

Executive Summary

RESOLUTION __-2023

A RESOLUTION AUTHORIZING THE CITY OF MT. JULIET, TENNESSEE TO ADOPT CERTAIN PROVISIONS GOVERNMENTAL ACCOUNTING STANDARDS BOARD STATEMENT 62 (GASB 62) CODIFICATION OF ACCOUNTING AND FINANCIAL REPORTING GUIDANCE CONTAINED IN PRE-NOVEMBER 30, 1989 FASB AND AICPA PRONOUNCEMENTS

- 1) Who: Mt. Juliet Finance Department
- 2) What: Finance is requesting to apply certain provisions of GASB stmt #62 to the Sewer Department financial statements for fiscal year 2022-2023.
- 3) When: Fiscal year 2023-2024
- 4) Why: The Mt. Juliet Sewer Department ended the fiscal year 2023 with higher than anticipated revenues. Several factors contributed to the excess revenues including:
 - a) Sewer infrastructure projects to repair and maintain underground sewer pipes that appear to have alleviated some inflow and infiltration of stormwater into the system.
 - b) the absence of a significant rain event during the period from January – March which can cause transfer bills from Metro to more than double
 - c) Higher than anticipated growth in the customer base
 - d) increasing interest rates allowing for higher than normal revenue on investments of idle construction and operating funds.

In order to keep rates level and prevent dramatic swings in revenues, Finance is requesting to defer the excess interest revenue of approximately \$345,000 earned in fiscal year 2023 and apply it to purification costs for the current fiscal year. The excess revenue will be factored in operating revenues and expenses when calculating the sewer rates in future years. As a reminder, the city did not increase the sewer rates for the current fiscal year.

To date the sewer purification bills are running about 12% or \$70k higher than last fiscal year. If the current pace continues, projections show costs for the year exceeding budget by about \$100k. This projection will be negatively impacted by any significant rain event during the 1st quarter of 2024.

The deferral of this revenue is acceptable under the Governmental Accounting Standards Board's Statement #62. The language in the Resolution is required by the Statement and has been discussed with and approved by the City's audit firm, Blankenship, CPA's.

Requested by: Dana Hire, Finance Director