OFFICIAL STATEMENT

NEW ISSUE Rating: Moody's "Aa3"
Book-Entry Only

In the opinion of Bond Counsel, based on existing law, interest on the Series 2020 Bonds will be included in gross income for federal income tax purposes. For an explanation of certain tax consequences under federal law which may result from the ownership of the Series 2020 Bonds, see the discussion under the heading "Tax Matters" herein. Under existing law, the Series 2020 Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "Tax Matters" herein).

$16,220,000
JACKSON ENERGY AUTHORITY (TENNESSEE)
Wastewater System Revenue Refunding Bonds, Series 2020
(Federally Taxable)

Dated: Date of Delivery Due: June 1, as shown below

Jackson Energy Authority (the "Authority") will issue its Wastewater System Revenue Refunding Bonds, Series 2020 (Federally Taxable) (the "Series 2020 Bonds") as fully registered bonds, without coupons, in denominations of $5,000 or any integral multiple thereof and will bear interest at the annual rates shown below. Interest on the Series 2020 Bonds will be payable semi-annually on June 1 and December 1, commencing June 1, 2021. Principal of and interest on the Series 2020 Bonds will be payable at the corporate trust office of U.S. Bank National Association, Nashville, Tennessee, as Paying Agent and Registration Agent, provided that interest may be paid by check or draft mailed by the Registration Agent to each registered owner as of the record date.

The Bonds are being issued pursuant to a Master Resolution dated November 21, 2002, as amended (the "Master Resolution"), and a Supplemental Resolution dated November 24, 2020 (the "Supplemental Resolution"; together with the Master Resolution, the "Resolution"). The Series 2020 Bonds are a limited revenue obligation of the Authority payable solely from and secured by a pledge of the Net Revenues of the Authority's wastewater system (the "System") on parity with other Senior Lien Revenue Obligations of the Authority which may be issued in the future under the Master Resolution and the following outstanding Senior Lien Revenue Obligations: the Wastewater System Revenue Refunding Bonds, Series 2017 and the Revolving Fund Loan Agreements with the Tennessee Local Development Authority. See "SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2020 BONDS" herein.

The Series 2020 Bonds are not obligations of the State of Tennessee, or any of its political subdivisions, other than the Authority, nor is the State of Tennessee, or any of its political subdivisions, other than the Authority, liable for the payment of the principal of or interest on the Series 2020 Bonds. The Resolution does not grant to owners of the Series 2020 Bonds any mortgage on or security interest in any real or personal property of the Authority other than the lien on the Net Revenues of the System. The Authority has no taxing power.

The Series 2020 Bonds are subject to optional redemption on June 1, 2029 and thereafter at a price of par, as set forth herein. The Series 2020 Bonds are payable on June 1 of each year as follows:

Maturity Date	Amount	Rate	Yield	Maturity Date	Amount	Rate	Yield
2021	$ 160,000	0.200%	0.200%	2027	$1,680,000	1.000%	1.000%
2022	335,000	0.250	0.250	2028	1,700,000	1.100	1.100
2023	335,000	0.350	0.350	2029	1,720,000	1.250	1.250
2024	1,650,000	0.500	0.500	2030	1,740,000	1.400	1.400
2025	1,665,000	0.650	0.650	2031	1,765,000	1.500	1.500
2026	1,670,000	0.850	0.850	2032	1,800,000	1.600	1.600

The Series 2020 Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel. Certain legal matters will be passed upon for the Authority by its General Counsel, Teresa Cobb Esq., Jackson, Tennessee. Stephens Inc. is serving as Municipal Advisor to the Authority. It is expected that the Series 2020 Bonds in book-entry form will be available for delivery through The Depository Trust Company on or about December 17, 2020.

December 8, 2020

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended (collectively, the "Official Statement") by the Jackson Energy Authority (Tennessee) (the "Authority"), is an Official Statement with respect to the Series 2020 Bonds described herein that is deemed final by the Authority as of the date hereof (or of any such supplement or amendment). It is subject to completion with certain information to be established at the time of the sale of the Series 2020 Bonds as permitted by Rule 15c2-12 of the Securities and Exchange Commission.

No dealer, broker, salesman or other person has been authorized by the Authority or by Stephens Inc. (the "Municipal Advisor") to give any information or make any representations other than those contained in this Official Statement and, if given or made, such information or representations with respect to the Authority or the Series 2020 Bonds must not be relied upon as having been authorized by the Authority or the Municipal Advisor. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities other than the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Authority since the date as of which information is given in this Official Statement.

In making an investment decision investors must rely on their own examination of the Authority and the terms of the offering, including the merits and risks involved. No registration statement relating to the Series 2020 Bonds has been filed with the Securities and Exchange Commission or with any state securities agency. The Series 2020 Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

Jackson Energy Authority (Tennessee)
Wastewater System Revenue Refunding Bonds, Series 2020 (Federally Taxable)

Dated December 17, 2020

Maturity June 1	Amount	Rate	Yield	CUSIP No.**
2021	$160,000	0.200%	0.200%	46873P BH3
2022	335,000	0.250%	0.250%	46873P BJ9
2023	335,000	0.350%	0.350%	46873P BK6
2024	1,650,000	0.500%	0.500%	46873P BL4
2025	1,665,000	0.650%	0.650%	46873P BM2
2026	1,670,000	0.850%	0.850%	46873P BN0
2027	1,680,000	1.000%	1.000%	46873P BP5
2028	1,700,000	1.100%	1.100%	46873P BQ3
2029	1,720,000	1.250%	1.250%	46873P BR1
2030	1,740,000	1.400%	1.400%	46873P BS9
2031	1,765,000	1.500%	1.500%	46873P BT7
2032	1,800,000	1.600%	1.600%	46873P BU4

** These CUSIP numbers have been assigned by Standard & Poor's CUSIP Service Bureau, a Division of The McGraw Hill Companies, Inc., and are included solely for the convenience of the Bondholders. Neither the Underwriter nor the Authority is responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2020 Bonds or as indicated herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2020 Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2020 Bonds.

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OFFICIALS

JACKSON ENERGY AUTHORITY (TENNESSEE)

BOARD OF DIRECTORS
Monte Jones, Chair
Pam Finney, Vice-Chair
Howard Bond, Director
Logan Hampton, Director
Dennis Henderson, Director

ADMINISTRATION
Jim Ferrell, President & Chief Executive Officer
Nancy Nanney, Senior Vice President & Chief Financial Officer
Steve Raper, Senior Vice President, Water & Wastewater Divisions
Rowland Fisher, Assistant Senior Vice President, Water and Wastewater Divisions
Aletza Boucher, Corporate Secretary
Teresa Cobb Esq., General Counsel

AUDITOR
Alexander Thompson Arnold PLLC
Jackson, Tennessee

BOND COUNSEL
Bass, Berry & Sims PLC
Nashville, Tennessee

TRUSTEE, BOND REGISTRAR, PAYING AGENT AND ESCROW AGENT
U.S. Bank National Association
Nashville, Tennessee

MUNICIPAL ADVISOR
Stephens Inc.
Nashville, Tennessee

UNDERWRITER
Piper Sandler & Co.
Chicago, Illinois

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Summary Statement

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

ISSUER	Jackson Energy Authority (Tennessee) (the "Authority").
ISSUE	$16,220,000 Wastewater System Revenue Refunding Bonds, Series 2020 (Federally Taxable) (the "Series 2020 Bonds").
PURPOSE	Refund the Authority's outstanding Wastewater System Revenue Bonds, Series 2012 and pay costs incident to the issuance and sale of the Series 2020 Bonds.
SETTLEMENT DATE	December 17, 2020.
INTEREST DUE	Each June 1 and December 1, commencing June 1, 2021.
PRINCIPAL DUE	June 1, 2021 through June 1, 2032, as set forth on the cover.
OPTIONAL REDEMPTION	The Series 2020 Bonds maturing on or after June 1, 2030 shall be subject to redemption at the option of the Authority on and after June 1, 2029 at the price of par.
SECURITY	The Series 2020 Bonds are payable solely from and secured by a senior lien upon and pledge of the Net Revenues of the System on parity with other Senior Lien Revenue Obligations of the Authority pursuant to the provisions of the Resolution (capitalized terms having the meanings ascribed herein). The Series 2020 Bonds are not obligations of the State of Tennessee, or any of its political subdivisions, other than the Authority, nor is the State of Tennessee, or any of its political subdivisions, other than the Authority, liable for the payment of the principal of or interest on the Series 2020 Bonds. The Resolution does not grant to owners of the Series 2020 Bonds any mortgage on or security interest in any real or personal property of the Authority. The Authority has no taxing power.
RATING	"Aa3" by Moody's Investors Service, Inc. ("Moody's") based on documents and other information provided by the Authority. The rating reflects only the view of Moody's and neither the Authority, the Municipal Advisor nor the Underwriter make any representations as to the appropriateness of such rating. There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Series 2020 Bonds. Any explanation of the significance of the rating may be obtained from Moody's. See "Rating" herein.

TAX MATTERS	Interest on the Series 2020 Bonds is includable in the gross income of the holders thereof for federal income tax purposes. For an explanation of certain tax consequences under federal law which may result from the ownership of the Series 2020 Bonds, see the discussion under the heading “Tax Matters” herein. Under existing law, the Series 2020 Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See “Tax Matters” herein).
TRUSTEE, BOND REGISTRAR, PAYING AGENT AND ESCROW AGENT	U.S. Bank National Association, Nashville, Tennessee.
MUNICIPAL ADVISOR	Stephens Inc., Nashville, Tennessee.
UNDERWRITER	Piper Sandler & Co., Chicago, Illinois

$16,220,000

Jackson Energy Authority (Tennessee)

Wastewater System Revenue Refunding Bonds, Series 2020 (Federally Taxable)

INTRODUCTION

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the sale by Jackson Energy Authority (the "Authority") of $16,220,000 in aggregate principal amount of its Wastewater System Revenue Refunding Bonds, Series 2020 (Federally Taxable) (the "Series 2020 Bonds"). Capitalized terms used but not defined herein shall have the meanings assigned to them in the Resolution (hereinafter defined). (See Appendix A - Summary of Certain Provisions of the Resolution.)

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

The Authority, the issuer of the Series 2020 Bonds, is a political subdivision of the State of Tennessee created by the laws of the State of Tennessee, including Chapter No. 55 of the Tennessee Private Acts of 2001, as amended (the "Act"). The Authority owns and operates a wastewater system (the "System"), serving the City of Jackson, Tennessee. See Appendix B and Appendix C.

The Series 2020 Bonds are being issued in accordance with the Constitution of the State of Tennessee and laws of the State of Tennessee, including, but not limited to the Act, and pursuant to a Master Resolution of the Board of Directors (the "Governing Body") of the Authority dated November 21, 2002, as amended (the "Master Resolution"), and a Supplemental Resolution dated November 24, 2020 (the "Supplemental Resolution"; together with the Master Resolution, the "Resolution"). A summary of certain provisions of the Resolution is attached hereto as Appendix A.

Audited financial statements for the Authority's fiscal year ended June 30, 2020 are attached hereto as Appendix D, certain statistical and demographic information regarding the Authority is attached hereto as Appendix B and certain demographic and economic information of the City of Jackson is attached hereto as Appendix C.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Authority, the Series 2020 Bonds, and the security and sources of payment for the Series 2020 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Resolution, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents, and references herein to the Series 2020 Bonds are qualified in their entirety to the form thereof included in the Resolution. Copies of the Resolution and other documents and information are available, upon request and upon payment to the Authority of a charge for copying, mailing and handling, from Jim Ferrell, President, Jackson Energy Authority, 250 North Highland Avenue, Jackson, Tennessee 38301.

PLAN OF FINANCING

The Series 2020 Bonds are being issued for the purpose of (i) refunding the Authority's outstanding Wastewater System Revenue Bonds, Series 2012 (the "Refunded Bonds"); and (ii) paying the costs of issuing the Series 2020 Bonds. Pursuant to a Refunding Escrow Agreement between the Authority and U.S. Bank National Association, Nashville, Tennessee (the "Escrow Agent"), a portion of the proceeds of the Series 2020 Bonds, excluding amounts to pay issuance costs, will be used to purchase United States Treasury Obligations or such other obligations permitted under Tennessee law (the "Escrow Investments"). The Escrow Investments purchased with a portion of the proceeds of the Series 2020 Bonds will be held in a separate fund established by the Escrow Agent with the principal amount of the Escrow Investments and the interest earned thereon being sufficient to pay principal of and interest on the Refunded Bonds to their earliest redemption date following delivery of the Series 2020 Bonds. Neither the principal of nor the interest on the Escrow Investments will be available for payment of the Series 2020 Bonds. The Escrow Agent will give the paying agent for the Refunded Bonds irrevocable directions to redeem the Refunded Bonds on June 1, 2022, their earliest optional redemption date.

Estimated Sources and Uses of Funds

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

Sources of Funds:	
Par Amount of Series 2020 Bonds	$16,220,000.00
Total Sources of Funds	$16,220,000.00
Uses of Funds:	
Deposit to Refunding Escrow Fund	$15,989,236.49
Costs of Issuance(1)	$230,763.51
Total Uses of Funds	$16,220,000.00

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(1) Includes legal and accounting fees, underwriter's fees, municipal advisory fees, rating agency fees, printing, and other costs of issuance.

Verification of Mathematical Calculations

Public Finance Partners LLC, Minneapolis, Minnesota (the "Verification Agent"), will deliver to the Authority, on or before the settlement date of the Series 2020 Bonds, its verification report indicating that it has verified the mathematical accuracy of the mathematical computations of the adequacy of the cash and the maturing principal of and interest on the Escrow Investments to pay, when due, the principal of, premium, if any, and interest on the Refunded Bonds.

The verification performed by the Verification Agent will be solely based upon data, information and documents provided to it by the Authority and its representatives. The Verification Agent's report of its verification will state that it has no obligation to update the report because of events occurring, or data or information coming to its attention, subsequent to the date of the report.

DESCRIPTION OF THE SERIES 2020 BONDS

General

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

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

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

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

Denominations, Registration, Transfers and Exchanges

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

When in book-entry form, Series 2020 Bonds held by DTC or Cede & Co., as its nominee, on behalf of the Beneficial Owners thereof, are transferable upon delivery to DTC or Cede & Co., as its nominee, of an assignment executed by the Beneficial Owner or the Beneficial Owner's duly authorized attorney. See "Book-Entry Only Bonds."

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

Optional Redemption

The Series 2020 Bonds maturing on or after June 1, 2030 are subject to redemption prior to maturity at the option of the Authority on or after June 1, 2029, in whole or in part at any time, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

If less than all the Series 2020 Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board of Directors of the Authority in its discretion. If less than all of the Series 2020 Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

(i) if the Series 2020 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Series 2020 Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Series 2020 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series 2020 Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

Notice of Redemption

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series 2020 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Series 2020 Bonds for which proper notice was given. An optional redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Series 2020 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series 2020 Bonds, as and when above provided, and neither the Authority nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Series 2020 Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth in the Resolution. In the case of a Conditional Redemption, the failure of the Authority to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Series 2020 Bonds called for redemption and not so paid remain outstanding.

Book-Entry Only System

Except as otherwise provided in the Detailed Notice of Sale, the Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2020 Bonds. The Series 2020 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2020 Bond certificate will be issued for each maturity of the Series 2020 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

Redemption proceeds, distributions, and dividend payments on the Series 2020 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of County or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

THE AUTHORITY AND THE REGISTRATION AGENT HAVE NO RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE SERIES 2020 BONDS; (III) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OR ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2020 BONDS

Neither the full faith and credit nor the taxing power of the State of Tennessee or any political subdivision thereof, including the Authority, is pledged to the payment of the Series 2020 Bonds. The Series 2020 Bonds are limited obligations of the Authority and are payable solely from the Net Revenues (as described below and as defined in Appendix A hereto) of the System on parity with other Senior Lien Revenue Obligations of the Authority. The Series 2020 Bonds do not constitute a charge, lien or encumbrance upon any other property of the Authority.

Pledge of Net Revenues

Under the terms of the Resolution, the Series 2020 Bonds are secured by a senior pledge of and lien on the Net Revenues of the System on parity with other Senior Lien Revenue Obligations of the Authority which may be issued in the future under the Master Resolution and the following outstanding Senior Lien Revenue Obligations: the Wastewater System Revenue Refunding Bonds, Series 2017 and the Revolving Fund Loan Agreements with the Tennessee Local Development Authority. Generally, Net Revenues means all revenues of the System, from whatever source, minus System operating expenses other than depreciation, amortization and interest expense. See Appendix A for a more detailed definition of Net Revenues. See Appendix B for information regarding the Authority, the Authority's service area and the System, and "SCHEDULE of LONG-TERM DEBT" for information regarding the Authority's debt service obligations.

Flow of Funds

Pursuant to the Resolution, the Authority has agreed to deposit all revenues derived from the operation of the System into the Revenue Fund. Monies in the Revenue Fund shall be applied from time to time to the following purposes and, prior to the occurrence and continuation of an Event of Default, in the order of priority determined by the Authority, in its sole discretion:

- To pay Operating Expenses; and
- To pay debt service on obligations of the Authority; and
- To fund debt service reserves, if applicable (the Authority has not established a debt service reserve for the Series 2020 Bonds); and
- To pay amounts with respect to any Other System Obligations, which do not have a lien on revenues of the Authority; and
- For transfer to a renewal and extension fund for the System; and
- To any other legal purpose.

See Appendix A for a more detailed description of the Revenue Fund and flow of funds.

Rate Covenant

The Authority covenants in the Master Resolution to continuously control, operate, and maintain the System in an efficient and economical manner and on a revenue producing basis and shall at all times prescribe, fix, maintain, and collect rates, fees, and other charges for the services and facilities furnished by the System fully sufficient at all times:

(a) for 100% of the Operating Expenses and for the accumulation in the Revenue Fund of a reasonable reserve therefor, in an amount, if any, as shall be determined from time to time by the Authority; and

(b) such that Net Revenues in each Fiscal Year:

(1) will equal at least 120% of the Debt Service Requirement on all Senior Lien Revenue Obligations and 100% of the Debt Service Requirement on all other Revenue Obligations then Outstanding for such Fiscal Year and any Termination Payments due during such Fiscal Year which are secured by a lien on the Pledged Revenues;

(2) will enable the Authority to make all required payments, if any, into the Debt Service Reserve Account and the Rebate Fund and on any Contract or Other System Obligation;

(3) will enable the Authority to accumulate an amount to be held in the Renewal and Extension Fund, which in the judgment of the Authority is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the Wastewater System necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the Wastewater System;

(4) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in the Resolution from prior Fiscal Years; and

(5) will permit the Authority to comply with the terms of any agreement that the Authority has entered into to purchase or sell wastewater;

For purposes of (a), (b)(1) and (2) each category of Net Revenues shall be compared to the required payments with respect to, or for accounts related to, related Operating Expenses, Revenue Obligations, Contracts and Other System Obligations.

If the Authority fails to prescribe, fix, maintain, and collect rates, fees, and other charges, or to revise such rates, fees, and other charges, in accordance with the provisions of this section in any Fiscal Year, but the Authority in the next Fiscal Year has promptly taken all available measures to revise such rates, fees and other charges as advised by a Consulting Engineer or Financial Advisor retained by the Authority to review the operations of the Wastewater System there shall be no Event of Default until at least the end of such next Fiscal Year and only then if Net Revenues are less than the amount required by this section.

Under the provisions of the Act, the Authority may change its rates upon approval by its Board without the necessity of review or approval by any other municipality, the state or any commission or authority. Notice of any rate change must be announced in the local newspaper at least thirty (30) days prior to the effective date. If during such period, protests against the change are filed with the Board of Directors of the Authority by 1% of the users, then the proposed rates shall not go into effect unless approved by the City Council of the City of Jackson. The foregoing requirements and limitations, however, do not limit or restrict the power of the Authority to raise rates to comply with the Authority's covenants (including, without limitation, the rate covenant) in the Resolution because the Act provides that, in connection with the issuance of bonds and in order to secure the payment of its bonds, the Authority shall have power to make such covenants and to do all things as may be necessary or convenient or desirable in order to secure its bonds or which in the absolute direction of the Board of Directors, tend to make the bonds more marketable, notwithstanding that such covenants, acts and things may restrict or interfere with the exercise of the powers otherwise provided in the Act. The Authority has never received a protest from the requisite number of users of the System that would require the rate increase to be approved by the City Council.

Bond Fund and Reserve Fund

Pursuant to the Resolution the Authority will establish for the Series 2020 Bonds a subaccount in the Interest Account and a subaccount in the Principal Account of the Sinking Fund. The Resolution requires the Authority to make deposits into such subaccounts necessary to pay scheduled debt service on the Series 2020 Bonds on or before the due date therefor. The funds on deposit in said subaccounts will be used to pay the principal of and interest on the Series 2020 Bonds as the same become due.

The Authority is not required under the Resolution to establish a subaccount of the Debt Service Reserve Account for any Revenue Obligations issued thereunder, and any such subaccount shall only be established if required by the Supplemental Resolution authorizing the issuance of such Revenue Obligations. Under the Supplemental Resolution pursuant to which the Series 2020 Bonds are issued, there is no Debt Service Reserve Requirement for the Series 2020 Bonds.

Additional Senior Lien Revenue Obligations; Subordinate Lien Obligations

The Authority may, from time to time, issue additional Senior Lien Revenue Obligations under the terms of the Resolution. Senior Lien Revenue Obligations will have a lien on the Net Revenues of the System on a parity with the lien on the Net Revenues of the System securing the Series 2020 Bonds. See Appendix A for the conditions under which such Parity Bonds may be issued. The Authority may not issue bonds payable from or secured by a lien on the Net Revenues senior to that securing the payment of the Series 2020 Bonds. The following are the outstanding Senior Lien Revenue Obligations as of the date of issuance of the Series 2020 Bonds: the Wastewater System Revenue Refunding Bonds, Series 2017 and the Revolving Fund Loan Agreements with the Tennessee Local Development Authority. See "SCHEDULE OF LONG-TERM DEBT" herein for additional information regarding the Authority's debt service obligations.

The Resolution permits the Authority to issue Subordinate Lien Obligations without having to satisfy the tests described above for additional Senior Lien Revenue Obligations. As of the date of issuance of the Series 2020 Bonds, there are no Subordinate Lien Obligations.

Events of Defaults and Remedies

The Authority has not previously experienced any defaults with respect to the payment of principal of or interest on any of its bonds, notes or other debt obligations.

If, as a result of an event of default, any other Senior Lien Revenue Obligations shall have been accelerated, then the holders of not less than 50% in aggregate principal amount of the Series 2020 Bonds then outstanding shall have the right to cause acceleration of the Series 2020 Bonds by the Authority (at a purchase or redemption price equal to 100% of the principal amount outstanding plus accrued interest to the mandatory purchase or redemption date) on a schedule commensurate with the acceleration of such other Senior Lien Revenue Obligations.

For a detailed description of the events and defaults and remedies relating to the Series 2020 Bonds see Appendix A hereto.

Additional Borrowing Plans

The Authority currently anticipates funding most of the anticipated wastewater system capital improvements over the next five years with internal operating revenues. It is possible the Authority will apply for approximately $5 million in low cost State Revolving Fund loans for certain wastewater treatment plant improvements. No additional borrowing has been approved or is planned at this time

LEGAL MATTERS

Pending Litigation

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

There is no litigation now pending or, to the knowledge of the Authority, threatened which restrains or enjoins the issuance or delivery of the Series 2020 Bonds, the use of Net Revenues for the payment of the Series 2020 Bonds, or the use of the proceeds of the Series 2020 Bonds or which questions or contests the validity of the Series 2020 Bonds or the proceedings and authority under which they are to be issued. Neither the creation, organization, or existence of the Authority, nor the title of the present members or other officials of the Authority to their respective offices, is being contested or questioned.

Opinions of Bond Counsel

Legal matters incident to the authorization, validity, and issuance of the Series 2020 Bonds are subject to the approving opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel. The form of opinion of Bond Counsel is attached to this Official Statement as Appendix E. Copies of the opinion will be available at the time of the initial delivery of the Series 2020 Bonds. Certain legal matters will be passed upon for the Authority by its General Counsel, Teresa Cobb Esq., Jackson, Tennessee.

TAX MATTERS

State Taxes

Under existing law, the Series 2020 Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Series 2020 Bonds during the period the Series 2020 Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2020 Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

Federal

Disclaimer. Any discussion of the tax issues relating to the Series 2020 Bonds in this Official Statement was written to support the promotion or marketing of the Series 2020 Bonds. Such discussion was not intended or written to be used, and it cannot be used, by any person for the purpose of avoiding any tax penalties that may be imposed on such person. Each investor should seek advice with respect to the Series 2020 Bonds based on its particular circumstances from an independent tax advisor.

General. The following is a summary of certain anticipated United States federal income tax consequences of the purchase, ownership and disposition of the Series 2020 Bonds. The summary is based upon the provisions of the Code, the regulations promulgated thereunder and the judicial and administrative rulings and decisions now in effect, all of which are subject to change. The summary generally addresses Bonds held as capital assets and does not purport to address all aspects of federal income taxation that may affect particular investors in light of their individual circumstances or certain types of investors subject to special treatment under the federal income tax laws, including but not limited to financial institutions, insurance companies, dealers in securities or currencies, those holding such bonds as a hedge against currency risks or as a position in a "straddle" for tax purposes, or those whose functional currency is not the United States dollar. Potential purchasers of the Series 2020 Bonds should consult their own tax advisors in determining the federal, state or local tax consequences to them of the purchase, ownership and disposition of the Series 2020 Bonds.

Interest on the Series 2020 Bonds is not excluded from gross income for federal income tax purposes. Purchasers other than those who purchase Bonds in the initial offering at their stated principal amounts will be subject to federal income tax accounting rules affecting the timing and/or characterization of payments received with respect to such Series 2020 Bonds. In general, interest paid on the Series 2020 Bonds, accrual of original issue discount and market discount, if any, will be treated as ordinary income to an owner of Bonds and, after adjustment for the foregoing, principal payments will be treated as a return of capital.

Original Issue Discount. The following summary is a general discussion of certain federal income tax consequences of the purchase, ownership and disposition of Series 2020 Bonds issued with original issue discount ("Discount Bonds"). A Discount Bond will be treated as having original issue discount if the excess of its "stated redemption price at maturity" (defined below) over its issue price (defined as the initial offering price at which a substantial amount of the Discount Bonds of the same maturity have first been sold to the public, excluding bond houses and brokers) equals or exceeds one quarter of one percent of such Discount Bond's stated redemption price at maturity multiplied by the number of complete years to its maturity. A Discount Bond's "stated redemption price at maturity" is the total of all payments provided by the Discount Bond that are not payments of "qualified stated interest." Generally, the term "qualified stated interest" includes stated interest that is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually at a single fixed rate. In general, the amount of original issue discount includable in income by the initial holder of a Discount Bond is the sum of the "daily portions" of original issue discount with respect to such Discount Bond for each day during the taxable year in which such holder held such Discount Bond. The daily portion of original issue discount on any Discount Bond is determined by allocating to each day in any "accrual period" a ratable portion of the original issue discount allocable to that accrual period. An accrual period may be of any length, and may vary in length over the term of a Discount Bond, provided that each accrual period is not longer than one year and each scheduled payment of principal or interest occurs at the end of an accrual period. The amount of original issue discount allocable to each accrual period is equal to the difference between (i) the product of the Discount Bond's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and appropriately adjusted to take into account the length of the particular accrual period) and (ii) the amount of any qualified stated interest payments allocable to such accrual period. The "adjusted issue price" of a Discount Bond at the beginning of any accrual period is the sum of the issue price of the Discount Bond plus the amount of original issue discount allocable to all prior accrual periods minus the amount of any prior payments on the Discount Bond that were not qualified stated interest payments. Under these rules, holders will have to include in income increasingly greater amounts of original issue discount in successive accrual periods. Holders utilizing the accrual method of accounting may generally, upon election, include all interest (including stated interest, acquisition discount, original issue discount, de minimis original issue discount, market discount, de minimis market discount, and unstated interest, as adjusted by any amortizable. bond premium or acquisition premium) on the Discount Bond by using the constant yield method applicable to original issue discount, subject to certain limitations and exceptions.

Market Discount. Any owner who purchases a Series 2020 Bond at a price which includes market discount in excess of a prescribed de minimis amount (i.e., at a purchase price that is less than its adjusted issue price in the hands of an original owner) will be required to recharacterize all or a portion of the gain as ordinary income upon receipt of each scheduled or unscheduled principal payment or upon other disposition. In particular, such owner will generally be required either (a) to allocate each such principal payment to accrued market discount not previously included in income and to recognize ordinary income to that extent and to treat any gain upon sale or other disposition of such a Bond as ordinary income to the extent of any remaining accrued market discount (under this caption) or (b) to elect to include such market discount in income currently as it accrues on all market discount instruments acquired by such owner on or after the first day of the taxable year to which such election applies. The Code authorizes the Treasury Department to issue regulations providing for the method for accruing market discount on debt instruments the principal of which is payable in more than one installment. Until such time as regulations are issued by the Treasury Department, certain rules described in the legislative history of the Tax Reform Act of 1986 will apply. Under those rules, market discount will be included in income either (a) on a constant interest basis or (b) in proportion to the accrual of stated interest. An owner who acquires a Series 2002 Bond at a market discount also may be required to defer, until the maturity date of such Series 2020 Bond or the earlier disposition in a taxable transaction, the deduction of a portion of the amount of interest that the owner paid or accrued during the taxable year on indebtedness incurred or maintained to purchase or carry a Series 2002 Bond in excess of the aggregate amount of interest (including original issue discount) includable in such owner's gross income for the taxable year with respect to such Series 2020 Bond. The amount of such net interest expense deferred in a taxable year may not exceed the amount of market discount accrued on the Series 2020 Bond for the days during the taxable year on which the owner held the Series 2020 Bond and, in general, would be deductible when such market discount is includable in income. The amount of any remaining deferred deduction is to be taken into account in the taxable year in which the Series 2020 Bond matures or is disposed of in a taxable transaction. In the case of a disposition in which gain or loss is not recognized in whole or in part, any remaining deferred deduction will be allowed to the extent gain is recognized on the disposition. This deferral rule does not apply if the Series 2020 Bondowner elects to include such market discount in income currently as described above.

Bond Premium. A purchaser who purchases a Series 2020 Bond at a cost greater than its then principal amount (or, in the case of a Bond issued with original issue premium, at a price in excess of its adjusted issue price) will have amortizable bond premium. If the holder elects to amortize the premium under Section 171 of the Code (which election will apply to all bonds held by the holder on the first day of the taxable year to which the election applies, and to all bonds thereafter acquired by the holder), such a purchaser must amortize the premium using constant yield principles based on the purchaser's yield to maturity. Amortizable bond premium is generally treated as an offset to interest income, and a reduction in basis is required for amortizable bond premium that is applied to reduce interest payments. Purchasers of any Series 2020 Bonds who acquire such Series 2020 Bonds at a premium (or with acquisition premium) should consult with their own tax advisors with respect to the determination and treatment of such premium for federal income tax purposes and with respect to state and local tax consequences of owning such Bonds.

Sale or Redemption of Bonds. A bondowner's tax basis for a Series 2020 Bond is the price such owner pays for the Series 2020 Bond plus the amount of any original issue discount and market discount previously included in income, reduced on account of any payments received (other than "qualified stated interest" payments) and any amortized bond premium. Gain or loss recognized on a sale, exchange or redemption of a Bond, measured by the difference between the amount realized and the basis of the Series 2020 Bond as so adjusted, will generally give rise to capital gain or loss if the Series 2020 Bond is held as a capital asset (except as discussed above under "-Market Discount"). The legal defeasance of Bonds may result in a deemed sale or exchange of such Series 2020 Bonds under certain circumstances; owners of such Bonds should consult their tax advisors as to the Federal income tax consequences of such an event.

Backup Withholding. A bondowner may, under certain circumstances, be subject to "backup withholding" (currently the rate of this withholding obligation is 24%, but the rate may change in the future) with respect to interest or original issue discount on the Series 2020 Bonds. This withholding generally applies if the owner of a Bond (a) fails to furnish the Registration Agent or other payor with its taxpayer identification number;

(b) furnishes the Registration Agent or other payor an incorrect taxpayer identification number; (c) fails to report properly interest, dividends or other "reportable payments" as defined in the Code; or (d) under certain circumstances, fails to provide the Registration Agent or other payor with a certified statement, signed under penalty of perjury, that the taxpayer identification number provided is its correct number and that the holder is not subject to backup withholding. Backup withholding will not apply, however, with respect to certain payments made to bondowners, including payments to certain exempt recipients (such as certain exempt organizations) and to certain Nonresidents. Owners of the Series 2020 Bonds should consult their tax advisors as to their qualification for exemption from backup withholding and the procedure for obtaining the exemption. Backup withholding is not an additional tax. Any amount paid as backup withholding would be credited against the Series 2020 Bondholder's U.S. federal income tax liability, provided that the requisite information is timely provided to the Internal Revenue Service. The amount of "reportable payments" for each calendar year and the amount of tax withheld, if any, with respect to payments on the Series 2020 Bonds will be reported to the Series 2020 Bondowners and to the Internal Revenue Service.

Nonresident Borrowers. Under the Code, interest and original issue discount income with respect to Bonds held by nonresident alien individuals, foreign corporations or other non-United States persons. ("Nonresidents") generally will not be subject to the United States withholding tax (or backup withholding) if the Authority (or other who would otherwise be required to withhold tax from such payments) is provided with an appropriate statement that the beneficial owner of the Series 2020 Bond is a Nonresident. Notwithstanding the foregoing, if any such payments are effectively connected with a United States trade or business conducted by a Nonresident bondowner, they will be subject to regular United States income tax, but will ordinarily be exempt from United States withholding tax.

ERISA. The Employees Retirement Income Security Act of 1974, as amended ("ERISA"), and the Code generally prohibit certain transactions between a qualified employee benefit plan under ERISA or tax-qualified retirement plans and individual retirement accounts under the Code (collectively, the "Plans") and those who, with respect to a Plan, are fiduciaries or other "parties in interest" within the meaning of ERISA or "disqualified persons" within the meaning of the Code. All fiduciaries of Plans, in consultation with their advisors, should carefully consider the impact of ERISA and the Code on an investment in any Bonds.

CONTINUING DISCLOSURE

The Authority will at the time the Series 2020 Bonds are delivered execute a Continuing Disclosure Agreement under which it will covenant for the benefit of holders and beneficial owners of the Series 2020 Bonds to provide certain financial information and operating data relating to the Authority and the System by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2020 (the “Annual Report”), and to provide notice of the occurrence of certain enumerated events. All continuing disclosure filings will be made with the Municipal Securities Rulemaking Board (“MSRB”) at www.emma.msrb.org and any State Information Depository (“SID”). If the Authority is unable to provide the Annual Report to the MSRB and the SID, if any, by the date set forth above for the filing of the Annual Report, notice of such failure shall be sent to the MSRB and the SID, if any, on or before such date. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in the form of Continuing Disclosure Agreement attached hereto as Appendix F. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time (the “Rule”).

In the past five years, the Authority has not failed to comply in any material respect with any previous undertakings with regard to the Rule.

RATING

Moody’s Investors Service, Inc. (the “Rating Agency”) has assigned the Series 2020 Bonds a rating of “Aa3”. An explanation of the significance of such rating may be obtained from the Rating Agency. This rating is not a recommendation to buy, sell or hold the Series 2020 Bonds. Generally, rating agencies base their ratings on information and materials furnished to the agencies and on investigations, studies and assumptions by the agencies. There is no assurance that this rating will be maintained for any given period of time or that this rating will not be revised downward or withdrawn entirely by the Rating Agency if, in such agency's judgment, circumstances so warrant. Any such downward revision or withdrawal of this rating may have an adverse effect on the market price of the Series 2020 Bonds. Neither the Authority, the Municipal Advisor nor the Underwriter has undertaken any responsibility to oppose any revision or withdrawal of the rating.

MUNICIPAL ADVISOR

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

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

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

UNDERWRITING

Piper Sandler & Co., Chicago, Illinois, acting for and on behalf of itself and such other securities dealers as it may designate, will purchase the Series 2020 Bonds for an aggregate purchase price of $16,103,761.67, which is par, less $116,238.33 underwriter’s discount.

The Underwriter may offer and sell the Series 2020 Bonds to certain dealers (including dealer banks and dealers depositing the Series 2020 Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

INDEPENDENT AUDITORS

The financial statements of the Authority as of June 30, 2020 and for the year then ended, attached hereto as Appendix D, have been audited by Alexander Thompson Arnold PLLC, Jackson, Tennessee, independent auditors, as stated in their report thereon and are included in reliance upon the authority of such firm as independent auditors.

MISCELLANEOUS

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

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

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AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT

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

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Jim Ferrell, President

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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SUMMARY OF RESOLUTION

The following briefly summarizes certain terms and provisions of the Master Resolution—Wastewater System Revenue Obligations adopted by the Authority on November 21, 2002, as amended September 25, 2014 and as supplemented by a Supplemental Resolution dated November 24, 2020 in connection with the Series 2020 Wastewater System Revenue Refunding Bonds (the "Resolution"). This summary is not a complete explanation of the terms and conditions of the Resolution. Investors should refer to the Resolution for a complete statement of the terms, provisions and conditions thereof.

DEFINITIONS

"Accreted Value" means, with respect to each Compound Interest Bond, the principal amount of such Compound Interest Bond, plus, on the date of calculation, the interest accrued thereon to such date compounded at the interest rate thereof on each compounding date contained in such Compound Interest Bond, and, with respect to any calculation on a date other than a compounding date, the Accreted Value means the Accreted Value as of the preceding compounding date plus interest on such amount from such compounding date to the date of calculation at a rate equal to the interest rate on such Compound Interest Bond.

"Acquired System" means any other Wastewater system or facility, including any distribution, general or transmission facility, acquired by the Authority pursuant to State law.

"Additional Interest" means, for any period during which any Pledged Bonds are owned by a Credit Issuer pursuant to a Credit Facility or Credit Facility Agreement, the amount of interest accrued on such Pledged Bonds at the Pledged Bond Rate less the amount of interest which would have accrued during such period on an equal principal amount of Bonds at the Bond Rate.

"Additional Obligations" means Revenue Obligations issued pursuant to the Master Resolution.

"Annual Budget" means the annual budget of the Authority relating to the System (which shall specify all costs, obligations, and expenses properly allocable to the System), as amended or supplemented in accordance with established procedures of the Authority, adopted or in effect for a particular Fiscal Year.

"Authority" means Jackson Energy Authority, a Tennessee governmental entity and public corporation.

"Authority Act" means Chapter 55 of the Tennessee Private Acts of 2001, as amended.

"Balloon Date" means any Principal Maturity Date or Put Date for Balloon Obligations in a Balloon Year.

"Balloon Obligations" means any Revenue Obligations 25% or more of the original principal amount of which (i) is due in any 12-month period or (ii) may, at the option of the holders thereof, be required to be redeemed, prepaid, purchased directly or indirectly by the Authority, or otherwise paid in any 12-month period; provided that, in calculating the principal amount of such Revenue Obligations due or required to be redeemed, prepaid, purchased, or otherwise paid in any 12-month period, such principal amount shall be reduced to the extent that all or any portion of such amount is required to be redeemed or amortized prior to such 12-month period.

"Balloon Year" means any 12-month period in which more than 25% of the original principal amount of related Balloon Obligations mature or are subject to mandatory redemption or could, at the option of the holders thereof, be required to be redeemed, prepaid, purchased directly or indirectly by the Authority, or otherwise paid.

"Beneficial Owner" shall have the meaning specified in Section 2.10 of the Resolution.

"Beneficiaries" means the holders of any Revenue Obligations and the parties to Contracts.

"Bond Counsel" means any firm of nationally recognized bond counsel experienced in matters relating to tax-exempt financing retained by the Authority.

"Bondholder" or "holder" means the registered owner or the holder of one or more Revenue Obligations.

"Bond Rate" means the rate of interest per annum payable on specified Revenue Obligations other than Pledged Bonds.

"Bond Register" means the registration books maintained and to be maintained by the Bond Registrar.

"Bond Registrar" means any bank or trust company designated as such by the Authority with respect to any of the Bonds. Such Bond Registrar shall perform the duties required of the Bond Registrar in the Resolution.

"Bonds" means any revenue bonds or notes authorized by and authenticated and delivered pursuant to the Resolution.

"Book Value" means the value of the real property and the personal property comprising the System, net of accumulated depreciation and amortization, as reflected in the most recent audited financial statements of the System which have been prepared in accordance with generally accepted accounting principles.

The term "category" or "category of Revenues" means an objectively definable portion of Revenues related to a particular type of service, activity or facility, including the categories of General Revenues, Released Revenues and Special Purpose Revenues and subcategories within such categories. A "category of Revenues," unless otherwise determined by the Authority, includes Investment Earnings or other moneys in funds or amounts derived from such portion of Revenues.

"Code" means the Internal Revenue Code of 1986, as amended, and any applicable regulations thereunder.

"Commitment," when used with respect to Balloon Obligations, means a binding written commitment from a financial institution, surety, or insurance company to refinance such Balloon Obligations on or prior to any Balloon Date thereof, including without limitation any Credit Facility for such Balloon Obligations.

"Compound Interest Bonds" means Bonds that bear interest which is calculated based on periodic compounding, payable only at maturity or earlier redemption.

"Conditional Redemption" means an optional redemption described in Section 3.05 of the Resolution.

"Conduit Bonds" means bonds, notes or other obligations issued by a Conduit Issuer to provide proceeds to be loaned by the Conduit Issuer to the Authority pursuant to a Loan Agreement.

"Conduit Issuer" means a governmental entity or instrumentality of any governmental entity that issues Conduit Bonds at the request of the Authority.

"Consulting Engineer" means (i) an engineering firm or individual engineer employed by the Authority with substantial experience in advising utilities similar to the System operated by the Authority as to the construction and maintenance of the System and in the projection of relative costs of expansion in the System or (ii) an engineer or engineers who are employees of the Authority whose reports or projections are certified by a Financial Adviser.

"Contracts" means all Credit Facility Agreements, including any related Reimbursement Obligations, all agreements with respect to Reserve Account Credit Facilities, including any related Reimbursement Obligations and all Qualified Hedge Agreements.

"Contract Payments Account" means the Contract Payments Account within the Sinking Fund established in Article IV.

"Costs," with respect to any Project, means the total cost, paid or incurred, to study, plan, design, finance, acquire, construct, reconstruct, install or otherwise implement the Project, including improvements to another

Project, and shall include, but shall not be limited to, the following costs and expenses relating to such Project and the reimbursement to the Authority for any such items previously paid by the Authority:

(i) the cost of all lands, real or personal properties, rights, easements and franchises acquired;

(ii) the cost of all financing charges and interest prior to, during construction and after;

(iii) the cost of the acquisition, construction, reconstruction, implementation or installation of any Project;

(iv) the cost of engineering, architectural, planning, development, and supervisory services, fiscal agents' and legal expenses, plans and specifications, and other expenses necessary or incident to determining the feasibility or practicability of any Project, administrative expenses, and such other expenses as may be necessary or incident to any financing with proceeds of Revenue Obligations;

(v) the cost of placing any Project in operation;

(vi) the cost of condemnation of property necessary for construction implementation and operation;

(vii) the costs of issuing any Revenue Obligations to finance or to refinance any Project;

(viii) any other costs which may be incident to any Project prior to completion and implementation; and

(ix) interest on the Revenue Obligations during the construction and installation of any Project and for up to six (6) months thereafter; and

(x) any other costs permitted by the Authority Act.

"Credit Facility" means any letter of credit, insurance policy, guaranty, surety bond, standby bond purchase agreement, line of credit, revolving credit agreement, or similar obligation, arrangement, or instrument issued by a bank, insurance company, or any entity that is used by the Authority to perform one or more of the following tasks: (i) enhancing the Authority's credit by assuring owners of any of the Revenue Obligations that principal of and interest on such Revenue Obligations will be paid promptly when due; (ii) providing liquidity for the owners of Revenue Obligations through undertaking to cause Revenue Obligations to be bought from the owners thereof when submitted pursuant to an arrangement prescribed by a Supplemental Resolution; or (iii) remarketing any Revenue Obligations so submitted to the Credit Issuer (whether or not the same Credit Issuer is remarketing the Revenue Obligations). The term Credit Facility shall not include a Reserve Account Credit Facility.

"Credit Facility Agreement" means an agreement between the Authority and a Credit Issuer pursuant to which the Credit Issuer issues a Credit Facility and may include a related Reimbursement Obligation. The term Credit Facility Agreement shall not include an agreement with respect to a Reserve Account Credit Facility.

"Credit Issuer" means any issuer of a Credit Facility then in effect for all or part of the Revenue Obligations. The term Credit Issuer shall not include any Reserve Account Credit Facility Provider. Whenever in the Resolution the consent of the Credit Issuer is required, such consent shall only be required from the Credit Issuer whose Credit Facility is issued with respect to the Revenue Obligations for which the consent is required.

"Current Interest Bonds" means those Bonds which are not Compound Interest Bonds.

"Debt Service Requirement" means the total principal and interest coming due, whether at maturity or upon mandatory redemption (less any amount of interest that is capitalized and payable with the proceeds of debt on deposit with the Authority or the Trustee), in any specified period, provided:

(i) If any Revenue Obligations Outstanding or proposed to be issued shall bear interest at a Variable Rate, including Hedged Obligations if the interest thereon calculated as set forth below is expected to vary and Revenue Obligations secured by a Credit Facility if the interest thereon calculated as set forth below is expected to vary, the interest coming due in any specified future period shall be determined as if the Variable Rate in effect at all times during such future period equaled, at the option of the Authority either (1) the average of the actual Variable Rates which were in effect (weighted according to the length of the period during which each such Variable Rate was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period), or (2) the current average annual fixed rate of interest on securities of similar quality having a similar maturity date as certified by a Financial Adviser.

(ii) If any Compound Interest Bonds are Outstanding or proposed to be issued, the total principal and interest coming due in any specified period shall be determined in accordance with the Supplemental Resolution of the Authority authorizing such Compound Interest Bonds.

(iii) With respect to any Revenue Obligations secured by a Credit Facility, the Debt Service Requirement therefor shall include (1) any commission or commitment fee obligations with respect to such Credit Facility, (2) the outstanding amount of any Reimbursement Obligation and interest thereon, (3) any Additional Interest owed on Pledged Bonds, and (4) any remarketing agent fees; provided if (a) the Credit Facility requires the Credit Issuer to make all interest payments on the Revenue Obligations, (b) the Reimbursement Obligation provides for payments by the Authority or the Credit Issuer based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices, and (c) the Credit Issuer, upon the execution of the Credit Facility Agreement, would qualify as a Qualified Hedge Provider if the Credit Facility Agreement were to be construed as a Hedge Agreement and the related Revenue Obligations as Hedged Obligations, then interest on such Revenue Obligations shall be calculated by adding (x) the amount of interest payable on such Revenue Obligations pursuant to their terms and (y) the amount of payments for interest to be made by the Authority under the Credit Facility Agreement, and subtracting (z) the amounts payable by the Credit Issuer to the Authority or as interest on such Revenue Obligations as specified in the Credit Facility Agreement; but only to the extent the Credit Issuer is not in default under the Credit Facility and if such default has occurred and is continuing, interest on such Revenue Obligations shall be calculated as if there were no Credit Facility. In determining the amounts described in this paragraph for any future period, the Authority (A) may assume that any Credit Facility presently in effect will remain in effect even if such Credit Facility has an expiration date prior to the maturity of the related Revenue Obligations and (B) may assume that the current payments relating to the Credit Facility will remain in effect or may estimate such payments in the future provided that the Authority obtains a certificate from a Financial Adviser that such estimates are reasonable.

(iv) With respect to any Hedged Obligations, the interest on such Hedged Obligations during any Hedge Period and for so long as the provider of the related Hedge Agreement has not defaulted on its payment obligations thereunder shall be calculated by adding (x) the amount of interest payable by the Authority on such Hedged Obligations pursuant to their terms and (y) the amount of Hedge Payments payable by the Authority under the related Hedge Agreement and subtracting (z) the amount of Hedge Receipts payable by the provider of the related Hedge Agreement at the rate specified in the related Hedge Agreement; provided, however, that to the extent that the provider of any Hedge Agreement is in default thereunder, the amount of interest payable by the Authority on the related Hedged Obligations shall be the interest calculated as if such Hedge Agreement had not been executed. In determining the amount of Hedge Payments or Hedge Receipts that are not fixed throughout the Hedge Period (i.e., which are variable), payable or receivable for any future period, such Hedge Payments or Hedge Receipts for any period of calculation (the "Determination Period") shall be computed by assuming that the variables comprising the calculation (e.g., indices) applicable to the Determination Period are equal to the average of the actual variables which were in effect (weighted according to the length of the period during which each such variable was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period).

(v) For the purpose of calculating the Debt Service Requirement on Balloon Obligations (1) which are subject to a Commitment or (2) which do not have a Balloon Year commencing within 12 months from the date of calculation or (3) which are issued in anticipation of the issuance of Bonds that are not Balloon Obligations, at the option of the Authority, the actual principal and interest on such Balloon Obligations shall be included in the Debt Service Requirement, subject to the other assumptions contained herein, or such Balloon Obligations shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of 20 years at an assumed interest rate (which shall be the interest rate certified by a Financial Adviser to be the interest rate at which the Authority could reasonably expect to borrow the same amount by issuing Bonds with the same priority of lien as such Balloon Obligations and with a 20-year term); provided, however, that if the maturity of such Balloon Obligations (taking into account the term of any Commitment) is in excess of 20 years from the date of issuance, then such Balloon Obligations shall be assumed to be amortized in substantially equal annual amounts to be paid for principal and interest over an assumed amortization period of years equal to the number of years from the date of issuance of such Balloon Obligations to maturity (including the Commitment) and at the interest rate applicable to such Balloon Obligations. For the purpose of calculating the Debt Service Requirement on Balloon Obligations not described in the preceding sentence, the principal payable on such Bonds during the Balloon Year shall be calculated as if paid on the Balloon Date.

(vi) The principal of and interest on Revenue Obligations, amounts for interest under a Credit Facility and Hedge Payments shall be excluded from the determination of Debt Service Requirement to the extent that the same were or are expected to be paid with amounts on deposit on the date of calculation (or proceeds of Revenue Obligations to be deposited on the date of issuance of proposed Revenue Obligations) in a fund under the Resolution.

(vii) With respect to a Revenue Obligation that is a Loan Agreement, the Debt Service Requirement shall be calculated in a manner consistent with the calculation of the Debt Service Requirement on other Revenue Obligations and shall include payments under the Loan Agreement which consist of principal, interest, payments made in connection with a Hedge Agreement entered into by a Conduit Issuer in connection with the Conduit Bonds, fees and expenses of any letter of credit, insurance policy, guaranty, surety bond, standby bond purchase agreement, line of credit, revolving credit agreement, remarketing agreement, legal fees and expenses, trustee fees, fees and expenses of the Conduit Issuer, fees and expenses of any administration, rating agency fees, rebate and similar obligations of the Conduit Issuer with respect to the Conduit Bonds, but excluding any Termination Payments to be made in connection with a Hedge Agreement entered into by a Conduit Issuer.

"Debt Service Reserve Account" means the Debt Service Reserve Account within the Sinking Fund established in Article IV.

"Debt Service Reserve Requirement" means an amount determined from time to time by the Authority as a reasonable reserve, if any, for the payment of principal of and interest on Revenue Obligations for which a subaccount in the Debt Service Reserve Account is created or added to pursuant to a Supplemental Resolution.

"Defeasance Obligations" means Government Obligations and such other investments that are from time to time permitted by applicable law to be used by the Authority to provide for the payment of Revenue Obligations in connection with the refunding of such Revenue Obligations.

"Depository" means any depository of a fund established under the Resolution selected in the discretion of the Authority.

"DTC" means The Depository Trust Company, New York, New York, or its nominee, or its successors and assigns, or any other depository performing similar functions under the Resolution.

"Event of Default" means any of the events defined as such in Article VII.

"Financial Adviser" means an investment banking or financial advisory firm, commercial bank, or any other Person who or which is retained by the Authority for the purpose of passing on questions relating to the availability and terms of specified types of Revenue Obligations or the financial condition or operation of the System and is actively engaged in and, in the good faith opinion of the Authority, has a favorable reputation for skill and experience in providing financial advisory services of the type with respect to which the Financial Adviser has been retained.

"Finance Officer" means the Chief Financial Officer of the Authority or such other official that serves as the chief financial officer of the Authority.

"Fiscal Year" means the 12-month period used by the Authority for its general accounting purposes, as it may be changed from time to time; currently, July 1 to the following June 30.

"Fitch" means Fitch Ratings, a subsidiary, or, if entity is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Authority.

"Forecast Period" means a period beginning with the first Fiscal Year beginning after the later of (i) the Fiscal Year in which any proposed Additional Obligations are to be issued or (ii) the Fiscal Year in which any Project to be financed with the proceeds of any proposed Additional Obligations is, in the judgment of the Authority, expected to be completed and ending on the last day of the fifth (5th) Fiscal Year thereafter.

"General Revenue Account" means the General Revenue Account within the Revenue Fund established in Article IV.

"General Revenue Obligations" means Revenue Obligations secured by a Senior Lien on General Revenues.

"General Revenue Facilities" means the System, but not including all Special Purpose Facilities and Released Revenue Facilities.

"General Revenues" means all Revenues other than Released Revenues and Special Revenues.

"Governing Body" means the Board of Directors of the Authority.

"Government Obligations" means (i) direct obligations of the United States of America for the full and timely payment of which the full faith and credit of the United States of America is pledged or (ii) obligations issued by a person controlled or supervised by and acting as an instrumentality of the United States of America, the full and timely payment of the principal of and the interest on which is fully and unconditionally guaranteed as a full faith and credit obligation of the United States of America (including any securities described in (i) or (ii) issued or held in book-entry form on the books of the Department of the Treasury of the United States of America), which obligations, in either case, (y) are not subject to redemption or prepayment prior to maturity except at the option of the holder of such obligations and (z) may include U.S. Treasury Trust Receipts.

"Hedge Agreement" means, without limitation, (i) any contract known as or referred to or which performs the function of an interest rate swap agreement, currency swap agreement, forward payment conversion agreement, or futures contract; (ii) any contract providing for payments based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices; (iii) any contract to exchange cash flows or payments or series of payments; (iv) any type of contract called, or designed to perform the function of, interest rate floors, collars, or caps, options, puts, or calls, to hedge or minimize any type of financial risk, including, without limitation, payment, currency, rate, or other financial risk; and (v) any other type of contract or arrangement that the Authority determines is to be used, or is intended to be used, to manage or reduce the cost of any Revenue Obligations, to convert any element of any Revenue Obligations from one form to another, to maximize or increase investment return, to minimize investment return risk, or to protect against any type of financial risk or uncertainty.

"Hedged Obligations" means any Revenue Obligations for which the Authority shall have entered into a Qualified Hedge Agreement.

"Hedge Payments" means amounts payable by the Authority pursuant to any Hedge Agreement, other than Termination Payments, fees, expenses, and indemnity payments.

"Hedge Payments Account" means the Hedge Payments Account within the Sinking Fund established in Article IV.

"Hedge Period" means the period during which a Hedge Agreement is in effect.

"Hedge Receipts" means amounts payable by any provider of a Hedge Agreement pursuant to such Hedge Agreement, other than Termination Payments, fees, expenses, and indemnity payments.

"Independent Certified Public Accountant" means a certified public accountant, or a firm of certified public accountants, who or which are "independent" as that term is defined in Rule 101 and related interpretations of the Code of Professional Ethics of the American Institute of Certified Public Accountants, of recognized standing, who or which does not devote their full time to the Authority (but who or which may be regularly retained by the Authority).

"Interest Payment Date" means each date on which interest is to become due on any Revenue Obligations, as established in the Supplemental Resolution for such Revenue Obligations.

"Interest Account" means the Interest Account within the Sinking Fund established in Article IV.

"Investment Earnings" means all interest received on and profits derived from investments made with Revenues or any other moneys in the funds and accounts established under Article IV or Article XII of the Master Resolution.

"Letter of Representations" means a Blanket Issuer Letter of Representations, between the Authority and DTC.

“Loan Agreement” means any agreement or contract entered into by the Authority whereby another governmental entity or instrumentality of a governmental entity agrees to advance funds to the Authority and the Authority agrees to repay those funds with interest and all costs associated with the Loan Agreement and any bonds, notes or other obligations issued to fund the Loan Agreement.

"Master Resolution" means this Master Resolution adopted on November 21, 2002 by the Authority.

"Moody's" means Moody's Investors Service, Inc. or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Authority.

"Net General Revenues" means Net Revenues that are General Revenues.

"Net Revenues" means, for each category of Revenues, Revenues net of related Operating Expenses.

"Operating Expenses" means and shall include but not be limited to, expenses for ordinary repairs, removals and replacements of the System, salaries and wages, employees' health, hospitalization, pension and retirement expenses, fees for services, materials and supplies, rents, administrative and general expenses (including legal, engineering, accounting and financial advisory fees and expenses and costs of other consulting or technical services not funded with proceeds of Revenue Obligations), insurance expenses, taxes and other governmental charges, the imposition or amount of which is not subject to control of the Authority, any payments made by the Authority during any fiscal year to purchase Wastewater for distribution and sale during or after the end of that fiscal year, and other payments made under any Wastewater supply contract or commodity swap or other hedging mechanism, and any principal or interest payments made by the Authority during any fiscal year on bonds, notes or other obligations, including loan agreements, issued or entered into for the purpose of financing the purchase of Wastewater, and to the extent so provided by the resolution authorizing such bonds, notes or obligations and to the extent not inconsistent with generally accepted accounting principles. Operating Expenses do not include depreciation or obsolescence charges or reserves therefore, amortization of intangibles or other bookkeeping entries of a similar nature, on Revenue Obligations or Contracts of the Authority, on behalf of the Authority, payable from Net Revenues of the System, costs or charges made therefor, capital additions, replacements, betterments, extensions or improvements to or retirement from the System which under generally accepted accounting principles are properly chargeable to the capital account or the reserve for depreciation, and do not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of the System, nor such property items, including taxes and fuels, which are capitalized pursuant to the then existing accounting practices of the Authority or expenses of an Acquired System if revenues of the Acquired System are not included in Revenues at the election of the Authority.

"Other System Obligations" means obligations of any kind, including but not limited to, revenue bonds, capital leases, Hedge Agreements which are not Qualified Hedge Agreements, installment purchase agreements, or notes (but excluding Revenue Obligations and Contracts), incurred or issued by the Authority to finance or refinance the cost of acquiring, constructing, reconstructing, improving, bettering, or extending any part of the System or any other cost relating to the System, which do not have a lien on any category of Revenues.

"Outstanding" means, when used in reference to the Revenue Obligations, all Revenue Obligations that have been duly authenticated and/or delivered under the Resolution, with the exception of (a) Revenue Obligations in lieu of which other Revenue Obligations have been issued under agreement to replace lost, mutilated, stolen, or destroyed obligations, (b) Bonds surrendered by the owners in exchange for other Bonds under the Supplemental Resolution, and (c) Revenue Obligations for the payment of which provision has been made in accordance with Article IX. In determining the amount of Compound Interest Bonds Outstanding under the Resolution, the Accreted Value of such Compound Interest Bonds at the time of determination shall be used.

The term "parity" or "parity secured" when applied to two or more series of Revenue Obligations means each such Revenue Obligation has a lien of equal rank on the same category of Revenues.

"Paying Agent" shall mean the paying agent with respect to any Revenue Obligations issued hereunder.

"Permitted Investments" means obligations selected by the Authority in which the Authority is permitted to invest moneys pursuant to applicable law.

"Person" or "person" means any individual, corporation, partnership, limited liability company, joint venture, association, joint stock company, trust, unincorporated organization, body, government, or agency or political subdivision thereof.

"Pledged Bond" means any Revenue Obligation purchased and held by a Credit Issuer pursuant to a Credit Facility Agreement. A Revenue Obligation shall be deemed a Pledged Bond only for the actual period during which such Revenue Obligation is owned by a Credit Issuer pursuant to a Credit Facility Agreement.

"Pledged Bond Rate" means the rate of interest payable on Pledged Bonds, as may be provided in a Credit Facility or Credit Facility Agreement.

"Pledged Revenues" means all Net Revenues and all moneys paid or required to be paid into, and all moneys and securities on deposit from time to time in, the funds and accounts specified in the Resolution, but excluding (i) amounts in the Revenue Fund required to be used to pay Operating Expenses and (ii) any amounts required in the Resolution to be set aside pending, or used for, rebate to the United States government pursuant to Section 148(f) of the Code, including, but not limited to, amounts in the Rebate Fund.

"President and CEO" means the President of the Authority.

The term "principal" means the principal amount of any Revenue Obligations and includes the Accreted Value of any Compound Interest Bonds. All references to principal shall be construed as if they were also references to Accreted Value with respect to Compound Interest Bonds.

"Principal Maturity Date" means each date on which principal is to become due on any Revenue Obligations, by maturity or mandatory sinking fund redemption, as established in the Supplemental Resolution for such Revenue Obligations.

"Principal Account" means the Principal Account within the Sinking Fund established in Article IV.

"Project" means the construction of improvements and extensions to and the equipping of improvements to the System, in whole or in part, and the acquisition of all property, real and personal, related thereto, with the proceeds of any Revenue Obligations.

"Project Fund" means the Authority's System Project Fund established in Article IV.

"Put Date" means any date on which a holder may elect to have Balloon Obligations redeemed, prepaid, purchased directly or indirectly by the Authority, or otherwise paid.

"Qualified Hedge Agreement" means any Hedge Agreement with a Qualified Hedge Provider.

"Qualified Hedge Provider" means an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, or whose payment obligations under the related Hedge Agreement are absolutely and unconditionally guaranteed or insured or collateralized by an entity whose senior unsecured long term obligations, financial program rating, counterparty rating, or claims paying ability, are rated either (i) at least as high as the second highest Rating category of each Rating Agency (ignoring any gradations within a Rating category), but, if there is no Credit Facility with respect to the related Hedged Obligations, in no event lower than any Rating on the related Hedged Obligations at the time of execution of the Hedge Agreement, or (ii) in any such lower Rating categories which each Rating Agency indicates in writing to the Authority will not, by itself, result in a reduction or withdrawal of its Rating on the related Hedged Obligations that is in effect prior to entering into the Hedge Agreement. An entity's status as a "Qualified Hedge Provider" is determined only at the time the Authority enters into a Hedge Agreement with such entity and will not be redetermined with respect to that Hedge Agreement.

"Rating" means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

"Rating Agencies" or "Rating Agency" means Fitch, Moody's, and Standard & Poor's or any successors thereto and any other nationally recognized credit rating agency then maintaining a rating on any Revenue Obligations at the request of the Authority. If at any time a particular Rating Agency does not have a rating outstanding with respect to the relevant Revenue Obligations, then a reference to Rating Agency or Rating Agencies shall not include such Rating Agency.

"Rebate Fund" means the Rebate Fund, established in Article IV.

"Record Date" shall mean the 15th day of the calendar month next preceding any Interest Payment Date.

"Reimbursement Obligation" means the obligation of the Authority to directly reimburse any Credit Issuer for amounts paid by such Credit Issuer under a Credit Facility, whether or not such obligation to so reimburse is evidenced by a promissory note or other similar instrument. The term Reimbursement Obligation includes obligations pursuant to a Credit Facility Agreement either to make payments for interest based on levels of, or changes or differences in, interest rates, currency exchange rates, or stock or other indices, in return for the Credit Issuer's fixed obligations under the Credit Facility or to make fixed payments for interest in return for the Credit Issuer's payments based on such variables.

The term "related" means, when used to refer to Revenue Obligations, subaccounts, category of Revenues or liens, the item modified by such term has a definite relationship to the subject as described in the Resolution. The term "related" means, when used to refer to Operating Expenses, (i) for Released Revenue Obligations or Released Revenues, Operating Expenses with respect to Released Revenue Facilities, (ii) for Special Purpose Revenue Obligations or Special Purpose Revenues, Operating Expenses with respect to Special Purpose Facilities, and (iii) for General Revenue Obligations or General Revenues, all Operating Expenses of the System less Operating Expenses with respect to Related Revenue Facilities and Special Purpose Facilities.

"Released Revenue Account" means the Released Revenue Account within the Revenue Fund established in Article IV.

"Released Revenue Facilities" means the portion of the System with respect to which Released Revenues arise or from which they are generated.

"Released Revenue Obligations" means Revenue Obligations secured by a Senior Lien on one or more categories of Released Revenues.

"Released Revenues" means particular categories of Revenues which would otherwise be General Revenues but have been identified in accordance with the Resolution and therefore do not constitute a part of General Revenues, until the Authority has acted to include such categories of Revenues within General Revenues.

"Renewal and Extension Fund" means any System Renewal and Extension Fund established pursuant to Article IV.

"Reserve Account Credit Facility" means any letter of credit, insurance policy, line of credit, surety bond, or similar obligation, arrangement or instrument issued by a bank, insurance company, or other financial institution, together with any substitute or replacement therefor, if any, complying with the provisions of the Resolution, thereby fulfilling all or a portion of a Debt Service Reserve Requirement, if any.

"Reserve Account Credit Facility Provider" means any provider of a Reserve Account Credit Facility.

"Resolution" means the Resolution as it may from time to time be modified, supplemented, or amended by Supplemental Resolutions.

"Revenue Fund" means the Revenue Fund established in Article IV.

"Revenue Obligations" means any revenue bonds, notes or other obligations authorized by and authenticated and delivered or any loan agreement executed and delivered pursuant to the Resolution.

"Revenues" means (i) all revenues, rentals, income, receipts, accounts receivable and money derived from the ownership and operation of the System, received by the Authority, Investment Earnings and all other income earned and accreted from, and deferred gain from, securities and other investments and amounts earned on amounts deposited in funds and accounts under the Resolution or otherwise maintained with respect to the System, computed in accordance with generally accepted accounting principles (excluding any investment earnings from construction or improvement funds created for the deposit of Revenue Obligation proceeds pending use, to the extent such income is applied to the purposes for which the Revenue Obligations were issued, and funds created to refund any outstanding obligations payable from Revenues of the System), and (ii) all gifts, grants, reimbursements or payments received from governmental units or public agencies for the benefit of the System which are (y) not restricted by law or the payor to application for a particular purpose and (z) otherwise lawfully available for payment of Revenue Obligations or Contracts. The term "Revenues" also does not include proceeds of insurance so long as such proceeds are to be paid to a party separate from the Authority, in respect of a liability or are to be used to repair or replace portions of the System and extraordinary gains from the sale of assets or similar one-time sources of income.

"Senior Lien" means a lien on one or more categories of Revenues that entitles the Beneficiaries of such lien to have a claim on such Revenues prior to any other Person and ahead of the use of such Revenues for any purpose other than payment of Operating Expenses; provided one or more series of Revenue Obligations, Contracts and related Beneficiaries may have parity Senior Liens on the same categories of Revenues pursuant to the terms of the Resolution.

"Senior Lien Revenue Obligations" means General Revenue Obligations and Released Revenue Obligations but not Subordinate Lien Obligations provided "Senior Lien Obligations" also includes Additional Senior Lien Obligations issued in compliance with Section 5.02 of the Master Resolution and obligations secured by a Senior Lien pursuant to Section 5.02(c) of the Master Resolution.

"Sinking Fund" means the Sinking Fund established in Article IV.

"Special Purpose Facilities" means facilities which (i) will not result, upon completion or acquisition, in a material reduction in Net General Revenues in the judgment of the Board of the Authority, (ii) will not be of such a type or design that the subsequent closing thereof will materially impair the general operations of the System and (iii) the Authority has designated in a Supplemental Resolution, as "Special Purpose Facilities" and may include an Acquired System.

"Special Purpose Revenue Account" means the Special Purpose Revenue Account within the Revenue Fund established in Article IV.

"Special Purpose Revenue Obligations" means Obligations secured by a Senior Lien on Special Purpose Revenues.

"Special Purpose Revenues" means Revenues arising from or generated by one or more Special Purpose Facilities. At the election of the Authority, Special Purpose Revenues shall include all fees, notes, rates, charges and income received from an Acquired System.

"Standard and Poor's" or "S&P" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or, if such corporation is dissolved or liquidated or otherwise ceases to perform securities rating services, such other nationally recognized securities rating agency as may be designated in writing by the Authority.

"State" means the State of Tennessee.

"Subordinate Lien" means a lien on one or more categories of Revenues which is not a Senior Lien.

"Subordinate Lien Obligations" means Revenue Obligations which only have a Subordinate Lien and obligations secured by a Subordinate Lien pursuant to Section 5.03(g) of the Master Resolution.

"Supplemental Resolution" means a resolution supplemental to the Master Resolution (which itself may be supplemented by one or more resolutions) to be adopted prior to and authorizing the issuance and delivery of any series of Revenue Obligations. Such a resolution as supplemented shall establish or shall establish a method or procedure for establishing the date or dates of the pertinent series of Revenue Obligations, the schedule of maturities of such Revenue Obligations, whether any such Revenue Obligations will be Compound Interest Bonds, the rate or rates of interest to be borne thereby (or a range thereof), whether fixed or variable, the interest payment dates for such Revenue Obligations, the terms and conditions, if any, under which such Revenue Obligations may be made subject to redemption (mandatory or optional) prior to maturity, the form of such Revenue Obligations, the liens relating to such Revenue Obligations, the Contracts, if any, relating to such Revenue Obligations, and such other details as the Authority may determine.

"System" means the complete Wastewater system and facilities of the Authority, including, without limitation, all Wastewater treatment plants, pumping stations, tanks and distribution facilities of the Authority, together with all Wastewater system properties of every nature hereafter owned by the Authority, including all improvements and extensions made by the Authority while the Revenue Obligations remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the Wastewater system, all administrative and operational support facilities, and including all appurtenances, contracts, leases, franchises and other intangibles; provided, however, at the election of the Authority, an Acquired System may be included within the System as defined herein and become a part thereof or, at the election of the Authority, not become a part of the System but be operated as a separate and independent system by the Authority with the continuing right, upon the election of the Authority, to incorporate such separately Acquired System within the System.

"Tax-Exempt Bonds" means any Revenue Obligations the interest on which has been determined, in an unqualified opinion of Bond Counsel, to be excludable from the gross income of the owners thereof for federal income tax purposes.

"Termination Payments" means an amount payable by the Authority or a Qualified Hedge Provider upon termination of a Hedge Agreement and similar payments made by a Conduit Issuer under a Loan Agreement.

"Trustee" means a bank or trust company designated as such by the Authority with respect to the Revenue Obligations issued hereunder. Such Trustee shall perform the duties required of the Trustee in the Resolution and any Supplemental Resolution authorizing Revenue Obligations.

"U.S. Treasury Trust Receipts" means receipts or certificates which evidence an undivided ownership interest in the right to the payment of portions of the principal of or interest on obligations described in clauses (i) or (ii) of the term Government Obligations, provided that such obligations are held by a bank or trust company organized under the laws of the United States acting as custodian of such obligations, in a special account separate from the general assets of such custodian.

“Variable Rate” means a rate of interest applicable to the Revenue Obligations, other than a fixed rate of interest which applies to a particular maturity of Revenue Obligations so long as that maturity of Revenue Obligations remains Outstanding.

PLEDGED REVENUES AND FLOW OF FUNDS

Pledge of Revenues; Limited Obligations; Contract Liens

(a) All Pledged Revenues shall be and are hereby pledged to the prompt payment of the principal of, premium, if any, and interest on the Revenue Obligations, obligations treated as Senior Lien Revenue Obligations or Subordinate Lien Obligations pursuant to the Resolution and the obligations under the Contracts; provided:

> (1) General Revenues shall secure only (A) General Revenue Obligations, (B) Subordinate Lien Obligations which have a lien on General Revenues, and (C) any Contracts with respect to such General Revenue Obligations;
>
> (2) Released Revenues shall secure only (A) the related Released Revenue Obligations, (B) Subordinate Lien Obligations which have a lien on any related Released Revenues, (C) any Contracts with respect to such Released Revenue Obligations, and (D) separate agreements pursuant to Section 5.05 of the Resolution;
>
> (3) Special Purpose Revenues shall secure only (A) the related Special Purpose Revenue Obligations, (B) Subordinate Lien Obligations which have a lien on any related Special Purpose Revenues, and (C) any Contracts with respect to such Special Purpose Revenue Obligations; and
>
> (4) A Contract may have a Senior Lien or a Subordinate Lien on a related category of Revenues, or no lien at all on Revenues, but (A) no Contract shall have a lien on Revenues that is senior to the lien on the category of Revenues securing the Revenue Obligations related to the Contract, and (B) the lien of the Contract shall be on parity with the lien of the related Revenue Obligations only to the extent of the payment of principal of, premium, if any, and interest on such Revenue Obligations is made through such Contract as evidenced by Reimbursement Obligations or through a Qualified Hedge; provided other amounts due on a Contract may be secured by a lien ranking immediately thereafter with the effect set forth in the Resolution. The provisions of this clause (4) shall not apply to Termination Payments.

(5) A Termination Payment may have a Subordinate Lien on a related category of Revenues or no lien at all on Revenues, but no Termination Payment shall have a lien on Revenues that is senior to the lien on the category of Revenues securing the Revenue Obligations related to the Termination Payment.

Pledged Revenues shall immediately be subject to the lien of this pledge for the benefit of the Beneficiaries without any physical delivery thereof or further act, and the lien of this pledge shall be valid and binding against the Authority and against all other persons having claims against the Authority, whether such claims shall have arisen in tort, contract, or otherwise, and regardless of whether such persons have notice of the lien of this pledge. This pledge shall rank superior to all other pledges which may hereafter be made of any Pledged Revenues. The lien of this pledge does not secure any obligation of the Authority other than the Revenue Obligations, obligations treated as Senior Lien Revenue Obligations or Subordinate Lien Obligations pursuant to the Resolution and the Contracts.

(b) The Revenue Obligations and related Contracts shall be limited obligations of the Authority as provided therein payable solely from the particular Revenues pledged thereto. The Revenue Obligations and the interest thereon and related Contracts shall not constitute a debt of any municipality, the State, or any political subdivision thereof other than the Authority and shall not constitute an indebtedness within the meaning of any constitutional or statutory provision whatsoever. The Authority has no authority to levy any taxes to pay the Revenue Obligations or the Contracts. Neither the members of the Governing Body nor any person executing the Revenue Obligations shall be liable personally on the Revenue Obligations by reason of the issuance thereof or on the Contracts by reason of the execution thereof.

(c) Other System Obligations (other than obligations treated as Senior Lien Revenue Obligations or Subordinate Lien Obligations pursuant to the Resolution) are not secured by a lien on any category of Revenues, but such obligations, prior to an Event of Default, may be paid from Revenues as described in the Resolution.

Funds, Accounts and Subaccounts

The following funds, accounts, and subaccounts are established in the Resolution, and the moneys deposited in such funds, accounts, and subaccounts shall be held in trust for the purposes set forth in the Resolution:

(a) Wastewater System Revenue Fund, to be held by the Authority, and within the Revenue Fund:

(1) General Revenue Account.

(2) Released Revenue Account.

(3) Special Purpose Revenue Account.

(b) Wastewater System Sinking Fund, to be held by the Authority, and within the Sinking Fund:

(1) Interest Account, with further subaccounts therein for each series of Revenue Obligations; provided a subaccount therein may be utilized for more than one series of Revenue Obligations if all such series of Revenue Obligations share exactly the same lien status on the same categories of Revenues.

(2) Hedge Payments Account, with further subaccounts therein for each series of Revenue Obligations; provided a subaccount therein may be utilized for more than one series of Revenue Obligations if all such series share exactly the same lien status on the same categories of Revenues and are secured in parity by the same or identical Qualified Hedge Agreements with the same provider.

(3) Contract Payments Account, with further subaccounts therein for each series of Revenue Obligations; provided a subaccount therein may be utilized for more than one series of Revenue Obligations if all such series of Revenue Obligations share exactly the same lien status on the same categories of Revenues and are secured in parity by the same or identical Contracts with the same provider.

(4) Principal Account, with further subaccounts therein for each series of Revenue Obligations; provided a subaccount therein may be utilized for more than one series of Revenue Obligations if all such series of Revenue Obligations share exactly the same lien status on the same categories of Revenues.

(5) Loan Repayment Account, with further subaccounts therein for each series of Revenue Obligations; provided a subaccount therein may be utilized for more than one series of Revenue Obligations if all such series of Revenue Obligations share exactly the same lien status on the same category of Revenues.

(6) Debt Service Reserve Account, with a subaccount for each series of Revenue Obligations which has a Debt Service Reserve Requirement; provided a subaccount therein may be utilized for more than one series of Revenue Obligations if all such series of Revenue Obligations are specified in the related Supplemental Resolutions to share a pledge of such account and have a combined Debt Service Reserve Requirement.

(7) Termination Payment Account, with further subaccounts therein for each series of Revenue Obligations; provided a subaccount therein may be utilized for more than one Termination Payment if all such Termination Payments share exactly the same lien status on the same category of Revenues and are secured on parity by the same or identical Qualified Hedge Agreements with the same provider.

(c) Wastewater System Renewal and Extension Fund, if one is created by the Authority, to be held by the Authority.

(d) Wastewater System Rebate Fund, to be held by the Authority.

(e) Wastewater System Project Fund, to be held by the Authority.

Each account listed above shall be held within the fund under which it is created. Each subaccount listed above shall be held within the account under which it is created. The Authority reserves the right, in its sole discretion, to create additional subaccounts or to abolish any subaccounts within any account from time to time.

Revenue Fund

All Revenues shall be deposited to the Revenue Fund established hereunder from time to time as and when received. The amounts deposited shall be immediately allocated to the account within the Revenue Fund designated therefor: General Revenues other than Special Purpose Revenues and Released Revenues to the General Revenue Account; Released Revenues to the Released Revenue Account; and Special Purpose Revenues to the Special Purpose Revenue Account. Moneys in the Revenue Fund shall be applied from time to time to the following purposes and, prior to the occurrence and continuation of an Event of Default, in the order of priority determined by the Authority, in its sole discretion: (a) to pay Operating Expenses; (b) to deposit into the Sinking Fund the amounts required by the Resolution and to pay to any party to a Contract the amounts due thereon, including Additional Interest, continuing commission or commitment fees, remarketing agent fees and repayment of amounts equivalent to principal on related Bonds; (c) to deposit into the Debt Service Reserve Account the amounts required, if any, by the Resolution; (d) to deposit into the Rebate Fund the amounts required by the Resolution; (e) to pay any amounts required to be paid with respect to any Other System Obligations; (f) for transfer to the Renewal and Extension Fund, if any; and (g) for any other lawful purpose; provided the following strictures shall be applicable for purposes of such use of funds:

(1) For Operating Expenses, (A) amounts in the Released Revenue Account shall be used only for Operating Expenses of Released Revenue Facilities, (B) amounts in the Special Purpose Revenue Account shall be used for Operating Expenses of Special Purpose Revenue Facilities, and (C) Operating Expenses related to General Revenues shall be paid first from amounts in the General Revenue Account;

(2) For deposits to the Sinking Fund, the Debt Service Reserve Account or the Rebate Fund, (A) amounts in the Released Revenue Account shall be used only for deposits to subaccounts relating to Revenue Obligations which have a lien on any Released Revenues or for other purposes pursuant to the Resolution, (B) amounts in the Special Purpose Revenue Account shall be for deposits to subaccounts relating to Revenue Obligations having a lien on Special Purpose Revenues, and (C) deposits to subaccounts relating to Revenue Obligations which have a lien on General Revenues shall be made first from amounts in the General Revenue Account;

(3) For any payments on a Contract, amounts may be drawn only from the account or accounts relating to the revenues securing the Revenue Obligations related to such Contract, only in accordance with the strictures of (2) and, unless otherwise provided in the related Supplemental Resolution because a Credit Facility is intended to be drawn on for payments on Revenue Obligations, only after all payments then due with respect to the related Revenue Obligations have been made;

(4) For any payments with respect to any Other System Obligations, (A) if such Other System Obligations relate to Released Revenue Facilities, then from the Released Revenue Account; (B) if such Other System Obligations relate to Special Purpose Revenue Facilities, from the Special Purpose Revenue Account, and (C) otherwise, first from the General Revenue Account;

(5) No payments may be made to a subaccount of the Sinking Fund related to Subordinate Lien Obligations or Termination Payments unless all required payments have been made to other subaccounts with respect to Revenue Obligations, or Contracts related to Revenue Obligations, which have a lien on a category of Revenues ahead of or in parity with the lien of such Subordinate Lien Obligations or Termination Payments and no payments may be made with respect to any Other System Obligations unless all required payments have been made to each subaccount with respect to Revenue Obligations and on all Contracts; provided if required by the terms thereof, obligations treated as Senior Lien Revenue Obligations or Subordinate Lien Obligations pursuant to the Resolution shall be paid with the other Senior Lien Revenue Obligations or Subordinate Lien Obligations;

(6) If at any time the amounts in any subaccount of the Sinking Fund are less than the amounts required by the Resolution, and there are not on deposit in any Renewal and Extension Fund available moneys sufficient to cure any such deficiency, then the Authority shall withdraw from subaccounts related to Subordinate Lien Obligations or Termination Payments (taking such amounts first from subaccounts related to Subordinate Lien Obligations or Termination Payments, pro rata,) and deposit in such subaccount of the Sinking Fund, as the case may be, the amount necessary (or all the moneys in such funds and accounts, if less than the amount required) to make up such deficiency.

Sinking Fund

(a) *General*. Sufficient moneys shall be paid in periodic installments from the Revenue Fund into the Interest Account, the Hedge Payments Account, the Principal Account, the Loan Repayment Account and the Termination Payment Account for the purpose of paying the Revenue Obligations as they become due and payable and for the purpose of making payments under Contracts.

(b) *Interest Account*. Unless otherwise provided in a Supplemental Resolution, on or before each Interest Payment Date for a series of Revenue Obligations, the Authority shall deposit in the related subaccount of the Interest Account an amount which, together with any other moneys already on deposit therein and available to make such payment, is not less than the interest (excluding Additional Interest) coming due on such Revenue Obligations on such Interest Payment Date. Moneys in the related subaccount of the Interest Account shall be used solely to pay interest (excluding Additional Interest) on the Revenue Obligations when due or to pay Reimbursement Obligations for Credit Facilities under which the Credit Issuer makes all interest payments on the Revenue Obligations. The Authority shall also deposit and continue to deposit all Hedge Receipts under related Qualified Hedge Agreements and any payments from a Credit Issuer under a Credit Facility Agreement in the related subaccount of the Interest Account from time to time as and when received.

(c) *Hedge Payments Account and Contract Payments Account*. Unless otherwise provided in a Supplemental Resolution or a Hedge Agreement, on or before each payment date for Hedge Payments under Qualified Hedge Agreements, the Authority shall deposit in the related subaccount of the Hedge Payments Account an amount which, together with any Hedge Receipts on deposit in the Interest Account and other moneys already on deposit therein and available to make such payment, is not less than such Hedge Payments coming due on such payment date. Moneys in the related subaccount of the Hedge Payments Account shall be used solely to pay Hedge Payments under Qualified Hedge Agreements when due. Unless otherwise provided in a Supplemental Resolution or a Contract, on or before each payment date for amounts, other than for Reimbursement Obligations, due on Contracts other than Qualified Hedge Agreements, including Additional Interest, continuing commission or commitment fees and remarketing fees, the Authority shall deposit in the related subaccount of the Contract Payments Account an amount which, together with any other moneys already on deposit therein and available to make such payment, is not less than the amount coming due on such payment date. Moneys in the related subaccount of the Contract Payments Account shall be used solely for such payments when due.

(d) *Principal Account*. Unless otherwise provided in a Supplemental Resolution, on or before each Principal Maturity Date for a series of Revenue Obligations, the Authority shall deposit in the related subaccount of the Principal Account an amount which, together with any other moneys already on deposit therein and available to make such payment, is not less than the principal coming due on such Revenue Obligations on such Principal Maturity Date. Moneys in the related subaccount of the Principal Account shall be used solely for the payment of principal of the Revenue Obligations as the same shall become due and payable at maturity or upon redemption or to pay Reimbursement Obligations for Credit Facilities under which the Credit Issuer makes all principal payments on the Revenue Obligations.

(e) *Loan Repayment Account*. Unless otherwise provided in a Supplemental Resolution, on or before each loan repayment date for a Loan Agreement, the Authority shall deposit in the related subaccount of the Loan Repayment Account an amount which, together with moneys already on deposit therein and available to make such payments is not less than all payments due under a Loan Agreement other than principal, interest and Termination Payments. Moneys in the Loan Repayment Account shall be used solely for such payments.

(f) *Termination Payment Account*. Unless otherwise provided in a Supplemental Resolution, on or before each payment date for a Termination Payment, the Authority shall deposit in the related subaccount of the Termination Payment Account an amount which, together with any Termination Payments received by the Authority on deposit in the Termination Payment Account and other monies already deposited therein available to make such payment, is not less than such Termination Payment becoming due on such payment date. Monies in the related subaccount of the Termination Payment Account shall be used solely to pay Termination Payments under Qualified Hedge Agreements when due.

(g) *Further Payments*. No further payments need be made into a subaccount of the Interest Account or the Principal Account whenever the amount available in such subaccount of the Interest Account and the related subaccount of the Principal Account, if added to the amount then in the related subaccount of the Debt Service Reserve Account, if any (without taking into account any amount available to be drawn on any applicable Reserve Account Credit Facility), is sufficient to retire all the Revenue Obligations then Outstanding and Contracts to which such subaccounts relate and to pay all unpaid interest accrued and to accrue prior to such retirement. No moneys in any subaccount of the Interest Account or the Principal Account shall be used or applied to the optional purchase or redemption of or prepayment of Revenue Obligations prior to maturity unless: (i) provision shall have been made for the payment of all of the Revenue Obligations to which such subaccount relates and all other Revenue Obligations having a parity or higher ranking lien on any category of Revenues securing such Revenue Obligations; or (ii) the Revenue Obligations to which such subaccount relates are Senior Lien Revenue Obligations and such moneys are applied to the purchase and cancellation of such Revenue Obligations which are subject to mandatory redemption on the next mandatory redemption date, which falls due within 12 months, such Revenue Obligations are purchased at a price not more than would be required for mandatory redemption, and such Revenue Obligations are canceled upon purchase and credited against the redemption otherwise to be made on such mandatory redemption date; or (iii) the Revenue Obligations to which such subaccount relates are Senior Lien Revenue Obligations and such moneys are applied to the purchase and cancellation of such Revenue Obligations at a price less than the amount of principal which would be payable on such Revenue Obligations, together with interest accrued through the date of purchase, and such Revenue Obligations are canceled upon purchase; or (iv) the Revenue Obligations to which such subaccount relates are Senior Lien Revenue Obligations and such moneys are in excess of the then required balance of the related subaccount in the Interest Account or the Principal Account and are applied to redeem or prepay a part of such Revenue Obligations on the next succeeding redemption date for which the required notice of redemption may be given.

(h) *Debt Service Reserve Account*. There shall be deposited into the same or separate subaccount of the Debt Service Reserve Account the amounts specified, if any, in Supplemental Resolutions with respect to the first series of Revenue Obligations and any Additional Obligations. The Authority shall not be required hereby to establish a subaccount of the Debt Service Reserve Account for any Revenue Obligations, and any such subaccount shall only be established if required by the Supplemental Resolution authorizing the issuance of the Revenue Obligations. After the issuance of any Additional Obligations, any increase in the amount of the Debt Service Reserve Requirement resulting from the issuance of Additional Obligations which also are secured by an existing subaccount of the Debt Service Reserve Account shall be accumulated, to the extent not covered by deposits from proceeds of Revenue Obligations or funds on hand or as otherwise provided in the Supplemental Resolution authorizing the issuance of the first series of Revenue Obligations secured by such subaccount, over a period not exceeding 61 months from date of delivery of such Additional Obligations in monthly deposits from the Revenue Fund, none of which is less than 1/60 of the amount to be accumulated. The balance of each subaccount of the Debt Service Reserve Account shall be maintained at an amount equal to the Debt Service Reserve Requirement for the related Revenue Obligations (or such lesser amount that is required to be accumulated in such subaccount of the Debt Service Reserve Account in connection with the periodic accumulation to the Debt Service Reserve Requirement after the issuance of Additional Obligations or upon the failure of the Authority to provide a substitute Reserve Account Credit Facility in certain events). There shall be transferred from the Revenue Fund on a pro rata basis (1) to each subaccount of the Debt Service Reserve Account the amount necessary to restore the amount of cash and securities in such subaccount of the Debt Service Reserve Account to an amount equal to the difference between (a) the Debt Service Reserve Requirement for the related Revenue Obligations (or such lesser monthly amount that is required to be deposited into the Debt Service Reserve Account after the issuance of Additional Obligations or upon the failure of the Authority to provide a substitute Reserve Account Credit Facility in certain events), and (b) the portion of the required balance of such subaccount of the Debt Service Reserve Account satisfied by means of a Reserve Account Credit Facility, and (2) to any Reserve Account Credit Facility Provider the amount necessary to reinstate any Reserve Account Credit Facility which has been drawn down. Notwithstanding anything herein to the contrary, a subaccount in the Debt Service Reserve Account that secures General Revenue Obligations shall only be funded with General Revenues, a subaccount in the Debt Service Reserve Account that secures Special Purpose Revenue Obligations shall only be funded with related Special Purpose Revenues, and a subaccount in the Debt Service Reserve Account that secures Released Revenue Obligations shall only be funded with related Released Revenues. No Revenues shall be used to fund a subaccount in the Debt Service Reserve Account to secure Subordinate Lien Obligations if an Event of Default has occurred hereunder with respect to the related category of Revenue Obligations. Whenever for any reason the amount in the related subaccounts of the

Interest Account or the Principal Account is insufficient to pay all interest or principal falling due on any Revenue Obligations, the Authority shall make up any deficiency by transfers from the Renewal and Extension Fund, if any. Whenever, on the date that such interest or principal is due on any Revenue Obligations, there are insufficient moneys in the related subaccounts of the Interest Account or the Principal Account available to make such payment, the Authority shall, without further instructions, apply so much as may be needed of the moneys in the related subaccount, if any, of the Debt Service Reserve Account to prevent default in the payment of such interest or principal, with priority to interest payments. Whenever by reason of any such application or otherwise the amount remaining to the credit of the related subaccount of the Debt Service Reserve Account is less than the amount then required to be in such subaccount of the Debt Service Reserve Account, such deficiency shall be remedied by monthly deposits from the related account or accounts of the Revenue Fund, to the extent funds are available in the related account or accounts of the Revenue Fund for such purpose after all required transfers set forth above have been made.

Renewal and Extension Fund

The Authority may deposit, in its sole discretion, funds in a Renewal and Extension Fund created by the Authority, which may be created by the Authority in its sole discretion. All sums accumulated and retained in the Renewal and Extension Fund shall be used first to prevent default in the payment of interest on or principal of any General Revenue Obligations when due and then shall be applied by the Authority from time to time, as and when the Authority shall determine, to the following purposes and, prior to the occurrence and continuation of an Event of Default, in the order of priority determined by the Authority in its sole discretion: (a) for the purposes for which moneys held in the Revenue Fund may be applied under the Resolution, (b) to pay any amounts which may then be due and owing under any Hedge Agreement (including fees, expenses, and indemnity payments) and any Termination Payments due under a Hedge Agreement or Loan Agreement, (c) to pay any governmental charges and assessments against the System or any part thereof which may then be due and owing, (d) to make acquisitions, betterments, extensions, repairs, or replacements or other capital improvements (including the purchase of equipment) to the System deemed necessary by the Authority (including payments under contracts with vendors, suppliers, and contractors for the foregoing purposes), and (e) to acquire Revenue Obligations (other than Special Purpose Revenue Obligations) by redemption or by purchase in the open market prior to their respective maturities, and when so used for such purposes the moneys shall be withdrawn from the Renewal and Extension Fund and deposited into the related subaccounts of the Interest Account and the Principal Account for the Revenue Obligations to be so redeemed or purchased.

Deposits and Security of Funds and Accounts

All moneys in the funds and accounts established under the Resolution shall be held by the Authority in one or more Depositories qualified for use by the Authority. Uninvested moneys shall, at least to the extent not guaranteed by the Federal Deposit Insurance Corporation, be secured to the fullest extent required by the laws of the State for the security of public funds.

Investment of Funds and Accounts

Moneys in the funds and accounts established under the Resolution shall be invested and reinvested in Permitted Investments and containing such maturities as are deemed suitable by the Authority.

Investment Earnings in each fund and account (except the Debt Service Reserve Account) shall be retained therein. Investment Earnings from the investment of moneys in each subaccount of the Debt Service Reserve Account shall be retained in such subaccount of the Debt Service Reserve Account at all times if the balance (taking into account the current market value of the investments held in the Debt Service Reserve Account) is less than the respective Debt Service Reserve Requirement; thereafter and at all times if the balance of such subaccount of the Debt Service Reserve Account is equal to or greater than the respective Debt Service Reserve Requirement (taking into account the current market value of the investments held in the Debt Service Reserve Account), such Investment Earnings shall be deposited in the related subaccount of the Interest Account.

The Supplemental Resolution authorizing the issuance of any Revenue Obligations may specify maturity limitations and different allocations of Investment Earnings on investments of moneys in the funds and accounts relating to such Revenue Obligations.

Moneys in each of such funds shall be accounted for as a separate and special fund apart from all other funds, provided that investments of moneys therein may be made in a pool of investments together with other moneys of the Authority so long as sufficient Permitted Investments in such pool, not allocated to other investments of contractually or legally limited duration, are available to meet the requirements of the foregoing provisions.

Valuation of Investments

All investments made for any fund, account or subaccount under the Resolution shall, for purposes of the Resolution, be valued at fair market value on the last day of Fiscal Year.

Application of Excess in Sinking Fund

Whenever at the end of each Fiscal Year the amount of moneys in any account or subaccount of the Sinking Fund, including the Debt Service Reserve Account, exceeds the amount then currently required to be held therein, the excess shall be transferred to the related account in the Revenue Fund.

ADDITIONAL REVENUE OBLIGATIONS

No Revenue Obligations Except as Permitted in the Resolution

No Revenue Obligations may be issued and no other obligations, except Contracts, which are secured by any interest in or lien on Pledged Revenues may be entered into except pursuant to the Resolution; provided, however, the Authority may issue an initial series of Senior Lien Revenue Obligations pursuant to a Supplemental Resolution without meeting the requirements of the Master Resolution.

Additional Senior Lien Revenue Obligations

The Resolution permits the issuance of additional Senior Lien Revenue Obligations on parity with other Senior Lien Revenue Obligations for the following purposes and under the following conditions:

(i) Any portion or all of a series of Senior Lien Revenue Obligations may be refunded at maturity, upon redemption in accordance with their terms, or upon payment, prepayment or redemption with the consent of the owners of such Senior Lien Revenue Obligations, and the refunding Revenue Obligations so issued shall constitute Senior Lien Revenue Obligations secured on a parity with any Revenue Obligations secured on a parity with the refunded Revenue Obligations, if all of the following conditions are satisfied:

  (1) the Authority shall have obtained a report from the Independent Certified Public Accountant or a Financial Advisor demonstrating that the refunding will reduce the total debt service payments on Outstanding Senior Lien Revenue Obligations, including payments on related Contracts, which are parity secured with the Revenue Obligations to be refunded on a present value basis; or

  (2) as an alternative to, and in lieu of, satisfying the requirements of (1), all Outstanding Senior Lien Revenue Obligations which are secured on a parity with the Revenue Obligations to be refunded are being refunded under arrangements which immediately result in making provision for the payment of such Revenue Obligations; and

  (3) requirements of (ii)(2), (5), and (6) below are met with respect to such refunding Revenue Obligations.

(ii) Additional Senior Lien Revenue Obligations may also be issued on a parity with Outstanding Senior Lien Revenue Obligations pursuant to a Supplemental Resolution, and the Revenue Obligations so issued shall be secured on a parity with Outstanding Senior Lien Revenue Obligations, if the following conditions are satisfied:

(1) There shall have been procured and filed with the Authority either:

  (A) a report by a Financial Advisor or a certificate by the President and Chief Executive Officer of the Authority to the effect that the historical related Net Revenues for either (i) a period of 12 consecutive months of the most recent 18 consecutive months prior to the issuance of the proposed Additional Obligations or (ii) the most recent audited Fiscal Year, were equal to at least 120% of the average annual Debt Service Requirement on all related Senior Lien Revenue Obligations which will be Outstanding immediately after the issuance of the proposed Additional Obligations and secured on a parity therewith, in the then current and each succeeding Fiscal Year, provided, however, (x) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services and facilities furnished by the System, imposed prior to the date of delivery of the proposed Additional Obligations and not fully reflected in the historical related Net Revenues actually received during such historical period used; (y) if the Authority has a contract to purchase or otherwise acquire an Acquired System that will become part of the System, the historical Net Revenues may be adjusted to include the anticipated Net Revenues from the Acquired System; and (z) if the Authority has entered into a contract to furnish services of the System that is not fully reflected in the historical Net Revenues of the System, such historical Net Revenues may be adjusted to include the anticipated Net Revenues from such contract; or

  (B) a report by a financial advisor to the effect that (1) in each Fiscal Year of the Forecast Period the forecasted related Net Revenues (which forecast can take into account any planned increase in the rates, fees and charges for the services and facilities furnished by the System and any revenues projected to be received from any Acquired Systems as to which the Authority has entered into a contract to purchase or otherwise acquire) are expected to equal at least 120% of the Debt Service Requirement during such period on all related Senior Lien Revenue Obligations which will be Outstanding immediately after the issuance of the proposed Additional Obligations and secured on a parity therewith, or (2) the forecasted related Net Revenues (which forecast can take into account any planned increases in the rates, fees and charges for the services and facilities furnished by the System and any revenues projected to be received from any Acquired Systems as to which the Authority has entered into a contract to purchase or otherwise acquire) are expected to equal at least 120% of the average annual Debt Service Requirement for such Forecast Period on all related Senior Lien Revenue Obligations which will be Outstanding immediately after the issuance of the proposed Additional Obligations and secured on a parity therewith.

(2) The Authority shall have received, at or before issuance of the Additional Obligations, a report from a Financial Adviser or a certificate of the President and Chief Executive Officer of the Authority, or his designee, to the effect that the payments required to be made into each account or subaccount of the Sinking Fund have been made and the balance in each account or subaccount of the Sinking Fund is not less than the balance required by the Resolution as of the date of issuance of the proposed Additional Obligations.

(3) The Supplemental Resolution authorizing the proposed Additional Obligations must require (i) that the amount to be accumulated and maintained in the subaccount of the Debt Service Reserve Account for Senior Lien Revenue Obligations which are to be secured on a parity with such Additional Obligations, if any, be increased to not less than 100% of the Debt Service Reserve Requirement, if any, computed on a basis which includes all Senior Lien Revenue Obligations which will be Outstanding and secured on a parity with the Additional Obligations immediately after the issuance of the proposed Additional Obligations and (ii) that the amount of such increase be deposited in such subaccount prior to or at the end of the period and at least as fast as the rate specified in the prior resolutions for the System.

(4) The Supplemental Resolution authorizing the proposed Additional Obligations must require the proceeds of such proposed Additional Obligations to be used to make capital improvements to or capital acquisitions for the System, to fund interest on the proposed Additional Obligations, to refund other obligations issued for such purposes, for any other legal purpose under applicable law as evidenced by an opinion of Bond Counsel, and/or to pay expenses incidental thereto and to the issuance of the proposed Additional Obligations.

(5) The Secretary of the Authority shall have certified, by written certificate dated as of the date of issuance of the Additional Obligations, that the Authority is in compliance with all requirements of the applicable resolutions.

(6) The Authority, shall have received an opinion of Bond Counsel, dated as of the date of issuance of the Additional Obligations, to the effect that the supplemental resolution authorizing the issuance of Additional Obligations has been duly adopted by the Authority.

Obligations which would be Other System Obligations (as defined in the Resolution) but for the existence of a Senior Lien on a category of Revenues securing such obligations may be issued and so secured, and thereafter will be treated as Senior Lien Revenue Obligations, if all of the conditions of (B)(2) through (6) above are satisfied treating such obligations as Additional Obligations and the issuance and security documents therefore as supplemental resolutions.

Additional Subordinate Lien Obligations

(a) Revenue Obligations also may be issued on a Subordinate Lien basis pursuant to a Supplemental Resolution or a resolution otherwise adopted by the Authority payable from moneys which would otherwise be available for any other lawful purpose, and the Revenue Obligations so issued shall constitute Subordinate Lien Obligations, if (1) the Supplemental Resolution authorizing the Subordinate Lien Obligations shall provide that such Subordinate Lien Obligations shall be junior and subordinate in lien and right of payment (A) directly, to any Outstanding Senior Lien Revenue Obligations or Senior Lien Revenue Obligations issued in the future which have a Senior Lien on a category of Revenues as to which such proposed Additional Obligations have a Subordinate Lien; and (2) the Authority shall have received a report from a Financial Adviser, or a certificate of the President and CEO of the Authority, or his designee, to the effect that the payments required to be made into each account or subaccount of the Sinking Fund have been made and the balance in each account or subaccount of the Sinking Fund is not less than the balance required by the resolution for Senior Lien Revenue Obligations as of the date of issuance of any Subordinate Lien Obligations.

(b) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization, or other similar proceedings in connection therewith, relative to the Authority or to its creditors, as such, or to its property, and in the event of any proceedings for voluntary liquidation, dissolution, or other winding up of the Authority, whether or not involving insolvency or bankruptcy, the owners of all Senior Lien Revenue Obligations then Outstanding and parties to related Contracts shall be entitled to receive payment in full of all principal and interest due on all such Senior Lien Revenue Obligations, all other payments due under Loan Agreements, which Loan Agreements are Senior Lien Obligations and all payments due under related Contracts (other than Termination Payments) in accordance with the provisions of the Resolution before the owners of any Subordinate Lien Obligations or Termination Payments having a Subordinate Lien on a category of Revenues as to which such Senior Lien Revenue Obligations have a Senior Lien or related Contracts are entitled to receive any payment from the Pledged Revenues or the amounts held in the funds and accounts created under the Resolution on account of principal of, premium, if any, or interest on the Subordinate Lien Obligations or related Contracts or Termination Payments.

(c) If any Event of Default shall have occurred and be continuing (under circumstances when the provisions of paragraph (b) shall not be applicable), the owners of all Senior Lien Revenue Obligations then Outstanding and parties to related Contracts shall be entitled to receive payment in full of all principal and interest then due on all such Senior Lien Revenue Obligations, all other payments due under Loan Agreements, which Loan Agreements are Senior Lien Obligations, and all payments due on related

Contracts (other than Termination Payments) before the owners of the Subordinate Lien Obligations or parties to Contracts related to Subordinate Lien Obligations or which are subordinate to Senior Lien Revenue Obligations or Termination Payments are entitled to receive any payment from the Pledged Revenues or the amounts held in the funds and accounts created under the Resolution of principal of, premium, if any, or interest on the Subordinate Lien Obligations or payments under related Contracts or Termination Payments.

(d) No owner of Senior Lien Revenue Obligations or party to any related Contract shall be prejudiced in its right to enforce subordination of the Subordinate Lien Obligations and related Contracts and Termination Payments by any act or failure to act on the part of the Authority.

(e) The obligations of the Authority to pay to the owners of the Subordinate Lien Obligations the principal of, premium, if any, and interest thereon in accordance with their terms and to pay parties to related Contracts in accordance with the terms of the related Contracts shall be unconditional and absolute. Nothing in the Resolution shall prevent the owners of the Subordinate Lien Obligations or parties to related Contracts or a party entitled to a Termination Payment having a Subordinate Lien from exercising all remedies otherwise permitted by applicable law or under the Resolution or the related Contracts upon default thereunder, subject to the rights contained in the Resolution of the owners of Senior Lien Revenue Obligations and parties to related Contracts to receive cash, property, or securities otherwise payable or deliverable to the owners of the Subordinate Lien Obligations, parties to related Contracts or a party entitled to a Termination Payment having a Subordinate Lien, and any Supplemental Resolution authorizing Subordinate Lien Obligations may provide that, insofar as a trustee or paying agent for the Subordinate Lien Obligations is concerned, the foregoing provisions shall not prevent the application by such trustee or paying agent of any moneys deposited with such trustee or paying agent for the purpose of the payment of or on account of the principal or premium, if any, and interest on such Subordinate Lien Obligations, payments under related Contracts or a party entitled to a Termination Payment having a Subordinate Lien if such trustee or paying agent did not have knowledge at the time of such application that such payment was prohibited by the foregoing provisions.

(f) Any series of Subordinate Lien Obligations and related Contracts or any Termination Payment secured by a Subordinate Lien may have such rank or priority with respect to any other series of Subordinate Lien Obligations and related Contracts or any Termination Payment secured by a Subordinate Lien as may be provided in the Supplemental Resolution or other resolution authorizing such series of Subordinate Lien Obligations and may contain such other provisions as are not in conflict with the provisions of the Resolution.

(g) Obligations which would be Other System Obligations but for the existence of a Subordinate Lien on a category of Revenues securing such obligations may be issued and so secured, and thereafter will be treated as Subordinate Lien Obligations, if all of the conditions of 503(a) through (c) are satisfied treating such obligations as Subordinate Lien Obligations and the issuance and security documents therefor as Supplemental Resolutions

Additional Special Purpose Revenue Obligations

Additional Special Purpose Revenue Obligations may be issued after compliance with any requirements therefor set forth in any Supplemental Resolution related to such Special Purpose Obligations or Outstanding Special Purpose Obligations which will be secured on a parity with such Additional Special Purpose Obligations.

Released Revenues; Securitizations

(a) A separable category or portion of revenues, income, receipts and money relating to a definable service, facility or program of the System may be withdrawn from General Revenues and thereafter treated as Released Revenues for all purposes, including the security for Released Revenue Obligations, if the following conditions are met:

(1) Filing of a report of a Financial Adviser or a certificate of the President and CEO of the Authority, or his designee, with the Trustee to the effect that historical Net General Revenues, determined by

excluding the category of Revenues proposed to become Released Revenues, for the most recent audited Fiscal Year prior to the date of such report were equal to at least 120% of the average annual Debt Service Requirement on all General Revenue Obligations which will be Outstanding after the category of Revenues becomes Released Revenues;

(2) Filing of a resolution of the Board of the Authority stating the Authority's intent to release such category of Revenues with the Trustee accompanied by a written certificate of the President and CEO of the Authority, or his designee, certifying the Authority is in compliance with all requirements of the Resolution; and

(3) The report described in (1) above or a separately filed report of an Independent Certified Public Accountant states that there are sufficient internal accounting and fiscal operations management practices in place at the System to provide an adequate basis for the additional accounting and related procedures required as a result of the release of revenues from General Revenues and the subsequent treatment thereof as Released Revenues.

(b) Upon compliance with subsection (a), Released Revenues may be sold, leased or loaned to a related or unrelated Person in a securitization or other similar transaction.

Accession of Subordinate Lien Obligations and Related Contracts to Senior Lien Status

By proceedings authorizing Subordinate Lien Obligations or a lien permitted by the Resolution, the Authority may provide for the accession of such Subordinate Lien Obligations and related Contracts to the status of complete parity with any Senior Lien Revenue Obligations and related Contracts with a lien on the same category of Revenues if, as of the date of accession, the conditions of the Resolution are satisfied, on a basis that includes all Outstanding Senior Lien Revenue Obligations with a lien on the same category of Revenues and such Subordinate Lien Obligations, and if on the date of accession:

(a) The subaccount of the Debt Service Reserve Account, if any, relating to the Senior Lien Revenue Obligations secured by such Debt Service Reserve subaccount, if any, contains an amount equal to the Debt Service Reserve Requirement computed on a basis that includes all Outstanding Senior Lien Revenue Obligations with a lien on the same category of Revenues and Debt Service Reserve subaccount, if any, and such Subordinate Lien Obligations; and

(b) The subaccounts of the Interest Account, the Principal Account, the Hedge Payments Account, the Contract Payments Account, the Termination Payment Account and the Loan Repayment Account contain the amounts, if any, which would have been required to be accumulated therein on the date of accession if the Subordinate Lien Obligations had originally been issued as Senior Lien Revenue Obligations with a lien on the same category of Revenues.

Adoption of Proceedings

The Authority shall adopt a Supplemental Resolution authorizing the issuance of any Additional Obligations and, except for the first Supplemental Resolution, reciting that the requirements of this paragraph have been satisfied, and shall set forth in such proceedings, among other things, the security therefor, the date or dates such Additional Obligations shall bear and the rate or rates of interest, interest payment date or dates, maturity date or dates, and redemption provisions with respect to such Additional Obligations and any other matters applicable to such Additional Obligations as the Authority may deem advisable. Any such Supplemental Resolution shall restate and reaffirm, by reference, all of the applicable terms, conditions, and provisions of the Resolution not modified by the Supplemental Resolution.

Proceedings Authorizing Additional Obligations

No Supplemental Resolution authorizing the issuance of Additional Obligations as permitted under this paragraph shall conflict with the terms and conditions of the Resolution, except to the extent that the Supplemental Resolution is adopted for one of the purposes set forth in the Resolution and complies with the provisions of the Resolution for the adoption of Supplemental Resolutions without the consent of holders of the Revenue Obligations.

Applicability to Additional Obligations

The provisions of the Resolution shall be construed as including and being applicable to any future series of Revenue Obligations, and any such Revenue Obligations shall be treated, unless otherwise specifically stated, just as if they had been issued pursuant to the terms of the Master Resolution and the first Supplemental Resolution.

Credit Facilities and Hedge Agreements

(a) In connection with the issuance of any Revenue Obligations, the Authority may obtain or cause to be obtained one or more Credit Facilities providing for payment of all or a portion of the principal of, premium, if any, or interest due or to become due on such Revenue Obligations, providing for the purchase of such Revenue Obligations by the Credit Issuer, or providing funds for the purchase of such Revenue Obligations by the Authority. In connection therewith, the Authority shall enter into Credit Facility Agreements with such Credit Issuers providing for, among other things, (i) the payment of fees and expenses to such Credit Issuers for the issuance of such Credit Facilities; (ii) the terms and conditions of such Credit Facilities and the Revenue Obligations affected thereby; and (iii) the security, if any, to be provided for the issuance of such Credit Facilities. The Authority may secure any Credit Facility by an agreement providing for the purchase of the Revenue Obligations secured thereby with such adjustments to the rate of interest, method of determining interest, maturity, or redemption provisions as are specified by the Authority, in the applicable Supplemental Resolution. The Authority may in a Credit Facility Agreement agree to directly reimburse such Credit Issuer for amounts paid under the terms of such Credit Facility, together with interest thereon; provided, however, that no Reimbursement Obligation shall be created for purposes of the Resolution until amounts are paid under such Credit Facility. Any such Reimbursement Obligation shall be deemed to be a part of the Revenue Obligations to which the Credit Facility relates which gave rise to such Reimbursement Obligation, and references to principal and interest payments with respect to such Revenue Obligations shall include principal and interest (except for Additional Interest and principal amortization requirements with respect to the Reimbursement Obligation that are more accelerated than the amortization requirements for the related Revenue Obligations, without acceleration) due on the Reimbursement Obligation incurred as a result of payment of such Revenue Obligations with the Credit Facility. All other amounts payable under the Credit Facility Agreement (including any Additional Interest and principal amortization requirements with respect to the Reimbursement Obligation that are more accelerated than the amortization requirements for the related Revenue Obligations, without acceleration) shall be fully subordinate to the payment of debt service on the related class of Revenue Obligations. Any such Credit Facility shall be for the benefit of and secure such Revenue Obligations or portion thereof as specified in the applicable Supplemental Resolution. Notwithstanding the other provisions hereof, the Authority's obligations under a Credit Facility which requires the Credit Issuer to make all interest payments due on the Revenue Obligations may be secured to the extent of such amounts by a pledge of, and lien on, the Pledged Revenues on a parity with the lien created by the Resolution to secure the related Revenue Obligations, or may be wholly or partially subordinate in lien and right of payment to the payment of the Revenue Obligations, as determined by the Authority.

(b) In connection with the issuance of any Revenue Obligations or at any time thereafter so long as such Revenue Obligations remain Outstanding, the Authority may enter into Hedge Agreements with Qualified Hedge Providers, and no other providers, with respect to any Revenue Obligations. The Authority shall authorize the execution, delivery, and performance of each Qualified Hedge Agreement in a Supplemental Resolution, in which it shall designate the related Hedged Obligations. The Authority's obligation to pay Hedge Payments on a Qualified Hedge Agreement may be secured by a pledge of, and lien on, the Pledged Revenues on a parity with the lien created by the Resolution to secure the related Hedged Obligations (other than Termination Payments), or may be wholly or partially subordinate in lien and right of payment to the payment of the Revenue Obligations, as determined by the Authority; provided, that the Authority's obligation to pay Termination Payments may be secured by a pledge of, and lien on, the Pledged Revenues to the same extent as Subordinate Lien Obligations.

Other Obligations

The Authority expressly reserves the right, at any time, to adopt one or more other bond resolutions and reserves the right, at any time, to issue any other obligations not secured by the amounts pledged under the Resolution

GENERAL COVENANTS

Rate Covenant

The Authority shall continuously own, and the Authority shall continuously control, operate, and maintain the System in an efficient and economical manner and on a revenue producing basis and shall at all times prescribe, fix, maintain, and collect rates, fees, and other charges for the services and facilities furnished by the System fully sufficient at all times:

(a) for 100% of the Operating Expenses and for the accumulation in the Revenue Fund of a reasonable reserve therefor, in an amount, if any, as shall be determined from time to time by the Authority; and

(b) such that Net Revenues in each Fiscal Year:

(1) will equal at least 120% of the Debt Service Requirement on all Senior Lien Revenue Obligations and 100% of the Debt Service Requirement on all other Revenue Obligations then Outstanding for such Fiscal Year and any Termination Payments due during such Fiscal Year which are secured by a lien on the Pledged Revenues;

(2) will enable the Authority to make all required payments, if any, into any Debt Service Reserve Account and the Rebate Fund and on any Contract or Other System Obligation;

(3) will enable the Authority to accumulate an amount to be held in the Renewal and Extension Fund, which in the judgment of the Authority is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System;

(4) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in the Resolution from prior Fiscal Years; and

(5) will permit the Authority to comply with the terms of any agreement that the Authority has entered into to purchase or sell Wastewater;

If the Authority fails to prescribe, fix, maintain, and collect rates, fees, and other charges, or to revise such rates, fees, and other charges, as provide above in any Fiscal Year, but the Authority in the next Fiscal Year has promptly taken all available measures to revise such rates, fees and other charges as advised by a Consulting Engineer or Financial Adviser retained by the Authority to review the operations of the System, there shall be no Event of Default until at least the end of such next Fiscal Year and only then if Net Revenues are less than the amount required by this section.

The rates, fees, and other charges shall be classified in a reasonable manner to cover users of the services and facilities furnished by the System so that, as nearly as practicable, such rates, fees, and other charges shall be uniform in application to all users falling within any reasonable class.

Maintenance of the System in Good Condition

The Authority covenants that it has and will continue to enforce reasonable rules and regulations governing the System and the operation thereof, that all compensation, salaries, fees, and wages paid by it in connection with the operation, maintenance, and repair of the System will be reasonable, and that no more persons will be employed by it than are necessary, that it will operate the System in an efficient and economical manner and will at all times maintain the System in good repair and in sound operating condition, that it will make all necessary repairs, renewals, and replacements to the System, and that it will comply with all valid acts, rules, regulations, orders, and directions of any legislative, executive, administrative, or judicial body applicable to the System and the Authority's operation thereof.

Insurance

With respect to the System, the Authority will carry adequate public liability, fidelity, and property insurance, such as is maintained by similar Systems as the System; provided, the Authority shall not be required to insure beyond the limits of immunity provided by Sections 29-20-101 et seq., Tennessee Code Annotated, as amended, and provided further, the Authority may self-insure against any risks that its Governing Body deems appropriate provided the Authority maintains adequate reserves, in such amounts as the Authority determines is reasonable, for such self insurance.

The Authority, without in any way limiting the generality of the following, shall: (a) require each construction contractor and each subcontractor to furnish a bond, or bonds, of such type and in amounts adequate to assure the faithful performance of their contracts and the payment of all bills and claims for labor and material arising by virtue of such contracts; and (b) require each construction contractor or the subcontractor to maintain at all times until the completion and acceptance of the Project adequate compensation insurance for all of their employees and adequate public liability and property damage insurance for the full and complete protection of Authority from any and all claims of every kind and character which may arise by virtue of the operations under their contracts, whether such operations be by themselves or by anyone directly or indirectly for them, or under their control.

All such policies shall be for the benefit of and made payable to the Authority and shall be on deposit with the Authority.

All moneys received for losses under any such insurance policies, except public liability policies, are hereby pledged by the Authority, as security for the Revenue Obligations until and unless such proceeds are paid out in making good the loss or damage in respect of which such proceeds are received, either by repairing the property damaged or replacing the property destroyed or by depositing the same in the Renewal and Extension Fund. Adequate provision for making good such loss and damage shall be made within 120 days from the date of the loss, insurance proceeds not used in making such provision shall be deposited in the Renewal and Extension Fund on the expiration of such 120-day period. Such insurance proceeds shall be payable to the Authority by appropriate clause to be attached to or inserted in the policies.

No Sale, Lease, or Encumbrance; Exceptions

Unless consent is given by the holders of at least a majority of the aggregate principal amount of the Revenue Obligations and by any Credit Issuer, the Authority will not sell, lease, mortgage, or in any manner dispose of the System, or any part thereof, including any and all extensions and additions that may be made thereto, or any facility necessary for the operation thereof except as may be set forth herein; provided, however, the use of any of the System facilities may at any time be permanently abandoned or the System or any portion of the System or of the System facilities sold or otherwise disposed of, provided that:

(a) All covenants and undertakings in connection with all Revenue Obligations then outstanding and payable from the Revenues of the System are in compliance and any required reserve funds have been fully established and contributions thereto are current;

(b) After the abandonment, sale or other disposal of all or a portion of the System, (i) provision is made for the payment of all the outstanding Revenue Obligations or (ii) the remaining Revenues of the System after such sale shall be sufficient to pay principal of, premium, if any, and interest on the remaining Revenue Obligations and sufficient to be in compliance with the covenants set forth herein as certified by a Consulting Engineer or Financial Adviser;

(c) The abandonment, sale or disposition is for the purpose of disposing of facilities which are no longer necessary or no longer useful to the operation of the System or it is otherwise in the best interests of the Authority to dispose of all or a part of the System as determined by the Governing Body of the Authority; and

(d) The Authority receives an opinion of nationally recognized bond counsel to the effect that the disposition of the System or any portion thereof and use of the proceeds therefrom will not adversely affect the exclusion of interest on the Revenue Obligations from gross income of the holders thereof for purposes of federal income taxation.

This provision is not intended to prohibit the lease purchase of equipment or facilities of the System hereafter to be put in service or to prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the Authority is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

In addition to the transfers permitted above, the Authority shall have the right to sell, lease, transfer or otherwise dispose of the System as a whole or substantially as a whole, to any municipal corporation, county, political subdivision, governmental corporation or governmental agency (each of which shall be included within the term "Transferee" as used herein), provided the transferee thus acquiring the System from the Authority will assume the performance of and be bound by all of the Authority's obligations to the holders of the Revenue Obligations to make the payments into the funds required by the resolutions authorizing the Revenue Obligations and the Resolution and to pay the principal of, premium, if any, and interest on the Revenue Obligations as provided in the covenants and provisions of the Resolution.

Notwithstanding anything elsewhere herein provided, nothing contained herein shall prevent the Authority from combining any or all of the Authority’s utility systems into a single unified operation (the "Combined System") and commingling the revenues of the systems so combined in the Combined System without keeping separate accounts of the funds of each of such systems, provided payments from the funds of the Combined System are required to be made into the Sinking Fund created hereunder from time to time in amounts sufficient to comply with provisions thereof and in amounts sufficient to pay the principal of and interest on the Revenue Obligations as such principal and interest becomes due. General Revenue Obligations ("Parity Combined System Obligations") payable from General Revenues of the Combined System may be thereafter issued on a parity with Outstanding Revenue Obligations provided at the time of the issuance of any such Parity Combined System Obligations, the terms and conditions of Article V have been met with respect to the issuance of such Parity Combined System Obligations.

No Impairment of Rights

The Authority shall not enter into any contract or contracts, nor take any action, the results of which might materially impair the rights of the holders of any Revenue Obligations.

Books and Accounts

The Authority shall keep proper books and accounts in compliance with applicable laws and regulations, if any, and shall cause such books and accounts to be audited for each Fiscal Year by an independent certified public accountant or firm of independent certified public accountants. A copy of each annual audit report showing in reasonable detail the financial condition of the System at the close of the Fiscal Year, the income and expenses for such Fiscal Year, including the transactions relating to any and all funds and accounts created pursuant to the Resolution, shall be available to any Bondholder upon request.

Enforcement of Charges and Connections

The Authority shall compel the prompt payment of rates, fees, and charges imposed for service connected with the System, and to that end will vigorously enforce all of the provisions of any resolution or ordinance of the Authority having to do with the same, and all of the rights and remedies permitted the Authority under law. The Authority expressly covenant and agree that such charges will be enforced and promptly collected to the full extent permitted by law.

Payments

All payments falling due on the Revenue Obligations and related Contracts shall be made by the Authority, from the Pledged Revenues or, at the Authority's option, other legally available revenues to the owners thereof when due in full, and all reasonable and authorized charges made by the Bond Registrar, the Trustee and the Paying Agent shall be paid by the Authority, when due.

No Loss of Lien on Revenues

The Authority shall not do, or omit to do, or permit to be done or to be omitted any matter or thing whatsoever whereby the lien of the Resolution on the Pledged Revenues or any part thereof might or could be lost or impaired.

Annual Budget

The Authority agrees to adopt an Annual Budget for the System for each Fiscal Year in compliance with the rate covenant stated above.

DEFAULTS AND REMEDIES

Definition of Events of Default

Each of the following events is defined as and declared to be and to constitute an "Event of Default" under the Resolution:

(a) a failure to pay the principal or redemption price of any Senior Lien Revenue Obligation when the same shall become due and payable, either at maturity or by proceedings for redemption or otherwise; or

(b) a failure to pay any installment of interest on any Senior Lien Revenue Obligation when and as such installment of interest shall become due and payable; or

(c) a court of competent jurisdiction shall enter an order, judgment, or decree appointing a receiver of the System or any of the funds or accounts established under an applicable resolution, or approving a petition seeking reorganization of the Authority under the federal bankruptcy laws or any other applicable law or statute of the United States of America or the State of Tennessee, and such order, judgment, or decree shall not be vacated or set aside or stayed within 60 days from the date of the entry thereof; or

(d) the Authority shall fail to perform any of the other covenants, conditions, agreements, and provisions contained in any Senior Lien Revenue Obligations or in the applicable resolution on the part of the Authority to be performed, and such failure shall continue for 90 days after written notice specifying such failure and requiring it to be remedied shall have been given to the Authority by the Trustee or by the owners of not less than or any Credit Issuer securing not less than twenty-five percent (25%) in aggregate principal amount of the Outstanding Senior Lien Revenue Obligations; provided, however, if the failure stated in such notice can be corrected, but not within such 90 day period, the Authority shall have 180 days after such written notice to cure such default if corrective action is instituted by the Authority within such 90 day period and diligently pursued until the failure is corrected; or; or

(e) a default by the Authority under a Hedge Agreement related to a series of Bonds; or

(f) an Event of Default under any supplemental resolution relating to Senior Lien Revenue Obligations shall occur;

provided if the Event of Default relates solely to Revenue Obligations related to a particular category of Revenues and no other event has occurred which, with the lapse of time or the delivery of notice or both, could become an Event of Default with respect to any other Revenue Obligations then Outstanding, such Event of Default shall be deemed to apply solely to the related Revenue Obligations and Contracts and the provisions of the resolution shall otherwise remain in full force and effect with respect to all other Revenue Obligations and related Contracts.

Remedies

Upon the occurrence of an Event of Default, the Trustee shall have the power to proceed with any right or remedy available at law or in equity or by statute, as it may deem best, including any suit, action or special proceeding in equity or at law for the collection of amounts due and to become due hereunder and under the Senior Lien Revenue Bonds or the performance of any covenant or agreement contained in the applicable resolution or for the enforcement of any proper legal or equitable remedy as the Trustee shall deem most effectual to protect the rights aforesaid, insofar as such may be authorized by law. The rights specified in each resolution are to be cumulative to all other available rights, remedies or powers.

Without limiting the foregoing, upon the request of the holders of not less than twenty-five percent (25%) of the Outstanding Senior Lien Revenue Obligations, the Trustee shall, in addition to all other remedies and rights upon or hereunder, have the right, by appropriate proceedings in any court of competent jurisdiction to obtain the appointment of a receiver for the System, which receiver may enter upon and take possession of the System, operate and maintain the System, fix rates and collect all revenues arising therefrom in his full a manner and to the same extent as the Authority itself might do. The receiver shall deposit all moneys collected by him in a separate account or accounts and shall dispose of such revenues in accordance with the terms and conditions of the resolutions authorizing Senior Lien Revenue Obligations and the applicable resolution and as the court shall direct.

No delay or omission to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or shall be construed to be a waiver of any such Event of Default or acquiescence therein; and every such right and remedy may be exercised from time to time and as often as may be deemed expedient.

No waiver of any Event of Default hereunder, whether by the Trustee, any Credit Issuer, the Insurer or by the Bondholders, shall extend to or affect any subsequent or other Event of Default, or impair any rights or remedies consequent thereon.

Rights of Bondholders

Upon the occurrence of an Event of Default and if requested so to do by the Holders of more than fifty percent (50%) in aggregate principal amount of the Senior Lien Revenue Obligations then Outstanding and if indemnified for its costs and expenses, the Trustee, subject to the rights of Bondholders to direct proceedings in accordance with the applicable resolution, shall be obligated to exercise such one or more of the rights and remedies conferred by the applicable provisions of such resolution as the Trustee, being advised by counsel, deems most expedient in the interests of the Bondholders.

Right of Bondholders to Direct Proceedings

Anything in a resolution to the contrary notwithstanding, the Holders of more than fifty percent (50%) in aggregate principal amount of the Senior Lien Revenue Obligations then Outstanding under such resolution shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Trustee, to direct (as between such Bondholders and the Trustee) the time, method and place of conducting all proceedings otherwise permitted to be taken in connection with the enforcement of the terms and conditions of such resolution, or for the appointment of a receiver or any other proceedings under such resolution, provided the Trustee is indemnified as provided in such resolution.

Remedies Cumulative

No remedy conferred upon or reserved to the holders of any Revenue Obligations is intended to be exclusive of any other remedy or remedies, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given under the Resolution or now or hereafter existing at law or in equity or by statute.

Waiver of Default

No delay or omission of any holder of any Revenue Obligations to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default, or an acquiescence therein, and every power and remedy given by the Resolution to the holders of any Revenue Obligations may be exercised from time to time and as often as may be deemed expedient.

Application of Moneys After Default

If an Event of Default occurs and shall not have been remedied, the Authority or a receiver appointed for the purpose shall apply all Pledged Revenues in the following order:

(a) To the payment of the reasonable and proper expenses of the receiver and the Trustee under the resolution, if related to a particular series and therefore to a particular category of Revenues, first from such category and second from other categories of Revenues in amounts as determined by the receiver or the Trustee, and if not so related to a particular series or category of Revenues, then from all Revenues as determined by the Receiver or the Trustee;

(b) Within each category of Revenues, to the payment of all reasonable and necessary related Operating Expenses;

(c) Then, within each category of Revenues, to the payment of the interest and principal or redemption price then due on the related Senior Lien Revenue Obligations and payments under related Contracts (other than Termination Payments), as follows:

> (1) Unless the principal of all the Senior Lien Revenue Obligations related to such category of Revenues shall have become due and payable due to the maturity thereof, all such moneys shall be applied as follows:
>
> FIRST: to the payment to the persons entitled thereto of all installments of interest then due on the Senior Lien Revenue Obligations and Hedge Payments then due if such Hedge Payments are on a parity with Senior Lien Revenue Obligations, in the order of the maturity of such installments (with interest on defaulted installments of interest at the rate or rates borne by the Senior Lien Revenue Obligations with respect to which such interest is due, but only to the extent permitted by law), and, if the amount available shall not be sufficient to pay in full any particular installment and such Hedge Payments, then to the payment ratably, according to the amounts due on such installment and such Hedge Payments, to the persons entitled thereto, without any discrimination or preference. If some of the Senior Lien Revenue Obligations and Hedge Payments which have parity with Senior Lien Revenue Obligations bear interest payable at different intervals or upon different dates and if at any time moneys from the Debt Service Reserve Account securing such Revenue Obligations and Hedge Payments which have parity with Senior Lien Revenue Obligations must be used to pay any such interest and Hedge Payments, the moneys in any subaccount of the Debt Service Reserve Account shall be applied (to the extent necessary) to the payment of all interest and Hedge Payments falling due on the dates upon which such interest and Hedge Payments is payable to and including the date six months after the date of application of such moneys. After such period, (1) moneys in any subaccount of the Debt Service Reserve Account securing such Revenue Obligations plus any other moneys available in the Interest Account shall be set aside for the payment of interest on Senior Lien Revenue Obligations of each class (a class consisting of all Senior Lien Revenue Obligations payable as to interest on the same dates) pro rata among Senior Lien Revenue Obligations of the various classes on a daily basis so that there shall accrue to each owner of a Senior Lien Revenue Obligation throughout each Fiscal Year the same proportion of the total interest payable to such owner of a Senior Lien Revenue Obligation as shall so accrue to every other owner of a Senior Lien Revenue Obligation during such Fiscal Year., and (2) moneys in any subaccount of the Debt Service Reserve Account securing Hedge Payments which have parity with Senior Lien Revenue Obligations plus any other moneys available in the Hedge Payments Account shall be set aside for the payment of Hedge Payments which have parity with Senior Lien Revenue Obligations of each class (a class consisting of all such Hedge

Payments payable on the same dates) pro rata among such Hedge Payments of the various classes on a daily basis so that there shall accrue to each person entitled to such a Hedge Payment throughout each Fiscal Year the same proportion of the total Hedge Payments to such person entitled to such a Hedge Payment as shall so accrue to every other person entitled to such a Hedge Payment during such Fiscal Year. As to any Compound Interest Bond which is a Senior Lien Revenue Obligation, such interest shall accrue on the Accreted Value of such Senior Lien Revenue Obligation and be set aside on a daily basis until the next compounding date for such Senior Lien Revenue Obligations, whereupon it shall be paid to the owner of such Senior Lien Revenue Obligation as interest on a defaulted obligation and only the unpaid portion of such interest (if any) shall be treated as principal of such Senior Lien Revenue Obligation.

SECOND: to the payment to the persons entitled thereto of the unpaid principal of any of the Senior Lien Revenue Obligations which shall have become due at maturity or upon mandatory redemption prior to maturity (other than Senior Lien Revenue Obligations called for redemption for the payment of which moneys are held), in the order of their due dates, with interest upon such Senior Lien Revenue Obligations from the respective dates upon which they became due, and, if the amount available shall not be sufficient to pay in full Senior Lien Revenue Obligations due on any particular date, together with such interest, then to the payment first of such interest, ratably according to the amount of such interest due on such date, and then to the payment of such principal, ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference. If some of the Senior Lien Revenue Obligations mature (including mandatory redemption prior to maturity as a maturity) upon a different date or dates and if at any time moneys from the Debt Service Reserve Account must be used to pay any such principal falling due, the moneys in the Debt Service Reserve Account not required to pay interest under paragraph first above shall be applied to the extent necessary to the payment of all principal falling due prior to the date 12 months after the date of application of such moneys. After such period, moneys in the Debt Service Reserve Account not required to pay interest plus any other moneys available in the Principal Account shall be set aside for the payment of principal of Senior Lien Revenue Obligations of each class (a class consisting of all Senior Lien Revenue Obligations payable as to principal on the same date) pro rata among Senior Lien Revenue Obligations of the various classes which mature or must be redeemed pursuant to mandatory redemption prior to maturity throughout each Fiscal Year in such proportion of the total principal payable on each such Senior Lien Revenue Obligation as shall be equal among all classes of Senior Lien Revenue Obligations maturity or subject to mandatory redemption within such Fiscal Year.

THIRD: to the payment of the redemption premium on and the principal of any Senior Lien Revenue Obligations called for optional redemption pursuant to their terms.

(2) If the principal of all the Senior Lien Revenue Obligations shall have become due and payable, all such moneys shall be applied

FIRST: to the payment of the principal and interest then due and unpaid upon the Senior Lien Revenue Obligations, with interest thereon as aforesaid, and due and unpaid payments under related Contracts (excluding Termination Payments) and due and unpaid payments under Loan Agreements other than principal and interest (excluding Termination Payments), without preference or priority of principal over interest or payments on Contracts and other payments on Loan Agreements (excluding Termination Payments) or of interest over principal or payments on Contracts and other payments on Loan Agreements, or of payments on Contracts (excluding Termination Payments) over principal or interest, or of any installment of interest over any other installment of interest, or of any Senior Lien Revenue Obligation over any other Senior Lien Revenue Obligations, or of any such payment under a Contract and other payments on Loan Agreements (excluding Termination Payments) over any other such payment under a Contract and other payments on Loan Agreements (excluding Termination Payments), ratably, according to the amounts due respectively for principal, interest, and payments under Contracts and other payments on Loan Agreements (excluding Termination Payments), to the persons entitled thereto without any discrimination or preference, and

SECOND: to the payment of other obligations of the Authority, including Subordinate Lien Obligations and Termination Payments, as may be provided in a Supplemental Resolution.

Rights and Remedies Vested in Trustee

All rights of action and remedies under a resolution or under any of the Senior Lien Revenue Obligations may be enforced by the Trustee without the possession of any of the Senior Lien Revenue Obligations or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Senior Lien Revenue Obligations or any Credit Issuer, and any recovery of judgment shall, subject to the terms of the applicable resolution, be for the equal benefit of the Holders of the Senior Lien Revenue Obligations issued pursuant thereto, or any Credit Issuer as their interests appear.

Rights and Remedies of Bondholders

No Holder of any Senior Lien Revenue Obligation shall have any right to institute any suit, action or proceeding in equity or law for the enforcement of the resolution pursuant to which such Senior Lien Revenue Obligation was issued, for the execution of any trust hereof or for the appointment of a receiver or to enforce any other right or remedy thereunder, unless (a) a Default has occurred of which the Trustee has been notified in the manner prescribed, or of which it is deemed to have notice, (b) such Default shall have become an Event of Default and the Holders of more than fifty percent (50%) in aggregate principal amount of Senior Lien Revenue Obligations issued pursuant thereto and then outstanding shall have made written request to the Trustee and shall have offered reasonable opportunity to the Trustee either to proceed to exercise the powers hereinbefore granted or to institute such action, suit or proceeding in its own name, and (c) such Bondholders have offered to the Trustee indemnity as provided in the applicable resolution and the Trustee shall thereafter fail or refuse to exercise the powers herein before granted, or to institute such action, suit or proceeding in its own name. Such notification, request and offer of indemnity are declared in every case at the option of the Trustee to be conditions precedent to the execution of the powers and trusts of such resolution, and to any action or cause of action for the enforcement of such resolution, or for the appointment of a receiver or for any other right or remedy under the applicable resolution; it being understood and intended that no one or more Holders of the Senior Lien Revenue Obligations shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of a resolution by its, his or their action or to enforce any right or remedy thereunder except in the manner provided in such resolution, and that all proceedings at law or in equity shall be instituted, had and maintained in the manner therein provided and for the benefit, first, of the Holders of all Senior Lien Revenue Obligations issued pursuant to such resolution and, second, of the Bank and the Insurer. Nothing contained in a resolution shall, however, affect or impair the right of any Bondholder to enforce the payment of the principal and redemption or purchase price of, and interest on, any Senior Lien Revenue Obligation at and after the date such payment is due, or the obligation of the Authority or the Trustee to pay the principal and redemption or purchase price of, and interest on, each of the Senior Lien Revenue Obligations issued thereunder to the respective Holders thereof at the time, place, from the source and in the manner expressed in the Senior Lien Revenue Obligations.

Termination of Proceedings

If the Trustee shall have proceeded to enforce any right or remedy hereunder by any action at law or in equity, by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee, any Credit Issuer, and the Bondholders shall be restored to their former positions and rights hereunder, respectively, with respect to the Pledged Revenues, and all rights, remedies and powers of the Trustee, any Credit Issuer and the Bondholders, respectively, shall continue as if no such proceedings had been taken.

Waivers of Events of Default

The Trustee shall waive any Event of Default under the applicable resolution and its consequences upon receipt of the written request of the Holders of more than fifty percent (50%) in aggregate principal amount of all Senior Lien Revenue Obligations then Outstanding thereunder, provided, however, there shall not be waived:

(i) any Event of Default pertaining to the payment of the principal or redemption price of any Senior Lien Revenue Obligation at its maturity or Redemption Date; or

(ii) any Event of Default pertaining to the payment when due of the interest on any Senior Lien Revenue Obligation unless prior to such waiver, all arrears of interest and all principal or redemption price payments in respect of which such Event of Default shall have occurred, with interest thereon, (to the extent permitted by law) for the period from the occurrence of such Event of Default until paid in full at a rate per annum equal to the interest rate payable on the Senior Lien Revenue Obligations from time to time during such period in accordance with the terms of the Senior Lien Revenue Obligations, and all expenses of the Trustee in connection; with such Event of Default, shall have been paid or provided for, and in case of any such waiver, or in case any proceeding taken by the Trustee on account of any such Event of Default shall have been discontinued or abandoned or for any reason, or shall have been determined adversely to the Trustee, then and in every such case the Authority, the Trustee, any Credit Issuer, the Insurer and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver shall extend to or affect any subsequent or other Event of Default, or impair any rights or remedies consequent thereon.

TRUSTEE

Acceptance of Duties

With respect to the Senior Lien Revenue Obligations issued hereunder, the Trustee by participating in the closing of the initial series of Senior Lien Revenue Obligations, shall be deemed to have accepted the duties imposed upon it hereby, and to have agreed to perform said duties, but only upon and subject to the following express terms and conditions:

(a) The Trustee, prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred undertakes to perform such duties and only such duties as are specifically set forth in the Resolution, and no implied agreements or obligations shall be read into the Resolution against the Trustee. In case an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by the Resolution and use the same degree of care and skill in their exercise as a prudent corporate trustee would exercise or use under the circumstances.

(b) The Trustee may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees but shall be answerable for the conduct of the same in accordance with the standard specified in subsection (a) above, and shall be entitled to advice of counsel concerning all matters relating to its duties hereunder, and may in all cases pay reasonable compensation to all such attorneys, agents, receivers and employees as may reasonably be employed in connection with the trusts hereof. The Trustee may act upon the opinion or advice of any attorney (who may be the attorney or attorneys for the Authority), approved by the Trustee in the exercise of reasonable care. The Trustee shall not be responsible for any loss or damage resulting from any action or non-action in good faith in reliance upon such opinion or advice.

(c) The Trustee shall not be responsible for any recital herein, or in the Senior Lien Revenue Obligations (except with respect to the authentication certificate of the Trustee endorsed on the Senior Lien Revenue Obligations), or for the recording or rerecording, filing or re-filing of the Resolution or any other document, or for the validity of the execution or approval hereof by the Authority or of any supplements hereto or instruments of further assurance, or for the sufficiency of the security for the Senior Lien Revenue Obligations, or for the value of or title in and to the Pledged Revenues or any part of the Pledged Revenues or otherwise as to the maintenance of the security hereof, and the Trustee shall not be bound to ascertain or inquire as to the performance or observance of any agreements or conditions on the part of the Authority except as hereinafter set forth.

(d) Except to the extent herein specifically provided, the Trustee shall not be accountable for the use of the proceeds of any of the Senior Lien Revenue Obligations. The Trustee, in its individual capacity, may in good faith buy, sell, own, hold or deal in any of the Revenue Obligations issued hereunder, and may join in any action which any Bondholder may be entitled to take with like effect as if such Person did not act in any capacity hereunder. The Trustee, in its individual capacity, either as principal or agent, may also engage in or be interested in any financial or other transaction with any Credit

Issuer, and may act as depository, paying agent or agent for any committee or body of Bondholders in connection with any other resolution or similar agreement to which the Authority or any Credit Issuer is a party and hold any bonds secured thereby or other obligations of the Authority as freely as if such Person did not act in any capacity hereunder.

(e) Except as is otherwise provided in subsection (a) above:

(i) The Trustee shall be protected in acting upon opinions of Counsel and upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document believed to be genuine and correct and to have been signed or sent by the proper Person or Persons. Any action taken by the Trustee, pursuant hereto upon the request, authority or consent of the Bond Registrar acting at the direction of any Person who at the time of making such request or giving such authority or consent is the Holder of any Senior Lien Revenue Obligation, shall be conclusive and binding upon all future Holders of the same Senior Lien Revenue Obligation and upon Senior Lien Revenue Obligations issued in exchange therefor or in place thereof. The Trustee may conclusively rely upon a certificate furnished by any Credit Issuer as to amounts owing with respect to any Credit Facility.

(ii) As to the existence or non-existence of any fact or as to the sufficiency or validity of any instrument, paper or proceeding, the Trustee shall be entitled to rely upon a certificate or the Authority as sufficient evidence of the facts therein contained and prior to the occurrence of an Event of Default of which the Trustee has been notified as provided in subsection (e)(iv) of this Section, or of which by said subsection it is deemed to have notice, shall also be at liberty to accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient, but may at its discretion secure such further evidence deemed necessary or advisable, but shall in no case be bound to secure the same. The Trustee may accept a certificate of the Authority to the effect that a resolution in the form therein set forth has been adopted as conclusive evidence that such resolution has been adopted and is in full force and effect.

(iii) The right of the Trustee to do things enumerated herein shall not be construed as a duty and the Trustee shall not be answerable for other than its gross negligence or willful misconduct.

(iv) Unless a Responsible Officer of the Trustee shall be specifically notified in writing of an Event of Default by the Authority, any Credit Issuer or by the Holders of more than fifty percent (50%) in aggregate principal amount of Outstanding Senior Lien Revenue Obligations, the Trustee shall not be required to take notice or be deemed to have notice of any Default hereunder except failure to pay the principal or redemption price of or interest on the Senior Lien Revenue Obligations when due. All notices or other instruments required to be delivered to the Trustee must, in order to be effective, be delivered at the principal corporate trust office of the Trustee, and in the absence of such notice so delivered the Trustee may conclusively assume there is no Default except as aforesaid. In the event that any payment referred to above is not paid when due, the Trustee shall give Immediate Notice to the Authority and any Credit Issuer that such payment has not been made and shall immediately confirm such notice by registered or certified mail to the Authority and any Credit Issuer.

(f) The Trustee shall not be required to give any bond or surety in respect of the execution of the said trusts and powers or otherwise in respect of the premises.

(g) Notwithstanding anything elsewhere herein contained, the Trustee shall have the right, but shall not be required, to demand, in respect of the authentication of any Senior Lien Revenue Obligations, the taking of any action reasonably within the purview hereof, as a condition of such action by the Trustee.

(h) Before taking any action hereunder (other than acting on a Credit Facility) at the request or direction of any Bondholder, the Trustee may require that satisfactory security or indemnity be furnished by the Holders of the Senior Lien Revenue Obligations for the reimbursement of all expenses to which it may be put and to protect it against all liability, except liability which is adjudicated to have resulted from the gross negligence or willful misconduct of the Trustee, by reason of any action so taken.

(i) All moneys received by the Trustee or the Bond Registrar for the Senior Lien Revenue Obligations shall, until used or applied or invested as herein provided, be held in trust for the purposes for which they were received but need not be segregated from other funds except to the extent required herein or by law.

(j) No provision of the Resolution shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate security or indemnity against such risk or liability is not reasonably assured to it.

(k) The Trustee shall be entitled to pay any amount to a Credit Issuer required hereunder upon written notice from the Credit Issuer that such amount is due and owed by the Authority to the Credit Issuer pursuant to the Resolution, a Credit Facility or other related documents, and the Trustee shall have no obligation to determine whether such amount is in fact owed to the Credit Issuer.

Fees, Charges and Expenses of Trustee

The Authority shall pay and/or reimburse the Trustee reasonable compensation for its Ordinary Services rendered hereunder.

Notice by Trustee and Authority

(a) If a Default occurs of which the Trustee is required by the Resolution to take notice or if notice of a Default be given as in the Resolution provided, then the Trustee shall give written notice thereof by first-class mail, postage prepaid, to any Credit Issuer, the Authority and the Holders of all Senior Lien Revenue Obligations then Outstanding of the applicable series.

(b) At any time that any series of Senior Lien Revenue Obligations are rated by a Rating Agency or the Authority, shall promptly give notice to such Rating Agency, at such address as the Rating Agency shall have furnished to the Authority of:

(i) any change in the identity of the Trustee,

(ii) any amendments or supplements of the Resolution or the Senior Lien Revenue Obligations,

(iii) any redemption of all the Senior Lien Revenue Obligations or any mandatory purchase of all the Senior Lien Revenue Obligations,

(iv) any amendment, renewal, substitution, termination or expiration of any Credit Facility; and

(v) any other information that the Rating Agency may reasonably request.

Successor Trustee

Any corporation or association into which the Trustee may be converted or merged, or with which it may be consolidated, or to which it may sell or transfer its trust business and assets as a whole or substantially as a whole, or any corporation or association resulting from any such conversion, merger, consolidation, sale or transfer to which it is a party, ipso facto, shall be and become successor Trustee hereunder and vested with all the trusts, powers of discretions, immunities, privileges and all other matters as was its predecessor, without the execution or filing of any instrument or any further act, deed or conveyance on the part of any Person, anything herein to the contrary notwithstanding.

Resignation by the Trustee

The Trustee and any successor Trustee may at any time resign from the trusts hereby created by giving written notice by first-class mail, postage prepaid, to the Authority, any Credit Issuer and to each Bondholder, but such resignation shall take effect only upon the appointment of a successor Trustee; provided, however, that if a successor Trustee shall not have been appointed within 30 days from the date of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee.

Removal of the Trustee

The Trustee may be removed at any time, by an instrument or concurrent instruments in writing delivered to the Trustee and to the Authority and any Credit Issuer, and signed by the Authority or the Holders of more than fifty percent (50%) in aggregate principal amount of the outstanding Senior Lien Revenue Obligations; provided, however, that such removal shall take effect only upon the appointment of a successor Trustee as provided in the Resolution and provided further if the removal is by the Authority, that there shall not then exist an Event of Default under the Resolution.

Appointment of Successor Trustee; Temporary Trustee

If the Trustee shall resign, be removed, be dissolved, be in course of dissolution or liquidation, or shall otherwise become incapable of acting hereunder or in case it shall be taken under the control of any public officer, officers or a receiver appointed by a court, a successor may be appointed by the Authority (if no Event of Default has occurred and is continuing) or by the Holders of more than fifty percent (50%) of the principal amount of the Outstanding Senior Lien Revenue Obligations (if an Event of Default has occurred and is continuing), by an instrument or concurrent instruments in writing signed by such Holders, or by their attorneys-in-fact, duly authorized; provided, nevertheless, that in case of such event pursuant to which the Holders are entitled to appoint a successor, the Authority shall appoint a temporary Trustee to serve until a successor Trustee shall be appointed, and any such temporary Trustee shall immediately and without further act be superseded by the Trustee so appointed by such Bondholders. Every such Trustee appointed pursuant to the provisions of this paragraph shall be, if there be such an institution willing, qualified and able to accept the trusts upon reasonable and customary terms in good standing, a bank or trust company having a combined capital surplus and undivided profits of not less than $25,000,000.

Concerning Any Successor Trustee

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor and also to the Authority, any Credit Issuer and each Bondholder an instrument in writing accepting such appointment hereunder and specifying its principal corporate trust office for the purpose of the Resolution, and thereupon such successor, without any further act, deed or conveyance, shall become fully vested with all the estates, properties, rights, powers, trusts, duties and obligations of its predecessor; but such predecessor shall, nevertheless, on the written request of the Authority, or of its successor, execute and deliver an instrument transferring to such successor Trustee all the estates, properties, rights, powers and trusts of such predecessor hereunder; and every predecessor Trustee shall deliver all securities and moneys held by it as Trustee hereunder to its successor. Should any instrument in writing from the Authority be required by any successor Trustee in order to more fully and certainly vest in such successor the estates, properties, rights, powers and trusts hereby vested or intended to be vested in the predecessor any and all such instruments in writing shall, on request, be executed, acknowledged and delivered by the Authority. The resignation of any Trustee and the instrument or instruments removing any Trustee and appointing a successor hereunder, together with all other instruments provided for in this paragraph, shall be filed and/or recorded by the successor Trustee wherever required by applicable law or to continue the perfection of any lien or security interest created hereby.

Co-Trustee

(a) In the event the Trustee determines at any time that it is necessary or desirable to appoint one or more co-trustees to exercise any of the rights, powers or remedies granted to the Trustee hereunder, the Trustee, with the consent of the Authority as long as an Event of Default has not occurred, may appoint an additional Person or additional Persons to act as co-trustee or co-trustees hereunder by executing an instrument of appointment for each such co-trustee and by delivering such instrument of appointment to the co-trustee so appointed, the Authority. Any such instrument of appointment shall confer such rights, powers, duties and obligations hereunder as the Trustee may deem necessary or desirable upon the co-trustee as joint tenant (or, if required by applicable law, as tenant-in-common) with the Trustee, except to the extent that, under applicable law, the Trustee is incompetent or unqualified to exercise any of such rights, powers, duties and obligations, then such rights, powers, duties and obligations may be conferred upon, and be exercised and performed solely by, the co-trustee so appointed. If any written instrument shall be requested from the Authority by the co-trustee so appointed to more fully and certainly vest in such co-trustee such rights, powers, duties and obligations, such instrument or instruments shall be executed, acknowledged and delivered by the Authority.

(b) The Trustee, at any time by an instrument in writing delivered to a co-trustee and the Authority, may, with or without cause, remove such co-trustee. In the event any co-trustee shall become incapable of acting, shall resign, or shall be removed, all the properties, rights, powers, duties and obligations of such co-trustee, so far as permitted by law, shall vest in and be exercised by the Trustee until the appointment by the Trustee of a successor to such co-trustee.

Paying Agent

The Authority hereby appoints the Trustee as the Paying Agent and, in addition, may designate separate and additional paying agents to undertake any portion of the duties and obligations of the Paying Agent hereunder. If any Paying Agent other than the Trustee is designated hereunder, the Trustee will make payments to such Paying Agent, with the funds provided for in the Resolution, sufficient to make timely payments of principal, premium and interest on the Revenue Obligations. Any Paying Agent shall designate to the Authority, the Trustee, any Credit Issuer and each Bondholder the principal office of the Paying Agent and, except for the Trustee, signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Authority and the Trustee under which such Paying Agent will agree, if applicable:

(a) to hold all sums held by it for the payment of the principal of, premium, if any, purchase price or interest on the Revenue Obligations in trust for the benefit of Bondholders until such sums shall be paid to such Bondholders or otherwise disposed of as herein provided;

(b) to keep such books and records as shall be consistent with prudent industry practice, to make such books and records available for inspection by the Authority and the Trustee at all reasonable times; and

(c) upon the request of the Trustee, to forthwith deliver to the Trustee all sums so held in trust by it.

The Authority shall cooperate with the Trustee and the Paying Agent to cause the necessary arrangements to be made and to be thereafter continued whereby funds derived from the sources specified herein will be made available to the Paying Agent for the payment when due of the principal of, premium, if any, and interest on the Revenue Obligations, or for the payment of the purchase price of the Revenue Obligations.

DEFEASANCE

Provision for Payment

Except as otherwise set forth in the Supplemental Resolution authorizing Revenue Obligations, all or any portion of the Revenue Obligations for the payment, prepayment or redemption of which sufficient moneys or sufficient Defeasance Obligations shall have been deposited with the Trustee or an escrow agent selected by the Authority (whether upon or prior to the maturity or the redemption date of such Revenue Obligations) shall be deemed to be paid and no longer Outstanding under the Resolution; provided, however, that if such Revenue Obligations are to be redeemed prior to the maturity thereof, notice of such redemption shall have been duly given as provided in the Resolution or firm and irrevocable arrangements shall have been made for the giving of such notice. Defeasance Obligations shall be considered sufficient for purposes of this section only: (i) if such Defeasance Obligations are not callable by the issuer of the Defeasance Obligations prior to their stated maturity, and (ii) if such Defeasance Obligations fall due and bear interest in such amounts and at such times as will assure sufficient cash (whether or not such Defeasance Obligations are redeemed by the Authority pursuant to any right of redemption) to pay currently maturing interest and to pay principal and redemption premiums, if any, when due on the Revenue Obligations without rendering the interest on any Tax-Exempt Bonds includable in gross income of any owner thereof for federal income tax purposes.

The Authority may at any time surrender to the Bond Registrar for cancellation by it any Bonds previously authenticated and delivered under the Resolution which the Authority may have acquired in any manner whatsoever. All such Bonds, upon such surrender and cancellation, shall be deemed to be paid and retired.

Release of Pledge

If all Revenue Obligations and obligations secured by a lien on a category of Revenues have been paid or provision for payment thereof made pursuant to the Resolution and the related Supplemental Resolution, then at the option of the Authority, the terms and provisions of the Resolution relating solely to such category of Revenues may be determined as void and of no further force or effect; provided the other terms and provisions of the Resolution shall remain in effect until the election of the Authority, after payment or provision for payment of all Revenue Obligations and obligations secured by a lien created pursuant to the Resolution on any Revenues.

SUPPLEMENTAL RESOLUTIONS

Supplemental Resolutions Not Requiring Consent of Bondholders

The Authority may adopt one or more Supplemental Resolutions which thereafter shall form a part of the prior applicable resolutions, for the following purposes:

(a) to add to the covenants and agreements in the Resolution other covenants and agreements thereafter to be observed or to surrender, restrict, or limit any right or power reserved in such Resolution to or conferred upon the Authority (including but not limited to the right to issue Additional Obligations);

(b) to make such provisions for the purpose of curing any ambiguity, or of curing, correcting, or supplementing any defective provision contained in the Resolution;

(c) to subject to the lien and pledge of the Resolution additional revenues, receipts, properties, or other collateral;

(d) to evidence the appointment of successors to the Trustee;

(e) to modify, amend, or supplement the Resolution in such manner as to permit the qualification of the Resolution under the Trust Indenture Act of 1939 or any federal statute hereinafter in effect, and similarly to add to the Resolution such other terms, conditions, and provisions as may be permitted or required by such Trust Indenture Act of 1939 or any similar federal statute;

(f) to make any modification or amendment of the Resolution required in order to make any Revenue Obligations eligible for acceptance by DTC or any similar holding institution or to permit the issuance of any Revenue Obligations or interests therein in book-entry form;

(g) to modify any of the provisions of the Resolution in any respect if such modification shall not become effective until after all the Outstanding Revenue Obligations immediately prior to the effective date of such Supplemental Resolution shall cease to be Outstanding and if any Revenue Obligations issued contemporaneously with or after the effective date of such Supplemental Resolution shall contain a specific reference to the modifications contained in such subsequent proceedings;

(h) to modify the provisions of the Resolution with respect to the disposition of any moneys remaining in the Project Fund upon the completion of any Project or to revise, enlarge or reduce the definition or description of any particular Project;

(i) to create additional subaccounts or to abolish any subaccounts within any account;

(j) to modify the Resolution to permit the qualification of any Revenue Obligations for offer or sale under the securities laws of any state in the United States of America;

(k) to modify the Resolution in connection with the issuance of Additional Obligations or Subordinate Lien Obligations permitted to be issued under the Resolution prior to such modification, and such modification may deal with any subjects and make any provisions relating to the Additional Obligations, Subordinate Lien Obligations which the Authority deems necessary or desirable for that purpose; provided that no such modification shall have a material adverse effect upon the security for the Obligations other than that implicit in the authorization of Additional Obligations and shall not affect the restrictions applicable to the issuance of Additional Obligations;

(l) to make such modifications in the provisions of the Resolution as may be deemed necessary by the Authority to accommodate the issuance of Revenue Obligations which (i) are Compound Interest Senior Lien Revenue Obligations (including, but not limited to, provisions for determining the Debt Service Requirement for such Compound Interest Senior Lien Revenue Obligations and for treatment of Accreted Value in making such determination) or (ii) bear interest at a Variable Rate;

(m) to make such modifications as are necessary to permit the combination of the System with the other utility systems operated by the Authority for purposes of collecting and accounting for revenues; or

(n) to modify any of the provisions of the Resolution in any respect (other than a modification requiring the unanimous written consent of the holders); provided that for (i) any Outstanding Revenue Obligations which are assigned a Rating and which are not secured by a Credit Facility providing for the payment of the full amount of principal and interest to be paid thereon, each Rating Agency shall have given written notification to the Authority that such modification will not cause the then applicable Rating on any Revenue Obligations to be reduced or withdrawn, and (ii) any Outstanding Revenue Obligations which are secured by Credit Facilities providing for the payment of the full amount of the principal and interest to be paid thereon, each Credit Issuer shall have consented in writing to such modification.

Any Supplemental Resolution authorized by the provisions above may be adopted by the Authority without the consent of or notice to the owners of any of the Revenue Obligations (except as otherwise set forth in such Supplemental Resolution) at the time Outstanding. Any such Supplemental Resolution may modify the provisions of the Resolution in such a manner, and to such extent and containing such provisions, as the Authority may deem necessary or desirable to effect any of the purposes stated above. As used above, the term "modify" shall mean "modify, amend, or supplement" and the term "modification" shall mean "modification, amendment, or supplement." Modifications to any Loan Agreement shall also be made only in conformance with any additional provisions required by such Loan Agreement. The Authority may agree in any Supplemental Resolution authorizing Revenue Obligations not to exercise its right to modify the Resolution pursuant to any of the provisions above without the consent of a requisite number of holders of the Revenue Obligations being issued.

Supplemental Resolutions Requiring Consent of Bondholders

With the consent of the owners of not less than a majority in aggregate principal amount of the Outstanding Revenue Obligations of each class (senior and subordinate), voting separately by class, of each series of Revenue Obligations related to an affected category of Revenues or related Revenue Obligations, the Authority may from time to time and at any time adopt a Supplemental Resolution for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Resolution or of any Supplemental Resolution; provided, however, that no such Supplemental Resolution shall: (a) extend the maturity date or due date of any mandatory sinking fund redemption with respect to any Revenue Obligations Outstanding under the Resolution; (b) reduce or extend the time for payment of principal of, redemption premium, or interest on any Revenue Obligations Outstanding under the Resolution; (c) reduce any premium payable upon the redemption of any Revenue Obligations under the Resolution or advance the date upon which any Revenue Obligations may first be called for redemption prior to its stated maturity date; (d) give to any Revenue Obligation or Revenue Obligations (or related Contracts) a preference over any other Revenue Obligation or Revenue Obligations (or related Contracts) not already permitted by the Resolution; (e) permit the creation of any lien or any other encumbrance on the Pledged Revenues having a lien equal to or prior to the lien created under the Resolution for the Senior Lien Revenue Obligations; (f) reduce the percentage of owners of Revenue Obligations required to approve any such Supplemental Resolution; or (g) deprive the owners of the Revenue Obligations of the right to payment of the Revenue Obligations or from the Pledged Revenues, without, in each case, the consent of the owners of all the Revenue Obligations then Outstanding of the category of Revenue Obligations affected thereby. No amendment may be made which affects the rights or duties of any Credit Issuer securing any of the Revenue Obligations or any Qualified Hedge Provider under any Hedge Agreement without its written consent.

Insurer is Deemed Holder

Any provision of the Resolution granting or expressly recognizing rights to the Insurer may not be amended without the written consent of the Insurer. The Insurer's consent shall be required, in addition to the consent of the holders of the Senior Lien Revenue Obligations, for any supplemental resolution, any other amendment to the Resolution or any action that requires the consent of the owners of the Senior Lien Revenue Obligations. Upon the occurrence and continuance of an Event of Default under the Resolution, the Insurer shall be entitled to control and direct the enforcement of all rights and remedies granted to owners of the Senior Lien Revenue Obligations or to the Trustee. If at any time the maturity of the Senior Lien Revenue Obligations may be accelerated pursuant to the terms of the Resolution, the maturity of Senior Lien Revenue Obligations insured by the Insurer shall not be accelerated without the consent of the Insurer. If the Insurer defaults in its payment obligations under the Insurance Policy and such default is continuing, the Insurer shall not be entitled to exercise any rights or to otherwise demand any right to consent to or direct any action under the Resolution.

Amounts paid by the Insurer under the Insurance Policy shall not be deemed paid and shall remain Outstanding and continue to be due and owing until paid by the Authority in accordance with the Resolution. The Insurer shall, to the extent it makes any payment of principal of or interest on the Senior Lien Revenue Obligations, become subrogated to the rights of the recipients of such payments in accordance with the terms of the Insurance Policy. No Resolution shall be discharged unless all amounts due or to become due to the Insurer with respect to the Senior Lien Revenue Obligations issued pursuant thereto have been paid, in full or duly provided for.

Resolution a Contract

The provisions of the Resolution constitute a contract between the Authority and the registered owners of the Senior Lien Revenue Obligations and after the issuance of such Senior Lien Revenue Obligations, no change, variation or alteration of any kind in the provisions of such resolution shall be made in any manner until such time as such Senior Lien Revenue Obligations and interest due thereon shall have been paid in full except as permitted in such resolution.

APPENDIX B

GENERAL AND FINANCIAL INFORMATION ON THE JACKSON ENERGY AUTHORITY

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APPENDIX B

GENERAL AND FINANCIAL INFORMATION ON THE JACKSON ENERGY AUTHORITY WASTEWATER SYSTEM

History and Organization

The Jackson Energy Authority (the "Authority") was chartered in 2001 as a governmental authority and public corporation pursuant to Chapter No. 55 of the Tennessee Private Acts of 2001, cited as the Jackson Energy Authority Act. The Authority was created as a separate legal entity for the purpose of, but not limited to, the planning, acquiring, constructing, improving, furnishing, equipping, financing, owning, operating, and maintaining electric, gas, water, wastewater, and telecommunications utilities systems within or outside the corporate limits of the City of Jackson, Tennessee. The Authority was formed as the successor to the Jackson Utility Division, a municipal utility that was chartered in 1959 to provide electric, gas, water and wastewater services. The Wastewater Division (the "System") was originally created by the City of Jackson in 1890 when the City of Jackson passed a wastewater ordinance requiring residents to connect to the public sewage system. The Authority is an independently chartered entity, separate from the City of Jackson.

Service Area

The Authority supplies electric, gas, water, wastewater, cable, internet, and telephone service in the City of Jackson and portions of Madison County. Although each system's service area differs in size, the combined service area of all utilities covers approximately 75% of the county. The Wastewater System serves over 29,800 customers within the City of Jackson and certain outlying areas.

Management

The Authority is governed, pursuant to the provisions of its private act, by a Board of Directors appointed by the City Council of the City of Jackson. The members of the Board serve staggered terms of five years each. The Board elects a Chair and a Vice Chair annually, whose terms begin July 1 of each year. The Authority's Board employs a President/CEO to oversee all of the operations of the Authority. James F. Ferrell was appointed by the Board as President/CEO in April 2011.

The Board of Directors

The present members of the Board and their terms of office are as follows:

Monte Jones, Chair, was appointed to the Authority's Board of Directors in February 2013. Reappointed in 2017, his current term expires June 30, 2022. Mr. Jones is the Community President of Commercial Bank and Trust Company, in Jackson, TN. He has 30 years of banking experience, including prior positions as the West Tennessee Community President and Retail Banking Executive for Regions Bank in Jackson. He currently serves on the boards of the City of Jackson Community Redevelopment Agency, the Jackson Chamber of Commerce, the Jackson Arts Council, and the Jackson Revenue Finance Corporation.

Pam Finney, Vice-Chair, was appointed to the Authority's Board of Directors in 2010. She was reappointed by the City Council in 2015 and 2020, and her current term of office expires on June 30,

2025. Mrs. Finney was employed by the Jackson-Madison County School System for nearly 40 years, as both a teacher and an administrator. She served as the Assistant Superintendent for Curriculum and Instruction for the 15 years prior to her retirement. Mrs. Finney was a member of the Old Hickory Rotary Club for many years and remains very active in the Jackson community.

Howard Bond was appointed to the Authority's Board of Directors in 2006. He was reappointed in 2008, 2013, and 2018. His current term of office expires on June 30, 2023. Mr. Bond has been an Insurance and Financial Services Representative with State Farm Insurance for over 25 years. He is a Registered Representative with a license to sell Securities and is also a Certified Banker. He currently serves on the Health, Education and Housing Facilities Board of the City of Jackson.

Dennis Henderson was appointed to the Authority's Board of Directors in 2016 and reappointed in 2019. His current term of office expires on June 30, 2024. He served as President/CEO of TLM Associates, an architecture and engineering firm based in Jackson, for more than 20 years until his retirement in 2015. He remains active in the community and currently serves on the CORP (Children on the Right Path) Board of Directors.

Dr. Logan Hampton was appointed to the Authority's Board of Directors in 2017, and his term of office expires on June 30, 2021. Dr. Hampton was named the 10th President of Lane College in Jackson, TN, in June of 2014. Active in the college, community and church, Dr. Hampton serves on the Board of Directors for National Association of Independent Colleges and Universities (NAICU), the General Connectional Board of the Christian Methodist Episcopal Church and the West Tennessee Healthcare Foundation. Dr. Hampton is an ordained elder and served twenty-four years as a pastor in the Arkansas Region of the First Episcopal District.

Officers

The following are officers of the Authority:

James (Jim) F. Ferrell, President and Chief Executive Officer, is responsible for overseeing the day-to-day operations of the Authority's electric, gas, water, wastewater, and telecommunications divisions. Mr. Ferrell was appointed as President/CEO of the Jackson Energy Authority in April 2011. He was previously the Chief Operating Officer and the Senior Vice President of the Authority's Electric Division. In addition, Mr. Ferrell has served the company as Project Engineer, Electric System Engineer, Supervisor of Operations, and Vice President of Operations. He is a graduate of the University of Tennessee with a B. S. in Electrical Engineering and earned his MBA from the University of Tennessee at Martin. He is a Registered Professional Engineer. Mr. Ferrell is currently Chairman of the Board of The Tennergy Corporation, a subsidiary of Jackson Energy Authority and other utilities, which provides energy acquisition services to its clients. He has served on various industry-related committees of the American Public Power Association, the Seven States Power Corporation, the Tennessee Valley Public Power Association, the Tennessee Municipal Electric Power Association, the Western District Managers Association, and the West Tennessee Industrial Association.

Nancy Nanney, Senior Vice President and Chief Financial Officer, is responsible for the financial oversight of the Authority. Mrs. Nanney has served in this position since 2006. Previously, Mrs. Nanney held the position of Vice President and Chief Financial Officer for The Tennergy Corporation. She has also served as Controller for Trinity Christian Academy. Mrs. Nanney received a Bachelor of Science Degree in Accounting from the University of Tennessee and a Master of Business Administration degree from the University of Memphis. Mrs. Nanney currently serves on a number of boards and is a member of various utility organizations.

Stephen (Steve) B. Raper, Senior Vice President, Water and Wastewater Divisions, is responsible for the operation and expansion of the Water and Wastewater Divisions. He has served as the Senior Vice President of the Water and Wastewater Divisions since 2006. With almost 30 years of experience with the Authority, he has served several areas including Water & Wastewater Project Engineer, W & WW Superintendent, Manager of Purchasing & Stores, Manager of Distribution, and VP of Customer Service and VP of Business Development. Mr. Raper earned a Bachelor of Science Degree in Engineering Technology from the University of Tennessee and attended the Fogelman College of Business and Economics at the University of Memphis. He holds Operator licenses for both Water and Wastewater Systems for the State of Tennessee. He was appointed by Gov. Bill Haslam in 2016 to the Tennessee Underground Utility Damage Enforcement Board. He has served as Chairman of the Tennessee Gas Association's Customer Service Committee, Chair of the American Public Power Association's Customer Accounting group, and is a current member of the Tennessee Industrial Development Council. He has also served as President of the Jackson Downtown Development Council and on the Board of Directors and the Executive Committee of the Chamber of Commerce.

Rowland Fisher, Assistant Senior Vice President, Water and Wastewater Divisions, oversees the operation and expansion of the Water and Wastewater Divisions. He has over 28 years of service at the Authority and has previously served as Water and Wastewater System Engineer, Vice President of Customer Service, and Vice President of Engineering. Mr. Fisher is a registered professional engineer in the State of TN and has Grade II Water and Wastewater Operator state licenses. He earned his Bachelor of Science degree in Civil Engineering from the University of Tennessee at Knoxville and his MBA from the University of Tennessee at Martin. He is involved with many community projects and non-profits in the Jackson area.

Teresa Cobb, General Counsel, is responsible for advising the Authority and staff concerning all legal obligations and privileges, as well as performing other legal services for the Authority. She has served as the Authority's Legal Counsel since 2003. Prior to coming to the Authority, Ms. Cobb practiced in the areas of Workers' Compensation, Employment Litigation, Municipal Law and Rule 31 Mediation, in the firm of Spragins, Barnett, and Cobb from 1991 until 2003. She is a graduate of the University of Memphis and a graduate of the Cecil C. Humphreys School of Law. She is a member of the American, Tennessee, and Jackson-Madison County Bar Associations and a member of the Jackson-Madison County Lawyers Association for Women. Ms. Cobb served on the District 7, Tennessee Bar Examination Interview Committee for four years.

Employee Relations

The Authority employs 365 full-time employees, with the Wastewater Division accounting for 63 full-time equivalent employees. Being a non-union organization, the Authority's management places great emphasis on its employee relations. Examples of this emphasis include the Employee Health Plan Benefits Committee, the Retirement Plan Administrative Committee, and numerous training and education programs. The Employee Health Plan Benefits Committee and the Retirement Plan Administrative Committee were established to ensure open, two-way communication between management and employees. These committees meet on a periodic basis to discuss important issues related to health benefits and pension (or retirement).

The Authority provides numerous training opportunities for its employees. These opportunities include monthly safety meetings, supervisory training, computer classes, customer service training, as well as other specialized training courses. The Authority also funds a continuing education program which allows employees to earn college credits toward a degree. The Authority offers career mapping and job shadowing as well as apprenticeship programs. These training and education programs ensure a qualified and capable work force.

Insurance

The Authority maintains an all-risk property insurance policy with an aggregate blanket liability limit of $200,000,000 and a $10,000 deductible. Liability limits are less and deductibles more for certain types of losses. The Authority also maintains equipment breakdown coverage with an aggregate limit of $50,000,000 and a $10,000 deductible.

As a Tennessee governmental authority and public corporation, the Authority has sovereign or limited immunity from tort claims under the Tennessee Governmental Tort Liability Act (T.C.A. Title 29, Chapter 20) which sets statutory caps on claims of injury or death due to the negligence of the Authority's employees. The statutory limits for bodily injury claims, including death, are $300,000 per person and $700,000 per accident. The Tort Liability Act allows governmental entities to purchase insurance or to self-insure for the Covered Claims.

The Authority maintains general liability insurance coverage of $750,000 aggregate, with a $250,000 deductible. It also maintains excess general liability insurance coverage of $2,250,000 and excess umbrella liability coverage of $5,000,000, with no separate deductible from general liability. Other liability policies are maintained for pollution ($8,000,000 aggregate with a $100,000 deductible per occurrence), and automobile liability coverage ($1,000,000 with no deductible). Public officials policies, including employment practices liability and fiduciary liability, are maintained with coverages of $5,000,000 each, a combined aggregate limit of $11,000,000 that includes $1,000,000 in additional defense costs and retentions of $35,000 (except $25,000 for fiduciary liability).

The Authority maintains a workers' compensation insurance policy providing statutory limits of liability coverage with no deductible. The policy includes employer's liability coverage with a $1,000,000 limit of liability. In addition, the Authority carries other types of insurance typically carried by similar businesses. Additional policies include commercial crime, cyber / media / breach response coverage, business travel accident coverage, and directors' public officials bonds.

Pension Plan – Defined Benefit

All of the Authority's full-time employees hired prior to January 1, 2014, are participants in the Jackson Energy Authority Retirement Plan (Plan). The retirement plan is a single-employer defined benefit pension plan which is administered by the Jackson Energy Authority Retirement Plan Administrative Committee. Aetna Life Insurance Company is the disbursing agent for benefits, and First Horizon Bank of Memphis serves as Plan Trustee. Each eligible employee entered the plan on the first month following the later of attainment of age twenty-one or the date he was credited with one year of service for vesting as an eligible employee. Retirement Plan participation was frozen effective December 31, 2013.

The Plan provides for normal retirement at age sixty-five (65), early retirement after attainment of age fifty-five (55) and completion of five years of vesting service, delayed retirement beyond normal retirement age and disability retirement upon total and permanent disability after completion of five years of vesting service. For participants hired on and after January 1, 2009, the early retirement age is age sixty (60); additionally, there is a required contribution of 2% of each participant's salary.

Upon the death of the participant, survivor benefits may be provided depending on the retirement benefit chosen. The Plan provides an annuity for the surviving spouse of active participants. Article 8 of the Plan document assigns the authority to establish and amend benefit provisions to the Authority's Board of Directors. The Plan issues a stand-alone financial report, which is audited by Alexander, Thompson, Arnold, PLLC.

The Authority currently engages Aon Hewitt to perform an annual actuarial study. The Authority annually funds the actuarially required contribution. For the year ended June 30, 2020, the Authority's required contribution was $7.4 million, which includes 8.28% employee portion paid by the employer. In addition to the required contribution, the Authority made a discretionary contribution of $1.5 million to the Plan. Approximately 16% of the contribution amount is allocable to the Wastewater Division. The actuarial study uses a discount rate of 7.25%, which will be reduced to 7.0% for FY 2021. The unfunded liability is amortized using a flat dollar amortization over a closed, decreasing period. The current period as of July 1, 2020, is 21 years. Liability gains and losses are amortized over expected future service. Asset gains and losses are amortized over five years. There are 241 active plan participants.

The following table shows the components of the Authority's annual pension benefit cost for the year ended June 30, the amount actually contributed to the plan, and the changes in the Authority's net pension obligation:

Schedule of Changes Net Pension Liability and Related Ratios
(All Divisions)

	2018	2019	2020
Total Pension Liability			
Service Cost	$ 2,425,007	$ 2,661,358	$ 2,495,165
Interest Cost	11,341,447	12,589,204	13,292,605
Transfers (Tennergy) (1)	7,468,091	-	-
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	1,451,527	490,277	62,477
Changes of Assumptions	1,530,055	4,196,883	4,222,221
Benefit Payments, Including Refunds of Member Contributions	(6,941,247)	(8,037,285)	(8,553,361)
Net Change in Total Pension Liability	17,274,880	11,900,437	11,519,108
Total Pension Liability (Beginning)	155,877,650	173,152,530	185,052,967
Total Pension Liability (Ending)	$ 173,152,530	$ 185,052,967	$ 196,572,075
Plan Fiduciary Net Position			
Contributions - Employer	$ 7,389,084	$ 14,642,435	$ 7,726,375
Contributions - 8.28% Member	1,548,157	1,586,282	1,291,435
Contributions - 2% Member	42,070	43,565	44,865
Net Investment Income	6,979,057	5,931,821	8,410,282
Benefit Payments, Including Refunds of Member Contributions	(6,941,247)	(8,037,285)	(8,553,361)
Administrative Expense	(85,435)	(101,657)	(101,926)
Transfers (Tennergy)	4,962,701	-	-
Other	-	-	-
Net Change in Plan Fiduciary Net Position	13,894,387	14,065,161	8,817,670
Plan Fiduciary Net Position (Beginning)	97,081,412	110,975,799	125,040,960
Plan Fiduciary Net Position (Ending)	$ 110,975,799	$ 125,040,960	$ 133,858,630
The Authority's Net Pension Liability	$ 62,176,731	$ 60,012,007	$ 62,713,445
Net Position as a % of Pension Liability	64.09%	67.57%	68.10%
Covered Employee Payroll	$ 20,801,069	$ 21,336,221	$ 17,857,525
The Authority's Pension Liability as a % of Covered-Employee Payroll	298.91%	281.27%	351.19%

(1) The Authority absorbed the remaining employees of the Tennergy Corporation in 2018 and consequently inherited the assets and liability of the Pension Plan, shown in the preceding chart as "Transfers (Tennergy)".

While the Net Pension Liability remained fairly constant from 2018 to 2020, the Total Pension Liability increased from $173 million to $197 million. Interest costs and assumption changes accounted for the majority of the increase.

Pension Plan – Defined Contribution

In December 2013, the defined benefit Plan was closed to new participants. The Jackson Energy Authority Matching Contribution Plan was established effective January 1, 2014 to provide certain benefits for individuals hired or rehired as full-time employees after December 31, 2013. The Matching Plan is a defined contribution plan under IRS Code Section 401(a) which provides for benefits based solely on the amount contributed to each participant's account and any income, expenses, gains or losses which may be allocated to such account. The Plan is administered by the Jackson Energy Authority Retirement Plan Administrative Committee and currently covers 129 active participants. Voya National Trust serves as Plan Trustee.

Normal retirement age is age sixty-five (65). Upon the death of the participant, survivor benefits may be provided depending on the retirement benefit chosen.

Each plan year, matching and discretionary contributions may be made by Jackson Energy Authority at its sole discretion. Contribution levels are established and may be amended by the Jackson Energy Authority Board of Directors pursuant to the plan document. For the 2020 plan year, the matching contribution will be equal to one hundred percent (100%) of an eligible participant's salary deferral, not to exceed four percent (4%) of compensation, made to the Jackson Energy Authority Deferred Compensation Plan. For the 2020 plan year, the discretionary contribution will be a percentage of the eligible participant's compensation based on the participant's periods of credited service. For periods less than 5 years, the discretionary contribution will be two percent (2%) of compensation; for periods of 5-9 years the discretionary contribution will be three percent (3%); and for periods of 10 years or more the discretionary contribution will be four percent (4%).

For the year ending 2020, the Authority recognized $370,449 in pension expense related to the discretionary and matching provisions outlined in the defined contribution plan.

Other Post-Employment Benefits

In addition to providing pension benefits, the Authority provides certain medical, dental, and life insurance benefits for retired employees. By Board resolution, the Authority established the Voluntary Employees Beneficiary Association Trust (VEBAT) in 2008, with a private trust company as the trustee. The trust was established to allow the Authority to fund these Other Post-Employment Benefits (OPEB) costs associated with retiree health benefits and life insurance.

The Authority has an actuarial valuation report prepared annually to determine the annual OPEB cost. This cost is calculated based on the annual required contribution, determined in accordance with the parameters of GASB Statement 45. A discount rate of 5.75 percent was used in the calculations. The annual required contribution represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty (30) years. The unfunded liability is amortized as a level percent of pay over a closed, decreasing period. The current period as of July 1, 2020 is 17 years. Approximately 16% of the annual OPEB cost is allocable to the Wastewater Division.

The following table shows the components of the Authority's annual OPEB cost for the year ended June 30, the amount actually contributed to the plan, and changes in the Authority's net OPEB obligation:

Schedule of Changes Net OPEB Liability and Related Ratios
(All Divisions)

	2018	2019	2020
Total OPEB Liability			
Service Cost	$ 1,900,374	$ 1,833,801	$ 969,719
Interest Cost	4,736,954	5,076,740	3,965,906
Changes of Benefit Terms	(7,406,305)	(19,977,707)	-
Differences Between Expected and Actual Experience	2,288,377	(440,726)	755,147
Changes of Assumptions	2,977,707	(2,899,542)	(9,942,279)
Benefit Payments	(1,981,381)	(1,901,423)	(2,197,408)
Transfers (Tennergy) [2]	3,406,908	-	-
Net Change in Total OPEB Liability	5,922,634	(18,308,857)	(6,448,915)
Total OPEB Liability (Beginning)	81,472,124	87,394,758	69,085,901
Total OPEB Liability (Ending)	$ 87,394,758	$ 69,085,901	$ 62,636,986
Plan Fiduciary Net Position			
Contributions - Employer	$ 3,239,495	$ 8,738,289	$ 6,471,290
Contributions - Retirees	323,897	428,075	570,155
Net Investment Income	(48,566)	1,505,210	2,819,284
Gross Benefit Payments	(2,305,278)	(2,329,498)	(2,767,563)
Administrative Expense	(35,611)	(44,698)	(45,355)
Transfers (Tennergy)	3,068,317	-	-
Other	-	-	-
Net Change in Plan Fiduciary Net Position	4,242,254	8,297,378	7,047,811
Plan Fiduciary Net Position (Beginning)	17,492,386	21,734,640	30,032,018
Plan Fiduciary Net Position (Ending)	$ 21,734,640	$ 30,032,018	$ 37,079,829
The Authority's Net OPEB Liability	$ 65,660,118	$ 39,053,883	$ 25,557,157
Net Position as a % of OPEB Liability	24.87%	43.47%	59.20%
Covered Employee Payroll	$ 23,626,338	$ 25,095,008	$ 20,056,659
Net OPEB Liability as a % of Covered-Employee Payroll	277.91%	155.62%	127.42%

[2] The Authority absorbed the remaining employees of the Tennergy Corporation in 2018 and consequently inherited the assets and liability of the OPEB Plan, shown in the preceding chart as "Transfers (Tennergy)".

The Authority's Net OPEB Liability decreased substantially from 2018 to 2020. The drop from $66 million to $26 million was primarily due to benefit changes that were made to the Jackson Energy Authority Medical plan.

Cybersecurity

The Authority utilizes various computer systems and network technology to perform many of its vital operations. Such operations often include the storage and transmission of sensitive information which may be the target of cyberattacks. Prevention and early detection are paramount in minimizing substantial interruptions to utility services and operations, and reduce subjectivity to legal action. The Authority has taken multiple steps to prevent cyberattacks and reduce risk.

In 2018, the Authority engaged in a multi-year agreement with a cybersecurity firm to assess and improve the overall security posture of the Authority. This firm's risk-based approach provided an assessment, a business impact analysis, and a framework for a security roadmap. One of the recommendations was the establishment of the Information Systems Steering Committee, which reports directly to senior management. Using the committee's recommendations, the Authority has instituted various policies and ongoing risk-mitigation procedures to protect its network infrastructure including:

- Continuous employee training
- Physical access and wireless network security
- Regular operating system and software updates
- Multi-factor authentication
- Intrusion detection and prevention implementation
- Penetration testing and firewall reviews

The Authority has no knowledge of any successful cybersecurity breach or related attack. Attempted cyber-security attacks, whether anonymous or targeted, occur on a periodic frequency that is not uncommon to organizations of similar characteristics.

In addition, the Authority maintains breach response insurance to include first party loss, liability, eCrime and criminal reward coverage for cybersecurity incidents. This insurance also provides coverage for legal, forensic and public relations / crisis management following a breach.

GENERAL AND BACKGROUND

WASTEWATER DIVISION

Wastewater System

The Wastewater System serves a total of 64 square miles, of which 55 square miles are in the City of Jackson and 9 square miles are outside the city limits. The System serves over 29,800 customers, of which close to 27,100 are in the City and slightly more than 2,700 are outside the city limits. The System is composed of approximately 520 miles of sewer pipelines and interceptors, 100 sewage lift (pumping) stations, and two major wastewater treatment plants: the Miller Avenue Plant and the Middle Fork Plant. The Authority does not operate a combined storm water and wastewater system, as the City's storm system is separate from the Wastewater System.

The System is divided into two drainage basins, the South Fork of the Forked Deer River and the Middle Fork of the Forked Deer River, each of which includes lateral and trunk sewers, interceptors, and pumping stations. The Miller Avenue Plant serves the South Fork of the Forked Deer River, and the Middle Fork Plant serves the Middle Fork of the Forked Deer River. The combined design capacity of both treatment plants is 23.4 million gallons per day (MGD).

The Miller Avenue Wastewater Treatment Plant was originally built in 1966 and consisted of a 7.0 MGD trickling filter, two primary clarifiers, two high rate trickling filters, and two secondary clarifiers, and a chlorinated disinfection system. In 1988, improvements were made to the Miller Avenue Plant which were designed to increase the average design capacity to 17.4 MGD and the peak hydraulic flow to 42 MGD. These improvements used the existing trickling filter facilities and added a Schreiber aeration process. The plant improvements consisted of adding a raw wastewater pumping station with three first-stage and three second-stage screw pumps, three bar screens, two grease and grit removal basins, two aeration basins, four final clarifiers, and a chlorine contact basin. Other on-site treatment facilities consist of a gravity sludge thickener, primary and secondary digesters, a pumping station, drying beds, and sludge dewatering facilities including six belt filter presses. In 2011, the 24-year old Schreiber aeration system was replaced with a fixed aeration fine bubble system. Since then other improvements to the Plant have included the replacement of three blowers, automated controls and monitoring system, piping and valves.

The original concept of the Middle Fork Plant was a modular design that could be expanded as system loads required. Construction of the first 4.0 MGD section of the plant began in 2001 with the second section of an additional 2.0 MGD being completed in 2009. The Middle Fork Wastewater Treatment Plant utilizes the "sequential batch reactor" activated sludge process for secondary treatment provided in a single tank with influent wastewater addition, settling and effluent withdrawal taking place in a batch type process. Wastewater enters the wet well and is pumped by submersible pumps to the top of the headworks. Preliminary treatment is provided by two self-cleaning mechanically cleaned filter screens and by one aerated grit removal unit. There is no separate primary treatment in the Middle Fork Wastewater Treatment Plant. Secondary treatment is provided by a Cyclical Activated Sludge (CAS) process, which is a sequencing batch type activated sludge process. The Middle Fork Wastewater Treatment Plant utilizes three identical CAS basins, which offer a capacity for complete secondary treatment of flows up to 6.0 MGD. Disinfection is provided by chlorination. Post aeration is provided by one (1) cascade aeration chamber which discharges over a series of steps. All plant effluent is discharged through a 3,576 foot long, 42-inch diameter outfall line between the plant and receiving stream, the Middle Fork of the Forked Deer River. Waste sludge is pumped to the Miller Avenue Wastewater Treatment Plant and processed with sludge from the Miller Avenue facility.

Annual flows through the System for the twelve months ended June 30, 2020, were 4.56 billion gallons. Average daily flow through the System was 12.5 million gallons per day. Table I summarizes the plant flows and design capacities for the System's wastewater treatment plants, and Table II summarizes the System's customers.

Table I
Wastewater System
Miller Avenue and Middle Fork Treatment Plants
Millions of Gallons Incoming Daily

	Design	Average Daily Flow (FY)				
	Capacity	2016	2017	2018	2019	2020
Miller Ave Plant	17.4	8.2	8.1	9.9	10.3	9.6
Middle Fork Plant	6.0	3.1	2.8	2.4	2.2	2.9
FLOW (MGD)	23.4	11.3	10.9	12.3	12.5	12.5

Table II
Wastewater System
Number of Customers

Fiscal Year	Number of Customers
2016	28,557
2017	29,237
2018	29,399
2019	29,557
2020	29,853

Security of Existing Facilities

The System's wastewater treatment plants are isolated facilities operated by the Authority's employees. Both the Miller Avenue Plant and the Middle Fork Plant are protected by camera surveillance, security alarms, motion detectors, fencing and security gates. The plants are manned during the day and remotely monitored 24/7 by the Authority's system dispatch operators.

Both the Miller Avenue Plant and the Middle Fork Plant have chlorine and sulfur dioxide on site, which are hazardous materials requiring protections defined under OSHA. The Authority operates under a safety program which is in compliance with OSHA's Process Safety Management of Highly Hazardous Chemicals standard to appropriately store, handle, and process these materials. Each plant site has dedicated areas specifically designed for these materials, including separate tank storage and monitoring and control rooms. The Authority only accepts delivery of chlorine by truck in one-ton cylinders. Each plant maintains onsite storage of less than 2,500 pounds of chlorine.

Laboratory Facilities

All laboratory facilities are consolidated into the Miller Avenue Wastewater Treatment Plant. The lab is equipped to perform a variety of laboratory tests on wastewater to ensure quality assurance based on methods and standards required by the Environmental Protection Agency (EPA). The Authority maintains a highly trained staff and includes a chemist who directs daily operational activities and lab procedures. The Authority operates within a set of Wastewater System Use Regulations approved by the State of Tennessee Department of Environment and Conservation (TDEC). These regulations include an industrial pre-treatment program and a grease program for commercial and industrial customers.

Regulatory Environmental Considerations

The two wastewater treatment plants presently discharge their effluents under National Pollution Discharge Elimination System (NPDES) permits granted and enforced by the State of Tennessee. The permit regulations and discharge limits were promulgated by EPA under the Clean Water Act. The Miller Avenue plant and the Middle Fork plant are each within NPDES permitted limits as specified on the annually reissued permits. Both plants are operated and maintained by Grade IV State Certified Operators.

The Authority has not been issued any consent decrees and has a good record of compliance with EPA and TDEC for collection systems and treatment systems. The Authority is taking a proactive, phased approach in compliance with the EPA's Capacity, Management, Operation, and Maintenance (CMOM) program. As a result, the Authority does not anticipate a consent decree being issued.

As part of a proactive approach, the Authority entered into a professional services agreement in 2010 to conduct a flow monitoring study of the wastewater collection system. Areas needing rehabilitation were identified and prioritized. The study identified sub-basins which have the greatest rainfall inflow and infiltration ("I&I"). Elimination of inflow and infiltration of ground water and rain into the wastewater collection system remains a high priority for the Authority. In January 2016, the Authority contracted with an independent engineering firm to focus on evaluating and improving the next 10% of the collection systems as part of an ongoing program to reduce sanitary system overflows (SSO's), reduce I&I, and rehabilitate the sewer collection system. Since 2016, the Authority has invested over $7,600,000 in collection system rehabilitation and approximately $3,900,000 in treatment plant improvements.

Wastewater Rates

Under the provisions of the Private Act, the Authority may change its rates upon approval by its Board without the necessity of review or approval by any other municipality, the state or any commission or authority. Notice of any rate change must be announced in the local newspaper at least thirty (30) days prior to the effective date. If during such period, protests against the change are filed with the Board of Directors by 1% of the users, then the proposed rates shall not go into effect unless approved by the City Council of the City of Jackson. The foregoing requirements and limitations, however, do not limit or restrict the power of the Authority to raise rates to comply with the Authority's covenants (including, without limitation, the rate covenant) in the Resolution because the Private Act provides that, in connection with the issuance of bonds and in order to secure the payment of its bonds, the Authority shall have power to make such covenants and to do all things as may be necessary or convenient or desirable in order to secure its bonds or which in the absolute direction of the Board of Directors, tend to make the bonds more marketable, notwithstanding that such covenants, acts and things may restrict or interfere with the exercise of the powers otherwise provided in the Private Act. The Authority has never received a protest from the requisite number of users of the System that would require the rate increase to be approved by the City Council.

The Wastewater Division has implemented retail rate changes as necessary to maintain a self-supporting system, providing for the operations and maintenance of the System, debt service payments, partial funding of capital improvements, and a sufficient working capital level. The Authority annually prepares a five-year financial forecast which includes projected rate adjustments. The Wastewater Division has implemented rate increases in three of the past five years as follows: 4.9% in October 2016, 4.9% in October 2017, and 2.5% in October 2018.

The following table shows the Wastewater Division's average rate compared to certain Tennessee peers:

Table III
Wastewater Division
Peer Comparison
(as of October 2020)

Name	Rate*
Memphis	$ 31.57
JEA	**$38.31**
Murfreesboro	$ 42.54
Johnson City	$ 44.73
Nashville	$ 45.12
Franklin	$ 48.34
Clarksville	$ 51.00
Chattanooga	$ 56.02
Knoxville	$ 92.29

* Based on 5,700 gallon average

Source: Utilities' posted rates via website

A summary of the current rate schedules of the Wastewater Division is as follows:

Table IV
Wastewater Division
Summary of Retail Rates

RESIDENTIAL WASTEWATER RATE SCHEDULE RI
Customer Charge: $7.76
Wastewater Charge:
$0.536 per 100 gallons

RESIDENTIAL WASTEWATER RATE SCHEDULE RO
Customer Charge: $8.24
Wastewater Charge:
$0.536 per 100 gallons

GENERAL SERVICE WASTEWATER RATE SCHEDULE GI
Customer Charge: $26.78
Wastewater Charge:
First 500,000 gallons per month at $0.580 per 100 gallons
Next 500,000 gallons per month at $0.526 per 100 gallons
Excess over 1,000,000 gallons per month at $0.362 per 100 gallons
Surcharge:
Carbonaceous Biochemical Oxygen Demand (CBOD) over 450 mg/l….$0.1879 per pound
Suspended Solids (SS) over 500 mg/l…………………………………….…...$0.1486 per pound
Fats, Oil and Grease (FOG) over 100 mg/l………………………………...$0.1486 per pound

GENERAL SERVICE WASTEWATER RATE SCHEDULE GO
Customer Charge: $29.90
Wastewater Charge:
First 500,000 gallons per month at $0.580 per 100 gallons
Next 500,000 gallons per month at $0.526 per 100 gallons
Excess over 1,000,000 gallons per month at $0.362 per 100 gallons
Surcharge:
Carbonaceous Biochemical Oxygen Demand (CBOD) over 450 mg/l….$0.1879 per pound
Suspended Solids (SS) over 500 mg/l…………………………………….…...$0.1486 per pound
Fats, Oil and Grease (FOG) over 100 mg/l………………………………...$0.1486 per pound

Historical and Projected System Use

The following table shows historical figures for the population for the City of Jackson, the county of Madison, the State of Tennessee, and the United States:

Table V
Wastewater Division
Population Information

						Percent of Change			
Year	**Jackson**	**Madison Co.**	**Tennessee**	**United States**	**Years**	**Jackson**	**Madison Co.**	**Tennessee**	**U.S.**
1980	49,258	74,546	4,591,120	226,546,805					
1990	48,949	77,982	4,877,185	245,807,873	1980-1990	-0.63%	4.61%	6.23%	8.50%
2000	59,643	91,837	5,689,283	284,620,441	1990-2000	21.85%	17.77%	16.65%	15.79%
2010	65,211	98,294	6,346,105	308,745,538	2000-2010	9.34%	7.03%	11.54%	8.48%

Source: U. S. Bureau of the Census

The following tables detail the number of customers of the Wastewater Division in each general category, the million gallons sold to each category of customers, and the revenues in each general category.

Table VI
Wastewater Division
Customer Numbers by Class

Fiscal Year	Residential Inside City	Residential Outside City	Commercial Inside City	Commercial Outside City	Total
2011	22,759	2,125	2,792	137	27,813
2012	22,952	2,167	2,814	139	28,072
2013	23,306	2,398	2,806	143	28,653
2014	23,275	2,295	2,779	161	28,510
2015	23,109	2,251	2,806	155	28,321
2016	23,251	2,319	2,829	158	28,557
2017	23,779	2,438	2,857	163	29,237
2018	23,852	2,488	2,886	173	29,399
2019	23,958	2,535	2,897	167	29,557
2020	24,188	2,600	2,901	164	29,853

Table VII
Wastewater Division
Million Gallons Sold

Fiscal Year	Residential Inside City	Residential Outside City	Commercial Inside City	Commercial Outside City	Total
2011	1,431,715	126,545	1,360,736	42,364	2,961,360
2012	1,410,388	126,877	1,430,959	43,014	3,011,238
2013	1,396,325	124,200	1,394,179	45,350	2,960,054
2014	1,340,721	126,621	1,350,465	43,363	2,861,170
2015	1,327,129	123,330	1,312,052	52,803	2,815,314
2016	1,351,835	127,906	1,340,538	51,040	2,871,319
2017	1,359,972	122,087	1,336,309	46,970	2,865,338
2018	1,385,322	130,661	1,324,187	61,102	2,901,272
2019	1,342,205	128,703	1,296,198	77,067	2,844,173
2020	1,370,976	136,108	1,253,696	78,828	2,839,608

Table VIII
Wastewater Division
Revenue

Fiscal Year	Residential Inside City	Residential Outside City	Commercial Inside City	Commercial Outside City	Total
2011	$ 7,211,826	$ 790,947	$ 5,952,610	$ 278,987	$ 14,234,370
2012	7,700,910	850,042	6,610,429	302,500	15,463,881
2013	7,729,710	852,616	6,590,886	317,853	15,491,065
2014	7,718,024	900,723	6,602,571	306,584	15,527,902
2015	7,719,960	919,363	6,488,026	368,825	15,496,175
2016	8,253,101	993,212	6,782,037	363,434	16,391,784
2017	8,724,500	1,001,844	7,038,175	363,642	17,128,162
2018	9,346,225	1,130,786	7,319,055	458,644	18,254,710
2019	9,523,503	1,169,711	7,407,107	553,515	18,653,837
2020	9,793,653	1,241,524	7,193,666	555,653	18,784,496

The following table shows the usage and sales of the Wastewater Division's ten largest customers in order of total dollar sales generated for fiscal year 2020. These ten top customers represented 12.74% of the total wastewater sales dollars.

Table IX
Wastewater Division
Largest Customers by Yearly Revenue
Fiscal Year 2020

Customer	Consumption (Gallons)	Annual Sales (Dollars)	% of Total Sales
Kellogg Company	198,409,500	$ 752,920	3.85%
Jackson Mad Co Gen Hospital	133,385,600	552,475	2.82%
Owen Corning Fiberglass	46,088,500	212,337	1.09%
Gerdau Ameristeel	38,808,000	206,200	1.05%
Union University	25,207,900	158,877	0.81%
Delta Faucet Company	36,790,000	156,394	0.80%
Pinnacle Foods	34,388,700	147,229	0.75%
Sunshine Corp. (Cherry Grove)	17,406,200	118,577	0.61%
Vorteq Coil Finishers (Wismarq)	19,385,200	101,288	0.52%
Equistar (Lyondell Basell)	20,323,200	86,295	0.44%
TOTAL	570,192,800	2,492,592	12.74%

The Authority prepares an Annual Budget and a Five-Year Plan for the Wastewater Division which includes forecasted sales, operating and maintenance costs, and capital expenditures. The Five-Year Plan also includes forecasting the projected number of customers and the unit sales for the next five years, as shown in the following table.

Table X
Wastewater Division
Projected Customers and Sales

Fiscal Year	Number of Customers	MGal Sales
2021	29,850	2,779,931
2022	29,999	2,852,605
2023	30,148	2,860,442
2024	30,296	2,869,031
2025	30,445	2,878,879

Source: Jackson Energy Authority, Wastewater Division 2021-2025 Five Year Plan, July 2020

Engineering, Construction and Maintenance

The Wastewater Division engineering staff oversees all engineering designs. The licensed engineering staff prepares plans for service to new customers, maintains adequate service to existing customers, and prepares short-range plans to accommodate future system growth and customer additions. Wastewater engineering consultants may be used from time to time for large projects and to supplement resource needs during times of high construction activity.

System Improvements and Additions

The Wastewater Division prepares a Budget and a Five-Year Plan, both of which include a plan for capital spending. The Budget and Five-Year Plan detail the system improvements and additions to be performed in each year and a projected cost of the work. In addition, the Budget and Five-Year Plan project the sources of funding required to finance each project. The Budget and Five-Year Plan are presented to the Board of Directors annually. The table below shows the capital expenditures projected for the fiscal years 2021-2025 and a brief description of the projects. As shown below, the total capital expenditures projected for the fiscal years 2021-2025 is $34,535,000.

Table XI
Wastewater Division
Projected Capital Expenditures

(Amounts in Thousands)

Description	FY 21	FY 22	FY 23	FY 24	FY 25	Totals
Miller Avenue WWTP Improvements	$ 4,124	$ 140	$ 140	$ 89	$ 89	$ 4,582
Middle Fork WWTP Improvements	175	139	89	90	89	582
Vehicles and Equipment	1,257	1,404	1,814	1,668	1,791	7,934
Collection System Rehabilitation	250	535	2,050	2,015	2,030	6,880
Biosolids Master Plan	-	200	350	2,425	2,750	5,725
Collection System Expansions	620	640	595	565	515	2,935
Fairgrounds-Highland Collection System Rehab	2,524	-	-	-	-	2,524
Lift Stations	800	30	330	30	330	1,520
Miscellaneous	413	249	240	265	246	1,413
Industrial Park System Expansions	-	440	-	-	-	440
Totals	$ 10,163	$ 3,777	$ 5,608	$ 7,147	$ 7,840	$ 34,535

Source: Adapted from Jackson Energy Authority, Wastewater Division 2021-2025 Five Year Plan, July 2020

Miller Avenue Wastewater Treatment Plant. Expenditures include upgrades and replacements of aging treatment plant equipment and replacement of two screw pumps with submersible pumps.

Middle Fork Wastewater Treatment Plant. Expenditures include replacement of two aging screw pumps with submersible pumps.

Vehicles and Equipment. Includes the purchase of new and replacement fleet vehicles and equipment necessary for sewer system maintenance and installation.

Collection System Rehabilitation. Expenditures include rehabilitation and replacement of existing sewer pipes, interceptors, forced mains and other sewer installations in prioritized areas as part of the ongoing program to reduce sanitary sewer system overflows and system inflow and infiltration.

Bio-solids Master Plan. Expenditures include expanding the sludge handling facilities with a sludge dryer.

Collection System Expansions. These expenditures allow for installations and replacements of sewer mains within the service territory.

Fairgrounds-Highland Collection System Rehabilitation. Expenditures include interceptor rehabilitation/replacement in this area.

Lift Station Rehabilitation. Expenditures include repair and replacement of Bells Hwy lift station and other lift station repairs.

Miscellaneous. Expenditures for building upgrades and improvements, computer and software upgrades and purchases and office furniture, fixtures and equipment.

Industrial Park System Expansions. This includes system expansions to support the development of sites for new or relocated industries into the Industrial Park area.

Capital Financing Plans

The Authority funds capital spending through operating revenues and long term borrowing. Since fiscal year 2013, the Authority has utilized federal grants and low-interest rate State loans in lieu of issuing bonds for capital improvements.

The Authority received funding through a community development block grant in the amount of $13.375 million, with the Wastewater Fund receiving almost $12.3 million of that amount. As of June 30, 2020, the Fund had received over $5.8 million from the grant. The Authority has until June 30, 2021, to complete the grant work.

Beginning in FY 2014 and projected to continue through FY 2021, the Wastewater Fund has utilized low-interest rate loans from the State of Tennessee Revolving Fund (SRF) loan program in the amount of $24.5 million. A total of seven loans have been approved, three of which included principal forgiveness. These SRF loans have a lien on the Net Revenues of the Wastewater Division on parity with the lien of other senior lien revenue bonds issued, including the Series 2017 Wastewater Bonds. As of June 30, 2020, the Authority had drawn almost $21.3 million in loans and received approximately $1 million in principal forgiveness from the program.

The following table lists approved SRF loan amounts and terms. An administrative fee of eight basis points (.08%) is payable monthly on disbursed funds. Each loan has a 20-year term from the date of the first principal repayment. Principal repayments are required to begin following disbursement of 90% of the project loan. As of June 30, 2020, principal repayments had commenced on five loans. Interest only on the amount disbursed was being paid on two loans.

Table XII
Wastewater Division
SRF Loans

Loan Number	Date Approved	Approved Amount	Interest Rate	Maturity Date	Principal Forgiveness	Loan Funds Disbursed as of June 30, 2020
CW0 2013-313	9/27/2012	$ 2,150,000	0.34%	1/20/2035	$ 531,050	$ 1,618,950
SRF 2013-314	9/27/2012 [1]	$ 8,953,352	0.34%	3/20/2037	$ -	$ 8,952,326
CG2 16-363	10/29/2015 [2]	$ 2,000,000	1.43%	5/20/2037	$ -	$ 1,992,380
CG3 16-361	4/7/2016	$ 4,000,000	1.17%	2/20/2038	$ 200,000	$ 3,800,000
CG4 16-362	4/7/2016 [3]	$ 4,000,000	1.17%	6/20/2040	$ 280,000	$ 3,611,570
CG2 16-368	6/9/2016 [4]	$ 2,000,000	1.25%	9/20/2040	$ -	$ 19,000
SRF 17-383	3/21/2017 [5]	$ 1,400,000	1.55%	11/20/2038	$ -	$ 1,296,258
Totals		$ 24,503,352			$ 1,011,050	$ 21,290,484

[1] Original issue $5,000,000. Added $3,953,352 in October 2013 for a new total issue amount of $8,953,352, of which $1,026 was not used.

[2] Total amount approved was $2,000,000, of which $7,620 was not used.

[3] Total amount approved was $4,000,000, of which $116,591 remains available for draws as of June 30, 2020.

[4] Total amount approved was $2,000,000, of which $1,981,000 remains available for draws as of June 30, 2020.

[5] Total amount approved was $1,400,000, of which $103,742 was not used.

Over the next five years, the Authority anticipates additional borrowing to fund Phase II improvements at the Miller Avenue Wastewater Treatment Plant for a bio-solids drying project. This would include installation of a bio-solids drying field to reduce permitted sludge waste at a cost of $5,725,000.

FINANCIAL DETAILS

Operating Results

Below is a summary of operations for the Wastewater Division for the fiscal years ending June 30, 2016, through June 30, 2020. The information in the following table has been derived from the audited financial statements of the Wastewater Division for the fiscal years 2016 through 2020.

Wastewater Division
Schedule of Revenues, Expenditures & Changes in Net Assets
Fiscal Year Ended June 30
(Amounts in thousands)

	2016	2017	2018	2019	2020
Operating Revenue	17,487	18,167	19,288	19,647	19,505
Operating Expenses					
Pumping Expenses	370	356	413	431	394
Treatment and Disposal	3,290	3,260	3,135	2,919	2,955
Transmission and Distribution	1,498	1,422	1,687	1,700	1,668
Customer Accounts Expense	927	912	993	926	848
Administrative and General Expense	4,454	4,385	3,279	1,706	4,229
Provision for Depreciation	4,025	3,990	4,095	4,390	4,268
Taxes, Payroll	264	261	258	254	250
Tax Equivalent	176	180	187	198	206
Total Operating Expenses	15,004	14,766	14,047	12,524	14,818
Income from Operations	2,483	3,400	5,241	7,123	4,687
Non-operating Revenue (Expenses)					
Non-operating Income	1,166	1,564	638	350	326
Non-operating Expense	(1,895)	(1,986)	(1,453)	(1,028)	(1,017)
Total Non-operating Revenue (Expense)	(729)	(422)	(815)	(678)	(691)
Income before Contributions	1,754	2,978	4,426	6,445	3,996
Capital Contributions	185	441	1,539	4,014	1,887
Change in Net Assets	1,939	3,419	5,965	10,459	5,883
Net Assets - Beginning of Year	78,193	80,132	75,604	81,754	92,246
Net Assets - End of Year	80,132	83,551	81,569	92,213	98,129

Wastewater Division
Statement of Net Assets
Fiscal Year Ended June 30
(Amounts in thousands)

	2016	2017	2018	2019	2020
Assets					
Utility Plant (Net of Depreciation)	106,250	113,745	112,879	115,715	115,260
Construction in Progress	8,856	9,274	11,979	12,201	14,105
Restricted Funds	23,294	26,059	2,060	2,111	2,239
Current Assets	9,087	10,217	12,523	16,054	17,051
Other Non-Current Assets	394	437	2,790	2,761	4,794
Deferred Outflows	8,046	7,282	6,354	6,177	5,105
Total Assets	155,927	167,014	148,585	155,019	158,554
Liabilities					
Long-Term Debt	48,896	48,808	21,972	20,247	18,498
Current Liabilities	768	3,278	4,638	4,597	4,484
Other Non-Current Liabilities	20,895	27,820	40,405	37,492	35,698
Deferred Inflows/Outflows	5,235	3,555	-	470	1,745
Total Liabilities	75,794	83,461	67,015	62,806	60,425
Net Assets	80,133	83,553	81,570	92,213	98,129
Total Liabilities and Net Assets	155,927	167,014	148,585	155,019	158,554

Wastewater Division
Schedule of Long-Term Debt
Excluding Refunded Series 2012 Bonds

Years Ended	Series 2017 Bonds		Series 2020 Bonds		Notes Payable		Total		
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
2021	1,530,000	203,500	160,000	78,461	1,072,338	187,387	2,762,338	469,348	3,231,686
2022	1,610,000	125,000	335,000	171,913	1,103,376	183,778	3,048,376	480,691	3,529,067
2023	1,695,000	42,375	335,000	171,075	1,112,564	173,702	3,142,564	387,152	3,529,716
2024	-	-	1,650,000	169,903	1,121,815	163,539	2,771,815	333,442	3,105,257
2025	-	-	1,665,000	161,652	1,131,211	153,265	2,796,211	314,917	3,111,128
2026	-	-	1,670,000	150,830	1,140,682	142,879	2,810,682	293,709	3,104,391
2027	-	-	1,680,000	136,635	1,150,264	132,370	2,830,264	269,005	3,099,269
2028	-	-	1,700,000	119,835	1,159,967	121,749	2,859,967	241,584	3,101,551
2029	-	-	1,720,000	101,135	1,169,748	111,027	2,889,748	212,162	3,101,910
2030	-	-	1,740,000	79,635	1,179,663	100,170	2,919,663	179,805	3,099,468
2031	-	-	1,765,000	55,275	1,189,677	89,224	2,954,677	144,499	3,099,176
2032	-	-	1,800,000	28,800	1,199,803	78,130	2,999,803	106,930	3,106,733
2033	-	-	-	-	1,210,053	66,923	1,210,053	66,923	1,276,976
2034	-	-	-	-	1,220,402	55,603	1,220,402	55,603	1,276,005
2035	-	-	-	-	1,195,862	44,153	1,195,862	44,153	1,240,015
2036	-	-	-	-	1,157,462	32,898	1,157,462	32,898	1,190,360
2037	-	-	-	-	1,042,517	21,580	1,042,517	21,580	1,064,097
2038	-	-	-	-	527,542	12,489	527,542	12,489	540,031
2039	-	-	-	-	346,817	6,770	346,817	6,770	353,587
2040	-	-	-	-	319,272	2,587	319,272	2,587	321,859
2041	-	-	-	-	28,210	63	28,210	63	28,273
	$ 4,835,000	$ 370,875	$ 16,220,000	$ 1,425,149	$ 20,779,245	$ 1,880,285	$ 41,834,245	$ 3,676,309	$ 45,510,554

Wastewater Division
Historical Debt Service Coverage

Historical debt service coverage for annual debt service requirements on all outstanding Senior Lien Obligations for the fiscal years ended June 30, 2016 through 2020 is set forth on the following table:

	2016	2017	2018	2019	2020
Operating Revenues	$ 17,487,130	$ 18,166,533	$ 19,288,259	$ 19,646,948	$ 19,505,470
Contributions in Aid fees	58,143	40,831	36,383	12,214	17,645
Operating Expenses	10,145,218	9,994,345	9,507,387	7,682,580	10,093,601
Payroll Taxes	263,909	261,176	258,332	253,787	249,742
Total Income before Depreciation, Interest Expense and In lieu of Taxes	7,136,146	7,951,843	9,558,923	11,722,795	9,179,772
Other Income	35,075	402,129	153,267	354,509	326,189
Income Available for Debt Service	$ 7,171,221	$ 8,353,972	$ 9,712,190	$ 12,077,304	$ 9,505,961
Debt Service	$ 2,917,572	$ 3,091,008	$ 3,114,059	$ 3,348,995	$ 3,383,433
Debt Service Coverage Ratio	2.46	2.70	3.12	3.61	2.81

Source: Jackson Energy Authority Financial Statements

Wastewater Division
Projected Debt Service Coverage

The management of the Authority has prepared the forecasted financial information set forth below to present the forecasted debt service coverage for the Wastewater System after issuance of the Series 2020 Bonds. The prospective financial information was not originally prepared with a view toward public disclosure in an Official Statement or with a view towards complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. The information below was prepared from the view of management and reflects the best currently available estimates and judgments and presents, to the best of management's knowledge and belief, the expected course of action and the expected future financial performance of the Authority. However, this information is not fact and should not be relied upon as necessarily indicative of future results, and readers of this Official Statement are cautioned not to place undue reliance on the forecasted financial information. Neither the Authority's independent auditors, nor any other independent accountants or financial advisors, have compiled, examined, or performed any procedures with respect to the prospective financial information contained herein, nor have they expressed any opinion or any form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the prospective financial information.

The assumptions and estimates underlying the prospective financial information are inherently uncertain and, though considered reasonable by management as of the date hereof, are subject to a wide variety of significant business, economic and competitive risks and uncertainties that could cause actual results to differ materially from those forecasted.

Accordingly, there can be no assurance that forecasted results are indicative of the future performance of the Authority or that actual results will not be materially higher or lower than those forecasted. Inclusion of the prospective financial information in this Official Statement should not be regarded as a representation by any person that the forecasted results will be achieved.

Projected debt service coverage for annual debt service requirements on all outstanding Senior Lien Obligations for fiscal years ending June 30, 2021 through 2025 is set forth on the following table:

	2021	**2022**	**2023**	**2024**	**2025**
Operating Revenues	$ 19,025,954	$ 19,543,147	$ 19,595,499	$ 19,652,873	$ 19,718,657
Contributions in Aid fees	36,893	36,893	36,893	36,893	36,893
Operating Expenses	10,957,266	11,342,320	11,683,622	12,034,502	12,396,032
Payroll Taxes	290,239	296,931	305,866	315,052	324,517
Total Income before Depreciation, Interest Expense and In lieu of Taxes	7,815,341	7,940,788	7,642,904	7,340,211	7,035,001
Other Income	73,911	96,696	152,997	193,348	164,363
Income Available for Debt Service	$ 7,889,253	$ 8,037,484	$ 7,795,901	$ 7,533,559	$ 7,199,364
Debt Service*	$ 3,231,687	$ 3,529,240	$ 3,539,943	$ 3,162,933	$ 3,225,442
Debt Service Coverage Ratio	2.44	2.28	2.20	2.38	2.23

* Debt Service assumes full amount of SRF loans will be drawn.

Source: Jackson Energy Authority FY 2021-FY 2025 Five-Year Plan, June 2020; Financial Statements for fiscal year ending June 30, 2020

COVID-19

The worldwide spread of COVID-19 is considered a public health emergency of international concern by the World Health Organization. In March 2020, in order to combat the spread of COVID-19, the Authority formed a COVID Team comprised of employees from different cross-sections of the company. This team quickly developed and executed a plan to protect its employees and customers including equipping employees to work from home, dispersing protective equipment to field employees, modifying physical work locations to lower risks, and offering customers multiple platforms for customer service. The Authority continues to make changes as conditions merit, in order to ensure that operations remain smooth.

In mid-March, the Authority implemented a moratorium on disconnects for non-pay and stopped charging a fee for late payments. Disconnects resumed in June; however, in order to avoid disconnections, numerous attempts were made to contact customers with past-due balances. Customers were given the opportunity to make extended payment arrangements to allow a continuation of utility services. During the moratorium, the Authority saw a slight decline in revenue from late payment fees, but the Authority does not expect any further declines.

Of the Authority's forty major industrial customers, thirteen were significantly affected by the State of Tennessee's temporary stay-at-home order. However, most of those affected were back at full production level by the end of June 2020. As shown below, revenues for July 2020 through September 2020 show an increase over the same time period in 2019. The Authority has mitigated potential revenue loss by reducing expenses while maintaining an emergency reserve balance of over $2 million for the Wastewater System.

	Year to Date* (July to September)	
	2020	**2019**
Operating Revenue	5,285,454	5,145,017
Operating & Maintenance Expense	2,450,428	2,394,081
Other Operating Expense	1,275,059	1,176,367
Total Operating Expense	3,725,488	3,570,448
Operating Income	1,559,967	1,574,569
Non-operating Income	37,492	84,264
Non-operating Expense	260,115	260,280
Income before Contributions	1,337,344	1,398,553
Capital Contributions	1,013,421	291,406
Change in Net Assets	2,350,765	1,689,959
Net Assets - Beginning of Period	98,128,897	92,213,123
Net Assets - End of Period	100,479,662	93,903,083

* Unaudited

Commercial consumption remains behind 2019 levels but is moving closer to normal for September 2020. As shown in the table below, the Wastewater System experienced a consumption decline from April to June 2020 and then picked back up July through September 2020 for a net gain of almost 7,300 Mgal compared to the same period in 2019.

2020 Consumption

	Mar-20	*Apr-20*	*May-20*	*Jun-20*	*Jul-20*	*Aug-20*	*Sep-20*
Mgal Sold							
Residential	114,726	133,288	125,691	134,714	143,971	137,244	133,334
Commercial	115,554	91,730	89,577	106,808	120,008	104,357	120,802
	230,280	225,018	215,268	241,522	263,979	241,601	254,136

2019 Consumption

	Mar-19	*Apr-19*	*May-19*	*Jun-19*	*Jul-19*	*Aug-19*	*Sep-19*
Mgal Sold							
Residential	107,308	129,588	124,597	128,136	130,615	128,062	132,371
Commercial	109,889	122,358	104,313	119,523	120,837	119,639	120,895
	217,197	251,946	228,910	247,659	251,452	247,701	253,266

Change in Consumption

	March	*April*	*May*	*June*	*July*	*August*	*September*	*TOTAL*
Mgal Sold								
Residential	7,418	3,700	1,094	6,578	13,356	9,182	963	***42,291***
Commercial	5,665	(30,628)	(14,736)	(12,715)	(829)	(15,282)	(93)	***(68,618)***
	13,083	(26,928)	(13,642)	(6,137)	12,527	(6,100)	870	***(26,327)***

APPENDIX C

DEMOGRAPHIC AND ECONOMIC INFORMATION OF THE CITY OF JACKSON, TENNESSEE

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APPENDIX C

DEMOGRAPHIC AND ECONOMIC INFORMATION OF THE CITY OF JACKSON, TENNESSEE

The City

The City lies within the Gulf Coastal Plain in the center of western Tennessee in Madison County (the "County") and encompasses a land area of approximately 55 square miles. The City was incorporated in 1822 as the Town of Alexandria. In 1845, the name was changed to the City of Jackson. The City is the principal city in a 13-county region of West Tennessee.

The City offers a wide variety of economic, cultural, and educational benefits. It is the home of The University of Memphis-Lambuth Campus, Union University, Lane College, and Jackson State Community College. The City has a diversified industrial and commercial base.

Form of Government

The City currently has a mayor-council form of government, with a mayor elected at large and nine council members, all elected from specific districts for four-year terms. The next election is May 2023.

Population

According to the U.S. Bureau of the Census, the City's population in 2010 was 65,211. The following table shows the historical population for the City based on the Census of Population prepared by the U.S. Bureau of the Census.

Population Record

Year	Population	% Increase
2020 (estimate)	68,501	5.0
2010	65,211	9.3
2000	59,643	21.8
1990	48,949	(0.6)
1980	49,258	23.1
1970	39,996	16.3
1960	34,376	13.8
1950	30,207	24.1
1940	24,332	9.7
1930	22,172	11.6

Community

The City of Jackson is home to:

Major Medical Facilities: One hospital with 600+ physicians and approximately 790 hospital beds, plus the state's largest private multi-specialty clinic in Tennessee with over 100 physicians comprise a medical health care network that draws 69.1% of its patient load from the area surrounding Madison County.

Educational Facilities: Three (3) liberal arts colleges – University of Memphis-Lambuth, Lane College, and Union University, plus Jackson State Community College, a state-operated two-year institution. Also a part of the Jackson State campus is the Ned R. McWherter Center of Advanced Industrial Technologies, which is designed to train potential industrial employees in three (3) focus areas: Manufacturing and Engineering Technology, Electro-Mechanical Engineering Technology, and Civil and Machine Tool Technology. In addition to these facilities are an area-wide State Vocational Technical School and a private business college.

Law Center: Courts represented in Jackson include the U.S. District Court, U.S. Bankruptcy Court, Tennessee Supreme Court, Tennessee Court of Appeals and a host of local courts.

Transportation Center: As the hub of West Tennessee, Jackson is located along Interstate 40 and has easy access to Interstate 55. Other major highways include: U.S. 70 and U.S. 412 that provide east-west routes, U.S. 45 and U.S. 45 Bypass go north and south; State Routes include Highways 18, 198, and 223. Three (3) railroad companies service Jackson providing direct access to all of the South and the East Coast, along with connections to the rest of the country. The railroads include the Norfolk-Southern, the CSX, and the West Tennessee Railroad. Also serving Jackson are scheduled bus lines (Greyhound Bus Line) and the McKellar-Sipes Regional Airport (Air Choice One Airlines).

Media Center: Several radio stations, broadcast ABC and CBS affiliate television stations, and a daily newspaper all reach throughout the area from Jackson providing immediate communication access. Jackson also has local Internet providers including the Authority's investment in building Tennessee's first, state-of-the-art, community-owned fiber network in 2004.

Cultural Facilities: Jackson provides entertainment and cultural opportunities not available elsewhere within the trade area. Entertainment options include the Jackson Symphony, the Jackson Generals (AA affiliate of the Arizona Diamondbacks) Baseball Team, Shannon Street Blues Fest, Ballet Arts, Casey Jones Home and Railroad Museum, various public parks and golf courses, Lake Graham, the Farmer's Market, Pinson Mounds Archaeological Park, and the West Tennessee State Fair.

Retail Growth

The total buying power of Jackson encompasses people who live in the 13 counties of the City's primary trade area and puts Jackson in the top retail markets in the region. The high level of retail sales indicates a high level of disposable and discretionary income reinforced by a relatively low cost of living.

In 2018, Madison County had $2.1 billion in retail sales. Much of Jackson's growth comes from people from the surrounding area who consider Jackson their retail center. According to the Jackson, Tennessee Chamber of Commerce, Jackson's primary trade area has a population of nearly 400,000.

The following table reflects the number of building permits issued in Madison County for the last 10 years.

Building Permits (Madison County)

	Residential		Commercial		Total	
Year	Number	Value ($)	Number	Value ($)	Number	Value ($)
2019	156	$34,172,448	142	$112,078,788	298	$146,251,236
2018	157	$32,788,605	149	$43,682,035	306	$76,470,640
2017	182	$39,051,800	140	$71,016,442	322	$110,068,242
2016	167	$30,846,880	184	$92,321,971	351	$123,168,851
2015	146	$25,726,890	148	$30,174,697	294	$55,901,587
2014	150	$31,871,430	165	$74,029,554	315	$105,900,984
2013	156	$31,175,204	151	$30,703,994	307	$61,879,198
2012	187	$33,462,450	231	$78,578,244	418	$112,040,694
2011	130	$24,632,210	187	$64,794,663	317	$89,426,873
2010	160	$26,630,025	189	$55,323,817	349	$81,953,842

Economic Development

Jackson-Madison County has experienced economic success in past years by utilizing a team approach. The team consists of The Jackson Chamber, The City of Jackson, Madison County and Jackson Energy Authority. The team also includes other participants in both the public and private sectors who are knowledgeable in the economic development process and know the importance of continued efforts in industrial development. The team aggressively recruits quality employers for the region.

In 2019, new and expanding industries created 775 jobs and invested more than $216.9 million. These expansions reinforce the attractiveness of Jackson as an attractive location for industries. Over the past 10 years, Jackson industries have created more than 6,463 jobs, and have invested more than $1.4 billion into the local economy. The continued growth of industrial jobs in Jackson fuels the growth in commercial and residential areas. As more workers are brought into Jackson, medical needs, housing and retail services must be met by the commercial and residential sectors. The diversity in types of industries in Jackson has traditionally mitigated impacts to the local economy from downturns in the national economy.

MADISON COUNTY
TOP 10 LARGEST EMPLOYERS

Employer	Product	Employees
West Tennessee Healthcare	Healthcare	7,000
Jackson-Madison County School System	Education	1,806
Delta Faucet Company	Manufacturing	1,149
The Kellogg Company	Manufacturing	900
Madison County	Government	898
Stanley Black and Decker	Manufacturing	825
Union University	Education	824
City of Jackson	Government	724
Jackson Clinic	Healthcare	715
Kirkland’s, Inc.	Distribution	572

Source: Jackson Chamber. Like most cities and counties, the City of Jackson and Madison County have been impacted by the outbreak of COVID-19. Some of the data in this appendix, including the data ~~is~~ in this table, was collected prior to the outbreak and there can be no assurance that the employers have not, or will not, reduce employment levels as a result of the pandemic. There also can be no assurance that any employer listed will continue to locate in the area of the City or continue employment at the level stated.

UNEMPLOYMENT RATES

YEAR	MADISON COUNTY, TN	TENNESSEE	UNITED STATES
Sep 2020	6.8%	6.3%	7.9%
2019	3.6%	3.4%	3.7%
2018	3.8%	3.6%	3.9%
2017	4.0%	3.8%	4.4%
2016	5.0%	4.8%	4.9%
2015	6.1%	5.8%	5.3%
2014	6.7%	6.5%	6.2%
2013	8.1%	7.8%	7.4%
2012	8.3%	8.2%	8.1%
2011	9.6%	9.1%	9.6%
2010	10.8%	9.7%	9.6%

Source: Bureau of Labor Statistics

APPENDIX D

AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2020

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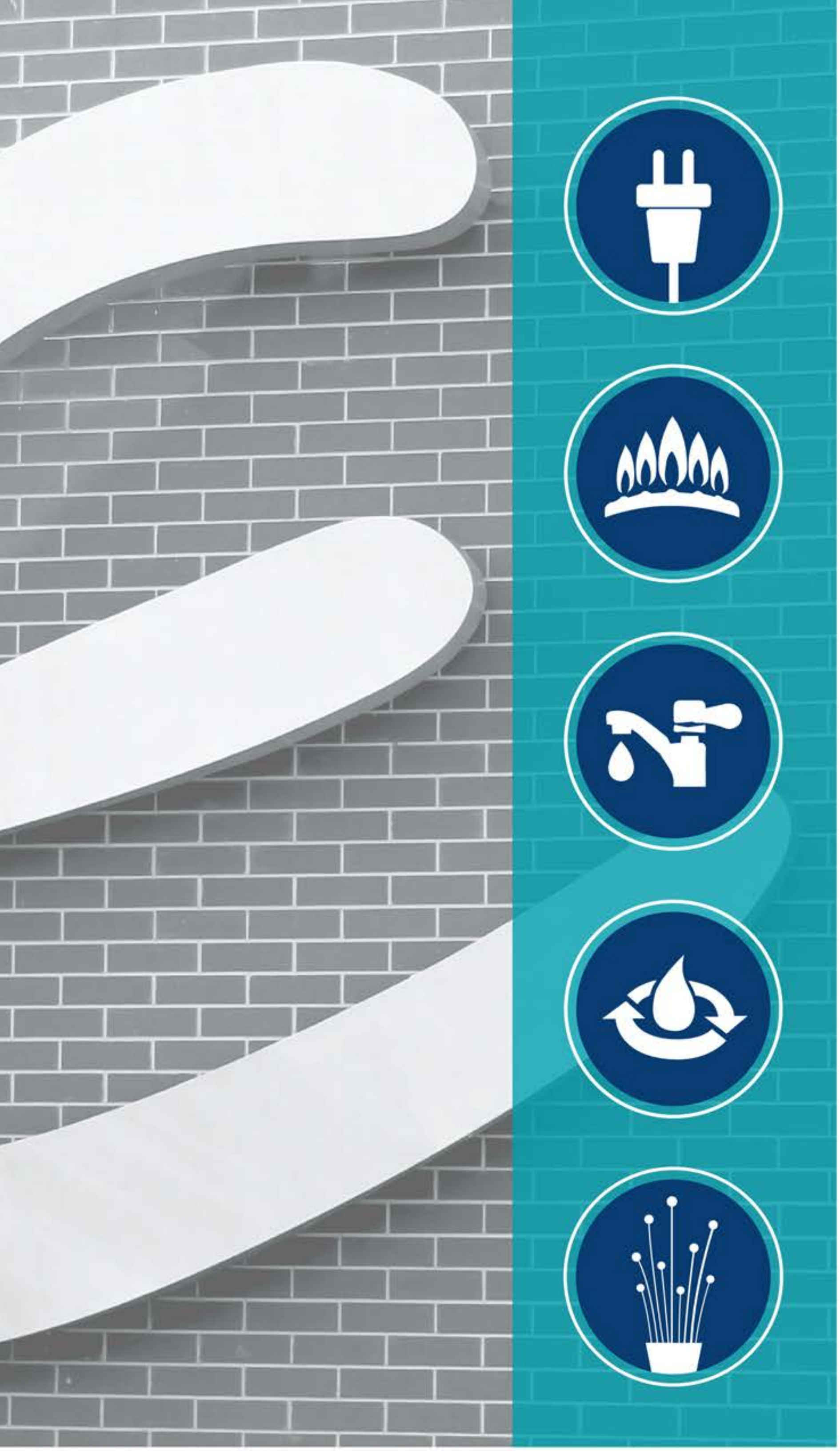


JACKSON ENERGY AUTHORITY

2020 ANNUAL REPORT

FINANCIAL STATEMENTS
& SUPPLEMENTARY
INFORMATION FOR
FISCAL YEAR ENDING
JUNE 30, 2020

2020
ANNUAL
REPORT

FROM THE PRESIDENT/CEO

Fiscal year 2020 began just as any other, with system improvements, extensions, maintenance and rehabilitation projects. However, as the COVID-19 pandemic hit, the second half of FY20 brought about many challenges in our industry as well as our economy. These challenges forced changes in how we communicate, how we do business, how we work and how we serve our customers. Utilization of technology and maintaining flexibility was key in our efforts to continue work without interruption or down time.

The Electric System continued rehab of an existing out-of-service substation while also continuing design and preliminary planning of both the rehabbed as well as a new substation. LED lighting continues to be installed throughout the city in an ongoing effort to increase energy efficiency.

The Gas System installed approximately 7.5 miles of main, over 400 services and completed a 3-mile main extension to serve a large grain drying operation and customers along the main. Additionally, the purchase of gas began from the Tennergy Corporation 2019 Gas Prepayment Project which will save JEA hundreds of thousands of dollars on the wholesale cost of gas.

The Water System continued AMI water meter changeouts, upgrades, water main repairs, rehabilitations and replacements in an effort to maintain system integrity and reliability. Source water well and pump rehabilitation projects were completed as well as the installation of the south raw water main to serve well #14. New equipment was installed at both plants to help with control and monitoring. New water main crossings were completed and progress toward completion continues on the new 2.5 MG composite water tank for West Madison County.

The Wastewater System installed new equipment to help with control and monitoring at the Middlefork Plant. The Bio-solids Dryer Project study was completed to determine feasibility of using a sludge dryer vs. hauling to the landfill. Lastly, the 54-inch interceptor rehab lining project and rehab of the South Fork River Pump Station and Johnson Creek Pump Station were completed while Miller Avenue Wastewater Plant improvements continued as part of the Community Development Block Grant.

The Telecommunications System focused on operations and instituted prudent capital delays in light of uncertain financial effects due to COVID-19. Adjusting to the new normal gave way to an increased demand for Internet which drove an increase in our bandwidth needs by over 30 percent. Our investment in future-proof fiber connectivity proved worthy as the telecom network did not strain under these increased demands. The telecommunications system also utilized the EPlusTV 6 network to inform the community of COVID updates, launched free WiFi network downtown and provided Internet connectivity in partnership with the local library at three Housing Authority properties. Development continued on an app-based video solution to set-top box rentals to ensure market competitiveness.

Despite the challenges and setbacks of fiscal year 2020, the progress highlighted in this report is due to the focused efforts of our employees and our company to drive progress forward. I look forward to extending the momentum into the new fiscal year as we continue to invest in new customer experiences, the safety of our customers and community and the reliability of our system.

Jim F. Ferrell - President/CEO - Jackson Energy Authority

Jim F. Ferrell

BOARD OF DIRECTORS AND MANAGEMENT TEAM

BOARD OF DIRECTORS *(L to R)*

Monte Jones	Chair
Pam Finney	Vice Chair
	Howard Bond; Dennis Henderson; Logan Hampton

MANAGEMENT TEAM

Jim Ferrell	President & Chief Executive Officer
Nancy Nanney	Senior Vice President & Chief Financial Officer
Teresa Cobb	General Counsel
Monte Cooper	Senior Vice President, Electric Division
Braxton Williams	Senior Vice President, Gas Division
Steve Raper	Senior Vice President, Water & Wastewater Divisions
Ben Lovins	Senior Vice President, Telecommunications Division
Rowland Fisher	Assistant Senior Vice President, Engineering
Aletza Boucher	Corporate Secretary
Michael Baughn	Vice President, Information Systems
Lara Coleman	Vice President, Operations
Barry Cross	Vice President, Human Resources
Ted Austin	Vice President, Customer Service & Community Relations
John Nanney	Vice President, Economic & Industrial Development

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Alexander Thompson Arnold PLLC - Jackson, Tennessee

SYSTEM HIGHLIGHTS

ELECTRIC

During fiscal year 2020, transmission rehab began on the Johnson Creek 46kV line in order to eventually return the Johnson Creek 46kV Substation back to service. Substation design work and preliminary planning continued for the return of Johnson Creek Substation. Once completed, this substation will diversify the circuits in the area and provide a backup for the industrial circuits. Additionally, substation design work and preliminary planning for the new Christmasville Substation continued. The addition of these substations to the system will help improve reliability.

LED lights continued to be deployed for all forms of lighting in Jackson – street, private outdoor, and flood lighting. The Electric System is converting existing high pressure sodium (yellow) lights and metal halide (white) lights to LED as they fail (gradual deployment).

GAS

During fiscal year 2020, approximately 7.5 miles of main and over 400 services were installed. Of these totals, 4.5 miles were new main associated with system expansion projects and 3 miles included main replaced as part of the systematic infrastructure replacement program. Regarding service installations, 350 services were attributed to new customer growth. In addition to numerous small extension projects, one major system expansion project was completed. This expansion project consisted of installing approximately 3 miles of gas main along Lower Brownsville Road. This project provided service to approximately 10 residential customers as well as a large grain drying operation.

Gas purchases began from the Tennergy Corporation's 2019 Gas Prepayment Project in January 2020. This contract, along with two additional prepayment contract commitments, enables the Division to purchase gas at a discount to market price. The volumes attributed to these three projects represent approximately 50% of the Division's sales volumes and will equate to a savings of over $450,000 a year to the wholesale cost of gas. Participation in these types of projects is another way to better serve customers with safe, reliable natural gas at reasonable rates.

WATER

During fiscal year 2020, the water system saw a total of 2,782 AMI water meter changeouts. Water main rehabilitation and replacements were completed throughout the city in conjunction with the City of Jackson's annual resurfacing projects. Water main extensions were also completed in the North and West part of the city along Cooper Anderson Road and Windy City Road due to developer contributions.

The ongoing process of well and pump rehabilitation, required to keep equipment operating at peak performance and to help prevent contamination, was completed in fiscal year 2020. To help give an updated and reliable way of controlling and monitoring the water plants, new PLC controllers were installed at both plants. Additionally, installation of the raw water main to serve the South Well #14 near Jackson Transit Authority south of downtown was completed.

New water main crossings at South Highland River Bridge and Airways were completed in fiscal year 2020 as part of the water system improvements funding from the Community Development

SYSTEM HIGHLIGHTS (Continued)

Block Grant (CDBG). Lastly, progress toward completion continues on the new 2.5 MG composite water tank for West Madison County (in the airport area) and the water main extension that will supply it. Once complete, this unique tank will be the only one in the system and will support current and future growth.

WASTEWATER

In fiscal year 2020, the Wastewater System installed a new control panel and PLC equipment at the Middelfork Plant to help give an updated and reliable way of controlling and monitoring the wastewater plants. The wastewater Bio-solids Dryer Project Study was completed by JR Wauford, which was conducted to determine the feasibility of using a sludge dryer vs. hauling sludge to the landfill.

The 54-inch interceptor rehab lining project and rehab of the South Fork River Pump Station and Johnson Creek Pump Station were completed while Miller Avenue Wastewater Plant improvements continued in fiscal year 2020 as part of the Wastewater System improvements funding from the Community Development Block Grant (CDBG).

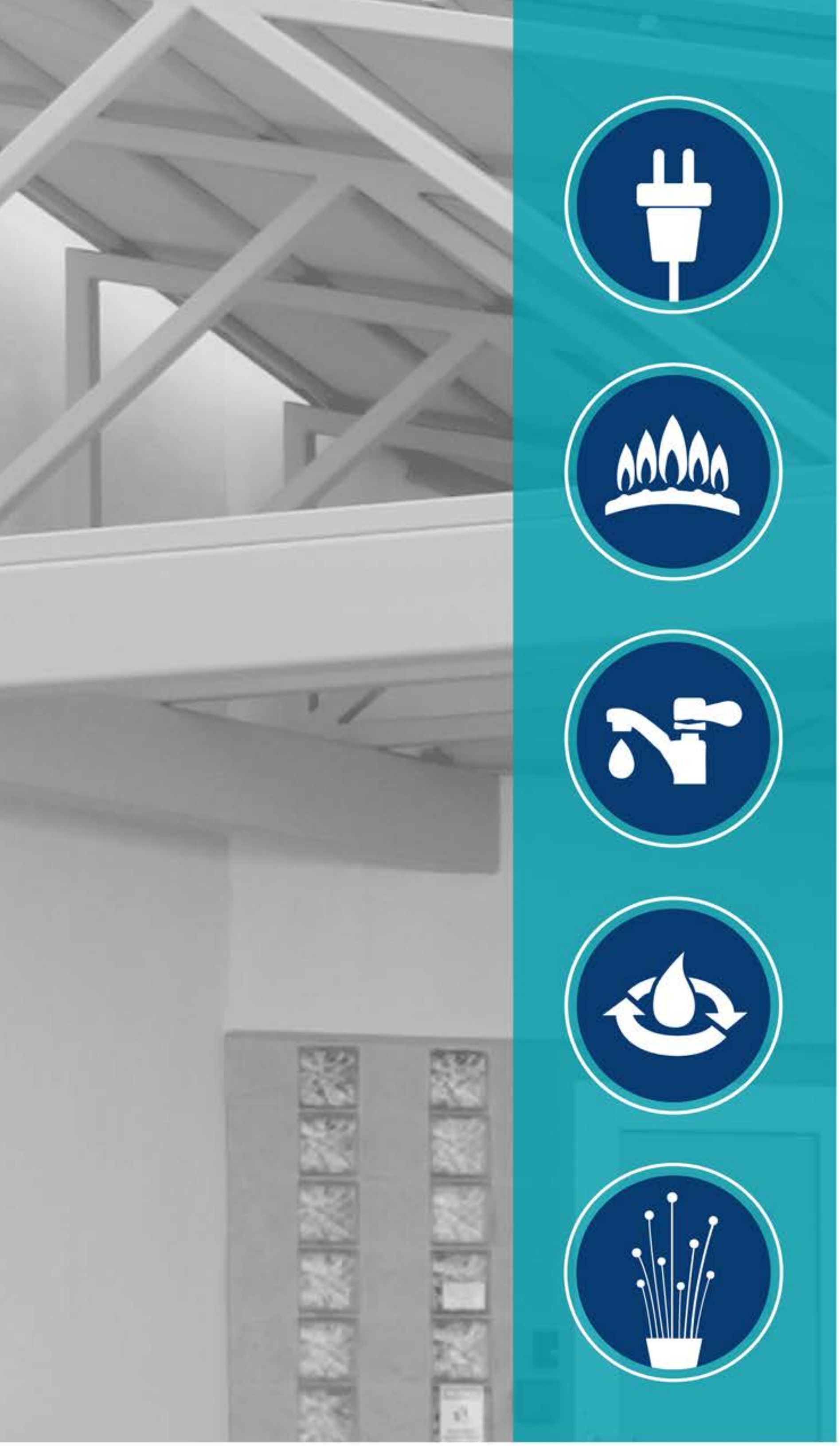
Ongoing 24-inch IE (Industrial East) interceptor project funded by State Revolving Fund (SRF) loan continues towards completion and will provide increased capacity and reduced O&M for the east part of the service area for Wastewater.

TELECOMMUNICATIONS

During fiscal year 2020, capital projects were minimal as management provided laser focus on operations and instituted prudent capital delays due to the uncertainty of the financial effects on the community and the Division caused by COVID-19.

Any doubt across the country that Internet is an essential service vanished as COVID-19 forced everyone to adjust to a new normal. Demand for Internet among customers was stronger than ever due to COVID-19 as much of the community began working, learning, and socializing from home. Internet customer growth and increased usage by existing customers drove an increase in bandwidth needs by over 30 percent. The Division's employees were designated essential workers due to the critical nature of telecom services. They performed without hesitation in a safe manner to continue customer connections, troubleshooting, plant maintenance, and networking and headend operations. Due to the Division's investment in future-proof fiber connectivity, the telecom network did not strain under the increased bandwidth demands. There was no need to limit or throttle data speeds or usage. EPlusTV6 was utilized to inform the community on COVID-19 updates from local officials, the free downtown Wi-Fi network was launched, and a partnership was developed with the local library to provide Internet connectivity to three Jackson Housing Authority properties.

The Division continued to develop an app-based video solution that allows customers to forgo set-top box rentals and ensures competitiveness in this market. Other video operators may purchase the service, and Gibson Connect launched video with the SaaS platform in FY 2020.



JACKSON ENERGY AUTHORITY

2020 ANNUAL REPORT

FINANCIAL SECTION

ATA

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Independent Auditor's Report

To the Board of Directors
Jackson Energy Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Jackson Energy Authority, (the Authority), a component unit of the City of Jackson, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller 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, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, each major fund, and the aggregate remaining fund information of Jackson Energy Authority, as of June 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof 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 management's discussion and analysis and the pension and OPEB related schedules and notes as listed in the table of contents, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The introductory section and financial information listed as supplementary and other information in the Table of Contents, including the Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary and other information, including the schedule of expenditures of federal awards, which has not been marked "unaudited" are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary and other information, including the schedule of expenditures of federal awards, which has not been marked "unaudited" are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and the supplementary and other information which has been marked "unaudited" 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 October 31, 2020, on our consideration of the Authority'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 to solely 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 Authority'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 Authority's internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Jackson, Tennessee
October 31, 2020

MANAGEMENT’S DISCUSSION AND ANALYSIS

As management of the Jackson Energy Authority (the Authority), we offer readers of the Authority’s financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended June 30, 2020. All amounts, unless otherwise indicated, are expressed in actual dollars.

OVERVIEW OF THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Management’s Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the financial statements and supplementary information. The MD&A represents management’s examination and analysis of the Authority’s financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Authority’s strategic plan, budget, bond resolutions, and other management tools were used for this analysis. The Financial Statements and Supplementary Information are made up of four sections: 1) the introductory section, 2) the financial section 3) the supplementary and other information section, and 4) the internal control and compliance section. The introductory section includes the Authority’s directory. The financial section includes the independent auditor’s report, the MD&A, the financial statements with accompanying notes and the required supplementary information. The supplementary and other information section includes selected financial and operational information. The internal control and compliance section includes the report on internal control and compliance. These sections make up the financial report presented here.

REQUIRED FINANCIAL STATEMENTS

A Proprietary Fund is used to account for the operations of the Authority, which is financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing services to the general public on a continuing basis be financed or recovered primarily through user charges.

A Fiduciary Fund is used to account for resources held for the benefit of parties outside of the Authority. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the Authority’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The financial statements report information about the Authority, using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities.

The *Statement of Net Position* presents the financial position of the Authority on a full-accrual historical-cost basis. The statement of financial position includes all of the Authority’s assets, liabilities, and deferred inflows/outflows of resources with the difference noted as net position. It provides information about the nature and amounts of investments in resources (assets) and the obligations to the Authority’s creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the Authority, and assessing the liquidity and financial flexibility of the Authority.

The *Statement of Revenues, Expenses and Changes in Net Position* presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement measures the success of the Authority’s operations and can be used to determine whether the Authority has successfully recovered all of its costs. This statement also measures the Authority’s profitability and credit worthiness.

The *Statement of Cash Flows* presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipt and cash disbursement information, without consideration of the earnings event, when an obligation arises.

The *Statement of Fiduciary Net Position* includes all assets and liabilities of the plan and provides a picture of the fiduciary net position of the plan as of the end of the current fiscal year. Assets less liabilities results in net position restricted for other plan benefits held in trust at year-end.

The *Statement of Changes in Fiduciary Net Position* reports all additions and deductions of the plan for the current fiscal year. Additions consist of employer contributions, participant contributions (if required or allowed), and investment earnings. Deductions include benefits paid on behalf of plan participants and administrative expenses. Total additions minus deductions provide the net increase or decrease in net position for the current fiscal year. The change in net position plus the beginning net position results in the ending net position restricted for plan benefits for the current year.

The *Notes to the Financial Statements* provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Authority's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

FINANCIAL HIGHLIGHTS – ELECTRIC FUND

Management believes the Fund's financial condition is strong. The Fund is well within its debt covenants, and stringent financial policies and guidelines have been set by the Board and Management. The following are key financial highlights:

- Total assets and deferred outflows of resources at June 30, 2020 were $218.6 million and exceeded liabilities and deferred inflows of resources in the amount of $133.2 million (i.e. net position).
- Net position increased $5.9 million during the current year. Restricted net position is $980 thousand.
- Unrestricted net position increased by $307 thousand.
- Operating revenues were $140.4 million for 2020, a decrease from 2019 in the amount of $7.1 million or 4.8%.
- Operating expenses were $135.9 million for 2020, a decrease from 2019 in the amount of $2.3 million or 1.7%.

FINANCIAL ANALYSIS – ELECTRIC FUND

Table 1 below focuses on the Fund's net position and the changes in net position during 2020:

Table 1

CONDENSED STATEMENT OF NET POSITION

			Increase (Decrease)	
	June 30, 2020	June 30, 2019	Amount	%
Current and other assets	$ 70,969,773	$ 72,637,587	$ (1,667,814)	-2.30%
Capital assets	138,218,178	136,409,534	1,808,644	1.33%
Total assets	209,187,951	209,047,121	140,830	0.07%
Deferred outflows of resources	9,446,649	11,221,202	(1,774,553)	-15.81%
Long-term liabilities	58,095,604	65,332,652	(7,237,048)	-11.08%
Other liabilities	23,930,655	26,647,751	(2,717,096)	-10.20%
Total liabilities	82,026,259	91,980,403	(9,954,144)	-10.82%
Deferred inflows of resources	3,358,925	898,325	2,460,600	273.91%
Net position:				
Net investment in capital assets	104,831,376	99,047,444	5,783,932	5.84%
Restricted for debt service	431,379	443,214	(11,835)	-2.67%
Other restricted net position	548,573	768,003	(219,430)	-28.57%
Unrestricted	27,438,088	27,130,934	307,154	1.13%
Total net position	$ 133,249,416	$ 127,389,595	$ 5,859,821	4.60%

Current and other assets decreased by $1.7 million. Accounts receivable decreased by $2 million. This decrease was due largely to June 2020 revenue being $872 thousand lower than June 2019. In addition, days in receivables decreased from 33 days in 2019 to 30 days in 2020.

Major capital additions during the fiscal year included the following:

• TDOT Installed Lighting - Donated Plant	$708 thousand
• Purchase of Meters	$639 thousand
• Installation of Johnson Creek Substation	$554 thousand

FINANCIAL ANALYSIS - ELECTRIC FUND (Continued)

Deferred outflows of resources decreased primarily due to a lower actuarially determined contribution to the Authority's OPEB plan.

Long-term liabilities decreased due to:
1) Payments of notes to TVA and Southwest Tennessee Electric Membership Cooperative totaling $1.1 million.
2) A $2.9 million effect of Plan assumption changes on the OPEB liability.
3) The Fund's 2018 contributions to the OPEB trust of $1.9 million.
4) Bond principal payments of $2.5 million.
5) Offsetting the decreases above is an increase in the net pension liability of $1.2 million caused primarily by the interest cost on the unfunded liability.

The decrease in other liabilities reflects lower accounts payable due to lower power cost caused by lower May and June sales.

The increase in deferred inflows of resources is due to the effects of assumption changes in the OPEB Plan. These changes are amortized over an average of 8.19 years and are described more fully in Note 4D in the Notes to Financial Statements.

Table 1 on page 10 shows that 78.7% of the Electric Fund's net position was related to capital assets, which includes land and easements, structures and improvements, infrastructure, and equipment, net of related debt. Net position restricted for debt service and other restricted net position are amounts limited to specific uses by the Fund's bond covenants or through resolutions passed by the Authority's Board of Directors.

The following table summarizes the variances in the Statement of Revenues, Expenses and Changes in Net Position between fiscal years 2020 and 2019:

Table 2

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

			Increase (Decrease)	
	June 30, 2020	June 30, 2019	Amount	%
Operating revenues	$ 140,370,460	$ 147,476,393	$ (7,105,933)	-4.82%
Non-operating revenues	1,105,725	1,204,445	(98,720)	-8.20%
Contributions	1,356,778	523,656	833,122	159.10%
Total revenues	142,832,963	149,204,494	(6,371,531)	-4.27%
Operating expenses	135,885,934	138,206,341	(2,320,407)	-1.68%
Non-operating expenses	1,150,754	1,248,243	(97,489)	-7.81%
Total expenses	137,036,688	139,454,584	(2,417,896)	-1.73%
Change in net position	5,796,275	9,749,910	(3,953,635)	-40.55%
Beginning net position	127,389,595	116,657,492	10,732,103	9.20%
Prior period adjustments/restatements	63,546	982,193	(918,647)	-93.53%
Ending net position	$ 133,249,416	$ 127,389,595	$ 5,859,821	4.60%

Operating revenues declined in the following areas:

1) Residential - $1.2 million
2) GSA-2 - $2.3 million
3) GSA-3 and MSA - $1.1 million
4) B&D - $1.9 million

FINANCIAL ANALYSIS - ELECTRIC FUND (Continued)

Residential kWh's sold declined by 2.3%. Much of the residential usage is driven by heating and air conditioning requirements. Cooling days in fiscal 2019 totaled 2,034 days and declined to 1,941 in 2020, a decline of 4.6%.

GSA-2 saw a decline in the number of customers from an average of 939 customers per month in 2019 to 906 customers per month in 2020. This group includes small business and brick and mortar retail that was greatly affected by the pandemic shutdown.

GSA-3 and MSA kWh's sold declined by 12,854,646 from 2019 to 2020. About half (652,420 kWh) occurred during the March to June time period when the COVID-19 pandemic caused businesses to curtail operations. The remainder is most likely due to the climatological reasons that drove the residential usage noted above.

B&D kWh's declined by 22,707,108 from 2019 to 2020. Of this decline we saw 1,421,327 during the March – June time frame. In addition to the COVID-19 effects, Pinnacle Foods was acquired by ConAgra and experienced significant production cutbacks during the transition period. Owens Corning has made efficiency improvements at their plant and those efficiency gains contributed to the sales decline.

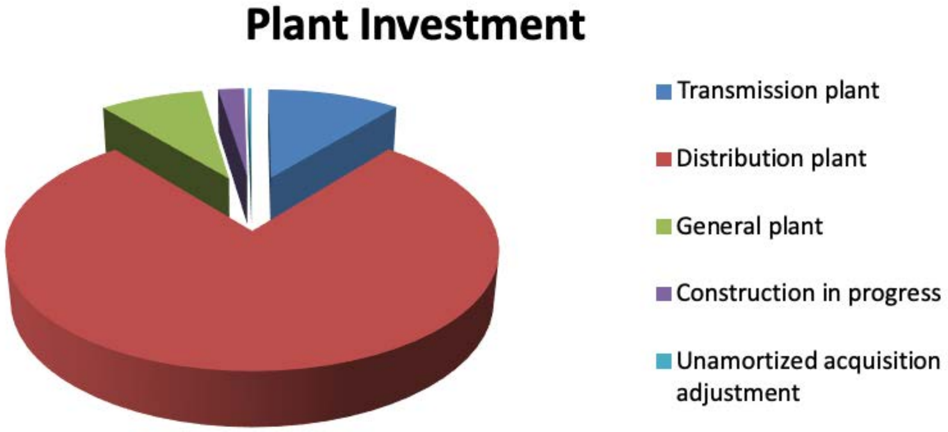
Operating expenses decreased due to:

1) Power cost decreased by 5.1% or $5.9 million due to decreased operating revenues decline discussed above.
2) In 2019, OPEB plan changes resulted in a $4.7 million expense reduction not present in 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The following chart summarizes the Fund's capital assets for the year ended June 30, 2020. Changes to capital assets are presented in detail in Note 3D to the financial statements. This investment in capital assets provides the infrastructure necessary to distribute electric power to customers and to expand the fund with customer growth.



Debt Administration

The Fund has outstanding Revenue Bonds and Notes Payable of $30,630,000 and $1,299,507 respectively, as of June 30, 2020. Principal payments are due in the upcoming fiscal year in the amount of $3,725,949 with interest payments totaling $1,097,579 also due. As of June 30, 2020, the debt service restricted assets were $634,872 for the 2014 and 2020 bond issues. Details relating to the outstanding debt can be found in Note 3E.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES - ELECTRIC FUND

Highlights from the Fund's FY 2021 budget include:

- Sales projections of $134,220,000
- Cost of purchased power projections of $108,499,000
- No projected rate increase
- Customer projections of 35,960
- O&M projected expenditures of $14,550,000
- Capital expenditure projections of $9,454,000
- No additional bond issues are projected
- Bond Debt Service Coverage Ratio of 4.75 will meet all bond compliance tests

Industrial customer expansions and new industrial load will continue to be sought and drive expenses of the Electric System. Customer adoption of electric vehicles will create opportunities for increasing Electric System sales at residential as well as commercial locations. Threats to the Electric System will continue as increasing energy efficiencies result in lower sales per customer, and as behind the meter distributed energy resources work to lower customer demand.

FINANCIAL HIGHLIGHTS – GAS FUND

Management believes the Fund's financial condition is strong. The Fund is well within its debt covenants, and stringent financial policies and guidelines have been set by the Board and Management. The following are key financial highlights:

- Total and deferred outflows of resources at year-end were $143 million and exceeded liabilities and deferred inflows of resources in the amount of $94.4 million (i.e. net position).
- Net position increased $4 million during the current year.
- Unrestricted net position increased by $2.2 million during the current year.
- Operating revenues were $33.2 million, a decrease from 2019 in the amount of $3.9 million or 10.4%.
- Operating expenses were $29.3 million, a decrease from 2019 in the amount of $182 thousand or 0.6%.

FINANCIAL ANALYSIS – GAS FUND

Table 1 below focuses on the Fund's net position and the changes in net position during 2020:

Table 1

CONDENSED STATEMENT OF NET POSITION

			Increase (Decrease)	
	June 30, 2020	June 30, 2019	Amount	%
Current and other assets	$ 42,074,662	$ 38,979,556	$ 3,095,106	7.94%
Capital assets	94,353,751	93,501,484	852,267	0.91%
Total assets	136,428,413	132,481,040	3,947,373	2.98%
Deferred outflows of resources	6,416,896	7,840,096	(1,423,200)	-18.15%
Long-term liabilities	42,908,473	45,822,332	(2,913,859)	-6.36%
Other liabilities	3,135,422	3,452,032	(316,610)	-9.17%
Total liabilities	46,043,895	49,274,364	(3,230,469)	-6.56%
Deferred inflows of resources	2,395,763	640,776	1,754,987	273.88%
Net position:				
Net investment in capital assets	74,699,112	72,867,299	1,831,813	2.51%
Restricted for debt service	69,762	82,115	(12,353)	-15.04%
Unrestricted	19,636,777	17,456,582	2,180,195	12.49%
Total net position	$ 94,405,651	$ 90,405,996	$ 3,999,655	4.42%

FINANCIAL ANALYSIS – GAS FUND (Continued)

Current and other assets increased by $3.1 million primarily due to an increase in cash and cash equivalents. See page 27 for details of changes in cash and cash equivalents.

Major capital expenditures during the fiscal year included the following:

• Main installation on Lower Brownsville Road	$517 thousand
• Purchase of 2000 Gas Meters	$200 thousand
• Purchase of 2000 ERT's	$155 thousand

Deferred outflows of resources decreased primarily due to a lower actuarially determined contribution to the Authority's OPEB plan.

Long-term liabilities decreased by $2.9 million due primarily to:

1) A $2.9 million effect of Plan assumption changes on the OPEB liability.
2) Bond principal payments of $830 thousand.

The increase in deferred inflows of resources is due to the effects of assumption changes in the OPEB Plan. These changes are amortized over an average of 8.19 years and are described more fully in Note 4D in the Notes to Financial Statements.

Table 1 indicates that 79.1% of the Fund's net position was related to capital assets, which includes land and easements, structures and improvements, infrastructure, and equipment, net of related debt.

The following table summarizes the variances in the Statement of Revenues, Expenses and Changes in Net Position between fiscal years 2020 and 2019:

Table 2

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

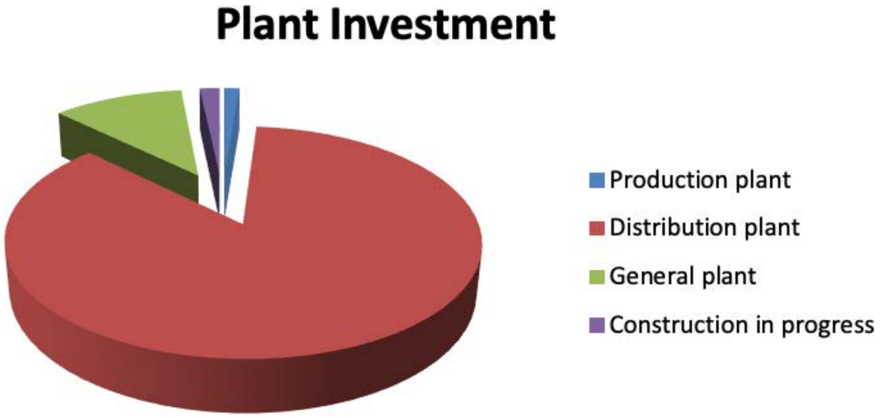
			Increase (Decrease)	
	June 30, 2020	June 30, 2019	Amount	%
Operating revenues	$ 33,190,425	$ 37,042,614	$ (3,852,189)	-10.40%
Non-operating revenues	579,014	1,251,226	(672,212)	-53.72%
Contributions in aid	132,640	131,241	1,399	1.07%
Total revenues	33,902,079	38,425,081	(4,523,002)	-11.77%
Operating expenses	29,300,974	29,482,840	(181,866)	-0.62%
Non-operating expenses	646,815	655,680	(8,865)	-1.35%
Total expenses	29,947,789	30,138,520	(190,731)	-0.63%
Change in net position	3,954,290	8,286,561	(4,332,271)	-52.28%
Beginning net position	90,405,996	82,031,926	8,374,070	10.21%
Prior period adjustment	45,365	87,509	(42,144)	-48.16%
Ending net position	$ 94,405,651	$ 90,405,996	$ 3,999,655	4.42%

Operating revenues decreased by 10.40% due in large part to decreased residential natural gas sales of $1.5 million. Average usage per customer declined from 65.13 MCF in 2019 to 61.72 MCF in 2020. In addition, the average rate decreased from $10.37 per MCF in 2019 to $9.95 per MCF in 2020 primarily due to lower gas costs.

CAPITAL ASSETS AND DEBT ADMINISTRATION – GAS FUND

Capital Assets

The following chart summarizes the Fund's capital assets for the year ended June 30, 2020. These changes to capital assets are presented in detail in Note 3D to the financial statements. This investment in capital assets provides the infrastructure necessary to distribute natural gas and propane to customers and to expand the system with customer growth.



Debt Administration

The Fund has outstanding Revenue Bonds of $18,485,000 as of June 30, 2020. Principal payments are due in the upcoming fiscal year in the amount of $870,000, with interest payments totaling $729,481 also due. As of June 30, 2020, debt service restricted assets were $133,319 for the 2015 bond issue. Details relating to the outstanding debt can be found in Note 3E.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES – GAS FUND

Highlights from the Fund's FY 2021 budget include:

- Sales and transportation revenue projections of $31,509,000
- Cost of purchased gas projections of $14,590,000
- No projected base rate increase
- Customer projections of 33,526
- O&M projected expenditures of $10,215,000
- Capital expenditure projections of $3,843,000
- No additional bond issues are projected
- Bond Debt Service Coverage Ratio of 5.35 will meet all bond compliance tests

Recurring annual Gas System needs contribute to year-over-year planned capital spending around $4.7 million. Annual expenses include routine installation of service lines at $900 thousand, new gas mains at $750 thousand and meters at $340 thousand each year. After a pause in FY 2021, Gas System plans include continuing multiyear deployment of automated gas meters at an annual cost of $175 thousand. Annual system expansions to serve unserved areas of the county and projects focusing on system redundancy and integrity are also planned costing $500 - $630 thousand.

Decreased Gas System sales are budgeted in FY 2021 due to potential impacts to commercial and industrial customer usage as a result of the COVID-19 pandemic. However, sales are projected to return to FY 2020 levels over the next two budget years and increase over the remainder of the five-year budget due to incremental load growth from industrial expansions and customer growth. Future system growth could result from the potential construction of poultry barns in the Gas System's service area. Warmer than normal winter weather will continue to be the greatest negative risk to system operating revenues.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES – GAS FUND (Continued)

The availability of industrial park parcels at Tigers Jones, Airport Industrial Park and SR223 Industrial Park positions the Gas System well for future expansion. In particular, the SR223 Industrial Park provides an excellent opportunity to attract a large utility-intensive industry. The park is one of the premier industrial sites in the State, but one challenge with this industrial site is the Texas Gas Transmission pipeline that transverses it. The Gas System is committed to coordinating the relocation of these lines and, if justified, supporting the relocation project financially.

FINANCIAL HIGHLIGHTS – WATER FUND

Management believes the Fund's financial condition is strong. The Fund is well within its debt covenants and stringent financial policies and guidelines have been set by the Board and Management. The following are key financial highlights:

- Total assets and deferred outflows of resources at year-end were $130.6 million and exceeded liabilities and deferred inflows of resources in the amount of $97 million (i.e. net position).
- Net position increased $6 million during the current year. Restricted net position decreased by $78 thousand.
- Operating revenues were $17.8 million, an increase from 2019 in the amount of $119 thousand or 0.7%.
- Operating expenses were $13.7 million, an increase from 2019 in the amount of $2.7 million or 25.1%.

FINANCIAL ANALYSIS – WATER FUND

Table 1 focuses on the Fund's net position and the changes in net position during 2020.

Table 1
CONDENSED STATEMENT OF NET POSITION

			Increase (Decrease)	
	June 30, 2020	June 30, 2019	Amount	%
Current and other assets	$ 15,127,558	$ 16,233,854	$ (1,106,296)	-6.81%
Capital assets	109,826,670	104,023,879	5,802,791	5.58%
Total assets	124,954,228	120,257,733	4,696,495	3.91%
Deferred outflows of resources	5,656,416	6,684,137	(1,027,721)	-15.38%
Long-term liabilities	28,561,333	32,531,146	(3,969,813)	-12.20%
Other liabilities	3,052,118	2,821,980	230,138	8.16%
Total liabilities	31,613,451	35,353,126	(3,739,675)	-10.58%
Deferred inflows of resources	1,955,292	518,275	1,437,017	277.27%
Net position:				
Net investment in capital assets	97,103,573	89,167,558	7,936,015	8.90%
Restricted for debt service	1,103,168	1,181,441	(78,273)	-6.63%
Unrestricted	(1,164,840)	721,470	(1,886,310)	-261.45%
Total net position	$ 97,041,901	$ 91,070,469	$ 5,971,432	6.56%

Current and other assets decreased by $1.1 million. $695 thousand of the decrease was in temporary investments. The largest divestiture was Federal Farm Credit Bank $995 thousand.

Major capital expenditures during the fiscal year included the following:

• Elevated Water Tank installation at Airport	$2.7 million
• 16" Water Main Extension - Airport Industrial Park	$344 thousand
• North Water Treatment Plant Roof Replacement	$256 thousand

Long-term liabilities decreased by $4 million dollars primarily due to:

1) A $1.5 million effect of Plan assumption changes on the OPEB liability.
2) Bond principal paid in the amount of $1.8 million.

FINANCIAL ANALYSIS – WATER FUND (Continued)

The increase in deferred inflows of resources is due to the effects of assumption changes in the OPEB Plan. These changes are amortized over an average of 8.19 years and are described more fully in Note 4D in the Notes to Financial Statements.

Table 1 indicates that 100.1% of the Fund's net position was related to capital assets, which includes land and easements, structures and improvements, infrastructure, and equipment, net of related debt.

The following table summarizes the variances in the Statement of Revenues, Expenses and Changes in Net Position between fiscal years 2020 and 2019:

Table 2

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

			Increase (Decrease)	
	June 30, 2020	June 30, 2019	Amount	%
Operating revenues	$ 17,810,015	$ 17,691,323	$ 118,692	0.67%
Non-operating revenues	253,253	355,066	(101,813)	-28.67%
Contributions	2,073,086	701,681	1,371,405	195.45%
Total revenues	20,136,354	18,748,070	1,388,284	7.40%
Operating expenses	13,652,603	10,912,193	2,740,410	25.11%
Non-operating expenses	549,409	508,660	40,749	8.01%
Total expenses	14,202,012	11,420,853	2,781,159	24.35%
Change in net position	5,934,342	7,327,217	(1,392,875)	-19.01%
Beginning net position	91,070,469	83,283,707	7,786,762	9.35%
Prior period adjustment	37,090	459,545	(422,455)	-91.93%
Ending net position	$ 97,041,901	$ 91,070,469	$ 5,971,432	6.56%

Contributions increase was largely due to an increase in CDBG grants of $906 thousand over 2019.

The increase in operating expenses is attributable to the OPEB Plan change made in 2019. The Water Fund's OPEB expense decreased by $3 million in 2019 as a result of that change. OPEB expense simply returned to a more normal level in 2020.

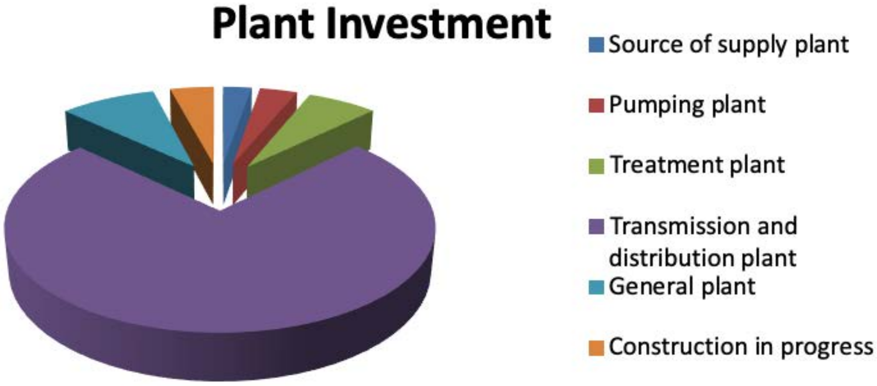
CAPITAL ASSETS AND DEBT ADMINISTRATION – WATER FUND

Capital Assets

The chart on page 18 summarizes the Fund's capital assets for the year ended June 30, 2020. Changes to capital assets are presented in detail in Note 3D to the financial statements. This investment in capital assets provides the necessary plant and infrastructure to deliver water service to customers and to expand the system with customer growth.

CAPITAL ASSETS AND DEBT ADMINISTRATION – WATER FUND (Continued)

Capital Assets (Continued)



Debt Administration

The Fund has outstanding revenue bonds of $11,780,000 as of June 30, 2020. Principal payments in the amount of $1,890,000, are due in the upcoming fiscal year, along with interest payments totaling $541,750. As of June 30, 2020, the debt service restricted assets were $1,152,251 for the 2017 bond. Details relating to the outstanding debt can be found in Note 3E.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES – WATER FUND

Highlights from the Fund's FY 2021 budget include:

- Sales projections of $16,756,000
- No projected rate increase
- Customer projections of 37,074
- O&M projected expenditures of $10,578,000
- Capital expenditure projections of $5,313,000
- No additional bond issues are projected
- Bond Debt Service Coverage Ratio of 2.82 will meet all bond compliance tests

Some significant capital projects will continue beyond the new budget year. The most costly of these is the water meter AMI project at $1.25 million in FY 2022. Relocation of the Madison West Tank to Medina will begin in FY 2022 and go until FY 2025. Other projects scheduled for future years include replacement of water lines in Bemis, a new production well for South Water Plant and recoating of Middleton water tank.

The Water System plans to continue seeking opportunities for state funding of water projects. The potential connection by Owens Corning will be pursued. The need for additional south well field sites, groundwater protection and attention to drinking water contaminants are on-going Water System challenges.

FINANCIAL HIGHLIGHTS - WASTEWATER FUND

Management believes the Fund's financial condition is strong. The Fund is well within its debt covenants, and stringent financial policies and guidelines have been set by the Board and Management. The following are key financial highlights:

- Total assets and deferred outflows of resources at year-end were $158.6 million and exceeded liabilities and deferred inflows of resources in the amount of $98.1 million (i.e. net position).
- Net position increased $5.9 million during the fiscal year.
- Unrestricted net position increased by $3 million.
- Operating revenues were $19.5 million, a decrease from 2019 in the amount of $141 thousand or 0.7%.
- Operating expenses were $14.8 million, an increase from 2019 in the amount of $2.3 million or 18.3%.

FINANCIAL ANALYSIS - WASTEWATER FUND

Table 1 below focuses on the Fund's net position and the changes in net position during 2020.

Table 1

CONDENSED STATEMENT OF NET POSITION

			Increase (Decrease)	
	June 30, 2020	June 30, 2019	Amount	%
Current and other assets	$ 24,083,175	$ 20,925,967	$ 3,157,208	15.09%
Capital assets	129,364,896	127,916,778	1,448,118	1.13%
Total assets	153,448,071	148,842,745	4,605,326	3.09%
Deferred outflows of resources	5,104,903	6,176,638	(1,071,735)	-17.35%
Long-term liabilities	54,539,028	57,739,334	(3,200,306)	-5.54%
Other liabilities	4,139,880	4,596,775	(456,895)	-9.94%
Total liabilities	58,678,908	62,336,109	(3,657,201)	-5.87%
Deferred inflows of resources	1,744,638	470,150	1,274,488	271.08%
Net position:				
Net investment in capital assets	90,319,683	87,552,924	2,766,759	3.16%
Restricted for debt service	2,173,023	2,038,767	134,256	6.59%
Unrestricted	5,636,722	2,621,433	3,015,289	115.02%
Total net position	$ 98,129,428	$ 92,213,124	$ 5,916,304	6.42%

The increase in Current and Other Assets is due to:

1) Increase in cash and cash equivalents of $3.3 million. See page 32 for changes in cash and cash equivalents.
2) Decrease in temporary investments of $1.2 million primarily from the divestiture of Federal Home Loan Bank investment.
3) Increase in Intellectual Property of $2.4 million representing an outside engineering study that will guide capital and O&M expenditures over the next ten years.

Major capital expenditures during the fiscal year included the following:

• Interceptor Replacement	$3.3 million
• Miller Submersible Pumps	$414 thousand
• Developer Installed Sewer for Westhaven Subdivision	$196 thousand

Long-term liabilities decreased due to:

1) A $1.5 million effect of Plan assumption changes on the OPEB liability.
2) Bond principal payments totaled $1.6 million.

Table 1 indicates that 92% of the Fund's net position was related to capital assets, which includes land and easements, structures and improvements, infrastructure, and equipment, net of related debt.

The table on page 20 summarizes the variances in the Statement of Revenues, Expenses and Changes in Net Position between fiscal years 2020 and 2019:

FINANCIAL ANALYSIS - WASTEWATER FUND (Continued)

Table 2

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

			Increase (Decrease)	
	June 30, 2020	June 30, 2019	Amount	%
Operating revenues	$ 19,505,470	$ 19,646,948	$ (141,478)	-0.72%
Non-operating revenues	325,942	349,846	(23,904)	-6.83%
Contributions	1,887,088	4,014,044	(2,126,956)	-52.99%
Total revenues	21,718,500	24,010,838	(2,292,338)	-9.55%
Operations expense	14,817,706	12,523,762	2,293,944	18.32%
Non-operating expenses	1,017,421	1,027,743	(10,322)	-1.00%
Total expenses	15,835,127	13,551,505	2,283,622	16.85%
Change in net position	5,883,373	10,459,333	(4,575,960)	-43.75%
Beginning net position	92,213,124	81,568,819	10,644,305	13.05%
Prior period adjustment	32,931	184,972	(152,041)	-82.20%
Ending net position	$ 98,129,428	$ 92,213,124	$ 5,916,304	6.42%

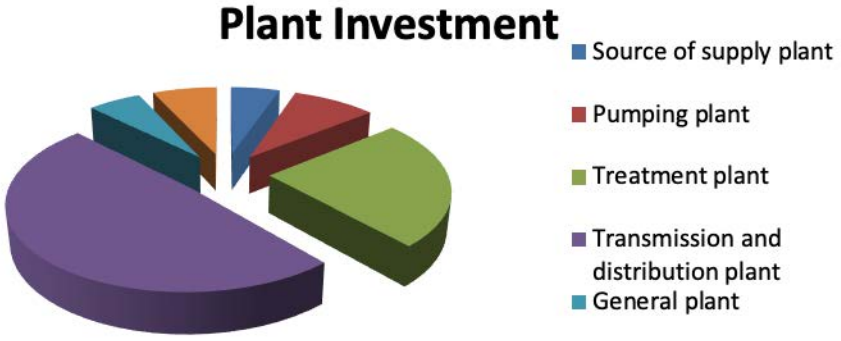
Contributions related to CDBG grants decreased from $3.1 million in 2019 to $1.1 million in 2020.

The increase in operating expenses is attributable to the OPEB Plan change made in 2019. The Wastewater Fund's OPEB expense decreased by $2.7 million in 2019 as a result of that change. OPEB expense simply returned to a more normal level in 2020.

CAPITAL ASSETS AND DEBT ADMINISTRATION – WASTEWATER FUND

Capital Assets

The following chart summarizes the Fund's capital assets for the year ended June 30, 2020. Changes to capital assets are presented in greater detail in Note 3D to the financial statements. This investment in capital assets provides the plant and infrastructure to collect, treat and dispose of wastewater.



Debt Administration

The Fund has outstanding Revenue Bonds and Notes Payable of $20,035,000 and $20,779,245, respectively, as of June 30, 2020. Principal payments in the amount of $2,636,008 are due in the upcoming fiscal year with interest payments totaling $935,687 on the Revenue Bonds and the Notes Payable. As of June 30, 2020, the debt service restricted assets total $2,238,819 for the 2012 and 2017 bond issues and the State Revolving Fund notes payable. Details relating to the outstanding debt can be found in Note 3E.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES - WASTEWATER FUND

Highlights from the Fund's FY 2021 budget include:

- Sales projections of $18,400,000
- No projected rate increase
- Customer projections of 29,850
- O&M projected expenditures of $10,957,000
- Capital expenditure projections of $10,166,000
- No additional bond issues are projected
- Bond Debt Service Coverage Ratio of 2.16 will meet all bond compliance tests

The Fund will continue to monitor potential growth areas and seek additional state funding opportunities. Future plans are to continue focusing on rehabilitation projects. Disposal of biosolids from the Miller Avenue Wastewater Treatment Plant is a continuing concern and challenge.

FINANCIAL HIGHLIGHTS - TELECOMMUNICATIONS FUND

The Fund's financial condition continues to improve. Cash position is stronger, and the Fund is within the stringent financial policies and guidelines set by the Board and Management. The following are key financial highlights:

- Total assets and deferred outflows of resources at year-end were $63.7 million and exceeded liabilities by $15 million (i.e. net position).
- Net position increased by $1.8 million.
- Unrestricted net position increased by $799 thousand.
- Operating revenues were $32.7 million, an increase from 2019 of $264 thousand or 0.8%.
- Operating expenses were $29.6 million, an increase from 2019 of $2.7 million or 10%.

FINANCIAL ANALYSIS - TELECOMMUNICATIONS FUND

The table below focuses on the Fund's net position and the changes in net position during 2020.

Table 1

CONDENSED STATEMENT OF NET POSITION

			Increase (Decrease)	
	June 30, 2020	June 30, 2019	Amount	%
Current and other assets	$ 17,024,279	$ 15,851,983	$ 1,172,296	7.40%
Capital assets	39,932,983	43,069,967	(3,136,984)	-7.28%
Total assets	56,957,262	58,921,950	(1,964,688)	-3.33%
Deferred outflows of resources	6,713,981	7,740,995	(1,027,014)	-13.27%
Long-term liabilities	40,167,678	46,233,819	(6,066,141)	-13.12%
Other liabilities	6,656,494	6,771,741	(115,247)	-1.70%
Total liabilities	46,824,172	53,005,560	(6,181,388)	-11.66%
Deferred inflows of resources	1,802,780	418,198	1,384,582	331.08%
Net position:				
Net investment in capital assets	10,810,080	9,643,602	1,166,478	12.10%
Restricted for debt service	6,636,914	6,797,211	(160,297)	-2.36%
Unrestricted	(2,402,703)	(3,201,626)	798,923	-24.95%
Total net position	$ 15,044,291	$ 13,239,187	$ 1,805,104	13.63%

FINANCIAL ANALYSIS - TELECOMMUNICATIONS FUND (Continued)

Current and other assets increased mainly due to a $1.9 million increase in cash and cash equivalents. See page 27 for an analysis of the changes in cash.

Capital assets decreased in 2020 as depreciation expense exceeded asset additions by $1.9 million. In addition, the Adtran project began to wind down thereby lowering construction in progress.

Major capital expenditures during the fiscal year included the following:

• Installation Costs	$1.3 million
• Adtran Power and Telephone Equipment	$372 thousand
• Construction of Redundant West Madison County Transport Route	$167 thousand

Long-term liabilities decreased due to:

1) A $1.2 million effect of Plan assumption changes on the OPEB liability.
2) 2019 OPEB Trust contributions were $1.1 million.
3) Bond principal payment made in 2020 was $4.4 million.

Table 1 indicates that 71.9% of the Fund's net position was related to capital assets, which includes land and easements, structures and improvements, infrastructure, and equipment, net of related debt.

The following table summarizes the variances in the Statement of Revenues, Expenses and Changes in Net Position between fiscal years 2020 and 2019:

Table 2

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

			Increase (Decrease)	
	June 30, 2020	June 30, 2019	Amount	%
Operating revenues	$ 32,679,849	$ 32,416,014	$ 263,835	0.81%
Non-operating revenues	221,771	191,096	30,675	16.05%
Contributions	55,915	348,844	(292,929)	-83.97%
Total revenues	32,957,535	32,955,954	1,581	0.00%
Operating expenses	29,643,453	26,948,200	2,695,253	10.00%
Non-operating expenses	1,544,439	1,638,892	(94,453)	-5.76%
Total expenses	31,187,892	28,587,092	2,600,800	9.10%
Change in net position	1,769,643	4,368,862	(2,599,219)	-59.49%
Beginning net position	13,239,187	8,682,639	4,556,548	52.48%
Prior period adjustment/restatement	35,461	187,686	(152,225)	-81.11%
Ending net position	$ 15,044,291	$ 13,239,187	$ 1,805,104	13.63%

The increase in operating expenses is attributable to the OPEB Plan change made in 2019. The Telecommunication Fund's OPEB expense decreased by $2.6 million in 2019 as a result of that change. OPEB expense simply returned to a more normal level in 2020.

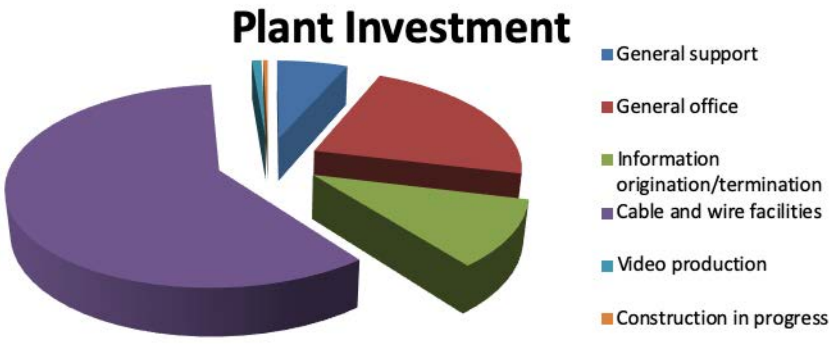
CAPITAL ASSETS AND DEBT ADMINISTRATION - TELECOMMUNICATIONS FUND

Capital Assets

The chart on page 23 summarizes the Fund's capital assets for the year ended June 30, 2020. The changes are presented in detail in Note 3D to the financial statements. This investment in capital assets provides the infrastructure necessary to distribute telecommunication service to customers and to expand the system with customer growth.

CAPITAL ASSETS AND DEBT ADMINISTRATION - TELECOMMUNICATIONS FUND (Continued)

Capital Assets (Continued)



Debt Administration

The Fund has outstanding Revenue Bonds of $29,150,000 as of June 30, 2020. The Fund has a note payable to the Electric Fund in the amount of $5,500,000. Bond principal payments are due in the upcoming fiscal year in the amount of $4,515,000 along with interest payments totaling $902,463. As of June 30, 2020, debt service restricted assets total $6,896,649 for the 2013 bond issue and note payable. Details relating to the outstanding debt can be found in Note 3E.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES - TELECOMMUNICATIONS FUND

Highlights from the Fund's FY 2021 budget include:

- Sales projections of $33,228,000
- Cost of services projections of $12,990,000
- A projected rate increase of 11.7% for Cable only, due primarily to retransmission agreement increases from broadcasters
- Customer projections of 19,772 in total customers
- O&M projected expenditures of $9,751,000
- Capital expenditures of $4,137,000
- No additional bond issues are projected
- Bond Debt Service Coverage Ratio of 1.85 will meet all bond compliance tests.

Annual investments in customer growth and new technology drive capital requirements of the Telecommunications System. Customer installation labor and materials are major expenditures scheduled each year. Regular annual replacements of fiber-to-the home equipment, digital set-top converters and headend equipment are planned to maintain quality and competitive services.

Expansion of Telecom's service-area through commercial growth and agreements with other electric utilities to provide wholesale telecommunications services is on-going. Marketing of extensive bandwidth capacity to support ever-changing and new applications is critical to maintaining and growing market share. The System will always face competitive challenges from incumbent providers. Pressure from rising retransmission costs and the demand for new technology and additional services will continue to put pressure on the System to maintain competitive rates.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Authority's finances for those with an interest in the Authority's finances and to demonstrate the Authority's accountability for the money it receives. Questions concerning any information provided in this report or requests for any additional information should be directed to the Senior Vice President and Chief Financial Officer.

JACKSON ENERGY AUTHORITY
STATEMENT OF NET POSITION
AS OF JUNE 30, 2020

	ELECTRIC FUND	GAS FUND	WATER FUND	WASTE-WATER FUND	TELECOMM-UNICATIONS FUND	ELIMINATING ENTRIES	TOTAL
ASSETS							
Current assets:							
Cash and cash equivalents on deposit	$ 40,358,351	$ 26,896,127	$ 9,528,295	$ 13,417,024	$ 5,648,450	$ -	$ 95,848,247
Temporary investments	6,297,214	6,824,023	1,866,180	1,811,578	-	-	16,798,995
Accounts receivable (net of allowance for uncollectibles)	10,867,698	1,116,879	1,352,521	1,340,019	2,468,542	-	17,145,659
Grants receivable	-	-	-	44,000	-	-	44,000
Accrued interest receivable	69,864	-	12,585	43,294	14,926	-	140,669
Materials and supplies	1,742,492	1,380,664	798,223	215,664	735,944	-	4,872,987
Prepayments and other current assets	5,195,922	207,688	161,148	179,087	562,539	-	6,306,384
Total current assets	64,531,541	36,425,381	13,718,952	17,050,666	9,430,401	-	141,156,941
Noncurrent assets:							
Restricted cash, cash equivalents, and investments:							
Debt service fund - cash and cash equivalents	634,872	133,319	1,152,251	2,238,819	6,896,649	-	11,055,910
Total restricted assets	634,872	133,319	1,152,251	2,238,819	6,896,649	-	11,055,910
Other assets:							
Investment - The Tennergy Corporation	-	5,382,640	-	-	-	-	5,382,640
Investment - Seven States Power Corporation	13,169	-	-	-	-	-	13,169
Investment - Central Services Association	9,842	8,649	6,561	4,772	-	-	29,824
Retainage account	129,921	-	166,021	154,953	-	-	450,895
Long-term notes receivable - interfund	5,500,000	-	-	-	-	(5,500,000)	-
Unrecovered purchased gas cost	-	(9,459)	-	-	-	-	(9,459)
Intellectual Property	-	-	-	4,467,956	-	-	4,467,956
Regulatory assets:							
Unamortized bond issuance costs	150,428	134,132	83,773	166,009	97,486	-	631,828
Unamortized expenditures (net of accumulated amortization of $2,556,454 at June 30, 2020)	-	-	-	-	599,743	-	599,743
Total other assets	5,803,360	5,515,962	256,355	4,793,690	697,229	(5,500,000)	11,566,596
Capital assets:							
Plant in service and equipment - at cost	250,506,424	157,252,280	152,514,328	190,157,988	85,676,635	-	836,107,655
Add: Unamortized acquisition adjustment	752,368	-	-	-	-	-	752,368
Less: Accumulated depreciation	118,498,790	65,588,199	49,180,339	74,898,101	46,103,099	-	354,268,528
Net plant in service and equipment - at cost	132,760,002	91,664,081	103,333,989	115,259,887	39,573,536	-	482,591,495
Construction in progress at cost	5,458,176	2,689,670	6,492,681	14,105,009	359,447	-	29,104,983
Total capital assets (net of accumulated depreciation)	138,218,178	94,353,751	109,826,670	129,364,896	39,932,983	-	511,696,478
Total noncurrent assets	144,656,410	100,003,032	111,235,276	136,397,405	47,526,861	(5,500,000)	534,318,984
Total assets	$ 209,187,951	$ 136,428,413	$ 124,954,228	$ 153,448,071	$ 56,957,262	$ (5,500,000)	$ 675,475,925
Deferred outflows of resources							
Deferred outflows related to pension and other post employment benefits							
Contributions subsequent to measurement date	$ 3,553,778	$ 2,659,307	$ 2,127,556	$ 2,164,669	$ 2,010,901	$ -	$ 12,516,211
Difference between expected and actual experience	1,245,619	663,943	631,673	617,691	706,156	-	3,865,082
Assumption changes	3,053,947	2,191,201	1,599,944	1,537,492	1,641,184	-	10,023,768
Net difference between expected and actual earnings in plan investments	1,086,280	758,434	400,952	418,222	532,122	-	3,196,010
Unamortized debt refunding differences	507,025	144,011	896,291	366,829	1,823,618	-	3,737,774
Total deferred outflows of resources	$ 9,446,649	$ 6,416,896	$ 5,656,416	$ 5,104,903	$ 6,713,981	$ -	$ 33,338,845

The accompanying notes to the financial statements are an integral part of this statement.

JACKSON ENERGY AUTHORITY
STATEMENT OF NET POSITION (Continued)
AS OF JUNE 30, 2020

	ELECTRIC FUND	GAS FUND	WATER FUND	WASTEWATER FUND	TELECOMM-UNICATIONS FUND	ELIMINATING ENTRIES	TOTAL
LIABILITIES							
Current liabilities:							
Current portion of long-term notes payable	$ 1,090,949	$ -	$ -	$ 1,006,008	$ -	$ -	$ 2,096,957
Accounts payable	18,494,323	1,857,824	416,011	1,061,293	1,214,849	-	23,044,300
Other accounts payable and accrued expense	1,260,348	197,324	409,796	257,980	687,448	-	2,812,896
Compensated absences estimated to be used next year	633,053	412,855	355,779	343,670	267,359	-	2,012,716
Gas supply imbalances	-	3,960	-	-	-	-	3,960
Total current liabilities	21,478,673	2,471,963	1,181,586	2,668,951	2,169,656	-	29,970,829
Current liabilities payable from restricted assets:							
Accrued revenue bond interest	203,493	63,557	49,083	65,796	259,735	-	641,664
Current maturities of long-term debt (net of discount of $57,642 plus premiums of $832,434 for the year ended June 30, 2020)	2,881,542	1,012,757	2,177,228	1,748,803	4,494,462	-	12,314,792
Total current liabilities payable from restricted assets	3,085,035	1,076,314	2,226,311	1,814,599	4,754,197	-	12,956,456
Noncurrent liabilities:							
Notes payable (net of current portion)	208,558	-	-	17,683,807	-	-	17,892,365
OPEB liability	6,752,380	5,995,853	4,408,479	5,039,802	3,360,643	-	25,557,157
Net pension liability	20,522,128	11,019,088	12,772,040	12,553,542	5,846,648		62,713,446
Compensated absences	773,732	504,600	434,841	420,042	326,773	-	2,459,988
Notes payable- interfund	-	-	-	-	5,500,000	(5,500,000)	-
Bonds payable (less current maturities, net of discount of $424,348 and net premiums of $3,313,459 for the year ended June 30, 2020)	29,205,753	18,641,882	10,545,869	18,498,165	24,537,442	-	101,429,111
Customer deposits	-	6,334,195	44,325	-	328,813	-	6,707,333
Total noncurrent liabilities	57,462,551	42,495,618	28,205,554	54,195,358	39,900,319	(5,500,000)	216,759,400
Total liabilities	$ 82,026,259	$46,043,895	$ 31,613,451	$58,678,908	$ 46,824,172	$(5,500,000)	$259,686,685
Deferred inflows of resources							
Deferred inflows related to pension and other post-employment benefits							
Difference between expected and actual experience	102,196	79,398	58,960	53,487	47,573		341,614
Assumption changes	3,256,729	2,316,365	1,896,332	1,691,151	1,755,207	-	10,915,784
Total deferred inflows of resources	$ 3,358,925	$ 2,395,763	$ 1,955,292	$ 1,744,638	$ 1,802,780	$ -	$ 11,257,398
NET POSITION							
Net investment in capital assets	$ 104,831,376	$74,699,112	$ 97,103,573	$90,428,113	$ 5,401,080	$ -	$372,463,254
Restricted for debt service	431,379	69,762	1,103,168	2,173,023	6,636,914	-	10,414,246
Restricted for other	548,573	-	-	-	-	-	548,573
Unrestricted	27,438,088	19,636,777	(1,164,840)	5,528,292	3,006,297	-	54,444,614
Total net position	$ 133,249,416	$94,405,651	$ 97,041,901	$98,129,428	$ 15,044,291	$ -	$437,870,687

The accompanying notes to the financial statements are an integral part of this statement.

JACKSON ENERGY AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

	ELECTRIC FUND	GAS FUND	WATER FUND	WASTE-WATER FUND	TELECOMM-UNICATIONS FUND	TOTAL
Operating revenues:						
Charges for sales and services	$ 135,220,624	$ 33,190,425	$ 17,810,015	$ 19,505,470	$ 32,679,849	$ 238,406,383
Other revenue	5,149,836	-	-	-	-	5,149,836
Total operating revenues	140,370,460	33,190,425	17,810,015	19,505,470	32,679,849	243,556,219
Operating expenses:						
Cost of sales and services	108,836,146	13,240,485	-	-	12,264,822	134,341,453
Operations expense	9,910,277	8,532,175	8,028,929	7,977,629	9,638,816	44,087,826
Maintenance expense	3,252,590	1,331,478	1,860,076	2,115,972	-	8,560,116
Provision for depreciation	8,686,616	4,446,327	3,304,359	4,012,086	6,565,297	27,014,685
Amortization	397,581	-	-	256,112	-	653,693
Payroll taxes	385,300	300,362	272,034	249,742	259,203	1,466,641
Other taxes	-	-	-	-	497,331	497,331
Payment in lieu of taxes	4,417,424	1,450,147	187,205	206,165	417,984	6,678,925
Total operating expenses	135,885,934	29,300,974	13,652,603	14,817,706	29,643,453	223,300,670
Operating income (loss)	4,484,526	3,889,451	4,157,412	4,687,764	3,036,396	20,255,549
Nonoperating revenues (expenses):						
Interest and other income	1,105,725	510,892	253,253	325,942	211,999	2,407,811
Interest, amortization, and other expense	(1,144,443)	(646,815)	(469,519)	(1,000,082)	(1,544,439)	(4,805,298)
Gain (loss) on disposition of capital assets	(6,311)	68,122	(79,890)	(17,339)	9,772	(25,646)
Total nonoperating revenues (expenses)	(45,029)	(67,801)	(296,156)	(691,479)	(1,322,668)	(2,423,133)
Contributions						
Capital contributions	1,356,778	132,640	2,073,086	1,887,088	55,915	5,505,507
Change in net position	5,796,275	3,954,290	5,934,342	5,883,373	1,769,643	23,337,923
Total net position - beginning	127,389,595	90,405,996	91,070,469	92,213,124	13,239,187	414,318,371
Prior period adjustment	63,546	45,365	37,090	32,931	35,461	214,393
Total net position - beginning (restated)	127,453,141	90,451,361	91,107,559	92,246,055	13,274,648	414,532,764
Total net position - ending	$ 133,249,416	$ 94,405,651	$ 97,041,901	$ 98,129,428	$ 15,044,291	$ 437,870,687

The accompanying notes to the financial statements are an integral part of this statement.

JACKSON ENERGY AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

	ELECTRIC FUND	GAS FUND	WATER FUND	WASTE-WATER FUND	TELECOMM-UNICATIONS FUND	TOTAL
Cash flows from operating activities:						
Receipts from customers and users	$ 142,367,280	$ 34,319,564	$ 17,984,373	$ 20,918,695	$ 32,926,141	$ 248,516,053
Payments to suppliers	(116,185,299)	(15,983,297)	(3,476,534)	(6,697,650)	(17,629,756)	(159,972,536)
Payments to employees	(7,335,822)	(5,838,363)	(5,429,497)	(5,496,382)	(3,467,554)	(27,567,618)
Payment of taxes and in lieu of taxes	(4,802,724)	(1,750,509)	(459,238)	(455,907)	(1,221,176)	(8,689,554)
Net cash provided (used) by operating activities	14,043,435	10,747,395	8,619,104	8,268,756	10,607,655	52,286,345
Cash flows from capital and related financing activities						
Construction and acquisition of plant	(11,541,760)	(5,627,125)	(9,738,659)	(5,812,442)	(4,646,020)	(37,366,006)
Other plant activity including removal cost and salvage	(50,474)	324,030	(53,060)	(154,293)	996,728	1,062,931
Contributions in aid	1,356,778	132,640	2,073,086	1,843,088	55,915	5,461,507
Bond Proceeds	7,995,000	-	-	-	-	7,995,000
Principal paid on bonds	(10,450,000)	(830,000)	(1,795,000)	(1,560,000)	(4,415,000)	(19,050,000)
Loan proceeds	-	-	-	1,332,035	-	1,332,035
Principal paid on notes	(1,090,949)	-	-	(925,912)	-	(2,016,861)
Interest expense	(1,446,307)	(769,601)	(633,124)	(1,097,615)	(1,189,795)	(5,136,442)
Net cash provided (used) by capital and relating financing activities	(15,227,712)	(6,770,056)	(10,146,757)	(6,375,139)	(9,198,172)	(47,717,836)
Cash flows from investing activities:						
Net (purchase) reduction of investments	2,478,823	(479,324)	693,190	1,222,285	-	3,914,974
Interest earned	1,097,151	505,639	255,660	325,352	281,487	2,465,289
Income (loss) from investments	-	-	-	-	29,768	29,768
Net cash provided (used) by investing activities	3,575,974	26,315	948,850	1,547,637	311,255	6,410,031
Net increase (decrease) in cash and cash equivalents	2,391,697	4,003,654	(578,803)	3,441,254	1,720,738	10,978,540
Cash and cash equivalents - beginning of year	38,601,526	23,025,792	11,259,349	12,214,589	10,824,361	95,925,617
Cash and cash equivalents - end of year	$ 40,993,223	$ 27,029,446	$ 10,680,546	$ 15,655,843	$ 12,545,099	$ 106,904,157

The accompanying notes to the financial statements are an integral part of this statement.

JACKSON ENERGY AUTHORITY
STATEMENT OF CASH FLOWS (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	ELECTRIC FUND	GAS FUND	WATER FUND	WASTE-WATER FUND	TELECOMM-UNICATIONS FUND	TOTAL
Cash and cash equivalents:						
Unrestricted cash and cash equivalents on deposit	$ 40,358,351	$ 26,896,127	$ 9,528,295	$ 13,417,024	$ 5,648,450	$ 95,848,247
Debt service fund - cash and cash equivalents	634,872	133,319	1,152,251	2,238,819	6,896,649	11,055,910
Total cash and cash equivalents	$ 40,993,223	$ 27,029,446	$ 10,680,546	$ 15,655,843	$ 12,545,099	$ 106,904,157
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:						
Operating income (loss)	$ 4,484,526	$ 3,889,451	$ 4,157,412	$ 4,687,764	$ 3,036,396	$ 20,255,549
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:						
Depreciation	8,686,616	4,446,327	3,304,359	4,012,086	6,565,297	27,014,685
Amortization	397,581	-	-	256,112	-	653,693
Depreciation charged to transportation clearing	563,162	383,469	438,659	248,899	230,751	1,864,940
(Increase) decrease in accounts receivable	1,925,758	(4,370)	169,985	1,474,917	246,294	3,812,584
(Increase) decrease in materials and supplies	(16,631)	198,956	(139,259)	17,977	91,719	152,762
(Increase) decrease in prepayments and other current assets	(165,005)	(40,087)	(30,821)	(32,576)	4,629	(263,860)
(Increase) decrease in other assets	1,366,017	1,239,901	711,392	(1,682,507)	719,362	2,354,165
Increase (decrease) unrecovered purchased gas cost	-	911,184	-	-	-	911,184
Increase (decrease) in accounts payable	(3,096,682)	(91,522)	(16,403)	(592,836)	(47,580)	(3,845,023)
Increase (decrease) in other accounts payable and accrued expenses	90,082	61,953	43,995	(13,145)	(214,325)	(31,440)
Increase (decrease) in other noncurrent liabilities	(191,989)	(606,775)	(24,590)	(107,935)	(21,311)	(952,600)
Increase (decrease) in customer deposits	-	358,908	4,375	-	(3,577)	359,706
Net cash provided (used) by operating activities	$ 14,043,435	$ 10,747,395	$ 8,619,104	$ 8,268,756	$ 10,607,655	$ 52,286,345
Non-cash disclosure:						
Contributed capital assets	$ 707,996	$ -	$ 901,197	$ 747,254	$ -	$ 2,356,447

The accompanying notes to the financial statements are an integral part of this statement.

JACKSON ENERGY AUTHORITY
OPEB PLAN
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2020

ASSETS	
Investments:	
Equity mutual funds	$ 24,902,108
Fixed income mutual funds	16,021,365
Money market funds	729,083
Accrued income	29,096
Total investments	41,681,652
Net assets available for benefits	$ 41,681,652
LIABILITIES AND NET POSITION	
LIABILITIES - Due to Other Funds	$ 369,683
Net position restricted for OPEB benefits	$ 41,311,969

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

JACKSON ENERGY AUTHORITY
OPEB PLAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

Additions	
Contributions	
Employer and retiree	$ 4,336,783
Investment income	
Interest and dividends	928,340
Realized (losses)/gains	59,109
Unrealized (losses)/gains	2,085,476
Net investment income	3,072,925
Total additions	7,409,708
Deductions	
Investment management fees	121,997
Trustee/Custody fees	36,473
Benefits	2,983,048
Actuarial Fees	36,050
Total deductions	3,177,568
Net increase in fiduciary net position	4,232,140
Net position restricted for OPEB benefits, beginning of year	37,079,829
Net position restricted for OPEB benefits, end of year	$ 41,311,969

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

JACKSON ENERGY AUTHORITY
RETIREMENT PLAN
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2020

ASSETS	
Investments:	
Equity mutual funds	$ 81,932,235
Fixed income mutual funds	46,936,314
Contracts and annuities	6,537,870
Money market funds	572,314
Total investments	135,978,733
Accrued income	66,405
Net assets available for benefits	$ 136,045,138
LIABILITIES AND NET POSITION	
LIABILITIES	$ -
Net position restricted for pension benefits	$ 136,045,138

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

JACKSON ENERGY AUTHORITY
RETIREMENT PLAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

Additions	
Contributions	
Employer and employee	$ 8,863,348
Investment income	
Interest income	3,446,912
Realized (losses)/gains	174,684
Unrealized (losses)/gains	847,022
Net investment income	4,468,618
Total additions	13,331,966
Deductions	
Benefits payments	9,055,620
Investment management fees	422,927
Trustee/Custody fees	75,173
Other fees and expenses	68,501
Total deductions	9,622,221
Net increase in fiduciary net position	3,709,745
Net position restricted for pension benefits, beginning of year	132,335,393
Net position restricted for pension benefits, end of year	$ 136,045,138

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

JACKSON ENERGY AUTHORITY
HEALTH AND WELFARE BENEFITS PLAN
STATEMENT OF FIDUCIARY NET POSITION
AS OF JUNE 30, 2020

ASSETS	
Cash and cash equivalents	$ 9,344,873
Due from OPEB Trust	365,179
Accrued interest	7,488
Net assets available for benefits	9,717,540
LIABILITIES AND NET POSITION	
LIABILITIES	$ -
Net position restricted for health benefits	$ 9,717,540

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

JACKSON ENERGY AUTHORITY
HEALTH AND WELFARE BENEFITS PLAN
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2020

Additions		
Contributions		
Employer and employee	$	3,676,527
Investment income		
Interest and dividends		190,806
Net investment income		190,806
Total additions		3,867,333
Deductions		
Benefit payments		2,976,182
Other fees and expenses		7,110
Total deductions		2,983,292
Net increase in fiduciary net position		884,041
Net position restricted for health benefits, beginning of year		8,833,499
Net position restricted for health benefits, end of year	$	9,717,540

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Jackson Energy Authority (Authority) was formed July 1, 2001, pursuant to Chapter No. 55 of the Private Acts, 2001 cited as the Jackson Energy Authority Act and, as such, is a political subdivision of the State of Tennessee. The legislation creating the Authority amended the acts that established the Jackson Utility Division. The Authority was created as a separate legal entity for the purpose of planning, acquiring, constructing, improving, furnishing, equipping, financing, owning, operating, and maintaining electric, gas, water, wastewater, and telecommunications utility systems within or outside the corporate limits of the City of Jackson, Tennessee; and other such utility systems, such as a municipal water, wastewater, gas, telecommunications, or electric utility as authorized by the general laws of the State of Tennessee to own or operate. Upon creation of the Authority, the City of Jackson was authorized to transfer to the Authority all its rights, title and interest in and to all assets operated for the City by Jackson Utility Division. The accompanying financial statements present the financial position, results of operations and cash flows of Jackson Energy Authority as of and for the period ended June 30, 2020.

The Authority is reported as a discretely presented component unit in the financial statements of the City of Jackson, Tennessee. This presentation is required due to the City's guarantee of bonds issued by the Telecommunications Fund.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 the timing of transactions or events for recognition in the financial statements.

The Authority's proprietary fund types and fiduciary funds are reported using the economic resources measurement focus and the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounting policies of the Authority conform to applicable accounting principles generally accepted in the United States of America as defined by the Governmental Accounting Standards Board (GASB).

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

The Authority reports the electric, gas, water, wastewater, and telecommunication funds as major proprietary funds. Each fund provides distribution services for their respective operations as described below:

Electric System Fund – The Electric System Fund was created to acquire, construct, improve, furnish, equip, finance, own, operate, and maintain within or outside the corporate limits of the City of Jackson, a system for the furnishing of electrical service and to provide electric service to any person, governmental entity, or other user or consumer of electrical services.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Gas System Fund – The Gas System Fund was created to acquire, construct, improve, furnish, equip, finance, own, operate, and maintain within or outside the corporate limits of the City of Jackson, a system for the furnishing of gas and related products and to provide gas service to any person, governmental entity, or other user or consumer of gas services.

Water System Fund – The Water System Fund was created to acquire, construct, improve, furnish, equip, finance, own, operate, and maintain within or outside the corporate limits of the City of Jackson, a system for the furnishing of water and related products and to provide water service to any person, governmental entity, or other user or consumer of water services.

Wastewater System Fund – The Wastewater System Fund was created to acquire, construct, improve, furnish, equip, finance, own, operate, and maintain within or outside the corporate limits of the City of Jackson, a system for the furnishing of wastewater and related services and to provide wastewater service to any person, governmental entity, or other user or consumer of wastewater services.

Telecommunication System Fund – The Telecommunication System Fund was created to acquire, construct, improve, furnish, equip, finance, own, operate, and maintain within or outside the corporate limits of the City of Jackson, a system for the furnishing of telecommunications and related services and to provide telecommunications service for any person, governmental entity, or other user or consumer of telecommunication services.

The Authority reports the Jackson Energy Authority OPEB Plan Fund, the Jackson Energy Authority Retirement Fund and the Health and Welfare Benefits Fund as major fiduciary funds. Each fund provides post-employment compensation as well as current health benefits as outlined below:

Jackson Energy Authority OPEB Plan Fund - The Jackson Energy Authority OPEB Plan Fund was established to allow Jackson Energy Authority to fund post-employment benefits associated with retiree health and life insurance.

Jackson Energy Authority Retirement Plan Fund – The Jackson Energy Authority Retirement Plan Fund was established to allow Jackson Energy Authority to fund post-employment retirement compensation for full-time employees hired prior to January 1, 2014.

Health and Welfare Benefits Fund - The Health and Welfare Benefits Fund was established to allow Jackson Energy Authority to fund benefits associated with employee and retiree health costs.

C. Assets, Liabilities, and Net Position

Deposits and Investments

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The Authority restricts its investments to the types of investments authorized by the State of Tennessee.

The Public Act creating the Authority authorizes the following investments:

(1) Direct obligations of the United States government or any of its agencies;

(2) Obligations guaranteed as to principal and interest by the United States government or any of its agencies;

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities, and Net Position (Continued)

Deposits and Investments (Continued)

(3) Certificates of deposit and other evidences of deposit at state- and federally-chartered banks, savings and loan institutions or savings banks deposited and collateralized;

(4) Repurchase agreements entered into with the United States or its agencies or with any bank, broker-dealer, or other such entity so long as the obligation of the obligated party is secured by perfected pledge of full faith and credit obligations of the United States or its agencies;

(5) Guaranteed investment contracts or similar agreements providing for a specified rate of return over a specified period of time with entities rated in one of the two highest rating categories of a nationally recognized rating agency;

(6) The local government investment pool;

(7) Direct general obligations of a state of the United States, or a political subdivision or instrumentality thereof, having general taxing powers and rated in either of the two highest rating categories by a nationally recognized rating agency of such obligations; or

(8) Obligations of any state of the United States or a political subdivision or instrumentality thereof, secured solely by revenues received by, or on behalf of, the state or political subdivision or instrumentality thereof irrevocably pledged to the payment of the principal and interest of such obligations, rated in either of the two highest rating categories by a nationally recognized rating agency of such obligations.

Investments in all fiduciary funds are recorded at cost and later adjusted to fair market value through the recognition of unrealized gains or losses. Interest, dividends and realized gains or losses are recorded when the transactions occur.

Accounts Receivable

Trade receivables result from unpaid billings for service to customers and from unpaid billings related to work performed for or materials sold to certain entities. All trade receivables are shown net of an allowance for uncollectible accounts. The allowance for uncollectible customer accounts recorded by the Authority is based on past history of uncollectible accounts and management's analysis of current accounts.

Unbilled Revenues

The Electric Fund's customers are spread across twenty-two billing cycles. Each cycle can range from twenty-five to thirty-five days. The summation of these twenty-two cycles represents a revenue month. Billing cycles do not correspond to a calendar month and, thus, have days that fall into two or more calendar months. Revenue is reported on a calendar month basis. Unbilled revenue represents management's calculation of the revenue earned for days of service that have not been billed as of year-end.

Inventories and Prepaid Items

All inventories are valued at weighted average cost.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities, and Net Position (Continued)

Restricted Assets

Certain resources set aside for the repayment of bond principal and interest are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants or by resolutions pass by the Authority's Board of Directors. The Authority elects to use restricted assets before unrestricted assets when the situation arises where either can be used.

Capital Assets

Capital assets, which include property, plant, equipment, and construction in progress, are defined by the Authority as assets with an initial, individual cost of more than $2,000 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Assets acquired through contributions from developers or other customers are capitalized at their estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the Authority are depreciated using the straight-line method over the following useful lives:

General plant	3 - 40 years
Transmission plant	28 - 33 years
Distribution plant	16 - 66 years

Compensated Absences

The Authority grants annual leave and sick leave based on longevity of service. Employees may accumulate up to 280 hours of annual leave, which is fully vested. Up to 160 hours of unused annual leave is paid to the employee's 401(a) account at retirement. Employees are not vested in sick leave until retirement at which time 30 percent of accumulated sick leave is paid to the employee's 401(a) account. The remaining 70 percent of the employee's accumulated sick leave is credited to the employee's number of years of service. The amount of such additional credit shall be determined by dividing such sick leave hours by 2,080 hours. In no event may such additional credit exceed one additional year of service, with each such day deemed equal to eight (8) hours. A liability of $4,472,704 has been accrued for the year ended June 30, 2020, for compensated absences earned to date and has been reported under long-term liabilities as it is not readily determinable how much leave will be taken in the next year.

Long-term Obligations

Because Jackson Energy Authority includes bond premiums, discounts and issuance costs in its rate setting, the Authority has adopted the practice of amortizing these costs. Bond premiums and discounts, as well as issuance costs, are amortized over the life of the bonds using the effective interest or straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as regulatory assets and amortized over the term of the related debt.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities, and Net Position (Continued)

Impact of Recently Issued Accounting Pronouncements

In March 2018, the GASB issued Statement No. 88 — Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements, effective for fiscal years beginning after June 15, 2018. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. Management has implemented this statement in the current financial statements.

In November 2016, the GASB issued Statement No. 83 — Certain Asset Retirement Obligations, effective for fiscal years beginning after June 15, 2018. This Statement addresses accounting and financial reporting for certain asset retirement obligations (ARO's). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in the Statement. There was no impact on the current financial statements from the implementation of this Statement.

Net Position

Equity is classified as net position and displayed in the following three components:

- Net Investment in capital assets– consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- Restricted – consists of net position for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates, less any related liabilities.
- Unrestricted – all other net position that does not meet the description of the above categories.

Deferred outflow/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. The 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) until then. The Authority reports deferred outflows of resources for unamortized debt refunding differences, and deferred outflows related to pension and OPEB.

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 (expense reduction) until that time. The Authority has only two types of items that qualify for reporting in this category: deferred outflows related to pension and OPEB.

Pensions

For purposes of measuring the net position, liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Jackson Energy Authority's participation in the Jackson Energy Authority Retirement Plan, and additions to/deductions

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Assets, Liabilities, and Net Position (Continued)

Pensions (Continued)
from Jackson Energy Authority's fiduciary net position have been determined on the same basis as they are reported by Jackson Energy Authority's Retirement Plan. Benefits including refunds of employee contributions are recognized when due and payable in accordance with the benefit terms of the Jackson Energy Authority Retirement Plan. Investments are reported at fair value.

Other Post – Employment Benefits (OPEB)
For purposes of measuring the net position, liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of Jackson Energy Authority's participation in the Jackson Energy Authority OPEB Plan, and additions to/deductions from Jackson Energy Authority's fiduciary net position have been determined on the same basis as they are reported by Jackson Energy Authority's OPEB Plan. Benefits are recognized when due and payable in accordance with the benefit terms of the Jackson Energy Authority OPEB Plan. Investments are reported at fair value.

Use of Estimates
The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Authority adopts annual operating and capital budgets. Budgets are adopted on a basis consistent with generally accepted accounting principles. The current operating budget details the Authority's plans to collect and expend funds for operation, maintenance, interest, certain general functions, and other charges for the fiscal year. The capital budget details plans to receive and expend cash basis capital contribution fees and funds from special assessments, grants, borrowings, and other revenues for capital projects.

All unexpended appropriations in the operating and capital budget remaining at the end of the fiscal year lapse. Management typically submits a proposed budget to the Board prior to the June meeting and the budget is then adopted for the next fiscal year.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

In February 2015, the GASB issued Statement No. 72 — Fair Value Measurement and Application which provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security. The requirements of this Statement enhanced comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also enhanced fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

As of June 30, 2020, the Authority had the following investments. Fair market values are based on Level 1 inputs:

	Cost	Fair Value
Temporary Investments		
Electric Fund		
Colorado Brd of Gvnrs	$ 254,161	$ 263,485
Community Bank CD	500,000	500,000
Hidalgo Cnty TX	409,973	415,764
Kansas City MO	249,038	252,540
Kansas ST Dev Fin Auth	1,000,000	1,016,890
Memphis Shelby Cnty TN	520,748	527,210
Met Govt Nashville & Davidson Cnty	677,710	690,268
Tennessee ST Sch Bond Auth	1,015,673	1,027,890
Upper Oconee Basin GA Wtr Auth	823,403	838,617
Walker Cnty GA Dev Auth Econ Dev	758,789	764,550
	$ 6,209,495	$ 6,297,214
Gas Fund		
Hampton VA	527,823	537,415
Haslett MI Public Sch Dist	998,287	1,016,100
Houston TX Util Sys	1,136,908	1,157,437
Memphis Shelby Cnty TN Indl Dev Brd Rev	514,153	527,210
New York NY	1,000,481	1,009,420
New York ST Dorm Auth	500,889	503,000
New York ST Urban Dev Corp	1,031,256	1,058,520
Simmons Bank CD	416,819	416,819
Wright Cnty MN	579,630	598,102
	$ 6,706,246	$ 6,824,023

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

	Cost	Fair Value
Temporary Investments (Continued)		
Water Fund		
Elkhart IN Cmnty Schs	$ 499,311	$ 503,425
Milwaukee Cnty WI	805,000	805,572
New York NY	295,142	297,779
Wells Fargo Bank NA CD	250,000	259,404
	$ 1,849,453	$ 1,866,180
Wastewater Fund		
College Park GA Indl Dev Auth Rev	533,992	543,187
Fayetteville NC	501,564	508,905
Morgan Stanley Bank NA CD	250,000	259,486
Rockdale Cnty GA	500,000	500,000
	$ 1,785,556	$ 1,811,578

Telecommunications Fund

The Telecommunications Fund also has investments in the debt service funds, which are restricted. See page 77 for discussion of debt service funds and related investments.

	Cost	Fair Value
Jackson Energy Authority OPEB Plan Fund		
Fixed Income Mutual Funds	$ 13,946,309	$ 16,021,365
Equity Mutual Funds	22,298,413	24,902,108
Money Market Funds	729,083	729,083
	$ 36,973,805	$ 41,652,556
Jackson Energy Authority Retirement Plan Fund		
Equity Mutual Funds	$ 70,101,585	$ 81,932,235
Fixed Income Mutual Funds	44,323,791	46,936,314
Contracts and Annuities	8,071,175	6,537,870
Money Market Funds	572,313	572,314
	$ 123,068,864	$ 135,978,733

JACKSON ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

A. Deposits and Investments (Continued)

The following fair values are based on Level 2 inputs:

	Cost	Fair Value
Other Investments		
Electric Fund		
Seven States Power Corporation	$ 13,169	$ 13,169
Central Services Association	3,007	9,842
	$ 16,176	$ 23,011
Gas Fund		
Tennergy Corporation	257,000	5,382,640
Central Services Association	2,642	8,649
	$ 259,642	$ 5,391,289
Water Fund		
Central Services Association	$ 2,005	$ 6,561
Wastewater Fund		
Central Services Association	$ 1,458	$ 4,772

Custodial Credit Risk

The Authority's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1C. State statute requires that all deposits with financial institutions be collateralized. Financial institutions may achieve the requisite collateralization through participation in the Tennessee Bank Collateral Pool. Deposits at non-participating financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. Collateral must be held by the Authority's agent in the Authority's name, or by Federal Reserve Banks acting as third party agents. State statutes authorize the Authority to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state-chartered banks and savings and loan associations and federally- chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2020, none of the Authority's deposits were exposed to custodial credit risk.

Pension and OPEB Money-Weighted Returns

For the years ended June 30, 2020 and 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.42 and 4.94 percent, respectively. The annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense was 8.27 and 5.67 percent for the years ended June 30, 2020 and 2019 respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amount actually

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

Pension and OPEB Money-Weighted Returns (Continued)

invested. The Plans categorize their fair value measurement within the fair value hierarchy established by generally accepted accounting principles.

B. Receivables

Authority receivables as of the fiscal year end were made up of the following:

Electric Fund		
Billed services for utility customers	$	11,536,364
Allowance for doubtful accounts		(668,666)
	$	10,867,698
Gas Fund		
Billed services for utility customers		1,360,373
Allowance for doubtful accounts		(243,494)
	$	1,116,879
Water Fund		
Billed services for utility customers		1,514,616
Allowance for doubtful accounts		(162,095)
	$	1,352,521
Wastewater Fund		
Billed services for utility customers		1,492,707
Allowance for doubtful accounts		(152,688)
	$	1,340,019
Telecommunications Fund		
Billed services for utility customers		2,804,050
Allowance for doubtful accounts		(335,508)
	$	2,468,542
Total Receivables	$	17,145,659

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

C. Restricted Assets

Authority restricted assets for the fiscal year end was made up of the following:

Electric Fund		
Cash and cash equivalents - debt service fund	$	634,872
	$	634,872
Gas Fund		
Cash and cash equivalents - debt service fund		133,319
	$	133,319
Water Fund		
Cash and cash equivalents - debt service fund		1,152,251
	$	1,152,251
Wastewater Fund		
Cash and cash equivalents - debt service fund		2,238,819
	$	2,238,819
Telecommunications Fund		
Cash and cash equivalents - debt service fund		1,355,550
Investments - debt service reserve account		5,541,099
	$	6,896,649
Total Restricted Assets	$	11,055,910

The total of these funds is represented by bank accounts and security purchases held by First Bank, LGIP, Robert W. Baird & Co. Inc. and Truist Securities.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets – Electric Fund

Electric Fund capital asset activity during the year ended June 30, 2020, was as follows:

Description	Balance at June 30, 2019	Additions	Disposals (Net of Salvage)	Balance at June 30, 2020
Capital assets, not being depreciated				
Transmission plant	$ 775,704	$ -	$ 404,025	$ 371,679
Distribution plant	745,176	-	-	745,176
General plant	559,207	404,025	-	963,232
Construction in progress	2,600,832	2,857,344	-	5,458,176
Total capital assets not being depreciated	4,680,919	3,261,369	404,025	7,538,263
Capital assets, being depreciated				
Transmission plant	27,187,932	252,262	69,507	27,370,687
Distribution plant	194,760,676	7,352,222	1,807,205	200,305,693
General plant	20,420,028	675,907	345,978	20,749,957
Total capital assets being depreciated	242,368,636	8,280,391	2,222,690	248,426,337
Less accumulated depreciation for				
Transmission plant	13,368,849	893,365	75,497	14,186,717
Distribution plant	84,632,440	7,246,861	2,079,950	89,799,351
General plant	13,788,681	1,109,552	385,511	14,512,722
Total accumulated depreciation	111,789,970	9,249,778	2,540,958	118,498,790
Total capital assets being depreciated, net	130,578,666	(969,387)	(318,268)	129,927,547
Unamortized acquisition adjustment	1,149,949	-	397,581	752,368
Total capital assets, net	$ 136,409,534	$ 2,291,982	$ 483,338	$ 138,218,178

Depreciation expense charged to operations amounted to $8,686,616 for the fiscal year ended June 30, 2020.

Depreciation expense does not include transportation plant that is charged to a transportation clearing account and then allocated to all funds as operating, maintenance or capital expenses.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets – Gas Fund

Gas Fund capital asset activity during the year ended June 30, 2020, was as follows:

Description	Balance at June 30, 2019	Additions	Disposals (Net of Salvage)	Balance at June 30, 2020
Capital assets, not being depreciated				
Production plant	$ 397,669	$ -	$ 355,282.00	$ 42,387
Distribution plant	74,918	-	-	74,918
General plant	390,578	355,282	-	745,860
Construction in progress	1,991,451	698,219	-	2,689,670
Total capital assets not being depreciated	2,854,616	1,053,501	355,282	3,552,835
Capital assets, being depreciated				
Production plant	2,018,428	-	-	2,018,428
Distribution plant	134,048,706	4,027,170	503,395	137,572,481
General plant	16,665,815	546,454	414,063	16,798,206
Total capital assets being depreciated	152,732,949	4,573,624	917,458	156,389,115
Less accumulated depreciation for				
Production plant	2,012,675	623	-	2,013,298
Distribution plant	49,426,589	3,796,724	844,737	52,378,576
General plant	10,646,817	1,032,449	482,941	11,196,325
Total accumulated depreciation	62,086,081	4,829,796	1,327,678	65,588,199
Total capital assets being depreciated, net	90,646,868	(256,172)	(410,220)	90,800,916
Total capital assets, net	$ 93,501,484	$ 797,329	$ (54,938)	$ 94,353,751

Depreciation expense charged to operations amounted to $4,446,327 for the fiscal year ended June 30, 2020.

Depreciation expense does not include transportation plant that is charged to a transportation clearing account and then allocated to all funds as operating, maintenance or capital expenses.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets – Water Fund

Water Fund capital asset activity during the year ended June 30, 2020, was as follows:

Description	Balance at June 30, 2019	Additions	Disposals (Net of Salvage)	Balance at June 30, 2020
Capital assets, not being depreciated				
Source of supply plant	$ 410,426	$ -	$ 269,545.00	$ 140,881
Pumping plant	24,369	-	-	24,369
Treatment plant	104,029	-	-	104,029
Transmission & distribution plant	65,076	-	-	65,076
General plant	296,536	269,545	-	566,081
Construction in progress	2,254,353	4,238,328	-	6,492,681
Total capital assets not being depreciated	3,154,789	4,507,873	269,545	7,393,117
Capital assets, being depreciated				
Source of supply plant	3,691,548	457,013	23,440	4,125,121
Pumping plant	5,542,951	4,800	-	5,547,751
Treatment plant	9,971,810	322,363	78,532	10,215,641
Transmission & distribution plant	115,711,406	4,010,609	1,589,359	118,132,656
General plant	13,382,547	436,001	225,826	13,592,722
Total capital assets being depreciated	148,300,262	5,230,786	1,917,157	151,613,891
Less accumulated depreciation for				
Source of supply plant	1,765,811	210,003	21,443	1,954,371
Pumping plant	2,501,581	147,756	-	2,649,337
Treatment plant	7,575,463	226,045	78,532	7,722,976
Transmission & distribution plant	26,909,671	2,285,371	1,630,025	27,565,017
General plant	8,678,646	873,843	263,852	9,288,637
Total accumulated depreciation	47,431,172	3,743,018	1,993,852	49,180,338
Total capital assets being depreciated, net	100,869,090	1,487,768	(76,695)	102,433,553
Total capital assets, net	$ 104,023,879	$ 5,995,641	$ 192,850	$109,826,670

Depreciation expense charged to operations amounted to $3,304,359 for the fiscal year ended June 30, 2020.

Depreciation expense does not include transportation plant that is charged to a transportation clearing account and then allocated to all funds as operating, maintenance or capital expenses.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets – Wastewater Fund

Wastewater Fund capital asset activity during the year ended June 30, 2020, was as follows:

Description	Balance at June 30, 2019	Additions	Disposals (Net of Salvage)	Balance at June 30, 2020
Capital assets, not being depreciated				
Pumping plant	$ 223,465	$ -	$ 196,141	$ 27,324
Treatment plant	1,300,904	-	-	1,300,904
Transmission and distribution plant	266,635	15,389	2,368	279,656
General plant	162,525	196,141	-	358,666
Construction in progress	12,201,290	1,903,719	-	14,105,009
Total capital assets not being depreciated	14,154,819	2,115,249	198,509	16,071,559
Capital assets, being depreciated:				
Source of supply plant	10,287,557	392,846	-	10,680,403
Pumping plant	17,852,660	368,844	10,229	18,211,275
Treatment plant	51,989,093	386,730	3,958,693	48,417,130
Transmission and distribution plant	97,736,749	1,994,575	113,009	99,618,315
General plant	10,923,601	566,198	225,484	11,264,315
Total capital assets being depreciated	188,789,660	3,709,193	4,307,415	188,191,438
Less accumulated depreciation for:				
Source of supply plant	1,698,479	156,556	-	1,855,035
Pumping plant	7,877,068	702,710	10,229	8,569,549
Treatment plant	31,881,465	1,319,529	3,925,954	29,275,040
Transmission and distribution plant	26,253,736	1,507,960	216,672	27,545,024
General plant	7,316,954	574,230	237,731	7,653,453
Total accumulated depreciation	75,027,702	4,260,985	4,390,586	74,898,101
Total capital assets, being depreciated, net	113,761,958	(551,792)	(83,171)	113,293,337
Total capital assets, net	$ 127,916,778	$ 1,563,457	$ 115,338	$ 129,364,896

Depreciation expense charged to operations amounted to $4,012,086 for the fiscal year ended June 30, 2020.

Depreciation expense does not include transportation plant that is charged to a transportation clearing account and then allocated to all funds as operating, maintenance or capital expenses.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

D. Capital Assets – Telecommunications Fund

Telecommunications Fund capital asset activity during the year ended June 30, 2020, was as follows:

Description	Balance at June 30, 2019	Additions	Disposals (Net of Salvage)	Balance at June 30, 2020
Capital assets not being depreciated				
Construction in progress - at cost	$ 1,529,174	$ -	$ 1,169,727	$ 359,447
Capital assets, being depreciated				
General support	5,330,466	331,610	65,523	5,596,553
General office	18,192,890	1,447,571	472,877	19,167,584
Information origination/termination	9,451,814	540,941	764,671	9,228,084
Cable & wire facilities	48,625,134	2,325,898	24,934	50,926,098
Video production	1,236,309	-	477,993	758,316
Total capital assets being depreciated	82,836,613	4,646,020	1,805,998	85,676,635
Less accumulated depreciation for:				
General support	3,181,433	512,317	72,812	3,620,938
General office	7,617,030	1,481,926	467,124	8,631,832
Information origination/termination	7,254,037	676,520	767,583	7,162,974
Cable & wire facilities	22,450,368	3,845,234	25,295	26,270,307
Video production	792,952	108,998	484,902	417,048
Total accumulated depreciation	41,295,820	6,624,995	1,817,716	46,103,099
Total capital assets, being depreciated, net	41,540,793	(1,978,975)	(11,718)	39,573,536
Total capital assets, net	$ 43,069,967	$(1,978,975)	$ 1,158,009	$ 39,932,983

Depreciation expense charged to operations amounted to $6,565,297 for the fiscal year ended June 30, 2020.

Depreciation expense does not include transportation plant that is charged to a transportation clearing account and then allocated to all funds as operating or capital expenses.

JACKSON ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt – Electric Fund

Notes payable at June 30, 2020, consist of the following:

Southwest Tennessee Electric Membership Cooperative (SWTEMC)

Future maturities due SWTEMC are non-interest bearing notes related to annexation of customers and are payable in annual installments of various amounts. The notes are unsecured and there are no provisions in the agreements covering default, nor are there any provisions in the agreements covering subjective acceleration. Future maturities of notes payable – SWTEMC are as follows:

Year ended June 30,	Direct Placement
2021	$ 397,581
2022	62,666
2023	29,371
2024	29,371
2025	29,370
Total	$ 548,359

Tennessee Valley Authority

The amount due Tennessee Valley Authority (TVA) is a non-interest bearing note related to a metering error affecting prior years and are payable in annual installments of various amounts. The note is unsecured and there are no provisions in the agreement covering default, nor are there any provisions in the agreements covering subjective acceleration. Future maturities of note payable – TVA are as follows:

Year ended June 30,	Direct Placement
2021	$ 693,368
2022	57,780
Total	$ 1,444,516

Principal on the Series 2014 Bonds is due annually on May 1; interest is due semi-annually on November 1 and May 1. Principal payments on the Series 2020 Bond are due annually on May 1; semi-annual interest payments are due November 1 and May 1. The scheduled annual requirements for bonds payable at June 30, 2020, including interest are as follows:

Years Ended	2014 Bonds Payable		2020 Bond Payable		Total	Total	Total Debt
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Service
2021	$ 1,325,000	$ 970,725	$ 1,310,000	$ 126,854	$ 2,635,000	$ 1,097,579	$ 3,732,579
2022	1,280,000	904,475	1,455,000	93,590	2,735,000	998,065	3,733,065
2023	1,450,000	840,475	1,365,000	73,220	2,815,000	913,695	3,728,695
2024	1,630,000	767,975	1,285,000	54,110	2,915,000	822,085	3,737,085
2025	1,660,000	686,475	1,355,000	36,120	3,015,000	722,595	3,737,595
2026-2029	12,030,000	1,703,900	1,225,000	17,150	13,255,000	1,721,050	14,976,050
2030-2033	3,260,000	267,800	-	-	3,260,000	267,800	3,527,800
	$ 22,635,000	$ 6,141,825	$ 7,995,000	$ 401,044	$30,630,000	$ 6,542,869	$37,172,869

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt – Electric Fund (Continued)

Electric System Refunding Revenue Bonds, Series 2010 – On May 28, 2010, the Electric Fund issued $21,210,000 Series 2010 Refunding Revenue Bonds to refinance a 2009 term loan agreement and to pay certain issuance costs for the bonds. Net bond proceeds of $21,742,661, including a premium of $735,477, were received after payment of $202,816 in issuance costs. $21,714,000 was used to pay the outstanding balance of the 2009 SunTrust Bank Term Loan. The bonds were refunded in their entirety as part of the Series 2020 issue. (See Electric System Revenue Refunding Bond, Series 2020.)

Electric System Revenue Refunding and Improvement Bonds, Series 2014 – On December 5, 2014, the Electric Fund issued $27,120,000 Series 2014 Revenue Refunding Bonds to refinance the outstanding Series 2005 and Series 2008 Bonds, to finance the costs of making certain capital improvements to the System, and to pay costs incident to the issuance and sale of the Series 2014 Bonds.

The bonds were sold at a net original issue premium of $3,271,645 which is reported in the accompanying financial statements as an addition to long-term debt. The premium is being amortized over the life of the bonds using the effective interest method. $4,941,456 and $12,103,333 of bond proceeds were used to redeem the outstanding principal balances of the Series 2005 Bonds and the Series 2008 Bonds respectively.

The 2014 Bonds were issued as fixed-rate bonds. Bonds maturing on or before May 1, 2024, are not subject to early redemption. Serial bonds maturing on or after May 1, 2025, are subject to early redemption at the option of the Authority on May 1, 2024, and thereafter, in whole or in part, at any time, at the redemption price of par plus accrued interest to the redemption date. Term bonds maturing May 1, 2033, are subject to mandatory redemption, in part, on May 1, 2032, at a redemption price equal to 100% of the principal amount specified plus accrued interest to the redemption date. The outstanding principal balance on June 30, 2020, was $22,635,000.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $138,329. In accordance with GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, the difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through fiscal year 2033 using the straight-line method. Unamortized deferred cost of the Series 2014 bond refunding totaled $96,393 as of June 30, 2020.

Electric System Revenue Refunding Bond, Series 2020 – On March 13, 2020, the Electric Fund issued a $7,995,000 Revenue Refunding Bond, Series 2020, to refinance the outstanding $7,995,000 Electric System Refunding Revenue Bonds, Series 2010, maturing on and after May 1, 2021. Total issuance costs of $68,000 were paid from operating funds and are being amortized through fiscal year 2026 on a straight-line basis. The proceeds of the bond, together with $144,166 of debt service fund transfers, were deposited into an irrevocable trust with an escrow agent and invested in Treasury Securities – State and Local Government in an amount sufficient to pay principal and interest on the Series 2010 Bonds on the May 1, 2020 redemption date.

The Authority refunded the Series 2010 Bonds in order to reduce its total net debt service payments over the remaining six years. The Series 2020 Bond was issued as a private placement with an interest rate of 1.40%. The refunded Series 2010 Bonds were outstanding at a rate of 4.00%. The refunding resulted in an economic gain of $639,247, representing the difference between the present values of the debt service payments on the old and new debt.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt – Electric Fund (Continued)

The Series 2020 Bond shall be subject to redemption, prior to maturity at the option of the Authority, on or after May 1, 2023 at a price of 100% of the par amount plus accrued interest to the redemption date. The Series 2020 Bond is to be redeemed in aggregate principal amounts equal to the respective dollar amounts set in the Bond Purchase Agreement. The outstanding principal balance on June 30, 2020 was $7,995,000.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $422,365. This difference is reported in deferred outflows of resources in the accompanying Statement of Net Position, and is being charged to operations through fiscal year 2026 using the straight-line method. Unamortized deferred cost of the Series 2020 bond refunding totaled $410,633 as of June 30, 2020.

There are a number of requirements, limitations, and restrictions contained in the bond resolutions. The Electric Fund is in compliance with all significant limitations and restrictions.

The following is a summary of long-term liability transactions for the year ended June 30, 2020:

Description	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020	Due Within One Year
Notes payable (direct placement):					
SWTEMC	$ 945,940		$ (397,581)	$ 548,359	$ 397,581
TVA	1,444,516	-	(693,368)	751,148	693,368
Total notes payable	2,390,456	-	(1,090,949)	1,299,507	1,090,949
Revenue bonds payable:					
Series 2010	9,475,000	-	(9,475,000)	-	-
(Interest Rates 3.125% - 4.00%)					
Series 2014	23,610,000	-	(975,000)	22,635,000	1,325,000
(Interest Rates 3.00% - 5.00%)					
Series 2020	-	7,995,000	-	7,995,000	1,310,000
(Interest Rates 1.40%)					
Less deferred amounts:					
Issuance (premiums) discounts	1,886,640	-	(429,345)	1,457,295	246,542
Net total revenue bonds payable	34,971,640	7,995,000	(10,879,345)	32,087,295	2,881,542
Compensated absences	1,250,494	156,291	-	1,406,785	633,053
Total long-term liabilities	$ 38,612,590	$8,151,291	$(11,970,294)	$ 34,793,587	$ 4,605,544

The Electric Fund has no unused lines of credit.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt – Gas Fund (Continued)

Principal payments on the Series 2015 Gas Revenue Refunding and Improvement Bonds are due June 1 annually. Semi-annual interest on the Bonds is due June 1 and December 1. Scheduled annual requirements for bonds payable at June 30, 2020, including interest are:

	2015 Bonds		
Years Ended June 30,	Principal	Interest	Total Debt Service
2021	$ 870,000	$ 729,481	$ 1,599,481
2022	900,000	694,681	1,594,681
2023	940,000	658,681	1,598,681
2024	970,000	630,481	1,600,481
2025	1,000,000	601,381	1,601,381
2026-2029	5,245,000	1,862,774	7,107,774
2030-2033	5,520,000	849,424	6,369,424
2034-2035	3,040,000	147,144	3,187,144
	$ 18,485,000	$ 6,174,047	$ 24,659,047

Gas System Revenue Refunding and Improvement Bonds, Series 2015 – On December 22, 2015, the Gas Fund issued $21,240,000 Revenue Refunding and Improvement Bonds, Series 2015, to finance extensions and improvements to the System; to refund its outstanding Gas System Revenue Bonds, Series 2007, maturing on and after October 1, 2018, totaling $3,270,000; to refund $3,440,000 of its outstanding Gas System Refunding Revenue Bonds, Series 2009; and to pay costs of issuance of the Series 2015 Bonds. The bonds were sold at a net original issue premium of $1,977,955 which is reported in the accompanying financial statements as an addition to long-term debt and is being amortized over the life of the bonds using the effective-interest method. Underwriter's discount and issuance costs totaled $275,190.

The partial refunding resulted in a difference between the reacquisition price and the net carrying cost of the old debt of $222,562. The difference is being charged to operations through fiscal year 2029 using the straight-line method. Unamortized deferred costs of the Series 2015 refunding totaled $144,011 as of June 30, 2020.

The Series 2015 Bonds were issued as fixed-rate bonds. Bonds maturing on or before June 1, 2025, mature without option of prior redemption. Bonds maturing on June 1, 2026, and thereafter, are subject to optional redemption prior to maturity at the option of the Authority, in whole or in part, on and after June 1, 2025, and anytime thereafter at a price of par plus accrued interest to the redemption date. The Authority has the right to designate which maturities, or portions thereof, will be redeemed. The outstanding principal balance on June 30, 2020, was $18,485,000.

There are a number of requirements, limitations, and restrictions contained in the bond resolutions. The Gas Fund is in compliance with all significant limitations and restrictions.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt – Gas Fund (Continued)

The following is a summary of long-term liability transactions for the year ended June 30, 2020:

	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020	Due Within One Year
Revenue Bonds payable:					
Series 2015					
(Interest rates - 3.00% - 5.00%)	$ 19,315,000	$ -	$ (830,000)	$ 18,485,000	$ 870,000
Less deferred amounts:					
Issuance premiums (discounts)	1,319,185	-	(149,546)	1,169,639	142,757
Total revenue bonds payable	20,634,185	-	(979,546)	19,654,639	1,012,757
Customer deposits	5,977,252	356,943	-	6,334,195	-
Compensated absences	907,469	9,986	-	917,455	412,855
	6,884,721	366,929	-	7,251,650	412,855
Total long-term liabilities	$ 27,518,906	$ 366,929	$ (979,546)	$ 26,906,289	$1,425,612

The Gas Fund has no unused lines of credit.

E. Long-term Debt – Water Fund

Principal payments on the Series 2017 Bonds are due annually on December 1. Semi-annual interest payments are due December 1 and June 1. Scheduled annual requirements for bonds payable at June 30, 2020, including interest are:

	Series 2017 Bonds		
Years Ended June 30,	Principal	Interest	Total Debt Service
2021	$ 1,890,000	$ 541,750	$ 2,431,750
2022	1,990,000	444,750	2,434,750
2023	2,090,000	342,750	2,432,750
2024	2,195,000	235,625	2,430,625
2025	1,145,000	152,125	1,297,125
2026-2027	2,470,000	125,000	2,595,000
	$ 11,780,000	$ 1,842,000	$ 13,622,000

Water System Refunding Revenue Bonds, Series 2017 - On December 7, 2017, the Water Fund issued $15,285,000 Series 2017 Refunding Revenue Bonds to refinance the Water System Refunding Revenue Bonds, Series 2008, and the Water System Refunding Revenue Bonds, Series 2009, and to pay costs of issuance of the Series 2017 Bonds. The bonds were sold at an original issue premium of $1,967,085 which is reported in the accompanying financial statements as an addition to long-term debt and is being amortized over the life of the bonds using the effective-interest method. Net bond proceeds were $17,068,805 including the premium and after payment of $183,280 in issuance costs. Net bond proceeds, escrow proceeds and debt service deposits totaling $32,058,864 were used to redeem the outstanding Series 2008 and Series 2009 bonds.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt – Water Fund (Continued)

The bonds were issued as bank-qualified, fixed-rate bonds. The bonds are not subject to optional redemption prior to maturity. The outstanding principal balance on June 30, 2020, was $11,780,000.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,332,984. The difference is reported in deferred outflows of resources in the accompanying Statement of Net Position, and is being charged to operations through fiscal year 2027 using the straight-line method. Unamortized deferred cost of the Series 2017 Bonds totaled $896,291 as of June 30, 2020.

There are a number of requirements, limitations, and restrictions contained in the bond resolutions. The Water Fund is in compliance with all significant limitations and restrictions.

The following is a summary of the Water Fund's long-term liability transactions for the year ended June 30, 2020:

	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020	Due Within One Year
Revenue Bonds payable:					
Series 2017	$ 13,575,000	$ -	$ (1,795,000)	$ 11,780,000	$ 1,890,000
(Interest rate - 5.00%)					
Less deferred amounts:					
Issuance premiums (discounts)	1,281,321	-	(338,224)	943,097	287,228
Net total revenue bonds	14,856,321	-	(2,133,224)	12,723,097	2,177,228
Customer deposits	39,950	4,375	-	44,325	-
Compensated absences	761,406	29,214	-	790,620	355,779
	801,356	33,589	-	834,945	355,779
Total long-term liabilities	$ 15,657,677	$ 33,589	$ (2,133,224)	$ 13,558,042	$ 2,533,007

The Water Fund has no unused lines of credit.

E. Long-term Debt – Wastewater Fund

Principal on the Series 2012 Bonds is due annually on June 1; interest is due semi-annually on December 1 and June 1. Principal payments on the Series 2017 Bonds are due annually on December 1; semi-annual interest payments are due December 1 and June 1.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt – Wastewater Fund (Continued)

Scheduled annual requirements for bonds payable at June 30, 2020, including interest are:

Years Ended	Series 2012 Bonds		Series 2017 Bonds		Total		
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
2021	$ 100,000	$ 544,800	$ 1,530,000	$ 203,500	$ 1,630,000	$ 748,300	$ 2,378,300
2022	100,000	541,800	1,610,000	125,000	1,710,000	666,800	2,376,800
2023	100,000	538,800	1,695,000	42,375	1,795,000	581,175	2,376,175
2024	1,420,000	535,800	-	-	1,420,000	535,800	1,955,800
2025	1,490,000	469,812	-	-	1,490,000	469,812	1,959,812
2026-2029	6,510,000	1,300,376	-	-	6,510,000	1,300,376	7,810,376
2030-2032	5,480,000	388,324	-	-	5,480,000	388,324	5,868,324
	$ 15,200,000	$ 4,319,712	$ 4,835,000	$ 370,875	$20,035,000	$ 4,690,587	$ 24,725,587

Scheduled annual requirements for loans (notes payable) at June 30, 2020, including interest are included in the table below:

Years Ended	Notes Payable*		Total
June 30,	Principal*	Interest	Debt Service
2021	$ 1,006,008	$ 187,387	$ 1,193,395
2022	1,103,376	183,778	1,287,154
2023	1,112,564	173,702	1,286,266
2024	1,121,815	163,539	1,285,354
2025	1,131,211	153,265	1,284,476
2026-2030	5,800,324	608,195	6,408,519
2031-2035	6,015,797	334,033	6,349,830
2036-2038	2,727,521	66,967	2,794,488
2039-2041	694,299	9,420	703,719
	$ 20,712,915	$ 1,880,286	$ 22,593,201

*Principal repayments on SRF 13-314 reflect a final loan amount of $1,026 less than the total loan approved.

*Principal repayments on CG2 16-363 reflect a final loan amount of $7,620 less than the total loan approved.

*Principal repayments on SRF 17-383 reflect a final loan amount of $103,742 less than the total loan approved.

*Principal repayments on CG4 16-362 assume the Fund will borrow the entire loan amount approved. As of June 30, 2020, the Fund had borrowed $3,611,570 of CG4-362.

*Principal repayments on SRF 16-368 assume the Fund will borrow the entire loan amount approved. As of June 30, 2020, the Fund had borrowed $19,000 of SRF 16-368.

Wastewater System Revenue Bonds, Series 2012 - On March 22, 2012, the Wastewater Fund issued $16,000,000 Wastewater System Revenue Bonds, Series 2012, to refinance its Revenue Bond Anticipation Note, Series 2010, in the outstanding principal amount of $7,000,000; to refund $3,965,000 of its outstanding $37,425,000 Wastewater System Refunding Revenue Bonds, Series 2009; to finance extensions and improvements to its Wastewater system; and to pay certain costs related to the issuance and sale of the Bonds. The Series 2012 Bonds were issued at a net original issue premium of $171,804 which is reported in the accompanying financial statements as an addition to long-term debt and is amortized over the life of the bonds using the effective interest method.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt – Wastewater Fund (Continued)

Net bond proceeds were $5,078,804 after payment of $128,000 in discount. Issuance costs of $204,585 were paid outside of closing. The Bonds were issued as bank-qualified, tax-exempt, fixed-rate bonds. The Bonds are a limited revenue obligation of the Fund, payable solely from and secured by a pledge of the net revenues of the Wastewater System on parity with other senior lien revenue obligations of the Fund. Bonds maturing on or before June 1, 2022, mature without option of prior redemption. Bonds maturing on June 1, 2023, and thereafter are subject to optional redemption prior to maturity at the option of the Authority, in whole or in part, on and after June 1, 2022, and any time thereafter at a price of par plus accrued interest to the redemption date. As of June 30, 2020, the outstanding balance of the Series 2012 Bonds was $15,200,000.

Wastewater System Refunding Revenue Bonds, Series 2017 - On December 7, 2017, the Wastewater Fund issued $7,680,000 Series 2017 Refunding Revenue Bonds to refinance the Wastewater System Refunding Revenue Bonds, Series 2009 and to pay costs of issuance of the Series 2017 Bonds. The bonds were sold at an original issue premium of $724,255 which is reported in the accompanying financial statements as an addition to long-term debt and is being amortized over the life of the bonds using the effective-interest method. Net bond proceeds were $8,272,460 including the premium and after payment of $131,795 in issuance costs. Net bond proceeds, escrow proceeds and debt service deposits totaling $33,469,115 were used to redeem the outstanding Series 2009 bonds.

The bonds were issued as bank-qualified, fixed-rate bonds. The bonds are not subject to optional redemption prior to maturity. The outstanding principal balance on June 30, 2020, was $4,835,000.

The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $758,957. The difference is reported in deferred outflows of resources in the accompanying Statement of Net Position, and is being charged to operations through fiscal year 2023 using the straight-line method. Unamortized deferred cost of the Series 2017 Bonds totaled $366,829 as of June 30, 2020.

CW0 2013-313 Revolving Fund Loan Agreement – On September 27, 2012, the Tennessee Local Development Authority (TLDA) and the Tennessee Department of Environment and Conservation (TDEC) approved a $2,150,000 loan to the Wastewater Fund to help finance wastewater collection system rehabilitation improvement projects. A portion of the loan totaling $531,050 is considered principal forgiveness and does not have to be repaid. Interest on loan funds disbursed is calculated at a fixed rate of .34% per annum and is payable monthly. An administrative fee equal to .08% is payable monthly on the outstanding loan balance. Payment of interest and administrative fees began in November 2013, following the first loan disbursement. All loan funds were received by October 2015.

Principal repayments began February 2015 and are due monthly. The term of the loan is twenty (20) years with final repayment due January 2035. The outstanding loan balance at June 30, 2020, was $1,191,266.

The loan is secured by $83,868 on deposit with the State of Tennessee Local Government Investment Pool (LGIP). In the event of default, the Authority is referred to the Water, Wastewater Financing Board or the Utility Management Board. The Authority must implement any and all technical, management, fiscal and /or rate changes recommended by the Board in order for the Authority to fulfill its obligations under the agreement. There are no lender's subjective acceleration clauses in the agreement nor are there any unused credit lines at June 30, 2020.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt – Wastewater Fund (Continued)

SRF 2013-314 Revolving Fund Loan Agreement - On September 27, 2012, the Tennessee Local Development Authority (TLDA) and the Tennessee Department of Environment and Conservation (TDEC) approved a loan to the Wastewater Fund in the amount of $5,000,000 for financing continued wastewater collection system rehabilitation projects. Interest on loan funds disbursed is calculated at a fixed rate of .34% per annum and is payable monthly. An administrative fee equal to .08% is payable monthly on the outstanding loan balance. Payment of interest and administrative fees began in November 2013, following the first loan disbursement.

In October 2013, TLDA and TDEC approved an increase of $3,953,352 in the loan previously approved. The total loan approved was $8,953,352. Principal repayments began April 2017, and are due monthly. The term of the loan is twenty (20) years with final repayment due March 2037. The outstanding balance as of June 30, 2020, was $7,538,549. Final funds were received in July 2017 and were $1,026 less than the total approved.

The loan is secured by $463,068 on deposit with the LGIP. In the event of default, the Authority is referred to the Water, Wastewater Financing Board or the Utility Management Board. The Authority must implement any and all technical, management, fiscal and /or rate changes recommended by the Board in order for the Authority to fulfill its obligations under the agreement. There are no lender's subjective acceleration clauses in the agreement nor are there any unused credit lines at June 30, 2020.

CG2 2016-363 Revolving Fund Loan Agreement – In October 2015 the Tennessee Local Development Authority (TLDA) and the Tennessee Department of Environment and Conservation (TDEC) approved a $2,000,000 loan to the Wastewater Fund to finance wastewater collection system rehabilitation improvement projects. Interest on loan funds disbursed is calculated at a fixed rate of 1.43% per annum and is payable monthly. An administrative fee equal to .08% is payable monthly on the outstanding loan balance. Payment of interest and administrative fees began December 2016, following the first loan disbursement.

Principal repayments began June 2017, and are due monthly. The term of the loan is twenty (20) years with final repayment due May 2037. Final funds were received in April 2018 at which time the loan was reduced by $7,620 and principal repayments were recalculated and reduced. The outstanding loan balance at June 30, 2020, was $1,720,742.

The loan is secured by $114,576 on deposit with the LGIP. Upon default, the TLDA may declare all unpaid principal and interest to be immediately due and payable as well as pursue all available legal and equitable remedies. Jackson Energy Authority shall be responsible for all costs of the TLDA incurred in enforcing provisions of the agreement after event of default, including but not limited to attorney's fees. There are no lender's subjective acceleration clauses in the agreement nor are there any unused credit lines at June 30, 2020.

CG3 2016-361 Revolving Fund Loan Agreement – In April 2016 the TLDA and the Tennessee Department of Environment and Conservation (TDEC) approved a Revolving Fund Loan Agreement for the Wastewater Fund for a total project cost of $4,000,000 which is $3,800,000 base and $200,000 principal forgiveness. Funds are to finance wastewater collection system rehabilitation improvement projects. Interest on loan funds disbursed is calculated at a fixed rate of 1.17% per annum and is payable monthly. An administrative fee equal to .08% is payable monthly on the outstanding loan balance. Payment of interest and administrative fees began November 2016, following the first loan disbursement.

Principal repayments began March 2018 with final maturity February 2038. Final funds were received in August 2018. The outstanding loan balance at June 30, 2020, was $3,401,065.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt – Wastewater Fund (Continued)

The loan is secured by $213,188 on deposit with the LGIP. Upon default, the TLDA may declare all unpaid principal and interest to be immediately due and payable as well as pursue all available legal and equitable remedies. Jackson Energy Authority shall be responsible for all costs of the TLDA incurred in enforcing provisions of the agreement after event of default, including but not limited to attorney's fees. There are no lender's subjective acceleration clauses in the agreement nor are there any unused credit lines at June 30, 2020.

CG4 2016-362 Revolving Fund Loan Agreement – In April 2016 the Tennessee Local Development Authority (TLDA) and the Tennessee Department of Environment and Conservation (TDEC) approved a Revolving Fund Loan Agreement for the Wastewater Fund for a total project cost of $4,000,000 which is $3,720,000 base and $280,000 principal forgiveness. Funds are to finance wastewater collection system rehabilitation improvement projects. Interest on loan funds disbursed is calculated at a fixed rate of 1.17% per annum and is payable monthly. An administrative fee equal to .08% is payable monthly on the outstanding loan balance. Payment of interest and administrative fees began February 2018, following the first loan disbursement.

According to terms of the loan agreement, principal repayments will begin within ninety (90) days of project completion, or within one hundred twenty (120) days after ninety percent (90%) of the project loan has been disbursed, whichever event occurs earlier. The term of the loan is twenty (20) years from the date repayments begin. As of June 30, 2020, principal repayments had not commenced but were set to begin in July 2020. The outstanding loan balance at June 30, 2020, was $3,611,570.

The loan is secured by $208,700 on deposit with the LGIP. Upon default, the TLDA may declare all unpaid principal and interest to be immediately due and payable as well as pursue all available legal and equitable remedies. Jackson Energy Authority shall be responsible for all costs of the TLDA incurred in enforcing provisions of the agreement after event of default, including but not limited to attorney's fees. At June 30, 2020, an unused balance of $116,591 remained on the line of credit.

SRF 2016-368 Revolving Fund Loan Agreement – In May 2016 the Tennessee Local Development Authority (TLDA) and the Tennessee Department of Environment and Conservation (TDEC) approved a Revolving Fund Loan Agreement for the Wastewater Fund for a total project cost of $2,000,000. Funds are to finance wastewater collection system rehabilitation improvement projects. Interest on loan funds disbursed is calculated at a fixed rate of 1.17% per annum and is payable monthly. An administrative fee equal to .08% is payable monthly on the outstanding loan balance. Payment of interest and administrative fees began October 2019, following the first loan disbursement.

According to terms of the loan agreement, principal repayments will begin within ninety (90) days of project completion, or within one hundred twenty (120) days after ninety percent (90%) of the project loan has been disbursed, whichever event occurs earlier. The term of the loan is twenty (20) years from the date repayments begin. As of June 30, 2020, principal repayments had not commenced. The outstanding loan balance at June 30, 2020, was $19,000.

The loan is secured by $113,072 on deposit with the LGIP. Upon default, the TLDA may declare all unpaid principal and interest to be immediately due and payable as well as pursue all available legal and equitable remedies. Jackson Energy Authority shall be responsible for all costs of the TLDA incurred in enforcing provisions of the agreement after event of default, including but not limited to attorney's fees. There are no lender's subjective acceleration clauses in the agreement. At June 30, 2020, an unused balance of $1,981,000 remained on the line of credit.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt – Wastewater Fund (Continued)

SRF 2017-383 Revolving Fund Loan Agreement - In March 2017 the Tennessee Local Development Authority (TLDA) and the Tennessee Department of Environment and Conservation (TDEC) approved a Revolving Fund Loan Agreement for the Wastewater Fund for a total project cost of $1,400,000. Funds are to finance continuation of wastewater collection system rehabilitation improvement projects. Interest on loan funds disbursed is calculated at a fixed rate of 1.55% per annum and is payable monthly. An administrative fee equal to .08% is payable monthly on the outstanding loan balance. Payment of interest and administrative fees began September 2017, following the first loan disbursement.

The term of the loan is twenty (20) years with final payment due November 2038. Principal repayments began December 2018, and are due monthly. Final funds were received in November 2017. The loan was reduced by $103,742 due to funds not being used. The outstanding loan balance at June 30, 2020, was $1,207,623.

The loan is secured by $75,420 on deposit with the LGIP. Upon default, the TLDA may declare all unpaid principal and interest to be immediately due and payable as well as pursue all available legal and equitable remedies. Jackson Energy Authority shall be responsible for all costs of the TLDA incurred in enforcing provisions of the agreement after event of default, including but not limited to attorney’s fees. There are no lender’s subjective acceleration clauses in the agreement nor are there any unused credit lines at June 30, 2020.

All or any portion of any State Revolving Fund loan may be repaid by the Fund at any time without penalty. Each loan is a limited revenue obligation of the Fund, payable solely from and secured by a pledge of the Net Revenues of the Wastewater System on parity with other senior lien revenue obligations of the Wastewater Fund.

There are a number of requirements, limitations, and restrictions contained in the bond resolutions. The Wastewater Fund is in compliance with all significant limitations and restrictions.

JACKSON ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)
JUNE 30, 2020

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt – Wastewater Fund (Continued)

The following is a summary of long-term liability transactions for the fiscal year ended June 30, 2020:

	Balance at June 30, 2019	Additions	Retirements*	Balance at June 30, 2020	Due Within One Year
Revenue Bonds payable:					
Series 2012	$ 15,300,000	$ -	$ (100,000)	$ 15,200,000	$ 100,000
(Interest rate - 2.00% - 4.75%)					
Series 2017	6,295,000	-	(1,460,000)	4,835,000	1,530,000
(Interest rate - 5%)					
Less deferred amounts:					
Issuance premiums (discounts)	376,731	-	(164,763)	211,968	118,803
Net total revenue bonds payable	21,971,731	-	(1,724,763)	20,246,968	1,748,803
State Revolving Fund Loans:					
Direct Borrowing:					
CW0 2013-313	1,270,814	-	(79,548)	1,191,266	79,824
(Interest rate - .34%)					
SRF 2013-314	7,975,181	-	(436,632)	7,538,549	438,120
(Interest rate - .34%)					
CG3 2016-361	3,573,373	-	(172,308)	3,401,065	174,336
(Interest rate - 1.17%)					
CG2 2016-363	1,810,022	-	(89,280)	1,720,742	90,552
(Interest rate - 1.43%)					
CG4 2016-362	2,498,877	1,196,444	(83,751)	3,611,570	166,068
(Interest rate - 1.17%)					
SRF 2016-368	-	19,000	-	19,000	-
(Interest rate - 1.17%)					
SRF 2017-383					
(Interest rate - 1.55%)	1,263,855	-	(56,232)	1,207,623	57,108
Total state revolving loans	18,392,122	1,215,444	(917,751)	18,689,815	1,006,008
Compensated absences	713,588	50,124	-	763,712	343,670
Total long-term liabilities	$ 41,077,441	$ 1,265,568	$ (2,642,514)	$ 39,700,495	$ 3,098,481

*Retirements include payments and principal forgiveness.

Other than the unused portions of the revolving loans discussed previously, there are no other unused lines of credit.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt – Telecommunications Fund

Term and revolving debt payable at June 30, 2020, consist of the following:

See Note 4 F for discussion of the inter-fund loan from the Electric Fund.

Principal on the Fund's Series 2013 Bonds is due annually on April 1. Interest on the Series 2013 Bonds is due semi-annually on October 1 and April 1. Scheduled annual requirements for bonds payable at June 30, 2020, including interest are:

Years Ended	2013 Bonds Payable		Total
June 30,	Principal	Interest	Debt Service
2021	$ 4,515,000	$ 902,463	$ 5,417,463
2022	4,635,000	782,815	5,417,815
2023	4,770,000	648,400	5,418,400
2024	4,915,000	502,915	5,417,915
2025	5,075,000	345,635	5,420,635
2026	5,240,000	178,160	5,418,160
	$ 29,150,000	$ 3,360,388	$ 32,510,388

Telecommunications System Refunding Revenue Bonds, Series 2013 - On May 22, 2013, the Telecommunications Fund issued $58,800,000 Telecommunications System Refunding Revenue Bonds (federally taxable), Series 2013, to refinance outstanding term indebtedness. Term debt had been used to refinance taxable Telecommunications System Revenue Bonds, Series 2003, issued to finance the construction of a fiber optic broadband network telecommunications system in the City of Jackson. The Series 2013 Bonds are a limited revenue obligation of the Fund, payable from and secured by a pledge of the Net Revenues of the System.

The City of Jackson unconditionally guaranteed to Jackson Energy Authority and the trustee for the beneficiaries that the amount on deposit in the debt service reserve account for the 2013 Bonds shall at all times equal or exceed the debt service reserve requirement. The guaranty is for an amount not to exceed $60,000,000.

The Series 2013 Bonds were issued as fixed-rate bonds. Bonds maturing on or before April 1, 2023, mature without option of prior redemption. The Series 2013 Bonds maturing on and after April 1, 2024, are subject to redemption prior to maturity at the option of the Authority, in whole or in part, on or after April 1, 2023, at a price of par plus accrued interest to the redemption date. The Authority has the right to designate which maturities, or portions thereof, will be redeemed. The outstanding balance of Series 2013 bonds as of June 30, 2020, was $29,150,000.

Bond discount and issuance costs totaled $481,155. Bond proceeds were used to redeem and refund outstanding term debt in the amount of $58,817,500.

The refunding resulted in a difference between the reacquisition price and the net carrying cost of the old debt of $4,070,104. The difference is being charged to operations through bond maturity using the straight-line method. With the implementation of GASB Statement No. 65, Items Previously Reported as Assets and Liabilities, the Telecommunications Fund reclassified unamortized deferred cost on bond refunding from bonds payable to deferred outflows of resources in the accompanying Statement of Net Position. Unamortized deferred cost of the Series 2013 refunding totaled $1,823,618 as of June 30, 2020.

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

E. Long-term Debt – Telecommunications Fund (Continued)

There are a number of requirements, limitations, and restrictions contained in the bond resolutions. The Telecommunications Fund is in compliance with all significant limitations and restrictions.

The following is a summary of the Telecommunication Fund's long-term liability transactions for the year ended June 30, 2020:

	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020	Due Within One Year
Revenue Bonds payable :					
Series 2013	$ 33,565,000	$ -	$ (4,415,000)	$ 29,150,000	$ 4,515,000
(Interest rate - .60% - 3.40%)					
Less deferred amounts:					
Issuance premiums (discounts)	(138,635)	-	20,538	(118,097)	(20,538)
Net total revenue bonds	33,426,365	-	(4,394,462)	29,031,903	4,494,462
Notes payable (direct placement):					
Electric Fund loan	5,500,000	-	-	5,500,000	-
Total notes payable	5,500,000	-	-	5,500,000	-
Customer deposits	332,390		(3,577)	328,813	-
Compensated absences	543,894	50,238	-	594,132	267,359
	876,284	50,238	(3,577)	922,945	267,359
Total long-term liabilities	$ 39,802,649	$ 50,238	$ (4,398,039)	$ 35,454,848	$ 4,761,821

F. Net Position– Electric Fund

Net investment in capital assets	
Net property, plant, and equipment in service	$ 138,218,178
Less: Debt as disclosed in Note 3E	(33,386,802)
Total net investment in capital assets	104,831,376
Restricted:	
Restricted cash and cash equivalents	634,872
Restricted for use on Load Reduction Project	548,573
Less: Current liabilities payable from restricted assets	(203,493)
Total restricted net position	979,952
Unrestricted	27,438,088
Total net position	$ 133,249,416

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Net Position– Gas Fund

Net investment in capital assets	
Net property, plant, and equipment in service	$ 94,353,751
Less: Debt as disclosed in Note 3E	(19,654,639)
Total net investment in capital assets	74,699,112
Restricted:	
Restricted cash and cash equivalents	133,319
Less: Current liabilities payable from restricted assets	(63,557)
Total restricted net position	69,762
Unrestricted	19,636,777
Total net position	$ 94,405,651

F. Net Position – Water Fund

Net property, plant, and equipment in service	$ 109,826,670
Less: Debt as disclosed in Note 3E	(12,723,097)
Total net investment in capital assets	97,103,573
Restricted:	
Restricted cash and cash equivalents	1,152,251
Less: Current liabilities payable from restricted assets	(49,083)
Total restricted net position	1,103,168
Unrestricted	(1,164,840)
Total net position	$ 97,041,901

F. Net Position – Wastewater Fund

Net investment in capital assets	
Net property, plant and equipment in service	$129,364,896
Less: Debt as described in Note 3E	(38,936,783)
Total net investment in capital assets	90,428,113
Restricted for debt service:	
Restricted cash and cash equivalents	2,238,819
Less: Accrued interest from restricted funds	(65,796)
Total restricted net position	2,173,023
Unrestricted	5,528,292
Total net position	$ 98,129,428

NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)

F. Net Position – Telecommunications Fund

Net investment in capital assets	
Net property, plant, and equipment in service	$ 39,932,983
Less: Debt as disclosed in Note 3E	(34,531,903)
Total net investment in capital assets	5,401,080
Restricted for debt service:	
Restricted cash and cash equivalents	6,896,649
Less: Accrued interest from restricted funds	(259,735)
Total restricted net position	6,636,914
Unrestricted	3,006,297
Total net position	$ 15,044,291

NOTE 4 - OTHER INFORMATION

A. Pension Costs

Plan Description

Jackson Energy Authority Retirement Plan - All of the Authority's full-time employees hired prior to January 1, 2014, are participants in the Jackson Energy Authority Retirement Plan. The retirement plan is a single-employer defined benefit pension plan and is administered by the Jackson Energy Authority Retirement Plan Administrative Committee. Aetna Life Insurance Company is the disbursing agent for benefits and First Horizon Bank of Memphis serves as Plan Trustee. Each eligible employee entered the plan on the first month following the later of attainment of age twenty-one or the date he was credited with one year of service for vesting as an eligible employee.

Benefits Provided

The plan provides for normal retirement at age 65, early retirement after attainment of age 55 and completion of 5 years of vesting service, delayed retirement beyond normal retirement age and disability retirement upon total and permanent disability after completion of 5 years of vesting service. For participants hired on and after January 1, 2009, the early retirement age is age 60. Retirement Plan participation was frozen effective December 31, 2013.

Upon the death of the participant, survivor benefits may be provided depending on the retirement benefit chosen. The plan provides an annuity for the surviving spouse of active participants. The Plan document assigns the authority to establish and amend benefit provisions to the Jackson Energy Authority Board of Directors. The Plan issues a stand-alone financial report which can be obtained from Aetna by calling 1-860-273-6241 and First Horizon Bank at 1-901-681-2545.

Employees covered by the benefit terms

At the measurement date of June 30, 2019, the Authority had 541 total participants as follows:

Active Participants	241
Inactive Participants with Deferred Benefits	24
Inactive Participants Receiving Payment	276

NOTE 4 - OTHER INFORMATION (Continued)

A. Pension Costs (Continued)

Contributions

The contribution requirements of plan members and Jackson Energy Authority are established and may be amended by the Jackson Energy Authority Board of Directors pursuant to the plan document. For the year ended June 30, 2020, the actuarially determined recommended employer contribution was $7,363,348, which includes 8.28% employee portion paid by employer. The Authority also elected to make additional contributions totaling $1,500,000 which brought the total year contributions to $8,863,348.

Net Pension Liability

The Authority's net pension liability was measured as of July 1, 2019, and the total pension liability used to calculate net pension liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability as of July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges averaging 4.50 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation

Mortality rates were based on the PubG-2010 employees and healthy annuitants mortality table projected generationally using Scale MP-2018.

Assumption Changes

- Changed the mortality for healthy lives from 2006 healthy rates from the RP2014 study with Scale MP-2017 projection to the PubG-2010 employees and healthy annuitants mortality table projected generationally from 2010 using Scale MP-2018.
- Changed the disabled mortality from 2006 disabled rates from the RP2014 study with Scale MP-2017 projection to the PubG-2010 disabled mortality table projected generationally from 2010 using Scale MP-2018.
- Changed the interest rate from 7.325% as of the July 1, 2017 measurement date to 7.25% as of the July 1, 2018 measurement date for funding purposes.

Pension Liabilities

At June 30, 2020, the Authority reported a net pension liability of $62,713,446. The net pension liability was measured as of July 1, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2020, the Authority recognized pension costs of $13,372,806. Of this amount, the Authority recognized as a fringe benefit $1,291,435 as amounts paid by the Authority to satisfy a requirement for employee contributions.

NOTE 4 - OTHER INFORMATION (Continued)

A. Pension Costs (Continued)

At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
(1) Difference between actual and expected experience		
(a) measurement date July 1, 2019	$ 1,779,546	$ 7,991
(2) Difference due to assumption changes		
(a) measurement date July 1, 2019	8,063,776	-
(3) Contributions subsequent to the measurement date		
(a) measurement date July 1, 2019	8,863,348	-
(4) Net difference between expected and actual and earnings on pension plan investment		
(a) measurement date July 1, 2019	3,507,073	-
Total	$ 22,213,743	$ 7,991

$8,863,348 reported as deferred outflows of resources related to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension costs as follows:

Year Ended June 30:	
2021	$ 5,605,107
2022	$ 3,734,301
2023	$ 2,891,631
2024	$ 1,111,365
2025	-
Thereafter	-

Discount rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 4 - OTHER INFORMATION (Continued)

A. Pension Costs (Continued)

Changes in the Net Pension Liability

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance at 6/30/2019 (measurement date 6/30/2018)	$ 185,052,968	$ 125,040,960	$ 60,012,008
Changes for the year:			
Service cost	2,495,165	-	2,495,165
Interest	13,292,606	-	13,292,606
Difference between expected and actual experience	62,477	-	62,477
Assumption change	4,222,221	-	4,222,221
Contributions - employer	-	7,726,375	(7,726,375)
Contributions - 8.28% member	-	1,291,435	(1,291,435)
Contributions - 2% member	-	44,865	(44,865)
Net investment income	-	8,410,282	(8,410,282)
Benefit payments	(8,553,361)	(8,553,361)	-
Administrative expense	-	(101,926)	101,926
Net changes	11,519,108	8,817,670	2,701,438
Balance at 6/30/2020 (measurement date 6/30/2019)	$ 196,572,076	$ 133,858,630	$ 62,713,446

Pension plan investments - The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Directors by a majority vote of its members. It is the policy of the Board of Directors to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following is the asset allocation as of June 30, 2020:

	Market Value	Percentage of Total
Annuity	$ 6,537,870	4.81
Equities	81,932,235	60.25
Fixed income	46,936,314	34.52
Money market funds	572,314	0.42
Total	$ 135,978,733	100.00

JACKSON ENERGY AUTHORITY
NOTES TO FINANCIAL STATEMENTS (Continued)
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NOTE 4 - OTHER INFORMATION (Continued)

A. Pension Costs (Continued)

The following investments as of June 30, 2020 represent more than 5% of the fiduciary net position and are not issued or explicitly guaranteed by the U. S. Government:

	Market Value
Fidelity Emerging Markets Index Fund	$ 6,827,336
Fidelity International Index Fund	$ 16,287,132
Vanguard Div Apprec Index Fund	$ 16,098,019
Vanguard Small-Cap Index Fund	$ 7,775,537
Vanguard Total Stock Market Index	$ 29,516,281
Dodge & Cox Income Fund	$ 7,886,627
Vanguard Long-term Bond Index	$ 11,680,342
Vanguard Total Bond Market Index	$ 7,300,976

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

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

Sensitivity of the Authority's proportionate share of the net pension liability to changes in the discount rate
The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.250 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.250 percent) or 1-percentage-point higher (8.250 percent) than current rate:

	1% Decrease (6.250%)	Current rate (7.250%)	1% Increase (8.250%)
Total pension liability	$ 223,608,684	$ 196,572,076	$ 174,319,736
Plan fiduciary net pension	133,858,630	133,858,630	133,858,630
Net pension liability	$ 89,750,054	$ 62,713,446	$ 40,461,106

Jackson Energy Authority Defined Contribution Plan – Effective December 23, 2004, the Authority adopted a money purchase pension plan to provide for the payment of accumulated leave benefit after termination of employment. On January 1, 2009, the Plan was amended and restated to also provide for the payment of accumulated severance benefit after termination of employment. All contributions under this Plan are paid to Voya Financial Inc. and deposited into an annuity contract. The Plan is intended to meet the requirements of a non-trusteed retirement plan, qualified under IRS Section 401(a) so that income accruing on the group

NOTE 4 - OTHER INFORMATION (Continued)

A. Pension Costs (Continued)

annuity contract will be exempt from taxation. Funds transferred to the Plan are not subject to FICA withholding and federal income tax is deferred until the participant withdraws funds. The Plan is a governmental plan as defined in Section 414(d) of the IRS Code, the purpose of which is to provide retirement benefits for employees of the employer. The Authority reserves the right to amend the Plan by action of its Board of Directors, notwithstanding certain limitations.

Participation of an employee begins on the employee's hire date and ceases upon termination of employment. Participants are not required or permitted to make contributions to the Plan. Employer contributions equal to the amount of the participant's accumulated leave benefit and/or his accumulated severance benefit are made to the Plan each time a participant terminates employment.

Distribution of benefits generally occurs within 60 days following the close of the plan year (December 31) in which a participant retires. In the event a participant dies prior to receiving distribution, the distribution will be made to his beneficiary as soon as practicable after the participant's death.

Under this Plan there are no assets accumulated in a trust. There were no expenses incurred by the Authority and no liability existed as of June 30, 2020. Total amounts paid over to Voya Financial Inc. on behalf of retirees was $158,891.

Jackson Energy Authority Matching Contribution Plan - The Jackson Energy Authority Matching Contribution Plan was established effective January 1, 2014, to provide certain benefits for individuals hired or rehired as full-time employees after December 31, 2013. The Matching Plan is a defined contribution plan under IRS Code Section 401(a) which provides for benefits based solely on the amount contributed to each participant's account and any income, expenses, gains or losses which may be allocated to such account. Each employee will enter the plan on the first day of the month following the employee's employment date. Each plan year matching and discretionary contributions may be made by Jackson Energy Authority at its sole discretion. Contribution levels are established and may be amended by the Jackson Energy Authority Board of Directors pursuant to the plan document. For the current plan year, the matching contribution will be equal to one hundred percent (100%) of an eligible participant's salary deferral, not to exceed four percent (4%) of compensation, made to the Jackson Energy Authority Deferred Compensation Plan. For the current plan year, the discretionary contribution will be a percentage of the eligible participant's compensation based on the participant's periods of credited service. For periods less than 5 years, the discretionary contribution will be two percent (2%) of compensation; for periods of 5-9 years the discretionary contribution will be three percent (3%); and for periods of 10 years or more the discretionary contribution will be four percent (4%). Normal retirement age is age sixty-five (65). Upon the death of the participant, survivor benefits may be provided depending on the retirement benefit chosen. Upon termination of employment for any reason other than retirement, disability or death a participant is entitled to a benefit equal to the vested portion. For credited service less than 5 years the vesting percentage is 0%. If the credited service is 5 years or more the vesting percentage is 100%. The Plan is administered by the Jackson Energy Authority Retirement Plan Administrative Committee. Voya National Trust serves as Plan Trustee. Jackson Energy Authority recognized $370,449 in pension expense related to the matching provisions outlined in the defined contribution plan. There were no forfeitures under the Plan for the year ended June 30, 2020. There are no assets accumulated in trust for the benefit of Jackson Energy Authority and there was no liability under the Plan at June 30, 2020.

For the year ended June 30, 2020, the Authority's annual contributions to the Matching Plan were $370,449 which included both the Authority's matching and discretionary contributions.

NOTE 4 - OTHER INFORMATION (Continued)

B. Major Suppliers

The Electric Fund purchases all of its electric capacity from the Tennessee Valley Authority (TVA). Purchased power from TVA cost $108,836,146 for the year ending June 30, 2020.

The Gas Fund purchased 74 percent of its natural gas from Centerpoint. Purchased gas cost was $13,240,485 for the year ended June 30, 2020.

C. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; natural disasters; pollution; crime; management; employment practices; fiduciary; media and cyber breach. During the fiscal year ended June 30, 2020, the Authority carried insurance through various commercial carriers to cover most risks of loss. The Authority has had no settled claims resulting from these risks that exceeded its insurance coverage in the past three fiscal years. There has also been no significant reduction in the amount of coverage.

As of June 30, 2020, the Authority is a defendant in a suit being defended by the Authority's liability insurer. This suit involves JEA's Auto Liability coverage, which has no deductible and will be fully covered by insurance up to the insured limit of $1 million. Also, workers' compensation suits are defended by the compensation carrier for the Authority with no deductible.

D. Other Post-Employment Benefits

In addition to pension benefits, the Authority provides certain healthcare, dental and life insurance benefits for retired employees. Not all retired employees are eligible for dental benefits. Healthcare and dental benefits are provided by a self-insured trust plan with an insurance company acting as third-party claims administrator. The plan is protected from catastrophic claims by aggregate excess loss coverage. Life insurance is provided by a commercial carrier.

Full-time employees hired prior to January 1, 2009, become eligible for retiree healthcare and life insurance benefits at age fifty-five with five years of service. Full-time employees hired on or after January 1, 2009, and before January 1, 2017, become eligible for certain retiree healthcare and life insurance benefits at age sixty with ten years of service. Full-time employees hired on or after January 1, 2017, become eligible for reduced life insurance coverage but are not eligible for healthcare or dental benefits at retirement.

The cost of providing the healthcare and dental benefits for retirees for the year ended June 30, 2020, was $2,626,479. At the measurement date of June 30, 2019, the Authority had 306 active participants covered under the plan. The plan also covers 250 inactive participants and 135 covered spouses.

The cost of providing retiree life insurance benefits for the year ended June 30, 2020, was $165,864. At the measurement date of June 30, 2019, the Authority had 352 active participants covered under the plan. The plan also covers 241 inactive participants.

Subsequent to June 30, 2009, Jackson Energy Authority established the Voluntary Employees Beneficiary Association Trust (VEBAT). First Horizon Bank has been appointed as the Trustee. The trust was established to allow Jackson Energy Authority to fund post-employment benefits associated with retiree health and life insurance. With the establishment of the Trust, Jackson Energy Authority began funding the actuarially determined normal cost of retiree health and life insurance. With the implementation of GASB 75 in 2018, the Authority began funding the actuarially determined contribution.

NOTE 4 - OTHER INFORMATION (Continued)

D. Other Post-Employment Benefits (Continued)

Contributions

The contribution requirements of plan members and Jackson Energy Authority are established and may be amended by the Jackson Energy Authority Board of Directors pursuant to the plan document. For the year ended June 30, 2020, the actuarially determined recommended employer contribution was $3,661,202.

Assumption Changes

- Changed the mortality assumption from 2006 base rates from the RP-2014 study, projected with Scale MP-2017, to the PubG.H-2010 employees and healthy annuitants mortality tables, projected with Scale MP-2018.
- The expected trend and claims were updated to better reflect current market expectations.

Net OPEB Liability

The Authority's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate net OPEB liability was determined by an actuarial valuation as of that date. At June 30, 2020, the Authority reported a net OPEB liability of $25,557,157.

Actuarial assumptions

The total OPEB liability as of June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges averaging 4.50 percent
Investment rate of return	5.75 percent, net of OPEB plan investment expenses, including inflation

Healthy life mortality pre/post-retirement rates were based on the PUBG.H.-2010 employees and healthy annuitants mortality table. Mortality rates are projected generationally from 2010 using Scale MP-2018.

OPEB Costs (negative costs), Deferred Outflows of Resources and Deferred Inflows of resources

For the year ended June 30, 2020, the Authority recognized OPEB costs of $2,287,134.

NOTE 4 - OTHER INFORMATION (Continued)

D. Other Post-Employment Benefits (OPEB) (Continued)

At June 30, 2020, the Authority 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
(1) Difference between actual and expected experience		
(a) measurement date July 1, 2019	$ 2,085,536	$ 333,624
(2) Difference due to assumption changes		
(a) measurement date July 1, 2019	1,959,992	10,915,783
(3) Contributions subsequent to the measurement date		
(a) measurement date July 1, 2019	3,652,863	-
(4) Net difference between expected and actual and earnings on OPEB plan investment		
(a) measurement date July 1, 2019	501,750	812,813
Total	$ 8,200,141	$ 12,062,220

$3,652,863 reported as deferred outflows of resources related to OPEB resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2021	$ (845,435)
2022	(845,435)
2023	(1,096,305)
2024	(1,084,268)
2025	(890,095)
Thereafter	(2,753,404)

Discount rate

The discount rate used to measure the total OPEB liability was 5.75 percent. The projection of cash flows used to determine the discount rate assumed that contributions from the Authority will be made at contractually required rates, actuarially determined. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

NOTE 4 - OTHER INFORMATION (Continued)

D. Other Post-Employment Benefits (OPEB) Costs (Continued)

Changes in the Net OPEB Liability

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability (Asset) (a)-(b)
Balance at 6/30/2019 (measurement date 6/30/2018)	$ 69,085,901	$ 30,032,018	$ 39,053,883
Changes for the year:			
Service Cost	969,719	-	969,719
Interest	3,965,906	-	3,965,906
Difference between expected and actual experience	755,147	-	755,147
Assumption change	(9,942,279)	-	(9,942,279)
Net benefit payments	(2,197,408)	-	(2,197,408)
Contributions - employer	-	6,471,290	(6,471,290)
Contributions - retiree	-	570,155	(570,155)
Net investment income	-	2,819,284	(2,819,284)
Benefit payments	-	(2,767,563)	2,767,563
Administrative expense	-	(45,355)	45,355
Net changes	(6,448,915)	7,047,811	(13,496,726)
Balance at 6/30/2020 (measurement date 6/30/2019)	$ 62,636,986	$ 37,079,829	$ 25,557,157

Sensitivity of the Corporation's net OPEB liability to changes in the discount rate

The following presents the Authority's proportionate share of the net OPEB liability calculated using the discount rate of 5.75 percent, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.75 percent) or 1-percentage-point higher (6.75 percent) than current rate:

	1% Decrease (4.75%)	Current Rate (5.75%)	1% Increase (6.75%)
Total OPEB liability	$ 71,167,483	$ 62,636,986	$ 55,600,175
Plan fiduciary net pension	37,079,829	37,079,829	37,079,829
Net OPEB liability	$ 34,087,654	$ 25,557,157	$ 18,520,346

Sensitivity of the Corporation's net OPEB liability to changes in the Healthcare cost trend

The following presents the Authority's net OPEB liability calculated using the current healthcare trend rate as well as what the Authority's net OPEB liability would be if it were calculated using a 1% decrease and 1% increase in the healthcare trend rate:

	1% Decrease	Trend Rate	1% Increase
Total OPEB liability	$ 56,352,864	$ 62,636,986	$ 70,237,410
Plan fiduciary net pension	37,079,829	37,079,829	37,079,829
Net OPEB liability	$ 19,273,035	$ 25,557,157	$ 33,157,581

NOTE 4 - OTHER INFORMATION (Continued)

D. Other Post-Employment Benefits (OPEB) Costs (Continued)

OPEB plan investments - The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Directors by a majority vote of its members. It is the policy of the Board of Directors to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following is the asset allocation as of June 30, 2020:

	Market Value	Percentage of Total
Equities	$ 24,902,108	59.79
Fixed income	16,021,365	38.46
Money market funds	729,083	1.75
Total	$ 41,652,556	100.00

The following investments as of June 30, 2020, represent more than 5% of the fiduciary net position and are not issued or explicitly guaranteed by the U. S. Government:

	Market Value
Fidelity International Index Fund	$ 3,299,833
Vanguard Large-Cap Index Fund	$ 16,607,223
Vanguard Small-Cap Index Fund	$ 4,162,404
Dodge & Cox Income Fund	$ 3,324,212
Vanguard Long-term Bond Index	$ 9,634,068
Vanguard Total Bond Market Index	$ 3,063,086

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

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

E. Related Party Transactions

Included in investments is an equity interest in The Tennergy Corporation. The Tennergy Corporation is an energy acquisition company as provided by the laws of the State of Tennessee whose purpose is the purchase and resale of energy, including natural gas to local utilities.

NOTE 4 - OTHER INFORMATION (Continued)

F. Inter-Fund Loan

Concurrently with the issuance of the Series 2003 Telecommunications Fund revenue bonds, the Authority was required to deposit $5,500,000 (the Series 2003 debt service reserve requirement) into the debt service reserve sub-account of the bonds. The deposit was derived from a loan made September 26, 2003, by the Authority's Electric Fund pursuant to a supplemental Electric resolution adopted on August 28, 2003. Interest on the initial loan and any subsequent loans is paid monthly at an annual percentage rate equal to the higher of (1) the highest interest rate earned by the Electric Fund on invested funds on the date the loan was made or (2) the highest rate on the senior debt of the Electric Fund on the date the loan was made. The rate on the initial loan was 3.03%. Principal repayments on the initial loan are not due until final maturity of the Series 2003 Telecommunications Fund Revenue Bonds. Consequently, the entire loan balance is presented as a long-term note payable in the financial statements of the Telecommunications Fund as of June 30, 2020.

Under the Telecom loan resolution, the Electric Fund is obligated to make additional loans on a revolving credit basis from time to time by means of deposits to the Telecom debt service reserve sub-account. In the event that the amounts on deposit in the Telecom Debt Service Reserve Sub-account are at any time less than the Telecom Debt Service Reserve requirement of $5,500,000, the Electric Fund is required to loan to the Telecommunications Fund an amount equal to such deficiency for the purpose of replenishing the Telecom Debt Service Reserve Sub-account. The Electric Fund has no obligation to make additional loans if such loans would cause the outstanding aggregate principal amount of all loans to the Telecommunications Fund to exceed $34,000,000.

Loans subsequent to the initial amount borrowed of $5,500,000 are to be repaid monthly in sixty equal monthly installments.

As of June 30, 2020, the Authority had the following investments in the debt service reserve. Fair market values are based on Level 1 inputs:

	Cost	Fair Value
Debt Service Fund Investments		
Bank of Jackson CD	$ 500,000	$ 500,000
FirstBank	2,652,907	2,652,907
Florida ST Hurricane Catastrophe Fund	500,000	500,000
Goldman Sachs Bank CD	250,000	259,925
Local Govt Investment Pool	520,999	520,999
Morgan Stanley PVT Bank CD	250,000	259,783
Sallie Mae Bank CD	250,000	259,925
Westchester Cnty NY Taxable Ser B	572,358	587,560
	$ 5,496,264	$ 5,541,099

G. Inter-fund Payments

For the fiscal year ended June 30, 2020, the Telecommunications Fund paid rent to the Electric, Gas, Water, and Wastewater Funds in the amount of $214,181 for the use of facilities. The Telecommunications Fund paid rent to the Electric Fund for the year ended June 30, 2020, in the amount of $387,772 for use of electric poles. The Electric Fund paid Automated Metering Infrastructure fees to the Telecommunications Fund for the year ended June 30, 2020, in the amount of $349,992.

NOTE 4 - OTHER INFORMATION (Continued)

H. Deferred Compensation Plan

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The Plan, available to all full-time employees, permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets and liabilities are held in trust for the exclusive benefit of participants and their beneficiaries as required by IRC Section 457(b).

On November 21, 2002, the 457(b) Plan was revised to include the following provisions

1. Participant may secure a loan from his account up to the smaller of $50,000 or 50% of the participant's account balance.

2. Participants may obtain immediate access to account funds to make domestic relations order distributions. These distributions must be authorized by a judgment, decree, or order pursuant to local domestic relations marital property law.

I. The Tennergy Corporation

The Tennergy Corporation began operations on April 1, 1998 as a joint venture among the Board of Utility Commissioners of the City of Jackson, Tennessee, the Board of Public Utilities of Humboldt, Tennessee, and the City of Brownsville, Tennessee Utilities Board. The Tennergy Corporation is an energy acquisition company as provided by the laws of the State of Tennessee. The Corporation's purpose is to purchase and resell energy, including natural gas and electricity. As of June 30, 2020, the Gas Fund's investment in The Tennergy Corporation amounted to $5,382,640.

The investment gain from The Tennergy Corporation amounted to $5,252 for the year ended June 30, 2020.

The Gas Fund's investment in The Tennergy Corporation represented a 73 percent interest as of June 30, 2020.

On June 30, 2020, The Tennergy Corporation had total assets of $614,004,704, liabilities of $606,653,316, and net position of $7,351,388. These assets, liabilities, and this net position reflect investment interests that include, but are not limited to, both the Gas and Electric Funds of Jackson Energy Authority. Separate financial statements of The Tennergy Corporation can be obtained for the Corporation in Jackson, Tennessee.

J. Geographic Operations

The Authority's operations are within the City of Jackson and Madison County, Tennessee, with some Water, Wastewater and Telecommunications operations in Gibson County, Tennessee. In addition, the Telecommunications has some operations in Obion County, Tennessee. The Authority derives its revenue primarily from user charges to customers within these locations.

NOTE 4 - OTHER INFORMATION (Continued)

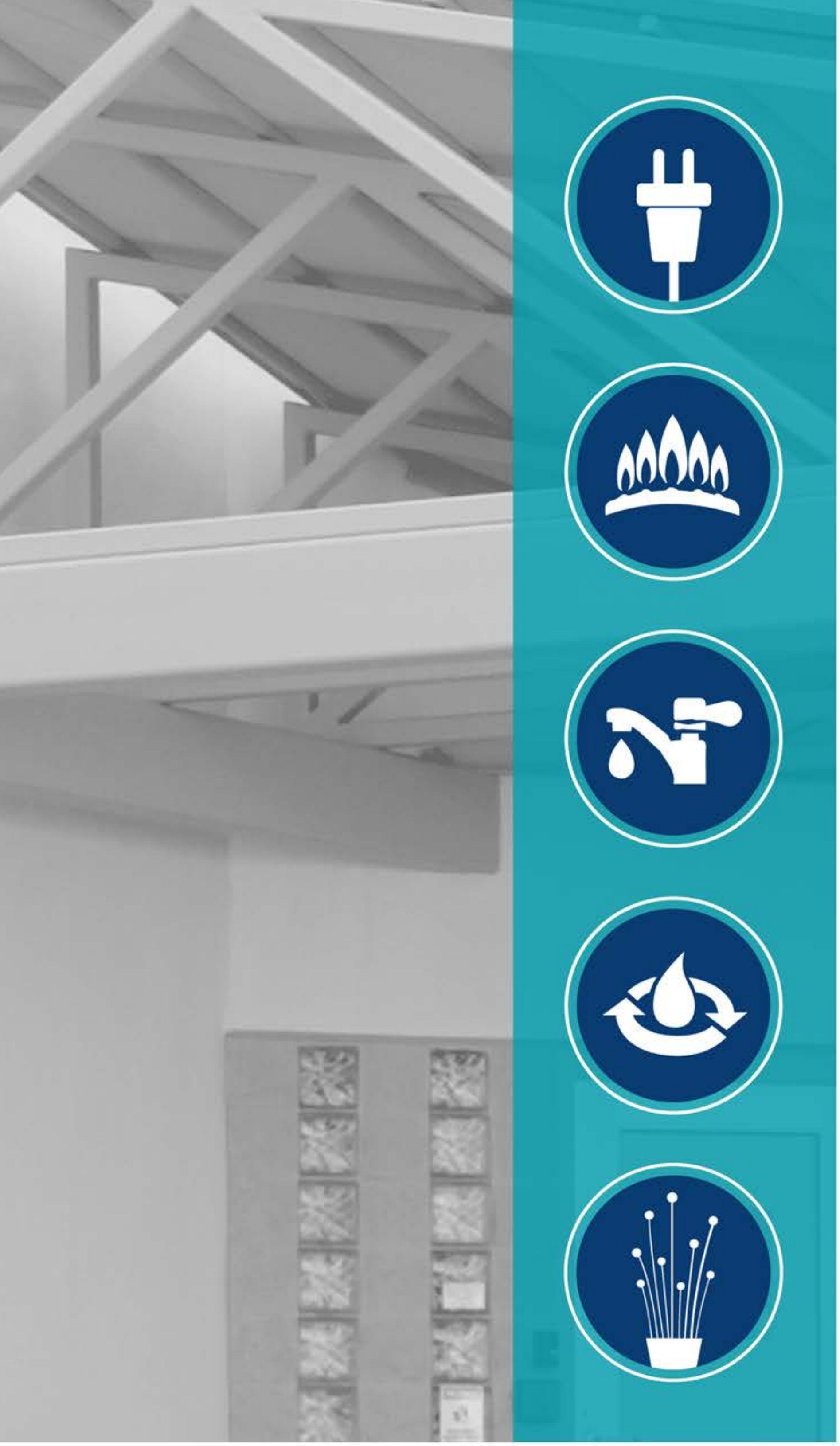
K. Net Position - Prior Period Adjustments

The prior period adjustment in 2020 stems from the need to correct prior year contributions to the OPEB Trust as follows:

Fund	Prior Period Adjustment
Electric	$ 63,546
Gas	45,365
Water	37,090
Wastewater	32,931
Telecommunications	35,461
	$ 214,393

L. Contingency - COVID-19

The full impact of the COVID-19 outbreak continues to evolve as of October 31, 2020. As such, it is uncertain as to the full magnitude that the pandemic will have on the Authority's financial condition and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Authority is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021. Management has evaluated subsequent events through October 31, 2020, the date in which the financial statements were available to be issued.



JACKSON ENERGY AUTHORITY

2020 ANNUAL REPORT

REQUIRED SUPPLEMENTARY INFORMATION

JACKSON ENERGY AUTHORITY
Schedule of Changes in Net Pension Liability and Related Ratios**
JUNE 30, 2020

	Fiscal Year Ending 2020	Fiscal Year Ending 2019	Fiscal Year Ending 2018*	Fiscal Year Ending 2017*	Fiscal Year Ending 2016*	Fiscal Year Ending 2015
Total Pension Liability						
Service Cost	$ 2,495,165	$ 2,661,358	$ 2,425,007	$ 2,349,489	$ 2,213,443	$ 2,337,036
Interest Cost	13,292,606	12,589,204	11,341,447	11,117,492	10,203,036	10,008,290
Changes of Benefit Terms	-	-	-	-	-	-
Transfer Between Plans (4 participants)	-	-	902,635			
Transfer of All Remaining Tennergy Liability	-	-	6,565,456			
Differences Between Expected and Actual Experiences	62,477	490,277	1,451,527	(639)	1,610,666	2,850,872
Changes of Assumptions	4,222,221	4,196,883	1,530,055	-	4,939,654	-
Benefit Payments, Including Refunds of Member Contributions	(8,553,361)	(8,037,285)	(6,941,247)	(6,944,821)	(6,875,396)	(6,524,644)
Net Change in Total Pension Liability	11,519,108	11,900,437	17,274,880	6,521,521	12,091,403	8,671,554
Total Pension Liability (Beginning)	185,052,968	173,152,531	155,877,651	149,356,130	137,264,728	134,369,158
Total Pension Liability (Ending)	$ 196,572,076	$ 185,052,968	$ 173,152,531	$ 155,877,651	$ 149,356,131	$ 143,040,712
Plan Fiduciary Net Position						
Contributions - Employer	$ 7,726,375	$ 14,642,435	$ 7,389,084	$ 7,022,982	$ 5,901,463	$ 5,607,583
Contributions - 8.28% Member	1,291,435	1,586,282	1,548,157			
Contributions - 2% Member	44,865	43,565	42,070	41,939	36,655	20,311
Net Investment Income	8,410,282	5,931,821	6,979,057	895,518	2,878,326	12,617,521
Benefit Payments, Including Refunds of Member Contributions	(8,553,361)	(8,037,285)	(6,941,247)	(6,944,821)	(6,875,396)	(6,524,644)
Administrative Expense	(101,926)	(101,657)	(85,435)	(106,134)	(124,779)	(209,969)
Transfer Between Plans (4 participants)	-	-	902,635			
Transfer of All Remaining Tennergy Assets	-	-	4,060,067	-	-	-
Net Change in Plan Fiduciary Net Position	8,817,670	14,065,161	13,894,388	909,484	1,816,269	11,510,802
Plan Fiduciary Net Position (Beginning)	125,040,960	110,975,799	97,081,411	96,171,927	94,355,659	83,318,142
Plan Fiduciary Net Position (Ending)	$ 133,858,630	$ 125,040,960	$ 110,975,799	$ 97,081,411	$ 96,171,928	$ 94,828,944
The Authority's Net Pension Liability	$ 62,713,446	$ 60,012,008	$ 62,176,732	$ 58,796,240	$ 53,184,203	$ 48,211,768
Net Position as a % of Pension Liability	68.10%	67.57%	64.09%	62.28%	64.39%	66.30%
Covered Employee Payroll	$ 17,857,525	$ 21,336,221	$ 20,801,069	$ 18,765,114	$ 18,659,785	$ 18,943,055
The Authority's Pension Liability as a % of Covered-Employee Payroll	351.19%	281.27%	298.91%	313.33%	285.02%	254.51%

*Fiscal year ended June 30, 2015 figures show JEA and Tennergy combined. Fiscal years ended June 30, 2016 and 2017 are JEA only. During fiscal year ended June 30, 2018, JEA absorbed the employees and net pension liability of Tennergy.

**This is a 10-year schedule beginning at the implementation of GASB 68. Retroactive information is not required.

JACKSON ENERGY AUTHORITY
Schedule of the Authority's Pension Contributions and Notes
JUNE 30, 2020

	Fiscal Year Ending 2020	Fiscal Year Ending 2019	Fiscal Year Ending 2018*	Fiscal Year Ending 2017	Fiscal Year Ending 2016	Fiscal Year Ending 2015
Actuarially Determined Contribution	$ 6,003,774	$ 6,181,859	$ 5,672,116	$ 6,813,731	$ 6,079,045	$ 5,750,912
Contributions made in Relation to the Actuarially Determined Contribution	7,503,774	7,726,375	14,642,435	8,937,241	7,022,982	5,325,457
Contribution Deficiency (excess)	(1,500,000)	(1,544,516)	(8,970,319)	(2,123,510)	(943,937)	425,455
Covered-Employee Payroll	17,857,525	21,336,221	20,801,069	20,152,643	18,765,114	18,659,780
Contributions as a % of Payroll	42.0%	36.2%	70.4%	44.3%	37.4%	28.5%

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of July 1, one year prior to the end of the fiscal year in which contributions are reported

Methods and assumptions used to determine contribution rates for fiscal year 2020:

Actuarial Cost Method:	Entry Age Normal
Asset Valuation Method:	5 year smoothing.
General Inflation:	2.50%
Salary Increases:	4.50%
Investment Rate of Return:	7.25%, net of pension plan investment expense, including inflation.
Retirement Age:	Varies by age and service, same as GASB 67.
Mortality:	PubG-2010 employees and healthy annuitants mortality table projected using Scale MP-2018.

*Beginning with 2018, the 8.28% employee contributions are no longer included in the Actuarially Determined Contribution, in accordance with GASB 82.

JACKSON ENERGY AUTHORITY

Schedule of the Authority's Pension Plan Investment Returns

JUNE 30, 2020

	Fiscal Year Ending 2020	Fiscal Year Ending 2019	Fiscal Year Ending 2018	Fiscal Year Ending 2017	Fiscal Year Ending 2016	Fiscal Year Ending 2015
Annual money-weighted rate of return, net of investment expense	6.42%	4.94%	6.63%	0.82%	2.89%	13.93%

* Only six years are available from actuarial valuation.

JACKSON ENERGY AUTHORITY
Schedule of Changes in Net OPEB Liability and Related Ratios
JUNE 30, 2020

	Fiscal Year Ending 2020	Fiscal Year Ending 2019	Fiscal Year Ending 2018
Total OPEB Liability			
Service Cost	$ 969,719	$ 1,833,801	$ 1,995,248
Interest Cost	3,965,906	5,076,740	4,933,073
Changes of Benefit Terms	-	(19,977,707)	(7,628,998)
Contributions from the members	-	-	336,958
Differences Between Expected and Actual Experiences	755,147	(440,726)	2,236,392
Changes of Assumptions	(9,942,279)	(2,899,542)	3,079,988
Benefit Payments, Including Refunds of Member Contributions	(2,197,408)	(1,901,423)	(2,373,522)
Net Change in Total OPEB Liability	(6,448,915)	(18,308,857)	2,579,139
Total OPEB Liability (Beginning)	69,085,901	87,394,758	84,815,619
Total OPEB Liability (Ending)	$ 62,636,986	$ 69,085,901	$ 87,394,758
Plan Fiduciary Net Position			
Contributions - Employer	$ 6,471,290	$ 8,738,289	$ 3,442,183
Contributions - Member	570,155	428,075	336,958
Net Investment Income	2,819,284	1,505,210	(41,440)
Benefit Payments, Including Refunds of Member Contributions	(2,767,563)	(2,329,498)	(2,373,522)
Administrative Expense	(45,355)	(44,698)	(42,415)
Net Change in Plan Fiduciary Net Position	7,047,811	8,297,378	1,321,764
Plan Fiduciary Net Position (Beginning)	30,032,018	21,734,640	20,412,876
Plan Fiduciary Net Position (Ending)	$ 37,079,829	$ 30,032,018	$ 21,734,640
The Authority's Net OPEB Liability	$ 25,557,157	$ 39,053,883	$ 65,660,118
Net Position as a % of Total OPEB Liability	59.20%	43.47%	24.87%
Covered - Employee Payroll	$ 20,056,659	$ 25,095,008	$ 24,274,764
The Authority's OPEB Liability as a % of Covered-Employee Payroll	127.42%	155.62%	270.49%

*GASB 75 was effective first for employer fiscal year beginning after June 15, 2017.

JACKSON ENERGY AUTHORITY
Schedule of the Authority's OPEB Contribution and Notes
JUNE 30, 2020

	Fiscal Year Ending 2020	Fiscal Year Ending 2019	Fiscal Year Ending 2018
Actuarially Determined Contribution	$ 3,661,202	$ 6,846,016	$ 6,836,384
Contributions made in Relation to the Actuarially Determined Contribution	3,661,202	6,471,290	8,738,289
Contribution Deficiency (excess)	-	374,726	(1,901,905)
Covered-Employee Payroll	19,811,754	20,056,659	25,095,008
Contributions as a % of Payroll	18.5%	32.3%	34.8%

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported

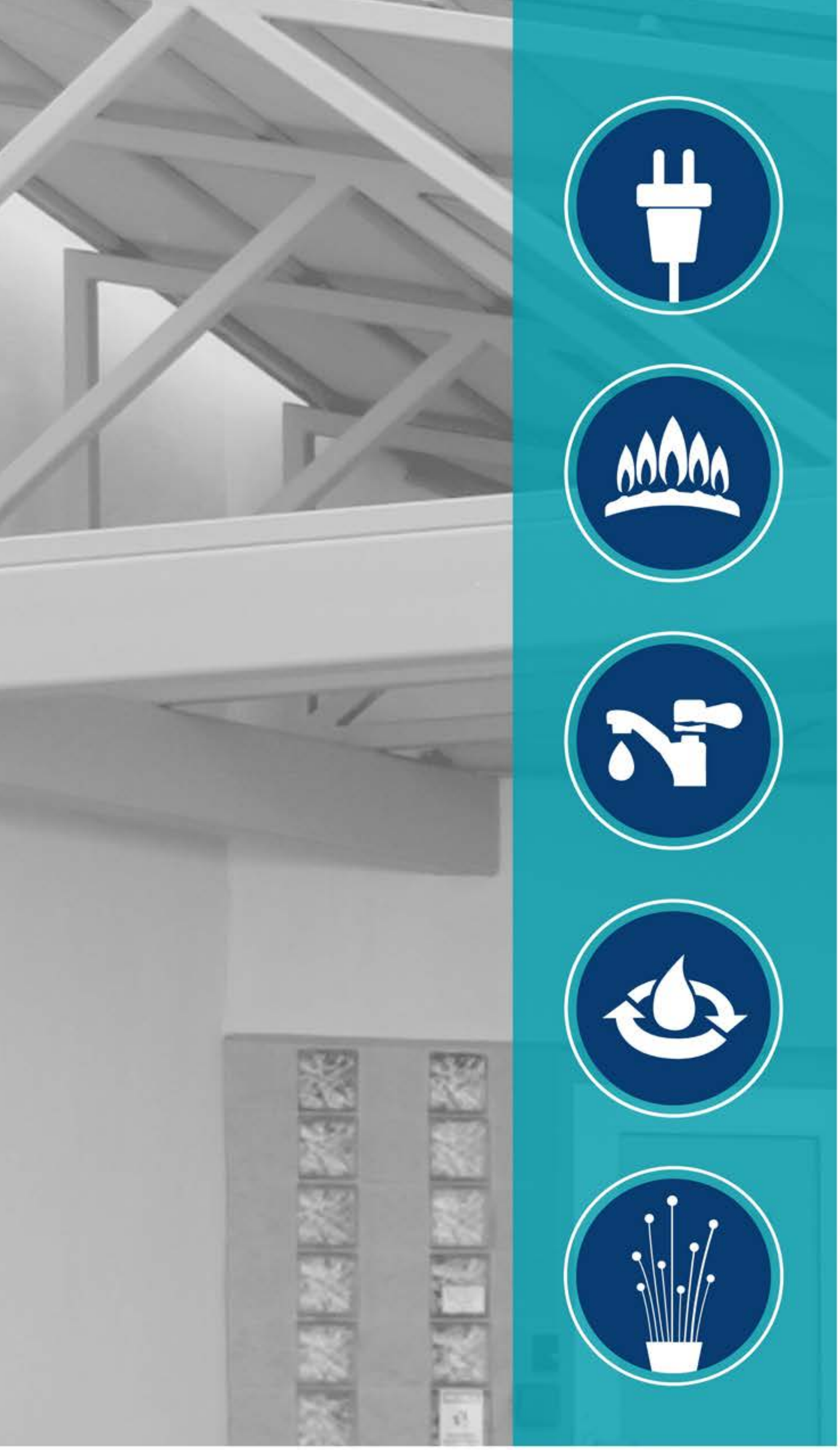
Methods and assumptions used to determine contribution rates for fiscal year 2020:

Actuarial Cost Method:	Entry Age Normal with 30-year closed amortization period for initial unfunded and 20-year closed amortization period for subsequent actuarial gains/losses and assumption/ plan changes.
Asset Valuation Method:	Fair Market Value
Salary Increases:	4.50%
Investment Rate of Return:	5.75%, net of OPEB plan investment expense, including inflation.
Mortality:	PUBGH-2010 Fully Generational mortality tables, projected from 2010 with scale MP 2018.

JACKSON ENERGY AUTHORITY
Schedule of the Authority's OPEB Investment Returns
JUNE 30, 2020

	Fiscal Year Ending 2020	Fiscal Year Ending 2019	Fiscal Year Ending 2018
Annual money-weighted rate of return, net of investment expense	8.27%	5.64%	-0.40%

* Only three years are available from actuarial valuation.



JACKSON ENERGY AUTHORITY

2020 ANNUAL REPORT

SUPPLEMENTARY & OTHER INFORMATION

JACKSON ENERGY AUTHORITY - ELECTRIC FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Actual	Percent
Operating revenues:		
Charges for sales and services:		
Residential sales	$ 43,711,352	31.14
Small lighting and power sales	12,375,877	8.82
Large lighting and power sales	75,331,108	53.66
Street and athletic lighting sales	2,246,416	1.60
Outdoor lighting	1,963,483	1.40
Unbilled revenue	90,085	0.06
Uncollectible accounts	(497,697)	(0.35)
Total charges for sales and services (net)	135,220,624	96.33
Other revenues		
Forfeited discounts	783,533	0.56
Miscellaneous service revenue	323,760	0.23
Rent from electric property	4,001,289	2.85
Other electric revenue	41,254	0.03
Total other revenues	5,149,836	3.67
Total operating revenues (net)	140,370,460	100.00
Operating expenses:		
Cost of sales and services:		
Purchased power	108,836,146	77.53
Operations expenses:		
Transmission expenses:		
Load Dispatching	722	-
Overhead line expense	27,859	0.02
Total transmission expense	28,581	0.02
Distribution expenses:		
Load dispatching	344,195	0.25
Station expense	2,116	-
Overhead line expense	164,153	0.12
Underground line expense	12,808	0.01
Street lighting and signal system	11,847	0.01
Meter expense	39,605	0.03
Customer installations expense	863,476	0.62
Supervision and engineering	80,552	0.06
Miscellaneous	544,020	0.39
Rents	141,468	0.10
Total distribution expenses	2,204,240	1.59
Customer accounts expenses:		
Meter reading expense	10,672	0.01
Customer contracts and orders	488,385	0.35
Customer collections	257,775	0.18
Customer utility billing coordinator	77,718	0.06
Data processing	450,770	0.32
Total customer accounts	1,285,320	0.92

JACKSON ENERGY AUTHORITY - ELECTRIC FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	Actual	Percent
Operating expenses (continued):		
Customer information and sales expense:		
Assistance	258,846	0.18
Demonstrations and advertising	31,490	0.02
Service guarantees	313	-
Miscellaneous	36,242	0.03
Total customer information and sales expense	326,891	0.23
Administrative expenses:		
Office salaries	1,388,942	0.99
Employee training	-	-
Office supplies and expense	461,037	0.33
Professional services	190,626	0.14
Insurance	322,178	0.23
Employee pension and benefits	3,590,644	2.56
Miscellaneous and penalties	111,818	0.08
Total administrative expenses	6,065,245	4.33
Total operations expense	9,910,277	7.09
Maintenance expenses:		
Transmission expenses:		
Supervision and engineering	1,124	-
Station equipment	18,070	0.01
Overhead lines	22,595	0.02
Total transmission expenses	41,789	0.03
Distribution expenses:		
Supervision and engineering	116,382	0.08
Station equipment	387,764	0.28
Poles	4,809	-
Lines	1,510,182	1.08
Transformers	118,139	0.08
Street lighting and signals	209,894	0.15
Meters	222,694	0.16
Total distribution expenses	2,569,864	1.83
Administrative and general expenses:		
Structures and improvements	247,980	0.18
Office furniture and fixtures	80,636	0.06
Communications equipment	312,321	0.22
Total administrative and general expenses	640,937	0.46
Total maintenance expenses	3,252,590	2.32
Depreciation and amortization	9,084,197	6.47
Taxes	385,300	0.27
In lieu of taxes	4,417,424	3.15
	13,886,921	9.89
Total operating expenses	$ 135,885,934	96.83

JACKSON ENERGY AUTHORITY - GAS FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Actual	Percent
Operating revenues:		
Operating revenues	$ 33,303,100	100.34
Uncollectible accounts	(112,675)	(0.34)
Total operating revenues (net)	33,190,425	100.00
Operating expenses:		
Cost of sales and services:		
Gas purchased	13,240,485	39.89
Total cost of sales and services expense	13,240,485	39.89
Operations expense:		
Distribution expenses:		
Production	2,363	0.01
Mains and services	283,701	0.85
Gas leak surveying	8,988	0.03
Measuring and regulating	298,754	0.90
Meter house and regulation	262,587	0.79
Customer installations expense	345,825	1.04
Gas light and grills	31,666	0.10
Supervision and engineering	267,228	0.81
Maps and records	3,522	0.01
Office expense	300,133	0.90
Propane delivery	192,850	0.58
Total distribution expenses	1,997,617	6.02
Customer accounts expenses:		
Meter reading expense	273,800	0.82
Customer contracts and orders	194,958	0.59
Customer collections	148,834	0.45
Customer utility billing coordinator	28,901	0.09
Data processing	297,708	0.90
Total customer accounts expenses	944,201	2.85
Customer information and sales expense:		
Assistance	101,794	0.31
Demonstrations and advertising	35,020	0.11
Miscellaneous	30,673	0.09
Total customer information and sales expense	167,487	0.51

JACKSON ENERGY AUTHORITY - GAS FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	Actual	Percent
Operations expenses (continued):		
Administrative expenses:		
Office salaries	1,321,336	3.98
Office supplies and expense	319,643	0.96
Special services	130,354	0.39
Insurance	182,505	0.55
Employee pension and benefits	3,376,671	10.17
Miscellaneous and penalties	92,361	0.28
Total administrative expenses	5,422,870	16.33
Total operations expense	8,532,175	25.71
Total operations	21,772,660	65.61
Maintenance expenses:		
Production	8,542	0.03
Total production expenses	8,542	0.03
Distribution expenses:		
Supervision and engineering	119,640	0.36
Structures and improvements	317	-
Mains	378,212	1.14
Measuring and regulating	6,999	0.02
Services	219,715	0.66
Meters and regulators	81,350	0.25
Other equipment	100,653	0.30
Total distribution expenses	906,886	2.73
Administrative and general expenses:		
Administrative and general expenses:	416,050	1.25
Total administrative and general expenses	416,050	1.25
Total maintenance expenses	1,331,478	4.01
Depreciation and amortization	4,446,327	13.40
Taxes	300,362	0.90
In lieu of taxes	1,450,147	4.37
	6,196,836	18.67
Total operating expenses	$ 29,300,974	88.28

JACKSON ENERGY AUTHORITY - WATER FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Actual	Percent
Operating revenues:		
Operating revenues	$ 17,911,966	100.57
Uncollectible accounts	(101,952)	(0.57)
Total operating revenues (net)	17,810,014	100.00
Operating expenses:		
Operations expense		
Source of supply:		
Labor	4,918	0.03
Miscellaneous	557,550	3.13
Total source of supply expense	562,468	3.16
Pumping		
Supervision and engineering	120	-
Purchased power	455,562	2.56
Miscellaneous	172	-
Total pumping expense	455,854	2.56
Treatment and disposal		
Supervision and engineering	-	-
Labor	498,525	2.80
Chemicals	222,791	1.25
Miscellaneous	175,462	0.99
Total treatment and disposal expense	896,778	5.04
Transmission and distribution		
Supervision and engineering	404,211	2.27
Storage facilities expense	6,645	0.04
Line expense	256,650	1.44
Meter expense	112,537	0.63
Miscellaneous	300,217	1.69
Customer installation	216,711	1.22
Total transmission and distribution expense	1,296,971	7.29
Customer accounts expenses:		
Meter reading expense	186,927	1.05
Customer billing and collecting	317,275	1.78
Data processing	235,008	1.32
Assistance expense	100,923	0.57
Demonstrations and advertising	16,412	0.09
Miscellaneous	25,725	0.14
Total customer accounts expense	882,270	4.95

JACKSON ENERGY AUTHORITY - WATER FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	Actual	Percent
Operating expenses (continued):		
Administrative and general expense:		
Salaries	830,867	4.67
Office supplies and expense	246,926	1.39
Professional service	121,778	0.68
Insurance	169,910	0.95
Employee pension and benefits	2,531,959	14.22
Miscellaneous	33,148	0.19
Total administrative and general expense	3,934,588	22.10
Total operations expense	8,028,929	45.08
Maintenance expenses:		
Source of supply		
Wells and springs	66,872	0.38
Total source of supply	66,872	0.38
Pumping		
Supervision and engineering	440	-
Pumping equipment	78,639	0.44
Total pumping expenses	79,079	0.44
Treatment and disposal		
Structures and improvements	492	-
Treatment and disposal equipment	407,478	2.29
Total treatment and disposal	407,970	2.29
Transmission and distribution		
Supervision and engineering	4,224	0.02
Structures and improvements	122	-
Distribution reservoirs and standpipes	48,540	0.27
Mains and services	686,337	3.85
Service meters and hydrants	226,375	1.27
Total transmission and distribution	965,598	5.41
Administrative and general expenses:		
Administrative and general expenses	340,557	1.91
Total administrative and general expenses	340,557	1.91
Total maintenance expenses	1,860,076	10.43
Depreciation and amortization	3,304,359	18.55
Taxes	272,034	1.53
In lieu of taxes	187,205	1.05
	3,763,598	21.12
Total operating expenses	$ 13,652,603	76.63

JACKSON ENERGY AUTHORITY - WASTEWATER FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Actual	Percent
Operating revenues:		
Operating revenues	$ 19,598,741	100.48
Uncollectible accounts	(93,271)	(0.48)
Total operating revenues (net)	19,505,470	100.00
Operating expenses:		
Operations expense:		
Pumping		
Purchased power	133,072	0.68
Miscellaneous	11,302	0.06
Total pumping expense	144,374	0.74
Treatment and disposal		
Supervision and engineering	42	-
Labor	1,223,094	6.27
Chemicals	140,096	0.72
Miscellaneous	975,489	5.00
Total treatment and disposal expense	2,338,721	11.99
Transmission and distribution		
Supervision and engineering	118,318	0.61
Line expense	237,065	1.22
Meter expense	57,528	0.29
Miscellaneous	220,463	1.13
Customer installation	52,853	0.27
Total transmission and distribution expense	686,227	3.52
Customer accounts expenses		
Supervision	16,674	0.09
Meter reading expense	127,414	0.65
Customer billing and collecting	267,393	1.37
Data processing	212,313	1.09
Assistance expense	179,802	0.92
Demonstrations and advertising	15,745	0.08
Miscellaneous	28,425	0.15
Total customer accounts expense	847,766	4.35

JACKSON ENERGY AUTHORITY - WASTEWATER FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES (Continued)
FOR THE YEAR ENDED JUNE 30, 2020

	Actual	Percent
Operating expenses (continued):		
Administrative and general expense		
Salaries	794,797	4.07
Office supplies and expense	194,212	1.00
Professional service	108,543	0.56
Insurance	237,627	1.22
Employee pension and benefits	2,599,324	13.33
Miscellaneous	26,038	0.13
Total administrative and general expense	3,960,541	20.31
Total operations expense	7,977,629	40.94
Maintenance expenses:		
Pumping		
Structures and improvements	152	-
Pumping equipment	249,887	1.28
Total pumping	250,039	1.28
Treatment and disposal		
Structures and improvements	103	-
Treatment and disposal equipment	615,627	3.16
Total treatment and disposal	615,730	3.16
Transmission and distribution		
Supervision and engineering	3,137	0.02
Mains and services	978,346	5.02
Service meters and hydrants	711	-
Total transmission and distribution	982,194	5.04
Administrative and general		
Administrative and general expenses	268,009	1.37
Total administrative and general expenses	268,009	1.37
Total maintenance expenses	2,115,972	10.86
Depreciation and amortization	4,268,198	21.88
Taxes	249,742	1.28
In lieu of taxes	206,165	1.06
	4,724,105	24.22
Total operating expenses	$ 14,817,706	76.02

JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND
SCHEDULE OF OPERATING REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Actual	Percent
Operating revenues:		
Operating revenues	$ 32,905,671	100.69
Uncollectible accounts	(225,822)	(0.69)
Total operating revenues (net)	32,679,849	100.00
Operating expenses:		
Programming and services costs	12,264,822	37.53
Operations expenses		
Plant specific		
Network support	40,990	0.13
General support	287,276	0.88
Headend	11,835	0.04
Headend transmission	11,078	0.03
Cable and wire facilities	400,847	1.23
Total plant specific	752,026	2.31
Plant non-specific		
Other property and equipment	21,916	-
Network operations	591,013	1.81
Total plant non-specific	612,929	1.81
Customer operations		
Marketing	394,383	1.21
Services	3,170,720	9.70
Stand-by Time	148,378	0.45
Total customer operations	3,713,481	11.36
Corporate operations		
Executive and planning	747,879	2.29
General and administrative	3,812,501	11.67
Total corporate operations	4,560,380	13.96
Total operations expenses	9,638,816	29.48
Depreciation and amortization	6,565,297	20.09
Taxes	259,203	0.79
In lieu of taxes	915,315	2.80
	7,739,815	23.68
Total operating expenses	$ 29,643,453	90.70

JACKSON ENERGY AUTHORITY - ELECTRIC FUND
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2020

Description	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding as of 7-1-2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding as of 6-30-2020
Notes payable:									
Southwest Electric	Various	0%	Various	Various	$ 945,940	$ -	$ 397,581	$ -	$ 548,359
TVA	$4,160,207	0%	6/30/15	6/30/21	1,444,516	-	693,368	-	751,148
Total notes payable					$ 2,390,456	$ -	$ 1,090,949	$ -	$ 1,299,507
Bonds Payable:									
Revenue Bonds - Series 2010	21,210,000	4.00%	5/28/10	5/1/26	9,475,000	-	1,480,000	7,995,000	-
Revenue Bonds - Series 2014	27,120,000	3.00 to 5.00%	12/5/14	5/1/33	23,610,000	-	975,000	-	22,635,000
Revenue Bonds - Series 2020	7,995,000	1.40%	5/1/20	5/1/26	-	7,995,000	-	-	7,995,000
Total Bonds Payable					$ 33,085,000	$ 7,995,000	$ 2,455,000	$ 7,995,000	$ 30,630,000

Notes to Schedule:
The note payable The note payable to Southwest Electric contains several annexations with various dates and amounts.

JACKSON ENERGY AUTHORITY - GAS FUND
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2020

Description	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding as of 7-1-2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding as of 6-30-2020
Bonds Payable:									
Revenue Bonds - Series 2015	21,240,000	3.00 to 5.00%	12/22/15	6/1/35	$ 19,315,000	$ -	$ 830,000	$ -	$ 18,485,000
Total bonds payable					$ 19,315,000	$ -	$ 830,000	$ -	$ 18,485,000

JACKSON ENERGY AUTHORITY - WATER FUND
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2020

Description	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding as of 7-1-2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding as of 6-30-2020
Bonds Payable:									
Revenue Bonds - Series 2017	15,285,000	5.00%	12/7/17	12/1/26	$ 13,575,000	$ -	$ 1,795,000	$ -	$ 11,780,000
Total bonds payable					$ 13,575,000	$ -	$ 1,795,000	$ -	$ 11,780,000

JACKSON ENERGY AUTHORITY - WASTEWATER FUND
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2020

Description	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding as of 7-1-2019	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding as of 6-30-2020
Notes Payable:									
State Revolving Loans - CW0 2013-313	2,150,000	0.34%	9/27/12	1/20/35	$ 1,270,814	$ -	$ 79,548	$ -	$ 1,191,266
State Revolving Loans - SRF 2013-314[1]	8,953,352	0.34%	9/27/12	3/20/37	7,975,181	-	436,632	-	7,538,549
State Revolving Loans - CG3 2016-361	4,000,000	1.17%	4/7/16	2/20/38	3,573,373	-	172,308	-	3,401,065
State Revolving Loans - CG2 2016-363[2]	2,000,000	1.43%	10/29/15	5/20/37	1,810,022	-	89,280	-	1,720,742
State Revolving Loans - CG4 2016-362[3]	4,000,000	1.17%	4/7/16	6/20/40	2,498,878	1,196,444	83,751	-	3,611,571
State Revolving Loans - SRF 2016-368[4]	2,000,000	1.17%	4/7/16	9/20/40	-	19,000	-	-	19,000
State Revolving Loans - SRF 2017-383[5]	1,400,000	1.55%	3/21/17	11/20/38	1,263,855	-	56,232	-	1,207,623
Total Notes Payable [6]					$ 18,392,123	$ 1,215,444	$ 917,751	$ -	$ 18,689,816
Bonds Payable:									
Revenue Bonds - Series 2012	16,000,000	2.00 - 4.75 %	3/22/12	6/1/32	$ 15,300,000	$ -	$ 100,000	$ -	$ 15,200,000
Revenue Bonds - Series 2017	7,680,000	5.00%	12/7/17	12/1/22	6,295,000	-	1,460,000	-	4,835,000
Total Bonds Payable					$ 21,595,000	$ -	$ 1,560,000	$ -	$ 20,035,000

Notes to Schedule:

[1] Includes two issue amounts of $5,000,000 in September 2012 and $3,953,352 in October 2013 for a new total issue amount of $8,953,352, of which $1,026 was not used.

[2] Total amount approved was $2,000,000, of which $7,620 was not used.

[3] Total amount approved was $4,000,000, of which $116,591 remains available for draws as of June 30, 2020.

[4] Total amount approved was $2,000,000, of which $1,981,000 remains available for draws as of June 30, 2020.

[5] Total amount approved was $1,400,000, of which $103,742 was not used.

[6] Original amount of issue includes $1,011,050 of total principal forgiveness.

JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2020

Description	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding as of 7-1-2018	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding as of 6-30-2019
Bonds Payable:									
Revenue Bonds - Series 2013	58,800,000	0.60 to 3.40%	5/22/13	4/1/26	$ 33,565,000	$ -	$ 4,415,000	$ -	$ 29,150,000
Total bonds payable					$ 33,565,000	$ -	$ 4,415,000	$ -	$ 29,150,000

JACKSON ENERGY AUTHORITY - ELECTRIC FUND
SCHEDULE OF LONG-TERM DEBT
JUNE 30, 2020

	Electric Revenue Bonds				Notes Payable		Total		
Year Ended	Series 2014		Series 2020						
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
2021	1,325,000	970,725	1,310,000	126,854	1,090,949	-	3,725,949	1,097,579	4,823,528
2022	1,280,000	904,475	1,455,000	93,590	208,558	-	2,943,558	998,065	3,941,623
2023	1,450,000	840,475	1,365,000	73,220	-	-	2,815,000	913,695	3,728,695
2024	1,630,000	767,975	1,285,000	54,110	-	-	2,915,000	822,085	3,737,085
2025	1,660,000	686,475	1,355,000	36,120	-	-	3,015,000	722,595	3,737,595
2026	1,900,000	603,475	1,225,000	17,150	-	-	3,125,000	620,625	3,745,625
2027	3,230,000	508,475	-	-	-	-	3,230,000	508,475	3,738,475
2028	3,400,000	346,975	-	-	-	-	3,400,000	346,975	3,746,975
2029	3,500,000	244,975	-	-	-	-	3,500,000	244,975	3,744,975
2030	780,000	104,975	-	-	-	-	780,000	104,975	884,975
2031	800,000	80,600	-	-	-	-	800,000	80,600	880,600
2032	830,000	54,600	-	-	-	-	830,000	54,600	884,600
2033	850,000	27,625	-	-	-	-	850,000	27,625	877,625
	$22,635,000	$6,141,825	$ 7,995,000	$ 401,044	$ 1,299,507	$ -	$ 31,929,507	$ 6,542,869	$ 38,472,376

JACKSON ENERGY AUTHORITY - GAS FUND
SCHEDULE OF LONG-TERM DEBT
JUNE 30, 2020

Years Ended June 30,	Series 2015 Bonds Principal	Series 2015 Bonds Interest	Debt Service
2021	870,000	729,481	1,599,481
2022	900,000	694,681	1,594,681
2023	940,000	658,681	1,598,681
2024	970,000	630,481	1,600,481
2025	1,000,000	601,381	1,601,381
2026	1,050,000	551,381	1,601,381
2027	1,100,000	498,881	1,598,881
2028	1,505,000	443,881	1,948,881
2029	1,590,000	368,631	1,958,631
2030	1,300,000	289,131	1,589,131
2031	1,360,000	237,131	1,597,131
2032	1,410,000	182,731	1,592,731
2033	1,450,000	140,431	1,590,431
2034	1,495,000	96,931	1,591,931
2035	1,545,000	50,213	1,595,213
	$ 18,485,000	$ 6,174,047	$ 24,659,047

JACKSON ENERGY AUTHORITY - WATER FUND
SCHEDULE OF LONG-TERM DEBT
JUNE 30, 2020

Years Ended	Series 2017 Bonds		Total
June 30,	Principal	Interest	Debt Service
2021	1,890,000	541,750	2,431,750
2022	1,990,000	444,750	2,434,750
2023	2,090,000	342,750	2,432,750
2024	2,195,000	235,625	2,430,625
2025	1,145,000	152,125	1,297,125
2026	1,205,000	93,375	1,298,375
2027	1,265,000	31,625	1,296,625
	$ 11,780,000	$ 1,842,000	$ 13,622,000

JACKSON ENERGY AUTHORITY - WASTEWATER FUND
SCHEDULE OF LONG-TERM DEBT - REVENUE BONDS
JUNE 30, 2020

Years Ended	Series 2012 Bonds		Series 2017 Bonds		Total		
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Debt Service
2021	100,000	544,800	1,530,000	203,500	1,630,000	748,300	2,378,300
2022	100,000	541,800	1,610,000	125,000	1,710,000	666,800	2,376,800
2023	100,000	538,800	1,695,000	42,375	1,795,000	581,175	2,376,175
2024	1,420,000	535,800	-	-	1,420,000	535,800	1,955,800
2025	1,490,000	469,812	-	-	1,490,000	469,812	1,959,812
2026	1,555,000	399,487	-	-	1,555,000	399,487	1,954,487
2027	1,600,000	352,838	-	-	1,600,000	352,838	1,952,838
2028	1,650,000	300,838	-	-	1,650,000	300,838	1,950,838
2029	1,705,000	247,213	-	-	1,705,000	247,213	1,952,213
2030	1,760,000	191,800	-	-	1,760,000	191,800	1,951,800
2031	1,825,000	130,200	-	-	1,825,000	130,200	1,955,200
2032	1,895,000	66,324	-	-	1,895,000	66,324	1,961,324
	$ 15,200,000	$ 4,319,712	$ 4,835,000	$ 370,875	$ 20,035,000	$ 4,690,587	$ 24,725,587

JACKSON ENERGY AUTHORITY - WASTEWATER FUND
SCHEDULE OF LONG-TERM DEBT - NOTES PAYABLE
JUNE 30, 2020

Years Ended	CW0 2013-313		SRF 2013-314		CG2 16-363		CG3 16-361		CG4 16-362		SRF 2016-368		SRF 17-383		Total		
June 30,	Principal	Interest	Principal[1]	Interest	Principal[2]	Interest	Principal	Interest	Principal[3]	Interest	Principal[3]	Interest	Principal[5]	Interest	Principal	Interest	Debt Service
2021	$ 79,824	$ 4,848	$ 438,120	$ 30,816	$ 90,552	$ 25,368	$ 174,336	$ 41,508	$ 166,068	$ 45,552	$ 66,330	$ 20,035	$ 57,108	$ 19,260	$ 1,072,338	$ 187,387	$ 1,259,725
2022	80,088	4,524	439,608	28,980	91,860	23,988	176,388	39,324	168,024	43,464	89,412	25,174	57,996	18,324	1,103,376	183,778	1,287,154
2023	80,364	4,176	441,108	27,132	93,192	22,584	178,452	37,116	170,004	41,352	90,536	23,978	58,908	17,364	1,112,564	173,702	1,286,266
2024	80,640	3,840	442,608	25,272	94,524	21,168	180,552	34,872	171,996	39,216	91,675	22,767	59,820	16,404	1,121,815	163,539	1,285,354
2025	80,916	3,504	444,120	23,412	95,892	19,728	182,676	32,604	174,024	37,056	92,827	21,541	60,756	15,420	1,131,211	153,265	1,284,476
2026	81,192	3,156	445,632	21,540	97,272	18,276	184,824	30,312	176,064	34,872	93,994	20,299	61,704	14,424	1,140,682	142,879	1,283,561
2027	81,468	2,820	447,144	19,668	98,664	16,800	187,008	27,972	178,140	32,652	95,176	19,042	62,664	13,416	1,150,264	132,370	1,282,634
2028	81,744	2,472	448,668	17,784	100,091	15,300	189,204	25,632	180,240	30,408	96,372	17,769	63,648	12,384	1,159,967	121,749	1,281,716
2029	82,020	2,136	450,192	15,900	101,532	13,776	191,424	23,256	182,352	28,152	97,584	16,479	64,644	11,328	1,169,748	111,027	1,280,775
2030	82,296	1,788	451,728	14,004	102,996	12,228	193,680	20,844	184,500	25,860	98,811	15,174	65,652	10,272	1,179,663	100,170	1,279,833
2031	82,584	1,440	453,264	12,108	104,472	10,668	195,960	18,408	186,672	23,544	100,053	13,852	66,672	9,204	1,189,677	89,224	1,278,901
2032	82,860	1,092	454,812	10,200	105,972	9,084	198,264	15,948	188,868	21,192	101,311	12,514	67,716	8,100	1,199,803	78,130	1,277,933
2033	83,148	744	456,360	8,280	107,508	7,464	200,592	13,464	191,088	18,816	102,585	11,159	68,772	6,996	1,210,053	66,923	1,276,976
2034	83,424	396	457,920	6,360	109,056	5,832	202,956	10,932	193,332	16,428	103,874	9,787	69,840	5,868	1,220,402	55,603	1,276,005
2035	48,698	56	459,480	4,428	110,616	4,176	205,344	8,388	195,612	13,992	105,180	8,397	70,932	4,716	1,195,862	44,153	1,240,015
2036	-	-	461,040	2,508	112,212	2,496	207,756	5,808	197,904	11,544	106,502	6,990	72,048	3,552	1,157,462	32,898	1,190,360
2037	-	-	346,745	606	104,331	792	210,204	3,192	200,232	9,048	107,841	5,566	73,164	2,376	1,042,517	21,580	1,064,097
2038	-	-	-	-	-	-	141,445	662	202,596	6,528	109,197	4,123	74,304	1,176	527,542	12,489	540,031
2039	-	-	-	-	-	-	-	-	204,972	3,984	110,570	2,662	31,275	124	346,817	6,770	353,587
2040	-	-	-	-	-	-	-	-	207,312	1,404	111,960	1,183	-	-	319,272	2,587	321,859
2041	-	-	-	-	-	-	-	-	-	-	28,210	63	-	-	28,210	63	28,273
	$ 1,191,266	$ 36,992	$ 7,538,549	$ 268,998	$ 1,720,742	$ 229,728	$ 3,401,065	$ 390,242	$ 3,720,000	$ 485,064	$ 2,000,000	$ 278,554	$ 1,207,623	$ 190,708	$ 20,779,245	$ 1,880,286	$ 22,659,531

[1] The schedule reflects a final loan amount of $1,026 less than the total approved.

[2] The schedule reflects a final loan amount of $7,620 less than the total approved.

[3] The schedule assumes the Fund will borrow the entire amount of CG4 16-362 approved. $3,611,570 had been borrowed as of June 30, 2020; principal repayments had not begun.

[4] The schedule assumes the Fund will borrow the entire amount of SRF 16-368 approved. $19,000 had been borrowed as of June 30, 2020; principal repayments had not begun.

[5] The schedule reflects a final loan amount of $103,742 less than the total approved.

JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND
SCHEDULE OF LONG-TERM DEBT
JUNE 30, 2020

Year Ended	Series 2013 Bonds		Total
June 30,	Principal	Interest	Debt Service
2021	$ 4,415,000	$ 902,463	$ 5,417,463
2022	4,635,000	782,815	5,417,815
2023	4,770,000	648,400	5,418,400
2024	4,915,000	502,915	5,417,915
2025	5,075,000	345,635	5,420,635
2026	5,240,000	178,160	5,418,160
	$ 29,150,000	$ 3,360,388	$ 32,510,388

The Electric Fund Debt Service Reserve loan in the amount of $5,500,000 is not listed above.
The Telecommunications Fund pays interest only and no repayment schedule was agreed upon at June 30, 2020.

JACKSON ENERGY AUTHORITY - ELECTRIC FUND
ELECTRIC RATES IN FORCE
JUNE 30, 2020

Residential rate schedule RS		
Customer charge - per delivery point per month	$	20.02
Energy charge - cents per kWh		9.01¢
General power schedule		
GSA1		
Customer charge - per delivery point per month	$	30.83
Energy charge - cents per kWh		10.325¢
GSA2		
Customer charge per delivery point per month	$	92.49
Demand charges - per kW per month over 51 kW	$	14.25
Energy charge - cents per kWh		
First 15,000 kWh per month		10.318¢
Additional kWh per month		5.713¢
GSA3		
Customer charge per delivery point per month	$	477.88
Demand charges - per kW per month		
First 1,000 kW	$	13.10
Excess over 1,000 kW	$	12.99
Energy charge - cents per kWh		6.067¢
GSB		
Customer charge per delivery point per month	$	2,000.00
Admin Charge	$	350.00
Demand charges - per kW per month - ON PEAK	$	10.87
Excess demand - ON PEAK	$	10.87
Demand charges - per kW per month - Max		4.60¢
Energy charge - cents per kWh Onpeak		8.024¢
Energy charge - cents per kWh Offpeak 1		5.533¢
Energy charge - cents per kWh Offpeak 2		2.075¢
Energy charge - cents per kWh Offpeak 3		1.734¢
Facilities charge-cents below 161 KV to 46 KV		48.00¢
below 46 KV to first 10,000 kW	$	1.23
cents for all additional kW per month		97.00¢
Outdoor lighting rate schedule		
LS		
Base charge - athletic field and traffic signal divisions per month	$	3.75
Energy charge - cents per kWh		6.533¢
Facilities charge - percent of installed plant		12.00%
Security Lighting		
175 W MV - 70 kWh	$	7.66
400 W MV - 155 kWh	$	15.43
1000 W MV - kWh	$	30.55
100 W HPS - 42 kWh	$	8.07
250 W HPS - 105 kWh	$	14.11
400 W HPS - 165 kWh	$	18.18
150 W MH - 68 kWh	$	11.68
LED 100 W EQ - 73kWh	$	8.25
LED 250 W EQ - 161kWh	$	12.89
Additional monthly pole charge		
30 foot	$	2.25
40 foot	$	3.75

JACKSON ENERGY AUTHORITY - ELECTRIC FUND
ELECTRIC RATES IN FORCE (Continued)
JUNE 30, 2020

Manufacturing rate schedule

MSA

Customer charge per delivery point per month	$	477.88
Demand charges - per kW per month	$	12.02
Additional Kw per month	$	11.89
Energy charge - cents per kWh		6.069¢

MSB

Customer charge per delivery point per month	$	2,000.00
Admin Charge	$	350.00
Demand charges - per kW per month - ON PEAK	$	10.24
Excess demand - ON PEAK	$	10.24
Demand charges - per kW per month - Max	$	1.65
Energy charge - cents per kWh Onpeak		7.016¢
Energy charge - cents per kWh Offpeak 1		4.51¢
Energy charge - cents per kWh Offpeak 2		1.547¢
Energy charge - cents per kWh Offpeak 3		1.292¢
Facilities charge-cents below 161 KV to 46 KV		48.00¢
below 46 KV to first 10,000 kW	$	1.23
cents for all additional kW per month		97.00¢

MSD

Customer charge per delivery point per month	$	2,000.00
Admin Charge	$	350.00
Demand charges - per kW per month - ON PEAK	$	10.24
Excess demand - ON PEAK	$	10.24
Demand charges - per kW per month - Max	$	1.64
Energy charge - cents per kWh Onpeak		6.677¢
Energy charge - cents per kWh Offpeak 1		4.176¢
Energy charge - cents per kWh Offpeak 2		1.519¢
Energy charge - cents per kWh Offpeak 3		1.460¢
Facilities charge - cents below 161 to 46 KV		48.00¢
below 46 KV to first 10,000 KW	$	1.23
cents for all additional KW per month		97.00¢

TGSA - Time-of-Use

Customer charge per delivery point per month	$	477.88
Demand Charges - per Kw -ON PEAK	$	8.62
Demand charges - per kW per month - Max	$	5.83
Energy charge - cents per kWh Onpeak		8.209¢
Energy charge - cents per kWh Offpeak 1		5.842¢

The Electric Fund served 35,475 and 36,003 customers as of June 30, 2019, and June 30, 2020 respectively. There are no customers without meters.

JACKSON ENERGY AUTHORITY - GAS FUND
GAS RATES IN FORCE
JUNE 30, 2020

RATE SCHEDULE R-1

Monthly Rates	Base Rate	Purchased Gas Adjustment	Surcharge Adjustment	Current Rate
First 5 Ccf	108.37¢ per therm	(5.32)¢ per therm	(2.35)¢ per therm	100.70¢ per therm
Next 5 Ccf	97.68¢ per therm	(5.32)¢ per therm	(2.35)¢ per therm	90.01¢ per therm
Next 20 Ccf	86.97¢ per therm	(5.32)¢ per therm	(2.35)¢ per therm	79.30¢ per therm
Excess over 30 Ccf	76.25¢ per therm	(5.32)¢ per therm	(2.35)¢ per therm	68.58¢ per therm

Customer Charge - $14.75 per meter (October - April) / $7.50 (May - September)

RATE SCHEDULE G-1

Monthly Rates	Base Rate	Purchased Gas Adjustment	Surcharge Adjustment	Current Rate
First 5 Ccf	104.41¢ per therm	(5.32)¢ per therm	(2.35)¢ per therm	96.74¢ per therm
Next 5 Ccf	94.70¢ per therm	(5.32)¢ per therm	(2.35)¢ per therm	87.03¢ per therm
Next 20 Ccf	84.97¢ per therm	(5.32)¢ per therm	(2.35)¢ per therm	77.30¢ per therm
Excess over 30 Ccf	75.28¢ per therm	(5.32)¢ per therm	(2.35)¢ per therm	67.61¢ per therm

Customer Charge - $28.00 per meter (October - April) / $12.00 (May - September)

RATE SCHEDULE G-2

Maximum Daily Demand 75 ¢ per therm

Monthly Rates	Base Rate	Purchased Gas Adjustment	Surcharge Adjustment	Current Rate
First 1,000 therms	72.38 ¢ per therm	(5.32)¢ per therm	(2.35)¢ per therm	64.71¢ per therm
Next 4,000 therms	62.92 ¢ per therm	(5.32)¢ per therm	(2.35)¢ per therm	55.25¢ per therm
Next 10,000 therms	56.9 ¢ per therm	(5.32)¢ per therm	(2.35)¢ per therm	49.23¢ per therm
Over 15,000 therms	55.04 ¢ per therm	(5.32)¢ per therm	(2.35)¢ per therm	47.37¢ per therm

Minimum monthly charge: $180.00 per meter

OFF-PEAK GAS RATE SCHEDULE OP-1
MONTHLY RATE

Demand Charge	Base Rate	Current Rate
First 250 Ccf	$150.00 minimum	$150.00 minimum
Excess over 250 Ccf	40.00¢ per therm	40.00¢ per therm

Commodity Charge	Base Rate	Purchased Gas Adjustment	Surcharge Adjustment	Current Rate
First 1,000 Ccf	73.16¢ per therm	(7.94)¢ per therm	(2.88)¢ per therm	62.34¢ per therm
Next 4,000 Ccf	63.70¢ per therm	(7.94)¢ per therm	(2.88)¢ per therm	52.88¢ per therm
Next 10,000 Ccf	57.68¢ per therm	(7.94)¢ per therm	(2.88)¢ per therm	46.86¢ per therm
Excess over 15,000 Ccf	55.82¢ per therm	(7.94)¢ per therm	(2.88)¢ per therm	45.00¢ per therm

JACKSON ENERGY AUTHORITY - GAS FUND
GAS RATES IN FORCE (Continued)
JUNE 30, 2020

Interruptible Gas Transportation Rate Schedule T-1
Monthly Rate

Commodity Charge	Base Rate	Purchased Gas Adjustment	Surcharge Adjustment	Current Rate
First 120,000 Ccf	9.9600¢ per therm			9.9600¢ per therm
Next 170,000 Ccf	6.3100¢ per therm			6.3100¢ per therm
Next 200,000 Ccf	3.1100¢ per therm			3.1100¢ per therm
Over 490,000 Ccf	1.0100¢ per therm			1.0100¢ per therm

Customer charge: $200.00 per meter

Firm Gas Transportation Rate Schedule T-2
Monthly Rate

Demand Charge	Base Rate	Purchased Gas Adjustment	Surcharge Adjustment	Current Rate
First 1,000 Ccf	$400.00 minimum			$400.00 minimum
Excess over 1,000 Ccf	40.00¢ per therm			40.00¢ per therm

Commodity Charge	Base Rate	Purchased Gas Adjustment	Surcharge Adjustment	Current Rate
First 120,000 Ccf	11.400¢ per therm	11.400¢ per therm	11.400¢ per therm	11.400¢ per therm
Next 170,000 Ccf	7.710¢ per therm			7.710¢ per therm
Next 200,000 Ccf	4.630¢ per therm			4.630¢ per therm
Over 490,000 Ccf	1.910¢ per therm			1.910¢ per therm

Index Gas Rate Schedule I-1

Customer Charge - $200.00 per meter

Commodity Charge: Index price plus $0.51 per MMBtu
Commodity Discount Rider: minus $0.10 per MMBtu

Commodity Charge	Current Rate
First 120,000 Ccf	9.96¢ per therm
Next 170,000 Ccf	6.31¢ per therm
Next 200,000 Ccf	3.11¢ per therm
Over 490,000 Ccf	1.01¢ per therm

The Gas Fund served 31,135 and 30,793 natural gas customers as of June 30, 2019 and 2020, respectively. There are no customers without meters.

The Gas Fund served 2,734 and 2,735 propane customers as of June 30, 2019 and 2020, respectively.

Firm Propane Rate Schedule
Monthly Rate
Metered Service - $2.15 per gallon
Customer charge of $4.00 per month

Bulk Service - $2.13 per gallon - propane tank, with an annual tank rental fee of $42.00
Rate fluctuates with market

JACKSON ENERGY AUTHORITY - WATER FUND
WATER RATES IN FORCE
JUNE 30, 2020

Monthly Residential rates
Thousands of Gallons

		Minimum Charge	0-1	Next 6	Next 43	Over 50
Water rates per 100 gallons:						
Urban RI		See	Included in min	$ 0.3465	$ 0.2810	$ 0.1665
Rural RO		Below	Included in min	0.3510	0.2030	0.0244

Minimum Monthly Bill
Meter Size

	5/8”	1”	1 1/2”	2”
Urban	$ 10.84	$ 14.95	$ 18.85	$ 22.42
Rural	16.15	22.07	42.71	46.98

Monthly General Service Rates
Thousands of Gallons

		Minimum Charge	Next 0-2.2	Next 12	Next 185	Next 300	Next 500	Next 1000
Water rates per 100 gallons:								
Urban GI		See	Included in min	$ 0.4119	$ 0.3159	$ 0.1994	$ 0.1709	$ 0.1205
Rural GO		Below	Included in min	$ 0.3921	$ 0.1682	$ 0.1022	$ 0.0902	$ 0.0340

Minimum Monthly Bill
Meter Size

	5/8”	1”	1 1/2”	2”	3”	4”	6”	8”
Urban	$ 18.48	$ 23.22	$ 29.44	$ 43.60	$ 78.19	$ 121.98	$ 162.35	$ 414.82
Rural	24.63	29.71	34.80	70.25	181.76	314.53	354.90	607.37

The Water Fund served 36,943 and 37,374 water customers as of June 30, 2019 and 2020, respectively.
There are no customers without meters; however the Fund furnishes the City of Jackson, Tennessee, sufficient water for fire protection.

JACKSON ENERGY AUTHORITY - WASTEWATER FUND
WASTEWATER RATES IN FORCE
JUNE 30, 2020

Monthly Residential Rates

Thousands of Gallons

	Customer Charge	0-500	Next 500	Over 1,000
Wastewater rates per 100 gallons:				
Urban RI	$ 7.18	$ 0.5362	$ 0.4830	$ 0.3211
Rural RO	8.24	$ 0.6710	$ 0.6027	$ 0.4013

Monthly General Service Rates

Thousands of Gallons

	Customer Charge	0-500	Next 500	Over 1,000
Wastewater rates per 100 gallons:				
Urban GI	$ 25.06	$ 0.5804	$ 0.5259	$ 0.3619
Rural GO	29.90	$0.7241	$0.6556	$0.4577

The Wastewater Fund served 29,733 and 30,066 customers as of June 30, 2019 and 2020, respectively.

JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND
TELECOMMUNICATIONS RATES IN FORCE
JUNE 30, 2020

RESIDENTIAL CABLE RATE - SCHEDULE R-1

Programming Service Categories

Analog Basic Service (Lifetime Service)	$ 38.65	per month
Analog Expanded Service	$ 61.30	per month
Analog Standard Service (Basic & Expanded)	$ 99.95	per month
Digital Basic Service - Included with analog lifetime service, requires digital converter or digital television		
Digital Plus Service Tier	$ 17.50	per month
Digital Hispanic Service		per month
Digital High Definition Service Tier	$ 8.50	per month
Home Box Office - Digital Premium Service	$ 21.75	per month
EPIX - Digital Premium Service	$ 15.00	per month
Cinemax - Digital Premium Service	$ 16.25	per month
Showtime Unlimited - Digital Premium Service	$ 20.50	per month
Starz Super Pack - Digital Premium Service	$ 16.00	per month
TV Japan - Digital Premium Service	$ 25.00	per month

Customer Premise Equipment

Standard Digital Converter, first converter	$ 6.50	per month each
High Definition/DVR Digital Converter	$ 22.00	per month each
Cable Card	$ 6.00	per month each
High Definition Digital Converter	$ 10.00	per month each
Multi-Room DVR Service	$ 10.00	per month each
TiVo	$ 22.00	per month each
TiVo Mini	$ 10.00	per month each

GENERAL CABLE RATE - SCHEDULE G-1

Programming Service Categories

Analog Basic Service (Lifetime Service)	$ 47.65	per month
Analog Expanded Service (Basic and Expanded)	$ 99.95	per month
Fox Sports Net (requires Expanded Service)	$ 60.00	per month
SportsSouth (requires Expanded Service)	$ 60.00	per month
Digital High Definition Service Tier	$ 28.00	per month
Digital Surcharge for Galaxie Music and Interactive Program Guide	$ 27.00	per month
TV Japan - Digital Premium Service	$ 50.00	per month
Digital Pay-Per-View Events	Event units charged times fire code occupancy rating or other terms of the program supplier.	

Customer Premise Equipment

Standard Digital Converter	$ 6.50	per month each
High Definition/DVR Digital Converter	$ 22.00	per month each
High Definition Digital Converter	$ 10.00	per month each
Cable Card	$ 6.00	per month each
TiVo	$ 22.00	per month each
TiVo Mini	$ 10.00	per month each

JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND
TELECOMMUNICATIONS RATES IN FORCE (Continued)
JUNE 30, 2020

GENERAL CABLE RATE SCHEDULE G-2

Programming Service Categories

Analog Basic Service	$	47.65	per month
Analog Standard Service (Basic & Expanded)	$	99.95	per month
Digital Basic Service - Included with analog lifetime service, requires digital converter or digital television			
Digital Service Tier	$	17.50	per month
Digital High Definition Service Tier	$	8.50	per month

Customer Premise Equipment

Standard Digital Converter	$	6.50	per month each
High Definition/DVR Converter	$	22.00	per month each
Cable Card	$	6.00	per month each
High Definition Digital Converter	$	10.00	per month each
TiVo	$	22.00	per month each
TiVo Mini	$	10.00	per month each

GENERAL BULK CABLE RATE - SCHEDULE B-1

Residential Bulk Analog Cable Television service, single unit

Analog Standard Service	$	44.45	unit per month

GENERAL BULK CABLE RATE - SCHEDULE B-2

Commercial and Non-Residential Analog Cable Television service, single unit

Analog Standard Service	$	44.45	unit per month

RESIDENTIAL TELEPHONE RATE - SCHEDULE R-1

Telephone Service Levels

Basic Service	$	15.95	per month
Basic Feature Pack (optional)	$	10.00	per month
Basic Plus Service	$	24.00	per month
Basic Plus Feature Pack (optional)	$	7.00	per month
Preferred Service	$	24.95	per month
Preferred Service Feature Pack (optional)	$	5.00	per month
Eplus Phone - All-Inclusive	$	30.00	per month

Optional Features and Per Use Charges

Voicemail	$	4.95	per month
Directory Assistance - Call Completion	$	0.45	per call
Directory Assistance - Local	$	1.25	per call
Directory Assistance - National	$	1.25	per call
Private Listing	$	3.33	per listing
Semi-Private Listing	$	1.73	per listing
Additional Listing	$	1.14	per listing

RESIDENTIAL OUTSIDE CITY TELEPHONE RATE

Telephone Service Levels

EPlus Phone - All-Inclusive	$	30.00	per month

JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND
TELECOMMUNICATIONS RATES IN FORCE (Continued)
JUNE 30, 2020

RESIDENTIAL TELEPHONE RATE - SCHEDULE R-1

Optional Features and Per Use Charges

Residential Intra and Inter Long Distance	$	0.069	per minute
Residential Toll Free Long Distance	$	0.099	per minute
Unlimited Plan	$	14.95	per month
International Long Distance		Varies	

COMMERCIAL TELEPHONE RATE - SCHEDULE G-1

POTS Telephone Service Levels

Business Local Link (12 month contract)	$	56.95	per month
Business Local Link (36 month contract)	$	54.95	per month
Business One Link (12 month contract)	$	26.95	per month
Business One Link (36 month contract)	$	24.95	per month

A la carte Features

Anonymous Call Rejection	$	4.30	per month
Call Forwarding Busy Line	$	4.30	per month
Call Forwarding No Answer	$	4.30	per month
Call Forwarding Variable	$	6.10	per month
Call Return	$	6.20	per month
Call Waiting/Cancel Call Waiting	$	6.65	per month
Call Waiting w/ Caller ID	$	6.65	per month
Caller ID Deluxe	$	8.50	per month
Per Call Block w/ Caller ID	$	5.25	per month
Remote Access Call Forwarding	$	6.65	per month
Speed Calling 30	$	4.75	per month
Three-Way Calling	$	6.20	per month
Hunting		No Charge	
Voicemail	$	6.95	per month
Transfer Mailbox		No Charge	

Directory Listings

Additional Listing	$	2.10	per month
Foreign Listing	$	2.10	per month
Alternate Call listing	$	2.10	per month
Alphabetical Service Listing	$	2.10	per month
Cross Reference Listing	$	2.10	per month
Non-Published Service	$	4.50	per month
Non-Listed Service	$	2.20	per month

COMMERCIAL OUTSIDE CITY TELEPHONE RATE

Telephone Service Levels

Union City Basic (3 year contract)	$	15.00	per month
Union City Basic (5 year contract)	$	12.95	per month
Union City One Link	$	24.00	per month
Union City Local Link	$	46.00	per month
Union City Premium (3 year contract)	$	31.95	per month
Union City Premium (5 year contract)	$	29.95	per month
Milan Basic (3 year contract)	$	14.95	per month
Milan Basic (5 year contract)	$	12.95	per month
Milan One Link	$	24.00	per month
Milan Local Link	$	46.00	per month
Milan Premium (3 year contract)	$	31.95	per month
Milan Premium (5 year contract)	$	29.95	per month

JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND
TELECOMMUNICATIONS RATES IN FORCE (Continued)
JUNE 30, 2020

COMMERCIAL TELEPHONE RATE - SCHEDULE G-1

Directory and Operator Assistance

Directory Assistance - Local	$ 0.98	per call
Directory Assistance - National	$ 0.98	per call
Directory Assistance - Call Completion	$ 0.45	per call
Operator Assisted Services Surcharge	$ 2.25	per call

Long Distance Per Minute and Packages

Business Intralata/Interstate per minute	$ 0.05	per minute
Business Toll-Free per minute	$ 0.05	per minute + $2.00 monthly
Toll-Free Vanity Number Search	$ 5.00	per month
Verified Project Account Codes	$ 5.00	per month
	$ 20.00	Non-Recurring Charge
Non-Verified Project Account Codes	No MRC	
	$ 10.00	Non-Recurring Charge
Unlimited Long Distance	$ 20.00	First Line
	$ 15.00	Each Add'l Line

RESIDENTIAL INTERNET RATE - SCHEDULE R-1

512 kilobits down/256 kilobits up	*	$ 24.95	per month
4 Megabits down/512 kilobits up	*	$ 29.95	per month
5 Megabits down/1 Megabit up	*	$ 38.80	per month
6 Megabits down/768 kilobits up	*	$ 39.95	per month
10 Megabits down/1.5 Megabit up	*	$ 54.95	per month
15 Megabits down/5 Megabits up	*	$ 70.00	per month
15 Megabits down/15 Megabits up	*	$ 100.00	per month
25 Megabits down/5 Megabit up	*	$ 100.00	per month
25 Megabits down/25 Megabit up	*	$ 180.00	per month
50 Megabits down/10 Megabit up	*	$ 180.00	per month
90 Megabits down/50 Megabits up	*	$ 125.00	per month
10 Megabits down/100 Megabits up	*	$ 350.00	per month
60 Megabits down/10 Megabit up		$ 60.00	per month
75 Megabits down/25 Megabits up	*	$ 75.00	per month
100 Megabits down/100 Megabits up		$ 75.00	per month
300 Megabits down/300 Megabits up		$ 51.99	per month
1000 Megabits down/1000 Megabits up		$ 75.00	per month
Double Upload Speed Adder		$ 40.00	per month
Static IP Address		$ 10.00	per month
Basic Home Area Network		$ 15.00	per month
Enhanced Home Area Network		$ 30.00	per month

* Existing customers in these rate plans will be allowed to keep these rate plans and existing pricing although these rate plans will no longer be available for new customers.

JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND
TELECOMMUNICATIONS RATES IN FORCE (Continued)
JUNE 30, 2020

GENERAL INTERNET RATE - SCHEDULE G-1

Asymmetrical Service Levels			
2 Megabits down/384 kilobits up	*	$ 50.00	per month
4 Megabits down/512 kilobits up	*	$ 69.95	per month
5 Megabits down/2 megabits up	*	$ 85.00	per month
6 Megabits down/2 Megabits up	*	$ 99.95	per month
10 Megabits down/3 Megabits up	*	$ 149.95	per month
20 Megabits down/4 Megabits up	*	$ 249.95	per month
20 Megabits down/20 Megabits up	*	$ 165.00	per month
25 Megabits down/5 Megabits up	*	$ 165.00	per month
25 Megabits down/25 Megabits up	*	$ 295.00	per month
50 Megabits down/25 Megabits up	*	$ 400.00	per month
75 Megabits down/25 Megabits up	*	$ 500.00	per month
100 Megabits down/50 Megabits up	*	$ 850.00	per month
Double Upload Speed Adder	*	$ 100.00	per month
65 Megabits down x 25 Megabits up		$ 70.00	per month
80 Megabits down x 50 Megabits up		$ 150.00	per month
100 Megabits down x 75 Megabits up		$ 250.00	per month
100 Megabits down x 100 Megabits up		$ 150.00	per month
500 Megabits down x 500 Megabits up		$ 250.00	per month
1000 Megabits down x 1000 Megabits up		$ 499.00	per month

* Existing customers in these rate plans will be allowed to keep these rate plans and existing pricing although these rate plans will no longer be available for new customers.

JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND
TELECOMMUNICATIONS RATES IN FORCE (Continued)
JUNE 30, 2020

GENERAL INTERNET RATE - SCHEDULE G-1

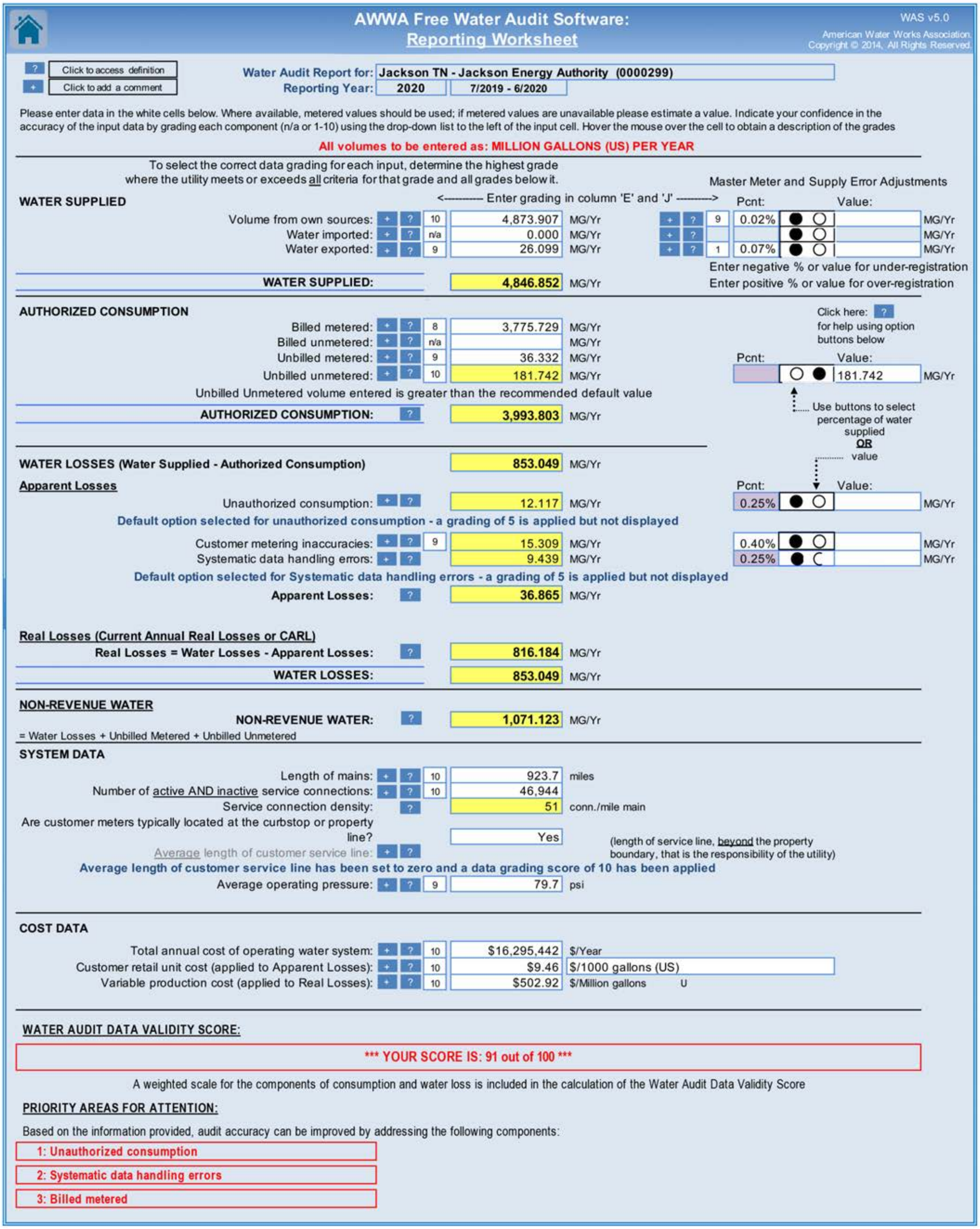
Guaranteed Internet Service		
768 kilobits down/768 kilobits up	$ 250.00	per month
1.5 Megabits down/1.5 Megabits up	$ 500.00	per month
3 Megabits down/3 Megabits up	$ 750.00	per month
6 Megabits down/6 Megabits up	$1,495.00	per month
10 Megabits down/10 Megabits up	$1,995.00	per month
15 Megabits down/15 Megabits up	$2,195.00	per month
100 Megabits down/100 Megabits up	$2,205.00	per month
250 Megabits down/250 Megabits up	$2,520.00	per month
500 Megabits down/500 Megabits up	$3,360.00	per month
1000 Megabits down/1000 Megabits up	$4,725.00	per month

Commercial Metro Ethernet Service Levels (Guaranteed Bandwidth)		
2 Megabits down/2 Megabits up	$ 140.00	per month
4 Megabits down/4 Megabits up	$ 240.00	per month
6 Megabits down/6 Megabits up	$ 375.00	per month
8 Megabits down/8 Megabits up	$ 495.00	per month
10 Megabits down/10 Megabits up	$ 625.00	per month
20 Megabits down/20 Megabits up	$1,050.00	per month
40 Megabits down/40 Megabits up	$1,140.00	per month
100 Megabits down/100 Megabits up	$2,100.00	per month
250 Megabits down/250 Megabits up	$2,300.00	per month
500 Megabits down/500 Megabits up	$2,700.00	per month
1000 Megabits down/1000 Megabits up	$3,700.00	per month

IP Address Assignment	IP Addresses	Usable Addresses	NRC	Monthly Charges
/32	1	1	$ 25.00	$ 10.00
/29	8	5	$ 25.00	$ 15.00
/28	16	13	$ 50.00	$ 20.00
/27	32	29	$ 50.00	$ 30.00
/26	64	61	$ 50.00	$ 40.00
/25	128	125	$ 50.00	$ 80.00
/24	256	253	$ 50.00	$120.00

The Telecommunications Fund served 19,286 and 20,205 customers as of June 30, 2019 and 2020, respectively. Restated method for calculating customers in 2018.

JACKSON ENERGY AUTHORITY - WATER FUND
SCHEDULE OF UNACCOUNTED FOR WATER - UNAUDITED
JUNE 30, 2020



AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0
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Water Audit Report for: Jackson TN - Jackson Energy Authority (0000299)
Reporting Year: 2020 7/2019 - 6/2020

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

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

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

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

WATER SUPPLIED

Master Meter and Supply Error Adjustments

					Pcnt:		Value:	
Volume from own sources:	10	4,873.907	MG/Yr	9	0.02%	● ○		MG/Yr
Water imported:	n/a	0.000	MG/Yr			● ○		MG/Yr
Water exported:	9	26.099	MG/Yr	1	0.07%	● ○		MG/Yr
WATER SUPPLIED:		4,846.852	MG/Yr					

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

AUTHORIZED CONSUMPTION

				Pcnt:		Value:	
Billed metered:	8	3,775.729	MG/Yr				
Billed unmetered:	n/a		MG/Yr				
Unbilled metered:	9	36.332	MG/Yr				
Unbilled unmetered:	10	181.742	MG/Yr		○ ●	181.742	MG/Yr

Unbilled Unmetered volume entered is greater than the recommended default value

AUTHORIZED CONSUMPTION:		3,993.803	MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption) 853.049 MG/Yr

Apparent Losses

				Pcnt:		Value:	
Unauthorized consumption:		12.117	MG/Yr	0.25%	● ○		MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	9	15.309	MG/Yr	0.40%	● ○		MG/Yr
Systematic data handling errors:		9.439	MG/Yr	0.25%	● ○		MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

Apparent Losses:	36.865	MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses:	816.184	MG/Yr
WATER LOSSES:	853.049	MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER:	1,071.123	MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	10	923.7	miles
Number of active AND inactive service connections:	10	46,944	
Service connection density:		51	conn./mile main
Are customer meters typically located at the curbstop 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:			

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

Average operating pressure:	9	79.7	psi

COST DATA

Total annual cost of operating water system:	10	$16,295,442	$/Year
Customer retail unit cost (applied to Apparent Losses):	10	$9.46	$/1000 gallons (US)
Variable production cost (applied to Real Losses):	10	$502.92	$/Million gallons U

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 91 out of 100 *****

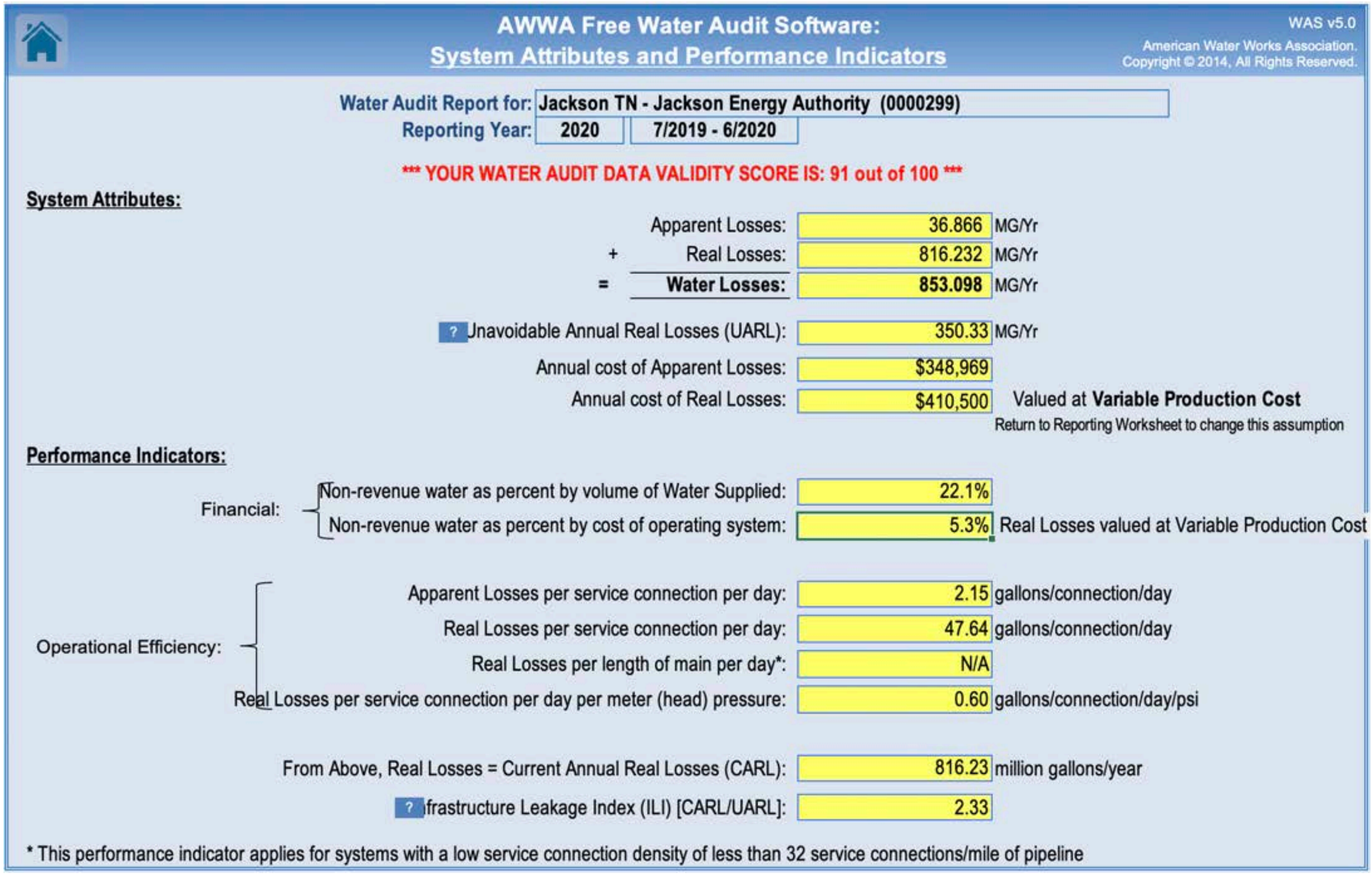
A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Unauthorized consumption
2: Systematic data handling errors
3: Billed metered

JACKSON ENERGY AUTHORITY - WATER FUND
SCHEDULE OF UNACCOUNTED FOR WATER - UNAUDITED
JUNE 30, 2020



AWWA Free Water Audit Software:
System Attributes and Performance Indicators

WAS v5.0
American Water Works Association.
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Water Audit Report for: **Jackson TN - Jackson Energy Authority (0000299)**
Reporting Year: **2020** **7/2019 - 6/2020**

***** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 91 out of 100 *****

System Attributes:

	Apparent Losses:	36.866	MG/Yr
+	Real Losses:	816.232	MG/Yr
=	**Water Losses:**	**853.098**	MG/Yr
	Unavoidable Annual Real Losses (UARL):	350.33	MG/Yr
	Annual cost of Apparent Losses:	$348,969	
	Annual cost of Real Losses:	$410,500	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:	22.1%	
	Non-revenue water as percent by cost of operating system:	5.3%	Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	2.15	gallons/connection/day
	Real Losses per service connection per day:	47.64	gallons/connection/day
	Real Losses per length of main per day*:	N/A	
	Real Losses per service connection per day per meter (head) pressure:	0.60	gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	816.23	million gallons/year
	Infrastructure Leakage Index (ILI) [CARL/UARL]:	2.33	

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

JACKSON ENERGY AUTHORITY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor	CFDA No.	Contract Number	Expenditures
Federal Awards:			
U S Environmental Protection Agency / Tennessee Department of Environment and Conservation -			
Wastewater - CG4 2016-362**	66.458	CG4-2016-362	1,216,994
Wastewater - SRF 2016-368**	66.458	SRF 2016-368	1,044,583
Total EPA			2,261,577
U.S. Department of Housing and Urban Development / Tennessee Department of Economic and Community Development -			
Wastewater - CDBG-NDR	14.228*	33004-24017	2,032,889
Total federal awards			4,294,466
State Financial Assistance:			
Tennessee Dept of Economic and Community **Development**			
Downtown WIFI Grant Program	N/A	33007-35219	25,674
Total state financial assistance			25,674
Total federal awards and state financial assistance			$ 4,320,140
* - Denotes major program			
** - Loan program			

See Notes on page 123 related to the schedule above.

JACKSON ENERGY AUTHORITY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards and State Financial Assistance (the "Schedule") includes the Federal and State award activity of Jackson Energy Authority under programs of the Federal and State government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U. S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Jackson Energy Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Jackson Energy Authority.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Jackson Energy Authority has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

JACKSON ENERGY AUTHORITY - ELECTRIC FUND
LARGEST CUSTOMERS BY YEARLY REVENUE - UNAUDITED
JUNE 30, 2020

Number	Company	Revenue	Consumption (kWh)	Peak Demand (kW)
1	Owens Corning Fiberglass	$ 6,975,897	150,087,850	21,224
2	Kellogg's	5,373,426	119,147,807	20,492
3	West TN Healthcare	4,431,615	60,180,444	8,632
4	Pinnacle Foods	1,869,446	31,315,237	6,242
5	Toyota Motor Manufacturing Tennessee	1,799,684	32,257,960	5,840
6	Berry Plastics	1,794,422	36,080,054	6,040
7	Equistar - Lyondell Basell	1,549,090	24,611,335	4,886
8	Carlstar Group	1,475,721	20,756,624	4,870
9	US Farathane	1,054,817	19,730,531	4,874
10	UGN	1,040,638	14,448,871	3,366
Total		$ 27,364,756	508,616,713	86,466

JACKSON ENERGY AUTHORITY - GAS FUND
LARGEST CUSTOMERS BY YEARLY REVENUE - UNAUDITED
JUNE 30, 2020

Number	Company	Revenue	Consumption (ccf)
1	West TN Healthcare	$ 1,149,624	3,270,838
2	Carlstar	517,423	1,499,587
3	Kellogg's	406,028	11,932,037
4	Gerdau / Ameristeel	381,882	9,604,648
5	MTI / Jackson Die Casting	292,415	827,401
6	Tennalum	258,198	716,006
7	Dement Construction	252,099	638,669
8	Stanley Black & Decker	228,769	511,052
9	Most	168,096	4,075,521
10	Touchstone Combined	166,035	480,219
Total		$ 3,820,569	33,555,978

JACKSON ENERGY AUTHORITY - WATER FUND
LARGEST CUSTOMERS BY YEARLY REVENUE - UNAUDITED
JUNE 30, 2020

Number	Company	Revenue	Consumption (gal)
1	Kellogg Company	$ 436,935	341,228,500
2	Jackson Mad Co Gen Hospital	364,628	247,881,600
3	Sunshine Corp. (Cherry Grove)	79,298	17,442,600
4	Jackson Housing Authority	76,492	19,453,300
5	Pinnacle Foods	65,645	43,377,700
6	Delta Faucet Company	57,324	36,790,000
7	Equistar (Lyondell Basell)	39,345	22,885,200
8	Bodine Aluminum	31,015	13,885,600
9	Wal-Mart	27,688	7,772,900
10	Berry Plastics	25,552	12,019,900
Total		$ 1,203,922	762,737,300

JACKSON ENERGY AUTHORITY - WASTEWATER FUND
LARGEST CUSTOMERS BY YEARLY REVENUE - UNAUDITED
JUNE 30, 2020

Number	Company	Revenue	Consumption (gal)
1	Kellogg Company	$ 752,920	198,409,500
2	Jackson Mad Co Gen Hospital	552,475	133,385,600
3	Owens Corning Fiberglass	212,337	46,088,500
4	Gerdau Ameristeel	206,200	38,808,000
5	Union University	158,877	25,207,900
6	Delta Faucet Company	156,394	36,790,000
7	Pinnacle Foods	147,229	34,388,700
8	Sunshine Corp. (Cherry Grove)	118,577	17,406,200
9	Vorteq Coil Finishers (Wismarq)	101,288	19,385,200
10	Equistar (Lyondell Basell)	86,295	20,323,200
Total		$ 2,492,592	570,192,800

JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND
LARGEST CUSTOMERS BY YEARLY REVENUE - UNAUDITED
JUNE 30, 2020

Number	Company	Revenue
1	Jackson Madison County Schools	$ 549,476
2	Jackson Madison County General Hospital	368,444
3	Jackson Energy Authority	145,329
4	Union University	140,123
5	Iris Networks	108,273
6	Windstream	100,100
7	Lane College	98,062
8	City of Jackson	94,291
9	Kirklands Distribution Center	84,432
10	SM Stonewater LLC	39,457
Total		$ 1,727,987

JACKSON ENERGY AUTHORITY - ELECTRIC FUND
HISTORICAL BOND COVERAGE - UNAUDITED

Years Ended June 30

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available For Debt Service	Bond Debt Service Requirements	Bond Debt Service Coverage
2020	$ 142,818,999	$ 122,384,312	$ 20,434,687	$ 3,834,829	5.33
2019	149,192,922	124,588,579	24,604,343	3,843,381	6.40
2018	147,981,222	126,951,637	21,029,585	3,845,858	5.47
2017	150,733,256	131,153,107	19,580,149	3,852,981	5.08
2016	143,976,091	127,302,979	16,673,112	3,849,806	4.33
2015	144,955,442	130,644,761	14,310,681	2,704,996	5.29
2014	148,380,900	132,246,070	16,134,830	2,723,563	5.92
2013	152,144,653	132,359,558	19,785,095	2,718,273	7.28
2012	148,912,142	132,330,615	16,581,527	2,684,009	6.18
2011	146,213,955	130,836,349	15,377,606	2,600,810	5.91
2010	127,265,472	112,704,793	14,560,679	1,923,448	7.57

JACKSON ENERGY AUTHORITY - GAS FUND
HISTORICAL BOND COVERAGE - UNAUDITED
Years Ended June 30

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available For Debt Service	Bond Debt Service Requirements*	Bond Debt Service Coverage
2020	$ 33,819,750	$ 23,429,362	$ 10,390,388	$ 1,592,681	6.52
2019	37,620,832	23,400,241	14,220,591	1,596,982	8.90
2018	39,130,511	26,833,175	12,297,336	2,662,298	4.62
2017	33,398,799	23,753,565	9,645,234	2,973,780	3.24
2016	30,579,094	21,694,038	8,885,056	2,073,664	4.28
2015	40,196,022	29,564,497	10,631,525	1,772,590	6.00
2014	42,753,752	31,871,234	10,882,518	1,815,053	6.00
2013	36,296,080	28,274,573	8,021,507	1,834,490	4.37
2012	32,567,669	26,019,675	6,547,994	1,743,735	3.76
2011	40,925,100	31,758,664	9,166,436	2,002,452	4.58
2010	44,621,087	36,241,747	8,379,340	2,098,139	3.99

*Debt service requirements include scheduled FDA purchases on restructured 2002 bonds through FY 2018.

JACKSON ENERGY AUTHORITY - WATER FUND
HISTORICAL BOND COVERAGE - UNAUDITED
Years Ended June 30

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available For Debt Service	Bond Debt Service Requirements*	Bond Debt Service Coverage
2020	$ 18,238,792	$ 10,161,039	$ 8,077,753	$ 2,428,875	3.33
2019	18,191,841	7,510,855	10,680,986	2,431,500	4.39
2018	18,205,716	8,773,410	9,432,306	2,159,380	4.37
2017	17,374,105	8,969,063	8,405,042	2,399,885	3.50
2016	16,282,097	8,668,838	7,613,259	2,423,434	3.14
2015	15,668,748	8,227,527	7,441,221	2,406,026	3.09
2014	15,572,377	8,187,044	7,385,333	2,366,727	3.12
2013	15,688,563	8,346,977	7,341,586	2,362,853	3.11
2012	15,658,913	8,442,736	7,216,177	2,238,915	3.22
2011	14,940,671	8,199,293	6,741,378	2,618,281	2.57
2010	13,634,847	8,005,556	5,629,291	2,788,058	2.02

*Debt service requirements include scheduled FDA purchases on restructured 2002 bonds through FY 2018.

JACKSON ENERGY AUTHORITY - WASTEWATER FUND
HISTORICAL BOND COVERAGE - UNAUDITED
Years Ended June 30

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available For Debt Service	Bond Debt Service Requirements*	Bond Debt Service Coverage
2020	$ 19,849,304	$ 10,343,343	$ 9,505,961	$ 3,383,433	2.81
2019	20,013,671	7,943,542	12,070,129	3,348,995	3.60
2018	19,477,909	9,765,719	9,712,190	3,114,060	3.12
2017	18,609,493	10,255,522	8,353,971	3,091,008	2.70
2016	17,580,348	10,409,127	7,171,221	2,917,572	2.46
2015	16,522,508	9,626,966	6,895,542	2,822,641	2.44
2014	16,465,791	9,203,891	7,261,900	2,764,853	2.63
2013	16,361,448	9,271,032	7,090,416	2,750,209	2.58
2012	16,262,052	8,970,037	7,292,015	2,421,352	3.01
2011	15,053,751	8,422,232	6,631,519	3,617,876	1.83
2010	13,706,245	8,035,050	5,671,195	3,802,724	1.49

*Debt service requirements include scheduled FDA purchases on restructured 2002 bonds through FY 2018.

JACKSON ENERGY AUTHORITY - TELECOMMUNICATIONS FUND
HISTORICAL BOND COVERAGE - UNAUDITED
Years Ended June 30

Fiscal Year	Gross Revenues	Operating Expenses	Net Revenue Available For Debt Service	Bond Debt Service Requirements*	Bond Debt Service Coverage
2020	$ 32,968,189	$ 22,706,830	$ 10,261,359	$ 5,604,407	1.83
2019	32,999,028	20,488,259	12,510,769	5,602,242	2.23
2018	32,618,209	21,181,532	11,436,677	5,599,407	2.04
2017	31,886,223	20,091,045	11,795,178	5,602,227	2.11
2016	30,693,812	18,811,117	11,882,695	5,599,825	2.12
2015	29,308,109	17,292,347	12,015,762	5,592,500	2.15
2014	28,330,344	15,840,806	12,489,538	6,531,415	1.91
2013	27,030,689	14,499,956	12,530,733	5,762,603	2.17
2012	24,842,924	13,649,716	11,193,208	5,609,141	2.00
2011	22,950,556	13,637,819	9,312,737	6,172,053	1.51
2010	21,220,657	12,767,421	8,453,236	6,306,962	1.34

*Prior to the 2013 refunding, debt service requirements include level principal payments on the 2009 term loan.

JACKSON ENERGY AUTHORITY - ELECTRIC FUND
SALES AND DEMAND IN HOURS - UNAUDITED
JUNE 30, 2020

Sales in Megawatt Hours and Maximum Demand in Kilowatts

Fiscal Year	Residential	Commercial	Industrial	Other	Total MWH Sales	Maximum Hourly Demand
2002	351,551	97,851	1,186,408	21,342	1,657,152	338,454
2003	368,478	102,544	1,147,926	21,136	1,640,084	340,719
2004	372,854	102,946	1,171,336	16,489	1,663,625	340,812
2005	363,280	103,821	1,192,898	22,359	1,682,358	348,978
2006	398,650	104,461	1,247,173	23,099	1,773,383	360,538
2007	395,826	104,709	1,253,314	23,664	1,777,513	374,650
2008	408,688	106,085	1,218,351	24,168	1,757,292	380,812
2009	381,427	102,742	1,149,411	24,294	1,657,874	363,467
2010	390,525	104,623	1,137,967	24,463	1,657,578	340,194
2011	410,826	105,788	1,185,504	24,946	1,727,064	374,389
2012	391,945	102,799	1,201,438	24,472	1,720,654	372,145
2013	401,507	100,898	1,187,245	24,855	1,714,505	358,354
2014	401,424	103,009	1,195,160	25,175	1,724,768	331,896
2015	386,645	103,674	1,173,617	24,934	1,688,870	347,370
2016	385,076	101,606	1,163,774	25,919	1,676,375	361,665
2017	396,576	103,472	1,206,174	25,467	1,731,689	356,298
2018	405,880	100,755	1,169,926	24,999	1,701,560	354,506
2019	402,230	104,766	1,163,821	23,836	1,694,653	352,735
2020	393,335	102,794	1,108,230	22,325	1,626,684	354,569

The total distribution substation capacity of the Electric Fund is 569,500 KVA.

The maximum peak hour load was 380,812 kilowatts during August 2007.

JACKSON ENERGY AUTHORITY - GAS FUND
SALES AND TRANSPORT IN MCF - UNAUDITED
JUNE 30, 2020

Sales and Transport in MCF

Fiscal Year	Residential	Commercial Firm	Commercial Interruptible	Industrial Firm	Industrial Interruptible	Index	Transport	Total MCF Sales and Transport
2002	1,675,493	1,050,501	137,308	283,876	381,120	-	3,756,229	7,284,527
2003	1,926,878	1,201,600	140,340	290,630	179,318	-	3,664,677	7,403,443
2004	1,719,125	1,074,381	137,927	265,763	161,008	-	3,699,949	7,058,153
2005	1,651,537	1,063,757	142,473	285,888	190,814	-	3,661,028	6,995,497
2006	1,558,479	1,048,176	139,853	270,090	190,154	-	3,951,434	7,158,186
2007	1,661,117	1,124,038	153,477	261,625	160,521	-	3,825,488	7,186,266
2008	1,679,112	1,129,076	160,192	240,722	139,983	-	3,553,418	6,902,503
2009	1,738,402	1,154,754	208,886	198,379	151,854	-	2,951,205	6,403,480
2010	1,892,070	1,207,028	226,589	165,386	183,420	-	3,330,644	7,005,137
2011	1,769,444	1,171,214	125,184	164,145	143,740	270,988	3,370,940	7,015,655
2012	1,341,224	926,399	19,054	122,863	95,284	562,412	3,354,823	6,422,059
2013	1,735,103	1,111,525	22,877	134,770	81,227	553,290	3,219,769	6,858,561
2014	2,033,253	1,295,125	24,967	142,531	49,077	637,888	3,426,031	7,608,872
2015	1,919,559	1,175,216	23,307	223,631	34,189	608,263	3,361,238	7,345,403
2016	1,406,863	917,704	26,104	145,953	5,108	744,246	3,232,839	6,478,817
2017	1,312,456	868,965	26,705	150,114	5,847	761,364	3,316,291	6,441,742
2018	1,791,595	1,132,611	27,183	188,236	6,305	806,118	3,372,748	7,324,796
2019	1,760,153	1,143,645	26,918	141,219	5,744	812,156	3,645,531	7,535,366
2020	1,681,539	1,145,397	23,171	78,591	7,831	798,643	3,605,457	7,340,629

JACKSON ENERGY AUTHORITY - WATER FUND
SALES IN MGAL - UNAUDITED
JUNE 30, 2020

Sales in MGallons Sold

Fiscal Year	Residential	General	Wholesale	Total MGal Sales
2002	2,174,569	2,066,502	63,781	4,304,852
2003	2,088,804	1,899,942	39,233	4,027,979
2004	2,094,432	1,895,104	30,658	4,020,194
2005	2,122,081	1,838,164	29,006	3,989,251
2006	2,151,896	1,830,454	88,228	4,070,578
2007	2,199,369	1,824,042	62,838	4,086,249
2008	2,296,623	1,919,336	87,122	4,303,081
2009	2,134,984	1,728,370	57,317	3,920,671
2010	2,085,807	1,673,666	45,163	3,804,636
2011	2,137,664	1,685,208	22,404	3,845,276
2012	2,122,564	1,861,137	20,533	4,004,234
2013	2,066,030	1,804,529	14,996	3,885,555
2014	1,978,628	1,803,269	14,469	3,796,366
2015	1,941,743	1,769,753	13,490	3,724,986
2016	1,984,253	1,785,974	12,945	3,783,172
2017	1,984,669	1,841,121	13,087	3,838,877
2018	2,054,161	1,860,941	12,538	3,927,640
2019	1,989,414	1,786,315	12,862	3,788,591
2020	2,055,315	1,746,955	26,100	3,828,370

JACKSON ENERGY AUTHORITY - WASTEWATER FUND
SALES IN MGAL - UNAUDITED
JUNE 30, 2020

Sales in MGallons Sold

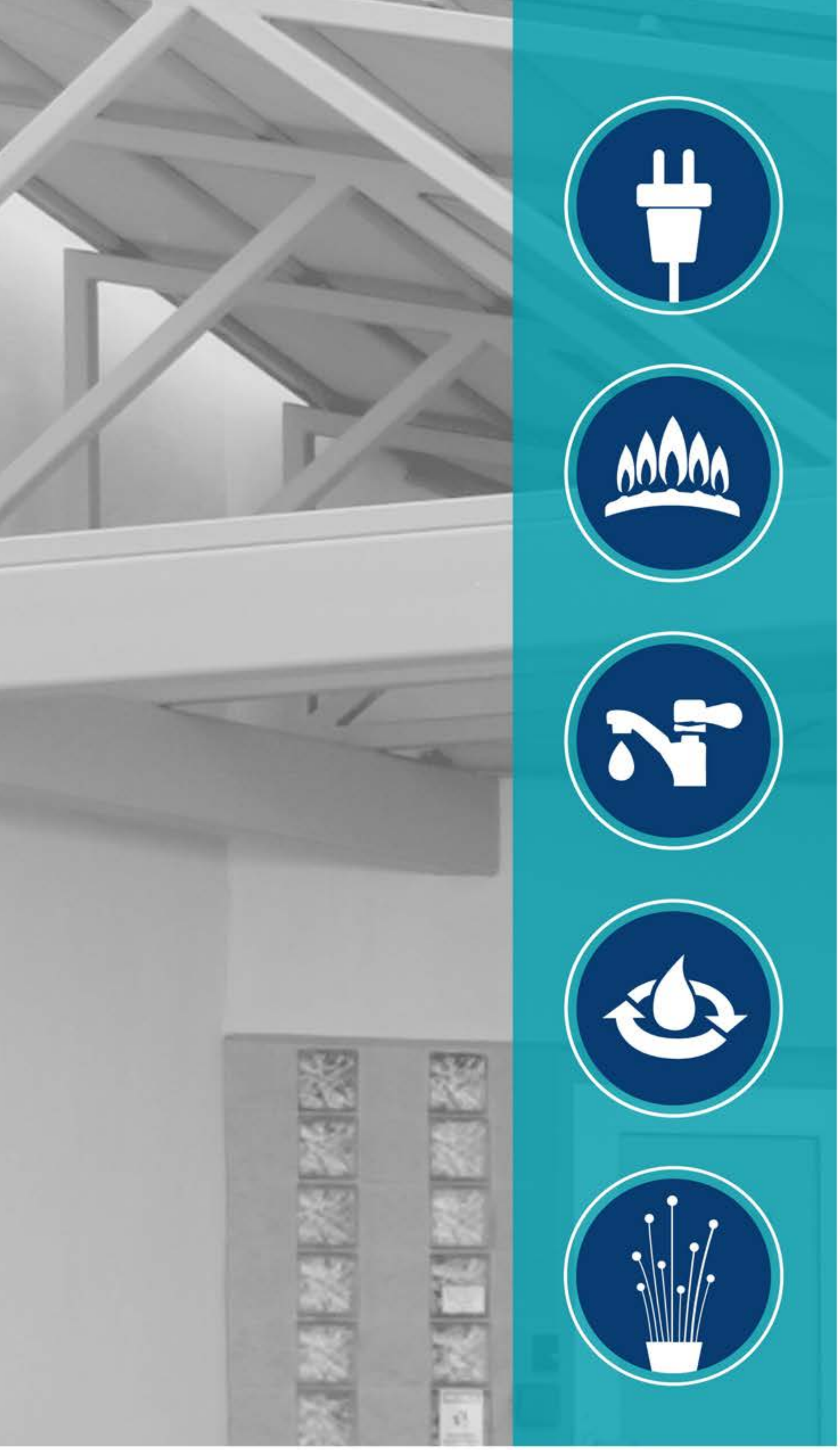
Fiscal Year	Residential	Commercial	Total MGal Sales
2002	1,481,843	1,701,359	3,183,202
2003	1,514,570	1,540,459	3,055,029
2004	1,522,707	1,583,672	3,106,379
2005	1,542,271	1,551,917	3,094,188
2006	1,551,418	1,517,170	3,068,588
2007	1,579,025	1,511,976	3,091,001
2008	1,600,485	1,543,193	3,143,678
2009	1,548,879	1,425,165	2,974,044
2010	1,549,066	1,358,828	2,907,894
2011	1,558,260	1,403,100	2,961,360
2012	1,537,265	1,473,973	3,011,238
2013	1,520,525	1,439,529	2,960,054
2014	1,467,342	1,393,828	2,861,170
2015	1,450,459	1,364,855	2,815,314
2016	1,479,741	1,391,578	2,871,319
2017	1,482,059	1,383,279	2,865,338
2018	1,515,983	1,385,289	2,901,272
2019	1,470,908	1,373,265	2,844,173
2020	1,507,084	1,332,524	2,839,608

JACKSON ENERGY AUTHORITY
NUMBER OF CUSTOMERS - UNAUDITED
JUNE 30, 2020

		Gas				Telecommunications		
Fiscal Year	**Electric**	**Natural Gas**	**Propane**	**Water**	**Wastewater**	**Cable**	**Data**	**Telephone**
2010	33,804	29,253	3,020	35,643	27,707	16,371	8,543	6,008
2011	33,806	29,251	3,017	35,796	27,813	15,675	10,392	6,328
2012	34,541	29,482	2,927	36,094	28,072	15,799	11,172	6,592
2013	34,865	29,815	2,982	35,746	28,653	15,965	11,743	6,608
2014	34,865	29,876	2,871	36,625	28,510	15,163	12,032	6,525
2015	35,068	29,959	2,890	35,841	28,321	14,728	12,976	6,429
2016	35,544	30,179	2,862	36,154	28,557	14,768	13,745	6,247
2017	36,016	31,178	2,809	36,433	29,237	13,795	14,445	6,135
2018	35,699	30,383	2,995	35,931	29,214	12,992	15,029	5,817
2019	35,475	31,135	2,734	36,943	29,733	12,389	15,459	5,527
2020	36,003	30,793	2,735	37,374	30,066	11,789	16,261	5,414

JACKSON ENERGY AUTHORITY
SCHEDULE OF TRANSFERS
For the Year Ended June 30, 2020

From Fund	To Fund	Purpose	Amount
Electric Fund	Telecommunications Fund	Automated Metering Infrasturcture Fees	$ 348,000
Electric Fund	City of Jackson	In Lieu of Tax Payments	4,417,424
Gas Fund	City of Jackson	In Lieu of Tax Payments	1,450,147
Water Fund	City of Jackson	In Lieu of Tax Payments	187,205
Wastewater Fund	City of Jackson	In Lieu of Tax Payments	206,165
Telecommunications Fund	City of Jackson	In Lieu of Tax Payments	417,984
Telecommunications Fund	Electric Fund	Credit Enhancement Fees	16,542
Telecommunications Fund	Electric Fund	Interest on Debt Service Reserve Note	166,650
Telecommunications Fund	Electric Fund	Pole Attachments	387,772
Telecommunications Fund	Electric Fund	Rent	70,679
Telecommunications Fund	Gas Fund	Rent	62,113
Telecommunications Fund	Water Fund	Rent	47,120
Telecommunications Fund	Wastewater Fund	Rent	34,269
Total Transfers			$ 7,812,070



JACKSON ENERGY AUTHORITY

2020 ANNUAL REPORT

INTERNAL CONTROL & COMPLIANCE

ATA

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Independent Auditor's Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance *With Government Auditing Standards*

To the Board of Directors
Jackson Energy Authority

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 business-type activities, each major fund, and the aggregate remaining fund information of Jackson Energy Authority (the Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 31, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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.

Alexander Thompson Arnold PLLC

Jackson, Tennessee
October 31, 2020

ATA

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Independent Auditor's Report On Compliance For Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
Jackson Energy Authority

Report on Compliance for Each Major Federal Program

We have audited Jackson Energy Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Jackson Energy Authority's major federal programs for the year ended June 30, 2020. Jackson Energy Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the federal statues, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Jackson Energy Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Jackson Energy Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Jackson Energy Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Jackson Energy Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Jackson Energy Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Jackson Energy Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Jackson Energy Authority's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Alexander Thompson Arnold PLLC

Jackson, Tennessee
October 31, 2020

JACKSON ENERGY AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:
- Material weaknesses identified? ______ yes ___X___ no
- Significant deficiencies identified? ______ yes ___X___ none reported

Noncompliance material to financial statements noted? ______ yes ___X___ no

Federal Awards

Internal control over major programs:
- Material weaknesses identified? ______ yes ___X___ no
- Significant deficiencies identified? ______ yes ___X___ none reported

Type of auditor's report issued on compliance for major federal programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a). ______ yes ___X___ no

Identification of major programs:

Program Name	CFDA No.
Environmental Protection Agency	14.228

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee? ______ yes ___X___ no

JACKSON ENERGY AUTHORITY
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
JUNE 30, 2020

FINANCIAL STATEMENT FINDINGS

None reported.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None reported.

JACKSON ENERGY AUTHORITY
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
JUNE 30, 2020

FINANCIAL STATEMENT FINDINGS

There were no prior year findings reported.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no prior year findings reported.

APPENDIX E

BOND COUNSEL OPINION

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(Proposed Form of Bond Counsel Opinion)

December 17, 2020

Jackson Energy Authority
Jackson, Tennessee

Piper Sandler & Co.
Chicago, Illinois

Re: Jackson Energy Authority (Tennessee)
Wastewater System Revenue Refunding Bonds, Series 2020 (Federally Taxable)

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by Jackson Energy Authority (the "Issuer") of $16,220,000 Wastewater System Revenue Refunding Bonds, Series 2020 (Federally Taxable), dated the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

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

2. The resolution of the Board of Directors of the Issuer dated November 21, 2002, as supplemented by that certain Supplemental Resolution dated November 24, 2020, authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The principal of, premium, if any, and interest on the Bonds are payable solely from and secured by a pledge of revenues to be derived from the operation of the wastewater system of the Issuer (the "System"), subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring the System on a parity and equality of lien with certain of the Issuer's other Senior Lien Revenue Obligations (as defined in the Resolution) now existing or hereafter incurred. We express no opinion as to the sufficiency of such revenues for the payment of principal of, premium if any, or interest on the Bonds.

4. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolution authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

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

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

Yours truly,

APPENDIX F

FORM OF CONTINUING DISCLOSURE AGREEMENT

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JACKSON ENERGY AUTHORITY

$16,220,000 WASTEWATER SYSTEM REVENUE REFUNDING BONDS
SERIES 2020 (FEDERALLY TAXABLE)

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered this 17th day of December, 2020 by the Jackson Energy Authority (the "Issuer") in connection with the issuance of its $16,220,000 Wastewater System Revenue Refunding Bonds, Series 2020 (Federally Taxable) (the "Bonds"). The Issuer hereby covenants and agrees as follows:

SECTION 1. Purpose of and Authority for the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Registered Owners and the Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) (the "Rule") of the Securities and Exchange Commission (the "SEC"). This Disclosure Agreement is being executed and delivered by the Issuer under the authority of the Resolution.

SECTION 2. Definitions. In addition to the terms otherwise defined herein, the following capitalized terms shall have the following meanings:

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

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

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the Official Statement of the Issuer, dated December 8, 2020, relating to the Bonds.

"Participating Underwriters" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Registered Owner" means any person who is identified as a holder of Bonds on the registration records maintained by or on behalf of the Issuer with respect to the Bonds.

"Resolution" shall mean the master resolution adopted by the Board of Directors of the Issuer on November 21, 2002, as supplemented by the bond resolution adopted on November 24, 2020.

"State" shall mean the State of Tennessee.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule.

SECTION 3. Continuing Disclosure. The Issuer hereby agrees to provide or cause to be provided the information set forth below:

(a) *Annual Financial Information.* For Fiscal Years ending on or after June 30, 2020, the Issuer shall provide annual financial information and operating data within 12 months after the end of the Fiscal Year. The annual financial information and operating data shall include:

(i) the Issuer’s audited financial statements, prepared in accordance with generally accepted accounting principles, or, if the Issuer’s audited financial statements are not available, then the Issuer’s unaudited financial statements, and

(ii) operating data of the type included under the following headings in Appendix B of the Official Statement, which data may be presented in a manner other than as set in the Official Statement any other publicly available financial information related to the Issuer:

- Table labeled “Schedule of Changes Net Pension Liability and Related Ratios (All Divisions)” under section “Pension Plan D – Defined Benefit”;

- Table labeled “Schedule of Changes Net OPEB Liability and Related Ratios (All Divisions) under section “Other Post-Employment Benefits”;

- Table labeled “Wastewater System Number of Customers” under section “Wastewater System”;

- Table labeled “Wastewater Division Million Gallons Sold” in section “Historical and Projected System Use”;

- Table labeled “Wastewater Division Largest Customers by Yearly Revenue in section “Historical and Projected System Use”;

- Table labeled “Wastewater Division Schedule of Long Term Debt” under section “Operating Results”; and

- Table labeled “Wastewater Division Historical Debt Service Coverage” under Section “Operating Results”.

(b) *Audited Financial Statements*. For Fiscal Years ending on or after June 30, 2020, the Issuer shall provide audited financial statements, prepared in accordance with generally accepted accounting principles, if and when available, if such audited financial statements are not included with the annual financial information described in subsection (a) above.

(c) *Event Notices*. The Issuer will provide notice of the following events relating to the Bonds in a timely manner, not in excess of ten business days after the occurrence of the event:

(i) Principal and interest payment delinquencies;

(ii) Non-payment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

(vii) Modifications to rights of Bondholders, if material;

(viii) Bond calls, if material, and tender offers;

(ix) Defeasances (including disclosure as to whether the Bonds have been defeased to their maturity or to a preceding call date);

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;

(xiii) The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(xv) Incurrence of a financial obligation* of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and

(xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

* As used in subsections (xv) and (xvi), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) *Notice of Failure to File Annual Financial Information*. The Issuer will provide timely notice of its failure to provide the annual financial information described in subsection (a) above within the time frame prescribed by subsection (a).

(e) *Notice of Amendment of Disclosure Agreement*. The Issuer will provide timely notice of an amendment to this Disclosure Agreement pursuant to the terms of Section 5(a) below.

SECTION 4. Methods of Providing Information.

(a) All disclosures required by Section 3 shall be transmitted to the MSRB using the MSRB's Electronic Municipal Market Access System (“EMMA”) or by such other method as may be subsequently determined by the MSRB.

(b) Information shall be provided to the MSRB in an electronic format as prescribed by the MSRB, either directly, or indirectly through an indenture trustee or a designated dissemination agent.

(c) All transmissions to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(d) Any required disclosure may be incorporated by reference to other documents filed with the MSRB in the manner required by subsection (a) above. The Issuer shall clearly identify each such other document so incorporated by reference.

(e) All disclosures transmitted to the MSRB hereunder shall be simultaneously transmitted to any State Repository.

SECTION 5. Amendment.

This Disclosure Agreement may be amended or modified so long as: (i) any such amendments are not violative of any rule or regulation of the SEC or MSRB, or other federal or state regulatory body; (ii) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (iii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iv) the amendment does not materially impair the interests of Beneficial Owners or Registered Owners, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by approving vote of the Beneficial Owners and Registered Owners pursuant to the terms of the Resolution at the time of the amendment.

(b) In the event of any amendment or modification to the financial information or operating data required to be filed pursuant to Section 3(a) above, the Issuer shall describe such amendment in the next filing pursuant to Section 3(a), and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, the next filing pursuant to Section 3(a) or 3(b), as applicable, shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any disclosure required hereunder, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure.

SECTION 8. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Registered Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Registered Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of any party to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 11. Severability. In case any one or more of the provisions of this Disclosure Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Agreement, but this Disclosure Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

JACKSON ENERGY AUTHORITY

By: ____
President

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