

OFFICIAL STATEMENT

NEW ISSUE
BOOK-ENTRY-ONLY

Rating: S&P – “AA” BAM Insured
“A+” Underlying
(See “MISCELLANEOUS-Rating” herein)

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, as hereafter defined, 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. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading “LEGAL MATTERS – Tax Matters” herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See “LEGAL MATTERS -Tax Matters” herein.)

\$5,675,000

CITY OF LAWRENCEBURG, TENNESSEE

General Obligation Refunding Bonds, Series 2021A (Bank Qualified)

Dated: June 18, 2021

Due: June 1, as shown below.

The \$5,675,000 General Obligation Refunding Bonds, Series 2021A (Bank Qualified) (the “Bonds”) issued by the City of Lawrenceburg (the “City”) are issuable in fully registered form in denominations of \$5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on December 1, 2021 and thereafter on each June 1 and December 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the “Registration Agent”). In the event of discontinuation of the book-entry-only system, principal of and interest on the Bonds are payable at the designated corporate trust office of the Registration Agent.

The Bonds are payable from unlimited *ad valorem* taxes to be levied on all taxable property within the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged. See section entitled “SECURITIES OFFERED – Security”.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **BUILD AMERICA MUTUAL ASSURANCE COMPANY.**



The Bonds maturing June 1, 2030 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2029.

<u>Due</u> <u>(June 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Due</u> <u>(June 1)</u>	<u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2022	\$515,000	2.00 %	0.25 %	520516XH3	2029	\$340,000	2.00 %	1.10 %	520516XQ3
2023	515,000	2.00	0.35	520516XJ9	2030	345,000	2.00	1.15 c	520516XR1
2024	525,000	2.00	0.45	520516XK6	2031	350,000	2.00	1.20 c	520516XS9
2025	535,000	2.00	0.65	520516XL4	2032	355,000	2.00	1.30 c	520516XT7
2026	365,000	2.00	0.75	520516XM2	2033	360,000	2.00	1.35 c	520516XU4
2027	370,000	2.00	0.90	520516XN0	2034	370,000	2.00	1.40 c	520516XV2
2028	355,000	2.00	1.00	520516XP5	2035	375,000	2.00	1.45 c	520516XW0

c = Yield to call on June 1, 2029

This cover page contains certain information for quick reference only. It is not a summary of this issue. Investors must read the entire *Official Statement* to obtain information essential to make an informed investment decision.

The Bonds are offered when, as and if issued, subject to the approval of the legality thereof by Glankler Brown, PLLC, Memphis, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the City by Alan Betz, counsel to the City. It is expected that the Bonds will be available for delivery through the facilities of Depository Trust Company in New York, New York, on or about June 18, 2021.

Cumberland Securities Company, Inc.

Municipal Advisor

May 17, 2021

This *Official Statement* speaks only as of its date, and the information contained herein is subject to change.

This *Official Statement* may contain forecasts, projections, and estimates that are based on current expectations but are not intended as representations of fact or guarantees of results. If and when included in this *Official Statement*, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," and analogous expressions are intended to identify forward-looking statements as defined in the Securities Act of 1933, as amended, and any such statements inherently are subject to a variety of risks and uncertainties, which could cause actual results to differ materially from those contemplated in such forward-looking statements. These forward-looking statements speak only as of the date of this *Official Statement*. The Issuer disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in the Issuer's expectations with regard thereto or any change in events, conditions, or circumstances on which any such statement is based.

This *Official Statement* and the Appendices hereto contain brief descriptions of, among other matters, the Issuer, the Bonds, the Resolution, the Disclosure Certificate, and the security and sources of payment for the Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions and statutes, the Resolution, the Disclosure Certificate, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents and laws, and references herein to the Bonds are qualified in their entirety to the forms thereof included in the Bond Resolution.

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. 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 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

No dealer, broker, salesman, or other person has been authorized by the Issuer, the Municipal Advisor or the Underwriter to give any information or to make any representations other than those contained in this *Official Statement*, and, if given or made, such other information or representations should not be relied upon as having been authorized by the Issuer, the Municipal Advisor or the Underwriter. Except where otherwise indicated, all information contained in this *Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

In connection with this offering, the Underwriter may over-allot or effect transactions which stabilize or maintain the market prices of the Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted here from, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "Appendix D- Bond Insurance and Specimen Municipal Bond Insurance Policy".

**Copyright, American Bankers Association (the "ABA"). CUSIP data herein are provided by CUSIP Global Services, which is managed on behalf of the ABA by S&P Global Market Intelligence, a division of S&P Global Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and the Issuer makes no representation with respect to such numbers nor undertakes any responsibility for their accuracy now or at any time in the future. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

CITY OF LAWRENCEBURG, TENNESSEE

CITY COUNCIL

Blake Lay, *Mayor*
Ronald Fox
Chad Moore
Jamie Sevier
Robin Williams

CITY OFFICIALS

Linda Adair
City Recorder

Chris Shaffer
City Attorney

CITY ATTORNEY

Alan Betz

UNDERWRITER

Piper Sandler & Co.
Minneapolis, Minnesota

BOND REGISTRATION AND PAYING AGENT

Regions Bank
Nashville, Tennessee

BOND COUNSEL

Glankler Brown, PLLC
Memphis, Tennessee

MUNICIPAL ADVISOR

Cumberland Securities Company, Inc.

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SUMMARY STATEMENT

The information set forth below is provided for convenient reference and does not purport to be complete and is qualified in its entirety by the information and financial statements appearing elsewhere in this *Official Statement*. This Summary Statement shall not be reproduced, distributed or otherwise used except in conjunction with the remainder of this *Official Statement*.

The Issuer	City of Lawrenceburg, Tennessee (the “City” or “Issuer”). See APPENDIX B contained herein.
Securities Offered.....	\$5,675,000 General Obligation Refunding Bonds, Series 2021A (Bank Qualified) (the “Bonds”) of the City, dated the date of June 18, 2021. The Bonds mature each June 1 beginning June 1, 2022 through June 1, 2035, inclusive. See the section entitled “SECURITIES OFFERED” herein for additional information.
Security	The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the City. For the prompt payment of principal and interest on the Bonds, the full faith and credit of the Issuer are irrevocably pledged.
Purpose	The Bonds are being issued for the purpose of providing funds for refinancing the Outstanding Bonds, as described herein; and the payment of legal, fiscal, administrative costs incident to the indebtedness described herein.
Optional Redemption	The Bonds maturing June 1, 2030 and thereafter are subject to optional redemption prior to maturity on or after June 1, 2029.
Tax Matters.....	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, 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. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading “LEGAL MATTERS – Tax Matters” herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See “LEGAL MATTERS -Tax Matters” herein.)
Bank Qualification.....	The Bonds will be treated as “qualified tax-exempt obligations” within the meaning of Section 265 of the Internal Revenue Code of 1986, as amended. See the section entitled “LEGAL MATTERS - Tax Matters” for additional information.
Municipal Bond Insurance.....	The scheduled payment of the principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued simultaneously with the delivery of the Bonds by Build America Mutual Assurance Company. (“BAM”). See “APPENDIX D - BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY.”
Ratings	S&P’s BAM Insured: “AA”. S&P’s underlying rating “A+”. See the section entitled “MISCELLANEOUS - Rating” for more information.
Municipal Advisor.....	Cumberland Securities Company, Inc., See the section entitled “MISCELLANEOUS-Municipal Advisor; Related parties; Other” herein.
Underwriter.....	Piper Sandler & Co., Minneapolis, Minnesota.
Bond Counsel	Glankler Brown, PLLC, Memphis, Tennessee.
Book-Entry-Only.....	The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled “BASIC DOCUMENTATION - Book-Entry-Only System”
Registration Agent.....	Regions Bank, Nashville, Tennessee.

General.....The Bonds are being issued in full compliance with applicable provisions of Title 9, Chapter 21, *Tennessee Code Annotated*, as supplemented and revised. See “SECURITIES OFFERED” herein. The Bonds will be issued with CUSIP numbers and delivered through the facilities of The Depository Trust Company, New York, New York.

DisclosureIn accordance with Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as amended, the City will provide the Municipal Securities Rulemaking Board (the “MSRB”) through the operation of the Electronic Municipal Market Access system (“EMMA”) and the State Information Depository (“SID”), if any, annual financial statements and other pertinent credit or event information, including Comprehensive Annual Financial Reports, see the section entitled “MISCELLANEOUS-Continuing Disclosure.”

Other Information.....The information in this *Official Statement* is deemed “final” within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof. For more information concerning the City or this *Official Statement*, contact Mr. Blake Lay, Mayor, 25 Public Square, Lawrenceburg, Tennessee 38464, Telephone: (931) 762-4459; or the City's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: (865) 988-2663.

GENERAL FUND BALANCES
Summary of Changes In Fund Balances
For the Fiscal Year Ended June 30

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Beginning Fund Balance	\$ 4,263,627	\$ 4,259,413	\$ 3,662,178	\$4,345,556	\$3,891,121
Revenues	10,396,446	10,399,087	10,608,363	11,386,394	12,292,277
Expenditures	11,909,776	12,603,342	12,298,883	13,465,571	13,413,178
Excess of Revenues					
Over (under) Expenditures	(1,513,330)	(2,204,255)	(1,690,520)	(2,079,177)	(1,120,901)
Other Financing Sources:					
Transfers In	1,509,115	1,607,020	2,373,898	1,665,630	1,731,482
Transfers Out	-	-	(40,888)	(40,888)	(40,888)
Bond Proceeds	-	-	-	-	-
Net Changes in Fund Balances	(4,215)	(597,235)	683,378	(454,435)	569,693
Ending Fund Balance	\$ 4,259,413	\$ 3,662,178	\$ 4,345,556	\$3,891,121	\$4,460,814

Source: Comprehensive Annual Financial Reports of the City of Lawrenceburg, Tennessee.

\$5,675,000
CITY OF LAWRENCEBURG, TENNESSEE
General Obligation Refunding Bonds, Series 2021A

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This *Official Statement* which includes the Summary Statement hereof and appendices hereto, is furnished in connection with the offering by City of Lawrenceburg, Tennessee (the “City”) of \$5,675,000 General Obligation Refunding Bonds, Series 2021A (the “Bonds”).

The Bonds are authorized to be issued pursuant to the provisions of Sections 9-21-101 *et. seq.*, *Tennessee Code Annotated*, and other applicable provisions of law and pursuant to a resolution duly adopted by the Board of Mayor and City Council on April 22, 2021 (the “Resolution”).

The Bonds are being issued for the purpose of providing funds for refinancing the Outstanding Bonds, as described herein; and the payment of legal, fiscal, administrative costs incident to the indebtedness described herein.

REFUNDING PLAN

The City is proposing to issue the Bonds to refinance the City’s outstanding City’s (1) General Obligation Bonds, Series 2013, dated July 10, 2013, maturing June 1, 2022 and thereafter in the remaining principal amount of \$1,500,000 and (2) General Obligation Bonds, Series 2015D, dated July 15, 2015, maturing June 1, 2022 and thereafter in the remaining principal amount of \$3,625,000 (collectively, the “Outstanding Bonds”). The Outstanding Bonds will be called for redemption on June 18, 2021 at par plus accrued interest.

As required by Title 9, Chapter 21, Part 9 of *Tennessee Code Annotated* as supplemented and revised, a plan of refunding (the “Plan”) for the Outstanding Bonds was submitted to the Director of the Division of Local Government Finance for review, and a report was received thereon.

DESCRIPTION OF THE BONDS

The Bonds will be dated and bear interest from their date of June 18, 2021. Interest on the Bonds will be payable semi-annually on June 1 and December 1, commencing December 1, 2021. The Bonds are issuable in Book-Entry-Only Form in \$5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

The Bonds shall be signed by the Mayor and shall be attested by the City Recorder. No Bond shall be valid until it has been authorized by the manual signature of an authorized officer or employee of the Registration Agent and the date of the authentication noted thereon.

SECURITY

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the City. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the City are irrevocably pledged.

The City, through its governing body, shall annually levy and collect a tax on all taxable property within the City, in addition to all other taxes authorized by law, sufficient to pay the principal of and interest on the Bonds when due. Principal and interest on the Bonds falling due at any time when there are insufficient funds from such tax shall be paid from the current funds of the City and reimbursement therefore shall be made out of taxes provided by the Resolution when the same shall have been collected. The taxes may be reduced to the extent of direct appropriations from the General Fund of the City to the payments of debt service on the Bonds.

The Bonds are not obligations of the State of Tennessee (the "State") or any political subdivision thereof other than the City.

QUALIFIED TAX-EXEMPT OBLIGATIONS

Under the Internal Revenue Code of 1986, as amended (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 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 City as to the Bonds, Bond Counsel has determined that the Bonds upon issuance will be "qualified tax-exempt obligations" within the meaning of the Code.

MUNICIPAL BOND INSURANCE

The scheduled payment of the principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued simultaneously with the delivery of the Bonds by Build America Mutual Assurance Company. ("BAM"). See "APPENDIX D - BOND INSURANCE AND SPECIMEN MUNICIPAL BOND INSURANCE POLICY."

OPTIONAL REDEMPTION OF THE BONDS

Bonds maturing June 1, 2030, and thereafter, shall be subject to optional redemption prior to maturity at the option of the City on June 1, 2029 and thereafter, as a whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be designated by the Board of the City, in its discretion. If less than all the principal amount of the Bonds of a maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Bonds are being held under a Book-Entry-Only System by DTC, or a successor Depository, the amount of the interest of each DTC Participant in the Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry-Only System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

NOTICE OF REDEMPTION

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent on behalf of the City not less than twenty (20) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for redemption of any of the Bonds for which proper notice was given. The notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date (“Conditional Redemption”). 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 City 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 City pursuant to written instructions from an authorized representative of the City (other than for a mandatory sinking fund redemption, notices of which shall be given on the dates provided herein) given at least forty-five (45) days prior to the redemption date (unless a shorter notice period shall be satisfactory to the Registration Agent). From and after the redemption date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth herein. In the case of a Conditional Redemption, the failure of the City to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

PAYMENT OF BONDS

The Bonds will bear interest from their date or from the most recent interest payment date to which interest has been paid or duly provided for, on the dates provided herein, such interest being computed upon the basis of a 360-day year of twelve 30-day months. Interest on each Bond shall be paid by check or draft of the Registration Agent to the person in whose name such Bond is registered at the close of business on the 15th day of the month next preceding the interest payment date. The

principal of and premium, if any, on the Bonds shall be payable in lawful money of the United States of America at the principal corporate trust office of the Registration Agent.

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BASIC DOCUMENTATION

REGISTRATION AGENT

The Registration Agent, Regions Bank, Nashville, Tennessee, its successor or the City will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as follows.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds. For additional information, see the following section.

BOOK-ENTRY-ONLY SYSTEM

The Registration Agent, its successor or the Issuer will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the interest payment date (the “Regular Record Date”) by check or draft mailed to such owner at its address shown on said Bond registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the Issuer in respect of such Bonds to the extent of the payments so made, except as described above. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable.

So long as Cede & Co. is the Registered Owner of the Bonds, as nominee of DTC, references herein to the Bondholders, Holders or Registered Owners of the Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners of the Bonds.

The Bonds, when issued, will be registered in the name of Cede & Co., DTC’s partnership nominee, except as described above. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the “Book-Entry-Only System”). One fully registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC.

DTC and its Participants. DTC, the world’s largest securities depository, 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-Only 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.

Purchase of Ownership Interests. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("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 the 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 Bonds, except in the event that use of the Book-Entry-Only System for the Bonds is discontinued.

Payments of Principal and Interest. Principal and interest payments on the 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 Registration Agent on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with municipal 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 Issuer or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Notices. 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 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the

Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the 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 Bonds within a maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as practicable after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

NONE OF THE ISSUER, THE UNDERWRITER, THE BOND COUNSEL, THE MUNICIPAL ADVISOR OR THE REGISTRATION AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES WITH RESPECT TO THE PAYMENT TO, OR THE PROVIDING OF NOTICE FOR, SUCH PARTICIPANTS OR THE PERSONS FOR WHOM THEY ACT AS NOMINEES.

Transfers of Bonds. To facilitate subsequent transfers, all 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 the Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 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.

None of the Issuer, the Bond Counsel, the Registration Agent, the Municipal Advisor or the Underwriter will have any responsibility or obligation, legal or otherwise, to any party other than to the registered owners of any Bond on the registration books of the Registration Agent.

DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) to the extent permitted by the rules of DTC, the City determines to discontinue the Book-Entry-Only System, the Book-Entry-Only System shall be discontinued. Upon the occurrence of the event described above, the City will attempt to locate another qualified securities depository, and if no qualified securities depository is available, Bond certificates will be printed and delivered to Beneficial Owners.

No Assurance Regarding DTC Practices. The foregoing information in this section concerning DTC and DTC's Book-Entry-Only System has been obtained from sources that the City believes to be reliable, but the City, the Bond Counsel, the Registration Agent and the Municipal Advisor do not take any responsibility for the accuracy thereof. So long as Cede & Co.

is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds. None of the City, the Bond Counsel, the Registration Agent or the Municipal Advisor will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

For more information on the duties of the Registration Agent, please refer to the Resolution. Also, please see the section entitled “SECURITIES OFFERED – Redemption.”

DISPOSITION OF BOND PROCEEDS

The proceeds of the sale of the Bonds shall be applied by the City as follows:

- (a) an amount, which together with investment earnings thereon and other legally available funds of the City, if any, will be sufficient to pay principal of, premium, if any, and interest on the Outstanding Bonds until and through the redemption date therefor shall be transferred to the paying agent for the Outstanding Bonds to be held to the earliest optional redemption date and used for the payment and retirement of the Outstanding Bonds; and
- (b) the remainder of the proceeds of the sale of the Bonds shall be used to pay the costs of issuance the Bonds, and all necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, bond insurance premium, if any, administrative and clerical costs, rating agency fees, registration agent fees, and other necessary miscellaneous expenses incurred in connection with the issuance and sale of the Bonds

DISCHARGE AND SATISFACTION OF BONDS

If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in any one or more of the following ways:

1. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;
2. By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (“an Agent”; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice); or

3. By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the City shall also pay or cause to be paid all other sums payable hereunder by the City with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the City to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the City shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise described below, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the City as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the City, as received by the Registration Agent. For the purposes described above, Defeasance Obligations shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, or obligations of any agency or instrumentality of the United States of America, which obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

REMEDIES OF BONDHOLDERS

Under Tennessee law, any Bondholder has the right, in addition to all other rights:

(1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the City, including, but not limited to, the right to require the City to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the City to carry out any other covenants and agreements, or

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Bondholder.

LEGAL MATTERS

LITIGATION

There are no suits threatened or pending challenging the legality or validity of the Bonds or the right of the City to sell or issue the Bonds.

TAX MATTERS

Federal

General. Glankler Brown, PLLC, Memphis, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the City and assuming compliance by the City with certain covenants, is that interest on the Bonds:

- is excluded from a bondholder's federal gross income under the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not a preference item for a bondholder under the federal alternative minimum tax.

The Code imposes requirements on the Bonds that the City must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the City does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The City has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also section "CHANGES IN FEDERAL AND STATE TAX LAW" below.

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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 Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that 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 Bond will be reduced. The holder of a 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 Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

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 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 City as to the Bonds, Bond Counsel has determined that the Bonds, upon issuance, will be "qualified tax-exempt obligations" within the meaning of the Code.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the 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 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 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 Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity,

or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the 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.

CHANGES IN FEDERAL AND STATE TAX LAW

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued prior to enactment. 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 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 Bonds would be impacted thereby. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

CLOSING CERTIFICATES

Upon delivery of the Bonds, the City will execute in a form satisfactory to Bond Counsel, certain closing certificates including the following: (i) a certificate as to the *Official Statement*, in final form, signed by the Mayor acting in his official capacity to the effect that to the best of his knowledge and belief, and after reasonable investigation, (a) neither the *Official Statement*, in final form, nor any amendment or supplement thereto, contains any untrue statements of material fact or omits to state any material fact necessary to make statements therein, in light of the circumstances in which they are made, misleading, (b) since the date of the *Official Statement*, in final form, no event has occurred which should have been set forth in such a memo or supplement, (c) there has been no material adverse change in the operation or the affairs of the City since the date of the *Official Statement*, in final form, and having attached thereto a copy of the *Official Statement*, in final form, and (d) there is no litigation of any nature pending or threatened seeking to restrain the issuance, sale, execution and delivery of the Bonds, or contesting the validity of the Bonds or any proceeding taken pursuant to which the Bonds were authorized; (ii) certificates as to the delivery and payment, signed by the Mayor acting in his official capacity, evidencing delivery of and payment for the Bonds; (iii) a signature identification and incumbency certificate, signed by the Mayor and City Recorder acting in their official capacities certifying as to the due execution of the Bonds; and, (iv) a Continuing Disclosure Certificate regarding certain covenants of the City concerning the

preparation and distribution of certain annual financial information and notification of certain material events, if any.

APPROVAL OF LEGAL PROCEEDINGS

Certain legal matters relating to the authorization and the validity of the Bonds are subject to the approval of Glankler Brown, PLLC, Memphis, Tennessee, Bond Counsel. Bond Counsel has not prepared the *Preliminary Official Statement* or the *Official Statement*, in final form, or verified their accuracy, completeness or fairness. Accordingly, Bond Counsel expresses no opinion of any kind concerning the *Preliminary Official Statement* or *Official Statement*, in final form, except for the information in the section entitled “LEGAL MATTERS - Tax Matters.” The opinion of Bond Counsel will be limited to matters relating to authorization and validity of the Bonds and to the tax-exemption of interest on the Bonds under present federal income tax laws, both as described above. The legal opinion will be delivered with the Bonds and the form of the opinion is included in APPENDIX A. For additional information, see the section entitled “MISCELLANEOUS – “Competitive Public Sale”, “Additional Information” and “Continuing Disclosure.”

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MISCELLANEOUS

RATINGS

S&P Global Ratings (“S&P”) has assigned its municipal bond rating of “AA” (Stable Outlook) to the Bonds with the understanding that upon delivery of the Bonds, a policy guaranteeing the payment when due of the principal of and interest on the Bonds will be issued by Build America Mutual. Such rating reflects only the views of such organization and explanations of the significance of such rating should be obtained from such agency. Additionally, S&P has given the Bonds and underlying rating of “A+”.

There is no assurance that such rating will continue for any given period of time or that the rating may not be suspended, lowered or withdrawn entirely by S&P, if circumstances so warrant. Due to the ongoing uncertainty regarding the economy and debt of the United States of America, including, without limitation, the general economic conditions in the country, and other political and economic developments that may affect the financial condition of the United States government, the United States debt limit, and the bond ratings of the United States and its instrumentalities, obligations issued by state and local governments, such as the Bonds, could be subject to a rating downgrade. Additionally, if a significant default or other financial crisis should occur in the affairs of the United States or of any of its agencies or political subdivisions, then such event could also adversely affect the market for, and ratings, liquidity, and market value of outstanding bonds obligations, including the Bonds. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds.

The rating reflects only the views of S&P and any explanation of the significance of such rating should be obtained from S&P.

COMPETITIVE PUBLIC SALE

The Bonds were offered for sale at competitive public bidding on May 17, 2021. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated May 11, 2021.

The successful bidder for the Bonds was an account led by Piper Sandler & Co., Minneapolis, Minnesota (the “Underwriters”) who contracted with the City, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Bonds at a purchase price of \$5,905,573.71 (consisting of the par amount of the Bonds, plus an original issue premium of \$281,553.80 and less an underwriter’s discount of \$38,280.09 and less the bond insurance premium paid by the underwriter of \$12,700.00) or 104.063% of par.

MUNICIPAL ADVISOR; RELATED PARTIES; OTHER

Municipal Advisor. Cumberland Securities Company, Inc., has served as Municipal Advisor (the “Municipal Advisor”) to the City for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged by the City to compile, create, or interpret any information in the

Preliminary Official Statement and *Official Statement* relating to the City, including without limitation any of the City's financial and operating data, whether historical or projected. Any information contained in the *Preliminary Official Statement* and *Official Statement* concerning the City, any of its affiliates or contractors and any outside parties has not been independently verified by the Municipal Advisor, and inclusion of such information is not, and should not be construed as, a representation by the Municipal Advisor as to its accuracy or completeness or otherwise. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to review or audit any information in the *Preliminary Official Statement* and *Official Statement* in accordance with accounting standards.

Regions Bank. Regions Bank (the "Bank") is a wholly-owned subsidiary of Regions Financial Corporation. The Bank provides, among other services, commercial banking, investments and corporate trust services to private parties and to State and local jurisdictions, including serving as registration, paying agent or filing agent related to debt offerings. The Bank will receive compensation for its role in serving as Registration and Paying Agent for the Bonds. In instances where the Bank serves the City in other normal commercial banking capacities, it will be compensated separately for such services.

Official Statement. Certain information relative to the location, economy and finances of the Issuer is found in the *Preliminary Official Statement*, in final form and the *Official Statement*, in final form. Except where otherwise indicated, all information contained in this *Official Statement* has been provided by the Issuer. The information set forth herein has been obtained by the Issuer from sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Municipal Advisor or the Underwriter. The information contained herein is subject to change without notice, and neither the delivery of this *Official Statement* nor any sale made hereunder shall under any circumstances create an implication that there has been no change in the affairs of the Issuer, or the other matters described herein since the date hereof or the earlier dates set forth herein as of which certain information contained herein is given.

Cumberland Securities Company, Inc. distributed the *Preliminary Official Statement*, in final form, and the *Official Statement*, in final form on behalf of the City and will be compensated and/or reimbursed for such distribution and other such services.

Bond Counsel. From time to time, Glankler Brown, PLLC has represented the Bank on legal matters unrelated to the City and may do so again in the future.

Other. Among other services, Cumberland Securities Company, Inc. and the Bank may also assist local jurisdictions in the investment of idle funds and may serve in various other capacities, including Cumberland Securities Company's role as serving as the City's Dissemination Agent. If the City chooses to use one or more of these other services provided by Cumberland Securities Company, Inc. including Dissemination Agent and/or the Bank, then Cumberland Securities Company, Inc. and/or the Bank may be entitled to separate compensation for the performance of such services.

ADDITIONAL DEBT

The City has authorized \$6,025,000 of additional debt to refinance outstanding bonds for savings. Additionally, the City plans on issuing up to \$8,800,000 of bonds for improvements to the City's electric system. Finally, the City has ongoing capital needs that may or may not require the issuance of additional debt. The City may also authorize the issuance of additional refundings of outstanding bonds as savings opportunities arise.

DEBT LIMITATIONS

Pursuant to Title 9, Chapter 21, *Tennessee Code Annotated*, as amended, there is no limit on the amount of bonds that may be issued when the City uses the statutory authority granted therein to issue bonds. (see "DEBT STRUCTURE - Indebtedness and Debt Ratios" for additional information.)

DEBT RECORD

There is no record of a default on principal and interest payments by the City from information available. Additionally, no agreements or legal proceedings of the City relating to securities have been declared invalid or unenforceable.

CONTINUING DISCLOSURE

The City will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information relating to the City by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2021 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the City. The issuer will provide notice in a timely manner to the MSRB of a failure by the City to provide the annual financial information on or before the date specified in the continuing disclosure agreement. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

Five-Year Filing History. While it is believed that all appropriate filings were made with respect to the ratings of the City's outstanding bond issues, some of which were insured by the various municipal bond insurance companies, no absolute assurance can be made that all such rating changes of the bonds or various insurance companies which insured some transaction were made or made in a timely manner as required by Rule 15c2-12. The City does not deem any of the forgoing omissions to be material, and therefore, in the judgment of the City, for the past five years, the City has complied in all material respects with its existing continuing disclosure agreements in

accordance with Rule 15c2-12.

Content of Annual Report. The City's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the City for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the City's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in APPENDIX B entitled "SUPPLEMENTAL INFORMATION STATEMENT."

1. Summary of Bonded Indebtedness as of the end of such fiscal year;
2. The Indebtedness and Debt Ratios as of the end of such fiscal year, together with information about the property tax base;
3. Information about the General Obligation - Includes Solid Waste - Bonded Debt Service Requirements as of the end of such fiscal year;
4. Information about the Water and Sewer System - Revenue Supported - Bonded Debt Service Requirements - as of the end of such fiscal year;
5. Information about the Electric System - Revenue Supported - Bonded Debt Service Requirements as of the end of such fiscal year;
6. The Fund Balances, Net Assets and Retained Earnings for the fiscal year;
7. Five Year Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year;
8. Five Year Summary of Revenues, Expenditures and Changes in Fund Balances Balances in Net Position - Water and Sewer System for the fiscal year;
9. Five Year Summary of Revenues, Expenditures and Changes in Fund Balances Balances in Net Position - Gas System for the fiscal year;
10. Five Year Summary of Revenues, Expenditures and Changes in Fund Balances Balances in Net Position - Electric System for the fiscal year;
11. The estimated Assessed Valuations of property in the City for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year;
12. Property Tax Rates and Collections of the City for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year; and
13. The Ten Largest Taxpayers.

Any or all of the items above may be incorporated by reference from other documents, including *Official Statements* in final form for debt issues of the City or related public entities, which have been submitted to the MSRB or the U.S. Securities and Exchange Commission. If the document incorporated by reference is a final *Official Statement*, in final form, it will be available from the Municipal Securities Rulemaking Board. The City shall clearly identify each such other document so incorporated by reference.

Reporting of Significant Events. The City will file notice regarding material events with the MSRB and the SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the City shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the City shall determine the materiality of such event as soon as possible after learning of its occurrence.
3. The following are the Listed Events:
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults, if material;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. 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 Bonds or other material events affecting the tax status of the Bonds;
 - g. Modifications to rights of Bondholders, if material;
 - h. Bond calls, if material, and tender offers;
 - i. Defeasances;
 - j. Release, substitution, or sale of property securing repayment of the securities, if material;
 - k. Rating changes;
 - l. Bankruptcy, insolvency, receivership or similar event of the obligated person;

- m. 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;
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- o. Incurrence of a financial obligation (which includes a debt obligation, or a derivative instrument entered into connection with, or pledged as security or as a source of payment for, an existing or planned debt obligation, or a guarantee of debt obligation or derivative instrument) of the City, if material, or agreement as to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and
- p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (as described above) of the City, any of which reflect financial difficulties.

Termination of Reporting Obligation. The City's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Amendment; Waiver. Notwithstanding any other provision of the Disclosure Certificate, the City may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the City shall describe such amendment in the next Annual Report, and shall include, as applicable, a

narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the City. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Default. In the event of a failure of the City to comply with any provision of the Disclosure Certificate, any Bondholder or any beneficial owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the City to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the City to comply with the Disclosure Certificate shall be an action to compel performance.

BONDHOLDER RISK - COVID-19

The worldwide spread of COVID-19, a respiratory illness caused by a novel strain of coronavirus, is a pandemic that has affected the entire world and is considered by the World Health Organization to be a Public Health Emergency of International Concern. The Governor of the State issued a state of emergency for the State in mid-March 2020 in response to the COVID-19 pandemic. The spread of COVID-19 has led to quarantine and other "social distancing" measures throughout the United States, including the State of Tennessee. These measures have included, from to time, (i) the closure of nonessential businesses, (ii) recommendations and warnings to limit nonessential travel and promote telecommuting, (iii) the postponement or cancellation of or reduction of capacity at large-scale gatherings such as conventions, concerts and sporting events, (iv) limits on operations and customer capacity at commercial and retail establishments, and (v) the closure of school buildings. The Governor of the State lifted the state of emergency on April 27, 2021. However, the State and/or other local jurisdictions may issue future restrictions in response to the pandemic.

Multiple vaccines for the virus that causes COVID-19 were developed in late 2020. To date, three vaccines have been approved for distribution in the United States with each of these vaccines having an efficacy rate exceeding 65%. Multiple variants of the virus that causes COVID-19 have been documented in the United States and globally, but studies so far suggest that antibodies generated through vaccination with approved vaccines recognize these variants to varying extents. COVID-19 vaccines are currently available to all residents within the State, including the Issuer, who are over the age of 12.

The Issuer 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 Issuer. Given the evolving nature of the spread of the virus and the behavior of governments, businesses and individuals in response thereto, the Issuer cannot

accurately predict the magnitude of the impact of COVID-19 on the Issuer and its financial condition. The Issuer is proactively taking steps to mitigate the spread of COVID-19 and to preserve effective staffing for all essential Issuer operations.

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

For the current fiscal year, the Issuer's largest source of revenues is property tax revenues. Property tax revenues are due each year on October 1st and are delinquent on the last day of February of the following year, so all tax year 2020 taxes were required to be paid without any penalty by February 28, 2021. The Issuer has already collected over 90% of its billed property taxes for tax year 2020, which is comparable to prior years. Economic uncertainties resulting from the COVID-19 outbreak may result in delays in collecting the remaining amount of tax year 2020 property taxes outstanding, which is a relatively small portion of the Issuer's revenues, and may also affect collections in future years if the COVID-19 outbreak and resulting economic restrictions continue.

The budget for the 2021 fiscal year which started on July 1, 2020 anticipated an overall 1.65% decline in revenues. Given the uncertainties as to when businesses, including tourism-related businesses, will be fully operational, these projections are uncertain and the ultimate amount of revenues from sales and use taxes, hotel-motel taxes and other similar business taxes may be significantly less or more than what has been projected in the Issuer's adopted budget. In the budget, the Issuer has proposed certain cost reduction measures that will help offset projected revenue reductions due to the COVID-19 outbreak.

The Issuer's second largest source of revenues is sales and use tax revenues. Such tax revenues are expected to comprise approximately 40% of the Issuer's revenues in the current 2021 fiscal year that ends June 30, 2021. All sales and use tax revenues are collected by the State, and the Issuer does not typically receive notice from the State of the Issuer's share of sales and use taxes collected for approximately 50 days after the close of each month.

With respect to sales and use tax revenues for the most recent months for which information is available, the Issuer's local sales and use tax revenues were:

	2019 Revenues	2020 Revenues	% Increase or Decrease
Jan	\$ 356,405.82	\$ 368,873.30	3.50%
Feb	447,190.30	478,270.38	6.95%
Mar	321,556.12	333,794.93	3.81%
Apr	331,746.50	333,680.99	0.58%
May	389,175.51	377,532.94	-2.99%
Jun	366,468.40	374,069.96	2.07%
Jul	385,412.43	425,039.80	10.28%
Aug	368,491.30	408,303.08	10.80%
Sep	362,980.65	386,722.50	6.54%
Oct	364,779.26	374,850.06	2.76%
Nov	346,701.87	378,193.23	9.08%
Dec	356,312.20	400,012.32	12.26%
	2020 Revenues	2021 Revenues	% Increase or Decrease
Jan	\$ 368,873.30	\$ 386,913.22	4.89%
Feb	478,270.38	514,077.09	7.49%
Mar	333,794.93	387,227.66	16.01%
Apr.	333,680.99	337,775.31	1.23%
TOTAL	\$5,911,839.96	\$6,265,336.77	5.98%

The Issuer also collects other tax revenues such as business taxes that are expected to be materially affected by business closures and reduced economic activity resulting from the COVID-19 outbreak. Such revenues typically consist of less than 2.50% of the Issuer's revenues.

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

The Issuer's liquidity position remains strong. As of June 30, 2020, the Issuer had in excess of \$3.4 million in reserves, which is approximately 25% of the Issuer's general fund budget. The water and sewer system had in excess \$1.4 million in cash reserves as of June 30, 2020. The Issuer's current liquidity position is expected to be adequate to fund essential services and make timely debt service payments on debt of the Issuer.

ADDITIONAL INFORMATION

Use of the words "shall," "must," or "will" in this *Official Statement* in summaries of documents or laws to describe future events or continuing obligations is not intended as a representation that such event will occur or obligation will be fulfilled but only that the document or law 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 of 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 Bonds.

The references, excerpts and summaries contained herein of certain provisions of the laws of the State of Tennessee, and any documents referred to herein, do not purport to be complete statements of the provisions of such laws or documents, and reference should be made to the complete provisions thereof for a full and complete statement of all matters of fact relating to the Bonds, the security for the payment of the Bonds, and the rights of the holders thereof.

The *Preliminary Official Statement* and *Official Statement*, in final form, and any advertisement of the Bonds, is not to be construed as a contract or agreement between the City and the purchasers of any of the Bonds. Any statements or information printed in the *Preliminary Official Statement* or this *Official Statement*, in final form, involving matters of opinions or of estimates, whether or not expressly so identified, is intended merely as such and not as representation of fact.

The City has deemed this *Official Statement* as "final" as of its date within the meaning of Rule 15c2-12.

CERTIFICATION OF THE CITY

On behalf of the City, we hereby certify that to the best of our knowledge and belief, the information contained herein as of this date is true and correct in all material respects, and does not contain an untrue statement of material fact or omit to state a material fact required to be stated where necessary to make the statement made, in light of the circumstance under which they were made, not misleading.

/s/ _____
Mayor

ATTEST:

/s/ _____
City Recorder

APPENDIX A

LEGAL OPINION

[LETTERHEAD OF GLANKLER BROWN, PLLC]

June 18, 2021

Board of Mayor and Council
City of Lawrenceburg, Tennessee
25 Public Square
Lawrenceburg, TN 38464

**Re: \$5,675,000 General Obligation Refunding Bonds, Series 2021A of the
City of Lawrenceburg, Tennessee**

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Lawrenceburg, Tennessee (the "City"), of \$5,675,000 aggregate principal amount of its General Obligation Refunding Bonds, Series 2021A dated as of the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deem 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 furnished to us without undertaking to verify the same by independent investigation.

We have not been engaged and have not undertaken to review the accuracy, completeness or sufficiency of the Official Statement or other offering material published and distributed in connection with the sale of the Bonds or any other information concerning the financial condition of the City which may have been provided to the purchasers of the Bonds, and we express no opinion relating thereto.

Based on our examination, we are of the opinion, under existing law, as of the date hereof, as follows:

1. The Bonds have been authorized and issued in accordance with the Constitution and statutes of the State of Tennessee and constitute the valid and binding general obligations of the City for the payment of which the City has irrevocably pledged its full faith and credit. The

Bonds are payable as to both principal and interest from ad valorem taxes to be levied, as necessary, upon all taxable property within the City without limitation as to rate or amount.

2. Interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in clause (a) above 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. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The City has covenanted to comply with all such requirements. Except as set forth in this Paragraph 2 and in Paragraph 4 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

3. The Bonds and the income therefrom are exempt from all present state, county and municipal taxation in the State of Tennessee, except (a) Tennessee excise taxes on all or a portion of the interest on any Bonds during the period such 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 (b) Tennessee franchise taxes by reason of inclusion of the book value of the 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.

4. The Bonds have been designated and/or are "deemed designated" by the City as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

To the extent constitutionally applicable, the rights of the holders of the Bonds and the enforceability thereof are subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereinafter enacted. Also, the enforcement of bondholder rights may be subject to the exercise of judicial discretion in appropriate cases.

Very truly yours,

Glanker Brown, PLLC

APPENDIX B

SUPPLEMENTAL INFORMATION STATEMENT

All of the following information, estimates and expressions of opinion are subject to change without notice. Though collected from sources the County believes to be reliable, the County has made no independent verification of the information provided by non-County sources, and the County takes no responsibility for the completeness or accuracy thereof. Except as otherwise provided, the information herein is often in relation to dates and periods prior to the COVID-19 pandemic and the resulting measures instituted to mitigate it. As provided in the section of the Official Statement entitled “BONDHOLDER RISK – COVID 19,” the economic and social impact of COVID-19 to the County is far-reaching, unprecedented and constantly evolving. Historical numbers, including but not limited to those regarding employment, presented herein cannot be relied upon as reflective of current conditions or predictive of future results, which may be materially different from the information presented herein. The delivery by the County of the information contained herein shall not, under any circumstances, create any implication that there has been no material change in the affairs of the County since the date of the Official Statement.

GENERAL INFORMATION

LOCATION

The City of Lawrenceburg (the “City”) is the county seat of Lawrence County (the “County”) in southern middle Tennessee approximately 75 miles south of Nashville. The County is bordered by Wayne County to the west, Lewis and Maury Counties to the north, Giles County to the east and the State of Alabama to the south.

GENERAL

The City has an approximate land area of 12.46 square miles.

Lawrenceburg was designated a Micropolitan Statistical Area (the “mSA”). A Micropolitan Statistical Area is defined by the U.S. Census Bureau as a non-urban community that is anchored by a town of no more than 50,000 residents. Per the 2010 Census, the population of the City stood at 10,428 persons. Lawrence County has a total population of 41,869.

The City is also part of the Nashville-Murfreesboro-Columbia Combined Statistical Area (the “CSA”) which includes Bedford, Cannon, Cheatham, Davidson, Dickson, Hickman, Lawrence, Macon, Marshall, Maury, Robertson, Rutherford, Smith, Sumner, Trousdale, Williamson and Wilson Counties. According to the 2010 Census, the CSA had a population of 1,674,191. The City of Nashville, the State Capital, is the largest city in the CSA with a population of 626,681 according to the 2010 Census.

Main Street Program. Lawrenceburg was accredited with Tennessee Main Street Accreditation. Lawrenceburg has a historically significant downtown that it plans to improve through the Main Street program, encouraging new investment and entrepreneurship.

As of August 2020, there are 39 communities that are accredited through the state program Tennessee Main Street Accreditation and a program of the national Trust for Historic Preservation (called Main Street America). The Main Street Program provides training, support and grant opportunities to assist in downtown revitalization efforts to focus on historic preservation, community events and economic revitalization. In 2019, accredited Tennessee Main Street communities generated \$111 million of public and private investment and nearly 1,000 new jobs. The Tennessee Main Street Program requires communities to illustrate a commitment from local

government and other local organizations, an adequate organizational budget, a strong historic preservation ethic, a collection of historic commercial buildings and a walkable district.

TRANSPORTATION

Lawrence County is easily accessible for shipping and receiving. U.S. Highway 43, a four-lane highway running north and south and U.S. Highway 64 running east and west, places Lawrenceburg within 29 miles of Interstate 65. State Highways include 20, 98, 101, 227, 241, and 242. The Lawrence County Airport provides a five thousand foot, asphalt runway with instrument approach and of a newly constructed, modern terminal building. Three other airports with passenger and freight service are less than an hour away: Nashville (Tennessee) Metropolitan Airport, Huntsville (Alabama) International Airport and Alabama Regional Airport in Muscle Shoals, Alabama. Rail service is provided by Tennessee Southern Railroad Company (with connections to CSX railways). The nearest port is located 35 miles south of the County in Alabama on the Tennessee River's Pickwick Lake at the Port of Florence.

EDUCATION

The *Lawrence County School System* has thirteen schools. Total enrollment for the fall of 2020 was 6,970 with 412 teachers. Five private K-12 schools also operate within the City limits.

Source: Tennessee Department of Education.

Columbia State Community College. Columbia State Community College, located in Maury County and founded in 1966, is Tennessee's first two-year college. As of the fall 2019 semester, there were 6,455 students enrolled. Columbia State offers more than 50 programs of study with both online and in-class courses, in both credit and non-credit formats. In addition to the Columbia campus, the college has four other campuses: Franklin (Williamson County); Lawrenceburg (Lawrence County); Lewisburg (Marshall County); Clifton (Wayne County). Hickman, Lewis, Giles and Perry are the other four counties served.

Source: Columbia State Community College and Tennessee Higher Education Commission.

The Tennessee College of Applied Technology at Pulaski. The Tennessee College of Applied Technology at Pulaski (the "TCAT-P") is part of a statewide system of 26 vocational-technical schools. The TCAT-P meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The TCAT-P serves the south central region of the state including Giles, Lincoln, Lawrence and Marshall Counties. The TCAT-P began operations in 1969, and the main campus is located in Giles County. Fall 2018 enrollment was 962 students.

Source: Tennessee College of Applied Technology at Pulaski and Tennessee Higher Education Commission.

There are several regional 4-year institutions that are within a seventy-mile drive of the County. These include Middle Tennessee State University, Tennessee State University located in Murphreesboro, TN; Tennessee State University, Vanderbilt University, Trevecca Nazarene University, Lipscomb University, and Belmont University all located in Nashville, TN; Martin Methodist College located in Pulaski, TN; University of North Alabama located in Florence, AL; and the University of Alabama Huntsville located in Huntsville, AL.

MEDICAL

Southern Tennessee Regional Health System – Lawrenceburg. Southern Tennessee Regional Health System – Lawrenceburg (the “STRHS-L”) is a 99-bed acute care facility formerly known as Crockett Hospital. The hospital has served Lawrence County and the surrounding counties since 1974. STRHS-L expanded its facility and services in 1991 with the addition of an Outpatient Surgery Unit, a state-of-the-art 24-hour physician-staffed Emergency Department and an Intensive Care Unit. The hospital opened a Physical Rehabilitation Unit in 1997 and a Women’s Health Center in 1999. Diagnostic imaging services include in-house MRI, Nuclear Medicine, 64-slice CT Scanner, Radiography, Digital Mammography and Ultrasound. Additionally, a 10- bed Physical Rehabilitation Unit provides Physical, Occupational and Speech Therapy.

This facility is part of LifePoint Hospital, Inc. based in Brentwood, Tennessee. LifePoint, after being combined with RCCH Healthcare in 2018, has a network of 84 hospital hospitals in 30 states.

Source: LifePoint Hospitals, Inc.

MANUFACTURING AND COMMERCE

The *North Lawrence Business Park* includes a total of 112 acres and is located in the northernmost portion of the City of Lawrenceburg. The Spring Hill GM plant, in adjoining Maury County, is approximately 45 minutes away and the Nissan plant is also in close proximity (1.5 hours.) Lawrence County is within 1 hour of the newly constructed Boeing plant in Decatur, Alabama.

The *Team Lawrence Commerce Park, East and West Sites* are located west of four-lane Highway 43 (north of the City of Lawrenceburg). Both of the sites are certified as a Select Tennessee Certified Site.

The Select Tennessee Certified Sites Program has helped communities prepare industrial sites for private investment and job creation since 2012. The certification process ensures that each certified site meets high quality standards and are primed for development. Certified sites must have documented environmental conditions and geotechnical analysis, existing onsite utilities or a formal plan to extend utilities to the site, and truck-quality road access. The program’s goal is to give companies detailed and reliable information during the site selection process and markets the sites to a targeted group of site selection consultants and business leaders in Tennessee’s key industry clusters. As of January 2021, sixty-five sites in Tennessee have been certified and 23 companies have invested over \$1.8 billion in capital investment to construct facilities on certified sites, accounting for more than 7,200 new job commitments.

Source: Tennessee Department of Economic and Community Development.

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The following is a list of the major employers in the County:

Major Employers in Lawrence County

<u>Company</u>	<u>Product</u>	<u>Employment</u>
Lawrence County Schools	Education	1,100
Modine Manufacturing Co	Charge Air Coolers	615
Wal-Mart Stores, Inc.	Retail	300
Lawrence County Government	Government	274
Graphic Packaging	Extruded Film & printed folding cartons	252
South East Carriers, Inc.	Distribution	250
Crockett Hospital	Healthcare	247
Dura Automotive Systems	Automotive Windows	241
Cabinets To Go	Cabinets & Flooring	151
Assurance Operations	Steel Racks	150
City of Lawrenceburg	Government	142
Aviagen	Poultry	140
Southern Craft Manufacturing	Metal Caskets	125
AOC Metal Works	Steel Racks	124
TPR Federal-Mogul TN	Automotive Parts	110
Huges Parker Industries, LLC	Fixtures & metal stampings	106
Home Tex	Textiles	82
Iron City Stamping (Iron City)	Metal stampings	81
3D System	Castings	77

Source: Tennessee Department of Economic and Community Development, and Middle Tennessee Industrial Development Association - 2020.

EMPLOYMENT INFORMATION

Due to the national rise in unemployment due to COVID-19 in the spring of 2020, the rates for the County for March 2021 do not represent the usual unemployment rate.

As of March 2021, the unemployment rate for the Lawrenceburg mSA and Lawrence County was 5.1% with 18,107 persons employed out of a labor force of 19,088. As of March 2021, the unemployment rate in the Nashville-Murfreesboro CSA stood at 4.3%, representing 1,084,611 persons employed out of a workforce of 1,133,002.

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The following chart shows unemployment trends for the last five years:

Unemployment					
	Annual Average	Annual Average	Annual Average	Annual Average	Annual Average
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
National	5.3%	4.9%	4.4%	3.6%	3.9%
Tennessee	5.6%	4.7%	3.8%	3.5%	3.4%
Lawrenceburg mSA & Lawrence Co.	6.6%	5.8%	4.4%	4.0%	4.1%
Index vs. National	125	118	100	111	105
Index vs. State	118	123	116	114	121
Nashville-Murfreesboro-CSA	4.6%	3.8%	3.0%	2.8%	2.7%
Index vs. National	87	78	68	78	69
Index vs. State	82	81	79	80	79

Source: Tennessee Department of Employment Security, CPS Labor Force Estimates Summary.

ECONOMIC DATA

Per Capita Personal Income					
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
National	\$47,058	\$48,978	\$49,870	\$51,885	\$54,446
Tennessee	\$40,801	\$42,593	\$43,726	\$44,950	\$46,900
Lawrenceburg mSA & Lawrence Co.	\$30,773	\$31,916	\$32,504	\$33,873	\$35,252
Index vs. National	65	65	65	65	65
Index vs. State	75	75	74	75	75
Nashville-Murfreesboro-CSA	\$48,134	\$50,644	\$52,497	\$54,127	\$56,628
Index vs. National	102	103	105	104	104
Index vs. State	118	119	120	120	121

Source: U.S. Department of Commerce, Bureau of Economic Analysis.

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Social and Economic Characteristics

	<u>National</u>	<u>Tennessee</u>	<u>Lawrence County</u>	<u>Lawrenceburg</u>
Median Value Owner Occupied Housing	\$217,500	\$167,200	\$112,500	\$101,500
% High School Graduates or Higher Persons 25 Years Old and Older	85.2%	87.5%	83.4%	80.8%
% Persons with Income Below Poverty Level	10.5%	13.9%	16.7%	25.4%
Median Household Income	\$62,843	\$53,320	\$43,614	\$34,086

Source: U.S. Census Bureau State & County QuickFacts - 2019.

TOURISM AND RECREATION

Lawrence County has three unique golf courses, and hunters from around the South come here for deer, turkey, dove and other game. The area is well known for its many streams and lakes, with canoe rides on Shoals Creek being one of the most popular activities.

David Crockett State Park. Located in Lawrenceburg, the David Crockett State Park honors the pioneer, soldier, politician, industrialist that was born along the banks of Shoal Creek. He was elected to Congress in 1821. Crockett died at the Alamo Mission in March of 1836 while aiding the Texans in their fight for independence from Mexico. The park offers a museum and a restaurant, a swimming pool, biking and hiking trails, campsites and picnic facilities. Rental boats and fishing are popular on the forty-acre Lindsey Lake. Also visible in the Park are the roads used during the Trail of Tears in 1838 when the Cherokee were forcibly removed from East Tennessee to reservations out West.

Source: Tennessee State Parks.

James D. Vaughan Museum and Festival. The James D. Vaughan Museum is a tribute to the founder of Southern Gospel Music and Lawrence County native. The museum has drawn visitors from all over the world and has been featured in national magazines and on national television specials. The annual James D. Vaughan Festival attracts southern gospel music lovers from throughout the country. The two-night event features the top gospel quartets.

Source: Lawrence County Chamber of Commerce.

Laurel Hill Lake. Laurel Hill Lake is located right off of scenic Natchez Trace Parkway offers 325 acres of year-round fishing enjoyment. Rowboats and pedal boats are available for rent.

Natchez Trace Parkway. The 444-mile Natchez Trace Parkway from Natchez to Nashville generally follows an ancient trail that connected southern portions of the Mississippi River, through Alabama, to salt licks in today's central Tennessee. Today, visitors can experience this National Scenic Byway and All-American Road through driving, hiking, biking, horseback riding, and camping. The Trace goes through the Tennessee Counties of Davidson, Williamson, Maury, Hickman, Lewis, Lawrence and Wayne before crossing into Alabama. The terrain along the Natchez Trace Parkway changes from 70 to 1,100 feet in elevation and passes through 5 degrees of latitude.

Originally a prehistoric Indian trail and later used by the Spaniards, French, British, and Americans, the trace was for several centuries an important trade and emigrant road in the old Southwest.

Source: National Park Service.

RECENT DEVELOPMENTS

Advanced Design Solutions Inc. The Canadian auto supplier, Advanced Design Solutions Inc., invested \$10 million and is expected to create nearly 179 jobs in Lawrenceburg. Advanced Design Solutions renovated the former Murray Ohio Manufacturing Company facility and started operations in 2019. Headquartered in Ontario, Canada, Advanced Design Solutions manufactures steel shipping racks for the auto industry. The company also operates a facility in Middletown, Ohio.

Craig Manufacturing. Canadian manufacturer, Craig Manufacturing, invested nearly \$6.4 million in 2019, and created 80 jobs in Lawrenceburg over the next five years. This is the first U.S. manufacturing facility for the company. Craig Manufacturing located operations in the 60,000-square-foot spec building in Team Lawrence Commerce Park. The company added approximately 7,500 square feet of office space for its U.S. corporate offices.

Martin Technologies. Martin Technologies invested more than \$6 million to create approximately 240 jobs in Lawrence County. This is the largest project in Lawrence County since 2011. Martin Technologies initially occupied 60,000-square-feet, and the new facility was operational in January 2018. The Lawrenceburg operations supported engineering and testing services for automotive OEMs before providing additional manufacturing services for OEMs and suppliers. Headquartered in Michigan, Martin Technologies is a full-service engineering and manufacturing company, providing global mobility solutions to the automotive, marine, aerospace and defense industries.

Modine Manufacturing Company. Modine Manufacturing Company will expand its plant in Lawrenceburg, investing \$1.2 million and creating 45 jobs in 2021. The project is a relocation of three product lines from Missouri and Rhode Island to its Lawrenceburg plant. Modine will retrofit and expand its current facility for the new lines being added. The Tennessee plant is currently primarily an aluminum fabrication plant and the new lines have significant stainless-steel content.

Modine manufactures heat transfer products for a wide range of markets including stationary power generation, mining, agriculture, construction, automotive and building HVAC. The company has had a manufacturing presence in Tennessee for over 30 years and currently employs more than 500 people across the state.

Novus Advanced Manufacturing, LLC. In 2019 Novus Advanced Manufacturing, LLC expanded its operations in St. Joseph to keep up with the company's growing capacity. The steel framing manufacturer will invest \$2 million and create 174 new jobs over the next five years. Novus Advanced Manufacturing, a subsidiary of Hunt Services, Inc., is a manufacturer of steel framing components and accessories for the construction of commercial and residential structures. The company specializes in manufacturing steel panels for the hospitality and retail center sectors. The company has had operations in Lawrence County since 2016.

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CITY OF LAWRENCEBURG, TENNESSEE
SUMMARY OF BONDED INDEBTEDNESS

AMOUNT ISSUED	PURPOSE	DUE DATE	INTEREST RATE(S)	As of June 30, 2020 (1) OUTSTANDING
\$ 5,000,000	(2) General Obligation Refunding Bonds, Series 2011	June 2021	Fixed	\$ 180,000
3,000,000	General Obligation Bonds, Series 2013	June 2025	Fixed	1,800,000
5,000,000	(3) General Obligation Bonds, Series 2015D	June 2035	Fixed	4,485,000
6,250,000	(5) General Obligation Bonds, Series 2017	June 2037	Fixed	6,100,000
6,785,000	(4) General Obligation Bonds, Series 2019B	June 2044	Fixed	6,275,000
2,735,000	(6) General Obligation Bonds, Series 2020B (Issued 12-18-2020)	March 2041	Fixed	2,735,000
2,630,000	(2) General Obligation Refunding Bonds, Series 2012 (W&S Supported)	June 2026	Fixed	1,930,000
4,485,000	(2) General Obligation Refunding Bonds, Series 2016B (W&S Supported)	June 2025	Fixed	4,300,000
6,910,000	General Obligation Refunding Bonds, Series 2020 (W&S Supported) (Issued 9-1-2020)	June 2027	Fixed	6,910,000
10,040,000	(2) Electric System Refunding Bonds, Series 2002 (Electric Supported)	July 2026	Fixed	6,750,000
4,425,000	(2) General Obligation Refunding Bonds, Series 2015C (Electric Supported)	July 2026	Fixed	3,900,000
6,000,000	(2) General Obligation Bonds, Series 2019A (Electric Supported)	July 2039	Fixed	6,000,000
<u>\$ 63,260,000</u>	EXISTING DEBT			<u>\$ 51,365,000</u>
\$ 5,675,000	(8) General Obligation Refunding Bonds, Series 2021A	June 2035	Fixed	\$ 5,675,000
6,010,000	(7) General Obligation Refunding Bonds, Series 2021B (W&S Supported)	June 2030	Fixed	6,010,000
(11,715,000)	Less: Refunded Debt (2013 Bonds and 2015 Bonds and 2016B Bonds)			(11,715,000)
(36,069,000)	Less: Revenue Supported Debt			(31,420,000)
<u>\$ 27,161,000</u>	NET EXISTING DEBT			<u>\$ 19,915,000</u>

NOTE:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein. Also includes debt issued post June 30, 2020.

(2) Revenue Supported Debt.

(3) \$785,000 Supported by Solid Waste Revenues.

(4) \$690,000 Supported by Solid Waste Revenues.

(5) \$1,500,000 Supported by Water and Sewer Revenues.

(6) \$790,000 Supported by Solid Waste Revenues.

(7) Supported by Water and Sewer Revenues.

(8) \$690,000 Supported by Solid Waste Revenues.

CITY OF LAWRENCEBURG, TENNESSEE
Indebtedness and Debt Ratios

INTRODUCTION

The information set forth in the following table is based upon information derived in part from the GENERAL PURPOSE FINANCIAL STATEMENTS which are attached herein and the table should be read in conjunction with those statements. The table does not include future funding plans whether disclosed or not in this document.

	For Fiscal Year Ended June 30				After	
	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
INDEBTEDNESS						
TAX SUPPORTED						
General Obligation Bonds & Notes	\$12,826,839	\$10,409,857	\$13,255,241	\$11,930,000	\$17,340,000	\$19,915,000
TOTAL TAX SUPPORTED	<u>12,826,839</u>	<u>10,409,857</u>	<u>13,255,241</u>	<u>11,930,000</u>	<u>17,340,000</u>	<u>19,915,000</u>
REVENUE SUPPORTED						
Water & Sewer Revenue Bonds & Notes & Electric & Gas Revenue Bonds & Notes	35,325,310	32,942,506	31,643,094	28,756,678	31,897,814	31,420,000
TOTAL REVENUE SUPPORTED	<u>35,325,310</u>	<u>32,942,506</u>	<u>31,643,094</u>	<u>28,756,678</u>	<u>31,897,814</u>	<u>31,420,000</u>
TOTAL DEBT	\$48,152,149	\$43,352,363	\$44,898,335	\$40,686,678	\$49,237,814	\$51,335,000
Less: Revenue Supported Debt	(\$35,325,310)	(\$32,942,506)	(\$31,643,094)	(\$28,756,678)	(\$31,897,814)	(\$31,420,000)
Less: Debt Service Fund	-	-	-	-	-	-
NET DIRECT DEBT	<u>\$12,826,839</u>	<u>\$10,409,857</u>	<u>\$13,255,241</u>	<u>\$11,930,000</u>	<u>\$17,340,000</u>	<u>\$19,915,000</u>

PROPERTY TAX BASE

Estimated Actual Value	\$735,806,319	\$722,787,603	\$729,753,444	\$763,809,901	\$656,506,565	\$829,459,863
Appraised Value	706,374,066	722,787,603	729,753,444	729,973,122	601,819,568	760,365,856
Assessed Value	226,524,851	229,757,776	231,757,680	231,398,527	233,608,521	240,938,596

DEBT RATIOS	For Fiscal Year Ended June 30					After Issuance
	2016	2017	2018	2019	2020	
TOTAL DEBT to Estimated Actual Value	6.54%	6.00%	6.15%	5.33%	7.50%	6.19%
TOTAL DEBT to Appraised Value	6.82%	6.00%	6.15%	5.57%	8.18%	6.75%
TOTAL DEBT to Assessed Value	21.26%	18.87%	19.37%	17.58%	21.08%	21.31%
NET DIRECT DEBT to Est. Actual Value	1.74%	1.44%	1.82%	1.56%	2.64%	2.40%
NET DIRECT DEBT to Appraised Value	1.82%	1.44%	1.82%	1.63%	2.88%	2.62%
NET DIRECT DEBT to Assessed Value	5.66%	4.53%	5.72%	5.16%	7.42%	8.27%
PER CAPITA RATIOS						
POPULATION (1)	10,736	10,772	10,838	10,838	10,838	10,838
PER CAPITA PERSONAL INCOME (2)	\$32,504	\$33,873	\$35,252	\$35,252	\$35,252	\$35,252
Estimated Actual Value to POPULATION	68,536	67,099	67,333	70,475	60,575	76,533
Assessed Value to POPULATION	21,100	21,329	21,384	21,351	21,555	22,231
Total Debt to POPULATION	4,485	4,025	4,143	3,754	4,543	4,737
Net Direct Debt to POPULATION	1,195	966	1,223	1,101	1,600	1,838
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	13.80%	11.88%	11.75%	10.65%	12.89%	13.44%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	3.68%	2.85%	3.47%	3.12%	4.54%	5.21%

(1) Per Capita computations are based upon POPULATION data according to the U.S. Census and the Government of the City.

(2) PER CAPITA PERSONAL INCOME is based upon the most current data available from the U. S. Department of Commerce.

CITY OF LAWRENCEBURG, TENNESSEE
GENERAL OBLIGATION - Includes Solid Waste
BONDED DEBT SERVICE REQUIREMENTS

F. Y. Ended	Unaudited Existing Debt As of December 18, 2020 (1) & (2)			General Obligation Refunding Bonds, Series 2021A (4)			% 2021A Principal Repaid			Less: Refunded Bonds			Total Bonded Debt Service Requirements (1) & (2)			% All Principal Repaid			
	Principal	Interest (2)	TOTAL	Principal	Interest (3)	TOTAL	Principal	Interest	TOTAL	Principal	Interest	TOTAL	Principal	Interest	TOTAL				
2021	\$ 1,320,000	\$ 553,159	\$ 1,873,159	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,320,000	\$ 553,159	\$ 1,873,159	6.63%
2022	1,265,000	583,563	1,848,563	515,000	108,140	623,140	(500,000)	(174,100)	(674,100)	(500,000)	(161,375)	(661,375)	(500,000)	(161,375)	(661,375)	1,280,000	517,603	1,797,603	
2023	1,295,000	537,888	1,832,888	515,000	103,200	618,200	(500,000)	(148,125)	(648,125)	(500,000)	(133,225)	(683,225)	(500,000)	(133,225)	(683,225)	1,310,000	479,713	1,789,713	
2024	1,390,000	490,288	1,880,288	525,000	92,900	617,900	(550,000)	(107,275)	(657,275)	(550,000)	(96,325)	(646,325)	(550,000)	(96,325)	(646,325)	1,365,000	435,063	1,800,063	
2025	1,105,000	441,788	1,546,788	535,000	82,400	617,400	(365,000)	(71,700)	(436,700)	(365,000)	(107,275)	(472,275)	(365,000)	(107,275)	(472,275)	1,090,000	390,963	1,480,963	
2026	925,000	407,438	1,332,438	370,000	64,400	434,400	(370,000)	(64,400)	(434,400)	(370,000)	(96,325)	(466,725)	(370,000)	(96,325)	(466,725)	935,000	361,213	1,296,213	36.66%
2027	960,000	376,263	1,336,263	370,000	64,400	434,400	(370,000)	(64,400)	(434,400)	(370,000)	(96,325)	(466,725)	(370,000)	(96,325)	(466,725)	965,000	333,388	1,298,388	
2028	965,000	343,063	1,308,063	355,000	57,000	412,000	(355,000)	(57,000)	(412,000)	(355,000)	(75,325)	(430,325)	(355,000)	(75,325)	(430,325)	975,000	303,738	1,278,738	
2029	995,000	312,563	1,307,563	340,000	49,900	389,900	(340,000)	(49,900)	(389,900)	(340,000)	(85,975)	(425,875)	(340,000)	(85,975)	(425,875)	980,000	276,488	1,256,488	
2030	1,020,000	281,038	1,301,038	345,000	43,100	388,100	(345,000)	(43,100)	(388,100)	(345,000)	(75,325)	(420,425)	(345,000)	(75,325)	(420,425)	1,005,000	248,813	1,253,813	
2031	1,055,000	249,250	1,304,250	350,000	36,200	386,200	(350,000)	(36,200)	(386,200)	(350,000)	(64,525)	(414,725)	(350,000)	(64,525)	(414,725)	1,035,000	220,925	1,255,925	
2032	1,080,000	220,168	1,300,168	355,000	29,200	384,200	(355,000)	(29,200)	(384,200)	(355,000)	(53,055)	(408,255)	(355,000)	(53,055)	(408,255)	1,055,000	196,313	1,251,313	
2033	955,000	190,008	1,145,008	360,000	22,100	382,100	(360,000)	(22,100)	(382,100)	(360,000)	(40,895)	(400,995)	(360,000)	(40,895)	(400,995)	925,000	171,213	1,096,213	
2034	970,000	162,113	1,132,113	370,000	14,900	384,900	(370,000)	(14,900)	(384,900)	(370,000)	(28,025)	(400,925)	(370,000)	(28,025)	(400,925)	940,000	148,988	1,088,988	
2035	1,005,000	133,163	1,138,163	375,000	7,500	382,500	(375,000)	(7,500)	(382,500)	(375,000)	(14,525)	(390,025)	(375,000)	(14,525)	(390,025)	965,000	126,138	1,091,138	
2036	600,000	102,625	702,625	-	-	-	-	-	-	-	-	-	-	-	-	600,000	102,625	702,625	84.08%
2037	620,000	86,063	706,063	-	-	-	-	-	-	-	-	-	-	-	-	620,000	86,063	706,063	
2038	415,000	68,663	483,663	-	-	-	-	-	-	-	-	-	-	-	-	415,000	68,663	483,663	
2039	425,000	57,438	482,438	-	-	-	-	-	-	-	-	-	-	-	-	425,000	57,438	482,438	
2040	435,000	45,938	480,938	-	-	-	-	-	-	-	-	-	-	-	-	435,000	45,938	480,938	
2041	445,000	34,163	479,163	-	-	-	-	-	-	-	-	-	-	-	-	445,000	34,163	479,163	95.83%
2042	270,000	21,788	291,788	-	-	-	-	-	-	-	-	-	-	-	-	270,000	21,788	291,788	
2043	275,000	14,700	289,700	-	-	-	-	-	-	-	-	-	-	-	-	275,000	14,700	289,700	
2044	285,000	7,481	292,481	-	-	-	-	-	-	-	-	-	-	-	-	285,000	7,481	292,481	100.00%
	\$ 20,075,000	\$ 5,720,603	\$ 25,795,603	\$ 5,675,000	\$ 782,640	\$ 6,457,640	\$ (5,835,000)	\$ (1,300,675)	\$ (7,135,675)	\$ (5,835,000)	\$ (1,300,675)	\$ (7,135,675)	\$ (5,835,000)	\$ (1,300,675)	\$ (7,135,675)	\$ 19,915,000	\$ 5,202,568	\$ 25,117,568	

NOTES:

- (1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the CAFR.
- (2) \$2,265,000 Supported by Solid Waste Revenues.
- (3) Average Coupon 2.00%.
- (4) \$690,000 Supported by Solid Waste Revenues.

CITY OF LAWRENCEBURG, TENNESSEE
WATER AND SEWER SYSTEM - REVENUE SUPPORTED
BONDED DEBT SERVICE REQUIREMENTS

F.Y. Ended 6/30	Unaudited Existing Debt As of December 18, 2020 (1)		Estimated General Obligation Refunding Bonds, Series 2021B		% 2021B Principal Repaid		Less: Refunded Bonds		Total Bonded Debt Service Requirements (1)		% Principal Repaid
	Principal	Interest	Principal	Interest (2)	Principal	Interest	Principal	Interest	Principal	Interest	
2021	\$ 1,480,000	\$ 335,288	\$ 1,815,288	\$ -	0.00%	\$ -	\$ -	\$ 1,480,000	\$ 335,288	\$ 1,815,288	10.02%
2022	1,595,000	344,088	1,939,088	54,254	6.74%	(360,000)	(132,350)	1,640,000	265,991	1,905,991	
2023	1,635,000	298,288	1,933,288	52,785	13.48%	(370,000)	(123,600)	1,670,000	227,473	1,897,473	
2024	1,665,000	249,738	1,914,738	50,760	20.30%	(375,000)	(113,000)	1,700,000	187,498	1,887,498	
2025	1,705,000	201,088	1,906,088	48,300	27.12%	(385,000)	(102,250)	1,730,000	147,138	1,877,138	
2026	1,270,000	151,238	1,421,238	45,430	33.78%	(390,000)	(91,200)	1,280,000	105,468	1,385,468	64.32%
2027	1,335,000	114,238	1,449,238	42,230	50.58%	(1,000,000)	(80,000)	1,345,000	76,468	1,421,468	
2028	1,085,000	87,113	1,172,113	33,140	67.22%	(1,000,000)	(60,000)	1,085,000	60,253	1,145,253	
2029	1,085,000	64,988	1,149,988	23,140	83.69%	(1,000,000)	(40,000)	1,075,000	48,128	1,123,128	
2030	1,090,000	42,863	1,132,863	12,250	100.00%	(1,000,000)	(20,000)	1,070,000	35,113	1,105,113	
2031	90,000	20,388	110,388	-	-	-	-	90,000	20,388	110,388	95.90%
2032	95,000	17,913	112,913	-	-	-	-	95,000	17,913	112,913	
2033	95,000	15,300	110,300	-	-	-	-	95,000	15,300	110,300	
2034	100,000	12,450	112,450	-	-	-	-	100,000	12,450	112,450	
2035	100,000	9,450	109,450	-	-	-	-	100,000	9,450	109,450	
2036	105,000	6,450	111,450	-	-	-	-	105,000	6,450	111,450	99.26%
2037	110,000	3,300	113,300	-	-	-	-	110,000	3,300	113,300	100.00%
	\$ 14,640,000	\$ 1,974,175	\$ 16,614,175	\$ 362,289		\$ (5,880,000)	\$ (762,400)	\$ 14,770,000	\$ 1,574,064	\$ 16,344,064	

NOTES:

- (1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION included herein.
- (2) Estimated Interest rates. Estimated Average Coupon 1.01%.

CITY OF LAWRENCEBURG, TENNESSEE
ELECTRIC SYSTEM - REVENUE SUPPORTED
BONDED DEBT SERVICE REQUIREMENTS

F.Y. Ended 6/30	Total Bonded Electric Debt Service Requirements (1)			% All Principal Repaid
	<u>Principal</u>	<u>Interest</u>	<u>TOTAL</u>	
2021	\$ 1,560,000	\$ 574,215	\$ 2,134,215	9.37%
2022	1,630,000	510,665	2,140,665	
2023	1,700,000	444,065	2,144,065	
2024	1,770,000	374,340	2,144,340	
2025	1,840,000	301,415	2,141,415	51.05%
2026	1,870,000	224,928	2,094,928	
2027	1,945,000	144,608	2,089,608	
2028	290,000	96,225	386,225	
2029	300,000	85,975	385,975	
2030	305,000	79,925	384,925	79.34%
2031	310,000	73,775	383,775	
2032	320,000	67,475	387,475	
2033	325,000	60,822	385,822	
2034	330,000	53,863	383,863	
2035	340,000	46,531	386,531	89.10%
2036	345,000	38,825	383,825	
2037	355,000	30,950	385,950	
2038	365,000	22,622	387,622	
2039	370,000	13,894	383,894	
2040	380,000	4,750	384,750	100.00%
	<u>\$ 16,650,000</u>	<u>\$ 3,249,866</u>	<u>\$ 19,899,866</u>	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION included herein. Additionally, the principal payment on the Series 2002 Bond and the Series 2015C Bonds are made on July 1 of each fiscal year. The City paid \$1,560,000 of principal and \$302,632.50 of interest on July 1, 2020.

FINANCIAL OPERATIONS

BASIS OF ACCOUNTING AND PRESENTATION

The accounts of the City are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The modified accrual basis of accounting is used to account for all governmental funds of the City. Revenues for such funds are recognized when they become measurable and available as net current assets. Expenditures are recognized in the period that the obligation is incurred. Interest on bonded debt is not accrued.

All proprietary funds are accounted for using the accrual basis of accounting. Revenues of such funds are recognized when they are earned and expenses when they are incurred except for prepaid expenses, which are fully expended at the time of payment.

FUND BALANCES, NET ASSETS AND RETAINED EARNINGS

The following table depicts fund balances, net assets and retained earnings for the last five fiscal years ending June 30:

	<u>For the Fiscal year Ended June 30</u>				
<u>Fund Type</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<i>Governmental Funds:</i>					
General	\$4,259,413	\$3,662,178	\$4,345,556	\$3,891,121	\$ 4,460,814
Other Governmental	<u>4,037,369</u>	<u>1,373,664</u>	<u>1,756,090</u>	<u>1,395,817</u>	<u>6,743,420</u>
Total	<u>\$8,296,782</u>	<u>\$5,035,842</u>	<u>\$6,101,646</u>	<u>\$5,286,938</u>	<u>\$11,204,234</u>
<i>Proprietary Net Assets:</i>					
Water & Sewer	\$20,820,624	\$19,625,558	\$20,983,781	\$23,082,721	\$24,997,460
Gas System	10,204,872	8,889,707	9,756,710	12,054,952	13,846,787
Electric System	<u>44,259,818</u>	<u>34,432,371</u>	<u>36,307,875</u>	<u>38,427,092</u>	<u>40,822,182</u>
Total	<u>\$75,285,314</u>	<u>\$62,947,636</u>	<u>\$67,048,366</u>	<u>\$73,564,765</u>	<u>\$79,666,429</u>

Source: Comprehensive Annual Financial Reports of the City of Lawrenceburg, Tennessee.

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CITY OF LAWRENCEBURG, TENNESSEE

Five Year Summary of Revenues, Expenditures and
Changes In Fund Balances - General Fund
For the Fiscal Year Ended June 30

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues:					
Local taxes	\$ 8,283,437	\$ 8,631,522	\$ 8,474,294	\$ 8,782,619	\$ 8,989,162
Intergovernmental Revenue	1,596,567	1,166,731	1,429,690	1,719,440	1,732,813
Licenses and Permits	35,498	37,351	77,985	81,513	97,642
Fines and fees	145,367	121,634	112,721	101,876	32,935
Charges/Rent for services	153,467	161,774	173,505	173,885	463,679
Miscellaneous	182,110	280,075	340,168	527,061	976,046
Total Revenues	\$ 10,396,446	\$ 10,399,087	\$ 10,608,363	\$ 11,386,394	\$ 12,292,277
Expenditures:					
Judicial / City Attorney	\$ 34,147	\$ 34,960	\$ 39,831	\$ 48,746	\$ 47,689
Executive	155,225	160,469	177,488	229,173	255,099
Planning and Development	158,914	197,502	228,700	345,082	403,252
General Government	852,649	980,775	870,195	1,027,998	648,131
Public Safety	4,692,431	5,040,715	5,397,518	5,679,299	6,119,371
Highways and Streets	1,813,294	1,991,267	2,069,815	2,196,108	2,134,834
Parks and Recreation	724,913	732,946	777,442	826,454	730,983
Sundry Appropriations	1,283,549	888,182	910,940	978,787	732,727
Capital Outlay	641,189	1,034,763	186,308	437,372	667,491
Debt Service	1,433,662	1,413,308	1,512,570	1,559,482	1,569,732
Other	119,803	128,455	128,076	137,070	103,869
Total Expenditures	\$ 11,909,776	\$ 12,603,342	\$ 12,298,883	\$ 13,465,571	\$ 13,413,178
Excess of Revenues & Over (under) Expenditures	\$ (1,513,330)	\$ (2,204,255)	\$ (1,690,520)	\$ (2,079,177)	\$ (1,120,901)
Other Financing Sources (Uses):					
Interfund Transfers - In	\$ 1,509,115	\$ 1,607,020	\$ 2,414,786	\$ 1,665,630	\$ 1,731,482
Interfund Transfers - Out	-	-	(40,888)	(40,888)	(40,888)
Issuance Of Notes/Bonds	-	-	-	-	-
Payments to refunding escrow agent	-	-	-	-	-
Bond Proceeds	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ 1,509,115	\$ 1,607,020	\$ 2,373,898	\$ 1,624,742	\$ 1,690,594
Excess of Revenue and Other Sources over (Under) Expenditures and Other Sources	(4,215)	(597,235)	683,378	(454,435)	569,693
Fund Balance July 1	4,263,627	4,259,413	3,662,178	4,345,556	3,891,121
Prior Period Adjustment	1	-	-	-	-
Fund Balance June 30	\$ 4,259,413	\$ 3,662,178	\$ 4,345,556	\$ 3,891,121	\$ 4,460,814

CITY OF LAWRENCEBURG, TENNESSEE
Five Year Summary of Revenues, Expenditures and
Changes In Net Position - Water & Sewer System
For the Fiscal Year Ended June 30

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating Revenues:					
Receipts for services & use of facilities	\$ 7,241,076	\$ 7,314,966	\$ 7,341,739	\$ 7,374,111	\$ 7,272,827
Other	266,162	330,237	313,501	357,036	382,150
Total Revenues	<u>\$ 7,507,238</u>	<u>\$ 7,645,203</u>	<u>\$ 7,655,240</u>	<u>\$ 7,731,147</u>	<u>\$ 7,654,977</u>
Operating Expenditures:					
Operation Expense	\$ 4,403,175	\$ 3,931,580	\$ 4,246,804	\$ 3,800,678	\$ 4,131,152
Depreciation	1,121,079	1,153,627	1,183,695	1,202,304	1,243,141
Total Expenditures	<u>\$ 5,524,254</u>	<u>\$ 5,085,207</u>	<u>\$ 5,430,499</u>	<u>\$ 5,002,982</u>	<u>\$ 5,374,293</u>
Operating Income (Loss)	\$ 1,982,984	\$ 2,559,996	\$ 2,224,741	\$ 2,728,165	\$ 2,280,684
Non-Operating Revenues (Expenses):					
Interest Income	\$ 19,684	\$ 1,791	\$ 1,548	\$ 2,883	\$ 1,795
Interest Expense	(581,114)	(522,607)	(487,607)	(450,019)	(397,026)
Gain on disposition of non utility plant	(47,398)	(53,892)	(107,901)	(21,492)	(74,789)
Amortization	(2,918)	(9,365)	(17,144)	(17,135)	(15,816)
Transfers	(271,964)	(285,343)	(283,114)	(264,128)	(256,743)
Total Non-Operating Revenues (Expenses)	<u>\$ (883,710)</u>	<u>\$ (869,416)</u>	<u>\$ (894,218)</u>	<u>\$ (749,891)</u>	<u>\$ (742,579)</u>
Income before Capital Contributions	\$ 1,099,274	\$ 1,690,580	\$ 1,330,523	\$ 1,978,274	\$ 1,538,105
Capital Contributions- Utility Plant	405,044	-	27,700	120,666	376,634
Change in Net Position	<u>\$ 1,504,318</u>	<u>\$ 1,690,580</u>	<u>\$ 1,358,223</u>	<u>\$ 2,098,940</u>	<u>\$ 1,914,739</u>
Net Assets - Beginning of year	\$ 19,316,306	\$ 20,820,624	\$ 19,625,558	\$ 20,983,781	\$ 23,082,721
Prior Period Adjustment	-	(2,885,646)	-	-	-
Net Assets - End of Year	<u><u>\$ 20,820,624</u></u>	<u><u>\$ 19,625,558</u></u>	<u><u>\$ 20,983,781</u></u>	<u><u>\$ 23,082,721</u></u>	<u><u>\$ 24,997,460</u></u>

CITY OF LAWRENCEBURG, TENNESSEE
Five Year Summary of Revenues, Expenditures and
Changes In Net Position - Gas System
For the Fiscal Year Ended June 30

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating Revenues:					
Receipts for services and use of facilities	\$ 3,232,471	\$ 4,767,666	\$ 5,706,458	\$ 6,045,764	\$ 5,473,280
Other	119,231	140,127	132,824	136,861	141,536
Total Revenues	<u>\$ 3,351,702</u>	<u>\$ 4,907,793</u>	<u>\$ 5,839,282</u>	<u>\$ 6,182,625</u>	<u>\$ 5,614,816</u>
Operating Expenditures:					
Natural Gas Purchased	\$ 1,743,377	\$ 2,031,631	\$ 2,463,992	\$ 2,703,530	\$ 1,910,793
Operation Expense	1,257,902	1,206,389	1,431,136	645,654	1,310,452
Depreciation	400,289	410,602	370,398	305,703	343,095
Total Expenditures	<u>\$ 3,401,568</u>	<u>\$ 3,648,622</u>	<u>\$ 4,265,526</u>	<u>\$ 3,654,887</u>	<u>\$ 3,564,340</u>
Operating Income (Loss)	\$ (49,866)	\$ 1,259,171	\$ 1,573,756	\$ 2,527,738	\$ 2,050,476
Non-Operating Revenues (Expenses):					
Interest Income	\$ 2,300	\$ 1,801	\$ 2,093	\$ 2,514	\$ 2,077
Interest Expense	(4,386)	(3,270)	(3,249)	(2,211)	(2,088)
Gain on disposition of non utility plant	(168,767)	(49,880)	(557,914)	(65,599)	(66,540)
Amortization	566	(142)	(142)	(141)	-
Transfers	(133,409)	(132,219)	(147,541)	(164,059)	(192,090)
Total Non-Operating Revenues (Expenses)	<u>\$ (303,696)</u>	<u>\$ (183,710)</u>	<u>\$ (706,753)</u>	<u>\$ (229,496)</u>	<u>\$ (258,641)</u>
Income before Capital Contributions	\$ (353,562)	\$ 1,075,461	\$ 867,003	\$ 2,298,242	\$ 1,791,835
Capital Contributions- Utility Plant	-	-	-	-	-
Change in Net Position	<u>\$ (353,562)</u>	<u>\$ 1,075,461</u>	<u>\$ 867,003</u>	<u>\$ 2,298,242</u>	<u>\$ 1,791,835</u>
Net Assets - Beginning of year	\$ 10,558,434	\$ 10,204,872	\$ 8,889,707	\$ 9,756,710	\$ 12,054,952
Prior Period Adjustment		(2,390,626)		-	-
Net Assets - End of Year	<u><u>\$ 10,204,872</u></u>	<u><u>\$ 8,889,707</u></u>	<u><u>\$ 9,756,710</u></u>	<u><u>\$ 12,054,952</u></u>	<u><u>\$ 13,846,787</u></u>

CITY OF LAWRENCEBURG, TENNESSEE
Five Year Summary of Revenues, Expenditures and
Changes In Net Position - Electric System
For the Fiscal Year Ended June 30

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Operating Revenues:					
Receipts for services and use of facilities	\$ 48,098,117	\$ 50,732,482	\$ 51,948,128	\$ 53,027,980	\$ 50,788,593
Other	881,423	1,002,586	1,084,760	1,110,340	1,290,505
Total Revenues	\$ 48,979,540	\$ 51,735,068	\$ 53,032,888	\$ 54,138,320	\$ 52,079,098
Operating Expenditures:					
Purchased Power	\$ 35,506,249	\$ 37,748,811	\$ 38,929,558	\$ 39,514,794	\$ 37,029,119
Operation and Maintenance Expense	7,196,072	6,913,355	7,455,018	7,703,217	7,620,770
Depreciation and amortization	2,300,168	2,311,191	2,342,060	2,449,622	2,992,358
Other	439,001	471,256	480,501	447,308	468,803
Total Expenditures	\$ 45,441,490	\$ 47,444,613	\$ 49,207,137	\$ 50,114,941	\$ 48,111,050
Operating Income (Loss)	\$ 3,538,050	\$ 4,290,455	\$ 3,825,751	\$ 4,023,379	\$ 3,968,048
Non-Operating Revenues (Expenses):					
Interest Income	\$ 27,833	\$ 15,441	\$ 47,502	\$ 74,162	\$ 121,301
Interest Expense	(611,976)	(567,862)	(515,563)	(452,455)	(546,677)
Gain (Loss) on Sale of Property	284,329	(298,194)	(203,227)	(254,132)	113,007
Amortization Expense	(83,515)	(83,515)	(83,401)	(75,182)	(68,828)
Transfers out - Tax Equivalents	(1,103,742)	(1,195,976)	(1,195,558)	(1,196,555)	(1,191,761)
Total Non-Operating Revenues (Expenses)	\$ (1,487,071)	\$ (2,130,106)	\$ (1,950,247)	\$ (1,904,162)	\$ (1,572,958)
Income before Capital Contributions	\$ 2,050,979	\$ 2,160,349	\$ 1,875,504	\$ 2,119,217	\$ 2,395,090
Capital Contributions- Utility Plant	260,521	-	-	-	-
Change in Net Position	\$ 2,311,500	\$ 2,160,349	\$ 1,875,504	\$ 2,119,217	\$ 2,395,090
Net Assets - Beginning of year	\$ 41,948,318	\$ 44,259,818	\$34,432,371	\$36,307,875	\$38,427,092
Prior Period Adjustment	-	(11,987,796)	-	-	-
Net Assets - End of Year	\$ 44,259,818	\$ 34,432,371	\$ 36,307,875	\$ 38,427,092	\$ 40,822,182

INVESTMENT AND CASH MANAGEMENT PRACTICES

Investment of idle City operating funds is controlled by state statute and local policies and administered by the City Recorder. Generally, such policies limit investment instruments to direct U. S. Government obligations, those issued by U.S. Agencies or Certificates of Deposit. As required by prevailing statutes, all demand deposits or Certificates of Deposit are secured by similar grade collateral pledged at 110% of market value for amounts in excess of that guaranteed through federally sponsored insurance programs. Deposits with savings and loan associations must be collateralized as outlined above, by an irrevocable letter of credit issued by the Federal Home Loan Bank or by providing notes secured by the first mortgages or first deeds for trust upon residential property in the state equal to at least 150 percent of the amount of uninsured deposits. All collateral must be held in a third party escrow account for the benefit of the City. For reporting purposes, all investments are stated at cost which approximates market value.

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

State Taxation of Property; Classifications of Taxable Property; Assessment Rates

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the "General Assembly") exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as provided under Tennessee law.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four sub classifications and assessed at the rates as follows:

- (a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street-car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;
- (b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;
- (c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and
- (d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and

equipment. Tangible Personal Property is required constitutionally to be classified into three sub classifications and assessed at the rates as follows:

- (a) Public Utility Property, to be assessed at 55% of its value;
- (b) Industrial and Commercial Property, to be assessed at 30% of its value; and
- (c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of \$7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into sub classifications and to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

County Taxation of Property

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the *Tennessee Code Annotated*, the General Assembly has authorized the counties in Tennessee to levy an *ad valorem* tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the county legislative body of each county based upon tax rates to be established on the first Monday of July of each year or as soon thereafter as practicable.

All property is required to be taxed according to its value upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness, are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

Assessment of Property

County Assessments; County Board of Equalization. The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January 1 for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the

assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least 10 days before the local board of equalization begins its annual session.

The county board of equalization is required (among other things) to carefully examine, compare and equalize the county assessments; assure that all taxable properties are included on the assessments lists and that exempt properties are eliminated from the assessment lists; hear and act upon taxpayer complaints; and correct errors and assure conformity to State law and regulations.

State Assessments of Public Utility Property; State Board of Equalization. The State Comptroller of the Treasury is authorized and directed under Tennessee law to assess for taxation, for State, county and municipal purposes, all public utility properties of every description, tangible and intangible, within the State. Such assessment is required to be made annually as of the same day as other properties are assessed by law (as described above) and takes into account such factors as are prescribed by Tennessee law.

On or before the first Monday in August of each year, the assessments are required to be completed and the State Comptroller of the Treasury is required to send a notice of assessment to each company assessable under Tennessee law. Within ten days after the first Monday in August of each year, any owner or user of property so assessed may file an exception to such assessment together with supporting evidence to the State Comptroller of the Treasury, who may change or affirm the valuation. On or before the first Monday in September of each year, the State Comptroller of the Treasury is required to file with the State Board of Equalization assessments so made. The State Board of Equalization is required to examine such assessments and is authorized to increase or diminish the valuation placed upon any property valued by the State Comptroller of the Treasury.

The State Board of Equalization has jurisdiction over the valuation, classification and assessment of all properties in the State. The State Board of Equalization is authorized to create an assessment appeals commission to hear and act upon taxpayer complaints. The action of the State Board of Equalization is final and conclusive as to all matters passed upon by the Board, subject to judicial review consisting of a new hearing in chancery court.

Periodic Reappraisal and Equalization

Tennessee law requires reappraisal in each county by a continuous six-year cycle comprised of an on-site review of each parcel of real property over a five-year period, or, upon approval of the State Board of Equalization, by a continuous four-year cycle comprised of an one-site review of each parcel of real property over a three-year period, followed by revaluation of all such property in the year following completion of the review period. Alternatively, if approved by the assessor and

adopted by a majority vote of the county legislative body, the reappraisal program may be completed by a continuous five-year cycle comprised of an on-site review of each parcel of real property over a four-year period followed by revaluation of all such property in the year following completion of the review period.

After a reappraisal program has been completed and approved by the Director of Property Assessments, the value so determined must be used as the basis of assessments and taxation for property that has been reappraised. The State Board of Equalization is responsible to determine whether or not property within each county of the State has been valued and assessed in accordance with the Constitution and laws of the State of Tennessee.

Valuation for Property Tax Purposes

County Valuation of Property. The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State Board of Equalization. Such assessment manuals are required to take into account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

State Valuation of Public Utility Property. The State Comptroller of the Treasury determines the value of public utility property based upon the appraisal of the property as a whole without geographical or functional division of the whole (*i.e.*, the unit rule of appraisal) and on other factors provided by Tennessee law. In applying the unit rule of appraisal, the State Comptroller of the Treasury is required to determine the State's share of the unit or system value based upon factors that relate to the portion of the system relating to the State of Tennessee.

Certified Tax Rate

Upon a general reappraisal of property as determined by the State Board of Equalization, the county assessor of property is required to (1) certify to the governing bodies of the county and each municipality within the county the total assessed value of taxable property within the jurisdiction of each governing body and (2) furnish to each governing body an estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the assessed value of deletions from the previous assessment roll. Exclusive of such new construction, improvements and deletions, each governing body is required to determine and certify a tax rate (herein referred to as the "*Certified Tax Rate*") which will provide the same *ad valorem* revenue for that jurisdiction as was levied during the previous year. The governing body of a county or municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

Tennessee law provides that no tax rate in excess of the Certified Tax Rate may be levied by the governing body of any county or of any municipality until a resolution or ordinance has been adopted by the governing body after publication of a notice of the governing body's intent to exceed the Certified Tax Rate in a newspaper of general circulation and the holding of a public hearing.

The Tennessee Local Government Public Obligations Act of 1986 provides that a tax sufficient to pay when due the principal of and interest on general obligation bonds (such as the Bonds) shall be levied annually and assessed, collected and paid, in like manner with the other taxes of the local government as described above and shall be in addition to all other taxes authorized or limited by law. Bonds issued pursuant to the Local Government Public Obligations Act of 1986 may be issued without regard to any limit on indebtedness provided by law.

Tax Freeze for the Elderly Homeowners

The Tennessee Constitution was amended by the voters in November 2006 to authorize the Tennessee General Assembly to enact legislation providing property tax relief for homeowners age 65 and older. The General Assembly subsequently adopted the Property Tax Freeze Act permitting (but not requiring) local governments to implement a program for "freezing" the property taxes of eligible taxpayers at an amount equal to the taxes for the year the taxpayer becomes eligible. For example, if a taxpayer's property tax bill is \$500 for the year in which he becomes eligible, his property taxes will remain at \$500 even if property tax rates or appraisals increase so long as he continues to meet the program's ownership and income requirements.

Tax Collection and Tax Lien

Property taxes are payable the first Monday in October of each year. The county trustee of each county acts as the collector of all county property taxes and of all municipal property taxes when the municipality does not collect its own taxes.

The taxes assessed by the State of Tennessee, a county, a municipality, a taxing district or other local governmental entity, upon any property of whatever kind, and all penalties, interest and costs accruing thereon become and remain a first lien on such property from January 1 of the year for which such taxes are assessed. In addition, property taxes are a personal debt of the property owner as of January and, when delinquent, may be collected by suit as any other personal debt. Tennessee law prescribes the procedures to be followed to foreclose tax liens and to pursue legal proceedings against property owners whose property taxes are delinquent.

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Assessed Valuations. According to the Tax Aggregate Report, property in the County and City reflected a ratio of appraised value to true market value of 0.9167. The following table shows pertinent data for tax year 2020¹.

<u>Class</u>	<u>Estimated Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Appraised Value</u>
Public Utilities	\$ 5,424,520	55%	\$ 12,427,308
Commercial and Industrial	108,182,385	40%	295,044,288
Personal Tangible Property	44,315,316	30%	159,748,122
Residential, Farm and Open Space	<u>83,016,375</u>	25%	<u>362,240,145</u>
Total	<u>\$240,938,596</u>		<u>\$829,459,863</u>

Source: 2020 Tax Aggregate Report of Tennessee and the City.

¹ The tax year coincides with the calendar year, therefore tax year 2020 is actually fiscal year 2020-2019.

The estimated assessed value of property in the City for the fiscal year ending June 30, 2021 (tax year 2020) is \$240,938,596 compared to \$233,608,521 for the fiscal year ending June 30, 2020 (tax year 2019). The estimated actual value of all taxable property for tax year 2020 is \$829,459,863 as compared to \$803,856,211 for tax year 2019.

According to the Tax Aggregate Report, property in the County and City reflected a ratio of appraised value to true market value of 0.9167. The following table shows pertinent data for tax year 2019².

<u>Class</u>	<u>Estimated Assessed Valuation</u>	<u>Assessment Rate</u>	<u>Estimated Appraised Value</u>
Public Utilities	\$ 4,479,632	55%	\$ 10,262,616
Commercial and Industrial	107,287,105	40%	292,602,707
Personal Tangible Property	40,111,559	30%	144,362,835
Residential, Farm and Open Space	<u>81,730,225</u>	25%	<u>356,628,053</u>
Total	<u>\$233,608,521</u>		<u>\$803,856,211</u>

Source: 2019 Tax Aggregate Report of Tennessee and the City.

² The tax year coincides with the calendar year, therefore tax year 2019 is actually fiscal year 2019-2018.

The estimated assessed value of property in the City for the fiscal year ending June 30, 2020 (tax year 2019) is \$233,608,521 compared to \$231,398,527 for the fiscal year ending June 30, 2019 (tax year 2018). The estimated actual value of all taxable property for tax year 2019 is \$803,856,211 as compared to \$763,809,901 for tax year 2018.

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Property Tax Rates and Collections. The following table shows the property tax rates and collections of the City for tax years 2016 through 2020 as well as the aggregate uncollected balances for each fiscal year as of June 30, 2020.

PROPERTY TAX RATES AND COLLECTIONS				Fiscal Yr. Collections		Aggregate Uncollected Balance	
Tax Year ³	Assessed Valuation	Tax Rates	Taxes Levied	Amount	Pct	As of June 30, 2020	
						Amount	Pct
2016	\$229,757,776	\$1.4368	\$3,301,278	\$3,196,322	96.8%	\$ 14,682	0.4%
2017	231,757,680	1.4368	3,344,873	3,131,723	93.6%	37,919	1.1%
2018	231,398,527	1.4368	3,324,814	3,208,872	96.5%	54,083	1.6%
2019	233,608,521	1.4368	3,356,556	3,229,271	96.2%	127,285	3.8%
2020	240,938,596	1.4368	3,374,930*	IN PROGRESS			

* Estimated

³ The tax year coincides with the calendar year, therefore tax year 2020 is actually fiscal year 2020-2019.

Largest Taxpayers. For the fiscal year ending June 30, 2020 (tax year 2019), the ten largest taxpayers in the City were as follows:

	<u>Taxpayer</u>	<u>Business Type</u>	<u>Assessed Value</u>	<u>Taxes Levied</u>
1.	Modine Mft.	Charge Air Coolers	\$13,164,218	\$189,144
2.	Southern Tenn Regional	Hospital	8,316,516	119,491
3.	Graphic Packaging	Printed Cartons	8,066,765	115,903
4.	DURA Industries	Automotive	6,200,244	89,085
5.	Walmart	Retail	4,060,738	58,345
6.	South East Carriers	Transportation	2,309,300	33,179
7.	Park Ridge Estates	Housing	2,056,816	29,552
8.	BC Woods Investments	Investments	3,148,720	28,823
9.	Hughes Parkes Industries	Fabricators	<u>1,896,845</u>	<u>27,552</u>
	TOTAL		<u>\$49,220,162</u>	<u>\$691,074</u>

Source: The City.

PENSION PLANS

Employees of the City (other than those of the Water & Sewer, Natural Gas and Electric Power systems) are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS provides retirement benefits as well as death and disability benefits. Benefits are

determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at age 55. Disability benefits are available to active members with 5 years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in performance of duty. Members joining the retirement system after July 1, 1979 become vested after 5 years of service and members joining prior to July, 1979 were vested after 4 years of service.

All employees of the Water & Sewer, Natural Gas and Electric Power systems are members of the Lawrenceburg Utility Systems Employees' Pension Plan. For additional information of the funding status, trend information and actuarial status of the above retirement programs please refer to the appropriate Notes to Financial Statements located in the General Purpose Financial Statements of the City herein.

OTHER POST-EMPLOYMENT BENEFITS

The City participates in the State-administered Local Government Group Insurance Plan for healthcare benefits. For accounting purposes, the Plan is and agent multiple-employer Other Post Employment Benefit (OPEB) Plan. Benefits are established and amended by an insurance committee created by TCA 8-27-207. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the State's retirement system may participate in a State-administered medicare supplemental plan that does not include pharmacy. The Plan is reported in the State of Tennessee Comprehensive Annual Financial Report.

For additional information please refer to the appropriate Notes to Financial Statements located in the General Purpose Financial Statements of the City herein.

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APPENDIX C

GENERAL PURPOSE FINANCIAL STATEMENTS

OF

CITY OF LAWRENCEBURG, TENNESSEE

FOR THE FISCAL YEAR ENDED

JUNE 30, 2020

The General Purpose Financial Statements are extracted from the Financial Statements with Report of Certified Public Accountants of the City of Lawrenceburg for the fiscal year ended June 30, 2020 which is available upon request from the City.

CITY OF LAWRENCEBURG, TENNESSEE

Annual Financial Report

For the Year Ended June 30, 2020

CITY OF LAWRENCEBURG, TENNESSEE

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INTRODUCTORY SECTION

CITY OF LAWRENCEBURG, TENNESSEE

List of Elected, Appointed and Other Officials

June 30, 2020

Elected Officials

Mayor
Council Member
Council Member
Council Member
Council Member

Blake Lay
Ronald Fox
Robin Williams
Jamie Sevier
Chad Moore

Appointed and Other Officials

City Administrator
Finance Director/City Recorder
Human Resource & Safety Director
Safety Director
Administrative Assistant
Emergency Management
Chief of Police
Fire Chief
Parks and Recreation Manager
Sanitation Manager
Public Works
Accountant, Certified Municipal Financial Officer

Chris Shaffer
Linda Adair
Doug Edwards
Tina Sowell
Joyce DiCapo
Joe Baxter
Terry Beecham
Jay Moore
Pam Kemp
Gary Wayne Hyde
Jerry Smith
Linda Adair

FINANCIAL SECTION

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

501 EAST IRIS DRIVE
NASHVILLE, TN 37204-3109

Independent Auditor's Report

HUBERT E. (BUDDY) YEARY
GREGORY V. HOWELL

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

To the Mayor and Board of Commissioners
City of Lawrenceburg, Tennessee:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lawrenceburg, Tennessee, (the City) as of and for the year ended June 30, 2020 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 did not audit the financial statements of the Water and Sewer, Natural Gas and Electric Power Funds which represent 100% of the Business - Type Activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Business - Type Activities (Proprietary Funds) is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Except for the matter described below in the Basis for Disclaimer of Opinion, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Disclaimer of Opinion on Discretely Presented Component Unit

The financial statements of the Crockett Theater Board, the discretely presented Component Unit in the City's basic financial statements, have not been audited, and we were not engaged to audit the financial statements of the Board as part of our audit of the City's basic financial statements. The Crockett Theater Board's financial activities are included in the City's basic financial statements as a discretely presented component unit and represents 100% of the assets, net position and revenues of the City's aggregate discretely presented component units.

Disclaimer of Opinion

Because of the significance of the matter discussed in the "Basis for Disclaimer of Opinion on the Discretely Presented Component Unit" paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an opinion on the financial statements of the aggregately presented component unit (Crockett Theater Board). Accordingly, we do not express an opinion on these financial statements.

Unmodified Opinion

In our opinion, based on our audit and the report of other auditors, 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 Lawrenceburg, Tennessee, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 and the schedules of funding progress, employer contributions and actuarial methods and significant assumptions on pages 76 – 87 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 and other auditors 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.

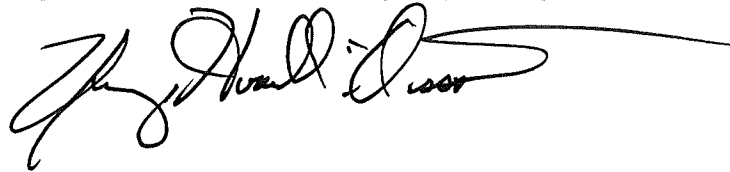
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Nonmajor Fund Statements and Schedules and Financial Schedules and Management Corrective Action Plan, Pages 119-120 are presented for purposes of additional analysis and are not a required part of the financial statements. The Combining and Individual Nonmajor Fund Financial Statements and Schedules and Financial 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. This information, except for those Financial Schedules marked as unaudited and Management Corrective Action Plan on which we express no opinion, 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 by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the Combining and Individual Nonmajor Fund Financial Statements and Schedules and Financial Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole. The Introductory Section and Management Corrective Action Plan, have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2020 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 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 Lawrenceburg's internal control over financial reporting and compliance.

December 7, 2020



CITY OF LAWRENCEBURG

Management's Discussion and Analysis

As management of the City of Lawrenceburg, 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, 2020.

This analysis focuses on significant variances in financial position, budget changes and variances from the budget and specific issues related to the funds and the economic factors affecting the City.

Management's Discussion and Analysis (MD&A) focuses on current year activities and resulting changes. It also contains explanations and discussion relative to significant variances from similar amounts in the prior year.

Financial Highlights:

- The assets of the City of Lawrenceburg exceeded its liabilities at the close of the most recent fiscal year by \$73,287,369 as compared to \$66,847,171 in 2019. Of this amount, a deficit of \$15,546,983 (governmental activities of \$(17,453,600) and business -type of \$1,906,618. remained in unrestricted fund equity.
- The governments total net position increased by \$6,440,1698 in 2020 as compared to \$6,513,588 in 2019.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,204,234, an increase of \$5,917,296 in comparison with the the prior year. Of that amount, \$3,811,825 is available for spending at the government's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance of the General Fund was \$3,811,825 as compared to \$3,622,320 in 2019 or 28% and 27% in 2020 and 2019, respectively of total general fund expenditures.
- The City's total bonded debt increased by \$8,301,148 during the current fiscal.

Overview of the Financial Statements:

This discussion and analysis is intended to serve as an introduction to the City of Lawrenceburg's basic financial statements. The City's basic financial statements comprise three components: (1) government - wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The Government - wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Overtime, 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 Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected tax and earned but unused vacation leave).

Overview of the Financial Statements (Continued):

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Lawrenceburg include general government, public safety, highways and streets, sanitation, recreation, and building inspection. The business-type activities of the City include Water and Sewer services, Natural Gas services, and Electric Power services.

The government - wide financial statements include all funds of the City of Lawrenceburg (known as the primary government).

The government - wide financial statements can be found on pages 12 - 13 of this report.

Fund financial statements. 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 Lawrenceburg, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds. Governmental Funds are funds used to account for essentially the same functions reported as governmental activities in the government - wide financial statements. However, unlike the government - wide financial statements, government fund financial statements focus on near - term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near - term financing requirements

Because the focus of governmental funds is narrower than that of the government - wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government - wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund which is considered to be a major fund. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Lawrenceburg, Tennessee adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14 - 22 of this report.

Proprietary Funds. The City of Lawrenceburg has only one type of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government - wide financial statements. The City uses enterprise funds to account for its Water and Sewer, Natural Gas and Electric Power.

Proprietary funds provide the same type of information as the government - wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer, Natural gas and Electric Power distribution operations, each of which is considered to be a major fund of the City of Lawrenceburg.

Overview of the Financial Statements (Continued):

The basic proprietary fund financial statements can be found on pages 23 - 25 of this report.

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 can be found on pages 28 - 74 of this report.

The combining statements referred to earlier in connection with non major governmental funds are presented immediately following the notes to financial statements. Combining and individual fund statements and schedules can be found on pages 88 - 93 of this report.

Financial Analysis of the Financial Statements

Government - wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Lawrenceburg, assets exceeded liabilities by \$73,287,369 at the close of the most recent fiscal year, as compared to \$66,847,171 in 2019.

By far the largest portion of the City's assets (109%) reflects its investment in capital assets (e.g., land , buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens: consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Lawrenceburg's Net Position

	Governmental Activities		Business -type Activities	
	2020	2019	2020	2019
Current and other assets	\$ 15,234,533	9,160,882	27,357,633	24,626,333
Capital assets	22,146,277	20,746,810	106,742,556	103,370,925
Deferred outflows of resources	2,692,075	2,665,472	2,629,861	3,244,110
Total assets and deferred outflows	<u>\$ 40,072,885</u>	<u>32,573,164</u>	<u>136,730,050</u>	<u>131,241,368</u>
Long-term liabilities outstanding	\$ 17,286,009	11,397,517	27,836,795	24,867,522
Other liabilities	25,601,449	24,480,840	26,502,676	27,268,442
Deferred inflows of resources	3,564,487	3,412,400	2,724,150	5,540,639
Total liabilities and deferred inflows	<u>46,451,945</u>	<u>39,290,757</u>	<u>57,063,621</u>	<u>57,676,603</u>
Net position:				
Net investment in capital assets	4,313,668	8,750,665	75,829,053	75,599,551
Restricted	6,760,874	1,433,083	1,930,758	1,930,665
Unrestricted	(17,453,601)	(16,901,341)	1,906,618	(3,965,451)
Total net position	<u>(6,379,061)</u>	<u>(6,717,594)</u>	<u>79,666,429</u>	<u>73,564,765</u>
Total liabilities and deferred inflows and net position	<u>\$ 40,072,885</u>	<u>32,573,164</u>	<u>136,730,050</u>	<u>131,241,368</u>

An additional portion of the City's net position (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, a net deficit of \$15,546,983 results primarily from adjustments arising for implementation of GASB 75 in earlier years.

The government's net position increased by \$6,387,260 during the current fiscal year. Approximately 95% of this increase represents net increases in ongoing revenues over expenses of the Business-Type Activities. Governmental Activities experienced an increase of revenues over expenditures of \$285,596.

Financial Analysis of the Financial Statements (Continued)

Governmental Activities

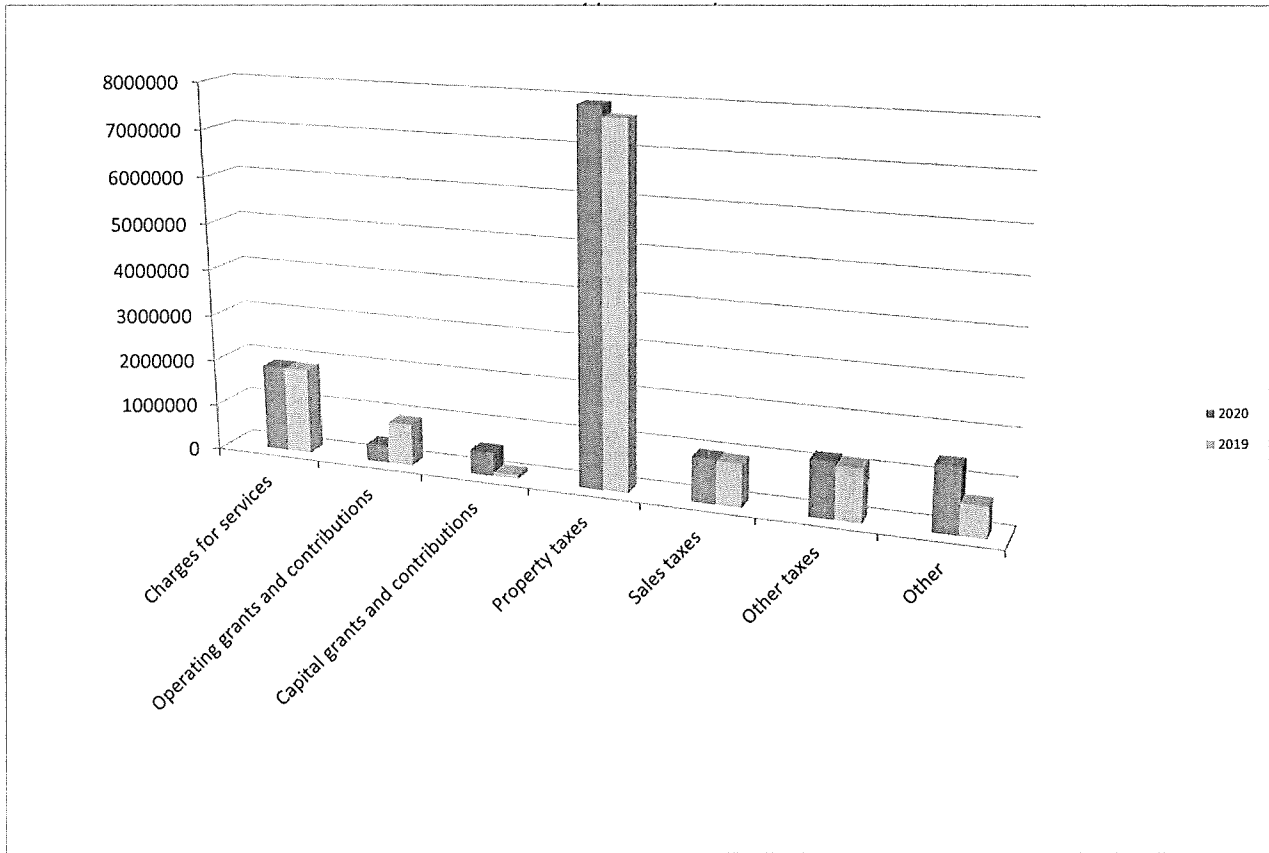
Governmental activities decreased the City's net position by \$2,810 (decrease of \$1,664,885 in 2018). Key elements of this decrease are as follows:

City of Lawrenceburg's Changes in Net Position

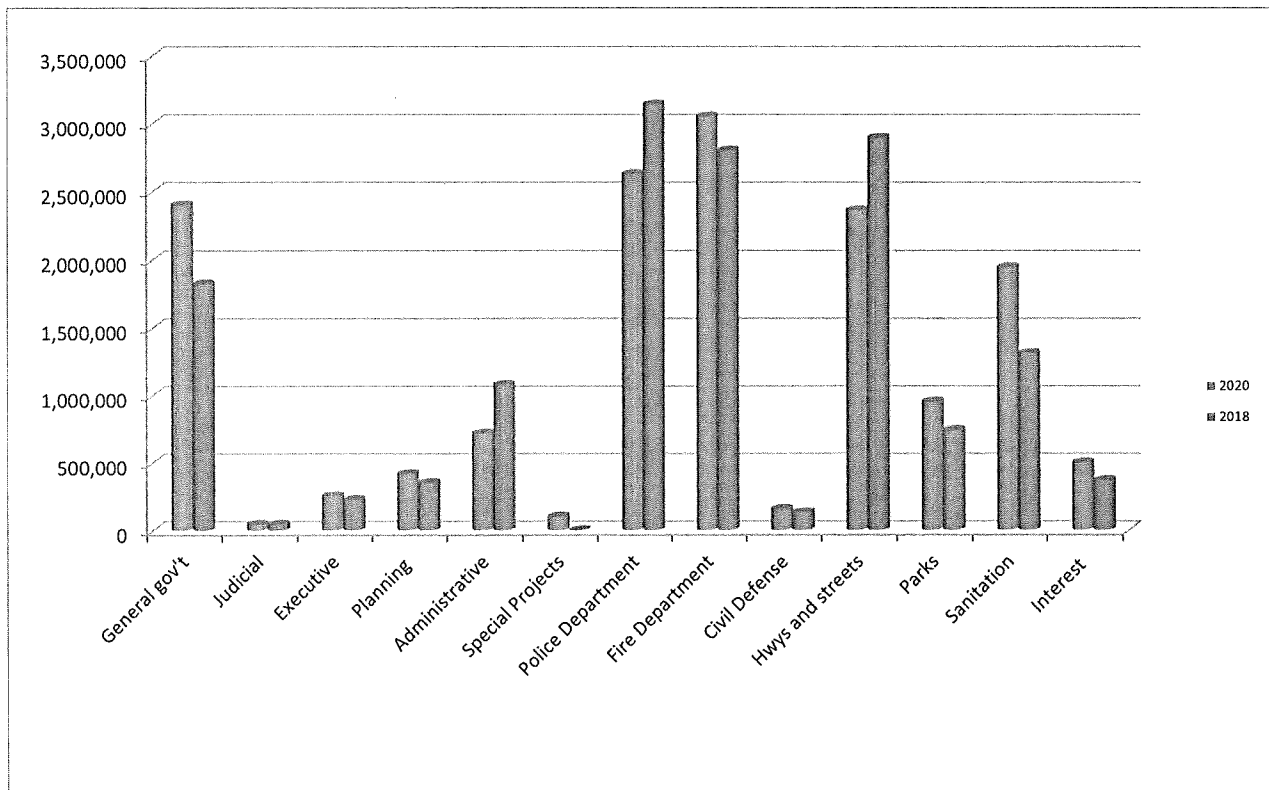
	Governmental Activities		Business -type Activities	
	2020	2019	2020	2019
Revenues:				
Program revenues:				
Charges for services	\$ 1,875,800	1,873,088	65,348,891	68,052,092
Operating grants and contributions	379,293	919,543	-	-
Capital grants and contributions	524,444	94,867	376,634	120,666
General revenues:				
Property taxes	7,923,309	7,690,896	-	-
Sales taxes	960,547	934,817	-	-
Other taxes	1,205,777	1,142,707	-	-
Other	1,408,222	680,684	96,850	(261,665)
Total revenues	<u>14,277,392</u>	<u>13,336,602</u>	<u>65,822,375</u>	<u>67,911,093</u>
Expenses:				
General government	2,405,600	1,827,254	-	-
Judicial	48,527	48,630	-	-
Executive	257,197	230,914	-	-
Planning and development	420,417	356,335	-	-
Administrative	720,853	1,081,303	-	-
Special Projects	103,869	4,861	-	-
Police Department	2,631,962	3,144,960	-	-
Fire prevention and control	3,055,052	2,805,105	-	-
Civil Defense	160,603	136,225	-	-
Highways and streets	2,368,107	2,898,054	-	-
Parks	954,676	744,220	-	-
Sanitation	1,948,797	1,313,844	-	-
Interest on long-term debt	503,794	372,450	-	-
Water and Sewer	-	-	5,787,134	5,470,135
Natural gas	-	-	3,566,428	3,657,239
Electric	-	-	48,726,555	50,642,578
Total expenses	<u>15,579,453</u>	<u>14,964,154</u>	<u>58,080,117</u>	<u>59,769,952</u>
Increases (decrease) in net position before transfers	(1,302,061)	(1,627,553)	7,742,258	8,141,141
Transfers	<u>1,640,594</u>	<u>1,624,742</u>	<u>(1,640,594)</u>	<u>(1,624,742)</u>
Increases (decrease) in net position	338,533	(2,810)	6,101,664	6,516,399
Net position, beginning of year	<u>(6,717,594)</u>	<u>(6,714,784)</u>	<u>73,564,765</u>	<u>67,048,366</u>
Net position, end of year	\$ <u><u>(6,379,061)</u></u>	<u><u>(6,717,594)</u></u>	<u><u>79,666,429</u></u>	<u><u>73,564,765</u></u>

Governmental policy continues to recognize that local revenue sources must be the foundation for providing basic public services rather than depending on uncertain federal and state sources. To this end, it is vitally important to continue efforts to seek balanced diversity, equity and efficiency in local revenue systems to better accommodate future growth.

Revenues by Source - Governmental Activities



Expenditures - Governmental Activities



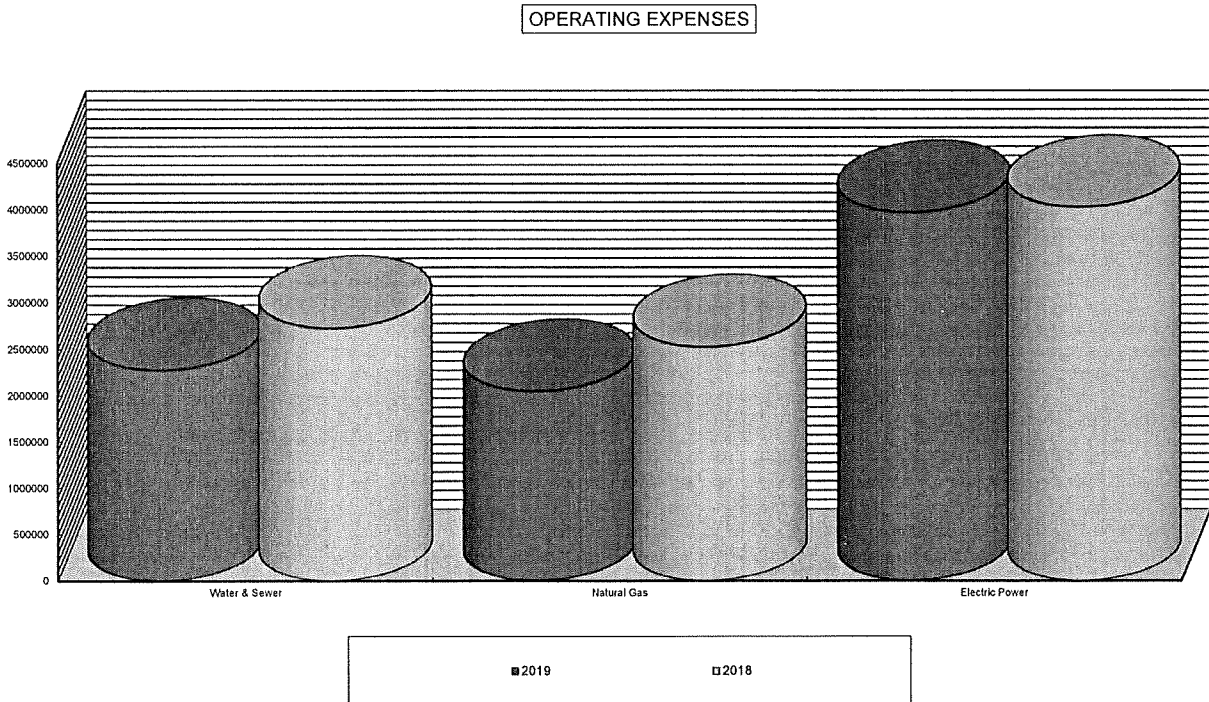
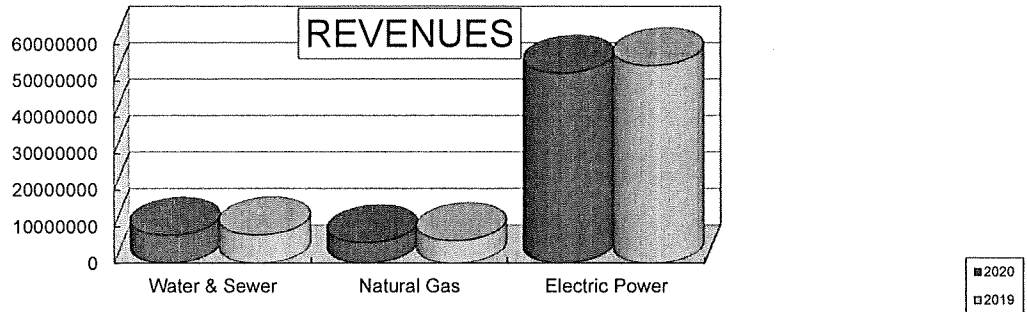
Financial Analysis of the Financial Statements (Continued)

Business - type activities

Business - type activities increased the City's net position by \$6,101,664 as compared to \$6,516,399 in 2019, accounting for 98% of the total growth in the government's net assets. Key elements of this increase are as follows:

- Total charges for services for business - type activities decreased by approximately 3.97%
- Water & Sewer operations resulted in an increase in net position of \$1,914,7390.
- Natural gas operations resulted in an increase in net position of \$1,791,835.
- Electric power operations resulted in an increase in net position of \$2,395,090.
- A more detailed analysis of the business-type activities may be found in the individual financial reports of the Water & Sewer, Natural Gas and Electric Power Funds.

Business - type activities



Financial Analysis of the Financial Statements (Continued)

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

Governmental Funds

The focus of the City of Lawrenceburg's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements in particular, unreserved fund balance may serve as a useful measure to a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11,204,234, an increase of \$5,917,296 in comparison with the prior year. Of this amount, \$3,811,825 constitutes unassigned fund balance, which is available for spending at the government's discretion.

The General Fund is the chief operation fund of the City of Lawrenceburg, Tennessee. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,811,825 (\$3,622,320 at the prior year end). As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 28% (27% in 2019) of total general fund expenditures.

The fund balance of the City's general fund increased by \$569,693 during the current fiscal year. Key factors in this increase and other changes in the fund balance of the General Fund are as follows:

- Total revenues of the general fund increased by approximately \$873,800 or 7.7%, the most significant increase from continuing revenue sources came from Local sales tax revenues which increased approximately \$189,000 from the prior year, and grant revenues were up by approximately \$200,000 charges for services . increased by approximately \$289,000.
- General fund expenditures remained relatively the same as in the prior year increasing by approximately 6%.

The City's proprietary funds provide the same type of information found in the government - wide financial statement, but in more detail.

Unrestricted net position of the Water and Sewer Fund, Natural Gas Fund and Electric Power Fund amounted to \$(71,647), \$2,025,190 and \$(46,925) for each fund, respectively as of June 30, 2020. The growth in net position of the above funds was \$1,914,739, \$1,791,835, 2,395,090, respectively.

Each of the above enterprise funds issue separate financial statements, along with Management's Discussion and Analysis. For additional information, please contact the Board of Public Utilities of the City of Lawrenceburg, Chief Financial Officer.

General Fund Budgetary Highlights

During 2020, there were amendments to General Fund appropriations in the amount of \$494,098. Original and Final budget for these individual General Fund departments are as follows for 2020.

	Original Budget	Final Budget
Safety and Human Resources	\$ 117,599	119,599
Parks and Recreation:	914,330	1,214,330
Fire Department	3,026,276	3,137,662
Total Expenditures	\$ <u>4,058,205</u>	<u>4,471,591</u>

Capital Asset and Debt Administration

Capital Assets

The City of Lawrenceburg's investment in capital assets from its governmental and business - type activities as of June 30, 2020, amounts to \$128,888,833 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, park facilities, roads, highways and bridges. The net increase in the City's investment in capital assets for the current fiscal year was approximately 3.70% with the business-type activities accounting approximately 2.62% and the government type activities accounting for approximately 1.08% of the increase.

Capital Asset and Debt Administration

Major capital asset events during the current fiscal year included the following:

Government-Type Activities:

- Capital assets increased in 2020 by approximately \$1,399,467 as compared to decreases of \$123,373 in 2019.

Business-Type Activities:

- Capital assets increased in 2020 by approximately \$33,371,631 as compared to \$1,782,991 in 2019. There were a number of significant projects in 2019-20 in the business type activities.

City of Lawrenceburg's Capital Assets

	Governmental Activities	Business -type Activities	Total
Land	\$ 3,508,155	2,340,206	5,848,361
Buildings and utility plant	7,766,627	152,570,262	160,336,889
Equipment and furniture	10,010,233	14,605,491	24,615,724
Construction in progress	343,563	5,546,914	5,890,477
Infrastructure	15,344,699	-	15,344,699
	<u>36,973,277</u>	<u>175,062,873</u>	<u>212,036,150</u>
Less accumulated depreciation	<u>14,827,000</u>	<u>68,320,317</u>	<u>83,147,317</u>
Net Capital Assets	<u>\$ 22,146,277</u>	<u>106,742,556</u>	<u>128,888,833</u>

Additional information on the City of Lawrenceburg's capital assets can be found in the notes to the financial statement section of this report.

Long - Term Debt

At the end of the current year, the City of Lawrenceburg had bonded debt outstanding of \$47,677,826. Of this amount, \$27,570,000 comprises debt backed by the full faith and credit of the government and with the remainder of the City's debt represented by bonds secured by both the taxing power of the City and specific revenue sources (i.e., revenue and tax bonds) of the various enterprise funds.

City of Lawrenceburg's Outstanding Debt

	Governmental Activities	Business -type Activities	Total
General obligation bonds and capital outlay notes	\$ 17,340,000	10,230,000	27,570,000
Revenue and tax bonds		15,090,000	15,090,000
State Revolving Loan Fund Notes payable	-	5,017,826	5,017,826
	<u>\$ 17,340,000</u>	<u>30,337,826</u>	<u>47,677,826</u>

The City's total bonded debt increased by \$8,301,148 or 21% during the current fiscal year, the decrease resulted from scheduled debt payments. General obligation bonds in the gross amount of \$12,785,000 were issued in 2020, with proceeds going for general public works projects in the amount of \$6,785,000 and \$6,000,000 being used for electric system improve

Economic Factors and Next Year's Budget and Rates

The unemployment rate for the City of Lawrenceburg is currently 5.5%, which is a considerable increase from 1 year ago due largely so the Covid 19 virus. This compares to the State's average unemployment rate of 6.3% and the national average rate of 6.9%. All of these factors were considered in preparing the City's budget for the 2020 fiscal year.

At June 30, 2020, unassigned fund balance in the general fund amounted to \$3,811,825. The City used approximately \$211,336 of the unassigned fund balance to balance the 2020-21 fiscal year budget.

Requests for Information

This financial report is designed to provide a general overview of the City of Lawrenceburg Tennessee's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the City Administrator, 25 Public Square, Lawrenceburg, TN 38464.

CITY OF LAWRENCEBURG, TENNESSEE

Statement of Net Position

June 30, 2020

	Primary Government			Component
	Governmental	Business-type	Total	Unit
	Activities	Activities		Crocket Theater Board
			Governmental	
Assets				
Cash and cash equivalents:				
Unrestricted	\$ 9,954,343	17,153,000	27,107,343	90,424
Restricted - bond - construction	17,454	4,201,688	4,219,142	-
Total cash	9,971,797	21,354,688	31,326,485	90,424
Accounts receivable:				
Property taxes	3,684,884	-	3,684,884	-
Other governments	1,242,112	-	1,242,112	-
Customers	-	4,970,816	4,970,816	-
Others	181,716	355,090	536,806	-
Less allowance for doubtful accounts	(72,282)	(1,533,423)	(1,605,705)	-
Total accounts receivable	5,036,430	3,792,483	8,828,913	-
Inventory of supplies	-	1,270,767	1,270,767	-
Prepaid expenses	-	377,844	377,844	-
Internal balances	226,306	(226,306)	-	-
Other assets:				
Conservation loans receivable	-	106,845	106,845	-
Debt issuance costs	-	463,128	463,128	-
Other	-	218,184	218,184	-
Depreciable capital assets, net of accumulated depreciation	18,294,559	98,855,436	117,149,995	-
Non depreciable capital assets	3,851,718	7,887,120	11,738,838	-
Total Assets	37,380,810	134,100,189	171,480,999	90,424
Deferred Outflows of Resources				
Deferred loss on refunding	79,885	696,829	776,714	-
OPEB Plan	200,265	718,636	918,901	-
Pensions	2,411,925	1,214,396	3,626,321	-
Total Deferred Outflows of Resources	2,692,075	2,629,861	5,321,936	-
Total Assets and Deferred Outflows of Resources	40,072,885	136,730,050	176,802,935	90,424
Liabilities				
Accounts payable	45,040	6,264,095	6,309,135	-
Accrued liabilities	154,476	2,298,103	2,452,579	-
Customer deposits	-	1,262,938	1,262,938	-
Other liabilities	268,421	120,184	388,605	-
Accrued interest	-	19,308	19,308	-
Noncurrent liabilities:				
Net pension liability	7,095,426	1,954,461	9,049,887	-
Net OPEB obligation	15,922,638	11,506,879	27,429,517	-
Due within one year	2,115,448	3,076,708	5,192,156	-
Due in more than one year	17,286,009	27,836,795	45,122,804	-
Total Liabilities	42,887,458	54,339,471	97,226,929	-
Deferred Inflow of Resources				
Pensions	193,291	10,550	203,841	-
OPEB Plan	-	2,713,600	2,713,600	-
Unavailable property tax revenues	3,371,196	-	3,371,196	-
Total Deferred Inflows of Resources	3,564,487	2,724,150	6,288,637	-
Net Position				
Net Investment in capital assets	4,313,668	75,829,053	80,142,721	-
Restricted for:				
Economic development	-	312,100	312,100	-
Roads	442,574	-	442,574	-
Public Safety	52,911	-	52,911	-
Capital projects	5,729,840	1,618,658	7,348,498	-
Solid waste disposal	471,764	-	471,764	-
Cemetery maintenance	63,785	-	63,785	-
Unrestricted	(17,453,601)	1,906,618	(15,546,983)	90,424
Total Net Position	(6,379,060)	79,666,429	73,287,369	90,424
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 40,072,885	136,730,050	176,802,934	90,424

See accompanying notes to the financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenue and Changes in Net Position			Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Crockett Theater Board
					Governmental Activities	Business-type Activities		Governmental
Primary Government:								
Governmental activities:								
General government	\$ 2,405,600	-	-	246,621	(2,158,979)	-	(2,158,979)	-
Judicial	48,527	-	-	-	(48,527)	-	(48,527)	-
Executive	257,197	-	-	-	(257,197)	-	(257,197)	-
Planning and development	420,417	97,642	-	-	(322,775)	-	(322,775)	-
Administrative	720,853	-	-	-	(720,853)	-	(720,853)	-
Safety/Human resources	103,869	-	-	-	(103,869)	-	(103,869)	-
Police Department	2,631,962	70,444	-	5,000	(2,556,518)	-	(2,556,518)	-
Fire prevention and control	3,055,052	136,638	-	226,473	(2,691,941)	-	(2,691,941)	-
Civil Defense	160,603	-	-	46,350	(114,253)	-	(114,253)	-
Highways and streets	2,368,107	-	379,293	-	(1,988,814)	-	(1,988,814)	-
Parks & Recreation	954,676	48,957	-	-	(905,719)	-	(905,719)	-
Sanitation	1,948,797	1,522,119	-	-	(426,678)	-	(426,678)	-
Interest on long-term debt	503,794	-	-	-	(503,794)	-	(503,794)	-
Total government activities	<u>15,579,453</u>	<u>1,875,800</u>	<u>379,293</u>	<u>524,444</u>	<u>(12,799,916)</u>	<u>-</u>	<u>(12,799,916)</u>	<u>-</u>
Business-type activities:								
Water and Sewer	5,787,135	7,654,977	-	376,634	-	2,244,476	2,244,476	-
Natural Gas	3,566,428	5,614,816	-	-	-	2,048,388	2,048,388	-
Electric	48,726,555	52,079,098	-	-	-	3,352,543	3,352,543	-
Total business-type activities	<u>58,080,118</u>	<u>65,348,891</u>	<u>-</u>	<u>376,634</u>	<u>-</u>	<u>7,645,407</u>	<u>7,645,407</u>	<u>-</u>
Total primary government	<u>\$ 73,659,571</u>	<u>67,224,691</u>	<u>379,293</u>	<u>901,078</u>	<u>(12,799,916)</u>	<u>7,645,407</u>	<u>(5,154,509)</u>	<u>-</u>
Component Unit:								
Crockett Theater Board	\$ 23,027	42,054	-	-	-	-	-	19,027
General Revenues:								
Property taxes					\$ 7,923,309	-	7,923,309	-
Sales taxes					960,547	-	960,547	-
Business tax					354,507	-	354,507	-
Local beer tax					433,115	-	433,115	-
Local beer tax					186,595	-	186,595	-
Cable TV					132,699	-	132,699	-
State income and excise					63,152	-	63,152	-
Gross receipts - TVA					-	-	-	-
Other taxes					35,709	-	35,709	-
Unrestricted investment earnings					80,750	125,173	205,923	-
Loss on sale of capital assets					(42,309)	(28,322)	(70,631)	-
Other					1,369,782	-	1,369,782	-
Transfers					1,640,594	(1,640,594)	-	-
Total general revenues and transfers					<u>13,138,450</u>	<u>(1,543,743)</u>	<u>11,594,707</u>	<u>-</u>
Change in net position					338,534	6,101,664	6,440,198	19,027
Net position - beginning of year					(6,717,594)	73,564,765	66,847,171	71,397
Net position - end of year					<u>\$ (6,379,060)</u>	<u>79,666,429</u>	<u>73,287,369</u>	<u>90,424</u>

See accompanying notes to the financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

Balance Sheet

Governmental Funds

June 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
<u>Assets</u>			
Cash and cash equivalents-unrestricted	\$ 3,478,747	6,475,596	9,954,343
Cash and cash equivalents-restricted for construction	17,454	-	17,454
Total cash and cash equivalents	<u>3,496,201</u>	<u>6,475,596</u>	<u>9,971,797</u>
Accounts and notes receivable			
Property taxes	3,684,884	-	3,684,884
Other governments	1,242,112	-	1,242,112
Others	120,295	61,421	181,716
Total accounts and notes receivable	<u>5,047,291</u>	<u>61,421</u>	<u>5,108,712</u>
Due from other funds	-	226,306	226,306
Total Assets	\$ <u>8,543,492</u>	<u>6,763,323</u>	<u>15,306,815</u>
<u>Liabilities and Fund Balance</u>			
Liabilities:			
Accounts payable	\$ 35,711	9,329	45,040
Accrued liabilities	367,847	10,574	378,421
Deferred revenues	268,421	-	268,421
Total Liabilities	<u>671,979</u>	<u>19,903</u>	<u>691,882</u>
Deferred Inflow of Resources			
Unavailable property tax revenues	3,410,699	-	3,410,699
Total Liabilities and Deferred Inflows of Resources	<u>4,082,678</u>	<u>19,903</u>	<u>4,102,581</u>
Fund Balances:			
Restricted for:			
Roads	-	442,574	442,574
Public Safety	-	52,911	52,911
Capital projects	17,454	5,712,386	5,729,840
Solid waste disposal	-	471,764	471,764
Cemetery maintenance	-	63,785	63,785
Assigned for:			
Spirit of Santa	4,956	-	4,956
Dog park	10,470	-	10,470
Fire department	4,773	-	4,773
Economic and Community Development	400,000	-	400,000
Appropriated in subsequent year's budget	211,336	-	211,336
Unassigned	3,811,825	-	3,811,825
Total Fund Balances	<u>4,460,814</u>	<u>6,743,420</u>	<u>11,204,234</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ <u>8,543,492</u>	<u>6,763,323</u>	<u>15,306,815</u>

See accompanying notes to the financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

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

June 30, 2020

Total Governmental Funds Fund Balances	\$	11,204,234
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds as follows:		
Capital assets	36,690,135	
Accumulated Depreciation	<u>(14,543,860)</u>	22,146,276
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds for:		
Property tax		235,643
Liabilities not due and payable currently and not recorded in the governmental funds for:		
Accrued interest		(44,476)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds as follows:		
Bonds payable	(18,016,062)	
Bond premium	(589,947)	
Deferred amount from refunding	79,885	
Compensated absences	<u>(795,448)</u>	(19,321,572)
Net pension liability and related deferred outflows and in flows are not recognized in the current period and therefore are not recorded in the funds as follows:		
Net OPEB Obligation	(15,922,638)	
Deferred outflows-OPEB	200,265	
Net pension liability	(7,095,426)	
Deferred outflows-pension	2,411,925	
Deferred inflows-pension	<u>(193,291)</u>	(20,599,165)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities for:		
Bond issue cost, net of amortization		-
Net position of governmental activities	\$	<u><u>(6,379,060)</u></u>

See accompanying notes to the financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

For the Year Ended June 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 8,989,162	-	8,989,162
Intergovernmental	1,732,813	372,431	2,105,244
Licenses and permits	97,642	-	97,642
Fines and costs	32,935	-	32,935
Charges for services	463,679	1,380,871	1,844,550
Miscellaneous	976,046	193,607	1,169,653
Total Revenues	<u>12,292,277</u>	<u>1,946,909</u>	<u>14,239,186</u>
Expenditures:			
Current:			
Judicial	47,689	-	47,689
Executive	255,099	-	255,099
Planning and development	403,252	-	403,252
Administrative	648,131	-	648,131
Human resources	103,869	-	103,869
Police Department	3,154,879	-	3,154,879
Fire prevention and control	2,829,286	-	2,829,286
Civil Defense	135,206	-	135,206
Highways and streets	2,134,834	135,363	2,270,197
Parks & Recreation	730,983	-	730,983
Appropriations and other	732,727	-	732,727
Bond issue costs	-	250,023	250,023
Sanitation	-	1,384,777	1,384,777
Program costs	-	17,419	17,419
Capital outlay	667,491	1,660,560	2,328,051
Debt service	1,569,732	283,205	1,852,937
Total Expenditures	<u>13,413,178</u>	<u>3,731,347</u>	<u>17,144,525</u>
Excess (deficiency) of revenues over expenditures	<u>(1,120,901)</u>	<u>(1,784,438)</u>	<u>(2,905,339)</u>
Other Financing Sources (Uses):			
Proceeds from debt issuance	-	6,785,000	6,785,000
Premium on debt issuance	-	397,041	397,041
Transfers in	1,731,482	-	1,731,482
Transfers out	(40,888)	(50,000)	(90,888)
Total Other Financing Sources (Uses)	<u>1,690,594</u>	<u>7,132,041</u>	<u>8,822,635</u>
Net change in fund balance	569,693	5,347,603	5,917,296
Fund Balance, Beginning of Year	<u>3,891,121</u>	<u>1,395,817</u>	<u>5,286,938</u>
Fund Balance, End of Year	<u>\$ 4,460,814</u>	<u>6,743,420</u>	<u>11,204,234</u>

See accompanying notes to the financial statements.

CITY OF LAWRENCEBURG, 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, 2020

Amounts reported for net change in fund balance - total governmental funds \$ 5,917,296

Amounts reported for governmental activities in the statement of net assets 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 for governmental activities. Also, gains and losses from disposals of capital assets are not presented in the fund financial statements. Such amounts are as follows:

Acquisition of capital assets	2,499,064	
Depreciation expense	(1,096,742)	
Gain on disposal of assets	<u>(2,855)</u>	1,399,468

Revenues for governmental activities that do not provide current financial resources are not reported as revenues in the governmental funds as follows:

Property tax		41,058
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Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds as follows:

Difference between actual pension costs reported in funds and actuarially determined pension costs recognized in governmental activities	(180,071)	
Change in other post employment benefits	(398,587)	
Changes in the accrual for compensated absences	(64,980)	
Changes in the accrual for interest	<u>(16,247)</u>	(659,885)

Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities, likewise proceeds from debt issuance is presented as revenue in the governmental funds, but increases long-term liabilities for governmental activities. Bond costs are presented as expenses in the governmental funds, however they are presented as amortizable assets for governmental activities.

Such amounts are as follows:

Premium of debt issuance	(397,041)	
Increase in accrued landfill cost	(542,753)	
Proceeds from debt issuance	(6,785,000)	
Reduction of debt	1,375,000	
Net amortization of deferred loss and bond premium	<u>(9,610)</u>	(6,359,404)

Change in net position of governmental activities \$ 338,534

See accompanying notes to financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

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

General Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:				
Taxes:				
Real estate tax	\$ 3,335,000	3,335,000	3,320,299	(14,701)
Local sales tax	4,300,000	4,300,000	4,530,339	230,339
Tax equivalents payments	20,000	20,000	31,608	11,608
Business tax	350,000	350,000	354,507	4,507
Wholesale beer tax	414,015	414,015	433,115	19,100
Wholesale liquor tax	165,000	165,000	186,595	21,595
Cable TV	135,000	135,000	132,699	(2,301)
Total Taxes	<u>8,719,015</u>	<u>8,719,015</u>	<u>8,989,162</u>	<u>270,147</u>
Intergovernmental:				
Petroleum special				-
State sales tax	939,000	939,000	960,547	21,547
State beer tax	5,000	5,000	4,885	(115)
State income and excise	87,500	87,500	63,152	(24,348)
State and Federal grant programs	446,801	446,801	524,444	77,643
Gross receipts - TVA				-
Mixed drink tax	20,000	20,000	30,824	10,824
Other	146,000	146,000	148,961	2,961
Total Intergovernmental	<u>1,644,301</u>	<u>1,644,301</u>	<u>1,732,813</u>	<u>88,512</u>
Licenses and Permits	<u>76,500</u>	<u>76,500</u>	<u>97,642</u>	<u>21,142</u>
Fines and Fees	<u>102,500</u>	<u>102,500</u>	<u>32,935</u>	<u>(69,565)</u>
Charges for Services:				
Special police services	45,300	45,300	37,509	(7,791)
Special fire services	140,000	140,000	136,638	(3,362)
Recreation account - concession and fees	92,300	92,300	48,957	(43,343)
Other	27,900	27,900	240,575	212,675
Total Charges for Services	<u>305,500</u>	<u>305,500</u>	<u>463,679</u>	<u>158,179</u>
Miscellaneous:				
Rental income	21,200	21,200	20,320	(880)
Proceeds - sale of property	344,500	344,500	240,881	(103,619)
Donations and contributions	471,050	471,050	491,555	20,505
Interest revenue	40,000	40,000	36,053	(3,947)
Miscellaneous revenue	358,670	358,670	187,237	(171,433)
Total Miscellaneous	<u>1,235,420</u>	<u>1,235,420</u>	<u>976,046</u>	<u>(259,374)</u>
Total Revenues	<u>12,083,236</u>	<u>12,083,236</u>	<u>12,292,277</u>	<u>209,041</u>

Continued on next page.

CITY OF LAWRENCEBURG, TENNESSEE

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

General Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues, continued:				
Other Sources				
Transfer from Other Funds	\$ 1,693,000	1,693,000	1,690,594	(2,406)
Total Other Financing Sources	<u>1,693,000</u>	<u>1,693,000</u>	<u>1,690,594</u>	<u>(2,406)</u>
Total Revenues and Other Financing Sources	<u>13,776,236</u>	<u>13,776,236</u>	<u>13,982,871</u>	<u>206,635</u>
Expenditures:				
Judicial:				
Current:				
Salaries and employee benefits	48,592	48,592	46,672	1,920
Contractual services	812	812	429	383
Miscellaneous	-	-	588	(588)
Total Current	<u>49,404</u>	<u>49,404</u>	<u>47,689</u>	<u>1,715</u>
Capital outlay	-	-	-	-
Total Judicial	<u>49,404</u>	<u>49,404</u>	<u>47,689</u>	<u>1,715</u>
Executive:				
Current:				
Salaries and employee benefits	204,539	204,539	201,050	3,489
Contractual services	66,481	66,481	49,451	17,030
Supplies	650	650	700	(50)
Insurance	4,236	4,236	3,898	338
Total Current	<u>275,906</u>	<u>275,906</u>	<u>255,099</u>	<u>20,807</u>
Capital outlay	-	-	-	-
Total Executive	<u>275,906</u>	<u>275,906</u>	<u>255,099</u>	<u>20,807</u>
Planning and Development:				
Current:				
Salaries and employee benefits	364,756	364,756	375,338	(10,582)
Contractual services	20,995	20,995	16,306	4,689
Supplies	6,150	6,150	7,252	(1,102)
Insurance	4,529	4,529	4,356	173
Total Current	<u>396,430</u>	<u>396,430</u>	<u>403,252</u>	<u>(6,822)</u>
Capital outlay	12,500	12,500	11,950	550
Total Planning And Development	<u>408,930</u>	<u>408,930</u>	<u>415,202</u>	<u>(6,272)</u>

Continued on next page.

CITY OF LAWRENCEBURG, TENNESSEE

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

General Fund

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Positive (Negative)
Expenditures, continued				
Administrative:				
Current:				
Salaries and employee benefits	\$ 366,256	366,256	335,488	30,768
Contractual services	255,650	255,650	265,624	(9,974)
Supplies	17,000	17,000	11,207	5,793
Insurance	13,477	13,477	13,457	20
Miscellaneous	18,400	18,400	22,355	(3,955)
Total Current	<u>670,783</u>	<u>670,783</u>	<u>648,131</u>	<u>22,652</u>
Capital outlay	<u>245,779</u>	<u>245,779</u>	<u>258,537</u>	<u>(12,758)</u>
Total Administrative	<u>916,562</u>	<u>916,562</u>	<u>906,668</u>	<u>9,894</u>
 Safety/Human Resources				
Current:				
Salaries and employee benefits	112,866	112,866	99,101	13,765
Contractual services	3,101	3,101	1,682	1,419
Supplies	1,632	3,632	3,086	546
Total Human Resources	<u>117,599</u>	<u>119,599</u>	<u>103,869</u>	<u>15,730</u>
 Public Safety:				
Police Department:				
Current:				
Salaries and employee benefits	2,742,785	2,742,785	2,724,560	18,225
Services	123,250	123,250	139,542	(16,292)
Supplies	154,600	154,600	186,380	(31,780)
Insurance	49,079	49,079	59,369	(10,290)
Miscellaneous	155,000	155,000	45,028	109,972
Total Current	<u>3,224,714</u>	<u>3,224,714</u>	<u>3,154,879</u>	<u>69,835</u>
Capital outlay	<u>141,600</u>	<u>141,600</u>	<u>1,435</u>	<u>140,165</u>
Total Police Department	<u>3,366,314</u>	<u>3,366,314</u>	<u>3,156,314</u>	<u>210,000</u>
 Fire Prevention and Control:				
Current:				
Salaries and employee benefits	2,421,927	2,498,655	2,430,973	67,682
Services	71,356	86,081	87,273	(1,192)
Supplies	268,600	288,533	276,585	11,948
Insurance	39,393	39,393	34,455	4,938
Total Current	<u>2,801,276</u>	<u>2,912,662</u>	<u>2,829,286</u>	<u>83,376</u>
Capital outlay	<u>225,000</u>	<u>225,000</u>	<u>21,000</u>	<u>204,000</u>
Total Fire Department	<u>3,026,276</u>	<u>3,137,662</u>	<u>2,850,286</u>	<u>287,376</u>
Total Public Safety	<u>6,392,590</u>	<u>6,503,976</u>	<u>6,006,600</u>	<u>497,376</u>

Continued on next page.

CITY OF LAWRENCEBURG, TENNESSEE

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

General Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Expenditures, continued				
Civil Defense:				
Current:				
Salaries and employee benefits	\$ 95,829	95,829	94,200	1,629
Services	24,142	24,142	26,254	(2,112)
Supplies	3,950	3,950	4,950	(1,000)
Insurance	10,126	10,126	9,802	324
Total Current	<u>134,047</u>	<u>134,047</u>	<u>135,206</u>	<u>(1,159)</u>
Capital outlay	57,834	57,834	22,000	35,834
Total Civil Defense	<u>191,881</u>	<u>191,881</u>	<u>157,206</u>	<u>34,675</u>
Highways and Streets:				
Current:				
Salaries and employee benefits	1,580,189	1,580,189	1,542,731	37,458
Services	348,864	348,864	346,430	2,434
Supplies	193,567	193,567	233,489	(39,922)
Insurance	14,098	14,098	12,184	1,914
Total Current	<u>2,136,718</u>	<u>2,136,718</u>	<u>2,134,834</u>	<u>1,884</u>
Capital outlay	319,049	319,049	305,949	13,100
Total Highways and Streets	<u>2,455,767</u>	<u>2,455,767</u>	<u>2,440,783</u>	<u>14,984</u>
Parks and Recreation:				
Current:				
Salaries and employee benefits	436,558	436,558	397,655	38,903
Services	251,100	251,100	205,093	46,007
Supplies	41,800	41,800	39,420	2,380
Insurance	47,872	47,872	40,078	7,794
Miscellaneous	62,000	362,000	48,737	313,263
Total Current	<u>839,330</u>	<u>1,139,330</u>	<u>730,983</u>	<u>408,347</u>
Capital Outlay	75,000	75,000	46,620	28,380
Total Parks	<u>914,330</u>	<u>1,214,330</u>	<u>777,603</u>	<u>436,727</u>
Appropriations and Other:				
Current:				
E 911	120,000	120,000	120,000	-
Industrial Promotion	63,173	63,173	63,173	-
Lawrence County Library	-	-	78,341	(78,341)
City / County Airport	40,000	40,000	40,000	-
Other appropriations	114,341	114,341	35,001	79,340
Retiree benefits	429,920	429,920	396,212	33,708
Total Appropriations and other	<u>767,434</u>	<u>767,434</u>	<u>732,727</u>	<u>34,707</u>

Continued on next page.

CITY OF LAWRENCEBURG, TENNESSEE

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

General Fund

For the Year Ended June 30, 2020

	<u>Final Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Positive (Negative)
Expenditures, continued:				
Debt Service:				
Retirement of principle and interest	\$ 1,098,508	1,098,508	1,569,732	(471,224)
Total Debt Service	<u>1,098,508</u>	<u>1,098,508</u>	<u>1,569,732</u>	<u>(471,224)</u>
Total Expenditures	<u>13,588,911</u>	<u>14,002,297</u>	<u>13,413,178</u>	<u>589,119</u>
Excess Revenues over Expenditures and Other Sources	187,325	(226,061)	569,693	795,754
Fund Balance, Beginning of Year	<u>3,891,121</u>	<u>3,891,121</u>	<u>3,891,121</u>	<u>-</u>
Fund Balance, End of Year	\$ <u><u>4,078,447</u></u>	<u><u>3,665,060</u></u>	<u><u>4,460,814</u></u>	<u><u>795,754</u></u>

See accompanying notes to financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

Statement of Net Position

Proprietary Funds

June 30, 2020

<u>Assets</u>	<u>Water and Sewer Fund</u>	<u>Gas Fund</u>	<u>Electric Power Fund</u>	<u>Total</u>
Current Assets:				
Cash and cash equivalents	\$ 1,772,774	3,011,299	12,368,927	17,153,000
Accounts receivable, net of allowance for doubtful accounts	599,045	94,257	2,744,091	3,437,393
Other accounts receivable	-	-	355,090	355,090
Inventory, materials	303,465	243,361	723,941	1,270,767
Prepaid expenses	12,846	311,206	53,792	377,844
Total Current Assets	2,688,130	3,660,123	16,245,841	22,594,094
Restricted Assets:				
Cash and cash equivalents	1,747,670	201,030	2,252,988	4,201,688
Total Restricted Assets	1,747,670	201,030	2,252,988	4,201,688
Capital Assets:				
Capital assets not being depreciated:				
Land	1,023,988	455,069	861,149	2,340,206
Construction in Progress	986,410	2,493,752	2,066,752	5,546,914
Capital assets, net of accumulated depreciation	36,957,979	8,872,776	53,024,681	98,855,436
Total Capital Assets	38,968,377	11,821,597	55,952,582	106,742,556
Other assets:				
Conservation loans receivable	-	-	106,845	106,845
Nonutility property-at cost	-	-	218,184	218,184
Debt issuance costs, less accumulated amortization	181,207	-	281,921	463,128
Total Other Assets	181,207	-	606,950	788,157
Total Assets	43,585,384	15,682,750	75,058,361	134,326,495
Deferred Outflows of Resources				
Deferred loss on refunding	339,382	-	357,447	696,829
OPEB Plan	138,697	79,050	500,889	718,636
Pensions	183,997	116,463	913,936	1,214,396
Total Deferred Outflows of Resources	662,076	195,513	1,772,272	2,629,861
Total Assets and Deferred Outflows of Resources	\$ 44,247,460	15,878,263	76,830,633	136,956,356
Liabilities and Net Position				
Current Liabilities:				
Accounts payable	\$ 214,154	-	6,049,941	6,264,095
Due to other funds	226,306	-	-	226,306
Payable from restricted assets - customer deposits	129,105	201,030	932,803	1,262,938
Accrued expenses and other current liabilities	252,367	143,499	1,902,237	2,298,103
Accrued interest	19,308	-	-	19,308
Current portion of long-term debt and other obligations payable	1,661,708	-	1,415,000	3,076,708
Total Current Liabilities	2,502,948	344,529	10,299,981	13,147,458
Long-term debt, net of current portion				
Net pension liability	145,587	122,035	1,686,839	1,954,461
Net OPEB liability	2,220,827	1,265,757	8,020,295	11,506,879
Bonds and notes payable	13,856,127	-	13,980,668	27,836,795
Total Long-Term Debt	16,222,541	1,387,792	23,687,802	41,298,135
Other Liabilities:				
Construction advances-refundable	-	-	8,068	8,068
Conservation advances-TVA	-	-	106,845	106,845
Other	-	-	5,271	5,271
Total Other Liabilities	-	-	120,184	120,184
Total Liabilities	18,725,489	1,732,321	34,107,967	54,565,777
Deferred Inflows of Resources				
OPEB Plan	523,725	298,496	1,891,379	2,713,600
Pensions	786	659	9,105	10,550
Total Deferred Inflow of Resources	524,511	299,155	1,900,484	2,724,150
Net Position:				
Net Investment in capital assets	23,450,542	11,821,597	40,556,914	75,829,053
Restricted for capital projects	1,618,565	-	93	1,618,658
Restricted for economic development	-	-	312,100	312,100
Unrestricted	(71,647)	2,025,190	(46,925)	1,906,618
Total Net Position	24,997,460	13,846,787	40,822,182	79,666,429
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 44,247,460	15,878,263	76,830,633	136,956,356

See accompanying notes to the financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

Statement of Revenue, Expenses and Changes
in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2020

	Water and Sewer Fund	Gas Fund	Electric Power Fund	Total
Operating Revenues:				
Services	\$ 7,272,827	5,473,280	50,788,593	63,534,700
Other	382,150	141,536	1,290,505	1,814,191
Total Operating Revenues	<u>7,654,977</u>	<u>5,614,816</u>	<u>52,079,098</u>	<u>65,348,891</u>
Operating Expenses:				
Cost of sales and service	-	1,910,793	37,029,119	38,939,912
Operating and maintenance	4,131,152	1,310,452	7,620,770	13,062,374
Provision for depreciation	1,243,141	343,095	2,992,358	4,578,594
Taxes	-	-	468,803	468,803
Total Operating Expenses	<u>5,374,293</u>	<u>3,564,340</u>	<u>48,111,050</u>	<u>57,049,683</u>
Operating Income (Loss)	<u>2,280,684</u>	<u>2,050,476</u>	<u>3,968,048</u>	<u>8,299,208</u>
Nonoperating Revenues (Expenses):				
Interest income	1,795	2,077	121,301	125,173
Gain (loss) on sale of property	(74,789)	(66,540)	113,007	(28,322)
Amortization expense	(15,816)	-	(68,828)	(84,644)
Interest expense	(397,026)	(2,088)	(546,677)	(945,791)
Total Nonoperating Revenues (Expenses)	<u>(485,836)</u>	<u>(66,551)</u>	<u>(381,197)</u>	<u>(933,584)</u>
Net Income (Loss) Before Transfers and Contributions	1,794,848	1,983,925	3,586,851	7,365,624
Transfers and Contributions:				
Transfers out-payments in lieu of taxes-City of Lawrenceburg	(256,743)	(192,090)	(1,191,761)	(1,640,594)
Capital contributions-capital grant	376,634	-	-	376,634
Total Transfers and Contributions	<u>119,891</u>	<u>(192,090)</u>	<u>(1,191,761)</u>	<u>(1,263,960)</u>
Change in Net Position	1,914,739	1,791,835	2,395,090	6,101,664
Net Position , Beginning of Year	23,082,721	12,054,952	38,427,092	73,564,765
Net Position, End of Year	<u>\$ 24,997,460</u>	<u>13,846,787</u>	<u>40,822,182</u>	<u>79,666,429</u>

See accompanying notes to the financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2020

	Water and Sewer Fund	Gas Fund	Electric Power Fund	Total
<u>Cash Flows from Operations</u>				
Cash received from customers	\$ 7,332,945	5,512,708	51,449,528	64,295,181
Cash paid to employees for services	(1,121,456)	(446,088)	(3,690,230)	(5,257,774)
Cash paid to suppliers of goods and services	(3,484,922)	(3,195,363)	(43,510,118)	(50,190,403)
Cash paid for taxes, other governments	-	-	(459,044)	(459,044)
Other receipts	382,410	142,829	1,314,624	1,839,863
Net Cash Provided (Used) by Operating Activities	<u>3,108,977</u>	<u>2,014,086</u>	<u>5,104,760</u>	<u>10,227,823</u>
<u>Cash Flows from Capital and Related Financing Activities</u>				
Proceeds from the issuance of debt	-	-	-	-
Construction and acquisition of plant	(925,257)	(1,392,338)	(5,751,801)	(8,069,396)
Proceeds from debt issuance	-	-	6,000,000	6,000,000
Plant removal costs	-	-	(147,478)	(147,478)
Interest paid on bonds and notes payable	(400,026)	(2,088)	(546,677)	(948,791)
Principal payments on long-term debt	(1,548,852)	-	(1,398,893)	(2,947,745)
Materials salvaged from retirements	-	-	238,327	238,327
Capital contributions-grants	376,634	-	-	376,634
Net Cash Used by Capital and Related Financing Activities	<u>(2,497,501)</u>	<u>(1,394,426)</u>	<u>(1,606,522)</u>	<u>(5,498,449)</u>
<u>Cash Flows from Non-Capital Financing Activities</u>				
Payments in lieu of taxes	(256,743)	(192,090)	(1,201,520)	(1,650,353)
Net decrease in TVA advances for conservation loans	-	-	(69,640)	(69,640)
Net Cash Provided (Used) by Non-Capital Financing Activities	<u>(256,743)</u>	<u>(192,090)</u>	<u>(1,271,160)</u>	<u>(1,719,993)</u>
<u>Cash Flows from Investing Activities</u>				
(Increase) Decrease in conservation loans receivable	-	-	68,090	68,090
Interest income received	1,795	2,077	121,301	125,173
Net Cash Provided (Used) by Investing Activities	<u>1,795</u>	<u>2,077</u>	<u>189,391</u>	<u>193,263</u>
Net Increase (Decrease) in Cash and Cash Equivalents	356,528	429,647	2,416,469	3,202,644
Cash and Cash Equivalents, Beginning of Year	3,163,916	2,782,682	12,205,446	18,152,044
Cash and Cash Equivalents, End of Year	\$ <u>3,520,444</u>	<u>3,212,329</u>	<u>14,621,915</u>	<u>21,354,688</u>
<u>Reconciliation of Operating Income to Net Cash Provided (Used) by Operations</u>				
Operating income (loss)	\$ 2,280,684	2,050,476	3,977,807	8,308,967
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,243,141	343,095	2,992,358	4,578,594
Change in pension related deferred outflows and inflows of resources	(418,398)	(242,522)	(1,631,644)	(2,292,564)
(Increase) decrease in:				
Accounts receivable	64,503	39,428	660,935	764,866
Accrued utility revenue	(4,385)	-	-	(4,385)
Inventory	(43,543)	(7,686)	(3,546)	(54,775)
Prepaid expenses	(10,520)	(195,260)	(30,430)	(236,210)
Increase (decrease) in:				
Accounts payable	(94,653)	-	(1,430,397)	(1,525,050)
Due to other funds	29,312	-	-	29,312
Customer deposits	260	1,293	24,119	25,672
Accrued expenses and post retirement obligation	62,576	25,262	545,558	633,395
Net Cash Provided (Used) By Operating Activities	\$ <u>3,108,977</u>	<u>2,014,086</u>	<u>5,104,760</u>	<u>10,227,823</u>

Supplemental Schedule of Non-Cash Capital and Related Financing Activities and Other Disclosures

Amortization of bond discount and debt issue costs included in interest	\$ (15,816)	-	(68,828)	(84,644)
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See accompanying notes to the financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2020

	<u>Lawrenceburg Utility Systems</u>	
	<u>Postemployment Benefit Trust Fund</u>	<u>Employees Pension Fund</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,176,335	428,255
Receivable - interest	15,951	16,438
Investments, at fair value:		
Fixed income funds	5,945,382	6,900,627
Equity Securities	8,580,664	10,353,883
Total Investments	<u>14,526,046</u>	<u>17,254,510</u>
Total Assets	<u>\$ 15,718,332</u>	<u>17,699,203</u>
<u>Net Position</u>		
Restricted for employee's pension benefits	-	17,699,203
Restricted for employee's postemployment benefits	<u>15,718,332</u>	<u>-</u>
Total Net Position	<u>\$ 15,718,332</u>	<u>17,699,203</u>

See accompanying notes to financial statements

CITY OF LAWRENCEBURG, TENNESSEE

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2020

	Lawrenceburg Utility Systems	
	Postemployment Benefit Trust Fund	Employees Pension Fund
<u>Additions:</u>		
Contributions:		
Employer	\$ 1,068,508	601,485
Plan members	-	241,136
	1,068,508	842,621
Investment income:		
Net increase (decrease) in fair value of investments	(270,839)	(356,036)
Investment earnings	690,344	906,527
	419,505	550,491
Net investment earnings	419,505	550,491
Total Additions	1,488,013	1,393,112
<u>Deductions:</u>		
Pension benefits and refunds	-	575,393
Administrative expenses	47,384	67,158
	47,384	642,551
Total deductions	47,384	642,551
Net increase	1,440,629	750,561
Net Position, Beginning of Year	14,277,703	16,948,642
Net Position, End of Year	\$ 15,718,332	17,699,203

See accompanying notes to financial statements

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

The City of Lawrenceburg, Tennessee (the City), in Lawrence County was incorporated in 1901. The City operates under a Mayor-Commissioner form of government and provides the following services as authorized by its charter: police, fire, recreation, public works, industrial development and utilities. The financial statements of the City of Lawrenceburg, Tennessee, have been prepared in conformity with accounting principles generally accepted in the United States of America, applied to governmental units as promulgated by the Governmental Auditing Standards Board (GASB). The following is a summary of the more significant accounting policies.

Reporting Entity

As required by accounting standards generally accepted in the United States of America, the accompanying financial statements of the City present the primary government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit, if any, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the government.

The Water and Sewer System, the Gas System and the Electric System are governed by the Board of Public Utilities whose members are appointed by the City Commission, further all long-term debt is in the City's name. Accordingly, the related financial statements are presented as enterprise funds of the primary government.

Discretely Presented Component Unit

The Component Unit column in the combined financial statements includes the financial data of the City's Component Unit. It is reported in a separate column to emphasize that it is legally separate from the City. The following Component Unit is included in the reporting entity because the primary government is financially accountable and is able to impose its will on the organization.

Crockett Theater Board:

The Crockett Theater Board is chartered as a non-profit corporation under Tennessee State Statutes. Its primary function is to sponsor and organize various charitable and civic events held at the Crockett Theater. The Mayor and Board of Commissioners appoint members of the Theater Board. The unaudited financial statements of the Crockett Theater Board are presented in the comprehensive annual financial report of the City. Complete compiled financial information may be obtained from the City Administrator of the City of Lawrenceburg.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

The following separately administered organizations do not meet the prescribed criteria and thus are excluded from the City's financial statements.

Lawrence County Airport

The City of Lawrenceburg and Lawrence County entered into an agreement providing for the joint acquisition, construction and operation of an airport facility. The agreement provides that all costs are to be shared equally by the City and the County. The Airport Board is composed of six members, three appointed by the City and three appointed by the County. The City subsidized Airport operations in the amount \$40,000 for the year ended June 30, 2020. As of June 30, 2020, the Airport's total assets were \$7,017,480 with total liabilities of \$55,475 and net position of \$6,962,005. For the year ended June 30, 2020, operating revenues of \$145,918, operating expenses of \$543,790, non-operating revenues of \$86,645 (including transfers from the City government of \$40,000) and capital contributions of \$394,326 resulted in a net change of \$83,099. Financial statements for this entity may be obtained from the City Administrator.

Lawrence County Emergency Communications District

The Lawrence County Emergency Communications District (E911) is operated under a consolidation agreement between Lawrence County and the City of Lawrenceburg. The City subsidized E911 operations in the amount of \$339,245 for the fiscal year ended June 30, 2020. As of June 30, 2020, the date of the last available financial statements for the District, E911's total assets and deferred outflows were \$1,371,898 with total liabilities and deferred inflows of \$397,291, and net position of \$974,607. For the year ended June 30, 2020 the District had revenues of \$620,659 operating and other expenses of \$1,478,783 and contributions, (including subsidies from the City and Lawrence County) of \$699,073 resulted in a net change of \$(159,051). Complete financial statements for this entity may be obtained from the City Administrator.

Joint Economic and Community Development Board of Lawrence County, TN

The City participates in a joint venture, created pursuant to TCA sections 5-1-113 and 6-58-114(b), with Lawrence County and the cities of Loretta, Ethridge and St. Joseph. The City subsidized the Board's operations in the amount of \$85,373 for the year ending June 30, 2019. As of June 30, 2019, the date of the last available financial statements for the Board, total assets were \$27,709 with total liabilities of \$15,000, and net position of \$12,709. For the year ended June 30, 2019 revenues (including subsidies from the City of \$85,373) of \$573,197, and operating expenses of \$573,339 resulting in a net change of (\$142). Financial statements for this entity may be obtained from the City Administrator.

Lawrenceburg Industrial Development Board

The Lawrenceburg Industrial Development Board (the Board) developed an economic impact plan regarding the development of an area located within the City. Incremental property tax revenues of the City resulting from development of the area under the plan will be remitted to the Board to pay the debt service associated with a speculative building. The City paid the Board \$- in incremental property taxes for its year ending January 31, 2020. As of January 31, 2020, the Board's total assets were \$376,994 with total liabilities of \$- and net position of \$376,994. For the year ended January 31, 2020, total revenues amounted to \$- received from the City, and total expenses of \$3,420, resulting in a net change in position of \$(3,420). Complete financial statements for this entity may be obtained from the City Administrator.

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Lawrenceburg Housing Authority

The Lawrenceburg Housing Authority (the Housing Authority) was chartered for the purpose of developing and administering low-income housing. Other than appointment of members of the governing board, the City has no oversight responsibility with respect to management and operation of the Housing Authority. Housing Authority operations are funded by rental income and subsidies from the federal government. Debt of the Housing Authority is guaranteed and subsidized by the federal government. The only financial benefit to the City is an in-lieu-of-tax agreement, which is not material to either the City or the Housing Authority.

Presentation

The City's financial statements include government-wide financial statements prepared on the accrual basis of accounting and the economic measurement for all funds. The fund financial statements present information for individual major funds rather than by fund type. Non-major funds are presented in one column. Other significant changes include the reporting of capital assets, infrastructure and depreciation, the elimination of account groups, the preparation of cash flow statements using the direct method and the inclusion of management's discussion and analysis.

Government-Wide and Fund Financial Statements

The government-wide financial statements, the statement of net position and the statement of changes in net position report information on all of the nonfiduciary activities of the City. 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 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

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 proprietary funds. 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 Basis of 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 the related cash flow. 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 eligible requirements imposed by the grant agreement have been met.

Governmental fund financial statements are reported using the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Property tax revenues are recognized in the fiscal year they are levied. The City considers property taxes as available if they are collected within sixty days after year-end. Revenues that do not meet the recognition criteria are deferred and reported in the balance sheet as liabilities. Expenditures are recorded when the related fund liability is incurred, except for matured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

In addition to property taxes, derived tax revenues such as sales taxes and income taxes are subject to accrual. The City accrues sales tax and income tax revenue and receivables in the period when the underlying exchange occurs. Licenses and permits, charges for services, fines and forfeits, and miscellaneous revenues (except interest income on cash deposits) are recorded as revenues when received because they are generally not measurable prior to receipt. Interest income is recognized when it becomes measurable and available.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

The following is the City's major governmental fund:

The *General Fund* is the City'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 *Capital Project Fund* is used to account for the cost of various long-term construction projects costs and the related funding.

Crockett Theater, the Component Unit, is classified as a governmental fund because of the nature of the activities accounted for in this entity.

The City reports the following major proprietary funds:

- *Water and Sewer System* - established to account for sewer and water service charges and related expenditures
- *Gas System* - established to account for natural gas service charges and related expenditures
- *Lawrence Electric System* - established to account for electric service charges and related expenditures

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

The fiduciary funds account for assets held by the Lawrenceburg Utility System in a trustee capacity or as an agent on behalf of others. Trust fund accounts were established to account for assets held by the System under terms of formal pension and OPEB trust agreements over assets and related liabilities held by the System in a fiduciary capacity for current and former employees.

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 for services between the government's utility functions and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported in the various functions concerned.

Amounts reported as program revenues include 1) charges to the customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principal ongoing operations. The principal operating revenues of the City's proprietary fund (water & sewer, gas, and power systems) are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds 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.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting and Basis of Presentation (Continued)

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.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments (both restricted and unrestricted) that have an original maturity date when acquired of three months or less. The City's investments, which include certificates of deposit, are reported at amortized cost.

Statutes authorize the City to invest in: 1) U.S. government securities and obligations guaranteed by the U.S. government; 2) deposit accounts at state and federal chartered banks and savings and loan associations; 3) the Local Government Investment Pool of the State of Tennessee; and 4) obligations of the United States or its agencies under repurchase agreements with certain restrictions.

Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum fair value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. Financial institutions that participate in the bank collateral pool, as administered by the Treasurer of the State of Tennessee, determine the aggregate balance of their deposits for the City. Securities are pledged to the State Treasurer on behalf of the bank collateral pool as collateral for the participating institution's public deposits. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

Investments

Investments of the governmental and proprietary fund types consist primarily of certificates of deposit, money market funds and mutual funds are stated at fair value.

Receivables

Accounts receivable are presented, when considered necessary, net of an allowance for uncollectible accounts. The Electric Fund, an enterprise fund, does not recognize unbilled revenue which is a common industry practice.

Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods or services rendered. These receivables and payables are classified as due from other funds or due to other funds on the balance sheet and are eliminated on the government-wide statements.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

The Gas System, Water and Sewer System and Electric System inventories are stated at the lower of average cost or market using first-in/first-out (FIFO) method.

Restricted assets

Restricted assets, consisting of cash and investments, include funds limited by bond indentures or otherwise legally restricted for future construction projects and debt service requirements.

Proprietary Fund Equity Classification

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints, primarily for debt service and capital purchases.
- c. Unrestricted net assets - All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

Capital Assets

Capital assets used in governmental fund operations include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items). Capital assets, exclusive of the Proprietary Funds are defined by the City as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, including intangible assets, are recorded at their acquisition value when received. 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.

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

Buildings	40 - 50 years
Improvements other than buildings	10 - 20 years
Utility plant in service	33 - 50 years
Machinery, equipment and vehicles	5 - 20 years
Road system infrastructure	10 - 60 years

For capital assets of the Proprietary Funds plant in service is reported at cost and includes improvements that significantly add to productive capacity or extend useful life. Costs of maintenance and repairs are charged to expense. Interest costs on funds borrowed to finance the construction of utility plant are capitalized, net of any interest income earned on the temporary investment of the proceeds of tax-exempt borrowings that are restricted for acquisition of utility. A capitalization threshold of \$500 and an estimated useful life of one year or longer is utilized as criteria for capitalization. Depreciation is determined on the straight-line basis, computed over asset estimated useful lives.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension-TCRS Plan

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

Compensated Absences

General Government (exclusive of Proprietary Funds):

Employees may accrue vacation time up to a specified maximum of 160 hours. City policy specifies that only employees with a minimum of 25 years effective March 2003 have the option of receiving payment for accumulated sick leave up to a maximum of 960 hours.

Proprietary Funds:

Employees accumulate vacation and sick leave in varying amounts. In the event of termination, an employee is paid for accumulated vacation leave. Upon retirement, an employee is paid accumulated sick leave, generally, in excess of 800 hours at a rate of 50%. The total balance of earned but unused vacation and sick leave benefits is reported in accrued expenses and other current liabilities.

Long-Term Obligations

In the government-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

In the government-wide financial statements bond premiums and discounts are amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issue cost is taken as a current period costs when incurred. The Proprietary Funds continue to report bond issue cost as an asset and amortize those costs over the life of the bonds in accordance with certain provisions included in GASB 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 20, 1989 FASB and AICPA Pronouncements* as permitted under provisions of GASB 65 when the cost are being used for rate setting by the utility.

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, 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 debt service expenditures.

Grants

The City receives grant revenues from various federal and state agencies. Grant revenues and certain related program revenues are recognized when qualifying expenditures are incurred and other grant requirements are met. Grant revenues collected in advance of the period they are intended to finance are reported as deferred revenue.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Government-Wide Equity

In the government-wide financial statements, equity is shown as net position and classified into three components. *Net Investment in capital assets*-capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets. *Restricted net position*-net position with constraints placed on use, either by (1) external groups such as creditors, grantors, or laws and regulations of other governments, (2) laws through constitutional provisions or enabling legislation. *Unrestricted net position*-All other net position that does not meet the above classifications.

Fund Balance

The City implemented Governmental Accounting Standard Board (GASB) Statement 54 for its governmental funds. As a result, 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 expenses. *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. *Committed fund balance* includes amounts constrained to specific purposes as determined by ordinance adopted by the City Council. Conversely, to rescind or modify a fund balance commitment, similar action by the City Council 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. Amounts may be assigned by approval of the City Council. 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.

Spending Policy

Generally, when costs are incurred for purposes for which both restricted and unrestricted resources are available, it is the City's policy to spend the most restricted dollars before less restricted dollars. Further, when expenditures are incurred for which committed, assigned, or unassigned amounts may be used, committed amounts are first used followed by assigned then unassigned.

Property Taxes

Property taxes are levied as of October 1 on property values assessed as of January 1 of the same year. Taxes are due and payable from the levy date on October 1 and are delinquent on March 1, at which time the applicable property is subject to lien and penalties and interest are assessed. Assessed values are established by the State of Tennessee at the following rates of appraised fair value:

Public Utility Property	55% (Railroads 40%)
Industrial and Commercial Property	
Real	40%
Personal	30%
Residential	25%

Property taxes were levied at a rate of \$1.44 per \$100 of the assessed value. Current tax collections for the year ended June 30, 2020 were approximately 96% of the tax levy.

In accordance with GASB 33, property taxes includes the estimated 2020 net realizable tax levy in the amount of \$3,356,600. The related revenues are reported as deferred revenues until they become available.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

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

1. The City Administrator submits to the Board of Commissioners the proposed operating budget for the fiscal year. The operating budgets for the General and Special Revenue Funds include proposed expenditures and the means of financing them. All appropriations in the current operating budget lapse into fund balance of the respective funds at the end of the fiscal year.
2. The budgets passed on the first reading and each of the following readings, and was adopted by ordinance on the second reading. In no event shall total appropriations for any fund exceed the estimated revenues and fund balance.
3. The amounts in the adopted budgets for each fund constitute its total annual appropriation and no expenditure may be made which will result in the annual appropriation for the fund being exceeded, unless an additional appropriation is made.

The Mayor may transfer appropriations within the same department, other changes in appropriations require board approval. Budgetary control is considered established at the department level.

4. Budgeted amounts shown are those originally adopted and amended by the Mayor and Board of Commissioners. There were supplemental appropriations of \$413,386 to the General Fund for 2020. All balances of appropriations in the current operating budgets lapse into the fund balance of the fund from which appropriations were made at the end of the fiscal year.
5. Annual operating budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Deferred Outflows / Inflows of Resources

In addition to liabilities, the Balance Sheets and Statements of Net Position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resource (revenue) until that time. The unavailable revenue reported in the Balance Sheet, which arises under a modified accrual basis of accounting, represents amounts that are deferred and recognized as an inflow of resources in the periods that the amounts become available. The assessed and unlevied property taxes reported in the Statement of Net Position, arises from imposed non exchange revenues (property taxes) which are assessed prior to the end of the fiscal year but levied in the subsequent year. Deferred inflows of resources are presented after total liabilities.

A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period. The City had one item that qualifies as a deferred outflow. It is the deferred amount on refunding reported in the government-wide and in the proprietary fund statement of net position. A deferred amount 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 bonds. Deferred outflows of resources are presented after total assets.

Deferred outflows and inflows of resources also include amounts related to pensions, and pension expense. Refer to Note 8 for further details.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(2) CASH, CASH EQUIVALENTS, CERTIFICATES OF DEPOSIT AND INVESTMENTS

The City is authorized to invest funds in financial institutions and direct obligations of the Federal Government. During 2020, the City invested in short-term certificates of deposit and savings accounts.

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 requires that deposits be either (i) secured and collateralized by the institutions at 105% of the value of the deposits placed in the institution, less the amount protected by federal depository insurance or (ii) that deposits placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Institutions participating in the collateral pool determine the aggregated balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% if the average daily balance of public deposits held. Investments with the Tennessee Local Government Investment Pool are not categorized as to custodial credit risk.

At June 30, 2020, all of the City's deposits were covered by federal depository insurance or by the bank collateral pool administered by the Treasurer of the State of Tennessee as required by State Statutes.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. City policy provides that to the extent practicable, investments are matched with anticipated cash flows. Typically certificates of deposit are issued for periods less than one year and investments in the Local Government Investment Pool are available daily.

Investments

Investments are measured and recorded using fair value measurement guidelines established by generally accepted accounting principles. The guidelines recognize a three tiered fair value hierarchy as follows:

- Level 1: Quoted prices for identical investment in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable Inputs.

At June 30, 2020, the Plan had the following recurring fair value measurements:

Fiduciary Fund-Pension Fund

<u>Investment</u>	<u>Fair Value</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and equivalents	\$ 428,255	N/A	-	-
Equities	10,353,883	10,353,883	-	-
Fixed Incomed	6,900,627	6,900,627	-	-
Total	<u>\$17,682,765</u>	<u>17,254,510</u>	<u>-</u>	<u>-</u>

As of June 30, 2020, the Plan had the following investments that represent 5 percent or more of plan net position.

Federated Hermes total Return Govt Bond Fund	\$879,445
Vanguard ST Treasury Index Fund	1,064,205

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.23%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(2) CASH, CASH EQUIVALENTS, CERTIFICATES OF DEPOSIT AND INVESTMENTS (CONTINUED)

Investments

Fiduciary Fund-OPEB Fund

<u>Investment</u>	Fair Value	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Cash and equivalents	\$ 1,176,335	N/A	-	-
Equities	8,580,664	8,580,664	-	-
Fixed Incomed	5,945,382	5,945,382	-	-
<i>Total</i>	<u>\$15,702,381</u>	<u>14,526,046</u>	<u>-</u>	<u>-</u>

As of June 30, 2020, the Plan had the following investments that represent 5 percent or more of plan net position.

DSF US Large Company Portfolio #5127	\$ 1,071,557
Fidelity Contra #22	422,163
Harbor Capital Appreciation Instl	406,982
Oakmark Fund Class #110	604,251
Dodge & Cox Income Fund #147	666,803
Federal Total Return Bond Fund	662,475
Vanguard GNMA Admiral Fund	447,278

For the year ended June 30, 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB investment expense, was 2.85%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(3) RECEIVABLES

Receivables of the Enterprise Funds for the fiscal years ended June 30, 2020 are made up of the following:

Billed services for utility customers	\$ 4,899,854
Accrued utility revenue	60,215
Other receivables for utility services	355,090
Allowance for doubtful accounts Total	\$ (1,533,423)
Total	\$ <u>3,792,483</u>

(4) INTERFUND TRANSACTIONS

Operating transfers among individual funds of the City for the year ended June 30, 2020, were as follows:

<u>Transfers In:</u>	<u>Transfers out</u>				<u>Total</u>
	<u>Sanitation Fund</u>	<u>Electric Fund</u>	<u>Water & Sewer Fund</u>	<u>Gas Fund</u>	
General Fund	\$ <u>50,000</u>	<u>1,191,761</u>	<u>256,743</u>	<u>192,090</u>	<u>1,690,594</u>

Interfund receivables and payables at June 30, 2020, consisted of the following :

<u>Interfund Receivable</u>	<u>Interfund Payable</u>
Sanitation Fund-Non major fund	Water & Sewer Fund
	\$ <u>226,306</u>

Individual fund transfers of the City for the year ended June 30, 2020 are attributed to the transfer of of the City's portion of in-lieu of tax payments from the Electric, Water & Sewer and Gas Funds. Individual fund receivable and payable are attributed to Sanitation revenues held by the Water & Sewer Fund that were remitted in the subsequent month.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(5) CAPITAL ASSETS

Capital assets for the year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions/ Transfers</u>	<u>Retirements/ Transfers</u>	<u>Ending Balance</u>
Governmental activities:				
<u>Capital Assets, being depreciated:</u>				
Buildings and improvements	\$ 7,766,627	-	-	7,766,627
Machinery and equipment	8,751,974	2,238,723	(980,464)	10,010,233
Infrastructure	<u>15,344,699</u>	<u>-</u>	<u>-</u>	<u>15,344,699</u>
Total capital assets, being depreciated:	<u>31,863,300</u>	<u>2,238,723</u>	<u>(980,464)</u>	<u>33,121,559</u>
Less accumulated depreciation for:				
Buildings and improvements	4,192,302	229,955	-	4,422,257
Machinery and equipment	6,073,895	559,323	(977,609)	5,655,609
Infrastructure	<u>4,441,670</u>	<u>307,464</u>	<u>-</u>	<u>4,749,134</u>
Total accumulated depreciation:	<u>14,707,867</u>	<u>1,096,742</u>	<u>(977,609)</u>	<u>14,827,000</u>
Total capital assets being depreciated, net	<u>17,155,433</u>			<u>18,294,559</u>
<u>Non Depreciable Capital assets:</u>				
Land	3,508,155	-	-	3,508,155
Construction in progress	<u>83,222</u>	<u>260,341</u>	<u>-</u>	<u>343,563</u>
Total Non Depreciable Capital Assets	<u>3,591,377</u>	<u>260,341</u>	<u>-</u>	<u>3,851,718</u>
Governmental activities capital assets, net	<u>\$20,746,810</u>			<u>22,146,277</u>
Business-type activities:				
<u>Capital assets, being depreciated:</u>				
Plant systems in service	\$118,486,557	5,071,274	(887,724)	122,670,107
Buildings and improvements	29,898,713	-	1,442	29,900,155
Machinery and equipment	<u>13,024,609</u>	<u>1,725,289</u>	<u>(144,407)</u>	<u>14,605,491</u>
Total capital assets being depreciated	<u>161,409,879</u>	<u>6,796,563</u>	<u>(1,030,689)</u>	<u>167,175,753</u>
Less accumulated depreciation for:				
Plant systems in service	47,486,049	3,264,595	(689,479)	50,061,165
Buildings and improvements	8,345,171	613,372	1,441	8,959,984
Machinery and equipment	<u>8,624,377</u>	<u>1,214,365</u>	<u>(539,574)</u>	<u>9,299,168</u>
Total accumulated depreciation	<u>64,455,597</u>	<u>5,092,332</u>	<u>(1,227,612)</u>	<u>68,320,317</u>
Total depreciable capital assets, net	<u>96,954,282</u>			<u>98,855,436</u>
<u>Capital assets, not being depreciated:</u>				
Land	2,323,706	16,500	-	2,340,206
Construction in progress	<u>4,092,937</u>	<u>1,872,665</u>	<u>418,688</u>	<u>5,546,914</u>
Total capital assets, not being depreciated:	<u>6,416,643</u>	<u>1,889,165</u>	<u>(418,688)</u>	<u>7,887,120</u>
Business-type capital assets, net	<u>\$ 103,370,925</u>			<u>106,742,556</u>

Depreciation expense charged to functions/programs as of June 30, 2019, follows:

Governmental activities:		
General government		\$ 60,965
Highway & Streets, including depreciation of general infrastructure assets		306,645
Police		125,471
Fire		140,152
Parks		180,368
Sanitation		187,966
Civil defense		<u>95,175</u>
Total depreciation expense - governmental activities		<u>\$ 1,096,742</u>
Business-type activities:		
Water and Sewer Fund		\$ 1,243,141
Gas Fund		343,095
Transportation Clearing		513,738
Electric Fund		<u>2,992,358</u>
Total depreciation expense - business-type activities		<u>\$ 5,092,332</u>

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(6) LONG-TERM DEBT

Changes in General Long-Term Obligations

During the year ended June 30, 2020, the changes in general long-term obligations reported were as follows. Typically debt service payments are made by the General and Sanitation Funds.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Direct placemnts:					
General Obligation Refunding Bonds - Series 2011, due in increasing annual installments commencing June 2012 through June 2021, at interest rates ranging from 2% to 3%	370,000	-	(190,000)	180,000	180,000
General Obligation Refunding Bonds - Series 2013, due in increasing annual installments commencing June 2016, through June 2025, at interest rates ranging from 2% to 2.7%	2,100,000	-	(300,000)	1,800,000	300,000
General Obligation Refunding Bonds - Series 2015A due in increasing annual installments commencing April 2013 through April 2020, at interest rate of 2%	100,000	-	(100,000)	-	-
General Obligation Bonds - Series 2015D due in increasing annual installments commencing June 2016 through June 2035, at interest rates ranging from 3.0 to 3.375%	4,610,000	-	(125,000)	4,485,000	255,000
General Obligation Bonds - Series 2017, due in increasing annual installments commencing June 2021 through June 2037, at interest rates ranging from 2% to 3%	4,750,000	-	(150,000)	4,600,000	150,000
General Obligation Bonds - Series 2019B, due in increasing annual installments commencing June 2020 through June 2044, at interest rates ranging from 2% to 5%	-	6,785,000	(510,000)	6,275,000	435,000
Accrued landfill closure costs and postclosure costs	133,308	542,753	-	676,061	-
Compensated absences	<u>730,468</u>	<u>64,979</u>	<u>-</u>	<u>795,448</u>	<u>795,448</u>
Total General Long-term Debt	\$ 12,793,776	<u>7,392,732</u>	<u>(1,375,000)</u>	18,811,509	<u>2,115,448</u>
Add: Bond Premium	<u>224,502</u>			<u>589,948</u>	
Total General Long-term Debt, net	<u>\$ 13,018,278</u>			<u>19,401,457</u>	

In earlier years the City has defeased certain bond issues where the proceeds of the refunding issue were used to purchase U.S. government securities that were deposited in an irrevocable trust to provide for all future debt service on the refunded issue. As a result, that portion of the 2008 series general obligation bonds is considered defeased, and has been removed from its accounts. The outstanding principal of the defeased bonds is \$1,735,000 at June 30, 2020.

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(6) LONG-TERM DEBT (CONTINUED)

Proprietary Fund long-term liability activity for the year ended June 30, 2020 was as follows:

	<u>Balance at June 30, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2020</u>	<u>Due Within One Year</u>
Bonds Payable	\$21,705,000	6,000,000	(2,385,000)	25,320,000	2,335,000
Notes Payable	<u>5,741,678</u>	<u>-</u>	<u>(723,852)</u>	<u>5,017,826</u>	<u>741,708</u>
Total	27,446,678	<u>6,000,000</u>	<u>(3,108,852)</u>	30,337,826	<u>3,076,708</u>
Less bond discounts	(33,360)			(25,573)	
Add bond premium	<u>358,056</u>			<u>601,250</u>	
Total - net	<u>\$27,771,374</u>			<u>30,913,503</u>	

**Electric Department
Bonds payable:**

Series 2002 Refunding Bonds - interest rates 3.5% to 5.0%, maturing over a 25 year period, with the first payment made 1/1/02, and the final payment due 1/1/26. Bonds are secured by the System's revenues and receipts and secondly by ad velorem taxes of the City. \$ 5,925,000

Series 2015C Refunding Bonds - interest rates 2.0% 2.30%, maturing over a 8 year period, with the first payment made 7/1/19, and the final payment due 7/1/26. Bonds are secured by the System's revenues and receipts and secondly by ad velorem taxes of the City. 3,370,000

Series 2019A General Obligation Bonds - interest rates 2.0% - 5%, maturing over a 20 year period, with the first payment made 7/1/20, and the final payment due 7/1/40. Bonds are secured by the System's revenues and receipts and secondly by ad velorem taxes of the City. 5,795,000

Total bonds payable - Electric Department \$15,090,000

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(6) LONG-TERM DEBT (CONTINUED)

Water and Sewer Department
Bonds payable:

Series 2012 General Obligation Refunding Bonds - interest rates from 2.00% to 3.00%, maturing over a 12 year period, with the first payment made 6/1/14, and the final payment due 6/1/26. \$ 1,930,000

Series 2016 General Obligation Bonds – interest rates from 2.00% to 5.00%, maturing over a 9 year period, with the first payment made 6/1/17, and the final payment due 6/1/25. 2,500,000

Series 2016B General Obligation Refunding Bonds- interest rate of 2.00%, maturing over a 13year period, with the first payment made 6/1/17, and the final payment due 6/1/30. 4,300,000

Series 2017 General Obligation Bonds – interest rate of 2.64%, maturing over a 19 year period, with the first payment Made 6/1/18, and the final payment due 6/30/2037. 1,500,000

Total bonds payable - Water and Sewer Department 10,230,000

Notes Payable:

State Revolving Loan Fund - interest rate of 2.44%, maturing over a 20 year period, with the first payment made 11/1/06 and the final payment due 10/1/26. 5,017,826

Total debt issued - Water and Sewer Department \$ 15,247,826

In prior years the Department has advance refunded certain bond issues which entails depositing securities in an irrevocable trust to provide for all future debt service on the refunded portion of the refunded bonds. As a result, that portion of the 2008 General Obligation refunding bonds is considered defeased, and the Utility has removed the liability from its accounts. The outstanding principal of the defeased bonds is \$2,500,000 at June 30, 2020.

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(6) LONG-TERM DEBT (CONTINUED)

Bond premium and discounts and issuance costs are deferred and amortized over the term of the related bond issues using the straight-line method. Bonds payable are reported net of the applicable premium or discount.

Debt Service Requirements

The annual debt service requirements to maturity on outstanding long-term bonded debt as of June 30, 2020, are as follows:

Fiscal Year	General Obligation Debt		Proprietary Fund Debt		Total Interest
	Bond Principal	Interest	Bond Principal	Note* Principal	
2021	\$ 1,320,000	533,712	2,335,000	741,708	899,485
2022	1,205,000	487,662	2,625,000	760,008	796,008
2023	1,225,000	444,987	2,705,000	778,764	688,402
2024	1,290,000	400,887	2,780,000	797,976	575,490
2025	1,000,000	357,387	2,825,000	817,668	459,273
2026-2030	4,245,000	943,700	7,915,000	1,121,702	1,023,196
2031-2035	4,320,000	731,048	2,105,000	-	377,967
2036-2040	1,645,000	254,973	2,030,000	-	120,790
2041-2044	1,090,000	72,591	-	-	-
Totals	\$ <u>17,340,000</u>	<u>4,663,057</u>	<u>25,320,000</u>	<u>5,017,826</u>	<u>4,940,584</u>

* Direct Borrowing.

The City's outstanding revenue and tax bonds contain provisions that, in the event of default, outstanding amounts are to become immediately due if the City is unable to make payment. The various bond indentures also contain significant limitations and restrictions as to the use of revenues in paying current expenditures (expenses) and the maintenance of debt service sinking funds. Also various bond resolutions contain other restrictive covenants and requirements with which the City must comply. As of and for the year ended June 30, 2020, it was management's opinion that the City was in compliance with all such limitations and requirements. The City had no unused bank credit lines at June 30, 2020.

(7) OPERATING LEASES

The Electric System receives rental income from, and pays rent to, certain other utilities for sharing of utility poles. These leases, treated as operating leases, are negotiated annually. Minimum future lease commitments under all such leases are insignificant.

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) RETIREMENT PLANS

City of Lawrenceburg Retirement Plans:

The City of Lawrenceburg provides the following plans for City employees:

Tennessee Consolidated Retirement System - all employees, other than those of the Water & Sewer, Natural Gas, and Electric Power systems.

Lawrenceburg Utility Systems Employees' Pension Plan - all employees of the Water & Sewer, Natural Gas, and Electric Power systems.

Information concerning each of these plans follows.

Tennessee Consolidated Retirement System

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

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

Employees covered by benefit terms. At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	124
Inactive employees entitled to but not yet receiving benefits	98
	124
Active employees	
	346

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) RETIREMENT PLANS (CONTINUED)

Tennessee Consolidated Retirement System

General Information about the Pension Plan (Continued)

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2020, employer contributions for the City were \$ 1,002,743 based on a rate of 19.01% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability 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, 2019 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 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation

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

The actuarial assumptions used in the June 30, 2019 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:

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) RETIREMENT PLANS (CONTINUED)

Tennessee Consolidated Retirement System
General Information about the Pension Plan (Continued)

<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%	1%
		<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 three factors described above.

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 the City 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.

Changes in the Net Pension Liability (Asset)

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (c)
Balance at 6/30/18	\$ <u>22,755,657</u>	<u>15,570,456</u>	<u>7,185,201</u>
Changes for the year:			
Service cost	359,846	-	359,846
Interest	1,622,537	-	1,622,537
Differences between expected and actual experience	334,472	-	334,472
Change in assumptions	-	-	-
Contributions – employer	-	981,188	(981,188)
Contributions- Employees	-	285,205	(285,205)
Net investment income	-	1,151,326	(1,151,326)
Benefit payments, including refunds of employee contributions	(1,471,361)	(1,471,361)	-
Administrative expense	-	(11,089)	11,089
Net changes	<u>845,494</u>	<u>935,269</u>	<u>(89,775)</u>
Balance at 6/30/19	\$ <u>23,601,151</u>	<u>16,505,725</u>	<u>7,095,426</u>

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) RETIREMENT PLANS (CONTINUED)

Tennessee Consolidated Retirement System

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the Town 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 <u>(6.25%)</u>	Current Discount Rate <u>(7.25%)</u>	1% Increase <u>(8.25%)</u>
Lawrenceburg's Net Pension liability (asset)	\$ 9,801,250	7,095,426	4,838,302

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

Pension expense. For the year ended June 30, 2020, the City recognized pension expense of \$1,179,500.

Changes in the Net Pension Liability (Asset)

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2020, the City 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	\$ 993,396	-
Net difference between projected and actual earning on pension plan investments	-	193,291
Change in assumptions	415,786	-
Contributions subsequent to the measurement date of June 30, 2019	<u>1,002,743</u>	<u>-</u>
Total	<u>\$ 2,411,925</u>	<u>193,291</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2019," 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:	
2021	\$ 474,752
2022	327,013
2023	297,434
2024	61,004
2025	55,745
Thereafter	-

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

At June 30, 2020, the City had no amounts payable for outstanding contributions to the pension plan required at the year ended June 30, 2020.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

The Lawrenceburg Utility Systems (LUS) Employees' Pension Plan (the Plan), a single-employer defined benefit retirement plan administered by the First Farmers Trust and Financial Management for the employees of the Lawrenceburg Utility Systems. The Plan was established by statute. With the exception of maximum contribution rates, which are set forth in the statutes, required contributions and benefit provisions are established and amended by the Lawrenceburg Utility Systems. The original effective date of the Plan is March 15, 1949. The Plan was amended and restated on July 1, 1989, November 1, 1997, June 30, 2002, March 28, 2005, July 1, 2010 and July 1, 2015.

Benefits Provided and Employee Contribution

There are four distinct participant groups. These are referred to by letter - A, B, C, and D. Each group has a different benefit calculation and all groups except Group D are closed to new participants.

Group A participants become eligible after attaining age 21 and completing six months of service. This group is non-contributory. To be a member of this group, an employee must have worked for the System prior to November 1, 1997. This group is entitled to monthly pension benefits beginning at age 60 and completion of 10 years of credited service or an age where age plus credited service equals 80. Such monthly benefits are equal to 1.25% of the participants final earnings multiplied by the participants credited service, with a minimum monthly benefit of \$15 per year of credited service. For purposes of this calculation, "Final Compensation" is considered to be the compensation in the last whole calendar year of employment with LUS (or the calendar year in which the employee terminated employment) or the amount of compensation for any previous calendar year, if that is higher.

If an employee reaches age 50 and completes 15 years of credited service, he/she may retire and receive an early retirement benefit starting the first day of the month after retirement. The immediate benefit would be the normal retirement benefit reduced by 5% for each whole year and proportionally for each month by which the early retirement date precedes the normal retirement date.

A participant's retirement may be deferred beyond the normal retirement age. The benefit payment of which commences at the employee's actual date of retirement is computed in the same manner as the normal retirement benefit based upon service accrued and compensation earned through the date of retirement.

The employee may elect to receive an immediate benefit which shall be actuarially equivalent to his/her vested accrued benefit. Employees are eligible to receive an immediate lump sum reduced to the earlier of the employee's early retirement date or normal retirement date. This amount shall be multiplied by a factor of 200, and further reduced by actuarial equivalence for commencement prior to the earlier of the employee's early retirement date or normal retirement date.

In order to receive a disability benefit, the employee must have completed at least 10 years of credited service at the time of disability. The participant would be entitled to a disability benefit payable at age 65.

The disability retirement benefit shall be calculated in the same manner as his normal retirement benefit, using the compensation at the time of disability as the final compensation. However, the credited service used in the calculation of the participant's disability benefit shall be equal to that with which would have been credited had the participant's employment continued until the normal retirement date.

If an employee dies while working for the Utility, then his/her beneficiary will receive a death benefit from the Plan. In order to receive a pre-qualified death benefit, an employee must have an accrued benefit under the Plan.

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

Employees with no surviving spouse or who have waived the qualified joint and survivor annuity option, their beneficiary will receive a single sum payment at death equal to the actuarial equivalent of the employee's accrued benefit. If married, the employee's spouse may elect to receive either the qualified pre-retirement survivor annuity or an actuarially equivalent monthly life annuity based on the lump sum payment described previously.

If an employee dies on or after the date he/she has retired and begins to receive benefits, no death benefit is payable after retirement unless an optional form of benefit has been elected which provides for a survivor benefit.

Subject to the applicable plan conditions, an employee may select an optional method of benefit payment, in lieu of the prescribed 10 year certain and life income, which is actuarially equivalent. The purpose of the optional method is to permit the guarantee of retirement income payments for a minimum period of time or to provide a continued income to a surviving beneficiary after the death of the participant. The following options are available for benefit payments:

- Joint and Survivor Annuity (50%,75% or 100%)
- Life Annuity with Payments Guaranteed (60 or 180 payments)
- Straight Life Annuity
- Lump Sum - 200 times Accrued Benefit

Group B's participants became eligible for benefits after reaching the later of age 21 or the completion of six months of service. This group is non-contributory. To be a member of this group, an employee must have worked for the Utility on or after November 1, 1997 and prior to July 1, 2002. This group is entitled to monthly pension benefits, beginning at the later of attainment of age 60 or completion of 10 years of credited service. Such monthly benefits are equal to one -twelfth of 60% of final compensation, reduced for credited service less than 30 years at normal retirement date, with a minimum monthly benefit of \$15 per year of credited service. For purposes of this calculation, "final compensation" is considered to be the compensation in the last whole calendar year of employment with the Utility (or the calendar year in which the employee terminated employment) or the amount of compensation for any previous calendar year, if that is higher.

If an employee reaches age 50 and completes 15 years of credited service, he/she may retire and receive an early retirement benefit starting the first day of the month after retirement. The employee may elect to receive a deferred benefit payable at the normal retirement date equal to the accrued benefit or an immediate benefit equal to the actuarial equivalent of the accrued benefit payable at the normal retirement date.

A participant's retirement may be deferred beyond the normal retirement age. The benefit payment of which commences at the employee's actual date of retirement is computed in the same manner as the normal retirement benefit based upon service accrued and compensation earned through the date of retirement.

The employee may elect to receive an immediate benefit which shall be actuarially equivalent to his/her vested accrued benefit. Employees may also elect to receive an actuarially equivalent lump sum payable on the first date that the participant could have elected to receive an early retirement benefit.

In order to receive a disability benefit, the employee must have completed at least 10 years of credited service at the time of disability. The participant would be entitled to a disability benefit payable at age 65.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

The disability retirement benefit shall be calculated in the same manner as his normal retirement benefit, using the compensation at the time of disability as the final compensation. However, the credited service used in the calculation of the participant's disability benefit shall be equal to that with which would have been credited had the participant's employment continued until the normal retirement date.

If an employee dies while working for the Utility, then his/her beneficiary will receive a death benefit from the Plan. In order to receive a pre-qualified death benefit, an employee must have an accrued benefit under the Plan.

Employees with no surviving spouse or who have waived the qualified joint and survivor annuity option, their beneficiary will receive a single sum payment at death equal to the actuarial equivalent of the employee's accrued benefit. If married, the employee's spouse may elect to receive either the qualified pre-retirement survivor annuity or an actuarially equivalent monthly life annuity based on the lump sum payment described previously.

If an employee dies on or after the date he/she has retired and begins to receive benefits, no death benefit is payable after retirement unless an optional form of benefit has been elected which provides for a survivor benefit.

Subject to the applicable plan conditions, an employee may select an optional method of benefit payment, in lieu of the prescribed 10 year certain and life income, which is actuarially equivalent. The purpose of the optional method is to permit the guarantee of retirement income payments for a minimum period of time or to provide a continued income to a surviving beneficiary after the death of the participant. The following options are available for benefit payments:

- Joint and Survivor Annuity (50%, 75% or 100%)
- Life Annuity with Payments Guaranteed (60 or 180 payments)
- Straight Life Annuity
- Lump Sum - Actuarial Equivalent of Accrued Benefit

Group C's participants are those employees of the Gas, Water and Sewer funds who were members of the Tennessee Consolidated Retirement System (TCRS) pension plan prior to July 1, 2002. Contributions of 5% of gross pay are required by participants of this group. The participants are entitled to monthly benefits beginning at the earlier of age 60 with 5 years credited service or 30 years of credited service. The monthly retirement benefit is equal to: (1) 1.575% of average monthly compensation (AMC) times years of credited service, plus (2) 0.2625% of AMC in excess of the social security integration level (SSIL) times years of credited service. The above amount is offset by the frozen accrued benefit under the Tennessee Consolidated Retirement System as of June 30, 2002. AMC is the monthly average of the highest 5 consecutive plan years of compensation. SSIL is the average of maximum social security wages for someone aged 65. The minimum benefit that may be earned for employees is equal to years of credited service times \$7, if credited service is less than 10, and \$8 otherwise.

"Credited service" is all of an employee's whole years of employment and his/her completed calendar months of employment, beginning with the first hour of employment and ending on the "severance date". "Severance date" is the date an employee quits, retires, is discharged or dies. If an employee remains absent from work for other reasons which have not been approved as a leave of absence, the severance date is counted as the first date of absence. If an employee is absent from work due to pregnancy or the birth or adoption of a baby, the severance date is the second anniversary of the date that he/she became absent from work. For purposes of benefit accrual, credited service includes all years until the severance date, except the special extra year if an employee is absent due to pregnancy or the birth or adoption of a baby. If an employee is absent for military service, membership in the Plan will continue as long as re-employment rights are protected by law.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

In addition, "credited service" will also include:

- All years of credited service that were credited to an employee for purposes of accruing benefits under the Tennessee Consolidated Retirement System ("TCRS") as of June 30, 2002.
- Each 20 days of accumulated sick leave will equal one month of credited service, or if an employee has less than 20 days, a fractional portion of a month.
- Subject to the approval of the Plan Administrator, if an employee receives temporary disability benefits from the Utility or under a workers' compensation program, he/she will be entitled to receive credited service for the period of disability by making a lump sum payment of the contributions that would have been made to the Plan on the basis of the compensation that was in effect immediately prior to the period of disability, plus interest at a rate of seven and one-half percent (7.5%), provided that he/she returns to active service with the Employer or retires immediately following the end of the temporary disability benefits. Notwithstanding the foregoing, an employee will not be credited with more than one year of credited service for each occurrence of temporary disability. Please contact the Administrator for more information about this.
- If an employee changes from part-time to full-time employment, the hours that would have counted toward the credited service if he/she had been employed on a full-time basis will count toward your credited service if, upon becoming a full-time employee, he/she pays, to the Plan the amount that would have been withheld from compensation as a condition of participation in the Plan if an employee had been a full-time employee and if the compensation during the time that he/she was a part-time employee was multiplied by a fraction, the numerator of which is forty (40) and the denominator of which is the weekly average hours worked as a part-time employee, plus seven and one-half percent (7.5%) interest.

However, credited service will not include any period of employment with respect to which an employee's contributions to the Plan have been withdrawn unless an employee repays those contributions to the Plan, plus interest thereon at the rate of seven and one-half percent (7.5%) interest.

"Social Security Integration Level" (SSIL) is an average of social security wage bases. It allows the benefit formula to provide a slightly higher benefit rate on a portion of an employee's final average compensation. Since the social security wage base increases each year, it is expected that the SSIL will continue to increase in future years.

If an employee reaches age 55 and completes 5 years of credited service, or if he/she completes 25 years of credited service, he/she may retire and receive an early retirement benefit starting the first day of the month after retirement or he/she may wait until the normal retirement date to begin receiving benefits.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

The early retirement benefit is equal to the monthly retirement benefit payable at normal retirement age calculated using AMC, SSIL, and credited service at the early retirement date. A reduced benefit commencing immediately may be elected. For employees, the immediate benefit would be the normal retirement benefit reduced 0.4% for each month by which the early retirement date precedes the normal retirement date. For employees whose early retirement date precedes age 55, the immediate benefit would be the actuarial equivalent of the benefit payable at age 55.

An employee's retirement may be deferred beyond the normal retirement age. The benefit payment of which commences at the employee's actual date of retirement is the greater of (1) a benefit computed in the same manner as the normal retirement benefit based upon AMC, SSIL and credited service earned through the actual date of retirement or (2) the actuarial equivalent of a benefit payable at age 65. In no case, shall the benefit exceed 75% of the employee's final average compensation.

If an employee becomes disabled, he/she may be entitled to receive disability benefits under the Plan. To be eligible for disability benefits, an employee must be ineligible for retirement benefits, have a minimum of five years of credited service and be unable to engage in gainful employment due to a, total and permanent physical or mental disability.

Gainful employment means any type of work which results in earnings considered by the Social Security Administration to be gainful for disability recipients from that system. It is important to note that for eligibility for purposes of the Plan, this is *not* determined by your inability to perform your *current* job, but rather by the inability to perform *any type of gainful employment*. If the employee has at least 5 but less than 10 years of credited service, the employee's disability benefit would equal 90% of the normal retirement benefit. The employee's credited service used in the determination of the normal retirement benefit shall be the greater of 10 years or the number of years of credited service the employee would have earned had the employee remained employed until the normal retirement date. However, the employee's credited service used in the determination of the disability benefit shall not exceed 20. If the employee has earned at least 10 years of credited service, the disability benefit would equal the actuarial equivalent of the retirement benefit which would be payable at age 55, not to exceed 75% of the employee's average monthly compensation. If the employee remains disabled to the normal retirement date, then the benefit will become equal to the normal retirement benefit based on compensation and credited service at the time employment ended.

One of several death benefits may be payable to an employee's designated beneficiary if he/she dies prior to retirement. In order to receive a pre-retirement death benefit, an employee must have an accrued benefit under the Plan. The type of death benefit payable will be determined by whether or not death occurs while an employee is working for us, who is nominated as the beneficiary and by length of service.

Employees with less than 10 years of credited service whose death occurs before termination of employment, after accruing a benefit under the Plan, the employee is entitled to a refund equal to twice the employee's contributions. If the employee has accrued at least 10 years of credited service, the employee may receive a refund equal to twice the employee's contributions or a monthly joint and 100% life annuity commencing immediately based upon a 0.4% reduction factor for each month by which death precedes the employees normal retirement date. In no case shall the total benefits paid to an employee be less than the contributions made by such employee.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

If an employee dies on or after the date he/she has retired and begins to receive benefits, no death benefit is payable after retirement unless an optional form of benefit has been elected which provides for a survivor benefit.

Subject to the applicable plan conditions, a participant may select an optional method of benefit payment, in lieu of the prescribed straight life income, which is actuarially equivalent. The purpose of the optional method is to permit the guarantee of retirement income payments for a minimum period of time or to provide a continued income to a surviving beneficiary after the death of the participant. The following options are available for benefit payment:

- Joint and Survivor Annuity (50% or 100%)
- Modified Joint and Survivor Annuity (50% or 100%)
- Social Security Level Income Option

Group D's participants are those employees hired on or after July 1, 2002. The participants are required to contribute 5% of their gross pay to the Plan and are entitled to monthly pension benefits after reaching age 60 with 5 years of credited service. The monthly retirement benefit is equal to: (1) 1.575% of average monthly compensation (AMC) times years of credited service, plus (2) 0.2625% of AMC in excess of the social security integration level (SSIL) times years of credited service. AMC is the monthly average of the highest 5 consecutive plan years of compensation. SSIL is the average of maximum social security wages for someone aged 65. The minimum benefit that may be earned for employees is \$15 per year of credited service.

"Credited service" is all of an employee's whole years of employment and his/her completed calendar months of employment, beginning with the first hour of employment and ending on the "severance date". "Severance date" is the date an employee quits, retires, is discharged or dies. If an employee remains absent from work for other reasons which have not been approved as a leave of absence, the severance date is counted as the first date of absence. If an employee is absent from work due to pregnancy or the birth or adoption of a baby, the severance date is the second anniversary of the date that he/she became absent from work. For purposes of benefit accrual, credited service includes all years until the severance date, except the special extra year if an employee is absent due to pregnancy or the birth or adoption of a baby. If an employee is absent for military service, membership in the Plan will continue as long as re-employment rights are protected by law.

In addition, "credited service" will also include:

- All years of credited service that were credited to an employee for purposes of accruing benefits under the Tennessee Consolidated Retirement System ("TCRS") as of June 30, 2002.
- Each 20 days of accumulated sick leave will equal one month of credited service, or if an employee has less than 20 days, a fractional portion of a month.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

- Subject to the approval of the Plan Administrator, if an employee receives temporary disability benefits from the Utility or under a workers' compensation program, he/she will be entitled to receive credited service for the period of disability by making a lump sum payment of the contributions that would have been made to the Plan on the basis of the compensation that was in effect immediately prior to the period of disability, plus interest at a rate of seven and one-half percent (7.5%), provided that he/she returns to active service with the Employer or retires immediately following the end of the temporary disability benefits. Notwithstanding the foregoing, an employee will not be credited with more than one year of credited service for each occurrence of temporary disability. Please contact the Administrator for more information about this.

- If an employee changes from part-time to full-time employment, the hours that would have counted toward the credited service if he/she had been employed on a full-time basis will count toward your credited service if, upon becoming a full-time employee, he/she pays to the Plan the amount that would have been withheld from compensation as a condition of participation in the Plan if an employee had been a full-time employee and if the compensation during the time that he/she was a part-time employee was multiplied by a fraction, the numerator of which is forty (40) and the denominator of which is the weekly average hours worked as a part-time employee, plus seven and one-half percent (7.5%), interest.

However, credited service will not include any period of employment with respect to which an employee's contributions to the Plan have been withdrawn unless an employee repays those contributions to the Plan, plus interest thereon at the rate of seven and one-half percent (7.5%) interest.

"Social Security Integration Level" (SSIL) is an average of social security wage bases. It allows the benefit formula to provide a slightly higher benefit rate on a portion of an employee's final average compensation. Since the social security wage base increases each year, it is expected that the SSIL will continue to increase in future years.

If an employee reaches age 55 and completes 5 years of credited service, he/she may retire and receive an early retirement benefit starting the first day of the month after retirement or he/she may wait until the normal retirement date to begin receiving benefits.

The early retirement benefit is equal to the monthly retirement benefit payable at normal retirement age calculated using AMC, SSIL, and credited service at the early retirement date. A reduced benefit commencing immediately may be elected. For employees, the immediate benefit would be the normal retirement benefit reduced 0.4% for each month by which the early retirement date precedes the normal retirement date.

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

An employee's retirement may be deferred beyond the normal retirement age. The benefit payment of which commences at the employee's actual date of retirement is the greater of (1) a benefit computed in the same manner as the normal retirement benefit based upon AMC, SSIL and credited service earned through the actual date of retirement or (2) the actuarial equivalent of a benefit payable at age 65. In no case, shall the benefit exceed 75% of the employee's final average compensation.

If an employee becomes disabled, he/she may be entitled to receive disability benefits under the Plan. To be eligible for disability benefits, an employee must be ineligible for retirement benefits, have a minimum of five years of credited service and be unable to engage in gainful employment due to a total and permanent physical or mental disability.

Gainful employment means any type of work which results in earnings considered by the Social Security Administration to be gainful for disability recipients from that system. It is important to note that for eligibility for purposes of the Plan, this is *not* determined by your inability to perform your *current* job, but rather by the inability to perform *any type* of *gainful employment*.

If the employee has at least 5 but less than 10 years of credited service, the employee's disability benefit would equal 90% of the normal retirement benefit. The employee's credited service used in the determination of the normal retirement benefit shall be the greater of 10 years or the number of years of credited service the employee would have earned had the employee remained employed until the normal retirement date. However, the employee's credited service used in the determination of the disability benefit shall not exceed 20. If the employee has earned at least 10 years of credited service, the disability benefit would equal the actuarial equivalent of the retirement benefit which would be payable at age 55, not to exceed 75% of the employee's average monthly compensation. If the employee remains disabled to the normal retirement date, then the benefit will become equal to the normal retirement benefit based on compensation and credited service at the time employment ended.

One of several death benefits may be payable to an employee's designated beneficiary if he/she dies prior to retirement. In order to receive a pre-retirement death benefit, an employee must have an accrued benefit under the Plan. The type of death-benefit payable will be determined by whether or not death occurs while an employee is working for us, who is nominated as the beneficiary and by length of service.

Employees with no surviving spouse or who have waived the qualified joint and survivor annuity option, their beneficiary will receive a single sum payment at death equal to the actuarial equivalent of the employee's accrued benefit. If married, the employee's spouse may elect to receive either the qualified pre-retirement survivor annuity or an actuarially equivalent lump sum based on the qualified pre-retirement survivor annuity. In no case shall the total benefits paid to an employee be less than the contributions made by such employee.

If an employee dies on or after the date he/she has retired and begins to receive benefits, no death benefit is payable after retirement unless an optional form of benefit has been elected which provides for a survivor benefit.

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

Subject to the applicable plan conditions, a participant may select an optional method of benefit payment, in lieu of the prescribed straight life income, which is actuarially equivalent. The purpose of the optional method is to permit the guarantee of retirement income payments for a minimum period of time or to provide a continued income to a surviving beneficiary after the death of the participant. The following options are available for benefit payment:

- Joint and Survivor Annuity (50% or 100%)

At June 30, 2020 the following employees were covered by the Plan:

Active employees	108
Inactive employees or beneficiaries currently receiving benefits	22
Inactive employees entitled to but not yet receiving benefits	<u>13</u>
Total employees covered by the Plan	<u>143</u>

Employer Contributions

Group C and 0 employees have mandatory contributions of 5% of salary. The employer contributes actuarially determined amounts to finance the benefits. Employer contributions to the Plan for the years ended June 30, 2020 of \$601,485 were made in accordance with actuarially determined requirements computed through the actuarial valuations performed as of July 1, 2019.

Funded status and funding progress. As of June 30, 2020, the actuarial accrued liability for benefits was \$20,272,134 and the net pension liability was \$2,572,932. Total covered payroll was \$5,229,571 and the ratio of net pension liability to covered payroll was 49.20%.

Net Pension Liability

The Utility's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal
Amortization method:	Level dollar, closed not to exceed 30 years
Asset valuation:	Fair market value
Inflation:	2.25% per annum, compounded annually
Salary increases:	3.0% per annum, compounded annually for Group A & B 5.0% per annum, compounded annually for Group C & D
Investment rate of return:	7.0% per annum, compounded annually
Retirement age:	Group A, B, and D employees -A graded retirement scale is assumed from age 50 to age 59 with 15% retirement assumption at an age where age plus service equals 80, 100% retirement at age 60 and 10 years of credited service Group C employees - Earlier of 30 years of service or attainment of age 60
Mortality:	1983 Group Annuity Mortality Table for Group A & B RP 2000 Combined Mortality Table for Group C & D
Cost of living adjustments:	None

Please refer to prior funding valuations for the assumptions used to develop earlier contributions. The electric, water and sewer, and gas funds use the measurement date of June 30, 2019 for reporting purposes for the fiscal years ended June 30, 2020.

The actuarial assumptions used in the July 1, 2020 valuation was based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2019.

Investment policy. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Directors of the Lawrenceburg Utility Systems by a majority vote of its members. It is the policy of the Board of Directors to pursue an investment strategy that reduces risk though the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges 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. Best estimates of forward-looking rates of return for each major class included in the pension plan's target asset allocation are summarized in the following table as of June 30, 2020:

<u>Asset class</u>	<u>Long-term expected real rate of return</u>
Domestic equity - small cap	9.23%
Domestic equity - large cap	7.92%
Domestic equity - mid cap	8.71%
International equity	7.80%
International equity - emerging markets	9.66%
Fixed Income	3.13%
Cash	2.50%

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan

Asset class	Target allocation
Domestic equity	53.00%
International equity	5.00%
Fixed Income	39.00%
Cash	3.00%

Discount Rate

The discount rate used to measure the total pension liability was 7.0 percent. Paragraph 43 of Statement No. 67 provides for an alternative method to be used other than the projection of the pension plan's fiduciary net position based on projected contributions, benefit payments and investment earnings. The current contribution policy which was adopted May 26, 2015, requires contributions of the normal cost plus the 30 year closed amortization of the unfunded liabilities in the fiscal year following the annual valuation

Change in the Utility's Net Pension Liability

The following table show the net pension liability as of and for the year ended June 30, 2020, which is what is required to be disclosed due to inclusion of the fiduciary fund's financial statements.

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(c)
Balance at 6/30/19	<u>\$18,903,103</u>	<u>16,948,642</u>	<u>1,954,461</u>
Changes for the year:			
Service cost	412,012	-	412,012
Interest	1,331,576	-	1,331,576
Differences between expected and actual experience	210,636	-	210,636
Contributions – employer	-	601,485	(601,485)
Contributions- Employees	-	241,136	(241,136)
Net investment income	-	493,132	(493,132)
Benefit payments, including refunds of employee contributions	(585,193)	(585,193)	-
Administrative expense	-	-	-
Net changes	<u>1,369,031</u>	<u>750,560</u>	<u>618,471</u>
Balance at 6/30/20	<u>\$ 20,272,134</u>	<u>17,699,202</u>	<u>2,572,932</u>

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan

The following table shows the net pension liability as of June 30, 2019 which is what is reported in the proprietary fund financial statements in accordance with provisions of GASB Statement No. 68.

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (c)
Balance at 6/30/18	\$18,230,840	16,495,975	1,734,865
Changes for the year:			
Service cost	385,701	-	385,701
Interest	1,266,215	-	1,266,215
Differences between expected and actual experience	75,848	-	75,848
Contributions – employer	-	601,485	(601,485)
Contributions- Employees	-	218,616	(218,616)
Net investment income	-	688,067	(688,067)
Benefit payments, including refunds of employee contributions	(1,055,501)	(1,055,501)	-
Administrative expense	-	-	-
Net changes	<u>672,263</u>	<u>452,667</u>	<u>219,596</u>
Balance at 6/30/19	\$ <u>18,903,103</u>	<u>16,948,642</u>	<u>1,954,461</u>

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

The following presents the net pension liability calculated using the stated discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate for the year ended:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
June 30, 2020			
Net Pension liability (asset)	\$ 4,794,956	2,572,932	737,706
June 30, 2019			
Net Pension liability (asset)	\$ 4,014,478	1,954,461	252,631

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. For the years ended June 30, 2020, the System recognized pension expense of \$241,136. The System reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

For the Year ended June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 352,362	10,550
Change of assumptions	-	-
Net difference between projected and actual earnings	260,549	-
Contributions subsequent to the measurement date	<u>601,485</u>	<u>-</u>
Total	<u>\$1,214,396</u>	<u>10,550</u>

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) RETIREMENT PLANS (CONTINUED)

Contributions subsequent to the measurement date will be recognized as reductions to net pension liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows for the years ending June 30:

Year ended June 30:	<u>Amount</u>
2021	\$ 248,124
2022	80,264
2023	135,151
2024	126,179
2025	12,643
Thereafter	-

Risk and Uncertainties. The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statements of fiduciary net position.

Plan contributions are made and the actuarial accrued liability for benefits are reported based on certain assumptions pertaining to interest rates, inflation rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

Payment of Benefits. Benefits are recorded when the participant has met all of the Plan requirements to receive a benefit. At June 30, 2020 no benefits were payable and not paid.

Administrative Expenses. Qualified Plan administrative expenses are paid by the Plan. During the years ended June 30, 2020 administrative expense paid were \$67,158.

(9) OTHER POST-EMPLOYMENT BENEFITS

City Government (Excluding Lawrenceburg Utility System Funds)

Plan Provisions

The City sponsors a single-employer post-retirement medical plan. The plan provides medical, prescription, and death benefits to all eligible employees. The City is funding the plan on a pay-as-you-go basis. Active and retiree demographic information follows:

	Single	Family
Active	21	57
Retired	<u>51</u>	<u>22</u>
Total	<u>72</u>	<u>79</u>

The above table reflects active and retirees as of June 30, 2020. Plan participants hired after on or after January 10, 2014 are excluded.

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City Government (Excluding Lawrenceburg Utility System Funds) Continued

During 2018, the City adopted GASB Statement No. 75, this statement replaces the requirements of Statements 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.

Funding Policy

The City does not intend to fund the post-employment medical plan. No assets have been segregated and restricted to provide s for post-employment benefits.

Summary of Plan Provisions

Medical Benefits

Eligibility	Retirement through TCRS after age 60 with 5 years of service or 30 years of service without regard to age. Retirees must have at least 10 years of service to receive a subsidy for medical coverage. <u>Employees hired on or after January 1, 2014 are not eligible for retiree health coverage.</u>		
Dependent eligibility	Spouse		
Postretirement	Retiree contributions depend on the date of hire and the years of credited service at retirement as follows:		
		All	Dep
	Less than 10 years	100%	100%
	10-14 year	50%	100%
	15-19 years	25%	50%
	20 or more years	0%	30%
	If coverage for a spouse age 65 or older elected retiree must contribute \$100 per month for the Medicare supplement plan.		
Medical Plan Benefit	Medicare coverage is provided through Blue Cross Blue Shield.		
Other Benefits	None.		
	Retiree medical benefits continue for life of retirees hired prior to August 1, 2018 and to age 65 for retirees hired after on or after that date.		

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City Government (Excluding Lawrenceburg Utility System Funds) Continued

Change in Plan Provisions None.

Methods and Assumptions

Actuarial Method Individual Entry Age Normal Cost Method – Level Percentage of Projected Salary.

Service Cost Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the plan's benefit formula. This allocation is based on each participant's service between date of hire and date of expected termination.

Total OPEB Liability The Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.

Discount Rate 2.21% (-0.79% real rate of return plus 3.00% inflation)

Average per Capita Claim cost:

Age	Medical
50	7,662
51	7,892
52	8,129
53	8,373
54	8,624
55	8,883
56	9,149
57	9,424
58	9,706
59	9,997
60	10,297
61	10,606
62	10,925
63	11,252
64	11,590

The Blue Cross Blue Shield Medicare Supplement Plan F rates were used as claims cost for age 65 and older. The current annual rate is 3,117.84.

Health Care Cost Trend Level 4.50%

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City Government (Excluding Lawrenceburg Utility System Funds) Continued

Methods and Assumptions, Continued

Mortality	RPH -2014 Total Table with Projection MP-2019
Turnover	Rates varying based on unisex age and select and ultimate at 3 years. Rates based the TCRS actuarial assumptions from the 2017 retirement plan valuation report.
Disability	None assumed
Retiree	
Contributions	The retiree contribution will depend on years of service at retirement. Retiree and dependent coverage will be subsidized for eligible retirees hired prior to January 1, 2014.
Salary Scale	3.50%
Data Assumptions	
<i>Coverage</i>	100% of all retirees who currently have healthcare coverage will continue with the same coverage. 100% of all actives who currently have Single healthcare coverage will continue with Single coverage upon retirement. 100% of all actives who currently have Spouse coverage will continue to have Spouse coverage upon retirement

Valuation Methodology and Terminology

Valuation Date June 30, 2020

Measurement Date June 30, 2020

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City Government (Excluding Lawrenceburg Utility System Funds) Continued

Changes in the Total OPEB Liability

Net OPEB Obligation (Asset), June 30, 2019	\$ 15,323,784
Changes for the year:	
Service cost	212,168
Interest	593,782
Change in assumptions	257,483
Benefit payments	<u>(464,579)</u>
Net changes	<u>598,854</u>
Balance at June 30, 2020	\$ <u>15,922,638</u>
Plan fiduciary net position, end of year	-%

OPEB Expense

Service cost	\$ 212,168
Interest	593,782
<u>Change in assumptions</u>	<u>57,218</u>
Total OPEB expense	\$ <u>863,168</u>

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate at June 30, 2020:

	1% Decrease	Discount Rate	1 % Increase
	<u>1.21%</u>	<u>2.21%</u>	<u>3.21%</u>
Total OPEB liability	\$18,841,366	\$ 15,922,638	\$ 13,608,414

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

The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate at June 30, 2020:

	Healthcare Cost		
	1% Decrease	Trend Rate	1 % Increase
	<u>3.50%</u>	<u>4.50%</u>	<u>5.50%</u>
Total OPEB liability	\$ 13,385,158	\$ 15,922,638	\$ 19,211,536

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Deferred Inflows (Outflows)

At June 30, 2020, the District reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Change of assumptions	\$ <u>200,265</u>	<u>-</u>

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		
2021		\$	57,218
2022			57,218
2023			57,218
2024			28,611
2025			-
Thereafter			-

Lawrenceburg Utility Systems - Proprietary Funds

Plan Description

The Utility sponsors a single-employer defined benefit post-retirement medical plan known as the Lawrenceburg Utility Systems Post-Employment Benefits Trust. The Plan's Trust is maintained at First Farmers Trust and Management, and administered by the Utility. The plan provides medical, prescription, and death benefits to all eligible employees. Eligibility is attained at age 50 with 15 years of service or attained at age 55 with 10 years of service for medical, dental, vision, and disability benefits.

The electric, water and sewer and gas funds use the measurement date of July 1, 2019 for reporting purposes for the fiscal year ended June 30, 2020.

The plan was amended July 1, 2009. Retirees and spouses hired after July 1, 2009 are required to contribute a percentage of the group premium in order to participate in the plan. No post-65 benefits are available to this group.

Benefits Provided

Eligibility is attained at age 50 with 15 years of service or attained at age 55 with 10 years of service. 100% of future eligible retirees are assumed to elect medical coverage upon retirement. It is assumed that these are the eligibility requirements for postretirement medical, dental, vision, and disability benefits. Spouses and beneficiaries are provided the same coverage as employees. A spouse is considered as having his or her own individual policy for the purposes of this plan. Surviving spouses can continue coverage under the plan. There are some spouses of grandfathered participants that are in the fully insured BCBS plan, while others are included in the self-funded plan.

Funding Policy

The Utility's OPEB plan is a single-employer defined benefit plan funded through an irrevocable trust. The Plan is not required to issue a separate financial report.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Lawrenceburg Utility Systems - Proprietary Funds (Continued)

Contributions

Contributions are based on the table below. Contributions are assumed to remain constant in the future for those hired prior to 7/1/2009. Contributions charged to those retirees covered under the fully-insured BCBS plan are based on actual amounts provided in the census data.

	Hired Prior to 7/1/09	Hired After 7/1/09
Single Coverage, Pre-65	\$ -	\$ -
Single Coverage, Post-65	\$ -	No coverage offered
Family Coverage, Pre-65	\$156.33 per month for medical/dental, \$5.00 per month for vision	30% of LUS Family Coverage Cost
Family Coverage, Post-65	\$91.33 per month for medical/dental, \$5.00 per month for vision	No coverage offered

Funding Policy

The Utilities OPEB plan is a single-employer defined benefit plan funded through contributions to an irrevocable trust. The plan is not required to issue a separate financial report.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on substantive plan (the plan as understood by the employer and the plan members) and include the type of benefits provided at the time of each valuation and the historical pattern of sharing the benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Valuation date	July 1, 2020
Actuarial valuation method	Entry Age Normal
Asset valuation method	Market value
Funding policy	The benefits of the Lawrenceburg Utility Systems Postemployment Benefits Other Than Pensions are funded through contributions to a trust.
Investment policy	To be provided by Lawrenceburg Utility Systems Benefits for retirees are deemed to be similar to those benefits provided for actives. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. It is assumed to pay benefits secondary to Medicare after attaining age 65 or after permanent disability.
Amortization period	20 years (closed)
Legislative changes	The valuation results provided in this report reflect a best estimate of the potential impact of the Patient Protection and Affordable Care Act (PPACA). Consideration has been made for provisions of the law that are effective as of the valuation date as well as those provisions that will take effect in the future. In particular, the anticipated future excise tax has been valued and deemed immaterial.
Mortality	RP-2014 Mortality Table adjusted to 2006 with generational mortality improvement projected under Projection Scale MP-2017
Retirement rates	Age 50 - 10%, Ages 51-54 - 5%, Age 55 - 20%, Ages 56-64 - 5%, and Age 65 - 100%

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Lawrenceburg Utility Systems - Proprietary Funds (Continued)

Actuarial Methods and Assumptions

Discount rate	5.50% per annum
Salary increases	2.50% per annum
Expected long-term rate of return on plan assets	5.50% per annum
Plan Participation	100% of future eligible retirees are assumed to elect medical coverage upon retirement.
Marital status	Actual spouse participation and dates of birth were used for retirees. For actives, the marriage assumption of 71% was used, and males were assumed to be two years older than female spouses.
Age variance	All medical claims were adjusted each year for aging based on the factors listed in the Dale Yamamoto study released by the Society of Actuaries in June 2013
Healthcare cost trend rates	Medical: 7.5% graded down to 6.75% over 3 years and following getzen thereafter. Dental/Vision 5% per annum.
Administrative expenses	Administrative expenses were assumed to be included in the per capita claims cost.

Plan Membership
As of June 30, 2020

Number of Participants	
Actives (with medical coverage)	114
Active (without medical coverage)	3
Retirees (with medical coverage)	78
Retirees (with medical coverage)	4
Disables (with medical coverage)	0
Beneficiaries (with medical coverage)	<u>0</u>
Total Participants	<u>191</u>
Annual Projected Payroll	\$ 6,318,323
Average Projected Earnings	\$ 54,003

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Lawrenceburg Utility Systems - Proprietary Funds (Continued)

Investment Policy

See Investment – Fiduciary Fund footnote that details the investments related to the OPEB trust at year-end.

Net OPEB Liability

The components of the Net OPEB Liability at June 30, 2020 is as follows:

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (c)
Balance at 6/30/19	<u>\$25,020,284</u>	<u>13,513,405</u>	<u>11,506,879</u>
Changes for the year:			
Service cost	599,480	-	599,480
Interest	1,409,087	-	1,409,087
Differences between expected and actual experience	892,823	-	892,823
Change of assumptions	1,801,110	-	1,801,110
Contributions – employer	-	1,068,508	(1,068,508)
Contributions- Employees	-	-	-
Net investment income	-	1,183,802	(1,183,802)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	(47,382)	47,382
Net changes	<u>4,702,500</u>	<u>2,204,928</u>	<u>2,497,572</u>
Balance at 6/30/20	<u>\$ 29,722,784</u>	<u>15,718,333</u>	<u>14,004,451</u>

The components of the Net OPEB Liability at June 30, 2019 is as follows:

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability (c)
Balance at 6/30/18	<u>\$24,081,656</u>	<u>12,679,202</u>	<u>11,402,454</u>
Changes for the year:			
Service cost	492,206	-	492,206
Interest	1,301,992	-	1,301,992
Differences between expected and actual experience	45,706	-	45,706
Contributions – employer	-	1,068,508	(1,068,508)
Contributions- Employees	-	-	-
Net investment income	-	700,971	(700,971)
Benefit payments, including refunds of employee contributions	(901,276)	(901,276)	-
Administrative expense	-	(34,000)	34,000
Net changes	<u>938,628</u>	<u>834,203</u>	<u>104,125</u>
Balance at 6/30/19	<u>\$25,020,284</u>	<u>13,513,405</u>	<u>11,506,879</u>

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Lawrenceburg Utility Systems - Proprietary Funds (Continued)

Discount rate

The discount rate used to measure the total OPEB liability was 5.5 percent. The projection of cash flows used to determine the discount rate assumed that the System's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to the total OPEB liability.

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following represents the Net OPEB Liability calculated using the stated health care cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1-percentage point higher than the assumed trend rate.

	Healthcare Cost		
	1% Decrease	Current	1 % Increase
	<u>6.50%</u>	<u>7.50%</u>	<u>8.50%</u>
Total OPEB liability at:			
June 30, 2020	\$ 9,711,882	14,004,451	19,458,094
June 30, 2019	\$ 7,939,747	11,506,879	15,981,776

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following represents the Net OPEB Liability calculated using the stated discount rate, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1-percentage point higher than the current rate.

The net OPEB liability at June 30, 2019 was as follows.

	Discount Rate		
	1% Decrease	Current	1 % Increase
	<u>4.50%</u>	<u>5.50%</u>	<u>6.5%</u>
Total OPEB liability			
June 30, 2020	\$ 18,875,782	14,004,451	10,111,109
June 30, 2019	\$ 15,549,836	11,506,879	8,284,953

Deferred Outflows of Resources, and Deferred Inflows of Resources. The System reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

For the Year ended June 30, 2020	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,471	2,348,282
Net difference between projected and actual earnings	-	365,518
Contributions subsequent to the measurement date	<u>688,165</u>	<u>-</u>
Total	<u>\$ 718,636</u>	<u>2,713,600</u>

CITY OF LAWRENCEBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Lawrenceburg Utility Systems - Proprietary Funds (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows for the years ending June 30:

Year ended June 30:	<u>Amount</u>
2021	\$ (2,491,464)
2022	(143,180)
2023	(48,485)
2024	-
2025	-
Thereafter	-

Payment of Benefits. Benefits are recorded when the participant has met all of the Plan requirements to receive a benefit. At June 30, 2020 no benefits were payable and not paid.

Plan contributions are made and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to discount, trend rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

(10) RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Such risks of loss are addressed as follows:

City Government (Excluding Proprietary Funds)

The City maintains insurance coverage through the Tennessee Municipal League Risk Management Pool, covering each of the above risks of loss. The TML Pool is a cooperative risk sharing arrangement between local government agencies that works in many ways like a traditional insurer. The City pays a premium, receives coverage, and can make claims against that coverage.

The City meets the TML Pool's guidelines and complies with its rules and regulations, including loss control requirements as well as its underwriting standards. Rates of the TML Pool are actuarially projected to provide adequate funding to cover loss reserves and expenses, as well as building contingency reserves. The City has also purchased commercial insurance for the surety bonds for principal management officials.

Management believes insurance coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this insurance coverage in any of the past three years.

Proprietary Funds

The Utility is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees, and natural disasters. The Utility has purchased commercial insurance for all the above risks. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years and there has been no significant reduction in the amount of coverage provided.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(10) RISK MANAGEMENT

Proprietary Funds, Continued

The Systems are self-insured for employee medical, vision, dental claims and prescription drug claims. However, the System has purchased commercial insurance to cover claims in excess of \$50,000 per person annually as well as an aggregate annual amount for all employees. The System recognizes claims actually filed as an expense.

Changes in the reported liability are as follows:

<u>Fiscal Year Ending</u>	<u>Beginning Balance</u>	<u>Changes in Estimates</u>	<u>Claim Payments</u>	<u>Ending Balance</u>
June 30, 2020	\$ 435,076	2,981,027	2,871,252	544,851
June 30, 2019	\$ 373,597	2,098,578	2,037,099	435,076
June 30, 2018	\$ 364,586	2,251,998	2,242,987	373,597
June 30, 2017	\$ 416,059	2,243,316	2,294,789	364,586
June 30, 2016	\$ 465,946	2,448,272	2,498,159	416,059
June 30, 2015	\$ 458,705	2,506,593	2,499,352	465,946

(11) DEFERRED COMPENSATION PLAN

The Utility Systems offer their employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time Utility System employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. The System has no claim to the assets held in this plan, and neither the assets nor the related deferred compensation liability are included in the System's Statements of Net Position.

(12) ENERGY CONSERVATION PROGRAMS

The Electric Power System participates with TVA in its energy conservation loan program. Under this program eligible customers may obtain low interest loans to finance energy conservation improvements to their homes, including the installation of a heat pump and insulation improvements. Advances from TVA are reported under other liabilities. Conservation loans receivable from customers under the program are reported under other assets. Advances are to be repaid from customer loan collections. Any uncollectible loans are the responsibility of TVA.

(13) COMMITMENTS AND CONTINGENCIES

The City is potentially liable in a number of legal and regulatory actions resulting from easement disagreements, environmental remediation issues, employment claims, public safety allegations, and property damage claims resulting from sewer blockages and water run-off problems. In most cases, the amount of damages is immaterial, is not ascertainable, or is covered by property and liability insurance carriers.

The Tennessee Department of Environment and Conservation issued a Notice and Assessment against the City of Lawrenceburg for violations of its National Pollutant Discharge Elimination System (NPDES) permit relating to problems associated with the Sewer System resulting from equipment malfunctions and excess inflow and infiltration. The City of Lawrenceburg entered into an Agreed Order on March 21, 2002 setting forth deadlines and penalties for failure to meet deadlines.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(13) COMMITMENTS AND CONTINGENCIES

The City paid a penalty upon execution of the Order. The City is using a combination of Community Development Block Grant funds and matching local funds to make the necessary improvements to the Sewer System. No further liability resulting from penalties is anticipated.

Power Contract:

The Electric Power System purchases its electrical energy from the Tennessee Valley Authority (TVA) under terms of a standard electric contract between TVA and the City of Lawrenceburg. Under the contract the System is required to comply with certain restrictions relating to furnishing, advancing, lending, pledging or otherwise diverting electric system funds, revenues, credit, or property to other operations of the City of Lawrenceburg, as well as the payment of, or providing security for, indebtedness or other obligations applicable to such other operations

(14) CITY OWNED AND OPERATED LANDFILL

State and federal laws and regulations require the City to place a final cover on its construction landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post closure care cost will be paid only near or after the date that the landfill stops accepting waste, the City has accrued a portion of these closure and post closure care cost. The City will recognize the remaining estimated cost of closure and post closure care as the remaining estimated capacity is filled. These amounts are based on what it would presently cost to perform all closure and post closure care. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

(15) NATURAL GAS SUPPLY AND CAPACITY MANAGEMENT AGREEMENT AND NATURAL GAS TRANSPORTATION SERVICE AGREEMENT

On October 1, 2005, the Gas System entered into an out-of-state membership agreement with the Municipal Gas Authority of Georgia (MGAG). This membership agreement obligates MGAG to deliver at the System's receipt points (gate stations) all natural gas supplies the System needs both within and above the System's maximum contract entitlement under the Systems TETCO service agreement, limited solely by and only to the extent of a *force majeure* event. The System agrees to make payment to MGAG for such service at actual cost of the natural gas and capacity, plus a management fee. This contract provides the System access to long-term gas supply owned or contracted by MGAG.

The System has a service agreement with Texas Eastern Transmission Corporation (TETCO) which obligates TETCO to deliver any and all natural gas the System arranges and has deposited into the TETCO transmission line for the System's use. In turn, the System is obligated to make payment for such deliveries and to insure the correct amount of natural gas is deposited into the TETCO transmission system. Payment for these services is funneled through the MGAG supply and capacity management agreement. The TETCO service agreement is in force and effect until October 31, 2012, and renews year-to-year thereafter unless terminated by either TETCO or the System upon two years prior written notice. As of June 30, 2020 the Utility was under contract with MGAG and TETCO.

CITY OF LAWRENCEBURG, TENNESSEE

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(16) BUDGET OVERAGES

Expenditures exceeded budgetary amounts as shown below. Funding of any departmental budget overage or fund deficit is ultimately the responsibility of the General Fund.

General Fund	<u>Budget</u>	<u>Actual</u>	<u>Overage</u>
Planning and development	\$ 408,943	415,202	6,272
Debt service	1,098,508	1,569,731	471,223
State Street Aid Fund	\$ 575,000	589,542	14,542
Sanitation Fund	\$ 1,738,659	1,946,770	208,111

(17) IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

New accounting pronouncement

As of June 30, 2020, the Governmental Accounting Standards Board (GASB) has issued the following Standard which require implementation within the next two years.

GASB Statement No. 87

GASB 87 defines a lease as a contract that conveys control of the right to use another entity's non-financial asset for a period of greater than one year. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 is effective for fiscal years beginning after June 15, 2021, or for your fiscal year beginning July 1, 2021.

(18) SUBSEQUENT EVENTS

On September 1, 2020, the Lawrenceburg Utility System issued general obligation refunding bonds, Series 2020 in the amount of \$6,910,000.

The full impact of the COVID-19 outbreak continues to evolve, as such, it is uncertain as to the full magnitude that the pandemic will have on the systems financial condition and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the systems are not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year ending June 30, 2020.

Required Supplemental Information

CITY OF LAWRENCEBURG, TENNESSEE

Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Public Employee Pension Plan of TCRS

Fiscal Year Ending June 30,

	2019	2018	2017	2016	2015	2014
Total pension liability						
Service cost	\$ 359,846	342,247	334,355	312,546	314,091	324,772
Interest	1,622,537	1,579,371	1,477,918	1,404,973	1,347,399	1,303,618
Change in benefit terms	-	-	770,375	-	-	-
Differences between actual and expected experience	334,472	67,915	831,571	524,709	319,025	127,060
Benefit payments, including refunds of employee contributions	(1,471,361)	(1,352,124)	(1,334,386)	(1,248,485)	(1,174,143)	(1,147,894)
Net change in total pension liability	845,494	637,409	2,079,833	993,743	806,372	607,556
Total pension liability, beginning of year	22,755,657	22,118,248	20,038,415	19,044,672	18,238,300	17,630,744
Total pension liability, ending of year (a)	\$ 23,601,151	22,755,657	22,118,248	20,038,415	19,044,672	18,238,300
Plan fiduciary net position						
Contributions, employer	\$ 981,188	752,333	715,417	696,765	643,468	609,090
Contributions, employee	285,205	248,623	238,313	232,099	218,102	211,783
Net investment income	1,151,326	1,207,298	1,522,219	357,259	411,122	1,939,158
Benefit payments, including refunds of employee contributions	(1,471,361)	(1,352,124)	(1,334,386)	(1,248,485)	(1,174,143)	(1,147,894)
Administrative expenses	(11,089)	(11,971)	(10,687)	(9,380)	(6,293)	(4,875)
Net change in plan fiduciary net position	935,269	844,159	1,130,876	28,258	92,256	1,607,262
Plan fiduciary net position, beginning of year	15,570,456	14,726,297	13,595,421	13,567,163	13,474,907	11,867,645
Plan fiduciary net position, ending of year (b)	\$ 16,505,725	15,570,456	14,726,297	13,595,421	13,567,163	13,474,907
Net Pension Liability (asset) ending of year (a)-(b)	\$ 7,095,426	7,185,201	7,391,951	6,442,994	5,477,509	4,763,393
Plan fiduciary net position, as a percentage of total pension liability	69.94%	68.42%	66.58%	67.85%	71.24%	73.88%
Covered-employee payroll	\$ 5,068,118	4,972,458	4,766,275	4,642,003	4,286,928	4,235,673
Net pension liability (asset) as a percentage of covered-employee payroll	140.00%	144.50%	155.09%	138.80%	127.77%	112.46%

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.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available

CITY OF LAWRENCEBURG, TENNESSEE

Schedule of Contributions Based on Participation in the
Public Employees Pension Plan of TCRS

Fiscal Year Ending June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,002,743	\$ 981,188	\$ 752,334	\$ 715,417	\$ 696,765	643,468	609,090
Contributions in relation th the actuarially determined contribution	<u>(1,002,743)</u>	<u>(981,188)</u>	<u>(752,334)</u>	<u>(715,417)</u>	<u>(696,765)</u>	<u>(643,468)</u>	<u>(609,090)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>
Covered-employee payroll	\$ 5,315,850	\$ 5,068,118	\$ 4,972,458	\$ 4,766,275	\$ 4,642,003	4,286,928	4,235,673
Contributions as a percentage of covered employee payroll	18.86%	19.36%	15.13%	15.01%	15.01%	15.01%	14.38%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available

CITY OF LAWRENCEBURG, TENNESSEE

Notes to Required Supplemental Information-TCRS Plan

For the Year Ended June 30, 2020

Valuation date: Actuarially determined contribution rates for 2020 were calculated based on the July 1, 2018 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 by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.50 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent.
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	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 of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

**CITY OF LAWRENCEBURG, TENNESSEE
LAWRENCEBURG UTILITY STSTEMS**

**Schedule of Changes in the Net Pension Liability (Asset) and Related Ratios
Based on Participation in the Single Employer Defined Benefit Pension Plan**

Fiscal Year Ending June 30,

	2020	2019	2018	2017	2016	2015	2014
Total pension liability							
Service cost	\$ 412,012	385,701	377,186	348,588	336,337	320,493	312,296
Interest	1,331,576	1,266,215	1,200,033	1,107,819	1,068,464	1,076,504	1,067,068
Differences between actual and expected experience	210,636	75,848	(15,826)	171,430	199,487	369,939	(66,023)
Benefit payments, including refunds of employee contributions	(585,193)	(1,055,501)	(193,396)	(484,773)	(1,623,858)	(1,406,224)	(1,732,483)
Net change in total pension liability	1,369,031	672,263	1,367,997	1,143,064	(19,570)	360,712	(419,142)
Total pension liability, beginning of year	18,903,103	18,230,840	16,862,843	15,719,779	15,739,349	15,378,637	15,797,779
Total pension liability, ending of year (a)	\$ 20,272,134	18,903,103	18,230,840	16,862,843	15,719,779	15,739,349	15,378,637
Plan fiduciary net position							
Contributions, employer	\$ 601,485	601,485	601,485	601,485	601,485	601,485	601,485
Contributions, employee	241,136	218,616	213,080	196,533	187,646	171,802	148,994
Net investment income	493,132	688,067	1,201,628	1,501,827	90,423	528,871	1,932,843
Benefit payments, including refunds of employee contributions	(585,193)	(1,055,501)	(193,396)	(484,773)	(1,546,757)	(1,341,369)	(1,732,483)
Administrative expenses	-	-	(51,537)	(45,342)	(77,102)	(64,855)	(45,141)
Net change in plan fiduciary net position	750,560	452,667	1,771,260	1,769,730	(744,305)	(104,066)	905,698
Plan fiduciary net position, beginning of year	16,948,642	16,495,975	14,724,715	12,954,985	13,699,290	13,803,356	12,897,658
Plan fiduciary net position, ending of year (b)	\$ 17,699,202	16,948,642	16,495,975	14,724,715	12,954,985	13,699,290	13,803,356
Net Pension Liability (asset) ending of year (a)-(b)	\$ 2,572,932	1,954,461	1,734,865	2,138,128	2,764,794	2,040,059	1,575,281
Plan fiduciary net position, as a percentage of total pension liability	87.31%	89.66%	90.48%	87.32%	82.41%	87.04%	89.76%
Covered-employee payroll	\$ 5,229,571	5,142,075	4,977,058	\$ 4,855,178	4,464,242	4,406,910	4,240,100
Net pension liability (asset) as a percentage of covered-employee payroll	49.20%	38.01%	34.86%	44.04%	61.93%	46.29%	37.15%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available

**CITY OF LAWRENCEBURG, TENNESSEE
LAWRENCEBURG UTILITY STSTEMS**

**Schedule of Contributions
Based on Participation in the Single Employer Defined Benefit Pension Plan-**

Fiscal Year Ending June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 356,225	330,042	359,067	396,492	329,291	319,788	410,943
Contributions in relation th the actuarially determined contribution	<u>(601,485)</u>	<u>(601,485)</u>	<u>(601,485)</u>	<u>(601,485)</u>	<u>(601,485)</u>	<u>(601,485)</u>	<u>(601,485)</u>
Contribution deficiency (excess)	<u>\$ (245,260)</u>	<u>(271,443)</u>	<u>(242,418)</u>	<u>(204,993)</u>	<u>(272,194)</u>	<u>(281,697)</u>	<u>(190,542)</u>
Covered-employee payroll	\$ 5,229,571	5,142,075	4,977,058	4,855,178	4,464,242	4,406,910	4,240,100
Contributions as a percentage of covered employee payroll	11.50%	11.70%	12.09%	12.39%	13.47%	13.65%	14.19%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available

**CITY OF LAWRENCEBURG, TENNESSEE
LAWRENCEBURG UTILITY STSTEMS**

**Schedule of Investment Returns
Based on Participation in the Single Employer Defined Benefit Pension Plan**

Fiscal Year Ending June 30,

	2019	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	6.23%	4.46%	8.03%	11.45%	0.69%	3.83%	15.60%

**CITY OF LAWRENCEBURG, TENNESSEE
LAWRENCEBURG UTILITY STSTEMS**

**Notes to Required Supplemental Informatio for the Systems Single Employer
Defined Benefit Plan**

For the Year Ended June 30, 2020

Valuation date: Actuarially determined contribution rates for 2020 were calculated based on the July 1, 2019 actuarial valuation.

Methods and assumptions used ot determine the contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar
Asset valuation	Fair Market Value
Inflation	2.25 percent per annum, compounded annually
Salary increases	3.00% per annum, compounded annually for groups A & B 5.00% per annum, compounded annually for groups C & D
Investment Rate of Return	7.00 percent per annum, compounded annually
Retirement age	Group A, B, and D employees - A graded retirement scale is assumed from age 50 to age 59 with 15% retirement assumption at an age where age plus service equals 80, 100% retirement at age 60 and 10 years of credited service Group C employees - Earlier of 30 years of service or attainment of age 60 Group C employees - Earlier of 30 years of service or attainment of age 60
Mortality	1983 Group Annuity Mortality Table for Group A & B RP 2000 Combined Mortality Table for Group C & D
Cost of living	None

CITY OF LAWRENCEBURG, TENNESSEE
Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios-OPEB Plans

For the Year Ended June 30,

Based on Participation in the LUS OPEB Plan

	2020	2019	2018	2017
Total OPEB liability				
Service cost	\$ 599,480	492,206	468,768	479,771
Interest	1,409,087	1,301,992	1,622,709	1,561,712
Differences between actual and expected experience	892,823	45,706	(7,044,844)	(921,458)
Change of assumptions	1,801,110			
Net change in total OPEB liability	4,702,500	938,628	(4,953,367)	1,120,025
Total OPEB liability, beginning of year	25,020,284	24,081,656	29,035,023	27,914,998
Total OPEB liability, ending of year (a)	<u>\$ 29,722,784</u>	<u>25,020,284</u>	<u>24,081,656</u>	<u>29,035,023</u>
Plan fiduciary net position				
Contributions, employer	\$ 1,068,508	1,068,508	918,508	1,062,000
Contributions, employee	-	700,971	-	-
Net investment income	1,183,802	(901,276)	867,418	1,063,261
Administrative expenses	(47,382)	(34,000)	(33,674)	(25,099)
Net change in plan fiduciary net position	2,204,928	834,203	1,752,252	2,100,162
Plan fiduciary net position, beginning of year	13,513,405	12,679,202	10,926,950	8,826,788
Plan fiduciary net position, ending of year (b)	<u>\$ 15,718,333</u>	<u>13,513,405</u>	<u>12,679,202</u>	<u>10,926,950</u>
Net OPEB Liability (asset) ending of year (a)-(b)	<u>\$ 14,004,451</u>	<u>11,506,879</u>	<u>11,402,454</u>	<u>18,108,073</u>
Plan fiduciary net position, as a percentage of total pension liability	52.88%	54.01%	52.65%	37.63%
Covered-employee payroll	\$ 6,318,823	6,017,878	5,871,100	5,335,934
Net OPEB liability (asset) as a percentage of covered-employee payroll	221.63%	191.21%	194.21%	339.36%

Based on Participation in the City OPEB Plan

	2020	2019	2018
Total OPEB liability			
Service cost	\$ 212,168	212,168	204,243
Interest	593,782	572,742	567,549
Assumption changes	257,483	-	-
Benefit payments, including refunds of employee contributions	(464,579)	(445,022)	(422,398)
Net change in total OPEB liability	598,854	339,888	349,394
Total OPEB liability, beginning of year	15,323,784	14,983,896	14,634,502
Total OPEB liability, ending of year (a)	<u>\$ 15,922,638</u>	<u>15,323,784</u>	<u>14,983,896</u>
Plan fiduciary net position			
None	-	-	-
Plan fiduciary net position, ending of year (b)	<u>\$ -</u>	<u>-</u>	<u>-</u>
Net OPEB Liability (asset) ending of year (a)-(b)	<u>\$ 15,922,638</u>	<u>15,323,784</u>	<u>14,983,896</u>
Plan fiduciary net position, as a percentage of total pension liability	0.00%	0.00%	0.00%
Covered-employee payroll	3,407,098	3,464,644	3,464,644
Net OPEB liability (asset) as a percentage of covered-employee payroll	467.34%	442.29%	432.48%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in the future years until 10 years of information is available.

CITY OF LAWRENCEBURG, TENNESSEE

Schedule of Contributions-OPEB
Based on Participation in the LUS OPEB Plan

Fiscal Year Ending June 30,

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,753,673	1,443,014	1,410,432	1,062,000
Contributions in relation th the actuarially determined contribution	<u>(688,165)</u>	<u>(1,068,508)</u>	<u>(918,508)</u>	<u>(1,062,000)</u>
Contribution deficiency (excess)	<u>\$ 1,065,508</u>	<u>374,506</u>	<u>491,924</u>	<u>-</u>
 Covered-employee payroll	 \$ 6,318,323	 6,017,878	 5,871,100	 5,335,934
Contributions as a percentage of covered employee payroll	10.89%	17.76%	15.64%	19.90%

The following changes were made to the actuarial assumptions and methods effective July 1, 2018

1. The medical trend was changed from 8% to 5% graded over 6 years beginning in 2015 to 8% to 5% graded over 10 years beginning in 2018, based on the PWC 2017 survey.
2. The mortality was changed from mortality table RP-2014 with improvement scale MP-2014 to mortality table RP-2014 adjusted to base year 2006 and projected with improvement scale MP-2017.

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available

**CITY OF LAWRENCEBURG, TENNESSEE
LAWRENCEBURG UTILITY STSTEMS**

**Schedule of Investment Returns
Based on Participation in the LUS OPEB Plan**

Fiscal Year Ending June 30,

	<u>2019</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	2.85%	5.50%	7.66%	11.73%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available

CITY OF LAWRENCEBURG, TENNESSEE

Notes to Required Supplemental Information-OPEB Plans

For the Year Ended June 30, 2020

Lawrenceburg Utility System - OPEB Plan

Valuation date	July 1, 2020
Actuarial cost method	Entry age normal
Asset valuation	Market value
Funding policy	The benefits of the Lawrenceburg Utility Systems Postemployment Benefits Other Than Pensions are funded through contributions to a trust.
Investment policy	To be provided by Lawrenceburg Utility Systems Benefits for retirees are deemed to be similar to those benefits provided for actives. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. It is assumed to pay benefits secondary to Medicare after attaining age 65 or after permanent disability.
Amortization period	20 years (closed)
Mortality	RP-2014 Mortality Table adjusted to 2006 with generational mortality improvement projected under Projection Scale MP-2017
Retirement rates	Age 50 - 10%, Ages 51-54 - 5%, Age 55 - 20%, Ages 56-64 - 5%, and Age 65 - 100%
Discount rate	5.50% per annum
Salary increases	2.5% per annum
Expected long term rate of return on plan assets	5.50% per annum
Plan Participation	100% of future eligible retirees are assumed to elect medical coverage upon retirement.
Marital status	Actual spouse participation and dates of birth were used for retirees. For actives, the marriage assumption of 71% was used, and males were assumed to be two years older than female spouses.
Age variance	All medical claims were adjusted each year for aging based on the factors listed in the Dale Yamamoto study released by the Society of Actuaries in June 2013. Healthcare cost trend rates Medical: 7.5% graded down to 6.75% over 3

CITY OF LAWRENCEBURG, TENNESSEE
Notes to Required Supplemental Information-OPEB Plans
For the Year Ended June 30, 2020

Lawrenceburg Utility System - OPEB Plan

Healthcare cost trend rates

Medical: 7.5% graded down to 6.75% over 3 years and following getzen thereafter.
Dental/Vision 5% per annum. Administrative expenses Administrative expenses were assumed to be included

Administrative expenses

Administrative expenses were assumed to be included in the per capita claims cost.

The following changes were made to the actuarial assumptions and methods effective July 1, 2018

1. The medical trend was changed from 8% to 5% graded over 6 years beginning in 2015 to 8% to 5% graded over 10 years beginning in 2018, based on the PWC 2017 survey.
2. The mortality was changed from mortality table RP-2014 with improvement scale MP-2014 to mortality table RP-2014 adjusted to base year 2006 and projected with improvement scale MP-2017.
3. The medical claims aging table was updated to be based on the aging factors from the Dale Yamamoto study released by the Society of Actuaries in June 2013.

City of Lawrenceburg - City OPEB Plan

Methods and assumptions used to determine the contribution rates:

Actuarial cost method

Projected Unit Credit Method.

Service Cost

Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned during the year in accordance with the Plan's benefit formula. This allocation is based on each individual's service between date of hire and date of termination.

Accumulated Post-Retirement Benefit Obligation

the Actuarial Present Value of Benefits allocated to all periods prior to the valuation year.

Discount Rate

3.00% (0% real rate of return plus 3% inflation)\

Per Capita Claim Cost

<u>Age</u>	<u>Medical</u>	<u>Age</u>	<u>Medical</u>
50.00 \$	7,111.00	55.00	8,243.00
51.00	7,324.00	56.00	8,491.00
52.00	7,544.00	57.00	8,745.00
53.00	7,770.00	58.00	9,008.00
54.00	8,003.00	59.00	9,278.00
		60.00	9,556.00
		61.00	9,843.00
		62.00	10,138.00
		63.00	10,443.00
		64.00	10,756.00

The Blue Cross Blue Shield Medicare Supplemental Plan F rates were used as claim costs for age 65 and older.

Health Care Cost Trend

Initial 8%, for FY 2017 decreasing 0.50% per year to a level 5% in FY 2022 for pre-age 65 and a level 5% for 65 and older.

Mortality

RP-2014 Combined Table M/F with Projection Scale AA (2015).

Turnover

Rates varying by sex, age and year of service. Sample Male ultimate rates: Age 25-12% Age 40-4% Age 55-3%

Disability

None assumed.

Retirement Rates

Rates vary by age form 50 to 75 with 100% retirement assumed at 75. The retiree contribution will depend on years of service at retirement. Retiree and dependent coverage will be subsidized for eligible retirees hired prior to January 1,2014.

Retiree Contributions

COMBINING AND INDIVIDUAL NONMAJOR FUND FINANCIAL STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

State Street Aid Fund - To account for the receipt and usage of the City's share of State gasoline taxes. State law requires these gasoling taxes be used to maintain streets.

Federal Disaster Relief Fund - To account for the proceeds of various State and Federal grants the proceeds of which are to be used on various flood abatement projects.

Drug Fund - To account for drug fines and fees and the usage of these monies for drug related purposes.

Sanitation Fund - To account for the City's solid waste collection operations.

Permanent Fund:

Mimosa Cemetery Fund - To account for the sale of grave sites and related costs.

CITY OF LAWRENCEBURG, TENNESSEE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2020

Assets	Special Revenue Funds					Permanent Fund Mimosa Cemetery Fund	Total Nonmajor Governmental Funds
	State Street Aid Fund	Federal Disaster Relief Fund	Drug Fund	Sanitation Fund	Capital Project Fund		
Cash and cash equivalents	\$ 389,947	26,218	52,911	256,567	5,686,168	63,785	6,475,596
Due from other funds	-	-	-	226,306	-	-	226,306
Accounts receivable, net of allowance for doubtful accounts	61,421	-	-	-	-	-	61,421
Total Assets	\$ 451,368	26,218	52,911	482,873	5,686,168	63,785	6,763,323
Liabilities and Fund Equity							
Liabilities:							
Accounts payable	\$ 8,794	-	-	535	-	-	9,329
Due to other funds	-	-	-	-	-	-	-
Accrued costs	-	-	-	10,574	-	-	10,574
Total Liabilities	8,794	-	-	11,109	-	-	19,903
Fund Balance (Deficit):							
Restricted for:							
Roads	442,574	-	-	-	-	-	442,574
Public Safety	-	-	52,911	-	-	-	52,911
Capital projects	-	26,218	-	-	5,686,168	-	5,712,386
Solid waste disposal	-	-	-	471,764	-	-	471,764
Cemetery maintenance	-	-	-	-	-	63,785	63,785
Total Restricted Fund Balance	442,574	26,218	52,911	471,764	5,686,168	63,785	6,743,420
Total Liabilities and Fund Balance	\$ 451,368	26,218	52,911	482,873	5,686,168	63,785	6,763,323

CITY OF LAWRENCEBURG, TENNESSEE

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2020

	Special Revenue Funds				Capital Project Fund	Permanent Fund Mimosa Cemetery Fund	Total Nonmajor Governmental Funds
	State Street Aid Fund	Federal Disaster Relief Fund	Drug Fund	Sanitation Fund			
Revenues:							
Intergovernmental:							
Gasoline tax - State of Tennessee	\$ 372,431	-	-	-	-	-	372,431
Grant revenue	-	-	-	-	-	-	-
Charges for Services:							
Garbage fees	-	-	-	1,356,352	-	-	1,356,352
Fines	-	-	24,519	-	-	-	24,519
Miscellaneous:							
Other revenue	6,862	-	-	141,248	-	800	148,910
Interest income	312	-	63	2,994	41,328	-	44,697
Total Revenues	379,605	-	24,582	1,500,594	41,328	800	1,946,909
Expenditures:							
Highways and streets:							
Road and bridge repair	135,363	-	-	-	-	-	135,363
Sanitation:							
Salaries and employee benefits	-	-	-	922,249	-	-	922,249
Contractual services	-	-	-	291,038	-	1,072	292,110
Supplies	-	-	-	154,899	-	-	154,899
Insurance	-	-	-	15,519	-	-	15,519
Other	-	-	-	-	-	-	-
Program costs	-	-	17,419	-	-	-	17,419
Debt service-good faith dep	-	-	-	-	69,995	-	69,995
Debt service-bond issue costs	-	-	-	-	180,028	-	180,028
Debt service	-	-	-	283,205	-	-	283,205
Capital outlay	-	534	34,740	229,860	1,395,426	-	1,660,560
Total Expenditures	135,363	534	52,159	1,896,770	1,645,449	1,072	3,731,347
Excess (deficiency) of revenues over expenditures	244,242	(534)	(27,577)	(396,176)	(1,604,121)	(272)	(1,784,438)
Other Financing Sources (Uses):							
Transfer from (to) other funds	-	-	-	179,860	(229,860)	-	(50,000)
Bond Premium	-	-	-	-	397,041	-	397,041
Proceeds from note issuance	-	-	-	-	6,785,000	-	6,785,000
Total Other Financing Sources	-	-	-	179,860	6,952,181	-	7,132,041
Net Change in Fund Balance	244,242	(534)	(27,577)	(216,316)	5,348,060	(272)	5,347,603
Fund Balance, Beginning of Year	198,332	26,752	80,488	688,080	338,108	64,057	1,395,817
Fund Balance, End of Year	\$ 442,574	26,218	52,911	471,764	5,686,168	63,785	6,743,420

CITY OF LAWRENCEBURG, TENNESSEE

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

State Street Aid Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
State shared tax:				
Gas 3 Cent	\$ 60,000	60,000	56,471	(3,529)
Gasoline and motor fuel tax	200,000	200,000	192,463	(7,537)
Gas 1989	32,000	32,000	30,477	(1,523)
Gas 2017	76,500	76,500	93,020	16,520
Miscellaneous				
Reimbursement for street repair	50,250	50,250	7,174	(43,076)
Total Revenues	<u>418,750</u>	<u>418,750</u>	<u>379,605</u>	<u>(39,145)</u>
Current:				
Road and bridge repair	618,750	618,750	135,363	483,387
Total Expenditures	<u>618,750</u>	<u>618,750</u>	<u>135,363</u>	<u>483,387</u>
Net Change in Fund Balance	(200,000)	(200,000)	244,242	444,242
Fund Balance, Beginning of Year	<u>198,332</u>	<u>198,332</u>	<u>198,332</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ (1,668)</u>	<u>(1,668)</u>	<u>442,574</u>	<u>444,242</u>

CITY OF LAWRENCEBURG, TENNESSEE

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

Federal Disaster Relief Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
Grant revenue	\$ -	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Capital outlay-infrastructure	14,589	14,589	534	14,055
Total Expenditures	<u>14,589</u>	<u>14,589</u>	<u>534</u>	<u>14,055</u>
Net Change in Fund Balance	<u>(14,589)</u>	<u>(14,589)</u>	<u>(534)</u>	<u>14,055</u>
Fund Balance, Beginning of Year	<u>26,752</u>	<u>26,752</u>	<u>26,752</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 12,163</u>	<u>12,163</u>	<u>26,218</u>	<u>14,055</u>

CITY OF LAWRENCEBURG, TENNESSEE

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

Drug Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance from Variance Final Budget Positive (Negative)
Revenues:				
Fines and fees				
Drug fines, confiscated property	\$ 27,650	27,650	24,519	(3,131)
Miscellaneous income	50	50	63	13
Total Revenues	<u>27,700</u>	<u>27,700</u>	<u>24,582</u>	<u>(3,118)</u>
Expenditures:				
Current:				
Program Costs	31,200	31,200	17,419	13,781
Capital outlay	30,419	30,419	34,740	(4,321)
Total Expenditures	<u>61,619</u>	<u>61,619</u>	<u>52,159</u>	<u>9,460</u>
Net Change in Fund Balance	(33,919)	(33,919)	(27,577)	6,342
Fund Balance, Beginning of Year	<u>80,488</u>	<u>80,488</u>	<u>80,488</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 46,569</u>	<u>46,569</u>	<u>52,911</u>	<u>6,342</u>

CITY OF LAWRENCEBURG, TENNESSEE

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

Sanitation Fund

For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Charges for Services:				
Garbage fees	\$ 1,300,000	1,300,000	1,356,352	56,352
Miscellaneous:				
Other revenue	<u>287,681</u>	<u>287,681</u>	<u>144,242</u>	<u>(143,439)</u>
Total Revenues	<u>1,587,681</u>	<u>1,587,681</u>	<u>1,500,594</u>	<u>(87,087)</u>
Expenditures:				
Current:				
Sanitation:				
Salaries and employee benefits	931,968	931,968	922,249	9,719
Contractual services	210,600	210,600	291,038	(80,438)
Supplies	156,400	156,400	154,899	1,501
Insurance	17,100	17,100	15,519	1,581
Other	10,000	10,000	-	10,000
Debt Service	103,493	103,493	283,205	(179,712)
Capital Outlay	<u>309,098</u>	<u>309,098</u>	<u>229,860</u>	<u>79,238</u>
Total Expenditures	<u>1,738,659</u>	<u>1,738,659</u>	<u>1,896,770</u>	<u>(158,111)</u>
Excess (deficiency) of revenues over expenditures	<u>(150,978)</u>	<u>(150,978)</u>	<u>(396,176)</u>	<u>(245,198)</u>
Other Financing Sources (Uses):				
Transfer from (to) other funds	-	-	179,860	179,860
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>179,860</u>	<u>179,860</u>
Net Change in Fund Balance	(150,978)	(150,978)	(216,316)	(65,338)
Fund Balance, Beginning of Year	<u>688,080</u>	<u>688,080</u>	<u>688,080</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 537,102</u>	<u>537,102</u>	<u>471,764</u>	<u>(65,338)</u>

FINANCIAL SCHEDULES

CITY OF LAWRENCEBURG, TENNESSEE

Capital Assets Used in the Operation of Governmental Funds -

Schedule of Changes in Capital Assets

For the Year Ended June 30, 2020

	Balance		Disposals/ Reclassifications	Balance
Cost / Estimated Cost:	June 30, 2019	Additions		June 30, 2020
Land	\$ 3,508,155	-	-	3,508,155
Buildings and structures	7,766,627	-	-	7,766,627
Equipment	8,751,974	2,238,723	(980,464)	10,010,233
Infrastructure	15,344,699	-	-	15,344,699
Construction in progress	83,222	260,341		343,563
Total Capital Assets	\$ <u>35,454,677</u>	<u>2,499,064</u>	<u>(980,464)</u>	<u>36,973,277</u>
	Balance		Disposals	Balance
Accumulated Depreciation:	June 30, 2019	Additions		June 30, 2020
Buildings and structures	\$ 4,192,302	229,955	-	4,422,257
Equipment	6,073,895	559,323	(977,609)	5,655,609
Infrastructure	4,441,670	307,464	-	4,749,134
Total Capital Assets	\$ <u>14,707,867</u>	<u>1,096,742</u>	<u>(977,609)</u>	<u>14,827,000</u>

CITY OF LAWRENCEBURG, 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, 2020

	<u>Balance</u> <u>June 30, 2019</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 2020</u>
Cost / Estimated Cost:				
General Government:				
Administration	\$ 2,716,474	260,341	-	2,976,815
Planning and development	56,699	-	(23,300)	33,399
Civil defense	99,179	-	-	99,179
Federal disaster relief-flood control	7,060,975	-	-	7,060,975
Police	1,335,286	729,734	(435,777)	1,629,243
Fire	3,232,691	19,524	-	3,252,215
Street	12,185,814	555,525	(285,687)	12,455,652
Parks and recreation	6,628,116	14,500	(20,700)	6,621,916
Sanitation	2,139,443	919,440	(215,000)	2,843,883
 Total Capital Assets	 \$ <u>35,454,677</u>	 <u>2,499,064</u>	 <u>(980,464)</u>	 <u>36,973,277</u>
 Accumulated Depreciation:				
General Government:				
Administration	\$ 1,339,959	55,483	-	1,395,442
Planning and development	46,177	5,313	(23,300)	28,190
Civil defense	96,303	169	-	96,472
Federal disaster relief-flood control	894,884	95,175	-	990,059
Police	1,154,823	125,471	(432,922)	847,372
Fire	2,162,383	140,152	-	2,302,535
Highways & Streets	4,747,922	306,645	(285,687)	4,768,880
Sanitation	1,376,018	187,966	(215,000)	1,348,984
Parks and recreation	2,889,398	180,368	(20,700)	3,049,066
 Total Capital Assets	 \$ <u>14,707,867</u>	 <u>1,096,742</u>	 <u>(977,609)</u>	 <u>14,827,000</u>

CITY OF LAWRENCEBURG, TENNESSEE

Schedule of Changes in Property Taxes Receivable

For the Year Ended June 30, 2020

<u>Tax Year</u>	<u>Balance, June 30, 2019</u>	<u>Tax Levy</u>	<u>Tax Collections</u>	<u>Tax Adjustments</u>	<u>Balance, June 30, 2020</u>
2019	\$ -	3,356,556	(3,229,271)	56	127,341
2018	115,942	-	(59,044)	(2,815)	54,083
2017	51,367	-	(746)	(12,702)	37,919
2016	14,511	-	(180)	351	14,682
2015	672	-	(269)	(15)	388
2014	24,986	-	(348)	(9)	24,629
2013	28,177	-	(77)		28,100
2012	16,906	-	-	(348)	16,558
2011	22,064	-	-		22,064
2010	1,386	-	-		1,386
2009	1,239	-	(105)		1,134
2008	1,887	-		(1,887)	-
	<u>\$ 279,137</u>	<u>3,356,556</u>	<u>(3,290,040)</u>	<u>(17,369)</u>	<u>328,284</u>
					<u>3,356,600</u>
					3,684,884
					<u>(72,282)</u>
					<u>\$ 3,612,602</u>

CITY OF LAWRENCEBURG, TENNESSEE

Schedule of Debt Service Requirements

General Obligation Debt

June 30, 2020

Fiscal Year	General Obligation and Refunding Bonds Series 2017-City Portion		General Obligation Refunding Bonds - Series 2011-City Portion		General Obligation Bonds - Series 2013		General Obligation Refunding Bonds - Series 2019B		General Obligation Refunding Bonds - Series 2015D		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2021	\$ 255,000	123,000	180,000	5,400	300,000	44,925	435,000	219,962	150,000	140,425	1,320,000
2022	265,000	115,350	-	-	350,000	38,175	440,000	198,212	150,000	135,925	1,205,000	487,662
2023	270,000	107,400	-	-	350,000	29,950	455,000	176,212	150,000	131,425	1,225,000	444,987
2024	280,000	99,300	-	-	400,000	21,200	460,000	153,462	150,000	126,925	1,290,000	400,887
2025	290,000	93,700	-	-	400,000	10,800	160,000	130,462	150,000	122,425	1,000,000	357,387
2026	290,000	87,900	-	-	-	-	170,000	122,462	355,000	117,925	815,000	328,287
2027	300,000	81,375	-	-	-	-	175,000	113,962	365,000	107,275	840,000	302,612
2028	310,000	73,875	-	-	-	-	185,000	105,212	345,000	96,325	840,000	275,412
2029	315,000	66,125	-	-	-	-	195,000	97,812	355,000	85,975	865,000	249,912
2030	325,000	58,250	-	-	-	-	200,000	90,012	360,000	75,325	885,000	223,587
2031	335,000	49,313	-	-	-	-	210,000	82,012	370,000	64,525	915,000	195,850
2032	340,000	40,100	-	-	-	-	215,000	77,812	380,000	53,055	935,000	170,967
2033	195,000	30,750	-	-	-	-	220,000	73,512	390,000	40,895	805,000	145,157
2034	200,000	24,900	-	-	-	-	220,000	68,837	400,000	28,025	820,000	121,762
2035	205,000	18,900	-	-	-	-	225,000	63,887	415,000	14,525	845,000	97,312
2036	210,000	12,750	-	-	-	-	230,000	58,825	-	-	440,000	71,575
2037	215,000	6,450	-	-	-	-	240,000	53,362	-	-	455,000	59,812
2038	-	-	-	-	-	-	245,000	47,362	-	-	245,000	47,362
2039	-	-	-	-	-	-	250,000	41,237	-	-	250,000	41,237
2040	-	-	-	-	-	-	255,000	34,987	-	-	255,000	34,987
2041	-	-	-	-	-	-	260,000	28,612	-	-	260,000	28,612
2042	-	-	-	-	-	-	270,000	21,787	-	-	270,000	21,787
2043	-	-	-	-	-	-	275,000	14,700	-	-	275,000	14,700
2044	-	-	-	-	-	-	285,000	7,492	-	-	285,000	7,492
	<u>\$ 4,600,000</u>	<u>1,089,438</u>	<u>180,000</u>	<u>5,400</u>	<u>1,800,000</u>	<u>145,050</u>	<u>6,275,000</u>	<u>2,082,194</u>	<u>4,485,000</u>	<u>1,340,975</u>	<u>17,340,000</u>	<u>4,663,057</u>

CITY OF LAWRENCEBURG, TENNESSEE

Schedule of Debt Service Requirements to Maturity

Business - Type Activities

Water and Sewer Fund

June 30, 2020

Fiscal Year	Series 2017 General Obligation Bonds		State of Tennessee Revolving Loan		Series 2011 General Obligation Refunding Bonds		Series 2012 General Obligation Refunding Bonds		Series 2016 General Obligation Refunding Bonds		Series 2016B General Obligation Refunding Bonds		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 70,000	40,838	741,708	114,180	-	-	300,000	54,850	500,000	50,000	50,000	86,000	1,661,708	345,868
2022	75,000	38,738	760,008	95,880	-	-	310,000	47,350	500,000	40,000	50,000	85,000	1,695,008	306,968
2023	75,000	36,488	778,764	77,124	-	-	320,000	39,600	500,000	30,000	50,000	84,000	1,723,764	267,212
2024	80,000	34,238	797,976	57,912	-	-	325,000	30,000	500,000	20,000	50,000	83,000	1,752,976	225,150
2025	80,000	32,638	817,668	38,220	-	-	335,000	20,250	500,000	10,000	50,000	82,000	1,782,668	183,108
2026	80,000	31,038	837,852	18,048	-	-	340,000	10,200	-	-	50,000	81,000	1,307,852	140,286
2027	85,000	29,238	283,850	1,422	-	-	-	-	-	-	1,000,000	80,000	1,368,850	110,660
2028	85,000	27,113	-	-	-	-	-	-	-	-	1,000,000	60,000	1,085,000	87,113
2029	85,000	24,988	-	-	-	-	-	-	-	-	1,000,000	40,000	1,085,000	64,988
2030	90,000	22,863	-	-	-	-	-	-	-	-	1,000,000	20,000	1,090,000	42,863
2031	90,000	20,388	-	-	-	-	-	-	-	-	-	-	90,000	20,388
2032	95,000	17,913	-	-	-	-	-	-	-	-	-	-	95,000	17,913
2033	95,000	15,300	-	-	-	-	-	-	-	-	-	-	95,000	15,300
2034	100,000	12,450	-	-	-	-	-	-	-	-	-	-	100,000	12,450
2035	100,000	9,450	-	-	-	-	-	-	-	-	-	-	100,000	9,450
2036	105,000	6,450	-	-	-	-	-	-	-	-	-	-	105,000	6,450
2037	110,000	3,300	-	-	-	-	-	-	-	-	-	-	110,000	3,300
	\$ 1,500,000	403,431	5,017,826	402,786	-	-	1,930,000	202,250	2,500,000	150,000	4,300,000	701,000	15,247,826	1,859,467

CITY OF LAWRENCEBURG, TENNESSEE

Schedule of Debt Service Requirements to Maturity

Business - Type Activities

Electric Power Fund

June 30, 2020

Fiscal Year	Series 2002 - Refunding Bonds		Series 2015C Refunding Bonds		Series 2019A General Obligation Bonds		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 865,000	296,250	550,000	75,740	-	181,600	1,415,000	553,590
2022	915,000	253,000	560,000	64,940	215,000	171,100	1,690,000	489,040
2023	960,000	207,250	575,000	53,840	225,000	160,100	1,760,000	421,190
2024	1,010,000	159,250	580,000	42,490	235,000	148,600	1,825,000	350,340
2025	1,060,000	108,750	550,000	30,940	250,000	136,475	1,860,000	276,165
2026	1,115,000	55,750	555,000	25,336	260,000	123,725	1,930,000	204,811
2027	-	-	-	-	275,000	110,350	275,000	110,350
2028	-	-	-	-	290,000	96,225	290,000	96,225
2029	-	-	-	-	300,000	85,975	300,000	85,975
2030	-	-	-	-	305,000	79,925	305,000	79,925
2031	-	-	-	-	310,000	73,775	310,000	73,775
2032	-	-	-	-	320,000	67,475	320,000	67,475
2033	-	-	-	-	325,000	60,822	325,000	60,822
2034	-	-	-	-	330,000	53,863	330,000	53,863
2035	-	-	-	-	340,000	46,531	340,000	46,531
2036	-	-	-	-	345,000	38,825	345,000	38,825
2037	-	-	-	-	355,000	30,950	355,000	30,950
2038	-	-	-	-	365,000	22,622	365,000	22,622
2039	-	-	-	-	370,000	13,894	370,000	13,894
2040	-	-	-	-	380,000	4,749	380,000	4,749
	<u>\$ 5,925,000</u>	<u>1,080,250</u>	<u>3,370,000</u>	<u>293,286</u>	<u>5,795,000</u>	<u>1,707,581</u>	<u>15,090,000</u>	<u>3,081,117</u>

CITY OF LAWRENCEBURG, TENNESSEE

Schedule Of Changes In Long-Term Debt By Individual Issue

June 30, 2020

Description Of Indebtedness	Original Amount Of Issue	Interest Rate	Date Of Issue	Last Maturity Date	Outstanding 7-1-19	Issued During Period	Paid And/Or Matured During Period	Refunded During Period	Outstanding 6-30-20
Governmental-Type Activities									
<u>BONDS PAYABLE</u>									
<u>Payable Through General Fund</u>									
General Obligation Refunding Bonds-Series 2011	\$ 3,030,000	* 2.00-3.00%	6-28-11	6-1-21	370,000	-	190,000	-	180,000
General Obligation Bonds-Series 2013	\$ 3,000,000	2.00-2.70%	9-4-14	6-1-25	2,100,000	-	300,000	-	1,800,000
General Obligation Refunding Bonds-Series 2015A	\$ 2,610,000	* 2.00%	3-12-15	4-1-20	100,000	-	100,000	-	-
General Obligation Bonds-Series 2015D	\$ 5,000,000	3.000-3.75%	1-20-16	6-1-35	4,610,000	-	125,000	-	4,485,000
General Obligation Bonds-Series 2017	\$ 4,750,000	* 2.00-3.00%	11-10-17	6-1-37	4,750,000	-	150,000	-	4,600,000
General Obligation Bonds-Series 2019B	\$ 6,785,000	* 2.00-5.00%	11-1-19	6-1-44	-	6,785,000	510,000	-	6,275,000
Total Bonds Payable Through General Fund					11,930,000	6,785,000	1,375,000	-	17,340,000
Total Bonds and Notes Payable Through Governmental-Type Activities					\$ 11,930,000	6,785,000	1,375,000	-	17,340,000
Business-Type Activities									
<u>NOTES PAYABLE</u>									
<u>Payable Through Water and Sewer Fund</u>									
State of Tennessee Revolving Loan 03-174	\$ 8,466,902	3.00%	7-1-15	7-1-27	\$ 5,741,578	-	723,852	-	5,017,726
Total Notes Payable Through Water and Sewer Fund					5,741,578	-	723,852	-	5,017,726
<u>BONDS PAYABLE</u>									
<u>Payable Through Electric System Fund</u>									
Electric Revenue Refunding Bonds-Series 2002	\$ 10,050,000	5.00%	3-1-02	7-1-26	6,750,000	-	825,000	-	5,925,000
Electric Revenue Refunding Bonds-Series 2015C	\$ 5,930,000	2.00%	6-15-15	7-1-26	3,900,000	-	530,000	-	3,370,000
General Obligation Bonds - Series 2019A	\$ 6,000,000	5.00%	9-20-19	7-1-40	-	6,000,000	205,000	-	5,795,000
Total Bonds Payable Through Electric System Fund	\$ -				10,650,000	6,000,000	1,560,000	-	15,090,000
<u>Payable Through Water and Sewer Fund</u>									
General Obligation Refunding Bonds-Series 2011	\$ 5,000,000	2.25%	6-28-11	6-1-21	50,000	-	50,000	-	-
General Obligation Refunding Bonds-Series 2012	\$ 2,630,000	3.00%	5-16-12	6-1-26	2,030,000	-	100,000	-	1,930,000
General Obligation Refunding Bonds-Series 2016	\$ 4,880,000	5.00%	1-20-16	6-1-25	3,125,000	-	625,000	-	2,500,000
General Obligation Refunding Bonds-Series 2016B	\$ 4,485,000	2.00%	9-20-16	6-1-30	4,350,000	-	50,000	-	4,300,000
General Obligation Bonds-Series 2017	\$ 6,250,000	3.00%	11-10-17	6-1-37	1,500,000	-	-	-	1,500,000
Total Bonds Payable Through Water and Sewer Fund					11,055,000	-	825,000	-	10,230,000
Total Bonds Payable Through Enterprise Funds					21,705,000	6,000,000	2,385,000	-	25,320,000
Total Bonds and Notes Payable Through Business-Type Activities					\$ 27,446,578	6,000,000	3,108,852	-	30,337,726

Notes

* City portion

CITY OF LAWRENCEBURG, TENNESSE
SCHEDULE OF FEDERAL AND STATE ASSISTANCE

For the Year Ended June 30, 2020

CFDA Number	Grant Number	Program Name	Grantor Agency	Deferred (Receivable) Balance 6-30-19	Adjustments	Receipts	Disbursements	Deferred (Receivable) Balance 6-30-20
Federal Grants								
97.042	Contract # 34101-05718	EMPG Grant program	U.S. Department of Homeland Security**	(46,350)	-	46,350	-	-
97.042	EMA-2019-EP-00004-S0	EMPG Grant program	U.S. Department of Homeland Security**	-	-	-	(46,350)	(46,350)
97.083	EMW-2016-FG-00123	SAFER Grant	U.S. Department of Homeland Security	-	-	88,774	(103,123)	(14,349)
97.083	EMW-2017-FF-00261	SAFER Grant	U.S. Department of Homeland Security	(26,485)	-	103,509	(103,417)	(26,393)
97.044	EMW-2017-Fq-01204	Equipment grant	U.S. Department of Homeland Security	-	-	19,933	(19,933)	-
20.607	Z17GHS214	Highway Safety Grant	U.S. Department of Transportation*	-	-	5,000	(5,000)	-
15.904	P19AF0013	Preservation Grant	U.S. Department of the Interior***	-	-	-	(33,203)	(33,203)
14.239	HM-13-16	Safe Routes to School Grant	U.S. Department of Transportation*	-	-	156,007	(156,007)	-
Total Federal Grants				<u>\$ (72,835)</u>	<u>-</u>	<u>419,573</u>	<u>(467,033)</u>	<u>(120,295)</u>
State Grants:								
N/A	33007-22117	Mobile Feasibility Study	Tennessee Department of Economic and Community Development	\$ (72,000)	-	125,000	(53,000)	-
Total State Grants				<u>\$ (72,000)</u>	<u>-</u>	<u>125,000</u>	<u>(53,000)</u>	<u>-</u>

Schedule prepared on the modified accrual basis of accounting.

* Passed through the Tennessee Department of Transportation.

** Passed through the Tennessee Emergency Management Agency.

CITY OF LAWRENCEBURG, TENNESSEE

Schedule of Property Tax Levies and Collections - Unaudited

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent Of Levy Collected</u>	<u>Delinquent Tax Collections</u>	<u>Total Tax Collections</u>	<u>Percent of Total Tax Collections To Levy</u>	<u>Outstanding Delinquent Taxes</u>	<u>Percent Of Delinquent Taxes To Lev</u>
2011	\$ 3,064,510	2,935,009	95.77%	153,560	3,088,569	100.79%	197,034	6.43%
2012	3,108,295	2,940,506	94.60%	131,704	3,072,210	98.84%	233,119	7.50%
2013	3,029,265	2,880,856	95.10%	152,983	3,033,839	100.15%	228,545	7.54%
2014	3,077,105	2,920,255	94.90%	131,279	3,051,534	99.17%	254,116	8.26%
2015	3,126,969	2,971,625	95.03%	141,845	3,113,470	99.57%	267,615	8.56%
2016	3,222,389	3,094,307	96.03%	123,327	3,217,634	99.85%	272,696	8.46%
2017	3,301,278	3,196,322	96.82%	125,423	3,321,745	100.62%	233,150	7.06%
2018	3,344,873	3,131,723	93.63%	106,891	3,238,614	96.82%	339,409	10.15%
2019	3,324,814	3,208,872	96.51%	176,214	3,385,086	101.81%	279,137	8.40%
2020	3,356,556	3,229,215	96.21%	78,194	3,307,409	98.54%	328,284	9.78%

CITY OF LAWRENCEBURG, TENNESSEE

Property Tax Rates and Assessments - Unaudited

Last Ten Fiscal Years

PROPERTY TAX ASSESSMENTS (000'S):*

<u>Fiscal Year</u>	<u>Amount</u>
2020	\$ 233,609
2019	231,399
2018	231,758
2017	229,758
2016	226,383
2015	218,687
2014	216,178
2013	213,667
2012	218,700
2011	215,294

ASSESSMENT RATE:

Personal property	30%
Residential property	25%
Commercial property	40%
Public utilities	55%

TAX RATE*:

<u>Tax Year</u>	<u>Amount</u>
2019	\$ 1.44
2018	1.44
2017	1.44
2016	1.44
2015	1.42
2014	1.42
2013	1.42
2012	1.42
2011	1.42

* Per \$100 of assessed value

CITY OF LAWRENCEBURG, TENNESSEE

Utility Statistical Data - Unaudited

June 30, 2020

<u>Service</u>	<u>Number of Customers</u>
Water	7,348
Sewer	5,157
Gas	6,224
Electricity	20,702

Water Rates

	<u>Rate Per Gallon</u>	
	<u>Inside City*</u>	<u>Outside City*</u>
All Residential:		
First 1,099 gallons or fraction thereof	\$ 15.04	26.13
Excess over 1,100 gallons	0.53400	0.66300
Commercial:		
First 1,999 gallons or fraction thereof	\$ 40.11	49.61
Excess over 2,000 gallons	0.60600	0.68400
Industrial:		
First 2,099 gallons or fraction thereof	\$ 99.23	
Next 2,100 through 20,099 gallons	0.629	
Excess over 20,100 gallons	0.519	
Utility Districts		
Customer charge	\$108.73 customer charge plus \$.29574 per gallon.	

	<u>Rate Per Gallon</u>	
	<u>Inside City*</u>	<u>Outside City*</u>
<u>Sewer Rates</u>		
Residential:		
First 1,099 gallons or fraction thereof	\$ 19.74	\$52.83
Excess over 1,100 gallons	0.704	0.77500

(Continued on next page)

CITY OF LAWRENCEBURG, TENNESSEE

Utility Statistical Data - Unaudited - Continued

June 30, 2020

Sewer Rates (continued)

	<u>Rate Per 1,000 Gallon</u>	
	<u>Inside City*</u>	<u>Outside City*</u>
Commerical:		
First 2,099 gallons or fraction thereof	\$ 41.93	46.18
Excess over 2,100 gallons	0.85300	0.86700
* Rates are in 100 gallon units.		
Industrial		
First 2,099 gallons or fraction thereof	\$ 41.93	
Next 2,100 through 20,099 gallons	0.86700	
Excess over 21,000 gallons	0.51900	
* Rates are in 100 gallon units.		

Natural Gas Rates

	<u>Rate Per MCF</u>	
	<u>Inside City*</u>	<u>Outside City*</u>
<u>RESIDENTIAL</u>		
Customer Charge	\$ 5.19	5.39
Rate per MCF	0.08640	0.884800
<u>COMMERCIAL</u>		
Customer Charge	\$ 6.50	7.15
Rate per MCF	0.93888	0.966960
<u>INDUSTRIAL</u>		
Customer Charge		\$ 6.50
Rate per MCF		0.938880

Electric Rates - Electric Power System

Residential Rate Schedule

Customer charge-per delivery point per month	\$ 19.00
Energy charge-cents per kWh	
First 800k kWh per month	0.09215
Additional kWh	0.09215

Commercial Rate Schedule

Schedule GSA1:	
Customer charge-per delivery point per month	\$ 35.00
Energy charge-cents per kWh	0.10249
Schedule GSA2	
Customer charge per delivery point per month	\$ 195.00
Demand:	
First 50kW	No charge
Additional kW	\$ 16.35
Energy:	
First 15,000 kWh	0.10142
Additional kWh	0.05981

(Continued on next page)

CITY OF LAWRENCEBURG, TENNESSEE

Utility Statistical Data - Unaudited - Continued

June 30, 2020

Electric Rates - Electric Power System

Schedule GSA3

Customer charge:per delivery point	\$	500.00
Demand:		
First 1,000 kW	\$	16.51
Additional kW up to 2,500 kW	\$	18.59
Over 2,500 kW or contract	\$	18.59
Energy:		
All kWh		0.05982

Seasonal Rate Schedule

Schedule S-GSA-1:

Customer charge:per delivery point	\$	35.00
Energy charge		0.11579

Schedule S-GSA-2:

Customer charge:per delivery point	\$	195.00
kWh demand after 50	\$	20.38
Energy:		
First 620 kWh		0.11472
Additional kWh		0.05981

Schedule S-GSA-3:

Customer charge per delivery point	\$	500.00
kW demand, first 1000	\$	20.51
kW demand, over 1000	\$	22.59
kW demand, over 2500 or contract	\$	22.59
kWh charge		0.05982

Industrial Rate Schedule

TOU MSB (above 50,000 kW)

Customer charge per delivery point	\$	1,500.00
Administrative charge	\$	350.00
OnPeak kW		10.24
Max kW	\$	2.26
Excess of contract kW		10.24
OnPeak kWh		.07016
Off Peak kWh-first 200 HUD		.04516
Off Peak kWh-next 200 HUD		.01547
Off Peak kWh-additional 200 HUD		.01292

Outdoor Lighting:

Customer charge per delivery point	\$	2.50
Energy charge - cents per kWh		0.06399
Facility charge (part B)		9% of installed Cost

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULE OF UNACCOUNTED FOR WATER - UNAUDITED
 June 30, 2020

AWWA Free Water Audit Software
 Reporting Worksheet
 Version 1.0
 Copyright © 2017, AWWA
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Click to access definition Water Audit Report for: **Lawrenceburg (0000392)**
Click to add a comment Reporting Year: **2020** **7/2019 - 6/2020**

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: MILLION GALLONS (US) PER YEAR

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below

WATER SUPPLIED

Volume from own sources:	10	942,906	MG/Yr
Water imported:			MG/Yr
Water exported:	9	65,317	MG/Yr
WATER SUPPLIED:		877,589	MG/Yr

Master Meter and Supply Error Adjustments

Pcnt:		Value:			
	+	-	0	+	-
	0	+	-	0	+
	+	-	0	+	-
	0	+	-	0	+

Enter negative % or value for under-registration
Enter positive % or value for over-registration

AUTHORIZED CONSUMPTION

Billed metered:	9	494,203	MG/Yr
Billed unmetered:			MG/Yr
Unbilled metered:			MG/Yr
Unbilled unmetered:	5	1,610	MG/Yr
AUTHORIZED CONSUMPTION:		495,813	MG/Yr

Master Meter and Supply Error Adjustments

Pcnt:		Value:			
	+	-	0	+	-
	0	+	-	0	+
	+	-	0	+	-
	0	+	-	0	+

Enter negative % or value for under-registration
Enter positive % or value for over-registration

WATER LOSSES (Water Supplied - Authorized Consumption) 381,777 MG/Yr

Apparent Losses

Unauthorized consumption:	5	2,194	MG/Yr
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed			
Customer metering inaccuracies:	5	37,198	MG/Yr
Systematic data handling errors:	6	0,010	MG/Yr
Apparent Losses:		39,402	MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 342,374 MG/Yr

WATER LOSSES: 381,777 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 383,387 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	5	295.6	miles
Number of active AND inactive service connections:	5	8,777	
Service connection density:		30	conn./mile main
Are customer meters typically located at the curbside or property line?	Yes		
Average length of customer service line:			(length of service line, beyond the property boundary, that is the responsibility of the utility)
Average length of customer service line has been set to zero and a data grading score of 10 has been applied			
Average operating pressure:	2	58.0	psi

COST DATA

Total annual cost of operating water system:	9	\$3,294,102	\$/Year
Customer retail unit cost (applied to Apparent Losses):	9	\$8.21	\$/1000 gallons (US)
Variable production cost (applied to Real Losses):	9	\$597.07	\$/Million gallons <input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 83 out of 100 ***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

- 1: Customer metering inaccuracies
- 2: Unauthorized consumption
- 3: Systematic data handling errors

**LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULE OF UNACCOUNTED FOR WATER - UNAUDITED
June 30, 2020**

AWWA Free Water Audit Software

System Attributes and Performance Indicators

Water Audit Report for: Lawrenceburg (0000392)
 Reporting Year: 2020 | 7/2019 - 6/2020

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 83 out of 100 ***

System Attributes:

Apparent Losses:	39.402	MG/Yr	
+ Real Losses:	342.374	MG/Yr	
= Water Losses:	381.777	MG/Yr	
<input checked="" type="checkbox"/> Unavoidable Annual Real Losses (UARL):	61.73	MG/Yr	
Annual cost of Apparent Losses:	\$323,491		
Annual cost of Real Losses:	\$204,422	Valued at Variable Production Cost	

Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:	{	Non-revenue water as percent by volume of Water Supplied:	43.7%	
		Non-revenue water as percent by cost of operating system:	16.1%	Real Losses valued at Variable Production Cost
Operational Efficiency:	{	Apparent Losses per service connection per day:	12.30	gallons/connection/day
		Real Losses per service connection per day:	N/A	gallons/connection/day
		Real Losses per length of main per day*:	3,173.03	gallons/mile/day
		Real Losses per service connection per day per psi pressure:	N/A	gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 342.37 million gallons/year

Infrastructure Leakage Index (ILI) [CARL/UARL]: 5.55

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

**LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF OPERATING REVENUE AND EXPENSES
ELECTRIC FUND**

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Operating revenues:				
Charges for sales and services:				
Residential sales	\$ 26,353,429	50.60%	27,403,784	50.63%
Small Lighting and power sales	5,260,033	10.10%	5,363,722	9.91%
Large Lighting and power sales	18,252,746	35.05%	19,327,118	35.70%
Street and athletic lighting sales	439,252	0.84%	449,759	0.83%
Outdoor lighting sales	483,133	0.93%	483,597	0.89%
Total	50,788,593	97.52%	53,027,980	97.96%
Other revenues:				
Forfeited discounts	374,947	0.72%	424,891	0.78%
Miscellaneous service revenue	137,604	0.26%	82,145	0.15%
Rent from electric property	777,896	1.49%	603,248	1.11%
Other electric revenue	58	0.00%	56	0.00%
Total other revenues	1,290,505	2.48%	1,110,340	2.04%
Total Operating Revenue	52,079,098	100.00%	54,138,320	100.00%
Operating Expenses:				
Cost of sales and services				
Purchased power	37,029,119	76.98%	39,514,794	78.87%
Operations expenses:				
Distribution Expenses:				
Station expense	77,494	0.16%	75,028	0.15%
Supervision and engineering	95,591	0.20%	98,284	0.20%
Overhead line expense	434,137	0.90%	512,058	1.02%
Street lighting and signal system	53,447	0.11%		
Meter expense	205,423	0.43%	269,458	0.54%
Installation expense	168,742	0.35%	167,252	0.33%
Rents	40,012	0.08%	52,757	0.11%
Miscellaneous	839,542	1.75%	605,940	1.21%
Total Distribution Expense	1,914,388	3.98%	1,780,777	3.56%
Customer accounts expenses:				
Meter reading expense	208,473	0.43%	229,060	0.46%
Customer records and collection	602,194	1.25%	597,687	1.19%
Total customer accounts expenses	810,667	1.69%	826,747	1.65%
Customer service and information expense				
Customer assistance expense	10,612	0.02%	23,820	0.05%
Total customer service and information exp	10,612	0.02%	23,820	0.05%
Sales Expense				
Demostrating and selling	82,068	0.17%	102,291	0.20%
Advertising	14,241	0.03%	18,225	0.04%
Miscellaneous	-	0.00%	53,307	0.11%
Total sales expense	96,309	0.20%	173,823	0.35%
Administrative expenses:				
Salaries	488,892	1.02%	464,003	0.93%
Office supplies and expense	306,019	0.64%	358,069	0.71%
Outside services employed	28,842	0.06%	26,094	0.05%
Insurance	278,374	0.58%	293,319	0.59%
Employee pension and benefits	1,951,586	4.06%	2,109,766	4.21%
Duplicate charge credit	(68,075)	-0.14%	(74,063)	-0.15%
Miscellaneous	64,576	0.13%	57,817	0.12%
Total Administrative Expenses	3,050,214	6.34%	3,235,005	6.46%
Total Operations Expense	5,882,190	12.23%	6,040,172	12.07%

**LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF OPERATING REVENUE AND EXPENSES
ELECTRIC FUND**

For the Years Ended June 30, 2020 and 2019

	<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Maintenance Expenses:				
Distribution Expenses				
Supervision and engineering	\$ 36,278	0.08%	39,902	0.08%
Station equipment	91,950	0.19%	179,805	0.36%
Overhead lines	1,324,448	2.75%	1,198,797	2.39%
Underground lines	15,373	0.03%	22,990	0.05%
Line Transformers	55,719	0.12%	63,346	0.13%
Street Lights and signal system	90,618	0.19%	49,986	0.10%
Meters	2,231	0.00%	(638)	
Outdoor lighting	44,035	0.09%	40,896	0.08%
Total Distributing Expenses	1,660,652	3.45%	1,595,084	3.19%
Administrative expenses:				
Maintenance of general plant	77,928	0.16%	67,961	0.14%
Total Maintenance Expenses	1,738,580	3.61%	1,663,045	3.33%
Total Operations and maintenance expenses	7,620,770	15.84%	7,703,217	15.40%
Provision for depreciation	2,992,358	6.22%	2,449,622	4.89%
Taxes and other	459,044	0.95%	436,700	0.84%
Total operating expenses	\$ 48,101,291	100.00%	50,104,333	100.00%

**LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF OPERATING REVENUE AND EXPENSES
WATER & SEWER FUND
For the Years Ended June 30, 2020 and 2019**

	<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Operating revenues:				
Charges for sales and services				
Metered Sales	\$ 7,272,827	95.01%	7,374,111	95.38%
Total charges for sales and services	7,272,827	95.01%	7,374,111	95.38%
Other Revenue:				
Forfeited discounts	71,881	0.94%	76,491	0.99%
Miscellaneous	152,913	2.00%	128,764	1.67%
Servicing Customer	42,315	0.55%	45,315	0.59%
Tap fees	115,041	1.50%	106,466	1.37%
Total other revenue	382,150	4.99%	357,036	4.62%
Total Operating revenues	7,654,977	100.00%	7,731,147	100.00%
Operating expenses:				
Operations expenses:				
Distribution expenses:				
Station expense	1,326,113	24.68%	1,249,988	24.98%
Miscellaneous	82,412	1.53%	56,339	1.13%
Total Distribution expenses:	1,408,525	26.21%	1,306,327	26.11%
Customer accounts expenses:				
Meter reading expense	125,598	2.34%	101,483	2.03%
Customer records and collection	164,706	3.06%	167,462	2.03%
Total customer and collection exp	290,304	5.40%	268,945	4.06%
Sales Expense				
Demonstrating and selling	10,815	0.20%	13,905	0.28%
Advertising	2,632	0.05%	4,108	0.08%
Total sales expense	13,447	0.25%	18,013	0.36%
Administrative expenses:				
Salaries	316,434	5.89%	303,604	6.07%
Office supplies and expense	202,233	3.76%	226,945	4.54%
Outside services employed	23,331	0.43%	30,131	0.60%
Insurance	29,685	0.55%	23,635	0.47%
Injuries and damages	119,059	2.22%	124,734	2.49%
Employee pension and benefits	461,702	8.59%	103,360	2.07%
Miscellaneous	24,573	0.46%	11,791	0.24%
Total administrative expenses	1,177,017	21.90%	824,200	16.48%
Total operations expenses	2,889,293	53.76%	2,417,485	47.01%
Maintenance expenses:				
Distribution expenses:				
Station equipment	147,928	2.75%	106,390	2.13%
Underground lines	1,064,030	19.80%	1,245,903	24.90%
Total Distribution expenses	1,211,958	22.55%	1,352,293	27.03%
Administrative expenses:				
Maintenance of general plant	29,901	0.56%	30,900	0.62%
Total Maintenance Expense	1,241,859	23.11%	1,383,193	27.65%
Total Operations and maintenance	4,131,152	76.87%	3,800,678	74.66%
Provision for depreciation	1,243,141	23.13%	1,202,304	24.02%
Total Operating Expenses	\$ 5,374,293	100.00%	5,002,982	98.68%

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF OPERATING REVENUE AND EXPENSES
GAS FUND
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Operating revenues:				
Charges for sales and services				
Metered sales	\$ 5,473,280	97.48%	6,045,764	97.79%
Total charges for sales and services	5,473,280	97.48%	6,045,764	97.79%
Other revenue:				
Forfeited discounts	23,911	0.43%	28,658	0.46%
Inspection fee	4,100	0.07%	4,000	0.06%
Line extension charges	32,976	0.59%	23,233	0.38%
Miscellaneous	1,042	0.02%	1,263	0.02%
Rent	45,937	0.82%	45,937	0.74%
Servicing customer	33,570	0.60%	33,770	0.55%
Total other revenue	141,536	2.52%	136,861	2.21%
Total Operating Revenue	5,614,816	100.00%	6,182,625	100.00%
Operating expenses				
Cost of Sales and services				
Purchase of gas	1,910,793	53.61%	2,703,530	73.97%
Operating expenses				
Distribution expenses				
Miscellaneous	50,429	1.41%	42,297	1.16%
Total distribution expense	50,429	1.41%	42,297	1.16%
Customer accounts expenses:				
Meter reading expense	79,469	2.23%	65,544	1.79%
Customer records and collection exp	108,462	3.04%	108,002	2.96%
Total customer account expenses	187,931	5.27%	173,546	4.75%
Sales expense				
Demonstrating and selling	10,052	0.28%	12,293	0.34%
Advertising	1,858	0.05%	2,133	0.06%
Total Sales Expense	11,910	0.33%	14,426	0.40%
Administrative expenses:				
Salaries	172,617	4.84%	193,839	5.30%
Office supplies and expense	111,048	3.12%	130,213	3.56%
Outside services employed	7,835	0.22%	18,801	0.51%
Insurance	7,033	0.20%	6,178	0.17%
Injuries and damages	49,576	1.39%	52,321	1.43%
Employee pension and benefits	70,672	1.98%	(417,896)	-11.43%
Miscellaneous	218,878	6.14%	8,081	0.22%
Total Administrative expenses	637,659	17.89%	(8,463)	-0.24%
Total Operations expenses	887,929	24.91%	221,806	6.07%
Maintenance expenses:				
Distribution expenses:				
Underground lines	406,176	11.40%	410,941	11.25%
Administrative expenses:				
Maintenace of general plant	16,347	0.46%	12,907	0.35%
Total Maintenance expenses	422,523	11.60%	423,848	11.60%
Total Operations and maintenance	1,310,452	36.51%	645,654	17.67%
Provision for depreciation	343,095	9.63%	305,703	8.36%
Total Operating Expenses	\$ 3,564,340	100.00%	3,654,887	100.00%

OTHER REPORT SECTION

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

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GREGORY V. HOWELL

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**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**

To the Mayor and Board of Commissioners
of the City of Lawrenceburg
Lawrenceburg, 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 the City of Lawrenceburg, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated December 7, 2020. We did not audit the financial statements of the discretely presented component unit, and accordingly, express no opinion thereon. Other auditors audited the financial statements of the Business-Type Activities (Enterprise Funds) as described in our report on the City of Lawrenceburg's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency (item 2020-001).

Compliance and Other Matters

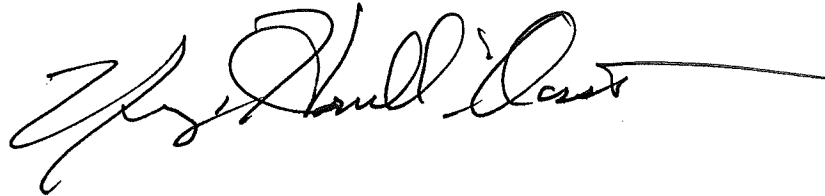
As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* (item 2020-002)

City of Lawrenceburg, Tennessee's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

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 black ink, appearing to read "John Paul Davis", with a long horizontal line extending to the right.

December 7, 2020

City of Lawrenceburg, Tennessee

Schedule of Findings and Recommendations

June 30, 2020

Prior Year Findings

Finding 2020-001

Landfill Charges and Billing

Condition

Personnel at the landfill were responsible for both billing and collection of demolition fees. We recommended these responsibilities be segregated to the extent possible. Subsequently, the actual collection of billings has given to City administration employees at City Hall, however, revenue for landfill charges continue to be recognized on the cash basis as billings continue to be prepared at landfill. Further, it now appears that an employee of the County government may have taken over responsibility of maintaining billing records for certain landfill charges, as the City Sanitation Dept. employee who had been responsible for these records, is no longer employed by the City.

Criteria

As a result of the above condition, general ledger control over charges is not established at the point of billing as required by generally accepted accounting principles.

Potential Effects

The above situation does not optimize internal control over the monthly billing of demolition charges.

Recommendation

We have, in prior years, made recommendations to segregate duties whereby the same individual(s) responsible for billing did not also have access to collections. However, due to the limited number of personnel involved it has been difficult to establish effective accounting controls over the situation.

Current Year Findings

Finding 2020-002

Propriety of Cash Disbursement

Condition

During our examination, we noted a payment being made to First Horizon Bank, the supporting documentation consisted of a copy of a home equity loan document specifying, among other things, the borrower's name and loan payoff amount of \$32,045.77. When questioned about the nature of the expenditure, we were told that it related to an athletic field improvement that was subsequently decided to not be funded by the City. The amount of payment was reimbursed in full by check dated May 12, 2020 issued by a local sports related not-for-profit organization.

Criteria

We question the legal propriety of the transaction.

Potential Effects

The City was reimbursed the full amount of the disbursement, so potential financial significance appears to be minimal.

Recommendation

We recommend the City review its initial decision to make the disbursement without first seeking legal advice on whether it was empowered to do so.

CITY OF LAWRENCEBURG, TENNESSEE

Schedule of Disposition of Prior Year Findings and Questioned Costs

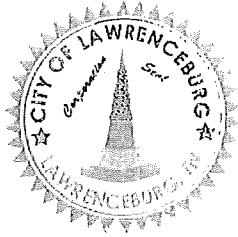
For the Fiscal Year Ended June 30, 2020

Financial Statement Findings

Finding Number	Finding Title	Finding Status
2019-001	Financial Reporting Original Finding #2005-1	Partially Corrected 2020-001
2019-002	Animal Control Facility Original Finding #2019-002	Corrected

Schedule of Federal and State Assistance.

There were no prior year findings in the Schedule of Federal and State Assistance.



Management's Corrective Action Report 12/31/2020

SIGNIFICANT DEFICIENCY

FINDING 2020-001 – SEPARATION OF BILLING AND RECEIVING IN LAWRENCEBURG SANITATION DEPARTMENT

Person Responsible: Sanitation Director G.W. Hyde, City Administrator Chris Shaffer

Date to be implemented: Immediate/Ongoing

Plan of Action:

Please be advised that the City of Lawrenceburg feels that we have taken all reasonable steps to separate billing and collections issues at the Lawrenceburg Sanitation Department. We have established a procedure in which the sanitation department establishes accounts and sends invoices to customers. Those invoices specifically state that payment should be remitted to the administrative offices of the City of Lawrenceburg. Our administrative personnel receive those payments, receipt the money and provide the sanitation department with the information so that accounts may be credited. There are signs in place at the sanitation department as well that state that payments for accounts cannot be accepted at that office.

Customers who only occasionally need such services, or without established accounts do pay in person at the sanitation department. By means of example, a customer that has a small pickup truck with a load of construction debris must cross the scales to determine the tipping fee dumping at the demolition landfill. I cannot imagine a system in which a customer would cross the scales and be billed an amount under \$10.00. The customer would then take the debris and the ticket to the city administrative offices and pay the fee after having it marked as paid. The customer would then return to the sanitation department to off load the debris. This does not seem like a feasible method to collect the occasional cash transaction.

I do not know of any other payments or charges that are paid at the landfill for city services other than the demolition landfill that results in the sanitation department both billing and receiving payment for services.

The City of Lawrenceburg Administrative Department does receive printouts from the Sanitation Department regarding aged accounts. This report contains the total arrearage, so that we are aware of the total of aged accounts. The City of Lawrenceburg has occasionally sent letters to customers, along with the customers invoices demanding payment. While we have not filed suit on any collections matter, we do include that in the letter as an option. Customers are directed to send payment to the administrative offices, and when payment is received we provide that information to sanitation so that they can update their billing information to reflect the correct balance. We believe this separates the billing from the receiving and allows us to manage aged accounts.

MATTER OF NONCOMPLIANCE

FINDING 2021- PROPRIETY OF CASH DISBURSEMENT

Person Responsible: City Attorney Alan Betz, City Administrator Chris Shaffer

Date to be implemented: Immediate/Ongoing

Plan of Action:

City Attorney Alan Betz has provided information regarding the finding involving the propriety of a cash disbursement. Mr. Betz's correspondence provides the details and actions that contributed to this issue. The recommendation to seek legal counsel on such payments in advance was followed, but the problem resulted from "miscommunication on my (Betz) part". We feel confident that we have taken all steps possible that such issues will not happen in the future.

Sincerely,



Chris Shaffer

WHITE & BETZ
ATTORNEYS AT LAW
22 Public Square - Box 488
Lawrenceburg, Tennessee 38464-0488

CHARLES H. WHITE 1941-1986
ALAN C. BETZ

TELEPHONE: (931) 762-9767
FAX: (931) 762-8889
E-MAIL: al@alanbetz.com

December 31, 2020

Yeary, Howell & Associates
Attn: Buddy Yeary
501 East Iris Drive
Nashville, TN 37204-9916

RE: REIMBURSEMENT OF LCHS ATHLETIC IMPROVEMENT FUNDS

Dear Buddy:

Approximately five years ago, the LCHS Baseball Boosters, a Tennessee non-profit corporation went in debt to build a hitting facility/batting cages adjacent to Tom Crews Field and LCHS campus for the benefit of the LCHS baseball program. The debt payoff had been reduced to \$32,045.77 in 2020.

In Lawrence County's most recent bond issue, \$300,000 was earmarked for athletic improvements at the LCHS campus. Those funds were transferred to the City of Lawrenceburg to oversee those improvements and hopefully stretch the funds and to remove the School Board from having to bid and oversee construction of the improvements. There were several meetings to prioritize how the funds would be spent. There was a committee which included the City of Lawrenceburg Sports Council, Lawrence County Director of Schools Johnny McDaniel and LCHS Principal Michael Adkins to prioritize the projects to be completed. The committee recommended paying the outstanding debt from the LCHS improvement funds. Mike Crane, from the LCHS Baseball Boosters, discussed it with me early on and I told him I would try to figure a way to get that debt paid without it being a problem. Due to miscommunication on my part, the City went ahead and paid off the \$32,045.77 to Horizon Bank before I had a chance to determine how or if these bond funds could be used to pay the existing debt.

After reviewing things, the County bond documents required that those funds be spent for capital improvements instead of paying debt for improvements that were already in existence. Payment of the existing debt the way it was done was therefore a problem. After discovering the problem, the LCHS Baseball Boosters and the 2015 Lawrenceburg World Series Inc., which are Tennessee non-profit corporations, reimbursed the City of Lawrenceburg \$32,045.77 on May 14, 2020, which was the amount paid toward the debt. The funds previously paid by the City on the debt were reimbursed and replaced into the LCHS Athletic Improvement Fund.

Please let me know if you have any further questions.

Sincerely yours,
WHITE & BETZ, ATTORNEYS

/s/

Alan C. Betz

ACB/tlw

APPENDIX D

BOND INSURANCE

AND

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company (“BAM”) will issue its Municipal Bond Insurance Policy for the Bonds (the “Policy”). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM’s financial strength is rated “AA/Stable” by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC (“S&P”). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P’s current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM’s total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2021 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$477.7 million, \$156.4 million and \$321.3 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM’s most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM’s website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than

with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading “BOND INSURANCE”.

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM’s analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at www.buildamerica.com/videos. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at www.buildamerica.com/credit-profiles. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.



BAM

**MUNICIPAL BOND
INSURANCE POLICY**

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY (“BAM”), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the “Trustee”) or paying agent (the “Paying Agent”) for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner’s right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner’s rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner’s right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. “Business Day” means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer’s Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. “Due for Payment” means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. “Nonpayment” means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. “Nonpayment” shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. “Notice” means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. “Owner” means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that “Owner” shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIAL MEMBER

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN