee Emergency Management Agency</b>				
			PA ID 189-50780-00	232,981
<b>Tennessee Department of Transportation</b>				
Multimodal Access Grant - Lebanon Rd. Sidewalks Ph1			95LPLM-S0-045	<u>154,384</u>
Total State Financial Assistance				<u>387,365</u>
Total Federal Awards and State Financial Assistance				<u>\$ 5,275,704</u>

**City of Mt. Juliet, Tennessee**  
Notes to Schedule of Expenditures of Federal Awards and State Financial Assistance  
For the Year Ended June 30, 2020

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarized the expenditures of the City under programs of the federal and state governments for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 2. Indirect Cost Rate**

The City has not elected to use the 10-percent de minimis indirect cost rate allowed under Uniform Guidance.

**City of Mt. Juliet, Tennessee**  
Schedule of Liability and Property Insurance  
For the Year Ended June 30, 2020

See independent auditor's report.

**City of Mt. Juliet, Tennessee**

Schedule of Sewer System Data

June 30, 2020

	Inside City Commercial	Outside City Commercial	Inside City Residential	Outside City Residential
<b>Sewer Rates (Based on water consumption)</b>				
Minimum bill (first 2,000 gallons)	\$ 22.23	\$ 44.46	\$ 15.76	\$ 31.51
Each additional 1,000 gallons	\$ 10.76	\$ 21.52	\$ 7.72	\$ 15.44
 Tap fees				
Residential (inside city)				\$ 1,500
Commercial (based on meter size)				\$ 2,000
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
 Number of customers				11,989

See independent auditor's report.

## Internal Control and Compliance Section

**Independent Auditor's Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Honorable Mayor and Board of Commissioners  
City of 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 the City of Mt. Juliet, Tennessee (the City), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 15, 2021.

**Internal Control Over Financial Reporting**

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

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

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC

Mt. Juliet, Tennessee

February 15, 2021



**Independent Auditor's Report on Compliance for Each Major Federal Program  
and on Internal Control Over Compliance Required by the Uniform Guidance**

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

**Report on Compliance for Each Major Federal Program**

We have audited the City of Mt. Juliet, Tennessee (the City)'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### **Report on Internal Control Over Compliance**

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

*Blankenship CPA Group, PLLC*

Blankenship CPA Group, PLLC  
Mt. Juliet, Tennessee  
February 15, 2021

**City of Mt. Juliet, Tennessee**  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

**Section I. SUMMARY OF AUDITORS' RESULTS**

*Financial Statements*

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP      Unmodified

Internal control over financial reporting:

Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	None Reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	No

*Federal Awards*

Internal control over major programs:

Material weakness identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	No
Significant deficiency(ies) identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> X	None Reported

Type of auditor's report issued on compliance for major federal programs:      Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?       Yes       X      No

Identification of major programs:

<b>CFDA Number</b>	<b>Name of Federal Program or Cluster</b>
20.205	U.S. Department of Transportation / Highway Planning and Construction Cluster
97.036	Federal Emergency Management Agency / Disaster Grants

Dollar threshold used to distinguish between type A and type B programs      \$750,000

Auditee qualified as low-risk auditee?       Yes       X      No

**City of Mt. Juliet, Tennessee**  
Schedule of Findings and Questioned Costs - Continued  
For the Year Ended June 30, 2020

**Section II. FINANCIAL STATEMENT FINDINGS**

None reported.

**Section III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported.

**City of Mt. Juliet, Tennessee**  
Summary Schedule of Prior Audit Findings  
June 30, 2020

*I. Financial Statement Findings*

<b>Finding Number</b>	<b>Finding Title</b>	<b>Status</b>
N/A	None	N/A

*II. Federal Award Findings and Questioned Costs*

<b>Finding Number</b>	<b>Finding Title</b>	<b>Status</b>
N/A	None	N/A

*III. Compliance and Other Matters*

<b>Finding Number</b>	<b>Finding Title</b>	<b>Status</b>
N/A	None	N/A