



Annual Financial Report
For the Year Ended June 30, 2022

City of Mt. Juliet, Tennessee
Annual Financial Report
For the Year Ended June 30, 2022

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Introductory Section

City of Mt. Juliet, Tennessee
Schedule of City Officials
For the Year Ended June 30, 2022

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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mt. Juliet, Tennessee (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the general fund and the state street aid fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 to 15 and the pension and OPEB Information on pages 64 to 67 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules on pages 68 to 73, and other schedules on pages 74 to 81 (including the schedule of expenditures of federal awards and state financial assistance, as required by Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* on page 81) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and schedules on pages 68 to 73, and other schedules on pages 74 to 81 (including the schedule of expenditures of federal awards and state financial assistance on page 81) are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section on page i and other information on pages 82 to 83 but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Mt. Juliet, Tennessee
December 30, 2022

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

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, 2022. 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 \$270 million.
- The government's total net position increased by more than \$35 million, due to increases in the business type activities net position of over \$6 million and over \$29 million due to government activity over 6/30/2021.
- As of the close of the current fiscal year, the City of Mt. Juliet's governmental funds reported combined ending fund balances of over \$76 million, an increase of approximately \$13 million in comparison with the prior year. Over 73% of this total amount, or \$55.5 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 \$55.5 million, or 161% 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 \$1.3 million (9.7%) during the current fiscal year. The decrease was created by principal payments of \$955 thousand as scheduled for bonds and capital notes, and payments on capital lease (fire-fighting and police vehicles) obligations of \$344 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 \$686 thousand. Net changes through the year decreased this balance by \$369 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.

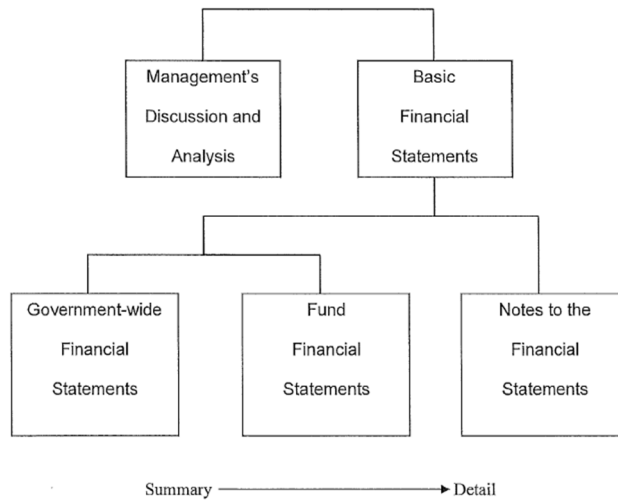
Overview of the Financial Statements

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, 2022

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. The notes to the financial statements 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, 2022

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, 2022

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 \$270 million as of June 30, 2022. The City's net position increased by more than \$35 million for the fiscal year ended June 30, 2022 when compared to the fiscal year ended June 30, 2021. However, the largest portion, 60% 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, 12% represents resources that are subject to restriction on how they may be used. The remaining balance of over \$74 million, 28% is unrestricted.

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

Statement of Net Position (In Thousands)

	Primary Government					
	Governmental		Business-type			
	Activities		Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 97,100	\$ 78,848	\$ 27,239	\$ 26,183	\$ 124,339	\$ 105,031
Capital assets	105,835	91,674	68,118	64,524	173,953	156,198
Total Assets	202,935	170,522	95,357	90,707	298,292	261,229
Deferred Outflows of Resources						
Deferred outflows	3,079	1,425	264	101	3,343	1,526
Liabilities						
Other liabilities	13,158	7,621	448	470	13,606	8,091
Long-term liabilities	10,922	13,831	523	2,013	11,445	15,844
Total Liabilities	24,080	21,452	971	2,483	25,051	23,935
Deferred Inflows of Resources						
Deferred inflows	6,303	4,350	390	130	6,693	4,480
Net Position						
Net Investment in capital assets						
net of related debt	93,773	76,503	67,871	64,238	161,644	140,741
Restricted	23,631	20,701	12,732	11,684	36,363	32,385
Unrestricted	58,226	48,941	13,657	12,273	71,883	61,214
Total Net Position	\$ 175,630	\$ 146,145	\$ 94,260	\$ 88,195	\$ 269,890	\$ 234,340

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, 2022

Statement of Activities (In Thousands)

	Primary Government					
	Governmental		Business-type		Total	
	Activities		Activities		Total	
	2022	2021	2022	2021	2022	2021
Program Revenues						
Charges for services	\$ 6,292	\$ 7,381	\$ 8,546	\$ 8,361	\$ 14,838	\$ 15,742
Operating grants and contributions	1,351	1,135	3	15	1,354	1,150
Capital grants and contributions	16,371	7,784	5,389	13,002	21,760	20,786
General Revenues						
Sales Tax	18,414	16,374	-	-	18,414	16,374
Property Tax	1,987	2,117	-	-	1,987	2,117
Other Locally Assessed Taxes	5,711	5,146	-	-	5,711	5,146
Other State Shared Taxes	5,414	4,209	-	-	5,414	4,209
Investment Earnings & Rental Incor	149	205	68	104	217	309
Other	1,441	350	-	-	1,441	350
Total Revenues	57,130	44,701	14,006	21,482	71,136	66,183
Expenses						
General government	4,510	4,108	-	-	4,510	4,108
Public safety	13,498	11,754	-	-	13,498	11,754
Recreation and Culture	2,109	2,115	-	-	2,109	2,115
Streets and Public Works	7,207	5,990	-	-	7,207	5,990
Stormwater	472	168	-	-	472	168
Interest on long-term debt	33	372	-	-	33	372
Sewer	-	-	7,975	7,134	7,975	7,134
Total Expenses	27,829	24,507	7,975	7,134	35,804	31,641
Increase (Decrease) in net position	29,301	20,194	6,031	14,348	35,332	34,542
Net Position - Beginning	146,145	125,951	88,195	73,847	234,340	199,798
Prior period adjustment	185	-	-	-	185	-
Net Position - Ending	\$ 175,631	\$ 146,145	\$ 94,226	\$ 88,195	\$ 269,857	\$ 234,340

Governmental Activities: Governmental activities increased the City's net position by over \$29 million, thereby accounting for 82.7% of the total growth in the net position of the City of Mt. Juliet. Key elements of this increase are as follows:

- State Shared Tax revenues, which are distributed per capita, increased over \$1.2 million, or 28.6% over the prior year, showing continued growth in the City residential and business community.

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

- 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 \$9 million for the year ended 6/30/2022.
- Developers also provided over \$7 million in infrastructure improvement contributions.

Business-type activities: Business-type activities increased the City of Mt. Juliet's net position by over \$6 million, accounting for 17.3% 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 \$3.1 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. No rate increase was instituted in fiscal year 2022
- The City expects to re-examine the sewer rates for 2022-2023 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 \$55.5 million, while total fund balance was over \$62.6 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 202.3% of total General Fund expenditures when including amounts transferred to the State Street Aid Fund and other funds while total fund balance represents 228.3% of the same expenditures.

At June 30, 2022, the governmental funds of the City of Mt. Juliet reported a combined fund balance of over \$76.2 million, a 20.7% increase over last year. Included in this change are fund balance increases in the General, State Street Aid Fund, Capital Projects, and Drug Funds, and decreases in the Debt Service and Storm Water Funds. The City instituted a property tax for the first time in over 10 years with the year ended 6/30/2012. The property tax was dedicated to the Emergency Services Fund, however it was moved to the General Fund July 1, 2021, and has raised over \$19 million since inception. The funds raised help with the purchase of capital resources, salaries, and operating costs for and of the Fire Department.

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

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

Local property tax contributed over \$1.9 million in the current year. Local Option Sales Tax revenues were over 13% above that of the prior year as well as 50% above the budget of such revenue, which is the largest City revenue category. The fourth largest contributor to local revenue, Business Tax was 64.5% or over \$630 thousand above budget. Hotel/Motel tax revenue rebounded from the pandemic with an increase of 68.9% or \$437 thousand over budget and 70% over the previous year as well. Revenue in most areas exceeded budget. The other largest increases were the result of 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 to continued growth in residential and commercial building.

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 addition of the police department building. The City is also now focused on completing greenway projects including the Cedar Creek Greenway and the Town Center Trail as well as practice fields at Hamilton Denson Park and tennis and pickleball courts at Sgt. Jerry Mundy Memorial Park.

In addition to completing the I-40 Bridge Widening project, 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.

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 \$13.4 million. The total increase in net position for the fund was over \$6.0 million.

- Developers built sewer lines to the required City standard, which were contributed to the City, in the amount of over \$3.1 million. The City assumed responsibility for maintenance, repair, and eventual replacement of these assets.
- Developers also contributed over \$2.2 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, 2022

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, 2022, totals over \$173.9 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 2021-2022

Governmental Activities

FIRE STATION NORTH	\$ 2,248,040
CEDAR CREEK GREENWAY	1,448,829
TATE LANE MULTIPURPOSE FIELDS	1,309,700
LOT 8 PARKVIEW SECTION 3	1,099,758
NEW MAINTENANCE SHOP	713,442
OLD LEBANON DIRT RD PROJECT	594,381
SOUTH MT JULIET RD IMPROVMENTS	445,884
CITY VEHICLES W/EQUIPMENT	444,302
BUILDING LOCATED 65 E HILL ST	400,000
S GREENHILL ROUNDABOUT	248,720
FREIGHTLINER INFARED TRUCK	195,525
OLD LEBANON DIRT RD STORMWATER MITIGATION PROJECT	153,970
GOLDEN BEAR WIDENING	148,747
MUNDY PARK IMPROVEMENT PLAN	134,213
LEBANON RD & GREENHILL RD SIGNALIZATION	124,812
PLEASANT GROVE RD	121,283
LEBANON RD WIDENING FROM PARK GLEN TO GOLDEN BEAR	119,778
SWEEPER	96,830
MINI EXCAVATOR	56,600
GRACE DOG PARK	53,747

Business Activities

PROPERTY0 OLDR	\$ 800,883
TEMPORARY EASEMENT CEDAR CREEK INTERCEPTOR UPGRADE	728,446
BELINDA CITY LATERAL LINING	408,100
FLYGT PUMPS	157,400
420 BACKHOE LOADER	99,708
GRINDER PUMPS	94,012
CAMBRIDGE WOODS LIFT REPAIRS	84,100
CENTRAL PIKE PUMP STATION VFD UPGRADE	67,242
STONERS CREEK INTERCEPTOR SEWER UPSIZING PH 1	63,545
MINI EXCAVATOR	61,000

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

City of Mt. Juliet's Capital Assets (In Thousands)

	Governmental Activities		Business Type Activities		Total	Total
	2022	2021	2022	2021	2022	2021
<u>Asset Class</u>						
Land	\$ 9,326	\$ 8,226	\$ 2,681	\$ 1,141	\$ 12,007	\$ 9,367
Bldgs and Improvements	7,843	7,346	514	514	8,357	7,860
Improv Other than Bldgs	7,044	6,971	293	293	7,337	7,264
Machinery and Equipment	15,935	17,757	1,427	1,398	17,362	19,155
Construction in Progress	17,121	10,633	266	308	17,387	10,941
Collection System	-	-	93,634	89,349	93,634	89,349
Infrastructure	86,998	76,393	-	-	86,998	76,393
Total Cost	\$ 144,267	\$ 127,326	\$ 98,815	\$ 93,003	\$ 243,082	\$ 220,329
Less Accumulated Depreciation	38,431	35,651	30,698	28,479	69,129	64,130
Net Capital Assets	\$ 105,836	\$ 91,675	\$ 68,117	\$ 64,524	\$ 173,953	\$ 156,199

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, 2022, the City of Mt. Juliet had total bonded debt, lease-purchases, long-term obligations, and capital notes outstanding of over \$12 million. The entire debt is backed by the full faith and credit of the City of Mt. Juliet.

Long-term Debt (In Thousands)

	Governmental Activities		Business Type Activities		Total	Total
	2022	2021	2022	2021	2022	2021
General Obligation Bonds and						
Capital Notes	\$ 11,390	\$ 12,345	\$ -	\$ -	\$ 11,390	\$ 12,345
Lease	-	1,009	-	-	-	1,009
Bond Premium	659	1,120	-	-	659	1,120
Total	\$ 12,049	\$ 14,474	\$ -	\$ -	\$ 12,049	\$ 14,474

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 \$991 thousand was supplemented with a transfer from the General Fund of \$700 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.

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

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 6/30/2022, governmental debt was less than .68% of assessments and less than \$306 per capita.

Total debt payments for the next fiscal year are near \$1.7 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 fallen from an estimated 4.4% last June to 2.9% which is below the national average of 3.6% and just below the Tennessee rate of 3.3% and the Wilson County rate of 3.2%. The rate has continued to recover from a high of 15.3% in April of 2020 due to the pandemic.
- The City approved the Windtree Pines Development with 423 lots and potential funds of \$1.7 million to assist with road improvements, a sewer pump station, and the Cedar Creek Greenway.
- The City is working on a development project named Project Jolene which will provide \$930 thousand of improvements along E. Division St. The project will also bring jobs and tax revenue to the city.
- Village at Pleasant Grove ph1 and ph2 have been approved with 275 and 235 lots respectively and contributions of over \$1.8 million for road and signal improvements.
- The City continues to attract new restaurants with the approval of a Whataburger, estimated to open in early 2023, Dunkin Donuts opening in the Fall of 2022 and Chipotle opening in 2022 as well.

Budget Highlights for the Fiscal Year ending 6/30/2023

Governmental Activities: The City once again experienced double digit growth in sales tax with an increase of 13% in fiscal year 2022. This growth is expected to stabilize as the Country recovers from supply chain issues and inflationary conditions as a result of the Covid-19 pandemic and other economic factors. The City anticipates growth in hotel/motel tax revenue as more people return to traveling and the recent addition of two hotels in the area.

The City is using the reserve built from hotel/motel tax collections as well as unrestricted funds to improve newly purchased land for city parks. The City is adding tennis and pickleball courts to Sgt Jerry Mundy Memorial Park and practice fields to Hamilton Denson Park.

The City conducted a pay study on all positions in fiscal year 2021 with the intent to implement the increase in two fiscal years. To complete the pay increase and combat inflation, the city increased salaries 8% across the board.

The City approved the addition of an Emergency Medical Services Division under the Fire Department. The division will add 18 medical personnel and a division chief on staff. The division will provide increased medical services to the City and support the County EMS when necessary.

In response to continued growth and need for services, 33 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.

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2022

Increases in the General Fund expenditures are anticipated with the largest increments for roadway construction. Budgeted expenditures are expected to exceed budgeted revenue for 6/30/2023 by nearly \$7 million due to effort directed city roadway improvements.

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

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

The City was awarded a Federal Grant through the American Rescue Plan Act. The State and Local Fiscal Recovery Funds grant is being used on general government services and a Stormwater Mitigation Project.

Business-type Activities: The City projects revenue growth of 3%. Purification costs can be expected to rise 4% due to the CPI and in accordance with the Metro contract. Personnel costs can be expected to rise due to salary study adjustments and new personnel. General operating expenses will increase slightly as the department personnel increases and the City works to maintain the system. Two new capital projects including replacement and upgrade of existing systems have been added to the budget. The Sewer Fund revenue is expected to cover 100% of the costs of operations including depreciation.

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, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	\$ 78,729,473	\$ 11,968,434	\$ 90,697,907
Investments	-	1,120,274	1,120,274
Receivables, net			
Property taxes	2,232,627	-	2,232,627
Other taxes	499,849	-	499,849
Due from other governments	5,717,835	-	5,717,835
Interest receivable	7	2,353	2,360
Customers and other	5,972	1,266,008	1,271,980
Inventories	-	130,473	130,473
Restricted assets			
Cash, construction	4,744,740	12,356,705	17,101,445
Prepaid expenses	94,637	19,270	113,907
Capital assets, net of accumulated depreciation	79,388,752	65,170,610	144,559,362
Land and construction in progress, non-depreciable	26,446,251	2,947,528	29,393,779
Lease assets, net of amortization	1,429,368	-	1,429,368
Net pension asset	3,645,908	375,736	4,021,644
Total assets	202,935,419	95,357,391	298,292,810
Deferred Outflows of Resources			
Deferred pension outflows of resources	2,780,942	258,994	3,039,936
Deferred OPEB outflows of resources	45,263	5,030	50,293
Deferred amounts on refunding	252,757	-	252,757
Total deferred outflows of resources	3,078,962	264,024	3,342,986
Liabilities			
Accounts payable	2,488,793	335,821	2,824,614
Accrued liabilities	491,016	111,976	602,992
Other liabilities	1,327,252	491,381	1,818,633
Accrued interest	53,457	-	53,457
Unearned revenue	5,493,502	-	5,493,502
Long-term liabilities, current portion	2,213,041	-	2,213,041
Lease liabilities, current portion	522,810	-	522,810
Long-term liabilities, non-current portion	10,636,728	-	10,636,728
Lease liabilities, non-current portion	570,204	-	570,204
OPEB liability	284,833	31,648	316,481
Total liabilities	24,081,636	970,826	25,052,462
Deferred Inflows of Resources			
Deferred pension inflows of resources	3,556,246	333,205	3,889,451
Deferred OPEB inflows of resources	515,177	57,241	572,418
Unlevied property and income taxes	2,231,248	-	2,231,248
Total deferred inflows of resources	6,302,671	390,446	6,693,117
Net Position			
Net investment in capital assets	93,772,892	67,871,146	161,644,038
Restricted for:			
Capital improvements	11,282,307	12,356,705	23,639,012
Debt service	221,988	-	221,988
Streets	2,806,585	-	2,806,585
Public safety	2,500,241	-	2,500,241
Drug	419,081	-	419,081
Stormwater	1,126,394	-	1,126,394
Parks	1,628,316	-	1,628,316
Pension benefits	3,645,908	375,736	4,021,644
Unrestricted	58,226,362	13,656,556	71,882,918
Total net position	\$ 175,630,074	\$ 94,260,143	\$ 269,890,217

City of Mt. Juliet, Tennessee
Statement of Activities
For the Year Ended June 30, 2022

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	Total
Primary Government							
Governmental Activities							
General government	\$ 4,511,063	\$ 3,515,325	\$ -	391,808	\$ (603,930)	\$ -	\$ (603,930)
Public safety	13,498,108	1,068,790	-	-	(12,429,318)	-	(12,429,318)
Recreation and culture	2,108,641	127,463	-	-	(1,981,178)	-	(1,981,178)
Streets and public works	7,207,149	93,474	1,351,056	15,979,271	10,216,652	-	10,216,652
Stormwater	472,175	462,063	-	-	(10,112)	-	(10,112)
Interest on debt	33,063	1,024,584	-	-	991,521	-	991,521
Total governmental activities	27,830,199	6,291,699	1,351,056	16,371,079	(3,816,365)	-	(3,816,365)
Business-type Activities							
Sewer	7,973,965	8,546,361	2,520	5,389,002	-	5,963,918	5,963,918
Total primary government	\$ 35,804,164	\$ 14,838,060	\$ 1,353,576	\$ 21,760,081	(3,816,365)	5,963,918	2,147,553
General Revenues							
Property taxes					1,987,230	-	1,987,230
Sales taxes					18,414,418	-	18,414,418
Wholesale beer tax					1,123,795	-	1,123,795
Wholesale liquor tax					698,732	-	698,732
Franchise tax					1,205,143	-	1,205,143
Hotel/motel tax					1,073,173	-	1,073,173
Business tax					1,609,938	-	1,609,938
State shared unrestricted taxes							
State shared sales tax					4,409,504	-	4,409,504
State shared beer tax					17,947	-	17,947
State shared alcoholic beverage tax					235,221	-	235,221
State shared income tax					194,837	-	194,837
State shared TVA tax					407,927	-	407,927
Other unrestricted state shared taxes					148,411	-	148,411
Unrestricted investment earnings					149,288	67,913	217,201
Gain on sale of assets					-	33,850	33,850
Other					1,440,503	-	1,440,503
Total general revenues					33,116,067	101,763	33,217,830
Change in net position					29,299,702	6,065,681	35,365,383
Net position, beginning of year					146,145,230	88,194,462	234,339,692
Prior period adjustment					185,142	-	185,142
Net position, end of year					\$ 175,630,074	\$ 94,260,143	\$ 269,890,217

City of Mt. Juliet, Tennessee

Balance Sheet

Governmental Funds

June 30, 2022

		<u>Special Revenue</u>				
	General	State Street Aid	Capital Projects	Debt Service	Other Governmental	Total
Assets						
Cash	\$ 66,882,773	\$ 1,600,588	\$ 5,868,888	\$ 221,988	\$ 2,650,582	\$ 77,224,819
Receivables, net						
Property taxes	2,234,406	-	-	-	-	2,234,406
Other taxes	499,849	-	-	-	-	499,849
Due from other governments	4,286,550	344,291	1,198,976	-	-	5,829,817
Due from other funds	-	-	72,195	-	-	72,195
Interest receivable	7	-	-	-	-	7
Prepaid expenses	91,136	-	-	-	2,594	93,730
Restricted assets						
Cash, for construction	-	-	4,744,740	-	-	4,744,740
Total assets	\$ 73,994,721	\$ 1,944,879	\$ 11,884,799	\$ 221,988	\$ 2,653,176	\$ 90,699,563

City of Mt. Juliet, Tennessee
Balance Sheet (Continued)
Governmental Funds
June 30, 2022

		<u>Special Revenue</u>				
	General	State Street Aid	Capital Projects	Debt Service	Other Governmental	Total
Liabilities						
Accounts payable	\$ 645,744	\$ 1,197,165	\$ 602,492	\$ -	\$ 43,392	\$ 2,488,793
Accrued costs	1,743,557	-	-	-	74,712	1,818,269
Unearned revenues	4,506,498	-	-	-	987,003	5,493,501
Due to other funds	72,195	-	-	-	-	72,195
Total liabilities	6,967,994	1,197,165	602,492	-	1,105,107	9,872,758
Deferred Inflows of Resources						
Unavailable tax revenues	4,400,243	223,448	-	-	-	4,623,691
Fund Balances						
Nonspendable						
Prepaid items	91,136	-	-	-	2,594	93,730
Restricted For						
Streets	2,282,319	524,266	-	-	-	2,806,585
Parks	1,628,316	-	-	-	-	1,628,316
Drug	-	-	-	-	419,081	419,081
Public safety	2,500,241	-	-	-	-	2,500,241
Stormwater	-	-	-	-	1,126,394	1,126,394
Debt service	-	-	-	221,988	-	221,988
Committed to						
Capital projects	-	-	11,282,307	-	-	11,282,307
Stabilization	600,000	-	-	-	-	600,000
Assigned for						
Parks project	30,000	-	-	-	-	30,000
Unassigned	55,494,472	-	-	-	-	55,494,472
Total fund balances	62,626,484	524,266	11,282,307	221,988	1,548,069	76,203,114
Total liabilities, deferred inflows of resources, and fund balances	\$ 73,994,721	\$ 1,944,879	\$ 11,884,799	\$ 221,988	\$ 2,653,176	\$ 90,699,563

City of Mt. Juliet, Tennessee
Reconciliation of Balance Sheet, Governmental Funds to
Statement of Net Position, Governmental Activities
June 30, 2022

Amounts reported for fund balance, total governmental funds		\$ 76,203,114
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.		105,835,003
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		2,286,433
Property taxes receivable		(1,779)
Lease assets in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		1,429,368
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.		1,505,561
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.		(658,728)
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.		252,757
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	\$ 3,645,908	
Deferred outflows of resources	2,780,942	
Deferred inflows of resources	<u>(3,556,246)</u>	2,870,604
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	(284,833)	
Deferred inflows of resources	(515,177)	
Deferred outflows of resources	<u>45,263</u>	(754,747)
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	(11,390,000)	
Lease Liabilities	(1,093,014)	
Compensated absences	<u>(801,041)</u>	(13,284,055)
Net position of governmental activities		\$ 175,630,074

City of Mt. Juliet, Tennessee
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
June 30, 2022

		<u>Special Revenue</u>				
	General	State Street Aid	Capital Projects	Debt Service	Other Governmental	Total
Revenues						
Taxes	\$ 25,967,773	\$ -	\$ -	\$ -	\$ -	\$ 25,967,773
Intergovernmental	5,590,314	1,339,628	1,157,943	-	107,262	8,195,147
Fines and fees	973,415	-	-	991,268	51,601	2,016,284
Licenses and permits	3,515,325	-	-	-	462,063	3,977,388
Charges for services	264,711	-	-	-	-	264,711
Uses of money and property	346,847	1,220	26,716	1,160	4,220	380,163
Miscellaneous	478,466	51,616	7,318,150	-	-	7,848,232
Total revenues	37,136,851	1,392,464	8,502,809	992,428	625,146	48,649,698
Expenditures						
Current						
General government	4,958,768	-	-	-	-	4,958,768
Police	8,947,046	-	-	-	13,779	8,960,825
Fire	3,169,177	-	-	-	-	3,169,177
Streets and public works	2,274,781	1,844,759	-	-	-	4,119,540
Stormwater	-	-	-	-	449,108	449,108
Parks and culture	1,728,068	-	-	-	-	1,728,068
Debt service	-	-	-	1,742,655	-	1,742,655
Capital outlay	5,131,067	45,450	5,837,892	-	40,148	11,054,557
Total expenditures	26,208,907	1,890,209	5,837,892	1,742,655	503,035	36,182,698
Excess (deficiency) of revenues over expenditures	10,927,944	(497,745)	2,664,917	(750,227)	122,111	12,467,000
Other Financing Sources (Uses)						
Proceeds from sale of property	604,235	-	-	-	-	604,235
Transfers from (to) other funds	(1,825,585)	800,000	325,585	700,000	-	-
Total other financing sources	(1,221,350)	800,000	325,585	700,000	-	604,235
Net change in fund balances	9,706,594	302,255	2,990,502	(50,227)	122,111	13,071,235
Fund balances, beginning of year	52,919,890	222,011	8,291,805	272,215	1,425,958	63,131,879
Fund balances, end of year	\$ 62,626,484	\$ 524,266	\$ 11,282,307	\$ 221,988	\$ 1,548,069	\$ 76,203,114

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, 2022

Amounts reported for net change in fund balances, total governmental funds **\$ 13,071,235**

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	\$ 11,054,557	
Disposal of capital assets	(30,271)	
Depreciation expense	<u>(5,005,810)</u>	6,018,476

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	143,895	
State shared revenues	120,268	
Other	5,053	
Contributed capital assets	<u>7,474,912</u>	7,744,128

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.

Debt payments	955,000	
Lease payments	344,444	
Interest	<u>410,148</u>	1,709,592

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

Changes in lease assets and lease liabilities	83,017
Compensated absences	(146,748)

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, 2022**

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	716,643
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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	179,017
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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).

	<u>(75,658)</u>
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Change in net position of governmental activities

	\$ 29,299,702
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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, 2022

	Budgeted amounts		Actual	Variance with
	Original	Final	amounts	final budget
Revenues				
Local taxes				
Real estate taxes	\$ 2,104,086	\$ 2,104,086	\$ 1,987,230	\$ (116,856)
Local sales taxes	12,175,444	12,175,444	18,270,523	6,095,079
Wholesale beer	951,804	951,804	1,123,795	171,991
Wholesale liquor	561,720	561,720	698,732	137,012
Franchise taxes	996,122	996,122	1,205,143	209,021
Hotel/motel taxes	635,460	635,460	1,073,173	437,713
Business taxes	978,500	978,500	1,609,177	630,677
Total local taxes	18,403,136	18,403,136	25,967,773	7,564,637
Intergovernmental revenues				
State sales tax	3,200,352	3,200,352	4,318,210	1,117,858
State beer tax	15,060	15,060	17,947	2,887
State income tax	-	-	7,362	7,362
City petroleum special tax	62,438	62,438	70,404	7,966
State alcohol beverage tax	165,000	165,000	230,071	65,071
Police in-service	60,000	60,000	77,200	17,200
Other state revenue allocation	49,376	49,376	69,385	20,009
TVA in lieu of tax	370,237	370,237	407,927	37,690
Grants	420,128	447,984	391,808	(56,176)
Total intergovernmental revenues	4,342,591	4,370,447	5,590,314	1,219,867
Fines and forfeits				
City court and drug control	1,019,000	1,019,000	973,415	(45,585)
Licenses and permits				
Building permits	775,000	775,000	1,167,868	392,868
Plumbing permits	200,000	200,000	295,636	95,636
Review and inspection fees	485,000	485,000	634,108	149,108
Zoning permits	3,500	3,500	19,281	15,781
Sign permits	-	-	11,109	11,109
Electrical permits	330,000	330,000	513,925	183,925
Other permits	774,100	774,100	873,398	99,298
Total licenses and permits	2,567,600	2,567,600	3,515,325	947,725
Charges for services				
Public safety charges	29,950	29,950	43,774	13,824
Road improvement fees	213,890	213,890	93,474	(120,416)
Recreational fees	70,000	70,000	127,463	57,463
Total charges for services	313,840	313,840	264,711	(49,129)
Other uses of property and money				
Administrative support services	102,000	102,000	102,000	-
Rent	92,000	92,000	95,559	3,559
Interest	125,000	125,000	149,288	24,288
Total other uses of property and money	319,000	319,000	346,847	27,847
Other revenues				
Contributions from others	1,000	11,530	29,379	17,849
Sale of assets	-	-	17,063	17,063
Miscellaneous	37,250	229,804	432,024	202,220
Total other revenues	38,250	241,334	478,466	237,132
Total revenues	27,003,417	27,234,357	37,136,851	9,902,494

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, 2022

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Expenditures				
Current				
General government				
Legislative board				
Salaries	\$ 66,001	\$ 66,001	\$ 65,769	\$ 232
Employee benefits	9,149	9,149	5,304	3,845
Supplies and other	8,805	8,805	752	8,053
Total legislative board	83,955	83,955	71,825	12,130
City court				
Salaries	11,700	11,700	10,832	868
Employee benefits	895	895	849	46
Outside services	4,500	4,500	2,625	1,875
Supplies	1,000	1,000	519	481
Total city court	18,095	18,095	14,825	3,270
City manager				
Salaries	507,218	507,218	494,651	12,567
Employee benefits	146,439	146,439	136,071	10,368
Outside services	15,000	15,000	15,397	(397)
Membership and dues	53,000	53,000	36,307	16,693
Events and city beautification	45,000	45,000	44,190	810
Supplies	10,700	10,700	22,918	(12,218)
Insurance	5,500	5,500	5,412	88
Other costs	19,050	19,050	14,989	4,061
Retiree benefits	200	200	298	(98)
Total city manager	802,107	802,107	770,233	31,874
Finance				
Salaries	357,838	357,838	359,715	(1,877)
Employee benefits	152,161	152,161	150,256	1,905
Outside services	71,500	71,500	73,777	(2,277)
Supplies	18,900	18,900	15,461	3,439
Other costs	5,500	5,500	3,230	2,270
Total finance	605,899	605,899	602,439	3,460
City attorney				
Outside services	282,000	282,000	324,600	(42,600)
Other costs	43,000	43,000	25	42,975
Total city attorney	325,000	325,000	324,625	375

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, 2022

	Budgeted amounts		Actual	Variance with
	Original	Final	amounts	final budget
Expenditures				
Current				
General government				
Economic and community development				
Salaries	\$ 257,236	\$ 257,236	\$ 265,378	\$ (8,142)
Employee benefits	91,824	91,824	92,153	(329)
City beautification	10,000	10,000	7,510	2,490
Outside services	72,000	72,000	70,210	1,790
Other costs	11,100	12,100	1,485	10,615
Capital outlay	68,000	68,000	58,990	9,010
Total economic and community development	510,160	511,160	495,726	15,434
Planning and codes				
Salaries	957,589	957,589	879,428	78,161
Employee benefits	277,932	277,932	259,768	18,164
Supplies	24,500	24,500	24,983	(483)
Insurance	18,500	18,500	10,510	7,990
Outside services	38,000	38,000	20,973	17,027
Other costs	57,600	57,600	35,842	21,758
Total planning and codes	1,374,121	1,374,121	1,231,504	142,617
City buildings and IT services				
Salaries	374,052	374,052	370,009	4,043
Employee benefits	108,931	108,931	108,236	695
Supplies	320,750	320,750	286,523	34,227
Repairs and maintenance	34,500	34,500	44,006	(9,506)
Outside services	185,639	185,639	182,673	2,966
Utilities	293,700	293,700	282,324	11,376
Insurance	25,920	25,920	25,101	819
Equipment rental	193,500	193,500	203,307	(9,807)
Other costs	18,500	18,500	4,402	14,098
Capital outlay	421,250	827,886	569,051	258,835
Total city buildings and IT services	1,976,742	2,383,378	2,075,632	307,746
Total general government	5,696,079	6,103,715	5,586,809	516,906

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, 2022

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Expenditures				
Current				
Public safety				
Police department				
Salaries	\$ 5,904,358	\$ 5,920,622	\$ 5,728,017	\$ 192,605
Benefits	1,734,021	1,734,021	1,609,725	124,296
Repairs and maintenance	194,800	209,425	205,912	3,513
Supplies	465,050	465,050	503,022	(37,972)
Outside services	752,100	752,100	563,504	188,596
Utilities	58,300	58,300	51,315	6,985
Insurance	215,624	215,624	214,884	740
Other costs	83,400	83,400	70,667	12,733
Capital outlay	<u>6,570,000</u>	<u>6,795,000</u>	<u>1,581,309</u>	<u>5,213,691</u>
Total police	15,977,653	16,233,542	10,528,355	5,705,187
Fire Department				
Salaries	2,554,997	2,554,997	2,335,607	219,390
Benefits	607,123	607,123	578,701	28,422
Utilities	83,000	83,000	66,791	16,209
Contract Services	6,000	6,000	5,419	581
Supplies	113,500	118,862	77,511	41,351
Repairs and maintenance	119,000	149,000	(4,211)	153,211
Insurance	78,625	78,625	83,357	(4,732)
Other	48,000	48,000	26,002	21,998
Capital outlay	<u>120,000</u>	<u>551,188</u>	<u>136,637</u>	<u>414,551</u>
Total fire	3,730,245	4,196,795	3,305,814	890,981
Streets and public works				
Salaries	1,237,498	1,237,498	1,100,296	137,202
Benefits	477,607	477,607	433,011	44,596
Repairs and maintenance	131,000	153,707	90,730	62,977
Supplies	57,050	57,050	45,571	11,479
Outside services	318,500	318,500	334,492	(15,992)
Utilities	23,500	23,500	34,781	(11,281)
Insurance	28,300	28,300	23,997	4,303
Other costs	314,500	314,500	211,903	102,597
Capital outlay	<u>2,127,500</u>	<u>2,127,500</u>	<u>1,122,855</u>	<u>1,004,645</u>
Total streets and public works	4,715,455	4,738,162	3,397,636	1,340,526
Recreation and culture				
Salaries	839,794	839,794	780,401	59,393
Employee benefits	267,334	267,334	258,974	8,360
Repairs and maintenance	45,500	49,648	43,259	6,389
Supplies	120,700	154,848	103,345	51,503
Outside services	57,000	57,000	61,063	(4,063)
Utilities	59,500	59,500	69,391	(9,891)
Insurance	22,800	22,800	26,125	(3,325)
Other costs	3,950	3,950	2,660	1,290
Appropriation to non-profits	306,000	385,850	382,850	3,000
Capital outlay	<u>3,260,000</u>	<u>3,268,405</u>	<u>1,662,225</u>	<u>1,606,180</u>
Total recreation and culture	4,982,578	5,109,129	3,390,293	1,718,836
Total expenditures	35,102,010	36,381,344	26,208,907	10,172,437

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, 2022

	Budgeted amounts		Actual	Variance with
	Original	Final	amounts	final budget
Excess (deficiency) of revenues over expenditures	\$ (8,098,593)	\$ (9,146,987)	\$ 10,927,944	\$ 20,074,931
Other financing sources (uses)				
Proceeds from sale of property	-	-	604,235	604,235
Transfers out	<u>(26,198,688)</u>	<u>(26,634,912)</u>	<u>(1,825,585)</u>	<u>24,809,327</u>
Change in fund balance	(34,297,281)	(35,781,899)	9,706,594	45,488,493
Fund balance, beginning of year	<u>52,919,890</u>	<u>52,919,890</u>	<u>52,919,890</u>	<u>-</u>
Fund balance, end of year	\$ 18,622,609	\$ 17,137,991	62,626,484	\$ 45,488,493
Fund balance, prior year			49,545,377	
Adjustment to reflect the consolidation of Emergency Services fund			<u>3,374,513</u>	
Adjusted fund balance, beginning of year			\$ 52,919,890	

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, 2022

	Budgeted amounts		Actual	Variance with
	Original	Final	amounts	final budget
Revenues				
Intergovernmental				
Gasoline motor fuel city tax	\$ 565,224	\$ 565,224	\$ 688,131	\$ 122,907
Gas 1989 tax	100,000	100,000	106,995	6,995
Gas 3 cent tax	180,000	180,000	198,254	18,254
Gas 2017 tax	300,000	300,000	346,248	46,248
Interest	2,000	2,000	1,220	(780)
Miscellaneous	-	28,266	51,616	23,350
Total revenues	<u>1,147,224</u>	<u>1,175,490</u>	<u>1,392,464</u>	<u>216,974</u>
Expenditures				
Street maintenance				
Repairs and maintenance	1,945,000	1,945,000	1,723,150	221,850
Street lighting and signage	<u>255,000</u>	<u>255,000</u>	<u>121,609</u>	<u>133,391</u>
Total expenditures	<u>2,200,000</u>	<u>2,200,000</u>	<u>1,890,209</u>	<u>309,791</u>
Excess (deficiency) of revenues over expenditures	(1,052,776)	(1,024,510)	(497,745)	526,765
Other Financing Sources (Uses)				
Transfers in (out)	1,052,776	1,052,776	800,000	(252,776)
Excess (deficiency) of revenues and other sources over expenditures	-	28,266	302,255	273,989
Fund balance, beginning of year	<u>222,011</u>	<u>222,011</u>	<u>222,011</u>	<u>-</u>
Fund balance, end of year	\$ 222,011	\$ 250,277	\$ 524,266	\$ 273,989

City of Mt. Juliet, Tennessee
Statement of Net Position
Proprietary Funds
June 30, 2022

	Business-type Activities	
	Sewer Enterprise Fund	Internal Service Fund
Assets		
Current assets		
Cash	\$ 11,801,270	\$ 1,504,654
Investments	1,120,274	-
Receivables, net of allowance for doubtful accounts of \$28,583	1,266,008	-
Interest receivable	2,353	-
Prepaid insurance	19,270	907
Inventory	130,473	-
Total current assets	<u>14,339,648</u>	<u>1,505,561</u>
Capital assets		
Land	2,681,138	-
Construction in progress	266,390	-
Collection system	93,633,645	-
Buildings and other improvements	807,168	-
Equipment and rolling stock	1,427,360	-
Capital assets before depreciation	98,815,701	-
Less: accumulated depreciation	(30,697,563)	-
Capital assets, net	<u>68,118,138</u>	<u>-</u>
Other noncurrent assets		
Cash restricted for capital projects	12,356,705	-
Net pension asset	375,736	-
Total other noncurrent assets	<u>12,732,441</u>	<u>-</u>
Total assets	95,190,227	1,505,561
Deferred Outflows of Resources		
Pension plan	258,994	-
OPEB	5,030	-
Total deferred outflows of resources	<u>264,024</u>	<u>-</u>
Liabilities		
Current liabilities		
Accounts payable	335,821	-
Accrued expenses	111,976	-
Surety bonds	491,381	-
Total current liabilities	<u>939,178</u>	<u>-</u>
OPEB liability	31,648	-
Total liabilities	<u>970,826</u>	<u>-</u>
Deferred Inflows of Resources		
Pension plan	333,205	-
OPEB	57,241	-
Total deferred inflows of resources	<u>390,446</u>	<u>-</u>
Net Position		
Net investment in capital assets	67,871,146	-
Restricted for capital improvements	12,356,705	-
Restricted for pension benefits	375,736	-
Unrestricted	13,489,392	1,505,561
Total net position	<u>\$ 94,092,979</u>	<u>\$ 1,505,561</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	<u>167,164</u>	
	<u>\$ 94,260,143</u>	

City of Mt. Juliet, Tennessee
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
For the Year Ended June 30, 2022

	Business-type Activities	
	Sewer Enterprise Fund	Internal Service Fund
Operating Revenues		
Charges for services, sewer	\$ 7,978,814	\$ 2,655,443
Sewer inspection and administrative charges	322,402	-
Penalties	120,860	-
Operating grant	2,520	-
Uncollectible accounts	(2,965)	-
Other	128,972	-
Total operating revenues	<u>8,550,603</u>	<u>2,655,443</u>
Operating Expenses		
Sewer line and pump maintenance	1,530,648	-
Sewer lift station operation	199,587	-
Administrative and accounting	517,404	2,930,178
Sewer transportation and treatment	3,267,439	-
Depreciation	2,276,012	-
Professional services	107,217	-
Total operating expenses	<u>7,898,307</u>	<u>2,930,178</u>
Operating income (loss)	652,296	(274,735)
Non-operating Revenues (Expenses)		
Interest income	66,191	-
Gain on sale of assets	33,850	-
Total non-operating revenues (expenses)	<u>100,041</u>	<u>-</u>
Net income (loss) before contributions	752,337	(274,735)
Contributions		
Capital contribution, tap fees	2,236,732	-
Capital contribution, utility plant	3,152,270	-
Total contributions	<u>5,389,002</u>	<u>-</u>
Change in net position	6,141,339	(274,735)
Net position, beginning of year	87,951,640	1,780,296
Net position, end of year	\$ 94,092,979	\$ 1,505,561
Change in net position shown above	\$ 6,141,339	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	75,658	
Change in net position of business-type activities	<u>\$ 6,065,681</u>	

City of Mt. Juliet, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2022

	Sewer Enterprise Fund	Internal Service Fund
Cash flows from operating activities		
Cash received from customers	\$ 9,946,187	\$ -
Cash paid to suppliers for goods and services	(4,512,843)	-
Cash paid to employees for services	(1,170,290)	-
Cash received (returned) for surety bonds	(2,906,410)	-
Cash paid for interfund administrative support services	(102,000)	-
Premiums/reimbursements received	-	2,655,443
Medical claims and administrative expenses paid	-	(2,930,274)
Net cash provided (used) by operating activities	<u>1,254,644</u>	<u>(274,831)</u>
Cash flows from capital and related financing activities		
Purchase of property, plant, and equipment	(2,679,587)	-
Sale of property, plant, and equipment	33,850	-
Contributions from customers	<u>2,236,732</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	(409,005)	-
Cash flows from investing activities		
Purchase of investments	(5,732)	-
Interest received	<u>66,841</u>	<u>-</u>
Net cash provided (used) by investing activities	61,109	-
Net change in cash	906,748	(274,831)
Cash, beginning of year	<u>23,251,227</u>	<u>1,779,485</u>
Cash, end of year	\$ 24,157,975	\$ 1,504,654
Reconciliation of cash and restricted cash		
Unrestricted cash	\$ 11,801,270	\$ 1,504,654
Cash restricted for capital projects	<u>12,356,705</u>	<u>-</u>
	\$ 24,157,975	\$ 1,504,654

City of Mt. Juliet, Tennessee
Statement of Cash Flows (Continued)
Proprietary Funds
For the Year Ended June 30, 2022

	Sewer Enterprise Fund	Internal Service Fund
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ 652,296	\$ (274,735)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation and amortization	2,276,012	-
Change in:		
Receivables, net	(57,621)	-
Prepaid insurance	(307)	(96)
Inventory	(13,125)	-
Net pension asset	(148,800)	-
Deferred outflows of resources related to pensions	(164,431)	-
Deferred outflows of resources related to OPEB	1,195	-
Accounts payable	(77,371)	-
Accrued expenses	16,235	-
Surety bonds	(1,453,205)	-
OPEB liability	(36,962)	-
Deferred inflows of resources related to pensions	244,853	-
Deferred inflows of resources related to OPEB	15,875	-
Net cash provided (used) by operating activities	<u>\$ 1,254,644</u>	<u>\$ (274,831)</u>
Supplemental disclosure of noncash capital and related financing activities		
Contributions of sewer lines	\$ 3,152,270	\$ -
Capital assets financed by contracts payable	\$ 246,992	\$ -

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

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, 2022

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:

Major funds

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in 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. Management has elected to report this fund as a major fund for comparability with previous years.

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. Management has elected to report this fund as a major fund for comparability with previous years.

Non-major funds

The Drug Fund accounts for funds received directly from the enforcement of laws associated with illegal drug activity. Under state law, the funds are to be used only for law enforcement-related expenditures.

The Stormwater Fund is used to account for the collection of fees restricted for improvements related to stormwater drainage and related projects.

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, 2022

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, 2022

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	\$ 407,636
Public safety	722,439
Streets and public works	22,707
Recreation and culture	126,551
Transfers out	<u>436,224</u>
	\$ 1,715,557
 State Street Aid Fund	 \$ 28,266

General Fund budget amendments primarily related to city buildings and public safety capital outlays and appropriation to non-profits. The State Street Aid Fund was amended for miscellaneous revenues.

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, 2022

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 \$167,164, 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, 2022, 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, 2022

Note 1. Summary of Significant Accounting Policies

Leases

The City determines if an arrangement is or contains a lease at contract inception and recognizes an intangible right of use asset and a lease liability at the lease commencement date. Subsequently, the intangible right of use asset is amortized on a straight-line basis over its useful life. The City also enters into agreements, as lessor, to lease property, recognizing a lease receivable and a deferred inflow of resources. The lease term includes the noncancelable period of the lease plus an additional period covered by either an option to extend or not to terminate the lease that the lessee is reasonably certain to exercise, or an option to extend or not to terminate the lease controlled by the lessor. The City uses its estimated incremental borrowing rate as the discount rate for leases.

The City monitors for events or changes in circumstances that require a reassessment of its leases. When a reassessment results in the remeasurement of a lease liability, a corresponding adjustment is made to the carrying amount of the intangible right of use asset.

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 \$0.1100 per \$100 of assessed valuation for 2022. Payments may be made during the period October 1 through February 28. Current tax collections of \$2,896,603 for the fiscal year ended June 30, 2022 were approximately 99% of the tax levy. 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 \$2,232,627, which is net of an allowance for doubtful collections of \$1,779. Of this receivable, \$2,193,509 represents the estimated net realizable 2022 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 \$2,234,406, with offsetting deferred inflows of resources for amounts not available at June 30, 2022. The additional taxes receivable of \$499,849 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".

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

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.

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.

Emergency Services Fund

In December 2020, the City's Board of Commissioners passed an ordinance to transfer the Emergency Services fund balance into the General fund effective July 1, 2021.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

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 – Represents amounts that are not in spendable 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.

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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

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.

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.

Use of 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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 1. Summary of Significant Accounting Policies

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.

Recently Adopted New Accounting Pronouncements

In June 2017, the GASB issued GASB Statement No. 87, *Leases* (Statement No. 87). This Statement requires recognition of certain assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. Under this Statement, a lessee is required to recognize an intangible right of use asset and a lease liability. Statement No. 87 is effective for fiscal years beginning after June 15, 2021. Adoption of this Statement is reflected on the City's financial statements

In June 2020, the GASB issued GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (Statement No. 97). The objectives of this Statement are to (a) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (b) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (c) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. Statement No. 97 is effective for fiscal years beginning after June 15, 2021. Adoption of this Statement did not have a significant impact on the City's financial statements.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

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, 2022, 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.

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, 2022

Note 3. Receivables

Accounts and taxes receivable at June 30, 2022 consisted of the following, by fund:

	General	Capital Projects	State Street Aid	Stormwater	Sewer Enterprise	Internal Service	Total
Property taxes	\$ 2,234,406	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,234,406
Beer/liquor taxes	178,216	-	-	-	-	-	178,216
Franchise taxes	226,346	-	-	-	-	-	226,346
Hotel/motel tax	95,287	-	-	-	-	-	95,287
Other governments	4,286,550	1,193,004	344,291	-	-	-	5,823,845
Customer	-	5,972	-	-	1,294,591	-	1,300,563
Other	7	-	-	-	2,353	-	2,360
Less: allowance for doubtful accounts	-	-	-	-	(28,583)	-	(28,583)
	\$ 7,020,812	\$ 1,198,976	\$ 344,291	\$ -	\$ 1,268,361	\$ -	\$ 9,832,440

Note 4. Property Taxes Receivable

Gross property taxes receivable of \$2,234,406 is summarized in the Supplementary Information section on page 76 of this report.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 5. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2022:

Governmental Activities

	Beginning balance	Increases	Decreases	Transfers	Ending balance
Capital assets not being depreciated					
Land	\$ 8,225,814	\$ 1,099,758	\$ -	\$ -	\$ 9,325,572
Construction in progress	<u>10,632,732</u>	<u>7,993,594</u>	<u>-</u>	<u>(1,505,647)</u>	<u>17,120,679</u>
	18,858,546	9,093,352	-	(1,505,647)	26,446,251
Capital assets being depreciated					
Buildings and improvements	7,345,952	497,181	-	-	7,843,133
Improvements other than buildings	6,970,771	17,903	-	55,751	7,044,425
Machinery and equipment	17,756,696	1,284,884	214,631	(2,892,194)	15,934,755
Infrastructure	<u>76,392,950</u>	<u>9,154,877</u>	<u>-</u>	<u>1,449,896</u>	<u>86,997,723</u>
	108,466,369	10,954,845	214,631	(1,386,547)	117,820,036
Less: accumulated depreciation					
Buildings and improvements	2,955,613	196,072	-	-	3,151,685
Improvements other than buildings	3,731,970	459,725	-	-	4,191,695
Machinery and equipment	10,558,415	1,324,828	100,612	(1,849,383)	9,933,248
Infrastructure	<u>18,404,573</u>	<u>2,750,083</u>	<u>-</u>	<u>-</u>	<u>21,154,656</u>
Total accumulated depreciation	35,650,571	4,730,708	100,612	(1,849,383)	38,431,284
Governmental activities capital assets, net	\$ 91,674,344	\$ 15,317,489	\$ 114,019	\$ (1,042,811)	\$ 105,835,003
Intangible right to use assets					
Machinery and equipment	\$ -	\$ 661,659	\$ -	\$ 2,892,194	\$ 3,553,853
Less: accumulated amortization	<u>-</u>	<u>275,102</u>	<u>-</u>	<u>1,849,383</u>	<u>2,124,485</u>
	\$ -	\$ 386,557	\$ -	\$ 1,042,811	\$ 1,429,368

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 5. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2022:

Business-type Activities

	Beginning balance	Increases	Decreases	Transfers	Ending balance
Capital assets not being depreciated					
Land	\$ 1,141,495	\$ 1,539,643	\$ -	\$ -	\$ 2,681,138
Construction in progress	307,503	154,868	-	(195,981)	266,390
	<u>1,448,998</u>	<u>1,694,511</u>	<u>-</u>	<u>(195,981)</u>	<u>2,947,528</u>
Capital assets being depreciated					
Buildings and improvements	807,168	-	-	-	807,168
Collection system	89,348,615	4,146,885	57,836	195,981	93,633,645
Equipment and rolling stock	<u>1,398,214</u>	<u>29,146</u>	<u>-</u>	<u>-</u>	<u>1,427,360</u>
	91,553,997	4,176,031	57,836	195,981	95,868,173
Less: accumulated depreciation					
Collection system and buildings	27,760,175	2,197,676	57,836	-	29,900,015
Equipment and rolling stock	<u>719,212</u>	<u>78,336</u>	<u>-</u>	<u>-</u>	<u>797,548</u>
Total accumulated depreciation	28,479,387	2,276,012	57,836	-	30,697,563
Business-type activities capital assets, net	\$ 64,523,608	\$ 3,594,530	\$ -	\$ -	\$ 68,118,138

During the year, the City accepted donated roadways in the amount of \$7,474,912, and sewer lines in the amount of \$3,152,270. Depreciation expense was charged to functions/programs as of June 30, 2022, as follows:

Governmental Activities

General government	\$ 149,427
Public safety	1,054,628
Streets and public works	3,181,767
Stormwater	7,886
Recreational and culture	<u>337,000</u>
Total depreciation expense, governmental activities	\$ 4,730,708
Amortization of right to use assets	\$ 275,102

Business-type Activities

Sewer	\$ 2,276,012
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City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 5. Capital Assets

Lease assets are summarized below:

	Fire equipment	Police equipment	Office equipment	Total
Right-to-use asset	\$ 2,600,028	\$ 292,163	\$ 661,662	\$ 3,553,853
Less: accumulated amortization	<u>1,733,352</u>	<u>175,298</u>	<u>215,835</u>	<u>2,124,485</u>
Lease assets, net	\$ 866,676	\$ 116,865	\$ 445,827	\$ 1,429,368

Amortization expense for the year was charged to the general government function in the amount of \$275,102.

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, 2022, 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	\$ 252,757	\$ -
Pension related items	2,780,942	258,994
OPEB related items	<u>45,263</u>	<u>5,030</u>
Total deferred outflows of resources	\$ 3,078,962	\$ 264,024
Deferred inflows of resources		
2022 assessed but unlevied property taxes	\$ 2,231,248	\$ -
Pension related items	3,556,246	333,205
OPEB related items	<u>515,177</u>	<u>41,366</u>
Total deferred inflows of resources	\$ 6,302,671	\$ 390,446

Deferred inflows of resources in the governmental fund statements totaled \$4,623,691 and consisted of unlevied property taxes of \$2,193,493, delinquent property taxes of \$37,755, and unavailable state and local shared taxes of \$2,392,443.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Years Ended June 30, 2022

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, 2022:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Governmental activities					
GO refunding bonds	\$ 12,345,000	\$ -	\$ (955,000)	\$ 11,390,000	\$ 990,000
Bond premiums	1,119,691	-	(460,963)	658,728	422,000
Total governmental					
activities long-term debt	13,464,691	-	(1,415,963)	12,048,728	1,412,000
Compensated absences*	654,293	146,748	-	801,041	801,041
	\$ 14,118,984	\$ 146,748	\$ (1,415,963)	\$ 12,849,769	\$ 2,213,041
Business-type activities					
Compensated absences*	\$ 50,368	\$ 21,398	\$ -	\$ 71,766	\$ 71,766

* Included in accrued liabilities

Long-term notes and bonds at June 30, 2022 consisted of the following obligations:

Governmental Activities

\$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%	\$ 3,690,000
\$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%	7,700,000
Total governmental activities obligations	11,390,000
Less: current portion	(990,000)
Total long-term governmental activities obligations	\$ 10,400,000

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

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, 2022 are as follows:

GO Refunding Bonds			
Fiscal year	Principal	Interest	Total
2023	\$ 990,000	\$ 359,705	\$ 1,349,705
2024	1,055,000	311,605	1,366,605
2025	1,115,000	260,405	1,375,405
2026	1,165,000	206,305	1,371,305
2027	780,000	149,805	929,805
2028 – 2032	4,395,000	333,025	4,728,025
2033 – 2037	<u>1,890,000</u>	<u>36,050</u>	<u>1,926,050</u>
Totals	\$ 11,390,000	\$ 1,656,900	\$ 13,046,900

Leases

The City entered into financing leases for the purchase of certain public safety equipment and office equipment under non-cancelable lease arrangements. Terms of the leases range from 2 to 4 years and contain fixed payment terms. The City used the actual interest rates of the leases as of the lease inception dates, which ranged from 0% to 6.55%. None of the leases contain variable payments, residual value guarantees, or commitments before the commencement of the lease term. See summary of leased assets included in note 5.

The amount of payments made during the year applied to the lease liabilities totaled \$473,302.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

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,	Principal	Interest	Total
2023	\$ 522,810	\$ 23,381	\$ 546,191
2024	414,744	9,501	424,245
2025	110,227	782	111,009
2026	45,233	177	45,410
	<u>\$ 1,093,014</u>	<u>\$ 33,841</u>	<u>\$ 1,126,855</u>

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 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, 2022

Note 8. Pension Plan

General Information about the Pension Plan

Employees Covered by Benefit Terms

At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	44
Inactive employees entitled to but not yet receiving benefits	138
Active employees	<u>182</u>
	364

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, 2022, employer contributions for the City were \$782,087, based on a rate of 5.91% 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, 2021, 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, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of Assumptions

In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

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, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25%. 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	4.88%	31%
Developed market international equity	5.37%	14%
Emerging market international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
US fixed income	1.20%	20%
Real estate	4.38%	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 6.75%, based on a blending of the three factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. 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, 2022

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, 2020	\$ 18,161,049	\$ 20,474,391	\$ (2,313,342)
Service cost	807,131	-	807,131
Interest	1,357,541	-	1,357,541
Changes of benefit terms	-	-	-
Difference between expected and actual returns	(195,612)	-	(195,612)
Changes in assumptions	2,338,819	-	2,338,819
Contributions, employer	-	722,436	(722,436)
Contributions, employees	-	-	-
Net investment income	-	5,310,030	(5,310,030)
Benefits paid, including refunds and contributions	(486,944)	(486,944)	-
Administrative expenses	-	(16,285)	16,285
Other changes	-	-	-
Net change	<u>3,820,935</u>	<u>5,529,237</u>	<u>(1,708,302)</u>
Balance, June 30, 2021	\$ 21,981,984	\$ 26,003,628	\$ (4,021,644)

Sensitivity of Net Pension Liability (Asset) to Changes in the Discount Rate

The following represents the net pension liability (asset) calculated using the discount rate of 6.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1.00% lower (5.75%) or 1.00% higher (7.75%) than the current rate:

	1% Decrease (5.75%)	Current rate (6.75%)	1% Increase (7.75%)
Net pension liability (asset)	\$ 2,385	\$ (4,021,644)	\$ (7,240,430)

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

Pension Expense

For the year ended June 30, 2022, the City recognized negative pension expense of \$(2,933).

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

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, 2022, 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	\$ 54,281	\$ 1,053,195
Net difference between expected and actual earnings on pension plan investments	-	2,836,256
Changes in assumptions	2,203,568	-
Contributions made subsequent to measurement date of June 30, 2021	<u>782,087</u>	<u>-</u>
	\$ 3,039,936	\$ 3,889,451

The amount shown above for "Contributions made 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,	
2023	\$ (590,269)
2024	(558,037)
2025	(517,343)
2026	(602,436)
2027	108,255
Thereafter	<u>528,228</u>
	\$ (1,631,602)

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, 2022

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, \$720.82 or \$870.06 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 Medical, retirees pay 12% of the premium. 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, 2022

Active employees	10
Retired employees	<u>3</u>
Total	13

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 9. Other Postemployment Benefits Plan (OPEB)

Actuarial Methods and Assumptions

Actuarial funding method	Entry age normal, level % pay
Valuation date	July 1, 2021 (June 30, 2022 end of year disclosures)
Discount rate	2.18% per annum* (2.18% for disclosures June 30, 2022) (3.09% and 5.09% 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, 2022 was 2.18%). Since the plan is not pre-funded, the index will apply.
Salary scale	3% per annum
Mortality	PUB 2010 mortality table with MP 2021 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, 2022

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 married.
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, 2022.

	1% Decrease 3.09%	Discount rate 4.09%	1% Increase 5.09%
OPEB liability, June 30, 2022	\$ 334,118	\$ 316,481	\$ 300,018
GASB 75 expense, June 30, 2022	\$ (170,000)	\$ (169,819)	\$ (170,000)

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, 2022.

	1.00% Decrease 7.00% decreasing to 4.00%	Healthcare cost trend rate 8.00% decreasing to 5.00%	1.00% Increase 9.00% decreasing to 6.00%
OPEB liability, June 30, 2022	\$ 298,779	\$ 316,481	\$ 336,055
Projected expense for year ended 2022	\$ (170,000)	\$ (169,819)	\$ (170,000)

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 9. Other Postemployment Benefits Plan (OPEB)

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2022, the City recognized OPEB expense of \$(369,614).

Total OPEB Expense

Service cost	\$ 5,832
Interest	14,640
Changes in benefit terms	-
Difference between expected and actual experience	(322,355)
Changes In assumptions	(38,640)
Benefit payments	(29,091)
GASB 75 annual OPEB expense	<u>\$ (369,614)</u>

The City's total OPEB liability of \$316,481 was measured as of June 30, 2022, and was determined by an actuarial valuation as of June 30, 2021.

The components of total OPEB liability at June 30, 2022 is as follows:

Total OPEB Liability

Balance, June 30, 2021	\$ 686,095
Service cost	5,832
Interest	14,640
Changes in benefit terms	-
Difference between expected and actual experience	(322,355)
Changes In assumptions	(38,640)
Benefit payments	(29,091)
Net change in total OPEB liability	<u>(369,614)</u>
Balance, June 30, 2022	<u>\$ 316,481</u>
Plan fiduciary net position, end of year	0%
Employee covered payroll	\$ 773,000
OPEB liability as a % of employee covered payroll	42.60%

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 9. Other Postemployment Benefits Plan (OPEB)

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2022, 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	\$ 581	\$ 546,658
Net difference between expected and actual earnings	-	-
Changes in assumptions	<u>49,712</u>	<u>25,760</u>
	\$ 50,293	\$ 572,418

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,	
2023	\$ (190,291)
2024	(190,291)
2025	(69,959)
2026	(66,326)
2027	(5,354)
Thereafter	96

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

Note 10. Defined Contribution Pension Plan

City employees are eligible to participate in the following defined contribution pension plan depending on date of hire and certain eligibility factors:

Plan name	Plan administrator	Plan type
Tennessee State Employees Deferred Compensation Plan and Trust – 457(b)	TCRS	457(b)

Participation in the defined contribution pension plan permits participants to defer a portion of their salary to future years. The deferred compensation is not available to them until termination, retirement, death, or unforeseeable emergency.

The City has determined that its defined contribution pension plan is not a fiduciary component unit or fiduciary activity of the government.

Benefit terms and contribution rates are established and may be amended by formal resolution of the City's Board of Commissioners

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 10. Defined Contribution Pension Plan

Tennessee State Employees Deferred Compensation Plan and Trust – 457(b)

The City's participating employer agreement for the Tennessee State Employees Deferred Compensation Plan and Trust – 457(b) (State 457(b) Plan) was effective on March 1, 2014. The plan's investments are held in trust by Empower Retirement.

Each employee hired after March 1, 2014, is eligible to participate in the plan for the purpose of making elective deferrals. Employee salary reduction contributions are voluntary. The City does not make matching or non-matching contributions and, as such, forfeiture policies are not applicable.

Note 11. 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 \$10,800,000 in project contracts. These contracts were approximately 50% complete at June 30, 2022 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.

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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 12. Interfund Transfers

Interfund transfers for the year ended June 30, 2022 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	\$ -	\$ 1,825,585
State Street Aid Fund	800,000	-
Capital Projects Fund	325,585	-
Debt Service Fund	<u>700,000</u>	<u>-</u>
Total	\$ 1,825,585	\$ 1,825,585

The transfers between the general fund and the debt service fund relate to required principal and interest payments. The transfer to the state street aid fund from the general fund was for the purpose of funding street projects. The transfer to the capital projects fund from the general fund as made to fund capital projects.

Note 13. Interfund Balances

Interfund receivables and payables are attributable to obligations between funds. The actual cash transfers had not been made at June 30, 2022. Any interfund amounts are a result of temporary interfund financing at year-end and are liquidated subsequent to year end.

The City has the following interfund balances at June 30, 2022:

	Due to	Due from
General Fund	\$ -	\$ 72,195
Capital Projects Fund	<u>72,195</u>	<u>-</u>
Total	\$ 72,195	\$ 72,195

Note 14. 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
2019 – 2020	\$ 382,200	\$ 225,900	\$ (608,100)	\$ -
2020 – 2021	\$ -	\$ -	\$ -	\$ -
2021 – 2022	\$ -	\$ -	\$ -	\$ -

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2022

Note 14. Risk Management

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 15. 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, 2022 and 2021, the Board had an accumulated net position of \$786,994 and \$742,167, respectively. The net change in net position for fiscal year 2022 was \$43,827. Separate financial statement information regarding the joint venture is available from the City.

Note 16. Prior Period Adjustments

In June 2017, GASB issued Statement No. 87, *Leases*, (GASB 87) which established a single model for lease accounting based on the foundational principles that leases are financing and requires the lessee to recognize a lease liability and intangible right-to-use asset. This standard was clarified by portions of GASB Statement No. 92, *Omnibus 2020*. The City adopted the standard (and related clarifications) and retroactively applied the accounting effective July 1, 2021 through the recognition of lease assets and related lease liabilities. During fiscal year 2022, the City adopted GASB 87 and 92 using the full retrospective approach. The accompanying financial statements as of and for the year ended June 30, 2021, have been restated for the change, which increased net position by \$185,142. As a result of adopting GASB 87 and 92, the City recorded intangible right-to-use assets of \$3,125,993 with accumulated amortization of \$1,734,200 and recognized lease liabilities of \$1,206,651.

Note 17. Subsequent Events

On November 1, 2022, the City, as a non-entitlement unit of local government, received \$5,493,501, passed through the State, from the US Treasury. This amount represents the second half of the City's total \$10,987,002 allocation from the Coronavirus State and Local Fiscal Recovery Funds, a part of the American Rescue Plan Act of 2021. The first payment of \$5,493,501 was received November 1, 2021 and is presented in unearned revenue. No funds have been spent as of June 30, 2022.

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 2021

	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service cost	\$ 807,131	\$ 801,350	\$ 784,750	\$ 852,384	\$ 645,473	\$ 546,207	\$ 485,779	\$ 443,365
Interest	1,357,541	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	(195,612)	(60,696)	(497,280)	(809,079)	122,136	(25,115)	(202,551)	(114,265)
Changes in assumptions	2,338,819	-	-	-	353,481	-	-	-
Benefit payments, including refunds of employee contributions	(486,944)	(345,480)	(322,837)	(289,724)	(319,276)	(262,126)	(224,747)	(264,132)
Net change in total pension liability	3,820,935	1,638,624	1,126,061	858,846	1,794,014	1,158,944	888,678	828,378
Total pension liability, beginning of year	18,161,049	16,522,425	15,396,364	14,537,518	12,743,504	11,584,560	10,695,882	9,867,504
Total pension liability, end of year (a)	21,981,984	18,161,049	16,522,425	15,396,364	14,537,518	12,743,504	11,584,560	10,695,882
Plan Fiduciary Net Position								
Contributions, employer	722,436	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	5,310,030	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	(486,944)	(345,480)	(322,837)	(289,724)	(319,276)	(262,126)	(224,747)	(264,132)
Administrative expenses	(16,285)	(14,812)	(14,299)	(14,741)	(12,792)	(10,583)	(6,657)	(4,822)
Other	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	5,529,237	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	20,474,391	18,856,106	16,929,463	15,023,822	12,901,045	11,985,949	11,068,833	8,994,826
Plan fiduciary net position, end of year (b)	26,003,628	20,474,391	18,856,106	16,929,463	15,023,822	12,901,045	11,985,949	11,068,833
Net pension liability (asset), end of year (a - b)	\$ (4,021,644)	\$ (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	118.30%	112.74%	114.12%	109.96%	103.35%	101.24%	103.46%	103.49%
Covered payroll	\$ 10,261,873	\$ 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	-39.19%	-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.

Changes in Assumptions

In 2021, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements.

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

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 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 782,087	\$ 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>782,087</u>	<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	\$ 13,235,563	\$ 10,261,873	\$ 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	5.91%	7.04%	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, 2022 were calculated based on the June 30, 2020 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 2021, the following assumptions were changed: decreased inflation rate from 2.20% to 2.25%; decreased investment rate of return from 7.25% to 6.75%; decreased cost-of-living adjustment from 2.25% to 2.125%; lowered the assumed increase in Social Security Wage Base from 3.00% to 2.75%; and modified mortality 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 2022

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 5,832	\$ 5,699	\$ 8,306	\$ 9,467	\$ 10,780
Interest	14,640	18,877	31,187	39,690	39,925
Changes of benefit terms	-	-	-	(203,710)	-
Differences between actual and expected experience	(322,355)	(80,155)	(441,844)	(51,376)	969
Changes in assumptions	(38,640)	41,980	15,037	25,973	-
Benefit payments, net	<u>(29,091)</u>	<u>(19,950)</u>	<u>(21,705)</u>	<u>(46,545)</u>	<u>(72,552)</u>
Net change in total OPEB liability	(369,614)	(33,549)	(409,019)	(226,501)	(20,878)
Total OPEB liability, beginning of year	<u>686,095</u>	<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)	316,481	686,095	719,644	1,128,663	1,355,164
Plan Fiduciary Net Position					
Contributions, employer	29,091	19,950	21,705	46,545	72,552
Net investment income	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(29,091)	(19,950)	(21,705)	(46,545)	(72,552)
Administrative expenses	<u>-</u>	<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>	<u>-</u>
Plan fiduciary net position, end of year (b)	-	-	-	-	-
Net OPEB liability (asset), end of year (a - b)	\$ 316,481	\$ 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%	0.00%
Covered payroll	\$ 743,000	\$ 702,606	\$ 702,606	\$ 756,600	\$ 739,482
Total OPEB liability (asset) as a percentage of covered-employee payroll	42.60%	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 2022

	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 48,524	\$ 52,563	\$ 82,705	\$ 100,387	\$ 50,705
Contributions in relation to the actuarially determined contribution	29,091	19,950	21,705	46,545	(72,552)
Contribution excess (deficiency)	\$ (19,433)	\$ (32,613)	\$ (61,000)	\$ (53,842)	\$ 21,847
Covered-employee payroll	\$ 743,000	\$ 702,606	\$ 702,606	\$ 756,600	\$ 739,482
Contributions as a percentage of covered-employee payroll	3.92%	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	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	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017
Census date, by year	6/30/2022	6/30/2020	6/30/2019	6/30/2018	6/30/2018
Investment rate of return, by year	4.09%	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%				
Participation rate	100%				
Healthcare cost trend	8.00%, decreasing to 5.00% ultimate				
Salary increases	3.00%				
Retirement age	All: Rates from age 60				
Mortality	PUB 2010 with MP-2021 projection				

Supplementary Information

City of Mt. Juliet, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

	<u>Special Revenue Funds</u>		
	Drug fund	Stormwater fund	Total nonmajor governmental funds
Assets			
Cash and cash equivalents	\$ 476,166	\$ 2,174,416	\$ 2,650,582
Prepays	-	2,594	2,594
Total assets	\$ 476,166	\$ 2,177,010	\$ 2,653,176
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 9	\$ 43,383	\$ 43,392
Accrued liabilities	57,076	17,636	74,712
Deferred grant revenue	-	987,003	987,003
Total liabilities	57,085	1,048,022	1,105,107
Fund balances			
Nonspendable, prepaids	-	2,594	2,594
Restricted	419,081	1,126,394	1,545,475
Total fund balances	419,081	1,128,988	1,548,069
Total liabilities and fund balances	\$ 476,166	\$ 2,177,010	\$ 2,653,176

City of Mt. Juliet, Tennessee
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2022

	Special Revenue Funds		Total nonmajor governmental funds
	Drug fund	Stormwater fund	
Revenues			
Intergovernmental	\$ 107,262	\$ -	\$ 107,262
Licenses, permits, and fines	-	462,063	462,063
Drug-related fines, seizures, and sales	51,601	-	51,601
Interest	823	3,397	4,220
Total revenues	159,686	465,460	625,146
Expenditures			
Stormwater			
Current			
Salaries	-	176,862	176,862
Employee benefits	-	51,432	51,432
Other	-	220,814	220,814
Police			
Current			
Supplies, training, and investigations	13,779	-	13,779
Capital outlay	22,484	17,664	40,148
Total expenditures	36,263	466,772	503,035
Excess of revenues over expenditures	123,423	(1,312)	122,111
Fund balances, beginning of year	295,658	1,130,300	1,425,958
Fund balances, end of year	\$ 419,081	\$ 1,128,988	\$ 1,548,069

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, 2022

	Budgeted amounts		Actual	Variance with
	Original	Final	amounts	final budget
Revenues				
Interest	\$ 1,500	\$ 1,500	\$ 823	\$ (677)
Federal equitable sharing	5,000	5,000	107,262	102,262
Drug-related fines, seizures, and sales	65,000	65,000	51,601	(13,399)
Total revenues	71,500	71,500	159,686	88,186
Expenditures				
Program costs				
Training	2,400	2,400	-	2,400
Supplies	1,800	1,800	1,119	681
Investigations	20,000	20,000	3,620	16,380
Contract services	6,300	6,300	6,035	265
Travel	7,500	7,500	3,005	4,495
Capital outlay	23,000	23,000	22,484	516
Total expenditures	61,000	61,000	36,263	24,737
Excess of revenues over (under) expenditures	10,500	10,500	123,423	112,923
Fund balance, beginning of year	295,658	295,658	295,658	-
Fund balance, end of year	\$ 306,158	\$ 306,158	\$ 419,081	\$ 112,923

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, 2022

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Licenses and permits				
Inspection and other fees	\$ 373,500	\$ 373,500	\$ 462,063	\$ 88,563
Interest	3,000	3,000	3,397	397
Total revenues	376,500	376,500	465,460	88,960
Expenditures				
Street maintenance				
Salaries	175,802	177,802	176,862	940
Employee benefits	54,635	52,635	51,432	1,203
Professional services	20,000	20,000	1,100	18,900
Supplies	14,200	14,200	11,609	2,591
Other	199,050	248,780	208,105	40,675
Capital outlay	35,000	35,000	17,664	17,336
Total expenditures	498,687	548,417	466,772	81,645
Excess of revenues over (under) expenditures	(122,187)	(171,917)	(1,312)	170,605
Fund balance, beginning of year	1,130,300	1,130,300	1,130,300	-
Fund balance, end of year	\$ 1,008,113	\$ 958,383	\$ 1,128,988	\$ 170,605

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, 2022

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Intergovernmental				
Grants	\$ 6,573,380	\$ 11,148,833	\$ 1,157,943	\$ (9,990,890)
Other				
Interest	18,000	18,000	26,716	8,716
Miscellaneous	<u>6,875,000</u>	<u>6,875,000</u>	<u>7,318,150</u>	<u>443,150</u>
Total revenues	<u>13,466,380</u>	<u>18,041,833</u>	<u>8,502,809</u>	<u>(9,539,024)</u>
Expenditures				
Streets and public works				
Capital outlay	<u>61,013,486</u>	<u>66,025,163</u>	<u>5,837,892</u>	<u>60,187,271</u>
Total expenditures	<u>61,013,486</u>	<u>66,025,163</u>	<u>5,837,892</u>	<u>60,187,271</u>
Excess of revenues over (under) expenditures	(47,547,106)	(47,983,330)	2,664,917	50,648,247
Other Financing Sources (Uses)				
Debt proceeds	15,000,000	15,000,000	-	(15,000,000)
Operating transfers in (out)	<u>24,203,789</u>	<u>24,640,013</u>	<u>325,585</u>	<u>(24,314,428)</u>
Total other financing sources (uses)	<u>39,203,789</u>	<u>39,640,013</u>	<u>325,585</u>	<u>(39,314,428)</u>
Excess of revenues and other sources over (under) expenditures and other uses	(8,343,317)	(8,343,317)	2,990,502	11,333,819
Fund balance, beginning of year	<u>8,291,805</u>	<u>8,291,805</u>	<u>8,291,805</u>	<u>-</u>
Fund balance, end of year	\$ (51,512)	\$ (51,512)	\$ 11,282,307	\$ 11,333,819

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, 2022

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Grants	\$ 2,000	\$ 2,000	\$ 1,160	\$ (840)
Impact fees	<u>800,000</u>	<u>800,000</u>	<u>991,268</u>	<u>191,268</u>
Total revenues	802,000	802,000	992,428	190,428
Expenditures				
Debt service				
Principal	1,299,444	1,299,444	1,299,444	-
Interest	<u>444,679</u>	<u>444,679</u>	<u>443,211</u>	<u>1,468</u>
Total expenditures	1,744,123	1,744,123	1,742,655	1,468
Excess of revenues over (under) expenditures	(942,123)	(942,123)	(750,227)	191,896
Other Financing Sources (Uses)				
Operating transfers in (out)	<u>942,123</u>	<u>942,123</u>	<u>700,000</u>	<u>(242,123)</u>
Total other financing sources (uses)	942,123	942,123	700,000	(242,123)
Excess of revenues and other sources over (under) expenditures and other uses	-	-	(50,227)	(50,227)
Fund balance, beginning of year	<u>272,215</u>	<u>272,215</u>	<u>272,215</u>	<u>-</u>
Fund balance, end of year	\$ 272,215	\$ 272,215	\$ 221,988	\$ (50,227)

City of Mt. Juliet, Tennessee
Capital Assets Used in Operation of Governmental Funds
Schedule by Function and Activity
June 30, 2022

Function and Activity	Land	Buildings and improvements	Machinery and equipment	Infrastructure	Construction in progress	Total
General government	\$ 404,611	\$ 2,000,854	\$ 1,200,016	\$ 20,336	\$ 2,421,934	\$ 6,047,751
Public safety						
Police	1,474,758	3,328,460	7,982,682	179,426	132,120	13,097,446
Fire	255,425	1,927,709	1,688,974	3,604	-	3,875,712
Streets and public works	5,509,849	2,509,809	3,554,713	86,154,663	11,184,401	108,913,435
Stormwater	-	-	96,295	-	171,633	267,928
Parks	<u>1,680,929</u>	<u>5,120,726</u>	<u>1,412,075</u>	<u>639,694</u>	<u>3,210,591</u>	<u>12,064,015</u>
Total governmental funds capital assets	\$ 9,325,572	\$ 14,887,558	\$ 15,934,755	\$ 86,997,723	\$ 17,120,679	\$ 144,266,287

City of Mt. Juliet, Tennessee
Capital Assets Used in the Operation of Governmental Funds
Schedule of Changes by Function and Activity
June 30, 2022

Function and Activity	Balance June 30, 2021	Additions	Retirements and transfers	Balance June 30, 2022
General government	\$ 3,197,784	\$ 2,849,967	\$ -	\$ 6,047,751
Public safety				
Police	11,692,005	1,599,225	(193,784)	13,097,446
Fire	3,714,187	161,525	-	3,875,712
Streets and public works	96,780,787	12,216,563	(83,915)	108,913,435
Stormwater	96,295	171,633	-	267,928
Parks	<u>8,951,663</u>	<u>3,145,052</u>	<u>(32,700)</u>	<u>12,064,015</u>
Total governmental funds capital assets	\$ 124,432,721	\$ 20,143,965	\$ (310,399)	\$ 144,266,287

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, 2022

Fiscal Year	Tax rate	Assessment	Levy	Taxes receivable June 30, 2021	Levy	Collections	Allowance for Uncollectibles	Taxes receivable June 30, 2022
2022	\$ 0.1100	\$ 1,762,183,320	\$ 1,938,402	\$ -	\$ 1,938,402	\$ (1,902,732)	\$ -	\$ 35,670
2021	\$ 0.1664	1,254,813,851	2,088,010	48,618	-	(44,078)	(1,779)	2,761
2020	\$ 0.1664	1,247,819,907	2,076,372	6,706	-	(6,334)	-	372
2019	\$ 0.1664	1,166,264,423	1,940,664	2,294	-	(1,979)	-	315
2018	* \$ 0.1664	1,077,751,835	1,823,590	606	-	(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	-	-	-	-	-
				<u>\$ 58,224</u>	<u>\$ 1,938,402</u>	<u>\$ (1,955,729)</u>	<u>\$ (1,779)</u>	<u>39,118</u>
2022 Levy**								<u>2,193,509</u>
								<u>\$ 2,232,627</u>

* 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, 2022

Description of Indebtedness	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding July 1, 2021	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding June 30, 2022
Governmental Activities									
Bonds payable									
GO refunding bonds, Series 2019	\$ 6,070,000	5.00%	8/12/19	6/1/26	\$ 4,500,000	\$ -	\$ 810,000	\$ -	\$ 3,690,000
GO refunding bonds, Series 2020	\$ 7,980,000	4.00%	12/1/20	6/1/34	<u>7,845,000</u>	<u>-</u>	<u>145,000</u>	<u>-</u>	<u>7,700,000</u>
Total bonds payable					\$ 12,345,000	\$ -	\$ 955,000	\$ -	\$ 11,390,000
Total long-term debt of governmental activities									

City of Mt. Juliet, Tennessee
Schedule of Long-term Debt, Principal, and Interest Requirements
Governmental Activities
June 30, 2022

Fiscal year ended June 30,	GO refunding bonds Series 2019		GO refunding bonds Series 2020		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 850,000	\$ 184,500	\$ 140,000	\$ 175,205	\$ 990,000	\$ 359,705
2024	900,000	142,000	155,000	169,605	1,055,000	311,605
2025	950,000	97,000	165,000	163,405	1,115,000	260,405
2026	990,000	49,500	175,000	156,805	1,165,000	206,305
2027	-	-	780,000	149,805	780,000	149,805
2028	-	-	815,000	118,605	815,000	118,605
2029	-	-	855,000	86,005	855,000	86,005
2030	-	-	895,000	51,805	895,000	51,805
2031	-	-	910,000	42,855	910,000	42,855
2032	-	-	920,000	33,755	920,000	33,755
2033	-	-	935,000	23,635	935,000	23,635
2034	-	-	955,000	12,415	955,000	12,415
Total	\$ 3,690,000	\$ 473,000	\$ 7,700,000	\$ 1,183,900	\$ 11,390,000	\$ 1,656,900

City of Mt. Juliet, Tennessee
Schedule of Changes in Lease Obligations
For the Year Ended June 30, 2022

Description of indebtedness	Original amount of issue	Interest rate	Date of issue	Maturity date	Restated outstanding July 1, 2021	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding June 30, 2022
Governmental Activities									
<i>Leases payable through general fund</i>									
Fire equipment	\$ 2,600,028	2.69%	10/01/2013	10/01/2023	\$ 853,666	\$ -	\$ 277,036	\$ -	\$ 576,630
Police Equipment	292,169	5.38%	06/19/2019	06/19/2023	153,727	-	74,851	-	78,876
Dell Financial 6493852-013	101,508	4.68%	04/01/2019	03/01/2023	46,570	-	26,144	-	20,426
Dell Financial 6493852-014	37,116	3.83%	05/01/2019	04/01/2023	17,660	-	9,479	-	8,181
Dell Financial 6493852-015	45,535	6.55%	10/01/2019	09/01/2023	26,921	-	11,478	-	15,443
Dell Financial 6493852-016	117,839	0.99%	03/01/2021	02/01/2025	108,107	-	29,095	-	79,012
Dell Financial 6493852-017	191,526	0.00%	10/01/2021	09/01/2025	-	191,526	35,911	-	155,615
Dell Financial 6493852-018	48,084	2.05%	02/01/2022	01/01/2026	-	48,084	4,901	-	43,183
Dell Financial 6493852-019	30,055	0.60%	03/01/2022	02/01/2026	-	30,055	2,491	-	27,564
Novatech Copier	90,000	1.10%	06/01/2022	05/01/2026	-	90,000	1,916	-	88,084
Total leases payable - Governmental Activities					\$ 1,206,651	\$ 359,665	\$ 473,302	\$ -	\$ 1,093,014

City of Mt. Juliet, Tennessee
Schedule of Lease Obligations, Principal, and Interest Requirements by Fiscal Year
June 30, 2022

Year	Fire Equipment		Police Equipment		Dell Financial Services 6493852-013		Dell Financial Services 6493852-014		Dell Financial Services 6493852-015	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 284,489	\$ 15,511	\$ 78,876	\$ 4,242	\$ 20,426	\$ 400	\$ 8,181	\$ 144	\$ 12,253	\$ 648
2024	292,141	7,859	-	-	-	-	-	-	3,190	35
2025	-	-	-	-	-	-	-	-	-	-
2026	-	-	-	-	-	-	-	-	-	-
Total	\$ 576,630	\$ 23,370	\$ 78,876	\$ 4,242	\$ 20,426	\$ 400	\$ 8,181	\$ 144	\$ 15,443	\$ 683

Year	Dell Financial Services 6493852-016		Dell Financial Services 6493852-017		Dell Financial Services 6493852-018		Dell Financial Services 6493852-019		Novatech NT73508	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 29,385	\$ 650	\$ 47,882	\$ -	\$ 11,733	\$ 777	\$ 7,457	\$ 146	\$ 22,128	\$ 863
2024	29,678	357	47,882	-	11,977	533	7,502	100	22,374	617
2025	19,949	74	47,882	-	12,225	285	7,548	55	22,623	368
2026	-	-	11,969	-	7,248	50	5,057	11	20,959	116
Total	\$ 79,012	\$ 1,081	\$ 155,615	\$ -	\$ 43,183	\$ 1,645	\$ 27,564	\$ 312	\$ 88,084	\$ 1,964

Total	
Principal	Interest
\$ 522,810	\$ 23,381
414,744	9,501
110,227	782
45,233	177
\$ 1,093,014	\$ 33,841

City of Mt. Juliet, Tennessee
Schedule of Expenditures of Federal Awards and State Financial Assistance
For the Year Ended June 30, 2022

CFDA number	Federal grantor/Pass-through grantor/Program title	Pass-through entity	Contract number	Expenditures
Federal Awards				
US Department of Transportation				
20.205	Highway Planning and Construction Cluster TAP, Belinda Sidewalks	TN Department of Transportation	TAP-M-4855 (10) 95LPLM-F3-053 (051)	\$ 38,288
20.205	Highway Planning and Construction Cluster ADA Upgrades Phase 2	TN Department of Transportation	HIP-C-M-171(36) 95LPLM-F3-111	10,830
20.205	Highway Planning and Construction Cluster Cedar Creek	TN Department of Transportation	TAP-4854 (10) 95LPLM-F3-058	1,143,390
20.205	Highway Planning and Construction Cluster Congestion Mitigation and Air Quality Improvement Program ITS and Signal Improvement Project Phase 2	TN Department of Transportation	CM-NH-171 (32) 95LPLM-F1-086	36,065
20.205	Highway Planning and Construction Cluster Surface Transportation Program Lebanon Sidewalks Phase 2	TN Department of Transportation	STP-M-9322 (4) 95LPLM-F3-091 (088)	11,268
	Total grants, US Department of Transportation, Highway Planning and Construction Cluster			<u>1,239,841</u>
Department of Homeland Security				
97.036	Disaster Grants-Public Assistance	TN Emergency Management Agency	N/A	<u>50,760</u>
	Total federal awards			<u>1,290,601</u>
State Financial Assistance				
	Governors Grant	TN Department of Finance and Administration	N/A	420,128
	TN Department of Transportation			
	Multimodal Access Grant, Lebanon Road Sidewalks Phase 3	TN Department of Transportation	95LPLM-53-103	<u>32,946</u>
	Total state grants, US Department of Transportation			<u>32,946</u>
	Total state financial assistance			<u>453,074</u>
	Total federal awards and state financial assistance			\$ 1,743,675

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, 2022. 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.

Note 3. FEMA/TEMA Expenditures Incurred in Prior Year

The amounts reported for FEMA/TEMA (97.036) include \$50,760 incurred in a prior year.

City of Mt. Juliet, Tennessee
Schedule of Liability and Property Insurance (Unaudited)
For the Year Ended June 30, 2022

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)	\$ 48,886,279
EDP equipment/media	\$ 665,000
Mobile equipment	\$ 1,921,445
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, 2022

Number of customers		13,506
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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Mt. Juliet, Tennessee (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents, and have issued our report thereon dated December 30, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Mt. Juliet, Tennessee
December 30, 2022



**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

Opinion on Each Major Federal Program

We have audited the City of Mt. Juliet, Tennessee (the City)'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended June 30, 2022. 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.

In our opinion, the City complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Blankenship CPA Group, PLLC

Blankenship CPA Group, PLLC
Mt. Juliet, Tennessee
December 30, 2022

City of Mt. Juliet, Tennessee
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> None Reported
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

Federal Awards

Internal control over major programs:

Material weakness identified?	<u> </u> Yes	<u> X </u> No
Significant deficiency(ies) identified?	<u> </u> Yes	<u> X </u> 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)?	<u> </u> Yes	<u> X </u> No
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Identification of major programs:

Assistance Listing 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?	<u> X </u> Yes	<u> </u> No
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City of Mt. Juliet, Tennessee
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

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, 2022

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