

**City of Mt. Juliet, Tennessee
Annual Financial Report
For the Year Ended June 30, 2023**



City of Mt. Juliet, Tennessee
Annual Financial Report
For the Year Ended June 30, 2023

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Introductory Section

City of Mt. Juliet, Tennessee
Schedule of City Officials (Unaudited)
For the Year Ended June 30, 2023

Elected Officials

Mayor	James Maness
Vice Mayor	Bill Trivett
Commissioner	Ray Justice
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	Matthew White
Chief of Police	James Hambrick
Interim Fire Chief	Joey Edwards
Director of Economic Development	Vacant
Director of Parks	Roger Lee
Director of Human Resources	Lynn Gore
Director of Information Technology	Travis Taylor
Building and Codes Chief	Mark Kirk
Director of Planning	Jennifer Hamblen
City Attorney	Gino Marchetti
Utilities Director	Tim Forkum
Director of Engineering	Shane Shamanur

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 financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2023, 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, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective 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 4-15 and the pension and OPEB Information on pages 66-69 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 GAAS, 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 70-71, and other schedules on pages 72-83 (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 83) 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 GAAS. In our opinion, the combining and individual nonmajor fund financial statements and schedules on pages 70-71, and other schedules on pages 72-83 (including the schedule of expenditures of federal awards and state financial assistance on page 83) 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 84-85 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 18, 2023 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 18, 2023

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

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, 2023. 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 \$303 million.
- The government's total net position increased by more than \$33 million, due to increases in the business type activities net position of over \$8 million and over \$25 million due to government activity over 2023.
- As of the close of the current fiscal year, the City of Mt. Juliet's governmental funds reported combined ending fund balances of over \$81 million, an increase of approximately \$5 million in comparison with the prior year. Over 83% of this total amount, or \$67 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 \$67.0 million, or 139% 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 \$1.5 million (12%) during the current fiscal year. The decrease was created by principal payments of \$990 thousand as scheduled for bonds and capital notes, and payments on lease (fire-fighting) obligations of \$523 thousand.
- The City's OPEB (Other Post-Employment Benefits) obligation is calculated under GASB (Governmental Accounting Standards Board) Statement 75. The beginning balance was stated at \$316 thousand. Net changes through the year decreased this balance by \$37 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.

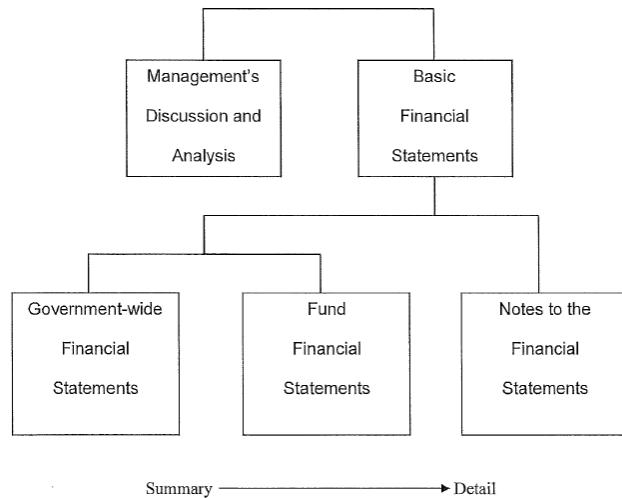
Overview of the Financial Statements

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, 2023

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 can also 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, 2023

Government-wide Financial Statements

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 one discretely presented component unit.

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 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.

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

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 City's net position increased by more than \$33 million for the fiscal year ended June 30, 2023 when compared to the fiscal year ended June 30, 2022. Net position was \$303 million as of June 30, 2023. The largest portion of net position, 63% 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, 6%, represents resources that are subject to restriction on how they may be used. The remaining balance of over \$94 million, 31% is unrestricted.

City of Mt. Juliet, Tennessee
 Management's Discussion and Analysis (Unaudited)
 For the Year Ended June 30, 2023

Statement of Net Position (In Thousands)

	Primary Government					
	Governmental		Business-type			
	Activities		Activities		Total	
	2023	2022	2023	2022	2023	2022
Assets						
Current and other assets	\$ 92,242	\$ 97,100	\$ 25,961	\$ 27,239	\$ 118,203	\$ 124,339
Capital assets	125,317	105,835	77,833	68,118	203,150	173,953
Total Assets	217,559	202,935	103,794	95,357	321,353	298,292
Deferred Outflows of Resources						
Deferred outflows	4,881	3,079	425	264	5,306	3,343
Liabilities						
Other liabilities	8,470	13,158	1,374	448	9,844	13,606
Long-term liabilities	9,827	10,922	-	523	9,827	11,445
Total Liabilities	18,297	24,080	1,374	971	19,671	25,051
Deferred Inflows of Resources						
Deferred inflows	3,326	6,303	124	390	3,450	6,693
Net Position						
Net Investment in capital assets						
net of related debt	113,677	93,773	77,340	67,871	191,017	161,644
Restricted	13,303	23,631	5,101	12,732	18,404	36,363
Unrestricted	73,837	58,227	20,280	13,657	94,117	71,884
Total Net Position	\$ 200,817	\$ 175,631	\$ 102,721	\$ 94,260	\$ 303,538	\$ 269,891

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.
- An increase in local business tax collections due to increased tourism activities in the area and available hotel/motel space.
- Continued low cost of debt due to the City's high bond rating and the refinancing of 2009 and 2016 bonds in recent years.

City of Mt. Juliet, Tennessee
 Management's Discussion and Analysis (Unaudited)
 For the Year Ended June 30, 2023

Statement of Activities (In Thousands)

	Primary Government					
	Governmental		Business-type			
	Activities		Activities		Total	
	2023	2022	2023	2022	2023	2022
Program Revenues						
Charges for services	\$ 4,755	\$ 6,292	\$ 9,129	\$ 8,546	\$ 13,884	\$ 14,838
Operating grants and contributions	1,259	1,351	-	3	1,259	1,354
Capital grants and contributions	10,576	16,371	7,594	5,389	18,170	21,760
General Revenues						
Sales Tax	19,568	18,414	-	-	19,568	18,414
Property Tax	2,232	1,987	-	-	2,232	1,987
Other Locally Assessed Taxes	6,550	5,711	-	-	6,550	5,711
Other State Shared Taxes	5,681	5,414	-	-	5,681	5,414
General Grants and Contributions	10,987	-	-	-	10,987	-
Investment Earnings & Rental Incon	1,108	149	343	68	1,451	217
Other	1,011	1,441	-	34	1,011	1,475
Total Revenues	63,727	57,130	17,066	14,040	80,793	71,170
Expenses						
General government	7,798	4,510	-	-	7,798	4,510
Public safety	18,233	13,498	-	-	18,233	13,498
Recreation and Culture	2,494	2,109	-	-	2,494	2,109
Streets and Public Works	9,239	7,207	-	-	9,239	7,207
Stormwater	566	472	-	-	566	472
Interest on long-term debt	210	33	-	-	210	33
Sewer	-	-	8,605	7,975	8,605	7,975
Total Expenses	38,540	27,829	8,605	7,975	47,145	35,804
Increase (Decrease) in net position	25,187	29,301	8,461	6,065	33,648	35,366
Net Position - Beginning	175,630	146,145	94,260	88,195	269,890	234,340
Prior period adjustment	-	185	-	-	-	185
Net Position - Ending	\$ 200,817	\$ 175,631	\$ 102,721	\$ 94,260	\$ 303,538	\$ 269,891

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

Governmental Activities: Governmental activities increased the City's net position by over \$25 million, thereby accounting for 75% of the total growth in the net position of the City of Mt. Juliet. Key elements of this increase are as follows:

- General grants increased \$11 million because of the receipt of the Coronavirus State and Local Fiscal Recovery Funds (CSLFRF).
- Sales Tax revenues increased over \$1.2 million, or 6% over the prior year, showing continued growth in the City residential and business community.
- City codes require developers to build to a certain standard in streets for which the City then assumes responsibility and receives donated infrastructure, which totaled \$8.9 million for the year ended 6/30/2023.

Business-type activities: Business-type activities increased the City of Mt. Juliet's net position by over \$8.4 million, accounting for 25% 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 \$6.8 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 and a 4% increase was instituted in fiscal year 2023.
- The City expects to re-examine the sewer rates for 2023-2024 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 \$66.9 million, while total fund balance was over \$70.3 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 162% of total General Fund expenditures when including amounts transferred to the State Street Aid Fund, Debt Service Fund and Capital Projects Fund and while total fund balance represents 170% of the same expenditures.

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

Governmental Funds: At June 30, 2023, the governmental funds of the City of Mt. Juliet reported a combined fund balance of over \$81 million, a 6.3% increase over last year. Included in this change are fund balance increases in the General, Debt Service, Drug Funds, and Stormwater and decreases in the State Street Aid and Capital Projects Funds. The City instituted a property tax for the first time in over 10 years with the year ended 6/30/2012. The property tax was dedicated to the Emergency Services Fund, however it was moved to the General Fund July 1, 2021, and has raised over \$21.2 million since inception. The funds raised help with the purchase of capital resources, salaries, and operating costs for and of the Fire Department. The City also created an Emergency Medical Services (EMS) division under the Fire Department which began live operations in March 2023.

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

Local property tax contributed over \$2.2 million in the current year. Local Option Sales Tax revenues were over 6.3% above that of the prior year as well as 21.5% above the budget of such revenue, which is the largest City revenue category. The third largest contributor to local revenue, Business Tax was 92.7% or over \$977 thousand above budget. Hotel/Motel tax revenue increased 81.5% or \$652 thousand over budget and 35.3% over the previous year as well. The other largest increases were the result of state shared sales tax revenue. License and Permit fee revenue decreased by 1.6 million or 40%. Building slowed due to the completion of several phases of developments and a slow start in upcoming phases. The City expects this revenue to increase as future phases of approved developments begin construction.

The City Manager and Department Heads made every effort to keep expenditures well within budgets to increase the General Fund Balance in anticipation of the City's upcoming projects including the addition of the police department building. The City was able to complete the Cedar Creek Greenway project and continues working on the Town Center Trail. The practice fields at Hamilton Denson Park and the tennis and pickleball courts at Sgt. Jerry Mundy Memorial Park were also completed.

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 from Park Glen to Golden Bear 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.

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

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 \$20.2 million. The total increase in net position for the fund was over \$8.5 million.

- Developers built sewer lines to the required City standard, which were contributed to the City, in the amount of over \$6.8 million. The City assumed responsibility for maintenance, repair, and eventual replacement of these assets.
- Developers also contributed over \$757 thousand in tap fees that will be available for sewer expansion and replacement.

Capital Asset and Debt Administration

Capital Assets: The City of Mt. Juliet's investment in capital assets for its governmental and business-type activities as of June 30, 2023, totals over \$203.2 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 2022-2023

<u>Governmental Activities</u>	<u>Business-type Activities</u>		
CITY VEHICLES W/EQUIPMENT	\$ 1,817,051	STONERS CREEK INTERCEPTOR SEWER REPLACEMENT	\$ 3,590,559
FIRE STATION NORTH -#2	\$ 1,559,324	SEWER VEHICLES W/EQUIPMENT	\$ 263,553
EMS VEHICLES & EQUIPMENT	\$ 1,308,649	MANHOLE PROJECT	\$ 296,574
LAND AT 620 CLEMMONS RD	\$ 1,302,889	SEWER CONTROL PANELS	\$ 195,896
MUNDY PARK DRAINAGE IMPROVEMENTS	\$ 1,215,757	FLYGT PUMP	\$ 159,400
MUNDY PARK TENNIS & PICKLEBALL COURTS	\$ 1,170,553	JOHN WRIGHT ROAD SEWER EXT	\$ 109,313
OLDR WIDENING PROJECT	\$ 909,223	CREEKSIDE DRIVE INTERCEPTOR	\$ 49,590
CITY GARAGE	\$ 902,346	CEDAR CREEK INTERCEPTOR SEWER UPSIZING	\$ 47,703
CEDAR CREEK GREENWAY PROJECT	\$ 826,414	BELINDA CITY LATERAL LINING	\$ 36,530
HAMILTON DENSON PARK PROJECT	\$ 817,825	EQ BASIN PROJECT	\$ 32,775
TRAFFIC SIGNAL IMPROVEMENTS	\$ 593,965		
NEW POLICE HEADQUARTERS	\$ 463,670		
MT JULIET- PLEASANT GROVE RD PROJECT	\$ 273,307		
EAST DIVISION STREET WIDENING PROJECT	\$ 264,746		
TOWN CENTER TRAIL PROJECT	\$ 183,125		
SOUTH GREENHILL ROUNDABOUT	\$ 155,613		
INTERCHANGE LIGHTING PROJECT	\$ 110,825		
ITS & SIGNAL IMPROVEMENTS	\$ 107,273		
SOUTH MT JULIET RD IMPROVEMENTS PROJECT	\$ 100,776		
LEBANON RD WIDENING PROJECT	\$ 86,008		

City of Mt. Juliet, Tennessee
 Management's Discussion and Analysis (Unaudited)
 For the Year Ended June 30, 2023

<u>Asset Class</u>	<u>City of Mt. Juliet's Capital Assets (In Thousands)</u>						Total	Total		
	Governmental Activities		Business Type Activities		2023	2022				
	2023	2022	2023	2022						
Land	\$ 9,977	\$ 9,326	\$ 3,333	\$ 2,681	\$ 13,310	\$ 12,007				
Bldgs and Improvements	7,843	7,843	514	514	8,357	8,357				
Improv Other than Bldgs	8,386	7,044	293	293	8,679	7,337				
Machinery and Equipment	19,057	15,935	1,684	1,427	20,741	17,362				
Construction in Progress	24,075	17,121	4,117	266	28,192	17,387				
Collection System	-	-	101,208	93,634	101,208	93,634				
Infrastructure	99,688	86,998	-	-	99,688	86,998				
 Total Cost	 \$ 169,026	 \$ 144,267	 \$ 111,149	 \$ 98,815	 \$ 280,175	 \$ 243,082				
Less Accumulated Depreciation	43,709	38,431	33,316	30,698	77,025	69,129				
 Net Capital Assets	 \$ 125,317	 \$ 105,836	 \$ 77,833	 \$ 68,117	 \$ 203,150	 \$ 173,953				

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, 2023, the City of Mt. Juliet had total bonded debt, lease-purchases, long-term obligations, and capital notes outstanding of over \$11.4 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		2023	2022	Total	Total
	2023	2022	2023	2022			2023	2022
General Obligation Bonds and Capital Notes	\$ 10,400	\$ 11,390	\$ -	\$ -	\$ 10,400	\$ 11,390		
Lease	570	1,093	-	-	570	1,093		
Bond Premium	476	659	-	-	476	659		
 Total	 \$ 11,446	 \$ 13,142	 \$ -	 \$ -	 \$ 11,446	 \$ 13,142		

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 \$334 thousand was supplemented with a transfer from the General Fund of \$1.5 million, for the fund to meet the outstanding obligations. The City of Mt. Juliet has maintained its AA+ rating by Standard and Poor's Corporation. This bond rating is a clear indication of the sound financial condition of the City of Mt. Juliet.

The City of Mt. Juliet's debt policy seeks to limit governmental total outstanding debt obligations to five percent (5%) of assessments or \$1,400 per capita, whichever is lower. At 6/30/2023, governmental debt was less than .57% of assessments and less than \$292 per capita.

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

Long-term Debt: Total debt payments for the next fiscal year are near \$1.5 million. Additional information regarding the City of Mt. Juliet's long-term debt can be found in 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 remained relatively level from an estimated 2.9% last June to 3.1% which is below the national average of 3.6% and the Tennessee rate of 3.8% but in line with the Wilson County rate of 3.1%. The rate has continued to recover from a high of 15.3% in April of 2020 due to the pandemic and remain mostly level since August 2021.
- The City approved the development of a BJ's Wholesale Club. The project will bring about 175 jobs and tax revenue to the city and is set to open in December 2023.
- The City approved the Legacy Pointe development off Golden Bear Gateway and Interstate 40. This mixed-use development will contain medical offices and retail stores on approximately 85 acres.
- The City also approved the addition of a Costco within the Legacy Pointe development. Costco will bring approximately 275 jobs to the area along with sidewalk, road and lighting improvements as well as property and sales tax revenue.
- The City continues to attract new restaurants and businesses with Whataburger, opening in early 2024, Maniac's Chicken opening in 2023 and Mid Tenn Powersports planned relocation to the Legacy Point area.

Budget Highlights for the Fiscal Year ending 6/30/2024

Governmental Activities: The City had a healthy growth rate in sales tax with an increase of 7.0% along with a 28% growth in local business tax revenues in fiscal year 2023. This growth is expected to increase as the City brings on new businesses including BJ's and Costco.

The City has experienced significant growth since the last official census which set the population at 39,289. To capture that increase, a Special Census was approved by the Board with a deadline for submittal of February 2024. The City receives approximately \$170 per capita in state shared revenues.

The City is utilizing the reserve from hotel/motel tax collections and unrestricted funds to continue its focus of improving the City parks and trail system. The City is adding playgrounds to Sgt Jerry Mundy Memorial Park and Hamilton Denson Park as well as a toddler park in Charlie Daniels Park. The City also continues to expand the Town Center Trail and Cedar Creek Greenways in a continued effort to make the city more walkable and bike friendly.

The City, in its efforts to stay competitive and combat inflation approved a 6.75% increase in employee salaries across the board.

The City's Emergency Medical Services Division began service to citizens in March 2023. The division provides increased medical services to the City and supports the County EMS when necessary. The City approved the addition of a Chief Training Officer, an EMS Compliance Officer and 3 additional lieutenants.

In response to continued growth and need for services, 16 additional positions were added to the budget including police officers, public works employees, and other department staff throughout the City.

City of Mt. Juliet, Tennessee
Management's Discussion and Analysis (Unaudited)
For the Year Ended June 30, 2023

Budget Highlights for the Fiscal Year ending 6/30/2024

Governmental Activities: General Fund expenditures are anticipated to increase with the largest increments being in transfers for roadway construction including the Central Pike Interchange. Budgeted expenditures are expected to exceed budgeted revenue for 6/30/2024 by nearly \$7 million due to effort directed city roadway improvements and the building of a new police headquarters.

The City has been awarded grants to improve the City's sidewalks and bike lanes along the areas of Lebanon Road, complete ADA upgrades along Mt. Juliet Rd and further Greenway development.

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

Business-type Activities: The City projects revenue growth of 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 added personnel. General operating expenses will increase as the number of personnel increases and the City works to maintain the growing system. Two new capital projects for relocation of existing systems have been added to the budget. The City also received a grant for 50% of an interceptor upgrade project. 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, 2023

	Primary Government			Component Unit	
	Governmental Activities		Business-type Activities	Total	
Assets					
Cash and cash equivalents	\$ 40,295,982		\$ 6,131,852	\$ 46,427,834	\$ 2,000,000
Certificates of deposit, current portion	23,000,000		13,129,130	36,129,130	-
Receivables, net					
Property taxes	2,243,152		-	2,243,152	-
Other taxes	724,464		-	724,464	-
Customers and other	254,915		1,352,577	1,607,492	-
Due from other governments	4,948,930		-	4,948,930	-
Interest receivable	427,500		103,267	530,767	-
Prepaid expenses	124,402		22,718	147,120	-
Inventories	-		120,833	120,833	-
Restricted assets					
Cash, construction	285,552		5,100,831	5,386,383	-
Certificates of deposit, net of current portion	19,000,000		-	19,000,000	-
Capital assets, net of accumulated depreciation	91,265,431		70,383,709	161,649,140	-
Land and construction in progress, non-depreciable	34,051,739		7,449,453	41,501,192	-
Lease assets, net of amortization	937,298		-	937,298	-
Total assets	217,559,365		103,794,370	321,353,735	2,000,000
Deferred Outflows of Resources					
Deferred pension outflows of resources	4,623,173		420,878	5,044,051	-
Deferred OPEB outflows of resources	34,506		3,835	38,341	-
Deferred amounts on refunding	223,771		-	223,771	-
Total deferred outflows of resources	4,881,450		424,713	5,306,163	-

Continued

City of Mt. Juliet, Tennessee

Statement of Net Position

June 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Accounts payable	2,560,906	551,719	3,112,625	27,345
Accrued liabilities	678,284	99,615	777,899	-
Other liabilities	1,589,210	348,737	1,937,947	-
Accrued interest	25,967	-	25,967	-
Long-term liabilities, current portion	2,292,547	-	2,292,547	-
Lease liabilities, current portion	414,744	-	414,744	-
Long-term liabilities, net of current portion	9,671,573	-	9,671,573	-
Lease liabilities, net of current portion	155,461	-	155,461	-
Over-recovered costs	-	343,058	343,058	-
Net pension liability	657,974	2,462	660,436	-
OPEB liability	251,367	27,929	279,296	-
Total liabilities	18,298,033	1,373,520	19,671,553	27,345
Deferred Inflows of Resources				
Deferred pension inflows of resources	746,107	86,267	832,374	-
Deferred OPEB inflows of resources	342,202	38,021	380,223	-
Deferred property tax revenues	2,237,378	-	2,237,378	-
Total deferred inflows of resources	3,325,687	124,288	3,449,975	-
Net Position				
Net investment in capital assets	113,677,154	77,339,819	191,016,973	-
Restricted for				
Capital improvements	8,050,846	5,100,831	13,151,677	-
Debt service	355,662	-	355,662	-
Streets	2,573,604	-	2,573,604	-
Drug	510,604	-	510,604	-
Stormwater	1,527,081	-	1,527,081	-
Parks	285,140	-	285,140	-
Specific commercial development	-	-	-	2,000,000
Unrestricted	73,837,004	20,280,625	94,117,629	(27,345)
Total net position	\$ 200,817,095	\$ 102,721,275	\$ 303,538,370	\$ 1,972,655

City of Mt. Juliet, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2023

Functions/Programs	Program Revenues				Net (Expenses) Revenues and Changes in Net Position					
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Component Unit			
					Governmental Activities	Business-type Activities	Total			
Primary Government										
Governmental Activities										
General government	\$ 7,797,627	\$ 2,011,347	\$ -	\$ 154,181	\$ (5,632,099)	\$ -	\$ (5,632,099)	\$ -	\$ -	
Public safety	18,233,546	1,378,214	-	-	(16,855,332)	-	(16,855,332)	-	-	
Recreation and culture	2,493,727	129,907	-	-	(2,363,820)	-	(2,363,820)	-	-	
Streets and public works	9,238,853	68,749	1,258,868	10,422,234	2,510,998	-	2,510,998	-	-	
Stormwater	566,305	1,166,405	-	-	600,100	-	600,100	-	-	
Interest on debt	209,822	-	-	-	(209,822)	-	(209,822)	-	-	
Total governmental activities	38,539,880	4,754,622	1,258,868	10,576,415	(21,949,975)	-	(21,949,975)	-	-	
Business-type Activities										
Sewer	8,605,128	9,128,795	-	7,593,699	-	8,117,366	8,117,366	-	-	
Total primary government	\$ 47,145,008	\$ 13,883,417	\$ 1,258,868	\$ 18,170,114	(21,949,975)	8,117,366	(13,832,609)	-	-	
Component Units										
The Industrial Development Board of the City of Mt. Juliet, TN	\$ 27,345	\$ -	\$ 2,000,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,972,655	
General Revenues										
Property taxes					2,232,364	-	2,232,364	-	-	
Sales taxes					19,567,825	-	19,567,825	-	-	
Wholesale beer tax					1,040,794	-	1,040,794	-	-	
Wholesale liquor tax					724,280	-	724,280	-	-	
Franchise tax					1,271,503	-	1,271,503	-	-	
Hotel/motel tax					1,453,455	-	1,453,455	-	-	
Business tax					2,059,673	-	2,059,673	-	-	
State shared unrestricted taxes					4,674,311	-	4,674,311	-	-	
State shared sales tax					17,940	-	17,940	-	-	
State shared beer tax					231,081	-	231,081	-	-	
State shared alcoholic beverage tax					144,114	-	144,114	-	-	
State shared income tax					472,382	-	472,382	-	-	
State shared TVA tax					140,778	-	140,778	-	-	
Other unrestricted state shared taxes					10,987,003	-	10,987,003	-	-	
Grants and contributions not restricted to specific programs					1,108,371	343,058	1,451,429	-	-	
Unrestricted investment earnings					1,011,122	708	1,011,830	-	-	
Other					47,136,996	343,766	47,480,762	-	-	
Total general revenues					25,187,021	8,461,132	33,648,153	1,972,655	-	
Change in net position					175,630,074	94,260,143	269,890,217	-	-	
Net position, beginning of year					\$ 200,817,095	\$ 102,721,275	\$ 303,538,370	\$ 1,972,655		
Net position, end of year										

City of Mt. Juliet, Tennessee

Balance Sheet
 Governmental Funds
 June 30, 2023

	Special Revenue			Capital Projects	Debt Service	Other Governmental	Total
	General	State Street	Aid				
Assets							
Cash	\$ 34,895,900	\$ 968,857	\$ 1,286,769	\$ 355,662	\$ 1,899,269	\$ 39,406,457	
Certificates of deposit, current portion	20,000,000	-	3,000,000	-	-	23,000,000	
Receivables, net							
Accounts	11,413	-	-	-	243,502	254,915	
Property taxes, net	2,240,619	-	-	-	-	2,240,619	
Other taxes	724,464	-	-	-	-	724,464	
Due from other governments	4,517,257	233,367	310,288	-	-	5,060,912	
Due from other funds	-	-	62,551	-	-	62,551	
Interest receivable	355,479	-	72,021	-	-	427,500	
Prepaid expenses	120,628	-	-	-	2,867	123,495	
Certificates of deposit, net of current portion	15,000,000	-	4,000,000	-	-	19,000,000	
Restricted assets							
Cash, for construction	-	-	285,552	-	-	285,552	
Total assets	\$ 77,865,760	\$ 1,202,224	\$ 9,017,181	\$ 355,662	\$ 2,145,638	\$ 90,586,465	

Continued

City of Mt. Juliet, Tennessee

Balance Sheet
Governmental Funds
June 30, 2023

	<u>Special Revenue</u>		Capital Projects	Debt Service	Other Governmental	Total
	General	State Street Aid				
Liabilities						
Accounts payable	\$ 770,396	\$ 823,260	\$ 966,335	\$ -	\$ 915	\$ 2,560,906
Accrued costs	2,163,323	-	-	-	104,171	2,267,494
Unearned revenues	-	-	-	-	-	-
Due to other funds	62,551	-	-	-	-	62,551
Total liabilities	2,996,270	823,260	966,335	-	105,086	4,890,951
Deferred Inflows of Resources						
Unavailable tax revenues	4,556,179	113,104	-	-	-	4,669,283
Fund Balances						
Nonspendable						
Prepaid items	120,628	-	-	-	2,867	123,495
Restricted for						
Streets	2,307,744	265,860	-	-	-	2,573,604
Parks	285,140	-	-	-	-	285,140
Drug	-	-	-	-	510,604	510,604
Stormwater	-	-	-	-	1,527,081	1,527,081
Debt service	-	-	-	355,662	-	355,662
Committed to						
Capital projects	-	-	8,050,846	-	-	8,050,846
Stabilization	600,000	-	-	-	-	600,000
Assigned for						
Parks project	30,000	-	-	-	-	30,000
Unassigned	66,969,799	-	-	-	-	66,969,799
Total fund balances	70,313,311	265,860	8,050,846	355,662	2,040,552	81,026,231
Total liabilities, deferred inflows of resources, and fund balances	\$ 77,865,760	\$ 1,202,224	\$ 9,017,181	\$ 355,662	\$ 2,145,638	\$ 90,586,465

City of Mt. Juliet, Tennessee
 Reconciliation of Balance Sheet, Governmental Funds to
 Statement of Net Position, Governmental Activities
 June 30, 2023

Amounts reported for fund balance, total governmental funds	\$ 81,026,231
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.	125,317,170
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	2,325,895
Property taxes receivable	(3,439)
Lease assets in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	937,298
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.	890,432
In the statement of activities, interest is accrued on outstanding bonds, whereas, in the governmental funds, interest expenditures are reported when due.	(25,967)
Bond premiums are amortized over the life of the bonds on the statement of activities.	(476,128)
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.	223,771
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 liability	\$ (657,974)
Deferred outflows of resources	4,623,173
Deferred inflows of resources	<u>(746,107)</u>
	3,219,092
OPEB plan reporting requires recognition of the Entity's portion of OPEB liability or asset and deferred outflows/inflows of resources in governmental activities. These amounts are not reflected in the fund financial statements.	
OPEB liability	(251,367)
Deferred inflows of resources	(342,202)
Deferred outflows of resources	<u>34,506</u>
	(559,063)
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	(10,400,000)
Lease liabilities	(570,205)
Compensated absences	<u>(1,087,992)</u>
	(12,058,197)
Net position of governmental activities	<u>\$ 200,817,095</u>

See notes to financial statements

City of Mt. Juliet, Tennessee
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 June 30, 2023

	Special Revenue						Total
	General	State Street Aid	Capital Projects	Debt Service	Other Governmental		
Revenues							
Taxes	\$ 28,195,376	\$ -	\$ -	\$ -	\$ -		\$ 28,195,376
Intergovernmental	15,777,425	1,369,212	989,195	-	62,074		18,197,906
Fines and fees	1,116,022	-	-	334,605	58,988		1,509,615
Licenses and permits	2,011,347	-	-	-	367,096		2,378,443
Charges for services	401,860	-	-	-	799,309		1,201,169
Uses of money and property	1,099,690	10,103	122,297	1,069	997,647		2,230,806
Miscellaneous	432,145	83,938	487,880	-	-		1,003,963
Total revenues	49,033,865	1,463,253	1,599,372	335,674	2,285,114		54,717,278
Expenditures							
Current							
General government	7,941,399	-	-	-	-		7,941,399
Police	10,934,807	-	-	-	32,975		10,967,782
Fire	4,273,260	-	-	-	-		4,273,260
EMS	804,890	-	-	-	-		804,890
Streets and public works	2,494,223	1,721,659	-	-	-		4,215,882
Stormwater	-	-	-	-	506,852		506,852
Parks and culture	1,883,668	-	-	-	-		1,883,668
Debt service	-	-	-	1,732,823	-		1,732,823
Capital outlay	7,983,968	-	8,330,833	-	1,252,804		17,567,605
Total expenditures	36,316,215	1,721,659	8,330,833	1,732,823	1,792,631		49,894,161
Excess (deficiency) of revenues over expenditures	12,717,650	(258,406)	(6,731,461)	(1,397,149)	492,483		4,823,117
Other Financing Sources (Uses)							
Transfers from (to) other funds	(5,030,823)	-	3,500,000	1,530,823	-		-
Net change in fund balances	7,686,827	(258,406)	(3,231,461)	133,674	492,483		4,823,117
Fund balances, beginning of year	62,626,484	524,266	11,282,307	221,988	1,548,069		76,203,114
Fund balances, end of year	\$ 70,313,311	\$ 265,860	\$ 8,050,846	\$ 355,662	\$ 2,040,552		\$ 81,026,231

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, 2023

Amounts reported for net change in fund balances, total governmental funds \$ 4,823,117

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	\$ 16,016,686
Disposal of capital assets	(8,333)
Depreciation expense	<u>(5,685,398)</u> 10,322,955

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	124,210
State shared revenues	(84,748)
Contributed capital assets	<u>8,942,441</u> 8,981,903

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	990,000
Lease payments	351,897
Interest	<u>181,104</u> 1,523,001

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	(106,047)
Compensated absences	(286,951)

Continued

City of Mt. Juliet, Tennessee

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2023

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	348,488
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	195,684
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).	
Change in net position of governmental activities	<u>(615,129)</u> \$ 25,187,021

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, 2023

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Local taxes				
Real estate taxes	\$ 2,221,034	\$ 2,221,034	\$ 2,232,364	\$ 11,330
Local sales taxes	16,000,000	16,000,000	19,443,615	3,443,615
Wholesale beer	1,100,000	1,100,000	1,040,794	(59,206)
Wholesale liquor	650,000	650,000	724,280	74,280
Franchise taxes	1,000,000	1,000,000	1,271,503	271,503
Hotel/motel taxes	800,000	800,000	1,452,140	652,140
Business taxes	1,053,500	1,053,500	2,030,680	977,180
Total local taxes	<u>22,824,534</u>	<u>22,824,534</u>	<u>28,195,376</u>	<u>5,370,842</u>
Intergovernmental revenues				
State sales tax	4,361,079	4,361,079	4,662,833	301,754
State beer tax	18,465	18,465	17,940	(525)
State income tax	-	-	1,538	1,538
City petroleum special tax	71,899	71,899	71,978	79
State alcohol beverage tax	185,000	185,000	250,604	65,604
Police in-service	60,000	60,000	68,800	8,800
Other state revenue allocation	86,434	86,434	77,169	(9,265)
TVA in lieu of tax	412,535	412,535	472,382	59,847
Grants	<u>10,430,000</u>	<u>10,537,500</u>	<u>10,154,181</u>	<u>(383,319)</u>
Total intergovernmental revenues	<u>15,625,412</u>	<u>15,732,912</u>	<u>15,777,425</u>	<u>44,513</u>
Fines and forfeits				
City court and drug control	898,000	898,000	1,116,022	218,022
Licenses and permits				
Building permits	1,150,000	1,150,000	585,938	(564,062)
Plumbing permits	250,000	250,000	120,396	(129,604)
Review and inspection fees	575,000	575,000	352,794	(222,206)
Zoning permits	7,500	7,500	22,742	15,242
Sign permits	6,000	6,000	11,225	5,225
Electrical permits	475,000	475,000	394,921	(80,079)
Other permits	<u>803,400</u>	<u>803,400</u>	<u>523,331</u>	<u>(280,069)</u>
Total licenses and permits	<u>3,266,900</u>	<u>3,266,900</u>	<u>2,011,347</u>	<u>(1,255,553)</u>
Charges for services				
Emergency medical services	940,000	940,000	137,573	(802,427)
Public safety charges	35,750	35,750	65,631	29,881
Road improvement fees	100,000	100,000	68,749	(31,251)
Recreational fees	80,650	80,650	129,907	49,257
Total charges for services	<u>1,156,400</u>	<u>1,156,400</u>	<u>401,860</u>	<u>(754,540)</u>
Other uses of property and money				
Administrative support services	105,000	105,000	105,000	-
Rent	22,000	22,000	30,432	8,432
Interest	<u>150,000</u>	<u>150,000</u>	<u>964,258</u>	<u>814,258</u>
Total other uses of property and money	<u>277,000</u>	<u>277,000</u>	<u>1,099,690</u>	<u>822,690</u>
Other revenues				
Contributions from others	6,000	137,500	237,397	99,897
Sale of assets	10,000	10,000	30,945	20,945
Miscellaneous	4,800	39,049	163,803	124,754
Total other revenues	<u>20,800</u>	<u>186,549</u>	<u>432,145</u>	<u>245,596</u>
Total revenues	<u>44,069,046</u>	<u>44,342,295</u>	<u>49,033,865</u>	<u>4,691,570</u>

Continued

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, 2023

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Expenditures				
General government				
Legislative board				
Salaries	67,213	67,213	65,756	1,457
Employee benefits	9,242	9,242	5,939	3,303
Supplies and other	10,805	10,805	3,493	7,312
Total legislative board	<u>87,260</u>	<u>87,260</u>	<u>75,188</u>	<u>12,072</u>
City court				
Salaries	11,700	11,700	10,829	871
Employee benefits	895	895	847	48
Outside services	4,500	4,500	3,325	1,175
Supplies	1,000	1,000	320	680
Total city court	<u>18,095</u>	<u>18,095</u>	<u>15,321</u>	<u>2,774</u>
City manager				
Salaries	763,280	763,280	665,046	98,234
Employee benefits	212,511	212,511	179,538	32,973
Outside services	17,000	17,000	20,946	(3,946)
Membership and dues	50,000	50,000	38,304	11,696
Events and city beautification	46,500	46,500	40,455	6,045
Supplies	12,000	12,000	16,308	(4,308)
Insurance	5,500	5,500	5,864	(364)
Other costs	19,250	19,250	18,709	541
Retiree benefits	350	350	125	225
Capital outlay	60,000	60,000	58,780	1,220
Total city manager	<u>1,186,391</u>	<u>1,186,391</u>	<u>1,044,075</u>	<u>142,316</u>
Finance				
Salaries	480,714	480,714	461,814	18,900
Employee benefits	181,313	181,313	160,615	20,698
Outside services	81,000	113,175	89,307	23,868
Supplies	17,900	17,900	20,773	(2,873)
Other costs	5,150	5,150	3,275	1,875
Total finance	<u>766,077</u>	<u>798,252</u>	<u>735,784</u>	<u>62,468</u>
City attorney				
Outside services	325,000	325,000	324,150	850
Other costs	-	-	698	(698)
Total city attorney	<u>325,000</u>	<u>325,000</u>	<u>324,848</u>	<u>152</u>

Continued

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, 2023

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Expenditures				
General government				
Economic and community development				
Salaries	393,678	393,678	371,588	22,090
Employee benefits	161,094	161,094	137,972	23,122
City beautification	10,000	10,000	9,656	344
Outside services	72,000	72,000	69,831	2,169
Paid to City IDB	2,000,000	2,000,000	2,000,000	-
Other costs	14,050	16,300	15,222	1,078
Capital outlay	70,000	70,000	67,758	2,242
Total economic and community development	2,720,822	2,723,072	2,672,027	51,045
Planning and codes				
Salaries	1,033,390	1,033,390	973,721	59,669
Employee benefits	398,974	398,974	341,930	57,044
Supplies	34,000	34,000	25,954	8,046
Insurance	18,500	18,500	27,507	(9,007)
Outside services	40,000	40,000	17,424	22,576
Other costs	58,700	58,700	43,426	15,274
Capital outlay	37,000	37,000	35,636	1,364
Total planning and codes	1,620,564	1,620,564	1,465,598	154,966
City buildings and IT services				
Salaries	521,839	521,839	482,521	39,318
Employee benefits	145,073	145,073	126,468	18,605
Supplies	363,100	363,100	348,485	14,615
Repairs and maintenance	59,500	59,500	50,039	9,461
Outside services	240,500	240,500	184,291	56,209
Utilities	341,400	342,400	321,812	20,588
Insurance	28,048	28,048	29,075	(1,027)
Equipment rental	225,500	225,500	221,739	3,761
Other costs	17,300	17,300	6,302	10,998
Capital outlay	456,508	456,508	193,673	262,835
Total city buildings and IT services	2,398,768	2,399,768	1,964,405	435,363
Total general government	9,122,977	9,158,402	8,297,246	861,156

Continued

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, 2023

	Budgeted amounts		Actual amounts	Variance with final budget		
	Original	Final				
Expenditures						
Public safety						
Police department						
Salaries	7,572,386	7,647,886	7,203,830	444,056		
Benefits	2,269,552	2,275,052	1,924,439	350,613		
Repairs and maintenance	232,900	232,900	224,419	8,481		
Supplies	645,060	658,575	570,653	87,922		
Outside services	725,150	726,150	646,152	79,998		
Utilities	61,300	62,750	59,416	3,334		
Insurance	216,328	216,328	236,539	(20,211)		
Other costs	85,650	85,650	69,359	16,291		
Capital outlay	2,533,000	2,628,800	1,622,292	1,006,508		
Total police	14,341,326	14,534,091	12,557,099	1,976,992		
Fire department						
Salaries	4,044,425	4,044,425	2,993,688	1,050,737		
Benefits	1,101,471	1,101,471	819,950	281,521		
Utilities	99,500	99,950	93,294	6,656		
Contract services	10,000	10,000	7,861	2,139		
Supplies	161,500	161,500	138,488	23,012		
Repairs and maintenance	122,000	133,712	121,945	11,767		
Insurance	79,000	79,000	70,437	8,563		
Other	57,850	57,850	27,597	30,253		
Capital outlay	795,000	795,000	339,122	455,878		
Total fire	6,470,746	6,482,908	4,612,382	1,870,526		
EMS department						
Salaries	848,619	848,619	389,872	458,747		
Benefits	266,807	266,807	114,021	152,786		
Contract services	92,000	92,000	92,452	(452)		
Supplies	149,500	149,500	131,248	18,252		
Repairs and maintenance	26,000	26,000	36,871	(10,871)		
Insurance	20,000	20,000	2,704	17,296		
Other	45,000	45,000	37,722	7,278		
Capital outlay	368,000	1,142,025	1,136,909	5,116		
Total EMS	1,815,926	2,589,951	1,941,799	648,152		
Streets and public works						
Salaries	1,563,260	1,563,260	1,397,094	166,166		
Benefits	575,508	575,508	476,947	98,561		
Repairs and maintenance	241,000	241,000	86,787	154,213		
Supplies	65,000	65,000	56,253	8,747		
Outside services	324,000	324,000	154,523	169,477		
Utilities	36,000	37,500	46,804	(9,304)		
Insurance	33,550	33,550	41,511	(7,961)		
Other costs	344,500	344,500	234,304	110,196		
Capital outlay	2,522,000	2,522,000	1,955,347	566,653		
Total streets and public works	5,704,818	5,706,318	4,449,570	1,256,748		

Continued

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, 2023

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Expenditures				
Recreation and culture				
Salaries	942,867	942,867	862,054	80,813
Employee benefits	349,085	349,085	312,255	36,830
Repairs and maintenance	53,000	63,500	59,390	4,110
Supplies	164,200	164,200	122,478	41,722
Outside services	126,000	126,000	24,039	101,961
Utilities	76,300	80,900	89,366	(8,466)
Insurance	20,000	20,000	21,336	(1,336)
Other costs	5,950	5,950	2,000	3,950
Appropriation to non-profits	398,000	395,750	390,750	5,000
Capital outlay	3,495,000	3,710,000	2,574,451	1,135,549
Total recreation and culture	5,630,402	5,858,252	4,458,119	1,400,133
Total expenditures	43,086,195	44,329,922	36,316,215	8,013,707
Excess (deficiency) of revenues over expenditures	982,851	12,373	12,717,650	12,705,277
Other Financing Sources (Uses)				
Transfers out	(11,091,152)	(12,330,152)	(5,030,823)	7,299,329
Change in fund balance	(10,108,301)	(12,317,779)	7,686,827	20,004,606
Fund balance, beginning of year	62,626,484	62,626,484	62,626,484	-
Fund balance, end of year	\$ 52,518,183	\$ 50,308,705	\$ 70,313,311	\$ 20,004,606

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, 2023

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Intergovernmental				
Gasoline motor fuel city tax	\$ 705,125	\$ 705,125	\$ 702,098	\$ (3,027)
Gas 1989 tax	110,542	110,542	110,067	(475)
Gas 3 cent tax	204,113	204,113	203,237	(876)
Gas 2017 tax	355,335	355,335	353,810	(1,525)
Interest	2,000	2,000	10,103	8,103
Miscellaneous	-	42,535	83,938	41,403
Total revenues	<u>1,377,115</u>	<u>1,419,650</u>	<u>1,463,253</u>	<u>43,603</u>
Expenditures				
Street maintenance				
Repairs and maintenance	2,045,000	2,087,535	1,558,464	529,071
Street lighting and signage	<u>190,000</u>	<u>190,000</u>	<u>163,195</u>	<u>26,805</u>
Total expenditures	<u>2,235,000</u>	<u>2,277,535</u>	<u>1,721,659</u>	<u>555,876</u>
Excess (deficiency) of revenues over expenditures	(857,885)	(857,885)	(258,406)	599,479
Other Financing Sources (Uses)				
Transfers in (out)	857,885	857,885	-	(857,885)
Excess (deficiency) of revenues and other sources over expenditures	-	-	(258,406)	(258,406)
Fund balance, beginning of year	<u>222,011</u>	<u>250,277</u>	<u>524,266</u>	<u>273,989</u>
Fund balance, end of year	\$ 222,011	\$ 250,277	\$ 265,860	\$ 15,583

City of Mt. Juliet, Tennessee

Statement of Net Position

Proprietary Funds

June 30, 2023

	Business-type Activities	
	Sewer Enterprise Fund	Internal Service Fund
Assets		
Current assets		
Cash	\$ 6,095,799	\$ 889,525
Certificates of deposit	13,129,130	-
Receivables, net of allowance for doubtful accounts of \$28,583	1,352,577	-
Interest receivable	103,267	-
Prepaid insurance	22,718	907
Inventory	120,833	-
Total current assets	20,824,324	890,432
Capital assets		
Land	3,332,583	-
Construction in progress	4,116,870	-
Collection system	101,208,391	-
Buildings and other improvements	807,168	-
Equipment and rolling stock	1,683,960	-
Capital assets before depreciation	111,148,972	-
Less: accumulated depreciation	(33,315,810)	-
Capital assets, net	77,833,162	-
Other noncurrent assets		
Cash restricted for capital projects	5,100,831	-
Net pension asset	-	-
Total other noncurrent assets	5,100,831	-
Total assets	103,758,317	890,432
Deferred Outflows of Resources		
Pension plan	420,878	-
OPEB	3,835	-
Total deferred outflows of resources	424,713	-

Continued

City of Mt. Juliet, Tennessee

Statement of Net Position

Proprietary Funds

June 30, 2023

	Business-type Activities	
	Sewer Enterprise Fund	Internal Service Fund
Liabilities		
Current liabilities		
Accounts payable	551,719	-
Over-recovered cost	343,058	-
Accrued expenses	99,615	-
Surety bonds	348,737	-
Total current liabilities	<u>1,343,129</u>	-
Net pension liability	2,462	-
OPEB liability	27,929	-
Total liabilities	<u>1,373,520</u>	-
Deferred Inflows of Resources		
Pension plan	86,267	-
OPEB	38,021	-
Total deferred inflows of resources	<u>124,288</u>	-
Net Position		
Net investment in capital assets	77,339,819	-
Restricted for capital improvements	5,100,831	-
Unrestricted	20,244,572	890,432
Total net position	<u>\$ 102,685,222</u>	<u>\$ 890,432</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund (cash)	<u>36,053</u>	
	<u><u>\$ 102,721,275</u></u>	

City of Mt. Juliet, Tennessee
 Statement of Revenues, Expenditures, and Changes in Net Position
 Proprietary Funds
 For the Year Ended June 30, 2023

	Business-type Activities	
	Sewer Enterprise Fund	Internal Service Fund
Operating Revenues		
Charges for services, sewer	\$ 8,525,094	\$ 2,967,357
Sewer inspection and administrative charges	391,054	-
Penalties	113,317	-
Other	99,330	-
Total operating revenues	<u>9,128,795</u>	<u>2,967,357</u>
Operating Expenses		
Sewer line and pump maintenance	1,860,535	-
Sewer lift station operation	339,079	-
Administrative and accounting	515,334	3,582,486
Sewer transportation and treatment	2,949,228	-
Depreciation	2,618,247	-
Professional services	191,594	-
Total operating expenses	<u>8,474,017</u>	<u>3,582,486</u>
Operating income (loss)	654,778	(615,129)
Non-operating Revenues (Expenses)		
Interest income	343,058	-
Gain on sale of assets	708	-
Total non-operating revenues (expenses)	<u>343,766</u>	<u>-</u>
Net income (loss) before contributions	998,544	(615,129)
Contributions		
Capital contribution, tap fees	756,949	-
Capital contribution, utility plant	6,836,750	-
Total contributions	<u>7,593,699</u>	<u>-</u>
Change in net position	8,592,243	(615,129)
Net position, beginning of year	94,092,979	1,505,561
Net position, end of year	<u>\$ 102,685,222</u>	<u>\$ 890,432</u>
Change in net position shown above	\$ 8,592,243	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise fund	131,111	
Change in net position of business-type activities	<u>\$ 8,461,132</u>	

City of Mt. Juliet, Tennessee
 Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2023

	Sewer Enterprise Fund	Internal Service Fund
Cash flows from operating activities		
Cash received from customers	\$ 9,527,928	\$ -
Cash paid to suppliers for goods and services	(3,911,976)	-
Cash paid to employees for services	(1,400,807)	-
Cash received (returned) for over-recovered cost	-	-
Cash received (returned) for surety bonds	(285,288)	-
Cash paid for interfund administrative support services	(105,000)	-
Premiums/reimbursements received	-	2,967,357
Medical claims and administrative expenses paid	-	(3,582,486)
Net cash provided (used) by operating activities	<u>3,824,857</u>	<u>(615,129)</u>
Cash flows from capital and related financing activities		
Purchase of capital assets	(5,777,147)	-
Sale of capital assets	708	-
Contributions from customers	<u>756,949</u>	<u>-</u>
Net cash provided (used) by capital and related financing activities	<u>(5,019,490)</u>	<u>-</u>
Cash flows from investing activities		
Purchase of investments	(12,008,856)	-
Interest received	242,144	-
Net cash provided (used) by investing activities	<u>(11,766,712)</u>	<u>-</u>
Net change in cash	(12,961,345)	(615,129)
Cash, beginning of year	<u>24,157,975</u>	<u>1,504,654</u>
Cash, end of year	\$ 11,196,630	\$ 889,525
Reconciliation of cash and restricted cash		
Unrestricted cash	\$ 6,095,799	\$ 889,525
Cash restricted for capital projects	5,100,831	-
	\$ 11,196,630	\$ 889,525

Continued

City of Mt. Juliet, Tennessee
 Statement of Cash Flows
 Proprietary Funds
 For the Year Ended June 30, 2023

	Sewer Enterprise Fund	Internal Service Fund
Reconciliation of operating income to net cash provided (used) by operating activities		
Operating income (loss)	\$ 654,778	\$ (615,129)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities		
Depreciation and amortization	2,618,247	-
Change in:		
Receivables, net	(86,569)	-
Prepaid insurance	(3,448)	-
Inventory	9,640	-
Net pension asset	378,198	-
Deferred outflows of resources related to pensions	(161,884)	-
Deferred outflows of resources related to OPEB	1,195	-
Accounts payable	496,524	-
Over-recovered cost	343,058	-
Accrued expenses	(12,361)	-
Surety bonds	(142,644)	-
OPEB liability	(3,719)	-
Deferred inflows of resources related to pensions	(246,938)	-
Deferred inflows of resources related to OPEB	(19,220)	-
Net cash provided (used) by operating activities	<hr/> \$ 3,824,857	<hr/> \$ (615,129)

Supplemental disclosure of noncash capital and related financing activities

Contributions of sewer lines	\$ 6,836,750	\$ -
Capital assets financed by accounts payable	\$ 527,618	\$ -

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

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 accompanying financial statements present the City and its component unit. Discretely-presented component units are reported in a separate column from the primary government in the government-wide financial statements to emphasize they are legally separate from the City.

The City reports the following discretely-presented component unit:

The Industrial Development Board of the City of Mt. Juliet, Tennessee (City IDB) – The City IDB was established under Tennessee Code Annotated 7-53-101 et. seq. to acquire, sell, lease, and dispose of properties to promote industry and develop trade by inducing manufacturing, industrial, and commercial enterprises to locate or expand in and near the City of Mt. Juliet. The City is the sole source of financial support for the City IDB and has the ability to impose its will on the City IDB.

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. The City has one discretely-presented component unit that is shown in a single column in the government-wide financial statements. 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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. **Summary of Significant Accounting Policies**

Government-wide and Fund Financial Statements

Fund Financial Statements

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

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".

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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. Summary of Significant Accounting Policies

Government-wide and Fund Financial Statements

Governmental Fund Types:

Nonmajor 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.

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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. Summary of Significant Accounting Policies

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.

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 Commission (the Commission). 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 Commission 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 Commission.
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 Commission.

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

General Fund

General government	\$ 35,425
Public safety	978,952
Streets and public works	1,500
Recreation and culture	227,850
Transfers out	<u>1,239,000</u>
	\$ 2,482,727

State Street Aid Fund	\$ 42,535
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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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. Summary of Significant Accounting Policies

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.

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 \$36,053, 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.

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

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. Summary of Significant Accounting Policies

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.

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.

Subscription-based Information Technology Arrangements (SBITA)

Right-to-use assets and SBITA liabilities are recognized upon the commencement of the contract term in relation to contracts in which the City is contracting for the right to use this type of asset. These assets include all subscription-based software contracts including cloud based software contracts. These are measured at the present value of payments expected to be made by the City during the contract term in addition to certain other costs related to the assets. The City uses its estimated incremental borrowing rate as the discount rate for SBITAs.

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%

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. Summary of Significant Accounting Policies

Property Taxes

Taxes are levied at a rate of \$0.1100 per \$100 of assessed valuation for 2023. Payments may be made during the period October 1 through February 28. Current tax collections of \$2,198,237 for the fiscal year ended June 30, 2023 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 \$2,237,180, which is net of an allowance for doubtful collections of \$3,439. Of this receivable, \$2,206,229 represents the estimated net realizable 2023 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 \$2,240,619, with offsetting deferred inflows of resources for amounts not available at June 30, 2023. The additional taxes receivable of \$724,464 are beer, hotel/motel, and franchise taxes. There were no tax abatements requiring disclosure under GASB 77.

Regulatory Accounting

The City's proprietary fund follows the principles of proprietary fund accounting in accordance with Government Accounting Standards Board (GASB) pronouncements. Proprietary fund accounting is used to report business-type activities, as contrasted with tax-supported governmental activities.

The City's proprietary fund also complies with policies and practices prescribed by the City's governing body and with practices common in the utility industry. As the City's governing body has the authority to set rates, the City's proprietary fund follows the regulatory accounting guidance of GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure. Regulatory assets are recorded to reflect probable future revenues associated with certain costs that are expected to be recovered from customers through the rate-making process. Regulatory liabilities are recorded to reflect probable future reduction in revenues associated with amounts that are expected to be credited to customers in the rate-making process.

Interfund Receivables and Payables

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

Interfund Transactions

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

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

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. Summary of Significant Accounting Policies

Long-term Liabilities

Long-term liabilities consist of bonds, notes, and other indebtedness, including liabilities associated with compensated absences and postemployment benefits. In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position.

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

Fund Balances

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

Nonspendable fund balances – 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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. Summary of Significant Accounting Policies

Fund Balances

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

Net Position

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

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

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

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

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

Inventory and Prepaid Items

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

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

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

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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 1. Summary of Significant Accounting Policies

Use of Estimates

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

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.

Note 2. Cash and Investments

Cash

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, 2023, 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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 2. **Cash and Investments**

Investments

The City's investments as presented on the balance sheet are measured at fair value and consist solely of a secured bank certificate of deposit with a maturity over 90 days.

Credit Risk

The City will minimize credit risk, which is the risk of loss due to the failure of the investment issuer or backer, by limiting the portfolio to the types of investments pursuant to *Tennessee Code Annotated*, Title 6, Chapter 56, and diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Custodial Credit Risk

The City will minimize the risk that in the event of the failure of a depository financial institution the deposits or collateralized investments that are in the possession of an outside party would not be able to be recovered. The City will minimize the risk that in the event of the failure of the counterparty to a transaction the value or collateralized investments that are in the possession of an outside party would not be able to be recovered. The City has no uncollateralized investments.

Concentration Risk

The City will minimize the risk of loss due to having a significant portion of resources invested in a single issuer by diversifying the investment portfolio. Investments issued or explicitly guaranteed by the U.S. government or Tennessee Bank Collateral Pool, Tennessee Local Government Investment Pool (LGIP) and any other external investment pools authorized by that are authorized by the State are excluded from this requirement.

Interest Rate Risk

The City will minimize the risk that the market value of investments in the portfolio will fall due to changes in market interest rates, by structuring the portfolio to meet the cash requirements of ongoing operations, thereby mitigating the need to liquidate investments at a loss prior to maturity, and investing operating funds primarily in shorter-term investments and limiting the average maturity of the portfolio in accordance with this policy in accordance with *Tennessee Code Annotated*, Title 6, Chapter 56.

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Year Ended June 30, 2023

Note 3. Receivables

Accounts and taxes receivable at June 30, 2023 consisted of the following, by fund:

	General	Capital Projects	State	Stormwater	Sewer Enterprise	Internal Service	Total
Property taxes	* \$ 2,240,619	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,240,619
Beer/liquor taxes	188,382	-	-	-	-	-	188,382
Franchise taxes	369,093	-	-	-	-	-	369,093
Hotel/motel tax	166,989	-	-	-	-	-	166,989
Other governments	4,489,912	376,337	127,357	-	-	-	4,993,606
Customer	-	5,972	-	-	1,382,998	-	1,388,970
Interest	355,479	-	-	-	103,267	-	458,746
Other	38,758	-	-	271,978	-	-	310,736
Less: allowance for doubtful accounts	* (3,439)	-	-	(28,476)	(30,421)	-	(62,336)
	\$ 7,845,793	\$ 382,309	\$ 127,357	\$ 243,502	\$ 1,455,844	\$ -	\$ 10,054,805

*Net property taxes receivable \$ 2,237,180

Note 4. Property Taxes Receivable

Net property taxes receivable of \$2,237,180* is summarized in the Supplementary Information section on page 78 of this report.

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Year Ended June 30, 2023

Note 5. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2023:

Governmental Activities

	Beginning balance	Increases	Decreases	Transfers	Ending balance
Capital assets not being depreciated					
Land	\$ 9,325,572	\$ 651,444	\$ -	\$ -	\$ 9,977,016
Construction in progress	<u>17,120,679</u>	<u>12,034,608</u>	<u>-</u>	<u>(5,080,564)</u>	<u>24,074,723</u>
	26,446,251	12,686,052	-	(5,080,564)	34,051,739
Capital assets being depreciated					
Buildings and improvements	7,843,133	-	-	-	7,843,133
Improvements other than buildings	7,044,425	-	5,850	1,347,920	8,386,495
Machinery and equipment	15,934,755	3,315,178	193,274	-	19,056,659
Infrastructure	<u>86,997,723</u>	<u>8,957,897</u>	<u>-</u>	<u>3,732,644</u>	<u>99,688,264</u>
	117,820,036	12,273,075	199,124	5,080,564	134,974,551
Less: accumulated depreciation					
Buildings and improvements	3,151,685	204,632	-	-	3,356,317
Improvements other than buildings	4,191,695	469,079	2,925	-	4,657,849
Machinery and equipment	9,933,248	1,861,883	404,637	-	11,390,494
Infrastructure	<u>21,154,656</u>	<u>3,149,804</u>	<u>-</u>	<u>-</u>	<u>24,304,460</u>
Total accumulated depreciation	38,431,284	5,685,398	407,562	-	43,709,120
Governmental activities capital assets, net	105,835,003	19,273,729	(208,438)	-	125,317,170
Intangible right to use assets					
Machinery and equipment	3,553,853	-	430,786	-	3,123,067
Less: accumulated amortization	<u>2,124,485</u>	<u>492,070</u>	<u>430,786</u>	<u>-</u>	<u>2,185,769</u>
	1,429,368	(492,070)	-	-	937,298
	\$ 107,264,371	\$ 18,781,659	\$ (208,438)	\$ -	\$ 126,254,468

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Year Ended June 30, 2023

Note 5. Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2023:

Business-type Activities

	Beginning balance	Increases	Decreases	Transfers	Ending balance
Capital assets not being depreciated					
Land	\$ 2,681,138	\$ 651,445	\$ -	\$ -	\$ 3,332,583
Construction in progress	266,390	4,208,877	-	(358,397)	4,116,870
	2,947,528	4,860,322	-	(358,397)	7,449,453
Capital assets being depreciated					
Buildings and improvements	807,168	-	-	-	807,168
Collection system	93,633,645	7,216,349	-	358,397	101,208,391
Equipment and rolling stock	1,427,360	256,600	-	-	1,683,960
	95,868,173	7,472,949	-	358,397	103,699,519
Less: accumulated depreciation					
Collection system and buildings	29,900,015	2,513,689	-	-	32,413,704
Equipment and rolling stock	797,548	104,558	-	-	902,106
Total accumulated depreciation	30,697,563	2,618,247	-	-	33,315,810
Business-type activities capital assets, net	\$ 68,118,138	\$ 9,715,024	\$ -	\$ -	\$ 77,833,162

During the year, the City accepted donated roadways in the amount of \$8,942,441, and sewer lines in the amount of \$6,836,750. Depreciation expense was charged to functions/programs as of June 30, 2023, as follows:

Governmental Activities	
General government	\$ 183,233
Public safety	1,530,519
Streets and public works	3,549,428
Stormwater	36,333
Recreational and culture	385,885
Total depreciation expense, governmental activities	\$ 5,685,398
Amortization of right to use assets	\$ 492,070
Business-type Activities	
Sewer	\$ 2,618,247

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Year Ended June 30, 2023

Note 5. Capital Assets

Lease assets are summarized below:

	Fire equipment	Office equipment	Total
Right-to-use asset	\$ 2,600,028	\$ 523,039	\$ 3,123,067
Less: accumulated amortization	<u>1,950,021</u>	<u>235,748</u>	<u>2,185,769</u>
Lease assets, net	\$ 650,007	\$ 287,291	\$ 937,298

Amortization expense for the year was charged to the general government function in the amount of \$492,070.

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, 2023, 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	\$ 223,771	\$ -
Pension related items	4,623,173	420,878
OPEB related items	<u>34,506</u>	<u>3,835</u>
Total deferred outflows of resources	\$ 4,881,450	\$ 424,713
Deferred inflows of resources		
2023 assessed but unlevied property taxes	\$ 2,237,378	\$ -
Pension related items	746,107	86,267
OPEB related items	<u>342,202</u>	<u>38,021</u>
Total deferred inflows of resources	\$ 3,325,686	\$ 124,288

Deferred inflows of resources in the governmental fund statements totaled \$4,669,283 and consisted of unlevied property taxes of \$2,206,133, delinquent property taxes of \$31,248, and unavailable state and local shared taxes of \$2,431,902.

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Years Ended June 30, 2023

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:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Governmental activities					
GO refunding bonds	\$ 11,390,000	\$ -	\$ (990,000)	\$ 10,400,000	\$ 1,055,000
Bond premiums	658,728	-	(182,600)	476,128	149,555
Total governmental activities long-term debt	12,048,728	-	(1,172,600)	10,876,128	1,204,555
Compensated absences	801,041	286,951	-	1,087,992	1,087,992
	\$ 12,849,769	\$ 286,951	\$ (1,172,600)	\$ 11,964,120	\$ 2,292,547
Business-type activities					
Compensated absences*	\$ 77,256	\$ -	\$ (13,933)	\$ 63,323	\$ 63,323

Long-term notes and bonds at June 30, 2023 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%	\$ 2,840,000
\$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%	7,560,000
Total governmental activities obligations	10,400,000
Less: current portion	(1,055,000)
Total long-term governmental activities obligations	\$ 9,345,000

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Year Ended June 30, 2023

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, 2023 are as follows:

Year ending June 30,	GO Refunding Bonds		
	Principal	Interest	Total
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	815,000	118,605	933,605
2029-2033	4,515,000	238,055	4,753,055
2034	955,000	12,415	967,415
Totals	\$ 10,400,000	\$ 1,297,195	\$ 11,697,195

Note 8. 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 1 to 3 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 \$522,809. The following is a summary of the changes in lease liabilities:

	Beginning balance	Additions	Reductions	Ending balance	Current portion
Fire equipment	\$ 576,630	\$ -	\$ (284,489)	\$ 292,141	\$ 292,141
Police equipment	78,876	-	(78,876)	-	-
Office equipment	437,508	-	(159,444)	278,064	122,603
	\$ 1,093,014	\$ -	\$ (522,809)	\$ 570,205	\$ 414,744

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 8. **Leases**

Leases

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

Year ending June 30,	Principal	Interest	Total
2024	\$ 414,744	\$ 9,501	\$ 424,245
2025	110,227	782	111,009
2026	45,234	177	45,411
	\$ 570,205	\$ 10,460	\$ 580,665

Note 9. **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 hired before January 1, 2015, vested with five years of service credit while members hired after January 1, 2015, vest with ten 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, 2023

Note 9. Pension Plan

General Information about the Pension Plan

Employees Covered by Benefit Terms

At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	46
Inactive employees entitled to but not yet receiving benefits	146
Active employees	203
	<hr/>
	395

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees are non-contributory. 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, 2023, employer contributions for the City were \$1,311,549, based on a rate of 8.46% 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, 2022, 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, 2022 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, 2022 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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 9. 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, 2023

Note 9. 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, 2021	\$ 21,981,984	\$ 26,003,628	\$ (4,021,644)
Service cost	936,558	-	936,558
Interest	1,533,376	-	1,533,376
Changes of benefit terms	-	-	-
Difference between expected and actual experience	1,972,859	-	1,972,859
Contributions, employer	-	782,087	(782,087)
Contributions, employees	-	-	-
Net investment income	-	(1,001,661)	1,001,661
Benefit payments, including refunds of employee contributions	(403,708)	(403,708)	-
Administrative expenses	-	(19,713)	19,713
Other changes	-	-	-
Net change	<u>4,039,085</u>	<u>(642,995)</u>	<u>4,682,080</u>
Balance, June 30, 2022	\$ 26,021,069	\$ 25,360,633	\$ 660,436

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)	\$ 5,503,127	\$ 660,436	\$ (3,207,856)

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

Pension Expense

For the year ended June 30, 2023, the City recognized pension expense of \$932,437.

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Year Ended June 30, 2023

Note 9. 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, 2023, 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	\$ 1,766,962	\$ 832,375
Net difference between expected and actual earnings on pension plan investments	93,600	-
Changes in assumptions	1,871,940	-
Contributions made subsequent to measurement date of June 30, 2022	<u>1,311,549</u>	-
	\$ 5,044,051	\$ 832,375

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 ending
June 30,
2024
2025
2026
2027
2028
Thereafter

242,372
283,066
197,973
908,664
506,920
761,132

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

Note 10. 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, 2023

Note 10. 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)	\$26.99 per month
Vision (single)	\$4.76 per month
Life insurance	\$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.

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, 2023

Active employees	10
Retired employees	3
Total	13

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 10. Other Postemployment Benefits Plan (OPEB)

Actuarial Methods and Assumptions

Actuarial funding method	Entry age normal, level % pay
Valuation date	July 1, 2022 (June 30, 2022 census)
Discount rate	4.09% per annum (for FYE 2023 Expenses) 4.13% per annum (disclosures*) *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, 2023 was 4.13%). 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, 2023

Note 10. 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 future 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, 2023.

	1% Decrease 3.13%	Discount rate 4.13%	1% Increase 5.13%
OPEB liability, June 30, 2023	\$ 295,207	\$ 279,296	\$ 264,414
GASB 75 expense, June 30, 2023	\$ (180,000)	\$ (179,378)	\$ (180,000)

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, 2023.

	Healthcare cost trend rate 8.00%	1.00% Increase 9.00%
	1.00% Decrease 7.00%	1.00% Increase 6.00%
	decreasing to 4.00%	decreasing to 5.00%
OPEB liability, June 30, 2023	\$ 262,927	\$ 279,296
Projected expense for year ended 2023	\$ (180,000)	\$ (179,378)

City of Mt. Juliet, Tennessee
 Notes to Financial Statements
 For the Year Ended June 30, 2023

Note 10. Other Postemployment Benefits Plan (OPEB)

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2023, the City recognized OPEB expense of \$(179,378).

Total OPEB Expense

Service cost	\$ 3,770
Interest	12,166
Changes in benefit terms	-
Difference between expected and actual experience	<u>(195,314)</u>
GASB 75 annual OPEB expense	\$ (179,378)

The City's total OPEB liability of \$279,296 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2022.

The components of total OPEB liability at June 30, 2023 is as follows:

Total OPEB Liability

Balance, June 30, 2022	\$ 316,481
Service cost	3,770
Interest	12,166
Changes in benefit terms	-
Difference between expected and actual experience	<u>(14,470)</u>
Changes in assumptions	<u>(601)</u>
Benefit payments	<u>(38,050)</u>
Net change in total OPEB liability	<u>(37,185)</u>
Balance, June 30, 2023	\$ 279,296
Plan fiduciary net position, end of year	0%
Employee covered payroll	\$ 796,207
OPEB liability as a % of employee covered payroll	35.08%

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 10. Other Postemployment Benefits Plan (OPEB)

OPEB Expense and Deferred Outflows/Inflows of Resources

For the year ended June 30, 2023, 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	\$ 484	\$ 366,942
Changes in assumptions	<u>37,857</u>	<u>13,281</u>
	\$ 38,341	\$ 380,223

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

Year ending June 30,	
2024	\$ (195,314)
2025	(74,984)
2026	(66,326)
2027	(5,354)
2028	96

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

Note 11. 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, 2023

Note 11. 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 12. 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 \$2,956,855 for sewer treatment and connection charges under this agreement.

Contracts

The City currently has approximately \$12,100,000 in project contracts. These contracts were approximately 52% complete at June 30, 2023 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, 2023

Note 13. Interfund Transfers

Interfund transfers for the year ended June 30, 2023 are attributable to the budgeted allocation of resources from one fund to another and consist of the following:

	Transfers in	Transfers out
Governmental activities		
General Fund	\$ -	\$ 5,030,823
Capital Projects Fund	3,500,000	-
Debt Service Fund	1,530,823	-
Total	\$ 5,030,823	\$ 5,030,823

The transfers between the general fund and the debt service fund relate to required principal and interest payments. The transfer to the capital projects fund from the general fund was made to fund capital projects.

Note 14. Interfund Balances

Interfund receivables and payables are attributable to obligations between funds. The actual cash transfers had not been made at June 30, 2023. 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, 2023:

	Due to	Due from
General Fund	\$ -	\$ 62,551
Capital Projects Fund	62,551	-
Total	\$ 62,551	\$ 62,551

Note 15. Risk Management

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.

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 Public Entity Partners Risk Pool, which is a public entity risk pool organized in 1979 as a not-for-profit, tax-exempt corporation under the Tennessee Governmental Tort Liability Act. The City pays an annual premium to Public Entity Partners 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.

City of Mt. Juliet, Tennessee
Notes to Financial Statements
For the Year Ended June 30, 2023

Note 16. 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, 2023 and 2022, the Board had an accumulated net position of \$796,340 and \$844,198, respectively. The net change in net position for fiscal year 2023 was \$47,858. Separate financial statement information regarding the joint venture is available from the City.

Required Supplementary Information

City of Mt. Juliet, Tennessee

Schedules of Changes in Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Public Employee Pension Plan of the TCRS
For the Years Ended June 30, 2014 through 2022

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	\$ 936,558	\$ 807,131	\$ 801,350	\$ 784,750	\$ 852,384	\$ 645,473	\$ 546,207	\$ 485,779	\$ 443,365
Interest	1,533,376	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	1,972,859	(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	(403,708)	(486,944)	(345,480)	(322,837)	(289,724)	(319,276)	(262,126)	(224,747)	(264,132)
Net change in total pension liability	4,039,085	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	21,981,984	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)	26,021,069	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	782,087	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	(1,001,661)	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	(403,708)	(486,944)	(345,480)	(322,837)	(289,724)	(319,276)	(262,126)	(224,747)	(264,132)
Administrative expenses	(19,713)	(16,285)	(14,812)	(14,299)	(14,741)	(12,792)	(10,583)	(6,657)	(4,822)
Other	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	(642,995)	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	26,003,628	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)	25,360,633	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)	\$ 660,436	\$ (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	97.46%	118.30%	112.74%	114.12%	109.96%	103.35%	101.24%	103.46%	103.49%
Covered payroll	\$ 12,493,389	\$ 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	5.29%	-39.19%	-24.18%	-26.80%	-18.39%	-6.06%	-2.18%	-6.00%	-5.80%

Notes to Schedules

GASB 68 requires a 10-year schedule for this data to be presented starting *with the implementation of GASB 68*. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the 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 improvements.

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 2023

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 1,311,549	\$ 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>\$ 1,311,549</u>	<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)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 15,502,943	\$ 12,493,389	\$ 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	8.46%	6.26%	7.04%	10.73%	11.24%	11.24%	11.92%	11.93%	11.93%	12.54%

Notes to Schedules

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the 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, 2023 were calculated based on the June 30, 2021 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	2.25%
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 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
Cost-of-living adjustments	2.125%

Changes in Assumptions

In 2021, the following assumptions were changed: decreased inflation rate from 2.50% 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%; 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 2023

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	\$ 3,770	\$ 5,832	\$ 5,699	\$ 8,306	\$ 9,467	\$ 10,780
Interest	12,166	14,640	18,877	31,187	39,690	39,925
Changes of benefit terms	-	-	-	-	(203,710)	-
Differences between actual and expected experience	(14,470)	(322,355)	(80,155)	(441,844)	(51,376)	969
Changes in assumptions	(601)	(38,640)	41,980	15,037	25,973	-
Benefit payments, net	(38,050)	(29,091)	(19,950)	(21,705)	(46,545)	(72,552)
Net change in total OPEB liability	(37,185)	(369,614)	(33,549)	(409,019)	(226,501)	(20,878)
Total OPEB liability, beginning of year	<u>316,481</u>	<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)	<u>279,296</u>	<u>316,481</u>	<u>686,095</u>	<u>719,644</u>	<u>1,128,663</u>	<u>1,355,164</u>
Plan Fiduciary Net Position						
Contributions, employer	38,050	29,091	19,950	21,705	46,545	72,552
Net investment income	-	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(38,050)	(29,091)	(19,950)	(21,705)	(46,545)	(72,552)
Administrative expenses	-	-	-	-	-	-
Net change in plan fiduciary net position	-	-	-	-	-	-
Plan fiduciary net position, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position, end of year (b)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net OPEB liability (asset), end of year (a - b)	\$ 279,296	\$ 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%	0.00%
Covered payroll	\$ 796,207	\$ 743,000	\$ 702,606	\$ 702,606	\$ 756,600	\$ 739,482
Total OPEB liability (asset) as a percentage of covered-employee payroll	35.08%	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. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

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 2023

	2023	2022	2021	2020	2019	2018
Actuarially determined contribution	\$ 27,243	\$ 48,524	\$ 52,563	\$ 82,705	\$ 100,387	\$ 50,705
Contributions in relation to the actuarially determined contribution	\$ 38,050	\$ 29,091	\$ 19,950	\$ 21,705	\$ 46,545	\$ (72,552)
Contribution excess (deficiency)	\$ 10,807	\$ (19,433)	\$ (32,613)	\$ (61,000)	\$ (53,842)	\$ 21,847
Covered-employee payroll	\$ 796,207	\$ 743,000	\$ 702,606	\$ 702,606	\$ 756,600	\$ 739,482
Contributions as a percentage of covered-employee payroll	4.78%	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	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	7/1/2022	7/1/2021	7/1/2020	7/1/2019	7/1/2018	7/1/2017
Census date, by year	6/30/2022	6/30/2022	6/30/2020	6/30/2019	6/30/2018	6/30/2018
Investment rate of return, by year	4.13%	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, 2023

	Special Revenue Funds		Total nonmajor governmental funds
	Drug fund	Stormwater fund	
Assets			
Cash and cash equivalents	\$ 570,472	\$ 1,328,797	\$ 1,899,269
Accounts receivable	-	243,502	243,502
Prepays	-	2,867	2,867
Total assets	\$ 570,472	\$ 1,575,166	\$ 2,145,638
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 9	\$ 906	\$ 915
Accrued liabilities	<u>59,859</u>	<u>44,312</u>	<u>104,171</u>
Total liabilities	59,868	45,218	105,086
Fund balances			
Nonspendable, prepays	-	2,867	2,867
Restricted	<u>510,604</u>	<u>1,527,081</u>	<u>2,037,685</u>
Total fund balances	510,604	1,529,948	2,040,552
Total liabilities and fund balances	\$ 570,472	\$ 1,575,166	\$ 2,145,638

City of Mt. Juliet, Tennessee
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2023

	Special Revenue Funds		Total nonmajor governmental funds
	Drug fund	Stormwater fund	
Revenues			
Intergovernmental	\$ 62,074	\$ -	\$ 62,074
Licenses, permits, and fines	- -	367,096	367,096
Drug-related fines, seizures, and sales	58,988	-	58,988
Charges for services	- -	799,309	799,309
Grants	- -	987,003	987,003
Interest	3,436	7,208	10,644
Total revenues	<u>124,498</u>	<u>2,160,616</u>	<u>2,285,114</u>
Expenditures			
Current			
Salaries	- -	254,768	254,768
Employee benefits	- -	66,662	66,662
Supplies	1,324	11,403	12,727
Investigations	15,980	-	15,980
Contract services	12,369	-	12,369
Theft	(20)	-	(20)
Travel	3,322	-	3,322
Other	- -	174,019	174,019
Capital outlay	- -	1,252,804	1,252,804
Total expenditures	<u>32,975</u>	<u>1,759,656</u>	<u>1,792,631</u>
Excess of revenues over expenditures	91,523	400,960	492,483
Fund balances, beginning of year	419,081	1,128,988	1,548,069
Fund balances, end of year	\$ 510,604	\$ 1,529,948	\$ 2,040,552

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, 2023

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Interest	\$ 1,000	\$ 1,000	\$ 3,436	\$ 2,436
Federal equitable sharing	5,500	5,500	62,074	56,574
Drug-related fines, seizures, and sales	<u>45,000</u>	<u>45,000</u>	<u>58,988</u>	<u>13,988</u>
Total revenues	51,500	51,500	124,498	72,998
Expenditures				
Program costs				
Training	3,000	3,000	-	3,000
Supplies	2,400	2,400	1,324	1,076
Investigations	20,000	20,000	15,980	4,020
Contract services	14,600	14,600	12,369	2,231
Theft	-	-	(20)	20
Travel	<u>7,500</u>	<u>7,500</u>	<u>3,322</u>	<u>4,178</u>
Total expenditures	47,500	47,500	32,975	14,525
Excess of revenues over (under) expenditures	4,000	4,000	91,523	87,523
Fund balance, beginning of year	<u>419,081</u>	<u>419,081</u>	<u>419,081</u>	<u>-</u>
Fund balance, end of year	\$ 423,081	\$ 423,081	\$ 510,604	\$ 87,523

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, 2023

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Utility service charges	\$ -	\$ 1,000,000	\$ 799,309	\$ (200,691)
Licenses and permits	431,500	431,500	367,096	(64,404)
Grants	987,003	987,003	987,003	-
Interest	3,000	3,000	7,208	4,208
Total revenues	<u>1,421,503</u>	<u>2,421,503</u>	<u>2,160,616</u>	<u>(260,887)</u>
Expenditures				
Street maintenance				
Salaries	195,889	298,115	254,768	43,347
Employee benefits	72,447	88,915	66,662	22,253
Professional services	20,000	20,000	-	20,000
Supplies	14,950	14,950	11,403	3,547
Other	199,550	199,550	174,019	25,531
Capital outlay	1,285,000	1,285,000	1,252,804	32,196
Total expenditures	<u>1,787,836</u>	<u>1,906,530</u>	<u>1,759,656</u>	<u>146,874</u>
Excess of revenues over (under) expenditures	(366,333)	514,973	400,960	(114,013)
Fund balance, beginning of year	1,128,988	1,128,988	1,128,988	-
Fund balance, end of year	<u>\$ 762,655</u>	<u>\$ 1,643,961</u>	<u>\$ 1,529,948</u>	<u>\$ (114,013)</u>

City of Mt. Juliet, Tennessee
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 General Capital Projects Fund
 For the Year Ended June 30, 2023

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Intergovernmental				
Grants	\$ 9,904,789	\$ 9,904,789	\$ 989,195	\$ (8,915,594)
Other				
Interest	20,000	20,000	122,297	102,297
Miscellaneous	-	-	487,880	487,880
Total revenues	<u>9,924,789</u>	<u>9,924,789</u>	<u>1,599,372</u>	<u>(8,325,417)</u>
Expenditures				
Capital outlay	31,675,308	32,214,308	8,330,833	23,883,475
Excess of revenues over (under) expenditures	(21,750,519)	(22,289,519)	(6,731,461)	15,558,058
Other Financing Sources (Uses)				
Operating transfers in (out)	9,402,444	9,941,444	3,500,000	(6,441,444)
Excess of revenues and other sources over (under) expenditures and other uses	(12,348,075)	(12,348,075)	(3,231,461)	9,116,614
Fund balance, beginning of year	<u>11,282,307</u>	<u>11,282,307</u>	<u>11,282,307</u>	<u>-</u>
Fund balance, end of year	<u>\$ (1,065,768)</u>	<u>\$ (1,065,768)</u>	<u>\$ 8,050,846</u>	<u>\$ 9,116,614</u>

City of Mt. Juliet, Tennessee
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget (GAAP Basis) and Actual
 Debt Service Fund
 For the Year Ended June 30, 2023

	Budgeted amounts		Actual amounts	Variance with final budget
	Original	Final		
Revenues				
Grants	\$ 2,000	\$ 2,000	\$ 1,069	\$ (931)
Impact fees	900,000	900,000	334,605	(565,395)
Total revenues	902,000	902,000	335,674	(566,326)
Expenditures				
Debt service				
Principal	1,341,897	1,341,897	1,341,897	-
Interest	390,926	390,926	390,926	-
Total expenditures	1,732,823	1,732,823	1,732,823	-
Excess of revenues over (under) expenditures	(830,823)	(830,823)	(1,397,149)	(566,326)
Other Financing Sources (Uses)				
Operating transfers in (out)	830,823	1,530,823	1,530,823	-
Excess of revenues and other sources over (under) expenditures and other uses	-	700,000	133,674	(566,326)
Fund balance, beginning of year	221,988	221,988	221,988	-
Fund balance, end of year	\$ 221,988	\$ 921,988	\$ 355,662	\$ (566,326)

City of Mt. Juliet, Tennessee
 Capital Assets Used in Operation of Governmental Funds
 Schedule by Function and Activity
 June 30, 2023

Function and Activity	Land	Buildings and improvements	Machinery and equipment	Infrastructure	Construction in progress	Total
General government	\$ 404,611	\$ 2,000,854	\$ 1,486,615	\$ 20,336	\$ 3,981,258	\$ 7,893,674
Public safety						
Police	1,474,758	3,328,460	8,764,205	179,426	595,790	14,342,639
Fire	255,425	1,927,709	3,182,259	3,604	-	5,368,997
Streets and public works	6,161,293	2,509,809	3,923,702	95,112,669	16,901,735	124,609,208
Stormwater	-	-	137,618	1,233,420	153,970	1,525,008
Parks	1,680,929	6,462,796	1,562,260	3,138,809	2,441,970	15,286,764
Total governmental funds capital assets	\$ 9,977,016	\$ 16,229,628	\$ 19,056,659	\$ 99,688,264	\$ 24,074,723	\$ 169,026,290

City of Mt. Juliet, Tennessee
 Capital Assets Used in the Operation of Governmental Funds
 Schedule of Changes by Function and Activity
 June 30, 2023

Function and Activity	Balance		Retirements	Balance
	June 30, 2022	Additions	and transfers	June 30, 2023
General government	\$ 6,047,751	\$ 1,845,923	\$ -	\$ 7,893,674
Public safety				
Police	13,097,446	1,438,467	(193,274)	14,342,639
Fire	3,875,712	1,493,285	-	5,368,997
Streets and public works	108,913,435	15,695,773	-	124,609,208
Stormwater	267,928	1,257,080	-	1,525,008
Parks	<u>12,064,015</u>	<u>3,228,599</u>	<u>(5,850)</u>	<u>15,286,764</u>
Total governmental funds capital assets	\$ 144,266,287	\$ 24,959,127	\$ (199,124)	\$ 169,026,290

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, 2023

Fiscal Year	Tax rate	Assessment	Levy	Taxes receivable			Allowance for Uncollectibles	Taxes receivable
				June 30, 2022	Levy	Collections		
2023	\$ 0.1100	\$ 1,994,098,637	\$ 2,193,509	\$ -	\$ 2,193,509	\$ (2,169,529)	\$ -	\$ 23,980
2022	\$ 0.1100	1,762,183,320	1,938,402	35,670	-	(26,118)	(3,439)	6,113
2021	\$ 0.1664	1,254,813,851	2,088,010	2,761	-	(2,526)	-	235
2020	\$ 0.1664	1,247,819,907	2,076,372	372	-	(32)	-	340
2019	* \$ 0.1664	1,166,264,423	1,940,664	315	-	(32)	-	283
2018	* \$ 0.1664	1,077,751,835	1,823,590	-	-	-	-	-
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	-	-	-	-	-
				\$ 39,118	\$ 2,193,509	\$ (2,198,237)	\$ (3,439)	30,951
2023 Levy**								2,206,229
							\$ 2,237,180	

* Turned over to County Clerk for collection

** 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, 2023

Description of Indebtedness	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding July 1, 2022	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding June 30, 2023
Governmental Activities									
Bonds payable									
GO refunding bonds, Series 2019	\$ 6,070,000	5.00%	8/12/19	6/1/26	\$ 3,690,000	\$ -	\$ 850,000	\$ -	\$ 2,840,000
GO refunding bonds, Series 2020	\$ 7,980,000	4.00%	12/1/20	6/1/34	<u>\$ 7,700,000</u>	<u>\$ -</u>	<u>\$ 140,000</u>	<u>\$ -</u>	<u>\$ 7,560,000</u>
Total bonds payable					\$ 11,390,000	\$ -	\$ 990,000	\$ -	\$ 10,400,000

City of Mt. Juliet, Tennessee
 Schedule of Long-term Debt, Principal, and Interest Requirements
 Governmental Activities
 June 30, 2023

Fiscal year ending June 30,	GO refunding bonds Series 2019			GO refunding bonds Series 2020			Total	
	Principal	Interest	Principal	Interest	Principal	Interest		
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	\$ 2,840,000	\$ 288,500	\$ 7,560,000	\$ 1,008,695	\$ 10,400,000	\$ 1,297,195		

City of Mt. Juliet, Tennessee
Schedule of Changes in Lease Obligations
For the Year Ended June 30, 2023

Description of indebtedness	Original amount of issue	Interest rate	Date of issue	Maturity date	Outstanding July 1, 2022	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding June 30, 2023
Governmental Activities									
<i>Leases payable through general fund</i>									
Fire equipment	\$ 2,600,028	2.69%	10/01/2013	10/01/2023	\$ 576,630	\$ -	\$ 284,489	\$ -	\$ 292,141
Police Equipment	\$ 292,169	5.38%	06/19/2019	06/19/2023	78,876	\$ -	78,876	\$ -	\$ -
Dell Financial 6493852-013	\$ 101,508	4.68%	04/01/2019	03/01/2023	20,426	\$ -	20,426	\$ -	\$ -
Dell Financial 6493852-014	\$ 37,116	3.83%	05/01/2019	04/01/2023	8,181	\$ -	8,181	\$ -	\$ -
Dell Financial 6493852-015	\$ 45,535	6.55%	10/01/2019	09/01/2023	15,443	\$ -	12,253	\$ -	\$ 3,190
Dell Financial 6493852-016	\$ 117,839	0.99%	03/01/2021	02/01/2025	79,012	\$ -	29,385	\$ -	\$ 49,627
Dell Financial 6493852-017	\$ 191,526	0.00%	10/01/2021	09/01/2025	155,615	\$ -	47,881	\$ -	\$ 107,734
Dell Financial 6493852-018	\$ 48,084	2.05%	02/01/2022	01/01/2026	43,183	\$ -	11,733	\$ -	\$ 31,450
Dell Financial 6493852-019	\$ 30,055	0.60%	03/01/2022	02/01/2026	27,564	\$ -	7,457	\$ -	\$ 20,107
Novatech Copier	\$ 90,000	1.10%	06/01/2022	05/01/2026	88,084	\$ -	22,128	\$ -	\$ 65,956
Total leases payable - Governmental Activities					\$ 1,093,014	\$ -	\$ 522,809	\$ -	\$ 570,205

City of Mt. Juliet, Tennessee
 Schedule of Lease Obligations, Principal, and Interest Requirements by Fiscal Year
 June 30, 2023

Year	Dell Financial Services 6493852-015				Dell Financial Services 6493852-016				Dell Financial Services 6493852-017			
	Fire Equipment											
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 292,141	\$ 7,859	\$ 3,190	\$ 35	\$ 29,678	\$ 357	\$ 47,882	\$ -				
2025	-	-	-	-	19,949	74	47,882	-				
2026	-	-	-	-	-	-	11,970	-				
Total	\$ 292,141	\$ 7,859	\$ 3,190	\$ 35	\$ 49,627	\$ 431	\$ 107,734	\$ -				
Year	Dell Financial Services 6493852-018				Dell Financial Services 6493852-019				Novatech NT73508			
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	\$ 11,977	\$ 533	\$ 7,502	\$ 100	\$ 22,374	\$ 617						
2024	\$ 11,977	\$ 533	\$ 7,502	\$ 100	\$ 22,374	\$ 617						
2025	12,225	285	7,548	55	22,623	368						
2026	7,248	50	5,057	11	20,959	116						
Total	\$ 31,450	\$ 868	\$ 20,107	\$ 166	\$ 65,956	\$ 1,101						
Year	Total											
	Principal	Interest										
	\$ 414,744	\$ 9,501										
2024	\$ 414,744	\$ 9,501										
2025	110,227	782										
2026	45,234	177										
Total	\$ 570,205	\$ 10,460										

City of Mt. Juliet, Tennessee
 Schedule of Expenditures of Federal Awards and State Financial Assistance
 For the Year Ended June 30, 2023

CFDA number	Federal grantor/Pass-through grantor/Program title	Pass-through entity	Contract number	Expenditures
Federal Awards				
US Department of Justice				
16.607	Bulletproof Vest Partnership Program (BVP)	N/A - Direct	N/A	\$ 9,210
US Department of Transportation				
20.205	Highway Planning and Construction Cluster Town Center Trail, Phase 3	TN Department of Transportation	CM-1952 (10) 95LPLM-F0-124	135,596
20.205	Highway Planning and Construction Cluster TAP, Belinda Sidewalks	TN Department of Transportation	TAP-M-4855 (10) 95LPLM-F3-053 (051)	32,410
20.205	Highway Planning and Construction Cluster ADA Upgrades Phase 2	TN Department of Transportation	HIP-C-M-171(36) 95LPLM-F3-111	69,110
20.205	Highway Planning and Construction Cluster Cedar Creek	TN Department of Transportation	TAP-4854 (10) 95LPLM-F3-058	639,465
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	47,735
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)	1,127
20.205	Highway Planning and Construction Cluster ITS & Signal Improvement Project, Phase 3	TN Department of Transportation	HIP-CM-171(37) 95LPLM-F0-120	30,171
	Total grants, US Department of Transportation, Highway Planning and Construction Cluster			<hr/> 955,614
US Department of the Treasury				
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds (CSLRF)	N/A - Direct	N/A	10,987,003
Department of Homeland Security				
97.036	Disaster Grants-Public Assistance (Presidentially Declared Disasters)	N/A - Direct	N/A	<hr/> 144,980
	Total federal awards			<hr/> 12,096,807
State Financial Assistance				
TN Department of Transportation				
	Multimodal Access Grant, Lebanon Road Sidewalks Phase 3	TN Department of Transportation	95LPLM-53-100	<hr/> 33,507
	Total state grants, US Department of Transportation			<hr/> 33,507
	Total state financial assistance			<hr/> 33,507
	Total federal awards and state financial assistance			\$ 12,130,314

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, 2023. 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 \$144,980 incurred in a prior year.

City of Mt. Juliet, Tennessee
 Schedule of Liability and Property Insurance (Unaudited)
 For the Year Ended June 30, 2023

Insurance Coverage	Details of Coverage
Public Entity Partners	
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, 2023

Number of customers		14,992
Sewer rates, based on water consumption		
Inside city, residential	\$	16.39
Minimum bill, first 2,000 gallons	\$	8.03
Each additional 1,000 gallons	\$	
Outside city, residential (service requested prior to June 9, 2019)		
Minimum bill, first 2,000 gallons	\$	20.49
Each additional 1,000 gallons	\$	10.05
Outside city, residential (service requested after June 9, 2019)		
Minimum bill, first 2,000 gallons	\$	32.78
Each additional 1,000 gallons	\$	16.06
Inside city, commercial		
Minimum bill, first 2,000 gallons	\$	23.12
Each additional 1,000 gallons	\$	11.19
Outside city, commercial (service requested prior to June 9, 2019)		
Minimum bill, first 2,000 gallons	\$	28.90
Each additional 1,000 gallons	\$	13.99
Outside city, commercial (service requested after June 9, 2019)		
Minimum bill, first 2,000 gallons	\$	46.24
Each additional 1,000 gallons	\$	22.38
Tap fees		
Inside city, residential	\$	1,500
Outside city, residential	\$	4,000
Commercial		Based on meter size
Installation and pump charges	\$	3,000
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, the discretely presented component unit, 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, 2023, 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 18, 2023.

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 18, 2023

**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, 2023. 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, 2023.

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 18, 2023

City of Mt. Juliet, Tennessee
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weakness identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness identified? Yes X No

Significant deficiency(ies) identified? Yes X None Reported

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

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

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
21.027	United States Department of the Treasury/ Coronavirus State and Local Fiscal Recovery Funds (CSLFRF)

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

Auditee qualified as low-risk auditee? X Yes No

Continued

City of Mt. Juliet, Tennessee
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

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, 2023

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