OFFICIAL STATEMENT

NEW ISSUE
Book-Entry Only

Rating: Moody's "Aa3"

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Municipality, interest on the Series 2021 Bonds will be excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Series 2021 Bonds is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code. For an explanation of certain tax consequences under federal law which may result from the ownership of the Series 2021 Bonds, see the discussion under the heading "Tax Matters" herein. Under existing law, the Series 2021 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).

$7,900,000
CITY OF LAWRENCEBURG, TENNESSEE
Electric System Revenue Bonds, Series 2021
(Bank-Qualified)

Dated: Date of Delivery

Due: July 1, as shown below

The City of Lawrenceburg, Tennessee (the "Municipality") will issue its Electric System Revenue Bonds, Series 2021 (the "Series 2021 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 2021 Bonds will be payable semi-annually on January 1 and July 1, commencing January 1, 2022. Principal of and interest on the Series 2021 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 Series 2021 Bonds are limited obligations of the Municipality, payable solely from and secured by a lien upon and pledge of certain revenues of the Municipality's electric distribution system (the "System"), which is owned and operated on behalf of the Municipality through its board of public utilities, operating as Lawrenceburg Utility Systems ("LUS"), subject to the prior pledge of such revenues in favor of the Prior Lien Bonds (as defined herein). The Series 2021 Bonds are not obligations of the State of Tennessee, or any of its political subdivisions, other than the Municipality, nor is the State of Tennessee, or any of its political subdivisions, other than the Municipality, liable for the payment of the principal of or interest on the Series 2021 Bonds. The Resolution does not grant to owners of the Series 2021 Bonds any mortgage on or security interest in any real or personal property of the Municipality other than the lien on the revenues of the System. Neither the full faith and credit nor any taxing power of the Municipality is pledged to secure payment of the Series 2021 Bonds.

The Bonds will be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

The Series 2021 Bonds are subject to optional redemption on July 1, 2030 and thereafter at a price of par, as set forth herein. The Series 2021 Bonds are payable on July 1 of each year as follows:

Maturity Date	Amount	Rate	Yield	CUSIP	Maturity Date	Amount	Rate	Yield	CUSIP
2022	$260,000	5.000%	0.150%	520534AR9	2032	$420,000	2.000%	1.350% c	520534BB3
2023	280,000	5.000	0.200	520534AS7	2033	425,000	2.000	1.450 c	520534BC1
2024	290,000	5.000	0.320	520534AT5	2034	435,000	2.000	1.500 c	520534BD9
2025	305,000	5.000	0.450	520534AU2	2035	445,000	2.000	1.550 c	520534BE7
2026	320,000	5.000	0.580	520534AV0	2036	455,000	2.000	1.600 c	520534BF4
2027	340,000	5.000	0.720	520534AW8	2037	460,000	2.000	1.650 c	520534BG2
2028	355,000	5.000	0.850	520534AX6	2038	470,000	2.000	1.700 c	520534BH0
2029	370,000	5.000	1.000	520534AY4	2039	480,000	2.000	1.750 c	520534BJ6
2030	390,000	5.000	1.100	520534AZ1	2040	490,000	2.000	1.800 c	520534BK3
2031	410,000	2.000	1.250 c	520534BA5	2041	500,000	2.000	1.850 c	520534BL1

c Yield to July 1, 2030 Call Date

The Series 2021 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 Municipality by Alan Betz, Esq., Lawrenceburg, Tennessee, Counsel to the Municipality. Stephens Inc. is serving as municipal advisor to LUS. It is expected that the Series 2021 Bonds in book-entry form will be available for delivery through The Depository Trust Company on or about June 23, 2021.

June 9, 2021

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 City of Lawrenceburg, Tennessee (the "Municipality"), is an Official Statement with respect to the Series 2021 Bonds described herein that is deemed final by the Municipality 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 2021 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 Municipality 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 Municipality or the Series 2021 Bonds must not be relied upon as having been authorized by the Municipality 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 Municipality 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 Municipality and the terms of the offering, including the merits and risks involved. No registration statement relating to the Series 2021 Bonds has been filed with the Securities and Exchange Commission or with any state securities agency. The Series 2021 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.

Any CUSIP numbers presented herein 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 Municipality is responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2021 Bonds or as indicated herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2021 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 2021 Bonds.

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OFFICIALS

CITY OF LAWRENCEBURG, TENNESSEE

BOARD OF MAYOR AND COUNCIL

Blake Lay, Mayor
Robin Williams, Vice-Mayor and Councilmember
Ronald Fox, Councilmember
Chad Moore, Councilmember
Jaime Sevier, Councilmember

LAWRENCEBURG UTILITY SYSTEMS

Bobby Jones – Chairman
Shane Hughes – Vice Chairman
Ronald Fox – Commissioner
Jerry Jones – Commissioner
Cathy Mashburn – Commissioner

Vic Pusser – General Manager
John Cain – Financial Controller

CITY ATTORNEY

Alan Betz, Esq.
Lawrenceburg, Tennessee

AUDITOR

Alexander Thompson Arnold PLLC
Jackson, Tennessee

BOND COUNSEL

Bass, Berry & Sims PLC
Nashville, Tennessee

REGISTRATION AND PAYING AGENT

U.S. Bank National Association
Nashville, Tennessee

MUNICIPAL ADVISOR TO LAWRENCEBURG UTILITY SYSTEMS

Stephens Inc.
Nashville, Tennessee

UNDERWRITER

Robert W. Baird & Co., Inc.
Milwaukee, Wisconsin

Summary Statement

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

ISSUER	City of Lawrenceburg, Tennessee (the "Municipality").
ISSUE	$7,900,000 Electric System Revenue Bonds, Series 2021 (the "Series 2021 Bonds").
PURPOSE	Fund the cost of capital improvements to the electric distribution system, including the construction of a new substation, and pay costs incident to the issuance and sale of the Series 2021 Bonds.
DATED DATE	June 23, 2021.
INTEREST DUE	Each January 1 and July 1, commencing January 1, 2022.
PRINCIPAL DUE	July 1, 2022 through July 1, 2041, as set forth on the cover.
OPTIONAL REDEMPTION*	The Series 2021 Bonds shall be subject to redemption at the option of the Municipality on and after July 1, 2030 at the price of par.
SECURITY	The Series 2021 Bonds are limited obligations of the Municipality, payable solely from and secured by a lien upon and pledge of the Net Revenues of the System pursuant to the provisions of the Resolution, subject to the prior pledge of such revenues in favor of the Prior Lien Bonds (capitalized terms having the meanings ascribed herein). The Resolution does not grant to owners of the Series 2021 Bonds any mortgage on or security interest in any real or personal property of the Municipality. Neither the full faith and credit nor any taxing power of the Municipality is pledged to secure payment of the Series 2021 Bonds.
RATING	"Aa3" by Moody's Investors Service. Inc. ("Moody's") based on documents and other information provided by the Municipality. The rating reflects only the view of Moody's and neither the Municipality, 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 2021 Bonds. Any explanation of the significance of the rating may be obtained from Moody's. See "Rating" herein.

TAX MATTERS	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Municipality, interest on the Series 2021 Bonds will be excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Series 2021 Bonds is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code. For an explanation of certain tax consequences under federal law which may result from the ownership of the Series 2021 Bonds, see the discussion under the heading "Tax Matters" herein. Under existing law, the Series 2021 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).
BANK QUALIFICATION	The Bonds will be "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended.
REGISTRATION AND PAYING AGENT	U.S. Bank National Association, Nashville, Tennessee.
MUNICIPAL ADVISOR	Stephens Inc., Nashville, Tennessee.
UNDERWRITER	Robert W. Baird & Co., Inc., Milwaukee, Wisconsin

$7,900,000

City of Lawrenceburg, Tennessee

Electric System Revenue Bonds, Series 2021

(Bank-Qualified)

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 City of Lawrenceburg, Tennessee (the "Municipality") of $7,900,000 in aggregate principal amount of its Electric System Revenue Bonds, Series 2021 (the "Series 2021 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 2021 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 Municipality, the issuer of the Series 2021 Bonds, is a political subdivision of the State of Tennessee and, through its board of public utilities known as Lawrenceburg Utility Systems, owns and operates an electrical power transmission and distribution system (the "System"). See Appendix B.

The Series 2021 Bonds are being issued in accordance with the Constitution of the State of Tennessee and laws of the State of Tennessee, and pursuant to a resolution of the Board of Mayor and Council (the "Governing Body") of the Municipality adopted on May 13, 2021 (the "Resolution"). A summary of certain provisions of the resolution is attached hereto as Appendix A.

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

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Municipality, the Series 2021 Bonds, and the security and sources of payment for the Series 2021 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 2021 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, from the Financial Controller, Lawrenceburg Utility Systems, 1607 North Locust Avenue, Lawrenceburg, Tennessee 38464.

PLAN OF FINANCING

The Series 2021 Bonds are being issued for the purpose of funding the costs of capital improvements to the System, and paying the costs of issuing the Series 2021 Bonds.

Estimated Sources and Uses of Funds

The sources and uses of funds in connection with the issuance of the Series 2021 Bonds are estimated below.

Sources of Funds:	
Par Amount of Series 2021 Bonds	$7,900,000.00
Original Issue Premium	804,635.50
Total Sources of Funds	$8,704,635.50
Uses of Funds:	
Deposit to Project Fund	$8,552,442.70
Costs of Issuance(1)	152,192.80
Total Uses of Funds	$8,704,635.50

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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.

The Project

A portion of the proceeds of the Series 2021 Bonds are being used to fund capital improvements for the System, including the construction of a new substation (the "Project"). Pursuant to the Resolution, the portion of proceeds of the Series 2021 Bonds described above will be deposited in a project fund (the "Project Fund") to be held and invested by Lawrenceburg Utility Systems, and used to pay costs of the Project. Monies in the Project Fund may be invested as permitted by Tennessee law and may not be used for any purpose other than the Project.

DESCRIPTION OF THE SERIES 2021 BONDS

General

The Series 2021 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 2021 Bonds is payable on each January 1 and July 1, commencing January 1, 2022.

Payment of the principal of and interest on the Series 2021 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 2021 Bonds. See "Book-Entry Only Bonds."

When not in book-entry form, interest on the Series 2021 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 Municipality maintained by the Registration Agent. When not in book-entry form, the principal of and redemption premium (if any) on the Series 2021 Bonds will be paid upon the presentation and surrender of the Series 2021 Bonds at the principal corporate trust office of the Registration Agent.

Any interest on any Series 2021 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 Municipality to the persons in whose names the Series 2021 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 Municipality will notify the Registration Agent of the amount of Defaulted Interest proposed to be paid on each Series 2021 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 Municipality of such Special Record Date, and in the manner and at the expense of the Municipality, 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 2021 Bonds will be issued in fully registered form in the denomination of $5,000 each or integral multiples thereof. The Series 2021 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 2021 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 2021 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 2021 Bond or Series 2021 Bonds registered in the name of the transferee in the authorized denomination in the same aggregate principal amount and interest rate as the Series 2021 Bonds surrendered for such transfer. When not in book-entry form, the Series 2021 Bonds may be exchanged for a like principal amount of Series 2021 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 2021 Bonds.

Optional Redemption

The Series 2021 Bonds are subject to redemption prior to maturity at the option of the Municipality on or after July 1, 2030, 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 2021 Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Mayor of the Municipality in his discretion. If less than all of the Series 2021 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 2021 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Series 2021 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 2021 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series 2021 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 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 2021 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 2021 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 2021 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series 2021 Bonds, as and when above provided, and neither the Municipality 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 2021 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 Municipality to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

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 2021 Bonds. The Series 2021 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 2021 Bond certificate will be issued for each maturity of the Series 2021 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 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 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 2021 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 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 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 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect 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 2021 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 2021 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 2021 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 2021 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 2021 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 2021 Bonds at any time by giving reasonable notice to the Municipality or Registration Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2021 Bond certificates are required to be printed and delivered.

The Municipality 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 Municipality believes to be reliable, but the Municipality takes no responsibility for the accuracy thereof.

THE CITY 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 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 2021 BONDS

Neither the full faith and credit nor the taxing power of the State of Tennessee or any political subdivision thereof, including the Municipality, is pledged to the payment of the Series 2021 Bonds. The Series 2021 Bonds are limited obligations of the Municipality and are payable solely from the Net Revenues (as described below and as defined in Appendix A hereto) of the System, subject to the prior pledge thereof in favor of the Municipality's outstanding Loan Agreement with the Public Building Authority of the City of Lawrenceburg (the "PBA"), dated March 1, 2002, securing the PBA's Electric System Revenue Refunding Bonds, Series 2002, dated April 2, 2002, its General Obligation Refunding Bonds, Series 2015C, dated June 25, 2015, and its General Obligation Refunding Bonds, Series 2019A, dated September 20, 2019 (collectively, the "Prior Lien Bonds"). The Series 2021 Bonds do not constitute a charge, lien or encumbrance upon any other property of the Municipality.

The Municipality, through Lawrenceburg Utility Systems ("LUS"), also owns and operates a water, sewer and gas system (the "Other Systems"). The Other Systems are separate from the System and their revenues are not pledged to or available for the payment of the Series 2021 Bonds.

Pledge of Net Revenues

Under the terms of the Resolution, the Series 2021 Bonds are secured by a pledge of and lien on the Net Revenues, subject to the prior pledge of such revenues in favor of the Prior Lien Bonds. 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 System, and "DEBT SERVICE SCHEDULE" for information regarding the Municipality's debt service obligations.

Flow of Funds

Pursuant to the Resolution, LUS has agreed to deposit all revenues derived from the operation of the System into the Revenue Fund and to apply such moneys as follows:

- First, to pay operating expenses
- Next, to pay debt service on the Prior Lien Bonds
- Next, to pay debt service on the Series 2021 Bonds and any Parity Bonds
- Next, to fund debt service reserves for the Series 2021 Bonds and any Parity Bonds, if applicable (the Municipality has not established a debt service reserve for the Series 2021 Bonds)
- Last, to pay debt service on Subordinate Lien Bonds and to pay any other legal purpose

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

Rate Covenant

Under the terms of the Resolution, prior to the commencement of each Fiscal Year, LUS must estimate the revenues and expenditures for the upcoming Fiscal Year, based on rates then in effect, and, based on such estimate, adjust rates to the extent necessary to produce Net Revenues for the upcoming Fiscal Year (i) equal to not less than 1.20 times the debt service payable during the upcoming Fiscal Year on the Prior Lien Bonds, the Series 2021 Bonds and any Parity Bonds, (ii) sufficient, in addition, to provide for any required deposits during the upcoming Fiscal Year to the Reserve Fund and any other funds established by the Municipality or LUS pursuant to the Resolution and the resolutions authorizing any Prior Lien Bonds or Subordinate Lien Bonds or pursuant to sound and prudent operating practices as determined by LUS, (iii) sufficient to pay debt service on any Subordinate Lien Bonds, and (iv) sufficient to pay any amounts payable during such Fiscal Year under any Financial Guaranty Agreement, with respect to any Reserve Fund Credit Facility or under any financial guaranty agreement entered into pursuant to the resolutions authorizing the Series 2021 Bonds, Parity Bonds or any Subordinate Lien Bonds.

Bond Fund and Reserve Fund

The Resolution establishes a Bond Fund for the Series 2021 Bonds and any Parity Bonds. The Resolution requires LUS to make monthly deposits to the Bond Fund sufficient to accumulate funds necessary to pay scheduled debt service on the Series 2021 Bonds and any Parity Bonds. The money on deposit in the Bond Fund will be used to pay the principal of and interest on the Series 2021 Bonds and any Parity Bonds as the same become due.

The Resolution does not require that the Municipality or LUS fund a Reserve Fund for the Series 2021 Bonds.

Parity Bonds

The Municipality may, from time to time, issue Parity Bonds under the terms of the Resolution. Parity Bonds 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 2021 Bonds. See Appendix A for the conditions under which such Parity Bonds may be issued. The Municipality may not issue bonds payable from or secured by a lien on the Net Revenues senior to that securing the payment of the Series 2021 Bonds, including without limitation bonds on parity with the Prior Lien Bonds.

Subordinate Lien Bonds

The Municipality may, from time to time, issue Subordinate Lien Bonds under the terms of the Resolution. Subordinate Lien Bonds will either (i) have a lien on the Net Revenues of the System subordinate to the lien on the Net Revenues of the System securing the Series 2021 Bonds, or (ii) be payable from, but not have a lien on the Net Revenues of the System.

Additional Borrowing Plans

While LUS routinely funds capital improvements to the System, LUS does not anticipate the Municipality issuing or incurring any additional indebtedness payable from revenues of the System in the next two years. The Municipality does anticipate issuing additional System indebtedness to refinance outstanding debt and achieve debt service savings.

LEGAL MATTERS

Pending Litigation

The Municipality, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The Municipality, 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 Municipality 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 System.

There is no litigation now pending or, to the knowledge of the Municipality, threatened which restrains or enjoins the issuance or delivery of the Series 2021 Bonds, the use of Net Revenues for the payment of the Series 2021 Bonds, or the use of the proceeds of the Series 2021 Bonds or which questions or contests the validity of the Series 2021 Bonds or the proceedings and Municipality under which they are to be issued. Neither the creation, organization, or existence of the Municipality, nor the title of the present members or other officials of the Municipality 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 2021 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 D. Copies of the opinion will be available at the time of the initial delivery of the Series 2021 Bonds. Certain legal matters will be passed upon for the Municipality by Alan Betz, Esq., counsel to the Municipality.

TAX MATTERS

Federal

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Series 2021 Bonds. Their opinion under existing law, relying on certain statements by the Municipality and assuming compliance by the Municipality with certain covenants, is that interest on the Series 2021 Bonds:

- is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code.

The Code imposes requirements on the Series 2021 Bonds that the Municipality must continue to meet after the Series 2021 Bonds are issued. These requirements generally involve the way that the Series 2021 Bond proceeds must be invested and ultimately used. If the Municipality does not meet these requirements, it is possible that a bondholder may have to include interest on the Series 2021 Bonds in its federal gross income on a retroactive basis to the date of issue. The Municipality has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder or who is a particular kind of taxpayer may also have additional tax consequences from owning the Series 2021 Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Series 2021 Bonds.

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

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Series 2021 Bonds or affect the market price of the Series 2021 Bonds. See also "Changes in Federal and State Tax Law" below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Series 2021 Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Series 2021 Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Series 2021 Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Series 2021 Bond will be reduced. The holder of a Series 2021 Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Series 2021 Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Series 2021 Bond with bond premium, even though the Series 2021 Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Series 2021 Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Original Issue Discount. A Series 2021 Bond will have "original issue discount" if the price paid by the original purchaser of such Series 2021 Bond is less than the principal amount of such Series 2021 Bond. Bond Counsel's opinion is that any original issue discount on these Series 2021 Bonds as it accrues is excluded from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Series 2021 Bonds will be increased. If a bondholder owns one of these Series 2021 Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Series 2021 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2021 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2021 Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

State Taxes

Under existing law, the Series 2021 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 2021 Bonds during the period the Series 2021 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 2021 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.

Qualified Tax-Exempt Obligations

Under the Code, in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations", as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the Municipality as to the Series 2021 Bonds, Bond Counsel has determined that the Series 2021 Bonds upon issuance will be "qualified tax-exempt obligations" within the meaning of the Code.

Changes in Federal and State Tax Law

From time to time, there are presidential proposals, proposals of various federal and Congressional committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2021 Bonds or otherwise prevent holders of the Series 2021 Bonds from realizing the full benefit of the tax exemption of interest on the Series 2021 Bonds. It cannot be predicted whether, or in what form, these proposals might be enacted or if enacted, whether they would apply to Series 2021 Bonds prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Series 2021 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2021 Bonds would be impacted. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2021 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Series 2021 Bonds should consult their own tax advisors regarding the foregoing matters.

CONTINUING DISCLOSURE

The Municipality will at the time the Series 2021 Bonds are delivered execute a Continuing Disclosure Agreement under which it will covenant for the benefit of holders and beneficial owners of the Series 2021 Bonds to provide certain financial information and operating data relating to the Municipality and the System by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2021 (the "Annual Report"), and to provide notice of the occurrence of certain 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 Municipality 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 E. 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").

While it is believed that all appropriate filings were made with respect to the ratings of the Issuer's outstanding bond issues, some of which were insured by the various municipal bond insurance companies, no absolute assurance can be made that all such rating changes of the bonds or various insurance companies which insured some transaction were made or made in a timely manner as required by Rule 15c2-12.

The Municipality does not believe such omissions, if any, are material. As a result, for the past five years, the Municipality believes that it has complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

RATING

Moody's Investors Service, Inc. (the "Rating Agency") has assigned the Series 2021 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 2021 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 2021 Bonds. Neither the Municipality, 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 Lawrenceburg Utility Systems ("LUS") in connection with the issuance of the Series 2021 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 Series 2021 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 LUS 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 Series 2021 Bonds is contingent upon the issuance and delivery of the Series 2021 Bonds.

The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to LUS and the Municipality 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

Robert W. Baird & Co., Inc., Milwaukee, Wisconsin, acting for and on behalf of itself and such other securities dealers as it may designate, will purchase the Series 2021 Bonds for an aggregate purchase price of $8,620,258.33, which is par, less $84,377.17 underwriter's discount, plus original issue premium of $804.635.50.

The Underwriter may offer and sell the Series 2021 Bonds to certain dealers (including dealer banks and dealers depositing the Series 2021 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 Municipality as of June 30, 2020 and for the year then ended, attached hereto as Appendix C, 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 Municipality of such firm as independent auditors.

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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 2021 Bonds.

AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT

The Official Statement has been authorized by the Mayor of the Municipality and the Chairman of the Board of the System. Concurrently with the delivery of the Series 2021 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 2021 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.

/s/ *Blake Lay*
Blake Lay, Mayor, City of Lawrenceburg

/s/ *Bobby Jones*
Bobby Jones, Chairman, Lawrenceburg Utility Systems

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APPENDIX A

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

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SUMMARY OF RESOLUTION

The following information is a brief summary of certain provisions of the Resolution, as hereinafter defined, copies of which are available at the offices of the Municipality. This summary is not to be considered a complete statement of the Resolution, and, accordingly, is qualified by reference thereto and is subject to the full text thereof.

Definitions of Certain Terms

The following are definitions of certain terms used in the Resolution and in this Official Statement.

"Acquired System" shall mean any electrical power generation, transmission and/or distribution system acquired by the Municipality or LUS and/or any such facilities hereafter constructed or otherwise established by the Municipality or LUS pursuant to the Act.

"Act" shall mean Sections 7-34-101 et seq. and 9-21-101 et seq., Tennessee Code Annotated.

"Balloon Indebtedness" shall mean any bonds, notes or other indebtedness, other than Short-Term Indebtedness, 25% or more of the initial principal amount of which matures (or must be redeemed at the option of the holder) during any twelve month period, if such 25% or more is not to be amortized to below 25% by mandatory redemption prior to the beginning of such twelve month period.

"Board" means the Board of Directors of LUS.

"Bond Fund" shall mean the Series 2021 Principal and Interest Sinking Fund established by the Resolution.

"Bonds" means the Series 2021 Bonds and any Parity Bonds.

"Capital Appreciation Bonds" shall mean bonds which bear interest at a stated interest rate of 0.0% per annum, have a value on any applicable date equal to the Compound Accreted Value thereof on that date, and are payable only at maturity or earlier redemption.

"Code" means the Internal Revenue Code of 1986, as amended, and any lawful regulations promulgated or proposed thereunder.

"Compound Accreted Value" shall mean the value at any applicable date of any Capital Appreciation Bonds computed as the original principal amount thereof for each maturity date plus an amount equal to interest on said principal amount (computed on the basis of a 360-day year of twelve 30-day months) compounded semiannually on such dates as shall be established by the resolution authorizing Capital Appreciation Bonds, from the dated date to said applicable date at an interest rate which will produce at maturity the Maturity Amount for such maturity date.

"Credit Facility" means any municipal bond insurance policy, letter of credit, surety bond, line of credit, guarantee, or other agreement under which any person other than the Municipality or LUS provides additional security for any Bonds and guarantees timely payment of or purchase price equal to the principal of and interest on all or a portion of any Bond and shall include any Reserve Fund Credit Facility.

"Debt Service Requirement" means the total principal, Maturity Amounts 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 Municipality or LUS or any paying agent for the Bonds or other obligations of the Municipality or LUS payable from all or some portion of Gross Earnings), for any period of 12 consecutive calendar months for which such a determination is made, provided:

(a) The Debt Service Requirement with respect to Variable Rate Indebtedness shall be determined as if the variable rate in effect at all times during future periods equaled, at the option of LUS, either (A) the average of the actual variable rate which was 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 (B) the current average annual fixed rate of interest on securities of similar quality having a similar maturity date, as certified by a Financial Adviser.

(b) For the purpose of calculating the Debt Service Requirement on Balloon Indebtedness and Short-Term Indebtedness, at the option of LUS, (i) the actual principal and interest on such Balloon Indebtedness and Short Term Indebtedness shall be included in the Debt Service Requirement, subject to the other assumptions contained herein, or (ii) such Balloon Indebtedness and Short Term Indebtedness 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 Municipality could reasonably expect to borrow the same amount by issuing bonds with the same priority of lien as such Balloon Indebtedness and Short Term Indebtedness and with a 20-year term); provided, however, that if the maturity of such Balloon Indebtedness is in excess of 20 years from the date of issuance, then such Balloon Indebtedness 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 Indebtedness to maturity and at the interest rate applicable to such Balloon Indebtedness; provided further that this paragraph shall not be applicable for purposes of determining the Debt Service Requirement for purposes of the resolution unless the Municipality or LUS has a written commitment from a bank, underwriting firm or other financial institution to refinance at least 90% of the principal amount of such Balloon Indebtedness or Short-Term Indebtedness coming due in the relevant Fiscal Year.

(c) Any principal or interest payable on the first day of a Fiscal Year shall be deemed to become due on the last day of the immediately preceding Fiscal Year.

"Defeasance Obligations" shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

"Financial Adviser" means an investment banking or financial/municipal advisory firm, commercial bank, or any other person who or which is retained by the Municipality or LUS for the purpose of passing on questions relating to the availability and terms of specified types of debt obligations or the financial condition or operation of the System and is actively engaged in and, in the good faith opinion of LUS, 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.

"Financial Guaranty Agreement" shall mean any Financial Guaranty Agreement authorized herein to be executed in connection with a Reserve Fund Credit Facility.

"Fiscal Year" means the twelve-month period commencing July 1st of each year and ending June 30th of the following year.

"Governing Body" means the Board of Mayor and Council of the Municipality.

"Gross Earnings" means all revenues, rentals, earnings and income of the System from whatever source, determined in accordance with generally accepted accounting principles; proceeds from the sale of System property; proceeds of System-related insurance and condemnation awards and compensation for damages, to the extent not applied to the payment of the cost of repairs, replacements and improvements; and all amounts realized from the investment of funds of the System, including money in any accounts and funds created by the Resolution, and resolutions authorizing any Parity Bonds or subordinate lien bonds (excluding any investment earnings from construction or improvement funds created for the deposit of bond proceeds pending use, to the extent such income is applied to the purposes for which the bonds were issued, and funds created to defease any outstanding obligations of the System); provided, however, at the election of the Board, the term "Gross Earnings" as used herein shall not include any revenues, rentals, earnings or other income received from the operation of an Acquired System, and any bonds or other obligations issued in connection with such Acquired System shall not be payable from or secured by Net Revenues or be deemed to be Parity Bonds.

"Loan Agreement" shall mean any agreement or contract entered into by the Municipality or LUS whereby a third party agrees to advance funds to the Municipality or LUS and the Municipality or LUS agrees to repay those funds with interest from all or a portion of Gross Earnings.

"LUS" means Lawrenceburg Utility Systems, a board of public utilities formed pursuant to T.C.A. § 7-52-101 et seq.

"Maturity Amount" shall mean the Compound Accreted Value on the stated maturity date of a Capital Appreciation Bond.

"Maximum Annual Debt Service Requirement" means the maximum annual Debt Service Requirement for any Fiscal Year.

"Moody's" means Moody's Investors Service, Inc.

"Municipality" means the City of Lawrenceburg, Tennessee.

"Net Revenues" shall mean (i) Gross Earnings, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets and further excluding non-cash or non-recurring items, including but not limited to, non-cash contributions in aid of construction, less (ii) 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 bonds, notes or other debt obligations), insurance expenses, taxes and other governmental charges, the imposition or amount of which is not subject to control of the Board, any payments made by LUS during any Fiscal Year to purchase electrical power for distribution and sale during or after the end of that Fiscal Year, and other payments made under any electrical power supply contract or commodity swap or other hedging mechanism, and any principal or interest payments made by LUS 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 electrical power, 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 payments in lieu of taxes to the Municipality or other governmental jurisdictions, depreciation or obsolescence charges or reserves therefore, amortization of intangibles or other bookkeeping entries of a similar nature, on bonds, notes or other debt obligations of the System 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 LUS or expenses of an Acquired System if revenues of the Acquired System are not included in Gross Earnings at the election of the Board.

"Parity Bonds" means bonds, notes, Loan Agreements, and other debt obligations, including Balloon Indebtedness, Short-Term Indebtedness and Variable Rate Indebtedness, issued or entered into by the Municipality or LUS on a parity with the Series 2021 Bonds herein authorized in accordance with the restrictive provisions of the Resolution, including any bonds or other obligations secured by a pledge of and/or lien on an Acquired System and the revenues derived from the operation of such Acquired System (provided such pledge and lien are subject only to normal and customary expenses of operating, maintaining, repairing and insuring any such System), so long as the Acquired System is not being operated separately from the System as is permitted herein or the revenues from such Acquired System are not excluded from Gross Earnings.

"Prior Lien Bonds" means the Municipality's outstanding Loan Agreement with the Public Building Authority of the City of Lawrenceburg (the "PBA"), dated March 1, 2002, securing the PBA's Electric System Revenue Refunding Bonds, Series 2002, dated April 2, 2002; its General Obligation Refunding Bonds, Series 2015C, dated June 25, 2015, and its General Obligation Refunding Bonds, Series 2019A, dated September 20, 2019.

"Rate Covenant Requirement" means an amount of Net Revenues which is equal to the sum of: (a) 120% of the Debt Service Requirement for the forthcoming Fiscal Year on the Prior Lien Bonds and the Bonds, plus (b) 100% of (i) the amounts, if any, required by the Resolution to be deposited by the Issuer into the Reserve Fund during the forthcoming Fiscal Year, (ii) debt service payable on, or reserve fund funding requirements for, any subordinate lien indebtedness, and (iii) any required payments in lieu of taxes to the Municipality or other governmental entities.

"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 Moody's and S&P, or any successors thereto and any other nationally recognized credit rating agency.

"Reserve Fund" shall mean the Debt Service Reserve Fund established in the Resolution.

"Reserve Fund Credit Facility" means a municipal bond insurance policy, surety bond, letter of credit, line of credit, guarantee or other agreement provided by a Reserve Fund Credit Facility which provides for payment of amounts equal to all or any portion of the Reserve Fund Requirement in the event of an insufficiency of moneys in the Bond Fund to pay when due principal of and interest on all or a portion of the Bonds.

"Reserve Fund Credit Facility Issuer" means the issuer of a Reserve Fund Credit Facility that is, at the time such Reserve Fund Credit Facility is procured by the Issuer, assigned a financial strength rating of at least "AA-" by S&P or "Aa3" by Moody's.

"Reserve Fund Requirement" means an amount determined from time to time by the Municipality as a reasonable reserve, if any, for the payment of principal of and interest on a series of Bonds pursuant, which shall be set forth in the supplemental resolution authorizing such Bonds. With respect to the Series 2021 Bonds authorized herein, the Reserve Fund Requirement shall be $0.

"Revenue Fund" shall mean the Revenue Fund established in the Resolution.

"Series 2021 Bonds" means the Municipality's $7,900,000 Electric System Revenue Bonds, Series 2021.

"Short-Term Indebtedness" means bonds, notes, Loan Agreements or other debt obligations, including Variable Rate Indebtedness, maturing five years or less from their date of issuance, issued by the Municipality or LUS as Parity Bonds in accordance with the restrictive provisions of the Resolution.

"State" means the State of Tennessee.

"System" means the electrical power distribution system operated by LUS, any electrical power distribution and/or transmission system hereafter acquired, constructed or otherwise established, including all improvements and extensions made by LUS while the Bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the foregoing, and including all appurtenances, contracts, leases, franchises, and other intangibles; provided, however, at the election of the Board, an Acquired System may be included within the System as defined herein and become a part thereof or, at the election of the Board, not become a part of the System but be operated as a separate and independent system by LUS with the continuing right, upon the election of the Board, to incorporate such separately Acquired System within the System.

"S&P" means S&P Global Ratings.

"Variable Rate Indebtedness" means any Parity Bonds, the interest rate on which is subject to periodic adjustment, at intervals, at such times and in such manner as shall be determined by resolution authorizing such Parity Bonds; provided that if the interest rate shall have been fixed for the remainder of the term thereof, it shall no longer be Variable Rate Indebtedness.

Source of Payment and Security

The Bonds shall be payable solely from and secured by a pledge of the Net Revenues, subject to the prior pledge thereof in favor of the Prior Lien Bonds. The punctual payment of principal of and premium, if any, and interest on the Bonds shall be secured equally and ratably by the Net Revenues without priority by reason of series, number or time of sale or delivery. The Net Revenues are hereby irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due. The Bonds do not constitute a debt of the State of Tennessee or the City of Lawrenceburg (other than with respect to the Net Revenues).

Application of Revenues

Application of Revenues. From and after the delivery of any of the Series 2021 Bonds hereunder, and as long as any of the Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of all the Bonds, the Gross Earnings of the System shall be deposited as collected by LUS to the Revenue Fund established by the Resolution, administered and controlled by the Board. The funds so deposited in the Revenue Fund created under this Series 2021 Resolution shall be used only as follows:

> Operating Expenses and Prior Lien Bonds. The money in the Revenue Fund shall be used first from month to month for the payment of Operating Expenses and for the satisfaction of any payment obligations with respect to the Prior Lien Bonds
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> Bond Fund. The money thereafter remaining in the Revenue Fund shall next be used to make deposits into a separate and special fund, to be known as the "Series 2021 Principal and Interest Sinking Fund" (the "Bond Fund") to be kept separate and apart from all other funds of LUS and used to pay principal of and interest on the Bonds as the same become due, either by maturity or mandatory redemption. Such deposits shall be made monthly until the Bonds are paid in full or discharged and satisfied pursuant to the Resolution, beginning in the month next following delivery of the Series 2021 Bonds.
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> For the period commencing with the month next following the delivery of any Bonds, to and including the month of the next interest payment date for such Bonds, each monthly deposit as to interest shall be an amount that, together with all other monthly deposits of approximately equal amounts during such period and amounts otherwise in said Fund, will be equal to interest due on such Bonds on the next interest payment date, and for each six month period thereafter, each monthly deposit as to interest for such Bonds shall be an equal to not less than one-sixth (1/6th) of the interest coming due on such Bonds on the next interest payment date net of any interest earnings on such amounts.

For the period commencing with the month next following the delivery of any Bonds to and including the month of the next principal payment for such Bonds, each monthly deposit as to principal shall be an amount that, together with all other monthly deposits during such period and amounts otherwise in said Fund, will be equal to the principal due on such Bonds on the next principal payment date (provided that, in the event that the next principal payment date is more than 12 months following the month next following delivery of such Bonds, monthly deposits to the Bond Fund in respect of principal shall begin in the month which is 12 months prior to the month of the next principal payment date), and for each twelve-month period thereafter, each monthly deposit as to principal for such Bonds shall be an amount equal to not less than one-twelfth (1/12th) of the principal amount or Maturity Amount, as the case may be, coming due on such Bonds, whether by maturity or mandatory redemption, on the next principal payment date net of any interest earnings on such amounts.

No further deposit shall be required as to any Bonds when the Bond Fund balance is equal to or greater than the amount needed to pay interest on the next interest payment date, the total of the principal amounts payable, either by maturity or mandatory redemption, during the applicable twelve-month period. Notwithstanding the foregoing, deposits for payment of interest and principal on Variable Rate Indebtedness shall be made as set forth in the resolution authorizing such Variable Rate Indebtedness, and if interest is not paid semi-annually and/or principal is not paid annually with respect to any Bonds, the deposits may be adjusted by the Municipality or LUS as provided in the resolution authorizing the issuance of such Bonds. Money in the Bond Fund shall be used and is hereby expressly pledged for the purpose of paying principal of and interest on the Bonds.

Repayment of Reserve Fund Credit Facility Issuers. The next available money in the Revenue Fund shall be paid to any Reserve Fund Credit Facility Issuer or Issuers (pro rata, if more than one) to the extent needed to reimburse the Reserve Fund Credit Facility Issuer for amounts advanced by the Reserve Fund Credit Facility Issuer or Issuers under the Reserve Fund Credit Facility, including any amounts payable under any Financial Guaranty Agreement, together with reasonable related expenses incurred by the Reserve Fund Credit Facility Issuer and interest as provided in the Financial Guaranty Agreement.

Reserve Fund. To the extent any series of the Bonds has a Reserve Fund Requirement and such Reserve Fund Requirement is not fully satisfied by a Reserve Fund Credit Facility or Facilities or funds of the Municipality, or a combination thereof, the next available money in the Revenue Fund shall be used to make deposits into the applicable subaccount of the Reserve Fund. No deposit shall be required to be made to the Reserve Fund unless the amount in the Reserve Fund, together with the Reserve Fund Credit Facility or Facilities, if any, becomes less than the applicable Reserve Fund Requirement. In the event deposits to the Reserve Fund shall be required pursuant to the preceding sentence, said deposits shall be payable monthly as hereafter provided and each deposit shall be in a minimum amount equal to 1/24th of the difference between the Reserve Fund Requirement and the amount in each subaccount of said Fund, together with the Reserve Fund Credit Facility or Facilities, if any, immediately following the occurrence of such deficiency, so that any deficiency in any subaccount of said Fund shall be replenished over a period of not greater than twenty four (24) consecutive months; provided, any monthly payments in excess of said minimum payments shall be a credit against the next ensuing payment or payments. Any deposits required to be made thereunder shall be made monthly at the same time as deposits are made to the Bond Fund, commencing the first month in which the amount in the Fund, together with the Reserve Fund Credit Facility or Facilities, if any, is less than the Reserve Fund Requirement. All deposits to the Reserve Fund shall be made from the first money in the Revenue Fund thereafter received which shall not then be required to pay Current Expenses, be transferred into the Bond Fund, or to be paid to the Reserve Fund Credit Facility Issuer or Issuers as above provided. Money in the Reserve Fund shall be used solely for the purpose of paying principal of or interest on the Bonds for the payment of which funds are not available in the Bond Fund. Funds in excess of the Reserve Fund Requirement may be released to be used by the Municipality for legally permissible purposes.

At the option of the Municipality, the Municipality may satisfy the Reserve Fund Requirement applicable to a series of Bonds, or a portion thereof, by providing for the benefit of owners of such series of Bonds a Reserve Fund Credit Facility or Facilities, at any time, in an amount not greater than the Reserve Fund Requirement applicable to such series of Bonds and release an equal amount of funds on deposit in the corresponding subaccount of the Reserve Fund to be used by the Municipality for legally permissible purposes. At any time during the term hereof, the Municipality shall have the right and option to substitute a new Reserve Fund Credit Facility or Facilities for any Reserve Fund Credit Facility or Facilities previously delivered, upon notice to the Registration Agent and the Reserve Fund Credit Facility Issuer or Issuers and delivery of a Reserve Fund Credit Facility or Facilities in substitution therefor. In the event of the issuance of Parity Bonds pursuant to the restrictive provisions of the Resolution with a Reserve Fund Requirement or the substitution of a Reserve Fund Credit Facility or Facilities for less than the full amount of the Reserve Fund Requirement, the Municipality shall satisfy the applicable Reserve Fund Requirement by depositing funds to the Reserve Fund or obtaining a Reserve Fund Credit Facility or Facilities, or any combination thereof, in an aggregate amount equal to the applicable Reserve Fund Requirement for the series of Bonds taking into account any funds then held therein or the amount of any Reserve Fund Credit Facility or Facilities then in effect.

In the event of the necessity of a withdrawal of funds from the Reserve Fund during a time when the Reserve Fund Requirement is being satisfied by a Reserve Fund Credit Facility or Facilities and funds of the Municipality, the funds shall be disbursed completely before any demand is made on the Reserve Fund Credit Facility. In the event all or a portion of the Reserve Fund Requirement is satisfied by more than one Reserve Fund Credit Facility, any demand for payment shall be pro rata between or among the Reserve Fund Credit Facilities. If a disbursement is made by demand on a Reserve Fund Credit Facility, the Municipality, from Revenues after payment of Current Expenses and required deposits to the Bond Fund, shall reimburse the Reserve Fund Credit Facility Issuer for all amounts advanced under the Reserve Fund Credit Facility (pro rata, if more than one Reserve Fund Credit Facility), including all amounts payable under any Financial Guaranty Agreement or Agreements, and then replenish the Reserve Fund as provided herein.

In the event the Reserve Fund Requirement, or any part thereof, shall be satisfied with a Reserve Fund Credit Facility or Facilities, notwithstanding the terms of the Resolution, the terms, covenants, liability and liens provided or created herein or in any resolution supplemental hereto shall remain in full force and effect and said terms, covenants, liability and liens shall not terminate until all amounts payable under any Financial Guaranty Agreement have been paid in full and all obligations thereunder performed in full. If the Municipality shall fail to pay when due all amounts payable under any Financial Guaranty Agreement, the Reserve Fund Credit Facility Issuer shall be entitled to exercise any and all remedies available at law or under this Resolution other than remedies that would adversely affect owners of Bonds.

It shall be the responsibility of the Registration Agent to maintain adequate records, verified with the Reserve Fund Credit Facility Issuer or Issuers, as to the amount available to be drawn at any given time under the Reserve Fund Credit Facility or Facilities and as to the amounts paid and owing to the Reserve Fund Credit Facility Issuer or Issuers under the terms of any Financial Guaranty Agreement and to provide notice to the Reserve Fund Credit Facility Issuer at least two days before any payment is due. The Reserve Fund Credit Facility Issuer shall receive notice of the resignation or removal of the Registration Agent and the appointment of a successor thereto.

Notwithstanding anything herein to the contrary, the Municipality may issue Parity Bonds without a Reserve Fund Requirement, as shall be specified in the bond resolution authorizing such Parity Bonds.

<u>Surplus Funds</u>. The next available money in the Revenue Fund shall be used (i) to make payments in lieu of taxes to the Municipality and other governmental jurisdictions, (ii) for the purpose of the payment of principal of and interest on (including reasonable reserves therefor) any bonds or other obligations payable from revenues of the System, but junior and subordinate to the Bonds, and (iii) for any legally permissible purpose, as the Board shall determine.

Investments and Maintenance of Funds. Money on deposit in the Funds described in this Section may be invested by LUS in such investments as shall be permitted by applicable law, as determined by an authorized representative of LUS, all such investments to mature not later than the date on which the money so invested shall be required for the purpose for which the respective Fund was created. All income derived from such investments shall be regarded as revenues of the System and shall be deposited in the Revenue Fund. Such investments shall at any time necessary be liquidated and the proceeds thereof applied to the purpose for which the respective Fund was created; provided, however, that in no event shall moneys in the Reserve Fund be invested in instruments that mature or are subject to repurchase more than two years from the date the money is so invested. LUS is authorized to enter into contracts with third parties for the investment of funds in any of the Funds described herein.

The Revenue Fund, the Bond Fund, and the Reserve Fund (except to the extent funded with a Reserve Fund Credit Facility or Facilities) shall be held and maintained by LUS and, when not invested, kept on deposit with a bank or financial institution regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency. All moneys in such Funds so deposited shall at all times be secured to the extent and in the manner required by applicable State law.

Covenants Regarding the Operation of System

Charges for Services Supplied by the System. While the Bonds remain outstanding and unpaid, LUS covenants and agrees that it will permit no free service to be furnished to any consumer or user whatsoever; that the charges for all services supplied through the medium of the System to all consumers and users shall be reasonable and just, taking into account and consideration the cost and value of the System and the cost of maintaining, operating, repairing and insuring the System, a proper and necessary allowance for the depreciation thereof, and the amounts necessary for the payment of principal of and interest on all obligations payable from revenues of the System; and that there shall be charged against all users of the services of the System such rates and amounts as shall be fully adequate to comply with the covenants of the Resolution.

LUS covenants that the System will be operated on a fully metered basis and that LUS will bill customers of the System on a monthly basis and will establish and maintain policies and procedures for discontinuing service to customers with delinquent bills.

Insurance. The Municipality or LUS (as applicable) shall maintain insurance on the properties of the System of a kind and in an amount which would normally be carried by private companies engaged in a similar type and size of business, provided, the Municipality and LUS shall not be required to insure beyond the limits of immunity provided by Sections 29-20-101 et seq., Tennessee Code Annotated, or other applicable law. The proceeds of any such insurance, except public liability insurance, shall be used to replace the part or parts of the System damaged or destroyed, or, if not so used, shall be placed in the Revenue Fund.

Books and Accounts; Audits. LUS will cause to be kept proper books and accounts adapted to the System, will cause the books and accounts to be audited in accordance with GAAP at the end of each Fiscal Year by a recognized independent certified public accountant or a firm of such accountant or accountants and, upon written request, will make available to any registered owner of the Bonds the balance sheet and the profit and loss statement of LUS as certified by such accountant or accountants.

All expenses incurred in the making of the audits required by this subsection shall be regarded and paid as Operating Expenses. LUS further agrees to cause copies of such audits to be furnished to the registered owner of any of the Bonds, at the written request thereof, within one year after the close of each Fiscal Year. If LUS fails to provide the audits and reports required by this subsection, the registered owner or owners of twenty-five percent (25%) in principal amount of the Bonds may cause such audits and reports to be prepared at the expense of LUS.

Rate Covenant. LUS shall, through the Board, establish, fix, prescribe and collect rates, charges and fees for the sale or use of System services furnished by the Issuer which, together with other income, are reasonably expected to yield Net Revenues which are at least equal to the Rate Covenant Requirement for the forthcoming Fiscal Year. The Issuer agrees that should the annual financial statement made in accordance with the provisions of the Resolution disclose that during the period covered by such financial statement the Net Revenues were not at least equal to the Rate Covenant Requirement, the Issuer shall revise the schedule of rates, charges and fees insofar as is practicable and further revise Operating Expenses so as to produce the necessary Net Revenues as herein required. The Issuer shall revise the schedules of rates, charges and fees as provided in the preceding sentence within 120 days after the filing of the financial statements pursuant to the Resolution.

Sale or Disposal of System. The Municipality and LUS 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; provided, however, the use of any of the System facilities may at any time be permanently abandoned or otherwise disposed of or any of the System facilities sold at fair market value, provided that:

> (a) The Municipality and LUS are in full compliance with all covenants and undertakings in connection with all bonds, notes and other obligations then outstanding and payable from the revenues of the System and any required reserve funds for such bonds, notes and other obligations have been fully established and contributions thereto are current;
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> (b) Any sale proceeds will be applied either (A) to redemption of Bonds in accordance with the provisions governing repayment of Bonds in advance of maturity, or (B) to the purchase of Bonds at the market price thereof so long as such price does not exceed the amount at which the Bonds could be redeemed on such date or the next optional redemption date as set forth herein or in the resolutions authorizing the Parity Bonds, or (C) to the construction or acquisition of facilities in replacement of the facilities so disposed of or other facilities constituting capital improvements to the System, or (D) the deposit to a replacement fund to be used to make capital improvements to the System;
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> (c) (i) 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 (ii) the operation of the System or revenue producing capacity of the System is not materially impaired by such abandonment, sale or disposition or any facilities acquired in replacement thereof are of equivalent or greater value; and
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> (d) If the facilities are being sold or disposed to an entity that is not a state or local government and the facilities were financed with the proceeds of Bonds the interest on which is excludable from gross income for federal income tax purposes, the Municipality or LUS shall have received an opinion of nationally recognized bond counsel to the effect that such sale, lease, mortgage or other disposition will not jeopardize the exclusion from federal income taxation of interest on any Bonds then outstanding intended to be excludable from gross income for federal income tax purposes.

Nothing herein is 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 LUS is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

Notwithstanding anything elsewhere provided in this resolution, and without being subject to any of the foregoing restrictions, with the approval of LUS, the Municipality 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 herein used), provided the Transferee thus acquiring the System from the Municipality will assume the performance of and be bound by all of the obligations of the Municipality and LUS to the holders of the Bonds under the covenants and provisions of the Resolution.

Budgets. Prior to the beginning of each Fiscal Year, the Board shall prepare, or cause to be prepared, and adopted an annual budget of estimated revenues, Operating Expenses, and capital expenditures for the System for the ensuing Fiscal Year in compliance with the rate covenant requirement set forth in the Resolution, and will undertake to operate the System within such budget to the best of its ability. Copies of such budgets and amendments thereto will be made available to any registered owner of a Bond upon written request.

Franchises. Neither the Municipality nor LUS will construct, finance or grant a franchise for the development or operation of facilities that compete for service with the services to be provided by the System or consent to the provision of any such services in the area currently or hereafter served by the Municipality or LUS by any other public or private entity and will take all steps necessary and proper, including appropriate legal action to prevent any such entity from providing such service; provided, nothing herein contained shall prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as LUS is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

Control of System. That for the purpose of assuring the efficient, impartial and nonpolitical operation of said system for the benefit of the Municipality and the Bondholders of the Bonds from time to time outstanding, the complete and independent control and operation of the system shall be vested in the Board, subject, however, to the obligation and duty on the part of said Board to carry out and perform faithfully all of the covenants and agreements contained in the Resolution. Notwithstanding anything herein to the contrary, all obligations of the Municipality hereunder with respect to the Bonds and the System shall be exercised and fulfilled by LUS, on behalf of the Municipality. Nothing herein is intended to limit the ability of the Municipality to dispose of the System in the manner described in the Resolution.

Remedies of Bond Owners

Any registered owner of any of the Bonds may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon LUS or the Municipality by the provisions of this resolution, including the making and collecting of sufficient rates, the proper application of and accounting for revenues of the System, and the performance of all duties imposed by the terms hereof.

If any default be made in the payment of principal of, premium, if any, or interest on the Bonds, then upon the filing of suit by any registered owner of said Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System in behalf of LUS or the Municipality with power to charge and collect rates sufficient to provide for the payment of all bonds and obligations outstanding against the System and for the payment of Operating Expenses, and to apply the income and revenues thereof in conformity with the provisions of this resolution.

Prohibition of Prior Lien; Parity Bonds

Prohibition of Prior Liens. Neither the Municipality nor LUS will issue other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the System having priority over the Bonds, including without limitation any bonds issued on parity with the Prior Lien Bonds.

Parity Bonds. Additional bonds, notes, Loan Agreements or obligations may hereafter be issued on a parity with the Bonds under the following conditions but not otherwise:

(a) Any portion (including any maturities or portions thereof whether or not in chronological order and any amounts subject to mandatory redemption) or all of a series of the Bonds 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 bonds, and the refunding bonds so issued shall constitute Parity Bonds secured on a parity with the Bonds thereafter outstanding, if all of the following conditions are satisfied:

> (i) LUS shall have obtained a report from a Financial Adviser demonstrating that the refunding is expected to reduce the total debt service payments on the Bonds, including payments on related Credit Facilities; and
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> (ii) the requirements of subsections (b)(ii) and (iv) below are met with respect to such refunding.

(b) Parity Bonds (including refunding Parity Bonds which do not meet the requirements of (a)) may also be issued on a parity with outstanding Bonds, and the Parity Bonds so issued shall be secured on a parity with such outstanding Bonds, if all of the following conditions are satisfied:

(i) There shall have been procured and filed with LUS a report by a Financial Adviser or a certificate by the Chairman of the Board, or his designee, to the effect that the historical 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 Parity Bonds or (ii) the most recent audited Fiscal Year, were equal to at least 120% of the Maximum Annual Debt Service Requirement on all Prior Lien Bonds and Bonds which will be outstanding immediately after the issuance of the proposed Parity Bonds, in the then current and each succeeding Fiscal Year, provided, however, (w) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to the increased annual amount of Net Revenues attributable to improvements to the System that had been placed in service prior to the delivery of the proposed Parity Bonds and that are not fully reflected in the historical related Net Revenues actually received during such historical period used, (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 Parity Bonds and not fully reflected in the historical related Net Revenues actually received during such historical period used; (y) if the Municipality or LUS 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 Municipality or LUS 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.

(ii) LUS shall have received, at or before issuance of the Parity Bonds, a report from a Financial Adviser or a certificate of the Chairman of the Board, or his designee, to the effect that (x) the payments required to be made into the Bond Fund have been made and the balance in the Bond Fund is not less than the balance required hereby as of the date of issuance of the proposed Parity Bonds; and (y) the Reserve Fund is funded to the Reserve Fund Requirement and will be funded to the Reserve Fund Requirement immediately following the issuance of the proposed Parity Bonds.

(iii) The resolution authorizing the proposed Parity Bonds must require the proceeds of such proposed Parity Bonds to be used to make capital improvements to or capital acquisitions for the System, to pre-purchase supplies of electrical power, to fund interest on the proposed Parity Bonds, to refund other obligations issued for such purposes (whether or not such refunding Parity Bonds satisfy the requirements of (a)), 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 Parity Bonds.

(iv) The Chairman of the Board shall have certified, by written certificate dated as of the date of issuance of the Parity Bonds, that LUS is in compliance with all requirements of this resolution and the resolutions authorizing the Prior Lien Bonds.

(c) Upon the determination of LUS to combine an Acquired System into the System, all outstanding Bonds and any bonds, notes and other obligations of the Acquired System outstanding upon such combination may, at the election of LUS, be payable from Net Revenues of the combined System on a parity and equality of lien with each other, provided that there shall be filed with LUS:

(i) a report by a Financial Adviser or a certificate by the Chairman of the Board, or his designee the Net Revenues of such combined System for a period of 12 consecutive months of the most recent 18 consecutive months prior to such combination were equal to at least 120% of the Maximum Annual Debt Service Requirement on all Bonds and any bonds, notes and other obligations of the Acquired System which will be outstanding immediately after the combination, provided, however, (w) the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to the increased annual amount of Net Revenues attributable to improvements to the System that had been placed in service prior to the combination and that are not fully reflected in the historical related Net Revenues actually received during such historical period used, (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 the combination and not fully reflected in the historical related Net Revenues actually received during such historical period used; and (y) if the Municipality or LUS 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.

(ii) A certificate of the Chairman of the Board, as of the date of the combination, that LUS is in compliance with all requirements of this resolution.

Applicability of Resolution to Parity Bonds. All the provisions and covenants of this resolution relating to negotiability and registration of Bonds, creation and investment of funds and the application of revenues, the operation of the System and charges for services of the System, the remedies of owners of the Bonds, the issuance of additional bonds, modification of this resolution, the defeasance of Bonds, and such other provisions hereof as are appropriate may be incorporated by reference into supplemental resolutions authorizing additional bonds, and said provisions, when so incorporated, shall be equally applicable to the additional bonds issued pursuant to the terms of this Article IX in all respects and with like force and effect as though said provisions were recited in full in said supplemental resolutions and shall continue to be applicable so long as any such bonds remain outstanding.

Discharge and Satisfaction of Bonds

If the Municipality or LUS shall pay and discharge the indebtedness evidenced by all or any portion of the Bonds in any one or more of the following ways:

(a) By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

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

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

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

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

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Municipality as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to LUS, as received by the Registration Agent.

Modification of Resolution

Amendment Without Bondholder Consent. The Resolution may be amended without the consent of or notice to the registered owners of the Bonds for the purpose of curing any ambiguity or formal defect or omission herein; provided such amendment shall not adversely affect the registered owners, without taking into account any bond insurance policy.

Other Amendments. In addition to the amendments to the Resolution without the consent of registered owners as referred to in the Resolution, the registered owners of a majority in aggregate principal amount of the Bonds at any time outstanding (not including in any case any Bonds which may then be held or owned by or for the account of the Municipality but including such refunding bonds as may have been issued for the purpose of refunding any of such Bonds if such refunding bonds shall not then be owned by the Municipality) shall have the right from time to time to consent to and approve the adoption by the Governing Body of a resolution or resolutions modifying any of the terms or provisions contained in the Resolution; provided, however, that the Resolution may not be so modified or amended in such manner, without the consent of 100% of the registered owners of the Bonds, as to:

(a) Make any change in the maturities or redemption dates of the Bonds;

(b) Make any change in the rates of interest borne by the Bonds;

(c) Reduce the amount of the principal payments or redemption premiums payable on the Bonds;

(d) Modify the terms of payment of principal of or interest on the Bonds or impose any conditions with respect to such payments;

(e) Affect the rights of the registered owners of less than all of the Bonds then outstanding; or

(f) Reduce the percentage of the principal amount of the Bonds the consent of the registered owners of which is required to effect a further modification.

Procedure for Modification. Whenever the Municipality shall propose to amend or modify the Resolution under the provisions of the Resolution, it shall cause notice of the proposed amendment to be mailed by first-class mail, postage prepaid, to the owner of each Bond then outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the Municipality for public inspection.

Whenever at any time within one year from the date of mailing of said notice there shall be filed with the Secretary an instrument or instruments executed by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding as in this Section defined, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the Municipality may adopt such amendatory resolution and such resolution shall become effective and binding upon the owners of all Bonds.

If the registered owners of at least a majority in aggregate principal amount of the Bonds outstanding as in this section defined, at the time of the adoption of such amendatory resolution, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no registered owner of any Bonds, whether or not such owner shall have consented to or shall have revoked any consent as in this Section provided, shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the Municipality from taking any action pursuant to the provisions thereof.

Any consent given by the registered owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice above provided for and shall be conclusive and binding upon all future registered owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of publication of such notice by the registered owner who gave such consent or by a successor in title by filing notice of such revocation at the Municipality office, but such revocation shall not be effective if the registered owners of a majority in aggregate principal amount of the Bonds outstanding as in this Section defined shall have, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation.

The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

The amount (number(s)) of the Bonds owned by any person executing such instrument and the date of the ownership of the same shall be proved by reference to the Bond registration records maintained by the Registration Agent, which records shall constitute conclusive proof of the ownership thereof.

Notwithstanding the foregoing, if any Bonds are insured by a bond insurance policy, the bond insurer issuing such bond insurance policy shall be entitled to consent to any modifications to this Resolution on behalf of the owners of the Bonds insured by such bond insurer, provided that no bond insurer shall be entitled to consent to any modifications to this Resolution that require the unanimous consent of the owners of the Bonds as described above.

APPENDIX B

STATISTICAL AND DEMOGRAPHIC INFORMATION REGARDING THE SYSTEM

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THE SYSTEM

The Electrical Distribution System (the "System") is operated by the City of Lawrenceburg (the "City") as a separate department under control of the Board of Public Utilities of the City of Lawrenceburg, Tennessee (the "Board") and the supervision of a Superintendent. The System is operated on an independent and self-sustaining basis, including accounting procedures. It is supported solely by revenues obtained through the sale of electricity to its customers. The System provides essential electric services to the residents of the City and of Lawrence County, Tennessee. The revenues of the System may be pledged separately to finance debt.

The City's electric services are provided under the direction and control of the Board. The Board was created for the purpose of exercising efficient and non-political general supervision, management, and control of the operation of the electric distribution system. The rights, powers, and privileges were conveyed to the Board through a resolution by the City which became effective on December 17, 1946 pursuant to Senate Bill Number 113, Chapter 32, of the Public Acts of the State of Tennessee of 1935, as amended. The members of the Board are appointed by the Mayor and approved by the Board of Commissioners of the City to serve four year terms.

The five-member Board has general supervision and control of the System with one member serving from the City Council. Each member is appointed by the Mayor and confirmed by the City Council to staggered four-year terms of office. The Board appoints a chief executive officer of the System. Set forth below are the members of the board and the expiration of their terms of office. Board members continue to serve upon the expiration of their term until a new member is appointed.

Member	Expiration of Term
Bobby Jones – Chairman	June 30, 2023
Shane Hughes – Vice Chair	June 30, 2024
Ronald Fox - Commissioner	June 30, 2021
Jerry Jones	June 30, 2022
Cathy Mashburn	June 30, 2021

The General Manager of the System is Vic Pusser. Mr. Pusser graduated from Tennessee Technological University and is a licensed engineer. He has severed as General Manager for the past fourteen years. The Financial Controller of the System is John Cain. Mr. Cain graduated from the University of Tennessee and is a certified public accountant. He also has served the system for the past fourteen years.

Service Area

The Lawrenceburg Utility Systems (the "LUS") provides electricity to approximately 22,675 customers located throughout the City and Lawrence County, Tennessee. Electrical power is supplied to LUS by the Tennessee Valley Authority (TVA) under an all-requirements contract. LUS purchases power at five delivery points and power is distributed over approximately 1,614 miles of lines. All of the substations are owned and maintained by LUS.

Tennessee law (TCA Section 7-34-104) authorizes municipalities to operate electric systems within and outside the municipality's corporate boundaries. Tennessee municipalities may operate electric systems within the corporate boundaries of other municipalities, with those municipalities' consent. If another municipality annexes a previously unincorporated area in which a municipality provides electric service, Tennessee law provides that the annexing municipality has the right to acquire the local assets of the municipal electric provider at a price agreed upon by the parties or if the parties are unable to agree, the fair market value (TCA Section 6-51-111).

Source of Electric Power

The System does not generate any electric power but purchases its entire supply from the Tennessee Valley Authority ("TVA") pursuant to a power contract dated as of August 28, 1987 (the "Power Contract"). Under the Power Contract, the City agrees to purchase all of its electric power from TVA.

In 1987, LUS signed a long-term power supply agreement with TVA. This Agreement was amended on August 22, 2019. Pursuant to the amendment, the term of this agreement is for 20 years with an automatic annual renewal. The benefits to LUS include a 3.1% credit on the distributor's monthly power invoice and long-term access to a stable and reliable source of power. As of February 2021, 142 of the TVA's 154 municipal and cooperative customers, including four of their five largest customers, signed a similar long-term contract with TVA.

The cost and availability of power to the System may be affected by, among other things, factors relating to TVA's nuclear program, fuel supply, environmental considerations such as future legislation regulating the mining of coal, the construction and financing of future generating and transmission facilities and other factors relating to TVA's ability to supply the power demands of its customers, including the City. The power sold to the City is supplied from the entire TVA system and not one specific generating facility.

The Power Contract provides that TVA shall make every reasonable effort to increase the generating capacity of its system and to provide the transmission facilities required to deliver output thereof so as to be in a position to supply additional power when and to the extent needed by the Board. Neither TVA nor the Board is liable for breach of contract if the availability or use of power is interrupted or curtailed or is prevented from performing under the Power Contract by circumstances reasonably beyond their control. The amount of power supplied by TVA and the contractual obligation to supply such power are limited by the capacity of TVA's generating and transmission facilities and the availability of power purchased from other generating facilities.

The Power Contract provides that the Board may sell power to all customers in its service area, except certain federal installations and large customers whom TVA may serve directly. At the present time, TVA does not directly serve any customer located within the service area of the System

The Tennessee Valley Authority

TVA was established as a wholly-owned corporate agency and instrumentality of the United States of America by the Tennessee Valley Authority Act of 1933, as amended. The Act's objective is the development of the resources of the Tennessee Valley and adjacent areas in order to strengthen the regional and national economy and the national defense. Its specific purposes include: (1) flood control on the Tennessee River and its tributaries, and assistance to flood control on the lower Ohio and the Mississippi Rivers; (2) a modern navigable channel for the Tennessee River; (3) ample supply of power within an area of 80,000 square miles; (4) development and introduction of more efficient soil fertilizers; and (5) greater agricultural and industrial development and improved forestry in the region. All powers of TVA are vested in its nine-member board appointed by the President of the United States and confirmed by the United States Senate for five-year terms.

In 2005, Congress passed legislation that changes TVA in two significant ways. First, it changes the structure of TVA's Board from a three-person, full-time Board to a nine-person, part-time Board, which will meet at least four times per year. The new Board members, whose appointment terms will be five years, will still be appointed by the President and confirmed by the Senate. Second, the new law requires TVA to file periodic financial updates with the Securities and Exchange Commission (SEC), and be subject to certain reporting requirements of the SEC.

Capital Improvement Plans

The System routinely funds $3 to $5 million dollars per year in capital improvements from internally generated funds. LUS typically finances larger projects with bond proceeds. The 2021 Bonds will finance a new substation on the north side of the County. While plans can change, LUS does not currently have any plans for future bond financings related to capital improvements.

Electric Rates

Effective May 1, 1992, TVA approved a change in its method of billing the Board for purchased power. In connection therewith, TVA amended the Power Contract to allow all of its distributors to design their own rates. Such rates are subject to TVA's review and approval. The System and the Board are not aware of any pending legislation to make its electric rates subject to regulation. Previously, TVA required its distributors to adhere to the resale rates set forth in certain schedules established by TVA. The Power Contract further provides that if the resale rates set forth therein do not provide sufficient revenues for the operation and maintenance of the System on a self-supporting, financially sound basis, including debt service, TVA and the Board shall agree to changes in rates to provide increased revenues. Similarly, if the rates and charges produce excess revenues, the parties shall agree to reductions. Since the date of the Power Contract, the wholesale and resale rates have been adjusted from time to time through the publication by TVA of Adjustment Addenda.

In August 2003, the TVA Board of Directors approved several changes to TVA's wholesale power rates. TVA's rate action consisted of a rate change, reflecting a reallocation of wholesale operating costs among customer classes, and a rate adjustment, designed to generate an additional $365 million in annual revenue for TVA to use to meet certain clean air standards at its generating plants. As a result, TVA's wholesale rate for residential and non-manufacturing general power customers increased 6 percent, while wholesale manufacturing rates decreased 2.0 percent. This was TVA's first wholesale rate increase since October 1997.

TVA announced that the TVA Board increased firm wholesale power rates 7.52 percent effective October 1, 2005. The Board used its purchased power adjustment to increase its retail electric rates in order to recover this wholesale power cost increase.

Effective October 1, 2012 Lawrenceburg Utility Systems elected to adjust retail rates based on the TVA Modified Time of Use wholesale rate election. The change would allow greater pricing differentials between peak and off-peak usage.

The residential, commercial and industrial rates for the fiscal year ended June 30, 2020 are as follows:

I. Residential Rates (per month):

Customer Charge: $19.00 per delivery point
Demand Charge: First 800 kWh at 9.215 cents per kWh
Additional kWh at 9.215 cents per kWh

II. Commercial Rates – (per month):

Schedule GSA:

Part 1
Customer Charge: $35.00 per delivery point
Energy Charge: All kWh at 10.249 cents per kWh

Part 2
Customer Charge: $195.00 per delivery point
Demand Charge: First 50 kW of billing demand, no demand charge
Excess over 50 kW of billing demand at $16.38 per kW
Energy Charge: First 15,000 kWh per month at 10.215 cents per kWh
Additional kWh per month at 6.053 cents per kWh

Part 3
Customer Charge: $500.00 per delivery point
Demand Charge: First 1,000 kW of billing demand per month at $16.51 per kW
Excess over 1,000 kW of billing demand per month at $18.59 per kW, plus an additional $18.59 per month for each kW, if any, of the amount by which the customer's billing demand exceeds the higher of 2,500 kW or its contract demand
Energy Charge: 6.054 cents per kWh per month

Schedule SGSA:

Part 1 (Under 50 kW demand)
Customer Charge: $35.00 per delivery point
Energy Charge: All kWh at 11.652 cents per kWh

Part 2 (50 – 1,000 kW demand)
Customer Charge: $195.00 per delivery point
Demand Charge: First 50 kW of billing demand, no demand charge
Excess over 50 kW of billing demand at $20.38 per kW
Energy Charge: First 15,000 kWh per month at 11.545 cents per kWh
Additional kWh per month at 6.053 cents per kWh

Part 3 (Above 1,000 kW demand)
Customer Charge: $500.00 per delivery point
Demand Charge: First 1,000 kW of billing demand per month at $22.59 per kW
Excess over 1,000 kW of billing demand per month at $22.59 per kW, plus an additional $20.59 per month for each kW, if any, of the amount by which the customer's billing demand exceeds

the higher of 2,500 kW or its contract demand
Energy Charge: 6.054 cents per kWh per month

Schedule Industrial Rate:
TOU MSB (above 5,000kW)
Customer Charge: $1,500.00 per delivery point
Admin Charge: $350.00
OnPeak kW: $10.24
Max kW: $2.26
Excess of Contract kW: $10.24

Energy Charge:
  Onpeak kWh 7.075 cents
  Offpeak kWh
    First 200 HUD 4.575 cents
    Next 200 HUD 1.606 cents
    Additional HUD 1.351 cents

III. **Outdoor Lighting Rates – (per month):**

Customer Charge: $2.50 per delivery point
Demand Charge: All kW of billing demand at 6.473 cents per kWh
Facility Charge (part B) at 9% of installed lighting cost

Substation, Transmission and Distribution Systems

The System is connected to the TVA transmission grid through (5) 161 kV delivery points. These delivery points are the Collins, Crockett, Dunn, Five Points, and Loretto Substations. Currently, the System includes approximately 1,602 miles of distribution lines. The peak demand for the System was 120,553 kW which occurred in January 2015.

All transmission, substation and distribution engineering for day-to-day operations is done by personnel of the System. The engineering section combines effort with its consultants to prepare plans for new delivery points and long range plans to accommodate electric loads for customers for the future.

With very few exceptions, the System's personnel perform all the construction and maintenance work required. For maintenance repair of equipment and for making special apparatus of various kinds, the System has modern fully equipped shops, test apparatus and instruments. Two-way radio systems provide communications with mobile units.

Customers and Usage

The System has a relatively stable customer base. Set forth below are the number of customers for the last five years, the power usage and revenues by billing classification for the last two years, the revenues generated for the System during the last five years and the top ten customers for Fiscal Year 2020.

Number of Meters in Service

Fiscal Year	Residential	Commercial (Small)	Commercial (Large)	Street, Athletic & Outdoor Lighting	Total
2016	17,011	2,678	323	79	20,091
2017	17,134	2,725	333	79	20,271
2018	17,186	2,787	328	98	20,399
2019	17,267	2,850	331	101	20,549
2020	17,370	2,896	332	104	20,702

Source: District Officials.

Billing Classification	FY 2019 K.W.H	FY 2019 Revenues	FY 2020 K.W.H	FY 2020 Revenues
Residential	258,135,050	$27,883,901	252,151,256	$26,966,538
Commercial and Industrial	228,020,669	$24,386,152	220,022,853	$23,206,253
Street & Outdoor Lighting	7,130,022	$933,356	6,933,126	$922,385

Year Ended	Residential		Commercial, Industrial & Outdoor Lighting & Other		Total
June 30	Customers	Revenue	Customers	Revenue	Revenue
2016	17,011	$25,018,855	3,080	$23,079,262	$48,098,117
2017	17,134	$26,498,226	3,137	$24,234,256	$50,732,482
2018	17,186	$27,657,437	3,115	$24,607,252	$52,264,689
2019	17,267	$27,883,901	3,282	$25,319,508	$53,203,409
2020	17,370	$26,966,538	3,332	$24,128,638	$51,095,176

FY 2020 Top 10 Electric Customers

Customer Name	Type of Business	Annual Usage (kWh)	Annual Sales	% of Total Operating Revenues
Modine	Heat Exchanger Mfg.	44,406,424	$2,471,661	4.75%
Graphic Packaging	Printed Folding Cartons	22,165,914	2,130,679	4.09%
TFT	Auto Part Mfg.	17,758,055	1,442,759	2.77%
Dura Automotive	Automotive Windows	10,534,924	951,271	1.83%
GT Refractories	Carbon Brick	5,164,379	904,693	1.74%
Crocket Hospital	Hospital	4,656,692	465,376	0.89%
Hughes Parker	Metal Stamping	4,147,000	529,780	1.02%
Wal-Mart	Retail	3,729,000	391,509	0.75%
Dyna Pak	Plastic Fabrication	2,662,400	363,196	0.70%
Assurance Operations Corp	Metal Fabrication	2,606,780	303,264	0.58%
Total		**117,831,568**	**$9,954,188**	**19.11%**

Source: District Officials

The largest customer of the System is Modine Manufacturing Company. Modine operates two manufacturing facilities in the City of Lawrenceburg. One of those facilities is involved in the automotive industry. In November 2020, Dana Incorporated announced they were purchasing this portion of Modine's business. Dana has indicated that they plan to continue and expand operations in Lawrenceburg. As a result of this sale, it is likely that both Modine and Dana will be listed in the top 10 customer list in the future.

CYBERSECURITY

Lawrenceburg Utility Systems utilizes various computer information systems, software, and networking technology to perform its vital day-to-day operations. Day to day operations include the storage and transmission of sensitive personal data, and as a result, Lawrenceburg Utility Systems could be a targeted entity for a cyberattack. In addition to cyberattacks, Lawrenceburg Utility Systems employees have access to personal customer data and could be exploited to gain access to the information. It is also possible for unintentional breaches to occur due to employee error. Lawrenceburg Utility Systems has no knowledge of, nor historical record of any successful cybersecurity breach or attack. Cybersecurity attacks, whether anonymous or targeted, are not uncommon to organizations or agencies with similar characteristics. Therefore, Lawrenceburg Utility Systems must take the precautions necessary to safeguard its information systems.

In an effort to mitigate the risk of a successful cybersecurity attack or data breach, the Information Technology department has instituted various networking policies and procedures to safeguard its customer's data. The use of a virtual local area network tagging is widely used in conjunction with a packet filtering, application, and inspection firewall. Critical machine data backups are completed on premise and replicated to the cloud each night. All company owned business servers are securely housed in the Network Operations Center of Lawrenceburg Utility Systems. In addition, each Information Technology department employee participates in annual cybersecurity training classes. The Information Technology department uses a third party vendor "KnowBe4" to assist in routine testing of spam, cybersecurity, and malware. Lastly, Lawrenceburg Utility Systems maintains cybersecurity insurance against cybersecurity incidents. Despite the measures taken to safeguard its network infrastructure, there are no guarantees that such measures will be 100% successful. Adversaries are always working to find new ways to gain access to information systems.

COVID-19

The worldwide spread of COVID-19, a respiratory disease caused by a novel strain of coronavirus, has reached several areas in Tennessee, including Lawrence County, and is considered a Public Health Emergency of International Concern by the World Health Organization. The spread of COVID-19 has led to quarantine and other "social distancing" measures in affected regions, including the State and the County, undertaken by government agencies, businesses, schools and other entities.

Given the evolving nature of the spread of the disease and the behavior of governments, businesses, and individuals in response thereto, the System is unable to predict (i) the extent or duration of the COVID-19 outbreak or other epidemic or pandemic, (ii) the extent or duration of existing and additional quarantines, business-closures, travel restrictions and other measures relating to

COVID-19 or other epidemic or pandemic, (iii) whether and to what extent the COVID-19 outbreak or other epidemic or pandemic may adversely affect the operations of the System, or (iv) the future impact of COVID-19 on the financial condition of the System. The System continues to proactively take steps to preserve effective staffing for all essential System operations.

The System estimates that power demand decreased by approximately 3% for Fiscal year 2020. While some of this decline might be attributable to other factors, such as weather and conservation efforts, the System believes the social distancing measures and a general decrease in economic activity were significant factors in the decline. While declines in power usage also results in a reduction in power purchase expenses, the System still anticipates that net income decreased by approximately $400,000 from July 1, 2019 to June 30, 2020 when compared to the same period in FY-2019.

The System approved policies that provide a limited payment deferral period for customers who could not pay their power bills due to the impact of COVID-19, and the System expected some deferral of revenue during this period. Management reports that June 2020 total past due accounts represented approximately $306,583 as compared to $175,429 in June 2019. The System resumed service disconnections in June 2020 for non-payment.

MANAGEMENT DISCUSSION

Through the first nine months of Fiscal Year 2021, total revenues were down $871,388 or 2% compared to the first nine months of Fiscal Year 2020. Total operating expenses, including purchased power, were down $2.1 million or 5% compared to the first nine months of Fiscal Year 2020. After taking into account other adjustments, net reinvested earnings for the first nine months of Fiscal Year 2021 are estimated to be approximately $1.588 million. This represents an increase of over $317,728 compared to the first nine months of Fiscal Year 2020.

Total usage in kWh was up 1% compared to Fiscal Year 2020 with residential having 3% change and commercial/industrial decreasing 6%. The nine month period electric sales revenue less purchased power is estimated to increase $963 thousand compared to Fiscal Year 2020. Administration and General expenses were down 12% or $376 thousand with decreases in health insurance and post employee benefit calculations. Losses on disposition of property increased $822 thousand with retirement of assets primarily from the AMI change out program. Purchased power expense decreased approximately $347 thousand with the TVA Pandemic Relief Credit program for the last six months.

Summary of Operations
Electric Fund
Fiscal Year ended June 30

	2020	2019	2018	2017	2016
Operating Revenues					
Services	$50,788,593	$53,027,980	$51,948,128	$50,732,482	$48,098,117
Other	1,290,505	1,168,460	1,084,760	1,002,586	881,423
Total Operating Revenues	$52,079,098	$54,196,440	$53,032,888	$51,735,068	$48,979,540
Operating Expenses:					
Cost of Sales and Services	$37,029,119	$39,514,794	$38,929,558	$37,748,811	$35,506,249
Operations and Maintenance	7,620,770	7,761,337	7,455,018	6,913,355	7,196,072
Provision for Depreciation	2,992,358	2,449,622	2,342,060	2,311,191	2,300,168
Taxes and Tax Equivalents	459,044	436,700	480,501	471,256	439,001
Total Operating Expenses	$48,101,291	$50,162,453	$49,207,137	$47,444,613	$45,441,490
Operating Income/ (Loss)	$3,977,807	$4,033,987	$3,825,751	$4,290,455	$3,538,050
Nonoperating Revenues/(Expenses)					
Interest and Other Income	$121,301	$74,162	$47,502	$15,441	$27,833
Amortization Expense	(68,828)	(75,182)	(83,401)	(83,515)	(83,515)
Gain(Loss) on Disposition of Property	113,007	(254,132)	(203,227)	(298,194)	284,329
Interest Expense	(546,677)	(452,455)	(515,563)	(567,862)	(611,976)
Total Nonoperating Revenues/(Expenses)	($381,197)	($707,607)	($754,689)	($934,130)	($383,329)
Income (Loss) before Transfers	$3,596,610	$3,326,380	$3,071,062	$3,356,325	$3,154,721
Transfers and Contributions:					
Transfer from (to) General Fund	($1,201,520)	($1,207,163)	($1,195,558)	($1,195,976)	($1,103,742)
Capital Contributions					$260,521
Total (Transfers) Contributions	($1,201,520)	($1,207,163)	($1,195,558)	($1,195,976)	($843,221)
Net Income (Loss)	$2,395,090	$2,119,217	$1,875,504	$2,160,349	$2,311,500
Net Assets, July 1	$38,427,092	$36,307,875	$34,432,371	$44,259,818	$41,948,318
Restatement	0	0	0	(11,987,796)	0
Net Assets, June 30	$40,822,182	$38,427,092	$36,307,875	$34,432,371	$44,259,818

Debt Service Coverage

The Bond Resolution authorizing the Series 2021 Bonds includes a Rate Covenant. The Rate Covenant requires the System to have annual Net Revenues that are sufficient to cover the Series 2021 debt service, and any parity debt service, by at least 1.20 times. For the definition of Net Revenues, see "Appendix A – Summary of Certain Provisions of the Resolution." Under Tennessee Law, payments in lieu of taxes made to local governments are subordinate to debt service. For the Purposes of the Rate Covenant, such payments are not included as an expense.

Debt Service Coverage - Electric Fund
Fiscal Year ended June 30

	2020	2019	2018	2017	2016
Total Operating Revenues	$52,079,098	$54,196,440	$53,032,888	$51,735,068	$48,979,540
Operating Expenses:					
Cost of Sales and Services	$37,029,119	$39,514,794	$38,929,558	$37,748,811	$35,506,249
Operations and Maintenance	7,620,770	7,761,337	7,455,018	6,913,355	7,196,072
Provision for Depreciation	2,992,358	2,449,622	2,342,060	2,311,191	2,300,168
Taxes and Tax Equivalents (Outside City)	459,044	436,700	480,501	471,256	439,001
Total Operating Expenses	$48,101,291	$50,162,453	$49,207,137	$47,444,613	$45,441,490
Operating Income (Loss)	$3,977,807	$4,033,987	$3,825,751	$4,290,455	$3,538,050
Plus:					
Interest and Other Income	$121,301	$74,162	$47,502	$15,441	$27,833
Depreciation	2,992,358	2,449,622	2,342,060	2,311,191	2,300,168
Taxes and Tax Equivalents (Outside City)	459,044	436,700	480,501	471,256	439,001
Revenue Available for Debt Service	$7,550,510	$6,994,471	$6,695,814	$7,088,343	$6,305,052
Debt Service Coverage Excluding Taxes and Tax Equivalent Payments					
Total Debt Service	$1,945,570	$1,812,455	$1,815,563	$1,807,862	$1,851,976
Total Debt Service Coverage	3.88 x	3.86 x	3.69 x	3.92 x	3.40 x
Pro Forma Maximum Annual Debt Service After 2021 Bonds	2,692,265	2,692,265	2,692,265	2,692,265	2,692,265
Pro Forma Total Debt Service Coverage	2.80 x	2.60 x	2.49 x	2.63 x	2.34 x
Debt Service Coverage Including Taxes and Tax Equivalent Payments					
Revenue Aailable for Debt Service	7,550,510	6,994,471	6,695,814	7,088,343	6,305,052
Less:					
Taxes and Tax Equivalents (Outside City)	459,044	436,700	480,501	471,256	439,001
Transfers to the City of Lawrenceburg	1,201,520	1,207,163	1,195,558	1,195,976	1,103,742
Revenue Aailable for Debt Service After Taxes and Tax Equivalent Payments	5,889,946	5,350,608	5,019,755	5,421,111	4,762,309
Total Debt Service	$1,945,570	$1,812,455	$1,815,563	$1,807,862	$1,851,976
Historical Debt Service Coverage	3.03 x	2.95 x	2.76 x	3.00 x	2.57 x
Pro Forma Maximum Annual Debt Service After 2021 Bonds	2,692,265	2,692,265	2,692,265	2,692,265	2,692,265
Pro Forma Total Debt Service Coverage	2.19 x	1.99 x	1.86 x	2.01 x	1.77 x

Sources: Annual Financial Reports prepared by Alexander Thompson Arnold, PLLC, for fiscal years ending June 30, 2016 to 2020.

SUMMARY OF OUTSTANDING ELECTRIC SYSTEM DEBT

Original Amount Issued	Issue	Date Issued	Maturity Date	Interest Rate	Principal Outstanding 6/30/2020(1)
	Electric Power Debt				
$10,040,000	Electric Revenue Refunding Bonds, Series 2002	03/01/02	7/1/2026	3.50% - 5.00%	$5,925,000
$5,930,000	Electric Revenue Refunding Bonds, Series 2015C	06/25/15	7/1/2026	2.00% - 2.30%	$3,370,000
$6,000,000	General Obligation Bonds, Series 2019A	09/20/19	7/1/2039	2.00% - 5.00%	$5,795,000
$7,900,000	Electric Revenue Bonds, Series 2021	06/23/21	7/1/2041	2.00% - 5.00%	$7,900,000
	Total Electric Power Debt				$22,990,000

DEBT RECORD

There is no record of a default of paying principal and interest on any debt from information available.

(1) As of 6/30/20 and adjusted for Series 2021 Bonds.

Source: Annual Financial Reports prepared by Alexander Thompson Arnold, PLLC, for fiscal year ending June 30, 2020.

RETIREMENT COMMITMENTS

See Page 44, Note 4A of Audited Financial Statements for Fiscal Year Ended June 30, 2020

OTHER POST-EMPLOYMENT BENEFITS ("OPEB") DISCLOSURE STATEMENT

See Page 61, Note 4G of Audited Financial Statements for Fiscal Year Ended June 30, 2020

ELECTRIC DEBT SERVICE REQUIREMENTS[1]

	Principal Requirements				Interest Requirements			
Year Ended June 30	Prior Lien Bonds	Plus: Electric Revenue Bonds, Series 2021	Total Requirements		Prior Lien Bonds	Plus: Electric Revenue Bonds, Series 2021	Total Requirements	Total Debt Service
2021	$1,630,000		$1,630,000		$543,165		$543,165	$2,173,165
2022	1,700,000	260,000	1,960,000		478,165	250,751	728,916	2,688,916
2023	1,770,000	280,000	2,050,000		409,965	232,300	642,265	2,692,265
2024	1,840,000	290,000	2,130,000		338,715	218,300	557,015	2,687,015
2025	1,870,000	305,000	2,175,000		264,115	203,800	467,915	2,642,915
2026	1,945,000	320,000	2,265,000	53.11%	185,740	188,550	374,290	2,639,290
2027	290,000	340,000	630,000		103,475	172,550	276,025	906,025
2028	300,000	355,000	655,000		88,975	155,550	244,525	899,525
2029	305,000	370,000	675,000		82,975	137,800	220,775	895,775
2030	310,000	390,000	700,000		76,875	119,300	196,175	896,175
2031	320,000	410,000	730,000	67.86%	70,675	99,800	170,475	900,475
2032	325,000	420,000	745,000		64,275	91,600	155,875	900,875
2033	330,000	425,000	755,000		57,369	83,200	140,569	895,569
2034	340,000	435,000	775,000		50,356	74,700	125,056	900,056
2035	345,000	445,000	790,000		42,706	66,000	108,706	898,706
2036	355,000	455,000	810,000	84.71%	34,944	57,100	92,044	902,044
2037	365,000	460,000	825,000		26,956	48,000	74,956	899,956
2038	370,000	470,000	840,000		18,288	38,800	57,088	897,088
2039	380,000	480,000	860,000		9,500	29,400	38,900	898,900
2040		490,000	490,000			19,800	19,800	509,800
2041		500,000	500,000	100.00%		10,000	10,000	510,000
	$15,090,000	$7,900,000	$22,990,000		$2,947,234	$2,297,301	$5,244,535	$28,234,535

(1) As of 6/30/20 and adjusted for Series 2021 Bonds.

Note: Payments due on July 1st are treated as June 30 payments for reporting purposes.

Source: Annual Financial Reports prepared by Alexander Thompson Arnold, PLLC, for fiscal year ending June 30, 2020.

CITY OF LAWRENCEBURG

The information contained in this section is included only for purposes of supplying general information regarding the City of Lawrenceburg (the "City"). The Series 2021 bonds are payable solely from the sources described in this Official Statement under the heading "Security and Sources of Payment". Neither the full faith and credit nor the taxing power of the State of Tennessee or any political subdivision thereof, including the City, is pledged to the payment of the Series 2021 Bonds. The Series 2021 Bonds are limited obligations of the Issuer and are payable solely from and secured by a pledge of revenues of the Issuer's electric transmission and distribution system (the "System") operated on behalf of the Issuer by its board of public utilities, which operates as The Lawrenceburg Utility System ("LUS"), subject to the payment of the costs of operating the System.

Location

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

General

The City has an approximate land area of 12.46 square miles. Agricultural products include corn, barley, soybeans, wheat, tobacco, and dairy stock. Lawrenceburg was designated a Micropolitan Statistical Area (the "MSA") in 2004. Per the 2019 Census estimates, the population of the City stood at 11,035 persons and the population of the County stood at 44,142.

Transportation

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

DEMOGRAPHIC DATA

Basic Demographics

	Population		
	City of Lawrenceburg	Lawrence County	Tennessee
1980 U.S. Census	10,184	34,110	4,600,252
1990 U.S. Census	10,412	35,387	4,890,626
2000 U.S. Census	10,796	39,942	5,703,719
2010 U.S. Census	10,428	41,967	6,355,518
2011 U.S. Census Estimate	10,624	42,162	6,400,298
2012 U.S. Census Estimate	10,595	42,154	6,455,752
2013 U.S. Census Estimate	10,568	42,028	6,496,943
2014 U.S. Census Estimate	10,620	42,304	6,544,617
2015 U.S. Census Estimate	10,727	42,592	6,595,354
2016 U.S. Census Estimate	10,800	43,056	6,651,277
2017 U.S. Census Estimate	10,865	43,388	6,714,748
2018 U.S. Census Estimate	10,952	43,771	6,778,180
2019 U.S. Census Estimate	11,035	44,142	6,830,325

Source: U. S. Census Bureau

Income and Housing

	County	Tennessee	% of State
2010 Per Capita Personal Income	$27,248	$35,653	76.4%
2011 Per Capita Personal Income	$28,366	$37,616	75.4%
2012 Per Capita Personal Income	$29,871	$39,296	76.0%
2013 Per Capita Personal Income	$30,428	$39,421	77.2%
2014 Per Capita Personal Income	$30,613	$40,799	75.0%
2015 Per Capita Personal Income	$31,686	$42,626	74.3%
2016 Per Capita Personal Income	$32,259	$43,626	73.9%
2017 Per Capita Personal Income	$33,852	$45,233	74.8%
2018 Per Capita Personal Income	$34,511	$47,210	73.1%
2019 Per Capita Personal Income	$35,983	$48,684	73.9%

Source: Bureau of Economic Analysis, CA1-3 Personal Income Summary

	Lawrence County	Tennessee	% of State
2010 Median Housing Value	80,050	149,900	53.4%
2011 Median Housing Value	77,000	150,925	51.0%
2012 Median Housing Value	79,900	160,000	49.9%
2013 Median Housing Value	86,250	165,000	52.3%
2014 Median Housing Value	85,000	166,000	51.2%
2015 Median Housing Value	92,500	175,000	52.9%
2016 Median Housing Value	103,500	185,000	55.9%
2017 Median Housing Value	105,000	196,800	53.4%
2018 Median Housing Value	112,000	210,000	53.3%
2019 Median Housing Value	125,000	226,000	55.3%

Source: Tennessee Housing Development Agency - This data reflects only the sales prices of new and existing homes ther were sold in the respective years. This data may not be respresentative of the median value of all homes in the County or State.

ECONOMIC DATA

Economic Base

There are 2 industrial parks within the City. *Simonton Fork Industrial Park* is a fully developed park with industrial access roadway west of four-lane Highway 43 (north of the City of Lawrenceburg). Approximately 40 acres are available and the infrastructure is complete to all sites. North Lawrence Business Park includes a total of 112 acres and is located in the northernmost portion of the City of Lawrenceburg. The General Motors plant, in adjoining Maury County, is approximately 45 minutes and the Nissan plant is also in close proximity (1.5 hours.) Lawrence County is within 1 hour of the newly-constructed Boeing plant in Decatur, Alabama.

Recent Developments

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

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

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

Technologies is a full-service engineering and manufacturing company, providing global mobility solutions to the automotive, marine, aerospace and defense industries.

Modine Manufacturing Company. Modine Manufacturing Company will expand its plant in Lawrenceburg, investing $1.2 million and creating 45 jobs in 2021. The project is a relocation of three product lines from Missouri and Rhode Island to its Lawrenceburg plant. Modine will retrofit and expand its current facility for the new lines being added. The Tennessee plant is currently primarily an aluminum fabrication plant and the new lines have significant stainless-steel content. Modine manufactures heat transfer products for a wide range of markets including stationary power generation, mining, agriculture, construction, automotive and building HVAC. The company has had a manufacturing presence in Tennessee for over 30 years and currently employs more than 500 people across the state.

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

Major Employers

The following table lists the top employers in Lawrence County.

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

Source: Tennessee Department of Economic and Community Development & the Middle Tennessee Industrial Development Association

Public Education

The Lawrence County School System funds and operates all the schools in Lawrenceburg. During the 2018-2019 school year, the Lawrence County School System had a K-12th grade average daily membership of 6,803 across its thirteen schools.

School Year	Average Daily Membership
2014-2015	6,531
2015-2016	6,609
2016-2017	6,712
2017-2018	6,764
2018-2019	6,803

Source: Tennessee Department of Education.

Higher Education

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

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

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

Medical Services

Southern Tennessee Regional Health System – Lawrenceburg. Southern Tennessee Regional Health System – Lawrenceburg (the "STRHS-L") is a 99-bed acute care facility formerly known as Crockett Hospital. The hospital has served Lawrence County and the surrounding counties since 1974. STRHS-L expanded its facility and services in 1991 with the addition of an Outpatient Surgery Unit, a state-of-the-art 24-hour physician-staffed Emergency Department and an Intensive Care Unit. The hospital opened a Physical Rehabilitation Unit in 17 1997 and a Women's Health Center in 1999. Diagnostic imaging services include in-house MRI, Nuclear Medicine, 64-slice CT Scanner, Radiography, Digital Mammography and Ultrasound. Additionally, a 10- bed Physical Rehabilitation Unit provides Physical, Occupational and Speech Therapy. The facility is part of LifePoint Hospital, Inc. based in Brentwood, Tennessee.

LABOR FORCE, EMPLOYMENT, AND UNEMPLOYMENT

The labor force within Lawrence County was 19,489 as of April 2021 with an unemployment rate of 5.5%. This compares to the statewide unemployment rate of 5.0% and the national unemployment rate of 6.1%.

Employment Data of Lawrence County

			Total Labor	Unemployment Percent		
Year	**Employment**	**Unemployment**	**Force**	**County**	**State**	**U.S.**
2011	17,174	2,036	19,210	10.6%	9.1%	8.9%
2012	16,877	1,813	18,690	9.7%	8.0%	8.1%
2013	16,385	1,780	18,165	9.8%	7.7%	7.4%
2014	16,246	1,432	17,678	8.1%	6.6%	6.2%
2015	16,602	1,154	17,756	6.5%	5.6%	5.3%
2016	16,773	1,033	17,806	5.8%	4.8%	4.9%
2017	16,967	781	17,748	4.4%	3.7%	4.4%
2018	17,697	737	18,434	4.0%	3.5%	3.9%
2019	18,407	787	19,194	4.1%	3.4%	3.7%
2020	17,604	1,489	19,093	7.8%	7.5%	8.1%
Apr-21	18,417	1,072	19,489	5.5%	5.0%	6.1%

Sources: Bureau of Labor Statistics and the Tennessee Department of Labor and Workforce Development.

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APPENDIX C

AUDITED FINANCIAL STATEMENTS FOR THE SYSTEM FOR FISCAL YEAR ENDED JUNE 30, 2020

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LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

JUNE 30, 2020 AND 2019

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
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INTRODUCTORY SECTION

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
DIRECTORY
June 30, 2020

GOVERNING BOARD

Bobby Jones - Chairman
Shane Hughes – Vice Chairman
Ronald Fox – Commissioner
Jerry Jones
Cathy Mashburn

MANAGEMENT TEAM

Vic Pusser, General Manager
John Cain, Financial Controller

COUNSEL

William Eledge, Attorney
Chuck Doerflinger, Attorney
Lawrenceburg, Tennessee

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Alexander Thompson Arnold PLLC
Jackson, Tennessee

FINANCIAL SECTION

Alexander Thompson Arnold PLLC
227 Oil Well Road, Jackson, TN 38305
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Independent Auditor's Report

To the Board of Directors
Lawrenceburg Utility Systems
Lawrenceburg, Tennessee

Report on Financial Statements

We have audited the accompanying financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Lawrenceburg Utility Systems (the Utility), funds of the City of Lawrenceburg, Tennessee, as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the Utility'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 audits. We conducted our audits 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 audits 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 financial position of the business-type activities, each major fund, and the aggregate remaining fund information of the Utility as of June 30, 2020 and 2019, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Reporting Entity

As discussed in Note 1, the financial statements present only the Lawrenceburg Utility Systems, funds of the City of Lawrenceburg, Tennessee, and do not purport to, and do not, present fairly the financial position of the City of Lawrenceburg, Tennessee, as of June 30, 2020 and 2019, the changes in its financial position, or, where applicable, its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, the schedules of changes in the plan's net pension liability (asset) and related ratios based on participation in the single employer defined benefit pension plan, schedules of contributions based on participation in the single employer defined benefit pension plan, schedules of investment returns, schedule of notes to pension required supplementary information – all funds, schedule of changes in the net OPEB liability and related ratios, schedule of contributions – OPEB, schedule of investment returns – OPEB and notes to post-employment benefits as listed in the table of contents 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 Utility's basic financial statements. The introductory section and the supplementary and other information section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The financial information listed as supplementary and other information, except that which is marked "unaudited," in the table of contents is the responsibility of management and was derived from and relates 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 financial information listed as supplementary and other information in the table of contents, except that which is marked "unaudited," is 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 marked “unaudited” has 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 November 12, 2020, on our consideration of the Utility’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of the testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Utility’s internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Jackson, Tennessee
November 12, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management Discussion and Analysis (MD&A) of the Lawrenceburg Utility Systems (the Utility) Electric, Gas, Water, and Sewer Systems' activities and financial performance provides the reader with an introduction and overview to the financial statements for the years ended June 30, 2020 and 2019. This information should be considered within the context of the accompanying financial statements and note disclosures.

Overview of the Financial Statements

A proprietary fund is used to account for the operations of the Utility, 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. The financial statements report information about the Utility, using accounting methods similar to those used by private sector companies. These statements offer short and long-term financial information about its activities.

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

The Utility maintains two fiduciary funds used to report resources held related to the Utility's single employer defined benefit pension plan and the Utility's other post-employment benefits plan.

The *Statement of Net Position* presents the financial position of the Utility on a full accrual historical cost basis. The statement of net position includes all of the Utility's assets, liabilities and deferred inflows/outflows of resources with the difference reported as net position. It also provides the basis for computing rate of return, evaluating the capital structure of the Utility, and assessing the liquidity and financial flexibility of the Utility.

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 Utility's operations and can be used to determine whether the Utility has successfully recovered all of its costs. This statement also measures the Utility'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 accounting 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 compared to the previous fiscal year. Assets less liabilities results in restricted net position 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 compared to the previous fiscal year. Additions consist of employer contributions and investment earnings. Deductions include benefits paid to plan participants and administrative expenses. Total additions minus total deductions provide the net increase in net position for the current fiscal year compared to the previous fiscal year. The increase in net position plus the beginning net position restricted results in the ending net position restricted for the current year compared to the previous 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 Utility's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies, and subsequent events, if any.

Financial Analysis: Electric System

Electric System: Statements of Net Positions (in thousands)	2020	2019
Assets		
Utility Plant	$ 55,953	$ 53,171
Current Assets	16,246	14,460
Restricted Assets	2,253	2,250
Other Assets	607	555
Total Assets	$ 75,059	$ 70,436
Deferred Outflows of Resources		
Deferred Outflows - Pension	914	741
Deferred Loss on Refunding	357	411
Deferred Outflows - Other Post Employment Benefits	501	1,006
Total Deferred Outflows of Resources	$ 1,772	$ 2,158
Total Assets and Deferred Outflows of Resources	$ 76,831	$ 72,594
Liabilities		
Current Liabilities	$ 7,952	$ 9,099
Post Retirement Obligation	$ 8,020	$ 7,948
Current Liabilities payable from Restricted Assets	933	909
Long-Term Debt	15,396	10,660
Net Pension Liabilities	1,687	1,497
Other Liabilities	120	190
Total Liabilities	$ 34,108	$ 30,303
Deferred Inflows of Resources and Net Position		
Deferred Inflows - Pension	9	11
Deferred Inflows - Other Post Employment Benefits	1,891	3,853
Total Deferred Inflows of Resources	1,900	3,864
Net Position	40,822	38,427
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 76,830	$ 72,594

Utility plant increased 5%, or $2.8 million, with the system converting to a (AMI) advanced metering infrastructure system and the addition of $485 thousand in transportation and equipment.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Current assets increased 12%, or $1.8 million, in 2020. The systems cash and cash equivalents increased $2.4 million with the issuing of $6 million general obligation bonds in September 2019. The purpose of the bond issue was to provide funds for the acquisition of land, site work, construction, renovation, repair, and equipping of the system, and acquisition and installation of the AMI system. Accounts receivables, net of allowance for uncollectible accounts, decreased $674 thousand. Metered sales revenue decreased $2.1 million compared to metered sales for 2019 from the effects of milder weather and the Covid-19 pandemic.

Long term debt increased 44%, or $4.7 million, with the issuance of $6 million in general obligation bonds. The system retired $1.56 million in bonds this year.

Net position increased in 2020 by 6%, or $2.4 million, with operating and non-operating income exceeding expenses.

Electric System: Statements of Revenues, Expenses, and Changes in Net Position (in thousands)

	2020	2019
Revenues		
Operating Revenues	$ 52,079	$ 54,196
Non-Operating Revenues	234	74
Total Revenues	52,313	54,270
Expenses		
Operating Expenses	48,101	50,162
Non-Operating Expenses	616	782
Total Expenses	48,717	50,944
Income Before Transfers and Contributions	3,596	3,326
Transfers	(1,202)	(1,207)
Capital contributions - utility plant	-	-
Change in Net Position	$ 2,394	$ 2,119

Operating revenues decreased 4%, or $2.1 million, in 2020 with milder weather for residential customers and the Covid-19 pandemic affecting commercial and industrial sales.

Operating expenses decreased 4%, or $2.1 million, in 2020 with a decrease of $2.5 million in purchased power expenses. Provision for depreciation increased $543 thousand with the addition of the AMI system $3.1 million to plant.

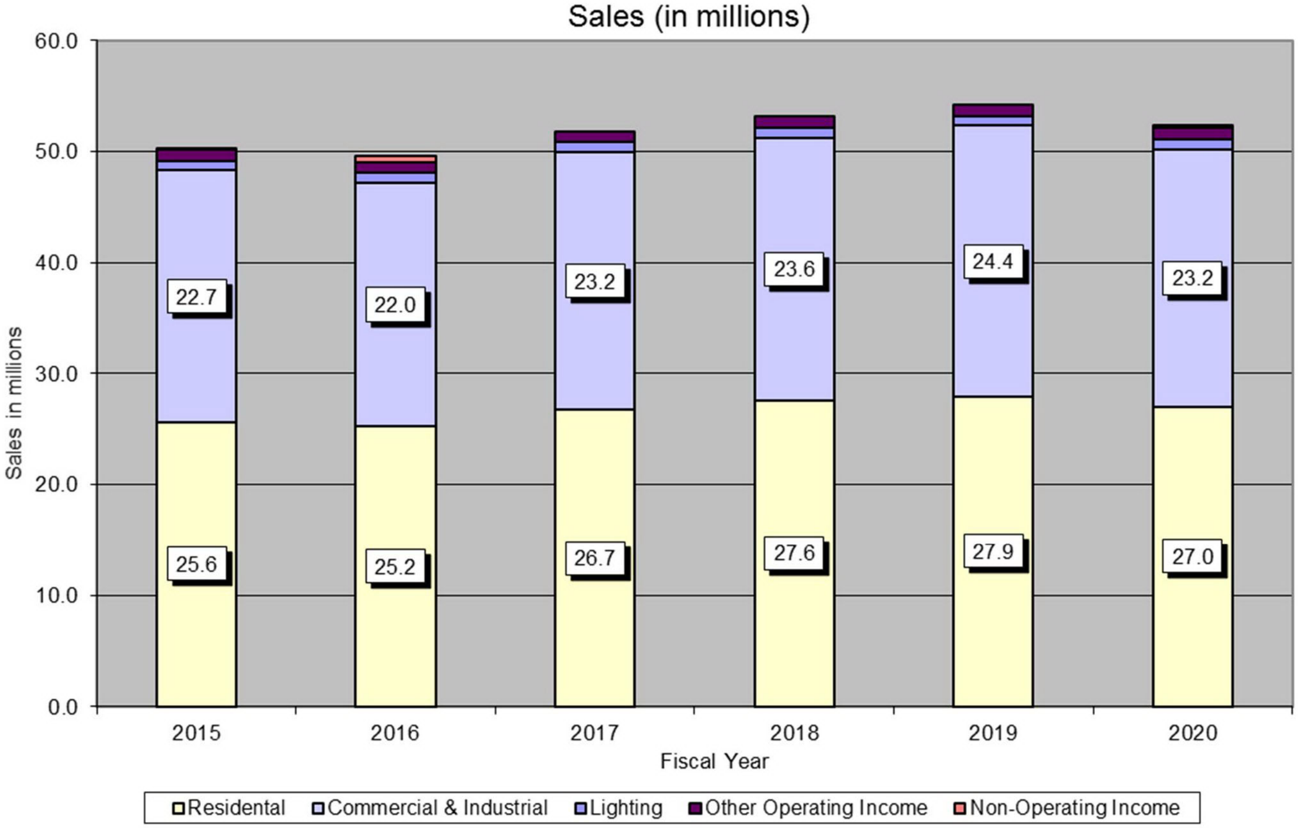
Change in net position increased 13%, or $276 thousand, in 2020 compared to 2019.

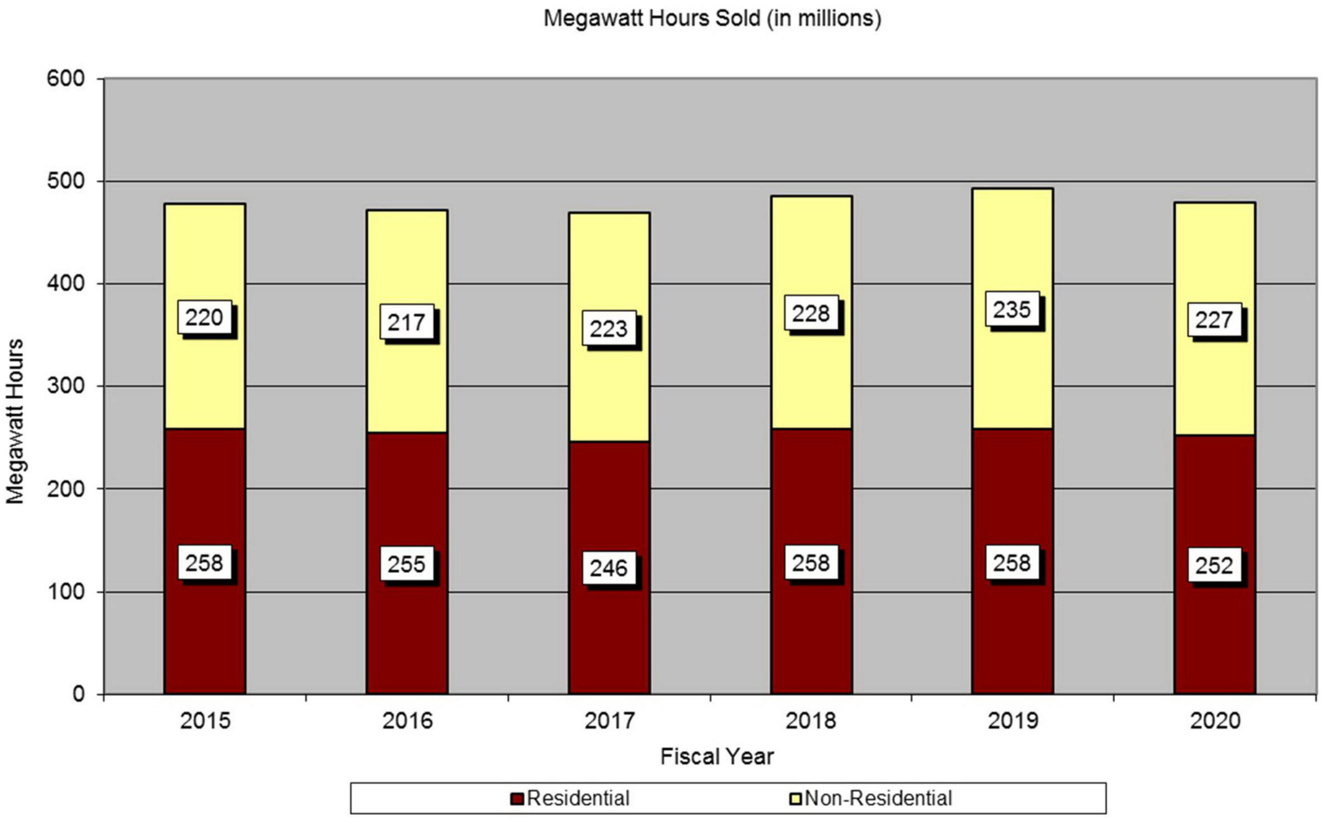
Electric System: Statements of Cash Flows (in thousands)		
	2020	2019
Cash Flows from Operating Activities	$ 5,105	$ 6,022
Cash Flows from Non-Capital Financing Activities	(1,271)	(1,271)
Cash Flows from Capital and Related Financing Activities	(1,607)	(5,063)
Cash Flows from Investing Activities	189	138
Increase (Decrease) in Cash and Cash Equivalents	2,416	(174)
Cash and Cash Equivalents - Beginning of Year	12,205	12,379
Cash and Cash Equivalents - End of Year	$ 14,621	$ 12,205

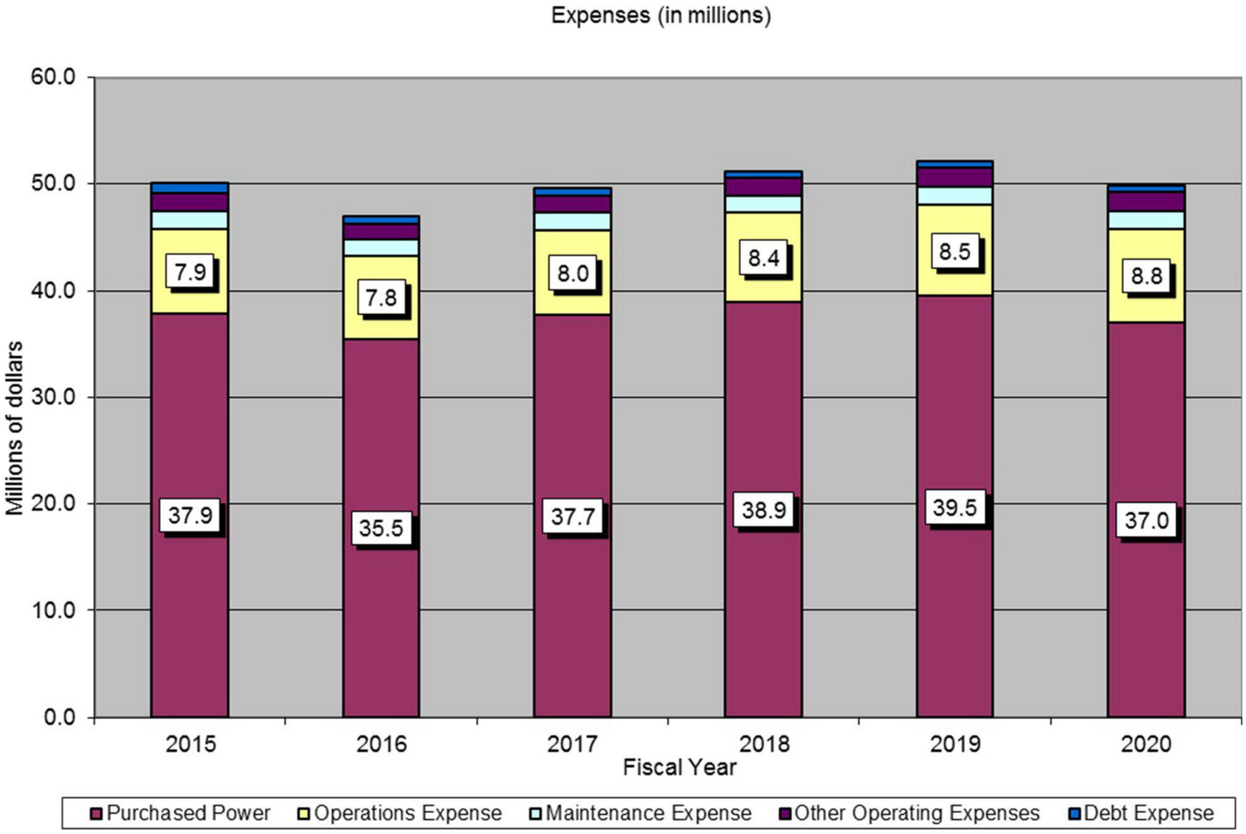
Cash flows from operating activities decreased 15%, or $917 thousand, in 2020. Net cash received from consumers and paid to suppliers in 2020 was down $1.3 million. Cash paid to employees for services decreased $203 thousand.

Cash flows from capital and related financing activities increased 68%, or $3.5 million, with the proceeds from the issuance of debt $6.0 million. Construction and acquisition of plant increased $2.5 million with the installation of the (AMI) advanced metering infrastructure system

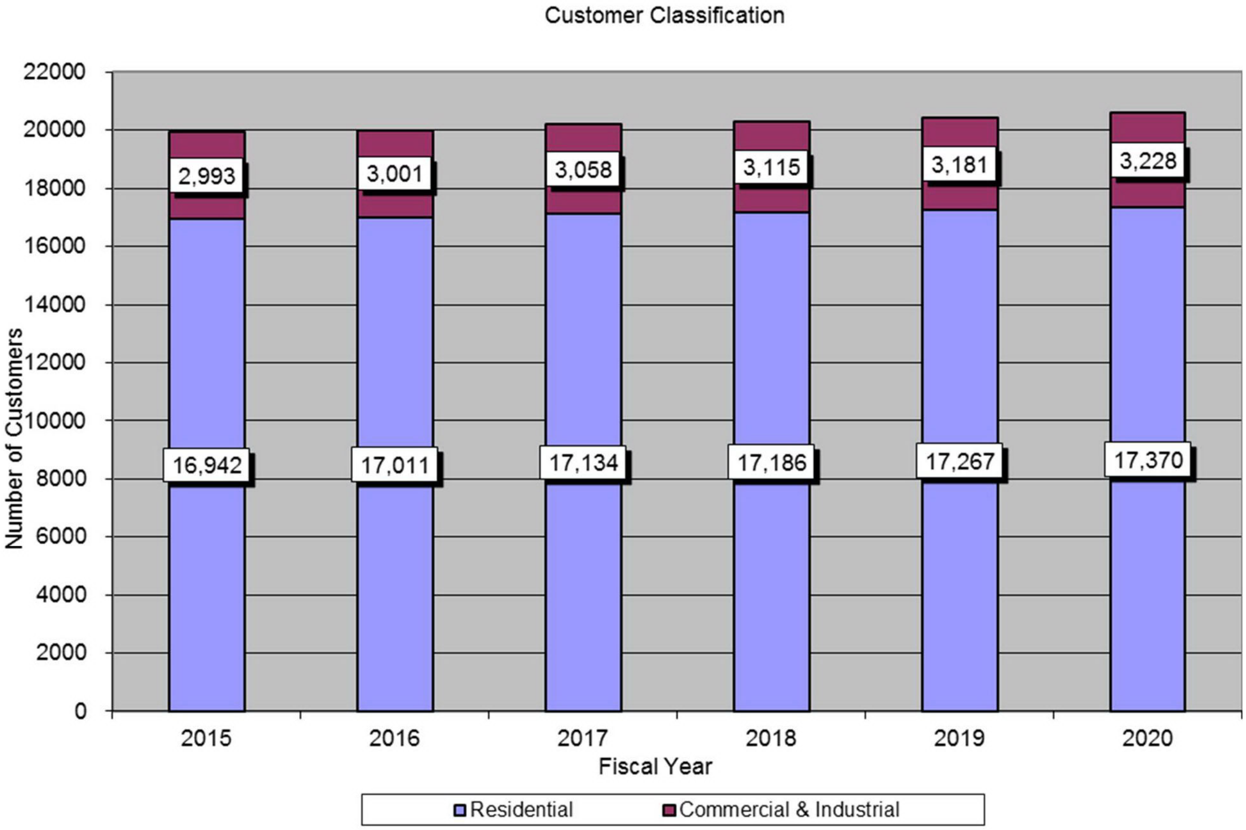
Financial Highlights: Electric System




Megawatt Hours Sold (in millions)
Megawatt Hours
600
500
400
300
200
100
0
220
217
223
228
235
227
258
255
246
258
258
252
2015
2016
2017
2018
2019
2020
Fiscal Year
Residential
Non-Residential


Expenses (in millions)
Millions of dollars
60.0
50.0
40.0
30.0
20.0
10.0
0.0
7.9
7.8
8.0
8.4
8.5
8.8
37.9
35.5
37.7
38.9
39.5
37.0
2015
2016
2017
2018
2019
2020
Fiscal Year
Purchased Power
Operations Expense
Maintenance Expense
Other Operating Expenses
Debt Expense

MANAGEMENT'S DISCUSSION AND ANALYSIS



Current Known Facts: Electric System
As revealed throughout the Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows, the Electric System has generated enough revenue to cover current expenses and to provide funds for payment of current principal on debt and capital improvements. This financial condition is expected to continue.

Financial Analysis: Gas System

Gas System: Statements of Net Position (in thousands)

	2020	2019
Assets		
Utility Plant	$11,822	$10,839
Current Assets	3,660	3,068
Restricted Assets	201	200
Other Assets	-	-
Total Assets	$15,683	$14,107
Deferred Outflows of Resources		
Deferred Outflows - pensions	116	104
Deferred Outflows - other Post Employment Benefits	79	159
Total Deferred Outflows of Resources	195	263
Total Assets and Deferred Outflows of Resources	$15,878	$14,370
Liabilities		
Current Liabilities	143	143
Current Liabilities payable from Restricted Assets	201	200
Post Retirement Obligation	1,266	1,254
Net Pension Liabilities	122	108
Long-Term Debt	-	-
Total Liabilities	$ 1,732	$ 1,705
Deferred Inflows of Resources and Net Position		
Deferred inflows - pensions	1	1
Deferred inflows - other Post Employment Benefits	298	608
	299	609
Net Position	13,847	12,055
Total Liabilities, Deferred Inflows of Resources, and Net Position	$15,878	$14,369

Utility plant increased 9.1%, or $983 thousand, in 2020 with the system continuing with a steel main replacement program, system upgrades, and purchase of machinery and equipment.

Current assets increased 19.3%, or $592 thousand, in 2020. The systems cash and cash equivalents increased $428 thousand with an increase in sales and service revenue less cost of sales and services of $622 thousand.

Net position increased 14.9%, or $1.8 million, in 2020 with an decrease in the operating income and reduction in total expenses of the system.

Gas System: Statements of Revenues, Expenses, and Changes in Net Position (in thousands)

	2020	2019
Revenues		
Operating Revenues	$ 5,615	$ 6,183
Non-Operating Revenues	2	3
Total Revenues	5,617	6,186
Expenses		
Operating Expenses	3,564	3,655
Non-Operating Expense	69	68
Total Expenses	3,633	3,723
Income Before Transfers and Contributions	1,984	2,463
Contributions	-	-
Transfers	192	164
Change in Net Position	$ 1,792	$ 2,299

Operating Revenues decreased 9%, or $568 thousand. Gas rates decreased with the reduction in the cost of gas pricing.

Operating expenses changed slightly with cost of sales and services decreasing $793 thousand. Operation and maintenance expense increased $665 thousand. Employee pension and benefit expenses increased $584 thousand under GASB statement No. 68 accounting for pensions and Statement No. 75 accounting for other post-employment benefits. The system contributed $200 thousand for economic development for the construction of a new college.

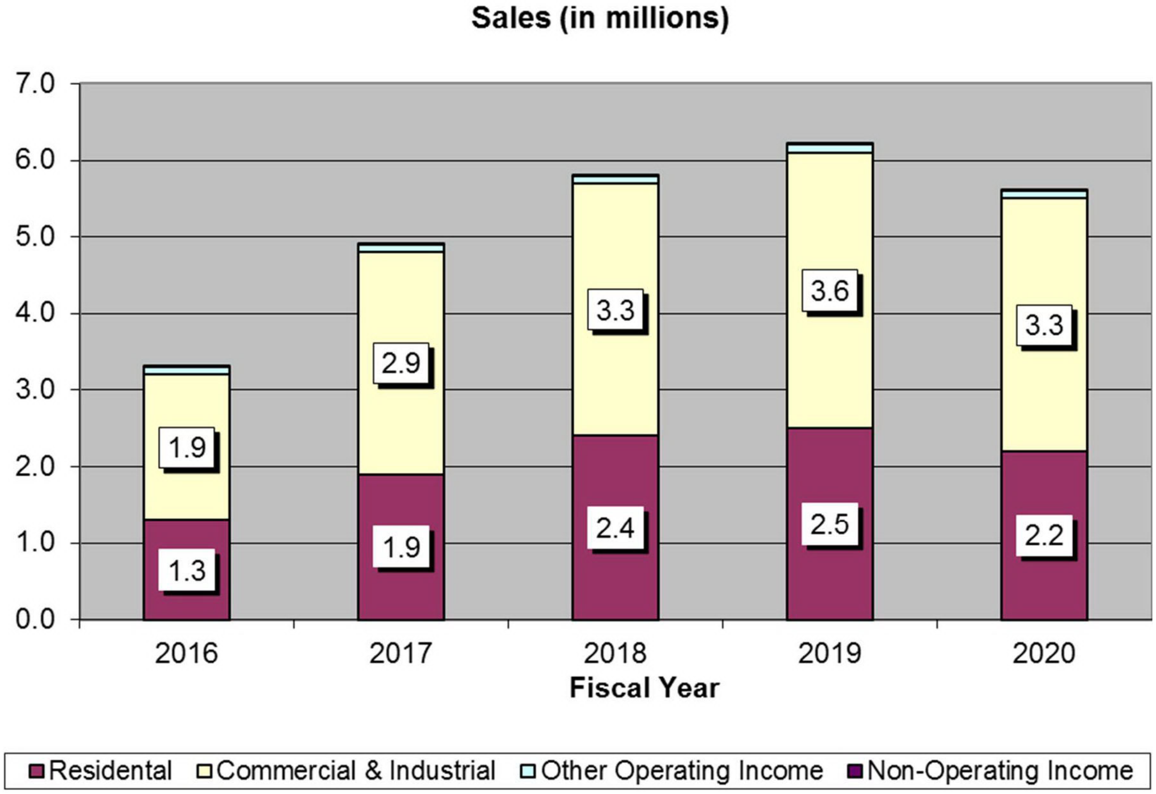
Change in net position decreased 22%, or $506 thousand, with the reduction in the cost of gas pricing.

Gas System: Statements of Cash Flows (in thousands)

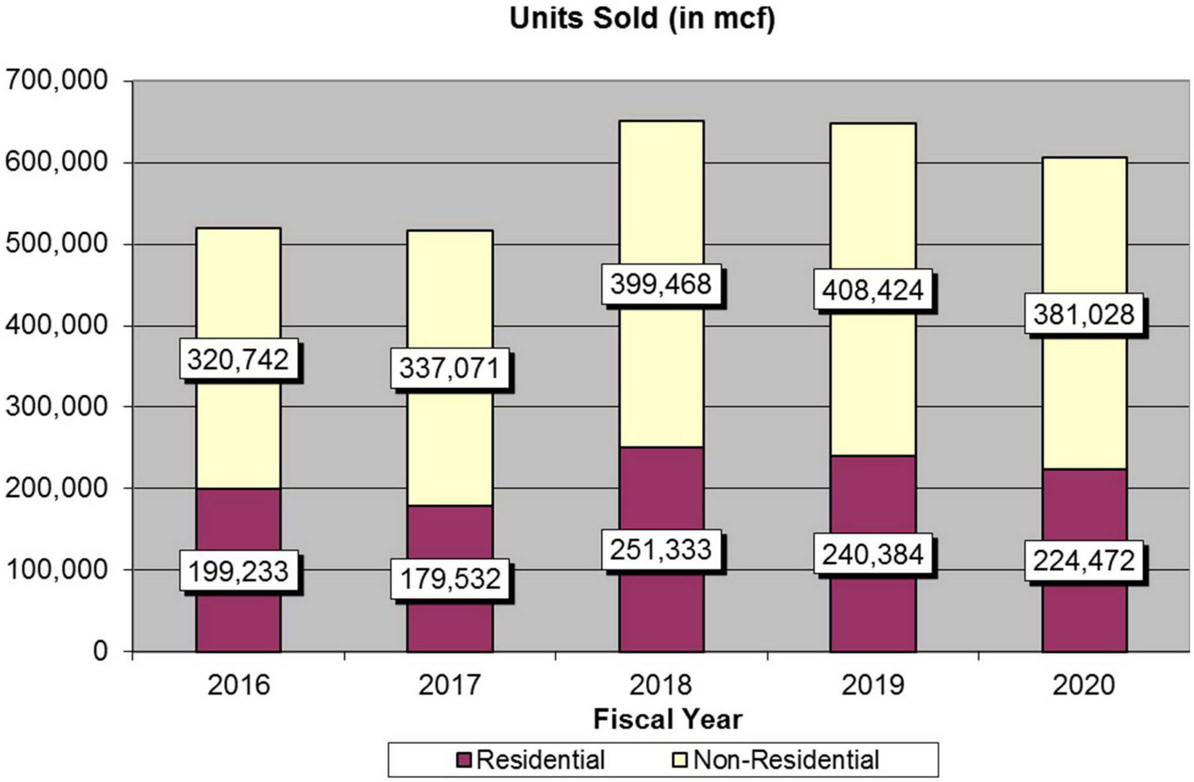
	2020	2019
Cash Flows from Operating Activities	$ 2,014	$ 1,955
Cash Flows from Non-Capital Financing Activities	(192)	(164)
Cash Flows from Capital and Related Financing Activities	(1,394)	(1,301)
Cash Flows from Investing Activities	2	3
Increase (Decrease) in Cash and Cash Equivalents	430	493
Cash and Cash Equivalents - Beginning of Year	2,783	2,290
Cash and Cash Equivalents - End of Year	$ 3,213	$ 2,783

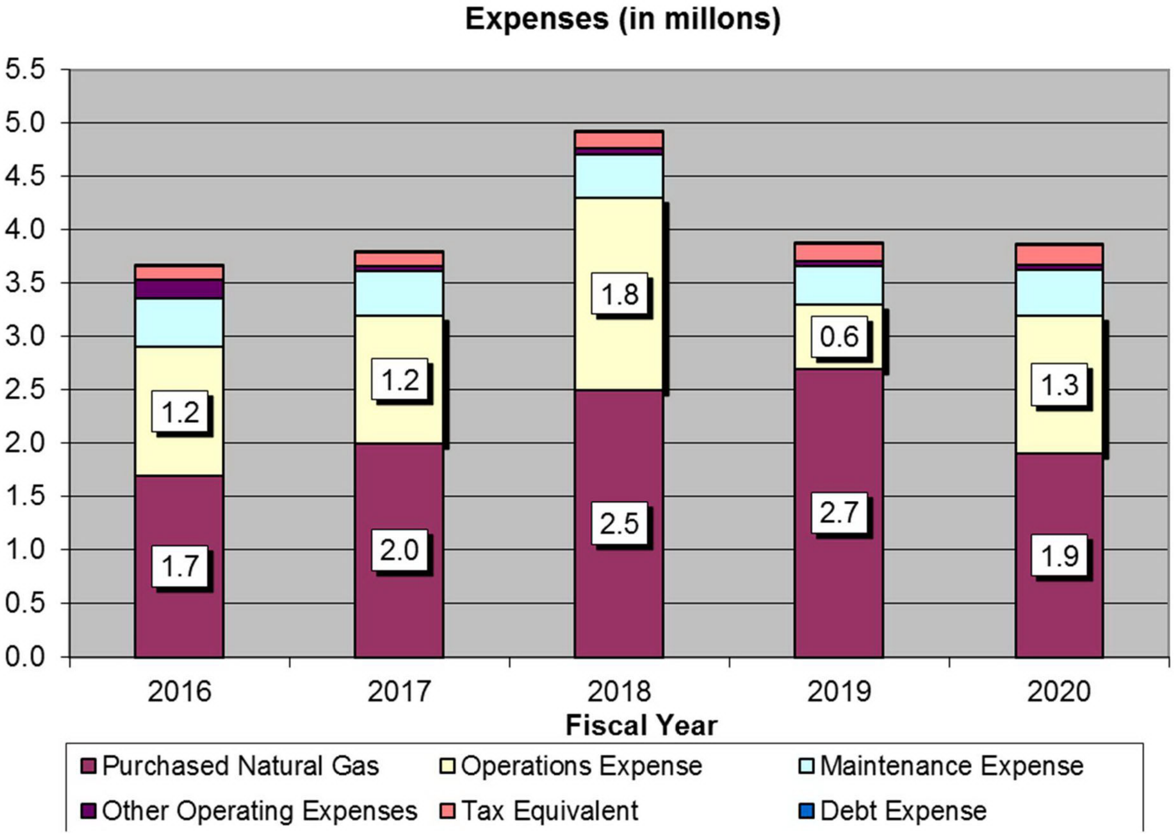
The condensed statement of cash flows reveals that net cash provided by operating activities was 3%, or $59 thousand, more in 2020. Cash flows from capital and related financing activities decreased 7%, or $93 thousand, with the increase in construction and acquisition of plant $113 thousand. Cash and cash equivalents increased $63 thousand less in 2020 as compared to 2019.

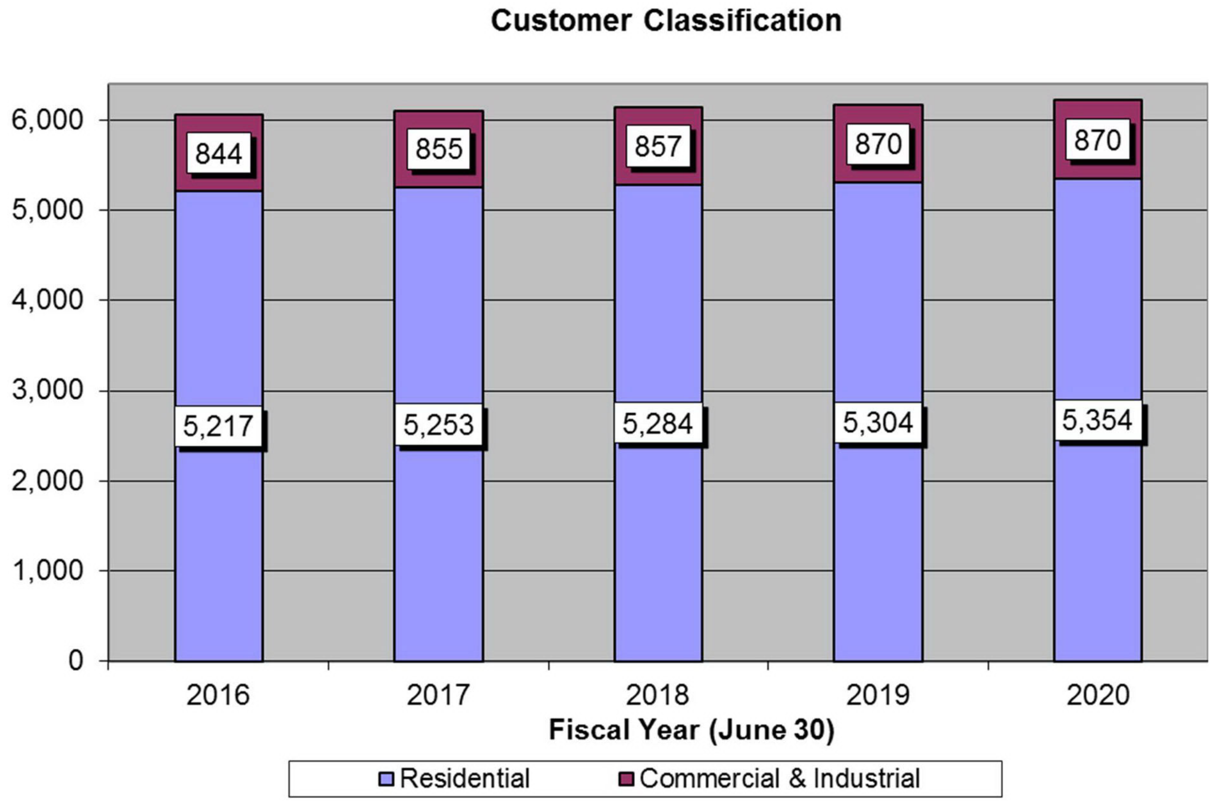
Financial Highlights: Gas System



MANAGEMENT'S DISCUSSION AND ANALYSIS







Current Known Facts: Gas System

As revealed throughout the Statements of Net Position and the Statements of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows, the Gas System has generated enough revenue to cover current expenses and to provide funds for capital improvements and retirement of debt. This financial condition is expected to continue.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis: Water and Sewer Systems

Water and Sewer Systems: Statements of Net Position (in thousands)	2020	2019
Assets		
Current Assets	$ 2,688	$ 2,338
Restricted Assets	1,748	1,747
Utility Plant	38,968	39,361
Other Assets	181	206
Total Assets	$43,585	$43,652
Deferred Outflows of Resources		
Deferred Outflows - Pension	184	169
Deferred Loss on Refunding	339	376
Deferred Outflows -Other Post Employment Benefits	139	279
Total Deferred Outflows of Resources	$ 662	$ 824
Total Assets and Deferred Outflows of Resources	$44,247	$44,476
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities	$ 841	$ 883
Long-Term Debt	15,518	17,112
Net Pension Liabilities and Post Retirement Obligation	$ 2,366	$ 2,330
Total Deferred Inflows of Resources	$ 525	$ 1,068
Net Position	24,997	23,083
Total Liabilities, Deferred Inflows of Resources, and Net Position	$44,247	$44,476

Current assets increased 15%, or $350 thousand, with cash and cash equivalents increasing $356 thousand. Capital contributed grants increased $256 thousand and construction and acquisition of plant decreased $629 thousand contributing to the cash increase.

Long-Term debt decreased 9%, or $1.6 million, from the retirement of bonds in 2020.

Net Position increased $1.9 million with revenues exceeding expenses along with the grant revenue contribution of $377 thousand.

Water and Sewer System: Statements of Revenues, Expenses, and Changes in Net Position (in thousands)

	2020	2019
Revenues		
Operating Revenues	$ 7,655	$ 7,731
Non-Operating Revenues	2	3
Total Revenues	7,657	7,734
Expenses		
Operating Expenses	5,374	5,003
Interest Expense	488	489
Total Expenses	5,862	5,492
Income Before Transfers, Grants, and Contributions	1,795	2,242
Grant Revenue	377	121
Developer Contributions	-	-
Transfers	257	264
Change in Net Position	$ 2,429	$ 2,627

Total operating revenues decreased 1%, or $76, thousand, staying stable with rates remaining unchanged.

Operating expenses increased 7%, or $371 thousand, in 2020. Employee pension and benefits increased $322 thousand with the accounting for GASB statement No. 75 accounting and financial reporting for postemployment benefits other than pensions and GASB statement No. 68 accounting for pensions.

Grant revenue increased $256 thousand and was used for capital upgrades to the system.

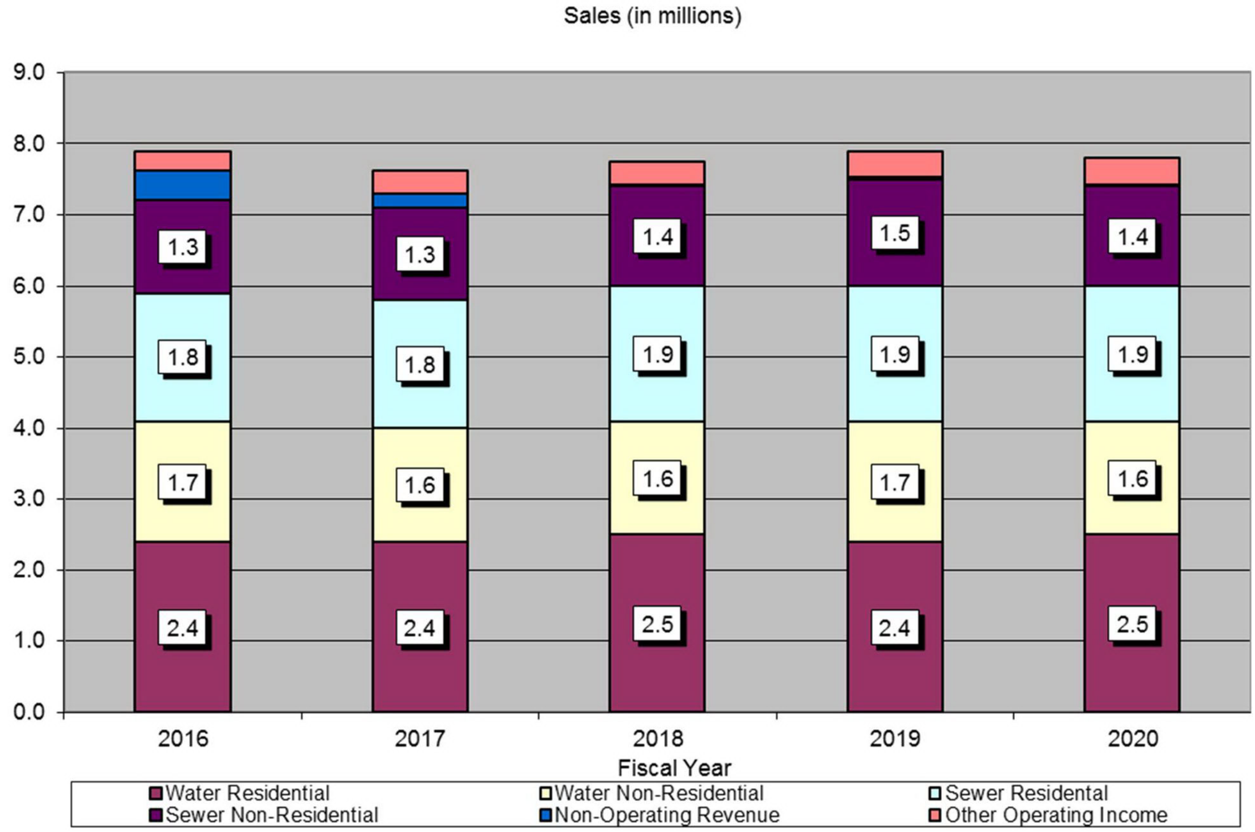
Water and Sewer System: Statements of Cash Flows

	2020	2019
Cash Flows from Operating Activities	$ 3,109	$ 3,340
Cash Flows from Non-Capital Financing Activities	(257)	(264)
Cash Flows from Capital and Related Financing Activities	(2,498)	(3,453)
Cash Flows from Investing Activities	2	3
Increase (Decrease) in Cash and Cash Equivalents	**356**	**(374)**
Cash and Cash Equivalents - Beginning of Year	3,164	3,538
Cash and Cash Equivalents - End of Year	$ 3,520	$ 3,164

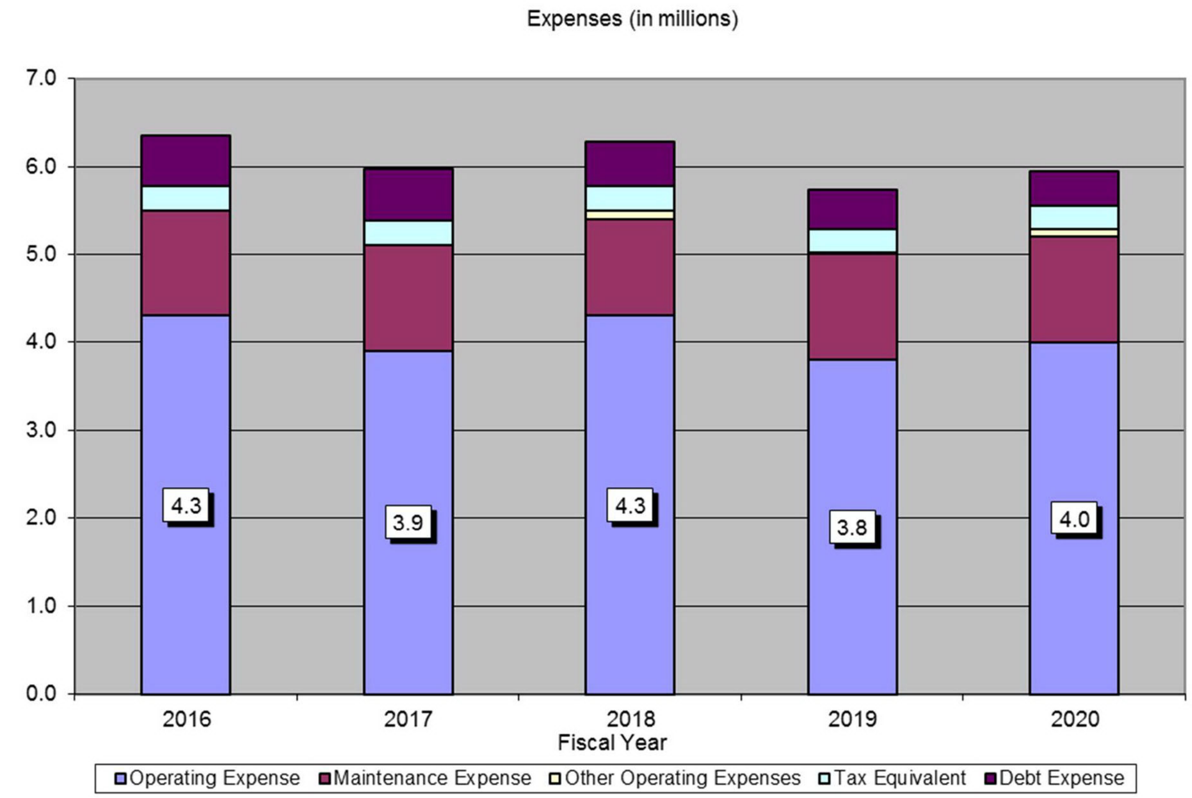
Cash flows provided from operating activities decreased 7%, or $231 thousand, Cash received from consumers decreased $76 thousand and cash paid for operating expenses increased $173 thousand.

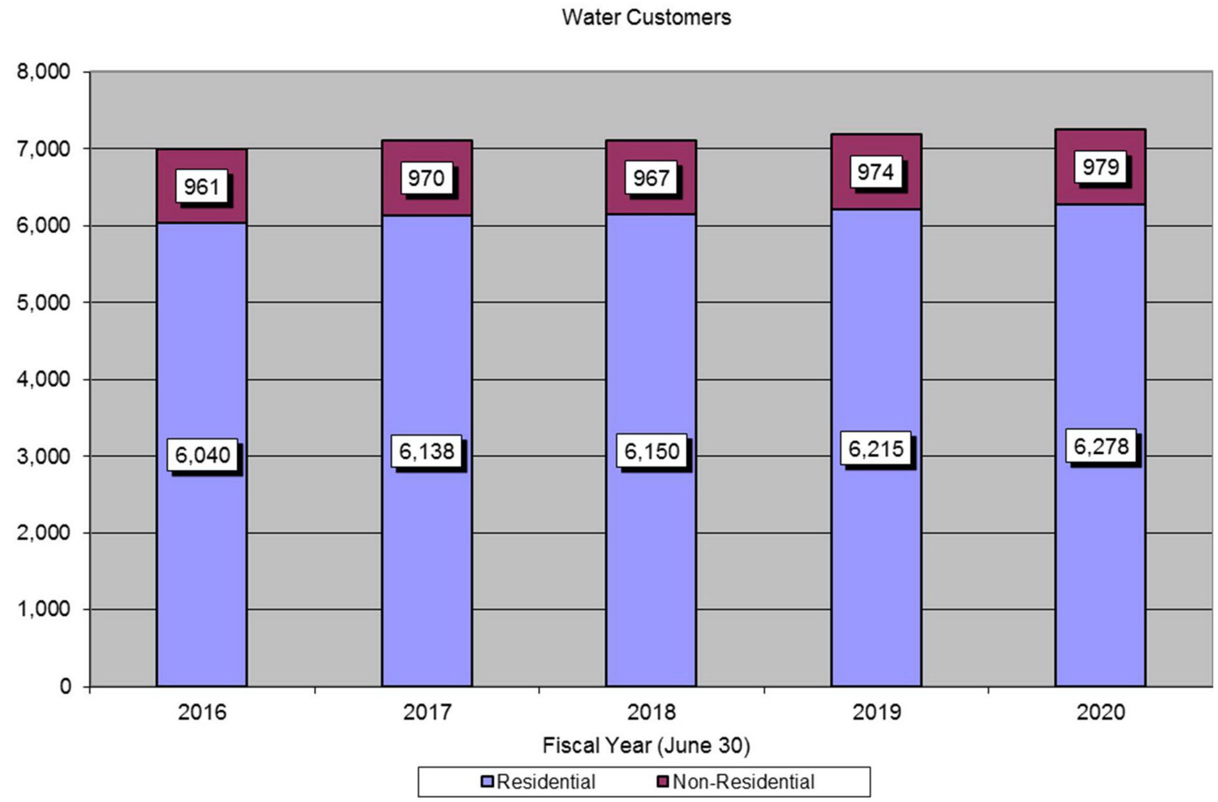
Net cash used by capital and related financing activities decreased 28%, or $955 thousand, in 2020. Cash outflows from construction and acquisition of plant decreased by $629 thousand in 2020 offset by cash provided by grants increasing $256 thousand.

Financial Highlights: Water and Sewer System

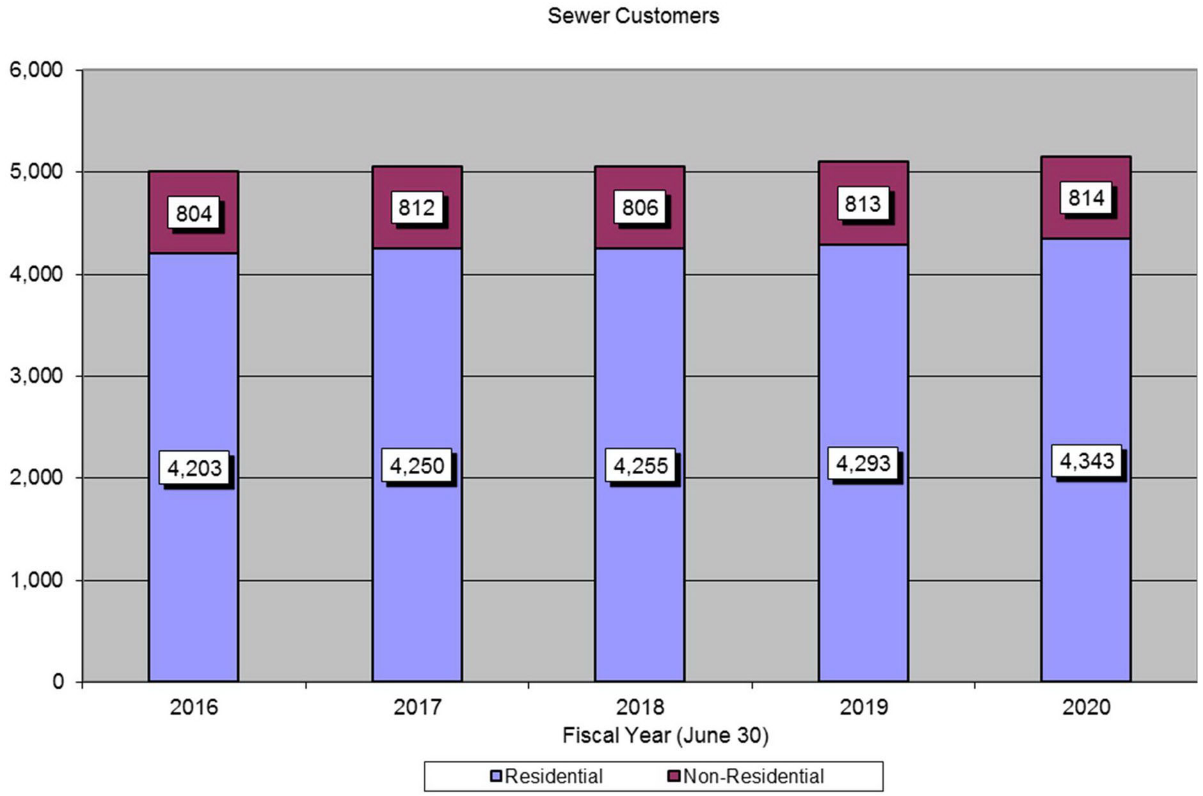


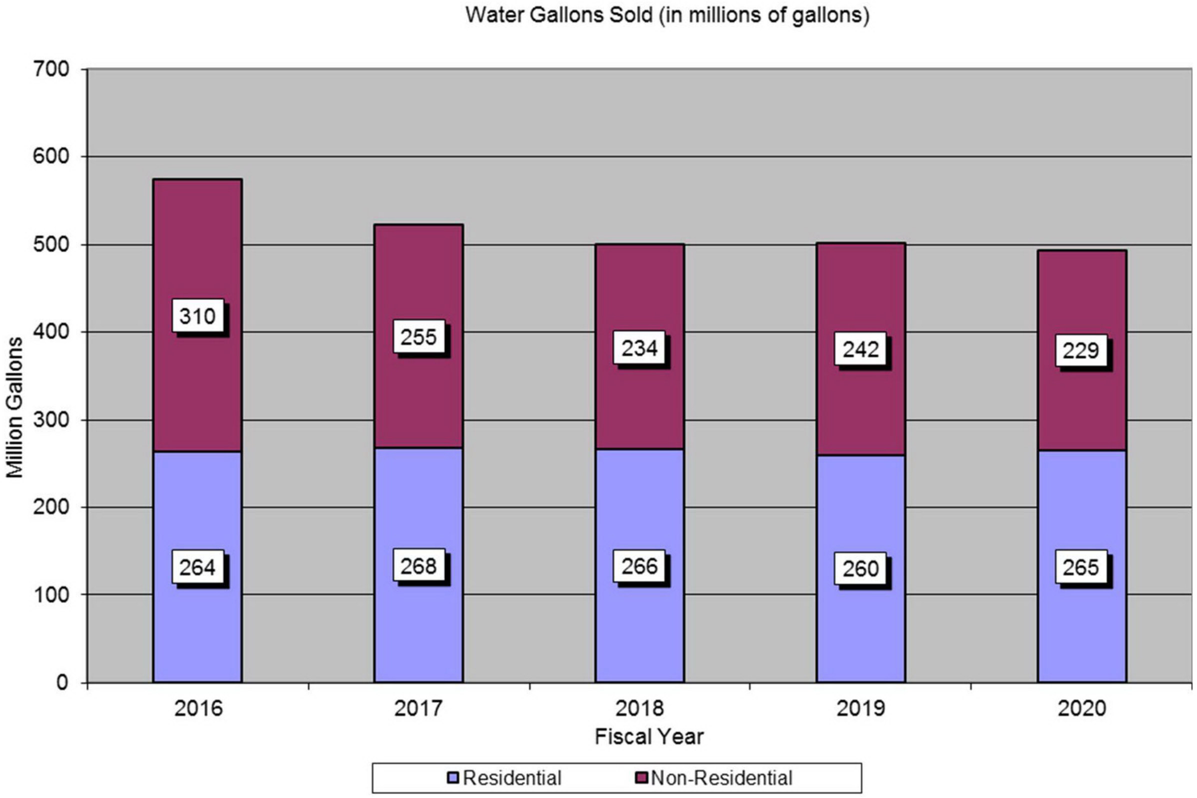
MANAGEMENT'S DISCUSSION AND ANALYSIS



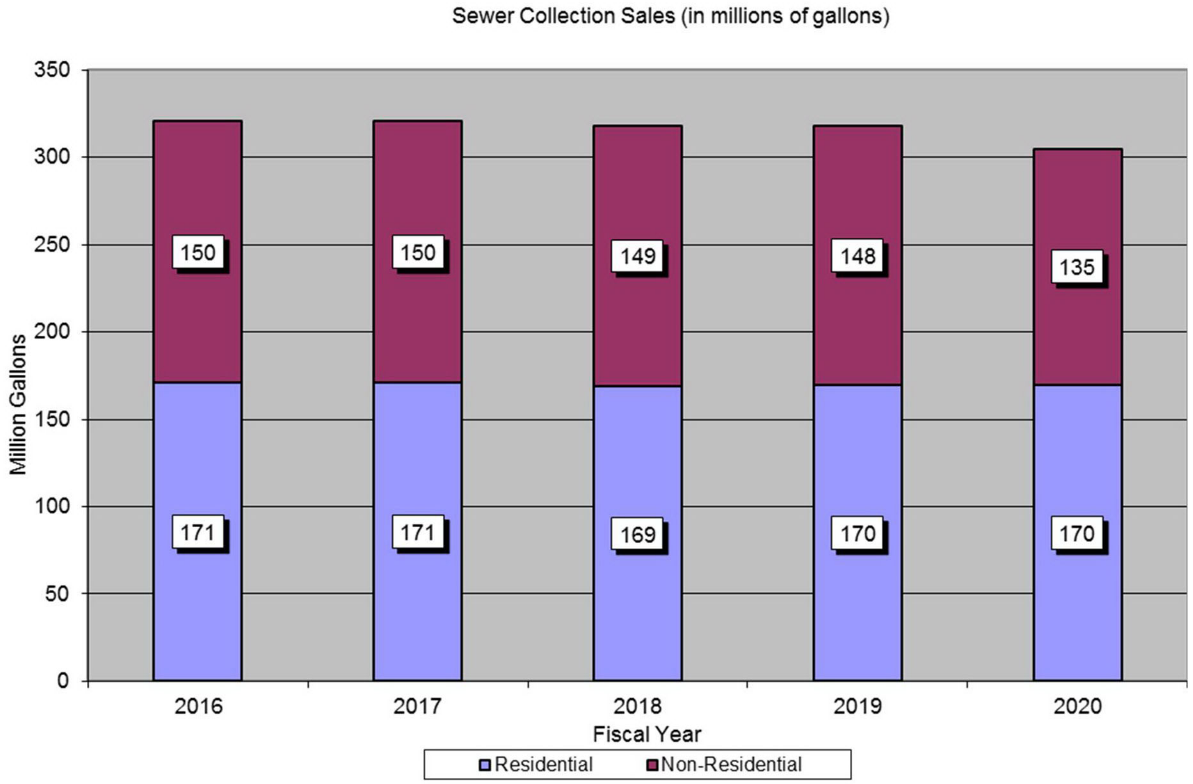


MANAGEMENT'S DISCUSSION AND ANALYSIS





MANAGEMENT'S DISCUSSION AND ANALYSIS



Current Known Facts: Water and Sewer System

As revealed throughout the Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position, and Statement of Cash Flows, the System has generated enough revenue to cover current expenses and to provide funds for capital improvements and retirement of debt. This financial condition is expected to continue.

Economic Factors and Next Year's Budget and Rates

The System will continue to function under the current operations. Management will do everything possible to keep the customer costs as low as possible and continue to maintain the Utility's financial position.

The financial report is designed to provide a general overview of the Utility's finances for all those with an interest in the Utility's finances and to demonstrate the Utility'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 Financial Controller of the Utility, 1607 N. Locust Avenue, Lawrenceburg, Tennessee 38464.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
STATEMENTS OF NET POSITION
June 30, 2020 and 2019

	Electric Fund		Water and Sewer Fund		Gas Fund		Totals	
Assets	2020	2019	2020	2019	2020	2019	2020	2019
Current assets:								
Cash on hand	$ 3,750	$ 3,750	$ -	$ -	$ -	$ -	$ 3,750	$ 3,750
Cash and cash equivalents - general	12,365,177	9,952,041	1,772,774	1,416,506	3,011,299	2,582,945	17,149,250	13,951,492
Accounts receivable - trade (net of allowance for uncollectibles)	2,744,091	3,418,203	538,830	602,771	94,257	133,685	3,377,178	4,154,659
Accrued utility revenue	-	-	60,215	55,830	-	-	60,215	55,830
Accounts receivable - other	355,090	341,913	-	562	-	-	355,090	342,475
Materials and supplies	723,941	720,395	303,465	259,922	243,361	235,675	1,270,767	1,215,992
Prepayments and other current assets	53,792	23,362	12,846	2,326	311,206	115,946	377,844	141,634
Total current assets	16,245,841	14,459,664	2,688,130	2,337,917	3,660,123	3,068,251	22,594,094	19,865,832
Noncurrent assets:								
Restricted cash equivalents	2,252,988	2,249,655	1,747,670	1,747,410	201,030	199,737	4,201,688	4,196,802
Other assets:								
Conservation loans receivable	106,845	174,935	-	-	-	-	106,845	174,935
Nonutility property - at cost	218,184	218,184	-	-	-	-	218,184	218,184
Debt issuance costs, less accumulated amortization	281,921	162,055	181,207	205,519	-	-	463,128	367,574
Total other assets	606,950	555,174	181,207	205,519	-	-	788,157	760,693
Capital assets, not being depreciated:								
Land	861,149	844,649	1,023,988	1,023,988	455,069	455,069	2,340,206	2,323,706
Construction in progress	2,066,752	1,629,642	986,410	842,704	2,493,752	1,620,591	5,546,914	4,092,937
Capital assets net of accumulated depreciation:								
Plant in service	82,738,487	79,299,068	27,741,042	27,277,584	12,190,578	11,902,233	122,670,107	118,478,885
Buildings and improvements	2,595,618	2,598,204	27,017,556	27,017,556	286,981	286,981	29,900,155	29,902,741
Machinery and equipment	10,217,778	8,908,993	2,213,501	2,023,223	2,174,212	2,092,399	14,605,491	13,024,615
Accumulated depreciatior	(42,527,202)	(40,109,575)	(20,014,120)	(18,824,005)	(5,778,995)	(5,518,379)	(68,320,317)	(64,451,959)
Total capital assets	55,952,582	53,170,981	38,968,377	39,361,050	11,821,597	10,838,894	106,742,556	103,370,925
Total assets	**75,058,361**	**70,435,474**	**43,585,384**	**43,651,896**	**15,682,750**	**14,106,882**	**134,326,495**	**128,194,252**
Deferred outflows of resources								
Deferred outflows related to pension	913,936	740,931	183,997	169,065	116,463	103,947	1,214,396	1,013,943
Deferred loss on refunding	357,447	411,338	339,382	375,815	-	-	696,829	787,153
Deferred outflows related to Other Post Employement Benefits	500,889	1,005,781	138,697	278,501	79,050	158,732	718,636	1,443,014
Total deferred outflows of resources	**$ 1,772,272**	**$ 2,158,050**	**$ 662,076**	**$ 823,381**	**$ 195,513**	**$ 262,679**	**$ 2,629,861**	**$ 3,244,110**

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

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
STATEMENTS OF NET POSITION
June 30, 2020 and 2019

	Electric Fund		Water and Sewer Fund		Gas Fund		Totals	
Liabilities	2020	2019	2020	2019	2020	2019	2020	2019
Current liabilities:								
Accounts payable	$ 6,049,941	$ 7,480,338	$ 214,154	$ 308,807	$ -	$ -	$ 6,264,095	$ 7,789,145
Due to City	-	-	226,306	196,994	-	-	226,306	196,994
Other accrued expense	1,902,237	1,618,990	252,367	226,303	143,499	143,435	2,298,103	1,988,728
Total current liabilities	7,952,178	9,099,328	692,827	732,104	143,499	143,435	8,788,504	9,974,867
Current liabilities payable from restricted assets:								
Customers' deposits	932,803	908,684	129,105	128,845	201,030	199,737	1,262,938	1,237,266
Accrued interest	-	-	19,308	22,308	-	-	19,308	22,308
Current maturities of long-term debt	1,415,000	1,355,000	1,661,708	1,548,852	-	-	3,076,708	2,903,852
Total current liabilities payable from restricted assets	2,347,803	2,263,684	1,810,121	1,700,005	201,030	199,737	4,358,954	4,163,426
Noncurrent liabilities:								
Net pension liability	1,686,839	1,497,313	145,587	129,228	122,035	108,324	1,954,461	1,734,865
Post retirement obligation	8,020,295	7,947,510	2,220,827	2,200,674	1,265,757	1,254,270	11,506,879	11,402,454
Notes and bonds payable (less current maturities)	13,980,668	9,304,758	13,856,127	15,562,764	-	-	27,836,795	24,867,522
Construction advances - refundable	8,068	8,068	-	-	-	-	8,068	8,068
Other liabilities	5,271	5,271	-	-	-	-	5,271	5,271
Advances from Tennessee Valley Authority - Home Insulation Program	106,845	176,485	-	-	-	-	106,845	176,485
Total noncurrent liabilities	23,807,986	18,939,405	16,222,541	17,892,666	1,387,792	1,362,594	41,418,319	38,194,665
Total liabilities	**34,107,967**	**30,302,417**	**18,725,489**	**20,324,775**	**1,732,321**	**1,705,766**	**54,565,777**	**52,332,958**
Deferred inflows of resources								
Deferred inflows related to pension	9,105	11,382	786	983	659	823	10,550	13,188
Deferred inflows related to Other Post Employement Benefits	1,891,379	3,852,633	523,725	1,066,798	298,496	608,020	2,713,600	5,527,451
Total deferred inflows of resources	**1,900,484**	**3,864,015**	**524,511**	**1,067,781**	**299,155**	**608,843**	**2,724,150**	**5,540,639**
Net position								
Net investment in capital assets	40,556,914	42,511,223	23,450,542	22,249,434	11,821,597	10,838,894	75,829,053	75,599,551
Restricted for capital projects	-	-	1,618,565	1,618,565	-	-	1,618,565	1,618,565
Restricted for debt service	93	-	-	-	-	-	93	-
Restricted for economic development	312,100	312,100	-	-	-	-	312,100	312,100
Unrestricted	(46,925)	(4,396,231)	(71,647)	(785,278)	2,025,190	1,216,058	1,906,618	(3,965,451)
Total net position	**$ 40,822,182**	**$ 38,427,092**	**$ 24,997,460**	**$ 23,082,721**	**$ 13,846,787**	**$ 12,054,952**	**$ 79,666,429**	**$ 73,564,765**

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

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
For the Years Ended June 30, 2020 and 2019

	Electric Fund		**Water and Sewer Fund**		**Gas Fund**		**Totals**	
	2020	2019	2020	2019	2020	2019	2020	2019
Operating revenues:								
Charges for sales and service	$ 50,788,593	$ 53,027,980	$ 7,272,827	$ 7,374,111	$ 5,473,280	$ 6,045,764	$ 63,534,700	$ 66,447,855
Other operating revenue	1,290,505	1,168,460	382,150	357,036	141,536	136,861	1,814,191	1,662,357
Total operating revenues	52,079,098	54,196,440	7,654,977	7,731,147	5,614,816	6,182,625	65,348,891	68,110,212
Operating expenses:								
Cost of sales and services	37,029,119	39,514,794	-	-	1,910,793	2,703,530	38,939,912	42,218,324
Operations and maintenance	7,620,770	7,761,337	4,131,152	3,800,678	1,310,452	645,654	13,062,374	12,207,669
Provision for depreciation	2,992,358	2,449,622	1,243,141	1,202,304	343,095	305,703	4,578,594	3,957,629
Taxes and tax equivalent - other government	459,044	436,700	-	-	-	-	459,044	436,700
Total operating expenses	48,101,291	50,162,453	5,374,293	5,002,982	3,564,340	3,654,887	57,039,924	58,820,322
Operating income (loss)	3,977,807	4,033,987	2,280,684	2,728,165	2,050,476	2,527,738	8,308,967	9,289,890
Nonoperating revenues (expenses):								
Interest and other income	121,301	74,162	1,795	2,883	2,077	2,514	125,173	79,559
Amortization expense	(68,828)	(75,182)	(15,816)	(17,135)	-	(141)	(84,644)	(92,458)
Gain (loss) on disposition of property	113,007	(254,132)	(74,789)	(21,492)	(66,540)	(65,599)	(28,322)	(341,223)
Interest and other expense	(546,677)	(452,455)	(397,026)	(450,019)	(2,088)	(2,211)	(945,791)	(904,685)
Total nonoperating revenues (expenses)	(381,197)	(707,607)	(485,836)	(485,763)	(66,551)	(65,437)	(933,584)	(1,258,807)
Transfers out - tax equivalents	1,201,520	1,207,163	256,743	264,128	192,090	164,059	1,650,353	1,635,350
Change in net position before capital contributions	2,395,090	2,119,217	1,538,105	1,978,274	1,791,835	2,298,242	5,725,030	6,395,733
Capital contributions	-	-	376,634	120,666	-	-	376,634	120,666
	-	-	376,634	120,666	-	-	376,634	120,666
Change in net position	**2,395,090**	**2,119,217**	**1,914,739**	**2,098,940**	**1,791,835**	**2,298,242**	**6,101,664**	**6,516,399**
Total net position - beginning	38,427,092	36,307,875	23,082,721	20,983,781	12,054,952	9,756,710	73,564,765	67,048,366
Total net position - ending	$ 40,822,182	$ 38,427,092	$ 24,997,460	$ 23,082,721	$ 13,846,787	$ 12,054,952	$ 79,666,429	$ 73,564,765

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

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	Electric Fund		Water and Sewer Fund		Gas Fund		Totals	
	2020	2019	2020	2019	2020	2019	2020	2019
Cash flows from operating activities:								
Cash received from consumers	$ 51,449,528	$ 53,478,530	$ 7,332,945	$ 7,409,183	$ 5,512,708	$ 6,044,229	$ 64,295,181	$ 66,931,942
Cash paid to suppliers of goods and services	(43,510,118)	(44,305,468)	(3,484,922)	(3,703,775)	(3,195,363)	(4,253,374)	(50,190,403)	(52,262,617)
Cash paid to employees for services	(3,690,230)	(3,858,115)	(1,121,456)	(729,675)	(446,088)	25,532	(5,257,774)	(4,562,258)
Cash paid for taxes and tax equivalent - other governments	(459,044)	(436,700)	-	-	-	-	(459,044)	(436,700)
Other receipts	1,290,505	1,110,340	382,150	357,036	141,536	136,861	1,814,191	1,604,237
Customer deposits received	24,119	33,518	260	6,945	1,293	1,621	25,672	42,084
Net cash provided (used) by operating activities	5,104,760	6,022,105	3,108,977	3,339,714	2,014,086	1,954,869	10,227,823	11,316,688
Cash flows from non-capital and related financing activities:								
Amount transferred to City - tax equivalents	(1,201,520)	(1,207,163)	(256,743)	(264,128)	(192,090)	(164,059)	(1,650,353)	(1,635,350)
Increase (decrease) in advances from TVA	(69,640)	(63,622)	-	-	-	-	(69,640)	(63,622)
Net cash provided (used) by non-capital and related financing activities	(1,271,160)	(1,270,785)	(256,743)	(264,128)	(192,090)	(164,059)	(1,719,993)	(1,698,972)
Cash flows from capital and related financing activities:								
Capital contributed - grants	-	-	376,634	120,666	-	-	376,634	120,666
Principal paid on debt	(1,398,893)	(1,360,000)	(1,548,852)	(1,566,416)	-	(20,000)	(2,947,745)	(2,946,416)
Proceeds from the issuance of debt	6,000,000	-	-	-	-	-	6,000,000	-
Interest paid on bonds, notes and leases	(546,677)	(453,607)	(400,026)	(452,975)	(2,088)	(2,249)	(948,791)	(908,831)
Construction and acquisition of plant	(5,751,801)	(3,299,524)	(925,257)	(1,554,112)	(1,392,338)	(1,278,645)	(8,069,396)	(6,132,281)
Materials salvaged from retirements	238,327	212,084	-	-	-	-	238,327	212,084
Plant removal cost	(147,478)	(161,647)	-	-	-	-	(147,478)	(161,647)
Net cash provided (used) by capital and related financing activities	(1,606,522)	(5,062,694)	(2,497,501)	(3,452,837)	(1,394,426)	(1,300,894)	(5,498,449)	(9,816,425)
Cash flows from investing activities:								
Interest and other income	121,301	74,162	1,795	2,883	2,077	2,514	125,173	79,559
Conservation loans (made) paid	68,090	63,485	-	-	-	-	68,090	63,485
Net cash provided (used) by investing activities	189,391	137,647	1,795	2,883	2,077	2,514	193,263	143,044
Net increase (decrease) in cash and cash equivalents	**2,416,469**	**(173,727)**	**356,528**	**(374,368)**	**429,647**	**492,430**	**3,202,644**	**(55,665)**
Cash and cash equivalents - beginning of year	12,205,446	12,379,173	3,163,916	3,538,284	2,782,682	2,290,252	18,152,044	18,207,709
Cash and cash equivalents - end of year	$ 14,621,915	$ 12,205,446	$ 3,520,444	$ 3,163,916	$ 3,212,329	$ 2,782,682	$ 21,354,688	$ 18,152,044
Cash and cash equivalents								
Cash on hand	$ 3,750	$ 3,750	$ -	$ -	$ -	$ -	$ 3,750	$ 3,750
Unrestricted cash and cash equivalents on deposit	12,365,177	9,952,041	1,772,774	1,416,506	3,011,299	2,582,945	17,149,250	13,951,492
Restricted cash and cash equivalents on deposit	2,252,988	2,249,655	1,747,670	1,747,410	201,030	199,737	4,201,688	4,196,802
Total cash and cash equivalents	$ 14,621,915	$ 12,205,446	$ 3,520,444	$ 3,163,916	$ 3,212,329	$ 2,782,682	$ 21,354,688	$ 18,152,044

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

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2020 and 2019

	Electric Fund		Water and Sewer Fund		Gas Fund		Totals	
	2020	2019	2020	2019	2020	2019	2020	2019
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	$ 3,977,807	$ 4,033,987	$ 2,280,684	$ 2,728,165	$ 2,050,476	$ 2,527,738	$ 8,308,967	$ 9,289,890
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activitie								
Depreciation	2,992,358	2,449,622	1,243,141	1,202,304	343,095	305,703	4,578,594	3,957,629
Change in pension and OPEB related deferred outflows and inflows of resources.	(1,631,644)	3,079,604	(418,398)	793,477	(242,522)	681,657	(2,292,564)	4,554,738
Changes in assets and liabilities:								
Accounts receivable	660,935	450,550	64,503	34,347	39,428	(1,535)	764,866	483,362
Accrued utility revenue	-	-	(4,385)	725	-	-	(4,385)	725
Materials and supplies	(3,546)	(118,465)	(43,543)	(1,935)	(7,686)	(8,266)	(54,775)	(128,666)
Prepayments and other current assets	(30,430)	(5,643)	(10,520)	3,145	(195,260)	(112,756)	(236,210)	(115,254)
Accounts payable	(1,430,397)	(162,522)	(94,653)	308,200	-	-	(1,525,050)	145,678
Customer deposits	24,119	33,518	260	6,945	1,293	1,621	25,672	42,084
Due to other funds - City	-	-	29,312	21,674	-	-	29,312	21,674
Accrued expenses and other	283,247	132,714	26,064	21,121	64	19,875	309,375	173,710
Net pension liability	189,526	(48,523)	16,359	4,648	13,711	(359,389)	219,596	(403,264)
Post retirement obligation	72,785	(3,822,737)	20,153	(1,783,102)	11,487	(1,099,779)	104,425	(6,705,618)
Net cash provided (used) by operating activities	$ 5,104,760	$ 6,022,105	$ 3,108,977	$ 3,339,714	$ 2,014,086	$ 1,954,869	$ 10,227,823	$ 11,316,688
Noncash capital and related financing activities								
Amortization of bond discount and debt issue costs	$ (68,828)	$ (75,182)	$ (15,816)	$ (17,135)	$ -	$ (141)	$ (84,644)	$ (92,458)

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

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
STATEMENTS OF FIDUCIARY NET POSITION
June 30, 2020 and 2019

	Lawrenceburg Utility Systems Post-Employment Benefits Trus		Lawrenceburg Utility Systems Employees Pension Plar	
	2020	2019	2020	2019
Assets				
Cash and cash equivalents	$ 1,176,335	$ 880,568	$ 428,255	$ 411,396
Investments				
Equity	8,580,664	7,983,632	10,353,883	9,907,161
Fixed	5,945,382	5,383,253	6,900,627	6,600,513
Total investments	14,526,046	13,366,885	17,254,510	16,507,674
Accrued income	15,951	30,250	16,438	29,572
Total assets	**15,718,332**	**14,277,703**	**17,699,203**	**16,948,642**
Fiduciary Net Position				
Restricted for pensions	-	-	17,699,203	16,948,642
Restricted for OPEB	15,718,332	14,277,703	-	-
Total fiduciary net position	**$ 15,718,332**	**$ 14,277,703**	**$ 17,699,203**	**$ 16,948,642**

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

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
For the Years Ended June 30, 2020 and 2019

	Lawrenceburg Utility Systems Post-Employment Benefits Trust		Lawrenceburg Utility Systems Employees Pension Plan	
	2020	2019	2020	2019
Additions				
Contributions				
Employer	$ 1,068,508	$ 1,068,508	$ 601,485	$ 601,485
Employee	-	-	241,136	218,616
Total contributions	1,068,508	1,068,508	842,621	820,101
Investment income				
Interest income	9,344	11,863	(12,167)	8,405
Dividend income	246,295	231,777	315,672	301,479
Realized gains on sale of investments	434,705	596,056	603,022	898,489
Net appreciation (depreciation) in fair value of investments	(270,839)	(265,324)	(356,036)	(464,066)
Total investment income	419,505	574,372	550,491	744,307
Total additions	1,488,013	1,642,880	1,393,112	1,564,408
Deductions				
Benefit payments	-	-	575,393	1,046,867
Administrative and other expenses	47,384	44,379	67,158	64,874
Total deductions	47,384	44,379	642,551	1,111,741
Net increase (decrease) in fiduciary net position	**1,440,629**	**1,598,501**	**750,561**	**452,667**
Fiduciary net position - beginning	14,277,703	12,679,202	16,948,642	16,495,975
Fiduciary net position - ending	$ 15,718,332	$ 14,277,703	$ 17,699,203	$ 16,948,642

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

These are enterprise and fiduciary funds financial statements and include only the financial activities of the Lawrenceburg Utility Systems, Lawrenceburg, Tennessee (the Utility). The oversight unit consists of the funds maintained by the Office of the City Recorder of the City of Lawrenceburg, Tennessee (the City). The single employer defined benefit pension plan and the other post-employment benefits plan are presented as fiduciary funds of the Utility.

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 Utility's financial statements 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 Utility conform to applicable accounting principles generally accepted in the United States of America as defined in 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 Utility are charges to customers for sales and service. 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 fiduciary fund financial statements have been prepared using the economic resources measurement focus and the accrual method of accounting. Under the accrual method of accounting, revenue is recorded as earned and expenses are recorded as incurred.

When both restricted and unrestricted resources are available for use, it is the Utility's policy to use restricted resources first, then unrestricted resources as they are needed.

Beginning with the fiscal year ended June 30, 2013, the Utility began recognizing consumer revenue based upon cycle billings. This method results in recognizing as income the energy usage through each respective cycle each month, which may not coincide with the last day of the fiscal year. Non-recognition of unbilled income from energy sales as a result of cycle billing is a common industry practice.

Prior to July 1, 2012, the Utility recognized estimated revenues from the date of the last meter reading before its fiscal year end.

C. Assets, Liabilities, Deferred Outflows/Inflows, and Net Position

Deposits and Investments – Enterprise Funds

The Utility's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Utility to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations guaranteed by the United States or any of its agencies, repurchase agreements as approved by the State Director of Local Finance, and the Tennessee local government investment pool. Investments are stated at fair market value.

Deposits and Investments – Fiduciary Funds
The Plan's investments consist of a money market account and mutual funds. Purchases and sales of securities are recorded on the trade-date basis. Investments are stated at fair market value.

Receivables and Payables
During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the statement of net position.

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 Utility is based on past history of uncollectible accounts and management's analysis of current accounts.

Interfund Transfers
Permanent reallocations of resources between funds of the City of Lawrenceburg, Tennessee are classified as interfund transfers. The transfer recorded in the Utility's financial statements is the City of Lawrenceburg's portion of in-lieu-of taxes. These in-lieu-of taxes occur on a routine basis and are similar in purpose to property taxes assessed by the City to non-governmental entities.

Inventories and Prepaid Items
All inventories are valued at the lower of average cost or market, using the first-in/first-out (FIFO) method. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Restricted Assets
Certain proceeds of the bond issues, as well as certain resources set aside for their repayment, 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. The Utility 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 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 Utility has established a capitalization threshold of $500 and an estimated useful life of one year or longer.

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 Utility is depreciated using the straight line method over the following useful lives:

Electric Plant	3 - 50 years
Water & Sewer Plant	5 - 50 years
Gas Plant	40 - 50 years
Machinery and Equipment	5 - 10 years
Building and improvement	3 - 50 years

Compensated Absences

It is the Utility's policy to permit employees to accumulate earned but unused vacation and sick benefits. In the event of termination, an employee is paid for accumulated vacation leave. Upon retirement, an employee is paid accumulated sick leave in excess of 800 hours at a rate of 50%. All vacation and sick pay has been accrued and is reflected as a liability on the financial statements.

Long-term Obligations

Bond premiums, discounts, and loss on refunding, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. The Utility continues to report bond issuance costs as an asset and amortize those over the life of the bonds instead of expensing those costs in the current year in accordance with certain provisions included in GASB Statement No. 62 – *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements*. This regulatory option as part of GASB Statement No. 65 is available due to the above mentioned cost being used for rate setting by the Utility. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. Loss on refunding is reported as a deferred outflow of resources.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Utility's participation in their single employer defined benefit pension plan, and additions to/deductions from the Utility's fiduciary net position have been determined on the same basis as they are reported by the retirement plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the retirement plan. Investments are reported at fair value.

Other Post-Employment Benefits

Information about the fiduciary net position of the Utility's participation in their single employer post-employment benefits plan and additions to/deductions from the Utility's fiduciary net position have been determined on the same basis as they are reported by the other post-employment benefits plan. For this purpose, benefits are recognized when due and payable in accordance with the benefit terms of the other post-employment benefits plan. Investments are reported at fair value.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The Utility's pension-related items, OPEB related items and deferred loss on refunding qualify for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Utility's pension-related and OPEB related items qualify for reporting in this category.

Net Position Flow Assumption

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

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.

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 amounts and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could vary from the estimates that were used.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The Utility adopts flexible annual operating and capital budgets. Budgets are adopted on a basis consistent with generally accepted accounting principles. The current operating budget details the Utility's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. The capital budget details the plan to receive and expend cash basis capital contribution fees, special assessments, grants, borrowings, and certain revenues for capital projects.

All unexpended appropriations in the operating budget remaining at the end of the fiscal year lapse.

Management submits a proposed budget to the Utility's Board. A budget is then adopted for the next fiscal year. During the year, management is authorized to transfer budgeted amounts between line items.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Enterprise funds:
Custodial Risk
The Utility's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the Utility's agent in the Utility's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the utility 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 of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2020 and 2019, all bank deposits were fully collateralized or insured.

Fiduciary funds-pension plan:
All highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

The Plan's investments consist of a money market account and mutual funds. Purchases and sales of securities are recorded on the trade-date basis. Investments are stated at fair market value.

The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Directors of the Lawrenceburg Utility Systems by a majority vote of its members. It is the policy of the Board of Directors to pursue an investment strategy that reduces risk though the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following is the asset allocation as of June 30, 2020, 2019 and 2018:

	June 30, 2020		June 30, 2019		June 30, 2018	
	Market Value	Percentage of Total	Market Value	Percentage of Total	Market Value	Percentage of Total
Cash equivalents	$ 428,255	0.09%	$ 411,396	0.09%	$ 367,372	0.09%
Equities	10,353,883	60.19%	9,907,161	60.19%	9,817,486	60.19%
Fixed Income	6,900,627	39.72%	6,600,513	39.72%	6,285,350	39.72%
Total	$ 17,682,765	100.00%	$ 16,919,070	100.00%	$ 16,470,208	100.00%

The following investments represent more than 5% of the fiduciary net position as of June 30, 2020 and 2019 and are not issued or explicitly guaranteed by the U.S. government:

	2020	**2019**
Federated Hermes total Return Government Bond Fund	$ 879,445	$ -
Federated Strategic Value Dividend	-	853,078
Vanguard ST Treasury Index Fund	1,064,205	1,041,104

For the year ended June 30, 2020, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 6.23 percent. For the year ended June 30, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 4.46 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2020 and June 30, 2019, respectively:

		Fair Value Measurements Using		
June 30, 2020	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Mutual funds - fixed	$ 5,232,767	$ 5,232,767	$ -	$ -
Mutual funds - U.S. government	1,667,860	1,667,860	-	-
Total debt securities	6,900,627	6,900,627	-	-
Equity securities				
Mutual funds	10,353,883	10,353,883	-	-
Total investment measured at fair value	$17,254,510	$ 17,254,510	$ -	$ -

		Fair Value Measurements Using		
June 30, 2019	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Mutual funds - fixed	$ 3,765,511	$ 3,765,511	$ -	$ -
Mutual funds - U.S. government	2,835,002	2,835,002	-	-
Total debt securities	6,600,513	6,600,513	-	-
Equity securities				
Mutual funds	9,907,161	9,907,161	-	-
Total investment measured at fair value	$16,507,674	$ 16,507,674	$ -	$ -

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

Fiduciary funds-post-employment benefits plan:
The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The asset allocations as well as their market values are summarized in the following table:

All highly liquid investments with maturities of three months or less when purchased are considered to be cash equivalents.

The Plan's investments consist of a money market account and mutual funds. Purchases and sales of securities are recorded on the trade-date basis. Investments are stated at fair market value.

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the Board of Directors of the Lawrenceburg Utility Systems by a majority vote of its members. It is the policy of the Board of Directors to pursue an investment strategy that reduces risk though the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following is the asset allocation as of June 30, 2019 and 2018

	June 30, 2020		June 30, 2019	
	Market Value	Percentage of Total	Market Value	Percentage of Total
Cash equivalents	$ 1,176,335	7.49%	$ 880,568	6.18%
Equities	8,580,664	54.65%	7,983,632	56.04%
Fixed Income	5,945,382	37.86%	5,383,253	37.78%
Total	$ 15,702,381	100.00%	$ 14,247,453	100.00%

The following investments represent more than 5% of the fiduciary net position as of June 30, 2020 and 2019 and are not issued or explicitly guaranteed by the U.S. government:

	2020	**2019**
DFA US Large Company Portfolio #5127	$ 1,071,557	$ -
Fidelity Contrafund #22	422,163	703,120
Harbor Capital Appreciation Instl	406,982	699,631
Oakmark Fund Calss I #110	604,251	648,622
Dodge & Cox Income Fund #147	666,803	640,917
Federal Total Return Bond Fund Is	662,475	637,088
Vanguard GNMA Admiral Fund	447,278	639,168

For the year ended June 30, 2020 and 2019 respectively, the annual money-weighted rate of return on OPEB plan investments, net of OPEB investment expense, was 2.85% and 5.50%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The Plan has the following recurring fair value measurements as of June 30, 2020 and 2019 respectively:

		Fair Value Measurements Using		
June 30, 2020	Total	Quoted prices in active markets for identical Assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Mutual funds - fixed	$ 5,189,387	$ 5,189,387	$ -	$ -
Mutual funds - U.S. Government	755,995	755,995	-	-
Total debt securities	5,945,382	5,945,382	-	-
Equity securities				
Mutual funds	8,580,664	8,580,664	-	-
Total investment measured at fair value	$ 14,526,046	$ 14,526,046	$ -	$ -

		Fair Value Measurements Using		
June 30, 2019	Total	Quoted prices in active markets for identical Assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities				
Mutual funds - fixed	$ 3,996,824	$ 3,996,824	$ -	$ -
Mutual funds - U.S. Government	1,386,429	1,386,429	-	-
Total debt securities	5,383,253	5,383,253	-	-
Equity securities				
Mutual funds	7,983,632	7,983,632	-	-
Total investment measured at fair value	$ 13,366,885	$ 13,366,885	$ -	$ -

Debt and equity securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities.

B. Receivables

Receivables as of the fiscal years ended June 30, 2020 and 2019 were made up of the following:

	June 30, 2020	June 30, 2019
Billed services for utility customers	$ 4,899,854	$ 5,688,082
Accrued utility revenue	60,215	55,830
Other receivables for utility services	355,090	342,475
Allowance for doubtful accounts	(1,522,676)	(1,533,423)
Total	$ 3,792,483	$ 4,552,964

C. Interfund Accounts

The interfund balances presented in the statement of net position represents the amount of interfund balances as shown below. The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between the funds are made.

The amount due to the City is for sanitation from the Water and Sewer Fund is $226,306 and $196,994 as of June 30, 2020 and 2019.

D. Capital Assets

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

	Balance at June 30, 2019	Additions	Disposals	Reclass	Balance at June 30, 2020
Capital assets, not being depreciated					
Land	$ 2,323,706	$ 16,500	$ -	$ -	$ 2,340,206
Construction in progress	4,092,937	1,872,665	418,688	-	5,546,914
Total capital assets not being depreciated	6,416,643	1,889,165	418,688	-	7,887,120
Capital assets, being depreciated					
Plant systems in service	118,486,557	5,071,274	887,724	-	122,670,107
Buildings and improvements	29,898,713	-	2,586	4,028	29,900,155
Machinery and equipment	13,024,609	1,725,289	144,407	-	14,605,491
Total capital assets being depreciated	161,409,879	6,796,563	1,034,717	4,028	167,175,753
Less accumulated depreciation for:					
Plant systems in service	47,486,049	3,264,595	689,479	-	50,061,165
Buildings and improvements	8,345,171	613,372	2,587	4,028	8,959,984
Machinery and equipment	8,624,377	1,214,365	112,119	(427,455)	9,299,168
Total accumulated depreciation	64,455,597	5,092,332	804,185	(423,427)	68,320,317
Total capital assets being depreciated, net	96,954,282	1,704,231	230,532	427,455	98,855,436
Total capital assets, net	$ 103,370,925	$ 3,593,396	$ 649,220	$ 427,455	$ 106,742,556

Capital asset activity during the year ended June 30, 2019 was as follows:

	Balance at June 30, 2018	Additions	Disposals	Reclass	Balance at June 30, 2019
Capital assets, not being depreciated					
Land	$ 2,215,327	$ 108,379	$ -	$ -	$ 2,323,706
Construction in progress	3,942,655	16,630,632	16,480,350	-	4,092,937
Total capital assets not being depreciated	6,157,982	16,739,011	16,480,350	-	6,416,643
Capital assets, being depreciated					
Plant systems in service	116,371,647	2,822,813	707,903	-	118,486,557
Buildings and improvements	29,302,760	595,953	-	-	29,898,713
Machinery and equipment	10,724,359	2,578,359	278,109	-	13,024,609
Total capital assets being depreciated	156,398,766	5,997,125	986,012	-	161,409,879
Less accumulated depreciation for:					
Plant systems in service	44,945,494	3,157,584	635,983	18,954	47,486,049
Buildings and improvements	7,739,814	601,694	-	3,663	8,345,171
Machinery and equipment	8,283,507	609,199	271,265	2,936	8,624,377
Total accumulated depreciation	60,968,815	4,368,477	907,248	25,553	64,455,597
Total capital assets being depreciated, net	95,429,951	1,628,648	78,764	(25,553)	96,954,282
Total capital assets, net	$ 101,587,933	$ 18,367,659	$ 16,559,114	$ (25,553)	$ 103,370,925

Depreciation expense was charged to funds as follows:

	June 30, 2020	June 30, 2019
Electric	$ 2,992,358	$ 2,449,622
Water and sewer	1,243,141	1,202,304
Gas	343,095	305,703
Transportation clearing	513,738	410,848
Total depreciation expense	$ 5,092,332	$ 4,368,477

E. Long-term Debt

Long-term debt at June 30, 2020 and 2019 is comprised of the following:

Electric Department	2020	2019
Bonds payable		
Series 2002 Refunding Bonds - interest rates 3.5% to 5.0%, maturing over a 25 year period, with the first payment made 1/1/02, and the final payment due 1/1/26. Bonds are secured by the System's revenues and receipts and secondly by ad velorem taxes of the City.	5,925,000	6,750,000
Series 2015C Refunding Bonds- interest rates 2.0% to 2.3%, maturing over a 8 year period, with the first payment made 7/1/19, and the final payment due 7/1/2026. Bonds are secured by the System's revenues and receipts and secondly by ad velorem taxes of the City.	3,370,000	3,900,000
Series 2019A General Obligation Bonds- interest rates 2.0% to 5.0%, maturing over a 20 year period, with the first payment made 7/1/2020, and the final payment due 7/1/2040. Bonds are secured by the System's revenues and receipts and secondly by ad velorem taxes of the City.	5,795,000	-
Total bonds payable - Electric Department	15,090,000	10,650,000

Water and Sewer Department	2020	2019
Bonds payable		
Series 2011 General Obligation Refunding Bonds - interest rates from 2.00% to 3.00%, maturing over a 10 year period, with the first payment made 6/1/11, and the final payment due 6/1/20. Bonds are secured by the System's revenues and receipts and secondly by ad velorem taxes of the City.	-	50,000
Series 2012 General Obligation Refunding Bonds - interest rates from 2.00% to 3.00%, maturing over a 12 year period, with the first payment made 6/1/14, and the final payment due 6/1/26. Bonds are secured by the System's revenues and receipts and secondly by ad velorem taxes of the City.	1,930,000	2,030,000
Series 2016 General Obligation Bonds - interest rates from 2.00% to 5.00%, maturing over a 9 year period, with the first payment made 6/1/17, and the final payment due 6/1/25. Bonds are secured by the System's	2,500,000	3,125,000
Series 2016B General Obligation Refunding Bonds - interest rate of 2.00%, maturing over a 13 year period, with the first payment made 6/1/17, and the final payment due 6/1/30. Bonds are secured by the System's revenues and receipts and secondly by ad velorem taxes of the City.	4,300,000	4,350,000
Series 2017 General Obligation Bonds - interest rate of 2.64%, maturing over a 19 year period, with the first payment made 6/1/18, and the final payment due 6/30/2037. Bonds are secured by the System's revenues and receipts and secondly by ad velorem taxes of the City.	1,500,000	1,500,000
Total bonds payable - Water and Sewer Department	10,230,000	11,055,000
Notes Payable		
State Revolving Loan Fund - interest rate of 2.44%, maturing over a 20 year period, with the first payment made 11/1/06 and the final payment due 10/1/26. Notes are secured by the System's revenues and receipts. Notes are direct borrowing.	5,017,826	5,741,678
Total debt issued - Water and Sewer Department	$ 15,247,826	$ 16,796,678

On October 20, 2016, the Utility issued $4,485,000 General Obligation Refunding Bonds, Series 2016B with an average coupon of 2.00%. The Utility issued the bonds to advance refund $4,140,000 of the outstanding series 2008 general obligation refunding bonds with interest rates ranging from 3.85% to 4.25%. The Utility used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the 2008 series bonds. As a result, that portion of the 2008 series bonds is considered defeased, and the Utility has removed the liability from its accounts. The outstanding principal of the defeased bonds is $2,500,000 at June 30, 2020.

The refunding reduced total debt service payments over the next 14 years by $718,597. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of $633,199.

The annual requirements, by type of issue, to amortize all long-term debt outstanding except accrued annual leave at June 30, 2020, are as follows:

Year ending	Bonds Payable		Notes Payable (Direct Borrowing)		Total	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2021	2,335,000	785,278	741,708	114,180	3,076,708	899,458
2022	2,625,000	700,128	760,008	95,880	3,385,008	796,008
2023	2,705,000	611,278	778,764	77,124	3,483,764	688,402
2024	2,780,000	517,578	797,976	57,912	3,577,976	575,490
2025	2,825,000	421,053	817,668	38,220	3,642,668	459,273
2026 - 2030	7,915,000	1,003,726	1,121,702	19,470	9,036,702	1,023,196
2031 - 2035	2,105,000	377,967	-	-	2,105,000	377,967
2036 - 2040	2,030,000	120,790	-	-	2,030,000	120,790
	$ 25,320,000	$ 4,537,798	$ 5,017,826	$ 402,786	$ 30,337,826	$ 4,940,584

The Utility complied with all significant debt covenants and restrictions as set forth in the bond agreements across all systems.

The bonds payable for all systems contain provisions that in the event of default, the lender can exercise one or more of the following options: (1) Make all or any of the outstanding bonds payable balance immediately due and accrued interest at highest post maturity interest rate, (2) Use any remedy allowed by state or federal law.

There are no unused lines of credit for any of the systems at June 30, 2020.

Long-term liability activity for the years ended June 30, 2020 and 2019 was as follows:

	Balance at June 30, 2019	Additions	Retirements	Balance at June 30, 2020	Due Within One Year
Bonds Payable	$ 21,705,000	$6,000,000	$ 2,385,000	$ 25,320,000	$ 2,335,000
Notes Payable (direct borrowing)	5,741,678	-	723,852	5,017,826	741,708
Total	27,446,678	6,000,000	3,108,852	30,337,826	3,076,708
Less unamortized bond discounts	(33,360)	-	7,787	(25,573)	-
Add unamortized bond premium	358,056	243,194	-	601,250	-
Total - net	$ 27,771,374	$6,243,194	$ 3,116,639	$ 30,913,503	$ 3,076,708

	Balance at June 30, 2018	Additions	Retirements	Balance at June 30, 2019	Due Within One Year
Bonds Payable	$ 23,895,000	$ -	$ 2,190,000	$ 21,705,000	$ 2,180,000
Notes Payable (direct borrowing)	6,498,094	-	756,416	5,741,678	723,852
Total	30,393,094	-	2,946,416	27,446,678	2,903,852
Less unamortized bond discounts	(41,149)	-	7,789	(33,360)	-
Add unamortized bond premium	421,691	-	(63,635)	358,056	-
Total - net	$ 30,773,636	$ -	$ 2,890,570	$ 27,771,374	$ 2,903,852

F. Operating Leases

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

G. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The net position amounts were as follows:

	June 30, 2020	June 30, 2019
Net investment in capital assets:		
Net property, plant, and equipment in service	$ 106,742,556	$ 103,370,925
Less: Debt as disclosed in Note 3E	(30,913,503)	(27,771,374)
	75,829,053	75,599,551
Restricted for capital projects	1,618,565	1,618,565
Restricted for debt service	93	-
Restricted for economic development	312,100	312,100
	1,930,758	1,930,665
Unrestricted	1,906,618	(3,965,451)
Total net position	$ 79,666,429	$ 73,564,765

NOTE 4 - OTHER INFORMATION

A. Pension Plan

Plan Description

The Lawrenceburg Utility Systems Employees' Pension Plan (the "Plan") is a single-employer defined benefit retirement plan administered by First Farmers Trust and Financial Management for the employees of the Lawrenceburg Utility Systems. The Plan was established by statute. With the exception of maximum contribution rates, which are set forth in the statutes, required contributions and benefit provisions are established and amended by the Lawrenceburg Utility Systems.

The original effective date of the plan is March 15, 1949. The plan was amended and restated on July 1, 1989, November 1, 1997, June 30, 2002, March 28, 2005, July 1, 2010, and July 1, 2015.

Benefits Provided and Employee Contributions

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

Group A's participants became eligible for benefits after reaching the later of age 21 or the completion of six months of service. This group is non-contributory. To be a member of this group, an employee must have worked for the Utility prior to November 1, 1997. This group is entitled to monthly pension benefits, beginning at the earlier of (1) the later of age 60 or completion of 10 years of credited service or (2) the date that any combination of the participant's age plus years of credited service equals 80. Such monthly benefits are equal to one-twelfth of 1.25% of the participant's final earnings, multiplied by the participant's credited service, with a minimum monthly benefit of $15 per year of credited service. For purposes of this calculation, "final compensation" is considered to be the compensation in the last whole calendar year of employment with the Utility (or the calendar year in which the employee terminated employment) or the amount of compensation for any previous calendar year, if that is higher.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Employees with no surviving spouse or who have waived the qualified joint and survivor annuity option, their beneficiary will receive a single sum payment at death equal to the actuarial equivalent of the employee's accrued benefit. If married, the employee's spouse may elect to receive either the qualified pre-retirement survivor annuity or an actuarially equivalent monthly life annuity based on the lump sum payment described previously.
If an employee dies on or after the date he/she has retired and begins to receive benefits, no death benefit is payable after retirement unless an optional form of benefit has been elected which provides for a survivor benefit.

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

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

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

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

In addition, "credited service" will also include:

- All years of credited service that were credited to an employee for purposes of accruing benefits under the Tennessee Consolidated Retirement System ("TCRS") as of June 30, 2002.

- Each 20 days of accumulated sick leave will equal one month of credited service, or if an employee has less than 20 days, a fractional portion of a month.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In addition, "credited service" will also include:

- All years of credited service that were credited to an employee for purposes of accruing benefits under the Tennessee Consolidated Retirement System ("TCRS") as of June 30, 2002.

- Each 20 days of accumulated sick leave will equal one month of credited service, or if an employee has less than 20 days, a fractional portion of a month.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

At June 30, 2020 and 2019 the following employees were covered by the Plan:

	June 30, 2020	June 30, 2019
Active employees	108	108
Inactive employees or beneficiaries currently receiving benefits	22	22
Inactive employees entitled to but not yet receiving benefits	13	13
Total employees covered by the Plan	143	143

Employer Contributions

Group C and D employees have mandatory contributions of 5% of salary. The employer contributes actuarially determined amounts to finance the benefits. Employer contributions to the Plan for the years ended June 30, 2020 and 2019 of $601,485 for both years were made in accordance with actuarially determined requirements computed through the actuarial valuations performed as of July 1, 2019 and 2018.

Funded status and funding progress. As of June 30, 2020, the actuarial accrued liability for benefits was $20,272,134 and the net pension liability was $2,572,932. Total covered payroll was $5,229,571 and the ratio of net pension liability to covered payroll was 49.20%. As of June 30, 2019, the actuarial accrued liability for benefits was $18,903,103 and the net pension liability was $1,954,461. Total covered payroll was $5,142,075 and the ratio of net pension liability to covered payroll was 38.01%. As of June 30, 2018, the actuarial accrued liability for benefits was $18,230,840 and the net pension liability was $1,734,865. Total covered payroll was $4,977,058 and the ratio of net pension liability to covered payroll was 34.86%.

Net Pension Liability

The Utility's net pension liability was measured as of June 30, 2020, 2019 and 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal
Amortization method:	Level dollar
Asset valuation:	Fair market value
Inflation:	2.25% per annum, compounded annually
Salary increases:	3.0% per annum, compounded annually for Group A & B 5.0% per annum, compounded annually for Group C & D
Investment rate of return:	7.0% per annum, compounded annually
Retirement age:	Group A, B, and D employees - A graded retirement scale is assumed from age 50 to age 59 with 15% retirement assumption at an age where age plus service equals 80, 100% retirement at age 60 and 10 years of credited service Group C employees - Earlier of 30 years of service or attainment of age 60
Mortality:	1983 Group Annuity Mortality Table for Group A & B RP 2000 Combined Mortality Table for Group C & D
Cost of living adjustments:	None

Please refer to prior funding valuations for the assumptions used to develop earlier contributions.

The electric, water and sewer, and gas funds use the measurement date of June 30, 2019 and 2018 for reporting purposes for the fiscal years ended June 30, 2020 and 2019.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019 through June 30, 2020. The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2018 through June 30, 2019. The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2017 through June 30, 2018.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table:

	June 30, 2020	June 30, 2019	June 30, 2018
Asset class	Long-term expected real rate of return	Long-term expected real rate of return	Long-term expected real rate of return
Domestic equity - small cap	9.23%	9.23%	9.23%
Domestic equity - large cap	7.92%	7.92%	7.92%
Domestic equity - mid cap	8.71%	8.71%	8.71%
International equity	7.80%	7.80%	7.80%
International equity - emerging markets	9.66%	9.66%	9.66%
Fixed Income	3.13%	3.13%	3.13%
Cash	2.50%	2.50%	2.50%

	June 30, 2020	June 30, 2019	June 30, 2018
Asset Class	Target Allocation	Target Allocation	Target Allocation
Domestic Equity	53.00%	53.00%	53.00%
International Equity	5.00%	5.00%	5.00%
Fixed Income	39.00%	39.00%	39.00%
Money Market	3.00%	3.00%	3.00%
Total	100.00%	100.00%	100.00%

The target allocation table above is presented for the years in which information was available to compile.

Discount Rate

The discount rate used to measure the total pension liability was 7.0, 7.0, and 7.0 percent as of the measurement dates ended June 30, 2019, 2018, and 2017. Paragraph 43 of Statement No. 67 provides for an alternative method to be used other than the projection of the pension plan's fiduciary net position based on projected contributions, benefit payments and investment earnings. The Lawrenceburg Utility Systems' current contribution policy which was adopted on May 26, 2015 requires the Systems to contribute the normal cost plus the 30–year closed amortization of the unfunded liabilities in the fiscal year following the annual valuation.

Change in the Utility's Net Pension Liability

Changes in the Utility's net pension liability measured at June 30, 2020, 2019, and 2018 are detailed in the following tables. Table 1 is required to be disclosed due to the inclusion of the fiduciary fund statements in the Utility's financial statements. Tables 2 and 3 show the net pension liability as of June 30, 2019 and 2018, which is what is reported in the proprietary financial statements in accordance with GASB Statement No. 68. Total Pension Liability was rolled forward to June 30, 2019 in order to be in compliance with GASB Statement No. 67. Changes in the Utility's net pension liability measured as of June 30, 2020, 2019, and 2018 were as follows:

	Increase (Decrease) - Table 1		
	Total pension liability (TPL) (a)	Plan fiduciary net position (b)	Net pension liability (NPL) (a)-(b)
Balances as 6/30/2019	$ 18,903,103	$ 16,948,642	$ 1,954,461
Changes for the year:			
Service cost	412,012	-	412,012
Interest	1,331,576	-	1,331,576
Difference between expected and actual experience	210,636	-	210,636
Contributions - employer	-	601,485	(601,485)
Contributions - employee	-	241,136	(241,136)
Net investment income	-	493,132	(493,132)
Benefit payments, including refund of employee contributions	(585,193)	(585,193)	-
Administrative expenses	-	-	-
Net changes	1,369,031	750,560	618,471
Balances as 6/30/2020	$ 20,272,134	$ 17,699,202	$ 2,572,932

	Increase (Decrease) - Table 2		
	Total pension liability (TPL) (a)	Plan fiduciary net position (b)	Net pension liability (NPL) (a)-(b)
Balances as 6/30/2018	$ 18,230,840	$ 16,495,975	$ 1,734,865
Changes for the year:			
Service cost	385,701	-	385,701
Interest	1,266,215	-	1,266,215
Difference between expected and actual experience	75,848	-	75,848
Contributions - employer	-	601,485	(601,485)
Contributions - employee	-	218,616	(218,616)
Net investment income	-	688,067	(688,067)
Benefit payments, including refund of employee contributions	(1,055,501)	(1,055,501)	-
Administrative expenses	-	-	-
Net changes	672,263	452,667	219,596
Balances as 6/30/2019	$ 18,903,103	$ 16,948,642	$ 1,954,461

	Increase (Decrease) - Table 3		
	Total pension liability (TPL) (a)	Plan fiduciary net position (b)	Net pension liability (NPL) (a)-(b)
Balances as 6/30/2017	$ 16,862,843	$ 14,724,714	$ 2,138,129
Changes for the year:			
Service cost	377,186	-	377,186
Interest	1,200,033	-	1,200,033
Difference between expected and actual experience	(15,826)	-	(15,826)
Contributions - employer	-	601,485	(601,485)
Contributions - employee	-	213,080	(213,080)
Net investment income	-	1,201,628	(1,201,628)
Benefit payments, including refund of employee contributions	(193,396)	(193,396)	-
Administrative expenses	-	(51,536)	51,536
Net changes	1,367,997	1,771,261	(403,264)
Balances as 6/30/2018	$ 18,230,840	$ 16,495,975	$ 1,734,865

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

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

June 30, 2020

	1% Decrease	Current Rate	1% Increase
Interest rate	6.00%	7.00%	8.00%
Net pension liability (asset)	4,794,956	2,572,932	737,706

June 30, 2019

	1% Decrease	Current Rate	1% Increase
Interest rate	6.00%	7.00%	8.00%
Net pension liability (asset)	4,014,478	1,954,461	252,631

June 30, 2018

	1% Decrease	Current Rate	1% Increase
Interest rate	6.00%	7.00%	8.00%
Net pension liability (asset)	3,695,252	1,734,865	118,452

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources

For the years ended June 30, 2019 and 2018, the Utility recognized pension expense of $241,136 and $261,262. At June 30, 2019 and 2018, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 352,362	$ 10,550
Change of assumptions	-	-
Net difference between projected and actual earnings on Plan investments	260,549	-
Utility contributions subsequent to the measurement date of June 30, 2017	601,485	-
Total	$ 1,214,396	$ 10,550

	June 30, 2019	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 394,991	$ 13,188
Change of assumptions	-	-
Net difference between projected and actual earnings on Plan investments	17,467	-
Utility contributions subsequent to the measurement date of June 30, 2017	601,485	-
Total	$ 1,013,943	$ 13,188

The amounts shown above for "Utility contributions subsequent to the measurement date of June 30, 2019 and 2018 will be recognized as a reduction to net pension liability in the following measurement period.

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows as of the fiscal year ending June 30, 2020:

Year ending June 30,	Amortized
2021	248,124
2022	80,264
2023	135,151
2024	126,179
2025	12,643
Thereafter	-

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows as of the fiscal year ending June 30, 2019:

Year ending June 30,	Amortized
2020	226,846
2021	143,801
2022	(24,059)
2023	30,828
2024	21,854
Thereafter	-

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

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

Payment of Benefits. Benefits are recorded when the participant has met all of the Plan requirements to receive a benefit. At June 30, 2020 and 2019 no benefits were payable and not paid.

Administrative Expenses. Qualified Plan administrative expenses are paid by the Plan. During the years ended June 30, 2020 and 2019 administrative expenses paid were $67,158 and $64,874.

B. Power Contract

The Utility has a power contract with the Tennessee Valley Authority (TVA) whereby the Utility purchases all its electric power from TVA and is subject to certain restrictions and conditions as provided for in the power contract. Such restrictions include, but are not limited to, prohibitions against furnishing, advancing, lending, pledging or otherwise diverting Utility funds, revenues, or property to other operations of the municipality and the purchase or payment of, or providing security for indebtedness on other obligations applicable to such other operations.

C. Natural Gas Supply and Capacity Management Agreement and Natural Gas Transportation Service Agreement

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

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

D. Energy Conservation Programs

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

E. Risk Management

The Utility is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the years ended June 30, 2020 and 2019, the Utility purchased commercial insurance for all of the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in the amount of coverage provided.

The Utility is self-insured for employee medical, vision, dental and prescription drug claims. However, the Utility has purchased commercial insurance to cover claims in excess of $50,000 per person annually as well as an aggregate annual amount for all employees. The Utility recognizes claims actually filed as an expense. Changes in the reported liability are as follows for the years ended:

Fiscal Year Ending	Beginning Balance	Changes in Estimates	Claims Payments	Ending Balance
June 30, 2020	435,076	$ 2,981,027	$ 2,871,252	544,851
June 30, 2019	373,597	$ 2,098,578	$ 2,037,099	435,076
June 30, 2018	364,586	2,251,998	2,242,987	373,597
June 30, 2017	416,059	2,243,316	2,294,789	364,586
June 30, 2016	465,946	2,448,272	2,498,159	416,059
June 30, 2015	458,705	2,506,593	2,499,352	465,946
June 30, 2014	430,573	2,781,168	2,753,036	458,705
June 30, 2013	393,921	2,620,251	2,583,599	430,573

F. Deferred Compensation Plan

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

G. Other Post-Retirement Benefits (OPEB)

Plan Description

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

The electric, water and sewer, and gas funds use the measurement date of July 1, 2019 and 2018 for reporting purposes for the fiscal years ended June 30, 2020 and 2019.

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

Benefits Provided

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

Contributions

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

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

Funding Policy

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

Actuarial Methods and Assumptions

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

Valuation date	July 1, 2020
Actuarial valuation method	Entry Age Normal
Asset valuation method	Market value
Funding policy	The benefits of the Lawrenceburg Utility Systems Postemployment Benefits Other Than Pensions are funded through contributions to a trust.
Investment policy	To be provided by Lawrenceburg Utility Systems Benefits for retirees are deemed to be similar to those benefits provided for actives. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. It is assumed to pay benefits secondary to Medicare after attaining age 65 or after permanent disability.
Amortization period	20 years (closed)
Mortality	RP-2014 Mortality Table adjusted to 2006 with generational mortality improvement projected under Projection Scale MP-2019
Retirement rates	Age 50 - 10%, Ages 51-54 - 5%, Age 55 - 20%, Ages 56-64 - 5%, and Age 65 - 100%
Discount rate	5.50% per annum
Salary increases	2.5% per annum
Expected long-term rate of return on plan assets	5.50% per annum
Plan Participation	100% of future eligible retirees are assumed to elect medical coverage upon retirement.
Marital status	Actual spouse participation and dates of birth were used for retirees. For actives, the marriage assumption of 71% was used, and males were assumed to be two years older than female spouses.
Age variance	All medical claims were adjusted each year for aging based on the factors listed in the Dale Yamamoto study released by the Society of Actuaries in June 2013.
Healthcare cost trend rates	Medical: 7.5% graded down to 6.75% over 3 years and following getzen thereafter. Dental/Vision 5% per annum.
Administrative expenses	Administrative expenses were assumed to be included in the per capita claims cost.

Plan Membership

Number of Participants	June 30, 2020	June 30, 2019
Actives (with medical coverage)	114	109
Actives (without medical coverage)	3	3
Retirees (with medical coverage)	78	73
Retirees (without medical coverage)	4	4
Disables (with medical coverage)	0	0
Beneficiaries (with medical coverage)	0	2
Total Participants	191	191
Annual Projected Payroll	$ 6,318,323	$ 6,017,878
Average Projected Earnings	$ 54,003	$ 53,731

Investment Policy

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

Net OPEB Liability

The components of the Net OPEB Liability at June 30, 2020 and 2019 were as follows:

	Increase (Decrease)		
	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (a)-(b)
Balances as 6/30/2019	$ 25,020,284	$ 13,513,405	$ 11,506,879
Changes for the year:			
Service cost	599,480	-	599,480
Interest	1,409,087	-	1,409,087
Difference between expected and actual experience	892,823	-	892,823
Change of assumptions	1,801,110	-	1,801,110
Contributions - employer	-	1,068,508	(1,068,508)
Contributions - employee	-	-	-
Net investment income	-	1,183,802	(1,183,802)
Benefit payments, including refund of employee			-
contributions	-	-	-
Administrative expenses	-	(47,382)	47,382
Net changes	4,702,500	2,204,928	2,497,572
Balances as 6/30/2020	$ 29,722,784	$ 15,718,333	$ 14,004,451

	Increase (Decrease)		
	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (a)-(b)
Balances as 6/30/2018	$ 24,081,656	$ 12,679,202	$ 11,402,454
Changes for the year:			
Service cost	492,206	-	492,206
Interest	1,301,992	-	1,301,992
Difference between expected and actual experience	45,706	-	45,706
Contributions - employer	-	1,068,508	(1,068,508)
Contributions - employee	-	-	-
Net investment income	-	700,971	(700,971)
Benefit payments, including refund of employee			-
contributions	(901,276)	(901,276)	-
Administrative expenses	-	(34,000)	34,000
Net changes	938,628	834,203	104,425
Balances as 6/30/2019	$ 25,020,284	$ 13,513,405	$ 11,506,879

	Increase (Decrease)		
	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (a)-(b)
Balances as 6/30/2017	$ 29,035,023	$ 10,926,950	$ 18,108,073
Changes for the year:			
Service cost	468,768	-	468,768
Interest	1,622,709	-	1,622,709
Difference between expected and actual experience	(7,044,844)	-	(7,044,844)
Contributions - employer	-	918,508	(918,508)
Contributions - employee	-	-	-
Net investment income	-	867,418	(867,418)
Benefit payments, including refund of employee			-
contributions	-	-	-
Administrative expenses	-	(33,674)	33,674
Net changes	(4,953,367)	1,752,252	(6,705,619)
Balances as 6/30/2018	$ 24,081,656	$ 12,679,202	$ 11,402,454

Discount rate

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

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

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

		Healthcare Cost	
	1% Decrease	Current	1% Increase
Net OPEB Liability	6.5% decreasing to 5.75% over 10 years	7.5% decreasing to 6.75% over 10 years	8.5% decreasing to 7.75% over 10 years
June 30, 2020	$ 9,711,882	$ 14,004,451	$ 19,458,094
June 30, 2019	$ 7,939,747	$ 11,506,879	$ 15,981,776
June 30, 2018	$ 7,905,670	$ 11,402,454	$ 15,873,554

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease	Current	1% increase
Net OPEB Liability	4.50%	5.50%	6.50%
June 30, 2020	$ 18,875,782	$ 14,004,451	$ 10,111,109
June 30, 2019	$ 15,549,836	$ 11,506,879	$ 8,284,953
June 30, 2018	$ 15,406,825	$ 11,402,454	$ 8,221,074

Deferred outflows and inflows for the years ended June 30, 2020 and 2019 were as follows.

June 30, 2020	Deferred Outflows of resources	Deferred Inflows of resources
Differences between actual and expected experience	$ 30,471	$ 2,348,282
Net investment income	-	365,318
Changes of assumptions	-	-
Employer payments subsequent to the measurement date	688,165	-
Total	$ 718,636	$ 2,713,600

June 30, 2019	Deferred Outflows of resources	Deferred Inflows of resources
Differences between actual and expected experience	$ 374,506	$ 5,003,715
Net investment income	-	523,736
Changes of assumptions	-	-
Employer payments subsequent to the measurement date	1,068,508	-
Total	$ 1,443,014	$ 5,527,451

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows as of the fiscal year ending June 30, 2020:

For the year ended June 30:		
2021	$	(2,491,464)
2020		(143,180)
2023		(48,485)
2024		-
2025		-
Thereafter		-

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

Payment of Benefits. Benefits are recorded when the participant has met all of the Plan requirements to receive a benefit. At June 30, 2020 and June 30, 2019 no benefits were payable and not paid.

H. Subsequent Events

Management has evaluated subsequent events through November 12, 2020, the date in which the financial statements were available to be issued. On September 1, 2020, the Utility issued general obligation refunding bonds, series 2020, in th e amount of $6,910,000.

The full impact of the COVID-19 outbreak continues to evolve as of November 12, 2020. As such, it is uncertain as to the full magnitude that the pandemic will have on the systems financial condition and future results of operations. Management is actively monitoring the situation on its financial condition, liquidity, operations, suppliers and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the systems are not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year ending June 30, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF CHANGES IN THE PLAN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS BASED ON PARTICIPATION IN THE SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN

For the Years Ended June 30,

Total pension liability	2020	2019	2018	2017	2016	2015	2014
Service cost	$ 412,012	$ 385,701	$ 377,186	$ 348,588	$ 336,337	$ 320,493	$ 312,296
Interest	1,331,576	1,266,215	1,200,033	1,107,819	1,068,464	1,076,504	1,067,068
Differences between actual & expected experience	210,636	75,848	(15,826)	171,430	199,487	369,939	(66,023)
Benefit payments, including refunds of employee contributions	(585,193)	(1,055,501)	(193,396)	(484,773)	(1,623,858)	(1,406,224)	(1,732,483)
Net change in total pension liability	1,369,031	672,263	1,367,997	1,143,064	(19,570)	360,712	(419,142)
Total pension liability - beginning	18,903,103	18,230,840	16,862,843	15,719,779	15,739,349	15,378,637	15,797,779
Total pension liability - ending (a)	20,272,134	18,903,103	18,230,840	16,862,843	15,719,779	15,739,349	15,378,637
Plan fiduciary net position							
Contributions - employer	601,485	601,485	601,485	601,485	601,485	601,485	601,485
Contributions - employee	241,136	218,616	213,080	196,533	187,646	171,802	148,994
Net investment income	493,132	688,067	1,201,628	1,501,827	90,423	528,871	1,932,843
Benefit payments, including refunds of employee contributions	(585,193)	(1,055,501)	(193,396)	(484,773)	(1,546,757)	(1,341,369)	(1,732,483)
Administrative expense	-	-	(51,536)	(45,342)	(77,103)	(64,855)	(45,141)
Net change in plan fiduciary net position	750,560	452,667	1,771,261	1,769,730	(744,306)	(104,066)	905,698
Plan fiduciary net position - beginning	16,948,642	16,495,975	14,724,714	12,954,984	13,699,290	13,803,356	12,897,658
Plan fiduciary net position - ending (b)	17,699,202	16,948,642	16,495,975	14,724,714	12,954,984	13,699,290	13,803,356
Net Pension Liability (Asset) - ending (a) - (b)	2,572,932	1,954,461	1,734,865	2,138,129	2,764,795	2,040,059	1,575,281
Plan fiduciary net position as a percentage of total pension lia	87.31%	89.66%	90.48%	87.32%	82.41%	87.04%	89.76%
Covered-employee payroll	$ 5,229,571	$ 5,142,075	$ 4,977,058	$ 4,855,178	$ 4,464,242	$ 4,406,910	$ 4,240,100
Net pension liability (asset) as a percentage of covered-emplo	49.20%	38.01%	34.86%	44.04%	61.93%	46.29%	37.15%

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years which is available.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE SINGLE EMPLOYER DEFINED BENEFIT PENSION PLAN
Fiscal Years Ending June 30,

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

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years which is available.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF INVESTMENT RETURNS
For the Years Ended June 30,

	2020	2019	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	6.23%	4.46%	8.03%	11.45%	0.69%	3.83%	15.60%

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years which is available.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULE OF NOTES TO PENSION REQUIRED SUPPLEMENTARY INFORMATION - ALL FUNDS
For the Year Ended June 30, 2020

Notes to Pension Required Supplementary Information

Valuation Date : Actuarially determined contribution rates for June 30, 2020 were calculated based on the July 1, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal
Amortization method:	Level dollar
Asset valuation:	Fair market value
Inflation:	2.25% per annum, compounded annually
Salary increases:	3.0% per annum, compounded annually for Group A & B 5.0% per annum, compounded annually for Group C & D
Investment rate of return:	7.0% per annum, compounded annually
Retirement age:	Group A, B, and D employees - A graded retirement scale is assumed from age 50 to age 59 with 15% retirement assumption at an age where age plus service equals 80, 100% retirement at age 60 and 10 years of credited service Group C employees - Earlier of 30 years of service or attainment of age 60
Mortality:	1983 Group Annuity Mortality Table for Group A & B RP 2000 Combined Mortality Table for Group C & D
Cost of living adjustments:	None

**This is a summary of the methods and assumptions for the 7/1/19 to 6/30/20 plan year. Please refer to prior funding valuations for the assumptions used to develop earlier contributions.*

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF CHANGES IN THE NET OPEB LIABILITY (ASSET) AND RELATED RATIOS

For the Year Ended June 30,

Total OPEB Liability	2020	2019	2018	2017
Service cost	$ 599,480	$ 492,206	$ 468,768	$ 479,771
Interest	1,409,087	1,301,992	1,622,709	1,561,712
Changes in benefit terms	-	-	-	-
Differences between actual & expected experience	892,823	45,706	(7,044,844)	(921,458)
Change of assumptions	1,801,110	-	-	-
Benefit payments, including refunds of employee contributions	-	(901,276)	-	-
Net Change in Total OPEB Liability	4,702,500	938,628	(4,953,367)	1,120,025
Total OPEB liability - beginning	25,020,284	24,081,656	29,035,023	27,914,998
Total OPEB liability - ending (a)	29,722,784	25,020,284	24,081,656	29,035,023
Plan Fiduciary Net Position				
Contributions - employer	1,068,508	1,068,508	918,508	1,062,000
Contributions - employee	-	700,971	867,418	-
Net investment income	1,183,802	(901,276)	-	1,063,260
Benefit payments, including refunds of employee contributions	-	-	-	-
Administrative expense	(47,382)	(34,000)	(33,674)	(25,098)
Net change in plan fiduciary net position	2,204,928	834,203	1,752,252	2,100,162
Plan fiduciary net position - beginning	13,513,405	12,679,202	10,926,950	8,826,788
Plan fiduciary net position - ending (b)	15,718,333	13,513,405	12,679,202	10,926,950
Net OPEB Liability (Asset) - ending (a) - (b)	14,004,451	11,506,879	11,402,454	18,108,073
Plan fiduciary net position as a percentage of total OPEB	52.88%	54.01%	52.65%	37.63%
Covered-employee payroll	$ 6,318,323	$6,017,878	$5,871,100	$ 5,335,934
Net OPEB liability (asset) as a percentage of covered-emp	221.65%	191.21%	194.21%	339.36%

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years which is available.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF CONTRIBUTIONS - OPEB
Fiscal Year Ending June 30,

	2020	2019	2018	2017
Actuarially determined contribution	$ 1,756,673	$ 1,443,014	$ 1,410,432	$ 1,062,000
Contributions in relation to the actuarially determined contribution	688,165	1,068,508	918,508	1,062,000
Contribution deficiency (excess)	$ 1,068,508	$ 374,506	$ 491,924	$ -
Covered-employee payroll	$ 6,318,323	$ 6,017,878	$ 5,871,100	$ 5,335,934
Contributions as a percentage of covered-employee payroll	10.89%	17.76%	15.64%	19.90%

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years which is available.

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

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF INVESTMENT RETURNS
For the Year Ended June 30,

	2020	**2019**	**2018**	**2017**
Annual money-weighted rate of return, net of investment expense	2.85%	5.50%	7.66%	11.73%

These schedules are presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years which is available.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
NOTES TO POST EMPLOYMENT BENEFITS
June 30, 2020

Valuation date	July 1, 2020
Actuarial valuation method	Entry Age Normal
Asset valuation method	Market value
Funding policy	The benefits of the Lawrenceburg Utility Systems Postemployment Benefits Other Than Pensions are funded through contributions to a trust.
Investment policy	To be provided by Lawrenceburg Utility Systems
	Benefits for retirees are deemed to be similar to those benefits provided for actives. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. It is assumed to pay benefits secondary to Medicare after attaining age 65 or after permanent disability.
Amortization period	20 years (closed)
Mortality	RP-2014 Mortality Table adjusted to 2006 with generational mortality improvement projected under Projection Scale MP-2019
Retirement rates	Age 50 - 10%, Ages 51-54 - 5%, Age 55 - 20%, Ages 56-64 - 5%, and Age 65 - 100%
Discount rate	5.50% per annum
Salary increases	2.5% per annum
Expected long-term rate of return on plan assets	5.50% per annum
Plan Participation	100% of future eligible retirees are assumed to elect medical coverage upon retirement.
Marital status	Actual spouse participation and dates of birth were used for retirees. For actives, the marriage assumption of 71% was used, and males were assumed to be two years older than female spouses.
Age variance	All medical claims were adjusted each year for aging based on the factors listed in the Dale Yamamoto study released by the Society of Actuaries in June 2013.
Healthcare cost trend rates	Medical: 7.5% graded down to 6.75% over 3 years and following getzen thereafter. Dental/Vision 5% per annum.
Administrative expenses	Administrative expenses were assumed to be included in the per capita claims cost.

The following changes were made to the actuarial assumptions and methods effective July 1, 2020.

1. The medical trend was changed from 8% to 5% graded over 10 years beginning in 2019 to 7.5% to 6.75% graded over 3 years beginning in 2020 and following the Getzen model thereafter.
2. The mortality improvement scale was changed from MP-2017 to MP-2019.
3. The medical claims aging table was updated to be based on the aging factors from the Dale Yamamoto study released by the Society of Actuaries in June 2013.

SUPPLEMENTARY AND OTHER INFORMATION SECTION

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF OPERATING REVENUES AND EXPENSES
ELECTRIC FUND

For the Years Ended June 30, 2020 and 2019

	2020		2019	
	Amount	Percent	Amount	Percent
Operating revenues:				
Charges for sales and services:				
Residential sales	$26,353,429	50.61	$27,403,784	50.57
Small lighting and power sales	5,260,033	10.10	5,363,722	9.90
Large lighting and power sales	18,252,746	35.05	19,327,118	35.66
Street and athletic lighting sales	439,252	0.84	449,759	0.83
Outdoor lighting sales	483,133	0.93	483,597	0.89
Total charges for sales and services	50,788,593	97.53	53,027,980	97.85
Other revenues:				
Forfeited discounts	374,947	0.72	424,891	0.78
Miscellaneous service revenue	137,604	0.26	140,265	0.26
Rent from electric property	777,896	1.49	603,248	1.11
Other electric revenue	58	-	56	-
Total other revenues	1,290,505	2.47	1,168,460	2.15
Total operating revenues	**52,079,098**	**100.00**	**$54,196,440**	**100.00**
Operating expenses:				
Cost of sales and services:				
Purchased power	37,029,119	76.98	39,514,794	78.77
Operations expenses:				
Distribution expenses:				
Station expense	77,494	0.16	75,028	0.15
Supervision and engineering	95,591	0.20	98,284	0.20
Overhead line expense	434,137	0.90	512,058	1.02
Underground lines expense	1,032	-	-	-
Street lighting and signal system	52,415	0.11	-	-
Meter expense	205,423	0.43	269,458	0.54
Installation expense	168,742	0.35	167,252	0.33
Rents	40,012	0.08	52,757	0.11
Miscellaneous	839,542	1.75	664,060	1.32
Total distribution expenses	$ 1,914,388	3.98	$ 1,838,897	3.67

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF OPERATING REVENUES AND EXPENSES
ELECTRIC FUND

For the Years Ended June 30, 2020 and 2019

	2020		2019	
	Amount	Percent	Amount	Percent
Customer accounts expenses:				
Meter reading expense	$ 208,473	0.43	$ 229,060	0.46
Customer records and collection expense	602,194	1.25	597,687	1.19
Total customer accounts expenses	810,667	1.68	826,747	1.65
Customer service and information expenses:				
Customer assistance expense	10,612	0.02	23,820	0.05
Total customer service and information expenses	10,612	0.02	23,820	0.05
Sales expense				
Demonstrating and selling	82,068	0.17	102,291	0.20
Advertising	14,241	0.03	18,225	0.04
Miscellaneous	-	-	53,307	0.11
Total sales expense	96,309	0.20	173,823	0.35
Administrative expenses:				
Salaries	488,892	1.02	464,003	0.93
Office supplies and expense	306,019	0.64	358,069	0.71
Outside services employed	28,842	0.06	26,094	0.05
Insurance	278,374	0.58	293,319	0.58
Employee pension and benefits	1,951,586	4.06	2,109,766	4.21
Duplicate charge credit	(68,075)	(0.14)	(74,063)	(0.15)
Miscellaneous	64,576	0.13	57,817	0.12
Total administrative expenses	3,050,214	6.35	3,235,005	6.45
Total operations expenses	$ 5,882,190	12.23	$ 6,098,292	12.17

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF OPERATING REVENUES AND EXPENSES
ELECTRIC FUND
For the Years Ended June 30, 2020 and 2019

	2020		2019	
	Amount	Percent	Amount	Percent
Maintenance expenses:				
Distribution expenses:				
Supervision and engineering	$ 36,278	0.08	$ 39,902	0.08
Station equipment	91,950	0.19	179,805	0.36
Overhead lines	1,324,448	2.75	1,198,797	2.39
Underground lines	15,373	0.03	22,990	0.05
Line transformers	55,719	0.12	63,346	0.13
Street lights and signal system	90,618	0.19	49,986	0.10
Meters	2,231	-	(638)	-
Outdoor lighting	44,035	0.09	40,896	0.08
Total distribution expenses	1,660,652	3.45	1,595,084	3.19
Administrative expenses:				
Maintenance of general plant	77,928	0.16	67,961	0.14
Total maintenance expenses	1,738,580	3.61	1,663,045	3.33
Total operations and maintenance expenses	7,620,770	15.84	7,761,337	15.50
Provision for depreciation	2,992,358	6.22	2,449,622	4.88
Taxes and other	459,044	0.96	436,700	0.85
Total operating expenses	**$48,101,291**	**100.00**	**$50,162,453**	**100.00**

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF OPERATING REVENUES AND EXPENSES
WATER AND SEWER FUND
For the Years Ended June 30, 2020 and 2019

	2020		2019	
	Amount	Percent	Amount	Percent
Operating revenues:				
Charges for sales and services:				
Metered sales	$ 7,272,827	95.01	$ 7,374,111	95.38
Total charges for sales and services	7,272,827	95.01	7,374,111	95.38
Other revenue:				
Forfeited discounts	71,881	0.94	76,491	0.99
Miscellaneous	152,913	2.00	128,764	1.67
Servicing customer	42,315	0.55	45,315	0.59
Tap fees	115,041	1.50	106,466	1.37
Total other revenue	382,150	4.99	357,036	4.62
Total operating revenues	**7,654,977**	**100.00**	**7,731,147**	**100.00**
Operating expenses:				
Operations expenses:				
Distribution expenses:				
Station expense	1,326,113	24.68	1,249,988	24.98
Miscellaneous	82,412	1.53	56,339	1.13
Total distribution expenses	1,408,525	26.21	1,306,327	26.11
Customer accounts expenses:				
Meter reading expense	125,598	2.34	101,483	2.03
Customer records and collection expense	164,706	3.06	167,462	3.35
Total customer accounts expenses	290,304	5.40	268,945	5.38
Sales expense				
Demonstrating and selling	10,815	0.20	13,905	0.28
Advertising	2,632	0.05	4,108	0.08
Total sales expense	13,447	0.25	18,013	0.36
Administrative expenses:				
Salaries	316,434	5.89	303,604	6.07
Office supplies and expense	202,233	3.76	226,945	4.54
Outside services employed	23,331	0.43	30,131	0.60
Insurance	29,685	0.55	23,635	0.47
Injuries and damages	119,059	2.22	124,734	2.49
Employee pension and benefits	461,702	8.59	103,360	2.07
Miscellaneous	24,573	0.46	11,791	0.24
Total administrative expenses	1,177,017	21.90	824,200	16.48
Total operations expenses	$ 2,889,293	53.76	$ 2,417,485	48.33

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF OPERATING REVENUES AND EXPENSES
WATER AND SEWER FUND
For the Years Ended June 30, 2020 and 2019

	2020		2019	
	Amount	Percent	Amount	Percent
Maintenance expenses:				
Distribution expenses:				
Station equipment	$ 147,928	2.75	$ 106,390	2.13
Underground lines	1,064,030	19.80	1,245,903	24.90
Total distribution expenses	1,211,958	22.55	1,352,293	27.03
Administrative expenses:				
Maintenance of general plant	29,901	0.56	30,900	0.62
Total maintenance expenses	1,241,859	23.11	1,383,193	27.65
Total operations and maintenance expenses	4,131,152	76.87	3,800,678	75.98
Provision for depreciation	1,243,141	23.13	1,202,304	24.02
Total operating expenses	**$ 5,374,293**	**100.00**	**$ 5,002,982**	**100.00**

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF OPERATING REVENUES AND EXPENSES
GAS FUND
For the Years Ended June 30, 2020 and 2019

	2020		2019	
	Amount	Percent	Amount	Percent
Operating revenues:				
Charges for sales and services:				
Metered sales	$ 5,473,280	97.48	$ 6,045,764	97.79
Total charges for sales and services	5,473,280	97.48	6,045,764	97.79
Other revenue:				
Forfeited discounts	23,911	0.43	28,658	0.46
Inspection fee	4,100	0.07	4,000	0.06
Line extension charges	32,976	0.59	23,233	0.38
Miscellaneous	1,042	0.02	1,263	0.02
Rent	45,937	0.82	45,937	0.74
Servicing customer	33,570	0.59	33,770	0.55
Total other revenue	141,536	2.52	136,861	2.21
Total operating revenues	**$ 5,614,816**	**100.00**	**$ 6,182,625**	**100.00**
Operating expenses:				
Cost of sales and services:				
Purchase of gas	$ 1,910,793	53.61	$ 2,703,530	73.97
Operations expenses:				
Distribution expenses:				
Miscellaneous	50,429	1.41	42,297	1.16
Total distribution expenses	50,429	1.41	42,297	1.16
Customer accounts expenses:				
Meter reading expense	79,469	2.23	65,544	1.79
Customer records and collection expense	108,462	3.04	108,002	2.96
Total customer accounts expenses	187,931	5.27	173,546	4.75
Sales expense				
Demonstrating and selling	10,052	0.28	12,293	0.34
Advertising	1,858	0.05	2,133	0.06
Total sales expense	11,910	0.33	14,426	0.40
Administrative expenses:				
Salaries	172,617	4.84	193,839	5.30
Office supplies and expense	111,048	3.12	130,213	3.56
Outside services employed	7,835	0.22	18,801	0.51
Insurance	7,033	0.20	6,178	0.17
Injuries and damages	49,576	1.39	52,321	1.43
Employee pension and benefits	70,672	1.98	(417,896)	(11.43)
Miscellaneous	218,878	6.14	8,081	0.22
Total administrative expenses	637,659	17.89	(8,463)	(0.24)
Total operations expenses	$ 887,929	24.90	$ 221,806	6.07

SCHEDULES OF OPERATING REVENUES AND EXPENSES
GAS FUND
For the Years Ended June 30, 2020 and 2019

	2020		2019	
	Amount	Percent	Amount	Percent
Maintenance expenses:				
Distribution expenses:				
Underground lines	$ 406,176	11.40	$ 410,941	11.25
Total distribution expenses	406,176	11.40	410,941	11.25
Administrative expenses:				
Maintenance of general plant	16,347	0.46	12,907	0.35
Total maintenance expenses	422,523	11.86	423,848	11.60
Total operations and maintenance expenses	1,310,452	36.76	645,654	17.67
Provision for depreciation	343,095	9.63	305,703	8.36
Total operating expenses	**$ 3,564,340**	**100.00**	**$ 3,654,887**	**100.00**

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULE OF LONG-TERM DEBT - ELECTRIC
June 30, 2020

Year Ended	Series 2002 Refunding Bonds		Series 2015C Refunding Bonds		Series 2019A General Obligation Bonds		**Total Requirements**		
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2021	865,000	296,250	550,000	75,740	-	181,600	1,415,000	553,590	1,968,590
2022	915,000	253,000	560,000	64,940	215,000	171,100	1,690,000	489,040	2,179,040
2023	960,000	207,250	575,000	53,840	225,000	160,100	1,760,000	421,190	2,181,190
2024	1,010,000	159,250	580,000	42,490	235,000	148,600	1,825,000	350,340	2,175,340
2025	1,060,000	108,750	550,000	30,940	250,000	136,475	1,860,000	276,165	2,136,165
2026	1,115,000	55,750	555,000	25,336	260,000	123,725	1,930,000	204,811	2,134,811
2027	-	-	-	-	275,000	110,350	275,000	110,350	385,350
2028	-	-	-	-	290,000	96,225	290,000	96,225	386,225
2029	-	-	-	-	300,000	85,975	300,000	85,975	385,975
2030	-	-	-	-	305,000	79,925	305,000	79,925	384,925
2031	-	-	-	-	310,000	73,775	310,000	73,775	383,775
2032	-	-	-	-	320,000	67,475	320,000	67,475	387,475
2033	-	-	-	-	325,000	60,822	325,000	60,822	385,822
2034	-	-	-	-	330,000	53,863	330,000	53,863	383,863
2035	-	-	-	-	340,000	46,531	340,000	46,531	386,531
2036	-	-	-	-	345,000	38,825	345,000	38,825	383,825
2037	-	-	-	-	355,000	30,950	355,000	30,950	385,950
2038	-	-	-	-	365,000	22,622	365,000	22,622	387,622
2039	-	-	-	-	370,000	13,894	370,000	13,894	383,894
2040	-	-	-	-	380,000	4,749	380,000	4,749	384,749
	$ 5,925,000	$ 1,080,250	$ 3,370,000	$ 293,286	$ 5,795,000	$ 1,707,581	$ 15,090,000	$ 3,081,117	$ 18,171,117

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULE OF LONG-TERM DEBT - WATER AND SEWER
June 30, 2020

Year Ended June 30,	State of Tennessee Revolving Loan		Series 2012 General Obligation Refunding Bond		Series 2016 General Obligation Refunding Bond		Series 2016B General Obligation Refunding Bond		Series 2017 Go Bonds		**Total Requirements**		
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2021	741,708	114,180	300,000	54,850	500,000	50,000	50,000	86,000	70,000	40,838	1,661,708	345,868	2,007,576
2022	760,008	95,880	310,000	47,350	500,000	40,000	50,000	85,000	75,000	38,738	1,695,008	306,968	2,001,976
2023	778,764	77,124	320,000	39,600	500,000	30,000	50,000	84,000	75,000	36,488	1,723,764	267,212	1,990,976
2024	797,976	57,912	325,000	30,000	500,000	20,000	50,000	83,000	80,000	34,238	1,752,976	225,150	1,978,126
2025	817,668	38,220	335,000	20,250	500,000	10,000	50,000	82,000	80,000	32,638	1,782,668	183,108	1,965,776
2026	837,852	18,048	340,000	10,200	-	-	50,000	81,000	80,000	31,038	1,307,852	140,286	1,448,138
2027	283,850	1,422	-	-	-	-	1,000,000	80,000	85,000	29,238	1,368,850	110,660	1,479,510
2028	-	-	-	-	-	-	1,000,000	60,000	85,000	27,113	1,085,000	87,113	1,172,113
2029	-	-	-	-	-	-	1,000,000	40,000	85,000	24,988	1,085,000	64,988	1,149,988
2030	-	-	-	-	-	-	1,000,000	-	90,000	22,863	1,090,000	22,863	1,112,863
2031	-	-	-	-	-	-	-	-	90,000	20,388	90,000	20,388	110,388
2032	-	-	-	-	-	-	-	-	95,000	17,913	95,000	17,913	112,913
2033	-	-	-	-	-	-	-	-	95,000	15,300	95,000	15,300	110,300
2034	-	-	-	-	-	-	-	-	100,000	12,450	100,000	12,450	112,450
2035	-	-	-	-	-	-	-	-	100,000	9,450	100,000	9,450	109,450
2036	-	-	-	-	-	-	-	-	105,000	6,450	105,000	6,450	111,450
2037	-	-	-	-	-	-	-	-	110,000	3,300	110,000	3,300	113,300
	$ 5,017,826	$ 402,786	$ 1,930,000	$ 202,250	$ 2,500,000	$ 150,000	$ 4,300,000	$ 681,000	$ 1,500,000	$ 403,431	$ 15,247,826	$ 1,839,467	$ 17,087,293

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2020

Description of Indebtness	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding 7/1/2019	Issued during period	Paid and/or matured during	Refunded during period	Outstanding 6/30/2020
Notes Payable									
Payable through Water and Sewer System									
State of Tennessee Revolving Loan 03-174	8,466,902	3.00%	July 1, 2015	July 1, 2027	5,741,678	-	723,852	-	5,017,826
Total Notes Payable	$ 8,466,902				$ 5,741,678	$ -	$ 723,852	$ -	$ 5,017,826
Bonds Payable									
Payable through Electric System									
Electric Revenue Refunding Bonds - Series 2002	$ 10,040,000	5.00%	March 1, 2002	July 1, 2026	$ 6,750,000	$ -	$ 825,000	$ -	$ 5,925,000
Electric Revenue Refunding Bonds - Series 2015c	5,930,000	2.00%	June 15, 2015	July 1, 2026	3,900,000	-	530,000	-	3,370,000
General Obligation Bonds - Series 2019A	6,000,000	5.00%	September 20, 2019	July 1, 2040	-	6,000,000	205,000	-	5,795,000
Payable through Water and Sewer System									
General Obligation Refunding Bonds - Series 2011	5,000,000	2.25%	June 28, 2011	June 1, 2021	50,000	-	50,000	-	-
General Obligation Refunding Bonds - Series 2012	2,630,000	3.00%	May 16, 2012	June 1, 2026	2,030,000	-	100,000	-	1,930,000
General Obligation Refunding Bonds - Series 2016	4,880,000	5.00%	January 20, 2016	June 1, 2025	3,125,000	-	625,000	-	2,500,000
General Obligation Refunding Bonds - Series 2016b	4,485,000	2.00%	October 20, 2016	June 1, 2030	4,350,000	-	50,000	-	4,300,000
General Obligation Bonds - Series 2017	6,250,000	3.00%	November 10, 2017	June 1, 2037	1,500,000	-	-	-	1,500,000
Total Bonds Payable	$ 45,215,000				$ 21,705,000	$ 6,000,000	$ 2,385,000	$ -	$ 25,320,000

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
ELECTRIC RATES IN FORCE
June 30, 2020

Residential Rate Schedule:		
Customer charge - per delivery point per month	$	19.00
Energy charge - cents per kWh		
First 800 kWh per month		0.09215
Additional kWh		0.09215
Commercial Rate Schedule:		
GSA1 (Under 50 kW demand & less than 15,000 kWh)		
Customer charge - per delivery point per month	$	35.00
Energy charge - cents per kWh		0.10249
GSA2 (51-1,000 kW demand or more than 15,000 kWh)		
Customer charge - per delivery point per month	$	195.00
Demand charges - per kW per month		
First 50 kW		No Charge
Excess over 50 kW		16.51
Energy charge - cents per kWh		
First 15,000 kWh per month		0.10142
Additional kWh per month		0.05981
GSA3 (1,000 - 5,000 kW demand)		
Customer charge - per delivery point per month	$	500.00
Demand charges - per kW per month		
First 1,000 kW		16.51
Next 1,000 kW		18.59
Excess over 2,500 kW		18.59
Energy charge - cents per kWh		0.05982
Outdoor Lighting:		
Customer charge - per delivery point per month	$	2.50
Energy charge - cents per kWh		0.06399
Facility charge (part B)		9% of installed cost

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
ELECTRIC RATES IN FORCE
June 30, 2020

Seasonal Rate Schedule:		
S-GSA-1 (Under 50 kW demand)		
Customer charge - per delivery point per month	$	35.00
Energy charge - cents per kWh		0.11579
S-GSA-2 (50 - 1,000 kW demand)		
Customer charge - per delivery point per month	$	195.00
kW demand, after 50	$	20.38
First 15000kWh		0.11472
Additional kWh		0.05981
S-GSA-3 (Above 1,000 kW demand)		
Customer charge - per delivery point per month	$	500.00
kW demand, first 1000	$	20.51
kW demand, over 1000	$	22.59
kW demand over 2500 or contract	$	22.59
kWh charge		0.05982
Industrial Rate Schedule:		
TOU MSB (above 5000kW)		
Customer charge - per delivery point per month	$	1,500.00
Admin Charge	$	350.00
OnPeak kW	$	10.24
Max kW	$	2.26
Excess of contract kW	$	10.24
Onpeak kWh		0.07016
Offpeak kWh - first 200 HUD		0.04516
Offpeak kWh - next 200 HUD		0.01547
Offpeak kWh - additional 200 HUD		0.01292
Number of customers:		
Residential		17,370
Commercial and industrial		3,228
Street and outdoor lighting		104
		20,702

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
WATER AND SEWER RATES IN FORCE
June 30, 2020

Water Division

Inside City Limits

Residential

Customer charge	$ 15.04 for the first 1,099 gallons
Water usage	$ .534000 per 100 gallons after 1,100 gallons

Commercial

Customer charge	$ 40.11 for the first 1,999 gallons
Water usage	$ .606000 per 100 gallons after 2,000 gallons

Industrial

Customer charge	$ 99.23 for the first 2,099 gallons
Water usage	$ .629000 per 100 gallons for 2,100 through 20,099 gallons
	$ .519000 per 100 gallons after 20,100 gallons

Outside City Limits

Residential

Customer charge	$ 26.13 for the first 1,099 gallons
Water usage	$ .663000 per 100 gallons after 1,100 gallons

Commercial

Customer charge	$ 49.61 for the first 2,099 gallons
Water usage	$ .684000 per 100 gallons after 2,100 gallons

Utility Districts

Customer charge	$108.73 customer charge plus $.29574 per gallon

Number of customers	7,348

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
WATER AND SEWER RATES IN FORCE
June 30, 2020

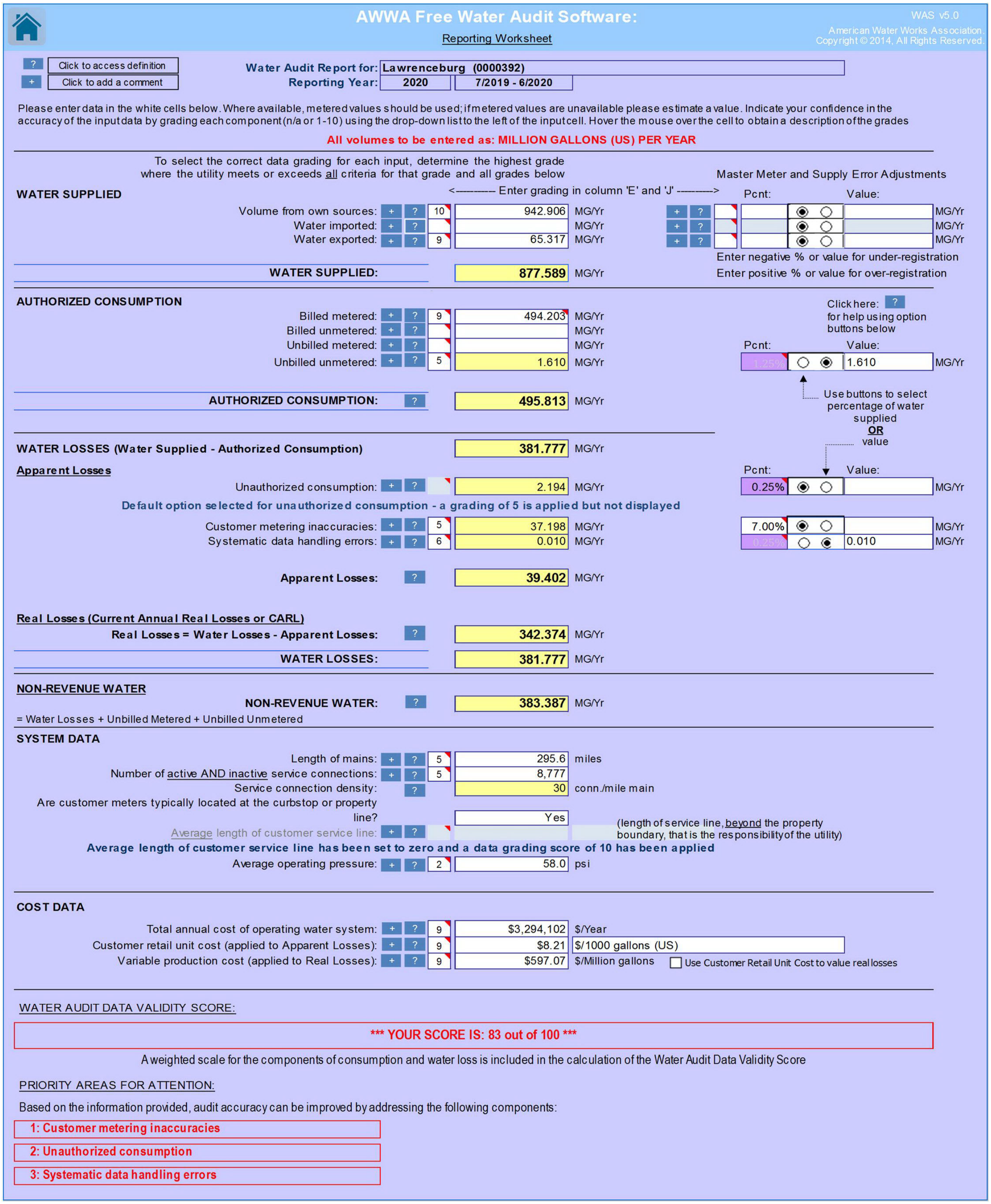
Sewer Division

Inside City Limits	
Residential	
Minimum chanrge	$ 19.74 for the first 1,099 gallons
Water usage	$ .704000 per gallon after 1,100 gallons
Commercial	
Customer charge	$ 41.93 for the first 2,099 gallons
Water usage	$ .853000 per gallon after 2,100 gallons
Industrial	
Customer charge	$ 41.93 for the first 2,099 gallons
Water usage	$ .867000 per gallon for 2,100 through 20,099 gallons
	$ .519000 per gallon after 21,000 gallons
Outside City Limits	
Residential	
Customer charge	$ 52.83 for the first 1,099 gallons
Water usage	$ .775000 per gallon after 1,100 gallons
Commercial	
Customer charge	$ 46.18 for the first 1,099 gallons
Water usage	$ .867000 per gallon after 1,100 gallons
Number of customers	5,157

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
GAS RATES IN FORCE
June 30, 2020

Class 40 - Residential - inside city		
Customer charge	$	5.19
Rate per MCF		0.08640
Class 41 - Commercial - inside city		
Customer charge	$	6.50
Rate per MCF		0.93888
Class 45 - Residential - outside city		
Customer charge	$	5.39
Rate per MCF		0.88480
Class 46 - Commercial - outside city		
Customer charge	$	7.15
Rate per MCF		0.96696
Class 49, 50, 51, 52 Industrial		
Customer charge	$	6.50
Rate per MCF		0.93888
Number of customers		6,224

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



AWWA Free Water Audit Software:

Reporting Worksheet

WAS v5.0
American Water Works Association.
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? Click to access definition
\+ Click to add a comment

Water Audit Report for: Lawrenceburg (0000392)
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

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

WATER SUPPLIED

Master Meter and Supply Error Adjustments

	Grading	Value		Pcnt:		Value:	
Volume from own sources:	10	942.906	MG/Yr		● ○		MG/Yr
Water imported:			MG/Yr		● ○		MG/Yr
Water exported:	9	65.317	MG/Yr		● ○		MG/Yr

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

WATER SUPPLIED: 877.589 MG/Yr

AUTHORIZED CONSUMPTION

Click here: ? for help using option buttons below

	Grading	Value		Pcnt:		Value:	
Billed metered:	9	494.203	MG/Yr				
Billed unmetered:			MG/Yr				
Unbilled metered:			MG/Yr				
Unbilled unmetered:	5	1.610	MG/Yr	1.25%	○ ●	1.610	MG/Yr

Use buttons to select percentage of water supplied **OR** value

AUTHORIZED CONSUMPTION: 495.813 MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption) 381.777 MG/Yr

Apparent Losses

	Grading	Value		Pcnt:		Value:	
Unauthorized consumption:		2.194	MG/Yr	0.25%	● ○		MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

	Grading	Value		Pcnt		Value	
Customer metering inaccuracies:	5	37.198	MG/Yr	7.00%	● ○		MG/Yr
Systematic data handling errors:	6	0.010	MG/Yr	0.25%	○ ●	0.010	MG/Yr

Apparent Losses: 39.402 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 342.374 MG/Yr

WATER LOSSES: 381.777 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 383.387 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

	Grading	Value	
Length of mains:	5	295.6	miles
Number of active AND inactive service connections:	5	8,777	
Service connection density:		30	conn./mile main
Are customer meters typically located at the curbstop or property line?		Yes	
Average length of customer service line:			(length of service line, beyond the property boundary, that is the responsibility of the utility)

Average length of customer service line has been set to zero and a data grading score of 10 has been applied

	Grading	Value	
Average operating pressure:	2	58.0	psi

COST DATA

	Grading	Value	
Total annual cost of operating water system:	9	$3,294,102	$/Year
Customer retail unit cost (applied to Apparent Losses):	9	$8.21	$/1000 gallons (US)
Variable production cost (applied to Real Losses):	9	$597.07	$/Million gallons

☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

*** YOUR SCORE IS: 83 out of 100 ***

A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

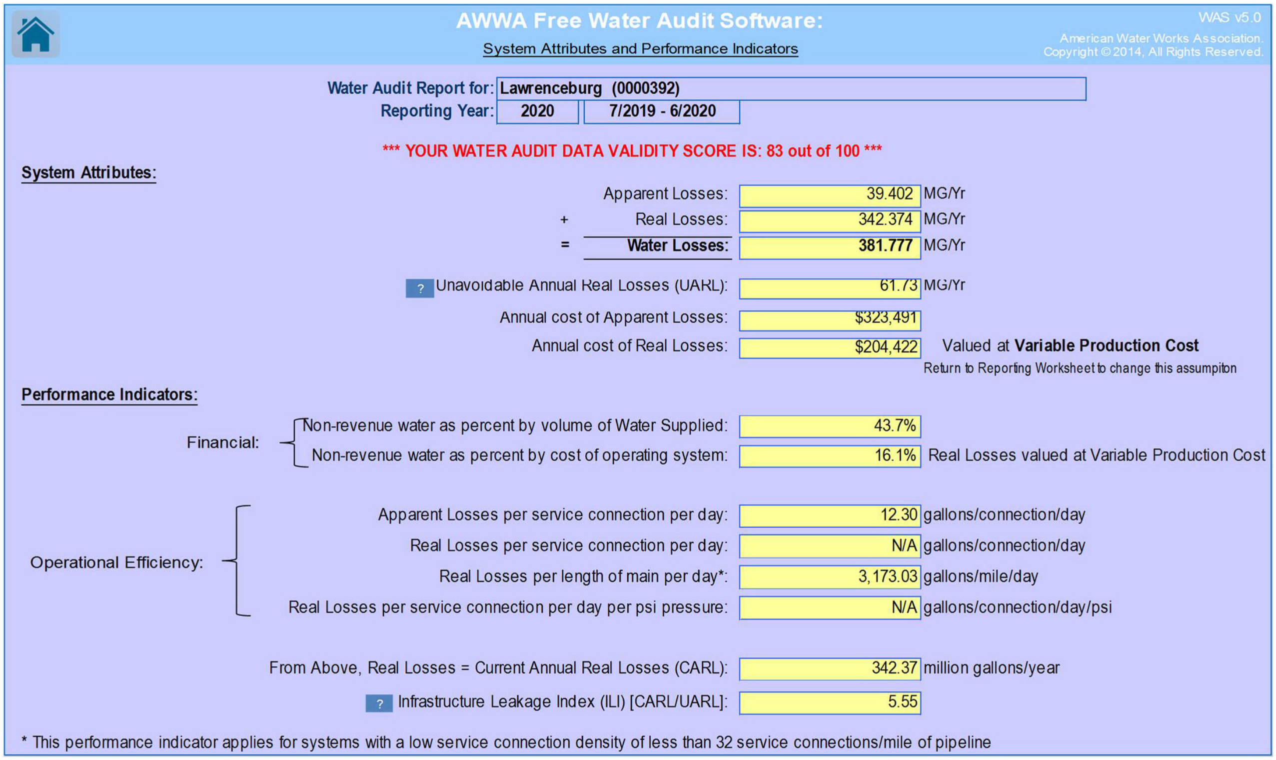
PRIORITY AREAS FOR ATTENTION:

Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Customer metering inaccuracies
2: Unauthorized consumption
3: Systematic data handling errors

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

June 30, 2020



AWWA Free Water Audit Software:

System Attributes and Performance Indicators

Water Audit Report for: **Lawrenceburg (0000392)**

Reporting Year: **2020** **7/2019 - 6/2020**

***** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 83 out of 100 *****

System Attributes:

Apparent Losses: 39.402 MG/Yr

\+ Real Losses: 342.374 MG/Yr

= **Water Losses: 381.777** MG/Yr

? Unavoidable Annual Real Losses (UARL): 61.73 MG/Yr

Annual cost of Apparent Losses: $323,491

Annual cost of Real Losses: $204,422 Valued at **Variable Production Cost**

Return to Reporting Worksheet to change this assumpiton

Performance Indicators:

Financial:

Non-revenue water as percent by volume of Water Supplied: 43.7%

Non-revenue water as percent by cost of operating system: 16.1% Real Losses valued at Variable Production Cost

Operational Efficiency:

Apparent Losses per service connection per day: 12.30 gallons/connection/day

Real Losses per service connection per day: N/A gallons/connection/day

Real Losses per length of main per day*: 3,173.03 gallons/mile/day

Real Losses per service connection per day per psi pressure: N/A gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 342.37 million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]: 5.55

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

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

	CFDA Number	Grant Number/ Project Number	Expenditures
Federal Awards			
U.S. Department of Housing and Urban Development/			
Tennessee Department of Economic andCommunity Development			
Community Develoment Block Grant program, Sewer System Improvements	14.228	33004-57317	$ 376,634
Total Federal Awards			**$ 376,634**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting whereby expenditures are recorded when the related liability is incurred. 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. The System has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
HISTORICAL INFORMATION - UNAUDITED

ELECTRIC FUND

	For the Years Ended June 30,				
	2020	2019	2018	2017	2016
Revenues					
Residential	$ 26,353,429	$ 27,403,784	$ 27,086,729	$ 26,498,226	$ 25,018,855
Small lighting and power	5,260,033	5,363,722	5,164,442	5,093,499	4,759,213
Large lighting and power	18,252,746	19,327,118	18,772,555	18,224,232	17,435,465
Street and athletic lighting	439,252	449,759	450,447	445,145	430,633
Outdoor lighting	483,133	483,597	473,955	471,380	453,951
Interest and other revenue	1,411,806	1,242,622	1,132,262	1,018,027	909,256
Capital contributions	-	-	-	-	260,521
	52,200,399	54,270,602	53,080,390	51,750,509	49,267,894
Expenses					
Electric power costs	37,029,119	39,514,794	38,929,558	37,748,811	35,506,249
Operating and maintenance	7,620,770	7,761,337	7,455,018	6,913,355	7,196,072
Provision for depreciation and amortization	2,992,358	2,449,622	2,342,060	2,311,191	2,300,168
Tax and tax equivalen	459,044	436,700	480,501	471,256	439,001
Transfers	1,201,520	1,207,163	1,195,558	1,195,976	1,103,742
Loss (gain) on disposition of property	(113,007)	254,132	203,227	298,194	(284,329)
Interest and other expense	615,505	527,637	598,964	651,377	695,491
	49,805,309	52,151,385	51,204,886	49,590,160	46,956,394
Net Income (Loss)	$ 2,395,090	$ 2,119,217	$ 1,875,504	$ 2,160,349	$ 2,311,500
Financial					
Plant in services (at original cost)	$ 98,479,785	$ 93,319,226	$ 87,564,985	$ 86,866,030	$ 85,510,232
Bonds and notes outstanding	$ 15,395,668	$ 10,659,758	$ 12,020,450	$ 13,321,145	$ 14,561,836
Power in use - KWH (in Millions)					
Residential	252	258	258	246	255
Commercial and industrial	227	235	221	223	217
Total	479	493	479	469	472
Number of customers					
Residential	17,370	17,267	17,186	17,134	17,011
Lighting	104	101	98	79	79
Commercial & industrial	3,228	3,181	3,115	3,058	3,001
	20,702	20,549	20,399	20,271	20,091
Line loss	3.60%	3.93%	4.52%	3.39%	1.27%

*** GASB 68 and 71 was implemented during the year ended June 30, 2015. Therefore, some balances are not comparable.**

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
HISTORICAL INFORMATION - UNAUDITED

WATER & SEWER FUND

	For the Years Ended June 30,				
	2020	2019	2018	2017	2016
Revenues					
Operating	$ 7,272,827	$ 7,374,111	$ 7,341,739	$ 7,314,966	$ 7,241,076
Interest and other revenue	383,945	359,919	315,049	332,028	285,846
Capital contributions	376,634	120,666	27,700	-	405,044
	8,033,406	7,854,696	7,684,488	7,646,994	7,931,966
Expenses					
Operating and maintenance	$ 4,131,152	$ 3,800,678	$ 4,246,804	$ 3,931,580	$ 4,403,175
Provision for depreciation and amortization	1,243,141	1,202,304	1,183,695	1,153,627	1,121,079
Transfers	256,743	264,128	283,114	285,343	271,964
Loss on disposition of property	74,789	21,492	107,901	53,892	47,398
Interest and other expense	412,842	467,154	504,751	531,972	584,032
	6,118,667	5,755,756	6,326,265	5,956,414	6,427,648
Net Income (Loss)	$ 1,914,739	$ 2,098,940	$ 1,358,223	$ 1,690,580	$ 1,504,318
Financial					
Plant in services (at original cost)	59,088,356	58,184,433	$ 56,833,468	$ 56,697,732	$ 55,912,118
Bonds and notes outstanding	$ 15,247,826	$ 17,111,616	$ 18,732,620	$ 18,317,112	$ 19,943,530
Usage - Gallons (in Millions)					
Water	494	502	501	523	574
Sewer	305	318	319	321	321
Number of customers					
Water	7,348	7,280	7,205	7,194	7,001
Sewer	5,157	5,107	5,062	5,062	5,007
Line loss					
Water	43.70%	43.40%	39.55%	42.85%	40.81%

*** GASB 68 and 71 was implemented during the year ended June 30, 2015 and GASB 75 during the year ended June 30, 2018.**

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
HISTORICAL INFORMATION - UNAUDITED

GAS FUND

	For the Years Ended June 30,				
	2020	2019	2018	2017	2016
Revenues					
Operating	$ 5,473,280	$ 6,045,764	$ 5,706,458	$ 4,767,666	$ 3,232,471
Interest and other revenue	143,613	139,234	134,775	141,786	122,097
	5,616,893	6,184,998	5,841,233	4,909,452	3,354,568
Expenses					
Purchase of gas	$ 1,910,793	$ 2,703,530	$ 2,463,992	$ 2,031,631	$ 1,743,377
Operating and maintenance	1,310,452	645,654	1,431,136	1,206,389	1,257,902
Provision for depreciation and amortization	343,095	305,703	370,398	410,602	400,289
Transfers	192,090	164,059	147,541	132,219	133,409
Loss on disposition of property	66,540	65,599	557,914	49,880	168,767
Interest and other expense	2,088	2,211	3,249	3,270	4,386
	3,825,058	3,886,756	4,974,230	3,833,991	3,708,130
Net Income (Loss)	$ 1,791,835	$ 2,298,242	$ 867,003	$ 1,075,461	$ (353,562)
Financial					
Plant in service (at original cost)	$ 17,600,591	$ 16,335,418	$ 15,229,950	$ 15,215,464	$ 14,076,474
Usage - MCF	605,499	648,808	650,801	516,603	519,975
Number of customers	6,224	6,174	6,141	6,108	6,061

*** GASB 68 and 71 was implemented during the year ended June 30, 2015 and GASB 75 during the year ended June 30, 2018.**

INTERNAL CONTROL AND COMPLIANCE SECTION

Alexander Thompson Arnold PLLC
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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 Audit Standards*

To the Board of Directors
Lawrenceburg Utility Systems
Lawrenceburg, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, each major fund, and the aggregate remaining fund information of Lawrenceburg Utility Systems (the Utility), funds of the City of Lawrenceburg, Tennessee, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Utility’s basic financial statements as listed in the table of contents, and have issued our report thereon dated November 12, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Utility’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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Utility’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Utility’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 Utility’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
November 12, 2020

LAWRENCEBURG UTILITY SYSTEMS
SCHEDULE OF FINDINGS AND RESPONSES – CURRENT YEAR
June 30, 2020 and 2019

There were no current year findings reported.

LAWRENCEBURG UTILITY SYSTEMS
SCHEDULE OF FINDINGS AND RESPONSES – PRIOR YEAR
June 30, 2020 and 2019

There were no prior year findings reported.

APPENDIX D

BOND COUNSEL OPINION

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(Form of Bond Counsel Opinion)

June 23, 2021

City of Lawrenceburg, Tennessee
Lawrenceburg, Tennessee

Robert W. Baird & Co., Inc.
Milwaukee, Wisconsin

Re: City of Lawrenceburg, Tennessee Electric System Revenue Bonds, Series 2021

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Lawrenceburg, Tennessee (the "Issuer") of $7,900,000 Electric System Revenue Bonds, Series 2021, 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 Mayor and Council of the Issuer 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 and interest on the Bonds are limited obligations of the Issuer, payable solely from and secured by a pledge of revenues to be derived from the operation of the electrical power transmission and distribution system of the Issuer, subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring said system and to the prior pledge of such revenues in favor of the Issuer's outstanding Loan Agreement with the Public Building Authority of the City of Lawrenceburg (the "PBA"), dated March 1, 2002, securing the PBA's Electric System Revenue Refunding Bonds, Series 2002, dated April 2, 2002, its General Obligation Refunding Bonds, Series 2015C, dated June 25, 2015, and its General Obligation Refunding Bonds, Series 2019A, dated September 20, 2019. We express no opinion as to the sufficiency of such revenues for the payment of principal of and interest on the Series 2021 Bonds.

4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Code. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4 and Paragraph 6 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. 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.

6. The Bonds are “qualified tax-exempt obligations” for purposes of Section 265 of the Code.

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,

Bass Berry & Sims PLC

APPENDIX E

FORM OF CONTINUING DISCLOSURE AGREEMENT

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CITY OF LAWRENCEBURG, TENNESSEE

$7,900,000 ELECTRIC SYSTEM REVENUE BONDS, SERIES 2021

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered this 23rd day of June, 2021 by the City of Lawrenceburg, Tennessee (the "Issuer") and Lawrenceburg Utility Systems ("LUS") in connection with the issuance of the Issuer's $7,900,000 Electric System Revenue Bonds, Series 2021 (the "Bonds"). The Issuer and LUS hereby covenant and agree as follows:

SECTION 1. Purpose of and Authority for the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer and LUS 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 and LUS 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 or LUS as the fiscal year of the System 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 June 9, 2021, 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 bond resolution adopted by the Board of Mayor and Council of the Issuer on May 13, 2021.

"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.

"System" means the electric distribution system operated by LUS.

SECTION 3. Continuing Disclosure. The Issuer and LUS hereby agree 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, 2021, the Issuer and LUS 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 audited financial statements for the System, prepared in accordance with generally accepted accounting principles, or, if the System's audited financial statements are not available, then the System's unaudited financial statements; and

(ii) To the extent not included in the audited financial statements, operating data of the type included under the following headings of the Official Statement, which data may be presented in a manner other than as set in the Official Statement:

(A) Electric Rates
(B) Customers and Usage
(C) Summary of Operations
(D) Debt Service Coverage
(E) Summary of Outstanding Electric System Debt
(F) Debt Service Requirements

(b) *Audited Financial Statements*. For Fiscal Years ending on or after June 30, 2021, the Issuer and LUS shall provide audited financial statements of the System, 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 and LUS 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 and LUS 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 and LUS 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 and LUS 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 and LUS (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 obligations of the Issuer and LUS 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 and LUS 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 and LUS to comply with their 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.

SECTION 12. Delegation of Responsibility to LUS. Without limiting its responsibilities hereunder, the Issuer hereby directs LUS and delegates to LUS the responsibility to ensure the Issuer's and LUS's compliance with the terms hereof.