

CITY OF LEWISBURG, TENNESSEE

ANNUAL FINANCIAL REPORT

JUNE 30, 2020

CITY OF LEWISBURG, TENNESSEE

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CITY OF LEWISBURG, TENNESSEE

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2020

ELECTED OFFICIALS

Jim Bingham	Mayor
Barbara Medley	City Judge
Bam Haislip	Ward 1
Artie Allen	Ward 2
C.H. Harwell	Ward 3
Jerry Gordon	Ward 4
Nicholas K. Tipper	Ward 5

APPOINTED OFFICIALS

Joe L Beard	City Manager
Donna Park	CMFO/City Treasurer
Pam Davis	City Recorder
Stephen Broadway	City Attorney



INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and City Council
City of Lewisburg
Lewisburg, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lewisburg, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City of Lewisburg, Tennessee'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 Wastewater, Natural Gas and Electric (Enterprise) Funds, which represent 100 percent of the assets, net position, and revenues of the business – type activities of the City. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Water and Wastewater, Natural Gas and Power (Enterprise) Funds, is based solely on the reports 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.

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

Opinions

In our opinion, 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 Lewisburg, 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 5-12 and the schedules of pension and other postemployment benefit information on pages 78-87 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 of Lewisburg, Tennessee's basic financial statements. The introductory section, supplementary information, miscellaneous schedules, and management's corrective action plan are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information, except for that which has been marked "unaudited", has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedure performed as described above, and the report of the other auditors, the supplementary information and miscellaneous schedules, except for that which has been marked "unaudited", are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, the AWWA Free Water Audit Software: Reporting Worksheet, the AWWA Free Water Audit Software: System Attributes and Performance Indicators – “unaudited”, and the management’s corrective action plan have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 9, 2021, on our consideration of the City of Lewisburg, Tennessee’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Lewisburg, Tennessee’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lewisburg, Tennessee’s internal control over financial reporting and compliance.

Wickburg Accounting, LLC

Lewisburg, Tennessee
February 9, 2021

CITY OF LEWISBURG, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2020

As management of the City of Lewisburg, Tennessee (the "City" or the "City of Lewisburg"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of Lewisburg for the fiscal year ended June 30, 2020. This analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds. Please consider the information presented here in conjunction with the City's financial statements.

Financial Highlights

- The assets of the City of Lewisburg exceeded its liabilities at the close of the most recent fiscal year by \$76,517,184 (net position). Of this amount, \$4,117,731 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$2,397,168. Changes totaling an increase of \$2,605,596 within the business-type activities and a decrease of \$208,428 within the government-type activities.
- As of the close of the current fiscal year, the City of Lewisburg's governmental funds reported combined ending fund balances of \$725,722. Approximately 66% of this total amount is available for spending at the government's discretion (unassigned fund balance), although 32% or \$235,633 is designated for specific purposes.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$475,668 or 3.65% of general fund operating expenditures.
- The City of Lewisburg had a net decrease in total long-term debt of \$568,319 during the current fiscal year. Long-term liabilities related to compensated absences, net pension obligation and other post-employment benefits decreased \$253,304 (net).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Lewisburg's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. 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 of Lewisburg's finances, in a manner similar to a private-sector business.

The government-wide financial statements are:

- **Statement of Net Position** – presents information on all of the City of Lewisburg's assets and deferred outflows and liabilities and deferred inflows, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Lewisburg is improving or deteriorating.
- **Statement of Activities** – presents information showing how the City's net position changed during the most recent fiscal year. All current year revenues and expenses are taken into account 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).

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 Lewisburg include general government, public safety, public works (roads, streets, and airports), parks and recreation, community service and industrial recruitment. The business-type activities of the City of Lewisburg include the water and wastewater, gas and electric systems.

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund financial statements: A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lewisburg, 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 of Lewisburg can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Governmental funds are 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, governmental 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 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 balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City of Lewisburg maintains three governmental funds. With the adoption of Governmental Accounting Standard No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City passed an Ordinance declaring Sanitation as a Special Revenue Fund. The General Fund Statement of Revenues, Expenditures and Changes in Fund Balances Budget to Actual are on pages 19 – 24 and the Drug Fund, Sanitation Fund, and E-Citation Fund are reported as Individual Non-major Funds on pages 90 – 92.

The basic governmental funds financial statements can be found on pages 15 – 18 of this report.

Proprietary funds – There is 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 of Lewisburg uses enterprise funds to account for activities in its Lewisburg Water and Wastewater, Lewisburg Gas and Lewisburg Electric systems.

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 utilities, all three of which are considered to be major funds of the City of Lewisburg.

The basic proprietary fund financial statements can be found on pages 25 – 27 of this report.

Fiduciary funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Lewisburg's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City of Lewisburg has two fiduciary funds, City of Lewisburg Defined Benefit Pension Trust and the Donations in Trust which can be found on pages 28 – 29 of this report. The Water and Wastewater Fund also has a Defined Benefit Pension Trust.

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 30 – 77 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The City of Lewisburg 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. In addition, the City of Lewisburg's progress in funding its obligation to provide pension benefits to its employees is presented. Required supplementary information can be found on pages 78 – 87 of this report.

Combining and Individual Fund Statement and Schedules: The Non-major Governmental Fund, Schedule of Revenues, Expenditures and Changes in Fund Balance referred to earlier is presented immediately following the required supplementary information.

Government-wide Financial Analysis (The City as a Whole)

Net Position: Net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Lewisburg, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$76,512,386 as of June 30, 2020, an increase of \$2,400,170 or 3.2 percent, from last year.

The largest portion of the City of Lewisburg's net position (94%) reflects its investments in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. The City of Lewisburg uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Lewisburg's investment in 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.

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 6,610,022	\$ 5,957,760	\$ 35,093,150	\$ 32,996,662	\$ 41,703,172	\$ 38,954,422
Capital Assets	22,807,679	23,421,574	68,245,929	67,280,505	91,053,608	90,702,079
Total Assets	29,417,701	29,379,334	103,339,079	100,277,167	132,756,780	129,656,501
Deferred Outflows of resources	1,304,802	1,323,461	1,923,175	2,134,608	3,227,977	3,458,069
Long-term liabilities outstanding	25,218,988	26,040,614	17,435,559	17,359,128	42,654,547	43,399,742
Other liabilities	551,972	396,719	4,968,706	5,845,609	5,520,678	6,242,328
Total Liabilities	25,770,960	26,437,333	22,404,265	23,204,737	48,175,225	49,642,070
Deferred inflows of resources	8,031,962	7,140,455	3,265,184	2,219,829	11,297,146	9,360,284
Net position:						
Net Investment in Capital Assets	20,331,141	20,584,131	51,832,679	52,188,613	72,163,820	72,772,744
Restricted	235,633	184,715	-	-	235,633	184,715
Unrestricted	(23,642,395)	(23,643,839)	27,760,126	24,798,596	4,117,731	1,154,757
Total Net position	\$ (3,075,621)	\$ (2,874,993)	\$ 79,592,805	\$ 76,987,209	\$ 76,517,184	\$ 74,112,216

At the end of the current fiscal year, the City of Lewisburg is able to report a positive balance in the business-type activity category of net position only. The governmental activity shows a negative balance due mainly to the OPEB liability.

Changes in Net Position: Governmental activities decreased the City's net position by \$208,428 while Business-type activities increased the City's net position by \$2,605,596 resulting in a net increase of \$2,397,168. Key elements of this increase are as follows:

- Reductions to net position of the government activities resulted from expenditures exceeding revenues.
- Changes in the deferred outflows and inflows of resources is primarily due to the changes in pension and OPEB activities.
- Depreciation expense of \$1,190,266 in governmental activities and \$3,449,937 business-type activities was also a factor in the overall change in net position.

Condensed Statement of Changes in Net Position

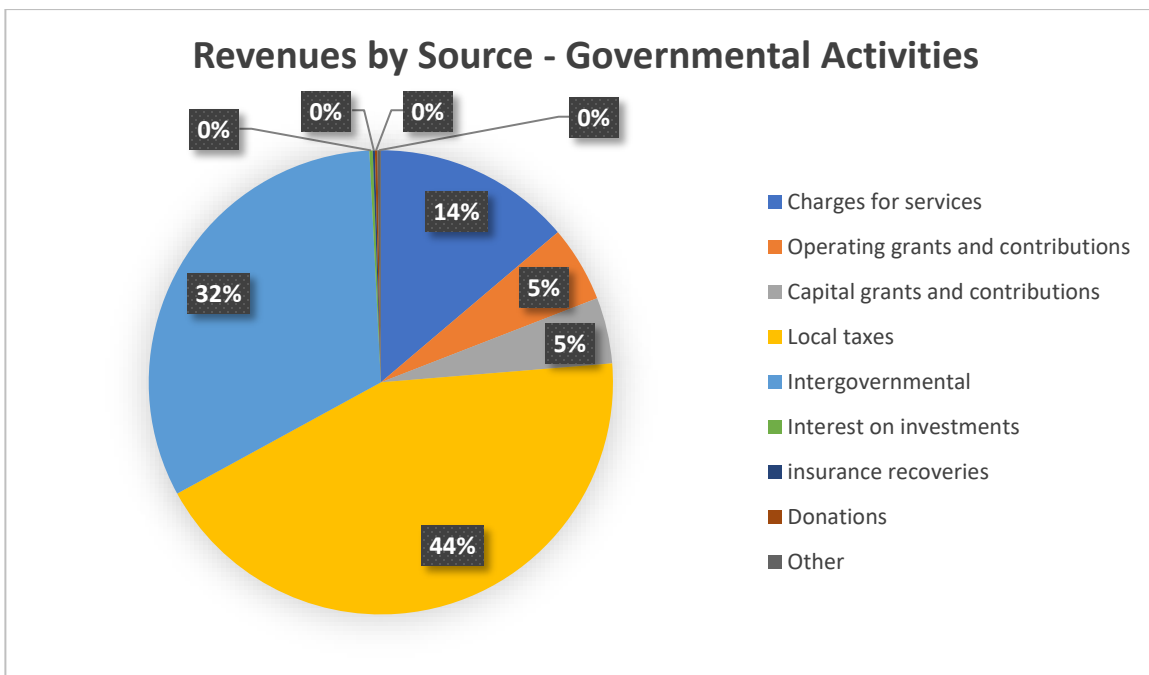
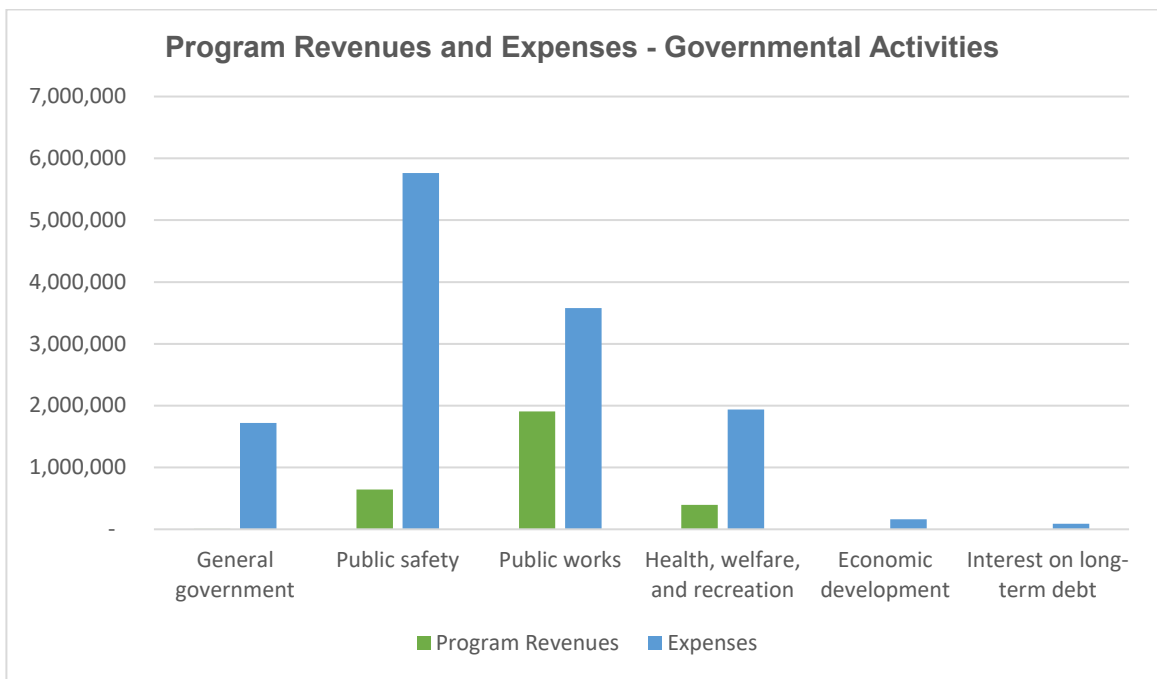
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues						
Program Revenues						
Charges of services	\$ 1,721,516	\$ 1,933,159	\$ 38,508,647	\$ 41,911,454	\$ 40,230,163	\$ 43,844,613
Operating grants and contributions	659,999	701,486	-	-	659,999	701,486
Capital grants and contributions	573,521	491,009	135,067	604,389	708,588	1,095,398
General Revenues						
Local taxes	5,404,581	5,504,219	-	-	5,404,581	5,504,219
Intergovernmental	4,011,337	3,690,899	-	-	4,011,337	3,690,899
Interest on investments	28,937	28,896	272,677	339,491	301,614	368,387
Insurance recoveries	18,464	165,317	-	-	18,464	165,317
Gain or (loss) on sale of assets	3,314	(181,983)	2,170	44,165	5,484	(137,818)
Donations	21,145	26,028	-	-	21,145	26,028
Other	29,710	30,517	57,804	29,252	87,514	59,769
Total revenues	12,472,524	12,389,547	38,976,365	42,928,751	51,448,889	55,318,298
Expenses						
General government	1,718,538	1,954,630	-	-	1,718,538	1,954,630
Public safety	5,763,873	6,486,595	-	-	5,763,873	6,486,595
Public works	3,577,020	3,838,390	-	-	3,577,020	3,838,390
Health, welfare and recreation	1,939,785	2,154,306	-	-	1,939,785	2,154,306
Economic development	163,556	189,865	-	-	163,556	189,865
Interest on long-term debt	92,003	82,527	-	-	92,003	82,527
Water and wastewater system	-	-	6,661,363	6,567,654	6,661,363	6,567,654
Gas system	-	-	4,928,016	5,912,482	4,928,016	5,912,482
Electric system	-	-	24,207,567	26,762,851	24,207,567	26,762,851
	13,254,775	14,706,313	35,796,946	39,242,987	49,051,721	53,949,300
Changes in net position before transfers	(782,251)	(2,316,766)	3,179,419	3,685,764	2,397,168	1,368,998
Transfers	573,823	611,883	(573,823)	(611,883)	-	-
Change in net position	(208,428)	(1,704,883)	2,605,596	3,073,881	2,397,168	1,368,998
Net position at beginning of year - as originally stated	(2,874,993)	(1,218,970)	76,987,209	73,913,328	74,112,216	72,694,358
Prior period adjustments	7,800	48,860	-	-	7,800	48,860
Net position at beginning of year - as restated	(2,867,193)	(1,170,110)	76,987,209	73,913,328	74,120,016	72,743,218
Net position at end of year	<u>\$ (3,075,621)</u>	<u>\$ (2,874,993)</u>	<u>\$ 79,592,805</u>	<u>\$ 76,987,209</u>	<u>\$ 76,517,184</u>	<u>\$ 74,112,216</u>

Governmental Activities: Current fiscal year revenues and transfers for the City's governmental activities were \$13,046,347 compared to \$13,001,430 last year. Expenses for the same period were \$13,254,775 compared \$14,706,313 last year.

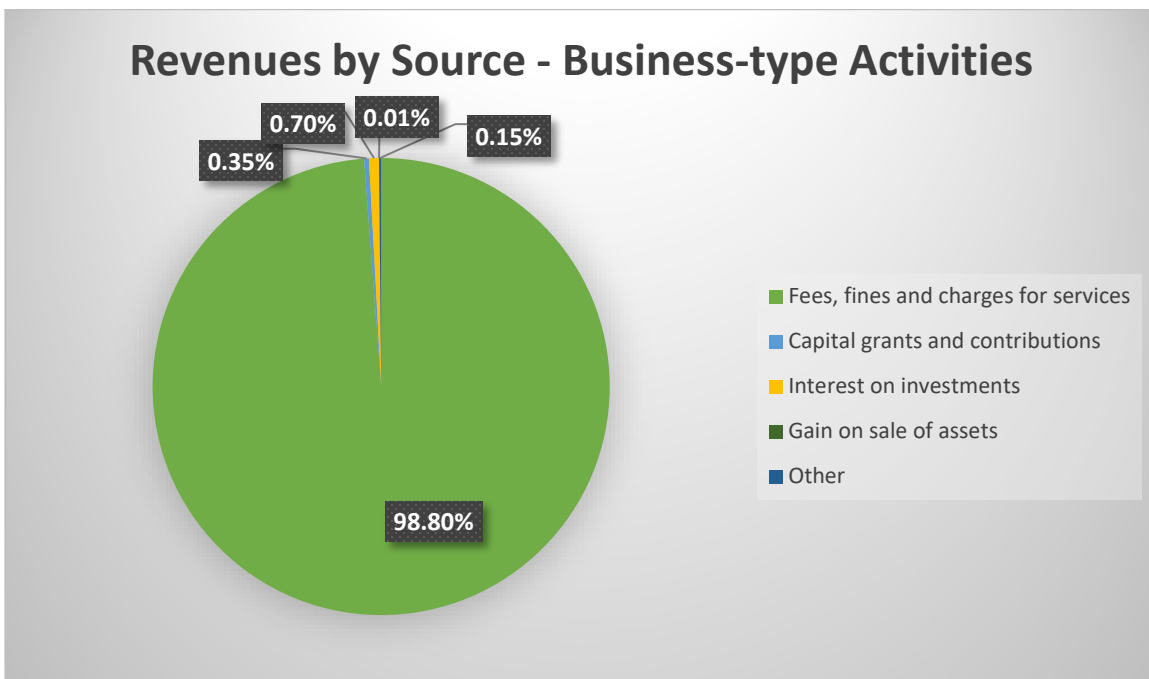
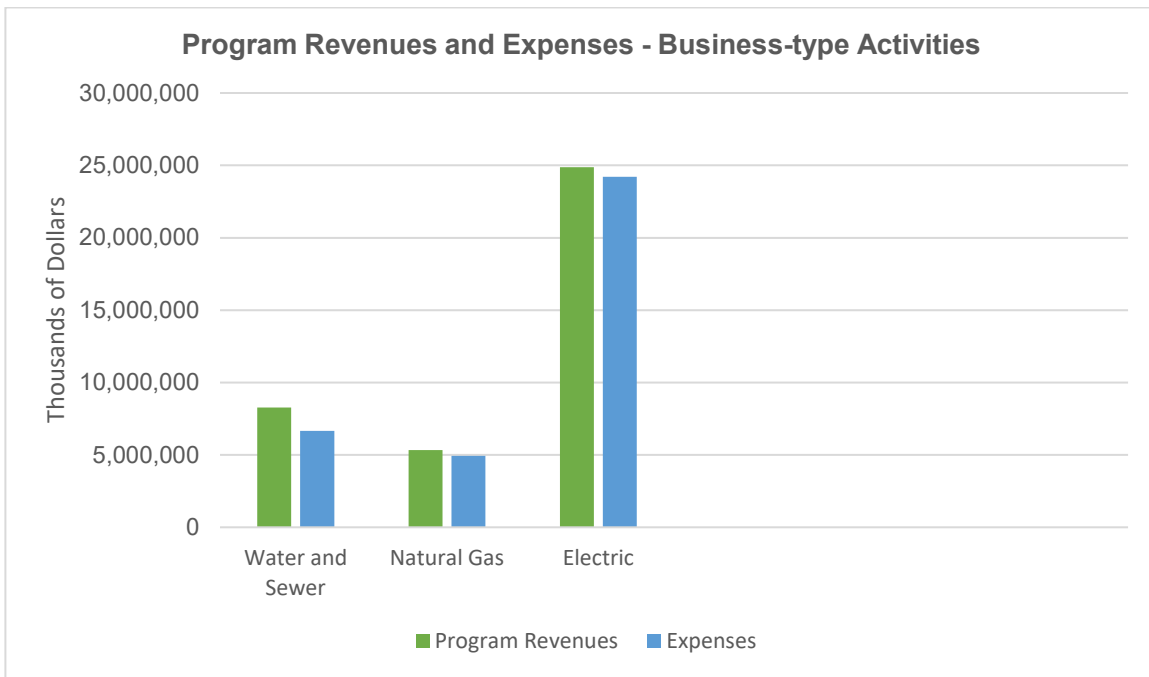
General and program revenue experienced a mixture of increases and decreases for the year; most notable of which are discussed below.

- Capital and operating grants and contributions remained comparable from prior to current year.
- Loss on sale of assets was \$181,983 in the prior year compared to a gain in the current year of \$3,314.
- The City had insurance recoveries in the prior year of \$165,317 compared to \$18,464 in the current year.
- Health, welfare and recreation charges for service revenue was \$553,863 in the prior year compared to the current year revenue of \$373,696. This decrease is primarily due to Covid-19.

Expenses in governmental activities decreased by \$1,451,538. The most noticeable decrease involved the public safety expenses, with a decrease of \$722,722 in this department.



Business-type activities: Business-type activities increased the City's net position by \$2,605,596. Both revenues and expenses decreased from the prior year.



Financial Analysis of the Government's Funds

The following provides a more detailed analysis of the City's funds.

Governmental funds: The focus of the City'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.

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$725,722, an increase of \$39,934, in comparison with the prior year decrease of \$1,457,597.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$475,668, while total fund balance reached \$615,089. Other categories of fund balance for the General Fund were non-spendable of \$14,421; restricted or various reasons of \$125,000.

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

The Water and Sewer Fund net position at the end of the year amounted to \$33,074,977, which was a total increase of \$1,785,018 the prior year. This is primarily due to an increase in water and sewer rates.

The Natural Gas Fund's net position at the end of the year amounted to \$19,494,181 which was a total increase of \$414,531 from the prior year. The increase was due to a planned (budgeted) increase in net position from profits.

The Electric System's net position at the end of the year was \$27,023,647 which was a total increase of \$406,047 from the prior year. This represents a realization of the effective rate design maintained by management.

General Fund Budgetary Highlights

The City made various amendments to the budget during the year. The difference between the original and final budget for revenues increased by \$87,500. The difference between the original and final budget for expenditures increased by \$1,751,510. One of the largest changes was an increase in the budgeted amount of principal to be paid on short term debt.

The General Fund revenues were lower than budget by \$672,397. The largest difference in budget to actual revenues occurred in recreational revenues. Those revenues came in \$199,803 lower than the anticipated budget amount. This is primarily due to the effects of Covid-19.

General Fund expenditures were lower than budget by \$230,013. The variances were due to lower cost associated with concerted efforts of the City government to control cost. Also, the City adopted a managed competition focus whereby the City looks at dollar savings and efficiency of City services.

Capital Asset and Debt Administration

Capital assets: At the end of the current fiscal year, the City had \$91,053,608 (net of accumulated depreciation) invested in capital assets for its governmental and business-type activities. This investment in capital assets includes land, buildings, improvements, equipment, vehicles, construction in progress and other infrastructure. The total increase in the City's investment in capital assets for the current fiscal year was \$351,529 (net of depreciation expense). Depreciation expense for the year was \$4,640,203. Additional information on capital assets is in Note 3.C.

Debt: At the end of the current fiscal year, the City had total debt outstanding of \$16,648,373. Of the total outstanding debt 14% belongs to governmental activities and 86% to the Water and Sewer Fund. Additional information on debt is in Note 3.E.

Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing the City's budget for the 2021 fiscal year are discussed fully in the budget document and include:

- The City uses conservative revenue forecasts for budgeting purposes. The primary source of funds remains property taxes. The potential impact of economic conditions in the area has been taken into consideration in projecting resources.
- Property tax revenues were projected higher as a \$0.15 property tax increase was implemented; personal business property projections remained lower due to the State Assessed Properties using a factor of .82 for personal business property. The property tax rate for FY2021 is set at \$1.84 per hundred of assessed valuation.
- Sales tax and other state shared revenue are projected to decrease as economic growth is uncertain due to the unknown effects of the Corona virus. While inflationary trends in the region compare favorably to national indices, the City has proposed FY2021 decreases in sales tax revenues from FY2020 levels.
- The City is continuing to monitor operations of its Water and Sewer Fund to determine if increased user fees or cost containment measures should be initiated in the near term.
- The City adopted a General Fund operating budget of \$12,065,750 for FY2021 which is a \$1,737,500 decrease from the FY2020 General Fund budget of \$13,803,250. There is no scheduled use of unassigned fund balance in FY2021. At June 30, 2020 the unassigned fund balance in the General Fund was \$615,089.

Requests for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Lewisburg
Attn: Donna J. Park
131 E Church St
Lewisburg, TN 37091
931-359-1544
donna.park@lewisburgtn.gov

CITY OF LEWISBURG, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents:			
Unrestricted	\$ 349,853	\$ 28,618,360	\$ 28,968,213
Restricted	-	2,128,408	2,128,408
Investments	-	82,154	82,154
Receivables			
Property taxes	5,340,334	-	5,340,334
Other governments	737,069	-	737,069
Grants receivable	20,319	-	20,319
Customers	-	2,037,329	2,037,329
Others	150,414	94,158	244,572
Energy service loans receivable	-	32,045	32,045
Unbilled receivables	-	1,290,397	1,290,397
Inventory of Supplies	14,421	783,009	797,430
Prepaid Expenses	4,014	13,844	17,858
Unamortized cost of lease and other assets	-	13,446	13,446
Capital assets, being depreciated, net	16,518,221	66,669,415	83,187,636
Capital assets, not being depreciated	6,289,458	1,576,514	7,865,972
TOTAL ASSETS	29,424,103	103,339,079	132,763,182
DEFERRED OUTFLOWS OF RESOURCES			
OPEB Plan	580,008	247,648	827,656
Deferred charge on refunding of debt	-	493,761	493,761
Pension Plans	724,794	1,181,766	1,906,560
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,304,802	1,923,175	3,227,977
LIABILITIES			
Accounts Payable	356,872	2,160,657	2,517,529
Accrued liabilities	156,803	130,876	287,679
Accrued interest	3,208	15,592	18,800
Unearned revenues	36,693	-	36,693
Customer deposits	-	74,926	74,926
Accrued payroll and vacation	-	374,987	374,987
Compensated absences	-	67,578	67,578
Post employment benefit obligation	-	15,682	15,682
Payable from restricted assets:			
Customer deposits	-	2,128,408	2,128,408
Noncurrent liabilities:			
Net pension liability	4,843,019	1,723,296	6,566,315
Net OPEB liability	17,899,431	858,007	18,757,438
Compensated absences	-	441,981	441,981
Energy service loans - advances	-	33,026	33,026
Due within one year	578,553	1,234,244	1,812,797
Due in more than one year	1,897,985	13,145,005	15,042,990
TOTAL LIABILITIES	25,772,564	22,404,265	48,176,829
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	4,704,864	-	4,704,864
Deferred tap fee revenue	-	11,700	11,700
Deferred regulatory liability	-	2,034,001	2,034,001
OPEB plan	2,378,903	236,816	2,615,719
Pension plan	948,195	982,667	1,930,862
TOTAL DEFERRED INFLOWS OF RESOURCES	8,031,962	3,265,184	11,297,146
NET POSITION			
Net investment in capital assets	20,331,141	51,832,679	72,163,820
Restricted for:			
Public safety	36,555	-	36,555
Sanitation	74,078	-	74,078
Local grants	25,000	-	25,000
Cemetery maintenance	100,000	-	100,000
Unrestricted	(23,642,395)	27,760,126	4,117,731
TOTAL NET POSITION	\$ (3,075,621)	\$ 79,592,805	\$ 76,517,184

CITY OF LEWISBURG, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	Program Revenues				Net (Expense) Revenues and Changes in Net Position		Total
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	
Primary government:							
Governmental activities:							
General government	\$ 1,718,538	\$ 7,475	\$ 2,000	\$ -	\$ (1,709,063)	\$ -	\$ (1,709,063)
Public Safety	5,763,873	241,485	254,631	147,953	(5,119,804)	-	(5,119,804)
Public works	3,577,020	1,098,860	401,571	405,568	(1,671,021)	-	(1,671,021)
Health, welfare, and recreation	1,939,785	373,696	1,797	20,000	(1,544,292)	-	(1,544,292)
Economic development	163,556	-	-	-	(163,556)	-	(163,556)
Interest on long-term debt	92,003	-	-	-	(92,003)	-	(92,003)
Total governmental activities	13,254,775	1,721,516	659,999	573,521	(10,299,739)	-	(10,299,739)
Business-type activities:							
Water and wastewater	6,661,363	8,283,763	-	32,799	-	1,655,199	1,655,199
Natural gas	4,928,016	5,343,433	-	102,268	-	517,685	517,685
Electric	24,207,567	24,881,451	-	-	-	673,884	673,884
Total business-type activities	35,796,946	38,508,647	-	135,067	-	2,846,768	2,846,768
Total primary government	\$ 49,051,721	\$ 40,230,163	\$ 659,999	\$ 708,588	(10,299,739)	2,846,768	(7,452,971)
General Revenues							
Property taxes					5,404,581	-	5,404,581
Sales and use taxes					3,652,605	-	3,652,605
Business taxes					244,758	-	244,758
Public service taxes					113,974	-	113,974
Investment earnings					28,937	272,677	301,614
Insurance recoveries					18,464	-	18,464
Loss on sale of assets					3,314	2,170	5,484
Donations					21,145	-	21,145
Other					29,710	57,804	87,514
Transfers					573,823	(573,823)	-
Total general fund revenues and transfers					10,091,311	(241,172)	9,850,139
Change in net position					(208,428)	2,605,596	2,397,168
Net position at beginning of year, as originally stated					(2,874,993)	76,987,209	74,112,216
Prior period adjustment					7,800	-	7,800
Net position at beginning of year, as restated					(2,867,193)	76,987,209	74,120,016
Net position at end of year					\$ (3,075,621)	\$ 79,592,805	\$ 76,517,184

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

ASSETS	General	Other Governmental Funds	Total
Cash and cash equivalents	\$ 303,836	\$ 46,017	\$ 349,853
Taxes receivable	5,340,334	-	5,340,334
Due from other governments	737,069	-	737,069
Grants receivable	20,319	-	20,319
Other receivables	68,081	82,333	150,414
Inventory - airport	14,421	-	14,421
Due from other funds	16,435	-	16,435
Prepaid insurance	4,014	-	4,014
Total assets	<u>\$ 6,504,509</u>	<u>\$ 128,350</u>	<u>\$ 6,632,859</u>
LIABILITIES			
Accounts payable	355,590	1,282	356,872
Accrued liabilities	156,803	-	156,803
Unearned revenue	36,693	-	36,693
Due to other funds	-	16,435	16,435
Total liabilities	<u>549,086</u>	<u>17,717</u>	<u>566,803</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	<u>5,340,334</u>	<u>-</u>	<u>5,340,334</u>
	<u>5,340,334</u>	<u>-</u>	<u>5,340,334</u>
FUND BALANCE			
<i>Nonspendable</i>			
Inventory	14,421	-	14,421
<i>Restricted</i>			
Public safety	-	36,555	36,555
Solid waste collection	-	74,078	74,078
Local grant activities	25,000	-	25,000
Cemetery maintenance	100,000	-	100,000
<i>Unassigned</i>	<u>475,668</u>	<u>-</u>	<u>475,668</u>
Total fund balances	<u>615,089</u>	<u>110,633</u>	<u>725,722</u>
Total liabilities, deferred inflows, of resources, and fund balances	<u>\$ 6,504,509</u>	<u>\$ 128,350</u>	<u>\$ 6,632,859</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2020

Total fund balance - total governmental funds	\$	725,722
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		22,807,679
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are not deferred in the funds.		635,470
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Deferred grant revenues on the governmental fund statements that is recognized as income on the government-wide statements		
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Liabilities for accrued interest are not due and payable currently and not recorded in the governmental funds		(3,208)
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Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds:

Long-term debt payable	(2,256,267)	
Bond premiums	(12,857)	
Compensated absences	(207,414)	
Net pension obligation	(4,843,019)	
Deferred outflows or resources - pension	724,794	
Deferred inflows or resources - pension	(948,195)	
Total OPEB obligations	(17,899,431)	
Deferred outflows or resources - OPEB	580,008	
Deferred inflows or resources - OPEB	<u>(2,378,903)</u>	
		<u>(27,241,284)</u>

Net position of governmental activities	\$	<u>(3,075,621)</u>
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The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 7,824,168	\$ -	\$ 7,824,168
Intergovernmental	2,399,280	-	2,399,280
License and permits	5,375	-	5,375
City court fines and vehicle fees	231,341	10,680	242,021
Charges for services	686,172	773,286	1,459,458
Miscellaneous	57,017	9,855	66,872
Total revenues	<u>11,203,353</u>	<u>793,821</u>	<u>11,997,174</u>
Expenditures			
General government	1,533,200	-	1,533,200
Public safety	5,052,864	10,522	5,063,386
Public works	2,152,465	820,745	2,973,210
Health, welfare, and recreation	1,591,265	-	1,591,265
Economic development	154,583	-	154,583
Debt service	1,961,325	-	1,961,325
Capital outlay	576,372	-	576,372
Total expenditures	<u>13,022,074</u>	<u>831,267</u>	<u>13,853,341</u>
Revenues Over (Under) Expenditures	<u>(1,818,721)</u>	<u>(37,446)</u>	<u>(1,856,167)</u>
Other financing sources and (uses)			
Transfers in	573,823	90,343	664,166
Transfers out	(90,343)	-	(90,343)
Proceeds from debt	1,300,500	-	1,300,500
Sale of general capital assets	3,314	-	3,314
Insurance recoveries	18,464	-	18,464
Total other financing sources and (uses)	<u>1,805,758</u>	<u>90,343</u>	<u>1,896,101</u>
Net Change In Fund Balance	<u>(12,963)</u>	<u>52,897</u>	<u>39,934</u>
Fund Balance at Beginning of Year, as originally stated	620,252	57,736	677,988
Prior period adjustments	<u>7,800</u>	<u>-</u>	<u>7,800</u>
Fund Balance at Beginning of Year, as restated	<u>628,052</u>	<u>57,736</u>	<u>685,788</u>
Fund Balance at End of Year	<u><u>\$ 615,089</u></u>	<u><u>\$ 110,633</u></u>	<u><u>\$ 725,722</u></u>

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Net change in fund balances - total governmental funds **\$ 39,934**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. while However, in the government-wide statement of activities and changes in net position, the costs of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded for the current period.	576,372
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in the government funds.	(1,190,266)
Governmental funds do not record net pension, OPEB liabilities, or deferred inflows/outflows of resources related to pensions or OPEB. However, the government wide statement of activities and changes in net assets reports the effects of these items.	(652,515)
The repayment of principal of long-term debt consumes the current financial resources of governmental funds. However, it has no no effect on net position.	1,864,533
Some expenses reported in the statement of activities do not require the use of current financial resources, therefore, they are not reported as expenditures in governmental funds. (accrued interest, compensated absences, bond amortization)	442
Debt proceeds are recorded on the governmental funds as revenue, but the government-wide statement of activities and changes in net position does not report debt proceeds as revenue.	(1,300,500)
Amounts recognized as revenues in the current year on the governmental funds but were recognized in the government-wide statement of activities in the prior year.	(5,903)
Some revenues will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues in the governmental funds.	459,475

Change in net position of governmental activities	\$ (208,428)
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The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Taxes				
Property	\$ 4,900,000	\$ 4,900,000	\$ 4,788,109	\$ (111,891)
Local sales tax	2,000,000	2,000,000	1,925,509	(74,491)
Tax equivalents payments	800,000	150,000	156,997	6,997
Interest and penalty - real estate tax	25,000	25,000	27,583	2,583
Business tax	290,000	290,000	244,758	(45,242)
Wholesale beer tax	500,000	500,000	410,517	(89,483)
Wholesale liquor tax	150,000	150,000	156,721	6,721
Beer privilege tax	10,000	10,000	6,308	(3,692)
Franchise tax	110,000	110,000	107,666	(2,334)
Total taxes	<u>8,785,000</u>	<u>8,135,000</u>	<u>7,824,168</u>	<u>(310,832)</u>
Intergovernmental				
State revenues				
Sales tax	1,050,000	1,050,000	1,011,266	(38,734)
Telecommunication tax	-	-	13,114	13,114
Income tax	40,000	40,000	25,917	(14,083)
Streets and transportation	23,000	23,000	22,037	(963)
Gasoline and motor fuel tax	330,000	330,000	200,584	(129,416)
Gas tax 1989	-	-	32,441	32,441
Gas tax 3 cent	-	-	60,111	60,111
2017 gasoline tax	100,000	100,000	101,343	1,343
Corporate excise tax	60,000	60,000	60,987	987
Mixed drink tax	23,000	23,000	21,337	(1,663)
Beer tax	-	-	5,200	5,200
Police salary supplement	-	-	24,800	24,800
Fire salary supplement	-	-	8,800	8,800
Other local grants	-	-	23,797	23,797
State and federal grant funds	<u>225,000</u>	<u>774,000</u>	<u>787,546</u>	<u>13,546</u>
Total intergovernmental revenues	<u>1,851,000</u>	<u>2,400,000</u>	<u>2,399,280</u>	<u>(720)</u>
Licenses and permits				
Sign permits	-	1,000	1,650	650
Other permits	<u>-</u>	<u>3,000</u>	<u>3,725</u>	<u>725</u>
	<u>-</u>	<u>4,000</u>	<u>5,375</u>	<u>1,375</u>
City court fines and vehicle fees	<u>317,200</u>	<u>319,200</u>	<u>231,341</u>	<u>(87,859)</u>
Charges for services				
Airport revenue	365,500	365,500	325,038	(40,462)
Recreation revenue and fees	530,150	530,150	330,347	(199,803)
Cemetery revenue	<u>34,000</u>	<u>34,000</u>	<u>30,787</u>	<u>(3,213)</u>
Total charges for services	<u>929,650</u>	<u>929,650</u>	<u>686,172</u>	<u>(243,478)</u>
Miscellaneous				
Rabies control	35,000	35,000	12,562	(22,438)
Rent revenues	3,300	3,300	2,100	(1,200)
Interest income	10,000	10,000	1,292	(8,708)
Sale of scrap materials	5,000	5,000	3,870	(1,130)
Contributions	-	6,000	21,145	15,145
Miscellaneous revenues	<u>27,100</u>	<u>28,600</u>	<u>16,048</u>	<u>(12,552)</u>
Total miscellaneous	<u>80,400</u>	<u>87,900</u>	<u>57,017</u>	<u>(30,883)</u>
Total revenues	<u>11,963,250</u>	<u>11,875,750</u>	<u>11,203,353</u>	<u>(672,397)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Expenditures				
General government				
Salaries	556,594	561,394	567,157	(5,763)
Payroll taxes	36,585	36,945	42,588	(5,643)
Employee health insurance	182,857	177,857	150,948	26,909
Retirement	78,359	79,609	77,012	2,597
Advertising	4,000	4,000	3,357	643
Dues and subscriptions	10,000	10,000	13,583	(3,583)
Utilities	22,000	22,000	23,954	(1,954)
Professional services	175,000	225,000	190,713	34,287
Insurance	340,000	340,000	349,256	(9,256)
Computer expenses	5,000	5,000	10,397	(5,397)
Supplies	20,000	20,000	16,793	3,207
Court supplies	20,000	20,000	8,614	11,386
Building expense	25,000	25,000	16,401	8,599
Vehicle expense	2,250	2,250	1,176	1,074
Travel	10,000	10,000	510	9,490
Miscellaneous	500	500	-	500
Traffic fees to the State	80,000	80,000	60,284	19,716
Grant expenses	-	-	457	(457)
Total general government	1,568,145	1,619,555	1,533,200	86,355
Public safety				
Police department				
Salaries	1,787,322	1,687,322	1,711,706	(24,384)
Payroll taxes	124,895	117,245	127,060	(9,815)
Employee health insurance	588,345	506,345	497,768	8,577
Retirement	234,713	234,713	213,350	21,363
Police school expense	20,000	20,000	7,563	12,437
Sex offender expense	2,000	2,000	2,046	(46)
Utilities	40,000	40,000	45,403	(5,403)
Repairs and maintenance	26,000	41,000	46,543	(5,543)
Vehicle expense	20,000	20,000	21,756	(1,756)
Prisoner care expense	30,000	30,000	37,666	(7,666)
Supplies	35,000	35,000	30,231	4,769
Uniforms	20,000	20,000	14,358	5,642
Fuel expense	50,000	50,000	54,576	(4,576)
Miscellaneous	1,000	1,000	1,287	(287)
Grant expenses	-	-	1,642	(1,642)
Total police department	2,979,275	2,804,625	2,812,955	(8,330)
Fire department				
Salaries	1,151,035	1,151,035	1,199,085	(48,050)
Payroll taxes	77,115	77,115	86,643	(9,528)
Employee health insurance	507,082	463,082	486,948	(23,866)
Retirement	142,993	142,993	132,765	10,228
Fire school expense	4,000	4,000	1,220	2,780
Utilities	25,000	25,000	26,906	(1,906)
Repairs and maintenance	5,500	5,500	5,761	(261)
Vehicle expense	10,000	10,000	23,166	(13,166)
Supplies	35,000	35,000	21,284	13,716
Uniforms	4,000	4,000	477	3,523
Fuel expense	8,000	8,000	9,245	(1,245)
Grant expenses	-	156,600	229	156,371
Capital outlay	-	-	155,740	(155,740)
Total fire department	1,969,725	2,082,325	2,149,469	(67,144)

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Expenditures				
Public safety(continued)				
Building inspector				
Salaries	133,198	112,198	94,270	17,928
Payroll taxes	8,877	7,277	6,969	308
Employee health insurance	15,973	12,473	18,277	(5,804)
Retirement	17,154	15,904	13,312	2,592
Utilities	700	700	1,051	(351)
Supplies	15,000	15,000	5,493	9,507
Vehicle expense	350	350	1,356	(1,006)
Fuel expense	1,200	1,200	769	431
Total building inspector	192,452	165,102	141,497	23,605
Animal control				
Salaries	67,294	67,294	56,974	10,320
Payroll taxes	4,768	4,768	4,306	462
Employee health insurance	13,568	19,568	18,707	861
Retirement	4,967	4,967	4,968	(1)
Utilities	6,500	6,500	6,412	88
Vet expense	13,000	13,000	7,343	5,657
Repairs and maintenance	10,000	10,000	201	9,799
Vehicle expense	500	500	155	345
Supplies	4,500	4,500	4,135	365
Fuel expense	2,000	2,000	1,482	518
Capital outlay	-	12,000	11,870	130
Total animal control	127,097	145,097	116,553	28,544
Total public safety	5,268,549	5,197,149	5,220,474	(23,325)
Public works				
Shop				
Salaries	115,243	115,243	104,521	10,722
Payroll taxes	7,574	7,574	8,348	(774)
Employee health insurance	49,201	46,201	43,940	2,261
Retirement	16,236	16,236	16,232	4
Utilities	13,000	13,000	12,160	840
Vehicle expense	500	500	947	(447)
Fuel expense	3,000	3,000	1,232	1,768
Supplies	1,000	1,000	6,444	(5,444)
Total shop	205,754	202,754	193,824	8,930

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Expenditures(continued)				
Public works(continued)				
Highways and streets				
Salaries	663,641	612,641	585,994	26,647
Payroll taxes	44,324	40,424	43,814	(3,390)
Employee health insurance	240,992	225,992	224,018	1,974
Retirement	84,240	84,240	83,106	1,134
Repairs and maintenance - equipment	10,000	10,000	35,925	(25,925)
Repairs and maintenance - sidewalks	-	3,000	1,874	1,126
Vehicle expense	42,000	42,000	31,864	10,136
Storm water program	30,000	30,000	32,870	(2,870)
Supplies	80,000	80,000	60,452	19,548
Fuel expense	35,000	35,000	31,507	3,493
State street aid costs	360,000	360,000	364,999	(4,999)
Appropriation of State of TN funds	22,000	22,000	20,954	1,046
Miscellaneous	1,000	1,000	1,359	(359)
Capital outlay - State of TN contracts	-	6,500	-	6,500
Capital outlay	-	-	59,941	(59,941)
Total highways and streets	1,613,197	1,552,797	1,578,677	(25,880)
Airport				
Salaries	56,650	56,650	57,302	(652)
Payroll taxes	3,684	3,684	4,187	(503)
Employee health insurance	33,729	31,729	29,429	2,300
Retirement	8,498	8,498	8,497	1
Utilities	17,500	17,500	19,935	(2,435)
Repair and maintenance	22,000	102,000	136,460	(34,460)
Fuel for resale	190,000	190,000	181,603	8,397
Fuel expense	750	750	710	40
Supplies	3,000	3,000	573	2,427
Miscellaneous	200	200	1,209	(1,009)
Sales tax expense	8,000	8,000	-	8,000
Capital outlay	-	440,000	324,484	115,516
Total airport	344,011	862,011	764,389	97,622
Total public works	2,162,962	2,617,562	2,536,890	80,672

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Expenditures(continued)				
Health, welfare and recreation				
Recreation				
Salaries	548,643	548,643	549,673	(1,030)
Payroll taxes	37,922	37,922	41,745	(3,823)
Employee health insurance	141,951	128,951	132,736	(3,785)
Retirement	52,928	52,928	52,963	(35)
Utilities	184,500	184,500	186,800	(2,300)
Recreation supplies	26,000	26,000	15,211	10,789
Swimming pool expense	45,000	45,000	26,132	18,868
Uniforms	3,000	3,000	1,664	1,336
Office supplies	7,000	7,000	3,788	3,212
Golf pro shop purchases for resale	3,000	3,000	1,120	1,880
Concessions purchases for resale	6,000	6,000	1,788	4,212
Snackbar purchases for resale	13,000	13,000	7,420	5,580
Fuel expense	9,000	9,000	10,251	(1,251)
Travel	2,500	2,500	1,035	1,465
Sales tax expense	3,500	3,500	-	3,500
Equipment expense	8,000	8,000	8,190	(190)
Golf course expense	25,000	25,000	23,917	1,083
Building expense	60,000	60,000	47,316	12,684
Sports complex expense	9,000	9,000	4,916	4,084
Tennis court expense	1,000	1,000	68	932
Other recreation expenses	8,250	8,250	4,065	4,185
Miscellaneous	1,500	1,500	2,364	(864)
Grant expense	-	22,500	5,651	16,849
Capital outlay	-	-	24,337	(24,337)
Total recreation	1,196,694	1,206,194	1,153,150	53,044
Community service				
Goat festival	90,000	80,000	79,877	123
Junior economic & community development	20,451	20,451	20,451	-
Marshall county community theater	10,000	10,000	10,000	-
CSCC maintenance	11,000	11,000	11,177	(177)
E-911 appropriation	288,408	288,408	286,543	1,865
Other appropriations	44,500	44,500	33,004	11,496
Total community service	464,359	454,359	441,052	13,307
Cemetery				
Utilities	2,900	2,900	3,237	(337)
Shop charges	3,000	3,000	1,873	1,127
Repairs and maintenance	5,000	5,000	3,159	1,841
Supplies	13,000	13,000	8,353	4,647
Fuel expense	5,000	5,000	4,778	222
Total cemetery	28,900	28,900	21,400	7,500
Total health, welfare, and recreation	1,689,953	1,689,453	1,615,602	73,851

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
GENERAL FUND
YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Expenditures(continued)				
Economic development				
Industrial recruiting				
Salaries	86,686	86,686	87,351	(665)
Payroll taxes	5,684	5,684	6,307	(623)
Employee health insurance	18,349	16,849	16,761	88
Retirement	12,898	12,898	12,898	-
Advertising	10,000	10,000	7,445	2,555
Utilities	1,000	1,000	901	99
Printing, postage and other costs	7,000	7,000	1,334	5,666
Supplies	12,000	12,000	7,868	4,132
Travel	15,000	15,000	13,718	1,282
Total industrial recruiting	<u>168,617</u>	<u>167,117</u>	<u>154,583</u>	<u>12,534</u>
Total economic development	<u>168,617</u>	<u>167,117</u>	<u>154,583</u>	<u>12,534</u>
Debt service				
Principal payments	642,351	1,959,751	1,864,533	95,218
Interest payments	-	-	95,292	(95,292)
Other costs	-	1,500	1,500	-
Total debt service	<u>642,351</u>	<u>1,961,251</u>	<u>1,961,325</u>	<u>(74)</u>
Total expenditures	<u>11,500,577</u>	<u>13,252,087</u>	<u>13,022,074</u>	<u>230,013</u>
Revenues Over (Under) Expenditures	<u>462,673</u>	<u>(1,376,337)</u>	<u>(1,818,721)</u>	<u>(902,410)</u>
Other financing sources and (uses)				
Transfers in	-	600,000	573,823	(26,177)
Transfers out	(50,000)	(95,000)	(90,343)	(4,657)
Proceeds from debt	-	1,300,000	1,300,500	(500)
Sale of general capital assets	15,000	15,000	3,314	(11,686)
Insurance recoveries	-	10,000	18,464	8,464
Total other financing sources and (uses)	<u>(35,000)</u>	<u>1,830,000</u>	<u>1,805,758</u>	<u>(34,556)</u>
Net Change In Fund Balance	<u>427,673</u>	<u>453,663</u>	<u>(12,963)</u>	<u>(936,966)</u>
Fund Balance at Beginning of Year, as originally stated	620,252	620,252	620,252	-
Prior period adjustments	<u>-</u>	<u>-</u>	<u>7,800</u>	<u>7,800</u>
Fund Balance at Beginning of Year, as restated	<u>620,252</u>	<u>620,252</u>	<u>628,052</u>	<u>7,800</u>
Fund Balance at End of Year	<u>\$ 1,047,925</u>	<u>\$ 1,073,915</u>	<u>\$ 615,089</u>	<u>\$ (929,166)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2020

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			
	Water and Wastewater Fund	Natural Gas Fund	Electric Power Fund	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 8,625,139	\$ 8,287,396	\$ 11,705,825	\$ 28,618,360
Investments	-	-	82,154	82,154
Accounts receivable, net of allowance for doubtful accounts	220,069	48,578	1,768,682	2,037,329
Inventory	181,444	355,403	246,162	783,009
Prepaid expenses	-	10,815	3,029	13,844
Unbilled revenue	673,176	148,933	468,288	1,290,397
Other receivables	-	1,237	92,921	94,158
TOTAL CURRENT ASSETS	9,699,828	8,852,362	14,367,061	32,919,251
RESTRICTED ASSETS				
Cash and cash equivalents	548,456	450,307	1,129,645	2,128,408
CAPITAL ASSETS				
Capital assets not being depreciated				
Land and land rights	270,856	63,637	481,400	815,893
Construction in process	325,321	-	435,300	760,621
Capital assets net of accumulated depreciation	38,631,157	13,897,587	14,140,671	66,669,415
TOTAL CAPITAL ASSETS	39,227,334	13,961,224	15,057,371	68,245,929
OTHER ASSETS				
Energy service loans receivable	-	-	32,045	32,045
Unamortized cost of lease and other assets	-	13,446	-	13,446
TOTAL OTHER ASSETS	-	13,446	32,045	45,491
TOTAL ASSETS	49,475,618	23,277,339	30,586,122	103,339,079
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding of debt	493,761	-	-	493,761
Pension plan	1,181,766	-	-	1,181,766
OPEB plan	-	247,648	-	247,648
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,675,527	247,648	-	1,923,175
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	212,936	167,252	1,780,469	2,160,657
Amounts due to customers	-	74,926	-	74,926
Accrued expenses and other current liabilities	5,611	66,808	58,457	130,876
Accrued interest	15,592	-	-	15,592
Accrued payroll and vacation	145,223	-	229,764	374,987
Compensated absences	-	67,578	-	67,578
Postemployment benefit obligation	-	15,682	-	15,682
Current portion of long-term debt and other obligations payable	1,234,244	-	-	1,234,244
Payable from restricted assets:				
Customer deposits	548,456	450,307	1,129,645	2,128,408
TOTAL CURRENT LIABILITIES	2,162,062	842,553	3,198,335	6,202,950
NONCURRENT LIABILITIES				
Energy service loans - advances	-	-	33,026	33,026
Compensated absences	51,438	59,429	331,114	441,981
Net pension liability	1,723,296	-	-	1,723,296
Net OPEB liability	-	858,007	-	858,007
Long-term debt, net of current portion	13,145,005	-	-	13,145,005
TOTAL NONCURRENT LIABILITIES	14,919,739	917,436	364,140	16,201,315
TOTAL LIABILITIES	17,081,801	1,759,989	3,562,475	22,404,265
DEFERRED INFLOWS OF RESOURCES				
OPEB plan	-	236,816	-	236,816
Pension plan	982,667	-	-	982,667
Deferred tap fee revenue	11,700	-	-	11,700
Deferred regulatory liability	-	2,034,001	-	2,034,001
TOTAL DEFERRED INFLOWS OF RESOURCES	994,367	2,270,817	-	3,265,184
NET POSITION				
Net investment in capital assets	24,848,085	11,927,223	15,057,371	51,832,679
Unrestricted	8,226,892	7,566,958	11,966,276	27,760,126
TOTAL NET POSITION	\$ 33,074,977	\$ 19,494,181	\$ 27,023,647	\$ 79,592,805

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2020

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			
	Water and Wastewater Fund	Natural Gas Fund	Electric Power Fund	Total
OPERATING REVENUES				
Services	\$ 7,852,699	\$ 5,343,433	\$ 24,881,451	\$ 38,077,583
Other	431,064	-	-	431,064
TOTAL OPERATING REVENUES	8,283,763	5,343,433	24,881,451	38,508,647
OPERATING EXPENSES				
Purchased power	-	-	19,882,396	19,882,396
Natural gas purchased	-	2,961,031	-	2,961,031
Water supply, pumping and filtration	1,585,882	-	-	1,585,882
Distribution and collection	823,796	448,619	1,245,008	2,517,423
Consumer accounts and service	-	-	578,964	578,964
Wastewater treatment and disposal	2,211,562	-	-	2,211,562
Administrative and general	766,781	718,526	859,194	2,344,501
Sales expense	-	-	135	135
Laboratory and pretreatment	354,789	-	-	354,789
Customer service	331,310	170,297	-	501,607
Maintenance expense	234,440	-	602,922	837,362
Depreciation	-	566,813	919,081	1,485,894
Taxes	-	55,299	110,223	165,522
TOTAL OPERATING EXPENSES	6,308,560	4,920,585	24,197,923	35,427,068
OPERATING INCOME (LOSS)	1,975,203	422,848	683,528	3,081,579
NONOPERATING REVENUES (EXPENSES)				
Interest income	71,736	92,442	108,499	272,677
Other income (expense)	55,996	-	1,808	57,804
Gain (loss) on disposition	2,087	83	-	2,170
Interest and amortization expense	(352,803)	(7,431)	(9,644)	(369,878)
TOTAL NONOPERATING REVENUES (EXPENSES)	(222,984)	85,094	100,663	(37,227)
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	1,752,219	507,942	784,191	3,044,352
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfers out - payments on lieu of taxes - City of Lewisburg	-	(195,679)	(378,144)	(573,823)
Capital contributions - utility plant	32,799	102,268	-	135,067
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS	32,799	(93,411)	(378,144)	(438,756)
CHANGE IN NET POSITION	1,785,018	414,531	406,047	2,605,596
NET POSITION - BEGINNING OF YEAR	31,289,959	19,079,650	26,617,600	76,987,209
NET POSITION - END OF YEAR	\$ 33,074,977	\$ 19,494,181	\$ 27,023,647	\$ 79,592,805

The accompanying notes are an integral part of these financial statements.

**CITY OF LEWISBURG, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			
	Water and Wastewater Fund	Natural Gas Fund	Electric Power Fund	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 8,341,352	\$ 5,420,910	\$ 24,283,535	\$ 38,045,797
Cash received for interfund services provided	-	97,805	918,277	1,016,082
Cash paid to suppliers	(2,729,410)	(3,939,760)	(21,615,834)	(28,285,004)
Cash paid to employees for services	(1,680,527)	(705,364)	(1,924,221)	(4,310,112)
Cash paid for interfund services provided	-	(58,984)	-	(58,984)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	3,931,415	814,607	1,661,757	6,407,779
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Construction and acquisition of plant	(1,705,172)	(421,625)	(1,368,202)	(3,494,999)
Contributions in aid of construction	138,073	55,208	-	193,281
Salvage and sale of capital assets	-	-	64,917	64,917
Plant removal costs	-	(3,711)	(65,481)	(69,192)
Change in note receivable	7,000	-	-	7,000
Proceeds from new borrowings	950,424	-	-	950,424
Interest paid on bonds and notes payable	(313,593)	(7,431)	-	(321,024)
Principal payments on long-term debt	(839,155)	-	-	(839,155)
Proceeds from the sale of assets	23,615	83	-	23,698
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,738,808)	(377,476)	(1,368,766)	(3,485,050)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfer to other funds	-	(195,679)	(401,686)	(597,365)
Energy conservation loan advances, net of repayments	-	-	(14,973)	(14,973)
Energy conservation loan, net of repayments	-	-	14,607	14,607
Interest paid on consumers' deposits	-	-	(9,644)	(9,644)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	-	(195,679)	(411,696)	(607,375)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in service providers	-	-	(1,310)	(1,310)
Interest income	71,736	92,442	108,499	272,677
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	71,736	92,442	107,189	271,367
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,264,343	333,894	(11,516)	(336,008)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	6,909,252	8,403,809	12,346,986	27,660,047
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 9,173,595	\$ 8,737,703	\$ 12,335,470	\$ 27,324,039
NONCASH CAPITAL AND RELATED FINANCING TRANSACTIONS				
Utility plant donated by the State of Tennessee	\$ -	\$ 1,269,517	\$ -	\$ 1,269,517
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Income (loss) from operating activities	\$ 1,975,203	\$ 422,848	\$ 683,528	\$ 3,081,579
Adjustments to reconcile operating income to net cash provided by operating income:				
Depreciation and amortization	1,828,142	580,771	919,081	3,327,994
Provision for uncollectible accounts	8,286	(764)	-	7,522
Increase (decrease) in accounts receivable	4,808	(339)	367,249	371,718
Increase (decrease) in unbilled utility revenue	34,117	125,302	(27,436)	131,983
Increase (decrease) in inventory	(9,629)	(101,554)	8,324	(102,859)
Increase (decrease) in prepaid expenses	-	(1,401)	(156)	(1,557)
Increase (decrease) in postemployment benefit deferred outflows	-	16,122	-	16,122
Increase (decrease) in deferred outflows due to pension	142,774	-	-	142,774
(Increase) decrease in accounts payable	7,768	(282,319)	(318,637)	(593,188)
(Increase) decrease in due to customers	21,250	9,424	-	30,674
(Increase) decrease in compensated absences and postemployment benefits	-	18,565	-	18,565
(Increase) decrease in customer deposits	-	41,659	(19,452)	22,207
(Increase) decrease in pension liability	34,562	-	-	34,562
(Increase) decrease in deferred inflows due to pension	(146,900)	-	-	(146,900)
(Increase) decrease in post employment benefit deferred inflows	-	(16,642)	-	(16,642)
(Increase) decrease in accrued expenses	31,034	2,935	49,256	83,225
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 3,931,415	\$ 814,607	\$ 1,661,757	\$ 6,407,779

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2020

	Trust Funds		
	Lewisburg Defined Benefit Pension Trust	Water and Wastewater Defined Benefit Pension Trust	Donations in Trust
ASSETS			
Cash and cash equivalents	\$ 67,696	\$ 49,016	\$ 40,086
Accounts receivable	-	7,989	-
Investments:			
Mutual funds	3,810,900	-	-
Equities	1,444,783	1,862,851	-
Fixed income securities	-	745,449	-
Other	598,451	239,719	-
TOTAL ASSETS	5,921,830	2,905,024	40,086
LIABILITIES			
Accrued liabilities	7,153	87	-
NET POSITION			
Held in trust for pension benefits	5,914,677	2,904,937	-
Held in trust for purpose of donation	-	-	40,086
TOTAL NET POSITION	\$ 5,914,677	\$ 2,904,937	\$ 40,086

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Trust Funds		
	Lewisburg Defined Benefit Pension Trust	Water and Wastewater Defined Benefit Pension Trust	Donations in Trust
Additions			
Contributions and other additions			
Employer	\$ 615,104	\$ 206,575	\$ -
Employee	161,417	58,909	-
Other	-	-	21,422
Investment earnings:			
Net decrease in the fair value of investments	(78,596)	(9,859)	-
Investment earnings	147,007	69,189	8
Total additions	844,932	324,814	21,430
Deductions			
Benefits	543,985	147,172	-
Administrative expenses	40,840	23,654	-
Program costs	-	-	11,466
Total deductions	584,825	170,826	11,466
Net increase (decrease) in net position	260,107	153,988	9,964
NET POSITION - BEGINNING OF YEAR	5,654,570	2,750,949	30,122
NET POSITION - END OF YEAR	\$ 5,914,677	\$ 2,904,937	\$ 40,086

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1.A. REPORTING ENTITY AND INTRODUCTION

The City of Lewisburg, Tennessee (the “City”), located in Marshall County, was incorporated as an entity under Chapter 214, Private Acts of 1915, which became the City’s charter. The City is governed by a Mayor, a City Manager, and a City Council and provides the following services: police, fire, recreation, public works, industrial development, and utilities.

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent sections of this Note.

In determining the financial reporting entity, the City complies with the provisions of GASB Statement No. 14, “The Financial Reporting Entity”, and includes all component units of which the City appointed a voting majority of the units’ board; the City is either able to impose its will or a financial benefit or burden relationship exists.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described above and whose governing body is the same or substantially the same as the City Board or the component unit provides services entirely to the City. These component units’ funds are blended into those of the City’s by appropriate activity type to compose the primary government presentation. Currently, the City has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units which are required to be included in these financial statements.

Enterprise Funds

The Lewisburg Water and Wastewater Department, Lewisburg Gas Department, and Lewisburg Electric System (the “Systems”) are governed by boards whose members are appointed by the City Commission and their long-term debt is in the City’s name. Accordingly, the related financial statements of the Systems are considered as enterprise funds of the primary government. Complete financial statements of Lewisburg Water and Wastewater Department, Lewisburg Gas Department, and Lewisburg Electric System can be obtained from the Treasurer of the City of Lewisburg.

Separately Administered Organizations

Lewisburg Industrial Development Corporation

The Lewisburg Industrial Development Corporation is a not-for-profit corporation authorized to issue industrial development bonds with approval of the City Council. The bonds do not constitute indebtedness of the City and are secured solely by real estate and/or by revenues received from the commercial organizations on whose behalf the bonds are issued. The City must approve any bonded debt issued. Because the Industrial Development Corporation’s assets and operations are not material to the financial position or the assets of the City, the Industrial Development Corporation is not included in the City’s financial statements.

CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Lewisburg Housing Authority

The Lewisburg Housing Authority (the "Housing Authority") was chartered in 1953, pursuant to the Housing Authorities Law of the State of Tennessee, 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.

The 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. The Housing Authority does not meet the prescribed criteria and thus is excluded from the City's financial statements.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental, 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 direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers of 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for in lieu of taxes where the amounts are reasonable equivalent in value to the interfund services provided and other charges between the government's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported by the various functions concerned.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues and expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and

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- b. Total assets, liabilities, revenues and expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Proprietary Fund

Enterprise Fund

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Fiduciary Funds (Not included in the government-wide statements)

Fiduciary fund financial statements include a statement of fiduciary net position and statement of changes in fiduciary net position.

Pension Trust Funds

These funds account for the activities and accumulation of resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans. The City maintains two pension trust funds: all full-time employees of the City and the City Water and Wastewater fund.

Lone Oak Trust Fund

The City acts in a trust capacity or as an agent on behalf of the Lone Oak Cemetery to provide maintenance. The assets are made up of donations held in trust.

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Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

Fund	Brief Description
Major: General	See above for description
Proprietary Funds: Lewisburg Water and Wastewater Department	Accounts for operation of the sewage facilities and the distribution of water.
Lewisburg Gas Department	Accounts for the activities of the government's natural gas distribution operations.
Lewisburg Electric System	Accounts for the activities of the government's electric distribution operations.
Nonmajor: Special Revenue Funds: Police Drug Fund	Accounts for revenues and expenditures on drug fines and enforcement costs.
Sanitation	Accounts for solid waste collection revenue and expenditures related to disposal services.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates timing transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

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Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met; including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only with the cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The City does not allocate indirect costs.

1.D. BUDGETARY INFORMATION

Annual budgets are adopted on a basis consistent with the accounting principles generally accepted in the United States of America for all governmental funds.

The City adopts its budget in accordance with the State's legal requirement which is the level of classification detail at which expenditures may not legally exceed appropriations.

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

- a. Formal budgetary integration is employed as a management control device during the year for the General and Special Revenue Funds. These budgets are adopted on a basis consistent with generally accepted accounting principles.
- b. Unused appropriations for each of the annually adopted budgets funds lapse at the end of the year.
- c. Revisions to the budget may be made throughout the year in accordance with governing statutes and consistent with generally accepted accounting principles.

The City Treasurer is authorized to transfer budgeted amounts within departmental activities; Council must approve transfers of budgeted amounts between departmental activities. Any revisions to the total expenditures of any department or fund must be approved through passage of ordinance by the City Council. Capital expenditures within the governmental funds are budgeted within the appropriate department.

1.E. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OR RESOURCES, AND NET POSITION/FUND BALANCE

Cash and cash equivalents

Cash and cash equivalents are stated at cost and consist primarily of demand deposits and savings deposits in banks, short-term (original maturities of three months or less) certificates of deposit, and a mutual fund holding U.S. obligations and investments in Local Government Investment Pool of the State of Tennessee.

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Investments

Unrestricted investments of the governmental and proprietary fund types consist of certificates of deposit and are stated at cost, which approximates fair value. Restricted investments are comprised of a reserve held by the State invested in U.S. Treasury notes and governmental securities and are stated at fair value.

Pension Trust Investments

Investments are stated at fair market value. The Plan's investments consist of mutual funds, ETFs, and REITS (public and private) and are reported at fair value.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 3.F. for details of interfund transactions, including receivables and payables at yearend.

Receivables

In the government-wide statements, receivables consist of all revenues earned at yearend and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, sales taxes, and grant. Business-type activities report utilities as their major receivables.

Accrued Revenue

The Proprietary Funds accrue the unbilled revenue from the dates of the most recent meter reading to the balance sheet date.

Inventories

Enterprise fund inventories, consisting primarily of materials and supplies, are valued using a moving average cost method, which does not differ materially from the lower of cost or market method. Items are removed from inventory and added to utility plant at the most current average cost per unit.

General government inventory consists of fuel for the airport. Cost is determined using the first-in first-out method.

Restricted Assets

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

Bond Discounts/Issuance Costs

In the governmental funds bond discounts are treated as period costs in the year of issue. In the proprietary funds, bond discounts are deferred and amortized over the term of the bonds using the straight-line method if it does not differ materially from the interest method.

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Bond issuance costs are treated as expenses in the year incurred in both governmental and proprietary funds

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements. Capital assets are defined by the City as assets with initial, individual cost of \$5,000 or more and an estimated useful life in excess of two years.

Government-wide Statements

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value some of the assets acquired prior to June 30, 2003.

Prior to July 1, 2003, governmental funds' infrastructure assets were not capitalized. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

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 – 45 years
Sidewalks	30 years
Bridges	60 years

Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. Property, plant, and equipment of the City are depreciated using the straight-line method over the estimated useful lives of the assets.

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.

Fund Financial Statements

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

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Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government's pension-related items and OPEP related items fall into this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has three items that qualify for reporting in this category. One item, unavailable revenue, is reported only in the government-wide Statement of Net Position and the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. Also, the government's pension-related items and OPEP related items fall into this category.

Compensated Absences

Compensated absences for accumulated unpaid vacation are accrued when incurred in the government-wide and proprietary fund financial statements.

City of Lewisburg

Employees are encouraged to use their entitled vacation credit during the benefit year. The city of Lewisburg requires a minimum of one week's vacation to be used annually. Employees will be paid for any remaining unused vacation benefits the last pay period of December for the current calendar year.

Upon termination of employment with the City, payment for unused vacation time for which he or she is fully eligible for that calendar year will be added to the employee's final paycheck, provided they have worked at least a full scheduled shift in the calendar year.

Sick leave may be accrued to a total of 120 days for full-time employees and 60 days for part-time employees. If the full-time employee retires at age 55 or older and has at least enough continuous service with the City to accrue 120 days, he will be paid for his accrued sick leave days at a rate of \$50 per day; same rule applies for part-time with a rate of \$25 per day.

Lewisburg Gas Department

The liability for compensated absences includes accruals for unused vacation and sick leave earned by employees but not paid as of June 30, 2020. Only employees retiring from the Department or who become deceased during employment are paid for unused sick leave, and a maximum amount for which an employee will be paid is 720 hours. Hours in excess of 720 are forfeited on a first-earned basis. Consequently, sick leave is accrued only for those employees who are within the number of years from retirement equal to the number necessary to accumulate 720 hours.

Vacation time accrues monthly after the first year of employment, and employees may accumulate up to 320 hours.

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Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in government fund operations or proprietary fund operations and whether that are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources is reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable, notes payable, capital lease payables, and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which resources are considered applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Net position is displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investments in capital assets.”

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The City Council is the government's highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

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Amounts in the *assigned* fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing board has by resolution authorized the treasurer to assign fund balance. The Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal or assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Nonspendable fund balance is associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).

Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

The City considers that committed amounts would be used reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those restricted fund balance classifications could be used.

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

Fair Value Measurements

Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets and liabilities recorded at fair value in the statements of net position are categorized based on the level of judgement associated with the inputs used to measure their value. The three categories of level inputs are as follows: Level 1 inputs include unadjusted quoted prices in active markets for identical assets or liabilities accessible at the measurement date; Level 2 inputs include quoted prices for similar assets or liabilities; quoted prices for identical or similar assets or liabilities in inactive markets; or other inputs that can be corroborated by observable market data. Such inputs include market interest rates and volatilities, spreads and yield curves; Level 3 inputs are inputs which are unobservable for the asset or liability and rely on management's own assumptions that market participants would use in pricing the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. In determining fair value, the City utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. The methods used may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the City believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at reporting date.

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1.F. REVENUES, EXPENDITURES AND EXPENSES

Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Sales Tax

The City presently levies a nine and one quarter percent sales tax on taxable sales within the City. The sales tax is collected by the Tennessee Department of Revenue and remitted to the City in the month following receipt by the Department of Revenue. The Department of Revenue receives the sales tax approximately one month after collection by vendors.

Property Tax

Property taxes are levied annually on the first of January. The taxes are due and payable from the following October through February in the year succeeding the tax levy. An unperfected lien attaches by statute to property on March 1 for unpaid taxes from the prior year's levy. Taxes uncollected for one year past the due date are submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent they are collected within 60 days of year-end.

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from the daily operations are defined as non-operating.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental funds – by Character:

Current (further classified by function)

Debt Service

Capital Outlay

Proprietary Fund – by Operating and Nonoperating

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In fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent, reallocation of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over the City resources follows.

2.A. FUND ACCOUNTING REQUIREMENTS

Fund	Required By
Police Drug Fund	State Law

2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with state law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S. Government or Government Agency securities, certain Tennessee or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

The City's investment policies are governed by State Statute. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts. Collateral is required for demand deposits, certificates of deposit, and repurchase agreements at 105% of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations and the State and its subdivisions. The City has no policy that further limits allowable investments.

Unrestricted investments of the governmental and proprietary fund types consist of certificates of deposit and are stated at cost, which approximates fair market value. Restricted investments are comprised of a reserve held by the State invested in U.S. Treasury notes and governmental securities and are stated at fair value.

Pension Trust Investments

Investments are stated at fair market value. The Plan's investments consist of mutual funds, ETFs, and REITS (public and private) and are reported at fair value.

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2.C. REVENUE RESTRICTIONS

The City has various restrictions over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Gasoline excise tax	Street purposes
Grants	Grant program expenditures
E-citation fees	E-citation equipment

2.D. FUND EQUITY RESTRICTIONS

Deficit Prohibition

Tennessee Statutes prohibit the creation of a deficit fund balance in any individual fund. No City funds had a deficit fund balances at June 30, 2020.

2.E. BUDGET

The Sanitation Fund had expenditures that exceeded appropriations.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

3.A. CASH AND INVESTMENTS

Deposits and Investments

The City's policies regarding deposits of cash are discussed in Note 1.E. and Note 2.B. The City maintains checking accounts with local banks. Also, some funds are held as certificates of deposit at local banks. Deposits are carried at cost plus accrued interest. The carrying amount of deposits is separately displayed on the balance sheet as "Cash and cash equivalents" and "investments". Investments consist of certificates of deposits at the local banks whose maturity exceeds three months.

General City Accounts

All of the City's bank deposits at June 30, 2020 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.

Lewisburg Water and Wastewater Department

All of the Department's bank deposits at June 30, 2020 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.

Fiduciary Investments-City Government

The City administers a fiduciary fund whose investments are held by a several different brokerage firms. The City utilizes an advisor to select appropriate investment choices.

The City invests in real estate investment trusts (REITS), mutual funds, exchange-traded products (ETPs), and alternative investments. The investments are valued on the basis of year-end closing prices or market values estimated by the investment companies.

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Investments are stated at fair value. Securities traded on national exchanges are valued at the last reported sales price. The remaining securities are valued at the latest estimated value provided by the investment company. As of June 30, 2020, and for the year then ended, the Plan held no securities issued by the City of Lewisburg or other related parties.

A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments was 1.19%.

Professional standards provide a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical asset or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The City's pension trust fund investments measured at fair value on a recurring basis are classified according to the following hierarchy:

Level 1 – Inputs are quoted prices in markets for identical assets and liabilities.

Level 2 – These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs are unobservable and significant to the fair value measurement.

The following table summarizes fair value disclosures and measurements for fiduciary investments of the City's pension fund at June 30, 2020:

Investments at Fair Value	Level 1	Level 2	Level 3	Total
Fiduciary Activities:				
Cash and cash equivalents	\$ 67,696	\$ -	\$ -	\$ 67,696
Mutual Funds	3,810,900	-	-	3,810,900
Exchange traded funds	1,444,783	-	-	1,444,783
Public and private real estate funds	-	-	598,451	598,451
	<u>\$ 5,323,379</u>	<u>\$ -</u>	<u>\$ 598,451</u>	<u>\$ 5,921,830</u>

The Plan's investment in the DFA Global 60/40 Fund of \$362,298 exceeded 5% of the Plan's fiduciary net position as of June 30, 2020.

3.B. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consists of utilities receivable. Accounts receivable of the governmental activities consists of amounts due from the various local sources. Receivables detail at June 30, 2020, is as follows:

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	Business-type Activities			
	Water and Wastewater	Natural Gas	Electric System	Total
Accounts receivable	\$ 292,471	\$ 48,578	\$ 1,768,682	\$ 2,109,731
Allowance for doubtful accounts	(72,402)	-	-	(72,402)
Net accounts receivable	<u>\$ 220,069</u>	<u>\$ 48,578</u>	<u>\$ 1,768,682</u>	<u>\$ 2,037,329</u>

3.C. CAPITAL ASSETS

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

	Balance 7/1/2019	Additions/ Adjustments	Retirements/ Adjustments	Balance 6/30/2020
Government Activities:				
Capital assets not being depreciated				
Land	\$ 3,191,013	\$ -	\$ -	\$ 3,191,013
Investment in industrial park - held for sale	2,511,491	-	-	2,511,491
Construction in Progress	195,370	391,584	-	586,954
Total capital assets not being depreciated	<u>5,897,874</u>	<u>391,584</u>	<u>-</u>	<u>6,289,458</u>
Capital assets being depreciated				
Buildings and improvements	18,954,603	-	-	18,954,603
Machinery and equipment	5,659,749	180,077	23,534	5,816,292
Infrastructure	6,976,921	4,710	-	6,981,631
Assets under capital leases	328,125	-	-	328,125
Total capital assets being depreciated	<u>31,919,398</u>	<u>184,787</u>	<u>23,534</u>	<u>32,080,651</u>
Less accumulated depreciation for:				
Buildings and improvements	6,326,061	509,474	-	6,835,535
Machinery and equipment	3,951,614	426,066	23,534	4,354,146
Infrastructure	3,943,023	189,101	-	4,132,124
Assets under capital leases	175,000	65,625	-	240,625
Total accumulated depreciation	<u>14,395,698</u>	<u>1,190,266</u>	<u>23,534</u>	<u>15,562,430</u>
Total capital assets, being depreciated, net	<u>17,523,700</u>	<u>(1,005,479)</u>	<u>-</u>	<u>16,518,221</u>
Government activities capital assets, net	<u>\$ 23,421,574</u>	<u>\$ (613,895)</u>	<u>\$ -</u>	<u>\$ 22,807,679</u>
Business-type Activities:				
Capital assets not being depreciated				
Land	777,393	38,500	-	815,893
Construction in Progress	3,721,225	2,602,910	5,563,514	760,621
Total capital assets not being depreciated	<u>4,498,618</u>	<u>2,641,410</u>	<u>5,563,514</u>	<u>1,576,514</u>
Capital assets being depreciated				
Plant systems in service	119,708,538	7,354,944	1,013,396	126,050,086
Assets under capital leases	-	-	-	-
Total capital assets being depreciated	<u>119,708,538</u>	<u>7,354,944</u>	<u>1,013,396</u>	<u>126,050,086</u>
Less accumulated depreciation for:				
Plant systems in service	56,926,651	3,449,937	995,917	59,380,671
Assets under capital leases	-	-	-	-
Total accumulated depreciation	<u>56,926,651</u>	<u>3,449,937</u>	<u>995,917</u>	<u>59,380,671</u>
Total capital assets, being depreciated, net	<u>62,781,887</u>	<u>3,905,007</u>	<u>17,479</u>	<u>66,669,415</u>
Business-type activities capital assets, net	<u>\$ 67,280,505</u>	<u>\$ 6,546,417</u>	<u>\$ 5,580,993</u>	<u>\$ 68,245,929</u>

CITY OF LEWISBURG, TENNESSEE
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Depreciation expense was charged to governmental activities as follows:

Governmental activities:

General government	\$ 96,337
Public safety	406,563
Public works	431,218
Health, welfare, and recreation	256,148
	<u>\$ 1,190,266</u>

Depreciation expense was charged to business-type activities as follows:

Business-type activities:

Water and wastewater	\$ 1,828,142
Natural gas	580,480
Electric System	1,041,315
	<u>\$ 3,449,937</u>

3.D. ACCOUNTS PAYABLE

Payables in the general fund and nonmajor governmental funds are composed of payables to vendors.

3.E. LONG-TERM DEBT AND LIABILITIES

The reporting entity's long-term debt is segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Long-Term Debt

As of June 30, 2020, the City's long-term debt of the financial reporting entity consisted of the following:

Governmental Activities:

General Obligation Bonds – The City has one general obligation bond issue. This general obligation bond is a direct obligation and pledge the full faith, credit, and taxing authority of the government. This long-term debt will be retired from the General Fund.

Notes from Direct Borrowings and Direct Placements – The City has two general obligation Capital Outlay Notes and one capital lease. The capital outlay notes are direct obligations and pledge the full faith, credit and taxing authority of the government.

The City has entered into a lease purchase obligation for police vehicles. The vehicles are pledged as collateral. These notes from direct borrowings and direct placements included in long-term debt as of June 30, 2020, will be retired from the General Fund.

**CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

General Obligation Bonds

Series 2016 General Obligation Refunding Bonds dated November 10, 2016; due in installments beginning June 1, 2017, interest of 2.00% annually	\$ 580,000
Unamortized Debt Premium	<u>12,857</u>
Total General Obligation Bonds	<u>592,857</u>

Notes from Direct Borrowings and Direct Placements

Series 2017 General Obligation Capital Outlay Notes, due in installments beginning June 1, 2018, interest varying from 3-3.5%	1,499,000
Series 2015 General Obligation Capital Outlay Notes, due in installments beginning June 1, 2017, interest of 1.85% annually	108,000
Capital Lease Obligation, due in annual installments beginning November 2016 at 5.70% interest, final payment due November 2020	<u>69,267</u>
Total Notes from Direct Borrowings and Direct Placements	<u>1,676,267</u>
Total Governmental Activities Long-Term Debt	<u><u>\$ 2,269,124</u></u>

The City has no unused lines of credit at June 30, 2020.

Business-type Activities:

Water and Wastewater Department

Bonds are payable from revenues of the Department and are also secured by property taxes of the City of Lewisburg, Tennessee. In the event of default by the Department, the City of Lewisburg, Tennessee would have to increase property taxes in order to meet the obligations of the bonds.

All direct borrowings and direct placements debt are secured by the revenues of the Department and the state shared taxes of the City of Lewisburg, Tennessee. In the event of default by the Department, the state shared revenues of the City of Lewisburg, Tennessee will be withheld by the State of Tennessee.

CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Revenue and Tax Bonds

2016 Series Water and Sewer System General Obligation Refunding Bonds due in annual installments through June 1, 2030, at an interest rate of 2.00%	\$ 6,555,000
Unamortized bond premium	<u>122,279</u>
Total Revenue and Tax Bonds	<u>6,677,279</u>

Direct borrowings and direct placements:

Clean Water State Revolving Loan Fund Loan, due in monthly installments of principal and interest through August 20, 2032, at an interest rate of 2.43%	1,360,574
Capitalization Grants for Clean Water State Revolving Loan, due in monthly installments of principal and interest through August 20, 2032, at an interest rate of 2.43%	5,277,028
Capitalization Grants for Clean Water State Revolving Loan, due in monthly installments of principal and interest through November 20, 2039, at an interest rate of 1.05%	876,340
Capitalization Grants for Clean Water State Revolving Loan, due in monthly installments of principal and interest through March 20, 2040, at an interest rate of 1.05%	<u>188,028</u>
Total Other Long-Term Debt	<u>7,701,970</u>
Total Business-type Activities Long-Term Debt	<u><u>\$ 14,379,249</u></u>

The 2016 Refunding Bond was used to defease certain outstanding bonds for the purpose of debt consolidation and to achieve debt service savings. The Department placed the proceeds from the refunding issue in irrevocable escrow accounts with a trust agent to insure payment of all future debt service on the refunded bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the Department's financial statements. Although defeased, the refunded debt from these earlier issues will not actually be retired until the call dates have come due. On June 30, 2020 and 2019, bonds considered defeased amounted to \$ 0 and \$6,370,000, respectively.

Debt service requirements on long-term debt at June 30, 2020, are as follows:

CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020

Year Ending June 30,	<i>Governmental Activities</i>					
	General Obligation Bonds		Notes from Direct Borrowings and Direct Placements		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 230,000	\$ 11,600	\$ 344,267	\$ 42,447	\$ 574,267	\$ 54,047
2022	230,000	7,000	167,000	32,434	397,000	39,434
2023	120,000	2,400	167,000	28,368	287,000	30,768
2024	-	-	167,000	24,302	167,000	24,302
2025-2029	-	-	831,000	60,559	831,000	60,559
Totals	<u>\$ 580,000</u>	<u>\$ 21,000</u>	<u>\$ 1,676,267</u>	<u>\$ 188,110</u>	<u>\$ 2,256,267</u>	<u>\$ 209,110</u>

Year Ending June 30,	<i>Business-type Activities</i>					
	Revenue and Tax Bonds		Other Long-Term Debt		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 710,000	\$ 131,100	\$ 524,244	\$ 168,012	\$ 1,234,244	\$ 299,112
2022	730,000	116,900	536,424	155,832	1,266,424	272,732
2023	745,000	102,300	548,916	143,340	1,293,916	245,640
2024	755,000	87,400	561,708	130,548	1,316,708	217,948
2025	775,000	72,300	574,800	117,456	1,349,800	189,756
2026-2030	2,840,000	142,300	3,081,504	379,776	5,921,504	522,076
2031-2035	-	-	1,610,226	60,546	1,610,226	60,546
2036-2040	-	-	264,148	6,389	264,148	6,389
Totals	<u>\$ 6,555,000</u>	<u>\$ 652,300</u>	<u>\$ 7,701,970</u>	<u>\$ 1,161,899</u>	<u>\$ 14,256,970</u>	<u>\$ 1,814,199</u>

Changes in long-term liabilities

A summary of long-term liability activity, including debt, for the year ended June 30, 2020 is as follows. Additional detailed information is available following the summary.

	Balance 7/1/2019	Issued or Additions	Retirements	Balance 6/30/2020	Due within one year
Governmental Activities:					
General obligation bonds	\$ 805,000	\$ -	\$ 225,000	\$ 580,000	\$ 230,000
Unamortized debt premium	17,143	-	4,286	12,857	4,286
Direct Borrowings and Direct Placements	2,015,300	-	339,033	1,676,267	344,267
Total long-term debt	2,837,443	-	568,319	2,269,124	578,553
Compensated absences	203,067	4,347	-	207,414	-
Net pension liability	4,640,854	202,165	-	4,843,019	-
Net OPEB liability	18,359,247	-	459,816	17,899,431	-
Total long-term liabilities	<u>\$ 26,040,611</u>	<u>\$ 206,512</u>	<u>\$ 1,028,135</u>	<u>\$25,218,988</u>	<u>\$ 578,553</u>

For governmental activities, net pension liability, net OPEB liability, and compensated absences are generally liquidated by the general fund.

CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
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	<u>Balance</u> <u>7/1/2019</u>	<u>Issued or</u> <u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>6/30/2020</u>	<u>Due within</u> <u>one year</u>
Business-type activities:					
Revenue and Tax Bonds	\$ 6,905,000	\$ -	\$ 350,000	\$ 6,555,000	\$ 710,000
Other long-term debt	7,240,701	950,424	489,155	7,701,970	524,244
Bond premium	134,647	-	12,368	122,279	-
Total long-term debt	14,280,348	950,424	851,523	14,379,249	1,234,244
Compensated absences	488,933	25,015	4,389	509,559	67,578
Post retirement benefit - ins.	853,114	62,699	42,124	873,689	15,682
Total long-term liabilities	<u>\$ 15,622,395</u>	<u>\$ 1,038,138</u>	<u>\$ 898,036</u>	<u>\$ 15,762,497</u>	<u>\$ 1,317,504</u>

3.F. INTERFUND TRANSACTIONS AND BALANCES

Operating Transfers

	<u>TRANSFER FROM</u>			<u>Totals</u>
	<u>General</u>	<u>Natural Gas</u>	<u>Electric System</u>	
TRANSFER TO				
General	\$ -	\$ 195,679	\$ 378,144	\$ 573,823
Drug	40,343	-	-	40,343
Sanitation	50,000	-	-	50,000
	<u>\$ 90,343</u>	<u>\$ 195,679</u>	<u>\$ 378,144</u>	<u>\$ 664,166</u>

The transfers from General Fund to the Sanitation Fund and Drug Fund were for operating transfers. The transfers to the General Fund from the Gas and Electric Funds are for in-lieu of taxes.

Interfund Payables

The interfund payable between the General and Drug Funds involves an amount due to the General Fund from the Drug Fund for fines owed to the General Fund. The amount is \$16,435.

**CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

1. City of Lewisburg Defined Benefit Pension Plan

Description of the Plan

The City of Lewisburg Defined Benefit Pension Plan (Plan) is a single-employer defined benefit pension plan established to provide retirement, termination/severance, disability, and survivor benefits for a person employed by the City of Lewisburg, Lewisburg, Tennessee (Employer). Tennessee Code Annotated, Title 8 grants the authority to the Employer and a trustee to establish and amend the benefits terms to the Plan with approval of the political subdivision. The Plan was established on January 1, 2010 and is administered by the Employer.

At June 30, 2020, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving	43
Inactive plan members or beneficiaries entitled to but not yet receiving benefits	8
Active plan members	<u>96</u>
Total	<u>147</u>

The Plan provides that the monthly retirement benefit shall be a pension payable for the member's lifetime and guaranteed for a period of one hundred twenty (120) payments equal to one and one-half percent (1-1/2%) of the member's average monthly wage received for the five (5) consecutive July 1 dates that produce the highest such average; this sum multiplied by the member's years of credited service up to forty (40) years. Members are eligible to retire as of normal retirement (attainment of age sixty-five (65)) or special early retirement (attainment of age fifty-five (55) and the combination of his attained age and his number of years of vesting service is at least eighty (80)).

A reduced early retirement benefit is available to members with at least five (5) years of credited service any time after attainment of age fifty-five (55) with a reduction factor of one-one hundred eightieth (1/180th) for each completed month of the first five (5) years and one-three hundred sixtieth (1/360th) for each completed month of the next five (5) years by which the early retirement date precedes what would have been the normal retirement date.

Description of the Plan

A member who continues employment beyond his normal retirement age shall be eligible for a late retirement benefit upon actual retirement equal to the greater of (1) an actuarially increased monthly benefit or (2) a continued accrual monthly benefit determined as follow:

- (1) The actuarially increased monthly benefit shall be the actuarial equivalent (determined without benefit of survivorship) of the amount that would otherwise have been payable at normal retirement.
- (2) The continued accrual monthly benefit shall be the amount determined in accordance to the standard benefit formula with credit given for subsequent service and compensation (provided that the forty-year credited service maximum shall not be exceeded in computing the benefit).

The severance benefit payable to member prior to completion of five (5) years of credited service is a lump sum payment of the net amount of contributions (including interest) plus the amount transferred by the member for the purchase of credited service. After a completion of five (5) years of credited service, a member shall be entitled to a monthly benefit equal to the amount earned under the normal retirement benefit formula, using credited service as of his date of severance, with payment commencing on the member's normal retirement date.

CITY OF LEWISBURG, TENNESSEE
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If a member separates employment due to disability, he shall be entitled to a monthly benefit equal to the amount earned under the normal retirement benefit formula, using credited service as of his date of disability, with payment commencing on the member's normal retirement date. However, the member may elect the benefit start prior to this normal retirement date at a reduced rate. For commencement less than ten (10) years prior to normal retirement date, a reduction factor of one-one hundred eightieth ($1/180^{\text{th}}$) for each completed month of the first five (5) years and one-three hundred sixtieth ($1/360^{\text{th}}$) for each completed month of the next five (5) years by which the early retirement date shall apply. For commencement more than ten (10) years prior to normal retirement date.

In the event an active member dies or a retired member dies prior to the commencement of any benefit from the Plan, the designated beneficiary shall be entitled to a monthly pension for the remaining lifetime equal to fifty percent (50%) of the actuarial equivalent of the member's accrued retirement benefit.

If a member dies after his severance from employment but prior to the commencement of his deferred vested severance benefit, the designated beneficiary shall be entitled to a benefit equal to the commuted value of the mandatory contribution benefit.

If a member dies after commencement of benefits from the Plan, the death benefit, if any, payable shall be in accordance with the form of benefit payment elected. However, in the event that the aggregate payments to a member (and/or beneficiary) under the form of benefit payment elected is less than the actuarial equivalent of the mandatory contribution benefit at the date of commencement of benefits, a lump sum death benefit of the remaining mandatory contributions plus interest shall be payable.

A member or his beneficiary shall be eligible for an automatic annual one percent (1%) increase in his benefit effective every July 1 after the member and/or beneficiary have been receiving benefits for at least one year.

The Employer intends to contribute to the Plan each year such amounts as may be required to operate the Plan on a sound actuarial basis. The minimum annual contribution by the department must be sufficient as determined by the actuaries, to prevent deterioration in the actuarial status of the trust fund during the year. For the year ending June 30, 2020, the mandatory member contribution rate (per the Plan's legal document) was 4.00% of annual pay and the actuarially determined Employer's contribution rate was 14.98% of annual payroll.

Net Pension Liability of the Plan

The components of the net pension liability of the Plan at June 30, 2020 were as follows:

Total pension liability	\$ 10,757,695
Plan fiduciary net position	(5,914,676)
Plan's net pension liability	<u>\$ 4,843,019</u>

Plan fiduciary net position as a percentage of the the total pension liability	54.98%
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**CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

Pension Expense of the Plan

Pension expense of \$701,356 must be recognized for the fiscal year ending June 30, 2020.

Significant Actuarial Assumptions

Measurement Date	June 30, 2020
Valuation Date Assets	June 30, 2020
Liabilities	June 30, 2020 – Actual member census data as of June 30, 2020 was used in the valuation.
Inflation Rate	2.25% per annum
Future Salary Increases	3.00% per annum (2.25% increases due to inflation and 0.75% due to merit/seniority)
Investment Rate of Return	7.00% per annum, net of pension plan investment expenses, including inflation
Cost of Living Increase	1.00% per annum
Mortality Assumption	Uninsured Pensioner 1994 Tables (UP-94/94 GAM Basic – separate male and female tables)
Discount Rate	The discount rate used to measure the total pension liability was 7.0% as of June 30, 2020 (compared to 7.00% as of June 30, 2019) and is equal the long-term expected return on plan investments. The projected cash flows used to determine the discount rate assumed that employer contributions would be made at the most current reported rate of 15% of payroll. The future contributions assumption was based upon information provided by City of Lewisburg and historical contribution experience. Based on this assumption, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.0%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.0%) or 1 percentage point higher (8.0%) than the current rate:

CITY OF LEWISBURG, TENNESSEE
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	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Total Pension Liability	\$ 12,114,341	\$ 10,757,695	\$ 9,616,762
Plan Fiduciary Net Pension	5,914,676	5,914,676	5,914,676
Net Pension Liability (Asset)	<u>\$ 6,199,665</u>	<u>\$ 4,843,019</u>	<u>\$ 3,702,086</u>

Deferred Outflows and Inflows of Resources

The City reported deferred outflows of resources and deferred inflows of resources related to pensions for the year ended June 30, 2020 as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 391,385	\$ -
Change in assumptions	-	948,195
Net difference between projected and actual earnings	363,555	30,146
Total	<u>\$ 754,940</u>	<u>\$ 978,341</u>

Change in the City's Net Pension Liability

The following table show the net pension liability as of and for the years ended June 30, 2019 and 2020. In prior years, the preceding year pension liability had been used to record amounts presented in the City's financial statements. Effective in fiscal year ended June 30, 2018 the City commenced using actuarial determined amounts for the net pension liability as of the current year end for purposes of reporting in the accompanying financial statements.

CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
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	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 6/30/18	\$ 10,264,538	\$ 5,313,667	\$ 4,950,871
Changes for the year:			
Service cost	270,871	-	270,871
Interest	714,225	-	714,225
Benefit changes	-	-	-
Differences between expected and actual experience	(340,909)	-	(340,909)
Change in assumptions	-	-	-
Contributions - employer	-	610,197	(610,197)
Contributions - employees	-	160,331	(160,331)
Net investment income	-	221,123	(221,123)
Benefit payments, including refunds of employee contributions	(613,302)	(613,302)	-
Administrative expense	-	(37,447)	37,447
Net changes	<u>30,885</u>	<u>340,902</u>	<u>(310,017)</u>
Balance at 6/30/19	<u>\$ 10,295,423</u>	<u>\$ 5,654,569</u>	<u>\$ 4,640,854</u>
 Balance at 6/30/19	 \$ 10,295,423	 \$ 5,654,569	 \$ 4,640,854
Changes for the year:			
Service cost	272,095	-	272,095
Interest	719,100	-	719,100
Differences between expected and actual experience	15,062	-	15,062
Change in assumptions	-	-	-
Contributions - employer	-	615,104	(615,104)
Contributions - employees	-	161,417	(161,417)
Net investment income	-	68,412	(68,412)
Benefit payments, including refunds of employee contributions	(543,985)	(543,985)	-
Administrative expense	-	(40,841)	40,841
Net changes	<u>462,272</u>	<u>260,107</u>	<u>202,165</u>
Balance at 6/30/20	<u>\$ 10,757,695</u>	<u>\$ 5,914,676</u>	<u>\$ 4,843,019</u>

There were no contributions subsequent to measurement date.

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

2020	\$ 146,745
2021	155,921
2022	(206,635)
2023	(237,976)
2024	(36,728)
Thereafter	(44,728)

**CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
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2. Lewisburg Water and Wastewater Department Defined Benefit Pension Plan

Description of the Plan

All full-time employees of the Department are eligible to participate in the Lewisburg Water and Wastewater Department Defined Benefit Pension Plan ("the Plan") after reaching age 21 and completing one year of service, with a January 1 entry date.

The Plan is a single employer defined benefit pension plan, established to provide retirement, terminations/severance, disability, and survivor benefits for a person employed by the City of Lewisburg Water and Wastewater Department, Lewisburg, Tennessee (employer). Tennessee Code Annotated, Title 8 grants the authority to the employer and a trustee to establish and amend the benefit terms to the Plan with the approval of the political subdivision. The Plan was established on January 1, 2011 and is administered by the employer. Participation in the Plan is mandatory for Department employees hired after January 1, 2011. Employees hired before January 1, 2011 could elect to begin participation on January 1, 2011 or could elect to use their previous pension funds held in a defined contribution plan to purchase service credit. The assets of the Plan are held separately and are used only for the payment of benefits to the members of the Plan or their beneficiaries and other administrative expenses of the Plan.

Benefits Provided

All the benefits and provisions of the Plan are at the discretion of the Department and are consistent with the laws of Tennessee and the United States government. The Plan provides that the monthly retirement benefit shall be a pension payable for the member's lifetime and guaranteed for a period of one hundred twenty (120) payments equal to one and one-half percent (1.5%) of the member's average monthly wage received for the five (5) consecutive July 1 dates that produce the highest such average; this sum multiplied by the member's years of credited service up to 40 years. Members become eligible to retire at the age of 65 or when age plus service equals at least 80 but not less than the age of 55.

A reduced retirement benefit is available to members with at least five years of credited service any time after attainment of age 55 with a reduction factor on one-one hundred eightieth ($1/180^{\text{th}}$) for each completed month of the first five years and one-three hundred sixtieth ($1/360^{\text{th}}$) for each completed month of the next five years by which the early retirement date precedes what would have been the normal retirement date.

A member who continues employment beyond normal retirement age is eligible for a late retirement benefit upon retirement equal to the greater of either an actuarially increased monthly benefit (without benefit of survivorship) or a continued accrual monthly benefit.

Severance benefit payable to a member prior to completion of five years of credited service is due in a lump sum payment equal to the commuted value of the mandatory contribution benefit. After five years of service a member would be entitled to a monthly benefit equal to the amount earned under the normal retirement benefit formula, using credited service as of his date of severance, with payment commencing on the member's normal retirement date.

CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
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If a member separates employment due to disability, he shall be entitled to a monthly benefit equal to the amount earned under the normal retirement benefit formula, using credited service as of his date of disability, with payment commencing on the member's normal retirement date. However, the member may elect the benefit start prior to his normal retirement date at a reduced rate. For commencement less than ten years prior to normal retirement date, a reduction factor of 1/180th for each completed month of the first five years and 1/360th for each completed month of the next five years prior to normal retirement date, such monthly amount shall be the actuarial equivalent of the benefit that would have been payable if the benefits had commenced ten years prior to normal retirement date.

In the event an active member dies or a retired member dies prior to the commencement of any benefit from the Plan, the designated beneficiary is entitled to a monthly pension for their remaining lifetime equal to fifty percent of the actuarial equivalent of the member's accrued retirement benefit.

If a member dies after his severance from employment but prior to commencement of his deferred vested severance benefit, the designated beneficiary shall be entitled to a benefit equal to the commuted value of the mandatory contribution benefit.

If a member dies after the commencement of benefits from the Plan, the death benefit, if any, payable shall be in accordance with the form of benefit elected. However, in the event that the aggregate payments to a member (and/or beneficiary) under the form of benefit payment elected is less than the actuarial of the mandatory contribution at the date of commencement of benefits, a lump sum death benefit of the remaining mandatory contribution plus interest shall be payable.

A member or his beneficiary shall be eligible for an automatic annual one percent increase in his benefit effective every July 1 after the member and/or beneficiary have been receiving benefits for at least one year.

Benefits provided

At the measurement date of June 30, 2019, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving	8
Inactive plan members or beneficiaries entitled to but not yet receiving benefits	5
Active plan members	<u>30</u>
Total	<u>43</u>

Contributions

The Department intends to contribute to the Plan each year such amounts as may be required to operate the Plan on a sound actuarial basis. The minimum annual contribution by the Department must be sufficient, as determined by the actuaries, to prevent deterioration in the actuarial status of the trust fund during the year. For the year ending June 30, 2019 the mandatory member contribution rate (per the Plan's legal document) was 4.00% of annual pay and the actuarially determined Department contribution rate was 11.23% of annual payroll.

Net Pension Liability

The Department's net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate net pension liability was determined by actuarial valuations as of that date.

**CITY OF LEWISBURG, TENNESSEE
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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:

Measurement Date	June 30, 2019
Valuation Date	June 30, 2019
Valuation Date Liabilities	June 30, 2019 – Actual member census data as of June 30, 2019 was used in the valuation
Inflation Rate	2.25% per annum
Future Salary Increases	3.00% per annum (2.25% increases due to inflation and 0.75% due to merit/seniority)
Investment Rate of Return	7.00% per annum, net of pension plan investment expenses, including inflation
Cost of Living Increase	1.00% per annum
Mortality Assumption	Uninsured Pensioner 1994 Tables (UP-94/94 GAM Basic- separate male and female tables)

The long-term expected rate of return on pension plan investments was assumed to be 7.00% per annum, net of pension plan investment expense, including inflation.

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. Large Mid Cap	6.61%	37.00%
U.S. Mid Cap	6.84%	9.00%
U.S. Small Cap	7.07%	5.00%
Non-U.S. Developed	6.64%	10.00%
Non-U.S. Emerging Market Equity	7.79%	4.00%
Investment Grade Short	2.00%	5.00%
Investment Grade Intermediate	2.75%	22.00%
Non-investment Grant	4.65%	3.00%
Multi Sector Fixed Income	5.48%	3.00%
Cash	1.00%	2.00%
		<u>100.00%</u>

**CITY OF LEWISBURG, TENNESSEE
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Discount Rate

The discount rate used to measure the total pension liability 7.00% as of June 30, 2019 (compared to 7.00% as of June 30, 2018), and is equal to the long-term expected return on plan investments. The projection cash flows used to determine the discount rate assumed that employer contributions would be made at the most current reported rate of 14.00% of payroll. The future contribution assumption was based upon information provided by City of Lewisburg Water and Wastewater and historical contribution experience. Based on this assumption, the Plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members.

Changes in the Net Pension Liability

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at 6/30/18	\$ 4,242,886	\$ 2,554,152	\$ 1,688,734
Changes for the year:			
Service cost	86,388	-	86,388
Interest	298,207	-	298,207
Change in plan provisions	-		
Differences between expected and actual experience	(25,542)	-	(25,542)
Change in assumptions	-	-	-
Contributions - employer	-	175,120	(175,120)
Contributions - employees	-	57,907	(57,907)
Net investment income	-	111,214	(111,214)
Benefit payments, including			-
refunds of employee contributions	(127,693)	(127,693)	-
Administrative expense	-	(19,750)	19,750
Net changes	<u>231,360</u>	<u>196,798</u>	<u>34,562</u>
Balance at 6/30/19	<u>\$ 4,474,246</u>	<u>\$ 2,750,950</u>	<u>\$ 1,723,296</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Department calculated using the discount rate of 7.00%, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability (Asset)	\$ 2,317,713	\$ 1,723,296	\$ 1,222,884

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Pension Expense

For the year ended June 30, 2020, the Department recognized pension expense of \$232,654.

Investments

The invests in real estate investment trusts (REITS), mutual funds, exchange-traded products (ETPs), and alternative investments. The investments are valued on the basis of year-end closing prices or market values estimated by the investment companies.

Investments are stated at fair value. Securities traded on national exchanges are valued at the last reported sales price. The remaining securities are valued at the latest estimated value provided by the investment company. As of June 30, 2020, and for the year then ended, the Plan held no securities issued by the City of Lewisburg or other related parties.

A money-weighted rate of return expresses investment performance, net of pension plan investment expense, adjusted for the changing amounts actually invested. For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments was 2.13%.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2020, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 301,526	\$ 29,745
Changes in assumptions	617,974	952,922
Net difference between projected and actual earnings on pension plan investment	61,532	-
Contribution subsequent to the measurement date of June 30, 2019	200,734	-
	<u>\$ 1,181,766</u>	<u>\$ 982,667</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2019," will be recognized as a reduction (increase) to new pension liability (asset) in the measurement period.

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

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Year ended		
2021	\$	54,925
2022		18,163
2023		34,161
2024		30,706
2024		(29,706)
Thereafter		(109,884)

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

There was no change in assumptions for base year ending June 30, 2019. The changes in assumptions for base year ending June 30, 2018 reflect the change from the use of 5.52% blended discount rate for the liabilities to the use of a 7.00% discount rate. The changes in assumptions for base year ending June 30, 2017 reflect the change from the use of a 4.87% blended discount rate for the liabilities to the blended discount rate of 5.52%. The changes in assumptions for the base year ending June 30, 2016 reflect the change from the use of 6.61% blended discount rate for the liabilities to the blended rate of 4.87%. The change in assumptions for the base year ending June 30, 2015 reflect the change from the use of 7.00% discount rate for the liabilities to the blended discount rate of 6.61%.

Fair Value Measurements – Water Department

Professional standards provide a framework for measuring fair value. The framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical asset or liabilities (level 1) and the lowest priority to unobservable inputs (level 3).

The Department's pension trust fund investments measured at fair value on a recurring basis are classified according to the following hierarchy:

Level 1 – Inputs are quoted prices in markets for identical assets and liabilities.

Level 2 – These are quoted market prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities that are not active, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs are unobservable and significant to the fair value measurement.

The following table sets forth, by level within the fair value hierarchy, the Plan's investments at fair value at June 30:

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	2020	2019
Quoted market price (Level 1)	\$ 2,696,471	\$ 2,539,032
Inputs other than quoted prices that are observable for the asset of liability (Level 2)	151,548	158,217
	<u>\$ 2,848,019</u>	<u>\$ 2,697,249</u>

The Plan's investment in the DFA Global Allocation Fund of \$151,945 and the investment in the Loomis Sayles Growth Fund of \$157,825 exceeded 5% of the Plan's fiduciary net position as of June 30, 2020. The Plan's investment in the Europacific Growth Fund of \$182,015 and the investment in the IShares TR Core Fund of \$147,205 exceeded 5% of the Plan's fiduciary net position as of June 30, 2019.

3. Lewisburg Gas Department Pension Plan

The Department provides pension benefits to its employees through the Lewisburg Gas Department Employees Pension Plan, a defined contribution – money purchase plan. In this plan, benefits depend solely on amounts contributed to the plan plus earnings. The Lewisburg Gas Department by action of the Board of Directors may amend any election in the adoption agreement by giving the trustees written notification of such amendment as adopted.

The Lewisburg Gas Department is the administrator of the Plan. A Department employee performs the duties of administrator. Three trustees are appointed by the Board of Directors of the Lewisburg Gas Department to review investment choices, sign administrative forms, etc. The Department manager and two board members currently serve as the trustees. The Department contracts with VOYA as a custodian and investment provider that uses a group funding agreement to maintain individual accounts in the pension plan for accounting and funding purposes. Employees are allowed up to fifteen different funds as investment options.

The Department and the employees will contribute 6% and 4% respectively of the employee's current compensation with the employee's permitted to contribute up to an additional 10%. Employees may become participants on the first January 1 or July 1 after reaching 21 years of age and accruing one year of service. The participant becomes fully vested after 6 years.

Employee who leave the Department before becoming fully vested will forfeit the Department's contributions based on the vesting schedule of 0 – 100%. The employee's contributions are fully vested from the first contribution.

Information regarding the plan year ended June 30, 2020 is shown below.

Total current year covered payroll for employer contributions	\$693,070
Total payroll for the plan year	\$758,262

CITY OF LEWISBURG, TENNESSEE
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	<u>Amount Contributed for the plan year</u>	<u>Percentage of current year covered payroll</u>
Employer	\$ 41,584	6%
Employee - not including voluntary contributions of \$0	\$ 29,034	4%

4. Lewisburg Electric System Pension and Deferred Compensation Plan

The System provides pension benefits for all of its full-time employees hired before July 1, 2016 through a defined contribution plan – Lewisburg Electric System Employees' Pension Trust. Employees who are at least twenty-five years of age are eligible after completing two years of employment with the System. The employee contribution rate is four percent of compensation – not to exceed fifty percent of the cost of benefit. The employer contribution rate is the rate required to fund the remainder of the benefit. The target benefit interest percent is 5.5%. Employees are fully vested after ten years in the plan.

The System provides pension benefits for all of its full-time employees hired after July 1, 2016 through a defined contribution plan – Lewisburg Electric System 401(A)Plan. Employees who are at least twenty-one years of age are eligible after completing one year of employment with the System. Employees may contribute up to 100% of their salary subject to maximum contribution limits allowable by law. The employer matches contributions made by the employee up to 8% of compensation. Employees are fully vested after six years in the plan.

Any forfeitures may be used to satisfy any contribution that may be required or used to pay any administrative expenses of the Plans. There were no forfeitures during the year ended June 30, 2020.

The System acts as the plan administrator and is named fiduciary of the plans. Management of the plans is handled by a third party. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Investment decisions are made by the individual employees.

Information regarding the plans for the year ended June 30, 2020, is shown below.

Total current year payroll for all employees	\$1,942,456
Total current year covered payroll	1,809,913
Target benefit interest percent	5.5%

	<u>Employer</u>	<u>Employee</u>
Contributions	\$ 213,805	\$ 54,780
Percent of current year covered payroll	11.81%	3.03%

The System offers a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all System employees, permits the deferral of a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

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5. City of Lewisburg Other Post-Employment Benefits

Plan Description

The City currently provides, under a single employer plan, a defined benefit postretirement benefit plan. The Plan provides comprehensive medical benefits as well as life insurance to eligible retirees and their spouses. The eligible, participants hired prior to 4/10/2007 must have obtained 10 years of service. Participants hired after 4/10/2007 but prior to 2/9/2016 must have obtained 20 years of service and age 55. Participants hired on or after 2/9/2016 must have obtained 30 years of service and age 55. The City pays full medical premiums for retiree only coverage. Spouse coverage is provided only for retirees with 30 years of service. Spouses of participants grandfathered to retire with 10 years of service have half of their coverage paid by the City. Coverage ends at Medicare eligibility date. Participants hired prior to 2/9/16 will receive a Medicare Supplement allowance from the City. The City uses One America to provide administration of the plan.

The City Board has the authority to establish, amend, or end the plan. The City Board has the authority to change the benefits provided by the plan.

There are no assets accumulated in a trust. All payments are made out of current funds.

Covered Employees

Inactive employees or beneficiaries currently receiving benefit payments	24
Covered spouses of living retirees	10
Active employees	<u>101</u>
Total	<u>135</u>

Net OPEB Liability

The components of the Net OPEB Liability as of December 31, 2019 are:

Total OPEB Liability	\$ 17,899,431
Plan Fiduciary Net Position	-
Net OPEB Liability	\$ 17,899,431
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	N/A

OPEB Expense

OPEB expense of \$948,021 was recognized for the fiscal year ending December 31, 2019.

Assumptions

The Total OPEB Liability as of December 31, 2019 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation

2.50% per annum

Inflation Healthcare Cost Trend Rates

Medical costs were trended at 9.0% in the first year, graded down to 5.0% for years beginning January 1, 2031 and later.

CITY OF LEWISBURG, TENNESSEE
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Mortality

RP-2014 Total Dataset Mortality, adjusted to 2006 using Scale MP-2014; projected on a generational basis using Scale MP-2019

Discount Rate

3.26% per annum

Summary of Main Plan Provisions

The Plan is a PPO plan providing comprehensive major medical benefits.

Employees hired on or after February 9, 2016, early retirees age 55 or older with at least 30 years of active full-time service are eligible for retiree only coverage at no cost to the participant. All post-employment health insurance benefits provided to these retirees terminate when a retiree becomes Medicare eligible.

For employees hired prior to February 9, 2016, early retirees age 55 older with at least 20 years of active full-time service are eligible for retiree and dependent coverage at no cost to the participant. Early retirees age 55 and older with at least 30 years of active full-time service are eligible for retiree and dependent coverage at no cost to the participant.

Employees who were active on April 10, 2007 may retire under a grandfathered provision with a minimum of 10 years of service at no cost to the retiree for retiree coverage, and with the City paying half the cost of dependent coverage.

Early retirement coverage ends for all participants upon reaching Medicare eligibility age. For participants who were hired prior to February 9, 2016 and retired with at least 20 years of service, the City will pay a Medicare Supplement allowance equal to the premium for active employee single coverage for the lifetime of the retiree. If the employee qualified for full spousal coverage during early retirement, a Medicare Supplement allowance will be provided for the payment.

Cost Sharing features are as follows:

	<u>In-Network</u>	<u>Out of Network</u>
Non-prescriptions coverage, deductible (2x family)	\$ 500	\$ 500
Coinsurance percentage	20%/30%	50%
Out-of-pocket maximum (2x Family, Including Deductible)	\$6,000/\$6,350	\$ 13,500

Prescription Coverage

Copayment	
Retail generic	\$ 10
Preferred brand	35
Nonpreferred brand	60
Mail order	2x
Specialty preferred	30%
Specialty nonpreferred	50%

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Monthly Premiums (effective January 1, 2018)

Medical, RX and HRA		Pre -65		Post-65
Retiree	\$	476.85	\$	589.31
Spouse		524.52		636.98

Eligible retirees are not required to pay anything for single coverage.

Medical

Retirees hired before April 10, 2007 with at least 10 years of service, but less than 30 years of service must pay 50% of the premium to cover a spouse. Retirees with greater than 30 years of service pay no premiums for retiree or spouse.

Retirees hired on or after April 10, 2007 but before February 9, 2016 with at least 20 years of service, but less than 30 years of service pay no premiums for single coverage and are not eligible for spouse coverage. Retirees with more than 30 years of service pay no premiums for single or spouse coverage.

Retirees hired on or after February 9, 2016 are not eligible for spouse coverage. Retirees with more than 30 years of service pay no premiums for single coverage.

Coverage ceases at age 65. For participants who were hired prior to February 9, 2016, the City will pay a Medicare Supplement allowance equal to the premium for active employee single coverage for the lifetime of the retiree.

Spousal coverage ends when the retiree reaches Medicare eligibility. Unless the employee was hired prior to February 9, 2016 and retired with at least 30 years of service, in which case the spouse is also eligible for the Medicare Supplement allowance.

Deductibles, out-of-pocket limits, and employee contributions are assumed to increase annually at the medical care cost trend rate. The Lifetime Maximum was not increased.

Actuarial Methods and Assumptions

Discount Rate	3.26% per annum Rationale: <i>The S&P Municipal Bond 20 Year High Grade Rate Index consists of bonds in the S&P Municipal Bond Index with a maturity of 20 years. Eligible bonds must be rated at least AA by Standard and Poor's Ratings Services, Aa2 by Moody's or AA by Fitch. If there are multiple ratings, the lowest rating is used.</i>
Mortality	RP-2014 Table Data Set Mortality adjusted to 2006 using Scale MP-2014, projected forward using Scale MP-2019 Rationale: <i>Published table that provides a reasonable estimate of future mortality experience for plans that lack the sufficient size to build a credible, customized assumption.</i>
Disability	None Assumed Rationale: <i>The likelihood that a participant will become disabled and receive benefits is sufficiently low such that the costs of modeling disability outweigh any benefits from doing so.</i>

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General Inflation Rate	2.50% per annum Rationale: <i>Based on historical market data</i>		
Turnover	2003 SOA Small Plan Turnover Rationale: <i>Published table that provides a reasonable estimate of future turnover experience for plans that lack the sufficient size to build a credible, customized assumption.</i>		
Coverage Rate	100% of eligible employees are assumed to be covered in the plan Rationale: <i>It is assumed that all eligible employees participate in the plan due to the fact that coverage is provided at no cost for retirees.</i>		
Spouses	Retirees: Age and marital status based on actual census data Actives: 50% of retirees are assumed to cover a spouse with male spouses two years older than female spouses. Rationale: <i>Based on observed history.</i>		
Retirement Rates	Age	Rate	Age Rate
	55-61	3%	65 70%
	62	20%	66-69 15%
	63-64	10%	70+ 100%
	Rationale: <i>Based on observed history of this plan and similar plans.</i>		
Per Capita Claim Costs (Medical)*			
Baseline Claim	\$7,220		
Age Variance Factors	Age	Male	Female
	55-59	1.302	1.288
	60-64	1.670	1.509
Age-Adjusted Claims**	55-59	\$ 9,400	\$ 9,299
	60-64	12,057	10 895
	65+	7,220	7,220
	Rationale: *Per capita claim costs are assumed to include administrative expenses. **Post-65 claims equal the annual premium for active single coverage. <i>This represents the health actuary's expectation of future plan experience and is based on the plan's provisions, past history, and the history of similar plans.</i>		

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Healthcare Cost Trend Rate	Year	Trend
	2020	9.0%
	2021	8.5%
	2022	8.0%
	2023	7.5%
	2024	7.0%
	2025	6.5%
	2026	6.5%
	2027	6.0%
	2028	6.0%
	2029	5.5%
	2030	5.5%
	2031+	5.0%

Rationale: *This represents the health actuary's estimate for future plan experience based on plan provision, past plan experience, the experience of similar plans, and the general expectation that overall medical trends will come down in the future.*

Changes in Total OPEB Liability

	Total OPEB Liability 12/31/2018	Total OPEB Liability 12/31/2018
Beginning balance	\$ 18,542,369	\$ 18,359,247
Changes for the year:		
Service cost	559,974	461,838
Interest	568,179	683,076
Difference between expected and actual experience	(860,781)	(1,478,387)
Change in assumptions	(181,262)	129,668
Benefit payments	(269,232)	(256,011)
Net changes	(183,122)	(459,816)
Ending balance	<u>\$ 18,359,247</u>	<u>\$ 17,899,431</u>

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

The following represents the Net OPEB is 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. The net OPEB liability at December 31, 2018 was as follows:

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	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 14,543,281	\$ 17,899,431	\$ 22,340,986

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following represents the Net OPEB Liability is 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 assumed trend rate. The net OPEB liability at December 31, 2019 was as follows:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 21,993,398	\$ 17,899,431	\$ 14,764,531

Deferred Outflows of Resources and Deferred Inflows of Resources

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 2,378,903
Changes in assumptions	580,008	-
Net difference between projected and actual earnings on pension plan investment	-	-
Contribution subsequent to the measurement date of June 30, 2019	-	-
	<u>\$ 580,008</u>	<u>\$ 2,378,903</u>

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

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Year ended	
2019	\$ (322,640)
2020	(322,640)
2021	(322,640)
2022	(322,640)
2023	(322,640)
2024	(340,974)
Thereafter	(167,361)

6. Lewisburg Gas Department Other Post-Employment Benefits

Plan Description

The Department currently provides, under a single employer plan, a defined benefit postretirement benefit plan-retiree Medicare supplement health insurance (OPEB) plan for retired employees and their spouses, provided the employee meets certain age and length of service requirements. The insurance is provided Hartford Insurance in the form of a group Medicare supplement plan. Hartford used Group Administrative Concepts, Inc. (GAC) to provide all administration of the plan by adding new enrollees, removing participants, billing the Department for premiums, and answering any questions on the group plan. The Department provides GAC with the completed enrollment forms, notice of death of a retiree or beneficiary and other paperwork.

The benefit is being provided one year at a time, if approved by an annual vote of the Natural Gas Board. The Natural Gas Board has the authority to establish, amend, or end the plan. The Natural Gas Board has the authority to change the benefits provided by the plan.

During the year ended June 30, 2018, the Board amended the plan to give the Board discretion to override the qualification for the OPEB plan for employees with 25 consecutive years of service upon extenuating circumstances.

No assets are accumulated in a trust. All payments are made out of current funds.

Benefits Provided

The Plan provides a Medicare supplement that does not include pharmacy starting the later of age 65 or retirement. Employees will be vest after twenty-five continuous years of service and having reached the age of 62 or older before retiring from the Department.

The Department pays 100% of the premiums on a pay as you go basis. Employees and retirees make no contributions toward the benefits. Benefits paid totaled \$10,786 for the current year.

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	3
Inactive employees or beneficiaries entitled to but not yet receiving benefits	1
Active employees or beneficiaries	<u>6</u>
	<u>10</u>

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The plan was frozen on June 11, 2007. New employees or new spouses of current employees are not eligible to receive this benefit after June 11, 2007.

Total OPEB Liability

The Department's total OPEB liability of \$873,689 was measured as of June 30, 2020, and was determined by actuarial valuation as of that date.

Actuary Assumptions

The total OPEB liability as of June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50%
Salary increases	3.00%
Discount rate	2.75%
Healthcare cost trend rate	4.50% beginning in 2019 and reduced 0.15% each year until 3.0% is reached
Retirees' share of benefit-related costs	0.0%
Pre-retirement mortality	RP-2014 Mortality Table for Blue Collar Employees projected generationally with the scale MP-16 for males and females, set forward 1 year for females
Post-retirement mortality	RP-2014 Mortality Table for Blue Collar Employees projected generationally with the scale MP-16 for males and females, set forward 1 year for females
Disabled mortality	RP-2014 Mortality Table for Blue Collar Employees projected generationally with the scale MP-16 for males and females, set forward 1 year for females

The discount rate approximates tax-exempt, high-quality municipal bond rates.

The actuarial assumptions used to calculate the actuarial accrued liability and the service cost primarily reflect the latest experience studies of a large State Municipal Retirement System issued in 2014 and their most recent analysis of retiree mortality during 2015 and 2016.

Changes in the Total OPEB Liability

	Total OPEB Liability 6/30/2020	Total OPEB Liability 6/30/2019
Beginning balance	\$ 853,113	\$ 868,187
Changes for the year:		
Service cost	11,137	11,289
Interest	23,620	23,982
Differences between expected and actual experience	(31,337)	(152,389)
Change in assumptions	27,942	116,936
Benefit payments	(10,786)	(14,891)
Net changes	<u>20,576</u>	<u>(15,073)</u>
Ending Balance	<u><u>\$ 873,689</u></u>	<u><u>\$ 853,114</u></u>

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Changes in Assumptions

The mortality table has been undated from the RP-2014 Mortality Table adjusted to 2006 and projected generationally with scale MP-2018 to the RP-2014 Mortality Table projected generationally with scale MP-2016 for males and females decreasing the disclosed liability by \$14,000.

Withdrawal assumptions have been updated increasing the disclosed liability by \$42,000.

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

The following represents the total OPEB liability of the Department, as well as what the Department'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:

	1% Decrease 1.75%	Discount Rate 2.75%	1% Increase 3.75%
Total OPEB liability	\$ 1,043,872	\$ 873,689	\$ 744,194

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:

	1% Decrease 3.50%	Healthcare Cost Trend Rate 4.50%	1% Increase 5.50%
Total OPEB liability	\$ 723,776	\$ 873,689	\$ 1,067,136

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2020, the Department recognized OPEB expense of \$32,742. At June 30, 2020, the Department reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 50,846	\$ 236,816
Changes in assumptions - Plan amendment	104,287	-
Changes in assumptions - Actuarial Assumptions	92,515	-
	<u>\$ 247,648</u>	<u>\$ 236,816</u>

**CITY OF LEWISBURG, TENNESSEE
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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	\$ (3,915)
2022	(3,915)
2023	(3,915)
2024	3,176
2025	3,188
Therafter	15,545

4.B. DEFERRED REGULATORY LIABILITY

During the year 2013 and 2020, the State of Tennessee paid contractors to move a gas line in connection with road work that was being done. In accordance with accounting standards, the Natural Gas Fund recorded the value of this work as an increase in capital assets. The Department also elected, in accordance with GASB 62, to follow ASC 980, *Accounting for Effects of Certain Types of Regulation*. This resulted in the Department recording a deferred regulatory credit during fiscal year 2013 and 2020 and recognizing revenue over the estimated useful life of the assets. This resulted in \$47,060 in revenue during the year, which is included on the Statement of Revenues, Expenses, and Change in Net Position as capital contributions. The remaining deferred regulatory credit as of June 30, 2020 is \$2,034,001.

4.C. NATURAL GAS LEASE

In 1965, the Department paid \$28,700 for the 99-year leasehold rights to the land upon which its office building is situated. This cost is being amortized on a straight-line basis over the lease term.

4.D. RELATED PARTY TRANSACTIONS

The Water and Wastewater Department has \$2,863,831 on deposit with First Commerce Bank as of June 30, 2020. The Chairman of the Board of Lewisburg Water and Wastewater is also the Chairman of the Board of First Commerce Bank.

4.E. 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. The City and the Electric Power System participate in the Public Entity Partners Risk Management Pool (the "Pool"), a public entity risk pool currently operating a workers' compensation common risk management and insurance program. The Pool is a cooperative risk sharing arrangement between local government agencies that works in many ways like a traditional insurer management believes such coverage is sufficient to preclude any significant uninsured losses to the City. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

CITY OF LEWISBURG, TENNESSEE
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The City continues to carry commercial insurance for employee health and accident insurance. May 1, 2005, the City switched their employee health insurance coverage to include a Health Reimbursement Account ("HRA") for each employee. The City uses a third party administrator for the processing of these accounts and it is estimated to be a savings for both the City and the employees without further liability exposure to either party.

The Water and Wastewater, Natural Gas, and Electric System Funds have purchased commercial insurance against the risk of losses on property, general liability and workers' compensation to which it is exposed. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

4.F. ADVANCES – ENERGY SERVICE LOANS

The Electric System has been advanced \$33,026 by TVA to make low-interest heat pump loans to consumers. Uncollectible loans are deducted from the advances and are not an expense to the System. Servicing of the loans is provided by Regions Bank.

4.G. COMMITMENTS AND CONTINGENCIES

City of Lewisburg

The facilities and operations of the City and its Departments are subject to a wide range of environment protection laws related to the use and disposal of hazardous materials. As a result, there is possibility that environmental conditions may arise which would require the City or its Departments to incur cleanup costs. As in prior years, management continues its efforts to comply, and to determine compliance, with all applicable environmental protection laws and does not believe such costs, if any, would materially affect the City's financial position or its future cash flows.

The City is a defendant in various lawsuits. All cases are pending and will be highly contested. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's legal counsel that resolution of these matters will not have a material adverse effect of the City's financial position. Accordingly, no provision for any liability resulting from such litigation has been made in the accompanying financial statements.

Lewisburg Electric System

Under its power contract, effective August 26, 2019, the Electric System is obligated to purchase power from the Tennessee Valley Authority, which is subject to termination by either party upon not less than twenty years prior to written notice. The rates paid for the power and energy supplied by TVA shall be in accordance with the provisions of Wholesale Power Rate – Schedule WS.

The System has a contract with Service Electric Company for a line extension in the amount of \$299,589. The System also had a contract with Service Electric Company for substation construction in the amount of \$1,372,459. There were no amounts incurred under either of these contracts through June 30, 2020.

CITY OF LEWISBURG, TENNESSEE
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JUNE 30, 2020

Lewisburg Gas Department

The Department enters into forward contracts to purchase natural gas at specified times in the future at fixed prices through its marketer, CenterPoint Energy. Obligations to purchase natural gas are not recognized in the Department's financial statements until the natural gas is delivered. The Department also enters into these contracts on behalf of the Department and on behalf of certain customers to help establish its natural gas costs for the year and to protect itself against an increase in the market price of natural gas. The market price before or at the specified time to purchase the natural gas may be lower than the price at which the Department is committed to buy. The Department may also be exposed to the failure of the counterparties to fulfill the contracts.

At June 30, 2020, the Department is obligated under the terms of natural gas supply contracts to purchase natural gas of approximately \$805,500 to be delivered during the fiscal years 2021 through 2022.

In order to provide service to its customers, the Department is obligated under various transportation and storage capacity contracts and gas supply contracts with various companies. The pipeline and storage capacity contracts have contract periods that expire from 2021 through 2030.

The following is a schedule of firm commitments under transportation and storage capacity contracts at June 30, 2020:

Year ending June 30,	Transportation	Storage	Total
2021	\$ 828,457	\$ 151,109	\$ 979,566
2022	778,269	151,110	929,379
2023	736,519	151,110	887,629
2024	715,644	151,110	866,754
2025	662,204	151,110	813,314
2026-2031	987,968	728,064	1,716,032
	<u>\$ 4,709,061</u>	<u>\$ 1,483,613</u>	<u>\$ 6,192,674</u>

ETNG/Enbridge filed a rate case on June 30, 2020, with FERC after failing to reach an agreement with their customers, including the Department, on new rates. The proposed rates effective date is August 1, 2020. However, the rates have a suspension period till January 1, 2021. January 1st is the date ETNG customers including the Department will actually start paying the new rates, subject to refund, unless this is changed by settlement. If a settlement is not reached between the parties, the FERC filing will continue and the issue will be settled by a judge. The Department is a member of the East Tennessee Group and is represented by Jennifer Waters of Crowell and Moring. There is no way to know when this issue will be settled or the amount of the final rates. The Department is currently paying \$6.68 for demand. The rate that the Department will be paying starting January 1st is \$11.681, an increase in rate of \$5.001. The final rate could be less or more and the Department would be due a refund or receive an invoice for the balance due. In calculating the commitments for transportation and storage contracts above, the Department continued to use the \$6.68 rate as the \$11.681 is not a firm number but an estimate. The total transportation and storage contract commitment would increase by \$1,994,033 from \$6,192,674 to \$8,186,707 if the \$11.681 rate was used.

The Department has an open contract with James N. Bush Construction, Inc. (Bush) for construction work. During a previous year, the Department advertised for bids on an open contract consisting of individual pricing for inserting, trenching dirt or rock and by size of piping, casing test stations, concrete, asphalt repair, equipment usage, valves, etc. Bush was the only bidder.

CITY OF LEWISBURG, TENNESSEE
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JUNE 30, 2020

In June 2020, the Department committed to purchase from RTR (Rob Talley) a new 100 ton cooling system installed for \$115,000. The Department had expected it to be installed by August 31, 2020. Due to Covid-19, the date has been pushed back to December 31, 2020 and could be delayed further.

Environmental Concerns

The Water and Wastewater, Electric Power and Natural Gas Funds facilities and operations are subject to a wide range of environmental protection laws related to the use and disposal of hazardous materials. As a result, there is a possibility that environmental conditions may arise which would require the System to incur cleanup costs. As in prior years, management continues its efforts to comply, and to determine compliance, with all applicable environmental protection laws and does not believe such costs, if any would materially affect the City's financial position or its future cash flows.

Super Fund Site

The City of Lewisburg owns a landfill located on Old Rock Crusher Road. The landfill was deemed a Super Fund Site in approximately 1986 by the EPA. To date the City of Lewisburg has spent approximately \$2.5 million in pre-testing, legal, remediation, and post testing, State oversight and EPA oversight costs. EPA conducts a site review every 5 years, costing the City of Lewisburg an average of \$40,000. The City has been required to have sampling events every year by an independent firm until 2012, when the TDEC determined the sampling procedures being used were outdated. At that time, the EPA decided to do the sampling themselves. Since then only one sampling event has occurred because the EPA would not approve a private firm to do the event. Data from these last 2 sampling events has determined that an annual sampling event may not be needed. It has also been determined that the number of contaminants tested for will be reduced. Until the EPA makes a final determination on these factors, there is no way to predict the future costs of the landfill.

The City had \$67,773 in costs recorded on the Sanitation Fund for the year ended June 30, 2020. The Super Fund Site will be such in perpetuity and there is no way to determine the future monitoring cost of the landfill.

4.H. SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Lewisburg Gas Department is a municipal utility system operating to distribute natural gas to consumers in the Lewisburg area. The Department grants credit to its approximately 2,804 consumers, which at June 30, 2020, totaled \$48,578.

Lewisburg Electric System is a municipal utility system operating to distribute electric power to consumers in the Lewisburg area. The System grants credit to its approximately 6,309 customers, which at June 30, 2020 totaled \$1,768,682. Deposits from these customers totaling \$1,129,645 are held as security for these accounts receivable.

4.I. LEASE – GAS DEPARTMENT

In 1965, the Gas Department paid \$28,700 for the 99-year leasehold rights to the land upon which its office building is situated. This cost is being amortized on a straight-line basis over the term of the lease.

4.J. TAX ABATEMENTS

The City of Lewisburg issues tax abatements in the form of a payment on lieu of taxes (PILOT). The City's PILOT agreements do contain clawback or recapture provisions based on performance goals. In the event of default, the City may clawback property or personal taxes that would have been otherwise owed.

CITY OF LEWISBURG, TENNESSEE
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JUNE 30, 2020

The Industrial Development Board of Lewisburg (City IDB) performs public functions on behalf of the City of Lewisburg. Authorized by the State of Tennessee Code Annotated (TCA) Section 7-53-305, a provision of the Tennessee Industrial Development Corporations Act, the City IDB undertakes financing and development of projects deemed to promote industry, trade, commerce, tourism and recreation, and housing construction. The Board acts as a conduit organization for property tax abatements through PILOT agreements. The abatement, which may be as much as 100% of the standard real and/or personal property taxes, may be granted to any qualified business located within or relocating to property within the boundaries of the City limits. The City currently has 13 active PILOT agreements, with an estimated \$256,123 abated in 2020.

- **MEIWA Industry North America, Inc.** – The abatement commenced June 4, 2013 with the construction of improvements to real property and an existing building and the acquisition and installation of machinery and equipment located in Lewisburg, Tennessee. The initial PILOT is for twenty (20) years, with a capital investment of \$3,410,000 for twenty (20) years as follows: Year one (1) through year ten (10) at 0%, year eleven (11) at 10%, year twelve (12) at 20%, year thirteen (13) at 30%, year fourteen (14) at 40%, year fifteen (15) at 50%, year sixteen (16) at 60%, year seventeen (17) at 70%, year eighteen (18) at 80%, year nineteen (19) at 90% and year twenty (20) at 100%. The initial PILOT for personal property is for ten years, with a capital investment of \$2,374,500 for eight (8) years as follows: 2015 at 0%; 2016, 2017 at 25%; 2018, 2019 at 50%; 2020, 2021, 2022 at 75%; and 2023 at 100%.
- **Minth Tennessee International LLC** – The abatement commenced December 20, 2017 with the acquisition and retrofitting of an existing building for a manufacturing facility and the acquisition and installation of machinery and equipment located in Lewisburg. The initial PILOT is for five (5) years with a capital for investment in real property of \$3,500,000 and investment in personal property of \$9,700,000. The abatement for real and personal property is as follows: year one (1) at 20%, year two (2) at 40%, year three (3) at 60%, year four (4) at 80%, and year five (5) at 100%.
- **Lewisburg Printing, Inc.** – The abatement commenced on December 5, 2016 with the construction of an addition to the existing real property in the amount of \$3,500,000 and personal property not to exceed \$9,000,000. The initial PILOT is for five (5) years. The abatement for real and personal property starts with 2017 as follows: year one (1) at 0%, year two (2) at 20%, year three (3) at 40%, year four (4) at 60%, year five (5) at 80% with 2022 at 100%.
Lewisburg Printing, Inc. has a second PILOT for equipment that commenced on December 21, 2018 with the purchase of manufacturing equipment in the amount of \$2,500,000. The initial Pilot is for five (5) years. The abatement is as follows: 2019 at 0%; 2020 at 20%; 2021 at 40%; 2022 at 60%; 2023 at 80%; 2024 at 100%.
- **Lewisburg Summit II, L.P.** – The abatement commenced in September 2019 with the lease and construction of improvements to an existing real property. The Lessee shall pay an annual payment in lieu of taxes equal to the ad valorem taxes that were due with respect to the leased property for tax year 2018, being \$21,325 payable to the City, and for each tax year thereafter, an annual payment of \$36,075.20 payable to the City.
- **DMS/Rosemill** – The abatement commenced on January 2017 with improvements to existing real property in the amount of \$4,200,000. The Initial PILOT is for five (5) years. The abatement is as follows: 2017 at 0%; 2018 at 20%; 2019 at 40%; 2020 at 60%; 2021 at 80%; and 2022 at 100%.

**CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2020**

- **US Tank & Cryogenics Equipment, Inc.** – The abatement commenced on June 14, 2007 with US Tank & Cryogenics Equipment, Inc. acquiring land from the City of Lewisburg to construct a building. The original PILOT is for fifteen (15) years and is not to exceed \$2,500,000. The abatement is as follows: 2008 through 2018 at 0%, 2019 at 20%, 2020 at 40%, 2021 at 60%, 2022 at 80%, and 2023 at 100%.
- **Multimatic Tennessee LLC** – The abatement commenced on December 31, 2018 with Multimatic relocating a manufacturing facility to Lewisburg purchasing an existing building. The original PILOT is for equipment only and is for five (5) years. The abatement is as follows: 2019 & 2020 at 0%; 2021 & 2022 at 25%; 2023 at 50%; 2024 at 75%; 2025 at 100%.
- **Hawk Converting LLC** – The abatement commenced on June 9, 2011 with the purchase of an existing building for manufacturing purposes. The original PILOT is for ten (10) years. The abatement is as follows: 2012 at 0%; 2013 at 10%; 2014 at 20%; 2015 at 30%; 2016 at 40%; 2017 at 50%; 2018 at 60%; 2019 at 70%; 2020 at 80%; 2021 at 90%; and 2022 at 100%.
- **Centerstone/Marshall Place Apts.** – The abatement commenced on January 13, 2009. The agency, being a qualifying Tennessee nonprofit corporation that is used for permanent housing of low income persons with disabilities or low income elderly or handicapped persons, filed an application with the State Board of Equalization for exemption of city and county ad valorem taxes. Centerstone is the real property and Marshall Place Apts. is the personal property. The term of the abatement shall annually through the term of any loan or grant as described in T.C.A. § 67-5-207(a) or for so long as the Subject Property is exempt under the terms and to the extent provided in T.C.A. § 67-5-207.
- **Frontier Development II** – The abatement commenced on October 7, 2013 for construction of a new warehouse facility. The original PILOT is for twelve (12) years and is not to exceed \$13,950,000. The abatement is as follows: 2014 through 2026 at 50% and 2027 at 100%.
- **Calsonic North America (Kantus)** – The abatement commenced 1986 for the construction of real property and purchase of equipment for manufacturing. The original PILOT is for approximately twenty (20) years and is amended on December 3, 2007 for another 20 years at 50% through 2026 for real and personal property. Calsonic expanded their manufacturing facility in 2013 with another amendment to the PILOT and the abatement is as follows: 2013 through 2017 at 44.3%; 2018 at 46.6%; 2019 at 48.9%; 2020 at 51.1%; 2021 at 53.4%; 2022 through 2026 at 55.7%; and 2027 at 100%.

4.K PRIOR PERIOD ADJUSTMENTS

The city has made one prior period adjustment to correct errors in previous years' financial statements. They are listed as follows:

Government Fund Level and Government-Wide Level

Addition to fund balance and grant escrow of \$7,800 for funds on deposit with the State for an ongoing project.

4.L. SUBSEQUENT EVENTS

After yearend, the City entered into an agreement with a local bank for a tax anticipation note in order to have funds until tax revenues are received by the City. The line of credit was for \$1,000,000. At the time of this note the City had drawn \$825,000 on the line of credit.

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - CITY PENSION PLAN
JUNE 30, 2020

	2014	2015	2016	2017	2018	2019	2020
Total pension liability							
Service cost	\$ 161,622	\$ 211,548	\$ 320,170	\$ 436,601	\$ 247,536	\$ 270,871	\$ 272,095
Interest	472,876	522,533	790,067	537,578	683,857	714,225	719,100
Differences between actual and expected experience	44,117	1,350,234	105,089	433,976	75,892	(340,909)	15,062
Change in assumptions	369,873	2,076,963	2,106,579	(5,117,567)	-	-	-
Benefit payments, including refunds of employee contributions	(359,382)	(414,119)	(476,658)	(525,974)	(577,295)	(613,302)	(543,985)
Net change in total pension liability	689,106	3,747,159	2,845,247	(4,235,386)	429,990	30,885	462,272
Total pension liability, beginning	6,788,422	7,477,528	11,224,687	14,069,934	9,834,548	10,264,538	10,295,423
Total pension liability, ending (a)	<u>\$ 7,477,528</u>	<u>\$ 11,224,687</u>	<u>\$ 14,069,934</u>	<u>\$ 9,834,548</u>	<u>\$ 10,264,538</u>	<u>\$ 10,295,423</u>	<u>\$ 10,757,695</u>
 Plan fiduciary net position							
Contributions - employer	\$ 230,932	\$ 232,894	\$ 315,745	\$ 375,971	\$ 442,837	\$ 610,197	\$ 615,104
Contributions - employee	115,466	116,211	113,629	125,048	146,965	160,331	161,417
Net investment income	481,246	128,094	(104,740)	469,207	342,292	221,123	68,411
Benefit payments, including refunds of employee contributions	(359,382)	(414,119)	(476,658)	(525,974)	(577,295)	(613,302)	(543,985)
Administrative expense	(41,586)	(45,549)	(42,215)	(26,804)	(36,395)	(37,447)	(40,840)
Net change in plan fiduciary net position	426,676	17,531	(194,239)	417,448	318,404	340,902	260,107
Plan fiduciary net position - beginning	4,327,847	4,754,523	4,772,054	4,577,815	4,995,263	5,313,667	5,654,569
Plan fiduciary net position - ending (b)	<u>\$ 4,754,523</u>	<u>\$ 4,772,054</u>	<u>\$ 4,577,815</u>	<u>\$ 4,995,263</u>	<u>\$ 5,313,667</u>	<u>\$ 5,654,569</u>	<u>\$ 5,914,676</u>
 Net pension liability (asset) - ending (a) - (b)	<u>\$ 2,723,005</u>	<u>\$ 6,452,633</u>	<u>\$ 9,492,119</u>	<u>\$ 4,839,285</u>	<u>\$ 4,950,871</u>	<u>\$ 4,640,854</u>	<u>\$ 4,843,019</u>
 Plan fiduciary net position as a percentage of total pension liability	63.58%	42.51%	32.54%	50.79%	51.77%	54.92%	54.98%
 Covered-employee payroll	\$ 3,066,248	\$ 3,152,353	\$ 3,205,484	\$ 3,839,030	\$ 4,155,184	\$ 4,279,541	\$ 3,989,484
 Net pension liability (asset) as a percentage of covered-employee payroll	88.81%	204.69%	296.12%	126.05%	119.15%	108.44%	121.39%

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 years until 10 years of information is available.

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - WATER AND WASTEWATER PENSION PLAN
JUNE 30, 2020

	2014	2015	2016	2017	2018	2019
Total pension liability						
Service cost	\$ 87,058	\$ 75,543	\$ 68,459	\$ 103,126	\$ 119,594	\$ 86,388
Interest	184,171	207,462	223,974	226,688	258,345	298,207
Change in plan provisions	-	-	-	-	44,806	-
Differences between actual and expected experience	76,769	(6,176)	(8,845)	191,048	206,972	(25,542)
Change in assumptions	-	176,117	997,327	(436,961)	(907,623)	-
Benefit payments, including refunds of employee contributions	(2,415)	(4,741)	(35,195)	(61,080)	(86,770)	(127,693)
Net change in total pension liability	345,583	448,205	1,245,720	22,821	(364,676)	231,360
Total pension liability, beginning	2,545,233	2,890,816	3,339,021	4,584,741	4,607,562	4,242,886
Total pension liability, ending (a)	\$ 2,890,816	\$ 3,339,021	\$ 4,584,741	\$ 4,607,562	\$ 4,242,886	\$ 4,474,246
 Plan fiduciary net position						
Contributions - employer	\$ 85,838	\$ 113,328	\$ 116,156	\$ 130,864	\$ 140,142	\$ 175,120
Contributions - employee	65,357	56,666	52,888	52,326	59,170	57,907
Net investment income	166,644	58,154	(46,048)	222,016	164,158	111,214
Benefit payments, including refunds of employee contributions	(2,415)	(4,741)	(35,195)	(61,080)	(86,770)	(127,693)
Administrative expense	(15,115)	(20,382)	(21,801)	(19,459)	(20,474)	(19,750)
Net change in plan fiduciary net position	300,309	203,025	66,000	324,667	256,226	196,798
Plan fiduciary net position - beginning	1,403,925	1,704,234	1,907,259	1,973,259	2,297,926	2,554,152
Plan fiduciary net position - ending (b)	\$ 1,704,234	\$ 1,907,259	\$ 1,973,259	\$ 2,297,926	\$ 2,554,152	\$ 2,750,950
 Net pension liability (asset) - ending (a) - (b)	\$ 1,186,582	\$ 1,431,762	\$ 2,611,482	\$ 2,309,636	\$ 1,688,734	\$ 1,723,296
 Plan fiduciary net position as a percentage of total pension liability	58.95%	57.12%	43.04%	49.87%	60.20%	61.48%
 Covered-employee payroll	\$ 1,470,394	\$ 1,403,043	\$ 1,305,686	\$ 1,549,881	\$ 1,491,410	\$ 1,419,671
 Net pension liability (asset) as a percentage of covered-employee payroll	80.70%	102.05%	200.01%	149.02%	113.23%	121.39%

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 years until 10 years of information is available.

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF PLAN CONTRIBUTIONS - CITY PENSION PLAN
FISCAL YEAR ENDING JUNE 30,

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Actuarially determined contribution	\$ 321,462	\$ 271,408	\$ 352,031	\$ 432,943	\$ 471,733	\$ 512,128	\$ 574,906	\$ 605,655
Contributions in relation to the actuarially determined contribution	<u>(240,090)</u>	<u>(230,884)</u>	<u>(232,894)</u>	<u>(315,745)</u>	<u>(375,971)</u>	<u>(442,837)</u>	<u>(610,197)</u>	<u>(615,104)</u>
Contribution deficiency (excess)	<u>\$ 81,372</u>	<u>\$ 40,524</u>	<u>\$ 119,137</u>	<u>\$ 117,198</u>	<u>\$ 95,762</u>	<u>\$ 69,291</u>	<u>\$ (35,291)</u>	<u>\$ (9,449)</u>
Covered-employee payroll	\$ 3,065,819	\$ 3,066,248	\$ 3,066,248	\$ 3,152,353	\$ 3,205,484	\$ 3,839,030	\$ 4,155,184	\$ 4,279,541
Contributions as a percentage to covered-employee payroll	7.83%	7.53%	7.60%	10.02%	11.73%	11.54%	14.69%	14.37%

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 years until 10 years of information is available.

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF PLAN CONTRIBUTIONS - WATER AND WASTEWATER PENSION PLAN
FISCAL YEAR ENDING JUNE 30,

	2013	2014	2015	2016	2017	2018	2019	2020
Actuarially determined contribution	\$ 117,583	\$ 134,086	\$ 127,390	\$ 127,406	\$ 140,141	\$ 146,607	\$ 179,009	\$ 206,575
Contributions in relation to the actuarially determined contribution	<u>(85,201)</u>	<u>(85,838)</u>	<u>(113,328)</u>	<u>(116,156)</u>	<u>(130,864)</u>	<u>(140,142)</u>	<u>(175,120)</u>	<u>(206,575)</u>
Contribution deficiency (excess)	<u>\$ 32,382</u>	<u>\$ 48,248</u>	<u>\$ 14,062</u>	<u>\$ 11,250</u>	<u>\$ 9,277</u>	<u>\$ 6,465</u>	<u>\$ 3,889</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,553,563	\$ 1,473,619	\$ 1,470,394	\$ 1,403,043	\$ 1,305,686	\$ 1,549,881	\$ 1,491,410	\$ 1,419,671
Contributions as a percentage to covered-employee payroll	5.48%	5.82%	7.71%	8.28%	10.02%	9.04%	11.74%	14.55%

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 years until 10 years of information is available.

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF INVESTMENT RETURNS - CITY PENSION PLAN
FISCAL YEAR ENDING JUNE 30,

	2014	2015	2016	2017	2018	2019	2020
Annual money-weighted rate of return, net of investment expense	11.18%	2.72%	-2.23%	10.62%	6.91%	4.12%	1.19%

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 years until 10 years of information is available.

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF INVESTMENT RETURNS - WATER AND WASTEWATER PENSION PLAN
FISCAL YEAR ENDING JUNE 30,

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2021</u>
Annual money-weighted rate of return	11.44%	3.29%	-2.36%	11.15%	7.12%	4.31%	4.31%

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 years until 10 years of information is available.

The accompanying notes are an integral part of these financial statements.

**CITY OF LEWISBURG, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2020**

City Pension Plan

Valuation date: Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which the contributions are reported.

Actuarial cost method	Entry Age Normal
Amortization method	Leval dollar amortization
Remaining amortization period	20 years for bases established on or before July 1, 2016
Asset valuation	75% of expected actuarial value plus 25% of actual market value, limited to 80% abd 120% of market value
Inflation	2.25%
Salary increases	3.00% average, including inflation
Investment rate of return	7.00%
Retirement age	5% at age 55, 4% at age 56-57, 5% at age 58, 7% at age 59, 10% at age 60, 17.5% at age 61, 22% at age 62, 18% at age 63, 22% at age 65, 33% at age 65, 17.5% at age 66-67, 15% at age 68, 1.9% at age 69, 100% at age 70
Mortality	Uninsured Pensioner 1994 Table (UP-94/94 GAM Basic-separate male and female tables)

Wastewater Pension Plan

Valuation date: Actuarially determined contribution rates are calculated as of July 1, two years prior to the end of the fiscal year in which the contributions are reported.

Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll, open
Remaining amortization period	20 years
Asset valuation	75% of expected actuarial value plus 25% of actual market value, limited to 80% abd 120% of market value
Inflation	2.25%
Salary increases	3.00% average, including inflation
Investment rate of return	7.00%
Retirement age	5% at age 55, 4% at age 56-57, 5% at age 58, 7% at age 59, 10% at age 60, 17.5% at age 61, 22% at age 62, 18% at age 63, 22% at age 65, 33% at age 65, 17.5% at age 66-67, 15% at age 68, 19% at age 69, 100% at age 70
Mortality	Uninsured Pensioner 1994 Table (UP-94/94 GAM Basic-separate male and female tables)

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY (ASSET) AND RELATED RATIOS - CITY OPEB PLAN
JUNE 30, 2020

	2017	2018	2019
Total OPEB liability			
Service cost	\$ 551,164	\$ 559,974	\$ 461,838
Interest	526,155	568,179	683,076
Change in benefit terms	-	-	-
Differences between actual and expected experience	(864,629)	(860,781)	(215,823)
Change in assumptions	1,031,439	(181,262)	18,930
Benefit payments, including refunds of employee contributions	(240,267)	(269,232)	-
Net change in total OPEB liability	1,003,862	(183,122)	948,021
Total OPEB liability, beginning	17,538,507	18,542,369	18,359,247
Total OPEB liability, ending	<u>\$ 18,542,369</u>	<u>\$ 18,359,247</u>	<u>\$ 19,307,268</u>
Covered payroll	\$ 5,856,975	\$ 4,155,184	\$ 5,794,563
Total OPEB liability as a percentage of covered payroll	316.59%	441.84%	333.20%

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 years until 10 years of information is available.

The accompanying notes are an integral part of these financial statements.

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (ASSET) AND RELATED RATIOS - NATURAL GAS FUND OPEB PLAN
JUNE 30, 2020

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability				
Service cost	\$ 22,253	\$ 23,470	\$ 11,289	\$ 11,137
Interest	23,167	26,405	23,982	23,620
Change in benefit terms	-	-	-	-
Differences between actual and expected experience	72,254	(154,015)	(152,389)	(31,337)
Change in assumptions	-	133,498	116,935	27,942
Benefit payments, including refunds of employee contributions	<u>(10,951)</u>	<u>(17,866)</u>	<u>(14,891)</u>	<u>(10,786)</u>
Net change in total OPEB liability	106,723	11,492	(15,074)	20,576
Total OPEB liability, beginning	<u>749,972</u>	<u>856,695</u>	<u>868,187</u>	<u>853,113</u>
Total OPEB liability, ending	<u><u>\$ 856,695</u></u>	<u><u>\$ 868,187</u></u>	<u><u>\$ 853,113</u></u>	<u><u>\$ 873,689</u></u>
Covered payroll	\$ 475,988	\$ 422,642	\$ 408,368	\$ 420,719
Total OPEB liability as a percentage of covered payroll	179.98%	205.42%	208.91%	207.67%

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 years until 10 years of information is available.

The accompanying notes are an integral part of these financial statements.

**CITY OF LEWISBURG, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION - OPEB PLANS
FOR THE YEAR ENDED JUNE 30, 2020**

City of Lewisburg OPEB Notes

No assets have been accumulated in a trust.

Valuation Date: Actuarially determined contribution rates are calculated as of December 31 in the year prior to the fiscal year in which contributions are reported.

Methods and assumptions used to determine the most current contribution rates:

Actuarial cost method	Projected Unit Credit
Amortization method	Level Dollar, open
Amortization period	30 years
Asset valuation method	Fair Market Value
Inflation	2.25% per annum
Healthcare cost and trend rate	Medical costs were trended at 9% in the first year, graded down to 5% for years beginning January 1, 2031 and later
Retirement age	See plan description in notes
Mortality	RP-2014 Total Dataset Mortality, adjusted to 2006 using Scale MP-2014; projected on a generational basis using Scale MP-2019

Lewisburg Gas Department OPEB Notes

No assets have been accumulated in a trust.

Methods and assumptions used to determine the most current contribution rates:

Actuarial cost method	Entry Age Normal Cost Method as a Percentage of Pay
Discount	2.75%
Healthcare cost and trend rate	4.5% beginning in 2019 and reduced .15% each year until 3.00%
Salary increases	3%
Inflation	3%
Retirement age	65 years old
Pre-retirement mortality	RP-2014 Mortality Table for Blue Collar Employees projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Post-retirement mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Disabled mortality	RP-2014 Mortality Table for Blue Collar Healthy Annuitants projected generationally with scale MP-2016 for males and females, set forward 1 year for females
Assumption changes:	The mortality table has been updated from the RP-2014 Mortality Table adjusted to 2006 and projected generationally with scale MP-2018 to the RP-2014 Mortality Table projected generationally with scale MP-2016 for males and females decreasing the disclosed liability by \$14,000 Withdrawal assumptions have been updated increasing the disclosed liability by \$42,000.

The accompanying notes are an integral part of these financial statements.

**CITY OF LEWISBURG, TENNESSEE
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2020**

	Drug Fund	Sanitation Fund	E-Citation Fund	Total
ASSETS				
Cash and cash equivalents	\$ 39,365	\$ 6,116	\$ 536	\$ 46,017
Other receivable	14,371	67,962	-	82,333
Total assets	<u>\$ 53,736</u>	<u>\$ 74,078</u>	<u>\$ 536</u>	<u>\$ 128,350</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 1,282	\$ -	\$ -	\$ 1,282
Due to other funds	16,435	-	-	16,435
Total liabilities	<u>17,717</u>	<u>-</u>	<u>-</u>	<u>\$ 17,717</u>
FUND BALANCES				
<i>Restricted</i>				
Public safety	36,019	-	536	36,555
Solid waste collection	-	74,078	-	74,078
Total fund balances	<u>36,019</u>	<u>74,078</u>	<u>536</u>	<u>110,633</u>
Total liabilities and fund balances	<u>\$ 53,736</u>	<u>\$ 74,078</u>	<u>\$ 536</u>	<u>\$ 128,350</u>

See Independent Auditor's Report.

CITY OF LEWISBURG, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2020

	Drug Fund	Sanitation Fund	E-Citation Fund	Total
Revenues				
Fines, fees, and forfeitures	\$ 10,144	\$ -	\$ 536	\$ 10,680
Charges for Services	-	773,286	-	773,286
Other revenues	9,796	59	-	9,855
Total revenues	<u>19,940</u>	<u>773,345</u>	<u>536</u>	<u>793,821</u>
Expenditures				
Public safety	10,522	-	-	10,522
Public works	-	820,745	-	820,745
Capital outlay	-	-	-	-
Total expenditures	<u>10,522</u>	<u>820,745</u>	<u>-</u>	<u>831,267</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,418</u>	<u>(47,400)</u>	<u>536</u>	<u>(37,446)</u>
Other financing sources (uses)				
Transfer in from other fund	40,343	50,000	-	90,343
Sale of capital assets	-	-	-	-
Total Other financing sources (uses)	<u>40,343</u>	<u>50,000</u>	<u>-</u>	<u>90,343</u>
Net Change In Fund Balance	49,761	2,600	536	52,897
Fund Balance at Beginning of Year	<u>(13,742)</u>	<u>71,478</u>	<u>-</u>	<u>57,736</u>
Fund Balance at End of Year	<u>\$ 36,019</u>	<u>\$ 74,078</u>	<u>\$ 536</u>	<u>\$ 110,633</u>

See Independent Auditor's Report.

CITY OF LEWISBURG, TENNESSEE
DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Fines and fees				
Drug fines, confiscated property	\$ 50,000	\$ 50,000	\$ 1,614	\$ (48,386)
Forfeitures	-	-	8,530	8,530
Other revenues				
Donations	-	-	9,793	9,793
Interest	-	-	3	3
Total revenue	<u>50,000</u>	<u>50,000</u>	<u>19,940</u>	<u>(30,060)</u>
 Expenditures				
Public safety				
Supplies	5,000	5,000	6,938	(1,938)
Canine expenditures	<u>10,000</u>	<u>10,000</u>	<u>3,584</u>	<u>6,416</u>
Total expenditures	<u>15,000</u>	<u>15,000</u>	<u>10,522</u>	<u>4,478</u>
 Other financing sources (uses)				
Transfer in	-	-	40,343	40,343
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>40,343</u>	<u>40,343</u>
 Net Change In Fund Balance	35,000	35,000	49,761	(23,608)
 Fund Balance at Beginning of Year	<u>(13,742)</u>	<u>(13,742)</u>	<u>(13,742)</u>	<u>-</u>
 Fund Balance at End of Year	<u>\$ 21,258</u>	<u>\$ 21,258</u>	<u>\$ 36,019</u>	<u>\$ (23,608)</u>

See Independent Auditor's Report.

CITY OF LEWISBURG, TENNESSEE
SANITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Charges for services				
Disposal charges	\$ 725,000	\$ 725,000	\$ 773,286	\$ 48,286
Miscellaneous income				
Interest income	-	-	59	59
Total revenue	<u>725,000</u>	<u>725,000</u>	<u>773,345</u>	<u>48,345</u>
 Expenditures				
Public works				
Contractual services	725,000	725,000	752,972	(27,972)
Remediation services	<u>50,000</u>	<u>50,000</u>	<u>67,773</u>	<u>(17,773)</u>
Total expenditures	<u>775,000</u>	<u>775,000</u>	<u>820,745</u>	<u>(45,745)</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(1,594,090)</u>	<u>(2,600)</u>
 Other financing sources (uses)				
Transfer in	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Total Other financing sources (uses)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
 Net Change In Fund Balance	<u>-</u>	<u>-</u>	<u>2,600</u>	<u>2,600</u>
 Fund Balance at Beginning of Year	<u>71,478</u>	<u>71,478</u>	<u>71,478</u>	<u>-</u>
 Fund Balance at End of Year	<u>\$ 71,478</u>	<u>\$ 71,478</u>	<u>\$ 74,078</u>	<u>\$ 2,600</u>

See Independent Auditor's Report.

CITY OF LEWISBURG, TENNESSEE
E-CITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2020

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Fines and fees				
Fines, fees, and forfeitures	\$ -	\$ -	\$ 536	\$ 536
Total revenue	-	-	536	536
 Expenditures				
Public safety	-	-	-	-
Total expenditures	-	-	-	-
 Other financing sources (uses)				
Transfer in	-	-	-	-
Total Other financing sources (uses)	-	-	-	-
 Net Change In Fund Balance	-	-	536	536
 Fund Balance at Beginning of Year	-	-	-	-
 Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 536</u>	<u>\$ 536</u>

See Independent Auditor's Report.

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF LONG-TERM DEBT REQUIREMENTS - GENERAL GOVERNMENT
JUNE 30, 2020

Fiscal Year	General Obligation Refunding Bonds - Series 2016		General Obligation Capital Outlay Note - Series 2015		General Obligation Capital Outlay Note - Series 2017		Capital Lease Series 2017		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	\$ 230,000	\$ 11,600	\$ 108,000	\$ 1,998	\$ 167,000	\$ 36,500	\$ 69,267	\$ 3,949	\$ 574,267	\$ 54,047
2022	230,000	7,000	-	-	167,000	32,434	-	-	397,000	39,434
2023	120,000	2,400	-	-	167,000	28,368	-	-	287,000	30,768
2024	-	-	-	-	167,000	24,302	-	-	167,000	24,302
2025	-	-	-	-	167,000	20,234	-	-	167,000	20,234
2026	-	-	-	-	167,000	16,168	-	-	167,000	16,168
2027	-	-	-	-	167,000	12,102	-	-	167,000	12,102
2028	-	-	-	-	165,000	8,036	-	-	165,000	8,036
2029	-	-	-	-	165,000	4,019	-	-	165,000	4,019
	<u>\$ 580,000</u>	<u>\$ 21,000</u>	<u>\$ 108,000</u>	<u>\$ 1,998</u>	<u>\$ 1,499,000</u>	<u>\$ 182,163</u>	<u>\$ 69,267</u>	<u>\$ 3,949</u>	<u>\$ 2,256,267</u>	<u>\$ 209,110</u>

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF LONG-TERM DEBT REQUIREMENTS - WATER AND WASTEWATER FUND
JUNE 30, 2019

Fiscal Year	Water and Sewer Revenue and Tax Refunding Bonds Series 2016 - 2.00%		Direct Borrowings and Direct Placement Debt										Total	
			Clean Water State Revolving Fund Loan 2.43%		Clean Water State Revolving Fund Loan 2.43%		Clean Water State Revolving Fund Loan 1.05%		Clean Water State Revolving Fund Loan 1.05%					
			Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest				
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest				
2021	\$ 710,000	\$ 131,100	\$ 380,400	\$ 125,040	\$ 94,332	\$ 32,028	\$ 40,896	\$ 9,012	\$ 8,616	\$ 1,932	\$ 1,234,244	\$ 299,112		
2022	730,000	116,900	389,748	115,692	96,648	29,712	41,328	8,580	8,700	1,848	1,266,424	272,732		
2023	745,000	102,300	399,324	106,116	99,024	27,336	41,772	8,136	8,796	1,752	1,293,916	245,640		
2024	755,000	87,400	409,140	96,300	101,460	24,900	42,216	7,692	8,892	1,656	1,316,708	217,948		
2025	775,000	72,300	419,196	86,244	103,956	22,404	42,660	7,248	8,988	1,560	1,349,800	189,756		
2026	790,000	56,800	429,492	75,948	106,512	19,848	43,104	6,804	9,084	1,464	1,378,192	160,864		
2027	725,000	41,000	440,052	65,388	109,128	17,232	43,560	6,348	9,180	1,368	1,326,920	131,336		
2028	725,000	26,500	450,864	54,576	111,804	14,556	44,016	5,892	9,276	1,272	1,340,960	102,796		
2029	300,000	12,000	461,940	43,500	114,552	11,808	44,484	5,424	9,372	1,176	930,348	73,908		
2030	300,000	6,000	473,292	32,148	117,372	8,988	44,952	4,956	9,468	1,080	945,084	53,172		
2031	-	-	484,920	20,520	120,252	6,108	45,432	4,476	9,564	984	660,168	32,088		
2032	-	-	496,836	8,604	123,204	3,156	45,912	3,996	9,672	876	675,624	16,632		
2033	-	-	41,824	262	62,330	476	46,392	3,516	9,768	780	160,314	5,034		
2034	-	-	-	-	-	-	46,884	3,024	9,876	672	56,760	3,696		
2035	-	-	-	-	-	-	47,376	2,532	9,984	564	57,360	3,096		
2036	-	-	-	-	-	-	47,880	2,028	10,080	468	57,960	2,496		
2037	-	-	-	-	-	-	48,384	1,524	10,188	360	58,572	1,884		
2038	-	-	-	-	-	-	48,888	1,020	10,296	252	59,184	1,272		
2039	-	-	-	-	-	-	49,404	504	10,404	144	59,808	648		
2040	-	-	-	-	-	-	20,800	56	7,824	33	28,624	89		
	\$ 6,555,000	\$ 652,300	\$ 5,277,028	\$ 830,338	\$ 1,360,574	\$ 218,552	\$ 876,340	\$ 92,768	\$ 188,028	\$ 20,241	\$ 14,256,970	\$ 1,814,199		

CITY OF LEWISBURG, 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 7/1/2019	Issued During Period	Paid and/or Matured During Period	Refunding During Period	Outstanding 6/30/2020
Governmental Activities									
NOTES PAYABLE									
Payable through General Fund									
General Obligation Refunding Bonds - Series 2016	\$ 2,855,000	2.00%	11/10/2016	6/30/2023	\$ 805,000	\$ -	\$ 225,000	\$ -	\$ 580,000
General Obligation Capital Outlay Notes - Series 2015	521,892	1.85%	11/20/2015	6/1/2021	214,500	-	106,500	-	108,000
General Obligation Capital Outlay Notes - Series 2017	2,000,000	2.44%	2/17/2017	6/1/2029	1,666,000	-	167,000	-	1,499,000
Capital Lease for Police Vehicles	328,670	5.70%	11/23/2016	11/23/2020	134,800	-	65,533	-	69,267
Total Notes Payable through the General Fund					<u>\$ 2,820,300</u>	<u>\$ -</u>	<u>\$ 564,033</u>	<u>\$ -</u>	<u>\$ 2,256,267</u>
Business-Type Activities									
BONDS PAYABLE									
Payable through Water and Sewer Fund									
Revenue and Tax Bonds Payable - Series 2009A	\$ 885,000	3.30%	12/3/2009	12/1/2019	\$ 235,000	\$ -	\$ 235,000	\$ -	\$ -
General Obligation Refunding Bonds - Series 2016	6,980,000	2.00%	11/10/2016	6/1/2030	6,670,000	-	115,000	-	6,555,000
Total Bonds Payable through Water and Sewer Fund					<u>\$ 6,905,000</u>	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ -</u>	<u>\$ 6,555,000</u>
OTHER LOANS PAYABLE									
Payable through Water and Sewer Fund									
Clean Water State Revolving Fund Loan	\$ 2,000,000	2.43%	3/16/2011	8/20/2032	\$ 1,452,650	\$ -	\$ 92,076	\$ -	\$ 1,360,574
Clean Water State Revolving Fund Loan	8,000,000	2.43%	3/16/2011	8/20/2032	5,648,308	-	371,280	-	5,277,028
Clean Water State Revolving Fund Loan	900,000	1.05%	3/13/2018	12/20/2039	139,743	760,257	23,660	-	876,340
Clean Water State Revolving Fund Loan	205,000	1.05%	3/13/2018	3/20/1940	-	190,167	2,139	-	188,028
Total Other Loans Payable through Water and Sewer Fund					<u>\$ 7,240,701</u>	<u>\$ 950,424</u>	<u>\$ 489,155</u>	<u>\$ -</u>	<u>\$ 7,701,970</u>

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE AND DELINQUENT AMOUNTS FILED WITH CHANCERY COURT
FOR THE YEAR ENDED JUNE 30, 2020

Tax Year	Tax Rate	Assessments	Original Tax Levy	Outstanding Taxes Beginning	Taxes Levied	Releases and Adjustments	Collections	Outstanding Taxes Ending	Filed with Chancery Court
2020	\$ 1.8400	\$ 268,692,393	\$ 5,194,228	\$ -	\$ 5,194,228	\$ -	\$ -	\$ 5,194,228	\$ -
2019	1.6908	264,465,395	4,807,522	4,704,864	102,658	(47,196)	4,664,391	95,935	-
2018	1.6908	280,798,475	4,747,759	118,927	-	(1,149)	96,513	21,265	21,265
2017	1.6908	280,167,197	4,921,963	23,189	-	(1,014)	12,191	9,984	9,984
2016	1.9000	231,547,866	4,621,102	16,575	-	-	12,689	3,886	3,886
2015	1.4500	237,389,545	3,615,181	929	-	-	18	911	911
2014	1.4500	231,227,641	3,491,279	341	-	-	-	341	341
2013	1.4500	235,122,476	3,407,748	204	-	-	-	204	204
2012	1.3600	226,085,742	3,283,732	207	-	-	-	207	207
2011	1.3600	233,497,813	3,175,667	182	-	-	-	182	182
2010	1.3600	229,024,401	3,112,862	3,006	-	-	-	3,006	3,006
2009	1.3600	237,811,225	3,295,286	4,800	-	-	-	4,800	983
2008	1.3600	242,692,239	3,302,440	5,385	-	-	-	5,385	5,385
2007	1.4500	239,739,932	3,275,487	2,253	-	(2,253)	-	-	1,905
				<u>\$ 4,880,862</u>	<u>\$ 5,296,886</u>	<u>\$ (51,612)</u>	<u>\$ 4,785,802</u>	<u>\$ 5,340,334</u>	<u>\$ 48,259</u>

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF UTILITY RATES AND CUSTOMERS
JUNE 30, 2020

WATER AND WASTEWATER FUND

Water Rates

Inside City Limits

Minimum bill, up to 2,000 gallons	\$ 18.65
Each 1,000 gallons above 2,000	4.14
Utility Districts, flat rate per 1,000 gallons	-

Outside City Limits

Minimum bill, up to 2,000 gallons	22.90
Each 1,000 gallons above 2,000	6.18
Utility Districts, flat rate per 1,000 gallons	2.98

Sewer Rates

Inside City Limits

Minimum bill, up to 2,000 gallons	26.20
Each 1,000 gallons above 2,000	8.73

Outside City Limits

Minimum bill, up to 2,000 gallons	32.02
Each 1,000 gallons above 2,000	11.36

NATURAL GAS FUND

General Domestic Service

Service Charge	8.00
All natural gas at	1.170000 per CCF

Commercial

Service Charge	10.00
All natural gas (except restaurants) at	1.170000 per CCF
All natural gas (restaurants) at	0.905000 per CCF

Industrial

Service Charge	135.00
First 10,000 CCF	1.12000 per CCF
Next 30,000 CCF	1.10900 per CCF
All over 40,000 CCF	1.06000 per CCF

Industrial-Firm-Process

Service Charge	135.00
First 10,000 CCF	0.79500 per CCF
Next 30,000 CCF	0.75500 per CCF
All over 40,000 CCF	0.70000 per CCF

Interruptible

Minimum charge	135.00
All gas at:	
Interruptible with fuel oil #4 backup first 100,000 CCF	0.398826 per CCF
Interruptible with fuel oil #4 backup next 200,000 CCF	0.373826 per CCF
Interruptible with fuel oil #4 backup over 300,000 CCF	0.348826 per CCF

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF UTILITY RATES AND CUSTOMERS - CONTINUED
JUNE 30, 2020

POWER SYSTEM

Residential Rate Schedule

Customer charge - \$20.00 per month less \$1.60 hydro allocation credit

Energy charge:

Per KWH	\$	0.08403
---------	----	---------

General Power Rate Schedule

Part A (Demand 0-5,000 KW)

Part 1.

Customer charge (0-500 KWH)		22.50
-----------------------------	--	-------

Customer charge (Over 500 KWH)		43.00
--------------------------------	--	-------

Energy charge		0.09420
---------------	--	---------

Part 2.

Customer charge		196.00
-----------------	--	--------

Demand charge: All KW		11.16
-----------------------	--	-------

Energy charge		
All KWH Energy		0.05985

Part 3.

Customer charge		835.44
-----------------	--	--------

Demand charge: All KW		13.18
-----------------------	--	-------

Energy charge: All KWH		0.06112
------------------------	--	---------

Part B (Demand over 5,000 KW)

Customer charge		1,500.00
-----------------	--	----------

Admin charge		350.00
--------------	--	--------

On peak demand charge per KW		10.24
------------------------------	--	-------

Max KW		2.26
--------	--	------

Off peak excess of contract KW		10.24
--------------------------------	--	-------

On peak KWH		0.07016
-------------	--	---------

Off peak KWH (First 2,000 HUD)		0.04516
--------------------------------	--	---------

Off peak KWH (Next 200 HUD)		0.01547
-----------------------------	--	---------

Off peak KWH (Additional HUD)		0.01292
-------------------------------	--	---------

Number of customers at June 30, 2020

Water	6,801	
Sewer	5,152	
Gas	2,804	
Power	6,309	

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020



Federal Grantor/ Pass-Through Grantor	Program	CFDA Number	Contract Number	Expenditures
<u>Federal Awards</u>				
Direct Funding: U.S. Department of Justice	Equitable Sharing Program	16.922	"unavailable"	\$ 137,625
Direct Funding: U.S. Department of Homeland Security	Assistance to Firefighters Grant Program	97.044		147,953
Pass-through funding: U.S. Department of Military/Tennessee Department of Military	Public Assistance Grant Award for Cost Incurred During FEMA 4427-DR-TN	97.036	"unavailable"	15,825
Pass-through funding: U.S. Department of Justice/Tennessee Department of Finance and Administration, Office of Criminal Justice Programs	Violence Against Women Formula Grants, STOP, STOP Domestic Violence and Sexual Assault	16.588	DGA#56207-STOPNEW	52,641
Pass-through funding: US Department of Transportation/Tennessee Department of Transportation US Department of Transportation/Tennessee Department of Transportation	Airport Improvement Program/Rehabilitation of Apron and Taxilane	20.106	3-47-SBPG-50	281,454
	Airport Improvement Program/Airport Layout Plan	20.106	3-47-SBGP-52,57	51,898
	<i>Total Program 20.106</i>			333,352
US Department of Transportation/Tennessee Department of Transportation US Department of Transportation/Tennessee Department of Transportation	Highway Planning and Construction/Downtown Connector	20.205	STP-M/TAP-9310(11)	368
	East Church Street Bridge over Big Rock Creek, LM 0.68	20.205	#BRX-9310 (12)	42,819
	<i>Total Program 20.205</i>			43,187
Direct Funding: U.S. Department of Treasury	Equitable Sharing Program	21.016	"unavailable"	14,939
TOTAL FEDERAL AWARDS				745,522
<u>State Financial Assistance</u>				
Tennessee Department of Agriculture	Animal Friendly	N/A	"unavailable"	1,000
Tennessee Wildlife Resource Agency	Aquatic Stream Clean-Up	N/A	"unavailable"	800
Tennessee Department of Environment and Conservation	2019 Fire Fighting Supplements	N/A	"unavailable"	8,800
Tennessee Department of Environment and Conservation	2019 Police Salary Supplements	N/A	"unavailable"	24,800
Tennessee Department of Health	Healthy Built Environment	N/A	"unavailable"	20,000
Tennessee Department of Transportation	East Church Street Bridge over Big Rock Creek, LM 0.68	N/A	#59952-3544-94	10,510
Tennessee Department of Transportation	Rehabilitation of Apron and Taxilane	N/A	AERO-18-172-00	15,636
Tennessee Department of Transportation	Airport Improvement Program/Airport Layout Plan	N/A	AERO-18-219-00	2,881
Tennessee Department of Transportation	FY20 Airport Maintenance	N/A	AERM-20-134-00	7,092
TOTAL STATE AWARDS				91,519
TOTAL FEDERAL & STATE AWARDS				\$ 837,041

Note 1 - Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance summarized the expenditures of the City of Lewisburg, Tennessee under programs of the federal and state governments for the year ended June 30, 2020. The schedule is presented using the modified accrual basis of accounting.

Note 2 - Indirect Cost Rate: The City of Lewisburg, Tennessee has elected to not use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF LEWISBURG, TENNESSEE
AWWA WLCC FREE WATER AUDIT SOFTWARE: REPORTING WORKSHEET - Unaudited
JUNE 30, 2020

AWWA Free Water Audit Software:
Reporting Worksheet

 Click to access definition
 Click to add a comment

Water Audit Report for: Lewisburg Water and Wastewater (0000400)
 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 it.

WATER SUPPLIED








----- Enter grading in column 'E' and 'J' ----->

Volume from own sources:		<u>9</u>	<u>1,110.057</u>	MG/Yr				Pcnt:		Value:		MG/Yr
Water imported:		<u>n/a</u>	<u>0.000</u>	MG/Yr								MG/Yr
Water exported:		<u>9</u>	<u>302.937</u>	MG/Yr								MG/Yr

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

WATER SUPPLIED: 807.120 MG/Yr

AUTHORIZED CONSUMPTION

Billed metered:		<u>8</u>	<u>454.244</u>	MG/Yr	Click here:  for help using option buttons below Pcnt:  Value:  MG/Yr Use buttons to select percentage of water supplied OR value
Billed unmetered:		<u>n/a</u>		MG/Yr	
Unbilled metered:		<u>n/a</u>		MG/Yr	
Unbilled unmetered:		<u>9</u>	<u>20.707</u>	MG/Yr	


Unbilled Unmetered volume entered is greater than the recommended default value



AUTHORIZED CONSUMPTION: 474.951 MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

332.170 MG/Yr

Apparent Losses

Unauthorized consumption:  5 2.018 MG/Yr
 Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:  7 14.049 MG/Yr
 Systematic data handling errors:  10 0.001 MG/Yr

Apparent Losses: 16.068 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 316.102 MG/Yr



WATER LOSSES: 332.170 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 352.877 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA




Length of mains:  10 184.2 miles
 Number of active AND inactive service connections:  8 7,413
 Service connection density: 40 conn./mile main

Are customer meters typically located at the curbside or property line? Yes (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:  8 50.0 psi

COST DATA

Total annual cost of operating water system:  10 \$1,698,803 \$/Year
 Customer retail unit cost (applied to Apparent Losses):  8 \$5.39 \$/1000 gallons (US)
 Variable production cost (applied to Real Losses):  9 \$578.43 \$/Million gallons U

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 85 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: Unauthorized consumption
- 2: Volume from own sources
- 3: Customer metering inaccuracies



Water Audit Report for: Lewisburg Water and Wastewater (0000400)
 Reporting Year: 2020 7/2019 - 6/2020

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 10 out of 100 ***

System Attributes:

Apparent Losses:	<u>16.068</u>	MG/Yr
+ Real Losses:	<u>316.102</u>	MG/Yr
= <u>Water Losses:</u>	<u>332.170</u>	MG/Yr
Unavoidable Annual Real Losses (UARL):	<u>38.48</u>	MG/Yr
Annual cost of Apparent Losses:	<u>\$86,604</u>	
Annual cost of Real Losses:	<u>\$182,843</u>	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: 16.6% Real Losses valued at Variable Production Cost

Operational Efficiency: { Apparent Losses per service connection per day: 5.94 gallons/connection/day
 Real Losses per service connection per day: 116.83 gallons/connection/day
 Real Losses per length of main per day*: n/a
 Real Losses per service connection per day per meter (head) pressure: 2.34 gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 316.10 million gallons/year

Infrastructure Leakage Index (ILI) [CARL/UARL]: 8.21

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline



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

Mayor and City Council
City of Lewisburg, 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 Lewisburg, 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 and have issued our report thereon dated February 9, 2021. Our report includes a reference to other auditors who audited the financial statements of Water and Wastewater, Natural Gas and Electric (Enterprise) Funds as described in our report on the City of Lewisburg'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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies below as 2020 – 01 thru 2020 – 002 to be material weaknesses.

2020 – 001 Segregation of Duties

Condition: The City does not have the operating structure to provide adequate segregation of duties between persons with access to assets and those responsible for reconciling records and recording transactions.

Criteria: Proper segregation of duties requires segregating the functions of receiving and disbursing funds, recording transactions to the general ledger, and reconciling general ledger accounts.

Cause: Lack of staff.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner increases when accounting functions are not adequately segregated.

Management's Response: Management realizes there are instances where inadequate segregation of duties is difficult to be compliant because of lack of staff. The City has implemented an approval system for journal entries where all entries will be approved by someone other than the person making the entry.

2020 – 002 Financial Statements Materially Misstated Before Audit Adjustments

Condition: There were various transactions which were misclassified and adjustments were required to prevent materially misstated financial statements.

Criteria: Generally accepted accounting principles require the City to have adequate internal controls over the maintenance of accounting records and employ an individual who has necessary skills, knowledge and experience to oversee the accounting records.

Cause: Lack of knowledgeable accounting staff.

Effect: Material adjustments were required because the City's financial system did not detect misstatements in the accounting records.

Management's Response: We will record all financial information accurately and will strive to improve our accounting and financial reporting.

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. We consider the deficiency described below as items 2020-003 to be a significant deficiency.

2020 – 003 Reconciliation of Subsidiary Ledgers

Condition: The City failed to reconcile various subsidiary ledgers to the general ledger.

Criteria: Generally accepted accounting principles require adequate internal controls over the maintenance of accounting records and employ an individual who necessary skills, knowledge and experience to oversee the accounting records.

Cause: Oversight.

Effect: A material adjustment was required to reconcile accounts payable.

Management's Response: Monthly reconciliations will be performed on all subsidiary ledgers starting with fiscal year ending 6/30/2021. Finance will start with July 2020 and work forward on the reconciliations of the ledgers.

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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described below as 2020 – 004 and 2020 – 005.

2020 – 004 Untimely Deposits

Condition: The City had receipts that were not deposited within three business days.

Criteria: The City is in violation with *Tennessee Code Annotated* (TCA) 5-8-207 which states all funds should be deposited within three days of collection.

Cause: Oversight.

Effect: The City violated TCA 5-8-207.

Management's Response: Employees charged with receipting money have been reminded of the 3 day deposit and told they must adhere to this state law.

2020 – 005 Expenditures in Excess of Budgeted Appropriations

Condition: The expenditures exceeded the budget appropriations in the Sanitation Fund.

Criteria: Tennessee Code Annotated (TCA) 6-56-203 states "no municipality may expend any monies regardless of their source (including moneys derived from bond and long-term note proceeds, federal, state or private grants or loans or special assessments), except in accordance with a budget ordinance adopted under this section". State law requires that municipalities maintain self-supporting funds.

Cause: Lack of monitoring spending and amending the budget for overruns.

Effect: The City violated TCA 6-56-203.

Management's Response: Finance will monitor this fund much closer in the future.

City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. 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.

Wickburg Accounting + LLC

Lewisburg, Tennessee
February 9, 2021

**CITY OF LEWISBURG, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

Financial Statement Findings

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2019-001	Segregation of Duties	Repeated/2020-001
2019-002	Financial Statements Materially Misstated Before Audit Adjustments	Repeated/2020-002
2019-003	Reconciliation of Subsidiary Ledgers	Repeated/2020-003
2019-004	Untimely Deposits	Repeated/2020-004
2019-005	Expenditures in Excess of Budgeted Appropriations	Repeated/2020-005
2019-006	Electronic Citations	Corrected



City of Lewisburg Tennessee

131 East Church Street - 37091

MANAGEMENT'S CORRECTIVE ACTION PLAN

City of Lewisburg respectfully submits the following corrective action plan for the year ended June 30, 2020.

Name and address of independent public accounting firm:

Wickberg Accounting, PLLC
111 E Commerce Street
Lewisburg, Tennessee 37091

Responsible officials for corrective action:

Joe Beard, City Manager

Signed:

Donna J. Park, CMFO

Signed:

Audit Period:

June 30, 2020

FINDINGS – FINANCIAL STATEMENT AUDIT

2020 – 001 Segregation of Duties

Corrective action planned

Management realizes there are instances where segregation of duties is difficult to be compliant because of lack of staff. The City has implemented an approval system for journal entries where all entries will be approved by someone other than the person making the entry.

Anticipated completion date: We will continually work on improving our processes in order to mitigate internal controls.

2020 – 002 Financial Statements Materially Misstated before Audit Adjustments

Corrective action planned

We will record all financial information accurately and will strive to improve our accounting and financial reporting.

----- Phone 931-359-1544 Fax 931-359-7055 -----

www.lewisburgtn.gov

The City of Lewisburg, Tennessee does not discriminate on the basis of race, color, religion, national origin, sex, age or handicapped status in the admission or access to, or treatment or employment in, its federally assisted programs or activities.



City of Lewisburg Tennessee

131 East Church Street - 37091

Anticipated completion date: Immediately

2020 – 003 Reconciliation of Subsidiary Ledgers

Corrective action planned

Monthly reconciliations will be performed on all subsidiary ledgers starting with fiscal year ending 6/30/2021. Finance will start with July 2020 and work forward on the reconciliation of the ledgers.

Anticipated completion date: Reconciliation of subsidiary ledgers was started in FYE 6/30/20. A better approach will be taken in FYE 6/30/21.

2020 – 004 Untimely Deposits

Corrective action planned

Employees charged with receipting money have been reminded of the 3 day deposit and told they must adhere to this state law.

Anticipated completion date: This has been addressed and a plan in place to get funds picked up at least twice a week.

2020 – 005 Expenditures Exceeded Budget Appropriations

Corrective action planned

Finance will monitor this fund much closer in the future.

Anticipated completion date: A large invoice came in late from EPA which caused the budget overage in the Sanitation Fund. An allowance will be made in future budgeting to account for the possibility of this happening again.

----- Phone 931-359-1544 Fax 931-359-7055 -----

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