

CITY OF LEWISBURG, TENNESSEE

ANNUAL FINANCIAL REPORT

JUNE 30, 2021

CITY OF LEWISBURG, TENNESSEE

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CITY OF LEWISBURG, TENNESSEE

LIST OF PRINCIPAL OFFICIALS

JUNE 30, 2021

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
Joseph Bradford	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, 2021, 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 Electric (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, 2021, 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 24, 2022, 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.



Lewisburg, Tennessee
February 24, 2022

CITY OF LEWISBURG, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2021

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, 2021. 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 \$82,063,679 (net position). Of this amount, \$2,707,343 (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 \$5,577,624. Changes totaling an increase of \$2,918,247 within the business-type activities and an increase of \$2,659,377 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 \$3,130,333. Approximately 84% of this total amount is available for spending at the government's discretion (unassigned fund balance), although 16% or \$500,568 is designated for specific purposes.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,629,765 or 18% of general fund operating expenditures.
- The City of Lewisburg governmental activities had a net decrease in total long-term debt of \$578,553 during the current fiscal year. Long-term liabilities related to compensated absences, net pension obligation and other post-employment benefits increased \$6,768,789 (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 \$82,063,679 as of June 30, 2021, an increase of \$5,577,624 or 7.3 percent, from last year.

The largest portion of the City of Lewisburg's net position (96%) 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		Business-Type		Total	
	Activities		Activities			
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 8,806,586	\$ 6,610,022	\$ 34,017,864	\$ 35,093,150	\$ 42,824,450	\$ 41,703,172
Capital Assets	24,323,840	22,807,679	70,438,145	68,245,929	94,761,985	91,053,608
Total Assets	33,130,426	29,417,701	104,456,009	103,339,079	137,586,435	132,756,780
Deferred Outflows of resources	7,602,300	1,304,802	1,827,873	1,923,175	9,430,173	3,227,977
Long-term liabilities outstanding	31,409,224	25,218,988	15,019,521	17,435,559	46,428,745	42,654,547
Other liabilities	483,734	551,972	5,700,941	4,968,706	6,184,675	5,520,678
Total Liabilities	31,892,958	25,770,960	20,720,462	22,404,265	52,613,420	48,175,225
Deferred inflows of resources	9,287,141	8,031,962	3,052,368	3,265,184	12,339,509	11,297,146
Net position:						
Net Investment in Capital Assets	22,427,951	20,331,141	56,650,308	51,832,679	79,078,259	72,163,820
Restricted	278,077	235,633	-	-	278,077	235,633
Unrestricted	(23,153,401)	(23,642,395)	25,860,744	27,760,126	2,707,343	4,117,731
Total Net position	\$ (447,373)	\$ (3,075,621)	\$ 82,511,052	\$ 79,592,805	\$ 82,063,679	\$ 76,517,184

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 increased the City's net position by \$2,659,377 while Business-type activities increased the City's net position by \$2,918,247 resulting in a net increase of \$5,577,624. Key elements of this increase are as follows:

- Increases to net position of the government activities resulted from revenues exceeding expenditures.
- Changes in the deferred outflows and inflows of resources is primarily due to the changes in pension and OPEB activities.
- Depreciation expense of \$969,597 in governmental activities and \$3,573,902 business-type activities was also a factor in the overall change in net position.

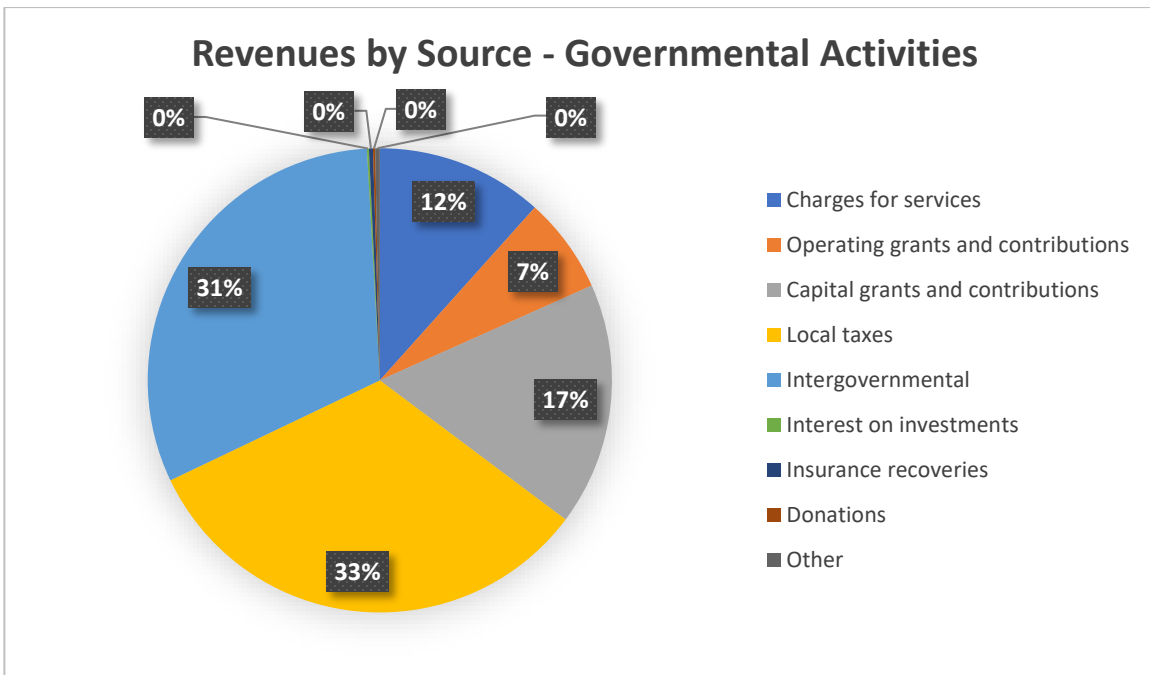
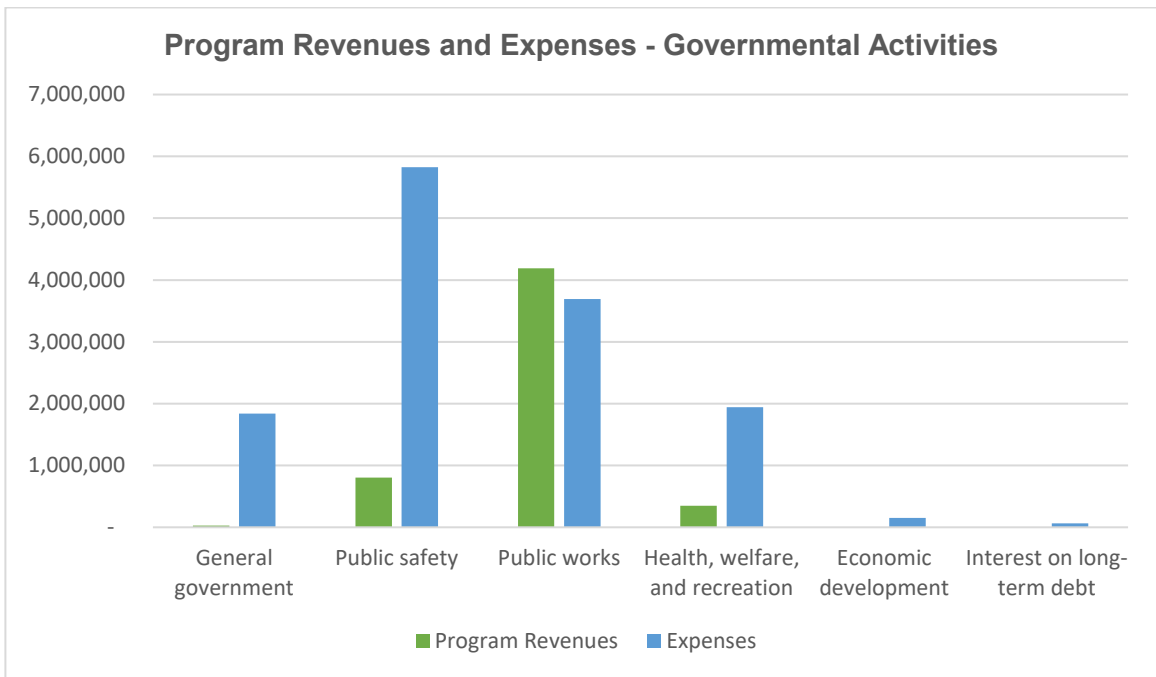
Condensed Statement of Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues						
Charges of services	\$ 1,771,756	\$ 1,721,516	\$ 38,925,894	\$ 38,508,647	\$ 40,697,650	\$ 40,230,163
Operating grants and contributions	1,015,708	659,999	-	-	1,015,708	659,999
Capital grants and contributions	2,577,530	573,521	48,890	135,067	2,626,420	708,588
General Revenues						
Local taxes	4,975,345	5,404,581	-	-	4,975,345	5,404,581
Intergovernmental	4,750,229	4,011,337	-	-	4,750,229	4,011,337
Interest on investments	21,118	28,937	101,393	272,677	122,511	301,614
Insurance recoveries	42,322	18,464	-	-	42,322	18,464
Gain or (loss) on sale of assets	336,134	3,314	13,105	2,170	349,239	5,484
Donations	22,768	21,145	-	-	22,768	21,145
Other	49,282	29,710	84,659	57,804	133,941	87,514
Total revenues	15,562,192	12,472,524	39,173,941	38,976,365	54,736,133	51,448,889
Expenses						
General government	1,839,397	1,718,538	-	-	1,839,397	1,718,538
Public safety	5,822,525	5,763,873	-	-	5,822,525	5,763,873
Public works	3,692,337	3,577,020	-	-	3,692,337	3,577,020
Health, welfare and recreation	1,942,882	1,939,785	-	-	1,942,882	1,939,785
Economic development	150,864	163,556	-	-	150,864	163,556
Interest on long-term debt	62,759	92,003	-	-	62,759	92,003
Water and wastewater system	-	-	6,649,661	6,661,363	6,649,661	6,661,363
Gas system	-	-	4,920,274	4,928,016	4,920,274	4,928,016
Electric system	-	-	24,077,810	24,207,567	24,077,810	24,207,567
	13,510,764	13,254,775	35,647,745	35,796,946	49,158,509	49,051,721
Changes in net position before transfers	2,051,428	(782,251)	3,526,196	3,179,419	5,577,624	2,397,168
Transfers	607,949	573,823	(607,949)	(573,823)	-	-
Change in net position	2,659,377	(208,428)	2,918,247	2,605,596	5,577,624	2,397,168
Net position at beginning of year - as originally stated	(3,075,621)	(2,874,993)	79,592,805	76,987,209	76,517,184	74,112,216
Prior period adjustments	(31,129)	7,800	-	-	(31,129)	7,800
Net position at beginning of year - as restated	(3,106,750)	(2,867,193)	79,592,805	76,987,209	76,486,055	74,120,016
Net position at end of year	\$ (447,373)	\$ (3,075,621)	\$ 82,511,052	\$ 79,592,805	\$ 82,063,679	\$ 76,517,184

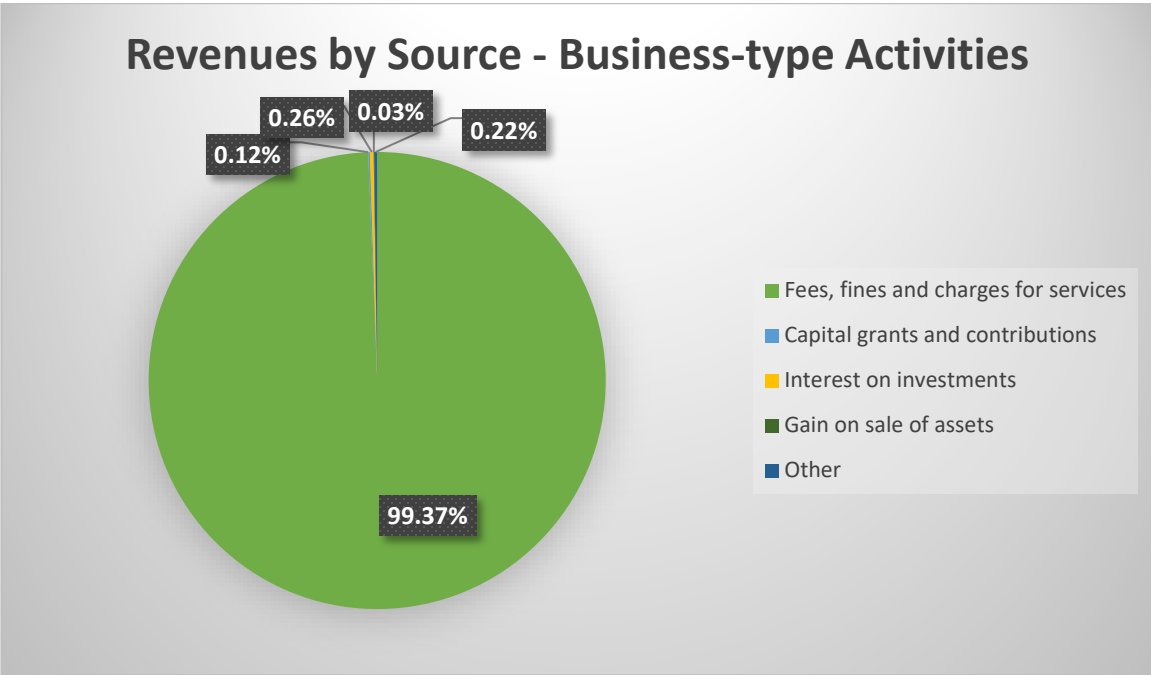
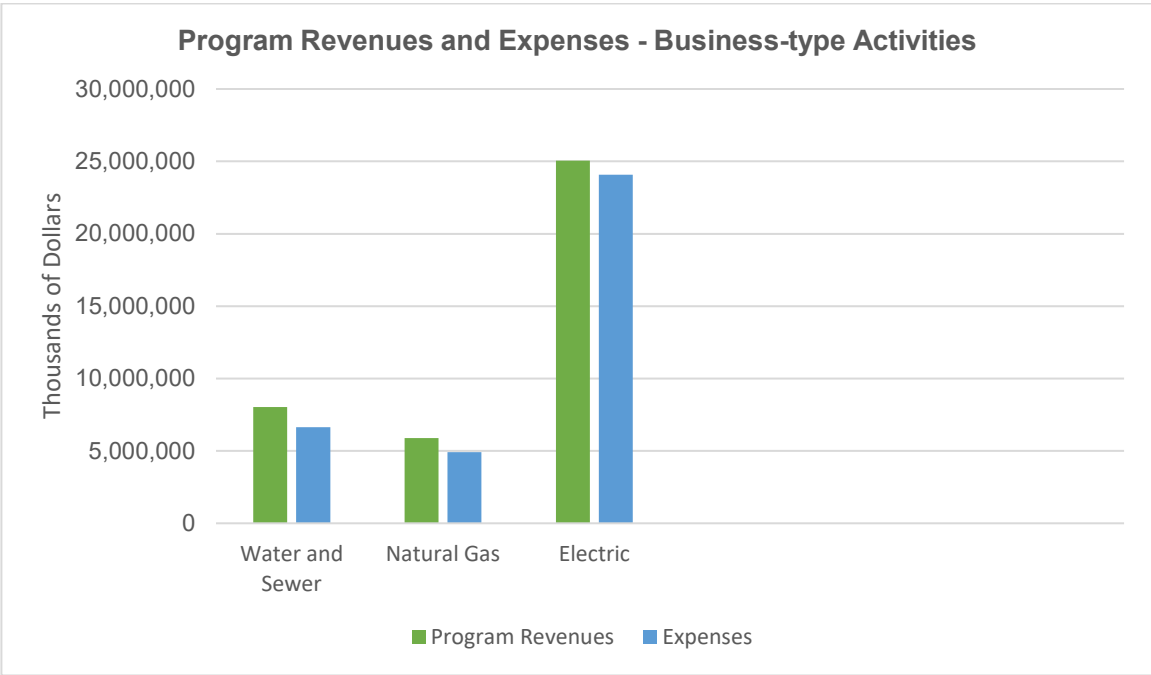
Governmental Activities: Current fiscal year revenues and transfers for the City's governmental activities were \$16,170,141 compared to \$13,046,347 last year. Expenses for the same period were \$13,510,764 compared \$13,254,775 last year.

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 increased by approximately \$2,000,000 from the prior year to the current year. This was primarily due to the contribution of a sidewalk project from the State of TN.
- Gain on sale of capital assets increased in the current year due to the sale of the ball park.



Business-type activities: Business-type activities increased the City's net position by \$2,918,247.



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 \$3,130,333, an increase of \$2,435,740, in comparison with the prior year increase of \$39,934.

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 \$2,629,765, while total fund balance reached \$2,977,256. Other categories of fund balance for the General Fund were non-spendable of \$222,491; 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 \$34,556,932, which was a total increase of \$1,481,955 the prior year.

The Natural Gas Fund's net position at the end of the year amounted to \$20,278,898 which was a total increase of \$784,717 from the prior year.

The Electric System's net position at the end of the year was \$27,675,222 which was a total increase of \$651,575 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 \$1,143,048. Amendments were made to increase budgeted revenue for a property tax increase and various intergovernmental revenues. The difference between the original and final budget for expenditures increased by \$1,494,150. One of the largest changes was an increase in the budgeted amount of principal to be paid on short term debt.

The General Fund expenditures exceeded budgeted appropriations due to failure to budget for the capital project donation provided by the State of Tennessee for sidewalks.

Capital Asset and Debt Administration

Capital assets: At the end of the current fiscal year, the City had \$94,761,985 (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 \$3,708,368 (net of depreciation expense). Depreciation expense for the year was \$4,543,499 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 \$13,491,467. Of the total outstanding debt 13% belongs to governmental activities, 0.1% to the Electric System and 86.9% 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 2022 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 to have a slight increase. The property tax rate for FY2022 is set at \$1.84 per hundred of assessed valuation.
- Sales tax and other state shared revenue are projected to remain relatively the same as economic growth is uncertain due to the unknown effects of the Corona virus
- The City adopted a General Fund operating budget of \$11,425,532 for FY2022 which is a \$1,037,417 decrease from the FY2021 General Fund budget of \$12,462,949. There is no scheduled use of unassigned fund balance in FY2022. At June 30, 2021 the unassigned fund balance in the General Fund was \$2,629,765.

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, 2021

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents:			
Unrestricted	\$ 2,451,195	\$ 26,885,543	\$ 29,336,738
Restricted	-	2,478,601	2,478,601
Investments	-	82,131	82,131
Receivables			
Property taxes	5,195,222	-	5,195,222
Other governments	737,786	-	737,786
Grants receivable	17,751	-	17,751
Customers	-	2,233,173	2,233,173
Others	182,141	182,985	365,126
Energy service loans receivable	-	22,384	22,384
Unbilled receivables	-	1,373,435	1,373,435
Inventories of Supplies	32,750	725,007	757,757
Prepaid Expenses	189,741	21,449	211,190
Unamortized cost of lease and other assets	-	13,156	13,156
Capital assets, being depreciated, net	18,537,464	69,539,942	88,077,406
Capital assets, not being depreciated	5,786,376	898,203	6,684,579
TOTAL ASSETS	33,130,426	104,456,009	137,586,435
DEFERRED OUTFLOWS OF RESOURCES			
OPEB Plan	7,393,476	261,919	7,655,395
Deferred charge on refunding of debt	-	441,326	441,326
Pension Plans	208,824	1,124,628	1,333,452
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,602,300	1,827,873	9,430,173
LIABILITIES			
Accounts Payable	262,781	2,505,123	2,767,904
Accrued liabilities	199,354	202,355	401,709
Accrued interest	2,703	13,194	15,897
Unearned revenues	18,896	-	18,896
Customer deposits	-	61,839	61,839
Accrued payroll and vacation	-	354,195	354,195
Compensated absences	-	67,276	67,276
Post employment benefit obligation	-	18,358	18,358
Payable from restricted assets:			
Customer deposits	-	2,478,601	2,478,601
Noncurrent liabilities:			
Net pension liability	4,173,232	1,848,925	6,022,157
Net OPEB liability	25,340,103	890,396	26,230,499
Compensated absences	-	456,095	456,095
Energy service loans - advances	-	23,209	23,209
Due within one year	401,286	1,173,199	1,574,485
Due in more than one year	1,494,603	10,627,697	12,122,300
TOTAL LIABILITIES	31,892,958	20,720,462	52,613,420
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	5,077,277	-	5,077,277
Deferred tap fee revenue	-	22,180	22,180
Deferred regulatory liability	-	1,986,941	1,986,941
OPEB plan	3,233,184	233,022	3,466,206
Pension plan	976,680	810,225	1,786,905
TOTAL DEFERRED INFLOWS OF RESOURCES	9,287,141	3,052,368	12,339,509
NET POSITION			
Net investment in capital assets	22,427,951	56,650,308	79,078,259
Restricted for:			
Public safety	37,832	-	37,832
Sanitation	115,245	-	115,245
Local grants	25,000	-	25,000
Cemetery maintenance	100,000	-	100,000
Unrestricted	(23,153,401)	25,860,744	2,707,343
TOTAL NET POSITION	\$ (447,373)	\$ 82,511,052	\$ 82,063,679

**CITY OF LEWISBURG, TENNESSEE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021**

Functions/Programs	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenues and Changes in Net Position</u>		<u>Total</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Primary Government</u>		
					<u>Governmental Activities</u>	<u>Business-type Activities</u>	
Primary government:							
Governmental activities:							
General government	\$ 1,839,397	\$ 26,295	\$ -	\$ -	\$ (1,813,102)	\$ -	\$ (1,813,102)
Public Safety	5,822,525	205,154	599,006	-	(5,018,365)	-	(5,018,365)
Public works	3,692,337	1,193,979	416,702	2,577,530	495,874	-	495,874
Health, welfare, and recreation	1,942,882	346,328	-	-	(1,596,554)	-	(1,596,554)
Economic development	150,864	-	-	-	(150,864)	-	(150,864)
Interest on long-term debt	62,759	-	-	-	(62,759)	-	(62,759)
Total governmental activities	13,510,764	1,771,756	1,015,708	2,577,530	(8,145,770)	-	(8,145,770)
Business-type activities:							
Water and wastewater	6,649,661	8,028,238	-	-	-	1,378,577	1,378,577
Natural gas	4,920,274	5,837,290	-	48,890	-	965,906	965,906
Electric	24,077,810	25,060,366	-	-	-	982,556	982,556
Total business-type activities	35,647,745	38,925,894	-	48,890	-	3,327,039	3,327,039
Total primary government	\$ 49,158,509	\$ 40,697,650	\$ 1,015,708	\$ 2,626,420	(8,145,770)	3,327,039	(4,818,731)
		General Revenues					
		Property taxes			4,975,345	-	4,975,345
		Sales and use taxes			4,368,916	-	4,368,916
		Business taxes			264,524	-	264,524
		Public service taxes			116,789	-	116,789
		Investment earnings			21,118	101,393	122,511
		Insurance recoveries			42,322	-	42,322
		Gain on sale of assets			336,134	13,105	349,239
		Donations			22,768	-	22,768
		Other			49,282	84,659	133,941
		Transfers			607,949	(607,949)	-
		Total general fund revenues and transfers			10,805,147	(408,792)	10,396,355
		Change in net position			2,659,377	2,918,247	5,577,624
		Net position at beginning of year, as originally stated			(3,075,621)	79,592,805	76,517,184
		Prior period adjustment			(31,129)	-	(31,129)
		Net position at beginning of year, as restated			(3,106,750)	79,592,805	76,486,055
		Net position at end of year			\$ (447,373)	\$ 82,511,052	\$ 82,063,679

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

**CITY OF LEWISBURG, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021**

ASSETS	General	Other Governmental Funds	Total
Cash and cash equivalents	\$ 2,347,662	\$ 103,533	\$ 2,451,195
Taxes receivable	5,195,222	-	5,195,222
Due from other governments	737,786	-	737,786
Grants receivable	17,751	-	17,751
Other receivables	108,009	74,132	182,141
Inventory	32,750	-	32,750
Due from other funds	24,588	-	24,588
Prepaid insurance	189,741	-	189,741
Total assets	<u>\$ 8,653,509</u>	<u>\$ 177,665</u>	<u>\$ 8,831,174</u>
 LIABILITIES			
Accounts payable	262,781	-	262,781
Accrued liabilities	199,354	-	199,354
Unearned revenue	18,896	-	18,896
Due to other funds	-	24,588	24,588
Total liabilities	<u>481,031</u>	<u>24,588</u>	<u>505,619</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	5,195,222	-	5,195,222
Total deferred inflows of resources	<u>5,195,222</u>	<u>-</u>	<u>5,195,222</u>
 FUND BALANCE			
<i>Nonspendable</i>			
Inventory	32,750	-	32,750
Prepays	189,741	-	189,741
<i>Restricted</i>			
Public safety	-	37,832	37,832
Solid waste collection	-	115,245	115,245
Local grant activities	25,000	-	25,000
Cemetery maintenance	100,000	-	100,000
<i>Unassigned</i>	2,629,765	-	2,629,765
Total fund balances	<u>2,977,256</u>	<u>153,077</u>	<u>3,130,333</u>
Total liabilities, deferred inflows, of resources, and fund balances	<u>\$ 8,653,509</u>	<u>\$ 177,665</u>	<u>\$ 8,831,174</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, 2021

Total fund balance - total governmental funds		\$ 3,130,333
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.		24,323,840
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not deferred in the funds.		117,945
Deferred grant revenues on the governmental fund statements that is recognized as income on the government-wide statements		
Liabilities for accrued interest are not due and payable currently and not recorded in the governmental funds		(2,703)
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	(1,682,000)	
Bond premiums	(8,571)	
Compenstated absences	(205,318)	
Net pension obligation	(4,173,232)	
Deferred outflows or resources - pension	208,824	
Deferred inflows or resources - pension	(976,680)	
Total OPEB obligations	(25,340,103)	
Deferred outflows or resources - OPEB	7,393,476	
Deferred inflows or resources - OPEB	<u>(3,233,184)</u>	
		<u>(28,016,788)</u>
Net postion of governmental activities		<u>\$ (447,373)</u>

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, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes	\$ 8,926,479	\$ -	\$ 8,926,479
Intergovernmental	4,930,874	-	4,930,874
License and permits	22,995	-	22,995
City court fines and vehicle fees	193,455	12,306	205,761
Charges for services	671,770	852,907	1,524,677
Miscellaneous	79,685	11,439	91,124
Total revenues	<u>14,825,258</u>	<u>876,652</u>	<u>15,701,910</u>
Expenditures			
General government	1,559,644	-	1,559,644
Public safety	4,900,202	13,147	4,913,349
Public works	2,200,548	811,816	3,012,364
Health, welfare, and recreation	1,504,492	-	1,504,492
Economic development	134,502	-	134,502
Debt service	1,467,817	-	1,467,817
Capital outlay	2,639,883	10,390	2,650,273
Total expenditures	<u>14,407,088</u>	<u>835,353</u>	<u>15,242,441</u>
Revenues Over (Under) Expenditures	<u>418,170</u>	<u>41,299</u>	<u>459,469</u>
Other financing sources and (uses)			
Transfers in	607,949	1,145	609,094
Transfers out	(1,145)	-	(1,145)
Proceeds from debt	825,000	-	825,000
Sale of general capital assets	501,000	-	501,000
Insurance recoveries	42,322	-	42,322
Total other financing sources and (uses)	<u>1,975,126</u>	<u>1,145</u>	<u>1,976,271</u>
Net Change In Fund Balance	<u>2,393,296</u>	<u>42,444</u>	<u>2,435,740</u>
Fund Balance at Beginning of Year, as originally stated	615,089	110,633	725,722
Prior period adjustments	<u>(31,129)</u>	<u>-</u>	<u>(31,129)</u>
Fund Balance at Beginning of Year, as restated	<u>583,960</u>	<u>110,633</u>	<u>694,593</u>
Fund Balance at End of Year	<u>\$ 2,977,256</u>	<u>\$ 153,077</u>	<u>\$ 3,130,333</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, 2021**

Net change in fund balances - total governmental funds	\$ 2,435,740
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.	2,650,273
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.	(969,597)
Net effect of various transactions involving capital assets (i.e., sales, trade-ins, and contributed assets)	(164,866)
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.	(1,356,152)
The repayment of principal of long-term debt consumes the current financial resources of governmental funds. However, it has no effect on net position.	1,400,267
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)	6,886
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.	(825,000)
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.	<u>(518,174)</u>
Change in net position of governmental activities	<u><u>\$ 2,659,377</u></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
GENERAL FUND
YEAR ENDED JUNE 30, 2021

Revenues	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Taxes				
Property	\$ 4,950,000	\$ 5,325,000	\$ 5,345,285	\$ 20,285
Local sales tax	1,900,000	1,900,000	2,325,289	425,289
Tax equivalents payments	135,000	135,000	148,234	13,234
Interest and penalty - real estate tax	25,000	25,000	20,367	(4,633)
Business tax	260,000	260,000	264,524	4,524
Wholesale beer tax	450,000	450,000	483,017	33,017
Wholesale liquor tax	150,000	200,000	222,974	22,974
Beer privilege tax	8,000	8,000	7,650	(350)
Franchise tax	110,000	110,000	109,139	(861)
Total taxes	<u>7,988,000</u>	<u>8,413,000</u>	<u>8,926,479</u>	<u>513,479</u>
Intergovernmental				
State revenues				
Sales tax	1,000,000	1,000,000	1,177,671	177,671
Telecommunication tax	-	25,000	15,095	(9,905)
Income tax	35,000	10,000	14,843	4,843
Streets and transportation	23,000	23,000	22,037	(963)
Gasoline and motor fuel tax	330,000	330,000	208,281	(121,719)
Gas tax 1989	-	-	31,437	31,437
Gas tax 3 cent	-	-	58,251	58,251
2017 gasoline tax	95,000	95,000	103,733	8,733
Corporate excise tax	60,000	60,000	67,321	7,321
Mixed drink tax	23,000	23,000	31,313	8,313
Beer tax	-	-	5,255	5,255
Sports betting tax	-	5,000	4,101	(899)
Police salary supplement	-	-	20,000	20,000
Fire salary supplement	-	-	8,000	8,000
State direct appropriation	-	-	297,338	297,338
State capital contribution - sidewalks	-	-	2,403,755	2,403,755
State and federal grant funds	225,000	905,048	462,443	(442,605)
Total intergovernmental revenues	<u>1,791,000</u>	<u>2,476,048</u>	<u>4,930,874</u>	<u>2,454,826</u>
Licenses and permits				
Sign permits	5,000	5,000	1,525	(3,475)
Zoning permits	-	2,000	1,420	(580)
Planning commission fees	-	10,000	8,000	(2,000)
Other permits	-	8,000	12,050	4,050
Total licenses and permits	<u>5,000</u>	<u>25,000</u>	<u>22,995</u>	<u>(2,005)</u>
City court fines and vehicle fees	<u>267,200</u>	<u>277,200</u>	<u>193,455</u>	<u>(83,745)</u>
Charges for services				
Airport revenue	369,000	369,000	340,465	(28,535)
Recreation revenue and fees	414,650	444,650	297,477	(147,173)
Cemetery revenue	36,500	36,500	33,828	(2,672)
Total charges for services	<u>820,150</u>	<u>850,150</u>	<u>671,770</u>	<u>(178,380)</u>
Miscellaneous				
Rabies control	20,000	20,000	15,023	(4,977)
Records requests	1,000	1,000	650	(350)
Police accident reports	2,000	2,000	1,382	(618)
Rent revenues	3,300	3,300	3,300	-
Interest income	2,000	2,000	675	(1,325)
Sale of scrap materials	3,000	3,000	5,151	2,151
Contributions	30,000	28,000	22,768	(5,232)
Miscellaneous revenues	63,100	38,100	30,736	(7,364)
Total miscellaneous	<u>124,400</u>	<u>97,400</u>	<u>79,685</u>	<u>(17,715)</u>
Total revenues	<u>10,995,750</u>	<u>12,138,798</u>	<u>14,825,258</u>	<u>2,686,460</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, 2021

Expenditures	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
General government				
Salaries	563,064	563,064	572,643	(9,579)
Payroll taxes	43,074	43,074	43,034	40
Employee health insurance	138,428	158,428	182,578	(24,150)
Retirement	78,880	78,880	78,892	(12)
Advertising	4,000	4,000	3,465	535
Dues and subscriptions	15,000	15,000	10,564	4,436
Utilities	22,000	22,000	19,556	2,444
Professional services	225,000	272,000	256,195	15,805
Insurance	340,000	340,000	283,272	56,728
Computer expenses	10,000	10,000	9,273	727
Supplies	20,000	20,000	16,763	3,237
Court supplies	15,000	15,000	9,284	5,716
Building expense	25,000	25,000	17,584	7,416
Vehicle expense	2,250	2,250	112	2,138
Travel	8,000	12,000	3,638	8,362
Miscellaneous	500	500	162	338
Traffic fees to the State	80,000	80,000	52,629	27,371
Capital outlay	-	40,000	31,141	8,859
Total general government	1,590,196	1,701,196	1,590,785	110,411
Public safety				
Police department				
Salaries	1,609,131	1,609,131	1,614,150	(5,019)
Payroll taxes	129,219	129,219	123,221	5,998
Employee health insurance	447,067	447,067	448,992	(1,925)
Retirement	197,132	197,132	198,670	(1,538)
Police school expense	15,000	15,000	8,328	6,672
Sex offender expense	1,500	1,500	1,250	250
Utilities	45,000	45,000	45,437	(437)
Repairs and maintenance - radios	1,000	1,000	-	1,000
Repairs and maintenance	25,000	55,000	58,798	(3,798)
Vehicle expense	27,000	32,000	31,399	601
Prisoner care expense	40,000	40,000	32,527	7,473
Supplies	35,000	35,000	23,030	11,970
Uniforms	20,000	20,000	21,998	(1,998)
Fuel expense	70,000	70,000	53,460	16,540
Miscellaneous	1,000	1,000	1,539	(539)
Grant expenses	5,000	51,000	6,308	44,692
Total police department	2,668,049	2,749,049	2,669,107	79,942
Fire department				
Salaries	1,112,934	1,232,934	1,215,702	17,232
Payroll taxes	85,139	92,789	89,269	3,520
Employee health insurance	431,219	481,219	497,649	(16,430)
Retirement	136,866	136,866	137,225	(359)
Fire school expense	5,000	5,000	1,959	3,041
Utilities	30,000	30,000	28,971	1,029
Repairs and maintenance	8,500	8,500	5,045	3,455
Vehicle expense	13,000	23,000	23,198	(198)
Supplies	35,000	35,000	27,120	7,880
Uniforms	2,000	2,000	3,745	(1,745)
Fuel expense	11,000	11,000	9,246	1,754
Miscellaneous	500	500	-	500
Capital outlay	-	10,000	7,695	2,305
Total fire department	1,871,158	2,068,808	2,046,824	21,984

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, 2021

Expenditures	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Public safety(continued)				
Building inspector				
Salaries	69,835	69,835	59,203	10,632
Payroll taxes	5,342	5,342	4,618	724
Employee health insurance	11,393	11,393	5,980	5,413
Retirement	8,100	8,100	8,100	-
Utilities	800	800	904	(104)
Supplies	10,000	10,000	7,188	2,812
Vehicle expense	1,100	1,100	106	994
Fuel expense	1,200	1,200	564	636
Miscellaneous	50	50	-	50
Total building inspector	107,820	107,820	86,663	21,157
Animal control				
Salaries	65,793	65,793	58,193	7,600
Payroll taxes	5,033	5,033	4,320	713
Employee health insurance	23,640	23,640	16,893	6,747
Retirement	4,967	1,467	1,242	225
Utilities	6,500	6,500	7,482	(982)
Vet expense	13,000	13,000	8,830	4,170
Repairs and maintenance	10,000	10,000	205	9,795
Vehicle expense	500	500	163	337
Supplies	4,500	6,000	5,775	225
Fuel expense	2,000	2,000	2,200	(200)
Capital outlay	-	7,000	6,553	447
Total animal control	135,933	140,933	111,856	29,077
Total public safety	4,782,960	5,066,610	4,914,450	152,160
Public works				
Shop				
Salaries	112,243	112,243	103,097	9,146
Payroll taxes	8,587	8,587	8,598	(11)
Employee health insurance	42,885	42,885	51,151	(8,266)
Retirement	16,236	16,236	16,234	2
Utilities	13,000	13,000	12,708	292
Vehicle expense	500	500	50	450
Fuel expense	3,000	3,000	686	2,314
Supplies	25,000	25,000	13,579	11,421
Total shop	221,451	221,451	206,103	15,348

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, 2021

Expenditures(continued)	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Public works(continued)				
Highways and streets				
Salaries	654,447	654,447	621,153	33,294
Payroll taxes	50,065	50,065	46,226	3,839
Employee health insurance	220,798	220,798	244,084	(23,286)
Retirement	82,255	85,755	81,902	3,853
Repairs and maintenance - equipment	10,000	40,000	33,468	6,532
Repairs and maintenance - sidewalks	8,000	8,000	-	8,000
Vehicle expense	42,000	42,000	25,444	16,556
Storm water program	30,000	30,000	35,446	(5,446)
Supplies	80,000	120,000	170,116	(50,116)
Fuel expense	35,000	35,000	33,733	1,267
State street aid - street lighting	350,000	350,000	342,440	7,560
Appropriation of State of TN funds	22,000	22,000	18,697	3,303
Miscellaneous	1,500	1,500	426	1,074
Capital outlay	-	-	2,406,766	(2,406,766)
Total highways and streets	<u>1,586,065</u>	<u>1,659,565</u>	<u>4,059,901</u>	<u>(2,400,336)</u>
Airport				
Salaries	56,850	56,850	57,085	(235)
Payroll taxes	4,349	4,349	4,184	165
Employee health insurance	28,813	28,813	36,340	(7,527)
Retirement	8,498	8,498	8,497	1
Utilities	20,000	20,000	18,546	1,454
Repair and maintenance	22,000	22,000	20,270	1,730
Fuel for resale	225,000	225,000	176,805	48,195
Fuel pumping expense	-	12,000	13,257	(1,257)
Fuel expense	750	750	918	(168)
Supplies	3,000	6,000	5,408	592
Miscellaneous	200	200	-	200
Capital outlay	-	169,000	178,151	(9,151)
Total airport	<u>369,460</u>	<u>553,460</u>	<u>519,461</u>	<u>33,999</u>
Total public works	<u>2,176,976</u>	<u>2,434,476</u>	<u>4,785,465</u>	<u>(2,350,989)</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, 2021

Expenditures(continued)	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Health, welfare, and recreation				
Recreation				
Salaries	537,064	537,064	528,450	8,614
Payroll taxes	41,085	41,085	40,855	230
Employee health insurance	137,529	137,529	117,563	19,966
Retirement	52,964	52,964	56,239	(3,275)
Utilities	184,000	187,000	178,211	8,789
Recreation supplies	23,000	23,000	10,600	12,400
Swimming pool expense	45,000	45,000	30,959	14,041
Uniforms	3,000	3,000	1,318	1,682
Office supplies	7,000	7,000	5,576	1,424
Golf pro shop purchases for resale	3,000	3,000	(268)	3,268
Concessions purchases for resale	6,000	6,000	1,272	4,728
Snackbar purchases for resale	15,000	15,000	9,904	5,096
Fuel expense	9,000	9,000	9,373	(373)
Travel	2,500	2,500	75	2,425
Sales tax expense	-	-	-	-
Equipment expense	8,000	8,000	4,683	3,317
Golf course expense	25,000	25,000	25,967	(967)
Building expense	60,000	60,000	61,491	(1,491)
Sports complex expense	9,000	9,000	-	9,000
Tennis court expense	1,000	1,000	59	941
Other recreation expenses	8,250	8,250	1,929	6,321
Miscellaneous	1,500	2,500	3,148	(648)
Grant expense	-	-	194	(194)
Capital outlay	-	-	9,577	(9,577)
Total recreation	<u>1,178,892</u>	<u>1,182,892</u>	<u>1,097,175</u>	<u>85,717</u>
Community service				
Goat festival	-	1,000	807	193
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	18,184	(7,184)
E-911 appropriation	321,155	321,155	320,651	504
Other appropriations	44,000	50,000	28,009	21,991
Total community service	<u>406,606</u>	<u>413,606</u>	<u>398,102</u>	<u>15,504</u>
Cemetery				
Utilities	2,900	2,900	3,721	(821)
Shop charges	3,000	3,000	802	2,198
Repairs and maintenance	5,000	5,000	4,001	999
Supplies	13,000	13,000	5,077	7,923
Fuel expense	5,000	5,000	5,191	(191)
Total cemetery	<u>28,900</u>	<u>28,900</u>	<u>18,792</u>	<u>10,108</u>
Total health, welfare, and recreation	<u>1,614,398</u>	<u>1,625,398</u>	<u>1,514,069</u>	<u>111,329</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, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Positive (Negative)
Expenditures(continued)				
Economic development				
Industrial recruiting				
Salaries	86,786	86,786	87,021	(235)
Payroll taxes	6,639	6,639	6,508	131
Employee health insurance	16,630	16,630	15,777	853
Retirement	12,898	12,898	12,898	-
Advertising	10,000	10,000	2,681	7,319
Utilities	1,000	1,000	902	98
Printing, postage and other costs	7,000	7,000	2,554	4,446
Supplies	10,000	10,000	5,972	4,028
Travel	15,000	15,000	189	14,811
Total industrial recruiting	<u>165,953</u>	<u>165,953</u>	<u>134,502</u>	<u>31,451</u>
Total economic development	<u>165,953</u>	<u>165,953</u>	<u>134,502</u>	<u>31,451</u>
Debt service				
Principal payments	638,316	1,468,316	1,400,267	68,049
Interest payments	-	-	67,550	(67,550)
Other costs	-	1,000	-	1,000
Total debt service	<u>638,316</u>	<u>1,469,316</u>	<u>1,467,817</u>	<u>1,499</u>
Total expenditures	<u>10,968,799</u>	<u>12,462,949</u>	<u>14,407,088</u>	<u>(1,944,139)</u>
Revenues Over (Under) Expenditures	<u>26,951</u>	<u>(324,151)</u>	<u>418,170</u>	<u>742,321</u>
Other financing sources and (uses)				
Transfers in	625,000	625,000	607,949	(17,051)
Transfers out	(50,000)	-	(1,145)	(1,145)
Proceeds from debt	10,000	826,000	825,000	(1,000)
Sale of general capital assets	25,000	25,000	501,000	476,000
Insurance recoveries	10,000	35,000	42,322	7,322
Total other financing sources and (uses)	<u>620,000</u>	<u>1,511,000</u>	<u>1,975,126</u>	<u>464,126</u>
Net Change In Fund Balance	<u>646,951</u>	<u>1,186,849</u>	<u>2,393,296</u>	<u>1,206,447</u>
Fund Balance at Beginning of Year, as originally stated	615,089	615,089	615,089	-
Prior period adjustments	-	-	(31,129)	(31,129)
Fund Balance at Beginning of Year, as restated	<u>615,089</u>	<u>615,089</u>	<u>583,960</u>	<u>(31,129)</u>
Fund Balance at End of Year	<u>\$ 1,262,040</u>	<u>\$ 1,801,938</u>	<u>\$ 2,977,256</u>	<u>\$ 1,175,318</u>

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

CITY OF LEWISBURG, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2021

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			
	Water and Wastewater Fund	Natural Gas Fund	Electric Power Fund	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 8,785,558	\$ 9,348,396	\$ 8,751,589	\$ 26,885,543
Investments	-	-	82,131	82,131
Accounts receivable, net of allowance for doubtful accounts	225,718	51,656	1,955,799	2,233,173
Inventory	200,293	253,367	271,347	725,007
Prepaid expenses	-	18,529	2,920	21,449
Unbilled revenue	671,736	229,090	472,609	1,373,435
Other receivables	-	126,739	56,246	182,985
TOTAL CURRENT ASSETS	9,883,305	10,027,777	11,592,641	31,503,723
RESTRICTED ASSETS				
Cash and cash equivalents	567,206	742,677	1,168,718	2,478,601
CAPITAL ASSETS				
Capital assets not being depreciated				
Land and land rights	275,856	63,637	486,400	825,893
Construction in process	36,104	-	36,206	72,310
Capital assets net of accumulated depreciation	37,644,340	13,552,431	18,343,171	69,539,942
TOTAL CAPITAL ASSETS	37,956,300	13,616,068	18,865,777	70,438,145
OTHER ASSETS				
Energy service loans receivable	-	-	22,384	22,384
Unamortized cost of lease and other assets	-	13,156	-	13,156
TOTAL OTHER ASSETS	-	13,156	22,384	35,540
TOTAL ASSETS	48,406,811	24,399,678	31,649,520	104,456,009
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding of debt	441,326	-	-	441,326
Pension plan	1,124,628	-	-	1,124,628
OPEB plan	-	261,919	-	261,919
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,565,954	261,919	-	1,827,873
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable	255,014	260,014	1,990,095	2,505,123
Amounts due to customers	-	61,839	-	61,839
Accrued expenses and other current liabilities	35,706	71,182	95,467	202,355
Accrued interest	13,194	-	-	13,194
Accrued payroll and vacation	136,473	-	217,722	354,195
Compensated absences	-	67,276	-	67,276
Postemployment benefit obligation	-	18,358	-	18,358
Current portion of long-term debt and other obligations payable	1,161,076	-	12,123	1,173,199
Payable from restricted assets:				
Customer deposits	567,206	742,677	1,168,718	2,478,601
TOTAL CURRENT LIABILITIES	2,168,669	1,221,346	3,484,125	6,874,140
NONCURRENT LIABILITIES				
Energy service loans - advances	-	-	23,209	23,209
Compensated absences	39,778	50,994	365,323	456,095
Net pension liability	1,848,925	-	-	1,848,925
Net OPEB liability	-	890,396	-	890,396
Long-term debt, net of current portion	10,526,056	-	101,641	10,627,697
TOTAL NONCURRENT LIABILITIES	12,414,759	941,390	490,173	13,846,322
TOTAL LIABILITIES	14,583,428	2,162,736	3,974,298	20,720,462
DEFERRED INFLOWS OF RESOURCES				
OPEB plan	-	233,022	-	233,022
Pension plan	810,225	-	-	810,225
Deferred tap fee revenue	22,180	-	-	22,180
Deferred regulatory liability	-	1,986,941	-	1,986,941
TOTAL DEFERRED INFLOWS OF RESOURCES	832,405	2,219,963	-	3,052,368
NET POSITION				
Net investment in capital assets	26,269,168	11,629,127	18,752,013	56,650,308
Unrestricted	8,287,764	8,649,771	8,923,209	25,860,744
TOTAL NET POSITION	\$ 34,556,932	\$ 20,278,898	\$ 27,675,222	\$ 82,511,052

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, 2021

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			
	Water and Wastewater Fund	Natural Gas Fund	Electric Power Fund	Total
OPERATING REVENUES				
Services	\$ 7,577,985	\$ 5,837,290	\$ 25,060,366	\$ 38,475,641
Other	450,253	-	-	450,253
TOTAL OPERATING REVENUES	8,028,238	5,837,290	25,060,366	38,925,894
OPERATING EXPENSES				
Purchased power	-	-	19,658,204	19,658,204
Natural gas purchased	-	2,965,644	-	2,965,644
Water supply, pumping and filtration	1,580,699	-	-	1,580,699
Distribution and collection	843,456	420,696	1,298,707	2,562,859
Consumer accounts and service	-	-	604,653	604,653
Wastewater treatment and disposal	2,261,104	-	-	2,261,104
Administrative and general	759,692	705,377	889,989	2,355,058
Sales expense	-	-	(140)	(140)
Laboratory and pretreatment	311,814	-	-	311,814
Customer service	327,001	188,105	-	515,106
Maintenance expense	255,669	-	574,332	830,001
Depreciation	-	581,647	930,359	1,512,006
Taxes	-	56,492	115,018	171,510
TOTAL OPERATING EXPENSES	6,339,435	4,917,961	24,071,122	35,328,518
OPERATING INCOME (LOSS)	1,688,803	919,329	989,244	3,597,376
NONOPERATING REVENUES (EXPENSES)				
Interest income	10,146	30,588	60,659	101,393
Other income (expense)	80,127	-	4,532	84,659
Gain (loss) on disposition	13,105	-	-	13,105
Interest and amortization expense	(310,226)	(2,313)	(6,688)	(319,227)
TOTAL NONOPERATING REVENUES (EXPENSES)	(206,848)	28,275	58,503	(120,070)
NET INCOME (LOSS) BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS	1,481,955	947,604	1,047,747	3,477,306
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfers out - payments in lieu of taxes - City of Lewisburg	-	(211,777)	(396,172)	(607,949)
Capital contributions - utility plant	-	48,890	-	48,890
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS	-	(162,887)	(396,172)	(559,059)
CHANGE IN NET POSITION	1,481,955	784,717	651,575	2,918,247
NET POSITION - BEGINNING OF YEAR	33,074,977	19,494,181	27,023,647	79,592,805
NET POSITION - END OF YEAR	\$ 34,556,932	\$ 20,278,898	\$ 27,675,222	\$ 82,511,052

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, 2021

	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	\$ 8,065,222	\$ 5,907,097	\$ 24,079,958	\$ 38,052,277
Cash received for interfund services provided	-	120,341	864,718	985,059
Cash paid to suppliers	(2,698,123)	(3,452,252)	(20,933,812)	(27,084,187)
Cash paid to employees for services	(1,733,968)	(720,429)	(1,963,224)	(4,417,621)
Cash paid for interfund services provided	-	(67,720)	-	(67,720)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	3,633,131	1,787,037	2,047,640	7,467,808
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Construction and acquisition of plant	(615,514)	(244,356)	(4,628,520)	(5,488,390)
Contributions in aid of construction	90,607	1,830	-	92,437
Salvage and sale of capital assets	-	-	63,058	63,058
Plant removal costs	-	(4,416)	(61,357)	(65,773)
Interest paid	(272,417)	(2,313)	(995)	(275,725)
Principal payments on long-term debt and leases	(2,679,889)	-	(847)	(2,680,736)
Proceeds from the sale of assets	13,105	-	12,968	26,073
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(3,464,108)	(249,255)	(4,615,693)	(8,329,056)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfer to other funds	-	(215,000)	(401,943)	(616,943)
Energy conservation loan advances, net of repayments	-	-	(9,817)	(9,817)
Energy conservation loan, net of repayments	-	-	9,661	9,661
Interest paid on consumers' deposits	-	-	(5,693)	(5,693)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	-	(215,000)	(407,792)	(622,792)
CASH FLOWS FROM INVESTING ACTIVITIES				
Investment in service providers	-	-	23	23
Interest income	10,146	30,588	60,659	101,393
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	10,146	30,588	60,682	101,416
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	179,169	1,353,370	(2,915,163)	(521,376)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	9,173,595	8,737,703	12,335,470	30,246,768
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 9,352,764	\$ 10,091,073	\$ 9,420,307	\$ 29,725,392
NONCASH CAPITAL AND RELATED FINANCING TRANSACTIONS				
Purchase plant with note payable	\$ -	\$ -	\$ 102,076	\$ 102,076
Purchase plant with lease payable	-	-	12,535	12,535
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Income (loss) from operating activities	\$ 1,688,803	\$ 919,329	\$ 989,244	\$ 3,597,376
Adjustments to reconcile operating income to net cash provided by operating income:				
Depreciation and amortization	1,917,730	594,218	930,359	3,442,307
Provision for uncollectible accounts	22,443	(186)	-	22,257
Increase (decrease) in accounts receivable	(28,092)	(125,171)	(150,442)	(303,705)
Increase (decrease) in unbilled utility revenue	1,440	(80,157)	(4,321)	(83,038)
Increase (decrease) in inventory	(18,849)	102,036	(25,185)	58,002
Increase (decrease) in prepaid expenses	-	(7,714)	109	(7,605)
Increase (decrease) in postemployment benefit deferred outflows	-	(14,271)	-	(14,271)
Increase (decrease) in deferred outflows due to pension	57,138	-	-	57,138
(Increase) decrease in accounts payable	10,896	92,762	209,626	313,284
(Increase) decrease in due to customers	18,750	(13,087)	-	5,663
(Increase) decrease in compensated absences and postemployment benefits	-	26,328	-	26,328
(Increase) decrease in customer deposits	-	292,370	39,073	331,443
(Increase) decrease in pension liability	125,629	-	-	125,629
(Increase) decrease in deferred inflows due to pension	(172,442)	-	-	(172,442)
(Increase) decrease in post employment benefit deferred inflows	-	(3,794)	-	(3,794)
(Increase) decrease in accrued expenses	9,685	4,374	59,177	73,236
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 3,633,131	\$ 1,787,037	\$ 2,047,640	\$ 7,467,808

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

CITY OF LEWISBURG, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Trust Funds		
	Lewisburg Defined Benefit Pension Trust	Water and Wastewater Defined Benefit Pension Trust	Donations in Trust
ASSETS			
Cash and cash equivalents	\$ 101,253	\$ 59,755	\$ 50,335
Accounts receivable	-	779	-
Investments:			
Mutual funds	5,345,512	-	-
Equities	1,601,147	2,702,924	-
Fixed income securities	-	796,403	-
Other	646,444	253,098	-
TOTAL ASSETS	7,694,356	3,812,959	50,335
LIABILITIES			
Accrued liabilities	9,243	87	-
NET POSITION			
Held in trust for pension benefits	7,685,113	3,812,872	-
Held in trust for purpose of donation	-	-	50,335
TOTAL NET POSITION	\$ 7,685,113	\$ 3,812,872	\$ 50,335

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, 2021**

	Trust Funds		
	Lewisburg Defined Benefit Pension Trust	Water and Wastewater Defined Benefit Pension Trust	Donations in Trust
Additions			
Contributions and other additions			
Employer	\$ 598,450	\$ 239,145	\$ -
Employee	150,480	59,787	-
Other	-	-	14,805
Investment earnings:			
Net decrease in the fair value of investments	1,533,785	733,906	-
Investment earnings	128,586	65,305	4
Total additions	2,411,301	1,098,143	14,809
Deductions			
Benefits	590,770	161,561	-
Administrative expenses	50,095	28,647	-
Program costs	-	-	4,560
Total deductions	640,865	190,208	4,560
Net increase (decrease) in net position	1,770,436	907,935	10,249
NET POSITION - BEGINNING OF YEAR	5,914,677	2,904,937	40,086
NET POSITION - END OF YEAR	\$ 7,685,113	\$ 3,812,872	\$ 50,335

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

CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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, 2021

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 judgements, 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.

Non-spendable 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.

**CITY OF LEWISBURG, TENNESSEE
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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 balance at June 30, 2021.

2.E. BUDGET

The General 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, 2021 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, 2021 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, 2021, 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, 2021, the annual money-weighted rate of return on pension plan investments was 27.82%.

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, 2021:

Investments at Fair Value	Level 1	Level 2	Level 3	Total
Fiduciary Activities:				
Cash and cash equivalents	\$ 101,253	\$ -	\$ -	\$ 101,253
Mutual Funds	5,373,664	-	-	5,373,664
Exchange traded funds	1,572,995	-	-	1,572,995
Public and private real estate funds	-	-	646,444	646,444
	<u>\$ 7,047,912</u>	<u>\$ -</u>	<u>\$ 646,444</u>	<u>\$ 7,694,356</u>

The Plan's investment in the DFA Global 60/40 Fund of \$489,088 exceeded 5% of the Plan's fiduciary net position as of June 30, 2021.

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, 2021, is as follows:

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	Business-type Activities			Total
	Water and Wastewater	Natural Gas	Electric System	
Accounts receivable	\$ 322,045	\$ 56,196	\$ 1,955,799	\$ 2,334,040
Allowance for doubtful accounts	(96,327)	(4,540)	-	(100,867)
Net accounts receivable	<u>\$ 225,718</u>	<u>\$ 51,656</u>	<u>\$ 1,955,799</u>	<u>\$ 2,233,173</u>

3.C. CAPITAL ASSETS

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

	Balance 7/1/2020	Additions/ Adjustments	Retirements/ Adjustments	Balance 6/30/2021
Government Activities:				
Capital assets not being depreciated				
Land	\$ 3,191,013	\$ -	\$ 132,680	\$ 3,058,333
Investment in industrial park - held for sale	2,511,491	-	-	2,511,491
Construction in Progress	586,954	3,011	373,413	216,552
Total capital assets not being depreciated	<u>6,289,458</u>	<u>3,011</u>	<u>506,093</u>	<u>5,786,376</u>
Capital assets being depreciated				
Buildings and improvements	18,954,603	554,696	87,386	19,421,913
Machinery and equipment	5,816,292	390,700	-	6,206,992
Infrastructure	6,981,631	2,403,755	-	9,385,386
Assets under capital leases	328,125	-	328,125	-
Total capital assets being depreciated	<u>32,080,651</u>	<u>3,349,151</u>	<u>415,511</u>	<u>35,014,291</u>
Less accumulated depreciation for:				
Buildings and improvements	6,835,535	491,671	55,200	7,272,006
Machinery and equipment	4,354,146	619,895	-	4,974,041
Infrastructure	4,132,124	98,656	-	4,230,780
Assets under capital leases	240,625	-	240,625	-
Total accumulated depreciation	<u>15,562,430</u>	<u>1,210,222</u>	<u>295,825</u>	<u>16,476,827</u>
Total capital assets, being depreciated, net	<u>16,518,221</u>	<u>2,138,929</u>	<u>119,686</u>	<u>18,537,464</u>
Government activities capital assets, net	<u>\$ 22,807,679</u>	<u>\$ 2,141,940</u>	<u>\$ 625,779</u>	<u>\$ 24,323,840</u>
Business-type Activities:				
Capital assets not being depreciated				
Land	815,893	10,000	-	825,893
Construction in Progress	760,621	234,037	922,348	72,310
Total capital assets not being depreciated	<u>1,576,514</u>	<u>244,037</u>	<u>922,348</u>	<u>898,203</u>
Capital assets being depreciated				
Plant systems in service	126,050,086	6,429,180	446,879	132,032,387
Assets under capital leases	-	12,535	-	12,535
Total capital assets being depreciated	<u>126,050,086</u>	<u>6,441,715</u>	<u>446,879</u>	<u>132,044,922</u>
Less accumulated depreciation for:				
Plant systems in service	59,380,671	3,570,500	449,593	62,501,578
Assets under capital leases	-	3,402	-	3,402
Total accumulated depreciation	<u>59,380,671</u>	<u>3,573,902</u>	<u>449,593</u>	<u>62,504,980</u>
Total capital assets, being depreciated, net	<u>66,669,415</u>	<u>2,867,813</u>	<u>(2,714)</u>	<u>69,539,942</u>
Business-type activities capital assets, net	<u>\$ 68,245,929</u>	<u>\$ 3,111,850</u>	<u>\$ 919,634</u>	<u>\$ 70,438,145</u>

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

Governmental activities:

General government	\$ 90,025
Public safety	310,678
Public works	313,524
Health, welfare, and recreation	<u>255,370</u>
	<u>\$ 969,597</u>

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

Business-type activities:

Water and wastewater	\$ 1,917,731
Natural gas	593,928
Electric System	<u>1,062,243</u>
	<u>\$ 3,573,902</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, 2021, 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 one general obligation Capital Outlay Note. The capital outlay note is a direct obligation and pledges the full faith, credit and taxing authority of the government.

**CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

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	\$	350,000
Unamortized Debt Premium		8,571
Total General Obligation Bonds		358,571

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%		1,332,000
Total Notes from Direct Borrowings and Direct Placements		1,332,000

Total Governmental Activities Long-Term Debt	\$	1,690,571
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The City has no unused lines of credit at June 30, 2021.

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.

Lewisburg Electric System

The System entered into a 5-year lease agreement for office equipment, effective January 1, 2021. At the time of the initial measurement, there was no interest rate specified in the lease agreement. The System used fair market value of the leased equipment to calculate the effective interest rate. The calculated effective interest rate for this lease of 16.55% was used to amortize the lease liability.

The System purchased certain plant facilities from Duck River Electric Membership Corporation under an agreement which requires installment payments to be made for ten years following the transfer of the property. The annual payment amount is \$10,208.

**CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
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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%	\$ 5,845,000
Unamortized bond premium	<u>110,051</u>
Total Revenue and Tax Bonds	<u>5,955,051</u>

Direct borrowings and direct placements:

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%	4,896,628
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%	835,453
Equipment lease for Electric System, effective interest rate of 16.55%, payable through 2026	11,688
Note payable to DREMC for Electric System plant. Payable in installments for ten years.	<u>102,076</u>
Total Other Long-Term Debt	<u>5,845,845</u>
Total Business-type Activities Long-Term Debt	<u><u>\$ 11,800,896</u></u>

Debt service requirements on long-term debt at June 30, 2021, are as follows:

CITY OF LEWISBURG, TENNESSEE
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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
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
2027-2029	-	-	497,000	24,157	497,000	24,157
Totals	<u>\$ 350,000</u>	<u>\$ 9,400</u>	<u>\$ 1,332,000</u>	<u>\$ 145,663</u>	<u>\$ 1,682,000</u>	<u>\$ 155,063</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
2022	\$ 730,000	\$ 116,900	\$ 443,199	\$ 126,041	\$ 1,173,199	\$ 242,941
2023	745,000	102,300	453,556	115,684	1,198,556	217,984
2024	755,000	87,400	464,213	105,027	1,219,213	192,427
2025	775,000	72,300	475,179	94,061	1,250,179	166,361
2026	790,000	56,800	484,561	82,837	1,274,561	139,637
2027-2031	2,050,000	85,500	2,584,548	243,228	4,634,548	328,728
2032-2036	-	-	773,104	23,962	773,104	23,962
2037-2041	-	-	167,485	3,104	167,485	3,104
Totals	<u>\$ 5,845,000</u>	<u>\$ 521,200</u>	<u>\$ 5,845,845</u>	<u>\$ 793,944</u>	<u>\$ 11,690,845</u>	<u>\$ 1,315,144</u>

Changes in long-term liabilities

A summary of long-term liability activity, including debt, for the year ended June 30, 2021 is as follows. Additional detailed information is available following the summary.

	Balance 7/1/2020	Issued or Additions	Retirements	Balance 6/30/2021	Due within one year
Governmental Activities:					
General obligation bonds	\$ 580,000	\$ -	\$ 230,000	\$ 350,000	\$ 230,000
Unamortized debt premium	12,857	-	4,286	8,571	4,286
Direct Borrowings and Direct Placements	1,676,267	-	344,267	1,332,000	167,000
Total long-term debt	2,269,124	-	578,553	1,690,571	401,286
Compensated absences	207,414	-	2,096	205,318	-
Net pension liability	4,843,019	-	669,787	4,173,232	-
Net OPEB liability	17,899,431	7,440,672	-	25,340,103	-
Total long-term liabilities	<u>\$ 25,218,988</u>	<u>\$ 7,440,672</u>	<u>\$ 1,250,436</u>	<u>\$ 31,409,224</u>	<u>\$ 401,286</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
JUNE 30, 2021**

	<u>Balance 7/1/2020</u>	<u>Issued or Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2021</u>	<u>Due within one year</u>
Business-type activities:					
Revenue and Tax Bonds	\$ 6,555,000	\$ -	\$ 710,000	\$ 5,845,000	\$ 730,000
Other long-term debt	7,701,970	114,611	1,970,736	5,845,845	443,199
Bond premium	<u>122,279</u>	<u>-</u>	<u>12,228</u>	<u>110,051</u>	<u>-</u>
Total long-term debt	14,379,249	114,611	2,692,964	11,800,896	1,173,199
Compensated absences	458,121	34,209	8,737	483,593	67,276
Post retirement benefit - ins.	<u>873,689</u>	<u>108,402</u>	<u>73,337</u>	<u>908,754</u>	<u>18,358</u>
Total long-term liabilities	<u>\$ 15,711,059</u>	<u>\$ 257,222</u>	<u>\$ 2,775,038</u>	<u>\$ 13,193,243</u>	<u>\$ 1,258,833</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	\$ -	\$ 211,777	\$ 396,172	\$ 607,949
Drug	<u>1,145</u>	<u>-</u>	<u>-</u>	<u>1,145</u>
	<u>\$ 1,145</u>	<u>\$ 211,777</u>	<u>\$ 396,172</u>	<u>\$ 609,094</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 \$24,588.

**CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

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, 2021, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving	45
Inactive plan members or beneficiaries entitled to but not yet receiving benefits	10
Active plan members	<u>91</u>
Total	<u>146</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
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 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, 2021, 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 13.50% of annual payroll.

Net Pension Liability of the Plan

The components of the net pension liability of the Plan at June 30, 2021 were as follows:

Total pension liability	\$ 11,858,344
Plan fiduciary net position	(7,685,113)
Plan's net pension liability	<u>\$ 4,173,231</u>

Plan fiduciary net position as a percentage of the the total pension liability	64.81%
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**CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Pension Expense of the Plan

Pension expense of \$473,117 must be recognized for the fiscal year ending June 30, 2021.

Significant Actuarial Assumptions

Measurement Date	June 30, 2021
Valuation Date Assets	June 30, 2021
Liabilities	June 30, 2010 – Actual member census data as of June 30, 2021 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	6.50% 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 6.50% as of June 30, 2021 (compared to 7.00% as of June 30, 2020) 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 6.50%, 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 (5.50%) or 1 percentage point higher (7.50%) than the current rate:

**CITY OF LEWISBURG, TENNESSEE
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	1% Decrease (5.50%)	Current Discount Rate (6.50%)	1% Increase (7.50%)
Total Pension Liability	\$ 13,375,397	\$ 11,858,344	\$ 10,585,117
Plan Fiduciary Net Pension	7,685,113	7,685,113	7,685,113
Net Pension Liability (Asset)	<u>\$ 5,690,284</u>	<u>\$ 4,173,231</u>	<u>\$ 2,900,004</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, 2021 as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 208,824	\$ -
Change in assumptions	-	245,533
Net difference between projected and actual earnings	264,251	995,398
Total	<u>\$ 473,075</u>	<u>\$ 1,240,931</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, 2020 and 2021. 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 6/30/19	\$ 10,295,423	\$ 5,654,569	\$ 4,640,854
Changes for the year:			
Service cost	272,095	-	272,095
Interest	719,100	-	719,100
Benefit changes	-	-	-
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>
Balance at 6/30/19	\$ 10,757,695	\$ 5,914,676	\$ 4,843,019
Changes for the year:			
Service cost	253,587	-	253,587
Interest	748,390	-	748,390
Differences between expected and actual experience	25,390	-	25,390
Change in assumptions	664,052	-	664,052
Contributions - employer	-	598,450	(598,450)
Contributions - employees	-	150,480	(150,480)
Net investment income	-	1,662,372	(1,662,372)
Benefit payments, including refunds of employee contributions	(590,770)	(590,770)	-
Administrative expense	-	(50,095)	50,095
Net changes	<u>1,100,649</u>	<u>1,770,437</u>	<u>(669,788)</u>
Balance at 6/30/20	<u>\$ 11,858,344</u>	<u>\$ 7,685,113</u>	<u>\$ 4,173,231</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:

**CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
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<u>Fiscal Year End</u>	
June 30, 2021	\$ (1,174)
June 30, 2022	(363,730)
June 30, 2023	(395,071)
June 30, 2024	(193,825)
June 30, 2025	51,852
Thereafter	134,092

The changes in assumptions for base year ending June 30, 2021 reflect the change from the use of a 7.0% discount rate for the liabilities to a discount rate of 6.5%.

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 (1/180th) for each completed month of the first five years and one-three hundred sixtieth (1/360th) 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.

**CITY OF LEWISBURG, TENNESSEE
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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.

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, 2020, Plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving	9
Inactive plan members or beneficiaries entitled to but not yet receiving benefits	4
Active plan members	<u>32</u>
Total	<u>45</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, 2020 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 13.85% of annual payroll.

**CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

Net Pension Liability

The Department's net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate net pension liability was determined by actuarial valuations as of that date.

Actuarial Assumptions

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

Measurement Date	June 30 , 2020
Valuation Date	June 30, 2020
Valuation Date 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)

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	5.90%	39.00%
U.S. Mid Cap	6.50%	9.00%
U.S. Small Cap	6.75%	5.00%
Non-U.S. Developed	4.85%	10.00%
Non-U.S. Emerging Market Equity	4.90%	4.00%
Investment Grade Short	0.20%	5.00%
Investment Grade Intermediate	0.60%	21.00%
Non-investment Grant	2.00%	5.00%
Cash	0.50%	2.00%
		100.00%

**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, 2020 (compared to 7.00% as of June 30, 2019), 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 16.00% 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 6/30/19	\$ 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	4,474,246	2,750,950	1,723,296
Changes for the year:			
Service cost	86,703	-	86,703
Interest	313,686	-	313,686
Change in plan provisions	-		
Differences between expected and actual experience	26,400	-	26,400
Change in assumptions	-	-	-
Contributions - employer	-	206,575	(206,575)
Contributions - employees	-	58,909	(58,909)
Net investment income	-	59,330	(59,330)
Benefit payments, including refunds of employee contributions	(147,172)	(147,172)	-
Administrative expense	-	(23,654)	23,654
Net changes	<u>279,617</u>	<u>153,988</u>	<u>125,629</u>
Balance at 6/30/19	<u>\$ 4,753,863</u>	<u>\$ 2,904,938</u>	<u>\$ 1,848,925</u>

**CITY OF LEWISBURG, TENNESSEE
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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:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
Net Pension Liability (Asset)	\$ 2,461,010	\$ 1,848,925	\$ 1,331,566

Pension Expense

For the year ended June 30, 2021, the Department recognized pension expense of \$255,311.

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, 2021, 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, 2021, the annual money-weighted rate of return on pension plan investments was 27.13%.

Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2021, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CITY OF LEWISBURG, TENNESSEE
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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 265,773	\$ 24,582
Changes in assumptions	483,681	785,643
Net difference between projected and actual earnings on pension plan investment	136,029	-
Contribution subsequent to the measurement date of June 30, 2020	239,145	-
	<u>\$ 1,124,628</u>	<u>\$ 810,225</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:

Year ended		
2022	\$	49,571
2023		65,569
2024		62,114
2025		1,703
2026		(84,500)
Thereafter		(19,199)

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, 2020 or 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%. There was no change in assumptions for the base year ending June 30, 2014.

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).

**CITY OF LEWISBURG, TENNESSEE
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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:

	2021	2020
Quoted market price (Level 1)	\$ 3,626,314	\$ 2,696,471
Inputs other than quoted prices that are observable for the asset of liability (Level 2)	126,111	151,548
	\$ 3,752,425	\$ 2,848,019

The Plan's investment in the DFA Global Allocation Fund of \$215,807, the investment in the Europacific Growth Fund of \$192,688, and the investment in the Vanguard Index Fund of \$276,645 exceeded 5% of the Plan's fiduciary net position as of June 30, 2021. 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.

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.

**CITY OF LEWISBURG, TENNESSEE
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Employees 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, 2021 is shown below.

Total current year covered payroll for employer contributions	\$586,381
Total payroll for the plan year	\$755,159

	<u>Amount Contributed for the plan year</u>	<u>Percentage of current year covered payroll</u>
Employer	\$ 35,183	6%
Employee - not including voluntary contributions of \$0	\$ 23,703	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, 2021.

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, 2021, is shown below.

Total current year payroll for all employees	\$1,962,669
Total current year covered payroll	1,905,900
Target benefit interest percent	5.5%

**CITY OF LEWISBURG, TENNESSEE
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	Employer	Employee
Contributions	\$ 242,415	\$ 53,553
Percent of current year covered payroll	12.72%	2.81%

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.

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 to eligible retirees and their spouses. To be 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>96</u>
Total	<u>130</u>

Net OPEB Liability

The components of the Net OPEB Liability as of December 31, 2020 are:

Total OPEB Liability	\$ 25,340,103
Plan Fiduciary Net Position	-
Net OPEB Liability	\$ 25,340,103
Plan Fiduciary Net Position as a percentage of Total OPEB Liability	N/A

OPEB Expense

OPEB expense of \$2,048,284 was recognized for the fiscal year ending December 31, 2020.

CITY OF LEWISBURG, TENNESSEE
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Assumptions

The Total OPEB Liability as of December 31, 2020 was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation

2.50% per annum

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, 2032 and later.

Mortality

RP-2014 Total Dataset Mortality, adjusted to 2006 using Scale MP-2014; projected on a generational basis using Scale MP-2020

Discount Rate

1.93% 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 or 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 for the lifetime of the spouse, as well.

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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%

Monthly Premiums (effective January 1, 2018)

	Pre -65	Post-65
Medical, RX and HRA		
Retiree	\$ 569.85	\$ 692.61
Spouse	506.17	628.93

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 no eligible for spouse coverage. Retirees with more that 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.

**CITY OF LEWISBURG, TENNESSEE
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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	1.93% 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-2020 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>																
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	<table border="0" style="margin-left: 40px;"> <thead> <tr> <th>Age</th> <th>Rate</th> <th>Age</th> <th>Rate</th> </tr> </thead> <tbody> <tr> <td>55-61</td> <td>3%</td> <td>65</td> <td>70%</td> </tr> <tr> <td>62</td> <td>20%</td> <td>66-69</td> <td>15%</td> </tr> <tr> <td>63-64</td> <td>10%</td> <td>70+</td> <td>100%</td> </tr> </tbody> </table> <p style="margin-left: 40px;">Rationale: <i>Based on observed history of this plan and similar plans.</i></p>	Age	Rate	Age	Rate	55-61	3%	65	70%	62	20%	66-69	15%	63-64	10%	70+	100%
Age	Rate	Age	Rate														
55-61	3%	65	70%														
62	20%	66-69	15%														
63-64	10%	70+	100%														

**CITY OF LEWISBURG, TENNESSEE
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Per Capita Claim Costs (Medical)*

Baseline Claim \$8,057

Age Variance Factors

Age	Male	Female
55-59	1.302	1.288
60-64	1.670	1.509

Age-Adjusted Claims**

Age	Male	Female
55-59	\$10,490	\$10,377
60-64	13,455	12,158
65+	8,057	8,057

Rationale: *Per capita claim costs are assumed to include administrative expenses. **Post-65 claims equal the annual premium for active single coverage. *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.*

Healthcare Cost Trend Rate

Year	Trend
2021	9.0%
2022	8.5%
2023	8.0%
2024	7.5%
2025	7.0%
2026	6.5%
2027	6.5%
2028	6.0%
2029	6.0%
2030	5.5%
2031	5.5%
2032+	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.*

**CITY OF LEWISBURG, TENNESSEE
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Changes in Total OPEB Liability

	Total OPEB Liability 12/31/2020	Total OPEB Liability 12/31/2019
Beginning balance	\$ 17,899,431	\$ 18,359,247
Changes for the year:		
Service cost	419,496	461,838
Interest	594,559	683,076
Difference between expected and actual experience	(1,555,309)	(1,478,387)
Change in assumptions	8,226,085	129,668
Benefit payments	(244,159)	(256,011)
Net changes	<u>7,440,672</u>	<u>(459,816)</u>
Ending balance	<u>\$ 25,340,103</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, 2020 was as follows:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 31,398,779	\$ 25,340,103	\$ 20,706,838

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, 2020 was as follows:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 20,370,638	\$ 25,340,103	\$ 31,949,853

Deferred Outflows of Resources and Deferred Inflows of Resources

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

**CITY OF LEWISBURG, TENNESSEE
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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 3,233,184
Changes in assumptions	7,393,476	-
	<u>\$ 7,393,476</u>	<u>\$ 3,233,184</u>

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

Year ended		
2020	\$	711,589
2021		711,589
2022		711,589
2023		711,589
2024		693,255
2025		866,868
Thereafter		465,402

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.

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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 \$18,106 for the current year.

Employees Covered By Benefit Terms

At the measurement date of June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	4
Inactive employees or beneficiaries entitled to but not yet receiving benefits	1
Active employees or beneficiaries	<u>5</u>
	<u>10</u>

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 \$908,754 was measured as of June 30, 2021, and was determined by actuarial valuation as of that date.

Actuary Assumptions

The total OPEB liability as of June 30, 2021 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	2.25%
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.

**CITY OF LEWISBURG, TENNESSEE
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Changes in the Total OPEP Liability

	Total OPEB Liability 6/30/2021	Total OPEB Liability 6/30/2020
Beginning balance	\$ 873,689	\$ 853,113
Changes for the year:		
Service cost	10,481	11,137
Interest	24,122	23,620
Differences between expected and actual experience	(55,231)	(31,337)
Change in assumptions	73,799	27,942
Benefit payments	(18,106)	(10,786)
Net changes	<u>35,065</u>	<u>20,576</u>
Ending Balance	<u>\$ 908,754</u>	<u>\$ 873,689</u>

Changes in Assumptions

The discount rate has changed from 2.75% to 2.25% increasing the disclosed liability by \$73,000.

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 1.25%	Discount Rate 2.25%	1% Increase 2.25%
Total OPEB liability	\$ 1,085,222	\$ 908,754	\$ 773,211

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 3.20%	Healthcare Cost Trend Rate 4.20%	1% Decrease 5.20%
Total OPEB liability	\$ 759,802	\$ 908,754	\$ 1,108,605

**CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
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Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2021, the Department recognized OPEB expense of \$36,126. At June 30, 2021, 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	\$ 45,494	\$ 223,022
Changes in assumptions - Plan amendment	94,550	-
Changes in assumptions - Actuarial Assumptions	121,875	-
	\$ 261,919	\$ 223,022

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		
2022	\$	(377)
2023		(376)
2024		6,714
2025		7,391
2026		3,855
Thereafter		11,690

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, 2021 is \$1,986,941.

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.

CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
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4.D. RELATED PARTY TRANSACTIONS

The Water and Wastewater Department has \$1,944,142 on deposit with First Commerce Bank as of June 30, 2021. 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.

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 \$23,209 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.

**CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021**

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.

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, 2021, the Department is obligated under the terms of natural gas supply contracts to purchase natural gas of approximately \$285,750 to be delivered during the fiscal year 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 2022 through 2030.

The following is a schedule of firm commitments under transportation and storage capacity contracts at June 30, 2021:

Year ending June 30,	Transportation	Storage	Total
2022	\$ 977,439	\$ 151,110	\$ 1,128,549
2023	878,812	151,110	1,029,922
2024	854,593	151,110	1,005,703
2025	787,793	151,110	938,903
2026	329,153	136,512	465,665
2027-2031	692,675	591,552	1,284,227
	<u>\$ 4,520,465</u>	<u>\$ 1,332,504</u>	<u>\$ 5,852,969</u>

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.

Lewisburg Water and Wastewater Department

The Department has executed contracts totaling \$1,914,117 for water and wastewater plant construction with a cost of \$35,000 incurred as of June 30, 2021.

CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

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 \$20,200 in costs recorded on the Sanitation Fund for the year ended June 30, 2021. 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 2,799 consumers, which at June 30, 2021, totaled \$51,656.

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 6,399 customers, which at June 30, 2021 totaled \$1,955,799. Deposits from these customers totaling \$1,168,718 are held as security for these accounts receivable.

4.I. 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.

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 14 active PILOT agreements, with an estimated \$103,770 abated in 2021.

CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

- **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%.
- **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%.

CITY OF LEWISBURG, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2021

- **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%.
- **Dole Refrigeration Co** – The abatement commenced on December 8, 2020. The Company shall only pay ad valorem taxes in the percentages set forth as follows: 2021 at 20%; 2022 at 40%; 2023 at 60%; 2024 at 80%; and 2025 at 100%.
- **Rose Moon, Inc.** - The abatement commenced on December 8, 2020. The Company shall only pay ad valorem taxes in the percentages set forth as follows: 2021 at 33.33%; 2022 at 66.67; and 2023 at 100%.
- **Stephen S Bowden, II** - The agreement commenced on December 22, 2020. The tax payer shall only pay ad valorem taxes in the percentages set forth as follows: 2021 at 25%; 2022 at 50; 2023 at 75%; and 2024 at 100%.

4.J. PRIOR PERIOD ADJUSTMENTS

The city has made one prior period adjustment to correct errors in previous years' financial statements.

Government Fund Level and Government-Wide Level

Reduction in fund balance and an increase in unearned revenue of \$31,129 for funds on received but not yet earned as of June 30, 2020.

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - CITY PENSION PLAN
JUNE 30, 2021

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total pension liability								
Service cost	\$ 161,622	\$ 211,548	\$ 320,170	\$ 436,601	\$ 247,536	\$ 270,871	\$ 272,095	\$ 253,587
Interest	472,876	522,533	790,067	537,578	683,857	714,225	719,100	748,390
Differences between actual and expected experience	44,117	1,350,234	105,089	433,976	75,892	(340,909)	15,062	25,390
Change in assumptions	369,873	2,076,963	2,106,579	(5,117,567)	-	-	-	664,052
Benefit payments, including refunds of employee contributions	(359,382)	(414,119)	(476,658)	(525,974)	(577,295)	(613,302)	(543,985)	(590,770)
Net change in total pension liability	689,106	3,747,159	2,845,247	(4,235,386)	429,990	30,885	462,272	1,100,649
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	10,757,695
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>	<u>\$ 11,858,344</u>
Plan fiduciary net position								
Contributions - employer	\$ 230,932	\$ 232,894	\$ 315,745	\$ 375,971	\$ 442,837	\$ 610,197	\$ 615,104	\$ 598,450
Contributions - employee	115,466	116,211	113,629	125,048	146,965	160,331	161,417	150,480
Net investment income	481,246	128,094	(104,740)	469,207	342,292	221,123	68,411	1,662,372
Benefit payments, including refunds of employee contributions	(359,382)	(414,119)	(476,658)	(525,974)	(577,295)	(613,302)	(543,985)	(590,770)
Administrative expense	(41,586)	(45,549)	(42,215)	(26,804)	(36,395)	(37,447)	(40,840)	(50,095)
Net change in plan fiduciary net position	426,676	17,531	(194,239)	417,448	318,404	340,902	260,107	1,770,437
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	5,914,676
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>	<u>\$ 7,685,113</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>	<u>\$ 4,173,231</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%	64.81%
Covered-employee payroll	\$ 3,066,248	\$ 3,152,353	\$ 3,205,484	\$ 3,839,030	\$ 4,155,184	\$ 4,279,541	\$ 3,989,484	\$ 3,845,638
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%	108.52%

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.

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS - WATER AND WASTEWATER PENSION PLAN
JUNE 30, 2021

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total pension liability							
Service cost	\$ 87,058	\$ 75,543	\$ 68,459	\$ 103,126	\$ 119,594	\$ 86,388	\$ 86,703
Interest	184,171	207,462	223,974	226,688	258,345	298,207	313,686
Change in plan provisions	-	-	-	-	44,806	-	-
Differences between actual and expected experience	76,769	(6,176)	(8,845)	191,048	206,972	(25,542)	26,400
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)	(147,172)
Net change in total pension liability	<u>345,583</u>	<u>448,205</u>	<u>1,245,720</u>	<u>22,821</u>	<u>(364,676)</u>	<u>231,360</u>	<u>279,617</u>
Total pension liability, beginning	<u>2,545,233</u>	<u>2,890,816</u>	<u>3,339,021</u>	<u>4,584,741</u>	<u>4,607,562</u>	<u>4,242,886</u>	<u>4,474,246</u>
Total pension liability, ending (a)	<u>\$ 2,890,816</u>	<u>\$ 3,339,021</u>	<u>\$ 4,584,741</u>	<u>\$ 4,607,562</u>	<u>\$ 4,242,886</u>	<u>\$ 4,474,246</u>	<u>\$ 4,753,863</u>
Plan fiduciary net position							
Contributions - employer	\$ 85,838	\$ 113,328	\$ 116,156	\$ 130,864	\$ 140,142	\$ 175,120	\$ 206,575
Contributions - employee	65,357	56,666	52,888	52,326	59,170	57,907	58,909
Net investment income	166,644	58,154	(46,048)	222,016	164,158	111,214	59,330
Benefit payments, including refunds of employee contributions	(2,415)	(4,741)	(35,195)	(61,080)	(86,770)	(127,693)	(147,172)
Administrative expense	(15,115)	(20,382)	(21,801)	(19,459)	(20,474)	(19,750)	(23,654)
Net change in plan fiduciary net position	<u>300,309</u>	<u>203,025</u>	<u>66,000</u>	<u>324,667</u>	<u>256,226</u>	<u>196,798</u>	<u>153,988</u>
Plan fiduciary net position - beginning	<u>1,403,925</u>	<u>1,704,234</u>	<u>1,907,259</u>	<u>1,973,259</u>	<u>2,297,926</u>	<u>2,554,152</u>	<u>2,750,950</u>
Plan fiduciary net position - ending (b)	<u>\$ 1,704,234</u>	<u>\$ 1,907,259</u>	<u>\$ 1,973,259</u>	<u>\$ 2,297,926</u>	<u>\$ 2,554,152</u>	<u>\$ 2,750,950</u>	<u>\$ 2,904,938</u>
Net pension liability (asset) - ending (a) - (b)	<u>\$ 1,186,582</u>	<u>\$ 1,431,762</u>	<u>\$ 2,611,482</u>	<u>\$ 2,309,636</u>	<u>\$ 1,688,734</u>	<u>\$ 1,723,296</u>	<u>\$ 1,848,925</u>
Plan fiduciary net position as a percentage of total pension liability	58.95%	57.12%	43.04%	49.87%	60.20%	61.48%	61.11%
Covered-employee payroll	\$ 1,470,394	\$ 1,403,043	\$ 1,305,686	\$ 1,549,881	\$ 1,491,410	\$ 1,419,671	\$ 1,514,265
Net pension liability (asset) as a percentage of covered-employee payroll	80.70%	102.05%	200.01%	149.02%	113.23%	121.39%	122.10%

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.

**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>	<u>2021</u>
Actuarially determined contribution	\$ 321,462	\$ 271,408	\$ 352,031	\$ 432,943	\$ 471,733	\$ 512,128	\$ 574,906	\$ 605,655	\$ 577,832
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>	<u>(598,450)</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>	<u>\$ (20,618)</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	\$ 3,989,484
Contributions as a percentage to covered-employee payroll	7.83%	7.53%	7.60%	10.02%	11.73%	11.54%	14.69%	14.37%	15.00%

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.

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF PLAN CONTRIBUTIONS - WATER AND WASTEWATER 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>	<u>2021</u>
Actuarially determined contribution	\$ 117,583	\$ 134,086	\$ 127,390	\$ 127,406	\$ 140,141	\$ 146,607	\$ 179,009	\$ 206,575	\$ 212,870
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>	<u>(239,145)</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>	<u>\$ (26,275)</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	\$ 1,514,265
Contributions as a percentage to covered-employee payroll	5.48%	5.82%	7.71%	8.28%	10.02%	9.04%	11.74%	14.55%	15.79%

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.

**CITY OF LEWISBURG, TENNESSEE
 SCHEDULE OF INVESTMENT RETURNS - CITY 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>2020</u>	<u>2021</u>
Annual money-weighted rate of return, net of investment expense	11.18%	2.72%	-2.23%	10.62%	6.91%	4.12%	1.19%	27.82%

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.

**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>2020</u>	<u>2021</u>
Annual money-weighted rate of return	11.44%	3.29%	-2.36%	11.15%	7.12%	4.31%	2.13%	27.13%

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.

**CITY OF LEWISBURG, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2021**

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	Level 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% and 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)

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, closed
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% and 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 64, 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)

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY (ASSET) AND RELATED RATIOS - CITY OPEB PLAN
JUNE 30, 2021

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total OPEB liability				
Service cost	\$ 551,164	\$ 559,974	\$ 461,838	\$ 419,496
Interest	526,155	568,179	683,076	594,559
Change in benefit terms	-	-	-	-
Differences between actual and expected experience	(864,629)	(860,781)	(1,478,387)	(1,555,309)
Change in assumptions	1,031,439	(181,262)	129,668	8,226,085
Benefit payments, including refunds of employee contributions	<u>(240,267)</u>	<u>(269,232)</u>	<u>(256,011)</u>	<u>(244,159)</u>
Net change in total OPEB liability	1,003,862	(183,122)	(459,816)	7,440,672
Total OPEB liability, beginning	<u>17,538,507</u>	<u>18,542,369</u>	<u>18,359,247</u>	<u>17,899,431</u>
Total OPEB liability, ending	<u>\$ 18,542,369</u>	<u>\$ 18,359,247</u>	<u>\$ 17,899,431</u>	<u>\$ 25,340,103</u>
Covered payroll	\$ 5,856,975	\$ 4,155,184	\$ 5,794,563	\$ 5,539,178
Total OPEB liability as a percentage of covered payroll	316.59%	441.84%	308.90%	457.47%

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.

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY (ASSET) AND RELATED RATIOS - NATURAL GAS FUND OPEB PLAN
JUNE 30, 2021

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total OPEB liability					
Service cost	\$ 22,253	\$ 23,470	\$ 11,289	\$ 11,137	\$ 10,481
Interest	23,167	26,405	23,982	23,620	24,122
Change in benefit terms	-	-	-	-	-
Differences between actual and expected experience	72,254	(154,015)	(152,389)	(31,337)	(55,231)
Change in assumptions	-	133,498	116,935	27,942	73,799
Benefit payments, including refunds of employee contributions	(10,951)	(17,866)	(14,891)	(10,786)	(18,106)
Net change in total OBEP liability	<u>106,723</u>	<u>11,492</u>	<u>(15,074)</u>	<u>20,576</u>	<u>35,065</u>
Total OPEB liability, beginning	<u>749,972</u>	<u>856,695</u>	<u>868,187</u>	<u>853,113</u>	<u>873,689</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>	<u><u>\$ 908,754</u></u>
Covered payroll	\$ 475,988	\$ 422,642	\$ 408,368	\$ 420,719	\$ 380,160
Total OPEB liability as a percentage of covered payroll	179.98%	205.42%	208.91%	207.67%	239.05%

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.

**CITY OF LEWISBURG, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION - OPEB PLANS
FOR THE YEAR ENDED JUNE 30, 2021**

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	2.5% 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, 2032 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-2020

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	2.25%
Healthcare cost and trend rate	4.5% beginning in 2019 and reduced .15% each year until 3.00%
Salary increases	3%
Inflation	2.5%
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 discount rate has been changed from 2.75% to 2.25% increasing the disclosed liability by \$73,000.

**CITY OF LEWISBURG, TENNESSEE
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2021**

ASSETS	<u>Drug Fund</u>	<u>Sanitation Fund</u>	<u>E-Citation Fund</u>	<u>Total</u>
Cash and cash equivalents	\$ 61,277	\$ 41,113	\$ 1,143	\$ 103,533
Other receivable	-	74,132	-	74,132
Total assets	<u>\$ 61,277</u>	<u>\$ 115,245</u>	<u>\$ 1,143</u>	<u>\$ 177,665</u>
 LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	24,588	-	-	24,588
Total liabilities	<u>24,588</u>	<u>-</u>	<u>-</u>	<u>\$ 24,588</u>
 FUND BALANCES				
<i>Restricted</i>				
Public safety	36,689	-	1,143	37,832
Solid waste collection	-	115,245	-	115,245
Total fund balances	<u>36,689</u>	<u>115,245</u>	<u>1,143</u>	<u>153,077</u>
Total liabilities and fund balances	<u>\$ 61,277</u>	<u>\$ 115,245</u>	<u>\$ 1,143</u>	<u>\$ 177,665</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, 2021

	<u>Drug Fund</u>	<u>Sanitation Fund</u>	<u>E-Citation Fund</u>	<u>Total</u>
Revenues				
Fines, fees, and forfeitures	\$ 11,699	\$ -	\$ 607	\$ 12,306
Charges for Services	-	852,907	-	852,907
Other revenues	11,363	76	-	11,439
Total revenues	<u>23,062</u>	<u>852,983</u>	<u>607</u>	<u>876,652</u>
Expenditures				
Public safety	13,147	-	-	13,147
Public works	-	811,816	-	811,816
Capital outlay	10,390	-	-	10,390
Total expenditures	<u>23,537</u>	<u>811,816</u>	<u>-</u>	<u>835,353</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(475)</u>	<u>41,167</u>	<u>607</u>	<u>41,299</u>
Other financing sources (uses)				
Transfer in from other fund	1,145	-	-	1,145
Sale of capital assets	-	-	-	-
Total Other financing sources (uses)	<u>1,145</u>	<u>-</u>	<u>-</u>	<u>1,145</u>
Net Change In Fund Balance	670	41,167	607	42,444
Fund Balance at Beginning of Year	<u>36,019</u>	<u>74,078</u>	<u>536</u>	<u>110,633</u>
Fund Balance at End of Year	<u>\$ 36,689</u>	<u>\$ 115,245</u>	<u>\$ 1,143</u>	<u>\$ 153,077</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, 2021**

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues				
Fines and fees				
Drug fines, confiscated property	\$ -	\$ 3,000	\$ 1,450	\$ (1,550)
Forfeitures	-	10,000	10,249	249
Other revenues				
Donations	50,000	50,000	11,363	(38,637)
Interest	-	-	-	-
Total revenues	<u>50,000</u>	<u>63,000</u>	<u>23,062</u>	<u>(39,938)</u>
Expenditures				
Public safety				
Supplies	5,000	5,000	4,878	122
Building maintenance	-	5,000	4,800	200
Canine expenditures	10,000	10,000	3,469	6,531
Capital expenditures	<u>35,000</u>	<u>45,000</u>	<u>10,390</u>	<u>34,610</u>
Total expenditures	<u>50,000</u>	<u>65,000</u>	<u>23,537</u>	<u>41,463</u>
Other financing sources (uses)				
Transfer in	-	2,000	1,145	(855)
Total Other financing sources (uses)	<u>-</u>	<u>2,000</u>	<u>1,145</u>	<u>(855)</u>
Net Change In Fund Balance	-	-	670	670
Fund Balance at Beginning of Year	<u>36,019</u>	<u>36,019</u>	<u>36,019</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 36,019</u>	<u>\$ 36,019</u>	<u>\$ 36,689</u>	<u>\$ 670</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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance from Final Budget Positive (Negative)
Revenues				
Charges for services				
Disposal charges	\$ 800,000	\$ 850,000	\$ 852,907	\$ 2,907
Miscellaneous income				
Interest income	-	100	76	(24)
Total revenues	<u>800,000</u>	<u>850,100</u>	<u>852,983</u>	<u>2,883</u>
Expenditures				
Public works				
Contractual services	725,000	775,000	791,616	(16,616)
Remediation services	50,000	50,000	20,200	29,800
Total expenditures	<u>775,000</u>	<u>825,000</u>	<u>811,816</u>	<u>13,184</u>
Excess (deficiency) of revenues over (under) expenditures	<u>25,000</u>	<u>25,100</u>	<u>41,167</u>	<u>16,067</u>
Other financing sources (uses)				
Transfer in	50,000	-	-	-
Total Other financing sources (uses)	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change In Fund Balance	75,000	25,100	41,167	16,067
Fund Balance at Beginning of Year	<u>74,078</u>	<u>74,078</u>	<u>74,078</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 149,078</u>	<u>\$ 99,178</u>	<u>\$ 115,245</u>	<u>\$ 16,067</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, 2021**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance from Final Budget Positive (Negative)</u>
Revenues				
Fines and fees				
Fines, fees, and forfeitures	\$ -	\$ -	\$ 607	\$ 607
Total revenues	<u>-</u>	<u>-</u>	<u>607</u>	<u>607</u>
 Expenditures				
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Other financing sources (uses)				
Transfer in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net Change In Fund Balance	<u>-</u>	<u>-</u>	<u>607</u>	<u>607</u>
 Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>536</u>	<u>536</u>
 Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,143</u>	<u>\$ 1,143</u>

See Independent Auditor's Report.

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF LONG-TERM DEBT REQUIREMENTS - GENERAL GOVERNMENT
JUNE 30, 2021

Fiscal Year	General Obligation Refunding Bonds - Series 2016		General Obligation Capital Outlay Note - Series 2017		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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>\$ 350,000</u>	<u>\$ 9,400</u>	<u>\$ 1,332,000</u>	<u>\$ 145,663</u>	<u>\$ 1,682,000</u>	<u>\$ 155,063</u>

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF LONG-TERM DEBT REQUIREMENTS - WATER AND WASTEWATER FUND
JUNE 30, 2021

Fiscal Year	Water and Sewer Revenue and Tax Refunding Bonds Series 2016 - 2.00%		Direct Borrowings and Direct Placement Debt				Total	
	Principal	Interest	Clean Water State Revolving Fund Loan 2.43%		Clean Water State Revolving Fund Loan 1.05%		Principal	Interest
			Principal	Interest	Principal	Interest		
2022	\$ 730,000	\$ 116,900	\$ 389,748	\$ 115,692	\$ 41,328	\$ 8,580	\$ 1,161,076	\$ 241,172
2023	745,000	102,300	399,324	106,116	41,772	8,136	1,186,096	216,552
2024	755,000	87,400	409,140	96,300	42,216	7,692	1,206,356	191,392
2025	775,000	72,300	419,196	86,244	42,660	7,248	1,236,856	165,792
2026	790,000	56,800	429,492	75,948	43,104	6,804	1,262,596	139,552
2027	725,000	41,000	440,052	65,388	43,560	6,348	1,208,612	112,736
2028	725,000	26,500	450,864	54,576	44,016	5,892	1,219,880	86,968
2029	300,000	12,000	461,940	43,500	44,484	5,424	806,424	60,924
2030	300,000	6,000	473,292	32,148	44,952	4,956	818,244	43,104
2031	-	-	484,920	20,520	45,432	4,476	530,352	24,996
2032	-	-	496,836	8,604	45,912	3,996	542,748	12,600
2033	-	-	41,824	262	46,392	3,516	88,216	3,778
2034	-	-	-	-	46,884	3,024	46,884	3,024
2035	-	-	-	-	47,376	2,532	47,376	2,532
2036	-	-	-	-	47,880	2,028	47,880	2,028
2037	-	-	-	-	48,384	1,524	48,384	1,524
2038	-	-	-	-	48,888	1,020	48,888	1,020
2039	-	-	-	-	49,404	504	49,404	504
2040	-	-	-	-	20,809	56	20,809	56
	<u>\$ 5,845,000</u>	<u>\$ 521,200</u>	<u>\$ 4,896,628</u>	<u>\$ 705,298</u>	<u>\$ 835,453</u>	<u>\$ 83,756</u>	<u>\$ 11,577,081</u>	<u>\$ 1,310,254</u>

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF LONG-TERM DEBT REQUIREMENTS - LEWISBURG ELECTRIC SYSTEM
JUNE 30, 2021

Fiscal Year	Direct Borrowings and Direct Placement Debt					
	Equipment Lease		Note Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 1,915	\$ 1,769	\$ 10,208	\$ -	\$ 12,123	\$ 1,769
2023	2,252	1,432	10,208	-	12,460	1,432
2024	2,649	1,035	10,208	-	12,857	1,035
2025	3,115	569	10,208	-	13,323	569
2026	1,757	85	10,208	-	11,965	85
2027	-	-	10,208	-	10,208	-
2028	-	-	10,208	-	10,208	-
2029	-	-	10,208	-	10,208	-
2030	-	-	10,208	-	10,208	-
2031	-	-	10,204	-	10,204	-
	<u>\$ 11,688</u>	<u>\$ 4,890</u>	<u>\$ 102,076</u>	<u>\$ -</u>	<u>\$ 113,764</u>	<u>\$ 4,890</u>

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2021

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2020	Issued During Period	Paid and/or Matured During Period	Refunding During Period	Outstanding 6/30/2021
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	\$ 580,000	\$ -	\$ 230,000	\$ -	\$ 350,000
General Obligation Capital Outlay Notes - Series 2015	521,892	1.85%	11/20/2015	6/1/2021	108,000	-	108,000	-	-
General Obligation Capital Outlay Notes - Series 2017	2,000,000	2.44%	2/17/2017	6/1/2029	1,499,000	-	167,000	-	1,332,000
Capital Lease for Police Vehicles	328,670	5.70%	11/23/2016	11/23/2020	69,267	-	69,267	-	-
Total Notes Payable through the General Fund					<u>\$ 2,256,267</u>	<u>\$ -</u>	<u>\$ 574,267</u>	<u>\$ -</u>	<u>\$ 1,682,000</u>
Business-Type Activities									
BONDS PAYABLE									
Payable through Water and Sewer Fund									
General Obligation Refunding Bonds - Series 2016	6,980,000	2.00%	11/10/2016	6/1/2030	\$ 6,555,000	\$ -	\$ 710,000	\$ -	\$ 5,845,000
Total Bonds Payable through Water and Sewer Fund					<u>\$ 6,555,000</u>	<u>\$ -</u>	<u>\$ 710,000</u>	<u>\$ -</u>	<u>\$ 5,845,000</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	\$ 1,360,574	\$ -	\$ 1,360,574	\$ -	\$ -
Clean Water State Revolving Fund Loan	8,000,000	2.43%	3/16/2011	8/20/2032	5,277,028	-	380,400	-	4,896,628
Clean Water State Revolving Fund Loan	900,000	1.05%	3/13/2018	12/20/2039	876,340	-	40,887	-	835,453
Clean Water State Revolving Fund Loan	205,000	1.05%	3/13/2018	3/20/1940	188,028	-	188,028	-	-
Payable through Electric System									
Equipment lease payable	11,688	16.55%	unavailable	unavailable	-	12,535	847	-	11,688
Note payable to DREMC	102,076	0.00%	unavailable	unavailable	-	102,076	-	-	102,076
Total Other Loans Payable through Water and Sewer Fund					<u>\$ 7,701,970</u>	<u>\$ 114,611</u>	<u>\$ 1,970,736</u>	<u>\$ -</u>	<u>\$ 5,845,845</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, 2021

Tax Year	Tax Rate	Assessments	Original Tax Levy	Outstanding Taxes Beginning	Taxes Levied	Releases and Adjustments	Collections	Outstanding Taxes Ending	Filed with Chancery Court
2021	\$ 1.8400	\$ 262,355,939	\$ 5,077,277	\$ -	\$ 5,077,277	\$ -	\$ -	\$ 5,077,277	\$ -
2020	1.8400	268,692,393	5,194,228	5,194,228	105,495	21,776	5,230,573	90,926	-
2019	1.6908	264,465,395	4,807,522	95,935	-	4,322	87,672	12,585	12,585
2018	1.6908	280,798,475	4,747,759	21,265	-	3,082	19,435	4,912	4,912
2017	1.6908	280,167,197	4,921,963	9,984	-	210	5,937	4,257	4,257
2016	1.9000	231,547,866	4,621,102	3,886	-	-	250	3,636	3,636
2015	1.4500	237,389,545	3,615,181	911	-	-	17	894	894
2014	1.4500	231,227,641	3,491,279	341	-	-	17	324	324
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)	-	-	-
2010	1.3600	229,024,401	3,112,862	3,006	-	(3,006)	-	-	-
2009	1.3600	237,811,225	3,295,286	4,800	-	(4,800)	-	-	-
2008	1.3600	242,692,239	3,302,440	5,385	-	(5,385)	-	-	-
				<u>\$ 5,340,334</u>	<u>\$ 5,182,772</u>	<u>\$ 16,017</u>	<u>\$ 5,343,901</u>	<u>\$ 5,195,222</u>	<u>\$ 27,019</u>

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF UTILITY RATES AND CUSTOMERS
JUNE 30, 2021

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	1.320000 per CCF

Commercial

Service Charge	10.00
All natural gas (except restaurants) at	1.320000 per CCF
All natural gas (restaurants) at	1.055000 per CCF

Industrial

Service Charge	135.00
First 10,000 CCF	1.27000 per CCF
Next 30,000 CCF	1.24000 per CCF
All over 40,000 CCF	1.21000 per CCF

Industrial-Firm-Process

Service Charge	135.00
First 10,000 CCF	0.94500 per CCF
Next 30,000 CCF	0.90500 per CCF
All over 40,000 CCF	0.85000 per CCF

Interruptible

Minimum charge	135.00
All gas at:	
Interruptible with fuel oil #4 backup first 100,000 CCF	0.448900 per CCF
Interruptible with fuel oil #4 backup next 200,000 CCF	0.423900 per CCF
Interruptible with fuel oil #4 backup over 300,000 CCF	0.423900 per CCF

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF UTILITY RATES AND CUSTOMERS - CONTINUED
JUNE 30, 2021

POWER SYSTEM

Residential Rate Schedule

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

Energy charge:

Per KWH \$ 0.08721

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 0.09735

Part 2.

Customer charge 196.00

Demand charge: All KW 11.16

Energy charge

All KWH Energy 0.06298

Part 3.

Customer charge 835.44

Demand charge: All KW 13.18

Energy charge: All KWH 0.06424

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 0.07403

Off peak KWH (First 2,000 HUD) 0.04903

Off peak KWH (Next 200 HUD) 0.01934

Off peak KWH (Additional HUD) 0.01679

Number of customers at June 30, 2021

Water 6,911

Sewer 5,229

Gas 2,799

Power 6,399

CITY OF LEWISBURG, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/ Pass-Through Grantor	Program	CFDA Number	Contract Number	Expenditures
Federal Awards				
Direct Funding: U.S. Department of Justice	Equitable Sharing Program	16.922	"unavailable"	\$ 39,965
Pass-through funding: U.S. Department of the Treasury	Coronavirus Relief Fund (Tennessee Cares Act)	21.019	"unavailable"	181,710
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	51,993
Pass-through funding: US Department of Transportation/Tennessee Department of Transportation	Airport Cares Act Part 4 - Operational Expenses	20.106	3-47-SBPGP-61	23,739
US Department of Transportation/Tennessee Department of Transportation	Airport Improvement Program/Rehabilitation of Apron and Taxilane	20.106	3-47-SBPG-50	1,890
US Department of Transportation/Tennessee Department of Transportation	Airport Improvement Program/Airport Layout Plan	20.106	3-47-SBGP-52,57	137,397
	<i>Total Program 20.106</i>			<u>163,026</u>
US Department of Transportation/Tennessee Department of Transportation	East Church Street Bridge over Big Rock Creek, LM 0.68	20.205	#BRX-9310 (12)	2,421
Direct Funding: U.S. Department of Treasury	Equitable Sharing Program	21.016	"unavailable"	14,939
TOTAL FEDERAL AWARDS				<u>\$ 439,115</u>
State Financial Assistance				
Tennessee Direct Appropriation	Governors Local Support Grant	N/A	"unavailable"	297,338
Tennessee Department of Environment and Conservation	2020 Fire Fighting Supplements	N/A	"unavailable"	8,000
Tennessee Department of Environment and Conservation	2020 Police Salary Supplements	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	562
Tennessee Department of Transportation	Rehabilitation of Apron and Taxilane	N/A	AERO-18-172-00	105
Tennessee Department of Transportation	Airport Improvement Program/Airport Layout Plan	N/A	AERO-18-275-00	7,633
Tennessee Department of Transportation	FY21 Airport Maintenance	N/A	AERM-21-141-00	15,000
TOTAL STATE AWARDS				<u>\$ 348,638</u>

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, 2021. 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, 2021



Click to access definition
 Click to add a comment

Water Audit Report for: **Lewisburg Water and Wastewater (0000400)**
 Reporting Year: **2021** **7/2020 - 6/2021**

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

Volume from own sources: 1,091.035 MG/Yr
 Water imported: 0.000 MG/Yr
 Water exported: 243.874 MG/Yr

Master Meter and Supply Error Adjustments

Pcnt: 1.00% MG/Yr
 1.00% MG/Yr

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

WATER SUPPLIED: 838.773 MG/Yr

AUTHORIZED CONSUMPTION

Billed metered: 440.141 MG/Yr
 Billed unmetered: MG/Yr
 Unbilled metered: 25.198 MG/Yr
 Unbilled unmetered: 10.485 MG/Yr

Default option selected for Unbilled unmetered - a grading of 5 is applied but not displayed

AUTHORIZED CONSUMPTION: 475.824 MG/Yr

Click here: for help using option buttons below

Pcnt: Value: MG/Yr

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

362.950 MG/Yr

Apparent Losses

Unauthorized consumption: 2.097 MG/Yr
 Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies: 14.392 MG/Yr
 Systematic data handling errors: 0.001 MG/Yr

Apparent Losses: 16.490 MG/Yr

Pcnt: Value: MG/Yr

MG/Yr
 0.001 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: - = **346.460** MG/Yr

WATER LOSSES: 362.950 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 398.632 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: 184.2 miles
 Number of active AND inactive service connections: 7,484
 Service connection density: 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: 50.0 psi

COST DATA

Total annual cost of operating water system: \$1,667,769 \$/Year
 Customer retail unit cost (applied to Apparent Losses): \$5.16 \$/1000 gallons (US)
 Variable production cost (applied to Real Losses): \$368.95 \$/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: Volume from own sources**
- 2: Unauthorized consumption**
- 3: Customer metering inaccuracies**

TOWN OF LEWISBURG, TENNESSEE
AWWA WLCC Free Water Audit Software: System Attributes and Performance Indicators - Unaudited
JUNE 30, 2021

Water Audit Report for:
 Reporting Year:

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

System Attributes:

	Apparent Losses:	<input type="text" value="16.490"/>	MG/Yr
	+ Real Losses:	<input type="text" value="346.460"/>	MG/Yr
	= Water Losses:	<input type="text" value="362.950"/>	MG/Yr
<input type="text" value="?"/>	Unavoidable Annual Real Losses (UARL):	<input type="text" value="38.67"/>	MG/Yr
	Annual cost of Apparent Losses:	<input type="text" value="\$ 85,088"/>	
	Annual cost of Real Losses:	<input type="text" value="\$ 127,826"/>	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:	<input type="text" value="47.5%"/>
		Non-revenue water as percent by cost of operating system:	<input type="text" value="13.6%"/> Real Losses valued at Variable Production Cost
Operational Efficiency:	{	Apparent Losses per service connection per day:	<input type="text" value="6.04"/> gallons/connection/day
		Real Losses per service connection per day:	<input type="text" value="126.83"/> gallons/connection/day
		Real Losses per length of main per day*:	<input type="text" value="N/A"/>
		Real Losses per service connection per day per meter (head) pressure:	<input type="text" value="2.54"/> gallons/connection/day/psi

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

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

* 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, 2021, 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 24, 2022. 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 2021 – 01 thru 2021 – 002 to be material weaknesses.

2021 – 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.

2021 – 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 2021-003 to be a significant deficiency.

2021 – 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: The monthly financial statements were materially misstated throughout the year.

Management's Response: Monthly reconciliations will be performed on all subsidiary ledgers starting with fiscal year ending 6/30/2022. Finance will start with July 2021 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 2021 – 004 and 2021 – 005.

2021 – 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.

2021 – 005 Expenditures in Excess of Budgeted Appropriations

Condition: The expenditures exceeded the budget appropriations in the General 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.



Lewisburg, Tennessee
February 24, 2022

**CITY OF LEWISBURG, TENNESSEE
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2021**

Financial Statement Findings

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2020-001	Segregation of Duties (original finding #2019-001)	Repeated/2021-001
2020-002	Financial Statements Materially Misstated Before Audit Adjustments (original finding #2019-002)	Repeated/2021-002
2020-003	Reconciliation of Subsidiary Ledgers (original finding #2019-003)	Repeated/2021-003
2020-004	Untimely Deposits (original finding #2019-004)	Repeated/2021-004
2020-005	Expenditures in Excess of Budgeted Appropriations (original finding #2019-005)	Repeated/2021-005



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, 2021.

Name and address of independent public accounting firm:

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

Responsible officials for corrective action:

Bam Haislip, City Manager

Signed:  _____

Jack King, Treasurer

Signed:  _____

Audit Period:
June 30, 2021

FINDINGS – FINANCIAL STATEMENT AUDIT

2021 – 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

Corrected action taken 3-1-2022

2021 – 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



City of Lewisburg Tennessee
131 East Church Street - 37091

Anticipated completion date

Corrected action taken 3-1-2022

2021 – 003 Reconciliation of Subsidiary Ledgers

Corrective action planned

Monthly reconciliations will be performed on all subsidiary ledgers starting with fiscal year ending 6/30/2022. Finance will start with July 2021 and work forward on the reconciliation of the ledgers.

Anticipated completion date

Work started near beginning of the fiscal year 2021-2022, most accounts are reconciled through February 2022.

2021 – 004 Untimely Deposits

Corrective action planned

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

Anticipated completion date

Animal control had some issues with staff and getting money turned over in a timely manner. As of 3-1-2022, this issue should be on track to be resolved.

2021 – 005 Expenditures Exceeded Budget Appropriations

Corrective action planned

Finance will monitor this fund much closer in the future.

Anticipated completion date

As of 3-1-2022, the funds will be watched even closer due to this finding.

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