



Annual Financial Report
For the Year Ended June 30, 2021

City of Mt. Juliet, Tennessee
Annual Financial Report
For the Year Ended June 30, 2021

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Introductory Section

City of Mt. Juliet, Tennessee
Schedule of City Officials
For the Year Ended June 30, 2021

Elected Officials

Mayor	James Maness
Vice Mayor	Ray Justice
Commissioner	Bill Trivett
Commissioner	Scott Hefner
Commissioner	Jennifer Milele

Appointed Officials

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, 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, 2021, 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, business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2021, the respective changes in its financial position, and, where applicable, the cash flows thereof, as well as the respective budgetary comparisons 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 on pages 4 to 15 and the pension and OPEB Information on pages 62 to 65 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, which 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 an opinion on the financial statements that collectively comprise the City's basic financial statements. The introductory section, the combining and individual non-major 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 US 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 66 to 79 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 66 to 77 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 66 to 77 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 78 and 79 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 December 30, 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

December 30, 2021

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

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, 2021. The analysis will focus on significant financial position, budget changes, and variances from the budget, and specific issues related to funds and the economic factors affecting the City. We encourage readers to read the information presented here in conjunction with additional information that is furnished in the City's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the City of Mt. Juliet, TN exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by more than \$234 million.
- The government's total net position increased by more than \$34 million, due to increases in the business type activities net position of over \$14 million and over \$20 million due to government activity over 6/30/2020.
- As of the close of the current fiscal year, the City of Mt. Juliet's governmental funds reported combined ending fund balances of over \$63 million, an increase of almost \$13.5 million in comparison with the prior year. Over 70% of this total amount, or \$44.4 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 \$44.4 million, or 172% of total governmental fund expenditures for the fiscal year, excepting the transfers for road paving and debt service.
- The City of Mt. Juliet's long-term debt decreased by \$1.8 million (11.7%) during the current fiscal year. The decrease was created by a refunding of series 2016 bonds, principal payments of \$910 thousand as scheduled for bonds and capital notes, and payments on capital lease (fire-fighting and police vehicles) obligations of \$297 thousand.
- The City's Net OPEB (Other Post-Employment Benefits) obligation is calculated under GASB (Governmental Accounting Standards Board) Statement 75. The beginning balance was stated at \$720 thousand. Net changes through the year decreased this balance by \$34 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.

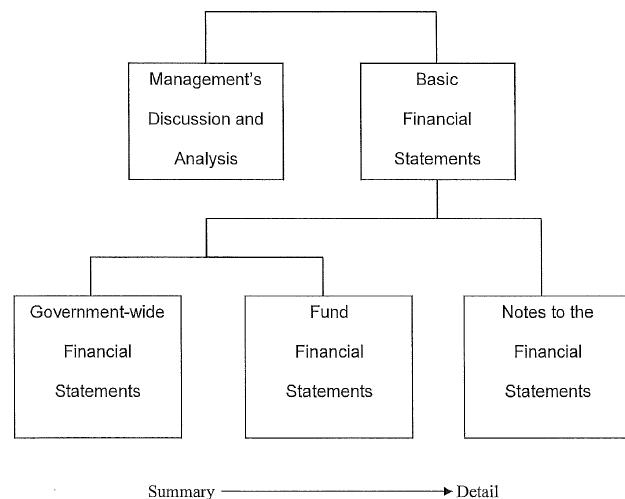
Overview of the Financial Statements

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.

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements 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 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 to the financial statements which explain in detail some of the data contained in those statements. 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.

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

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.

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.

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

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

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.

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.

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 \$234 million as of June 30, 2021. The City's net position increased by more than \$34 million for the fiscal year ended June 30, 2021 when compared to the fiscal year ended June 30, 2020. However, the largest portion, 60.1% reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding issued to acquire those items. The City of Mt. Juliet uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Mt. Juliet's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Mt. Juliet's net position, 13.8% represents resources that are subject to restriction on how they may be used. The remaining balance of over \$61 million, 26.1% is unrestricted.

City of Mt. Juliet, Tennessee
 Management's Discussion and Analysis (Unaudited)
 For the Year Ended June 30, 2021

	Primary Government					
	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2021	2020
Assets						
Current and other assets	\$ 78,847,676	\$ 62,846,332	\$ 26,183,228	\$ 18,524,169	\$ 105,030,904	\$ 81,370,501
Capital assets	91,674,344	86,899,575	64,523,608	56,041,470	156,197,952	142,941,045
Total Assets	<u>170,522,020</u>	<u>149,745,907</u>	<u>90,706,836</u>	<u>74,565,639</u>	<u>261,228,856</u>	<u>224,311,546</u>
Deferred Outflows of Resources						
Deferred outflows	1,424,643	1,572,250	100,788	114,826	1,525,431	1,687,076
Liabilities						
Other liabilities	7,620,264	6,530,593	470,248	162,902	8,090,512	6,693,495
Long-term liabilities	13,831,462	15,024,050	2,013,196	510,055	15,844,658	15,534,105
Total Liabilities	<u>21,451,726</u>	<u>21,554,643</u>	<u>2,483,444</u>	<u>672,957</u>	<u>23,935,170</u>	<u>22,227,600</u>
Deferred Inflows of Resources						
Deferred inflows	4,349,707	3,812,593	129,718	160,382	4,479,425	3,972,975
Net Position						
Net Investment in capital assets						
net of related debt	76,503,228	71,189,181	64,237,931	56,041,470	140,741,159	127,230,651
Restricted	20,701,108	11,405,241	11,683,766	7,859,191	32,384,874	19,264,432
Unrestricted	48,940,894	43,356,499	12,272,765	9,946,465	61,213,659	53,302,964
Total Net Position	<u>\$ 146,145,230</u>	<u>\$ 125,950,921</u>	<u>\$ 88,194,462</u>	<u>\$ 73,847,126</u>	<u>\$ 234,339,692</u>	<u>\$ 199,798,047</u>

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 2016 bonds to achieve lower interest.
- A sustained building "boom" that increases fees across the entire revenue spectrum.

City of Mt. Juliet, Tennessee
 Management's Discussion and Analysis (Unaudited)
 For the Year Ended June 30, 2021

	Primary Government					
	Governmental		Business-type		Total	
	Activities	Activities	Activities	Activities	2021	2020
Program Revenues						
Charges for services	\$ 7,381,228	\$ 9,066,930	\$ 8,360,926	\$ 7,264,283	\$ 15,742,154	\$ 16,331,213
Operating grants and contributions	1,135,480	2,747,314	15,463	-	1,150,943	2,747,314
Capital grants and contributions	6,265,911	6,928,810	13,002,495	3,108,280	19,268,406	10,037,090
General Revenues						
Sales Tax	17,891,851	11,490,725	-	-	17,891,851	11,490,725
Property Tax	2,117,248	2,030,864	-	-	2,117,248	2,030,864
Other Locally Assessed Taxes	5,146,451	4,688,395	-	-	5,146,451	4,688,395
Other State Shared Taxes	4,208,509	3,947,704	-	-	4,208,509	3,947,704
Investment Earnings & Rental Incom	205,485	72,873	104,196	162,093	309,681	234,966
Other	350,106	55,382	-	-	350,106	55,382
Total Revenues	44,702,269	41,028,997	21,483,080	10,534,656	66,185,349	51,563,653
Expenses						
General government	4,107,971	3,354,158	-	-	4,107,971	3,354,158
Public safety	11,753,960	10,998,879	-	-	11,753,960	10,998,879
Recreation and Culture	2,115,226	1,625,737	-	-	2,115,226	1,625,737
Streets and Public Works	5,990,322	8,282,828	-	-	5,990,322	8,282,828
Stormwater	168,236	226,182	-	-	168,236	226,182
Interest on long-term debt	372,245	480,988	-	-	372,245	480,988
Sewer	-	-	7,135,744	7,463,046	7,135,744	7,463,046
Total Expenses	24,507,960	24,968,772	7,135,744	7,463,046	31,643,704	32,431,818
Increase (Decrease) in net position	20,194,309	16,060,225	14,347,336	3,071,610	34,541,645	19,131,835
Net Position - Beginning	125,950,921	109,890,696	73,847,126	70,775,516	199,798,047	180,666,212
Net Position - Ending	\$ 146,145,230	\$ 125,950,921	\$ 88,194,462	\$ 73,847,126	\$ 234,339,692	\$ 199,798,047

Governmental Activities: Governmental activities increased the City's net position by over \$20 million, thereby accounting for 58.5% 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 \$6.4 million, or 56% 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 \$3.4 million for the year ended 6/30/2021.
- Developers also provided over \$462 thousand in road improvement fees.

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

Business-type activities: Business-type activities increased the City of Mt. Juliet's net position by over \$14 million, accounting for 41.5% 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 \$9.5 million.
- Development continues to increase the business-type assets with sewer tap fees and sewer development fee requirements.
- The City has taken a more aggressive approach to the recovery of the sewer services expenditures from customers to recover depreciation instituting a 5% rate increase during 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 \$44.4 million, while total fund balance was over \$49.5 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 186.0% of total General Fund expenditures when including amounts transferred to the State Street Aid Fund and while total fund balance represents 207.4% of the same expenditures.

At June 30, 2021, the governmental funds of the City of Mt. Juliet reported a combined fund balance of over \$63.1 million, a 27.1% increase over last year. Included in this change are fund balance increases in the General, Emergency Services, Capital Projects, Debt Service, Storm Water, and Drug Funds, and decreases in the State Street Aid 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 \$17 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.

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

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 \$2.1 million in the current year. Local Option Sales Tax revenues were near 56% above that of the prior year as well as 79.2% above the budget of such revenue, which is the largest City revenue category. The third largest contributor to local revenue, Business Tax, was 81.8% or over \$738 thousand above budget and 39.4% 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 greenway projects including the Cedar Creek Greenway and completing the Town Center Trail.

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.

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 \$12 million. The total increase in net position for the fund was over \$14.0 million.

- Developers built sewer lines to the required City standard, which were contributed to the City, in the amount of over \$9.5 million. The City assumed responsibility for maintenance, repair, and eventual replacement of these assets.
- Developers also contributed over \$3.4 million in tap fees that will be available for sewer expansion and replacement.

City of Mt. Juliet, Tennessee
 Management's Discussion and Analysis (Unaudited)
 For the Year Ended June 30, 2021

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, 2021, totals over \$156 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 2020-2021

<u>Governmental Activities</u>		
57 ACRES ON BECKWITH RD FROM EDDIE & JEAN TOMLINSON	\$	975,000
MT JULIET - LEBANON RD FROM NONAVILLE RD TO SR-171 (MT. JULIET)		901,457
CITY VEHICLES		857,013
PHASE 2 TOWN CENTER TRAIL		419,364
LEBANON ROAD WIDENING		277,403
MINI PUMPER APPARATUS		267,222
SOUTH MJ RD IMPROVMENTS		233,602
CLEMMONS RD BUILDINGS		203,736
MT JULIET EMS FACILITY		169,459
OLD LEBANON DIRT RD		167,848
S GREENHILL RD @ WILLOUGHBY STATTION BLVD		90,047
GOLDEN BEAR GATEWAY WIDENING		56,581
LEBANON RD SIDEWALK PH3		55,660
ITS (INTELLIGENT SIGNAL SYSTEM) PHASE II		55,222
SIDEWALK LEBANON RD/MJ ROAD TO PARK GLEN DR TO CYPRESS GLEN DR		43,358
MUNDY PARK IMPROVEMENT PLAN		43,155
TWO RIVERS TURNING LANE		37,702
CEDAR CREEK GREENWAY PH 1		33,365
PROVIDENCE PKWY AT PROVIDENCE COMMONS/SIGNAL		24,329
BELIDA PKWY SIDEWALK		24,302

Business Activities

ROYAL OAKS WASTEWATER PUMP STATTION MODIFICATIONS	\$	196,321
OZONE SYSTEM @ ROYAL OAKS PROPRIETARY SYSTEM		193,990
2021 FEIGHTLINER CRANE TRUCK		160,669
24 E1 PUMPS		143,802
BELINDA CITY LATERAL L INING		75,260
STONERS CREEK INTERCEPTOR SEWER UPSIZING PH 1		34,400
CEDAR CREEK INTERCEPTOR REPLACEMENT		34,337
2021 FORD F-150 UNIT 600		31,219

City of Mt. Juliet, Tennessee
 Management's Discussion and Analysis (Unaudited)
 For the Year Ended June 30, 2021

City of Mt. Juliet's Capital Assets

<u>Asset Class</u>	Governmental Activities		Business Type Activities		Total	Total
	2021	2020	2021	2020	2021	2020
Land	\$ 8,225,814	\$ 7,249,314	\$ 1,141,495	\$ 1,141,135	\$ 9,367,309	\$ 8,390,449
Bldgs and Improvements	7,345,952	7,280,457	513,691	513,691	7,859,643	7,794,148
Improv Other than Bldgs	6,970,771	6,678,018	293,477	282,775	7,264,248	6,960,793
Machinery and Equipment	17,756,696	16,268,041	1,398,215	1,311,370	19,154,911	17,579,411
Construction in Progress	10,632,732	10,358,630	307,503	1,293,551	10,940,235	11,652,181
Collection System	-	-	89,348,614	77,995,113	89,348,614	77,995,113
Infrastructure	76,392,950	70,191,061	-	-	76,392,950	70,191,061
 Total Cost	 \$ 127,324,915	 \$ 118,025,521	 \$ 93,002,995	 \$ 82,537,635	 \$ 220,327,910	 \$ 200,563,156
Less Accumulated Depreciation	35,650,571	31,125,946	28,479,387	26,496,166	64,129,958	57,622,112
 Net Capital Assets	 \$ 91,674,344	 \$ 86,899,575	 \$ 64,523,608	 \$ 56,041,469	 \$ 156,197,952	 \$ 142,941,044

Additional information on the City capital assets can be found in note 5 of the basic Financial Statements.

Long-term Debt: As of June 30, 2021, the City of Mt. Juliet had total bonded debt, lease-purchases, long-term obligations, and capital notes outstanding of over \$14.4 million. The entire debt is backed by the full faith and credit of the City of Mt. Juliet.

	Governmental Activities		Business Type Activities		Total	Total
	2021	2020	2021	2020	2021	2020
General Obligation Bonds and						
Capital Notes	\$ 12,345,000	\$ 13,818,100	\$ -	\$ -	\$ 12,345,000	\$ 13,818,100
Capital Lease	1,009,031	1,349,599	-	-	1,009,031	1,349,599
Bond Premium	1,119,691	717,713	-	-	1,119,691	717,713
 Total	 \$ 14,473,722	 \$ 15,885,412	 \$ -	 \$ -	 \$ 14,473,722	 \$ 15,885,412

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 \$1.1 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 6/30/2021, governmental debt was less than .82% of assessments and less than \$368 per capita.

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

Total debt payments for the next fiscal year are near \$1.9 million. Additional information regarding the City of Mt. Juliet's long-term debt can be found in the footnotes.

Economic Factors and Next Year's Budgets and Rates

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

- The City's unemployment rate has recovered from a high of 15.3% in April, 2020 due to the statewide shutdown to combat the Covid-19 pandemic. In June 2021, it was estimated at 4.4% which is below the national average of 5.9% and in line with the Tennessee rate of 4.9% and the Wilson County rate of 4.2%. The rate is expected to continue to decline slightly and level off as the year progresses.
- The City 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 facility is nearing completion and is already operational. The project is bringing infrastructure improvements and increased fee and tax revenue throughout the City.
- The City welcomed the second location for The Incredible Christmas Place, a 12,000 square foot, two story retail shop which opened in the summer of 2021.
- North Town Gardens, a new 360-unit residential complex has been approved and began construction in early 2021.
- 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 6/30/2022

Governmental Activities: The City experienced unprecedented growth of 39% in sales tax in fiscal year 2021 and anticipates nominal growth for the upcoming year as the economic effect of the Covid-19 pandemic stabilizes. The City also anticipates growth in licenses and permits as construction of new residential and commercial properties continues.

The City approved the consolidation of the Emergency Services Department into the General Fund for future years. A county wide property reappraisal reduced the previous tax rate of \$0.1664 to a new certified tax rate of \$0.1243. The consolidation provided the opportunity to reduce the property tax rate from the certified rate of \$0.1243 to a new rate of \$0.11 which reduces revenue by an estimated 7%.

The City will use a reserve built from hotel/motel tax collections as well as unrestricted funds to improve newly purchased land for city parks.

The City conducted a pay study on all positions and increased salaries a minimum of 6% across the board. 27 positions were added to the budget including police officers, firefighters, and other department staff throughout the City. The increases were spurred by the prolonged growth and strain on city services.

Increases in the General Fund expenditures are anticipated with the largest increments for roadway construction. Budgeted expenditures are expected to exceed budgeted revenue for 6/30/2022 by nearly \$34 million due to effort directed city roadway improvements.

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2021

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, the I-40 bridge as well as further Greenway development.

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

Business-type Activities: The City projects revenue growth of 5%. Purification costs can be expected to rise over 10% due to the significant decrease caused by the Covid-19 pandemic and in accordance with the Metro contract. Personnel costs can be expected to rise 11% due to salary study adjustments and new personnel. General operating expenses will decrease slightly as the department guards against the impact of the Covid-19 pandemic. Six 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.

The City was awarded a Federal Grant through the American Rescue Plan Act. The grant is expected to be used on Sewer Fund infrastructure improvements including the construction of an equalization basin.

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.

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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 62,583,048	\$ 12,037,219	\$ 74,620,267
Investments	-	1,114,542	1,114,542
Receivables, net			
Property taxes	2,988,718	-	2,988,718
Other taxes	470,998	-	470,998
Due from other governments	5,887,427	-	5,887,427
Interest receivable	15	3,003	3,018
Customers and other	5,972	1,208,387	1,214,359
Inventories	-	117,348	117,348
Restricted assets			
Cash, construction	4,733,047	11,456,830	16,189,877
Prepaid expenses	92,045	18,963	111,008
Capital assets, net of accumulated depreciation	72,815,798	63,074,610	135,890,408
Land and construction in progress, non-depreciable	18,858,546	1,448,998	20,307,544
Net pension asset	2,086,406	226,936	2,313,342
Total assets	170,522,020	90,706,836	261,228,856
Deferred Outflows of Resources			
Deferred pension outflows of resources	1,057,608	94,563	1,152,171
Deferred OPEB outflows of resources	56,020	6,225	62,245
Deferred amounts on refunding	311,015	-	311,015
Total deferred outflows of resources	1,424,643	100,788	1,525,431
Liabilities			
Accounts payable	1,507,852	374,507	1,882,359
Accrued liabilities	486,283	95,741	582,024
Surety bonds	3,615,533	1,944,586	5,560,119
Accrued interest	53,457	-	53,457
Long-term liabilities, current portion	1,957,139	-	1,957,139
Long-term liabilities, non-current portion	13,213,977	-	13,213,977
OPEB liability	617,485	68,610	686,095
Total liabilities	21,451,726	2,483,444	23,935,170
Deferred Inflows of Resources			
Deferred pension inflows of resources	990,053	88,352	1,078,405
Deferred OPEB inflows of resources	372,299	41,366	413,665
Unlevied property and income taxes	2,987,355	-	2,987,355
Total deferred inflows of resources	4,349,707	129,718	4,479,425
Net Position			
Net investment in capital assets	76,503,228	64,237,931	140,741,159
Restricted for:			
Capital improvements	8,291,805	11,456,830	19,748,635
Debt service	641,990	-	641,990
Streets	2,164,078	-	2,164,078
Public safety	3,601,359	-	3,601,359
Stormwater	1,116,179	-	1,116,179
Parks	2,799,291	-	2,799,291
Pension benefits	2,086,406	226,936	2,313,342
Unrestricted	48,940,894	12,272,765	61,213,659
Total net position	\$ 146,145,230	\$ 88,194,462	\$ 234,339,692

City of Mt. Juliet, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	
Primary Government							
Governmental Activities							
General government	\$ 4,107,971	\$ 3,306,663	\$ -	1,086,874	\$ 285,566	\$ -	\$ 285,566
Public safety	11,753,960	1,869,061	-	272,400	(9,612,499)	-	(9,612,499)
Recreation and culture	2,115,226	64,070	-	-	(2,051,156)	-	(2,051,156)
Streets and public works	5,990,322	462,007	1,135,480	4,906,637	513,802	-	513,802
Stormwater	168,236	459,175	-	-	290,939	-	290,939
Interest on debt	372,245	1,220,252	-	-	848,007	-	848,007
Total governmental activities	24,507,960	7,381,228	1,135,480	6,265,911	(9,725,341)	-	(9,725,341)
Business-type Activities							
Sewer	7,135,744	8,360,926	15,463	13,002,495	-	14,243,140	14,243,140
Total primary government	\$ 31,643,704	\$ 15,742,154	\$ 1,150,943	\$ 19,268,406	(9,725,341)	14,243,140	4,517,799
General Revenues							
Property taxes				2,117,248	-	2,117,248	
Sales taxes				17,891,851	-	17,891,851	
Wholesale beer tax				1,165,642	-	1,165,642	
Wholesale liquor tax				689,799	-	689,799	
Franchise tax				1,008,728	-	1,008,728	
Hotel/motel tax				631,636	-	631,636	
Business tax				1,650,646	-	1,650,646	
State shared unrestricted taxes							
State shared sales tax				3,311,870	-	3,311,870	
State shared beer tax				14,854	-	14,854	
State shared alcoholic beverage tax				215,338	-	215,338	
State shared income tax				194,519	-	194,519	
State shared TVA tax				358,646	-	358,646	
Other unrestricted state shared taxes				113,282	-	113,282	
Unrestricted investment earnings				205,485	104,196	309,681	
Other				350,106	-	350,106	
Total general revenues				29,919,650	104,196	30,023,846	
Change in net position				20,194,309	14,347,336	34,541,645	
Net position, beginning of year				125,950,921	73,847,126	199,798,047	
Net position, end of year				\$ 146,145,230	\$ 88,194,462	\$ 234,339,692	

City of Mt. Juliet, Tennessee

Balance Sheet
Governmental Funds
June 30, 2021

	Special Revenue Funds						Debt Service	Other Governmental	Total
	General	State Street Aid	Emergency Services	Capital Projects					
Assets									
Cash	\$ 51,366,446	\$ 866,215	\$ 3,423,700	\$ 3,618,460	\$ 272,215	\$ 1,499,349	\$ 61,046,385		
Receivables, net									
Property taxes	-	-	2,990,497	-	-	-	-	2,990,497	
Other taxes	470,998	-	-	-	-	-	-	470,998	
Due from other governments	5,328,461	209,312	-	355,626	-	-	-	5,893,399	
Interest receivable	15	-	-	-	-	-	-	15	
Prepaid expenses	77,987	-	10,683	-	-	-	2,564	91,234	
Restricted assets									
Cash, for construction	-	-	-	4,733,047	-	-	-	4,733,047	
Total assets	\$ 57,243,907	\$ 1,075,527	\$ 6,424,880	\$ 8,707,133	\$ 272,215	\$ 1,501,913	\$ 75,225,575		

City of Mt. Juliet, Tennessee

Balance Sheet (Continued)

Governmental Funds

June 30, 2021

	Special Revenue Funds				Capital Projects	Debt Service	Other Governmental	Total
	General	State Street Aid	Emergency Services					
Liabilities								
Accounts payable	\$ 339,221	\$ 747,506	\$ 4,927	\$ 415,328	\$ -	\$ -	\$ 870	\$ 1,507,852
Accrued costs	3,924,321	-	58,085	-	-	-	75,085	4,057,491
Total liabilities	4,263,542	747,506	63,012	415,328	-	-	75,955	5,565,343
Deferred Inflows of Resources								
Unavailable property tax revenues	3,434,988	106,010	2,987,355	-	-	-	-	6,528,353
Fund Balances								
Nonspendable								
Prepaid items	77,987	-	10,683	-	-	-	2,564	91,234
Restricted For								
Streets	2,236,343	222,011	-	-	-	-	-	2,458,354
Parks	2,171,529	-	-	-	-	-	-	2,171,529
Public safety	-	-	3,363,830	-	-	-	295,658	3,659,488
Stormwater	-	-	-	-	-	-	1,127,736	1,127,736
Debt service	-	-	-	-	-	272,215	-	272,215
Committed to								
Capital projects	-	-	-	8,291,805	-	-	-	8,291,805
Stabilization	600,000	-	-	-	-	-	-	600,000
Assigned for								
Parks project	30,000	-	-	-	-	-	-	30,000
Unassigned	44,429,518	-	-	-	-	-	-	44,429,518
Total fund balances	49,545,377	222,011	3,374,513	8,291,805	272,215	1,425,958	63,131,879	
Total liabilities, deferred inflows of resources, and fund balances	\$ 57,243,907	\$ 1,075,527	\$ 6,424,880	\$ 8,707,133	\$ 272,215	\$ 1,501,913	\$ 75,225,575	

City of Mt. Juliet, Tennessee
 Reconciliation of Balance Sheet, Governmental Funds to
 Statement of Net Position, Governmental Activities
 June 30, 2021

Amounts reported for fund balance, total governmental funds	\$ 63,131,879
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds.	91,674,344
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	
State shared revenues and local option sales tax receivable	3,540,998
Property taxes receivable	(1,779)
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.	1,537,474
In the statement of activities, interest is accrued on outstanding bonds, whereas, in the governmental funds, interest expenditures are reported when due.	(53,457)
Bond premiums are amortized over the life of the bonds on the statement of activities.	(1,119,691)
Gain or loss on bond refunding is amortized as a component of interest over the life of the bonds on 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	\$ 2,086,406
Deferred outflows of resources	1,057,608
Deferred inflows of resources	<u>(990,053)</u>
	2,153,961
OPEB plan reporting requires recognition of the Entity'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	(617,485)
Deferred inflows of resources	(372,299)
Deferred outflows of resources	<u>56,020</u>
	(933,764)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not recorded in the funds.	
Governmental bonds and notes payable	(12,345,000)
Capital lease payable	(1,052,132)
Accounts payable	(44,325)
Compensated absences	<u>(654,293)</u>
	(14,095,750)
Net position of governmental activities	\$ 146,145,230

City of Mt. Juliet, Tennessee
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 June 30, 2021

	Special Revenue Funds						Other Governmental	Total
	General	State Street Aid	Emergency Services	Capital Projects	Debt Service			
Revenues								
Taxes	\$ 21,270,110	\$ -	\$ 2,117,248	\$ -	\$ -	\$ -	\$ -	\$ 23,387,358
Intergovernmental	4,106,550	1,127,666	-	1,415,581	-	-	8,835	6,658,632
Fines and fees	891,312	-	-	-	1,146,643	-	88,737	2,126,692
Licenses and permits	3,306,663	-	830,333	-	-	-	459,175	4,596,171
Charges for services	581,578	-	-	-	-	-	-	581,578
Uses of money and property	331,105	2,013	88,498	34,615	1,992	-	6,491	464,714
Miscellaneous	2,819,251	8,445	314,251	150,000	-	-	-	3,291,947
Total revenues	33,306,569	1,138,124	3,350,330	1,600,196	1,148,635	563,238	41,107,092	
Expenditures								
Current								
General government	4,452,098	-	-	-	-	-	-	4,452,098
Police	7,776,190	-	-	-	-	-	25,661	7,801,851
Fire	-	-	2,515,575	-	-	-	-	2,515,575
Streets and public works	1,558,497	1,619,163	-	-	-	-	-	3,177,660
Stormwater	-	-	-	-	-	-	200,457	200,457
Parks and culture	1,750,631	-	-	-	-	-	-	1,750,631
Debt service	-	-	-	-	1,756,192	-	-	1,756,192
Capital outlays	2,767,000	-	373,583	2,739,760	-	104,368	5,984,711	
Total expenditures	18,304,416	1,619,163	2,889,158	2,739,760	1,756,192	330,486	27,639,175	
Excess (deficiency) of revenues over expenditures	15,002,153	(481,039)	461,172	(1,139,564)	(607,557)	232,752	13,467,917	
Other Financing Sources (Uses)								
Debt proceeds	-	-	-	-	1,468	-	-	1,468
Transfers from (to) other funds	(5,582,881)	400,000	(300,000)	4,792,881	690,000	-	-	-
Total other financing sources	(5,582,881)	400,000	(300,000)	4,792,881	691,468	-	-	1,468
Net change in fund balances	9,419,272	(81,039)	161,172	3,653,317	83,911	232,752	13,469,385	
Fund balances, beginning of year	40,126,105	303,050	3,213,341	4,638,488	188,304	1,193,206	49,662,494	
Fund balances, end of year	\$ 49,545,377	\$ 222,011	\$ 3,374,513	\$ 8,291,805	\$ 272,215	\$ 1,425,958	\$ 63,131,879	

City of Mt. Juliet, Tennessee

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Year Ended June 30, 2021

Amounts reported for net change in fund balances, total governmental funds \$ 13,469,385

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

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

Cost of assets acquired	\$ 6,148,386
Disposal of capital assets	(94,452)
Depreciation expense	<u>(4,631,815)</u> 1,422,119

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

Local option sales tax	1,760,034
State shared revenues	97,502
Grant revenues	(1,520,557)
Contributed capital assets	<u>3,352,650</u> 3,689,629

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

Proceeds from debt issuance	(8,663,048)
Debt repayment	9,750,567
Interest	<u>294,960</u> 1,382,479

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	(43,030)
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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 (Continued) For the Year Ended June 30, 2021

Pension expenditures in the governmental funds reflect 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	119,264
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OPEB expenditures in the governmental funds reflect amounts currently paid for OPEB costs; however, OPEB expense in the statement of activities is a comprehensive measure consisting of elements, deferrals, and amortization of expenses, which results in a difference of OPEB costs.

OPEB costs	58,800
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Internal service funds are used by management to charge the costs of medical insurance to individual funds. The net revenues (expenses) of certain activities of internal service funds are reported as governmental activities (net of amounts allocated to business activities).

139,988

Change in net position of governmental activities	\$ 20,238,634
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City of Mt. Juliet, Tennessee

Statement of Revenues, Expenditures, and Changes in Fund Balance

Budget (GAAP Basis) and Actual

General Fund

For the Year Ended June 30, 2021

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Local taxes				
Local sales taxes	\$ 9,000,000	\$ 9,000,000	\$ 16,131,817	\$ 7,131,817
Wholesale beer	650,000	650,000	1,165,642	515,642
Wholesale liquor	400,000	400,000	689,799	289,799
Franchise taxes	995,000	995,000	1,008,728	13,728
Hotel/motel taxes	600,000	600,000	631,636	31,636
Business taxes	903,500	903,500	1,642,488	738,988
Total local taxes	12,548,500	12,548,500	21,270,110	8,721,610
Intergovernmental revenues				
State sales tax	2,510,080	2,510,080	3,258,452	748,372
State beer tax	15,061	15,061	14,854	(207)
State income tax	150,000	150,000	111,864	(38,136)
City petroleum special tax	62,438	62,438	62,291	(147)
State alcohol beverage tax	155,000	155,000	194,064	39,064
Police in-service	60,000	60,000	45,800	(14,200)
Other state revenue allocation	18,000	18,000	60,579	42,579
TVA in lieu of tax	376,512	376,512	358,646	(17,866)
Grants	-	536,516	2,566,115	2,029,599
Total intergovernmental revenues	3,347,091	3,883,607	6,672,665	2,789,058
Fines and forfeits				
City court and drug control	1,060,000	1,060,000	891,312	(168,688)
Licenses and permits				
Building permits	700,000	700,000	1,255,974	555,974
Plumbing permits	200,000	200,000	293,111	93,111
Review and inspection fees	390,000	390,000	782,819	392,819
Zoning permits	1,000	1,000	4,139	3,139
Sign permits	8,000	8,000	11,875	3,875
Electrical permits	300,000	300,000	501,607	201,607
Other permits	257,000	257,000	457,138	200,138
Total licenses and permits	1,856,000	1,856,000	3,306,663	1,450,663
Charges for services				
Public safety charges	27,550	27,550	55,501	27,951
Road improvement fees	190,000	190,000	462,007	272,007
Recreational fees	66,350	66,350	64,070	(2,280)
Total charges for services	283,900	283,900	581,578	297,678
Other uses of property and money				
Administrative support services	102,000	102,000	102,000	-
Rent	22,000	22,000	23,620	1,620
Interest	100,000	100,000	205,485	105,485
Total other uses of property and money	224,000	224,000	331,105	107,105
Other revenues				
Contributions from others	1,000	1,000	(3,075)	(4,075)
Sale of assets	-	-	95,397	95,397
Miscellaneous	6,450	6,450	160,814	154,364
Total other revenues	7,450	7,450	253,136	245,686
Total revenues	\$ 19,326,941	\$ 19,863,457	\$ 33,306,569	\$ 13,443,112

See notes to financial statements

City of Mt. Juliet, Tennessee
 Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
 Budget (GAAP Basis) and Actual
 General Fund
 For the Year Ended June 30, 2021

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Expenditures				
Current				
General government				
Legislative board				
Salaries	67,201	67,201	64,392	2,809
Employee benefits	9,241	9,241	4,914	4,327
Supplies and other	8,805	8,805	1,653	7,152
Total legislative board	85,247	85,247	70,959	14,288
City court				
Salaries	11,700	11,700	10,831	869
Employee benefits	895	895	852	43
Outside services	4,500	229,500	229,025	475
Supplies	1,000	1,000	357	643
Total city court	18,095	243,095	241,065	2,030
City manager				
Salaries	415,465	423,776	393,049	30,727
Employee benefits	123,649	124,844	119,902	4,942
Outside services	8,000	8,000	9,851	(1,851)
Membership and dues	55,000	55,000	33,059	21,941
Events and city beautification	45,000	45,000	24,860	20,140
Supplies	12,500	12,500	5,747	6,753
Insurance	5,000	5,000	5,252	(252)
Other costs	19,150	19,150	13,209	5,941
Retiree benefits	50,449	50,449	50,324	125
Total city manager	734,213	743,719	655,253	88,466
Finance				
Salaries	304,270	310,326	307,137	3,189
Employee benefits	115,726	116,622	119,378	(2,756)
Outside services	70,500	70,500	71,883	(1,383)
Supplies	17,300	17,300	15,675	1,625
Other costs	4,850	4,850	2,948	1,902
Total finance	512,646	519,598	517,021	2,577
City attorney				
Outside services	250,000	250,000	254,374	(4,374)
Other costs	43,000	43,000	1,750	41,250
Total city attorney	293,000	293,000	256,124	36,876

City of Mt. Juliet, Tennessee
 Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
 Budget (GAAP Basis) and Actual
 General Fund
 For the Year Ended June 30, 2021

	Budgeted amounts		Actual amounts	Variance with final budget		
	Original	Final				
Expenditures						
Current						
General government						
Economic and community development						
Salaries	144,438	171,328	152,583	18,745		
Employee benefits	69,824	70,299	74,387	(4,088)		
City beautification	-	-	273	(273)		
Outside services	72,000	72,000	69,909	2,091		
Other costs	10,900	10,900	2,677	8,223		
Capital outlay	-	25,000	22,302	2,698		
Total economic and community development	297,162	349,527	322,131	27,396		
Planning and codes						
Salaries	715,781	754,161	695,276	58,885		
Employee benefits	247,689	260,714	250,160	10,554		
Supplies	24,500	24,500	12,849	11,651		
Insurance	17,150	17,150	18,013	(863)		
Outside services	38,000	38,000	14,989	23,011		
Other costs	57,200	57,200	26,183	31,017		
Total planning and codes	1,100,320	1,151,725	1,017,470	134,255		
City buildings and IT services						
Salaries	284,653	290,308	289,548	760		
Employee benefits	76,812	77,648	76,006	1,642		
Supplies	252,120	252,120	226,543	25,577		
Repairs and maintenance	108,000	108,000	67,849	40,151		
Outside services	193,308	193,308	171,502	21,806		
Utilities	304,950	304,950	290,734	14,216		
Insurance	30,006	30,006	31,856	(1,850)		
Equipment rental	165,500	165,500	168,516	(3,016)		
Other costs	25,750	25,750	71,823	(46,073)		
Capital outlay	88,000	339,555	72,761	266,794		
Total city buildings and IT services	1,529,099	1,787,145	1,467,138	320,007		
Total expenditures	4,569,782	5,173,056	4,547,161	625,895		

City of Mt. Juliet, Tennessee
 Statement of Revenues, Expenditures, and Changes in Fund Balance (Continued)
 Budget (GAAP Basis) and Actual
 General Fund
 For Year Ended June 30, 2021

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Expenditures				
Current				
Public safety				
Police department				
Salaries	4,806,896	4,899,333	4,817,156	82,177
Benefits	1,680,999	1,696,733	1,616,349	80,384
Repairs and maintenance	157,280	160,280	158,936	1,344
Supplies	407,020	407,020	359,396	47,624
Outside services	588,892	588,892	543,566	45,326
Utilities	53,000	53,000	43,196	9,804
Insurance	195,040	195,040	201,674	(6,634)
Other costs	49,000	49,000	35,917	13,083
Capital outlay	754,964	6,698,664	884,545	5,814,119
Total public safety	8,693,091	14,747,962	8,660,735	6,087,227
Streets and public works				
Salaries	796,924	816,249	819,578	(3,329)
Benefits	368,857	371,531	374,084	(2,553)
Repairs and maintenance	55,000	55,000	43,445	11,555
Supplies	55,450	55,450	32,694	22,756
Outside services	200,000	200,000	114,828	85,172
Insurance	20,250	20,250	20,386	(136)
Other costs	96,700	96,700	153,482	(56,782)
Capital outlay	93,000	164,550	150,776	13,774
Total streets and public works	1,686,181	1,779,730	1,709,273	70,457
Recreation and culture				
Salaries	755,853	813,406	644,951	168,455
Employee benefits	238,461	281,870	266,742	15,128
Repairs and maintenance	44,000	44,000	64,577	(20,577)
Supplies	108,700	108,700	85,007	23,693
Outside services	10,000	10,000	15,477	(5,477)
Utilities	59,500	59,500	53,435	6,065
Insurance	22,800	22,800	23,947	(1,147)
Other costs	2,850	2,850	1,808	1,042
Appropriation to non-profits	297,575	597,575	594,687	2,888
Capital outlay	6,827,000	6,868,541	1,636,616	5,231,925
Total recreation and culture	8,366,739	8,809,242	3,387,247	5,421,995
Total expenditures	23,315,793	30,509,990	18,304,416	12,205,574
Excess (deficiency) of revenues over expenditures	(3,988,852)	(10,646,533)	15,002,153	25,648,686
Other financing sources (uses)				
Transfers out	(25,440,743)	(26,396,743)	(5,582,881)	20,813,862
Change in fund balance	(29,429,595)	(37,043,276)	9,419,272	46,462,548
Fund balance, beginning of year	40,126,105	40,126,105	40,126,105	-
Fund balance, end of year	\$ 10,696,510	\$ 3,082,829	\$ 49,545,377	\$ 46,462,548

City of Mt. Juliet, Tennessee
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 State Street Aid Fund
 For the Year Ended June 30, 2021

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Intergovernmental				
Gasoline motor fuel city tax	424,032	424,032	587,009	162,977
Gas 1989 tax	100,000	100,000	88,863	(11,137)
Gas 3 cent tax	180,000	180,000	164,657	(15,343)
Gas 2017 tax	300,000	300,000	287,137	(12,863)
Interest	2,000	2,000	2,013	13
Miscellaneous	-	-	8,445	8,445
Total revenues	1,006,032	1,006,032	1,138,124	132,092
Expenditures				
Street maintenance				
Repairs and maintenance	1,570,000	1,570,000	1,384,860	185,140
Street lighting and signage	145,000	245,000	234,303	10,697
Capital outlay	-	-	-	-
Total expenditures	1,715,000	1,815,000	1,619,163	195,837
Excess (deficiency) of revenues over expenditures	(708,968)	(808,968)	(481,039)	327,929
Other Financing Sources (Uses)				
Transfers in (out)	600,000	600,000	400,000	(200,000)
Excess (deficiency) of revenues and other sources over expenditures	(108,968)	(208,968)	(81,039)	127,929
Fund balance, beginning of year	303,050	303,050	303,050	-
Fund balance, end of year	\$ 194,082	\$ 94,082	\$ 222,011	\$ 127,929

City of Mt. Juliet, Tennessee
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 Emergency Services Fund
 For the Year Ended June 30, 2021

	Budgeted amounts		Actual amounts	Variance from final budget
	Original	Final		
Revenues				
Local taxes				
Property tax	2,149,879	2,149,879	2,117,248	(32,631)
Interest	7,000	7,000	28,498	21,498
Licenses and permits	447,000	447,000	830,333	383,333
Rents	60,000	60,000	60,000	-
Other revenues	-	272,400	314,251	41,851
Total revenues	2,663,879	2,936,279	3,350,330	414,051
Expenditures				
Fire				
Salaries	1,421,683	1,670,683	1,620,696	49,987
Benefits	536,006	638,506	613,451	25,055
Utilities	42,600	42,600	28,732	13,868
Contract services	13,000	13,000	14,951	(1,951)
Supplies	127,750	168,950	111,366	57,584
Repairs and maintenance	95,000	95,000	63,143	31,857
Insurance	40,000	40,000	46,791	(6,791)
Other	23,872	24,522	16,445	8,077
Capital outlay	-	-	373,583	(373,583)
Total expenditures	2,299,911	2,693,261	2,889,158	(195,897)
Excess (deficiency) of revenues over expenditures	363,968	243,018	461,172	218,154
Other Financing Sources (Uses)				
Transfers in (out)	(300,000)	(300,000)	(300,000)	-
Excess (deficiency) of revenues and other sources over expenditures	63,968	(56,982)	161,172	218,154
Fund balance, beginning of year	3,213,341	3,213,341	3,213,341	-
Fund balance, end of year	\$ 3,277,309	\$ 3,156,359	\$ 3,374,513	\$ 218,154

City of Mt. Juliet, Tennessee

Statement of Net Position

Proprietary Funds

June 30, 2021

	Business-type Activities	
	Sewer Enterprise Fund	Internal Service Fund
Assets		
Current assets		
Cash	\$ 11,794,397	\$ 1,779,485
Investments	1,114,542	-
Receivables, net of allowance for doubtful accounts of \$25,618	1,208,387	-
Interest receivable	3,003	-
Grants receivable	-	-
Due from other funds	-	-
Prepaid insurance	18,963	811
Inventory	117,348	-
Total current assets	<u>14,256,640</u>	<u>1,780,296</u>
Capital assets		
Land	1,141,495	-
Construction in progress	307,503	-
Collection system	89,348,614	-
Buildings and other improvements	807,168	-
Equipment and rolling stock	1,398,215	-
Capital assets before depreciation	93,002,995	-
Less: accumulated depreciation	(28,479,387)	-
Capital assets, net	<u>64,523,608</u>	<u>-</u>
Other noncurrent assets		
Cash restricted for capital projects	11,456,830	-
Net pension asset	226,936	-
Total other noncurrent assets	<u>11,683,766</u>	<u>-</u>
Total assets	90,464,014	1,780,296
Deferred Outflows of Resources		
Difference between projected and actual experience, pension plan	94,563	-
Difference between projected and actual experience, OPEB plan	6,225	-
Total deferred outflows of resources	<u>100,788</u>	<u>-</u>
Liabilities		
Current liabilities		
Accounts payable	374,507	-
Accrued expenses	95,741	-
Surety bonds	1,944,586	-
Total current liabilities	<u>2,414,834</u>	<u>-</u>
OPEB obligation	68,610	-
Total liabilities	<u>2,483,444</u>	<u>-</u>
Deferred Inflows of Resources		
Deferred inflows of resources related to pensions	88,352	-
Deferred inflows of resources related to OPEB	41,366	-
Total deferred inflows of resources	<u>129,718</u>	<u>-</u>
Net Position		
Net investment in capital assets	64,237,931	-
Restricted for capital improvements	11,456,830	-
Restricted for pension benefits	226,936	-
Unrestricted	12,029,943	1,780,296
Total net position	<u>\$ 87,951,640</u>	<u>\$ 1,780,296</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	<u>242,822</u>	
	<u>\$ 88,194,462</u>	

City of Mt. Juliet, Tennessee
 Statement of Revenues, Expenditures, and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2021

	Business-type Activities	
	Sewer Enterprise Fund	Internal Service Fund
Operating Revenues		
Charges for services, sewer	\$ 7,448,399	\$ 2,705,342
Sewer inspection and administrative charges	646,057	-
Penalties	116,449	-
Operating grant	15,463	-
Uncollectible accounts	6,848	-
Other	<u>143,672</u>	-
Total operating revenues	8,376,888	2,705,342
Operating Expenses		
Sewer line and pump maintenance	1,395,618	-
Sewer lift station operation	267,416	-
Administrative and accounting	528,287	2,600,291
Sewer transportation and treatment	2,702,302	-
Depreciation	2,096,401	-
Professional services	<u>105,188</u>	-
Total operating expenses	7,095,212	2,600,291
Operating income (loss)	1,281,676	105,051
Non-operating Revenues (Expenses)		
Interest income	103,697	-
Loss on sale of assets	<u>(5,595)</u>	-
Total non-operating revenues (expenses)	98,102	-
Net income (loss) before contributions	1,379,778	105,051
Contributions		
Capital contribution, tap fees	3,470,335	-
Capital contribution, utility plant	<u>9,532,160</u>	-
Total contributions	13,002,495	-
Change in net position	14,382,273	105,051
Net position, beginning of year	73,569,367	1,675,245
Net position, end of year	\$ 87,951,640	\$ 1,780,296
Change in net position shown above	\$ 14,382,273	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	<u>34,937</u>	
Change in net position of business-type activities	\$ 14,417,210	

City of Mt. Juliet, Tennessee
 Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2021

	Sewer Enterprise Fund	Internal Service Fund
Cash flows from operating activities		
Cash received from customers	\$ 6,735,929	\$ -
Cash paid to suppliers for goods and services	(3,857,564)	-
Cash paid to employees for services	(894,797)	-
Cash received (returned) for surety bonds	3,012,990	-
Cash paid for interfund administrative support services	(102,000)	-
Premiums/reimbursements received	-	2,715,372
Medical claims and administrative expenses paid	-	(2,601,102)
Net cash provided (used) by operating activities	<u>4,894,558</u>	<u>114,270</u>
Cash flows from capital and related financing activities		
Purchase of property, plant, and equipment	(938,795)	-
Contributions from customers	<u>3,470,335</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>2,531,540</u>	<u>-</u>
Cash flows from investing activities		
Purchase of investments	(13,806)	-
Interest received	<u>105,294</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>91,488</u>	<u>-</u>
Net change in cash	7,517,586	114,270
Cash, beginning of year	<u>15,733,641</u>	<u>1,665,215</u>
Cash, end of year	\$ 23,251,227	\$ 1,779,485
Unrestricted cash	\$ 11,794,397	\$ 1,779,485
Cash restricted for capital projects	<u>11,456,830</u>	<u>-</u>
	\$ 23,251,227	\$ 1,779,485

City of Mt. Juliet, Tennessee
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2021

	Sewer Enterprise Fund	Internal Service Fund
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ 1,281,676	\$ 105,051
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation and amortization	1,983,221	-
Change in:		
Receivables, net	(151,164)	1,748
Due from other funds	16,699	8,282
Prepaid insurance	(1,269)	(811)
Inventory	(30,274)	-
Net pension asset	1,808	-
Deferred outflows of resources related to pensions	17,041	-
Deferred outflows of resources related to OPEB	(3,003)	-
Accounts payable	287,765	-
Accrued expenses	19,581	-
Surety bonds	1,506,495	-
OPEB obligation	(3,354)	-
Deferred inflows of resources related to pensions	(30,488)	-
Deferred inflows of resources related to OPEB	(176)	-
Net cash provided (used) by operating activities	<hr/> \$ 4,894,558	<hr/> \$ 114,270
Supplemental disclosure of noncash capital and related financing activities		
Contributions of sewer lines	\$ 9,532,160	\$ -
Capital assets financed by contracts payable	\$ 285,677	\$ -

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1. Summary of Significant Accounting Policies

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, general administrative services, and sanitary sewers.

The accounts of the City are maintained, and the financial statements have been prepared in conformity with, accounting principles generally accepted in the United States of America (US GAAP), applied to governmental units as promulgated by the Governmental Auditing Standards Board (GASB). The following is a summary of the City's significant accounting policies.

Reporting Entity

The City of Mt. Juliet is a municipality governed by an elected five-member commission. The City's 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.

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.

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.

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

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1. Summary of Significant Accounting Policies

Government-wide and Fund Financial Statements

Fund Financial Statements

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 for 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).

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 a specific fund.

The State Street Aid Fund accounts for all revenues 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 wastewater services provided to customers of the system.

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

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1. Summary of Significant Accounting Policies

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 they are generally 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 costs 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.

Joint Venture

The City has entered into a joint venture with Wilson County to form the Wilson County/Mt. Juliet Development Board (the 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 of 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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1. Summary of Significant Accounting Policies

Budgets and Budgetary Accounting

The City is required by state statute to adopt an annual budget. The budgets for the General and Special Revenue Funds are prepared on the basis that current available funds must be sufficient to meet current expenditures. Expenditures may not legally exceed the appropriations, which lapse at year-end, authorized by the City Council (the Council). The City's budgetary basis is consistent with US GAAP. 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 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 an 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 Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. Budgeted amounts are as originally adopted, or as subsequently amended by the Council.

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

General Fund		
General government	\$	557,501
Public safety		6,050,498
Streets and public works		143,695
Recreation and culture		442,503
Transfers out		<hr/> 956,000
	\$	<hr/> 8,150,197
Emergency Services Fund	\$	776,250
State Street Aid Fund	\$	100,000

General Fund budget amendments primarily related to public safety capital outlays and costs reimbursable through operating grants. The Emergency Services Fund was amended for the addition of a Deputy Fire Chief position, as well as capital outlay and supplies. The State Street Aid Fund was amended for street lighting and signage.

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 issue dates. Also, due to liquidity, the City considers funds deposited in the Local Government Investment Pool to be a cash equivalent for financial statement and cash flow purposes. Restricted cash in the Capital Projects and Sewer Funds are restricted for capital improvements.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1. Summary of Significant Accounting Policies

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 \$242,822, which relates to the consolidation of the internal service fund activities.

All trade receivables and tax receivables are shown net of an allowance for uncollectible amounts.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, 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 if purchased or constructed, or at estimated cost if contributed. 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 of July 1, 2003.

Costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are expensed when incurred.

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. During the year ended June 30, 2021, no capitalized interest was recorded.

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

Buildings	40 years
Improvements other than buildings	30 years
Road system infrastructure	30 years
Machinery, equipment, and vehicles	5 – 10 years
Sidewalks	30 years
Bridges	50 years
Sewer lines	45 years
Sewer transmission equipment	10 – 15 years

Claims Payable

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

Compensated Absences

The 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 upon termination.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1. Summary of Significant Accounting Policies

Property Taxes

The City's property tax is levied each October 1 on the assessed value listed as of the preceding 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, constitute an enforceable legal claim to the subsequent fiscal year levy 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 property	40%
Public utility property	55%
Personal property	30%
Farm and residential property	25%

Taxes are levied at a rate of \$0.1664 per \$100 of assessed valuation for 2021. Payments may be made during the period October 1 through February 28. Current tax collections of \$2,039,392 for the fiscal year ended June 30, 2021 were approximately 98% of the tax levy. By vote of the Council, 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 \$2,988,718, which is net of an allowance for doubtful collections of \$1,779. Of this receivable, \$2,932,273 represents the estimated net realizable 2021 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 \$2,990,497, with offsetting deferred inflows of resources for amounts not available at June 30, 2021. The additional taxes receivable of \$470,998 are beer, hotel/motel, and franchise taxes. There were no tax abatements requiring disclosure under GASB 77.

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 governmental activities and business-type activities are reported in the governmental-wide financial statements as "internal balances."

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 by it, but 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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1. Summary of Significant Accounting Policies

Long-term Liabilities

Long-term liabilities consist of bonds, notes, and other indebtedness, including liabilities associated with compensated absences and postemployment 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 statements 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 that are expected to be financed from proprietary fund operations are accounted for in those funds.

Fund Balances

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 balances – Cannot be expended due to their form (e.g., inventories, prepaid items, and long-term receivables) or that legally or contractually must be maintained intact (e.g., principal of permanent funds).

Restricted fund balances – Are mandated for a specific purpose by external parties, constitutional provisions, or enabling legislation.

Committed fund balances – Are set aside for a specific purpose by the City's highest level of decision-making authority (i.e., the Board of Commissioners) and its highest form of authority (ordinance). This commitment of funds is binding unless removed by a subsequent 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 balances – Are set aside with the intent to be used for a specific purpose by the City's highest level of decision-making authority (the Board) or a body or official that has been given the authority to assign funds. An assignment of fund balances is less formal than the commitment of fund balances, and it does not require formal action. The Board has authorized no other body or official the authority to assign funds.

Unassigned fund balances – Cannot be classified in any of 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, and is sometimes 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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1. Summary of Significant Accounting Policies

Fund Balances

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 as determined by management.

Net Position

Net position represents the total of 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 borrowings 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 – Consists 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 the 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 the fund equity of the enterprise funds from last year. The beginning net position amount for governmental activities reflects the fund balance for governmental funds, adjusted for the conversion to the accrual basis of accounting from last year.

Inventory and Prepaid Items

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

Enterprise (Sewer) Fund – Consists of inventory, principally materials, supplies, and replacement parts, valued at the lower of cost (first-in, first-out, or FIFO) 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 the 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 an expenditure/expense 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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 1. Summary of Significant Accounting Policies

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 grants or other outside contributions of resources restricted to capital acquisition and construction. Contributions of capital assets are recorded as revenue in the Statement of Revenues, Expenses, and Changes in Net Position.

Estimates

The preparation of financial statements in conformity with US 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.

Pensions

For the purpose of measuring the net pension liability, the 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.

Other Postemployment Benefit (OPEB) Plan

For the purpose of measuring the net OPEB liability, the 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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 2. **Cash and Investments**

Cash

The City has no formal deposit and investment policies other than those prescribed by State of Tennessee statute, as 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. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

As of June 30, 2021, 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. 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.

Investments

The City's investments as 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 \$1,115,000 at June 30, 2021.

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, such that 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 being limited to investments authorized by state law.

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Year Ended June 30, 2021

Note 3. Receivables

Accounts and taxes receivable at June 30, 2021 consisted of the following, by fund:

	General	Emergency Services	Capital Projects	State Street Aid	Stormwater	Sewer Enterprise	Internal Service	Total
Property taxes	\$ -	\$ 2,990,497	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,990,497
Beer/liquor taxes	174,562	-	-	-	-	-	-	174,562
Franchise taxes	207,379	-	-	-	-	-	-	207,379
Hotel/motel tax	89,057	-	-	-	-	-	-	89,057
Other governments	5,328,461	-	349,654	209,312	-	-	-	5,887,427
Customer	-	-	5,972	-	-	1,234,005	-	1,239,977
Other	15	-	-	-	-	3,003	-	3,018
Less: allowance for doubtful accounts	-	(1,779)	-	-	-	(25,618)	-	(27,397)
	\$ 5,799,474	\$ 2,988,718	\$ 355,626	\$ 209,312	\$ -	\$ 1,211,390	\$ -	\$ 10,564,520

Note 4. Property Taxes Receivable

Gross property taxes receivable of \$2,990,497 is summarized in the Supplementary Information section on page 70 of this report.

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Year Ended June 30, 2021

Note 5. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2021:

Governmental Activities

	Beginning balance	Increases	Decreases	Transfers	Ending balance
Capital assets not being depreciated					
Land	\$ 7,249,314	\$ 976,500	\$ -	\$ -	\$ 8,225,814
Construction in progress	<u>10,358,630</u>	<u>3,038,822</u>	<u>-</u>	<u>(2,764,720)</u>	<u>10,632,732</u>
	17,607,944	4,015,322	-	(2,764,720)	18,858,546
Capital assets being depreciated					
Buildings and improvements	7,280,457	65,495	-	-	7,345,952
Improvements other than buildings	6,678,018	263,475	-	29,278	6,970,771
Machinery and equipment	16,268,041	1,690,297	201,642	-	17,756,696
Infrastructure	<u>70,191,061</u>	<u>3,466,447</u>	<u>-</u>	<u>2,735,442</u>	<u>76,392,950</u>
Total capital assets	118,025,521	9,501,036	201,642	-	127,324,915
Less: accumulated depreciation					
Buildings and improvements	2,771,148	184,465	-	-	2,955,613
Improvements other than buildings	3,277,940	454,030	-	-	3,731,970
Machinery and equipment	9,134,128	1,531,477	107,190	-	10,558,415
Infrastructure	<u>15,942,730</u>	<u>2,461,843</u>	<u>-</u>	<u>-</u>	<u>18,404,573</u>
Total accumulated depreciation	31,125,946	4,631,815	107,190	-	35,650,571
Governmental activities capital assets, net	\$ 86,899,575	\$ 4,869,221	\$ 94,452	\$ -	\$ 91,674,344

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Year Ended June 30, 2021

Note 5. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2021:

Business-type Activities

	Beginning balance	Increases	Decreases	Transfers	Ending balance
Capital assets not being depreciated					
Land	\$ 1,141,135	\$ 360	\$ -	\$ -	\$ 1,141,495
Construction in progress	<u>1,293,551</u>	<u>396,877</u>	<u>-</u>	<u>(1,382,925)</u>	<u>307,503</u>
	2,434,686	397,237	-	(1,382,925)	1,448,998
Capital assets being depreciated					
Buildings and improvements	796,466	10,702	-	-	807,168
Collection system	77,995,114	9,984,307	13,731	1,382,925	89,348,615
Equipment and rolling stock	<u>1,311,370</u>	<u>191,888</u>	<u>105,044</u>	<u>-</u>	<u>1,398,214</u>
Total capital assets	82,537,636	10,584,134	118,775	-	93,002,995
Less: accumulated depreciation					
Collection system and buildings	25,753,913	2,014,398	8,136	-	27,760,175
Equipment and rolling stock	<u>742,253</u>	<u>82,003</u>	<u>105,044</u>	<u>-</u>	<u>719,212</u>
Total accumulated depreciation	26,496,166	2,096,401	113,180	-	28,479,387
Business-type activities capital assets, net	\$ 56,041,470	\$ 8,487,733	\$ 5,595	\$ -	\$ 64,523,608

During the year, the City accepted donated roadways in the amount of \$3,352,650, and sewer lines in the amount of \$9,532,160. Depreciation expense was charged to functions/programs as of June 30, 2021, as follows:

Governmental Activities	
General government	\$ 134,380
Public safety	1,274,769
Streets and public works	2,874,483
Stormwater	9,619
Recreational and culture	<u>338,564</u>
Total depreciation expense, governmental activities	\$ 4,631,815
Business-type Activities	
Sewer	\$ 2,096,401

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Year Ended June 30, 2021

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, including: property taxes, payments in lieu of property taxes, state shared revenues, and pension plan-related deferrals. At June 30, 2021, the components of deferred outflows and inflows of resources on the government-wide statement of net position consisted of the following:

	Governmental activities	Business-type activities
Deferred outflows of resources		
Deferred charge on refunding	\$ 311,015	\$ -
Deferred current year pension contribution	1,057,608	94,563
Deferred differences between expected and actual OPEB experience	<u>56,020</u>	<u>6,225</u>
Total deferred outflows of resources	\$ 1,424,643	\$ 100,788
Deferred inflows of resources		
2020 assessed but unlevied property taxes	\$ 2,932,273	\$ -
Other estimated taxes	55,082	-
Deferred differences between expected and actual pension experience	990,053	88,352
Deferred differences between expected and actual OPEB experience	<u>372,299</u>	<u>41,542</u>
Total deferred inflows of resources	\$ 4,349,707	\$ 129,718

Deferred inflows of resources in the governmental fund statements totaled \$6,528,353 and consisted of unlevied property taxes of \$2,932,273, delinquent property taxes of \$55,082, and unavailable state and local shared taxes of \$3,540,998.

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Years Ended June 30, 2021

Note 7. Long-term Debt and Other Obligations Payable

The City issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities for general government purposes. The City 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 postemployment benefit obligations are generally liquidated by the funds responsible for the employer, which are the General, Emergency Services, and Stormwater Funds.

The following is a summary of the changes in long-term liabilities for the year ended June 30, 2021:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Governmental activities					
Public improvement bonds	\$ 13,818,100	\$ 7,980,000	\$ (9,453,100)	\$ 12,345,000	\$ 955,000
Capital leases	1,349,599	-	(297,467)	1,052,132	347,846
Bond premiums	<u>717,713</u>	<u>683,048</u>	<u>(281,070)</u>	<u>1,119,691</u>	<u>168,275</u>
Total governmental activities long-term debt	15,885,412	8,663,048	(10,031,637)	14,516,823	1,471,121
Compensated absences*	<u>611,263</u>	<u>418,574</u>	<u>(375,544)</u>	<u>654,293</u>	<u>654,293</u>
	\$ 16,496,675	\$ 9,081,622	\$ (10,407,181)	\$ 15,171,116	\$ 2,125,414
Business-type activities					
Compensated absences*	\$ 55,137	\$ 43,970	\$ (48,739)	\$ 50,368	\$ 50,368

* Included in accrued liabilities

Long-term notes and bonds at June 30, 2021 consisted of the following obligations:

Governmental Activities

Capital leases payable, bearing interest at 2.69%, payable in monthly installments, with final payment due in 2024	\$ 1,052,132
\$6,070,000 General Obligation Refunding Bonds, Series 2019, due in annual installments through 2026, with semi-annual interest payments at an interest rate of 5.00%	4,500,000
\$7,980,000 General Obligation Refunding Bonds, Series 2020, due in annual installments through 2034, with semi-annual interest payments at an interest rate of 4.00%	7,845,000
Total governmental activities obligations	<u>13,397,132</u>
Less: current portion	<u>(1,302,846)</u>
Total long-term governmental activities obligations	<u>\$ 12,094,286</u>

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Year Ended June 30, 2021

Note 7. Long-term Debt and Other Obligations Payable

In December 2020, the City issued \$7,980,000 in General Obligation Refunding and Improvement Bonds, Series 2020 (Series 2020), to refund the \$8,543,100 outstanding General Obligation Refunding Bonds, Series 2016 (Series 2016), and to pay the costs of issuing the bonds. The Series 2016 bonds were called for redemption and redeemed at a redemption price of 100% of their principal amount plus accrued interest. The economic gain from the refunding was approximately \$1,022,000. The Series 2020 bonds were issued as fully registered bonds and carry an interest rate of 4.00% and mature between June 2021 and June 2034. The bonds are secured by a pledge of the City's net revenues.

The 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, 2021 are as follows:

Refunding and Public Improvement Bonds				
Fiscal year	Principal	Interest	Total	
2022	\$ 955,000	\$ 538,800	\$ 1,493,800	
2023	990,000	492,500	1,482,500	
2024	1,055,000	444,400	1,499,400	
2025	1,115,000	393,200	1,508,200	
2026	1,165,000	339,100	1,504,100	
2027 – 2031	4,255,000	836,150	5,091,150	
2032 – 2036	2,810,000	66,005	2,876,005	
Totals	\$ 12,345,000	\$ 3,110,155	\$ 15,455,155	

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 leases are as follows:

	Governmental activities
Police equipment	\$ 365,133
Fire equipment	2,600,028
Less: accumulated depreciation	<u>(1,808,351)</u>
	\$ 1,156,810

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 7. Long-term Debt and Other Obligations Payable

Leases

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

Year ended June 30,	Fire truck	Police equipment
2022	\$ 300,000	\$ 83,117
2023	300,000	83,117
2024	<u>312,312</u>	-
	912,312	166,234
Less: amount representing interest	(57,007)	(12,508)
	\$ 855,305	\$ 153,726

Note 8. Pension Plan

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 nonservice-related disability eligibility. The service-related and nonservice-related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10% 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 3.00% and applied to the current benefit. No COLA is granted if the change in the CPI is less than 0.50%. A 1.00% COLA is granted if the CPI change is between 0.50% and 1.00%. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 8. Pension Plan

General Information about the Pension Plan

Employees Covered by Benefit Terms

At the measurement date of June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	45
Inactive employees entitled to but not yet receiving benefits	131
Active employees	171
	<hr/> 347

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5.00% 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, 2021, employer contributions for the City were \$722,436, based on a rate of 6.73% 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.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2020, 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 the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment rate of return	7.25%, net of pension plan investment expenses, including inflation
Cost-of-living adjustment	2.25%

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

The actuarial assumptions used in the June 30, 2020 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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 8. Pension Plan

Net Pension Liability (Asset)

Actuarial Assumptions

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 2.50%. 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:

Asset class	Long-term expected real rate of return	Target allocation
US 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%
US fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25%, 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%. 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 ADC 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.

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Year Ended June 30, 2021

Note 8. Pension Plan

Changes in Net Pension Liability (Asset)

	Total pension liability (a)	Plan fiduciary net position (b)	Net pension liability (asset) (a-b)
Balance, June 30, 2019	\$ 16,522,425	\$ 18,856,106	\$ (2,333,681)
Service cost	801,350	-	801,350
Interest	1,243,450	-	1,243,450
Changes of benefit terms	-	-	-
Difference between expected and actual returns	(60,696)	-	(60,696)
Changes in assumptions	-	-	-
Contributions, employer	-	1,026,768	(1,026,768)
Contributions, employees	-	-	-
Net investment income	-	951,809	(951,809)
Benefits paid, including refunds and contributions	(345,480)	(345,480)	-
Administrative expenses	-	(14,812)	14,812
Other changes	-	-	-
Net change	<u>1,638,624</u>	<u>1,618,285</u>	<u>20,339</u>
Balance, June 30, 2020	\$ 18,161,049	\$ 20,474,391	\$ (2,313,342)

Sensitivity of Net Pension Liability to Changes in the Discount Rate

The following represents the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher than the current rate:

	1% Decrease (6.25%)	Current rate (7.25%)	1% Increase (8.25%)
Net pension liability (asset)	\$ 813,230	\$ (2,313,342)	\$ (4,803,572)

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

Pension Expense

For the year ended June 30, 2021, the City recognized pension expense of \$591,533.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 8. Pension Plan

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

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 67,852	\$ 1,078,405
Net difference between expected and actual earnings	165,506	-
Changes in assumptions	196,377	-
Contributions made subsequent to measurement date	<u>722,436</u>	-
	\$ 1,152,171	\$ 1,078,405

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

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

Year ended June 30,	
2022	\$ (195,910)
2023	(94,631)
2024	(62,399)
2025	(21,705)
2026	(106,798)
Thereafter	(167,227)

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

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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 9. Other Postemployment Benefits Plan (OPEB)

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:

Dental (single)	\$25.70 per month
Vision (single)	\$4.76 per month
Pre-age 65 prescription	\$0.83 per month
Pre-age 65 medical	Varies; generally, \$799.54 or \$806.31 per month

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 (on which the current premium rates were based) and the retiree-only group were required, in accordance with Actuarial Standards of Practice 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.

Medicare Part B Premiums

Medicare part B premiums are not applicable.

Eligibility

Only employees hired prior to February 1, 1999 are eligible. Pre-November 2017 retirees were grandfathered in.

Retiree contributions

Dollar amounts apply for medical, dental, and vision (0% for life insurance). For the year ended 2020, annual dollar amounts for single coverage included \$1,151.94 or \$1,451.28 for medical, \$77.04 for dental, and \$14.40 for vision.

Funding Policy

The City's funding policy is to contribute the current annual premium (net of employee contributions) for all retired participants (i.e., 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.

Membership Counts at June 30, 2021

Active employees	4
Retired employees	10
Total	14

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 9. Other Postemployment Benefits Plan (OPEB)

Actuarial Methods and Assumptions

Actuarial funding method	Entry age normal, level % pay
Valuation date	July 1, 2020 (June 30, 2021 end of year disclosures)
Discount rate	2.66% per annum* (2.18% for disclosures June 30, 2021) (1.18% and 3.18% are illustrated for sensitivity) *GASB 75 requires results to be presented based on actual rates as of year-end (reflective of published municipal bond indices; the S&P Municipal Bond 20-year High Grade Rate Index as of June 30, 2021 was 2.18%). Since the plan is not pre-funded, the index will apply.
Salary scale	3% per annum
Mortality	RP 2006 mortality table with MP 2019 projection
Withdrawal	Sarasson T-5 Table
Disability	N/A
Retirement rates	Age 60: 25% Age 61: 15% Age 62: 15% Age 63: 15% Age 64: 15% Age 65: 100%
Healthcare cost trend rate	The following table illustrates the assumed healthcare trend rate for each future year:

Year	Assumed increase
1	8.0%
2	7.5%
3	7.0%
4	6.5%
5	6.0%
6	5.5%
7	5.0%

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Year Ended June 30, 2021

Note 9. Other Postemployment Benefits Plan (OPEB)

Actuarial Methods and Assumptions

Marital actives	Wife is assumed to be same age as husband. 70% of males and 50% of females assumed.
Participation rate	100% of eligible retirees are expected to participate.
Inflation rate	3.0% per annum.
Change in provision	None
Asset valuation method	Market value
Amortization basis	Experience: Average expected working lifetime of the whole group Assumption change: Average expected future working lifetime of the whole group

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following is the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate at June 30, 2021.

	1% Decrease 1.18%	Discount rate 2.18%	1% Increase 3.18%
OPEB liability, June 30, 2021	\$ 773,557	\$ 686,095	\$ 598,634
GASB 75 expense, June 30, 2021	\$ (40,000)	\$ (45,383)	\$ (50,000)

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

The following presents the total OPEB liability calculated using the stated healthcare cost trend assumption as well as what the City's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1% lower or 1% higher than the current healthcare cost trend rate at June 30, 2021.

	Healthcare cost		
	1.00% Decrease 7.00% decreasing to 4.00%	trend rate 8.00% decreasing to 5.00%	1.00% Increase 9.00% decreasing to 6.00%
OPEB liability, June 30, 2021	\$ 581,598	\$ 686,095	\$ 808,535
Projected expense for year ended 2021	\$ (50,000)	\$ (45,383)	\$ (40,000)

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Year Ended June 30, 2021

Note 9. Other Postemployment Benefits Plan (OPEB)

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2021, the City recognized OPEB expense of \$(33,549).

Total OPEB Expense

Service cost	\$ 5,699
Interest	18,877
Changes in benefit terms	-
Difference between expected and actual experience	(80,155)
Changes in assumptions	41,980
Benefit payments	<u>(19,950)</u>
GASB 75 annual OPEB expense	<u>\$ (33,549)</u>

The City's total OPEB liability of \$686,095 was measured as of June 30, 2021, and was determined by an actuarial valuation as of June 30, 2020

The components of total OPEB liability at June 30, 2021 is as follows:

Total OPEB Liability

Balance, June 30, 2020	\$ 719,644
Service cost	5,699
Interest	18,877
Changes in benefit terms	-
Difference between expected and actual experience	(80,155)
Changes in assumptions	41,980
Benefit payments	<u>(19,950)</u>
Net change in total OPEB liability	<u>(33,549)</u>
Balance, June 30, 2021	\$ 686,095
Plan fiduciary net position, end of year	0%
Employee covered payroll	\$ 702,606
OPEB liability as a % of employee covered payroll	97.65%

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

Note 9. Other Postemployment Benefits Plan (OPEB)

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 678	\$ 413,665
Net difference between expected and actual earnings	-	-
Changes in assumptions	<u>61,567</u>	<u>-</u>
	\$ 62,245	\$ 413,665

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

Year ended June 30,	
2022	\$ (69,959)
2023	(69,959)
2024	(69,959)
2025	(69,959)
2026	(66,330)
Thereafter	(5,260)

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

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 CPI. 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 \$5,600,000 in project contracts. These contracts were approximately 99% complete at June 30, 2021 and are being financed with available reserves.

Litigation

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

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Year Ended June 30, 2021

Note 10. Commitments and Contingencies

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 leases. The City made lease payments in the amount of \$168,516 during 2021. Future lease obligations are as follows:

Year ended	
June 30,	
2022	\$ 128,920
2023	76,047
2024	34,250
2025	<u>20,023</u>
Total	\$ 259,240

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 100 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.

Note 11. Interfund Transfers

Interfund transfers for the year ended June 30, 2021 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

	Transfers in	Transfers out
Governmental activities		
General Fund	\$ -	\$ 5,582,881
State Street Aid Fund	400,000	-
Capital Projects Fund	4,792,881	-
Debt Service Fund	690,000	-
Emergency Services Fund	<u>-</u>	300,000
Total	<u>\$ 5,882,881</u>	<u>\$ 5,882,881</u>

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2021

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, in which 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:

	Liability, beginning of year	Claims and changes in estimates	Claim payments	Liability, end of year
2018 – 2019	\$ 234,141	\$ 2,748,989	\$ (2,600,930)	\$ 382,200
2019 – 2020	\$ 382,200	\$ 225,900	\$ (608,100)	\$ -
2020 – 2021	\$ -	\$ -	\$ -	\$ -

The City is exposed to various other risks of loss. The City deemed it to be more economically feasible to participate in a public entity risk pool than to purchase 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 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, 2021 and 2020, the Board had an accumulated net position of \$742,168 and \$698,209, respectively. The net change in net position for fiscal year 2021 was \$43,959. Separate financial statement information regarding the joint venture is available from the City.

Required Supplementary Information

City of Mt. Juliet, Tennessee

Schedules of Changes in Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Public Employee Pension Plan of the TCRS
For the Years Ended June 30, 2014 through 2020

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service cost	\$ 801,350	\$ 784,750	\$ 852,384	\$ 645,473	\$ 546,207	\$ 485,779	\$ 443,365
Interest	1,243,450	1,161,428	1,105,265	992,200	899,978	830,197	763,410
Changes of benefit terms	-	-	-	-	-	-	-
Differences between actual and expected experience	(60,696)	(497,280)	(809,079)	122,136	(25,115)	(202,551)	(114,265)
Changes in assumptions	-	-	-	353,481	-	-	-
Benefit payments, including refunds of employee contributions	(345,480)	(322,837)	(289,724)	(319,276)	(262,126)	(224,747)	(264,132)
Net change in total pension liability	1,638,624	1,126,061	858,846	1,794,014	1,158,944	888,678	828,378
Total pension liability, beginning of year	<u>16,522,425</u>	<u>15,396,364</u>	<u>14,537,518</u>	<u>12,743,504</u>	<u>11,584,560</u>	<u>10,695,882</u>	<u>9,867,504</u>
Total pension liability, end of year (a)	<u>18,161,049</u>	<u>16,522,425</u>	<u>15,396,364</u>	<u>14,537,518</u>	<u>12,743,504</u>	<u>11,584,560</u>	<u>10,695,882</u>
Plan Fiduciary Net Position							
Contributions, employer	1,026,768	978,716	936,797	957,220	860,287	798,473	806,691
Contributions, employees	-	593	-	199	1,762	398	-
Net investment income	951,809	1,284,470	1,273,309	1,497,426	325,756	349,649	1,536,270
Benefit payments, including refunds of employee contributions	(345,480)	(322,837)	(289,724)	(319,276)	(262,126)	(224,747)	(264,132)
Administrative expenses	(14,812)	(14,299)	(14,741)	(12,792)	(10,583)	(6,657)	(4,822)
Other	-	-	-	-	-	-	-
Net change in plan fiduciary net position	1,618,285	1,926,643	1,905,641	2,122,777	915,096	917,116	2,074,007
Plan fiduciary net position, beginning of year	<u>18,856,106</u>	<u>16,929,463</u>	<u>15,023,822</u>	<u>12,901,045</u>	<u>11,985,949</u>	<u>11,068,833</u>	<u>8,994,826</u>
Plan fiduciary net position, end of year (b)	<u>20,474,391</u>	<u>18,856,106</u>	<u>16,929,463</u>	<u>15,023,822</u>	<u>12,901,045</u>	<u>11,985,949</u>	<u>11,068,833</u>
Net pension liability (asset), end of year (a - b)	\$ (2,313,342)	\$ (2,333,681)	\$ (1,533,099)	\$ (486,304)	\$ (157,541)	\$ (401,389)	\$ (372,951)
Plan fiduciary net position as a percentage of total pension liability	112.74%	114.12%	109.96%	103.35%	101.24%	103.46%	103.49%
Covered payroll	\$ 9,569,132	\$ 8,707,446	\$ 8,334,446	\$ 8,030,370	\$ 7,211,166	\$ 6,692,987	\$ 6,432,941
Net pension liability (asset) as a percentage of covered payroll	-24.18%	-26.80%	-18.39%	-6.06%	-2.18%	-6.00%	-5.80%

Notes to Schedules

GASB 68 requires this data to be presented as part of a 10-year schedule, but it is not required to be presented retroactively prior to the implementation date of GASB 68. Years will be added to this schedule until 10 years of information is available. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

City of Mt. Juliet, Tennessee

Schedules of Contributions

Based on Participation in the Public Employee Pension Plan of the TCRS
For the Years Ended June 30, 2014 through 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 722,436	\$ 1,026,768	\$ 978,716	\$ 936,615	\$ 957,220	\$ 860,287	\$ 798,473	\$ 806,691
Contributions in relation to the actuarially determined contribution	<u>722,436</u>	<u>1,026,768</u>	<u>978,716</u>	<u>936,615</u>	<u>957,220</u>	<u>860,287</u>	<u>798,473</u>	<u>806,691</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 10,734,722	\$ 9,569,132	\$ 8,707,446	\$ 8,334,446	\$ 8,030,370	\$ 7,211,166	\$ 6,692,987	\$ 6,432,941
Contributions as a percentage of covered-employee payroll	6.73%	10.73%	11.24%	11.24%	11.92%	11.93%	11.93%	12.54%

Notes to Schedules

GASB 68 requires this data to be presented as part of a 10-year schedule, but it is not required to be presented retroactively prior to the implementation date of GASB 68. Years will be added to this schedule until 10 years of information is available. Please refer to previously supplied data from TCRS GASB website for prior years' data, if needed.

Methods and assumptions used to determine contribution rates:

Valuation date	Actuarially determined contribution rates for the year ended June 30, 2021 were calculated based on the June 30, 2019 actuarial valuation.
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 20.00% corridor to market value
Inflation	2.50%
Salary increases	Graded salary ranges from 8.72% to 3.44%, based on age, including inflation, averaging 4.00%
Investment rate of return	7.25%, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience, including adjustment for some anticipated improvement
Cost-of-living adjustments	2.25%

Changes in assumptions

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

City of Mt. Juliet, Tennessee
 Schedules of Changes in Total OPEB Liability and Related Ratios
 For the Years Ended June 30, 2018 through 2021

	2021	2020	2019	2018
Total OPEB Liability				
Service cost	\$ 5,699	\$ 8,306	\$ 9,467	\$ 10,780
Interest	18,877	31,187	39,690	39,925
Changes of benefit terms	-	-	(203,710)	-
Differences between actual and expected experience	(80,155)	(441,844)	(51,376)	969
Changes in assumptions	41,980	15,037	25,973	-
Benefit payments, net	<u>(19,950)</u>	<u>(21,705)</u>	<u>(46,545)</u>	<u>(72,552)</u>
Net change in total OPEB liability	(33,549)	(409,019)	(226,501)	(20,878)
Total OPEB liability, beginning of year	<u>719,644</u>	<u>1,128,663</u>	<u>1,355,164</u>	<u>1,376,042</u>
Total OPEB liability, end of year (a)	686,095	719,644	1,128,663	1,355,164
Plan Fiduciary Net Position				
Contributions, employer	19,950	21,705	46,545	72,552
Net investment income	-	-	-	-
Benefit payments, including refunds of employee contributions	(19,950)	(21,705)	(46,545)	(72,552)
Administrative expenses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in plan fiduciary net position	-	-	-	-
Plan fiduciary net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, end of year (b)	-	-	-	-
Net OPEB liability (asset), end of year (a - b)	\$ 686,095	\$ 719,644	\$ 1,128,663	\$ 1,355,164
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%
Covered payroll	\$ 702,606	\$ 702,606	\$ 756,600	\$ 739,482
Total OPEB liability (asset) as a percentage of covered payroll	97.65%	102.42%	149.18%	183.26%

Notes to Schedules

GASB 68 requires this data to be presented as part of a 10-year schedule, but it is not required to be presented retroactively prior to the implementation date of GASB 68. Years will be added to this schedule until 10 years of information is available.

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

City of Mt. Juliet, Tennessee
Schedules of OPEB Contributions and Assumptions
For the Years Ended June 30, 2018 through 2021

	2021	2020	2019	2018
Actuarially determined contribution	\$ 52,563	\$ 82,705	\$ 100,387	\$ 50,705
Contributions in relation to the actuarially determined contribution	19,950	21,705	46,545	(72,552)
Contribution deficiency (excess)	\$ (32,613)	\$ (61,000)	\$ (53,842)	\$ 21,847
Covered-employee payroll	\$ 702,606	\$ 702,606	\$ 756,600	\$ 739,482
Contributions as a percentage of covered-employee payroll	2.84%	3.09%	6.15%	9.81%
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	N/A

Notes to Schedules

GASB 68 requires this data to be presented as part of a 10-year schedule, but it is not required to be presented retroactively prior to the implementation date of GASB 68. Years will be added to this schedule until 10 years of information is available.

Methods and assumptions used to determine contribution rates:

Valuation date, by year		7/1/2020	7/1/2019	7/1/2018	7/1/2017
Census date, by year		6/30/2020	6/30/2019	6/30/2018	6/30/2018
Investment rate of return, by year		2.18%	2.66%	2.79%	2.98%
Actuarial cost method	Entry age normal				
Amortization method	N/A				
Amortization period	N/A				
Asset valuation	Market				
Inflation	3.00%				
Healthcare cost trend	8.00%, decreasing to 5.00% ultimate				
Salary increases	3.00%				
Retirement age	Rates from age 60				
Mortality	RP-2006 with MP-2019 projection				

Supplementary Information

City of Mt. Juliet, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2021

	Special Revenue Funds		Total nonmajor governmental funds
	Drug fund	Stormwater fund	
Assets			
Cash and cash equivalents	\$ 365,056	\$ 1,134,293	\$ 1,499,349
Prepays	-	2,564	2,564
Total assets	\$ 365,056	\$ 1,136,857	\$ 1,501,913
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ -	\$ 870	\$ 870
Accrued liabilities	69,398	5,687	75,085
Total liabilities	69,398	6,557	75,955
Fund balances			
Nonspendable, prepays	-	2,564	2,564
Restricted	295,658	1,127,736	1,423,394
Total fund balances	295,658	1,130,300	1,425,958
Total liabilities and fund balances	\$ 365,056	\$ 1,136,857	\$ 1,501,913

City of Mt. Juliet, Tennessee
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2021

	Special Revenue Funds		Total nonmajor governmental funds
	Drug fund	Stormwater fund	
Revenues			
Intergovernmental	\$ 8,835	\$ -	\$ 8,835
Licenses, permits, and fines	- -	459,175	459,175
Drug-related fines, seizures, and sales	88,737	- -	88,737
Interest	1,513	4,978	6,491
Total revenues	<u>99,085</u>	<u>464,153</u>	<u>563,238</u>
Expenditures			
Stormwater			
Current			
Salaries	- -	114,534	114,534
Employee benefits	- -	63,991	63,991
Other	- -	21,932	21,932
Police			
Current			
Supplies, training, and investigations	25,661	- -	25,661
Total expenditures	<u>25,661</u>	<u>200,457</u>	<u>226,118</u>
Excess of revenues over expenditures	73,424	263,696	337,120
Fund balances, beginning of year	326,602	866,604	1,193,206
Fund balances, end of year	\$ 400,026	\$ 1,130,300	\$ 1,530,326

City of Mt. Juliet, Tennessee
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 Drug Fund
 For the Year Ended June 30, 2021

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Interest	\$ 2,000	\$ 2,000	\$ 1,513	\$ (487)
Federal equitable sharing	5,000	5,000	8,835	3,835
Drug-related fines, seizures, and sales	<u>50,000</u>	<u>50,000</u>	<u>88,737</u>	<u>38,737</u>
Total revenues	57,000	57,000	99,085	42,085
Expenditures				
Program costs				
Training	8,100	8,100	1,964	6,136
Supplies	8,800	8,800	4,728	4,072
Investigations	30,000	30,000	7,100	22,900
Contract services	8,650	8,650	8,326	324
Travel	<u>11,000</u>	<u>11,000</u>	<u>3,543</u>	<u>7,457</u>
Total expenditures	66,550	66,550	25,661	40,889
Excess of revenues over (under) expenditures	(9,550)	(9,550)	73,424	82,974
Fund balance, beginning of year	326,602	326,602	326,602	-
Fund balance, end of year	\$ 317,052	\$ 317,052	\$ 400,026	\$ 82,974

City of Mt. Juliet, Tennessee
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 Stormwater Fund
 For the Year Ended June 30, 2021

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Licenses and permits				
Inspection and other fees	\$ 371,000	\$ 371,000	\$ 459,175	\$ 88,175
Interest	1,500	1,500	4,978	3,478
Total revenues	372,500	372,500	464,153	91,653
Expenditures				
Street maintenance				
Salaries	150,407	150,407	114,534	35,873
Employee benefits	70,233	70,233	63,991	6,242
Professional services	20,000	20,000	-	20,000
Supplies	9,600	9,600	5,225	4,375
Other	24,900	24,900	16,707	8,193
Total expenditures	275,140	275,140	200,457	74,683
Excess of revenues over (under) expenditures	97,360	97,360	263,696	166,336
Fund balance, beginning of year	866,604	866,604	866,604	-
Fund balance, end of year	\$ 963,964	\$ 963,964	\$ 1,130,300	\$ 166,336

City of Mt. Juliet, Tennessee
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 General Capital Projects Fund
 For the Year Ended June 30, 2021

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Intergovernmental				
Grants	\$ 10,168,198	\$ 11,111,329	\$ 1,403,987	\$ (9,707,342)
Other	-	-	11,594	11,594
Other				
Interest	15,000	15,000	34,615	19,615
Miscellaneous	-	50,000	150,000	100,000
Total revenues	<u>10,183,198</u>	<u>11,176,329</u>	<u>1,600,196</u>	<u>(9,576,133)</u>
Expenditures				
Streets and public works				
Capital outlay	48,729,123	51,008,760	2,739,260	48,269,500
Recreation and culture				
Capital outlay	-	-	500	(500)
Total expenditures	<u>48,729,123</u>	<u>51,008,760</u>	<u>2,739,760</u>	<u>48,269,000</u>
Excess of revenues over (under) expenditures	(38,545,925)	(39,832,431)	(1,139,564)	38,692,867
Other Financing Sources (Uses)				
Debt proceeds	-	-	-	-
Operating transfers in (out)	<u>24,150,844</u>	<u>25,106,844</u>	<u>4,792,881</u>	<u>(20,313,963)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(14,395,081)	(14,725,587)	3,653,317	18,378,904
Fund balance, beginning of year	<u>4,638,488</u>	<u>4,638,488</u>	<u>4,638,488</u>	<u>-</u>
Fund balance, end of year	<u>\$ (9,756,593)</u>	<u>\$ (10,087,099)</u>	<u>\$ 8,291,805</u>	<u>\$ 18,378,904</u>

City of Mt. Juliet, Tennessee
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 Debt Service Fund
 For the Year Ended June 30, 2021

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Grants	\$ 1,500	\$ 1,500	\$ 1,992	\$ 492
Impact fees	700,000	700,000	1,146,643	446,643
Total revenues	701,500	701,500	1,148,635	447,135
Expenditures				
Debt service				
Principal	1,307,887	1,307,887	1,207,467	100,420
Interest	518,987	518,987	548,725	(29,738)
Total expenditures	1,826,874	1,826,874	1,756,192	70,682
Excess of revenues over (under) expenditures	(1,125,374)	(1,125,374)	(607,557)	517,817
Other Financing Sources (Uses)				
Debt proceeds	-	-	1,468	1,468
Operating transfers in (out)	989,898	989,898	690,000	(299,898)
Total other financing sources (uses)	989,898	989,898	691,468	(298,430)
Excess of revenues and other sources over (under) expenditures and other uses	(135,476)	(135,476)	83,911	219,387
Fund balance, beginning of year	188,304	188,304	188,304	-
Fund balance, end of year	\$ 52,828	\$ 52,828	\$ 272,215	\$ 219,387

City of Mt. Juliet, Tennessee
 Capital Assets Used in Operation of Governmental Funds
 Schedule by Function and Activity
 June 30, 2021

Function and Activity	Land	Buildings and improvements	Machinery and equipment	Infrastructure	Construction in progress	Total
General government	\$ 404,611	\$ 1,600,855	\$ 1,009,782	\$ 8,643	\$ 173,893	\$ 3,197,784
Public safety						
Police	375,000	3,328,460	8,045,929	165,305	69,477	11,984,171
Fire	255,425	1,823,075	4,232,111	3,604	-	6,314,215
Streets and public works	5,509,849	2,499,359	3,126,367	75,575,704	10,069,508	96,780,787
Stormwater	-	-	96,295	-	-	96,295
Parks	<u>1,680,929</u>	<u>5,064,974</u>	<u>1,246,212</u>	<u>639,694</u>	<u>319,854</u>	<u>8,951,663</u>
Total governmental funds capital assets	\$ 8,225,814	\$ 14,316,723	\$ 17,756,696	\$ 76,392,950	\$ 10,632,732	\$ 127,324,915

City of Mt. Juliet, Tennessee
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 June 30, 2021

Function and Activity	Balance	Additions	Retirements and transfers	Balance
	June 30, 2020			June 30, 2021
General government	\$ 2,950,015	\$ 255,469	\$ (7,700)	\$ 3,197,784
Public safety				
Police	11,080,449	960,964	(57,242)	11,984,171
Fire	5,929,443	384,772	-	6,314,215
Streets and public works	90,227,177	6,643,880	(90,270)	96,780,787
Stormwater	96,295	-	-	96,295
Parks	<u>7,742,142</u>	<u>1,255,951</u>	<u>(46,430)</u>	<u>8,951,663</u>
Total governmental funds capital assets	\$ 118,025,521	\$ 9,501,036	\$ (201,642)	\$ 127,324,915

City of Mt. Juliet, Tennessee
 Schedule of Changes in Property Taxes Receivable, Tax Rates, Assessments, and Levies
 General Fund
 For the Year Ended June 30, 2021

Fiscal Year	Tax rate	Assessment	Levy	Taxes receivable			Allowance for Uncollectibles	Taxes receivable
				June 30, 2020	Levy	Collections		
2021	\$ 0.1664	\$ 1,254,813,851	\$ 2,088,010	\$ -	\$ 2,088,010	\$ (2,039,392)	\$ -	\$ 48,618
2020	\$ 0.1664	1,247,819,907	2,076,372	44,021	-	(37,315)	(1,779)	4,927
2019	\$ 0.1664	1,166,264,423	1,940,664	4,201	-	(1,907)	-	2,294
2018	\$ 0.1664	1,077,751,835	1,823,590	3,164	-	(2,558)	-	606
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	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
				\$ 51,386	\$ 2,088,010	\$ (2,081,172)	\$ (1,779)	56,445
2021 Levy**								<hr/> 2,932,273
								\$ 2,988,718

* Turned over to County Clerk for collection

From fiscal year 1999 through fiscal year 2011, the City did not have a property tax.

** Current year anticipated levy

City of Mt. Juliet, Tennessee
 Schedule of Changes in Long-term Debt by Individual Issue
 For the Year Ended June 30, 2021

Description of Indebtedness	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding July 1, 2020	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding June 30, 2021
Governmental Activities									
Notes payable									
Payable through Debt Service Fund									
Capital lease, fire truck	\$ 2,600,028	2.69%	9/3/13	9/3/23	\$ 1,124,841	\$ -	\$ 230,059	\$ -	\$ 894,782
Capital lease, police equipment	\$ 292,166	5.38%	11/28/18	11/28/22	224,758	-	67,408	-	157,350
Total notes payable					\$ 1,349,599	\$ -	\$ 297,467	\$ -	\$ 1,052,132
Bonds payable									
Payable through Debt Service Fund									
GO refunding bonds, Series 2016	\$ 9,292,000	2.45%	7/15/16	6/1/34	\$ 8,543,100	\$ -	\$ -	\$ 8,543,100	\$ -
GO refunding bonds, Series 2019	\$ 6,070,000	5.00%	8/12/19	6/1/26	5,275,000	-	775,000	-	4,500,000
GO refunding bonds, Series 2020	\$ 7,980,000	4.00%	12/1/20	6/1/34	-	7,980,000	135,000	-	7,845,000
Total bonds payable					\$ 13,818,100	\$ 7,980,000	\$ 910,000	\$ 8,543,100	\$ 12,345,000
Total long-term debt of governmental activities					\$ 15,167,699	\$ 7,980,000	\$ 1,207,467	\$ 8,543,100	\$ 13,397,132

City of Mt. Juliet, Tennessee
 Schedule of Long-term Debt, Principal, and Interest Requirements
 Governmental Activities
 June 30, 2021

Fiscal year ended June 30,	Capital lease fire truck		Capital lease police equipment		GO refunding bonds Series 2019		GO refunding bonds Series 2020		Total
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	
2022	\$ 276,729	\$ 23,271	\$ 74,851	\$ 8,266	\$ 810,000	\$ 225,000	\$ 145,000	\$ 313,800	\$ 1,876,917
2023	274,445	25,555	82,499	4,242	850,000	184,500	140,000	308,000	1,869,241
2024	343,608	8,181			900,000	142,000	155,000	302,400	1,851,189
2025					950,000	97,000	165,000	296,200	1,508,200
2026					990,000	49,500	175,000	289,600	1,504,100
2027							780,000	282,600	1,062,600
2028							815,000	251,400	1,066,400
2029							855,000	218,800	1,073,800
2030							895,000	46,150	941,150
2031							910,000	37,200	947,200
2032							920,000	30,910	950,910
2033							935,000	22,680	957,680
2034	-	-	-	-	-	-	955,000	12,415	967,415
Total	\$ 894,782	\$ 57,007	\$ 157,350	\$ 12,508	\$ 4,500,000	\$ 698,000	\$ 7,845,000	\$ 2,412,155	\$ 16,576,802

City of Mt. Juliet, Tennessee
 Schedule of Expenditures of Federal Awards and State Financial Assistance
 For the Year Ended June 30, 2021

CFDA number	Federal grantor/Pass-through grantor/Program title	Pass-through entity	Contract number	Expenditures
Federal Awards				
US Department of Treasury				
21.019	COVID - 19 Coronavirus Relief Fund	TN Department of Finance and Administration	N/A	\$ 535,875
US Department of Transportation				
20.205	Highway Planning and Construction Cluster		CM/TAP-M-9312 (113)	
	Transportation Alternative Program (TAP), Town Center Trail	TN Department of Transportation	95LPLM-F3-022	277,796
20.205	Highway Planning and Construction Cluster		TAP-M-4855 (10)	
	TAP, Belinda Sidewalks	TN Department of Transportation	95LPLM-F3-053 (051)	19,400
20.205	Highway Planning and Construction Cluster		TAP-9322 (3)	
	Surface Transportation Program, Elzie Patton SRTS	TN Department of Transportation	95LPLM-F3-062 (059,060,061,062)	62,813
20.205	Highway Planning and Construction Cluster		TAP-4854 (10)	
	TAP, Woodridge Place Sidewalks	TN Department of Transportation	95LPLM-F3-067	53,241
20.205	Highway Planning and Construction Cluster		CM-NH-171 (32)	
	Congestion Mitigation and Air Quality Improvement Program	TN Department of Transportation	95LPLM-F1-086	
	ITS and Signal Improvement Project Phase 2			55,222
20.205	Highway Planning and Construction Cluster		STP-M-9322 (4)	
	Surface Transportation Program	TN Department of Transportation	95LPLM-F3-091	
	Lebanon Sidewalks Phase 2			47,691
	Total Cluster, US Department of Transportation			
	Total federal awards			<u>516,163</u>
State Financial Assistance				
Governors Grant				
		TN Department of Finance and Administration	N/A	818,396
TN Department of Transportation				
	Multimodal Access Grant, Lebanon Road Sidewalks Phase 1	TN Department of Transportation	95LPLM-S3-048	622,682
	Multimodal Access Grant, Lebanon Road Sidewalks Phase 3	TN Department of Transportation	95LPLM-53-103	<u>55,965</u>
	Total state grants, US Department of Transportation			678,647
	Total state financial assistance			1,497,043
	Total federal awards and state financial assistance			\$ 2,549,081

Note 1. Basis of Presentation

The Schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of the City under programs of the federal and state governments for the year ended June 30, 2021. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the 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 presented 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 Entity has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

City of Mt. Juliet, Tennessee
 Schedule of Liability and Property Insurance (Unaudited)
 For the Year Ended June 30, 2021

Insurance Coverage	Details of Coverage
Tennessee Municipal League Insurance Pool	
Public officials errors and omissions	\$4,000,000/\$2,500 deductible
General liability, automobile liability, bodily injury, law enforcement	\$300,000 per person bodily injury, as limited by tort liability act
	\$700,000 per occurrence bodily injury, as limited by tort liability act
	\$100,000 per occurrence law enforcement, as limited by tort liability act
	\$4,000,000 per occurrence for each other event
Automobile physical damage	Actual cash value of vehicle or cost to replace Deductible:
	Comprehensive \$ 1,000
	Collision \$ 1,000
Uninsured motorist	\$300,000 per person bodily injury \$100,000 per occurrence property damage
Automobile medical payments	\$1,000 per person/\$10,000 per accident
Property, multi-peril	
Real and personal property (total insured)	\$ 39,843,877
EDP equipment/media	\$ 665,000
Mobile equipment	\$ 1,704,845
Flood	\$ 1,000,000
Earthquake	\$ 1,500,000
Newly acquired property	\$ 1,500,000
Loss of revenue	\$ 250,000
Extra expenses	\$ 500,000
Terrorism	\$ 500,000
Property in course of construction	\$ 500,000
Demolition/debris removal/consequential loss/leasehold interest	\$ 500,000
Accounts receivable/valuable records	\$ 250,000
Crime limits	
Employee dishonesty	\$ 250,000
Forgery	\$ 250,000
Theft, disappearance, and destruction	\$ 250,000
Computer fraud	\$ 250,000
Key risk (workers' compensation)	\$1,000,000 each accident limit \$1,000,000 policy limit by disease \$1,000,000 employee limit by disease

City of Mt. Juliet, Tennessee
 Schedule of Sewer System Data (Unaudited)
 June 30, 2021

Number of customers		12,708
Sewer rates, based on water consumption		
Inside city, residential	\$	15.76
Minimum bill, first 2,000 gallons	\$	7.72
Each additional 1,000 gallons		
Outside city, residential (service requested prior to June 9, 2019)		
Minimum bill, first 2,000 gallons	\$	19.70
Each additional 1,000 gallons	\$	9.66
Outside city, residential (service requested after June 9, 2019)		
Minimum bill, first 2,000 gallons	\$	31.52
Each additional 1,000 gallons	\$	15.44
Inside city, commercial		
Minimum bill, first 2,000 gallons	\$	22.23
Each additional 1,000 gallons	\$	10.76
Outside city, commercial		
Minimum bill, first 2,000 gallons	\$	27.79
Each additional 1,000 gallons	\$	13.45
Tap fees		
Inside city, residential	\$	1,500
Outside city, residential	\$	4,000
Commercial		Based on meter size
Installation and pump charges	\$	2,500
Development fees, based on zoning		
Residential, per lot		\$1,340 - \$2,590
Inspection fee, inside city	\$	50
Inspection fee, outside city	\$	100

Internal Control and Compliance

**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 City of Mt. Juliet, Tennessee (the City), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 30, 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 opinion 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 City'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 City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC

Mt. Juliet, Tennessee

December 30, 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, 2021. 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 US *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the 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 consider 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, 2021.

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 were 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.

A handwritten signature in blue ink that reads "Blankenship CPA Group, PLLC". The signature is fluid and cursive, with "Blankenship" on the first line, "CPA Group," on the second line, and "PLLC" on the third line.

Blankenship CPA Group, PLLC

Mt. Juliet, Tennessee

December 30, 2021

City of Mt. Juliet, Tennessee
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

Section I. Summary of Auditor's 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? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness identified? Yes X No

Significant deficiency(ies) identified? Yes 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:

CFDA Number	Name of Federal Program or Cluster
20.205	United States Department of Transportation/ Highway Planning and Construction Cluster

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
For the Year Ended June 30, 2021

Section II. Financial Statement Findings

None reported.

Section III. Federal Award Findings and Questioned Costs

None reported.

City of Mt. Juliet, Tennessee
Schedule of Prior Year Findings
For the Year Ended June 30, 2021

Financial Statement Findings

Finding Number	Finding Title	Status
N/A	There were no prior findings reported.	N/A

Federal Award Findings and Questioned Costs

Finding Number	Finding Title	Status
N/A	There were no prior findings reported.	N/A

Compliance and Other Matters

Finding Number	Finding Title	Status
N/A	There were no prior findings reported.	N/A