

# OFFICIAL STATEMENT

NEW ISSUE - Book Entry Only

RATING:  
S&P: "AA+"

*In the opinion of Bond Counsel and assuming continued compliance with certain tax covenants under existing laws, regulations, rulings and judicial decisions, interest on the Series 2020 Bonds is excludable from gross income for federal income tax purposes and will not be treated as an item of tax preference for purposes of computing federal alternative minimum tax. Under existing law, the Series 2020 Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except certain Tennessee franchise and excise taxes. See the discussion under the heading "LEGAL MATTERS - Opinion of Bond Counsel" and "TAX MATTERS" herein.*

**\$7,980,000**  
**CITY OF MT. JULIET, TENNESSEE**  
**General Obligation Refunding Bonds, Series 2020**  
**(Bank Qualified)**

Dated: Date of Issuance

Due: June 1, as shown below

The General Obligation Refunding Bonds, Series 2020 (the "Series 2020 Bonds") are being issued by the City of Mt. Juliet, Tennessee (the "Municipality") to: (i) provide sufficient funds to refund \$8,543,100 principal amount of the Municipality's outstanding General Obligation Refunding Bonds, Series 2016 maturing June 1, 2021 through June 1, 2034 (the "Refunded Bonds"), plus any accrued interest on those bonds to the date of redemption; and (ii) provide for the payment of the costs incident to the issuance of the Series 2020 Bonds. See "PLAN OF REFUNDING."

The Series 2020 Bonds are secured by and are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the Municipality. The full faith and credit and the taxing power of the Municipality is pledged to the payment of the Series 2020 Bonds. See "SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2020 BONDS."

The Series 2020 Bonds will be issued as fully registered bonds without coupons in denominations of \$5,000 or any integral multiple thereof and when issued will be registered to Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Series 2020 Bonds. Interest on the Series 2020 Bonds will be payable on June 1 and December 1 of each year (each an "Interest Payment Date"), commencing June 1, 2021, to the owners thereof as shown on the registration books maintained by U.S. Bank National Association, Nashville, Tennessee, as registration and paying agent (the "Registration Agent"). The Series 2020 Bonds will bear interest from their dated date. See "DESCRIPTION OF THE SERIES 2020 BONDS - General."

The Series 2020 Bonds are payable on June 1 of each year as follows:

### Maturity Schedule

<u>MATURITY</u>				<u>MATURITY</u>					
<u>June 1</u>	<u>PRINCIPAL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>CUSIP</u>	<u>June 1</u>	<u>PRINCIPAL</u>	<u>COUPON</u>	<u>YIELD</u>	<u>CUSIP</u>
2021	\$135,000	4.000%	0.230%	621725 DU1	2028	\$815,000	4.000%	0.700%	621725 EB2
2022	145,000	4.000%	0.250%	621725 DV9	2029	855,000	4.000%	0.850%	621725 EC0
2023	140,000	4.000%	0.300%	621725 DW7	2030	895,000	1.000%	1.000%	621725 ED8
2024	155,000	4.000%	0.400%	621725 DX5	2031	910,000	1.000%	1.050%	621725 EE6
2025	165,000	4.000%	0.450%	621725 DY3	2032	920,000	1.100%	1.100%	621725 EF3
2026	175,000	4.000%	0.500%	621725 DZ0	2033	935,000	1.200%	1.200%	621725 EG1
2027	780,000	4.000%	0.600%	621725 EA4	2034	955,000	1.300%	1.300%	621725 EH9

The Series 2020 Bonds are offered, when, as and if issued by the Municipality, subject to the approval of legality by Waller Lansden Dortch & Davis, LLP, Nashville, Tennessee, Bond Counsel to the Municipality. Certain legal matters will be passed upon for the Municipality by its counsel, L. Gino Marchetti, Jr., Nashville, Tennessee. The Series 2020 Bonds will be available for delivery through DTC on or about December 1, 2020.

Dated: November 17, 2020

No dealer, broker, salesman or other person has been authorized by the City of Mt. Juliet (the "Municipality") or by Stephens Inc. (the "Municipal Advisor") to give any information or to make any representations, other than those contained in this Official Statement in connection with the offering contained herein, and if given or made, such other information or representations must not be relied upon as having been authorized by the Municipality or the Municipal Advisor. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2020 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale.

The information contained in this Official Statement has been obtained from representatives of the Municipality, public documents, records and other sources considered reliable. The delivery of this Official Statement at any time does not imply that any information herein is correct as of any time subsequent to its date. Any statements in this Official Statement involving estimates, assumptions and matters of opinion, whether or not so expressly stated, are intended as such and not representations of fact.

NO REGISTRATION STATEMENT RELATING TO THE SERIES 2020 BONDS HAS BEEN FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ("SEC") OR ANY STATE SECURITIES AGENCY. THE SERIES 2020 BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES AGENCY, NOR HAS THE SEC OR ANY STATE SECURITIES AGENCY PASSED UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

In making an investment decision, investors must rely on their own examination of the Municipality and the terms of the offering, including the merits and risks involved. The Series 2020 Bonds have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2020 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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**CITY OF MT. JULIET, TENNESSEE**  
2425 North Mt. Juliet Road  
Mt. Juliet, Tennessee 37122

**OFFICIALS**

**COMMISSIONERS\***

Ed Hagerty, Mayor,  
James Maness, Vice-Mayor  
Art Giles  
Ray Justice  
Jennifer Milele

**CITY OFFICIALS**

City Manager	Kenny Martin
Finance Director	Dana Hire
City Recorder	Sheila L. Luckett

**City Attorney**

L. Gino Marchetti, Jr., Esq.

**Bond Counsel**

Waller Lansden Dortch & Davis, LLP  
Nashville, Tennessee

**Registration and Paying Agent**

U.S. Bank National Association  
Nashville, Tennessee

**Municipal Advisor**

Stephens Inc.  
Nashville, Tennessee

**Underwriter**

Piper Sandler & Co.  
Minneapolis, Minnesota

\*Following the election on November 3, 2020, District 2 Commissioner James Maness was elected Mayor, Scott Hefner will replace incumbent Commissioner Art Giles and Jennifer Milele and Ray Justice retained their respective seats on the Board of Commissioners. It is anticipated that the newly elected Mayor and the Commissioners will be sworn in and take office on November 23, 2020. The City's District 2 Commission seat was not up for election and it will sit empty until the Board of Commissioners appoints a successor at a later time.

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**SUMMARY STATEMENT**

*This Summary is expressly qualified by the entire Official Statement, which should be viewed in its entirety by potential investors.*

<b>ISSUER</b> .....	City of Mt. Juliet, Tennessee (the “Municipality”).
<b>ISSUE</b> .....	\$7,980,000 General Obligation Refunding Bonds, Series 2020.
<b>PURPOSE</b> .....	(i) to provide sufficient funds to refund \$8,543,100 principal amount of the Municipality’s outstanding General Obligation Refunding Bonds, Series 2016 maturing June 1, 2021 through June 1, 2034 (the “Refunded Bonds”), plus any accrued interest on those bonds to the date of redemption and (ii) to pay cost of issuance with respect to the Series 2020 Bonds.
<b>DATED DATE</b> .....	December 1, 2020.
<b>INTEREST DUE</b> .....	Each June 1 and December 1, commencing June 1, 2021.
<b>PRINCIPAL DUE</b> .....	June 1 in the years 2021 through 2034.
<b>SETTLEMENT DATE</b> .....	December 1, 2020.
<b>REDEMPTION</b> .....	The Series 2020 Bonds maturing on and after June 1, 2030 are subject to optional redemption in whole or in part at the option of the Municipality on June 1, 2029 or at any time thereafter at a price of par plus accrued interest to the date of redemption.
<b>SECURITY</b> .....	The Series 2020 Bonds are secured by and are payable from unlimited <i>ad valorem</i> taxes to be levied on all taxable property within the Municipality. For the prompt payment of principal of and interest on the Series 2020 Bonds, the full faith and credit of the Municipality are irrevocably pledged.

**RATING** ..... “AA+” by S&P Global Ratings (“S&P”). The rating reflects only the view of S&P and neither the Municipality nor the Municipal Advisor makes any representation as to the appropriateness of such rating.

There is no assurance that such rating will continue for any given period of time or that they will not be lowered or withdrawn entirely. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Series 2020 Bonds. Any explanation of the significance of the rating may be obtained from S&P.

**TAX MATTERS** ..... Bond counsel will opine that the interest of the Series 2020 Bonds will be excluded from gross income for federal income tax purposes, will not be an item of tax preference for purposes of the federal law alternative minimum tax. See “TAX MATTERS” herein.

Under existing law, the Series 2020 Bonds and the income therefrom are exempt from certain taxation in Tennessee, all as more fully described in the Section entitled “TAX MATTERS”.

Bond counsel will also opine that the Series 2020 Bonds are “qualified tax-exempt” obligations, all as more fully described in the Section entitled “TAX MATTERS”.

**BOND REGISTRAR AND**

**PAYING AGENT** ..... U.S. Bank National Association, Nashville, Tennessee.

**MUNICIPAL ADVISOR** ..... Stephens Inc., Nashville, Tennessee.

**UNDERWRITER** ..... Piper Sandler & Co., Minneapolis, Minnesota



## OFFICIAL STATEMENT

### CITY OF MT. JULIET, TENNESSEE \$7,980,000 General Obligation Refunding Bonds, Series 2020 (Bank Qualified)

#### INTRODUCTION

##### **General**

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the sale by the City of Mt. Juliet, Tennessee (the "Municipality") of \$7,980,000 in aggregate principal amount of its General Obligation Refunding Bonds, Series 2020 (the "Series 2020 Bonds").

*This introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement and of the documents summarized or described herein, if necessary. The offering of the Series 2020 Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or to otherwise use it without the entire Official Statement, including the Appendices hereto.*

##### **The Municipality**

The Municipality was formed in 1835 and duly incorporated as a municipality in 1972. For more information about the Municipality, see Appendix B. The audited financial statements of the Municipality for the year ended June 30, 2019, are attached and provide information regarding the operations of the Municipality. See Appendix C.

##### **Purpose of the Series 2020 Bonds**

The Series 2020 Bonds are being issued by the Municipality (i) to provide sufficient funds to refund \$8,543,100 principal amount of the Municipality's outstanding General Obligation Refunding Bonds, Series 2016 maturing June 1, 2021 through June 1, 2034 (the "Refunded Bonds"), plus any accrued interest on those bonds to the date of redemption; and (ii) provide for the payment of the costs incident to the issuance of the Series 2020 Bonds. See "PLAN OF REFUNDING."

##### **Security and Source of Payment for the Series 2020 Bonds**

The Series 2020 Bonds are secured by and are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the Municipality.

##### **Description of the Series 2020 Bonds**

*Redemption.* Series 2020 Bonds maturing prior to June 1, 2030 are not subject to optional redemption. The Series 2020 Bonds maturing on and after June 1, 2030 are subject to optional redemption in whole or in part at the option of the Municipality on June 1, 2029 or at any time thereafter at a price of par plus accrued interest to the date of redemption.

See "DESCRIPTION OF THE SERIES 2020 BONDS - Optional Redemption".

*Denominations.* The Series 2020 Bonds are issuable in denominations of \$5,000 or any integral multiple thereof. See “DESCRIPTION OF THE SERIES 2020 BONDS - Denominations, Registration, Transfers and Exchanges.”

*Book-Entry.* The Series 2020 Bonds will be issued in the denomination of one bond per aggregate principal amount of the stated maturity thereof, and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), New York, New York, an automated depository for securities and clearing house for securities transactions, which will act as securities depository for the Series 2020 Bonds. Purchasers will not receive certificates representing their ownership interest in the Series 2020 Bonds purchased. Purchases of beneficial interests (“Beneficial Owners”) in the Series 2020 Bonds will be made in book-entry only form (without certificates). See “DESCRIPTION OF THE SERIES 2020 BONDS - Book-Entry Only Bonds.”

*Registration, Transfers and Exchanges.* The Series 2020 Bonds will be issued in fully registered form. When in book-entry form, ownership of Series 2020 Bonds held by DTC or its nominee, Cede & Co., may be transferred and Series 2020 Bonds may be exchanged in accordance with the rules and procedures of DTC. When not in book-entry form, ownership of Series 2020 Bonds may be transferred upon surrender of such Series 2020 Bond to the Registration Agent, together with an assignment duly executed by the registered owner or his attorney or legal representative. When not in book-entry form, the Series 2020 Bonds are exchangeable for a like aggregate principal amount of Series 2020 Bonds of the same maturity in denominations of \$5,000 or any integral multiple thereof. See “DESCRIPTION OF THE SERIES 2020 BONDS - Denominations, Registration, Transfers and Exchanges” and “- Book-Entry Only Bonds.”

*Payments.* Interest on the Series 2020 Bonds will be payable on June 1 and December 1 of each year (each such date, an “Interest Payment Date”), commencing June 1, 2021. Payment of the principal of and interest on the Series 2020 Bonds will be made by the Registration Agent directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to DTC Participants (hereinafter defined) and thereafter to Beneficial Owners of the Series 2020 Bonds. When not in book-entry form, interest on the Series 2020 Bonds is payable by check or draft on the Registration Agent mailed by first class mail on the date due to the registered owners. When not in book-entry form, principal of the Series 2020 Bonds is payable upon surrender thereof at the corporate trust office of the Registration Agent located in Nashville, Tennessee. See “DESCRIPTION OF THE SERIES 2020 BONDS - General” and “- Book-Entry Only Bonds.”

For a more complete description of the Series 2020 Bonds, see “DESCRIPTION OF THE SERIES 2020 BONDS.”

### **Tax Exemption**

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Municipality, interest on the Series 2020 Bonds will be excluded from gross income for federal income tax purposes and will not be an item of tax preference for purposes of the federal alternative minimum tax. For an explanation of certain tax consequences under federal law which may result from the ownership of the Series 2020 Bonds, see the discussion under the heading “Legal Matters - Opinion of Bond Counsel” herein. Under existing law, the Series 2020 Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except certain Tennessee franchise and excise taxes. See Appendix A for the form of the opinion Bond Counsel proposes to deliver in connection with the issuance of the Series 2020 Bonds. For a more complete discussion of such opinion and certain other tax consequences of owning the Series 2020 Bonds, including certain exceptions to the exclusion of the interest of the Series 2020 Bonds from gross income, see “LEGAL MATTERS - Opinion of Bond Counsel” and “TAX MATTERS.”

### **Registration and Paying Agent**

U.S. Bank National Association, Nashville, Tennessee, will act as registration and paying agent (the “Registration Agent”) for the Series 2020 Bonds. The corporate trust office of the Registration Agent is Global Trust Services, 333 Commerce Street, Suite 800, Nashville, Tennessee 37201.

## **Authority for Issuance**

The Series 2020 Bonds are being issued in accordance with the Constitution of the State of Tennessee and laws of the State of Tennessee, including Tennessee Code Annotated Sections 9-21-101 *et seq.* and pursuant to a resolution of the Board of Commissioners of the Municipality adopted on October 12, 2020 (the “Resolution”).

## **Offering and Delivery of the Series 2020 Bonds**

The Series 2020 Bonds are offered when, as, and if issued by the Municipality, subject to prior sale, to the withdrawal or the modification of the offer without notice, and to the approving opinion of Waller Lansden Dortch & Davis, LLP, Nashville, Tennessee, Bond Counsel. The Series 2020 Bonds are expected to be delivered through The Depository Trust Company in New York, New York, on or about December 1, 2020.

## **Continuing Disclosure**

The Municipality has covenanted for the benefit of the owners of the Series 2020 Bonds in a Disclosure Certificate to provide (i) certain financial information and operating data relating to the Municipality (the “Operating and Financial Data”) and (ii) notices of the occurrence of certain events, if deemed by the Municipality to be material (the “Material Events Notices”), to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System. The Municipality’s undertaking to provide Operating and Financial Data and Material Events Notices pursuant to the Disclosure Certificate is described in the form of the Disclosure Certificate attached hereto as Appendix D. The covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12 (the “Rule”).

The Municipality executed Continuing Disclosure Certificates in connection with the issuance of its prior public bond offerings. The Municipality is currently in compliance to provide annual reports and material event notices as required under the Rule. In the past five years, the Municipality has not failed to comply, in any material respect, with any previous undertakings with regard to the Rule.

## **Other Information**

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Plan of Refunding, the Municipality, the Series 2020 Bonds, and the security and sources of payment for the Series 2020 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Resolution, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents, and references herein to the Series 2020 Bonds are qualified in their entirety to the form thereof included in the Resolution. Copies of the Resolution and other documents and information are available, upon request and upon payment to the Municipality of a charge for copying, mailing and handling, from the City Recorder, 2425 North Mt. Juliet Road, Mt. Juliet, Tennessee 37122 telephone (615-754-2552).

## PLAN OF REFUNDING

### Estimated Sources and Uses of Funds

The sources and uses of funds in connection with the issuance of the Series 2020 Bonds are estimated below.

#### Series 2020 Bonds

Sources of Funds:	
Par Amount of Series 2020 Bonds	\$7,980,000.00
Original Issue Premium	683,048.10
Transfer from Debt Service Fund	<u>104,652.98</u>
Total Sources of Funds	\$8,767,701.08
Uses of Funds:	
Payment of amount sufficient to redeem Refunded Bonds	\$8,647,752.98
Costs of Issuance <sup>(1)</sup>	118,479.94
Transfer to Debt Service Fund (rounding amount)	<u>1,468.16</u>
Total Uses of Funds	\$8,767,701.08

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<sup>(1)</sup> Includes legal and accounting fees, Underwriter's discount, rating agency fees, printing costs and other costs of issuance.

### Refunding of Refunded Bonds

The Municipality will refinance all of the Refunded Bonds. The Refunded Bonds shall be redeemed on the optional redemption date, selected by the Municipality, not later than 90 days from the date of the issuance of the Bonds at a redemption price equal to the outstanding principal amount of the Refunded Bonds plus accrued interest to the date of redemption.

## DESCRIPTION OF THE SERIES 2020 BONDS

### General

The Series 2020 Bonds will be dated their date of issuance and will bear interest from such date at the rates per annum set forth on the cover page of this Official Statement (computed on the basis of a 360-day year of twelve 30-day months). Interest on the Series 2020 Bonds is payable on each Interest Payment Date, commencing June 1, 2021.

Payment of the principal of and interest on the Series 2020 Bonds will be made by the Registration Agent directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to DTC Participants and thereafter to Beneficial Owners of the Series 2020 Bonds. See "Book-Entry Only Bonds."

When not in book-entry form, interest on the Series 2020 Bonds will be paid by check or draft on the Registration Agent, and will be mailed on the date due by first class mail to the registered owners of record as of the 15th day of the calendar month (the "Regular Record Date") immediately preceding the applicable interest Payment Date, at the address shown on the registration books of the Municipality maintained by the Registration Agent.

When not in book-entry form, the principal of the Series 2020 Bonds will be paid upon the presentation and surrender of the Series 2020 Bonds at the designated corporate trust office of the Registration Agent.

Any interest on any Series 2020 Bond that is payable but is not punctually paid or duly provided for on an Interest Payment Date (the “Defaulted Interest”) will cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest will be paid by the Municipality to the persons in whose names the Series 2020 Bonds are registered at the close of business on a date (the “Special Record Date”) for the payment of such Defaulted Interest, which date will be fixed in the following manner: the Municipality will notify the Registration Agent of the amount of Defaulted Interest proposed to be paid on each Series 2020 Bond and the date of the proposed payment. Thereupon, not less than ten days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent will fix a Special Record Date for the payment of such Defaulted Interest, which date will be not more than 15 nor less than 10 days prior to the date of the proposed payment to the registered owners. The Registration Agent will promptly notify the Municipality of such Special Record Date, and in the manner and at the expense of the Municipality, not less than ten days prior to such Special Record Date, will cause notice of the proposed payment of such Defaulted Interest and the Special Record Date to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the registration records maintained by the Registration Agent as to the date of such notice.

### **Denominations, Registration, Transfers and Exchanges**

The Series 2020 Bonds will be issued in fully registered form in the denomination of \$5,000 each or integral multiples thereof. Ownership of the Series 2020 Bonds will be registered on the registration books kept by the Registration Agent. The registered owner thereof shall be treated as the absolute owner thereof for all purposes, including payment, and payment to the registered owner thereof shall satisfy all liability thereon to the extent of sums so paid.

When in book-entry form, ownership of Series 2020 Bonds held by DTC or its nominee, Cede & Co., may be transferred and Series 2020 Bonds may be exchanged in accordance with the rules and procedures of DTC. Notwithstanding anything herein to the contrary, the Series 2020 Bonds may be issued in registered certificated form rather than in Book Entry Form if the Original Purchaser does not intend to reoffer the Series 2020 Bonds.

When not in book-entry form, ownership of any Series 2020 Bond will be transferable upon surrender thereof to the Registration Agent, together with an assignment duly executed by the registered owner or his attorney, in such form as shall be satisfactory to the Registration Agent. Upon any such transfer of ownership, the Registration Agent, will cause to be authenticated and delivered a new Series 2020 Bond or Series 2020 Bonds registered in the name of the transferee in the authorized denomination in the same aggregate principal amount and interest rate as the Series 2020 Bonds surrendered for such transfer. When not in book-entry form, the Series 2020 Bonds may be exchanged for a like principal amount of Series 2020 Bonds of the same interest rate of other authorized denominations. For every exchange or registration of transfer, the Registration Agent, may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration or transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Series 2020 Bonds.

### **Redemption**

#### **Optional Redemption**

Series 2020 Bonds maturing prior to June 1, 2030 are not subject to optional redemption. The Series 2020 Bonds maturing on and after June 1, 2030 are subject to optional redemption in whole or in part at the option of the Municipality on June 1, 2029 or at any time thereafter at a price of par plus accrued interest to the date of redemption.

## **Notice of Redemption**

Notice of redemption will be given by first class mail at least twenty days and not more than sixty days prior to the redemption date, to all registered owners of Series 2020 Bonds to be redeemed at their addresses of record as they appear on the books of the Registration Agent. Failure to mail any such notice, or any defect therein, will not affect the validity of the proceedings for the redemption of any other Series 2020 Bond. Failure of any bondholder to receive such notice if mailed as aforesaid will not affect the validity of the proceedings for the redemption of such Series 2020 Bond. Interest shall cease to accrue on any Series 2020 Bonds duly called for redemption on the redemption date if payment thereof has been duly provided for. As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant or Beneficial Owner will not affect the validity of such redemption. The Registration Agent shall mail said notices as and when directed by the Municipality pursuant to written instructions from an authorized representative of the Municipality given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent).

## **Book-Entry Only Bonds**

DTC will act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be issued as fully-registered Series 2020 Bonds registered in the name of Cede & Co (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2020 Bond certificate will be issued for each maturity in the aggregate principal amount of such maturity and will be deposited with DTC.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtcc.com](http://www.dtcc.com).

Purchases of Series 2020 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2020 Bonds on DTC's records. The ownership interest of each actual purchaser of Series 2020 Bonds ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in Series 2020 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2020 Bonds, except in the event that use of the book-entry system for the Series 2020 Bonds is discontinued.

To facilitate subsequent transfers, all the Series 2020 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2020 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of Series 2020 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2020 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2020 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2020 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2020 Bond documents. For example, Beneficial Owners of Series 2020 Bonds may wish to ascertain that the nominee holding the Series 2020 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Series 2020 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Series 2020 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Municipality as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2020 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds and principal and interest payments on Series 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Municipality or the Registration Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Municipality or the Registration Agent, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest and redemption proceeds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Municipality or the Registration Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to Series 2020 Bonds at any time by giving reasonable notice to the Municipality or the Registration Agent. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2020 Bonds are required to be printed and delivered.

The Municipality may decide to discontinue use of the system of book-entry only transfers through DTC (or a successor securities depository). In that event, certificates for the Series 2020 Bonds will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Municipality believes to be reliable, but the Municipality takes no responsibility for the accuracy thereof.

NEITHER THE MUNICIPALITY NOR THE REGISTRATION AGENT NOR THE UNDERWRITER (OTHER THAN IN THEIR CAPACITY, IF ANY, AS A DIRECT PARTICIPANT OR AN INDIRECT PARTICIPANT) WILL HAVE ANY OBLIGATION TO THE DIRECT PARTICIPANTS OR THE INDIRECT PARTICIPANTS OR THE BENEFICIAL OWNERS WITH RESPECT TO DTC'S PROCEDURES OR ANY PROCEDURES OR ARRANGEMENTS BETWEEN DIRECT PARTICIPANTS, INDIRECT PARTICIPANTS AND BENEFICIAL OWNERS.

NEITHER THE MUNICIPALITY NOR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, BENEFICIAL OWNERS OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS FOR (1) SENDING TRANSACTION STATEMENTS; (2) MAINTAINING, SUPERVISING OR REVIEWING, THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT OR OTHER NOMINEES OF SUCH BENEFICIAL OWNERS; (3) PAYMENT OR THE TIMELINESS OF PAYMENT BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNER, OF ANY AMOUNT DUE IN RESPECT OF THE PRINCIPAL OF OR INTEREST ON SERIES 2020 BONDS; (4) DELIVERY OR TIMELY DELIVERY BY DTC TO ANY PARTICIPANT, OR BY ANY PARTICIPANT OR OTHER NOMINEES OF BENEFICIAL OWNERS TO ANY BENEFICIAL OWNERS, OF ANY NOTICE (INCLUDING NOTICE OF REDEMPTION) OR OTHER COMMUNICATION WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO HOLDERS OR OWNERS OF SERIES 2020 BONDS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF SERIES 2020 BONDS; OR (6) ANY ACTION TAKEN BY DTC OR ITS NOMINEE AS THE REGISTERED OWNER OF SERIES 2020 BONDS.

So long as Cede & Co. is the registered owners of the Series 2020 Bonds, as nominee for DTC, references in the Official Statement to the Bondholders or registered owners of the Bonds (other than under the caption "Tax Matters" in the Official Statement) shall mean Cede & Co. or any other DTC nominee, as aforesaid, and shall not mean the Beneficial Owners of the Series 2020 Bonds.

## **SECURITY AND SOURCE OF PAYMENT FOR THE SERIES 2020 BONDS**

### **General Obligation**

The Series 2020 Bonds are secured by and are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the Municipality. For the prompt payment of principal of and interest on the Series 2020 Bonds, the full faith and credit of the Municipality are pledged.

Under Tennessee law, the Municipality's legislative body is authorized to levy a tax on all taxable property within the Municipality, or a portion thereof, without limitation as to rate or amount, and a referendum is neither required nor permitted to set the rate or amount.

## **LEGAL MATTERS**

### **Pending Litigation**

The Municipality is subject to a variety of suits and proceedings arising in the ordinary conduct of their affairs. The Municipality, after reviewing the current status of all pending and threatened litigation with their counsel, believe that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against them or their officials in such capacity are adequately covered by insurance or sovereign immunity or will not have a material adverse effect upon the Municipality.

There is no litigation now pending or, to the knowledge of the Municipality, threatened which restrains or enjoins the issuance or delivery of the Series 2020 Bonds, or the pledge of its full faith and credit to secure the Series 2020 Bonds, or the use of the proceeds of the Series 2020 Bonds or which questions or contests the validity of the Series 2020 Bonds or the proceedings and authority under which they are to be issued. Neither the creation,



organization, or existence of the Municipality, nor the title of the present members or other officials of the Municipality to their respective offices, is being contested or questioned.

### **Opinion of Bond Counsel**

Legal matters incident to the authorization, validity, and issuance of the Series 2020 Bonds are subject to the approving opinion of Waller Lansden Dortch & Davis, LLP, Nashville, Tennessee, Bond Counsel to the Municipality. The form of opinion of Bond Counsel is attached to this Official Statement as Appendix A. Copies of the opinion will be available at the time of the initial delivery of the Series 2020 Bonds.

### **FUTURE FINANCING PLANS**

The Municipality currently has no additional debt planned for or authorized as of the date hereof.

### **TAX MATTERS**

#### **Federal Tax Treatment**

In the opinion of Waller Lansden Dortch & Davis LLP, Bond Counsel, to be delivered at the time of the original issuance of the of Series 2020 Bonds, based on existing laws, regulations and judicial decisions, interest on the Series 2020 Bonds is excludable from gross income for federal income tax purposes. The Internal Revenue Code of 1986, as amended (the “Code”) imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal tax purposes of interest on certain obligations, such as the Series 2020 Bonds. The Municipality has covenanted to comply with certain guidelines designated to assure that interest on the Series 2020 Bonds will not become includable in gross income. The opinion of Bond Counsel assumes compliance with these covenants.

Bond Counsel is further of the opinion that interest on the Series 2020 Bonds is not a specific preference item for purposes of the Code’s alternative minimum tax provisions. Prospective purchasers of the Series 2020 Bonds should be aware that ownership of the Series 2020 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with “excess net passive income,” foreign corporations subject to the branch profits tax and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2020 Bonds. Bond Counsel will not express any opinion as to such collateral tax consequences. Prospective purchasers of the Series 2020 Bonds should consult their tax advisors as to collateral federal income tax consequences. Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Series 2020 Bonds, or under State, local or foreign tax law.

*Bond Premium.* If a bondholder purchases a Series 2020 Bond for a price that is more than the principal amount, generally the excess is “bond premium” on that Series 2020 Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Series 2020 Bond will be reduced. The holder of a Series 2020 Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Series 2020 Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Series 2020 Bond with bond premium, even though the Series 2020 Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Series 2020 Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

*Information Reporting and Backup Withholding.* Information reporting requirements apply to interest on tax-exempt obligations, including the Series 2020 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment,

calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient. If an owner purchasing a Series 2020 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2020 Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

### **State Tax Treatment.**

Under existing law, the Series 2020 Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee except certain Tennessee franchise and excise taxes.

### **Qualified Tax-Exempt Obligations**

Under the Code, in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution’s interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain “qualified tax-exempt obligations.” as defined in Section 265 of the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the Municipality as to the Series 2020 Bonds, Bond Counsel has determined that the Series 2020 Bonds upon issuance will be “qualified tax-exempt obligations” within the meaning of the Code.

### **Related Tax Matters**

The Internal Revenue Service (the “Service”) has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. It cannot be predicted whether or not the Service will commence an audit of the Series 2020 Bonds. If an audit is commenced, under current procedures the Service may treat the Municipality as a taxpayer and the bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Series 2020 Bonds until the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, including the Series 2020 Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Series 2020 Bond owner who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or a substantially identical form, or to any Series 2020 Bond owner who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns. The reporting and backup withholding requirements do not affect the excludability of such interest from gross income for federal tax purposes.

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in Congress and the states that, if enacted, could alter or amend the federal and state tax matters referred to in this section or affect the marketability or market value of the Series 2020 Bonds or otherwise prevent holders of the Series 2020 Bonds from realizing the full benefit of the tax exemption of interest on the Series 2020 Bonds. No prediction is made whether such provisions will be enacted as proposed or concerning other future legislation affecting the tax treatment of interest on the Series 2020 Bonds. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Series 2020 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2020 Bonds would be impacted thereby. Prospective purchasers of the Series 2020 Bonds should consult their own tax advisors regarding any pending or proposed tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal or state tax legislation.

## **MUNICIPAL ADVISOR**

Stephens Inc. is serving as Municipal Advisor to the Municipality in connection with the issuance of the Series 2020 Bonds. Stephens Inc., in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal or state income tax status of the Series 2020 Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. The information set forth herein has been obtained from the Municipality and other sources believed to be reliable, but has not been independently verified by the Municipal Advisor.

The Municipal Advisor's fee for services rendered with respect to the sale of the Series 2020 Bonds is contingent upon the issuance and delivery of the Series 2020 Bonds.

The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the Municipality and, as applicable, to investors under the federal securities laws as applied to the facts and circumstance of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

## **MISCELLANEOUS**

### **Rating**

S&P Global Ratings (S&P) has assigned the Series 2020 Bonds the rating of AA+. An explanation of the significance of such rating may be obtained from the entity furnishing the same.

The above-described rating is not a recommendation to buy, sell or hold the Series 2020 Bonds. Generally, rating agencies base their ratings on information and materials furnished to the agencies and on investigations, studies and assumptions by the agencies. There is no assurance that the rating will be maintained for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency furnishing the same if, in such agency's judgment, circumstances so warrant. Any such downward revision or withdrawal of the rating may have an adverse effect on the market price of the Series 2020 Bonds. Neither the Municipality nor the Underwriter has undertaken any responsibility to oppose any revision or withdrawal of the rating.

### **Closing Certificates**

The Municipality will deliver to the Underwriter a certificate that no litigation is pending or threatened against it which would have a material effect on the issuance or validity of the Series 2020 Bonds or the pledge of the full faith and credit or on its financial condition. In addition, the Municipality will represent to the Underwriter that the information contained in this Official Statement does not contain any misrepresentation of a material fact and does not omit to state any material fact necessary to make the statements herein contained, in light of the circumstances under which they were made, not misleading.

### **Underwriting**

Piper Sandler & Co. (the "Underwriter") has agreed to purchase the Series 2020 Bonds at a purchase price of \$8,601,633.79, representing the face amount of the Bonds, plus original issue premium of \$683,048.10, less underwriter's discount of \$61,414.31. The Underwriter intends to offer the Series 2020 Bonds to the public initially at the offering prices shown on the cover page hereof, which prices may subsequently change without any requirement of prior notice. The Underwriter reserves the right to join with other dealers and underwriters in offering the Series 2020 Bonds to the public. The Underwriter may offer and sell the Series 2020 Bonds to certain dealers at prices lower than the public offering.

### **Independent Auditors**

The financial statements of the Municipality as of June 30, 2019, and for the year then ended, attached hereto as Appendix C, have been audited by Yearly, Howell & Associates, Nashville, Tennessee, independent

auditors, as stated in their report thereon and are included in reliance upon the authority of such firm as independent auditors.

**Additional Information**

Use of the words “shall” or “will” in this Official Statement in summaries of documents to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur but only that the document contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations or fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2020 Bonds.

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**AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT**

The Official Statement has been authorized by the Board of Commissioners of the Municipality. Concurrently with the delivery of the Series 2020 Bonds, the undersigned will furnish its certificate to the effect that nothing has come to its attention which would lead it to believe that this Official Statement contained, as of the date of delivery of the Series 2020 Bonds, any untrue statement of a material fact or omitted to state a material fact which should be included herein for the purposes for which this Official Statement is intended to be used or which is necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading.

By: /s/ Ed Hagerty  
Mayor

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**APPENDIX A**

**[Form of Bond Counsel Opinion]**

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December 1, 2020

City of Mt. Juliet  
Mt. Juliet, Tennessee

Piper Sandler & Co.  
Minneapolis, Minnesota

Re: \$7,980,000 General Obligation Refunding Bonds, Series 2020

Ladies and Gentlemen:

We have acted as bond counsel to the City of Mt. Juliet, Tennessee (the “City”) in connection with the issuance of \$7,980,000 General Obligation Refunding Bonds, Series 2020, dated December 1, 2020 (the “Bonds”). In such capacity, we have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify such facts by independent investigation.

Based on the foregoing, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and are valid and binding obligations of the City.

2. The resolution of the Board of Commissioners of the City authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the City enforceable in accordance with its terms.

3. The Bonds constitute general obligations of the City for the payment of which the City has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Series 2020 Bonds are payable primarily from unlimited *ad valorem* taxes to be levied on all taxable property within the corporate limits of the City.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with all such requirements. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. Except as set forth in this Opinion 4 and Opinion 6 below, we express no other opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxation in Tennessee except to the extent such interest may be included within the measure of Tennessee excise taxes on all or a portion of the interest on any Series 2020 Bonds during the period such Series 2020 Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee and Tennessee franchise taxes by reason of the inclusion of the

book value of the Series 2020 Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee .

6. The Bonds are “qualified tax-exempt” obligations within the meaning of Section 265 of the Code.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolution authorizing the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or changes in law that may hereafter occur.

Yours very truly,

WALLER LANSDEN DORTCH & DAVIS, LLP

## **APPENDIX B**

### **Supplemental Information**

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## ECONOMIC AND DEMOGRAPHIC INFORMATION GENERAL INFORMATION

The City of Mt. Juliet is located in middle Tennessee in Wilson County. The Municipality is approximately 17 miles east of Metropolitan Nashville- Davidson County. Mt. Juliet was formed in 1835 and incorporated in 1972 – the last incorporated town in Wilson County. The City serves a population of 37,029.

Mt. Juliet is the County’s largest city with two other incorporated areas in the County – Lebanon and Watertown. According to U.S. Census Bureau data, estimated 2019 populations for Lebanon and Watertown, were 36,479 and 1,523, respectively.

### DEMOGRAPHIC DATA

#### Population

The City of Mt. Juliet’s population for 2019 is reported as 37,029 reflecting a 199% increase from the 2000 Census report of 12,366.

	<u>Mt. Juliet</u>	<u>Wilson County</u>	<u>Tennessee</u>
1990 U.S. Census	8,312	68,019	4,890,626
2000 U.S. Census	12,366	89,236	5,703,719
2010 U.S. Census	23,671	114,677	6,355,311
2011 U.S. Census Estimate	25,864	116,800	6,399,291
2012 U.S. Census Estimate	26,851	119,143	6,453,898
2013 U.S. Census Estimate	28,209	121,990	6,494,340
2014 U.S. Census Estimate	29,325	125,197	6,541,223
2015 U.S. Census Estimate	31,391	128,536	6,591,170
2016 U.S. Census Estimate	33,119	132,494	6,646,010
2017 U.S. Census Estimate	34,654	136,691	6,708,799
2018 U.S. Census Estimate	35,661	140,954	6,771,631
2019 U.S. Census Estimate	37,029	144,657	6,829,174

Source: U.S. Bureau of the Census

#### Income and Housing

The City of Mt. Juliet is a growing and important part of Wilson County. Since 2000, Per Capita Personal Income and Median Housing Value for Wilson County has exceeded the State average.

	<u>Wilson County</u>	<u>Tennessee</u>	<u>% of State</u>
2009 Per Capita Personal Income	\$35,977	\$34,260	105.0%
2010 Per Capita Personal Income	\$36,428	\$35,653	102.2%
2011 Per Capita Personal Income	\$37,675	\$37,616	100.2%
2012 Per Capita Personal Income	\$39,998	\$39,296	101.8%
2013 Per Capita Personal Income	\$40,374	\$39,421	102.4%
2014 Per Capita Personal Income	\$41,711	\$40,799	102.2%
2015 Per Capita Personal Income	\$43,977	\$42,590	103.3%
2016 Per Capita Personal Income	\$45,494	\$43,720	104.1%
2017 Per Capita Personal Income	\$46,989	\$44,950	104.5%
2018 Per Capita Personal Income	\$49,092	\$46,889	104.7%

Source: Bureau of Economic Analysis, CA1-3 Personal Income Summary

	<b>Wilson County</b>	<b>Tennessee</b>	<b>% of State</b>
2010 Median Housing Value	\$189,900	\$149,900	126.7%
2011 Median Housing Value	\$199,826	\$150,925	132.4%
2012 Median Housing Value	\$206,000	\$160,000	128.8%
2013 Median Housing Value	\$227,000	\$165,000	137.6%
2014 Median Housing Value	\$234,000	\$166,000	141.0%
2015 Median Housing Value	\$241,000	\$175,000	137.7%
2016 Median Housing Value	\$254,950	\$185,000	137.8%
2017 Median Housing Value	\$289,900	\$196,800	147.3%
2018 Median Housing Value	\$309,999	\$210,000	147.6%
2019 Median Housing Value	\$324,063	\$226,000	143.4%

Source: Tennessee Housing Development Agency – This data reflects only the sales prices of new and existing homes that were sold in the respective years. This data may not be representative of the median value of all homes in the County or State.

## ECONOMIC DATA

### Labor Force, Employment and Unemployment Data

The labor force within Mt. Juliet has increased from 12,956 to 19,728 reflecting a 52% increase since 2010. As shown below, the City's and County's unemployment rate has remained below the State and the United States unemployment rate over the last 10 year.

<b>Year</b>	<b>Employment</b>	<b>Unemployment</b>	<b>Total Labor Force</b>	<b>Unemployment Percent</b>			
				<b>City</b>	<b>County</b>	<b>State</b>	<b>U.S.</b>
2010	11,909	1,047	12,956	8.1%	8.4%	9.6%	9.6%
2011	12,530	1,006	13,536	7.4%	7.6%	9.0%	8.9%
2012	13,072	864	13,936	6.2%	6.4%	7.8%	8.1%
2013	13,590	869	14,459	6.0%	6.3%	7.7%	7.4%
2014	14,093	769	14,862	5.2%	5.3%	6.6%	6.2%
2015	15,329	704	16,033	4.4%	4.6%	5.6%	5.3%
2016	16,603	620	17,223	3.6%	3.9%	4.7%	4.9%
2017	17,817	516	18,333	2.8%	3.0%	3.8%	4.3%
2018	18,801	519	19,320	2.7%	2.8%	3.5%	3.9%
2019	19,594	519	20,113	2.6%	2.7%	3.4%	3.7%
Sep-20	18,603	1,125	19,728	5.7%	5.3%	6.3%	7.9%

Source: Bureau of Labor Statistics

## Major Employers

The following table includes numerous major employers in the City and Wilson County. This information was compiled prior to the outbreak of Covid-19 and does not reflect any negative changes which have occurred since the outbreak. The City believes it is likely that some firms on this list have reduced the number of employees as a result of slowing economic conditions. Given the uncertainties surrounding the Covid-19 outbreak, it is not known whether employee reductions, in general, will be temporary or permanent.

<b>Employer</b>	<b>Employees</b>	<b>Product/Service</b>
Wilson County Schools	2,282	Education
Cracker Barrel Old Country Store	820	Corporate Headquarters for Restaurants
University Medical Center	800	Hospital
Performance Food Group	646	Food Distribution Center
CEVA Logistics	625	VMI & Logistics Provider for DELL & Nissan
Wilson County	579	Government Services
Under Armour	550	Distribution Center
Genco	500	Electronics Refurbishment
TRW Automotive	500	Hydraulic Steering Gears
Lebanon Special School District	480	Education
Manheim Nashville	425	Auto Auction Facility
Lochinvar, LLC	425	Water Heaters, Boilers and Pool Heaters
Jones Bros., Inc.	400	Road Building and Earth Moving
Ozburn Hessey Logistics	380	Distribution & Logistics
L&W Engineering Co.	367	Metal Stamping
City of Lebanon	350	Government Services

Sources: Joint Economic & Community Development Board of Wilson County and the TN Department of Economic and Community Development.

## COVID-19

The world-wide outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread to several counties and cities in the State of Tennessee, including the City and is considered by the World Health Organization to be a Public Health Emergency of International Concern. The spread of COVID-19 has led to quarantine and other “social distancing” measures in affected regions. While effects of COVID-19 on the City may be temporary, the virus has affected travel, commerce and financial markets across the world.

As of November 9, 2020, Wilson County has approximately 700 known active cases of COVID-19. The City is unable to predict: (i) the extent or duration of the COVID-19 outbreak or any other epidemic or pandemic; (ii) the extent or duration of existing and additional quarantines, travel restrictions or other measures relating to COVID-19 or any other epidemic or pandemic; or (iii) whether and to what extent the COVID-19 outbreak or any other epidemic or pandemic may disrupt the local or global economy, manufacturing or the supply chain or whether any such disruption may adversely affect the operations of the City. Given the evolving nature of the spread of the virus and the behavior of governments, businesses and individuals in response thereto, the City cannot accurately predict the magnitude of the impact of COVID-19 on the City and its financial condition. The City is proactively taking steps to mitigate the spread of COVID-19 and to preserve effective staffing for all essential City operations.

Although the City cannot accurately predict the magnitude of the ultimate impact of COVID-19 outbreak on the City’s finances, the City is carefully monitoring the immediate effect of the COVID-19 outbreak on the City’s finances and is attempting to make projections as to the effect of the COVID-19 outbreak for the upcoming fiscal

year. For the most recent fiscal year, the City's largest source of revenues was sales tax revenues. Despite the impact of Covid-19, the City estimates that for fiscal year 2019-2020 sales tax collections were up approximately 9.23% over fiscal year 2018-2019.

The City estimates that sales tax collections in the months of July, August and September of 2020 increased approximately 36% from the same period in the prior year. This represents a material increase over the fiscal year 2020-2021 budget. In the budget, the City conservatively forecasted a \$1 million decline in sales tax revenues for the year. A portion of the recent increase in revenues is attributable to the fact that the local option sales tax rate was increased from 2.25% to 2.75% in a March 2020 voter referendum.

The City expects to receive some federal and/or State assistance to offset costs to the City of addressing the COVID-19 outbreak. As this point, the City has requested approximately \$535,000 in aid for qualifying expenses. The City has not been informed as to the timing or amount of any federal or State assistance that may be provided, nor does the City know the scope of expenses that will be payable from such assistance. Therefore, the City cannot provide any assurances to whether any decline in tax revenues will be mitigated, in whole or part, by such assistance. The City's proposed budget for the 2021 fiscal year does not include any such assistance as a source of revenue to provide for a balanced budget.

The City's current liquidity position is expected to be adequate to fund essential services and make timely debt service payments on debt of the City.

Various types of information regarding employment and income trends within the City are detailed in this APPENDIX B. This information was assembled prior to the COVID-19 outbreak and may not be reflective of current financial conditions. For example, unemployment rates throughout the United States, including the City, have increased significantly since the COVID-19 outbreak. Furthermore, the largest employers in the City and Wilson County are listed in this Appendix B. The COVID-19 outbreak has affected businesses throughout the United States, including businesses in the City and County, and many of the employers listed in this APPENDIX B may have reduced their employment levels from the described levels. Given the fluidity of the current economic environment, the City is not able to provide sufficiently accurate updates to this information.

## **CYBER-SECURITY**

The City utilizes various computer systems and network technology to perform many of its vital operations. Such operations often include the storage and transmission of sensitive information, and as a result, the City may be the target of cyberattacks attempting to gain access to such information. In addition to intentional attacks, information breaches may occur due to unintentional employee error. A successful cyberattack or unintentional breach may require the expenditure of an unknown amount of money or time to resolve, substantially interrupt municipal services and operations and subject the City to legal action. The City has no knowledge of, nor historical record of any successful cyber-security breach or related attack. Attempted cyber-security attacks, whether anonymous or targeted, occur on a periodic frequency that is not uncommon to organizations or agencies of similar characteristics. To mitigate against such risks, the City has instituted various policies and procedures to protect its network infrastructure, including a cyber-security training requirement for certain departments, as well as general cyber-security training and awareness for all employees. The City also maintains insurance against cyber-security incidents, up to a coverage maximum of \$1,000,000. Despite the City's measures to safeguard its network infrastructure, there are no guarantees that such measures will be successful.



## **Retail Development/Trade**

Wilson County's has experienced strong growth in commercial and retail activity over the past decade. The Tennessee Department of Revenue reports that total retail sales in the County was \$2.54 billion for 2019 which represents an 82% increase since 2010.

Year	Retail Sales	Year	Retail Sales
2010	\$1,395,739,568	2015	\$2,054,296,592
2011	\$1,552,137,220	2016	\$2,466,926,295
2012	\$1,667,022,789	2017	\$2,740,635,003
2013	\$1,755,930,244	2018	\$2,581,139,825
2014	\$1,867,771,657	2019	\$2,543,680,123

Source: Tennessee Department of Revenue

Like Wilson County, Mt. Juliet has similarly experienced growth in retail sales and sales tax collections. Mt. Juliet is home to Providence, a 1,000 acre commercial, retail and residential development. The retail component, Providence Marketplace, is one of the largest open-air shopping centers between Nashville and Knoxville. The shopping center offers over 850,000 square feet for retailers and restaurants. The shopping center is home to a variety of popular stores such as Belk, JC Penny, Best Buy, TJ Max and Target. The marketplace also features numerous specialty shops. The residential portion of the project includes over 1,000 homes in multiple different neighborhoods. The development includes multiple swimming pools with over 50 acres of natural areas for hiking and biking trails.

Mt. Juliet is also home to The Paddocks of Mt. Juliet. This shopping area is anchored by Lowe's and Walmart Supercenter. The Paddocks is a 140 acre open air lifestyle center with room for future development.

In July 2020, Amazon announced that it will be creating 1,000 full-time jobs at a new 855,000 square foot fulfillment center in Mt. Juliet. This \$200 million investment in Mt. Juliet will create a state-of-the-art facility which will use innovative robotics technology. Proposed plans include an eventual 3.6 million square foot, five-story facility with additional warehouse and office space.

## **Location and Transportation**

Mt. Juliet is accessed by I-40. I-840 is located in the County within 2 miles from the City. U.S. Highways 70 and 231 and State Highways 10, 24, 26, 109, 141, 171 and 265 traverse the County. Freight rail service is provided by the Nashville Railroad & Eastern Corporation.

### ***Air Transport***

The Lebanon Municipal Airport is Wilson County's municipal airport with a 5,000 foot asphalt runway.

Located just 12 miles from Mt. Juliet is the Nashville International Airport. The airport provides commercial air service to the metropolitan area and all of Middle Tennessee through all major commercial carriers. With approximately 580 daily flights, the Nashville International Airport serves 70+ nonstop markets by 16 airlines.

### ***Rail Transport***

The Music City Star is a regional rail service running between Nashville and Lebanon, Tennessee. The service uses the existing trackage of the Nashville and Eastern Railroad. The line currently has seven stops along the line from

downtown Nashville to Lebanon, including a stop in Mt. Juliet. The operation covers 32 miles of rail line. Service began in September of 2006.

**Public Education**

The Tennessee General Assembly has authorized two different school systems to provide public education in the County - the Wilson County School System (the “County System”) and the Lebanon Special School District (the “District”). The County System operates grades kindergarten through twelve in 23 schools with a 2018-2019 average daily membership of 18,314 students.

The District operates grades kindergarten through eight in 6 schools with a 2018-2019 average daily membership of 3,727 students.

<b>AVERAGE DAILY MEMBERSHIP</b>			
<b>School Year</b>	<b>Wilson County Schools</b>	<b>Lebanon Special School District</b>	<b>Total</b>
2009-2010	15,057	3,183	18,240
2010-2011	15,408	3,327	18,735
2011-2012	15,637	3,381	19,018
2012-2013	16,002	3,547	19,549
2013-2014	16,446	3,581	20,027
2014-2015	16,766	3,628	20,394
2015-2016	17,206	3,552	20,758
2016-2017	17,693	3,537	21,230
2017-2018	18,051	3,627	21,678
2018-2019	18,314	3,727	22,041

Source: Tennessee Department of Education.

**Higher Education**

Mt. Juliet is less than a one hour drive from seventeen colleges and universities. Cumberland University is located in Lebanon, the County seat. Cumberland is a private school. Located 20 miles north is Volunteer State Community College in Gallatin. Located 35 miles southwest of Mt. Juliet is Middle Tennessee State University in Murfreesboro. Within a short drive are Tennessee State University, the University of Tennessee Space Institute, David Lipscomb University, Fisk University, Vanderbilt University, Belmont University and Trevecca Nazarene College.

**Retirement Commitments**

See page 27, Note 7 in Appendix C.

**Other Post-employment Benefits (“OPEB”)**

See page 31, Note 8 in Appendix C.

## **Government**

The City of Mt. Juliet operates under a Commission-Manager form of government. The Municipality provides the following services as authorized by its charter: public safety (police), fire protection, highways and streets, public improvements, planning and zoning, general administrative services and sanitary sewers. The City is governed by an elected Mayor and four elected District Commissioners. The Mayor and Commissioners serve staggered 4-year terms. The most recent election was November 3, 2020. In this election, the current Vice-Mayor was elected Mayor. Additionally, two incumbent Commissioners were re-elected and one new Commissioner was elected.

## SUMMARY OF OUTSTANDING DEBT

Original Issue Amount	Issue	Interest Rate	Final Maturity	Amount Outstanding 6/30/2020 <sup>(1)</sup>
<b>Bonds and Other Obligations:</b>				
<i>General Obligation Debt</i>				
\$6,070,000	GO Refunding and Improvement Bonds, Series 2019	5.00%	6/2026	\$5,275,000
\$7,980,000	GO Refunding Bonds, Series 2020	1.00% - 4.00%	6/2034	\$7,980,000
<b>Total General Obligation Debt</b>				<b>\$13,255,000</b>
<i>Other Obligations</i>				
\$2,600,028	Capital Lease - Fire Truck	2.69%	9/2023	\$1,123,446
\$292,166	Capital Lease - Police Equipment	5.38%	11/2022	\$235,749
<b>Total Other Obligations</b>				<b>\$1,359,195</b>
<b>Total Current Outstanding Debt and Other Obligations</b>				<b>\$14,614,195</b>

## DEBT STATEMENT

(as of June 30, 2020)

<b>Outstanding Debt</b>	
Total Current Outstanding Debt	\$14,614,195
<b>Gross Direct Debt</b>	\$14,614,195
<b>Net Direct Debt</b>	\$14,614,195
Net Overlapping Debt (as of June 30, 2020)	
Wilson County Debt (Pro rata estimate based on Mt. Juliet taxbase )	\$124,118,413
<b>Total Net Overlapping Debt</b>	<u>\$124,118,413</u>
<b>Overall Net Debt</b>	<u>\$138,732,608</u>

## DEBT RECORD OF MT. JULIET

**There is no record of a default on bond principal and interest from information available.**

(1) As of 6/30/20 and adjusted for GO Refunding Bonds, Series 2020.

Sources: Comprehensive Annual Financial Reports prepared and audited by Yeary, Howell and Associates, Certified Public Accountants, for the year ending June 30, 2019 and City Officials.

## POPULATION

	<u>Mt. Juliet</u>	<u>Wilson County</u>	<u>Tennessee</u>
1990 U.S. Census	8,312	68,019	4,890,626
2000 U.S. Census	12,366	89,236	5,703,719
2010 U.S. Census	23,671	114,677	6,355,311
2011 U.S. Census Estimate	25,864	116,800	6,399,291
2012 U.S. Census Estimate	26,851	119,143	6,453,898
2013 U.S. Census Estimate	28,209	121,990	6,494,340
2014 U.S. Census Estimate	29,325	125,197	6,541,223
2015 U.S. Census Estimate	31,391	128,536	6,591,170
2016 U.S. Census Estimate	33,119	132,494	6,646,010
2017 U.S. Census Estimate	34,654	136,691	6,708,799
2018 U.S. Census Estimate	35,661	140,954	6,771,631
2019 U.S. Census Estimate	37,029	144,657	6,829,174

Source: U.S. Bureau of the Census

## PER CAPITA DEBT RATIOS

Outstanding Debt	\$395
Gross Direct Debt	\$395
Net Direct Debt	\$395
Total Net Overlapping Debt	\$3,352
Overall Net Debt	\$3,747

## DEBT RATIOS

	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
Outstanding Debt to	1.17%	0.29%
Gross Direct Debt to	1.17%	0.29%
Net Direct Debt to	1.17%	0.29%
Total Net Overlapping Debt to	9.95%	2.48%
Overall Net Debt to	11.12%	2.78%

## DEBT TREND

### Fiscal Years Ending June 30

	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
GO Bonds & Loans	\$12,189,800	\$12,807,500	\$13,406,500	\$13,942,000	\$14,240,000
GO Notes	0	0	0	220,000	806,689
Capital Leases	1,678,324	1,641,989	1,891,118	2,133,721	2,369,969
Obligation to Co. School System	0	284,602	284,602	284,602	284,602
<b>Total Debt</b>	<b>\$13,868,124</b>	<b>\$14,734,091</b>	<b>\$15,582,220</b>	<b>\$16,580,323</b>	<b>\$17,701,260</b>

Sources: Comprehensive Annual Financial Reports prepared and audited by Yeary, Howell and Associates, Certified Public Accountants, for the years ending June 30, 2015 through 2019.

**GENERAL OBLIGATION DEBT SERVICE REQUIREMENTS**

as of June 30, 2020<sup>(1)</sup>

Year No.	Year Ended June 30	Total Outstanding Principal	Plus: GO Refunding Bonds, Series 2020	Total Principal Requirements	Percent Principal Retired	Total Outstanding Interest	Plus: GO Refunding Bonds, Series 2020	Total Interest Requirements	Total Debt Service Requirements
1	2021	775,000	135,000	910,000		263,750	93,203	356,953	1,266,953
2	2022	810,000	145,000	955,000		225,000	181,005	406,005	1,361,005
3	2023	850,000	140,000	990,000		184,500	175,205	359,705	1,349,705
4	2024	900,000	155,000	1,055,000		142,000	169,605	311,605	1,366,605
5	2025	950,000	165,000	1,115,000	37.91%	97,000	163,405	260,405	1,375,405
6	2026	990,000	175,000	1,165,000		49,500	156,805	206,305	1,371,305
7	2027		780,000	780,000			149,805	149,805	929,805
8	2028		815,000	815,000			118,605	118,605	933,605
9	2029		855,000	855,000			86,005	86,005	941,005
10	2030		895,000	895,000	71.94%		51,805	51,805	946,805
11	2031		910,000	910,000			42,855	42,855	952,855
12	2032		920,000	920,000			33,755	33,755	953,755
13	2033		935,000	935,000			23,635	23,635	958,635
14	2034		955,000	955,000	100.00%		12,415	12,415	967,415
		<u>\$5,275,000</u>	<u>\$7,980,000</u>	<u>\$13,255,000</u>		<u>\$961,750</u>	<u>\$1,458,108</u>	<u>\$2,419,858</u>	<u>\$15,674,858</u>

(1) As of 6/30/20 and adjusted for GO Refunding Bonds, Series 2020. Excludes Bonds being refunded and Capital Leases of \$1,359,195.

Sources: Comprehensive Annual Financial Reports prepared and audited by Yeary, Howell and Associates, Certified Public Accountants for the Fiscal Year Ending June 30, 2019 and District Officials.

**PROPERTY VALUATION AND PROPERTY TAX**

The City is authorized to levy a tax on all property within the City without limitation as to rate or amount. All real and personal property within the City is assessed in accordance with the state constitutional and statutory provisions by the County Property Tax Assessor except most utility property, which is assessed by the Office of State Assessed Properties. All property taxes are due on October 1 of each year based upon appraisals as of January 1 of the same calendar year. All property taxes are delinquent on March 1 of the subsequent calendar year.

**PROPERTY VALUATION AND PROPERTY TAX**

Fiscal Year Tax Year	Reappraisal Year				
	2019-2020 2019	2018-2019 2018	2017-2018 2017	2016-2017 2016	2015-2016 2015
<b>ESTIMATED ACTUAL VALUES</b>					
Residential & Farm	\$3,565,392,074	\$3,337,492,692	\$2,702,218,600	\$2,584,759,800	\$2,351,391,688
Commercial & Industrial	1,199,126,746	1,132,838,688	894,507,600	812,510,500	754,700,833
Personal Tangible Property	183,337,432	163,828,336	147,974,178	91,477,372	96,335,582
Public Utilities	48,536,330	38,770,445	41,490,012	47,513,552	34,357,724
<b>Total Estimated Actual Values</b>	<b>\$4,996,392,582</b>	<b>\$4,672,930,161</b>	<b>\$3,786,190,390</b>	<b>\$3,536,261,224</b>	<b>\$3,236,785,827</b>
Annual Percentage Change	6.92%	23.42%	7.07%	9.25%	15.02%
Estimated Per Capita Amount	\$134,932	\$126,196	\$109,012	\$106,585	\$102,961
<b>ASSESSED VALUES</b>					
Residential & Farm (at 25%)	\$765,846,225	\$716,893,425	\$675,554,650	\$646,189,950	\$524,654,275
Commercial & Industrial (at 40%)	412,115,880	389,334,000	357,803,040	324,806,440	269,428,200
Personal Tangible Property (at 30%)	48,671,456	43,054,180	44,392,330	27,443,240	26,084,044
Public Utilities (at 30%-55%)	21,186,346	16,923,674	18,110,765	20,740,233	14,997,579
<b>Total Assessed Values</b>	<b>\$1,247,819,907</b>	<b>\$1,166,205,279</b>	<b>\$1,095,860,785</b>	<b>\$1,019,179,863</b>	<b>\$835,164,098</b>
Annual Percentage Change	7.00%	6.42%	7.52%	22.03%	5.90%
Estimated Per Capita Amount	\$33,698	\$31,494	\$31,552	\$30,719	\$26,566
<b>Appraisal Ratio</b>	85.92%	85.92%	100.00%	100.00%	89.25%
<b>Assessed Values to Actual Values</b>	24.97%	24.96%	28.94%	28.82%	25.80%

Source: Tennessee Division of Property Assessments.

**Property Tax Collections  
For Fiscal Years Ending June 30**

	(Estimate)				
	2020	2019	2018	2017	2016
<b>GOVERNMENTAL FUNDS</b>					
Tax Rate	\$0.1664	\$0.1664	\$0.1664	\$0.1664	\$0.2000
Property Taxes Levied	\$2,041,991	\$1,940,664	\$1,823,590	\$1,661,408	\$1,670,889
Current Fiscal Year Collections	\$1,997,345	\$1,923,963	\$1,809,260	\$1,650,099	\$1,632,686
Percentage Collected in Current Year	97.8%	99.1%	99.2%	99.3%	97.7%

Sources: Comprehensive Annual Financial Reports prepared and audited by Yeary, Howell and Associates, Certified Public Accountants, for the year ending June 30, 2015 through 2019 and City Officials.

**TOP TAXPAYERS  
(Property Tax)**

<b>Name</b>	<b>Description</b>	<b>Assessment</b>	<b>Tax</b>
Lc Providence I LLC	Shopping Center	\$18,164,080	\$30,225
Industrial Development Board of Wilson Cty	Manufacturing	17,092,120	28,441
Ramco Providence Marketplace LLC	Shopping Center	15,349,960	25,540
Glass Creek Village LLC	Apartments	15,109,400	25,142
Western A Midwest Tn LLC	Manufacturing	13,993,960	23,286
Deerfield at Providence	Apartments	13,278,076	22,095
Meridian at Providence	Apartments	10,579,475	17,604
Br Providence Nashville LLC	Apartments	9,916,449	16,501
Raia Tn Exchange Co-2 LLC Etals	Apartments	7,256,400	12,075
Carrich Glen Senior Living	Senior Living Center	7,150,253	11,897
<b>Total Top 10</b>		<b>\$127,890,173</b>	<b>\$212,806</b>
<b>Total 2020 Assessed Value</b>		<b>\$1,254,784,368</b>	<b>\$2,088,034</b>
<b>Top 10 % of Total</b>		<b>10.19%</b>	<b>10.19%</b>

**FUND BALANCES  
For Fiscal Years Ending June 30**

The General Fund is the chief operating fund of the City of Mt. Juliet. City officials estimate that Fiscal Year 2020 General Fund revenues were approximately \$25.4 million and General Fund expenses were approximately \$17.7 million. After adjustments and transfers to the Capital Projects Fund, City officials expect the Fiscal Year 2020 General Fund balance to exceed \$39.8 million.

	(Estimate)				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>GOVERNMENTAL FUNDS</b>					
General Government Fund	\$39,878,774	\$36,425,901	\$29,280,700	\$23,971,131	\$23,608,178
State Street Aid Fund	303,050	141,001	98,829	471,097	604,986
Drug Fund	326,602	324,385	312,319	351,517	388,085
Stormwater Fund	866,603	657,024	471,928	241,724	128,615
Emergency/Community Svc Fund	3,135,865	1,519,704	1,796,738	2,116,673	2,454,304
Debt Service Fund	188,304	260,206	76,692	264,426	259,684
Capital Projects	3,909,896	1,699,083	4,789,650	6,077,042	3,049,427
<b>Total Governmental Funds</b>	<b>\$48,609,094</b>	<b>\$41,027,304</b>	<b>\$36,826,856</b>	<b>\$33,493,610</b>	<b>\$30,493,279</b>
<b>PROPRIETARY FUNDS</b>					
Sewer Fund - Net Assets	\$71,487,670	\$70,435,135	\$66,114,442	\$62,979,013	\$58,144,106
<b>TOTAL GOVERNMENTAL FUNDS</b>	<b>\$120,096,764</b>	<b>\$111,462,439</b>	<b>\$102,941,298</b>	<b>\$96,472,623</b>	<b>\$88,637,385</b>

Sources: Comprehensive Annual Financial Reports prepared and audited by Yeary, Howell and Associates, Certified Public Accountants, for the years ending June 30, 2015 through 2019 and City Officials.



**LOCAL SALES TAX**  
**For Fiscal Years Ending June 30**

The City of Mt. Juliet completed the 2019-2020 Fiscal Year on June 30, 2020. Although revenue figures have not been finalized or audited, City officials estimate that sales tax revenues for Fiscal Year 2020 were approximately \$11.6 million. The City estimates that sales tax collections in the months of July, August and September of 2020 increased approximately 36% from the same period in the prior year. A portion of the recent increase in revenues is attributable to the fact that the local option sales tax rate was increased from 2.25% to 2.75% in a March 2020 voter referendum.

	(Estimate)				
	2020*	2019	2018	2017	2016
Rate (Percent of retail sales)	2.25%	2.25%	2.25%	2.25%	2.25%
<b>Distribution to Following Funds</b>					
General Fund	\$11,586,907	\$10,607,465	\$10,280,893	\$9,666,727	\$9,091,716
<b>Total Amount Collected</b>	<u>\$11,586,907</u>	<u>\$10,607,465</u>	<u>\$10,280,893</u>	<u>\$9,666,727</u>	<u>\$9,091,716</u>
% of Increase	9.23%	3.18%	6.35%	6.32%	10.65%

\* - Rate was increased to 2.75% effective May 2020.

Sources: Comprehensive Annual Financial Reports prepared and audited by Yeary, Howell and Associates, Certified Public Accountants, for the years ending June 30, 2015 through 2019 and City Officials.

**STATEMENT OF OPERATING REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GENERAL FUND - FOR YEARS ENDING JUNE 30**

	(Estimate)				
	2020	2019	2018	2017	2016
<b>REVENUES</b>					
Local Taxes:					
Local Sales Taxes	11,586,907	10,607,465	10,280,893	9,666,727	9,091,716
Wholesale Beer Tax	1,018,088	816,693	823,098	828,738	821,761
Wholesale Liquor Tax	607,985	520,618	468,420	449,940	440,435
Franchise Taxes	1,015,519	1,058,135	1,019,067	889,167	843,261
Hotel/Motel Tax	642,310	721,257	651,682	539,962	460,870
Business Taxes	1,167,591	1,138,225	1,101,736	1,002,731	936,372
Intergovernmental Revenue	3,583,002	3,653,143	3,301,886	2,967,397	3,823,015
Fines and Forfeits	1,329,150	1,320,430	1,111,431	1,005,020	946,545
Licenses & Permits	3,543,044	2,434,815	1,987,351	1,561,061	1,614,696
Charges for Services	286,680	430,333	236,913	510,735	330,107
Uses of Money and Property	306,949	380,446	265,614	233,506	268,198
Miscellaneous	283,118	162,130	278,942	124,003	133,452
<b>Total Revenues &amp; Other Sources</b>	<u>\$25,370,343</u>	<u>\$23,243,690</u>	<u>\$21,527,033</u>	<u>\$19,778,987</u>	<u>\$19,710,428</u>
<b>EXPENDITURES</b>					
General Government	\$4,276,630	\$3,309,008	\$3,331,904	\$3,089,370	\$3,517,440
Public Safety	7,530,478	7,092,733	6,259,100	6,074,600	5,411,960
Streets and Public Works	2,990,957	2,251,241	2,036,131	1,776,612	1,411,609
Parks and Culture	1,044,770	1,323,846	1,328,942	1,162,797	1,116,051
Capital Outlay	1,892,431	1,671,955	3,113,126	1,272,873	979,074
<b>Total Expenditures &amp; Other Uses</b>	<u>\$17,735,267</u>	<u>\$15,648,783</u>	<u>\$16,069,203</u>	<u>\$13,376,252</u>	<u>\$12,436,134</u>
Excess of Revenues Over (Under) Expenditures	\$7,635,076	\$7,594,907	\$5,457,830	\$6,402,735	\$7,274,294
<b>OTHER FINANCING SOURCES (USES):</b>					
Bond Issuance/Lease Proceeds	\$0	\$292,166	\$0	\$0	\$0
Proceeds from sale of property	\$46,976	\$364,501	\$0	\$0	\$1,119,700
Interfund Transfer In (Out)	(4,229,179)	(685,003)	(148,261)	(6,039,782)	(3,322,998)
<b>Total Other Financing Sources (Uses):</b>	<u>(\$4,182,203)</u>	<u>(\$28,336)</u>	<u>(\$148,261)</u>	<u>(\$6,039,782)</u>	<u>(\$2,203,298)</u>
<b>Excess of Revenues &amp; Other Sources over (under) Expenditures &amp; Other Uses</b>	<u>\$3,452,873</u>	<u>\$7,566,571</u>	<u>\$5,309,569</u>	<u>\$362,953</u>	<u>\$5,070,996</u>
<b>Fund Balance, July 1</b>	36,425,901	29,280,700	23,971,131	23,608,178	18,537,182
Restatement	0	(421,370)			
<b>Fund Balance, June 30</b>	<u>\$39,878,774</u>	<u>\$36,425,901</u>	<u>\$29,280,700</u>	<u>\$23,971,131</u>	<u>\$23,608,178</u>

Sources: Comprehensive Annual Financial Reports prepared and audited by Yeary, Howell and Associates, Certified Public Accountants, for the years ending June 30, 2015 through 2019 and City Officials.

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**APPENDIX C**

**Audited Financial Statements for Fiscal Year Ended June 30, 2019**

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**CITY OF MT. JULIET, TENNESSEE**

Annual Financial Report

For the Year Ended June 30, 2019

CITY OF MT. JULIET, TENNESSEE

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**FINANCIAL SECTION**



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## **INDEPENDENT AUDITOR'S REPORT**

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

### **Report on Financial Statements**

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

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

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

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

## **Other Matters**

### *Required Supplementary Information*

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

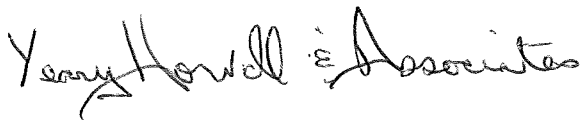
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund statements and schedules are presented for the purpose of additional analysis and are not a required part of the basic financial statements.

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

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

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



November 15, 2019

## **Management's Discussion and Analysis**

As management of the City of Mt. Juliet, Tennessee (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2019. The analysis will focus on significant financial position, budget changes, and variances from the budget, and specific issues related to funds and the economic factors affecting the City. We encourage readers to read the information presented here in conjunction with additional information that is furnished in the City's financial statements, which follow this narrative.

## **Financial Highlights**

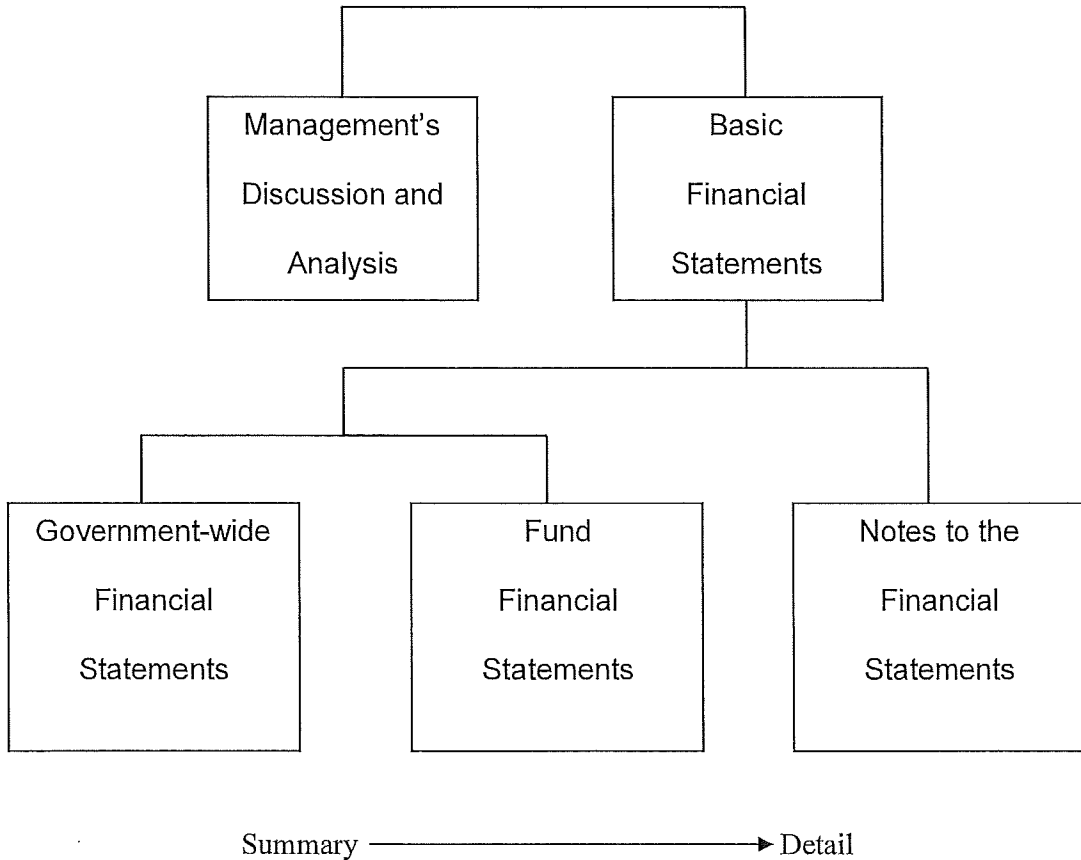
- The assets and deferred outflows of resources of the City of Mt. Juliet, TN exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by more than \$180 million.
- The government's total net position increased by \$16 million, due to increases in the business type activities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

## **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to City of Mt. Juliet's basic financial statements. The City's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the City through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other information that will enhance the reader's understanding of the financial condition of the City of Mt. Juliet.

**Required Components of Annual Financial Report**

**Figure 1**



**Basic Financial Statements**

The first two statements, pages 1 and 2, in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the City's financial status.

The next statements, pages 3 through 15, are Fund Financial Statements. These statements focus on the activities of the individual parts of the City's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. These notes are disclosed on pages 16-38. After the notes, additional information is provided to show

## City of Mt. Juliet

details about the City's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements. There are additional financial schedules and other required reports.

### Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the City's financial status as a whole. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The two government-wide statements report the City's net position and how they have changed. Net position is the difference between the City's total assets and total liabilities. Measuring net position is one way to gauge the City's financial condition.

The government-wide statements are divided into two categories, governmental activities and business-type activities. The governmental activities include most of the City's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the City charges customers to provide. Sewer is the only service offered by the City of Mt. Juliet. The City of Mt. Juliet has no component units.

The government-wide financial statements are on pages 1 and 2 of this report.

### Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the City's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Mt. Juliet, TN, like all other governmental entities in Tennessee, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of City of Mt. Juliet can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between

## City of Mt. Juliet

government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The **City of Mt. Juliet** adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the City the management of the City and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the City to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the City complied with the budget ordinance and whether or not the City succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board of Commissioners; 2) the final budget as amended by the Board of Commissioners; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – City of Mt. Juliet has two different kinds of proprietary funds. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. City of Mt. Juliet uses an enterprise fund to account for its sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

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

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 16-38 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the City of Mt. Juliet's progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found on pages 40 through 43.

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

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

## City of Mt. Juliet

30, 2019. The City's net position increased by \$16 million for the fiscal year ended June 30, 2019 when compared to the fiscal year ended June 30, 2018. However, the largest portion, 67.3% reflects the City's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding issued to acquire those items. The City of Mt. Juliet uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Mt. Juliet's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the City of Mt. Juliet's net position, 8.4% represents resources that are subject to external restrictions on how they may be used. The remaining balance of over \$44 million, 24.3% is unrestricted.

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

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

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

## City of Mt. Juliet

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

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

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

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

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



## City of Mt. Juliet

### Financial Analysis of the City of Mt. Juliet Funds

As noted earlier, the City of Mt. Juliet uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds:** The focus of the City of Mt. Juliet's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the City of Mt. Juliet's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the City of Mt. Juliet. At the end of the current fiscal year, unassigned fund balance of the General Fund was over \$12.7 million, while total fund balance was over \$36 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 79.3% of total General Fund expenditures when including amounts transferred to the State Street Aid Fund and while excluding transfers for the City's share of road construction projects while total fund balance represents 227.5% of the same expenditures.

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

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

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

## **City of Mt. Juliet**

The City Manager and Department Heads made every effort to hold expenditures well within budgets in order to increase the General Fund Balance in anticipation of the City's upcoming projects including the widening of the bridge over Interstate 40 as well as other infrastructure improvements including sidewalks and walking trails. The City is also now focused on greenway project including the Town Center Trail and Cedar Creek Greenway.

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

**Proprietary Funds:** The City's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Sewer Fund at the end of the fiscal year amounted to over \$8.3 million. The total increase in net position for the fund was over \$4.3 million.

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

### **Capital Asset and Debt Administration**

**Capital Assets:** The City of Mt. Juliet's investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals almost \$135 million (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

City of Mt. Juliet

Major Capital Asset Acquisitions Fiscal Year 2018-2019

Governmental Activities

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

Business Activities

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

City of Mt. Juliet's Capital Assets

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

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

## City of Mt. Juliet

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

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

\* - Restated see Footnote 14

Impact Fee revenue is allocated to the Debt Service Fund in order to liquidate the City's bonds that were issued to support the City road building projects. This revenue of over \$861 thousand was supplemented with a transfer from the Emergency Services Fund of \$300 thousand, for the fund to meet the outstanding obligations. The City of Mt. Juliet's long-term debt decreased near \$866 thousand or near 5.9% during the past fiscal year as previously discussed.

As mentioned in the financial highlights section of this document, the City of Mt. Juliet has maintained its AA+ rating by Standard and Poor's Corporation. This bond rating is a clear indication of the sound financial condition of City of Mt. Juliet.

The City of Mt. Juliet's debt policy seeks to limit governmental total outstanding debt obligations to five percent (5%) of assessments, or \$1400 per capita whichever is lower. At 6/30/2019 governmental debt was less than 1.2% of assessments and less than \$442 per capita.

Total debt payments for the next fiscal year are near \$1.5 million. Additional information regarding the City of Mt. Juliet's long-term debt can be found in note 6 beginning on page 25 through 26 of this report.

### Economic Factors and Next Year's Budgets and Rates

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

- The City's unemployment rate in June 2019 estimated at 3.2% is below the National average of 3.6% as well as the Tennessee rate of 3.3% and the Wilson County rate of 3.3%
- The City expects to welcome the second location for The Incredible Christmas Place, a 12,000 square foot retail shop opening in 2020.
- Two new hotels will open in 2019, which should require 165 employees among them contributing to a projected job growth rate of almost 2.4%.
- The City will see the addition of a 3.6 million square foot facility in 2020 known presently as Project Sam which is in the final stages of approval. The project will bring infrastructure improvements and increased fee and tax revenue throughout the City.

## City of Mt. Juliet

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

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

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

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

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

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

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

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

### Requests for Information

This report is designed to provide an overview of the City of Mt. Juliet's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Dana Hire, PO Box 679, Mt. Juliet, TN 37121-0679 or email at [dhire@mtjuliet-tn.gov](mailto:dhire@mtjuliet-tn.gov)

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

CITY OF MT. JULIET, TENNESSEE

Statement of Net Position

June 30, 2019

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

See accompanying notes to financial statements.

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

<b>Functions / Programs:</b>	Program Revenues				Net (Expenses) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General government	\$3,463,296	2,533,815	14,618	-	(914,863)	-	(914,863)
Public safety	10,093,466	1,478,753	57,944	295,342	(8,261,427)	-	(8,261,427)
Recreation and Culture	1,678,234	101,629	-	602,911	(973,694)	-	(973,694)
Streets and public works	5,748,332	-	1,432,755	4,340,658	25,081	-	25,081
Stormwater	228,537	446,962	-	-	218,425	-	218,425
Interest on debt	442,000	861,769	-	-	419,769	-	419,769
Total Government Activities	21,653,865	5,422,928	1,505,317	5,238,911	(9,486,709)	-	(9,486,709)
<b>Business-type Activities:</b>							
Sewer	6,788,939	6,772,059	-	4,377,715	-	4,360,835	4,360,835
Total Business-type Activities	6,788,939	6,772,059	-	4,377,715	-	4,360,835	4,360,835
<b>Total Primary Government</b>	\$28,442,804	12,194,987	1,505,317	9,616,626	(9,486,709)	4,360,835	(5,125,874)
<b>General Revenues:</b>							
Property taxes					\$1,940,501	-	1,940,501
Sales taxes					10,677,505	-	10,677,505
Wholesale beer tax					816,693	-	816,693
Wholesale liquor tax					520,618	-	520,618
Franchise tax					1,058,135	-	1,058,135
Hotel/motel tax					721,257	-	721,257
Business tax					1,143,955	-	1,143,955
State shared unrestricted taxes:							
State shared sales tax					2,782,776	-	2,782,776
State shared beer tax					14,525	-	14,525
State alcoholic beverage tax					183,622	-	183,622
State shared income tax					196,083	-	196,083
State shared TVA tax					371,555	-	371,555
Other unrestricted state shared taxes					34,068	-	34,068
Unrestricted investment earnings and rental income					382,769	127,126	509,895
Other					144,991	-	144,991
Total general revenues					20,989,053	127,126	21,116,179
Change in net position					11,502,344	4,487,961	15,990,305
Net position - beginning of year, as restated see Note 14					98,388,352	66,287,555	164,675,907
Net position - end of year					\$109,890,696	70,775,516	180,666,212

See accompanying notes to financial statements

CITY OF MT. JULIET, TENNESSEE

Balance Sheet  
Governmental Funds

June 30, 2019

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

See accompanying notes to financial statements.



CITY OF MT. JULIET, TENNESSEE

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

June 30, 2019

<b>Amounts reported for fund balance - total governmental funds</b>		<b>\$41,027,304</b>
<b>Amounts reported for governmental activities in the statement of net position are different because:</b>		
Capital assets, net of accumulated depreciation, used in governmental activities are not financial resources and, therefore, are not reported in the funds		79,483,968
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds		
State shared revenue and local option sales tax receivable		1,390,980
Property taxes receivable		16,406
Internal service fund is used by management to charge the costs of medical insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		1,476,588
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest expenditures are reported when due.		(66,861)
Bond premiums are amortized over the life of the bonds in the statement of activities.		(7,182)
Gain or loss on refunding is amortized as a component of interest over the life of the bonds on the statement of net position		340,244
Pension plan reporting requires recognition of the City's portion of net pension liability or asset and deferred outflows/inflows of resources in governmental activities. These amounts are not reflected in the fund financial statements.		
Net pension asset	1,378,762	
Deferred outflows of resources	1,212,871	
Deferred inflows of resources	(899,217)	
		1,692,417
OPEB plan reporting requires recognition of the City's portion of net pension liability or asset and deferred outflows/inflows of resources in governmental activities. These amounts are not reflected in the fund financial statements.		
Net OPEB liability	(1,015,797)	
Deferred inflows of resources	(39,633)	
Deferred outflows of resources	20,821	
		(1,034,609)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds.		
Governmental bonds and notes payable	(\$12,189,800)	
Capital leases payable	(1,678,324)	
Obligation to county schools	-	
Compensated absences	(560,435)	
		(14,428,559)
<b>Net position of governmental activities</b>		<b><u>\$109,890,696</u></b>

See accompanying notes to financial statements.

CITY OF MT. JULIET, TENNESSEE

Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds

For the Year Ended June 30, 2019

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

See accompanying notes to financial statements.

CITY OF MT. JULIET, TENNESSEE

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance  
of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2019

Amounts reported for net change in fund balance - total governmental funds	\$4,621,818
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense in the current period:	
Cost of assets acquired	5,740,786
Disposal of capital asset	(88,586)
Depreciation expense	(4,045,246)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds:	
Property taxes	(1,520)
Local option sales tax	70,040
State shared revenues	30,503
Contributed capital assets	4,195,900
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect discounts and premiums and similar items when the debt is first issued, whereas these amounts deferred and amortized in the statement of activities.	
Debt repayment	873,531
Debt issuance	(292,166)
Loss on refunding	-
Amortization of debt discounts, premiums and losses on refunding	(28,202)
Interest is accrued on the outstanding bonds in the governmental activities, whereas in the governmental funds, an interest expenditure is reported when due:	
Change in accrued interest on bonded debt	817
Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds:	
Compensated absences	(3,504)
Pension expenditures in the governmental funds reflects amounts currently paid to fund the pension plan; however pension expense in the statement of activities is a comprehensive measurement consisting of elements deferrals and amortization of expenses which results in a difference in pension costs.	
Pension costs	248,138
OPEB expenditures in the governmental funds reflects amounts currently paid for OPEB costs; however OPEB expense in the statement of activities is a comprehensive measurement consisting of elements deferrals and amortization of expenses which results in a difference in OPEB costs.	
OPEB costs	184,167
Internal service funds are used by management to charge the costs of medical insurance to individual funds. The net revenue (expenses) of certain activities of internal service funds is reported with governmental activities. (net of amount allocated to business activities)	
	(4,132)
<b>Change in net position of governmental activities</b>	<u><u>\$11,502,344</u></u>

See accompanying notes to financial statements.

CITY OF MT. JULIET, TENNESSEE

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

General Fund

For the Year Ended June 30, 2019

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

Continued on next page

CITY OF MT. JULIET, TENNESSEE

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

General Fund, Continued

For the Year Ended June 30, 2019

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

Continued on next page

**CITY OF MT. JULIET, TENNESSEE**

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

**General Fund, Continued**

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

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

Continued on next page

CITY OF MT. JULIET, TENNESSEE

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

General Fund, Continued

For the Year Ended June 30, 2019

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

See accompanying notes to financial statements.

CITY OF MT. JULIET, TENNESSEE

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

State Street Aid Fund

For the Year Ended June 30, 2019

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

See accompanying notes to financial statements.



CITY OF MT. JULIET, TENNESSEE

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

Emergency Services Fund

For the Year Ended June 30, 2019

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

See accompanying notes to financial statements.

CITY OF MT. JULIET, TENNESSEE

Statement of Net Position

Proprietary Fund

June 30, 2019

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

See accompanying notes to financial statements.

CITY OF MT. JULIET, TENNESSEE

Statement of Revenues, Expenses, and Changes in Net Position

Proprietary Fund

For the Year Ended June 30, 2019

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

See accompanying notes to financial statements.

CITY OF MT. JULIET, TENNESSEE

Statement of Cash Flows

Proprietary Fund

For the Year Ended June 30, 2019

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

Non-cash Investing, Capital and Financing Activities

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

See accompanying notes to financial statements.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### General Information

The City of Mt. Juliet, Tennessee, was incorporated in 1972. The City operates under a Commissioner - Manager form of government and provides the following services as authorized by its charter; public safety (police), highways and streets, sanitation, public improvements, planning and zoning, and general administrative services and sanitary sewers.

The accounts of the City of Mt. Juliet are maintained, and the financial statements have been prepared in conformity with recommendations of the Governmental Accounting Standards Board (GASB). The following is a summary of the significant accounting policies.

#### Reporting Entity

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Component units, although legally separate entities, are required to be presented in the government's financial statements using either a "blended" or "discrete" presentation.

As of June 30, 2019, the City had no component units which were required to be included in these financial statements.

#### Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (i) charges to customers or applicants (including fines and fees) who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (ii) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

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

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation, (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers property taxes to be available if they are collected within 60 days of the end of the current fiscal period. Sales taxes and other shared revenues through intermediary collecting governments are considered measurable and available if received within 30 days of year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, state shared revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

The *General Capital Projects Fund* is used to account for the acquisition and construction of major capital facilities and repairs to infrastructure. Resources are provided primarily from grants and transfers from other governmental funds.

The *Debt Service Fund* is used to account for the payment of principal and interest on governmental debt. Resources are provided from impact fees restricted for debt service and transfers from the governmental funds.

The government reports the following major proprietary fund:

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

Additionally, the City reports the following fund types:

Internal Service Fund, to account for costs associated with the employees' health insurance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's utilities and various other functions of the government whose elimination would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include (i) charges to customers or applicants (including fines and fees) for goods, services, or privileges provided, (ii) operating grants and contributions, and (iii) capital grants and contributions. General revenues include all taxes and internally dedicated resources.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

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

#### Measurement Focus, Basis of Accounting and Financial Statement Presentation, (Continued)

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the various utility funds are charges to customers for sales and services. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

#### Joint Venture

The City has entered into a joint venture with Wilson County to form the Wilson County/Mt. Juliet Development Board to promote economic development in the area. The board is composed of six members, three appointed by each entity. The City has no equity interest in the joint venture, however, the City is required to contribute one half the funding necessary to pay development costs of projects approved by the board. Recovery of costs by the City will be from an allocation of the real and personal property taxes collected by the county as a result of projects for which the Board was responsible. Required disclosures are included in the following notes.

#### Cash and Equivalents

Cash and cash equivalents include amounts in demand deposits, savings accounts, money market accounts and short-term certificates of deposit maturing within three months or less of initial maturity dates. Also due to liquidity, the City considers funds deposited in the local government investment pool as a cash equivalent for financial statement and cash flow purposes. Restricted cash in the Capital Projects and Sewer Fund is restricted for capital improvements.

#### Inventories of Supplies

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

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

#### Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2019 are recorded as prepaid expenses. These consist primarily of prepaid insurance and a prepaid maintenance contract with the railroad.

#### Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." The residual balance between governmental activities and business-type activities at year end was \$340,381 which relates to the consolidation of the internal service fund activities.

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

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

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

#### Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., road, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of \$3,000 or more and an estimated useful life in excess of two years. Infrastructure capital assets are defined by the City as assets with an individual cost of \$10,000 or more with an estimate useful life in excess of two years. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Gifts or contributions of capital assets, including intangible assets, are recorded at acquisition value when received.

Pursuant to GASB Statement 34, the City is not required to record and depreciate infrastructure assets acquired prior to the implementation date July 1, 2003.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the year, there was no capitalized interest recorded.

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

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

#### Claims Payable

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

#### Compensated Absences

General policy of the City permits the accumulation, within certain limitations, of unused sick and annual leave with unlimited carryover. No provision exists for payment of accumulated sick leave on termination.

#### Pensions

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

#### Long-term Obligations

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



# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

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

#### Long-term Obligations, Continued

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

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

#### Deferred Outflows/Inflows of Resources

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

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

#### Equity Classification

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

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

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

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

#### Fund Balance

In accordance with Governmental Accounting Standard Board (GASB) Statement 54, fund balance is reported in the fund financial statements under the following categories. *Nonspendable fund balance* represents amounts that are required to be maintained intact, such as inventories and prepaid items. *Restricted fund balance* is that portion of fund balance that can be spent only for the specific purposes stipulated by external resource or through enabling legislation.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

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

#### Fund Balance (Continued)

*Committed fund balance* includes amounts constrained to specific purposes as determined by formal action of the City using its highest level of decision-making authority, an ordinance by the City Board. Conversely, to rescind or modify a fund balance commitment, action by the Board is also required. *Assigned fund balance* amounts are intended to be used by the City for specific purposes but do not meet the criteria to be restricted or committed. Intent may be stipulated by the Board by resolution. Appropriations of fund balance to eliminate projected budgetary deficits in the subsequent year's budget are presented as assignments of fund balance. *Unassigned fund balance* is the residual classification of the General Fund.

It is the City's policy to first use restricted fund balance when an expense is incurred for purposes which both restricted and unrestricted funds are available. The City's policy for the use of unrestricted fund balance amounts required that committed amounts would be reduced first, followed by assigned amounts when expenditures incurred for purposes for which amounts in any of those committed fund balance classifications could be used.

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

#### Property Taxes

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

#### Industrial and Commercial Property

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

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

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

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 2) DEPOSITS AND INVESTMENTS

#### Deposits

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy, as required by state statutes, requires deposits to be 105 percent secured by collateral, less the amount of Federal Deposit Insurance Corporation insurance (FDIC) or deposited in an institution which participates in the State Collateral Pool. Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service. Collateral agreements must be approved prior to deposit of funds as provided by law. The City approves and designates a list of authorized depository institutions based on evaluation of solicited responses and certifications provided by financial institutions and recommendations of City staff.

At June 30, 2019 there were no amounts exposed to custodial credit risk.

Restricted cash in the governmental activities primarily relates to amounts collected from developers for road and park maintenance and improvements as well as unspent bond proceeds. Restricted cash in the business-type activities relates to amounts designated for sewer projects.

#### Investments

At June 30, 2019 the City had the following investments:

<u>Type of Investment</u>	<u>Fair Value/ Carrying Amount</u>	<u>Weighted Average Days to Maturity</u>	<u>Average Credit Quality Rating</u>
Certificates of Deposit	\$ 1,082,767	299	N/A

#### Interest Rate Risk:

The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

#### Credit/Credit Concentration Risk:

The City's general investment policy is to apply the prudent-person rule; investments are made as a prudent person should be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and in general avoid speculative risks, as well as limited to investments authorized by state law.

### 3) CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019, was as follows:

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

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

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

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

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

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

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

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 4) RECEIVABLES

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

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

### 5) DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES

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

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

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

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

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

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

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

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

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

\*Included in accrued liabilities

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

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

	<u>Balance June 30, 2019</u>
<u>Governmental-type Activities</u>	
\$6,820,000 Series 2009 general obligation refunding bonds due in annual installments through year 2026 with semi-annual interest payments at rates ranging from 3% to 4.2%.	\$ 3,450,000
\$9,292,000 general obligation refunding bonds Series 2016 due in annual installments through year 2034 with semi-annual interest payments at interest rate of 2.45%.	<u>8,739,800</u>
Total Governmental-type Activities	\$ <u>12,189,800</u>

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

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

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

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

#### Leases

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

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

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

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

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 7) PENSION PLAN

#### Plan Description

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

#### Benefits Provided

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

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

#### Employees Covered by Benefit Terms

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

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

#### Contributions

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



# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 7) PENSION PLAN, Continued

#### Net Pension Liability (Asset)

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

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

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

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

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

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

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

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

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 7) PENSION PLAN, Continued

#### Net Pension Liability (Asset)

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

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

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

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

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

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

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

7) **PENSION PLAN, Continued**

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

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

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

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

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

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

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

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

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

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 8) OTHER POST EMPLOYMENT HEALTHCARE PLAN

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

The City administers the City of Mt. Juliet, Tennessee Post Retirement Medical Benefit Plan. For accounting purposes, the plan is a single employer defined benefit OPEB plan. Benefits are established and amended by the Mayor and the Board of Commissioners. The Plan does not issue a stand-alone report. The City has adopted GASB 75 as it relates to OPEB for the accounting and reporting. There is no OPEB trust.

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

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

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

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

**CITY OF MT. JULIET, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2019

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

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

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

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

**8. Actuarial Assumptions**

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

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

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

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

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

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

8. Health Care Cost

Trend Rate:

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

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

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

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

11. Inflation Rate: 3.0% per annum.

12. Change in provision: None.

9. **Asset Valuation Method:** Market value.

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

**11. Sensitivity – Discount Rate**

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

**12. Sensitivity – Health Care Trend Rate**

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

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

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

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

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

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

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

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

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

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

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

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

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

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

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 9) COMMITMENTS AND CONTINGENCIES

#### Metro Agreement

The City has an ongoing sewer treatment agreement with the Metro Nashville Government of Davidson County which began July 1, 2000. This agreement provides that Mt. Juliet is obligated to pay a fee per thousand gallons of flow from the Mt. Juliet System to Metro. This rate is to be recalculated on July 1 of each year with increases based on the Consumer Price Index. The agreement also provides that Mt. Juliet will not be responsible for any capital cost contribution to Metro except through the above flow charge. Additionally, for service connections that occur in Mt. Juliet after July 1, 2000, a one time capacity charge of \$604 for each 350 gallons of flow per day per connection shall be collected by Mt. Juliet and remitted to Metro. This is subject to adjustment every five years. During the current fiscal year the City paid Metro \$3,045 for sewer treatment and \$513,400 for connection charges under this agreement.

#### Contracts

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

#### Litigation

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

#### Leases

The City has entered into leases for computer and related equipment. The equipment may be purchased at its fair market value at the end of the term of the lease. The City made lease payments in the amount of \$102,401 during 2019. Future lease obligations are as follows:

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

#### Contingencies

The City previously participated in the Local Government Insurance Cooperative (LOGIC), a public entity risk pool that operated as a common risk management and workers' compensation insurance program for approximately one hundred government entities. LOGIC was self-sustaining through member premiums and also obtained specific excess and aggregate excess coverage through a commercial insurance company. The City has learned the commercial insurance company is in bankruptcy, and the City may be assessed by LOGIC to help cover claims incurred during the City's participation, all known assessments have been accrued. The City does not believe, based on current information, any potential future assessment would be material to the City's financial statements.

The City received a Department of Housing and Urban Development Home Investment Partnership Grant Note. The grant note in the amount of \$384,968, is forgivable as long as the City continues to meet the terms of the grant note through 2025.

Amounts received from Grantor agencies are subject to audit and adjustments by Grantor agencies, principally Federal and State governments. Any disallowed claims, including amounts already collected could become a liability to the applicable fund.



# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 10) RISK MANAGEMENT

The City has chosen to establish the Self Insured Medical Insurance Fund (internal service fund) for risks associated with the employees' health insurance plan. The fund is accounted for as an internal service fund where assets are set aside for claim settlements. The City retains the risk of loss to a limit of \$60,000 per individual with aggregate specific deductible of \$125,000, and \$2,206,098 aggregate annual cap. The City has obtained a stop/loss commercial insurance policy to cover claims beyond this liability. All full-time employees of the government are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees. This charge is based on actuarial estimates of the amounts needed to pay prior and current-year claims and to establish an amount for catastrophic losses. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. The process used to compute claims liabilities does not necessarily result in an exact amount. For the government-wide financial statements the activity and assets and liabilities of the fund have been allocated to the participating funds.

Changes in the balance of claims liabilities during the past three fiscal years are as follows:

	<u>Beginning-of- Fiscal-Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>Balance of Fiscal Year-End</u>
2016-2017	\$ 218,336	2,219,149	(2,230,072)	207,413
2017-2018	\$ 207,413	2,004,147	(1,977,419)	234,141
2018-2019	\$ 234,141	2,748,989	(2,600,930)	382,200

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

### 11) JOINT VENTURE

During the 1995 fiscal year the City entered into an inter-local agreement with Wilson County as authorized by TCA Section 5-1-113 and 12-9-101. As part of this agreement all assets and liabilities associated with Mt. Juliet Development Corporation, a component unit of the City, were transferred to Wilson County/Mt. Juliet Development Board, a joint venture with the County.

The Board of the joint venture consists of six members, three appointed by each government. During the year the City did not appropriate any funds to the venture. Upon dissolution any obligations become the obligation of the County and any remaining funds shall be paid equally to the participating parties. At June 30, 2019 and 2018, the Board had an accumulated net position of \$642,968 and \$598,463 respectively. The net change in net position for fiscal year 2019 was \$44,482. Separate financial statement information regarding the joint venture is available from the City.

### 12) INTERFUND TRANSACTIONS

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

**CITY OF MT. JULIET, TENNESSEE**

Notes to Financial Statements

For the Year Ended June 30, 2019

**12) INTERFUND TRANSACTIONS, Continued**

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

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

**13) BUDGETS AND BUDGETARY ACCOUNTING**

The City is required by state statute to adopt an annual budget. The General and Special Revenue Funds budgets are prepared on the basis that current available funds must be sufficient to meet current expenditures. Expenditures may not legally exceed appropriations authorized by the Board. The City’s budgetary basis is consistent with generally accepted accounting principles. Budget appropriations lapse at year end. The enterprise fund is not required to adopt an operating budget.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to June 30, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted at City Hall to obtain taxpayer comments.
3. The budget is legally enacted through passage of ordinance.
4. The budget is adopted on a departmental basis. Any revision that alters the total expenditures of any department or fund must be approved by the City Council.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund and Special Revenue Funds.
6. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) at the department level. Budget appropriations lapse at year end.
7. Budgeted amounts are as originally adopted, or as amended by the City Council.

# CITY OF MT. JULIET, TENNESSEE

## Notes to Financial Statements

For the Year Ended June 30, 2019

### 13) BUDGETS AND BUDGETARY ACCOUNTING, Continued

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

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

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

### 14) RESTATEMENT

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

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

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

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

### 15) SUBSEQUENT EVENTS

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

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

**REQUIRED SUPPLEMENTARY INFORMATION**

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

Last Fiscal Year Ending

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

**Notes to Schedule**

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

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

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

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

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

**NOTES TO SCHEDULE**

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

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

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

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

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

Last Fiscal Year ending June 30

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

**Notes to Schedule**

There is no OPEB Trust.

*Benefit changes - Medical now fully insured.*

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

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

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

Fiscal Year Ending June 30

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

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

**NOTES TO SCHEDULE**

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

Methods and assumptions used to determine the contribution rates:

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

Other information:

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



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

CITY OF MT. JULIET, TENNESSEE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2019

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

**CITY OF MT. JULIET, TENNESSEE**

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

**Nonmajor Governmental Funds**

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

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

**CITY OF MT. JULIET, TENNESSEE**

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

**Drug Fund**

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

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

**CITY OF MT. JULIET, TENNESSEE**

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

**Stormwater Fund**

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

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

**CITY OF MT. JULIET, TENNESSEE**

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

**General Capital Projects Fund**

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

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

**CITY OF MT. JULIET, TENNESSEE**

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

**Debt Service Fund**

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

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

CITY OF MT. JULIET, TENNESSEE

Capital Assets Used in the Operation of Governmental Funds

Schedule By Function and Activity

June 30, 2019

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



**CITY OF MT. JULIET, TENNESSEE**

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

**Schedule of Changes in Capital Assets By Function and Activity**

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

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

**CITY OF MT. JULIET, TENNESSEE**

**Schedule of Cash and Cash Equivalents**

**All Funds**

**June 30, 2019**

Major Governmental Funds

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

Nonmajor Governmental Funds

State Street Aid Fund:		
Passbook and checking accounts	-	98,254
Drug Fund:		
Cash on hand	-	7,375
Passbook and checking accounts	-	347,695
Total Drug Fund		355,070
Storm Water:		
Checking accounts	-	700,966
<u>Proprietary Funds</u>		
Sewer Enterprise Fund		
Petty Cash	-	650
Passbook and checking accounts	-	13,533,243
Total Sewer Enterprise Fund		13,533,893
Internal Service Fund		
Passbook and checking accounts	-	2,026,230
Total		\$56,724,404

CITY OF MT. JULIET, TENNESSEE

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

For the Year Ended June 30, 2019

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

- \* Turned over to County Clerk for collection.  
Prior to fiscal year 2012 the City has not had a property tax since 1999.
- \*\* Current year anticipated levy

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

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

**CITY OF MT. JULIET, TENNESSEE**

**Schedule of Long Term Debt Requirements**

**Governmental-Type Activities**

**June 30, 2019**

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

CITY OF MT. JULIET, TENNESSEE

Schedule of Expenditures of Federal Awards

June 30, 2019

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

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

\* Major Program (none)

Notes:

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

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

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

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

\* Passed through the Tennessee Department of Transportation  
\*\* Passed through the Tennessee Department of Safety

State Assistance

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

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

CITY OF MT. JULIET, TENNESSEE

Schedule of Liability and Property Insurance in Force

June 30, 2019

Insurance Coverage

Tennessee Municipal League Insurance Pool  
Public Officials Error & Omissions

General Liability Automobile Liability,  
Bodily Injury, Law Enforcement

Automobile Physical Damage

Uninsured Motorist

Automobile Medical Payments

Property, Multi-Peril

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

Flood

Earthquake

Newly Acquired Property

Loss of Revenue

Extra Expenses

Terrorism

Property in course of construction

Demolition/Debris removal/Consequential loss/Leasehold interest

Accounts receivable/Valuable records

Crime Limits

Employee Dishonesty

Forgery

Theft, Disappearance and Destruction

Computer Fraud

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

Details of Coverage

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

\$300,000 per person bodily injury  
as limited by tort ability act  
\$700,000 per occurrence bodily injury  
as limited by tort liability act  
\$100,000 per occurrence law enforcement  
as limited by tort liability act  
\$4,000,000 per occurrence for each other

Actual cash value of vehicle or cost to  
replace

Deductible:

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

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

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

\$38,116,623

\$665,000

\$1,572,596

\$1,000,000

\$1,500,000

\$1,500,000

\$250,000

\$500,000

\$500,000

\$500,000

\$500,000

\$250,000 each

\$250,000 each

\$250,000

\$250,000

\$250,000

\$250,000

\$250,000

\$1,000,000 Each accident limit

\$1,000,000 Policy limit by disease

\$1,000,000 Employee limit by disease



CITY OF MT. JULIET, TENNESSEE

Schedule of City Officials

June 30, 2019

<u>Position</u>	<u>Annual Salary</u>
<u>Elected Officials:</u>	
Mayor Ed Hagerty	\$1,000/monthly
Vice Mayor James Maness	\$950/monthly
Commissioner Art Giles	\$950/monthly
Commissioner Ray Justice	\$950/monthly
Vacant	\$950/monthly

Employees:

City Manager, Kenneth Martin  
Finance Director, Dana Hire, CPA, CMFO  
City Recorder, Sheila S. Luckett  
Public Works Director, Jessica Gore  
Police Chief, James Hambrick  
Fire Chief, Jamie Luffman  
Economic Development, Vacant  
Parks Director, Roger Lee  
Human Resources Director, Janet Southards  
Information Technology Director, Travis Taylor  
Building and Codes Chief, Mark Kirk  
Planning Director, Jennifer Hamblen

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

**CITY OF MT. JULIET, TENNESSEE**

**Schedule of Sewer System Data**

**June 30, 2019**

	<u>Commercial</u>	<u>Outside City Commercial</u>	<u>Inside City Residential</u>	<u>Outside City Residential</u>
Sewer Rates (Based on water consumption)				
Minimum bill (first 2,000 gallons)	\$20.95	\$26.19	\$14.85	\$18.57
Each additional 1,000 gallons	\$10.14	\$12.68	\$7.28	\$9.10
Tap fees				
Residential (inside city)				\$1,500
Commercial (Based on meter size)				
Residential (outside city)				\$2,000
Installation and pump charges				\$2,000
Development fees				
Residential (Based on zoning)				\$1,320-2,570/lot
Inspection fee				\$50.00
Number of customers				11,634

## **OTHER REPORTS**

# YEARY, HOWELL & ASSOCIATES

*Certified Public Accountants*

501 EAST IRIS DRIVE  
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY  
GREGORY V. HOWELL

(615) 385-1008  
FAX (615) 385-1208

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Mayor and Commissioners  
Mt. Juliet, Tennessee

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

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

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

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

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

### **Compliance and Other Matters**

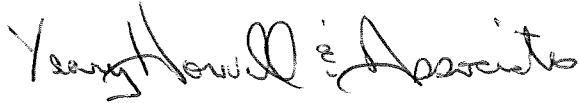
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect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

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

Board of Mayor and Commissioners  
Mt. Juliet, Tennessee

**Purpose of this Report**

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

A handwritten signature in cursive script that reads "Yancy Howell & Associates".

November 15, 2019

City of Mt Juliet, Tennessee

Schedule of Prior Year Findings and Questioned Costs

For the Year June 30, 2019

Financial Statement Findings

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

Federal Awards Findings and Questioned Costs

None.

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

Current Year Findings and Questioned Costs

None.

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**APPENDIX D**

**Form of Continuing Disclosure Certificate**

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## CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (this “Disclosure Certificate”) is executed and delivered this 1st day of December, 2020, by the City of Mt. Juliet, Tennessee (the “City”) in connection with the issuance of \$7,980,000 in aggregate principal amount of its General Obligation Refunding Bonds, Series 2020 (the “Series 2020 Bonds”). The City hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the City for the benefit of the Beneficial Owners (as herein defined) of the Series 2020 Bonds and in order to assist the Participating Underwriter (as herein defined) in complying with the Rule (as herein defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution (as herein defined), which apply to any capitalized terms used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the City pursuant to the Rule and this Disclosure Certificate.

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Series 2020 Bonds (including persons holding Series 2020 Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Series 2020 Bonds for federal income tax purposes.

“EMMA” shall mean MSRB’s Electronic Municipal Market Access System.

“Financial Obligation” shall mean a (i) debt obligation; (ii) derivation instrument entered into in connection with or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

“Fiscal Year” shall mean any period of twelve consecutive months adopted by the City as its fiscal year for financial reporting purposes and shall initially mean the period beginning on July 1 of each calendar year and ending June 30 of the following calendar year.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor thereto.

“Official Statement” shall mean the Official Statement of the City relating to the Series 2020 Bonds.

“Participating Underwriter” shall mean Piper Sandler & Co..

“Resolution” shall mean the Resolution of the City pursuant to which the Series 2020 Bonds were issued, adopted on October 12, 2020.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of Tennessee.

SECTION 3. Provision of Annual Reports.

(a) Not later than twelve months after the end of each fiscal year, commencing with Fiscal Year ending June 30, 2020, the City shall provide an Annual Report to EMMA. In each case, the Annual Report

may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate. Notwithstanding the foregoing, the audited financial statements of the City may be submitted separately from the balance of the Annual Report when such audited financial statements are available. In the event that the audited financial statements are not included with the Annual Report and will be submitted at a later date, the City shall include its unaudited financial statements in the Annual Report and shall indicate in the Annual Report the date on which the audited financial statements of the City will be submitted. The audited financial statements of the City, when available, will be provided to EMMA.

(b) The City shall also:

(i) determine each year prior to the date for providing the Annual Report the appropriate location for filing with EMMA and the proper form of such filing in an electronic format as prescribed by the MSRB; and

(ii) if the Annual Report (or audited financial statements which were to be separately submitted) is not filed in accordance with subsection (a), send a notice in a timely manner to EMMA in substantially the form attached as Exhibit A.

SECTION 4. Content of Annual Reports. The City's Annual Report shall contain or incorporate by reference the following:

(a) If audited financial statements of the City are not yet available, the unaudited financial statements of the City, and when audited financial statements are available, the audited financial statements of the City, both such types of financial statements to be prepared in conformity with generally accepted accounting principles, as in effect from time to time. Such audited financial statements shall be accompanied by an audit report resulting from an audit conducted by an independent certified public accountant or firm of independent certified public accountants in conformity with generally accepted auditing standards.

(b) If the accounting principles changed from the previous Fiscal Year, a description of the impact of the change as required by Section 8 of this Disclosure Certificate.

(c) If the Fiscal Year has changed, a statement indicating the new Fiscal Year.

(d) An update of the information in Appendix B of the Official Statement under the following headings:

***CITY OF MT. JULIET:***

Summary of Outstanding Indebtedness

Debt Statement

Population

Debt Per Capita Ratios

Debt Ratios

Debt Trend

General Obligation Debt by Fiscal Year

Property Valuation and Property Tax

Top 10 Taxpayers

Fund Balances

Local Option Sales Tax

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues with respect to which the City is an "obligated person" (as defined by the Rule), which have been filed in accordance with the Rule and the other rules of the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

- (i) Principal and interest payment delinquencies.
- (ii) Non-payment related defaults, if material.
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties.
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties.
- (v) Substitution of credit or liquidity providers, or their failure to perform.
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Series 2020 Bonds or other material events affecting the tax status of the Series 2020 Bonds.
- (vii) Modifications to rights of the holders of the Series 2020 Bonds, if material.
- (viii) Series 2020 Bond calls, if material, and tender offers.
- (ix) Defeasances.
- (x) Release, substitution or sale of property securing repayment of the Series 2020 Bonds, if material.
- (xi) Rating changes with respect to the Series 2020 Bonds.
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person (For the purposes of this event, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person).
- (xiii) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material.
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material.

- (xv) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; or
- (xvi) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) Whenever there shall occur a Listed Event which is subject to the materiality standard as described above, the City shall, within ten business days of such occurrence, determine if such event would constitute material information for Beneficial Owners of the Series 2020 Bonds and if so, shall file notice thereof pursuant to Section 5(c) hereof.

(c) In a timely manner not in excess of ten business days after the occurrence of the event, the City shall file notice with the MSRB and the State information depository, if any, of the occurrence of any of the Listed Events listed above which are determined under Section 5(b) hereof to be material and, with respect to any other Listed Event, without regard to any determination of materiality.

The content of any notice of the occurrence of a Listed Event shall be determined by the City and shall be in substantially the form attached as Exhibit B.

SECTION 6. Termination of Reporting Obligation. The City's obligations under this Disclosure Certificate shall terminate upon the defeasance (within the meaning of the Rule), prior redemption or payment in full of all of the Series 2020 Bonds. The City shall notify EMMA that the City's obligations under this Disclosure Certificate have terminated. If the City's obligations are assumed in full by some other entity, such person shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the City, and the City shall have no further responsibility hereunder.

SECTION 7. Dissemination Agent. The City may, from time to time, appoint a dissemination agent to assist it in carrying out its obligations under this Disclosure Certificate, and the City may, from time to time, discharge the dissemination agent, with or without appointing a successor dissemination agent, if at any time there is not a designated dissemination agent, the City shall be the dissemination agent.

SECTION 8. Amendment. This Disclosure Certificate may not be amended unless independent counsel experienced in securities law matters has rendered an opinion to the City to the effect that the amendment does not violate the provisions of the Rule.

In the event that this Disclosure Certificate is amended or any provision of the Disclosure Certificate is waived, the notice of a Listed Event pursuant to Section 5(a)(vii) hereof shall explain, in narrative form, the reasons for the amendment or waiver and the impact of the change in the type of operating data or financial information being provided in the Annual Report. If an amendment or waiver is made in this Disclosure Certificate which allows for a change in the accounting principles to be used in preparing financial statements, the Annual Report for the year in which the change is made shall present a comparison between the financial statements or information prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. The comparison shall include a qualitative discussion of the differences in the accounting principles and impact of the change in the accounting principles on the presentation of the financial information. A notice of the change in the accounting principles shall be deemed to be material and shall be sent to EMMA.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the City from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the City chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the City shall have no obligation under

this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the City to comply with any provision of this Disclosure Certificate, the Participating Underwriter or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the City to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of any party to comply with this Disclosure Certificate shall be an action to compel performance. The costs of performing the obligations under the provisions of this Disclosure Certificate shall be paid solely from funds lawfully available for such purpose.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the City agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence or willful misconduct. The Dissemination Agent may consult with counsel (who may, but need not, be counsel for any party hereto or the City), and the opinion of such Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such Counsel. The obligations of the City under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Series 2020 Bonds.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the City, the Participating Underwriter, and Beneficial Owners from time to time of the Series 2020 Bonds, and shall create no rights in any other person or entity.

SECTION 13. Intermediaries; Expenses. The Dissemination Agent is hereby authorized to employ intermediaries to carry out its obligations hereunder. The Dissemination Agent shall be reimbursed immediately for all such expenses and any other reasonable expense incurred hereunder (including, but not limited to, attorney's fees), provided that such expense was authorized in writing in advance by the City.

SECTION 14. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

SECTION 15. Governing Law. This Disclosure Certificate shall be governed by and construed in accordance with the laws of the State.

SECTION 16. Severability. In case any one or more of the provisions of this Disclosure Certificate shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Certificate, but this Disclosure Certificate shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

SECTION 17. Filings with the MSRB. All filings required to be made electronically at [www.emma.msrb.org](http://www.emma.msrb.org) shall be accompanied by identifying information as prescribed by the MSRB and shall be submitted in any other manner pursuant to, and in accordance with, SEC Release No. 34-59062.

CITY OF MT. JULIET, TENNESSEE

By: \_\_\_\_\_  
Mayor

EXHIBIT A

NOTICE OF FAILURE TO FILE ANNUAL REPORT

Name of City: City of Mt. Juliet, Tennessee  
Name of Bond Issue: General Obligation Refunding Bonds, Series 2020  
CUSIP Number<sup>1</sup>: \_\_\_\_\_  
Date of Issuance: \_\_\_\_\_

NOTICE IS HEREBY GIVEN that the City of Mt. Juliet, Tennessee (the "City") has not provided an Annual Report due with respect to the above-named Series 2020 Bonds as required by its Disclosure Certificate, dated December \_\_, 2020. The City anticipates that the Annual Report will be filed by \_\_\_\_\_.

This notice is based on the best information available at the time of dissemination. Any questions regarding this notice should be directed to \_\_\_\_\_.

Dated: \_\_\_\_\_

CITY OF MT. JULIET, TENNESSEE

By: \_\_\_\_\_  
Mayor

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<sup>1</sup> No representation is made as to the correctness of the CUSIP number either as printed on the bonds or as contained herein, and reliance may only be placed on other bond identification contained herein.



EXHIBIT B

NOTICE TO REPOSITORIES  
OF THE OCCURRENCE OF [INSERT THE LISTED EVENT]

Relating to

CITY OF MT. JULIET, TENNESSEE  
GENERAL OBLIGATION REFUNDING BONDS, SERIES 2020  
CUSIP NUMBERS<sup>1</sup>:

Notice is hereby given that [insert the Listed Event] has occurred. [Describe circumstances leading up to the event, action being taken and anticipated impact.]

This notice is based on the best information available at the time of dissemination and is not guaranteed as to accuracy or completeness. Any questions regarding this notice should be directed to [insert instructions for presenting securities, if applicable].

Dated: \_\_\_\_\_

CITY OF MT. JULIET, TENNESSEE

By: \_\_\_\_\_  
Mayor

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<sup>1</sup> No representation is made as to the correctness of the CUSIP number either as printed on the bonds or as contained herein, and reliance may only be placed on other bond identification contained herein.

