NEW ISSUE
BOOK-ENTRY-ONLY

PRELIMINARY OFFICIAL STATEMENT

$6,000,000*
CITY OF LAWRENCEBURG, TENNESSEE
General Obligation Bonds, Series 2019A

OFFERED FOR SALE NOT SOONER THAN

Thursday, August 22, 2019 at 10:15 A.M. E.D.T.
Through the Facilities of ***PARITY***®
and at the offices of
Cumberland Securities Company, Inc.

SINCE 1931

CUMBERLAND SECURITIES
INDEPENDENT FINANCIAL ADVISOR

August 14, 2019

*Preliminary, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 14, 2019

NEW ISSUE
BOOK-ENTRY-ONLY

Rating: S&P's – "A+"
(See "MISCELLANEOUS-Rating" herein)

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, as hereafter defined, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS – Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "LEGAL MATTERS -Tax Matters" herein.)

$6,000,000*

CITY OF LAWRENCEBURG, TENNESSEE

General Obligation Bonds, Series 2019A

Dated: Date of delivery (Assume September 20, 2019).

Due: July 1, as shown below.

The $6,000,000* General Obligation Bonds, Series 2019A (the "Bonds") issued by the City of Lawrenceburg (the "City") are issuable in fully registered form in denominations of $5,000 and authorized integral multiples thereof. The Bonds will be issued in book-entry-only form and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. So long as Cede & Co. is the registered owner of the Bonds, as the nominee for DTC, principal and interest with respect to the Bonds shall be payable to Cede & Co., as nominee for DTC, which will, in turn, remit such principal and interest to the DTC participants for subsequent disbursements to the beneficial owners of the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of $5,000 or integral multiples thereof and will bear interest at the annual rates as shown below. Interest on the Bonds is payable semi-annually from the date thereof commencing on January 1, 2020 and thereafter on each July 1 and January 1 by check or draft mailed to the owners thereof as shown on the books and records of Regions Bank, Nashville, Tennessee, the registration and paying agent (the "Registration Agent"). In the event of discontinuation of the book-entry-only system, principal of and interest on the Bonds are payable at the designated corporate trust office of the Registration Agent.

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the corporate limits of the City. For the prompt payment of principal and interest on the Bonds, the full faith and credit of the Issuer are hereby irrevocably pledged. The Bonds are additionally payable from and secured by certain net revenues derived from the operation of the Electric System of the City, including all improvements, extensions or additional thereto, subject only to payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring the Electric System and to any prior pledge of such revenues in favor of the City's outstanding electric obligations.

The Bonds maturing July 1, 2028 and thereafter are subject to optional redemption prior to maturity on or after July 1, 2027.

Due (July 1)	Amount*	Interest Rate	Yield	CUSIP**	Due (July 1)	Amount*	Interest Rate	Yield	CUSIP**
2020	$ 200,000				2030	$ 300,000			
2021	210,000				2031	310,000			
2022	215,000				2032	320,000			
2023	225,000				2033	335,000			
2024	235,000				2034	350,000			
2025	245,000				2035	365,000			
2026	255,000				2036	380,000			
2027	265,000				2037	395,000			
2028	275,000				2038	410,000			
2029	285,000				2039	425,000			

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

The Bonds are offered when, as and if issued, subject to the approval of the legality thereof by Glankler Brown, PLLC, Memphis, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon from Alan Betz, counsel to the City. It is expected that the Bonds will be available for delivery through the facilities of Depository Trust Company in New York, New York, on or about September __, 2019.

Cumberland Securities Company, Inc.
Municipal Advisor

August __, 2019

*Preliminary, subject to change.

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

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

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

The Bonds have not been registered under the Securities Act of 1933, as amended, and the Resolution has not been qualified under the Trust Indenture Act of 1939, in reliance on exemptions contained in such Acts. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation, or sale.

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

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

** These CUSIP numbers have been assigned by S&P CUSIP Service Bureau, a division of the McCraw-Hill Companies, Inc., and are included solely for the convenience of the Bond holders. The City is not responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated herein.

CITY OF LAWRENCEBURG, TENNESSEE

CITY COUNCIL

Blake Lay, *Mayor*

Ronald Fox
Chad Moore
Jamie Sevier
Robin Williams

CITY OFFICIALS

Chris Shaffer
City Administrator / City Recorder

CITY ATTORNEY

Alan Betz

BOND REGISTRATION AND PAYING AGENT

Regions Bank
Nashville, Tennessee

BOND COUNSEL

Glankler Brown, PLLC
Memphis, Tennessee

MUNICIPAL ADVISOR

Cumberland Securities Company, Inc.

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SUMMARY STATEMENT

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

The Issuer	City of Lawrenceburg, Tennessee (the "City" or "Issuer"). See APPENDIX B contained herein.
Securities Offered	$6,000,000* General Obligation Bonds, Series 2019A (the "Bonds") of the City, dated the date of issuance (assume September 20, 2019). The Bonds mature each July 1 beginning July 1, 2020 through July 1, 2039, inclusive. See the section entitled "SECURITIES OFFERED" herein for additional information.
Security	The Bonds are payable from taxes to be levied on all taxable property in said Issuer without limitation as to rate and amount. For the prompt payment of such principal and interest, the full faith, credit and resources of the City are hereby irrevocably pledged. The Bonds are additionally payable from and secured by certain net revenues derived from the operation of the Electric System of the City, including all improvements, extensions or additional thereto, subject only to payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring the Electric System and to any prior pledge of such revenues in favor of the City's outstanding electric obligations.
Purpose	The Bonds are being issued for the purpose of providing funds for (i) the acquisition of land, site work, the construction, renovation, repair, and equipping of the system and electric facilities for the electric department including, but not limited to, the acquisition and installation of automatic metering infrastructure; and (ii) the payment of legal, fiscal, administrative costs incident to the indebtedness described herein.
Optional Redemption	The Bonds maturing July 1, 2028 and thereafter are subject to optional redemption prior to maturity on or after July 1, 2027. See the section entitled "SECURITIES OFFERED – Optional Redemption".
Tax Matters	In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the City, interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading "LEGAL MATTERS – Tax Matters" herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "LEGAL MATTERS -Tax Matters" herein.)
Rating	S&P's: "A+". See the section entitled "MISCELLANEOUS - Rating" for more information.
Municipal Advisor	Cumberland Securities Company, Inc., Knoxville, Tennessee. See the section entitled "MISCELLANEOUS-Municipal Advisor; Related parties; Other" herein.
Underwriter	_____.
Bond Counsel	Glankler Brown, PLLC, Memphis, Tennessee.

*Preliminary, subject to change.

Book-Entry Only ..... The Bonds will be issued under the Book-Entry-Only System except as otherwise described herein. For additional information, see the section entitled "BASIC DOCUMENTATION - Book-Entry-Only System"

Registration Agent..... Regions Bank, Nashville, Tennessee.

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

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

Other Information..... The information in this *Preliminary Official Statement* is deemed "final" within the meaning of Rule 15c2-12 promulgated under the Securities Exchange Act of 1934 as of the date which appears on the cover hereof except for the omissions of certain pricing information allowed to be omitted pursuant to such Rule 15c2-12. For more information concerning the City or this *Preliminary Official Statement,* Blake Lay, Mayor, 233 West Gaines, Lawrenceburg, Tennessee 38464, Telephone: (931) 762-4459; or the City's Municipal Advisor, Cumberland Securities Company, Inc., P.O. Box 22715 Knoxville, TN 37933, Telephone: (865) 988-2663. Additional information regarding BiDCOMP™/PARITY® may be obtained from PARITY®, 1359 Broadway - 2nd Floor, New York, NY 10018, Telephone: 800-850-7422.

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GENERAL FUND BALANCES

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

	2014	2015	2016	2017	2018
Beginning Fund Balance	$ 3,276,506	$ 4,608,457	$ 4,263,627	$ 4,259,413	$ 3,662,178
Revenues	9,524,586	10,333,558	10,396,446	10,399,087	10,608,363
Expenditures	12,753,961	14,923,570	11,909,776	12,603,342	12,298,883
Excess of Revenues Over (under) Expenditures	(3,229,375)	(4,590,012)	(1,513,330)	(2,204,255)	(1,690,520)
Other Financing Sources:					
Transfers In	1,532,852	1,537,906	1,509,115	1,607,020	2,373,898
Transfers Out	-	-	-	-	(40,888)
Bond Proceeds	-	2,707,276	-	-	-
Net Changes in Fund Balances	1,331,951	(344,830)	(4,215)	(597,235)	683,378
Ending Fund Balance	**$ 4,608,457**	**$ 4,263,627**	**$ 4,259,413**	**$ 3,662,178**	**$ 4,345,556**

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

SUMMARY NOTICE OF SALE

$6,000,000*

CITY OF LAWRENCEBURG, TENNESSEE
General Obligation Bonds, Series 2019A

NOTICE IS HEREBY GIVEN that the Mayor of City of Lawrenceburg, Tennessee (the "City") will receive electronic or written bids until **10:15 a.m. E.D.T.** on **Thursday, August 22, 2019** for the purchase of all, but not less than all, of the City's $6,000,000* General Obligation Bonds, Series 2019A (the "Bonds"). Electronic bids must be submitted through ***PARITY***® as described in the "Detailed Notice of Sale". In case of written bids, bids will be received by the City's Municipal Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth in the Detailed Notice of Sale, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the ***PARITY***® System not later than 9:30 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours' notice via Bloomberg News Service and/or the ***PARITY***® System.

Electronic bids must be submitted through ***PARITY***® via the BiDComp Competitive Bidding Service as described in the Detailed Notice of Sale, and no other provider of electronic bidding services will be accepted. For the purposes of the bidding process, both written and electronic, the time maintained by ***PARITY***® shall constitute the official time with respect to all bids. To the extent any instructions or directions set forth in ***PARITY***® conflict with the terms of the Detailed Notice of Sale and this Summary Notice of Sale, the Detailed Notice of Sale and this Summary Notice of Sale shall prevail.

The Bonds will be issued in book-entry-only form (except as otherwise described in the Detailed Notice of Sale) and dated the date of issuance (assume September 20, 2019). The Bonds will mature on July 1 in the years 2020 through 2039, inclusive, with term bonds optional, with interest payable on July 1 and January 1 of each year, commencing January 1, 2020 and will be subject to optional redemption prior to maturity on or after July 1, 2027. Bidders must bid not less than ninety-nine percent (99.00%) of par or more than one hundred and twenty-five percent (125%) of par for the Bonds. The approving opinion for the Bonds will be furnished at the expense of the City by Glankler Brown, PLLC, Bond Counsel, Memphis, Tennessee. No rate or rates bid for the Bonds shall exceed five percent (5.00%) per annum. Unless bids are rejected, the Bonds will be awarded by the Mayor of the City on the sale date to the bidder whose bid results in the lowest true interest rate on the Bonds.

In the event that the competitive sale requirements of applicable Treasury Regulations are not met, the City will require bidders to comply with the "hold-the-offering-price rule" or the "10% Test" for purposes of determining the issue price of the Bonds.

Additional information, including the PRELIMINARY OFFICIAL STATEMENT in near final form and the Detailed Notice of Sale, may be obtained through www.prospectushub.com or from the City's Municipal Advisor, Cumberland Securities Company, Inc., Knoxville, Tennessee (865) 988-2663. Further information regarding ***PARITY***® may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: 212-849-5000.

/s/ Blake Lay
Mayor

*Preliminary, subject to change.

DETAILED NOTICE OF SALE
$6,000,000*
CITY OF LAWRENCEBURG, TENNESSEE
General Obligation Bonds, Series 2019A

NOTICE IS HEREBY GIVEN that the Mayor of City of Lawrenceburg, Tennessee (the "City") will receive electronic or written bids until **10:15 a.m. E.D.T.** on **Thursday, August 22, 2019** for the purchase of all, but not less than all, of the City's $6,000,000* General Obligation Bonds, Series 2019A (the "Bonds"). Electronic bids must be submitted through *PARITY*® as described in the "Detailed Notice of Sale." In case of written bids, bids will be received by the City's Municipal Advisor, Cumberland Securities Company, Inc., via facsimile at 865-988-1863. Prior to accepting bids, the City reserves the right to adjust the principal amount and maturity amounts of the Bonds being offered as set forth herein, to postpone the sale to a later date, or to cancel the sale based upon market conditions via Bloomberg News Service and/or the ***PARITY***® System not later than 9:30 a.m., Eastern Daylight Time, on the day of the bid opening. Such notice will specify the revised principal amounts, if any, and any later date selected for the sale, which may be postponed or cancelled in the same manner. If the sale is postponed, a later public sale may be held at the hour and place and on such date as communicated upon at least forty-eight hours' notice via Bloomberg News Service and/or the ***PARITY***® System.

Description of the Bonds. The Bonds will be issued in fully registered book-entry-only form (except as otherwise described herein) without coupons, be dated the date of issuance (assume September 20, 2019), bear interest payable each July 1 and January 1, commencing January 1, 2020 be issued, or reissued upon transfer, in $5,000 denominations or multiples thereof, as shall be requested by the purchaser or registered owner thereof, as applicable, and will mature and be payable as follows:

YEAR (July 1)	AMOUNT*	YEAR (July 1)	AMOUNT*
2020	$ 200,000	2030	$ 300,000
2021	210,000	2031	310,000
2022	215,000	2032	320,000
2023	225,000	2033	335,000
2024	235,000	2034	350,000
2025	245,000	2035	365,000
2026	255,000	2036	380,000
2027	265,000	2037	395,000
2028	275,000	2038	410,000
2029	285,000	2039	425,000

Registration and Depository Participation. The Bonds, when issued, will be registered in the name of Cede & Co., DTC's partnership nominee. When the Bonds are issued, ownership interests will be available to purchasers only through a book-entry-only system maintained by DTC (the "Book-Entry-Only System"). One fully-registered bond certificate will be issued for each maturity, in the entire aggregate principal amount of the Bonds and will be deposited with DTC. The Book-Entry-Only system will evidence beneficial ownership interests of the Bonds in the principal amount of $5,000 for the Bonds and any integral multiple of $5,000, with transfers of beneficial ownership interest effected on the records of DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. The Bonds will be payable, at maturity

*Preliminary, subject to change.

or upon earlier redemption to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments (as applicable) to beneficial owners of the Bonds by Participants of DTC, will be the responsibility of such participants and of the nominees of beneficial owners. The City will not be responsible or liable for such transfer of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. Notwithstanding the foregoing, if the winning bidder certifies that it intends to hold the Bonds for its own account and has no present intent to re-offer the Bonds, the use the Book-Entry-Only system is not required.

In the event that the Book-Entry-Only system for the Bonds is discontinued and a successor securities depository is not appointed by the City, Bond Certificates in fully registered form will be delivered to, and registered in the names of, the DTC Participants or such other persons as such DTC participants may specify (which may be the indirect participants or beneficial owners), in authorized denominations of $5,000 for the Bonds or integral multiples thereof. The ownership of Bonds so delivered shall be registered in registration books to be kept by the Registration Agent (named herein) at its principal corporate trust office, and the City and the Registration Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the Resolution authorizing the Bonds.

Security Pledged. The Bonds are payable from taxes to be levied on all taxable property in said Issuer without limitation as to rate and amount. For the prompt payment of such principal and interest, the full faith, credit and resources of the City are hereby irrevocably pledged. The Bonds are additionally payable from and secured by certain net revenues derived from the operation of the Electric System of the City, including all improvements, extensions or additional thereto, subject only to payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring the Electric System and to prior pledge of such revenues in favor of the City's outstanding electric obligations.

Municipal Bond Insurance. The City has provided information to prospective bond insurance companies in order to qualify the Bonds under their respective optional bidding programs. If the successful bidder or bidders for the Bonds desires to purchase a municipal bond insurance policy insuring payment of all or a portion of the debt service payable on the Bonds, the successful bidder or bidders does so at its own risk and expense and the obligation of the successful bidder to pay for such series Bonds shall not be conditioned on the issuance of a municipal bond insurance policy. The City will cooperate with the successful bidder(s) in obtaining such insurance, but the City will not enter into any additional agreements with a bond insurer. Without limiting the generality of the foregoing, the successful bidder(s) will be responsible for all costs, expenses and charges associated with the issuance of such insurance, including but not limited to the premium for the insurance policy, and excluding only the fees of Moody's that will be paid by the City.

Purpose. The Bonds are being issued for the purpose of providing funds for (i) the acquisition of land, site work, the construction, renovation, repair, and equipping of the system and electric facilities for the electric department including, but not limited to, the acquisition and installation of automatic metering infrastructure; and (ii) the payment of legal, fiscal, administrative costs incident to the indebtedness described herein.

Optional Redemption. The Bonds maturing on July 1, 2028 and thereafter are subject to optional redemption prior to maturity at the option of the City on or after July 1, 2027 at any time at the redemption price of par plus accrued interest as provided herein.

Term Bond Option; Mandatory Redemption. Bidders shall have the option to designate certain consecutive serial maturities of the Bonds as one or more term bonds ("Term Bonds") bearing a single interest rate. If the successful bidder for the Bonds designates certain consecutive serial maturities of such Bonds to be

combined as one or more Term Bonds as allowed herein, then each Term Bond shall be subject to mandatory sinking fund redemption by the City at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest to the date fixed for redemption at the rate stated in the Term Bonds to be redeemed. Each such mandatory sinking fund redemption shall be made on the date on which a consecutive maturity included as part of a Term Bond is payable in accordance with the proposal of the successful bidder for the Bonds and in the amount of the maturing principal installment for the Bonds listed herein for such principal payment date. Term Bonds to be redeemed within a single maturity shall be selected in the manner provided above for optional redemption of Bonds within a single maturity.

Bidding Instructions. The City will receive electronic or written bids for the purchase of all, but not less than all, of the Bonds. Bidders for the Bonds are requested to name the interest rate or rates the Bonds are to bear in multiples of one-eighth of one percent and/or one-hundredth of one percent (.01%) or one (1) basis point, but no rate specified shall be in excess of five percent (5.00%) per annum. There will be no limitation on the number of rates of interest that may be specified in a single bid for the Bonds but a single rate shall apply to each single maturity of the Bonds. Bidders must bid not less than ninety-nine percent (99.00%) of par or no more than one hundred and twenty-five percent (125%) of par.

Electronic bids must be submitted through ***PARITY***® via BiDCOMP Competitive Bidding System and no other provider of electronic bidding services will be accepted. Subscription to the i-Deal LLC Dalcomp Division's BiDCOMP Competitive Bidding System is required in order to submit an electronic bid. The City will not confirm any subscription nor be responsible for the failure of any prospective bidder to subscribe. For the purposes of the bidding process, the time as maintained by ***PARITY***® shall constitute the official time with respect to all bids whether in electronic or written form. To the extent any instructions or directions set forth in ***PARITY***® conflict with the terms of the Detailed Notice of Sale, this Notice shall prevail. An electronic bid made through the facilities of ***PARITY***® shall be deemed an offer to purchase in response to the Detailed Notice of Sale and shall be binding upon the bidder as if made by a signed, written bid delivered to the City. The City shall not be responsible for any malfunction or mistake made by or as a result of the use of the electronic bidding facilities provided and maintained by ***PARITY***®. The use of ***PARITY***® facilities are at the sole risk of the prospective bidders.

For further information regarding ***PARITY***®, potential bidders may contact i-Deal LLC at 1359 Broadway, 2nd Floor, New York, NY 10018, Telephone: 212-849-5000.

In the event of a system malfunction in the electronic bidding process only, bidders may submit bids prior to the established date and time by FACSIMILE transmission sent to the City's Municipal Advisor, Cumberland Securities Company, Inc. at 865-988-1863. Any facsimile submission is made at the sole risk of the prospective bidder. The City and the Municipal Advisor shall not be responsible for confirming receipt of any facsimile bid or for any malfunction relating to the transmission and receipt of such bids.

Separate written bids should be submitted by facsimile to the City's Municipal Advisor at 865-988-1863. Written bids must be submitted on the Bid Forms included with the PRELIMINARY OFFICIAL STATEMENT.

The City reserves the right to reject all bids for the Bonds and to waive any informalities in the bids accepted. Acceptance or rejection of "Bids for Bonds" for the Bonds will not obligate the City to accept or reject "Bids for Bonds".

Unless all bids for the Bonds are rejected, the Bonds will be awarded by the Mayor to the bidder whose bid complies with this notice and results in the lowest true interest rate on the Bonds to be calculated as that rate that, when used in computing the present worth of all payments of principal and interest on the Bonds

(compounded semi-annually from the date of the Bonds), produces an amount equal to the purchase price of the Bonds exclusive of accrued interest. For purposes of calculating the true interest cost, the principal amount of Term Bonds scheduled for mandatory sinking fund redemption as part of the Term Bond shall be treated as a serial maturity in such year. In the event that two or more bidders offer to purchase the Bonds at the same lowest true interest rate, the Mayor shall determine in his sole discretion which of the bidders shall be awarded the Bonds.

After receipt of the bids, the City reserves the right to make adjustments and/or revisions to the Bonds, as described below.

Adjustment and/or Revision. While it is the City's intention to sell and issue the approximate par amounts of the Bonds as offered herein, there is no guarantee that adjustment and/or revision may not be necessary in order to properly size the Bonds or if the refundings fail to save the City the funds necessary to complete the refundings. Accordingly, the Mayor reserves the right, in his sole discretion, to adjust down the original par amount of the Bonds by up to twenty-five percent (25%). The principal factor to be considered in making any adjustments is the amount of premium bid for particular maturities. Among other factors the Mayor may (but shall be under no obligation to) consider in sizing the par amounts and individual maturities of the Bonds is the size of individual maturities or sinking fund installments and/or other preferences of the City. Additionally, the Mayor reserves the right to change the dated date of the Bonds. The maximum adjustment will only occur if the bidder bids the maximum price.

In the event of any such adjustment and/or revision with respect to the Bonds, no rebidding will be permitted, and the portion of such premium or discount (as may have been bid for the Bonds) shall be adjusted in the same proportion as the amount of such revision in par amount of the Bonds bears to the original par amount of such Bonds offered for sale.

The successful bidder for the Bonds will be tentatively notified by not later than 5:00 p.m. (Eastern Daylight Time), on the sale date of the exact revisions and/or adjustments required, if any.

Good Faith Deposit. No good faith check will be required to accompany any bid submitted. The successful bidder shall be required to deliver to the City's Municipal Advisor (wire transfer or certified check) the amount of up to two percent (2%) of the aggregate principal amount of the Bonds offered for sale which will secure the faithful performance of the terms of the bid. A certified check or wire transfer must be received by the City's Municipal Advisor no later than the close of business on the day following the competitive sale. The wire transfer instructions will be sent to the winning bidder after the bids are received.

The good faith deposit shall be applied (without interest) to the purchase price of the Bonds. If the successful bidder should fail to accept or pay for the Bonds when tendered for delivery and payment, the good faith deposit will be retained by the City as liquidated damages.

In the event of the failure of the City to deliver the Bonds to the purchaser in accordance with the terms of this Notice within forty-five (45) days after the date of the sale, the good-faith deposit will be promptly returned to the purchaser unless the purchaser directs otherwise.

Establishment of Issue Price

Undertakings of the Successful Bidder. The successful bidder shall make a bona fide public offering of the Bonds and shall, within 30 minutes after being notified of the award of the Bonds, advise the City in writing (via facsimile transmission or electronic mail) of the initial public offering prices of the Bonds (the "Initial Reoffering Prices"). The successful bidder must, by facsimile transmission or delivery received by the City within 24 hours after award, furnish the following information to the City to complete the Official Statement in final form, as described below:

A. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields at which the successful bidder advised the City that the Bonds were initially offered to the public).
B. The identity of the other underwriters if the successful bidder is part of a group or syndicate.
C. Any other material information that the City determines is necessary to complete the Detailed Statement in final form.

After the award of the Bonds, the City will prepare copies of the final Official Statement and will include therein such additional information concerning the reoffering of the Bonds as the successful bidder may reasonably request; provided, however, that the City will not include in the final Official Statement a "NRO" ("not reoffered") designation with respect to any maturity of the Bonds. The successful bidder will be responsible to the City in all aspects for the accuracy and completeness of information provided by such successful bidder with respect to such reoffering.

The City expects the successful bidder to deliver copies of such Official Statement in final form (the "Final Official Statement") to persons to whom such bidder initially sells the Bonds and the Municipal Securities Rulemaking Board ("MSRB") via the MSRB's Electronic Municipal Market Access System ("EMMA"). The successful bidder will be required to acknowledge receipt of the Final Official Statement, to certify that it has made delivery of the Final Official Statement to the MSRB, to acknowledge that the City expects the successful bidder to deliver copies of such Final Official Statement to persons to whom such bidder initially sells the Bonds and to certify that the Bonds will only be offered pursuant to the Final Official Statement and only in states where the offer is legal.

Issue Price Certificate

a. The successful bidder shall assist the City in establishing the issue price of the Bonds and shall execute and deliver to the City, on or prior to the date of issuance and delivery of the Bonds (the "Closing Date"), an "issue price" or similar certificate setting forth the reasonably expected initial offering prices to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, substantially in the form attached hereto as Exhibit A or Exhibit B, with such modifications as may be appropriate or necessary, in the reasonable judgment of the successful bidder, the City and Glankler Brown, PLLC ("Bond Counsel"). All actions to be taken by the City under this Detailed Notice of Bond Sale to establish the issue price of the Bonds may be taken on behalf of the City by the Financial Advisor and any notice or report to be provided to the City may be provided to the Financial Advisor.

b. The City intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Requirements") because:

    1. the City shall disseminate this Detailed Notice of Bond Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

2. all bidders shall have an equal opportunity to bid;

3. the City may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds;

4. the City anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Detailed Notice of Bond Sale; and

5. Any bid submitted pursuant to this Detailed Notice of Bond Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

c. In the event that the Competitive Sale Requirements are not satisfied, the City shall so advise the successful bidder. The City may determine to treat (i) the first price at which 10% of a maturity of the Bonds (the "10% Test") is sold to the public as the issue price of that maturity and/or (ii) the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity (the "Hold-the-Offering-Price Rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The successful bidder shall advise the City if any maturity of the Bonds satisfies the 10% Test as of the date and time of the award of the Bonds. The City shall promptly advise the successful bidder, at or before the time of award of the Bonds, which maturities (and if different interest rates apply within a maturity, which separate CUSIP number within that maturity) of Bonds shall be subject to the 10% Test or shall be subject to the Hold-the-Offering-Price Rule. Bids will not be subject to cancellation in the event that the City determines to apply the Hold-the-Offering-Price Rule to any maturity of the Bonds. Bidders should prepare their bids on the assumption that some or all of the maturities of the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.

d. By submitting a bid, the successful bidder shall (i) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price or prices (the "Initial Offering Price"), or at the corresponding yield or yields, set forth in the bid submitted by the successful bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the sale date and ending on the earlier of the following:

1. the close of the fifth (5th) business day after the sale date; or

2. the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public.

The successful bidder shall promptly advise the City when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

e. If the Competitive Sale Requirements are not satisfied, then until the 10% Test has been satisfied as to each maturity of the Bonds, the successful bidder agrees to promptly report to the City the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation

shall continue, whether or not the Closing Date has occurred, until the 10% Test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

f. The City acknowledges that, in making the representation set forth above, the successful bidder will rely on (i) the agreement of each underwriter to comply with the Hold-the-Offering-Price Rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the Hold-the-Offering-Price Rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the Hold-the-Offering-Price Rule, as set forth in the retail distribution agreement and the related pricing wires. The City further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the Hold-the-Offering-Price Rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the Hold-the-Offering-Price Rule as applicable to the Bonds.

g. By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement , as applicable, to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the successful bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the successful bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the successful bidder or such underwriter and as set forth in the related pricing wires.

h. Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Detailed Notice of Bond Sale. Further, for purposes of this Detailed Notice of Bond Sale:

1. "public" means any person other than an underwriter or a related party;

2. "underwriter" means (A) any person that agrees pursuant to a written contract with the City (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of

the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public);

3. a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other); and

4. "sale date" means the date that the Bonds are awarded by the City to the successful bidder.

Issue Price Certificate. The winning bidder will be required to provide the City, at closing, with an issue price certificate consistent with the foregoing. A form of the issue price certificate is attached to this Detailed Notice of Sale as Exhibit A if the Hold-the-Offering-Price Rule does not apply, and a form of the issue price certificate is attached to the Detailed Notice of Sale as Exhibit B if such Rule does apply.

Legal Opinion. The approving opinion of Glankler Brown, PLLC, Memphis, Tennessee, Bond Counsel along with other certificates including, but not limited to, a tax certificate and a continuing disclosure certificate dated as of the date of delivery of the Bonds will be furnished to the purchaser at the expense of the City. As set forth in the *Preliminary Official Statement*, Bond Counsel's opinion with respect to the Bonds will state that interest on the Bonds will be excluded from gross income for federal income tax purposes; is not an item of tax preference for purposes of the federal law alternative minimum tax. As set forth in the *Preliminary Official Statement*, the owners of the Bonds, however, may be subject to certain additional taxes or tax consequences arising with respect to ownership of the Bonds. Reference is hereby made to the *Preliminary Official Statement* and the form of the opinion contained in Appendix A.

Continuing Disclosure. At the time the Bonds are delivered, the City will execute a Continuing Disclosure Certificate in which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information relating to the City by not later than twelve months after each of the City's fiscal years (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events. The Annual Report (and audited financial statements, if filed separately) will be filed with the Municipal Securities Rulemaking Board (the "MSRB") through the operation of the Electronic Municipal Market Access system (the "EMMA") and any State Information Depository established in the State of Tennessee (the "SID"). If the City is unable to provide the Annual Report to the MSRB and the SID by the date required, notice of each failure will be sent to the MSRB and the SID on or before such date. The notices of material events will be filed by the City either with the MSRB and the SID. The specific nature of the information to be contained in the Annual Report or the notices of events will be summarized in the City's *Official Statement* to be prepared and distributed in connection with the sale of the Bonds.

Delivery of Bonds. Delivery of the Bonds is expected within forty-five (45) days. At least five (5) days notice will be given to the successful bidder. Delivery will be made in book-entry-only form through the facilities of The Depository Trust Company, New York, New York. Payment for the Bonds must be made in *Federal Funds* or other immediately available funds.

CUSIP Numbers. CUSIP numbers will be assigned to the Bonds at the expense of the City. The City will assume no obligation for assignment of such numbers or the correctness of such numbers and neither failure to record such numbers on Bonds nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and make payment for the Bonds.

Official Statements; Other. The City has deemed the PRELIMINARY OFFICIAL STATEMENT to be final as of its date within the meaning of Rule 15c2-12 of the U.S. Securities and Exchange Commission (the "SEC") except for the omission of certain pricing and other information. The City will furnish the successful bidder at the expense of the City a reasonable number of copies of the *Official Statement* in final form, containing the pricing and other information to be supplied by the successful bidder and to be dated the date of the sale, to be delivered by the successful bidder to the persons to whom such bidder and members of its bidding group initially sell the Bonds within seven (7) business days. Acceptance of the bid will constitute a contract between the City and the successful bidder for the provision of such copies within seven business days of the sale date.

Further Information. Additional information, including the *Preliminary Official Statement*, the Detailed Notice of Sale and the Official Bid Form, may be obtained from the City's Municipal Advisor, Cumberland Securities Company, Inc., Telephone: 865-988-2663. Further information regarding ***PARITY***® may be obtained from i-Deal LLC, 1359 Broadway, 2nd Floor, New York, New York 10018, Telephone: 212-849-5000.

/s/ Blake Lay, Mayor

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EXHIBIT A

CITY OF LAWRENCEBURG, TENNESSEE
$_____ GENERAL OBLIGATION BONDS, SERIES 2019A

ISSUE PRICE CERTIFICATE
(for Competitive Sales, to be modified if Hold the Offering Price Rule applies)

The undersigned, on behalf of [NAME OF UNDERWRITER] ("[SHORT NAME OF UNDERWRITER]"), hereby certifies as set forth below with respect to the sale of the above-captioned obligations (the "Bonds") of the City of Lawrenceburg, Tennessee (the "Issuer").

1. ***Reasonably Expected Initial Offering Price***.

(a) As of the Sale Date, the reasonably expected initial offering prices of the Bonds to the Public by [SHORT NAME OF UNDERWRITER] are the prices listed in Schedule A (the "Expected Offering Prices"). The Expected Offering Prices are the prices for the Maturities of the Bonds used by [SHORT NAME OF UNDERWRITER] in formulating its bid to purchase the Bonds. Attached as Schedule B is a true and correct copy of the bid provided by [SHORT NAME OF UNDERWRITER] to purchase the Bonds.

(b) [SHORT NAME OF UNDERWRITER] was not given the opportunity to review other bids prior to submitting its bid.

(c) The bid submitted by [SHORT NAME OF UNDERWRITER] constituted a firm offer to purchase the Bonds.

2. ***Defined Terms***.

(a) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate Maturities.

(b) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(c) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 22, 2019.

(d) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including

specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Glankler Brown, PLLC in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: _____

[NAME OF UNDERWRITER]

By: _____

Name: _____

Title: _____

EXHIBIT B

CITY OF LAWRENCEBURG, TENNESSEE
$_____ GENERAL OBLIGATION BONDS, SERIES 2019A

ISSUE PRICE CERTIFICATE
(if Hold-the-Offering-Price Rule applies)

The undersigned, on behalf of [NAME OF UNDERWRITER] ("[SHORT NAME OF UNDERWRITER]") [and the other members of the underwriting syndicate (together, the "Underwriting Group")], hereby certifies as set forth below with respect to the sale and issuance of the above-captioned obligations (the "Bonds") of the City of Lawrenceburg, Tennessee (the "Issuer").

1. ***Initial Offering Price of the Hold-the-Offering-Price Maturities***.

   (a) [SHORT NAME OF UNDERWRITER] [The Underwriting Group] offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the "Initial Offering Prices") on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this certificate as Schedule B.

   (b) As set forth in the [Notice of Sale and bid award], [SHORT NAME OF UNDERWRITER][the members of the Underwriting Group] agreed in writing on or prior to the Sale Date that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, [it][they] would neither offer nor sell any of the Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the "hold-the-offering-price rule"), and (ii) any selling group agreement shall contain the agreement of each dealer who is a member of the selling group, and any retail distribution agreement shall contain the agreement of each broker-dealer who is a party to the retail distribution agreement, to comply with the hold-the-offering-price rule. Pursuant to such agreement, no Underwriter (as defined below) offered or sold any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.

2. ***Defined Terms***.

   (a) *Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the "Hold-the-Offering-Price Maturities."

   (b) *Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which [SHORT NAME OF UNDERWRITER][the Underwriting Group] sold at least 10% of such Hold-the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

   (c) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(d) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a related party to an Underwriter. The term "related party" for purposes of this certificate generally means any two or more persons who have greater than 50 percent common ownership, directly or indirectly.

(e) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is August 22, 2019.

(f) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only. Nothing in this certificate represents [SHORT NAME OF UNDERWRITER]'s interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate with respect to the Bonds and with respect to compliance with the federal income tax rules affecting the Bonds, and by Glankler Brown, PLLC connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated:_____

[NAME OF UNDERWRITER]

By:_____

BID FORM

Honorable Blake Lay, Mayor
25 Public Square
Lawrenceburg, Tennessee 38464

August 22, 2019

Dear Mayor Lay:

For your legally issued, properly executed $6,000,000* General Obligation Bonds, Series 2019A (the "Bonds") of City of Lawrenceburg, Tennessee, in all respects as more fully outlined in your Notice of Sale, which by reference are made a part hereof, we will pay you a sum of ___ _____ ($_____).

The Bonds shall be dated the date of issuance (assume September 20, 2019) and shall be callable in accordance with the Detailed Notice of Sale. The Bonds shall mature on July 1 and bear interest at the following rates:

Maturity (July 1)	Amount*	Rate	Maturity (July 1)	Amount*	Rate
2020	$ 200,000	___	2030	$ 300,000	___
2021	210,000	___	2031	310,000	___
2022	215,000	___	2032	320,000	___
2023	225,000	___	2033	335,000	___
2024	235,000	___	2034	350,000	___
2025	245,000	___	2035	365,000	___
2026	255,000	___	2036	380,000	___
2027	265,000	___	2037	395,000	___
2028	275,000	___	2038	410,000	___
2029	285,000	___	2039	425,000	___

We have elected the option to designate two or more consecutive serial maturities as term bond maturities as indicated:

Term Bond 1: Maturities from July 1, 20_____ through July 1, 20_____ @ _____%.
Term Bond 2: Maturities from July 1, 20_____ through July 1, 20_____ @ _____%.
Term Bond 3: Maturities from July 1, 20_____ through July 1, 20_____ @ _____%.
Term Bond 4: Maturities from July 1, 20_____ through July 1, 20_____ @ _____%.
Term Bond 5: Maturities from July 1, 20_____ through July 1, 20_____ @ _____%.
Term Bond 6: Maturities from July 1, 20_____ through July 1, 20_____ @ _____%.

It is our understanding that the Bonds are offered for sale subject to the final approving opinion of Glankler Brown, PLLC, Bond Counsel, Memphis, Tennessee, whose opinion together with the executed Bonds, will be furnished by the City without cost to us.

If our bid is accepted, we agree to provide a good faith deposit for up to 2% of the Bonds on which we have bid by the close of business on the date following the competitive public sale as outlined in the *Detailed Notice of Sale*. Should for any reason we fail to comply with the terms of this bid, this good faith deposit shall be forfeited by us as full liquidated damages. Otherwise, this good faith deposit shall be applied to the purchase price of the Bonds on which we have bid.

This bid is a firm offer for the purchase of the Bonds identified in the Notice of Sale, on the terms set forth in this bid form and the Notice of Sale, and is not subject to any conditions, except as permitted by the Notice of Sale. By submitting this bid, we confirm that we have an established industry reputation for underwriting new issuances of municipal bonds. [If the bidder cannot confirm an established industry reputation for underwriting new issuances of municipal bonds, the preceding sentence should be crossed out.]

Accepted for and on behalf of the
City of Lawrenceburg, Tennessee, this
22nd day of August, 2019.

_____
Blake Lay, Mayor

Respectfully submitted,

_____

Total interest cost from
September 20, 2019 to final maturity $_____
Less: Premium /plus discount, if any $_____
Net Interest Cost $_____
True Interest Rate ..... _____%

The computations of net interest cost and true interest rate are for comparison purposes only and are not to be considered as part of this proposal.

*Preliminary, subject to change.

$6,000,000*
CITY OF LAWRENCEBURG, TENNESSEE
General Obligation Bonds, Series 2019A

SECURITIES OFFERED

AUTHORITY AND PURPOSE

This PRELIMINARY OFFICIAL STATEMENT which includes the Summary Statement hereof and appendices hereto, is furnished in connection with the offering by City of Lawrenceburg, Tennessee (the "City" or the "Issuer") of $6,000,000* General Obligation Bonds, Series 2019A (the "Bonds").

The Bonds are authorized to be issued pursuant to the provisions of Sections 9-21-101 et. seq., *Tennessee Code Annotated,* and other applicable provisions of law and pursuant to a resolution duly adopted by the Board of Mayor and Council of the City on April 11, 2019 (the "Resolutions").

The Bonds are being issued for the purpose of providing funds for (i) the acquisition of land, site work, the construction, renovation, repair, and equipping of the system and electric facilities for the electric department including, but not limited to, the acquisition and installation of automatic metering infrastructure; and (ii) the payment of legal, fiscal, administrative costs incident to the indebtedness described herein.

DESCRIPTION OF THE BONDS

The Bonds will be dated and bear interest from their date of issuance and delivery (assume September 20, 2019). Interest on the Bonds will be payable semi-annually on July 1 and January 1, commencing January 1, 2020. The Bonds are issuable in book-entry-only form in $5,000 denominations or integral multiples thereof as shall be requested by each respective registered owner.

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

SECURITY

The Bonds are payable from taxes to be levied on all taxable property in said Issuer without limitation as to rate and amount. For the prompt payment of such principal and interest, the full faith, credit and resources of the City are hereby irrevocably pledged. The Bonds are additionally payable from and secured by certain net revenues derived from the operation of the Electric System of the City, including all improvements, extensions or additional thereto, subject only to payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring the Electric System and to prior pledge of such revenues in favor of the City's outstanding electric obligations.

*Preliminary, subject to change.

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

The Bonds will not be obligations of the State of Tennessee.

OPTIONAL REDEMPTION OF THE BONDS

The Bonds maturing July 1, 2028 and thereafter are subject to optional redemption prior to maturity on or after July 1, 2027 at a redemption price of par plus accrued interest.

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

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

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

MANDATORY REDEMPTION

The bidders have the option of creating term bonds pursuant to the Detailed Notice of Sale. If term bonds are created, then the following provisions will apply. Subject to the credit hereinafter provided, the City shall redeem Bonds maturing July 1, 20__, and July 1, 20__ on the redemption dates set forth below opposite the maturity date, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. The Bonds to be so redeemed within a maturity shall be selected in the manner described above relating to optional redemption.

The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

Maturity	Redemption Date	Principal Amount of Bonds Redeemed

*Final Maturity

At its option, to be exercised on or before the forty-fifth (45) day next preceding any such redemption date, the City may (i) deliver to the Registration Agent for cancellation Bonds of the maturity to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this section) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of the City on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation shall be accordingly reduced. The City shall on or before the forty-fifth (45) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) described above are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

NOTICE OF REDEMPTION

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

PAYMENT OF BONDS

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

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BASIC DOCUMENTATION

REGISTRATION AGENT

The Registration Agent, Regions Bank, Nashville, Tennessee, its successor or the City will make all interest payments with respect to the Bonds on each interest payment date directly to Cede & Co., as nominee of DTC, the registered owner as shown on the Bond registration records maintained by the Registration Agent, except as follows. However, if the winning bidder certifies to the City that it intends to hold the Bonds for its own account and has no present intent to reoffer the Bonds, then the use of the Book-Entry-Only System is not required.

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

DTC and its Participants. DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates

the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry-only transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a S&P Global Ratings of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

Payments of Principal and Interest. Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the Registration Agent on the payable date in accordance with their respective holdings shown on DTC's records, unless DTC has reason to believe it will not receive payment on such date. Payments by Direct and Indirect Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with municipal securities held for the accounts of customers in bearer form or registered in "street name", and will be the responsibility of such Participant and not of DTC, the Issuer or the Registration Agent subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal, tender price and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Registration Agent, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

Notices. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the

Security documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds f or their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

DISCONTINUANCE OF BOOK-ENTRY-ONLY SYSTEM

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

No Assurance Regarding DTC Practices. The foregoing information in this section concerning DTC and DTC's book-entry-only system has been obtained from sources that the City believes to be reliable, but the City, the Bond Counsel, the Registration Agent and the Municipal Advisor do not take any responsibility for the accuracy thereof. So long as Cede & Co. is the registered owner of the Bonds as nominee of DTC, references herein to the holders or registered owners of the Bonds will mean Cede & Co. and will not mean the Beneficial Owners of the Bonds.

None of the City, the Bond Counsel, the Registration Agent or the Municipal Advisor will have any responsibility or obligation to the Participants, DTC or the persons for whom they act with respect to (i) the accuracy of any records maintained by DTC or by any Direct or Indirect Participant of DTC, (ii) payments or the providing of notice to Direct Participants, the Indirect Participants or the Beneficial Owners or (iii) any other action taken by DTC or its partnership nominee as owner of the Bonds.

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

DISPOSITION OF BOND PROCEEDS

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

(a) all accrued interest shall be deposited into the Bond Fund of the City and used to pay interest on the Bonds on the first interest payment date following delivery of the Bonds;

(b) the City shall pay, or cause to be paid, all costs of issuance of the Bonds, including, but not limited to, necessary legal, accounting and fiscal expenses, printing, engraving, advertising and similar expenses, bond insurance premiums, bond rating fees, Bond Registrar fees, administrative and clerical costs, and other necessary miscellaneous expenses incurred in connection with the authorization, issuance and sale and delivery of the Bonds; and

(c) the balance of the proceeds from the sale of the Bonds shall be deposited with the City Administrator and shall be kept separate and apart from all other funds of the Issuer in a special fund hereby designated as the "City of Lawrenceburg, Tennessee 2019 Electric Projects Fund," (the "Electric Projects Fund") which shall be applied exclusively to pay costs (i) certain capital expenditures in connection with public works projects as described in Section 9-21-105 of the Tennessee Code Annotated, as amended, including but not limited to, the acquisition of land, site work, the construction, renovation, repair, and equipping of the system and electric facilities for the electric department including, but not limited to, the acquisition and installation of automatic metering infrastructure; and (ii) the payment of legal, fiscal and administrative costs incident to the foregoing and to the issuance of the Bonds; and it shall be used for no other purposes. Any Bond proceeds not put to immediate use shall be deposited at interest by the City Administrator until needed. The interest arising therefrom shall be used only towards retiring the Bonds or may be added to Bond proceeds and used for the same purposes. Money in the Capital Projects Fund shall be secured in the manner prescribed by applicable statutes relative to the securing of public or trust funds, if any, or, in the absence of such a statute, by a pledge of readily marketable securities having at all times a market value of not less than the amount in the Electric Projects Fund.

DISCHARGE AND SATISFACTION OF BONDS

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

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

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

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

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

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

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

REMEDIES OF BONDHOLDERS

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

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

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

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LEGAL MATTERS

LITIGATION

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

TAX MATTERS

Federal

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

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

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

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

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

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

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

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

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

Original Issue Discount. A Bond will have "original issue discount" if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel's opinion is that any original issue discount on these 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 Bonds will be increased. If a bondholder owns one of these 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 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

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

State Taxes

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

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

CHANGES IN FEDERAL AND STATE TAX LAW

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

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

CLOSING CERTIFICATES

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

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

APPROVAL OF LEGAL PROCEEDINGS

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

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MISCELLANEOUS

RATING

S&P Global Ratings ("S&P") has given the Bonds the rating of "A+".

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

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

COMPETITIVE PUBLIC SALE

The Bonds were offered for sale at competitive public bidding on August 22, 2019. Details concerning the public sale were provided to potential bidders and others in the *Preliminary Official Statement* that was dated August 14, 2019.

The successful bidder for the Bonds was an account led by _____, _____, _____ (the "Underwriters") who contracted with the City, subject to the conditions set forth in the Official Notice of Sale and Bid Form to purchase the Bonds at a purchase price of $_____ (consisting of the par amount of the Bonds, less an underwriter's discount of $_____ and less an original issue discount of $_____) or ____% of par.

MUNICIPAL ADVISOR; RELATED PARTIES; OTHER

Municipal Advisor. Cumberland Securities Company, Inc., Knoxville, Tennessee, has served as Municipal Advisor (the "Municipal Advisor") to the City for purposes of assisting with the development and implementation of a bond structure in connection with the issuance of the Bonds. The Municipal Advisor has not been engaged by the City to compile, create, or interpret any information in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT relating to the City, including without limitation any of the City's financial and operating data, whether historical or projected. Any information contained in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT concerning the City, any of its affiliates or contractors and any outside parties has not been independently verified by the Municipal Advisor, and inclusion of such information is not, and should not be construed as, a representation by the Municipal Advisor

as to its accuracy or completeness or otherwise. The Municipal Advisor is not a public accounting firm and has not been engaged by the City to review or audit any information in the PRELIMINARY OFFICIAL STATEMENT and OFFICIAL STATEMENT in accordance with accounting standards.

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

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

Cumberland Securities Company, Inc. distributed the PRELIMINARY OFFICIAL STATEMENT, in final form, and the OFFICIAL STATEMENT, in final form on behalf of the City and will be compensated and/or reimbursed for such distribution and other such services.

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

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

DEBT RECORD

There is no record of default on principal or interest payments of the Issuer. Additionally, no agreements or legal proceedings of the Issuer relating to securities have been declared invalid or unenforceable.

ADDITIONAL DEBT

The City has authorized the issuance of not to exceed $5,250,000 of General Obligation Bonds for post-secondary education facilities, roads, streets, bridges, public works and public safety equipment. Additionally, the City has various public improvement needs, including but not limited to equipment and road construction and paving.

CONTINUING DISCLOSURE

The City will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and Beneficial Owners of the Bonds to provide certain financial information relating to the City by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2019 (the "Annual Report"), and to provide notice of the occurrence of certain significant events not later than ten business days after the occurrence of the events and notice of failure to provide any required financial information of the City. The issuer will provide notice in a timely manner to the MSRB of a failure by the City to provide the annual financial information on or before the date specified in the continuing disclosure agreement. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the City with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities Exchange Act Rule 15c2-12(b), as it may be amended from time to time (the "Rule 15c2-12").

Five-Year Filing History. In the past five years, the City has filed its Annual Reports at www.emma.msrb.org under the base CUSIP Number 520516 which is the base CUSIP Number for the City; however, the City inadvertently failed to also file such Annual Reports under the CUSIP Number of certain conduit issuers of bonds for which the City was an obligated person. The City has now additionally filed its Annual Reports for all outstanding bonds for which it is an obligated person under the conduit issuer's CUSIP Number.

The City, with a base CUSIP of 520516, has had all of its required information and annual audits filed on time each year to that CUSIP.

The City of Lawrenceburg Electric System (the "Electric System"), with a base CUSIP of 520534, has had all of its required information and annual audits filed on time each year to that CUSIP.

The Public Building Authority of the City of Lawrenceburg, with a base CUSIP of 520575, has not had its required information and annual audits filed on time each year due to a confusion with multiple CUSIPs for the City.

The fiscal years June 30, 2014 and June 30, 2015 annual audits for the City were filed late on the PBA's CUSIP on August 23, 2016 (but they were filed on time on the City's CUSIPs).

The fiscal year June 30, 2014 annual audit for the Electric System was filed on time on the PBA's CUSIP on January 27, 2015. The fiscal year June 30, 2015 annual audit for the Electric System was filed on time on the PBA's CUSIP on January 13, 2015.

The fiscal years June 30, 2014 and June 30, 2015 required information for the City were filed late on the PBA's CUSIP on August 23, 2016 (but they were filed on time on the City's CUSIPs).

The fiscal year June 30, 2014 required information for the Electric System was filed on time on the PBA's CUSIP on March 30, 2015. The fiscal year June 30, 2015 required information for the Electric System was filed on time on the PBA's CUSIP on March 24, 2016.

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.

With the exception of the foregoing, for the past five years, the City has complied in all material respects with its existing continuing disclosure agreements in accordance with Rule 15c2-12.

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

1. Summary of bonded indebtedness as of the end of such fiscal year as shown on page B-7;

2. The indebtedness and debt ratio as of the end of such fiscal year, together with information about the property tax base as shown on pages B-8 and B-9;

3. Information about the Bonded Debt Service Requirements - General Obligation Debt Service Fund as of the end of such fiscal year as shown on page B-10;

4. Information about the Bonded Debt Service Requirements - Water and Sewer Debt Service Fund as of the end of such fiscal year as show on page B-11;

5. Information about the Bonded Debt Service Requirements – Electric System Debt Service Fund as of the end of such fiscal year as show on page B-12;

6. The fund balances and retained earnings for the fiscal year as shown on page B-13;

7. Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund for the fiscal year as shown on page B-14;

8. Summary of Revenues, Expenditures and Changes in Fund Balances - Water and Sewer Fund for the fiscal year as shown on page B-15;

9. Summary of Revenues, Expenditures and Changes in Fund Balances - Gas Fund for the fiscal year as shown on page B-16;

10. Summary of Revenues, Expenditures and Changes in Fund Balances – Electric System Fund for the fiscal year as shown on page B-17;

11. The estimated assessed value of property in the City for the tax year ending in such fiscal year and the total estimated actual value of all taxable property for such year as shown on page B-23;

12. Property tax rates and tax collections of the City for the tax year ending in such fiscal year as well as the uncollected balance for such fiscal year as shown on page B-23; and

13. The ten largest taxpayers as shown on page B-24.

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

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

1. Upon the occurrence of a Listed Event (as defined in (3) below), the City shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.

2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the City shall determine the materiality of such event as soon as possible after learning of its occurrence.

3. The following are the Listed Events:

    a. Principal and interest payment delinquencies;

    b. Non-payment related defaults, if material;

    c. Unscheduled draws on debt service reserves reflecting financial difficulties;

d. Unscheduled draws on credit enhancements reflecting financial difficulties;

e. Substitution of credit or liquidity providers, or their failure to perform;

f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;

g. Modifications to rights of Bondholders, if material;

h. Bond calls, if material, and tender offers;

i. Defeasances;

j. Release, substitution, or sale of property securing repayment of the securities, if material;

k. Rating changes;

l. Bankruptcy, insolvency, receivership or similar event of the obligated person;

m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

n. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

o. Incurrence of a financial obligation (which includes a debt obligation, a derivative instrument entered into connection with, or pledged as security or as a source of payment for, an existing or planned debt obligation, or a guarantee of debt obligation or derivative instrument but does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12) of the City, if material, or agreement as to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City, any of which affect security holders, if material; and

p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation (as described above) of the City, any of which reflect financial difficulties.

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

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

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

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

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

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

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

ADDITIONAL INFORMATION

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

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no

representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Bonds.

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

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

The City has deemed this PRELIMINARY OFFICIAL STATEMENT as "final" as of its date within the meaning of Rule 15c2-12 except for the omission of certain pricing information allowed to be omitted pursuant to Rule 15c2-12.

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CERTIFICATION OF THE CITY

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

/s/_____
Mayor

ATTEST:

/s/_____
City Administrator / City Recorder

APPENDIX A

LEGAL OPINION

APPENDIX B

SUPPLEMENTAL INFORMATION STATEMENT

THE CITY OF LAWRENCEBURG, TENNESSEE

GENERAL INFORMATION

LOCATION

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

GENERAL

The City has an approximate land area of 12.46 square miles. Agricultural products include corn, barley, soybeans, wheat, tobacco, and dairy stock.

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

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

TRANSPORTATION

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

EDUCATION

The *Lawrence County School System* has thirteen schools: eight elementary schools, one middle school, three high schools and one adult high school. Total enrollment for the fall of 2017 was 6,656 with 412 teachers. Five private K-12 schools also operate within the City limits.

Source: Tennessee Department of Education.

Columbia State Community College. Columbia State Community College, located in Maury County and founded in 1966, is Tennessee's first two-year college. As of the fall 2017 semester, there were 5,948 students enrolled. Columbia State offers more than 50 programs of study with both online and in-class courses, in both credit and non-credit formats. In addition to the Columbia campus, the college has four other campuses: Franklin (Williamson County); Lawrenceburg (Lawrence County); Lewisburg (Marshall County); Clifton (Wayne County). Hickman, Lewis, Giles and Perry are the other four counties served.

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

The Tennessee College of Applied Technology at Pulaski. The Tennessee College of Applied Technology at Pulaski (the "TCAT-P") is part of a statewide system of 26 vocational-technical schools. The TCAT-P meets a Tennessee mandate that no resident is more than 50 miles from a vocational-technical shop. The institution's primary purpose is to meet the occupational and technical training needs of the citizens including employees of existing and prospective businesses and industries in the region. The TCAT-P serves the south central region of the state including Giles, Lincoln, Lawrence and Marshall Counties. The TCAT-P began operations in 1969, and the main campus is located in Giles County. Fall 2016 enrollment was 1,467 students.

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

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

MEDICAL

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

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

Source: LifePoint Hospitals, Inc.

MANUFACTURING AND COMMERCE

There are two industrial parks within the City. *Simonton Fork Industrial Park* is a fully developed park with an industrial access roadway located 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 Spring Hill GM plant, in adjoining Maury County, is approximately 45 minutes away and the Nissan plant is also in close proximity (1.5 hours.) Lawrence County is within 1 hour of the newly-constructed Boeing plant in Decatur, Alabama.

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

Major Employers in Lawrence County

Company	Product	Employment
Modine Manufacturing Co	Charge Air Coolers	686
Lawrence County School*	Education	531
Dura Automotive Systems	Automotive Windows	310
Graphic Packaging	Extruded Film & printed folding cartons	252
Assurance Operations	Steel Racks	160
City of Lawrenceburg	Government	136
Aviagen	Poultry	120
Southern Craft Manufacturing	Metal Caskets	120
Huges Parker Industries, LLC	Fixtures & metal stampings	110
TPR Federal-Mogul TN	Automotive Parts	110
Cabinets To Go	Cabinets & Flooring	106
3D System	Castings	90
Home Tex	Textiles	82
Iron City Stamping (Iron City)	Metal stampings	81
MitylLite, Inc	Sanctuary Seating	75
DRM, LLC	Industry Automation	70
Dyna Pak Corp.	Plastic Trash Bags	49
Precision Laser & Mfg.	Laser Steel Cutting	40

* Teachers and Administrators only
Source: Middle Tennessee Industrial Development Association - 2018.

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EMPLOYMENT INFORMATION

As of May 2019, the unemployment rate for the Lawrenceburg mSA and Lawrence County was 3.6% with 18,420 persons employed out of a labor force of 19,110.

As of May 2019, the unemployment rate in the Nashville-Murfreesboro CSA stood at 2.5%, representing 1,112,030 persons employed out of a workforce of 1,140,030. The following chart shows unemployment trends from 2014 through 2018.

Unemployment

	Annual Average **2014**	Annual Average **2015**	Annual Average **2016**	Annual Average **2017**	Annual Average **2018**
National	6.2%	5.3%	4.9%	4.4%	3.6%
Tennessee	6.6%	5.6%	4.7%	3.8%	3.3%
Lawrenceburg mSA & Lawrence Co.	**8.1%**	**6.6%**	**5.7%**	**4.4%**	**4.0%**
Index vs. National	131	125	116	100	111
Index vs. State	123	118	121	116	121
Nashville-Murfreesboro-CSA	**5.3%**	**4.6%**	**3.8%**	**3.0%**	**2.8%**
Index vs. National	85	87	78	68	78
Index vs. State	80	82	81	79	85

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

ECONOMIC DATA

Per Capita Personal Income

	2013	**2014**	**2015**	**2016**	**2017**
National	$44,826	$47,025	$48,940	$49,831	$51,640
Tennessee	$39,549	$40,977	$42,810	$43,932	$45,517
Lawrenceburg mSA & Lawrence Co.	**$30,644**	**$30,876**	**$32,020**	**$32,651**	**$33,845**
Index vs. National	68	66	65	66	66
Index vs. State	77	75	75	74	74
Nashville-Murfreesboro-CSA	**$45,562**	**$48,090**	**$50,661**	**$52,405**	**$54,696**
Index vs. National	102	102	104	105	106
Index vs. State	115	117	118	119	120

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

Social and Economic Characteristics

	National	Tennessee	Lawrence County	Lawrenceburg
Median Value Owner Occupied Housing	$193,500	$151,700	$98,800	$86,400
% High School Graduates or Higher Persons 25 Years Old and Older	87.30%	86.50%	80.8%	78.1%
% Persons with Income Below Poverty Level	12.30%	15.00%	15.6%	20.3%
Median Household Income	$57,652	$48,708	$41,522	$32,045

Source: U.S. Census Bureau State & County QuickFacts - 2017.

TOURISM AND RECREATION

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

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

Source: Tennessee State Parks.

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

Source: Lawrence County Chamber of Commerce.

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

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

Trace Parkway changes from 70 to 1,100 feet in elevation and passes through 5 degrees of latitude. Originally a prehistoric Indian trail and later used by the Spaniards, French, British, and Americans, the trace was for several centuries an important trade and emigrant road in the old Southwest.

Source: National Park Service.

RECENT DEVELOPMENTS

Advanced Design Solutions Inc. The Canadian auto supplier, Advanced Design Solutions Inc., invested $10 million and is expected to create nearly 180 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, will invest nearly $6.4 million, create 80 jobs in Lawrenceburg over the next five years, starting in 2018. This will be the first U.S. manufacturing facility for the company. Craig Manufacturing will locate operations in the 60,000-square-foot spec building in Team Lawrence Commerce Park. The company will add approximately 7,500 square feet of office space for its U.S. corporate offices. Craig Manufacturing anticipates its Lawrence County facility will be fully operational in the second quarter of 2019.

Martin Technologies. Martin Technologies invested more than $6 million and 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.

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LAWRENCEBURG, TENNESSEE

SUMMARY OF BONDED INDEBTEDNESS

As of June 30, 2019

AMOUNT ISSUED		PURPOSE	DUE DATE		INTEREST RATE(S)	As of June 30, 2019 (1) OUTSTANDING
$ 5,000,000	(2)	General Obligation Refunding Bonds, Series 2011	June 2021	(3)	Fixed	$ 420,000
3,000,000		General Obligation Bonds, Series 2013	June 2025		Fixed	2,100,000
2,610,000		General Obligation Refunding Bonds, Series 2015A	April 2020		Fixed	100,000
5,000,000	(4)	General Obligation Bonds, Series 2015D	June 2035		Fixed	4,610,000
6,250,000	(2)	General Obligation Bonds, Series 2017	June 2037		Fixed	6,250,000
13,500,000	(2)	Water and Sewer Revenue and Tax Bonds, SRF Loan	June 2026		Fixed	5,741,678
2,630,000	(2)	General Obligation Refunding Bonds, Series 2012	June 2026		Fixed	2,030,000
4,880,000	(2)	General Obligation Bonds, Series 2016	June 2025		Fixed	3,125,000
4,485,000	(2)	General Obligation Refunding Bonds, Series 2016B	June 2025		Fixed	4,350,000
10,040,000	(2)	Electric System Refunding Bonds, Series 2002	July 2026		Fixed	7,535,000
4,425,000	(2)	General Obligation Refunding Bonds, Series 2015C	July 2026		Fixed	4,425,000
$ 61,820,000		**EXISTING DEBT**				$ 40,686,678
$ 6,000,000	(2)	General Obligation Bonds, Series 2019A (Electric Supported)	July 2039		Fixed	$ 6,000,000
(43,430,000)		Less: Revenue Supported Debt				(34,756,678)
$ 24,390,000		**NET EXISTING DEBT**				$ 11,930,000

NOTE:

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

(2) Revenue Supported Debt.

(3) $50,000 Supported by Water and Sewer Revenues.

(4) $860,000 Supported by Solid Waste Revenues.

CITY OF LAWRENCEBURG, TENNESSEE

Indebtedness and Debt Ratios

INTRODUCTION

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

	For Fiscal Year Ended June 30				Unaudited	After Issuance
INDEBTEDNESS	**2015**	**2016**	**2017**	**2018**	**2019**	**2019**
TAX SUPPORTED						
General Obligation Bonds & Notes	$9,088,171	$12,826,839	$10,409,857	$13,255,241	$11,930,000	$11,930,000
TOTAL TAX SUPPORTED	9,088,171	12,826,839	10,409,857	13,255,241	11,930,000	11,930,000
REVENUE SUPPORTED						
Water & Sewer Revenue Bonds & Notes &						
Electric & Gas Revenue Bonds & Notes	38,136,914	35,325,310	32,942,506	31,643,094	28,756,678	34,756,678
TOTAL REVENUE SUPPORTED	38,136,914	35,325,310	32,942,506	31,643,094	28,756,678	34,756,678
TOTAL DEBT	$47,225,085	$48,152,149	$43,352,363	$44,898,335	$40,686,678	$46,686,678
Less: Revenue Supported Debt	($38,136,914)	($35,325,310)	($32,942,506)	($31,643,094)	($28,756,678)	($34,756,678)
Less: Debt Service Fund	-	-	-	-	-	-
NET DIRECT DEBT	$9,088,171	$12,826,839	$10,409,857	$13,255,241	$11,930,000	$11,930,000
PROPERTY TAX BASE						
Estimated Actual Value	$686,147,790	$735,806,319	$722,787,603	$729,753,444	$763,809,901	$763,809,901
Appraised Value	686,147,790	706,374,066	722,787,603	729,753,444	729,973,122	729,973,122
Assessed Value	218,686,579	226,524,851	229,757,776	231,757,680	231,398,527	231,398,527

DEBT RATIOS	For Fiscal Year Ended June 30 2015	2016	2017	2018	Unaudited 2019	After Issuance 2019
TOTAL DEBT to Estimated Actual Value	6.88%	6.54%	6.00%	6.15%	5.33%	6.11%
TOTAL DEBT to Appraised Value	6.88%	6.82%	6.00%	6.15%	5.57%	6.40%
TOTAL DEBT to Assessed Value	21.59%	21.26%	18.87%	19.37%	17.58%	20.18%
NET DIRECT DEBT to Est. Actual Value	1.32%	1.74%	1.44%	1.82%	1.56%	1.56%
NET DIRECT DEBT to Appraised Value	1.32%	1.82%	1.44%	1.82%	1.63%	1.63%
NET DIRECT DEBT to Assessed Value	4.16%	5.66%	4.53%	5.72%	5.16%	5.16%
PER CAPITA RATIOS						
POPULATION (1)	10,569	10,736	10,772	10,772	10,772	10,772
PER CAPITA PERSONAL INCOME (2)	$32,020	$32,651	$33,845	$33,845	$33,845	$33,845
Estimated Actual Value to POPULATION	64,921	68,536	67,099	67,745	70,907	70,907
Assessed Value to POPULATION	20,691	21,100	21,329	21,515	21,481	21,481
Total Debt to POPULATION	4,468	4,485	4,025	4,168	3,777	4,334
Net Direct Debt to POPULATION	860	1,195	966	1,231	1,108	1,108
Total Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	13.95%	13.74%	11.89%	12.32%	11.16%	12.81%
Net Direct Debt Per Capita as a percent of PER CAPITA PERSONAL INCOME	2.69%	3.66%	2.86%	3.64%	3.27%	3.27%

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

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

LAWRENCEBURG, TENNESSEE

GENERAL OBLIGATION - Includes Solid Waste

BONDED DEBT SERVICE REQUIREMENTS

F.Y. Ended 6/30	Total Bonded Debt Service Requirements (1) & (2) Principal	Interest	TOTAL	% All Principal Repaid
2020	$ 865,000	$ 334,750	$ 1,199,750	7.25%
2021	885,000	313,750	1,198,750	
2022	765,000	289,450	1,054,450	
2023	770,000	268,775	1,038,775	
2024	830,000	247,425	1,077,425	34.49%
2025	840,000	226,925	1,066,925	
2026	645,000	205,825	850,825	
2027	665,000	188,650	853,650	
2028	655,000	170,200	825,200	
2029	670,000	152,100	822,100	63.62%
2030	685,000	133,575	818,575	
2031	705,000	113,838	818,838	
2032	720,000	93,155	813,155	
2033	585,000	71,645	656,645	
2034	600,000	52,925	652,925	91.24%
2035	620,000	33,425	653,425	
2036	210,000	12,750	222,750	
2037	215,000	6,450	221,450	100.00%
	$ 11,930,000	$ 2,915,613	$ 14,845,613	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the CAFR. The City has approved the issuance of $5,250,000 General Obligation Bonds for improvement to public projects including but not limited to post secondary buildings and facilities.

(2) $860,000 Supported by Solid Waste Revenues.

LAWRENCEBURG, TENNESSEE

WATER AND SEWER SYSTEM - REVENUE SUPPORTED

BONDED DEBT SERVICE REQUIREMENTS

F.Y. Ended 6/30	Total Bonded Debt Service Requirements (1) Principal	Interest	TOTAL	% Principal Repaid
2020	$ 1,548,852	$ 399,689	$ 1,948,541	9.22%
2021	1,661,708	345,827	2,007,535	
2022	1,695,008	306,925	2,001,933	
2023	1,723,764	267,171	1,990,935	
2024	1,752,976	225,104	1,978,080	49.90%
2025	1,782,668	183,064	1,965,732	
2026	1,307,852	140,237	1,448,089	
2027	1,368,850	110,681	1,479,531	
2028	1,085,000	87,113	1,172,113	
2029	1,085,000	64,988	1,149,988	89.37%
2030	1,090,000	42,863	1,132,863	
2031	90,000	20,388	110,388	
2032	95,000	17,913	112,913	
2033	95,000	15,300	110,300	
2034	100,000	12,450	112,450	98.12%
2035	100,000	9,450	109,450	
2036	105,000	6,450	111,450	
2037	110,000	3,300	113,300	100.00%
	$16,796,678	$2,258,911	$19,055,589	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the CAFR.

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

F.Y. Ended 6/30	Existing Electric System Debt As of June 30, 2019 (1) Principal	Interest	TOTAL	General Obligation Bonds, Series 2019A Principal	Interest (2)	TOTAL	% 2019A Principal Repaid	Total Bonded Electric Debt Service Requirements (1) Principal	Interest	TOTAL	% All Principal Repaid
2020	$ 1,310,000	$ 443,415	$ 1,753,415	$ -	$ 67,333	$ 67,333	0.00%	$ 1,310,000	$ 510,748	$ 1,820,748	7.29%
2021	1,355,000	392,615	1,747,615	200,000	236,000	436,000		1,555,000	628,615	2,183,615	
2022	1,415,000	339,565	1,754,565	210,000	227,800	437,800		1,625,000	567,365	2,192,365	
2023	1,475,000	283,965	1,758,965	215,000	219,300	434,300		1,690,000	503,265	2,193,265	
2024	1,535,000	225,740	1,760,740	225,000	210,500	435,500	14.17%	1,760,000	436,240	2,196,240	44.21%
2025	1,590,000	164,940	1,754,940	235,000	201,300	436,300		1,825,000	366,240	2,191,240	
2026	1,610,000	101,203	1,711,203	245,000	191,700	436,700		1,855,000	292,903	2,147,903	
2027	1,670,000	34,258	1,704,258	255,000	181,700	436,700		1,925,000	215,958	2,140,958	
2028	-	-	-	265,000	171,300	436,300		265,000	171,300	436,300	
2029	-	-	-	275,000	160,500	435,500	35.42%	275,000	160,500	435,500	78.42%
2030	-	-	-	285,000	149,300	434,300		285,000	149,300	434,300	
2031	-	-	-	300,000	137,600	437,600		300,000	137,600	437,600	
2032	-	-	-	310,000	125,400	435,400		310,000	125,400	435,400	
2033	-	-	-	320,000	112,800	432,800		320,000	112,800	432,800	
2034	-	-	-	335,000	99,700	434,700	61.25%	335,000	99,700	434,700	87.05%
2035	-	-	-	350,000	86,000	436,000		350,000	86,000	436,000	
2036	-	-	-	365,000	71,700	436,700		365,000	71,700	436,700	
2037	-	-	-	380,000	56,800	436,800		380,000	56,800	436,800	
2038	-	-	-	395,000	41,300	436,300		395,000	41,300	436,300	
2039	-	-	-	410,000	25,200	435,200	92.92%	410,000	25,200	435,200	97.63%
2040	-	-	-	425,000	8,500	433,500	100.00%	425,000	8,500	433,500	100.00%
	$ 11,960,000	$ 1,985,700	$ 13,945,700	$ 6,000,000	$ 2,781,733	$ 8,781,733		$ 17,960,000	$ 4,767,433	$ 22,727,433	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein. Additionally, the principal payment on the Series 2002 Bond and the Series 2015C Bonds are made on July 1 of each fiscal year. The City paid $1,310,000 of principal and $234,145 of interest on July 1, 2019.

(2) Estimated Interest Rates. Estimated Average Coupon 4.00%.

BASIS OF ACCOUNTING AND PRESENTATION

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

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

FUND BALANCES, NET ASSETS AND RETAINED EARNINGS

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

	For the Fiscal year Ended June 30				
Fund Type	**2014**	**2015**	**2016**	**2017**	**2018**
Governmental Funds:					
General	$4,608,457	$4,263,627	$4,259,413	$3,662,178	$4,345,556
Capital Project Fund	-	-	2,825,701	100	405,216
Other Governmental	1,085,252	1,080,515	1,211,668	1,373,564	1,350,874
Total	**$5,693,709**	**$5,344,142**	**$8,296,782**	**$5,035,842**	**$6,101,646**
Proprietary Net Assets:					
Water & Sewer	$18,811,919	$19,316,306	$20,820,624	$19,625,558	$20,983,781
Gas System	10,715,933	10,558,434	10,204,872	8,889,707	9,756,710
Electric System	43,408,840	41,948,318	44,259,818	34,432,371	36,307,875
Total	**$72,936,692**	**$71,823,058**	**$75,285,314**	**$62,947,636**	**$67,048,366**

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

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CITY OF LAWRENCEBURG, TENNESSEE

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

	2014	2015	2016	2017	2018
Revenues:					
Local taxes	$ 7,641,661	$ 7,947,670	$ 8,283,437	$ 8,631,522	$ 8,474,294
Intergovernmental Revenue	1,226,199	1,884,169	1,596,567	1,166,731	1,429,690
Licenses and Permits	53,031	42,426	35,498	37,351	77,985
Fines and fees	146,288	147,090	145,367	121,634	112,721
Charges/Rent for services	133,720	149,559	153,467	161,774	173,505
Miscellaneous	323,687	162,644	182,110	280,075	340,168
Total Revenues	$ 9,524,586	$ 10,333,558	$ 10,396,446	$ 10,399,087	$ 10,608,363
Expenditures:					
Judicial / City Attorney	$ 33,344	$ 36,309	$ 34,147	$ 34,960	$ 39,831
Executive	147,324	159,758	155,225	160,469	177,488
Planning and Development	142,467	148,300	158,914	197,502	228,700
General Government	744,839	754,775	852,649	980,775	870,195
Public Safety	4,326,699	4,691,888	4,692,431	5,040,715	5,397,518
Highways and Streets	1,716,677	1,777,502	1,813,294	1,991,267	2,069,815
Parks and Recreation	689,190	713,652	724,913	732,946	777,442
Sundry Appropriations	1,396,582	1,338,411	1,283,549	888,182	910,940
Capital Outlay	2,318,327	1,412,155	641,189	1,034,763	186,308
Debt Service	1,238,512	3,774,155	1,433,662	1,413,308	1,512,570
Other	-	116,665	119,803	128,455	128,076
Total Expenditures	$ 12,753,961	$ 14,923,570	$ 11,909,776	$ 12,603,342	$ 12,298,883
Excess of Revenues & Over (under) Expenditures	$ (3,229,375)	$ (4,590,012)	$ (1,513,330)	$ (2,204,255)	$ (1,690,520)
Other Financing Sources (Uses):					
Interfund Transfers - In	$ 1,532,852	$ 1,537,906	$ 1,509,115	$ 1,607,020	$ 2,414,786
Interfund Transfers - Out	-	-	-	-	(40,888)
Issuance Of Notes/Bonds	3,028,474	97,276	-	-	-
Payments to refunding escrow agent	-	-	-	-	-
Bond Proceeds	-	2,610,000	-	-	-
Total Other Financing Sources (Uses)	$ 4,561,326	$ 4,245,182	$ 1,509,115	$ 1,607,020	$ 2,373,898
Excess of Revenue and Other Sources over (Under) Expenditures and Other Sources	1,331,951	(344,830)	(4,215)	(597,235)	683,378
Fund Balance July 1	3,276,506	4,608,457	4,263,627	4,259,413	3,662,178
Prior Period Adjustment	-	-	1	-	-
Fund Balance June 30	**$ 4,608,457**	**$ 4,263,627**	**$ 4,259,413**	**$ 3,662,178**	**$ 4,345,556**

CITY OF LAWRENCEBURG, TENNESSEE

Five Year Summary of Revenues, Expenditures and
Changes In Fund Balances - Water & Sewer System
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
Operating Revenues:					
Receipts for services & use of facilities	$ 6,847,093	$ 6,936,980	$ 7,241,076	$ 7,314,966	$ 7,341,739
Other	368,379	297,270	266,162	330,237	313,501
Total Revenues	$ 7,215,472	$ 7,234,250	$ 7,507,238	$ 7,645,203	$ 7,655,240
Operating Expenditures:					
Operation Expense	$ 3,272,855	$ 4,242,423	$ 4,403,175	$ 3,931,580	$ 4,246,804
Depreciation	1,085,304	1,097,920	1,121,079	1,153,627	1,183,695
Total Expenditures	$ 4,358,159	$ 5,340,343	$ 5,524,254	$ 5,085,207	$ 5,430,499
Operating Income (Loss)	$ 2,857,313	$ 1,893,907	$ 1,982,984	$ 2,559,996	$ 2,224,741
Non-Operating Revenues (Expenses):					
Interest Income	$ 1,967	$ 2,350	$ 19,684	$ 1,791	$ 1,548
Interest Expense	(818,882)	(744,661)	(581,114)	(522,607)	(487,607)
Gain on disposition of non utility plant	-	(16,001)	(47,398)	(53,892)	(107,901)
Amortization	(10,611)	(11,848)	(2,918)	(9,365)	(17,144)
Transfers	(294,706)	(288,878)	(271,964)	(285,343)	(283,114)
Total Non-Operating Revenues (Expenses)	$ (1,122,232)	$ (1,059,038)	$ (883,710)	$ (869,416)	$ (894,218)
Income before Capital Contributions	$ 1,735,081	$ 834,869	$ 1,099,274	$ 1,690,580	$ 1,330,523
Capital Contributions- Utility Plant	46,500	33,000	405,044		27,700
Net Income	$ 1,781,581	$ 867,869	$ 1,504,318	$ 1,690,580	$ 1,358,223
Retained Earnings -Beginning of Year	$ 11,005,290	$ 12,786,871	$ 13,654,740	$ 15,159,058	
Retained Earnings - End of Year	$ 12,786,871	$ 13,654,740	$ 15,159,058	$ 16,849,638	
Net Assets - Beginning of year					$ 19,625,558
Prior Period Adjustment					$ -
Net Assets - End of Year					**$ 20,983,781**

CITY OF LAWRENCEBURG, TENNESSEE

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

	2014	2015	2016	2017	2018
Operating Revenues:					
Receipts for services and use of facilities	$ 6,120,999	$ 4,697,427	$ 3,232,471	$ 4,767,666	$ 5,706,458
Other	157,725	132,241	119,231	140,127	132,824
Total Revenues	$ 6,278,724	$ 4,829,668	$ 3,351,702	$ 4,907,793	$ 5,839,282
Operating Expenditures:					
Natural Gas Purchased	$ 4,304,928	$ 2,747,623	$ 1,743,377	$ 2,031,631	$ 2,463,992
Operation Expense	1,193,747	1,400,302	1,257,902	1,206,389	1,431,136
Depreciation	241,883	388,475	400,289	410,602	370,398
Total Expenditures	$ 5,740,558	$ 4,536,400	$ 3,401,568	$ 3,648,622	$ 4,265,526
Operating Income (Loss)	$ 538,166	$ 293,268	$ (49,866)	$ 1,259,171	$ 1,573,756
Non-Operating Revenues (Expenses):					
Interest Income	$ 4,061	$ 2,615	$ 2,300	$ 1,801	$ 2,093
Interest Expense	(3,691)	(3,541)	(4,386)	(3,270)	(3,249)
Gain on disposition of non utility plant	-	(17,694)	(168,767)	(49,880)	(557,914)
Amortization	-	-	566	(142)	(142)
Transfers	(120,291)	(121,856)	(133,409)	(132,219)	(147,541)
Total Non-Operating Revenues (Expenses)	$ (119,921)	$ (140,476)	$ (303,696)	$ (183,710)	$ (706,753)
Income before Capital Contributions	$ 418,245	$ 152,792	$ (353,562)	$ 1,075,461	$ 867,003
Capital Contributions- Utility Plant	-	-	-	-	-
Net Income	$ 418,245	$ 152,792	$ (353,562)	$ 1,075,461	$ 867,003
Retained Earnings -Beginning of Year	$ 9,837,277	$ 10,255,522	$ 10,408,314	$ 10,054,752	
Retained Earnings - End of Year	$ 10,255,522	$ 10,408,314	$ 10,054,752	$ 11,130,213	
Net Assets - Beginning of year					$ 8,889,707
Prior Period Adjustment					$ -
Net Assets - End of Year					**$ 9,756,710**

CITY OF LAWRENCEBURG, TENNESSEE

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

	2014	2015	2016	2017	2018
Operating Revenues:					
Receipts for services and use of facilities	$ 49,376,394	$ 49,069,124	$ 48,098,117	$ 50,732,482	$ 51,948,128
Other	1,001,625	891,329	881,423	1,002,586	1,084,760
Total Revenues	$ 50,378,019	$ 49,960,453	$ 48,979,540	$ 51,735,068	$ 53,032,888
Operating Expenditures:					
Purchased Power	$ 37,425,387	$ 37,868,948	$ 35,506,249	$ 37,748,811	$ 38,929,558
Operation and Maintenance Expense	7,269,834	7,239,780	7,196,072	6,913,355	7,455,018
Depreciation and amortization	2,175,838	2,280,466	2,300,168	2,311,191	2,342,060
Other	571,584	486,639	439,001	471,256	480,501
Total Expenditures	$ 47,442,643	$ 47,875,833	$ 45,441,490	$ 47,444,613	$ 49,207,137
Operating Income (Loss)	$ 2,935,376	$ 2,084,620	$ 3,538,050	$ 4,290,455	$ 3,825,751
Non-Operating Revenues (Expenses):					
Interest Income	$ 99,161	$ 152,160	$ 27,833	$ 15,441	$ 47,502
Interest Expense	(871,075)	(793,884)	(611,976)	(567,862)	(515,563)
Gain (Loss) on Sale of Property	-	(256,631)	284,329	(298,194)	(203,227)
Amortization Expense	(74,550)	(74,666)	(83,515)	(83,515)	(83,401)
Transfers out - Tax Equivalents	(1,117,855)	(1,127,172)	(1,103,742)	(1,195,976)	(1,195,558)
Total Non-Operating Revenues (Expenses)	$ (1,964,319)	$ (2,100,193)	$ (1,487,071)	$ (2,130,106)	$ (1,950,247)
Income before Capital Contributions	$ 971,057	$ (15,573)	$ 2,050,979	$ 2,160,349	$ 1,875,504
Capital Contributions- Utility Plant	205,719	179,914	260,521	-	-
Net Income	$ 1,176,776	$ 164,341	$ 2,311,500	$ 2,160,349	$ 1,875,504
Retained Earnings -Beginning of Year	$ 42,232,064	$ 43,408,840	$ 41,948,318	$ 44,259,818	$ 46,420,167
Prior Period Adjustment	-	(1,624,863)	-	-	(11,987,796)
Retained Earnings - End of Year	$ 43,408,840	$ 41,948,318	$ 44,259,818	$ 46,420,167	$ 36,307,875

CITY OF LAWRENCEBURG, TENNESSEE
LAWRENCEBURG ELECTRIC SYSTEM
HISTORICAL DEBT SERVICE COVERAGES INCLUDING THE BONDS

	2014	2015	2016	2017	2018
Net Income before Capital Contributions	$ 971,057	$ (15,573)	$ 2,050,979	$ 2,160,349	$ 1,875,504
Plus:					
Depreciation	2,175,838	2,280,466	2,300,168	2,311,191	2,342,060
Interest Expense	871,075	793,884	611,976	567,862	515,563
Amortization Expense	74,550	74,666	83,515	83,515	83,401
Payment in lieu of Taxes	1,117,855	1,127,172	1,103,742	1,195,976	1,195,558
Net Revenue Available for Debt Service	$ 5,210,375	$ 4,260,615	$ 6,150,380	$ 6,318,893	$ 6,012,086
Debt Service	$ 1,897,228	$ 1,676,690	$ 1,814,269	$ 1,807,875	$ 1,816,717
Debt Service Coverage	2.75 x	2.54 x	3.39 x	3.50 x	3.31 x

Source: Audited Financial Statements of the Electric System.

INVESTMENT AND CASH MANAGEMENT PRACTICES

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

REAL PROPERTY ASSESSMENT, TAX LEVY AND COLLECTION PROCEDURES

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

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

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

(a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;

(b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;

(c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and

(d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three sub classifications and assessed at the rates as follows:

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

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

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

County Taxation of Property

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

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

Assessment of Property

County Assessments; County Board of Equalization. The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January I for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

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

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

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

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

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

Periodic Reappraisal and Equalization

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

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

Valuation for Property Tax Purposes

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

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

Certified Tax Rate

Upon a general reappraisal of property as determined by the State Board of Equalization, the county assessor of property is required to (1) certify to the governing bodies of the county and each municipality within the county the total assessed value of taxable property within the jurisdiction of each governing body and (2) furnish to each governing body an estimate of the total assessed value of all new construction and improvements not included on the previous assessment roll and the assessed value of deletions from the previous assessment roll. Exclusive of such new construction, improvements and deletions, each governing body is required to determine and certify a tax rate

(herein referred to as the *"Certified Tax Rate")* which will provide the same *ad valorem* revenue for that jurisdiction as was levied during the previous year. The governing body of a county or municipality may adjust the Certified Tax Rate to reflect extraordinary assessment changes or to recapture excessive adjustments.

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

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

Tax Freeze for the Elderly Homeowners

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

Tax Collection and Tax Lien

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

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

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Assessed Valuations. According to the Tax Aggregate Report, property in the County and City reflected a ratio of appraised value to true market value of 0.9557. The following table shows pertinent data for tax year 2018[1].

Class	Estimated Assessed Valuation	Assessment Rate	Estimated Appraised Value
Public Utilities	$ 4,453,455	55%	$ 10,202,646
Commercial and Industrial	106,926,785	40%	279,719,696
Personal Tangible Property	39,389,887	30%	136,424,358
Residential, Farm and Open Space	80,628,400	25%	337,463,201
Total	**$231,398,527**		**$763,809,901**

Source: 2018 Tax Aggregate Report of Tennessee and the City.

[1] The tax year coincides with the calendar year, therefore tax year 2018 is actually fiscal year 2018-2017.

The estimated assessed value of property in the City for the fiscal year ending June 30, 2019 (tax year 2018) is $231,398,527 compared to $231,757,680 for the fiscal year ending June 30, 2018 (tax year 2017). The estimated actual value of all taxable property for tax year 2018 is $763,809,901 as compared to $729,753,444 for tax year 2017.

Property Tax Rates and Collections. The following table shows the property tax rates and collections of the City for tax years 2014 through 2018 as well as the aggregate uncollected balances for each fiscal year as of June 30, 2018.

PROPERTY TAX RATES AND COLLECTIONS				Fiscal Yr. Collections		Aggregate Uncollected Balance	
Tax Year[2]	Assessed Valuation	Tax Rates	Taxes Levied	Amount	Pct	As of June 30, 2018 Amount	Pct
2014	$218,686,579	$1.4234	$3,126,969	$2,971,625	95.0%	$ 25,053	0.8%
2015	226,524,851	1.4234	3,222,389	3,094,307	96.0%	983	0.0%
2016	229,757,776	1.4368	3,301,278	3,196,322	96.8%	28,171	0.9%
2017	231,757,680	1.4368	3,329,995	3,131,723	94.0%	198,272	6.0%
2018	231,398,527	1.4368	3,344,873	IN PROGRESS			

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

Largest Taxpayers. For the fiscal year ending June 30, 2019 (tax year 2018), the ten largest taxpayers in the City were as follows:

	Taxpayer	Business Type	Assessed Value	Taxes Levied
1.	Graphic Packaging	Printed Cartons	$ 13,594,712	$ 195,328
2.	Modine Mft.	Charge Air Coolers	11,012,752	157,657
3.	Dura	Manufacturing	3,893,814	55,946
4.	Park Ridge Estates	Housing	3,666,000	29,530
5.	Walmart	Retail	3,646,440	52,392
6.	Southern Tenn Regional	Hospital	3,302,274	28,570
7.	BC Woods Investments	Investments	3,171,120	45,562
8.	Kroger Limited	Groceries	2,699,545	27,536
9.	Hughes Parkes Industries	Fabricators	2,006,195	27,536
10.	F9 Upholstery Group	Furniture Mft.	1,785,600	25,242
	TOTAL		**$48,778,452**	**$645,299**

Source: The City.

PENSION PLANS

Employees of the City (other than those of the Water & Sewer, Natural Gas and Electric Power systems) are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit plan administered by the Tennessee Consolidated Retirement System (TCRS). The TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with 5 years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at age 55. Disability benefits are available to active members with 5 years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in performance of duty. Members joining the retirement system after July 1, 1979 become vested after 5 years of service and members joining prior to July, 1979 were vested after 4 years of service.

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

OTHER POST-EMPLOYMENT BENEFITS

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

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

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APPENDIX C

SUPPLEMENTAL INFORMATION STATEMENT

LAWRENCEBURG ELECTRIC SYSTEM OF THE CITY OF LAWRENCEBURG, TENNESSEE

THE ELECTRIC SYSTEM

BOARD OF PUBLIC UTILITIES OF THE CITY OF LAWRENCEBURG, TENNESSEE

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.

System policies and rates are approved by the Board and the Tennessee Valley Authority (TVA). TVA acts as regulatory agency pursuant to the terms of the current Power Purchase Contract (the "Power Contract") between the City and TVA dated August 28, 1987. The System has no generating capacity and purchases its entire supply of power from TVA pursuant to the Power Contract. The Power Contract has an initial term of 20 years, but beginning December 19, 1987 and on each subsequent anniversary, the Contract has been and is automatically extended for additional one-year renewal terms. The Power Contract, however, is subject to early termination by either party on not less than five years written notice.

GENERAL SYSTEM DESCRIPTION

The Lawrenceburg Utility Systems (the "LUS") provides electricity to approximately 20,399 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 1,602 miles of lines. All of the substations are owned and maintained by LUS.

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 use of fossil fuel, 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 Board. The power sold to the Board is not supplied by one specific generating facility but from the entire TVA system.

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) an 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 Board, which functions on a full-time basis and consists of three directors appointed by the President of the United States and confirmed by the United States Senate for nine-year terms, with one director's term expiring every three years.

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.

SUBSTATION, TRANSMISSION & 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.

Engineering, Construction and Maintenance. 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.

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.

RESIDENTIAL AND COMMERCIAL POWER RATES

The following schedule outlines the retail electric rates charged by the System effective as of June 30, 2018:

I. **Residential Rates (per month):**

Customer Charge:	$19.00 per delivery point
Demand Charge:	First 800 kWh at 9.495 cents per kWh
	Additional kWh at 9.495 cents per kWh

II. **Commercial Rates – (per month):**

Schedule GSA:

Part 1

Customer Charge:	$35.00 per delivery point
Energy Charge:	All kWh at 10.464 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 $16.00 per kW
Energy Charge:	First 15,000 kWh per month at 10.357 cents per kWh Additional kWh per month at 6.306 cents per kWh

Part 3

Customer Charge:	$500.00 per delivery point
Demand Charge:	First 1,000 kW of billing demand per month at $16.12 per kW Excess over 1,000 kW of billing demand per month at $18.13 per kW, plus an additional $18.13 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:	6.306 cents per kWh per month

Schedule SGSB:

Customer Charge:	$1,500.00 per delivery point
Admin Charge:	$350.00
Demand Charge:	All kW of billing demand at $19.92 per kW
Energy Charge:	First 620 kWh per month at 1.754 cents per kWh Additional kWh per month at 1.754 cents per kWh

Schedule SGSC:

Customer Charge:	$1,500.00 per delivery point
Admin Charge:	$350.00
Demand Charge:	All kW of billing demand at $19.41 per kW
Energy Charge:	First 620 kWh per month at 1.754 cents per kWh Additional kWh per month at 1.754 cents per kWh

Schedule SGSD:

Customer Charge:	$1,500.00 per delivery point
Admin Charge:	$350.00
Demand Charge:	All kW of billing demand at $19.30 per kW

Energy Charge: All 620 kWh per month at 1.754 cents per kWh

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

Customer Charge: $2.50 per delivery point

Demand Charge: All kW of billing demand at 6.740 cents per kWh
Facility Charge (part B) at 9% of installed lighting cost

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OPERATING AND FINANCIAL HISTORY

OPERATING HISTORY

The following tables present information relating to the number of meters in service, operating revenues of the System, and data on the largest industrial customers. Unless otherwise stated, such information is presented for the fiscal years ended June 30 in the years shown.

NUMBER OF METERS IN SERVICE

Fiscal Year	Residential	Commercial (Small)	Commercial (Large)	Street, Athletic & Outdoor Lighting	Total
2014	16,853	2,592	322	83	19,850
2015	16,942	2,660	333	81	20,016
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

NUMBER OF ACCOUNTS BILLED

	For the Fiscal Year Ended June 30				
	2014	2015	2016	2017	2018
Residential	202,276	202,876	203,611	204,717	205,698
Commercial & Industrial (sm)	31,124	31,708	31,969	32,537	33,132
Commercial & Industrial (lg)	3,789	3,904	3,959	3,950	3,893
Street, Athletic& Outdoor Lighting	36,064	46,840	49,844	50,872	51,055
Total	273,253	285,328	289,383	292,076	293,778

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OPERATING STATISTICS

Revenues generated for the System during fiscal year ending June 30, 2017 and June 30, 2018 are shown below:

Billing Classification	FY 2017 K.W.H.	FY 2017 Revenues	FY 2018 K.W.H.	FY 2018 Revenues
Residential	245,525,009	$26,498,226	258,020,470	$27,657,437
Commercial and Industrial	216,209,860	$23,317,731	220,949,897	$23,682,850
Street & Outdoor Lighting	7,224,200	$916,525	7,228,215	$924,402

Revenues generated for the System during last five years are shown below:

Year Ended	Residential		Commercial, Industrial & Outdoor Lighting & Other		Total
June 30	Customers	Revenue	Customers	Revenue	Revenue
2014	16,853	$26,312,746	2,997	$23,158,697	**$49,471,443**
2015	16,942	$25,852,551	3,074	$23,378,585	**$49,231,136**
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**

Purchased Power From TVA
For the Fiscal Year Ended June 30

	2014	2015	2016	2017	2018
mWh	498,827	502,061	478,240	486,076	509,935
Total Cost	$37,425,387	$37,868,948	$35,506,249	$37,748,811	$38,929,558
Maximum kW Demand	119,509	120,553	106,239	105,015	118,031
Wholesale Power Cost as % of Sales	75.0%	76.9%	73.8%	74.2%	74.5%

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TOP TEN CUSTOMERS KWh USED

For the fiscal year ending June 30, 2018, the ten largest KWh users in the System were as follows:

Fiscal Year Ending June 30, 2018

	Customer Name	Business Type	KWh Used	12 Month Billing
1.	Modine	Heat Exchanger Mfg.	27,308,469	$1,730,672
2.	Graphic Packaging	Printed Folding Cartons	16,962,144	1,085,522
3.	TFT	Auto Part Mfg	16,817,876	776,037
4.	Dura Automotive	Automotive Windows	12,254,134	769,031
5.	GT Refractories	Carbon Brick	5,146,613	388,083
6.	Crocket Hospital	Hospital	4,990,965	376,420
7.	Hughes Parker	Metal Stamping	4,868,380	320,970
8.	Wal-Mart	Retail	4,534,500	311,571
9.	Dyna Pak	Plastic Trash Bags	3,297,600	212,251
10.	Assurance Operation Corp	Metal Fabrication	3,130,700	218,563

PERSONNEL

The average number of employees in the Electric Department for the following years have been:

2009 - 61
2010 - 60
2011 - 60
2012 - 63
2013 - 63
2014 - 64
2015- 63
2016 - 68
2017 - 68
2018 - 68

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LAWRENCEBURG, TENNESSEE

SUMMARY OF BONDED INDEBTEDNESS - ELECTRIC SYSTEM

AMOUNT ISSUED		PURPOSE	DUE DATE	INTEREST RATE(S)	As of June 30, 2019 (1) OUTSTANDING
10,040,000	(2)	Electric System Refunding Bonds, Series 2002	July 2026	Fixed	7,535,000
4,425,000	(2)	General Obligation Refunding Bonds, Series 2015C	July 2026	Fixed	4,425,000
$ 14,465,000		**EXISTING DEBT**			$ 11,960,000
$ 6,000,000	(2)	General Obligation Bonds, Series 2019A (Electric Supported)	July 2039	Fixed	$ 6,000,000
$ 20,465,000		**NET EXISTING DEBT**			$ 17,960,000

NOTE:

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

(2) Electric Revenue Supported Debt.

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

F.Y. Ended 6/30	Existing Electric System Debt As of June 30, 2019 (1) Principal	Interest	TOTAL	General Obligation Bonds, Series 2019A Principal	Interest (2)	TOTAL	% 2019A Principal Repaid	Total Bonded Electric Debt Service Requirements (1) Principal	Interest	TOTAL	% All Principal Repaid
2020	$ 1,310,000	$ 443,415	$ 1,753,415	$ -	$ 67,333	$ 67,333	0.00%	$ 1,310,000	$ 510,748	$ 1,820,748	7.29%
2021	1,355,000	392,615	1,747,615	200,000	236,000	436,000		1,555,000	628,615	2,183,615	
2022	1,415,000	339,565	1,754,565	210,000	227,800	437,800		1,625,000	567,365	2,192,365	
2023	1,475,000	283,965	1,758,965	215,000	219,300	434,300		1,690,000	503,265	2,193,265	
2024	1,535,000	225,740	1,760,740	225,000	210,500	435,500	14.17%	1,760,000	436,240	2,196,240	44.21%
2025	1,590,000	164,940	1,754,940	235,000	201,300	436,300		1,825,000	366,240	2,191,240	
2026	1,610,000	101,203	1,711,203	245,000	191,700	436,700		1,855,000	292,903	2,147,903	
2027	1,670,000	34,258	1,704,258	255,000	181,700	436,700		1,925,000	215,958	2,140,958	
2028	-	-	-	265,000	171,300	436,300		265,000	171,300	436,300	
2029	-	-	-	275,000	160,500	435,500	35.42%	275,000	160,500	435,500	78.42%
2030	-	-	-	285,000	149,300	434,300		285,000	149,300	434,300	
2031	-	-	-	300,000	137,600	437,600		300,000	137,600	437,600	
2032	-	-	-	310,000	125,400	435,400		310,000	125,400	435,400	
2033	-	-	-	320,000	112,800	432,800		320,000	112,800	432,800	
2034	-	-	-	335,000	99,700	434,700	61.25%	335,000	99,700	434,700	87.05%
2035	-	-	-	350,000	86,000	436,000		350,000	86,000	436,000	
2036	-	-	-	365,000	71,700	436,700		365,000	71,700	436,700	
2037	-	-	-	380,000	56,800	436,800		380,000	56,800	436,800	
2038	-	-	-	395,000	41,300	436,300		395,000	41,300	436,300	
2039	-	-	-	410,000	25,200	435,200	92.92%	410,000	25,200	435,200	97.63%
2040	-	-	-	425,000	8,500	433,500	100.00%	425,000	8,500	433,500	100.00%
	$ 11,960,000	$ 1,985,700	$ 13,945,700	$ 6,000,000	$ 2,781,733	$ 8,781,733		$ 17,960,000	$ 4,767,433	$ 22,727,433	

NOTES:

(1) The above figures do not include short-term notes outstanding, if any. For more information, see the notes to the Financial Statements in the GENERAL PURPOSE FINANCIAL STATEMENTS included herein. Additionally, the principal payment on the Series 2002 Bond and the Series 2015C Bonds are made on July 1 of each fiscal year. The City paid $1,310,000 of principal and $234,145 of interest on July 1, 2019.

(2) Estimated Interest Rates. Estimated Average Coupon 4.00%.

CITY OF LAWRENCEBURG, TENNESSEE

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

	2014	2015	2016	2017	2018
Operating Revenues:					
Receipts for services and use of facilities	$ 49,376,394	$ 49,069,124	$ 48,098,117	$ 50,732,482	$ 51,948,128
Other	1,001,625	891,329	881,423	1,002,586	1,084,760
Total Revenues	$ 50,378,019	$ 49,960,453	$ 48,979,540	$ 51,735,068	$ 53,032,888
Operating Expenditures:					
Purchased Power	$ 37,425,387	$ 37,868,948	$ 35,506,249	$ 37,748,811	$ 38,929,558
Operation and Maintenance Expense	7,269,834	7,239,780	7,196,072	6,913,355	7,455,018
Depreciation and amortization	2,175,838	2,280,466	2,300,168	2,311,191	2,342,060
Other	571,584	486,639	439,001	471,256	480,501
Total Expenditures	$ 47,442,643	$ 47,875,833	$ 45,441,490	$ 47,444,613	$ 49,207,137
Operating Income (Loss)	$ 2,935,376	$ 2,084,620	$ 3,538,050	$ 4,290,455	$ 3,825,751
Non-Operating Revenues (Expenses):					
Interest Income	$ 99,161	$ 152,160	$ 27,833	$ 15,441	$ 47,502
Interest Expense	(871,075)	(793,884)	(611,976)	(567,862)	(515,563)
Gain (Loss) on Sale of Property	-	(256,631)	284,329	(298,194)	(203,227)
Amortization Expense	(74,550)	(74,666)	(83,515)	(83,515)	(83,401)
Transfers out - Tax Equivalents	(1,117,855)	(1,127,172)	(1,103,742)	(1,195,976)	(1,195,558)
Total Non-Operating Revenues (Expenses)	$ (1,964,319)	$ (2,100,193)	$ (1,487,071)	$ (2,130,106)	$ (1,950,247)
Income before Capital Contributions	$ 971,057	$ (15,573)	$ 2,050,979	$ 2,160,349	$ 1,875,504
Capital Contributions- Utility Plant	205,719	179,914	260,521	-	-
Net Income	$ 1,176,776	$ 164,341	$ 2,311,500	$ 2,160,349	$ 1,875,504
Retained Earnings -Beginning of Year	$ 42,232,064	$ 43,408,840	$ 41,948,318	$ 44,259,818	$ 46,420,167
Prior Period Adjustment	-	(1,624,863)	-	-	(11,987,796)
Retained Earnings - End of Year	$ 43,408,840	$ 41,948,318	$ 44,259,818	$ 46,420,167	$ 36,307,875

CITY OF LAWRENCEBURG, TENNESSEE
LAWRENCEBURG ELECTRIC SYSTEM
HISTORICAL DEBT SERVICE COVERAGES INCLUDING THE BONDS

	2014	2015	2016	2017	2018
Net Income before Capital Contributions	$ 971,057	$ (15,573)	$ 2,050,979	$ 2,160,349	$ 1,875,504
Plus:					
Depreciation	2,175,838	2,280,466	2,300,168	2,311,191	2,342,060
Interest Expense	871,075	793,884	611,976	567,862	515,563
Amortization Expense	74,550	74,666	83,515	83,515	83,401
Payment in lieu of Taxes	1,117,855	1,127,172	1,103,742	1,195,976	1,195,558
Net Revenue Available for Debt Service	$ 5,210,375	$ 4,260,615	$ 6,150,380	$ 6,318,893	$ 6,012,086
Debt Service	$ 1,897,228	$ 1,676,690	$ 1,814,269	$ 1,807,875	$ 1,816,717
Debt Service Coverage	2.75 x	2.54 x	3.39 x	3.50 x	3.31 x

Source: Audited Financial Statements of the Electric System.

APPENDIX D-1

FINANCIAL STATEMENTS

THE CITY OF LAWRENCEBURG, TENNESSEE

CITY OF LAWRENCEBURG, TENNESSEE

Annual Financial Report

For the Year Ended June 30, 2018

CITY OF LAWRENCEBURG, TENNESSEE

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INTRODUCTORY SECTION

CITY OF LAWRENCEBURG, TENNESSEE

List of Elected, Appointed and Other Officials

June 30, 2018

Elected Officials

Mayor	Keith Durham
Council Member	Ronald Fox
Council Member	Robin Williams
Council Member	Jamie Sevier
Council Member	Chad Moore

Appointed and Other Officials

City Administrator	Chris Shaffer
Finance Administrator	Linda Adair
Human Resource & Safety Director	Doug Edwards
Safety Director	Tina Sowell
Administrative Assistant	Joyce DiCapo
Emergency Management	Joe Baxter
Chief of Police	Terry Beecham
Fire Chief	Jay Moore
Parks and Recreation Manager	Pam Kemp
Sanitation Manager	Gary Wayne Hyde
Public Works	Jerry Smith
Accountant, Certified Municipal Financial Officer	Linda Adair

YEARY, HOWELL & ASSOCIATES

Certified Public Accountants

501 EAST IRIS DRIVE
NASHVILLE, TN 37204-3109

HUBERT E. (BUDDY) YEARY
GREGORY V. HOWELL

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

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lawrenceburg, Tennessee, (the City) as of and for the year ended June 30, 2018 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Water and Sewer, Natural Gas and Electric Power Funds which represent 100% of the Business - Type Activities. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Business - Type Activities (Proprietary Funds) is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Basis for Disclaimer of Opinion on Discretely Presented Component Unit

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

Disclaimer of Opinion

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

Unmodified Opinion

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lawrenceburg, Tennessee, as of June 30, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 11 and the schedules of funding progress, employer contributions and actuarial methods and significant assumptions on pages 76 – 86 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Combining and Individual Nonmajor Fund Statements and Schedules and Financial Schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The Combining and Individual Nonmajor Fund Financial Statements and Schedules and Financial Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. This information, except for those Financial Schedules marked as unaudited on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, the Combining and Individual Nonmajor Fund Financial Statements and Schedules and Financial Schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introductory Section has not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Other Reporting Required by Governmental Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2018 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Lawrenceburg's internal control over financial reporting and compliance.

September 27, 2018

Management's Discussion and Analysis

As management of the City of Lawrenceburg, Tennessee (the City) we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2018.

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

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

Financial Highlights:

- The assets of the City of Lawrenceburg exceeded its liabilities at the close of the most recent fiscal year by $60,333,583 as compared to $80,688,518 in 2017. Of this amount, a deficit of $22,758,449 (governmental activities of $(16,661,853) and business -type of ($6,096,596)). remained in unrestricted fund equity.

- The governments total net position increased by $2,435,845 in 2018 as compared to $5,039,583 in 2017.

- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $6,101,646, an increase of $1,065,804 in comparison with the the prior year. Of that amount, $4,063,613 is available for spending at the government's discretion (unassigned fund balance).

- At the end of the current fiscal year, unassigned fund balance of the General Fund was $4,076,320 as compared to $3,392,942 in 2017 or 337% and 27% in 2018 and 2017, respectively of total general fund expenditures.

- The City's total bonded debt increased by $336,024 during the current fiscal.

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

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

The Statement of Net Position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Overtime, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

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

Overview of the Financial Statements (Continued):

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

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

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

Fund financial statements. A Fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Lawrenceburg, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

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

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

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

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

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

Overview of the Financial Statements (Continued):

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

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government - wide and fund financial statements. The notes to the financial statements can be found on pages 28 - 74 of this report.

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

Financial Analysis of the Financial Statements

Government - wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Lawrenceburg, assets exceeded liabilities by $60,333,583 at the close of the most recent fiscal year, as compared to $80,688,518 in 2017.

By far the largest portion of the City's assets (131%) reflects its investment in capital assets (e.g., land , buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens: consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Lawrenceburg's Net Position

	Governmental Activities		Business -type Activities	
	2018	2017	2018	2017
Current and other assets	$ 9,974,280	8,711,386	25,054,326	22,655,346
Capital assets	20,870,183	21,367,152	101,587,933	100,953,665
Deferred outflows of resources	2,835,029	2,030,086	4,070,871	2,604,584
Total assets and deferred outflows	$ 33,679,492	32,108,624	130,713,130	126,213,595
Long-term liabilities outstanding	$ 12,315,029	10,540,062	28,352,220	29,295,617
Other liabilities	24,698,960	17,778,061	33,601,185	16,595,953
Deferred inflows of resources	3,380,286	3,313,687	1,711,359	110,321
Total liabilities and deferred inflows	40,394,275	31,631,810	63,664,764	46,001,891
Net position:				
Net investment in capital assets	8,022,790	9,938,583	70,814,297	68,798,636
Restricted	1,924,280	1,541,854	2,330,665	855,211
Unrestricted	(16,661,853)	(11,003,623)	(6,096,596)	10,557,857
Total net position	(6,714,783)	476,814	67,048,366	80,211,704
Total liabilities and deferred inflows and net position	$ 33,679,492	32,108,624	130,713,130	126,213,595

An additional portion of the City's net position (7%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, a net deficit of $22,758,449 results primarily from adjustments arising for implementation of GASB 75 in earlier years.

The government's net position increased by $2,435,845 during the current fiscal year. Approximately 168% of this increase represents net increases in ongoing revenues over expenses of the Business-Type Activities. Governmental Activities experienced a decrease of revenues over expenditures of $1,664,885.

Financial Analysis of the Financial Statements (Continued)

Governmental Activities

Governmental activities decreased the City's net position by $1,664,885 (increase of $113,193 in 2017). Key elements of this decrease are as follows:

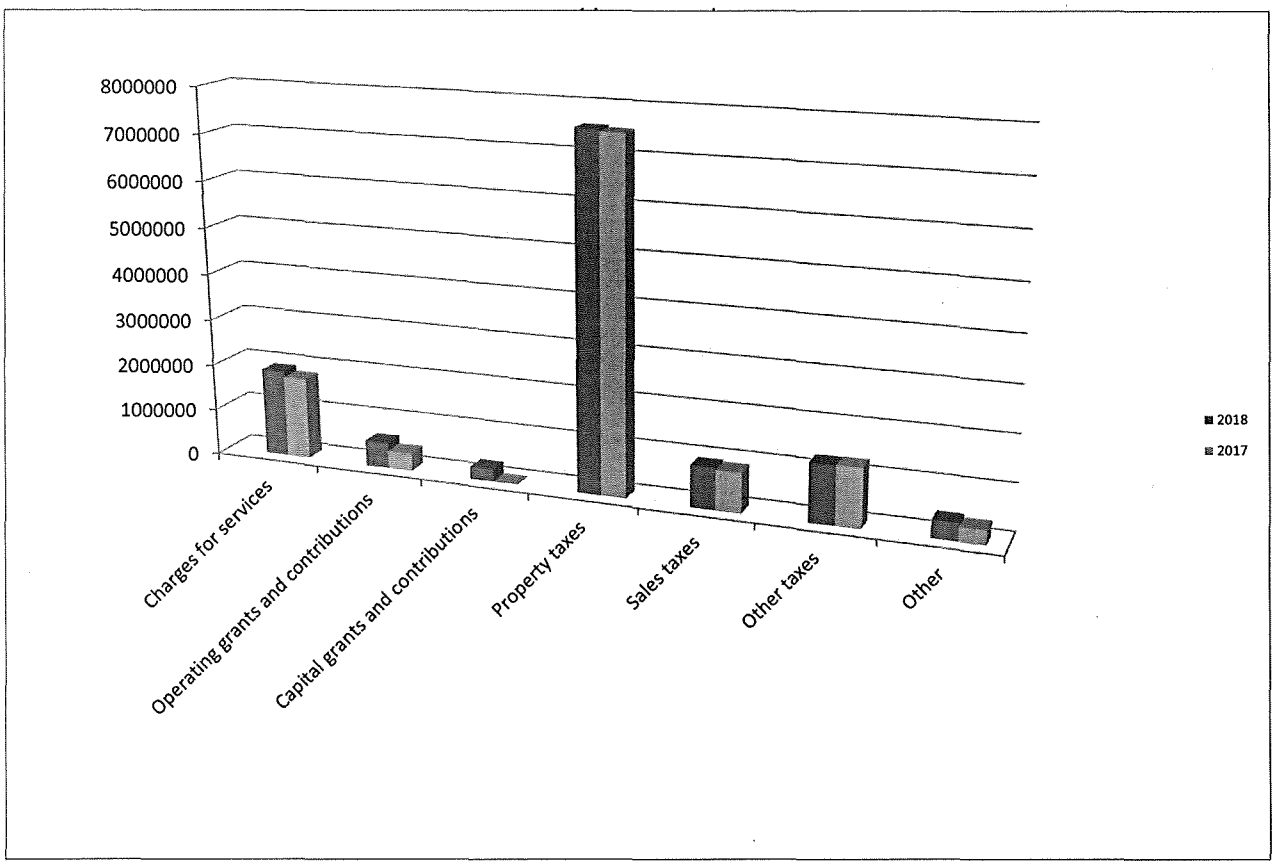
City of Lawrenceburg's Changes in Net Position

	Governmental Activities		Business -type Activities	
	2018	2017	2018	2017
Revenues:				
Program revenues:				
Charges for services	$ 1,888,066	1,771,198	66,527,410	64,288,064
Operating grants and contributions	562,137	386,504	-	-
Capital grants and contributions	270,117	11,653	27,700	-
General revenues:				
Property taxes	7,544,576	7,500,011	-	-
Sales taxes	900,391	865,031	-	-
Other taxes	1,252,787	1,267,280	-	-
Other	379,855	317,597	(817,900)	(382,934)
Total revenues	12,797,929	12,119,274	65,737,210	63,905,130
Expenses:				
General government	3,438,879	2,233,521	-	-
Judicial	40,541	34,821	-	-
Executive	179,846	162,859	-	-
Planning and development	234,328	202,079	-	-
Administrative	1,001,961	1,045,715	-	-
Special Projects	3,485	6,704	-	-
Police Department	3,048,060	2,849,029	-	-
Fire prevention and control	2,600,664	2,305,489	-	-
Civil Defense	129,700	120,159	-	-
Highways and streets	2,758,800	2,319,360	-	-
Parks	743,337	898,970	-	-
Sanitation	1,452,762	1,056,245	-	-
Interest on long-term debt	450,238	378,150	-	-
Water and Sewer	-	-	5,935,249	5,617,178
Natural gas	-	-	4,268,917	3,652,034
Electric	-	-	49,812,528	48,102,508
Total expenses	16,082,600	13,613,101	60,016,694	57,371,720
Increases (decrease) in net position before transfers	(3,284,671)	(1,493,827)	5,720,516	6,533,410
Transfers	1,619,786	1,607,020	(1,619,786)	(1,607,020)
Increases (decrease) in net position	(1,664,885)	113,193	4,100,730	4,926,390
Net position, beginning of year	(5,049,898) *	363,621	62,947,636 *	75,285,314
Net position, end of year	$ (6,714,783)	476,814	67,048,366	80,211,704

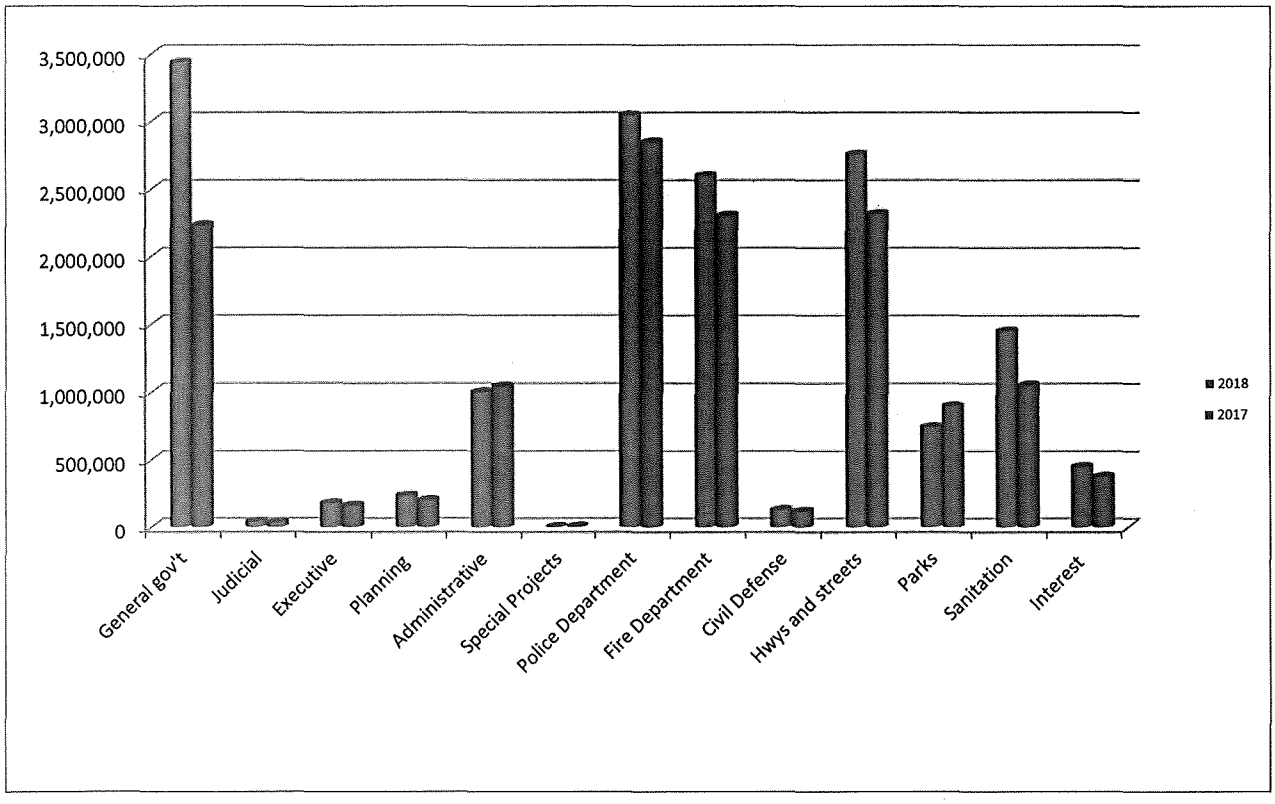
* As restated

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

Revenues by Source - Governmental Activities



Expenditures - Governmental Activities



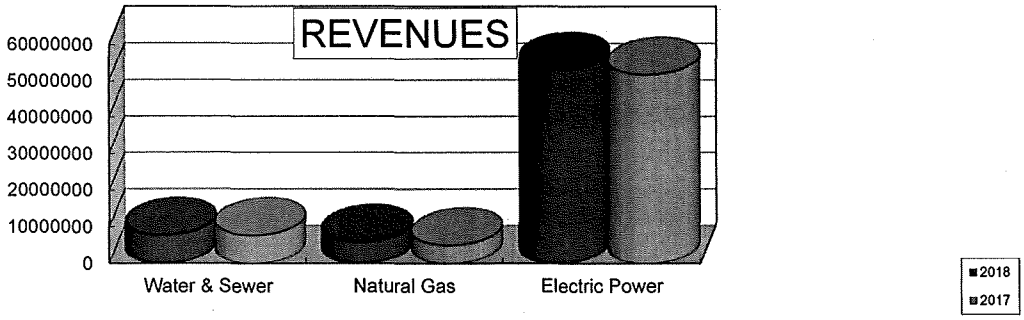
Financial Analysis of the Financial Statements (Continued)

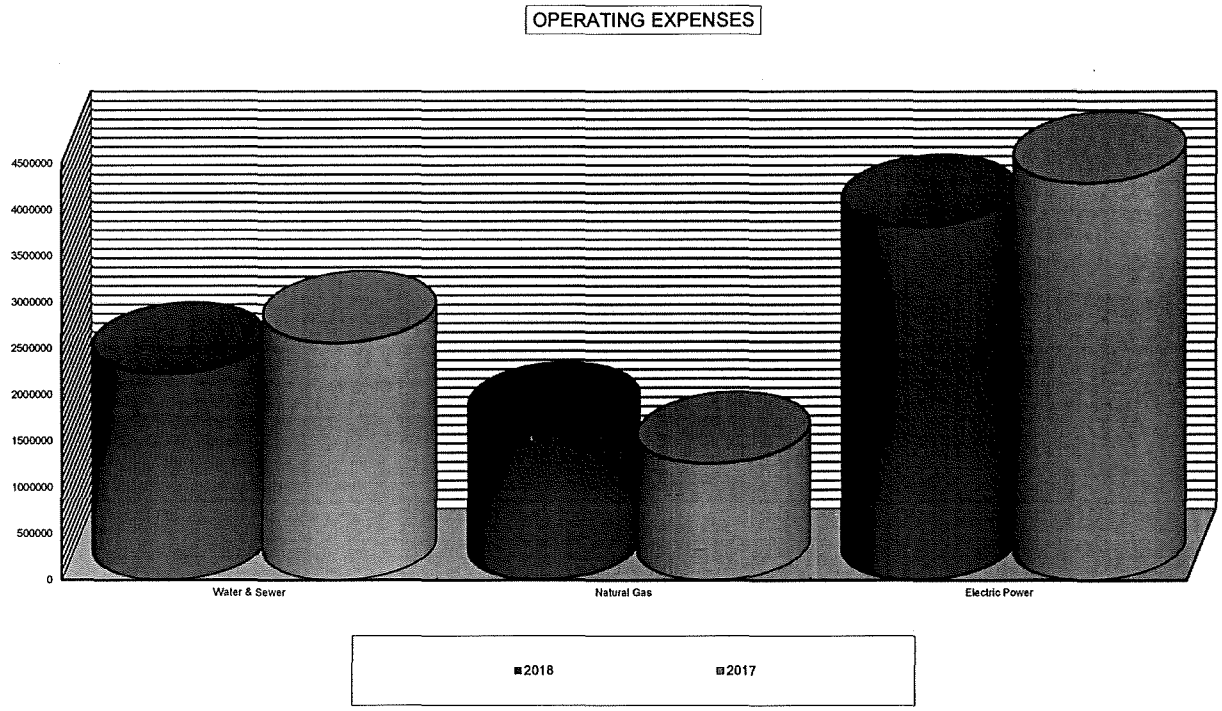
Business - type activities

Business - type activities increased the City's net position by $4,100,730 as compared to $4,926,390 in 2017, accounting for 99% of the total growth in the government's net assets. Key elements of this increase are as follows:

- Total charges for services for business - type activities increased by approximately 3.48%
- Water & Sewer operations resulted in an increase in net position of $1,358,223.
- Natural gas operations resulted in an increase in net position of $867,003.
- Electric power operations resulted in an increase in net position of $1,875,504.
- A more detailed analysis of the business-type activities may be found in the individual financial reports of the Water & Sewer, Natural Gas and Electric Power Funds.

Business - type activities





Financial Analysis of the Financial Statements (Continued)

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

Governmental Funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $6,101,646, an increase of $1,065,804 in comparison with the prior year. Of this amount, $4,076,320 constitutes unassigned fund balance, which is available for spending at the government's discretion.

The General Fund is the chief operation fund of the City of Lawrenceburg, Tennessee. At the end of the current fiscal year, unassigned fund balance of the general fund was $4,063,613 ($3,392,942 at the prior year end). As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 33% (29% in 2017) of total general fund expenditures.

The fund balance of the City's general fund increased by $683,378 during the current fiscal year. Key factors in this inncrease and other changes in the fund balance of the General Fund are as follows:

- Total revenues of the general fund increased by approximately $209,276 or 2% the most significant increase came from grant revenues which increased approximately $319,000 from the prior year, tax revenues wers down by approximately $157,000.
- General fund expenditures decreased by approximately $304,000 or 2.4%, the decrease was largely as a result of the decreases in capital outlay expenditures from those of the prior year.

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

Unrestricted net position of the Water and Sewer Fund, Natural Gas Fund and Electric Power Fund amounted to $(1,332,898), $(154,275) and $(4,609,423) for each fund, respectively as of June 30, 2018. The growth in net position of the above funds was $1,358,223, $867,003, and $1,875,504, respectively.

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

General Fund Budgetary Highlights

During 2018, there were amendments to General Fund appropriations in the amount of $366,448. Original and Final budget for these individual General Fund departments are as follows for 2018.

		Original Budget	Final Budget
Administrative	$	994,392	1,291,972
Planning and Development		239,042	239,549
Appropriations and Other		943,894	960,134
Police Department		3,114,334	3,123,359
Fire Department		2,363,030	2,406,126
Total Expenditures	$	7,654,692	8,021,140

Capital Asset and Debt Administration

Capital Assets

The City of Lawrenceburg's investment in capital assets from its governmental and business - type activities as of June 30, 2018, amounts to $122,458,116 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, park facilities, roads, highways and bridges. The net increase in the City's investment in capital assets for the current fiscal year was approximately .11% with the business-type activities accounting substiantially all the increase.

Capital Asset and Debt Administration

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

Government-Type Activities:

- Capital assets increased in 2018 by approximately $258,250 as compared to increases of $3,550,318 in 2017. There were no significant projects in 2018.

Business-Type Activities:

- Capital assets increased in 2018 by approximately $3,777,527 as compared to $3,280,397 in 2017.

City of Lawrenceburg's Capital Assets

	Governmental Activities	Business -type Activities	Total
Land	$ 3,520,204	2,215,327	5,735,531
Buildings and utility plant	7,766,627	145,674,407	153,441,034
Equipment and furniture	8,631,598	10,724,359	19,355,957
Construction in progress	39,335	3,942,655	3,981,990
Infrastructure	14,944,699	-	14,944,699
	34,902,463	162,556,748	197,459,211
Less accumulated depreciation	14,032,280	60,968,815	75,001,095
Net Capital Assets	$ 20,870,183	101,587,933	122,458,116

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

Long - Term Debt

At the end of the current year, the City of Lawrenceburg had bonded debt outstanding of $43,648,387. Of this amount, $25,190,293 comprises debt backed by the full faith and credit of the government and with the remainder of the City's debt represented by bonds secured by both the taxing power of the City and specific revenue sources (i.e., revenue and tax bonds) of the various enterprise funds.

City of Lawrenceburg's Outstanding Debt

	Governmental Activities	Business -type Activities	Total
General obligation bonds and capital outlay notes	$ 13,255,293	11,935,000	25,190,293
Revenue bonds		11,960,000	11,960,000
Notes payable	-	6,498,094	6,498,094
	$ 13,255,293	30,393,094	43,648,387

The City's total bonded debt increased by $336,024 (.02%) during the current fiscal year. The City issued $6,250,000 in general obligation refunding debt 2-3% interest, to advance refund $1,750,000 of the outstanding Series 2008 General Oligation debt-3.85% to 4.25% interest, the remainder of the issue was to (i) provide for public improvements in the amount of $3,000,000 and (ii) provide for Water and Sewer Fund improvements of $1,500,000. Scheduled debt payments and the advance refunded debt amounted to approximately $5,913,976.

Economic Factors and Next Year's Budget and Rates

Thl unemployment rate for the City of Lawrenceburg is currently 3.8%, which is approximately, 2.3% less than from 1 year ago. This compares to the State's average unemployment rate of 35% and the national average rate of 4.0%. All of these factors were considered in preparing the City's budget for the 2019 fiscal year.

At June 30, 2018, unassigned fund balance in the general fund amounted to $4,063,613. The City used approximately $96,222 of the unassigned fund balance to balance the 2018-19 fiscal year budget.

Requests for Information

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

FINANCIAL SECTION

CITY OF LAWRENCEBURG, TENNESSEE

Statement of Net Position

June 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Crocket Theater Board Governmental
Assets				
Cash and cash equivalents:				
Unrestricted	$ 4,473,245	13,673,815	18,147,060	60,526
Restricted - bond - construction	501,438	4,533,894	5,035,332	-
Total cash	4,974,683	18,207,709	23,182,392	60,526
Accounts receivable:				
Property taxes	3,684,409	-	3,684,409	-
Other governments	1,133,499	-	1,133,499	-
Customers	-	6,237,094	6,237,094	-
Others	61,421	301,432	362,853	-
Less allowance for doubtful accounts	(55,052)	(1,501,475)	(1,556,527)	-
Total accounts receivable	4,824,277	5,037,051	9,861,328	-
Inventory of supplies	-	1,087,326	1,087,326	-
Prepaid expenses	-	26,380	26,380	-
Internal balances	175,320	(175,320)	-	-
Other assets:				
Conservation loans receivable	-	238,420	238,420	-
Debt issuance costs	-	414,576	414,576	-
Other	-	218,184	218,184	-
Depreciable capital assets, net of accumulated depreciation	17,310,644	95,429,951	112,740,595	-
Non depreciable capital assets	3,559,539	6,157,982	9,717,521	-
Total Assets	30,844,463	126,642,259	157,486,722	60,526
Deferred Outflows of Resources				
Deferred loss on refunding	161,179	888,456	1,049,635	-
OPEB Plan	-	1,410,432	1,410,432	-
Pensions	2,673,850	1,771,983	4,445,833	-
Total Deferred Outflows of Resources	2,835,029	4,070,871	6,905,900	-
Total Assets and Deferred Outflows of Resources	33,679,492	130,713,130	164,392,622	60,526
Liabilities				
Accounts payable	137,046	7,643,467	7,780,513	-
Accrued liabilities	146,000	1,815,018	1,961,018	-
Customer deposits	-	1,195,182	1,195,182	-
Other liabilities	-	253,446	253,446	-
Accrued interest	-	26,455	26,455	-
Noncurrent liabilities:				
Net pension liability	7,391,951	2,138,129	9,530,080	
Net OPEB obligation	14,983,896	18,108,072	33,091,968	
Due within one year	2,040,067	2,421,416	4,461,483	-
Due in more than one year	12,315,029	28,352,220	40,667,249	-
Total Liabilities	37,013,989	61,953,405	98,967,394	-
Deferred Inflow of Resources				
Pensions	2,317	657,330	659,647	-
OPEB Plan		1,054,029	1,054,029	
Unavailable property tax revenues	3,377,969	-	3,377,969	-
Total Deferred Inflows of Resources	3,380,286	1,711,359	5,091,645	-
Net Position				
Net Investment in capital assets	8,022,790	70,814,297	78,837,087	-
Restricted for:				
Economic development	-	312,100	312,100	-
Roads	408,898	-	408,898	-
Public Safety	83,044	-	83,044	-
Capital projects	602,905	2,018,565	2,621,470	-
Solid waste disposal	765,245	-	765,245	-
Cemetery maintenance	64,188	-	64,188	-
Unrestricted	(16,661,853)	(6,096,596)	(22,758,449)	60,526
Total Net Position	(6,714,783)	67,048,366	60,333,583	60,526
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 33,679,492	130,713,130	164,392,622	60,526

See accompanying notes to the financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

Statement of Activities

For the Year Ended June 30, 2018

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expenses) Revenue and Changes in Net Position: Primary Government: Business-type Activities	Total	Component Unit: Crocket Theater Board: Governmental
Primary Government:								
Governmental activities:								
General government	$ 3,438,879	-	50,347	143,419	(3,245,113)	-	(3,245,113)	-
Judicial	40,541	-	-	-	(40,541)	-	(40,541)	-
Executive	179,846	-	-	-	(179,846)	-	(179,846)	-
Planning and development	234,328	77,985	-	-	(156,343)	-	(156,343)	-
Administrative	1,001,961	-	-	-	(1,001,961)	-	(1,001,961)	-
Safety/Human resources	3,485	-	-	-	(3,485)		(3,485)	
Police Department	3,048,060	206,789	-	-	(2,841,271)	-	(2,841,271)	-
Fire prevention and control	2,600,664	6,027	53,166	38,096	(2,503,375)	-	(2,503,375)	-
Civil Defense	129,700	-	46,350	-	(83,350)	-	(83,350)	-
Highways and streets	2,758,800	-	412,274	-	(2,346,526)	-	(2,346,526)	-
Parks & Recreation	743,337	95,380	-	88,602	(559,355)	-	(559,355)	-
Sanitation	1,452,762	1,501,885	-	-	49,123	-	49,123	-
Interest on long-term debt	450,238	-	-	-	(450,238)	-	(450,238)	-
Total government activities	16,082,600	1,888,066	562,137	270,117	(13,362,280)	-	(13,362,280)	-
Business-type activities:								
Water and Sewer	5,935,250	7,655,240	-	27,700	-	1,747,690	1,747,690	-
Natural Gas	4,268,917	5,839,282	-	-	-	1,570,365	1,570,365	-
Electric	49,812,528	53,032,888	-	-	-	3,220,360	3,220,360	-
Total business-type activities	60,016,695	66,527,410	-	27,700	-	6,538,415	6,538,415	-
Total primary government	$ 76,099,295	68,415,476	562,137	297,817	(13,362,280)	6,538,415	(6,823,865)	
Component Unit:								
Crockett Theater Board	$ 40,234	63,856	-	-	-			23,622
General Revenues:								
Property taxes					$ 7,544,576	-	7,544,576	-
Sales taxes					900,391	-	900,391	-
Business tax					331,187	-	331,187	
Local beer tax					418,622	-	418,622	
Local beer tax					136,953	-	136,953	
Cable TV					134,268	-	134,268	
State income and excise					90,185	-	90,185	
Gross receipts - TVA					118,248	-	118,248	
Other taxes					23,324	-	23,324	-
Unrestricted investment earnings					39,788	51,143	90,931	-
Loss on sale of capital assets					(42,309)	(869,042)	(911,351)	-
Other					382,376	-	382,376	-
Transfers					1,619,786	(1,619,786)	-	-
Total general revenues and transfers					11,697,395	(2,437,685)	9,259,710	-
Change in net position					(1,664,885)	4,100,730	2,435,845	23,622
Net position - beginning of year, as restated					(5,049,898)	62,947,636	57,897,738	36,904
Net position - end of year					$ (6,714,783)	67,048,366	60,333,583	60,526

See accompanying notes to the financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

Balance Sheet

Governmental Funds

June 30, 2018

	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents-unrestricted	$ 3,285,967	405,216	1,187,278	4,878,461
Cash and cash equivalents-restricted for construction	96,222	-	-	96,222
Total cash and cash equivalents	3,382,189	405,216	1,187,278	4,974,683
Accounts and notes receivable				
Property taxes	3,684,409	-	-	3,684,409
Other governments	1,133,499	-	-	1,133,499
Others	-	-	61,421	61,421
Total accounts and notes receivable	4,817,908	-	61,421	4,879,329
Due from other funds	1,122	-	175,320	176,442
Total Assets	$ 8,201,219	405,216	1,424,019	10,030,454
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	$ 71,117	-	65,930	137,047
Accrued liabilities	107,168	-	6,093	113,261
Due to other funds	-	-	1,122	1,122
Total Liabilities	178,285	-	73,145	251,430
Deferred Inflow of Resources				
Unavailable property tax revenues	3,677,378	-	-	3,677,378
Total Liabilities and Deferred Inflows of Resources	3,855,663	-	73,145	3,928,808
Fund Balances:				
Restricted for:				
Roads	-	-	408,898	408,898
Public Safety	-	-	83,044	83,044
Capital projects	168,190	405,216	29,499	602,905
Solid waste disposal	-	-	765,245	765,245
Cemetery maintenance	-	-	64,188	64,188
Assigned for:				
Health and wellness programs	4,409	-	-	4,409
Fire department	13,122	-	-	13,122
Appropriated in subsequent year's budget	96,222	-	-	96,222
Unassigned	4,063,613	-	-	4,063,613
Total Fund Balances	4,345,556	405,216	1,350,874	6,101,646
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 8,201,219	405,216	1,424,019	10,030,454

See accompanying notes to the financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

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

June 30, 2018

Total Governmental Funds Fund Balances		$ 6,101,646
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and , therefore, are not reported in the funds as follows:		
Capital assets	$ 34,902,463	
Accumulated Depreciation	(14,032,280)	20,870,182
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds for:		
Property tax		244,360
Liabilities not due and payable currently and not recorded in the governmental funds for:		
Accrued interest		(32,739)
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not recorded in the funds as follows:		
Bonds payable	(13,255,293)	
Bond insurance	(13,337)	
Bond premium	(254,718)	
Deferred amount from refunding	161,179	
Landfill Closure Costs	(130,311)	
Compensated absences	(714,775)	
OPEB Obligation	(14,983,896)	(29,191,151)
Net pension liability and related deferred outflows and in flows iare not recognized in the current period and therefore are not recorded in the funds as follows:		
Net pension liability	(7,391,951)	
Deferred outflows	2,673,850	
Deferred inflows	(2,317)	(4,720,418)
Governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities for:		
Bond issue cost, net of amortization		13,337
Net position of governmental activities		$ (6,714,783)

See accompanying notes to the financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

Statement of Revenues, Expenditures and Changes in Fund Balance

Governmental Funds

For the Year Ended June 30, 2018

	General Fund	Capital Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	$ 8,474,294	-	-	8,474,294
Intergovernmental	1,429,690	-	493,113	1,922,803
Licenses and permits	77,985	-	-	77,985
Fines and costs	112,721	-	-	112,721
Charges for services	173,505	-	1,371,429	1,544,934
Miscellaneous	340,168	5,707	228,005	573,880
Total Revenues	10,608,363	5,707	2,092,547	12,706,617
Expenditures:				
Current:				
Judicial	39,831	-	-	39,831
Executive	177,488	-	-	177,488
Planning and development	228,700	-	-	228,700
Administrative	866,710	-	-	866,710
Human resources	3,485	-	-	3,485
Police Department	2,967,813	-	-	2,967,813
Fire prevention and control	2,429,705	-	-	2,429,705
Civil Defense	128,076	-	-	128,076
Highways and streets	2,069,815	-	379,196	2,449,011
Parks & Recreation	777,442	-	-	777,442
Appropriations and other	910,940	-	-	910,940
Sanitation	-	-	1,437,450	1,437,450
Program costs	-	-	12,192	12,192
Capital outlay	186,308	1,910,527	180,656	2,277,491
Debt service	1,512,570	-	105,743	1,618,313
Total Expenditures	12,298,883	1,910,527	2,115,237	16,324,647
Excess (deficiency) of revenues over expenditures	(1,690,520)	(1,904,820)	(22,690)	(3,618,030)
Other Financing Sources (Uses):				
Proceeds from debt issuance	-	4,750,000	-	4,750,000
Bond premium	-	118,726	-	118,726
Transfers to bond escrow agent	-	(1,804,678)	-	(1,804,678)
Transfers in	2,414,786	40,888	-	2,455,674
Transfers out	(40,888)	(795,000)	-	(835,888)
Total Other Financing Sources (Uses)	2,373,898	2,309,936	-	4,683,834
Net change in fund balance	683,378	405,116	(22,690)	1,065,804
Fund Balance, Beginning of Year	3,662,178	100	1,373,564	5,035,842
Fund Balance, End of Year	$ 4,345,556	405,216	1,350,874	6,101,646

See accompanying notes to the financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities

For the Year Ended June 30, 2018

Amounts reported for net change in fund balance - total governmental funds		$ 1,065,803
Amounts reported for governmental activities in the statement of net assets are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense for governmental activities. Also, gains and losses from disposals of capital assets are not presented in the fund financial statements. Such amounts are as follows:		
Acquisition of capital assets	$ 381,100	
Depreciation expense	(878,068)	(496,968)
Revenues for governmental activities that do not provide current financial resources are not reported as revenues in the governmental funds as follows:		
Property tax		91,308
Expenses reported for governmental activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds as follows:		
Difference between actual pension costs reported in funds and actuarially determined pension costs recognized in governmental activities	(176,843)	
Change in other post employment benefits	(349,394)	
Changes in the accrual for compensated absences	(31,222)	
Changes in the accrual for interest	40	(557,417)
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities for governmental activities, likewise proceeds from debt issuance is presented as revenue in the governmental funds, but increases long-term liabilities for governmental activities. Bond costs are presented as expenses in the governmental funds, however they are presented as amortizable assets for governmental activities.		
Such amounts are as follows:		
Proceeds from debt issuance	(3,000,000)	
Reduction of debt	1,302,261	
Loss on refunding	54,678	
Bond premium	(118,726)	
Amortization of deferred loss and bond premium and discount	(5,826)	(1,767,612)
Change in net position of governmental activities		$ (1,664,885)

See accompanying notes to financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

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

General Fund

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:				
Taxes:				
Real estate tax	$ 3,392,500	3,392,500	3,265,513	(126,987)
Local sales tax	4,300,000	4,300,000	4,168,720	(131,280)
Tax equivalents payments	16,000	16,000	19,031	3,031
Business tax	315,000	315,000	331,187	16,187
Wholesale beer tax	450,500	450,500	418,622	(31,878)
Wholesale liquor tax	130,000	130,000	136,953	6,953
Cable TV	128,000	128,000	134,268	6,268
Total Taxes	8,732,000	8,732,000	8,474,294	(257,706)
Intergovernmental:				
Petroleum special	21,600	21,600	20,981	(619)
State sales tax	839,000	839,000	900,391	61,391
State beer tax	5,250	5,250	4,865	(385)
State income and excise	120,000	120,000	90,185	(29,815)
State and Federal grant programs	417,350	417,350	276,561	(140,789)
Gross receipts - TVA	120,000	120,000	118,248	(1,752)
Mixed drink tax	15,300	15,300	18,459	3,159
Other	-	-	-	-
Total Intergovernmental	1,538,500	1,538,500	1,429,690	(108,810)
Licenses and Permits	40,392	40,392	77,985	37,593
Fines and Fees	110,000	110,000	112,721	2,721
Charges for Services:				
Special police services	54,368	54,368	41,516	(12,852)
Special fire services	500	500	6,027	5,527
Recreation account - concession and fees	85,084	85,084	95,380	10,296
Impoundment fees	2,025	2,025	3,100	1,075
Other	22,800	22,800	27,482	4,682
Total Charges for Services	164,777	164,777	173,505	8,728
Miscellaneous:				
Rental income	24,600	24,600	28,985	4,385
Proceeds - sale of property	705,000	705,000	124,302	(580,698)
Donations and contributions	30,550	30,550	39,242	8,692
Interest revenue	8,500	8,500	33,084	24,584
Miscellaneous revenue	125,743	125,743	114,555	(11,188)
Total Miscellaneous	894,393	894,393	340,168	(554,225)
Total Revenues	11,480,062	11,480,062	10,608,363	(871,699)

Continued on next page.

CITY OF LAWRENCEBURG, TENNESSEE

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

General Fund

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues, continued:				
Other Sources				
Transfer from Other Funds	$ 1,631,125	1,631,125	2,373,898	742,773
Total Other Financing Sources	1,631,125	1,631,125	2,373,898	742,773
Total Revenues and Other Financing Sources	13,111,187	13,111,187	12,982,261	(128,926)
Expenditures:				
Judicial:				
Current:				
Salaries and employee benefits	41,465	41,465	39,025	2,440
Contractual services	259	259	111	148
Miscellaneous	695	695	695	-
Total Current	42,419	42,419	39,831	2,588
Capital outlay	-	-	-	-
Total Judicial	42,419	42,419	39,831	2,588
Executive:				
Current:				
Salaries and employee benefits	151,367	151,367	146,347	5,020
Contractual services	27,700	27,700	25,831	1,869
Supplies	412	412	413	(1)
Insurance	4,912	4,912	4,897	15
Total Current	184,391	184,391	177,488	6,903
Capital outlay	-	-	-	-
Total Executive	184,391	184,391	177,488	6,903
Planning and Development:				
Current:				
Salaries and employee benefits	213,858	213,858	211,032	2,826
Contractual services	17,310	17,702	9,880	7,822
Supplies	2,496	2,611	2,410	201
Insurance	5,378	5,378	5,378	-
Miscellaneous	-	-	-	-
Total Current	239,042	239,549	228,700	10,849
Capital outlay	-	-	-	-
Total Planning And Development	239,042	239,549	228,700	10,849

Continued on next page.

CITY OF LAWRENCEBURG, TENNESSEE

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

General Fund

For the Year Ended June 30, 2018

Expenditures, continued	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Administrative:				
Current:				
Salaries and employee benefits	$ 538,392	545,972	517,308	28,664
Contractual services	331,350	331,350	299,374	31,976
Supplies	22,980	22,980	19,208	3,772
Insurance	13,991	13,991	14,007	(16)
Miscellaneous	15,700	15,700	16,813	(1,113)
Total Current	922,413	929,993	866,710	63,283
Capital outlay	71,979	361,979	99,665	262,314
Total Administrative	994,392	1,291,972	966,375	325,597
Safety/Human Resources				
Current:				
Salaries and employee benefits	2,746	2,746	2,197	549
Contractual services	1,913	1,913	315	1,598
Supplies	1,500	1,500	973	527
Total Human Resources	6,159	6,159	3,485	2,674
Public Safety:				
Police Department:				
Current:				
Salaries and employee benefits	2,546,597	2,546,597	2,552,725	(6,128)
Services	141,650	141,650	147,200	(5,550)
Supplies	142,700	151,725	179,034	(27,309)
Insurance	50,904	50,904	51,119	(215)
Miscellaneous	25,883	25,883	37,735	(11,852)
Total Current	2,907,734	2,916,759	2,967,813	(51,054)
Capital outlay	206,600	206,600	53,143	153,457
Total Police Department	3,114,334	3,123,359	3,020,956	102,403
Fire Prevention and Control:				
Current:				
Salaries and employee benefits	2,014,037	2,014,037	2,090,638	(76,601)
Services	75,289	75,289	78,815	(3,526)
Supplies	148,926	148,926	170,542	(21,616)
Insurance	36,778	36,778	36,614	164
Miscellaneous	-	-	53,096	(53,096)
Total Current	2,275,030	2,275,030	2,429,705	(154,675)
Capital outlay	88,000	131,096	23,500	107,596
Total Fire Department	2,363,030	2,406,126	2,453,205	(47,079)
Total Public Safety	5,477,364	5,529,485	5,474,161	55,324

Continued on next page.

CITY OF LAWRENCEBURG, TENNESSEE

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

General Fund

For the Year Ended June 30, 2018

Expenditures, continued	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Civil Defense:				
Current:				
Salaries and employee benefits	$ 89,937	89,937	88,506	1,431
Services	21,407	21,407	25,222	(3,815)
Supplies	4,050	4,050	3,612	438
Insurance	10,583	10,583	10,736	(153)
Total Current	125,977	125,977	128,076	(2,099)
Capital outlay	200,000	200,000	-	200,000
Total Civil Defense	325,977	325,977	128,076	197,901
Highways and Streets:				
Current:				
Salaries and employee benefits	1,502,593	1,502,593	1,508,847	(6,254)
Services	332,105	332,105	344,441	(12,336)
Supplies	218,482	218,482	201,500	16,982
Insurance	12,335	12,335	15,027	(2,692)
Total Current	2,065,515	2,065,515	2,069,815	(4,300)
Capital outlay	10,000	10,000	10,000	-
Total Highways and Streets	2,075,515	2,075,515	2,079,815	(4,300)
Parks and Recreation:				
Current:				
Salaries and employee benefits	403,110	403,110	373,834	29,276
Services	262,100	262,100	247,344	14,756
Supplies	44,465	44,465	43,177	1,288
Insurance	47,153	47,153	49,136	(1,983)
Miscellaneous	68,493	68,493	63,951	4,542
Total Current	825,321	825,321	777,442	47,879
Capital Outlay	5,000	5,000	-	5,000
Total Parks	830,321	830,321	777,442	52,879
Appropriations and Other:				
Current:				
E 911	323,005	339,245	339,245	-
Industrial Promotion	63,173	63,173	63,173	-
Lawrence County Library	78,341	78,341	78,341	-
City / County Airport	40,000	40,000	40,000	-
Other appropriations	45,000	45,000	28,916	16,084
Retiree benefits	394,375	394,375	361,265	33,110
Total Appropriations and other	943,894	960,134	910,940	49,194

Continued on next page.

CITY OF LAWRENCEBURG, TENNESSEE

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

General Fund

For the Year Ended June 30, 2018

Expenditures, continued:	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Debt Service:				
Retirement of principle and interest	$ 1,613,666	1,613,666	1,512,570	101,096
Total Debt Service	1,613,666	1,613,666	1,512,570	101,096
Total Expenditures	12,733,140	13,099,588	12,298,883	800,705
Excess Revenues over Expenditures and Other Sources	378,047	11,599	683,378	671,779
Fund Balance, Beginning of Year	3,662,178	3,662,178	3,662,178	-
Fund Balance, End of Year	$ 4,040,225	3,673,777	4,345,556	671,779

See accompanying notes to financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

Statement of Net Position

Proprietary Funds

June 30, 2018

	Water and Sewer Fund	Gas Fund	Electric Power Fund	Total
Assets				
Current Assets:				
Cash and cash equivalents	$ 1,397,819	2,092,136	10,183,860	13,673,815
Accounts receivable, net of allowance for doubtful accounts	692,279	132,150	3,911,190	4,735,619
Other accounts receivable	1,956	-	299,476	301,432
Inventory, materials	257,987	227,409	601,930	1,087,326
Prepaid expenses	5,471	3,190	17,719	26,380
Total Current Assets	2,355,512	2,454,885	15,014,175	19,824,572
Restricted Assets:				
Cash and cash equivalents	2,140,465	198,116	2,195,313	4,533,894
Total Restricted Assets	2,140,465	198,116	2,195,313	4,533,894
Capital Asets:				
Capital assets not being depreciated:				
Land	1,017,068	353,610	844,649	2,215,327
Construction in Progress	150,719	867,232	2,924,704	3,942,655
Capital assets, net of accumulated depreciation	37,862,947	8,710,709	48,856,295	95,429,951
Total Capital Assets	39,030,734	9,931,551	52,625,648	101,587,933
Other assets:				
Conservation loans receivable	-	-	238,420	238,420
Nonutility property-at cost	-	-	218,184	218,184
Debt issuance costs, less accumulated amortization	229,830	707	184,039	414,576
Total Other Assets	229,830	707	640,643	871,180
Total Assets	43,756,541	12,585,259	70,475,779	126,817,579
Deferred Outflows of Resources				
Deferred loss on refunding	423,227	-	465,229	888,456
OPEB Plan	310,295	183,356	916,781	1,410,432
Pensions	224,009	371,880	1,176,094	1,771,983
Total Deferred Outflows of Resources	957,531	555,236	2,558,104	4,070,871
Total Assets and Deferred Outflows of Resources	$ 44,714,072	13,140,495	73,033,883	130,888,450
Liabilities and Net Position				
Current Liabilities:				
Accounts payable	$ 607	-	7,642,860	7,643,467
Due to other funds	175,320	-	-	175,320
Payable from restricted assets - customer deposits	121,900	198,116	875,166	1,195,182
Accrued expenses and other current liabilities	205,182	123,560	1,486,276	1,815,018
Accrued interest	25,264	38	1,153	26,455
Current portion of long-term debt and other obligations payable	1,566,416	20,000	835,000	2,421,416
Total Current Liabilities	2,094,689	341,714	10,840,455	13,276,858
Long-term debt, net of current portion				
Net pension liability	124,580	467,713	1,545,836	2,138,129
Net OPEB liability	3,983,776	2,354,049	11,770,247	18,108,072
Bonds and notes payable	17,166,204	566	11,185,450	28,352,220
Total Long-Term Debt	21,274,560	2,822,328	24,501,533	48,598,421
Other Liabilities:				
Construction advances-refundable	-	-	8,068	8,068
Conservation advances-TVA	-	-	240,107	240,107
Other	-	-	5,271	5,271
Total Other Liabilities	-	-	253,446	253,446
Total Liabilities	23,369,249	3,164,042	35,595,434	62,128,725
Deferred Inflows of Resources				
OPEB Plan	231,887	137,024	685,118	1,054,029
Pensions	129,155	82,719	445,456	657,330
Total Deferred Inflow of Resources	361,042	219,743	1,130,574	1,711,359
Net Position:				
Net Investment in capital assets	20,298,114	9,910,985	40,605,198	70,814,297
Restricted for capital projects	2,018,565	-	-	2,018,565
Restricted for economic development	-	-	312,100	312,100
Unrestricted	(1,332,898)	(154,275)	(4,609,423)	(6,096,596)
Total Net Position	20,983,781	9,756,710	36,307,875	67,048,366
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 44,714,072	13,140,495	73,033,883	130,888,450

See accompanying notes to the financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

Statement of Revenue, Expenses and Changes in Fund Net Position

Proprietary Funds

For the Year Ended June 30, 2018

	Water and Sewer Fund	Gas Fund	Electric Power Fund	Total
Operating Revenues:				
Services	$ 7,341,739	5,706,458	51,948,128	64,996,325
Other	313,501	132,824	1,084,760	1,531,085
Total Operating Revenues	7,655,240	5,839,282	53,032,888	66,527,410
Operating Expenses:				
Cost of sales and service	-	2,463,992	38,929,558	41,393,550
Operating and maintenance	4,246,804	1,431,136	7,455,018	13,132,958
Provision for depreciation	1,183,695	370,398	2,342,060	3,896,153
Taxes	-	-	486,928	486,928
Total Operating Expenses	5,430,499	4,265,526	49,213,564	58,909,589
Operating Income (Loss)	2,224,741	1,573,756	3,819,324	7,617,821
Nonoperating Revenues (Expenses):				
Interest income	1,548	2,093	47,502	51,143
Gain (loss) on sale of property	(107,901)	(557,914)	(203,227)	(869,042)
Amortization expense	(17,144)	(142)	(83,401)	(100,687)
Interest expense	(487,607)	(3,249)	(515,563)	(1,006,419)
Total Nonoperating Revenues (Expenses)	(611,104)	(559,212)	(754,689)	(1,925,005)
Net Income (Loss) Before Transfers and Contributions	1,613,637	1,014,544	3,064,635	5,692,816
Transfers and Contributions:				
Transfers out-payments in lieu of taxes-City of Lawrenceburg	(283,114)	(147,541)	(1,189,131)	(1,619,786)
Capital contributions-capital grant	27,700	-	-	27,700
Total Transfers and Contributions	(255,414)	(147,541)	(1,189,131)	(1,592,086)
Change in Net Position	1,358,223	867,003	1,875,504	4,100,730
Net Position , Beginning of Year, as Restated	19,625,558	8,889,707	34,432,371	62,947,636
Net Position, End of Year	$ 20,983,781	9,756,710	36,307,875	67,048,366

See accompanying notes to the financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

Statement of Cash Flows

Proprietary Funds

For the Year Ended June 30, 2018

		Water and Sewer Fund	Gas Fund	Electric Power Fund	Total
Cash Flows from Operations					
Cash received from customers	$	7,325,095	5,773,722	51,523,058	64,621,875
Cash paid to employees for services		(1,160,044)	(816,705)	(3,619,858)	(5,596,607)
Cash paid to suppliers of goods and services		(3,052,555)	(3,042,204)	(42,137,660)	(48,232,419)
Cash paid for taxes, other governments		-	-	(486,928)	(486,928)
Other receipts		314,729	137,956	1,235,599	1,688,284
Net Cash Provided (Used) by Operating Activities		3,427,225	2,052,769	6,514,211	11,994,205
Cash Flows from Capital and Related Financing Activities					
Proceeds from the issuance of debt		1,500,000	-	-	1,500,000
Construction and acquisition of plant		(307,028)	(1,241,108)	(3,913,747)	(5,461,883)
Unamortized debt expense		(52,888)	-	-	(52,888)
Plant removal costs		-	-	(202,306)	(202,306)
Interest paid on bonds and notes payable		(487,135)	(3,290)	(516,717)	(1,007,142)
Principal payments on long-term debt		(1,528,469)	(25,000)	(1,300,000)	(2,853,469)
Materials salvaged from retirements		-	-	264,726	264,726
Capital contributions-grants		27,700	-	-	27,700
Net Cash Used by Capital and Related Financing Activities		(847,820)	(1,269,398)	(5,668,044)	(7,785,262)
Cash Flows from Non-Capital Financing Activities					
Payments in lieu of taxes		(283,114)	(147,541)	(1,195,558)	(1,626,213)
Net decrease in TVA advances for conservation loans		-	-	(85,592)	(85,592)
Net Cash Provided (Used) by Non-Capital Financing Activities		(283,114)	(147,541)	(1,281,150)	(1,711,805)
Cash Flows from Investing Activities					
(Increase) Decrease in conservation loans receivable		-	-	80,620	80,620
Interest income received		1,548	2,093	47,502	51,143
Net Cash Provided (Used) by Investing Activities		1,548	2,093	128,122	131,763
Net Increase (Decrease) in Cash and Cash Equivalents		2,297,839	637,923	(306,861)	2,628,901
Cash and Cash Equivalents, Beginning of Year		1,240,445	1,652,329	12,679,607	15,572,381
Cash and Cash Equivalents, End of Year	$	3,538,284	2,290,252	12,372,746	18,201,282
Reconciliation of Operating Income to Net Cash Provided (Used) by Operations					
Operating income (loss)	$	2,224,741	1,573,756	3,819,324	7,617,821
Adjustments to reconcile operating income to net cash provided by operating activities:					
Depreciation and amortization		1,183,695	370,398	2,342,060	3,896,153
Change in pension related deferred outflows and inflows of resources		249,822	(186,763)	288,366	351,425
(Increase) decrease in:					
Accounts receivable		(13,737)	67,264	(425,070)	(371,543)
Accrued utility revenue		(2,907)	-	-	(2,907)
Inventory		(15,773)	(28,807)	(30,375)	(74,955)
Prepaid expenses		85,559	105,433	3,998	194,990
Increase (decrease) in:					
Accounts payable		(21)	-	864,265	864,244
Due to other funds		117,746	-	-	117,746
Customer deposits		1,228	5,132	150,839	157,199
Accrued expenses and post retirement obligation		(403,128)	146,356	(499,196)	(755,969)
Net Cash Provided (Used) By Operating Activities	$	3,427,225	2,052,769	6,514,211	11,994,205
Supplemental Schedule of Non-Cash Capital and Related Financing Activities and Other Disclosures					
Depreciation capitalized as part of costs to construct electric plant	$	136,583	15,776	300,188	452,547
Amortization of bond discount and debt issue costs included in interest	$	(17,144)	(142)	(83,401)	(100,687)

See accompanying notes to the financial statements.

CITY OF LAWRENCEBURG, TENNESSEE

Statement of Fiduciary Net Position

Fiduciary Funds

June 30, 2018

	Lawrenceburg Utility Systems	
	Postemployment Benefit Trust Fund	Employees Pension Fund
Assets		
Cash and cash equivalents	$ 84,950	367,372
Receivable - interest	20,345	25,767
Investments, at fair value:		
Fixed income funds	5,047,911	6,285,350
Equity Securities	7,525,996	9,817,486
Total Investments	12,573,907	16,102,836
Total Assets	$ 12,679,202	16,495,975
Net Position		
Restricted for employee's pension benefits	-	16,495,975
Restricted for employee's postemployment benefits	12,679,202	-
Total Net Position	$ 12,679,202	16,495,975

See accompanying notes to financial statements

CITY OF LAWRENCEBURG, TENNESSEE

Statement of Changes in Fiduciary Net Position

Fiduciary Funds

For the Year Ended June 30, 2018

	Lawrenceburg Utility Systems	
	Postemployment Benefit Trust Fund	Employees Pension Fund
Additions:		
Contributions:		
Employer	$ 918,508	601,485
Plan members	-	213,080
Total contributions	918,508	814,565
Investment income:		
Net increase (decrease) in fair value of investments	147,478	23,549
Investment earnings	719,940	1,178,078
Net investment earnings	867,418	1,201,627
Total Additions	1,785,926	2,016,192
Deductions:		
Pension benefits and refunds	-	193,396
Administrative expenses	33,674	51,537
Total deductions	33,674	244,933
Net increase	1,752,252	1,771,259
Net Position, Beginning of Year	10,926,950	14,724,716
Net Position, End of Year	$ 12,679,202	16,495,975

See accompanying notes to financial statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

The City of Lawrenceburg, Tennessee (the City), in Lawrence County was incorporated in 1901. The City operates under a Mayor-Commissioner form of government and provides the following services as authorized by its charter: police, fire, recreation, public works, industrial development and utilities.

The financial statements of the City of Lawrenceburg, Tennessee, have been prepared in conformity with accounting principles generally accepted in the United States of America, applied to governmental units as promulgated by the Governmental Auditing Standards Board (GASB). The following is a summary of the more significant accounting policies.

Reporting Entity

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

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

Discretely Presented Component Unit

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

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

Lawrence County Airport

The City of Lawrenceburg and Lawrence County entered into an agreement providing for the joint acquisition, construction and operation of an airport facility. The agreement provides that all costs are to be shared equally by the City and the County. The Airport Board is composed of six members, three appointed by the City and three appointed by the County. The City subsidized Airport operations in the amount $40,000 for the year ended June 30, 2018. As of June 30, 2018, the Airport's total assets were $6,655,733 with total liabilities of $110,508 and net position of $6,545,225. For the year ended June 30, 2018, operating revenues of $190,129, operating expenses of $578,576, non-operating revenues of $268,888 (including transfers from the City and County governments of $40,000 and $69,000, respectively) and capital contributions of $346,951 resulted in a net change of $227,392. Financial statements for this entity may be obtained from the City Administrator.

Lawrence County Emergency Communications District

The Lawrence County Emergency Communications District (E911) is operated under a consolidation agreement between Lawrence County and the City of Lawrenceburg. The City subsidized E911 operations in the amount of $339,245 for the fiscal year ended June 30, 2018. As of June 30, 2017, the latest fiscal year for which financial statements are available, E911's total assets and deferred outflows were $1,230,747 with total liabilities and deferred inflows of $374,648, and net position of $856,099. For the year ended June 30, 2017 the District had revenues of $690,709, operating and other expenses of $1,393,203 and contributions, (including subsidies from the City and Lawrence County) of $685,536 resulted in a net change of $(16,958). Complete financial statements for this entity may be obtained from the City Administrator.

Joint Economic and Community Development Board of Lawrence County, TN

The City participates in a joint venture, created pursuant to TCA sections 5-1-113 and 6-58-114(b), with Lawrence County and the cities of Loretta, Ethridge and St. Joseph. The City subsidized the Board's operations in the amount of $85,173 for the year ending June 30, 2017. As of June 30, 2017, the date of the last available financial statements for the Board, total assets were $12,709 with total liabilities of $0, and net position of $12,709. For the year ended June 30, 2017 revenues (including subsidies from the City of $85,173) of $326,061, and operating expenses of $325,667 resulting in a net change of $394. Financial statements for this entity may be obtained from the City Administrator.

Lawrenceburg Industrial Development Board

The Lawrenceburg Industrial Development Board (the Board) developed an economic impact plan regarding the development of an area located within the City. Incremental property tax revenues of the City resulting from development of the area under the plan will be remitted to the Board to pay the debt service associated with the building of a speculative building. The City paid the Board $177,400 in incremental property taxes for its year ending January 31, 2018. As of January 31, 2018, the Board's total assets were $2,570,915 with total liabilities of $847,005 and net position of $1,723,910. For the year ended January 31, 2018, total revenues amounted to $193,900 including $177,400 from the City, and total expenses, including interest expense of $48,375, amounted to $103.340 resulting in a net change in position of $90,560. Complete financial statements for this entity may be obtained from the City Administrator.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Lawrenceburg Housing Authority

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

Presentation

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

Government-Wide and Fund Financial Statements

The government-wide financial statements, the statement of net position and the statement of changes in net position report information on all of the nonfiduciary activities of the City. For the most part, the effect of the interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Basis of Presentation

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

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

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The following is the City's major governmental fund:

The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

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

The City reports the following major proprietary funds:

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government - wide financial statements. Exceptions to this general rule are charges for services between the government's utility functions and various other functions of the government. Elimination of these charges would distort the direct cost and program revenues reported in the various functions concerned.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principal ongoing operations. The principal operating revenues of the City's proprietary fund (water & sewer, gas, and power systems) are charges to customers for sales and services. The City also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Cash and Cash Equivalents

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

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

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

Investments

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

Receivables

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

Interfund Receivables/Payables

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventory

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

Restricted assets

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

Proprietary Fund Equity Classification

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

a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

b. Restricted net assets - Consists of net assets with constraints, primarily for debt service and capital purchases.

c. Unrestricted net assets - All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

Capital Assets

Capital assets used in governmental fund operations include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items). Capital assets, exclusive of the Proprietary Funds are defined by the City as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets , including intangible assets, are recorded at their acquisition value when received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension-TCRS Plan

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

Compensated Absences

General Government (exclusive of Proprietary Funds):

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

Proprietary Funds:

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

Long-Term Obligations

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

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

In the fund financial statements, governmental funds recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Grants

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

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity

Government-Wide Equity

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

Fund Balance

The City implemented Governmental Accounting Standard Board (GASB) Statement 54 for its governmental funds. As a result, fund balance is reported in the fund financial statements under the following categories. *Nonspendable fund balance* represents amounts that are required to be maintained intact, such as inventories and prepaid expenses. *Restricted fund balance* is that portion of fund balance that can be spent only for the specific purposes stipulated by external resource or through enabling legislation. *Committed fund balance* includes amounts constrained to specific purposes as determined by ordinance adopted by the City Council. Conversely, to rescind or modify a fund balance commitment, similar action by the City Council is also required. *Assigned fund balance* amounts are intended to be used by the City for specific purposes but do not meet the criteria to be restricted or committed. Amounts may be assigned by approval of the City Council. Appropriations of fund balance to eliminate projected budgetary deficits in the subsequent year's budget are presented as assignments of fund balance. *Unassigned fund balance* is the residual classification of the General Fund.

Spending Policy

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

Property Taxes

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

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

Property taxes were levied at a rate of $1.44 per $100 of the assessed value. Current tax collections for the year ended June 30, 2018, were approximately 94% of the tax levy.

In accordance with GASB 33, property taxes receivable includes the estimated 2018 net realizable tax levy in the amount of $3,345,000. The related revenues are reported as deferred revenues until they become available.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Budgets and Budgetary Accounting

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

1. The City Administrator submits to the Board of Commissioners the proposed operating budget for the fiscal year. The operating budgets for the General and Special Revenue Funds include proposed expenditures and the means of financing them. All appropriations in the current operating budget lapse into fund balance of the respective funds at the end of the fiscal year.

2. The budgets passed on the first reading and each of the following readings, and was adopted by ordinance on the second reading. In no event shall total appropriations for any fund exceed the estimated revenues and fund balance.

3. The amounts in the adopted budgets for each fund constitute its total annual appropriation and no expenditure may be made which will result in the annual appropriation for the fund being exceeded, unless an additional appropriation is made.

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

4. Budgeted amounts shown are those originally adopted and amended by the Mayor and Board of Commissioners. There were supplemental appropriations of $366,448 to the General Fund for 2018. All balances of appropriations in the current operating budgets lapse into the fund balance of the fund from which appropriations were made at the end of the fiscal year.

5. Annual operating budgets for the General and Special Revenue Funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America.

Deferred Outflows / Inflows of Resources

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

A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period. The City had one item that qualifies as a deferred outflow. It is the deferred amount on refunding reported in the government-wide and in the proprietary fund statement of net position. A deferred amount on refunding results form the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding bonds. Deferred outflows of resources are presented after total assets.

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

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

The City is authorized to invest funds in financial institutions and direct obligations of the Federal Government. During 2018, the City invested in short-term certificates of deposit and savings accounts.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the City's deposits may not be returned or the City will not be able to recover collateral securities in the possession of an outside party. The City's policy requires that deposits be either (I) secured and collateralized by the institutions at 105% of the value of the deposits placed in the institution, less the amount protected by federal depository insurance or (ii) that deposits placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee. Institutions participating in the collateral pool determine the aggregated balance of their public fund accounts. The amount of collateral required to secure these public deposits must be at least 105% if the average daily balance of public deposits held. Investments with the Tennessee Local Government Investment Pool are not categorized as to custodial credit risk.

At June 30, 2018, all of the City's deposits were covered by federal depository insurance or by the bank collateral pool administered by the Treasurer of the State of Tennessee as required by State Statutes.

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

Investments

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

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

At June 30, 2018, the Plan had the following recurring fair value measurements:

Fiduciary Fund-Pension Fund

Investment	Fair Value	Fair Value Measurements Using Level 1	Level 2	Level 3
Cash and equivalents	$ 367,372	367,372	-	-
Equities	9,817,485	9,817,485	-	-
Fixed Incomed	6,285,351	6,285,351	-	-
Total	$16,470,208	16,470,208	-	-

As of June 30, 2018, the Plan had the following investments that represent 5 percent or more of plan net position.

Oakmark FundVanguard Prime Cap Core	$ 804,416
Federated Strategic Value Dividend	700,537
Fidelity Contra Fund Inc.	782,848
Dodge & Cox Income Fund	764,514
Vanguard GNMA Admiral Fund	720,637

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.03%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

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

Investments

Fiduciary Fund-OPEB Fund

Investment	Fair Value	Fair Value Measurements Using Level 1	Level 2	Level 3
Cash and equivalents	$ 84,950	84,950	-	-
Equities	7,525,996	7,525,996	-	-
Fixed Incomed	5,047,911	5,047,911	-	-
Total	$12,658,857	12,658,857	-	-

As of June 30, 2018, the Plan had the following investments that represent 5 percent or more of plan net position.

Fidelity Contra #22	$ 703,120
Harbor Capital Appreciation Instl	699,631
Oakmark Fund Class #110	648,622
Dodge & Cox Income Fund #147	640,917
Federal Total Return Bond Fund	637,077
Vanguard GNMA Admiral Fund	639,168

For the year ended June 30, 2018, the annual money-weighted rate of return on OPEB plan investments, net of OPEB investment expense, was 11.73%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(3) RECEIVABLES

Receivables of the Enterprise Funds for the fiscal years ended June 30, 2018 are made up of the following:

Billed services for utility customers	$ 6,180,539
Accrued utility revenue	56,555
Other receivables for utility services	301,432
Allowance for doubtful accounts Total	$ (1,501,475)
Total	$ 5,037,051

(4) INTERFUND TRANSACTIONS

Operating transfers among individual funds of the City for the year ended June 30, 2018, were as follows:

	Transfers out					
Transfers In:	General Fund	Capital Project Fund	Electric Fund	Water & Sewer Fund	Gas Fund	Total
Capital Project Fund	$40,888	-	-	-	-	40,888
General Fund	-	795,000	1,189,131	283,114	147,541	2,414,786
Totals	$40,888	795,000	1,189,131	283,114	147,541	2,455,674

Interfund receivables and payables at June 30, 2018, consisted of the following:

Interfund Receivable	Interfund Payable Water &Sewer Fund
Sanitation Fund-Non major fund	$ 175,320

Individual fund transfers of the City for the year ended June 30, 2018 are attributed to the transfer of of the City's portion of in-lieu of tax payments from the Electric, Water & Sewer and Gas Funds. Appropriation transfers to the General and Capital Project Funds. Individual fund receivable and payable are attributed to Sanitation revenues held by the Water& Sewer Fund that were remitted in the subsequent month.

(5) CAPITAL ASSETS

Capital assets for the year ended June 30, 2018, was as follows:

	Beginning Balance	Additions/ Transfers	Retirements/ Transfers	Ending Balance
Governmental activities:				
Capital Assets, being depreciated:				
Buildings and improvements	$ 7,729,681	20,350	16,596	7,766,627
Machinery and equipment	8,682,948	71,500	(122,850)	8,631,598
Infrastructure	14,665,249	249,915	29,535	14,944,699
Total capital assets, being depreciated:	31,077,878	341,765	(76,719)	31,342,924
Less accumulated depreciation for:				
Buildings and improvements	3,679,438	256,432	-	3,935,870
Machinery and equipment	5,761,742	322,742	(122,850)	5,961,634
Infrastructure	3,835,881	298,895	-	4,134,776
Total accumulated depreciation:	13,277,061	878,069	(122,850)	14,032,280
Total capital assets being depreciated, net	17,800,817			17,310,644
Non Depreciable Capital assets:				
Land	3,520,204	-	-	3,520,204
Construction in progress	46,131	39,335	(46,131)	39,335
Total Non Depreciable Capital Assets	3,566,335	39,335	(46,131)	3,559,539
Governmental activities capital assets, net	$21,367,152			20,870,183
Business-type activities:				
Capital assets, being depreciated:				
Plant systems in service	$114,834,487	2,817,479	(1,280,319)	116,371,647
Buildings and improvements	29,387,592	35,511	(120,343)	29,302,760
Machinery and equipment	10,290,382	692,599	(258,622)	10,724,359
Total capital assets being depreciated	154,512,461	3,545,589	(1,659,284)	156,398,766
Less accumulated depreciation for:				
Plant systems in service	42,846,006	3,112,668	(1,013,180)	44,945,494
Buildings and improvements	7,166,022	602,813	(29,021)	7,739,814
Machinery and equipment	7,813,528	690,585	(220,606)	8,283,507
Total accumulated depreciation	57,825,556	4,406,066	(1,262,807)	60,968,815
Total depreciable capital assets, net	96,686,905			95,429,951
Capital assets, not being depreciated:				
Land	2,214,864	4,250	(3,787)	2,215,327
Construction in progress	2,051,896	4,118,543	(2,227,784)	3,942,655
Total capital assets, not being depreciated:	4,266,760	4,122,793	(2,231,571)	6,157,982
Business-type capital assets, net	$ 100,953,665			101,587,933

Depreciation expense charged to functions/programs as of June 30, 2018, follows:

Governmental activities:	
General government	$ 55,936
Highway & Streets, including depreciation of general infrastructure assets	251,734
Police	39,194
Fire	143,130
Parks	196,709
Sanitation	96,022
Civil defense	95,344
Total depreciation expense - governmental activities	$ 878,069
Business-type activities:	
Water and Sewer Fund	$ 1,183,695
Gas Fund	370,398
Electric Fund	2,851,973
Total depreciation expense - business-type activities	$ 4,406,066

(6) LONG-TERM DEBT

Changes in General Long-Term Obligations

During the year ended June 30, 2018, the changes in general long-term obligations reported were as follows. Typically debt service payments are made by the General Fund.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Refunding Bonds - Series 2008, due in increasing annual installments commencing June 2010 through June 2025, at interest rates ranging from 3.850% to 4.25%	$ 1,745,000	-	(1,745,000)	-	-
General Obligation Refunding Bonds - Series 2011, due in increasing annual installments commencing June 2012 through June 2021, at interest rates ranging from 2% to 3%	910,000	-	(270,000)	640,000	270,000
General Obligation Refunding Bonds - Series 2013, due in increasing annual installments commencing June 2016, through June 2025, at interest rates ranging from 2% to 2.7%	2,600,000	-	(250,000)	2,350,000	250,000
General Obligation Refunding Bonds - Series 2015A due in increasing annual installments commencing April 2013 through April 2020, at interest rate of 2%	1,395,000	-	(640,000)	755,000	655,750000
General Obligation Bonds - Series 2015D due in increasing annual installments commencing June 2016 through June 2035, at interest rates ranging from 3.0 to 3.375%	4,860,000	-	(125,000)	4,735,000	125,000
General Obligation Bonds - Series 2017, due in increasing annual installments commencing June 2021 through June 2037, at interest rates ranging from 2% to 3%	-	4,750,000	-	4,750,000	-
Capital Outlay Note – Series 2015, due in increasing annual installments commencing April 22, 2016 through April 22, 2019, with interest at 2.73%	49,857	-	(24,564)	25,293	25,293
Accrued landfill closure costs and postclosure costs	128,007	2,304	-	130,311	-
Compensated absences	683,552	31,222	-	714,774	714,774
Total General Long-term Debt	$12,371,416	4,783,526	(3,054,564)	14,100,378	2,040,067
Add: Bond Premium	166,814			254,718	
Total General Long-term Debt, net	$ 12,538,230			14,355,096	

On November 10, 2017, the City issued $6,250,000 General Obligation Refunding Bonds, Series 2017 with an average coupon of from 2.00% to 3.00%. The City used $1,750,000 of the proceeds to advance refund $1,745,000 of the outstanding series 2008 general obligation refunding bonds with interest rates ranging from 3.85% to 4.25%. The City used the net proceeds to purchase U.S. government securities that 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 has been removed from its accounts. The outstanding principal of the defeased bonds is $1,745,000 at June 30, 2018. As a result of the refunding, the City realized a net present value savings of $105,498.

The remainder to the issues was to (i) provide for public improvements in the amount of $3,000,000, and (ii) provide for Water & Sewer improvements of $1,500,000.

(6) LONG-TERM DEBT (CONTINUED)

Proprietary Fund long-term liability activity for the year ended June 30, 2018 was as follows:

	Balance at June 30, 2017	Additions	Retirements	Balance at June 30, 2018	Due Within One Year
Bonds Payable	$24,515,000	1,500,000	(2,120,000)	23,895,000	1,665,000
Notes Payable	7,237,506	-	(739,412)	6,498,094	756,416
Total	31,752,506	1,500,000	(2,859,412)	30,393,094	2,421,416
Less bond discounts	(48,936)			(41,149)	
Add bond premium	451,459			421,691	
Total - net	$32,155,029			30,773,636	

Electric Department
Bonds payable:

Series 2002 Refunding Bonds - interest rates 3.5% to 5.0%, maturing over a 25 year period, with the first payment made 1/1/02, and the final payment due 1/1/26. Bonds are secured by the System's revenues and receipts and secondly by ad velorem taxes of the City.	7,535,000
Series 2015C Refunding Bonds - interest rates 2.0% 2.30%, maturing over a 8 year period, with the first payment made 7/1/19, and the final payment due 7/1/26. Bonds are secured by the System's revenues and receipts and secondly by ad velorem taxes of the City.	4,425,000
Total bonds payable - Electric Department	11,960,000
Notes Payable	
Series 2011 General Obligation Capital Outlay Note, Series 2011 - interest rate 4.73%, maturing over an 8 year period, with the first payment made 1/4/12, and the final payment due 1/4/19. Note was used for the purchase of land.	50,000
Total debt issued - Electric Department	$ 12,010,000

(6) LONG-TERM DEBT (CONTINUED)

Water and Sewer Department
Bonds payable:

Series 2011 General Obligation Refunding Bonds - interest rates from 2.00% to 3.00%, maturing over a 10 year period, witht the first payment made 6/1/11, and the final payment due 6/1/20.	$ 160,000
Series 2012 General Obligation Refunding Bonds - interest rates from 2.00% to 3.00%, maturing over a 12 year period, witht the first payment made 6/1/14, and the final payment due 6/1/26.	2,130,000
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.	3,725,000
Series 2016B General Obligation Refunding Bonds- interest rate of 2.00%, maturing over a 13year period, with the first payment made 6/1/17, and the final payment due 6/1/30.	4,400,000
Series 2017 General Obligation Bonds – interest rate of 2.64%, maturing over a 19 year period, with the first payment Made 6/1/18, and the final payment due 6/30/2037.	1,500,000
Total bonds payable - Water and Sewer Department	11,915,000

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.	6,448,094
Total debt issued - Water and Sewer Department	$ 18,363,094

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 $4,140,000 at June 30, 2017.

The refunding reduced total debt service payments over the next 14 years by $718,597. This results in an economic gain of $633,199.

(6) LONG-TERM DEBT (CONTINUED)

Gas Department

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 6/1/10, and the final payment due 6/1/19.	$ 20,000
Total bonds payable - Gas Department	$ 20,000

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

Debt Service Requirements

The annual debt service requirements to maturity on outstanding long-term bonded debt as of June 30, 2018, are as follows:

	General Obligation Debt		Proprietary Fund Debt	
Fiscal Year	Principal	Interest	Principal	Interest
2019	$ 1,325,293	363,317	2,421,416	995,805
2020	865,000	334,750	2,898,852	882,902
2021	885,000	313,750	3,056,708	782,676
2022	765,000	289,450	3,160,008	677,020
2023	770,000	268,775	3,243,764	586,170
2024-2028	3,635,000	1,039,025	12,742,346	1,446,382
2029-2033	3,365,000	564,313	2,455,000	120,000
2034-2035	1,645,000	105,550	415,000	-
Totals	$ 13,255,293	3,278,930	30,393,094	4,980,257

(7) OPERATING LEASES

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

(8) RETIREMENT PLANS

City of Lawrenceburg Retirement Plans:

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

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

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

Information concerning each of these plans follows.

Tennessee Consolidated Retirement System

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

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 and vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees covered by benefit terms. At the measurement date of June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	115
Inactive employees entitled to but not yet receiving benefits	99
Active employees	125
	339

(8) RETIREMENT PLANS (CONTINUED)

Tennessee Consolidated Retirement System

General Information about the Pension Plan (Continued)

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The City makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2018, employer contributions for the City were $752,334 based on a rate of 15.13% percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the City's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

The City's net pension liability (asset) was measured as of June 30, 2017, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.75 to 3.45 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.25 percent

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

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.5 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

(8) RETIREMENT PLANS (CONTINUED)

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

Asset Class	Long-Term Expected Real Rate of Return	Target Allocation
U.S. equity	5.69%	31%
Developed market international equity	5.29%	14%
Emerging market international equity	6.36%	4%
Private equity and strategic lending	5.79%	20%
U.S. fixed income	2.01%	20%
Real estate	4.32%	10%
Short-term securities	0.00%	1%
		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the three factors described above.

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (c)**
Balance at 6/30/16	$ 20,038,415	13,595,421	6,442,994
Changes for the year:			
Service cost	334,355	-	334,355
Interest	1,477,918	-	1,477,918
Differences between expected and actual experience	770,375	-	770,375
Change in assumptions	831,571	-	831,571
Contributions – employer	-	715,417	(715,417)
Contributions- Employees		238,313	(238,313)
Net investment income	-	1,522,219	(1,522,219)
Benefit payments, including refunds of employee contributions	(1,334,386)	(1,334,386)	-
Administrative expense	-	(10,687)	10,687
Net changes	2,079,833	1,130,876	948,957
Balance at 6/30/17	$ 22,118,248	14,726,297	7,391,951

(8) RETIREMENT PLANS (CONTINUED)

Tennessee Consolidated Retirement System

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of the Town calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.5 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Lawrenceburg's Net Pension liability (asset)	$ 9,964,649	7,391,951	5,257,452

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

Pension expense. For the year ended June 30, 2018, the City recognized pension expense of $929,177.

Changes in the Net Pension Liability (Asset)

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,228,540	-
Net difference between projected and actual earning on pension plan investments	-	2,317
Change in assumptions	692,976	-
Contributions subsequent to the measurement date of June 30, 2017	752,334	-
Total	$ 2,673,850	2,317

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2017," will be recognized as a reduction (increase) to net position liability (asset) in the following measurement period.

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

Year ended June 30:	
2019	$349,511
2020	561,817
2021	444,309
2022	296,570
2023	266,991
Thereafter	-

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

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

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

Benefits Provided and Employee Contribution

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

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

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

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

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

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

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

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

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

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

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

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

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

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

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

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

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

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

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

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

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

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

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

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

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

Group C's participants are those employees of the Gas, Water and Sewer funds who were members of the Tennessee Consolidated Retirement System (TCRS) pension plan prior to July 1, 2002. Contributions of 5% of gross pay are required by participants of this group. The participants are entitled to monthly benefits beginning at the earlier of age 60 with 5 years credited service or 30 years of credited service. The monthly retirement benefit is equal to: (1) 1.575% of average monthly compensation (AM C) 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.

(8) **RETIREMENT PLANS (CONTINUED)**

Lawrenceburg Utility System Employees Pension Plan:

In addition, "credited service" will also include:

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

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

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

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

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

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

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

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

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

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

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

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

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

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

(8) **RETIREMENT PLANS (CONTINUED)**

Lawrenceburg Utility System Employees Pension Plan:

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

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

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

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

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

In addition, "credited service" will also include:

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

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

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

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

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

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

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

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

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

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

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

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

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

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

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

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

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

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

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

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

At June 30, 2018 the following employees were covered by the Plan:

Active employees	107
Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	11
Total employees covered by the Plan	136

Employer Contributions

Group C and 0 employees have mandatory contributions 'of 5% of salary. The employer contributes actuarially determined amounts to finance the benefits. Employer contributions to the Plan for the years ended June 30,2018 of $601,485 were made in accordance with actuarially determined requirements computed through the actuarial valuations performed as of July 1, 2018.

Funded status and funding progress. 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%. As of June 30,2016, the actuarial accrued liability for benefits was $15,719,781 and the net pension liability was $2,764,795; Total covered payroll was $4,464,242 and the ratio of net pension liability to covered payroll was 61.93%.As of June 30,2015, the actuarial accrued liability for benefits was $15,739,349 and the net pension liability was $2,040,059. Total covered payroll was $4,406,910 and the ratio of net pension liability to covered payroll was 46.29%.

Net Pension Liability

The Utility's net pension liability was measured as of June 30, 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 June 30, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan:

Methods and assumptions used to determine contribution rates:

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

Please refer to prior funding valuations for the assumptions used to develop earlier contributions. The electric, water and sewer, and gas funds use the measurement date of June 30, 2017 for reporting purposes for the fiscal years ended June 30, 2018.

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

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

The long-term expected rate of return on Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of forward-looking rates of return for each major class included in the pension plan's target asset allocation are summarized in the following table as of June 30, 2018:

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

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan

Asset class	Target allocation
Domestic equity	55.49%
International equity	5.07%
Fixed Income	39.06%
Cash	0.38%

Discount Rate

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

Change in the Utility's Net Pension Liability

The following table show the net pension liability as of and for the year ended June 30, 2017, which is what is reported in the proprietary financial statements in accordance with GASB Statement No. 68.

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (c)**
Balance at 6/30/16	$15,719,781	12,954,986	2,764,795
Changes for the year:			
Service cost	348,586	-	348,586
Interest	1,107,819	-	1,107,819
Differences between expected and actual experience	171,430	-	171,430
Contributions – employer	-	601,485	(601,485)
Contributions-Employees	-	196,533	(196,533)
Net investment income	-	1,501,827	(1,501,827)
Benefit payments, including refunds of employee contributions	(484,773)	(484,773)	-
Administrative expense	-	(45,344)	45,344
Net changes	1,143,062	1,769,728	(626,666)
Balance at 6/30/17	$ 16,862,843	14,724,714	2,138,129

(8) RETIREMENT PLANS (CONTINUED)

Lawrenceburg Utility System Employees Pension Plan

The following table shows a roll forward to the Total Pension Liability to June 30, 2018 in accordance with provisions of GASB Statement No. 67 due to the inclusion of the fiduciary fund statements in the accompanying financial statements.

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (c)**
Balance at 6/30/17	$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
Differences between expected and actual experience	(15,826)	-	(15,826)
Contributions – employer	-	601,485	(601,485)
Contributions- Employees	-	213,080	(213,080)
Net investment income	-	1,201,628	(1,201,628)
Benefit payments, including refunds of employee contributions	(193,396)	(193,396) -	
Administrative expense	-	(51,537)	51,537
Net changes	1,367,997	1,771,260	(403,263)
Balance at 6/30/18	$ 18,230,8403	16,495,974	1,734,866

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

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

	1% Decrease (6.00%)	**Current Discount Rate (7.00%)**	**1% Increase (8.00%)**
June 30, 2017			
Net Pension liability (asset)	$ 3,967,087	2,138,129	628,842
June 30, 2018			
Net Pension liability (asset)	$ 3,695,252	1,734,866	118,452

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources. For the years ended June 30,2018, the System recognized pension expense of $261,262. The System reported deferred outflows of resources and deferred inflows of resources related to pensions as follows:

For the Year ended June 30, 2018	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ 500,827	13,203
Change of assumptions	669,671	644,127
Net difference between projected and actual earnings	-	-
Contributions subsequent to the measurement date	601,485	-
Total	$1,771,983	657,330

(8) RETIREMENT PLANS (CONTINUED)

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

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows for the years ending June 30, 2018:

Year ended June 30:	Amount
2019	$ 125,401
2020	171,049
2021	115,095
2022	49,770
2023	38,056
Thereafter	13,797

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, 2018 and 2017 no benefits were payable and not paid.

Administrative Expenses. Qualified Plan administrative expenses are paid by the Plan. During the years ended June 30, 2018 and 2017 administrative expense paid were $51,537 and $45,343, respectively

(9) OTHER POST-EMPLOYMENT BENEFITS

City Government (Excluding Lawrenceburg Utility System Funds)

Plan Provisions

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

	Single	Family
Active	28	58
Retired	48	22
Total	76	80

The above table reflects active and retirees as of June 30, 2018. Plan participants hired after on or after January 10,2014 are excluded.

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City Government (Excluding Lawrenceburg Utility System Funds) Continued

During 2017, the City's annual OPEB cost was calculated based on the Annual Required Contributions (ARC) of the employer. The (ARC) is the amount actuarially determined in accordance with parameters of GASB Statement 45. The ARC represented a level of funding that, if paid on an ongoing basis, was projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

During 2018, the City adopted GASB Statement No. 75, this statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*. GASB 75 requires the City to report the total liability on the face of the financial statements and also requires the presentation of more extensive note disclosures and required supplementary information about their OPEB.

Funding Policy

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

Summary of Plan Provisions
Medical Benefits

Eligibility	Retirement through TCRS after age 60 with 5 years of service or 30 years of service without regard to age. Retirees must have at least 10 years of service to receive a subsidy for medical coverage. Employees hired on or after January 1, 2014are not eligible for retiree health coverage.
Dependent eligibility	Spouse
Postretirement	Retiree contributions depend on the date of hire and the years of credited service at retirement as follows:

	All	Dep
Less than 10 years	100%	100%
10-14 year	50%	100%
15-19 years	25%	50%
20 or more years	0%	30%

If coverage for a spouse age 65 or older elected retiree must contribute $100 per month for the Medicare supplement plan.

Medical Plan Benefit	Medicare coverage is provided through Blue Cross Blue Shield.
Other Benefits	None.

Retiree medical benefits continue for life of retirees hired prior to August 1, 2018 and to age 65 for retirees hired after on or after that date.

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City Government (Excluding Lawrenceburg Utility System Funds) Continued

Change in Plan Provisions None.

Methods and Assumptions

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

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

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

Discount Rate — 3.88% (0.88% real rate of return plus 3.00% inflation)

Average per Capita Claim cost: Determined as of July 1, 2017

Age	Medical
50	8,037
51	8,278
52	8,527
53	8,782
54	9,046
55	9,317
56	9,579
57	9,885
58	10,181
59	10,487
60	10,801
61	11,125
62	11,459
63	11,803
64	12,157

The Blue Cross Blue Shield Medicare Supplement Plan F rates were used as claims cost for age 65 and older. Sample annual rates are $2,398.06 for attained age 70
$3,017.26 for attained age 75
$3,607.20 for attained age 80
$4,017.65 for attained age 85
$4,332,62 for attained age 90.

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City Government (Excluding Lawrenceburg Utility System Funds) Continued

Methods and Assumptions, Continued

Effect of ACA	The excess coverage excise tax penalty of the Affordable Care Act has been postponed until the plan year. beginning in 2022 and is not included in the projection of benefits in this valuation. This plan has current medical costs well under the limits in current law. Current legislative discussions include both repeal of the excise tax and postponement beyond 2022.
Mortality	RPH -2014 Total Table with Projection MP-2018
Turnover	Rates varying based on unisex age and select and ultimate at 3 years. Rates based the TCRS actuarial assumptions from the 2017 retirement plan valuation report.
Disability	None assumed
Retiree Contributions	The retiree contribution will depend on years of service at retirement. Retiree and dependent coverage will be subsidized for eligible retirees hired prior to January 1, 2014.
Salary Scale	3.50%
Data Assumptions	
Coverage	100% of all retirees who currently have healthcare coverage will continue with the same coverage. 100% of all actives who currently have Single healthcare coverage will continue with Single coverage upon retirement. 100% of all actives who currently have Spouse coverage will continue to have Spouse coverage upon retirement

Valuation Methodology and Terminology

We have used GASB accounting methodology to determine the postretirement medical benefit obligations.

Valuation Date	June 30, 2018
Measurement Date	June 30, 2018

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

City Government (Excluding Lawrenceburg Utility System Funds) Continued

Changes in the Total OPEB Liability

Net OPEB Obligation (Asset), June 30, 2017, calculated under provisions of GASB 45	$ 9,107,790
Restatement required under GASB 75	5,526,712
Balance at June 30, 2017, GASB 75	14,634,502
Changes for the year:	
Service cost	204,243
Interest	567,549
Benefit payments	(422,398)
Net changes	349,394
Balance at June 30, 2018	$ 14,983,896
Plan fiduciary net position, end of year	-%

OPEB Expense

Service cost	$ 204,243
Interest	567,549
Total OPEB expense	$ 771,792

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate at June 30, 2018:

	1% Decrease	Discount Rate	1 % Increase
	2.88%	3.88%	4.88%
Total OPEB liability	$12,731,802	$ 14,983,896	$ 17,864,886

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

The following presents the total OPEB liability of the Department, as well as what the Department's total OPEB would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current healthcare cost trend rate at June 30, 2018:

		Healthcare Cost	
	1% Decrease	Trend Rate	1 % Increase
	4%	5%	6%
Total OPEB liability	$ 12,569,005	$ 14,983,896	$ 18,132,017

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Deferred Inflows (Outflows)

At June 30, 2018, the District reported no deferred outflows of resources and deferred inflows of resources related to OPEB.

	Deferred Outflows of Resources	Deferred Inflows of Resources
$	-	-

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

Year ended June 30	
2019	$ -
2020	-
2021	-
2022	-
2023	-
Thereafter	-

Lawrenceburg Utility Systems - Proprietary Funds

Plan Description

The City sponsors a single-employer defined benefit post-retirement medical plan known as the Lawrenceburg Utility Systems Post-Employment Benefits Trust. The Plan's Trust is maintained at First Farmers Trust and Management. and administered by the Utility. The plan provides medical, prescription, and death benefits to all eligible employees. Eligibility is attained at age 50 with 15 years of service or attained at age 55 with 10 years of service for medical, dental, vision, and disability benefits. The plan was amended July 1, 2009. Retirees and spouses hired after July 1, 2009 are required to contribute a percentage of the group premium in order to participate in the plan. No post-65 benefits are available to this group.

Benefits Provided

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

Funding Policy

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

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Lawrenceburg Utility Systems - Proprietary Funds (Continued)

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, 2018
Actuarial valuation method	Entry Age Normal
Asset valuation method	Market value
Funding policy	The benefits of the Lawrenceburg Utility Systems Postemployment Benefits Other Than Pensions are funded through contributions to a trust.
Investment policy	To be provided by Lawrenceburg Utility Systems Benefits for retirees are deemed to be similar to those benefits provided for actives. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. It is assumed to pay benefits secondary to Medicare after attaining age 65 or after permanent disability.
Amortization period	20 years (closed)
Legislative changes	The valuation results provided in this report reflect a best estimate of the potential impact of the Patient Protection and Affordable Care Act (PPACA). Consideration has been made for provisions of the law that are effective as of the valuation date as well as those provisions that will take effect in the future. In particular, the anticipated future excise tax has been valued and deemed immaterial.
Mortality	RP-2014 Mortality Table adjusted to 2006 with generational mortality improvement projected under Projection Scale MP-2017
Retirement rates	Age 50 - 10%, Ages 51-54 - 5%, Age 55 - 20%, Ages 56-64 - 5%, and Age 65 - 100%

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Lawrenceburg Utility Systems - Proprietary Funds (Continued)

Actuarial Methods and Assumptions

Discount rate	5.50% per annum
Salary increases	2.50% per annum
Expected long-term rate of return on plan assets	5.50% per annum
Plan Participation	100% of future eligible retirees are assumed to elect medical coverage upon retirement.
Marital status	Actual spouse participation and dates of birth were used for retirees. For actives, the marriage assumption of 71% was used, and males were assumed to be two years older than female spouses.
Age variance	Fully insured premiums attributable to those retirees who are considered "grandfathered" were adjusted roughly 2.75% per year from attained ages 65 through 85. The age adjustment factors were based on actual premium rates charged by BCBS to Lawrenceburg Utility Systems. Prescription drug claims were adjusted downward 3% each year for aging for attained 55 to 65, while claims were increased by 3% each year for aging for attained ages 65 to 75.
Healthcare cost trend rates	Medical: Assumed to increase 8% in the first year. Future annual increases are assumed to grade uniformly to 5% over 10 years. Dental/Vision: 5% per annum.
Administrative expenses	Administrative expenses were assumed to be included in the per capita claims cost.

Plan Membership
As of June 30, 2018

Number of Participants	
Actives (with medical coverage)	109
Active (without medical coverage)	3
Retirees (with medical coverage)	73
Retirees (with medical coverage)	4
Disables (with medical coverage)	0
Beneficiaries (with medical coverage)	2
Total Participants	191
Annual Projected Payroll	$ 5,871,100
Average Projected Earnings	$ 52,421

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Lawrenceburg Utility Systems - Proprietary Funds (Continued)

Investment Policy

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

Net OPEB Liability

The components of the Net OPEB Liability at June 30, 2018 is as follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability (c)**
Balance at 6/30/16	$27,914,998	8,826,788	19,088,210
Changes for the year:			
Service cost	479,771	-	479,771
Interest	1,561,712	-	1,561,712
Differences between expected and actual experience	(921,458)	-	(921,458)
Contributions – employer	-	1,062,000	(1,062,000)
Contributions-Employees	-	-	-
Net investment income	-	1,063,261	(1,063,261)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense	-	(25,098)	25,098
Net changes	1,120,025	2,100,163	(980,138)
Balance at 6/30/17	$ 29,035,023	10,926,951	18,108,072

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. The net OPEB liability at June30, 2017 was as follows.

	1% Decrease 4.50%	Current 5.50%	1 % Increase 6.50%
Total OPEB liability	$ 24,445,897	$ 18,108,072	$ 11,770,247

(9) OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Lawrenceburg Utility Systems - Proprietary Funds (Continued)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following represents the Net OPEB Liability calculated using the stated discount rate, as well as what the Net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1-percentage point higher than the current rate.
The net OPEB liability at June30, 2018 was as follows.

		Healthcare Cost	
	1% Decrease	Current	1 % Increase
	7% decreasing to	8% decreasing to	9% decreasing to
	4% over 10 years	5% over 10 years	6% over 10 years
Total OPEB liability	$ 12,675,650	$ 18,108,072	$ 11,770,247

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

For the Year ended June 30, 2018	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Differences between expected and actual experience	$ -	614,305
Net difference between projected and actual earnings	-	439,724
Contributions subsequent to the measurement date	1,410,432	-
Total	$1,410,432	1,054,029

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

Year ended June 30:	**Amount**
2019	$ (417,084)
2020	(417,083)
2021	(109,931)
2022	(109,931)
2023	-
Thereafter	-

(10) RISK MANAGEMENT

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

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

(10) RISK MANAGEMENT (CONTINUED)

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

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

Proprietary Funds

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

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

Changes in the reported liability are as follows:

Fiscal Year Ending		Beginning Balance	Changes in Estimates	Claim Payments	Ending Balance
June 30, 2018	$	364,586	2,251,998	2,242,987	373,597
June 30, 2017	$	416,059	2,243,316	2,294,789	364,586
June 30, 2016	$	465,946	2,448,272	2,498,159	416,059
June 30, 2015	$	458,705	2,506,593	2,499,352	465,946

(11) DEFERRED COMPENSATION PLAN

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

(12) ENERGY CONSERVATION PROGRAMS

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

(13) COMMITMENTS AND CONTINGENCIES

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

The Tennessee Department of Environment and Conservation issued a Notice and Assessment against the City of Lawrenceburg for violations of its National Pollutant Discharge Elimination System (NPDES) permit relating to problems associated with the Sewer System resulting from equipment malfunctions and excess inflow and infiltration. The City of Lawrenceburg entered into an Agreed Order on March 21, 2002 setting forth deadlines and penalties for failure to meet deadlines. The City paid a penalty upon execution of the Order. The City is using a combination of Community Development Block Grant funds and matching local funds to make the necessary improvements to the Sewer System. No further liability resulting from penalties is anticipated.

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

(14) CITY OWNED AND OPERATED LANDFILL

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

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

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

The System has a service agreement with Texas Eastern Transmission Corporation (TETCO) which obligates TETCO to deliver any and all natrual gas the System arranges and has deposited into the TETCO transmission line for the System's use. In turn, the System is obligated to make payment for such deliveries and to insure the correct amount of natural gas is deposited into the TETCO transmission system. Payment for these services is funneled through the MGAG supply and capacity management agreement. The TETCO service agreement is in force and effect until October 31, 2012, and renews year-to-year thereafter unless terminated by either TETCO or the System upon two years prior written notice. As of June 30, 2018 the Utility was under contract with MGAG and TETCO.

(16) BUDGET OVERAGES

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

General Fund

	Budget	Actual	Overage
Fire Department	$ 2,406,126	2,453,205	47,079
Highway & Streets	2,075,515	2,079,815	4,300
Sanitation Fund	1,369,049	1,541,111	172,062

(17) IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2015, the GASB issued Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions,* effective for financial statements for periods beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB) that are not administered through a trust. It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45 , *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and No. 57 , OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB. Statement No. 74 ,*

(17) IMPACT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (CONTINUED)

Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, establishes new accounting and financial reporting requirements for OPEB plans. Management has implemented this statement and its effects are reported in the current financial statements.

(18) RESTATEMENT OF BEGINNING NET POSITION – GASB 75 IMPLEMENTATION

Governmental Activities:
As of July 1, 2017, a restatement of beginning net position was made for net OPEB liability due to the Utility implementing GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of GASB Statement No. 75 resulted in the Utility restating net position by ($5,526,712). The net effect of this restatement of beginning net position resulted in a decrease in the July 1, 2017 net position in the amount of ($5,526,712).

Business-Type Activities:
As of July 1, 2017, a restatement of beginning net position was made for net OPEB liability due to the Utility implementing GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The implementation of GASB Statement No. 75 resulted in the Utility restating net position by ($17,264.068). The net effect of this restatement of beginning net position resulted in a decrease in the July 1, 2017 net position in the amount of ($17,264.068).

Required Supplemental Information

CITY OF LAWRENCEBURG, TENNESSEE

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

Fiscal Year Ending June 30,

		2017	2016	2015	2014
Total pension liability					
Service cost	$	334,355	312,546	314,091	324,772
Interest		1,477,918	1,404,973	1,347,399	1,303,618
Change in benefit terms		770,375	-	-	-
Differences between actual and expected experience		831,571	524,709	319,025	127,060
Benefit payments, including refunds of employee conributions		(1,334,386)	(1,248,485)	(1,174,143)	(1,147,894)
Net change in total pension liability		2,079,833	993,743	806,372	607,556
Total pension liability, beginning of year		20,038,415	19,044,672	18,238,300	17,630,744
Total pension liability, ending of year (a)	$	22,118,248	20,038,415	19,044,672	18,238,300
Plan fiduciary net position					
Contributions, employer	$	715,417	696,765	643,468	609,090
Contributions, employee		238,313	232,099	218,102	211,783
Net investment income		1,522,219	357,259	411,122	1,939,158
Benefit payments, including refunds of employee contributions		(1,334,386)	(1,248,485)	(1,174,143)	(1,147,894)
Administrative expenses		(10,687)	(9,380)	(6,293)	(4,875)
Net change in plan fiduciary net position		1,130,876	28,258	92,256	1,607,262
Plan fiduciary net position, beginning of year		13,595,421	13,567,163	13,474,907	11,867,645
`Plan fiduciary net position, ending of year (b)	$	14,726,297	13,595,421	13,567,163	13,474,907
Net Pension Liability (asset) ending of year (a)-(b)	$	7,391,951	6,442,994	5,477,509	4,763,393
Plan fiduciary net position, as a percentage of total pension liability		66.58%	67.85%	71.24%	73.88%
Covered-employee payroll	$	4,766,275	4,642,003	4,286,928	4,235,673
Net pension liability (asset) as a percentage of covered-employee payroll		155.09%	138.80%	127.77%	112.46%

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

CITY OF LAWRENCEBURG, TENNESSEE

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

Fiscal Year Ending June 30,

	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 752,334	$ 715,417	$ 696,765	643,468	609,090
Contributions in relation th the actuarially determined contribution	(752,334)	(715,417)	(696,765)	(643,468)	(609,090)
Contribution deficiency (excess)	$ -	$ -	$ -	-	-
Covered-employee payroll	$ 4,972,458	$ 4,766,275	$ 4,642,003	4,286,928	4,235,673
Contributions as a percentage of covered employee payroll	15.13%	15.01%	15.01%	15.01%	14.38%

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

CITY OF LAWRENCEBURG, TENNESSEE

Notes to Required Supplemental Information-TCRS Plan

For the Year Ended June 30, 2018

Valuation date: Actuarially determined contribution rates for 2018 were calculated based on the July 1, 2017 actuarial valuation.

Methods and assumptions used ot determine the contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	3.0 percent
Salary increases	Graded salary ranges from 8.97 to 3.71 percent based on age, including inflation.
Investment Rate of Return	7.5 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of living	2.5 percent

CITY OF LAWRENCEBURG, TENNESSEE
LAWRENCEBURG UTILITY STSTEMS

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

Fiscal Year Ending June 30,

	2018	2017	2016	2015	2014
Total pension liability					
Service cost	$ 377,186	348,588	336,337	320,493	312,296
Interest	1,200,033	1,107,819	1,068,464	1,076,504	1,067,068
Differences between actual and expected experience	(15,826)	171,430	199,487	369,939	(66,023)
Benefit payments, including refunds of employee conributions	(193,396)	(484,773)	(1,623,858)	(1,406,224)	(1,732,483)
Net change in total pension liability	1,367,997	1,143,064	(19,570)	360,712	(419,142)
Total pension liability, beginning of year	16,862,843	15,719,779	15,739,349	15,378,637	15,797,779
Total pension liability, ending of year (a)	$ 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
Contributions, employee	213,080	196,533	187,646	171,802	148,994
Net investment income	1,201,628	1,501,827	90,423	528,871	1,932,843
Benefit payments, including refunds of employee contributions	(193,396)	(484,773)	(1,546,757)	(1,341,369)	(1,732,483)
Administrative expenses	(51,537)	(45,342)	(77,102)	(64,855)	(45,141)
Net change in plan fiduciary net position	1,771,260	1,769,730	(744,305)	(104,066)	905,698
Plan fiduciary net position, beginning of year	14,724,714	12,954,985	13,699,290	13,803,356	12,897,658
`Plan fiduciary net position, ending of year (b)	$ 16,495,974	14,724,715	12,954,985	13,699,290	13,803,356
Net Pension Liability (asset) ending of year (a)-(b)	$ 1,734,866	2,138,128	2,764,794	2,040,059	1,575,281
Plan fiduciary net position, as a percentage of total pension liability	90.48%	87.32%	82.41%	87.04%	89.76%
Covered-employee payroll	$ 4,977,058	$ 4,855,178	4,464,242	4,406,910	4,240,100
Net pension liability (asset) as a percentage of covered-employee payroll	34.86%	44.04%	61.93%	46.29%	37.15%

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

CITY OF LAWRENCEBURG, TENNESSEE
LAWRENCEBURG UTILITY STSTEMS

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

Fiscal Year Ending June 30,

	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 359,067	396,492	329,291	319,788	410,943
Contributions in relation th the actuarially determined contribution	(601,485)	(601,485)	(601,485)	(601,485)	(601,485)
Contribution deficiency (excess)	$ (242,418)	(204,993)	(272,194)	(281,697)	(190,542)
Covered-employee payroll	$ 4,977,058	4,855,178	4,464,242	4,406,910	4,240,100
Contributions as a percentage of covered employee payroll	12.09%	12.39%	13.47%	13.65%	14.19%

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

CITY OF LAWRENCEBURG, TENNESSEE
LAWRENCEBURG UTILITY STSTEMS

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

Fiscal Year Ending June 30,

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

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

CITY OF LAWRENCEBURG, TENNESSEE

Notes to Required Supplemental Information-OPEB Plans

For the Year Ended June 30, 2018

Lawrenceburg Utility System - OPEB Plan

Valuation date: Actuarially determined contribution rates for 2018were calculated based on the July 1, 2018 actuarial valuation.

Methods and assumptions used ot determine the contribution rates:

Actuarial cost method	Entry age normal
Asset valuation	Market value
Funding policy	The benefits of the Lawrenceburg Utility Systems Postemployment Benefits Other Than Pensions are funded through contributions to a trust.
Investment policy	To be provided by Lawrenceburg Utility Systems Benefits for retirees are deemed to be similar to those benefits provided for actives. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. It is assumed to pay benefits secondary to Medicare after attaining age 65 or after permanent disability.
Amortization period	20 years (closed)
Legislative changes	The valuation results provided in this report reflect a best estimate of the potential impact of the Patient Protection and Affordable Care Act (PPACA). Consideration has been made for provisions of the law that are effective as of the valuation date as well as those provisions that will take effect in the future. In particular, the anticipated future excise tax has been valued and deemed immaterial.
Mortality	RP-2014 Mortality Table adjusted to 2006 with generational mortality improvement projected under Projection Scale MP-2017
Retirement rates	Age 50 - 10%, Ages 51-54 - 5%, Age 55 - 20%, Ages 56-64 - 5%, and Age 65 - 100%
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	Fully insured premiums attributable to those retirees who are considered "grandfathered" were adjusted roughly 2.75% per year from attained ages 65 through 85. The age adjustment factors were based on actual premium rates charged by BCBS to Lawrenceburg Utility Systems. Prescription drug claims were adjusted downward 3% each year for aging for attained 55 to 65 while claims were increased by 3% each year for aging for attained ages 65 to 75.

CITY OF LAWRENCEBURG, TENNESSEE

Notes to Required Supplemental Information-OPEB Plans

For the Year Ended June 30, 2018

Lawrenceburg Utility System - OPEB Plan

Healthcare cost trend rates	Medical: Assumed to increase 8% in the first year. Future annual increases are assumed to grade uniformly to 5% over 10 years. Dental/Vision: 5% per annum.
Administrative expenses	Administrative expenses were assumed to be included in the per capita claims cost.

City of Lawrenceburg - OPEB Plan

Methods and assumptions used ot determine the contribution rates:

Actuarial cost method	Projected Unit Credit Method.
Service Cost	Determined for each employee as the Actuarial Present Value of Benefits allocated to the valuation year. The benefit attributed to the valuation year is that incremental portion of the total projected benefit earned diring the year in accordance with the Pla benefit formula. This allocation is based on each individual's service between date of hire and date of termination.
Accumulated Post-Retirement Benefit Obligation	the Actuarial Present Value of Benefits allocated to all periods prior to the valuation y
Discount Rate	3.00% (0% real rate of return plus 3% inflation)\\

Per Capita Claim Cost

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

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

Health Care Cost Trend	Initial 8%, for FY 2017 decreasing 0.50% per year to a level 5% in FY 2022 for pre-a 65 and a level 5% fpr 65 and older.
Mortality	RP-2014 Combined Table M/F with Projection Scale AA (2015).
Turnover	Rates varying by sex, age and year of service. Sample Male ultimate rates: Age 25: 0.12; Age 40: 0.04; Age 55: 0.03
Disability	None assumed.
Retirement Rates	Rates vary by age form 50 to 75 with 100% retirement assumed at 75. The retiree
Retiree Contributions	contribution will depend on years of service at retirement. Retiree and dependent coverage will be subdized for eligible retirees hired prior to January 1, 2014.

CITY OF LAWRENCEBURG, TENNESSEE
LAWRENCEBURG UTILITY STSTEMS

Schedule of Changes in the Net OPEB Liability (Asset) and Related Ratios
Based on Participation in the OPEB Plan

For the Year Ended June 30,

	2018	2017
Total pension liability		
Service cost	$ 468,768	479,771
Interest	1,622,709	1,561,712
Differences between actual and expected experience	(7,044,844)	(921,458)
Benefit payments, including refunds of employee conributions	-	-
Net change in total pension liability	(4,953,367)	1,120,025
Total pension liability, beginning of year	29,035,023	27,914,998
Total pension liability, ending of year (a)	$ 24,081,656	29,035,023
Plan fiduciary net position		
Contributions, employer	$ 918,508	1,062,000
Contributions, employee	-	-
Net investment income	867,418	1,063,261
Benefit payments, including refunds of employee contributions	-	-
Administrative expenses	(33,674)	(25,099)
Net change in plan fiduciary net position	1,752,252	2,100,162
Plan fiduciary net position, beginning of year	10,926,950	8,826,788
`Plan fiduciary net position, ending of year (b)	$ 12,679,202	10,926,950
Net Pension Liability (asset) ending of year (a)-(b)	$ 11,402,454	18,108,073
Plan fiduciary net position, as a percentage of total pension liability	52.65%	37.63%
Covered-employee payroll	$ 5,871,100	5,335,934
Net pension liability (asset) as a percentage of covered-employee payroll	194.21%	339.36%

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

CITY OF LAWRENCEBURG, TENNESSEE
LAWRENCEBURG UTILITY STSTEMS

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

Fiscal Year Ending June 30,

	2018	2017
Actuarially determined contribution	$ 1,410,432	1,062,000
Contributions in relation th the actuarially determined contribution	(918,508)	(1,062,000)
Contribution deficiency (excess)	$ 491,924	-
Covered-employee payroll	$ 5,871,100	5,335,934
Contributions as a percentage of covered employee payroll	15.64%	19.90%

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

CITY OF LAWRENCEBURG, TENNESSEE
LAWRENCEBURG UTILITY STSTEMS

Schedule of Investment Returms
Based on Participation in the OPEB Plan

Fiscal Year Ending June 30,

	2018	2017
Annual money-weighted rate of return, net of investment expense	7.66%	11.73%

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

COMBINING AND INDIVIDUAL NONMAJOR FUND FINANCIAL STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds:

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

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

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

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

Permanent Fund:

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

CITY OF LAWRENCEBURG, TENNESSEE

Combining Balance Sheet

Nonmajor Governmental Funds

June 30, 2018

Assets	Special Revenue Funds: State Street Aid Fund	Special Revenue Funds: Federal Disaster Relief Fund	Special Revenue Funds: Drug Fund	Special Revenue Funds: Sanitation Fund	Permanent Fund: Mimosa Cemetery Fund	Total Nonmajor Governmental Funds
Cash and cash equivalents	$ 391,116	29,499	83,044	619,431	64,188	1,187,278
Due from other funds	-	-	-	175,320	-	175,320
Accounts receivable, net of allowance for doubtful accounts	61,421	-	-	-	-	61,421
Total Assets	$ 452,537	29,499	83,044	794,751	64,188	1,424,019
Liabilities and Fund Equity						
Liabilities:						
Accounts payable	$ 43,639	-	-	22,291	-	65,930
Due to other funds	-	-	-	1,122	-	1,122
Accrued costs	-	-	-	6,093	-	6,093
Total Liabilities	43,639	-	-	29,506	-	73,145
Fund Balance (Deficit):						
Restricted for:						
Roads	408,898	-	-	-		408,898
Public Safety	-	-	83,044	-		83,044
Capital projects	-	29,499	-	-		29,499
Solid waste disposal	-	-	-	765,245		765,245
Cemetery maintenance	-	-	-	-	64,188	64,188
Total Restricted Fund Balance	408,898	29,499	83,044	765,245	64,188	1,350,874
Total Liabilities and Fund Balance	$ 452,537	29,499	83,044	794,751	64,188	1,424,019

CITY OF LAWRENCEBURG, TENNESSEE

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds

For the Year Ended June 30, 2018

	Special Revenue Funds				Permanent Fund	
	State Street Aid Fund	Federal Disaster Relief Fund	Drug Fund	Sanitation Fund	Mimosa Cemetery Fund	Total Nonmajor Governmental Funds
Revenues:						
Intergovernmental:						
Gasoline tax - State of Tennessee	$ 349,694	-	-	-	-	349,694
Grant revenue	-	143,419	-	-	-	143,419
Charges for Services:						
Garbage fees	-	-	-	1,339,172	-	1,339,172
Fines	-	-	32,257	-	-	32,257
Miscellaneous:						
Other revenue	41,599	-	52,552	130,456	2,400	227,007
Interest income	380	-	66	552	-	998
Total Revenues	391,673	143,419	84,875	1,470,180	2,400	2,092,547
Expenditures:						
Highways and streets:						
Road and bridge repair	379,196		-	-	-	379,196
Sanitation:						
Salaries and employee benefits	-	-	-	862,301	-	862,301
Contractual services	-	-	-	339,450	2,082	341,532
Supplies	-	-	-	211,717	-	211,717
Insurance	-	-	-	17,100	-	17,100
Other	-	-	-	4,800	-	4,800
Program costs	-	-	12,192	-	-	12,192
Debt service				105,743		105,743
Capital outlay	-	154,156	26,500	-	-	180,656
Total Expenditures	379,196	154,156	38,692	1,541,111	2,082	2,115,237
Excess (deficiency) of revenues over expenditures	12,477	(10,737)	46,183	(70,931)	318	(22,690)
Other Financing Sources (Uses):						
Transfer from (to) other funds	-	-	-	-	-	-
Proceeds from note issuance	-	-	-	-	-	-
Total Other Financing Sources	-	-	-	-	-	-
Net Change in Fund Balance	12,477	(10,737)	46,183	(70,931)	318	(22,690)
Fund Balance, Beginning of Year	396,421	40,236	36,861	836,176	63,870	1,373,564
Fund Balance, End of Year	$ 408,898	29,499	83,044	765,245	64,188	1,350,874

CITY OF LAWRENCEBURG, TENNESSEE

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

State Street Aid Fund

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
State shared tax:				
Gas 3 Cent	$ 65,000	65,000	59,038	(5,962)
Gasoline and motor fuel tax	220,000	220,000	210,524	(9,476)
Gas 1989	35,000	35,000	31,853	(3,147)
Gas 2017	-	-	48,279	48,279
Miscellaneous				
Reimbursement for street repair	32,300	32,300	41,979	9,679
Total Revenues	352,300	352,300	391,673	39,373
Current:				
Road and bridge repair	552,300	552,300	379,196	173,104
Total Expenditures	552,300	552,300	379,196	173,104
Excess (deficiency) of revenues over expenditures	(200,000)	(200,000)	12,477	212,477
Other Financing Sources (Uses):				
Transfer from (to) other funds	-	-	-	-
Proceeds from note issuance	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balance	(200,000)	(200,000)	12,477	212,477
Fund Balance, Beginning of Year	396,421	396,421	396,421	-
Fund Balance, End of Year	$ 196,421	196,421	408,898	212,477

CITY OF LAWRENCEBURG, TENNESSEE

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

Federal Disaster Relief Fund

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:				
Intergovernmental:				
Grant revenue	$ 500,000	500,000	143,419	(356,581)
Total Revenues	500,000	500,000	143,419	(356,581)
Expenditures:				
Capital outlay-infrastructure	528,072	528,072	154,156	373,916
Total Expenditures	528,072	528,072	154,156	373,916
Net Change in Fund Balance	(28,072)	(28,072)	(10,737)	17,335
Fund Balance, Beginning of Year	40,236	40,236	40,236	-
Fund Balance, End of Year	$ 12,164	12,164	29,499	17,335

CITY OF LAWRENCEBURG, TENNESSEE

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

Drug Fund

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Revenues:				
Fines and fees				
Drug fines, confiscated property	$ 51,500	51,500	32,257	(19,243)
Miscellaneous income	1,550	1,550	52,618	51,068
Total Revenues	53,050	53,050	84,875	31,825
Expenditures:				
Current:				
Program Costs	27,700	27,700	12,192	15,508
Capital outlay	26,500	26,500	26,500	-
Total Expenditures	54,200	54,200	38,692	15,508
Net Change in Fund Balance	(1,150)	(1,150)	46,183	47,333
Fund Balance, Beginning of Year	36,861	36,861	36,861	-
Fund Balance, End of Year	$ 35,711	35,711	83,044	47,333

CITY OF LAWRENCEBURG, TENNESSEE

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

Sanitation Fund

For the Year Ended June 30, 2018

	Original Budget	Final Budget	Actual	Variance from Final Budget Positive (Negative)
Charges for Services:				
Garbage fees	$ 1,300,000	1,300,000	1,339,172	39,172
Miscellaneous:				
Other revenue	107,218	107,218	131,008	23,790
Total Revenues	1,407,218	1,407,218	1,470,180	62,962
Expenditures:				
Current:				
Sanitation:				
Salaries and employee benefits	891,011	891,011	862,301	28,710
Contractual services	196,900	196,900	339,450	(142,550)
Supplies	146,700	146,700	211,717	(65,017)
Insurance	17,100	17,100	17,100	-
Other	10,000	10,000	4,800	5,200
Debt Service	107,338	107,338	105,743	1,595
Capital Outlay	-	-	-	-
Total Expenditures	1,369,049	1,369,049	1,541,111	(172,062)
Excess (deficiency) of revenues over expenditures	38,169	38,169	(70,931)	(109,100)
Other Financing Sources (Uses):				
Transfer from (to) other funds	-	-	-	-
Total Other Financing Sources	-	-	-	-
Net Change in Fund Balance	38,169	38,169	(70,931)	(109,100)
Fund Balance, Beginning of Year	836,176	836,176	836,176	-
Fund Balance, End of Year	$ 874,345	874,345	765,245	(109,100)

FINANCIAL SCHEDULES

CITY OF LAWRENCEBURG, TENNESSEE

Capital Assets Used in the Operation of Governmental Funds -

Schedule of Changes in Capital Assets

For the Year Ended June 30, 2018

Cost / Estimated Cost:		Balance June 30, 2017	Additions	Disposals/ Reclassifications	Balance June 30, 2018
Land	$	3,520,204	-	-	3,520,204
Buildings and structures		7,729,681	20,350	16,596	7,766,627
Equipment		8,682,948	71,500	(122,850)	8,631,598
Infrastructure		14,665,249	249,915	29,535	14,944,699
Construction in progress		46,131	39,335	(46,131)	39,335
Total Capital Assets	$	34,644,213	381,100	(122,850)	34,902,463

Accumulated Depreciation:		Balance June 30, 2017	Additions	Disposals	Balance June 30, 2018
Buildings and structures	$	3,679,438	256,432		3,935,870
Equipment		5,761,742	322,742	(122,850)	5,961,634
Infrastructure		3,835,881	298,895		4,134,776
Total Capital Assets	$	13,277,061	878,069	(122,850)	14,032,280

CITY OF LAWRENCEBURG, TENNESSEE

Capital Assets Used in the Operation of Governmental Funds -

Schedule of Changes in Capital Assets - By Function and Activity

For the Year Ended June 30, 2018

	Balance June 30, 2017	Additions	Disposals	Balance June 30, 2018
Cost / Estimated Cost:				
General Government:				
Administration	$ 2,633,252	39,335	-	2,672,587
Planning and development	71,034	-	(14,335)	56,699
Civil defense	99,179	-	-	99,179
Federal disaster relief-flood control	7,060,975	-	-	7,060,975
Police	1,297,638	46,500	(76,598)	1,267,540
Fire	3,200,108	45,350	(31,917)	3,213,541
Street	12,132,334	-		12,132,334
Parks and recreation	5,980,250	249,915		6,230,165
Sanitation	2,169,443			2,169,443
Construction in progress	-			-
Total Capital Assets	$ 34,644,213	381,100	(122,850)	34,902,463
Accumulated Depreciation:				
General Government:				
Administration	$ 1,228,993	55,483		1,284,476
Planning and development	59,606	453	(14,335)	45,724
Civil defense	286,314	95,344		381,658
Police	1,160,612	39,194	(76,598)	1,123,208
Fire	1,906,120	143,130	(31,917)	2,017,333
Highways & Streets	4,946,984	251,734		5,198,718
Sanitation	1,201,117	96,022		1,297,139
Parks and recreation	2,487,315	196,709		2,684,024
Total Capital Assets	$ 13,277,061	878,069	(122,850)	14,032,280

CITY OF LAWRENCEBURG, TENNESSEE

Schedule of Changes in Property Taxes Receivable

For the Year Ended June 30, 2018

Tax Year	Balance, June 30, 2017	Tax Levy	Tax Collections	Tax Adjustments	Balance, June 30, 2018
2017	$ -	3,329,995	(3,131,723)	14,878	213,150
2016	104,129	-	(76,608)	650	28,171
2015	19,303	-	(18,320)	-	983
2014	32,810	-	(7,757)	-	25,053
2013	28,190	-	-	-	28,190
2012	16,954	-	-	(48)	16,906
2011	22,178	-	-	-	22,178
2010	1,386	-	-	-	1,386
2009	1,239	-	-	-	1,239
2008	1,887	-	-	-	1,887
2007	266	-	-	-	266
2006	4,808	-	-	(4,808)	-
	$ 233,150	3,329,995	(3,234,408)	10,672	339,409
		Add 2018 tax levy			3,345,000
		Total property tax receivable			3,684,409
		Less allowance for doubtful accounts			(55,052)
		Total property tax receivable, net			$ 3,629,357

CITY OF LAWRENCEBURG, TENNESSEE

Schedule of Debt Service Requirements

General Obligation Debt

June 30, 2018

Fiscal Year	General Obligation and Refunding Bonds Series 2017-City Portion		General Obligation Refunding Bonds - Series 2011-City Portion		General Obligation Bonds - Series 2013		General Obligation Refunding Bonds - Series 2015A		General Obligation Refunding Bonds - Series 2015D		Note Payable-First Volunteer Bank		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ -	127,500	270,000	16,225	250,000	55,925	655,000	15,100	125,000	147,925	25,293	642	1,325,293	363,317
2020	150,000	127,500	190,000	10,150	300,000	50,925	100,000	2,000	125,000	144,175	-	-	865,000	334,750
2021	255,000	123,000	180,000	5,400	300,000	44,925	-	-	150,000	140,425	-	-	885,000	313,750
2022	265,000	115,350	-	-	350,000	38,175	-	-	150,000	135,925	-	-	765,000	289,450
2023	270,000	107,400	-	-	350,000	29,950	-	-	150,000	131,425	-	-	770,000	268,775
2024	280,000	99,300	-	-	400,000	21,200	-	-	150,000	126,925	-	-	830,000	247,425
2025	290,000	93,700	-	-	400,000	10,800	-	-	150,000	122,425	-	-	840,000	226,925
2026	290,000	87,900	-	-	-	-	-	-	355,000	117,925	-	-	645,000	205,825
2027	300,000	81,375	-	-	-	-	-	-	365,000	107,275	-	-	665,000	188,650
2028	310,000	73,875	-	-	-	-	-	-	345,000	96,325	-	-	655,000	170,200
2029	315,000	66,125	-	-	-	-	-	-	355,000	85,975	-	-	670,000	152,100
2030	325,000	58,250	-	-	-	-	-	-	360,000	75,325	-	-	685,000	133,575
2031	335,000	49,313	-	-	-	-	-	-	370,000	64,525	-	-	705,000	113,838
2032	340,000	40,100	-	-	-	-	-	-	380,000	53,055	-	-	720,000	93,155
2033	195,000	30,750	-	-	-	-	-	-	390,000	40,895	-	-	585,000	71,645
2034	200,000	24,900	-	-	-	-	-	-	400,000	28,025	-	-	600,000	52,925
2035	205,000	18,900	-	-	-	-	-	-	415,000	14,525	-	-	620,000	33,425
2036	210,000	12,750	-	-	-	-	-	-	-	-	-	-	210,000	12,750
2037	215,000	6,450	-	-	-	-	-	-	-	-	-	-	215,000	6,450
	$ 4,750,000	1,344,438	640,000	31,775	2,350,000	251,900	755,000	17,100	4,735,000	1,633,075	25,293	642	13,255,293	3,278,930

CITY OF LAWRENCEBURG, TENNESSEE

Schedule of Debt Service Requirements to Maturity

Business - Type Activities

Electric Power Fund

June 30, 2018

Fiscal Year	Series 2002 - Refunding Bonds		Series 2011 - Capital Outlay Note		Series 2015C Refunding Bonds		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ 785,000	376,750	50,000	2,365	-	91,540	835,000	470,655
2020	825,000	337,500	-	-	525,000	86,290	1,350,000	423,790
2021	865,000	296,250	-	-	530,000	75,740	1,395,000	371,990
2022	915,000	253,000	-	-	550,000	64,940	1,465,000	317,940
2023	960,000	207,250	-	-	560,000	53,840	1,520,000	261,090
2024	1,010,000	159,250	-	-	575,000	42,490	1,585,000	201,740
2025	1,060,000	108,750	-	-	580,000	30,940	1,640,000	139,690
2026	1,115,000	55,750	-	-	550,000	18,953	1,665,000	74,703
2026		-	-	-	555,000	6,383	555,000	6,383
	$ 7,535,000	1,794,500	50,000	2,365	4,425,000	471,116	12,010,000	2,267,981

CITY OF LAWRENCEBURG, TENNESSEE

Schedule of Debt Service Requirements to Maturity

Business - Type Activities

Water and Sewer Fund

June 30, 2018

Fiscal Year	Series 2017 General Obligation Bonds		State of Tennessee Revolving Loan		Series 2011 General Obligation Refunding Bonds		Series 2012 General Obligation Refunding Bonds		Series 2016 General Obligation Refunding Bonds		Series 2016B General Obligation Refunding Bonds		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	$ -	40,838	706,416	149,472	110,000	3,725	100,000	59,350	600,000	111,250	50,000	88,000	1,566,416	452,635
2020	-	40,838	723,852	132,036	50,000	1,250	100,000	57,350	625,000	81,250	50,000	87,000	1,548,852	399,724
2021	70,000	40,838	741,708	114,180			300,000	54,850	500,000	50,000	50,000	86,000	1,661,708	345,868
2022	75,000	38,738	760,008	95,880	-	-	310,000	47,350	500,000	40,000	50,000	85,000	1,695,008	306,968
2023	75,000	36,488	778,764	77,124	-	-	320,000	39,600	500,000	30,000	50,000	84,000	1,723,764	267,212
2024	80,000	34,238	797,976	57,912	-	-	325,000	30,000	500,000	20,000	50,000	83,000	1,752,976	225,150
2025	80,000	32,638	817,668	38,220	-	-	335,000	20,250	500,000	10,000	50,000	82,000	1,782,668	183,108
2026	80,000	31,038	837,852	18,048	-	-	340,000	10,200	-	-	50,000	81,000	1,307,852	140,286
2027	85,000	29,238	283,850	1,422	-	-	-	-	-	-	1,000,000	80,000	1,368,850	110,660
2028	85,000	27,113	-	-	-	-	-	-	-	-	1,000,000	60,000	1,085,000	87,113
2029	85,000	24,988	-	-	-	-	-	-	-	-	1,000,000	40,000	1,085,000	64,988
2030	90,000	22,863	-	-	-	-	-	-	-	-	1,000,000	20,000	1,090,000	42,863
2031	90,000	20,388	-	-	-	-	-	-	-	-	-	-	90,000	20,388
2032	95,000	17,913	-	-	-	-	-	-	-	-	-	-	95,000	17,913
2033	95,000	15,300	-	-	-	-	-	-	-	-	-	-	95,000	15,300
2034	100,000	12,450	-	-	-	-	-	-	-	-	-	-	100,000	12,450
2035	100,000	9,450	-	-	-	-	-	-	-	-	-	-	100,000	9,450
2036	105,000	6,450	-	-	-	-	-	-	-	-	-	-	105,000	6,450
2037	110,000	3,300	-	-	-	-	-	-	-	-	-	-	110,000	3,300
	$ 1,500,000	485,107	6,448,094	684,294	160,000	4,975	2,130,000	318,950	3,725,000	342,500	4,400,000	876,000	18,363,094	2,711,826

CITY OF LAWRENCEBURG, TENNESSEE

Schedule of Debt Service Requirements to Maturity

Business - Type Activities

Natural Gas Fund

June 30, 2018

Fiscal Year		Series 2011 General Obligation Refunding Bonds		Total Requirements	
		Principal	Interest	Principal	Interest
2019	$	20,000	450	20,000	450
	$	20,000	450	20,000	450

CITY OF LAWRENCEBURG, TENNESSE

SCHEDULE OF FEDERAL AND STATE ASSISTANCE

For the Year Ended June 30, 2018

CFDA Number	Grant Number	Program Name	Grantor Agency	Deferred (Receivable) Balance 6-30-17	Adjustments	Receipts	Disbursements	Deferred (Receivable) Balance 6-30-18
Federal Grants								
97.042	Contract # 34101-05317	EMPG Grant program	U.S. Department of Homeland Security	(46,350)	-	46,350	-	-
97.042	Contract # 34101-05718	EMPG Grant program	U.S. Department of Homeland Security	-	-	-	(46,350)	(46,350)
97.083	EMW-2016-FG-00123	SAFER Grant	U.S. Department of Homeland Security	-	-	24,626	(53,166)	(28,540)
97.083	EMW-2016-FO-00387	AFG Grant	U.S. Department of Homeland Security	-	-	38,096	(38,096)	-
14.239	HM-13-16	HOME Grant	U.S. Department of Housing and Urban Development	-	-	143,419	(143,419)	-
20.607	Z15GHS214	Highway Safety Grant	U.S. Department of Transportation*	(5,000)	-	5,000	-	-
	Total Federal Grants			$ (51,350)	-	257,491	(281,031)	(74,890)
State Grants:								
N/A	33007-22117	Tourism Enhancement Grant	Tennessee Department of Ecomomic and Community Development	$ (153)	-	41,893	(41,740)	-
N/A	43265-32701-02330	LPRF Grant	Tennessee Deparrtment of Environment and Conservation	-	-	88,602	(88,602)	-
	Total State Grants			$ (153)	-	130,495	(130,342)	-

Schedule prepared on the modified accrual basis of accounting.

* Passed through the Tennessee Department of Transportation.

** Passed through the Tennessee Emergency Management Agency.

CITY OF LAWRENCEBURG, TENNESSEE

Schedule of Property Tax Levies and Collections - Unaudited

Last Ten Fiscal Years

Fiscal Year	Total Tax Levy	Current Tax Collections	Percent Of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections To Levy	Outstanding Delinquent Taxes	Percent Of Delinquent Taxes To Lev
2009	$ 2,908,827	2,677,326	92.04%	108,650	2,785,976	95.78%	468,886	16.12%
2010	2,984,077	2,828,517	94.79%	405,353	3,233,870	108.37%	219,093	7.34%
2011	3,064,510	2,935,009	95.77%	153,560	3,088,569	100.79%	197,034	6.43%
2012	3,108,295	2,940,506	94.60%	131,704	3,072,210	98.84%	233,119	7.50%
2013	3,029,265	2,880,856	95.10%	152,983	3,033,839	100.15%	228,545	7.54%
2014	3,077,105	2,920,255	94.90%	131,279	3,051,534	99.17%	254,116	8.26%
2015	3,126,969	2,971,625	95.03%	141,845	3,113,470	99.57%	267,615	8.56%
2016	3,222,389	3,094,307	96.03%	123,327	3,217,634	99.85%	272,696	8.46%
2017	3,301,278	3,196,322	96.82%	125,423	3,321,745	100.62%	233,150	7.06%
2018	3,344,873	3,131,723	93.63%	106,891	3,238,614	96.82%	339,409	10.15%

CITY OF LAWRENCEBURG, TENNESSEE

Property Tax Rates and Assessments - Unaudited

Last Ten Fiscal Years

PROPERTY TAX ASSESSMENTS (000'S):*

Fiscal Year	Amount
2018	$ 231,758
2017	229,758
2016	226,383
2015	218,687
2014	216,178
2013	213,667
2012	218,700
2011	215,294
2010	210,554
2009	195,222

ASSESSMENT RATE:

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

TAX RATE*:

Tax Year	Amount
2017	$ 1.44
2016	1.44
2015	1.42
2014	1.42
2013	1.42
2012	1.42
2011	1.42
2010	1.49
2009	1.49
2008	1.54

* Per $100 of assessed value

CITY OF LAWRENCEBURG, TENNESSEE

Utility Statistical Data - Unaudited

June 30, 2018

Service	Number of Customers
Water	7,205
Sewer	5,062
Gas	6,141
Electricity	20,399

Water Rates

	Rate Per Gallon	
	Inside City*	Outside City*
All Residential:		
First 1,099 gallons or fraction thereof	$ 15.04	26.13
Excess over 1,100 gallons	0.53400	0.66300
Commercial:		
First 1,999 gallons or fraction thereof	$ 40.11	49.61
Excess over 2,000 gallons	0.60600	0.68400
Industrial:		
First 2,099 gallons or fraction thereof	$ 99.23	
Next 2,100 through 20,099 gallons	0.629	
Excess over 21,000 gallons	0.519	
Utility Districts		
Customer charge	$108.73 customer charge plus $.29574 per galllon.	

	Rate Per Gallon	
	Inside City*	Outside City*
Sewer Rates		
Residential:		
First 1,099 gallons or fraction thereof	$ $19.14	$52.83
Excess over 1,100 gallons	0.704	0.77500

(Continued on next page)

Sewer Rates (continued)	Rate Per 1,000 Gallon	
	Inside City*	Outside City*
Commerical:		
First 2,099 gallons or fraction thereof	$ 41.93	77.67
Excess over 2,100 gallons	0.85300	0.86700
* **Rates are in 100 gallon units.**		
Industrial		
First 2,099 gallons or fraction thereof	$ 41.93	
Next 2,100 through 20,099 gallons	0.86700	
Excess over 21,000 gallons	0.51900	
* **Rates are in 100 gallon units.**		

Natural Gas Rates	Rate Per MCF	
	Inside City*	Outside City*
RESIDENTIAL		
Customer Charge	$ 5.19	5.39
Rate per MCF	0.79600	0.816800
COMMERICIAL		
Customer Charge	$ 6.50	7.15
Rate per MCF	0.87088	0.898960
INDUSTRIAL		
Customer Charge		$ 6.50
Rate per MCF		0.870880

Electric Rates - Electric Power System	
Residential Rate Schedulle	
Customer charge-per delivery point per month	$ 19.00
Energy charge-cents per kWn	
First 8001 kWh per month	0.09495
Additional kWh	0.09495

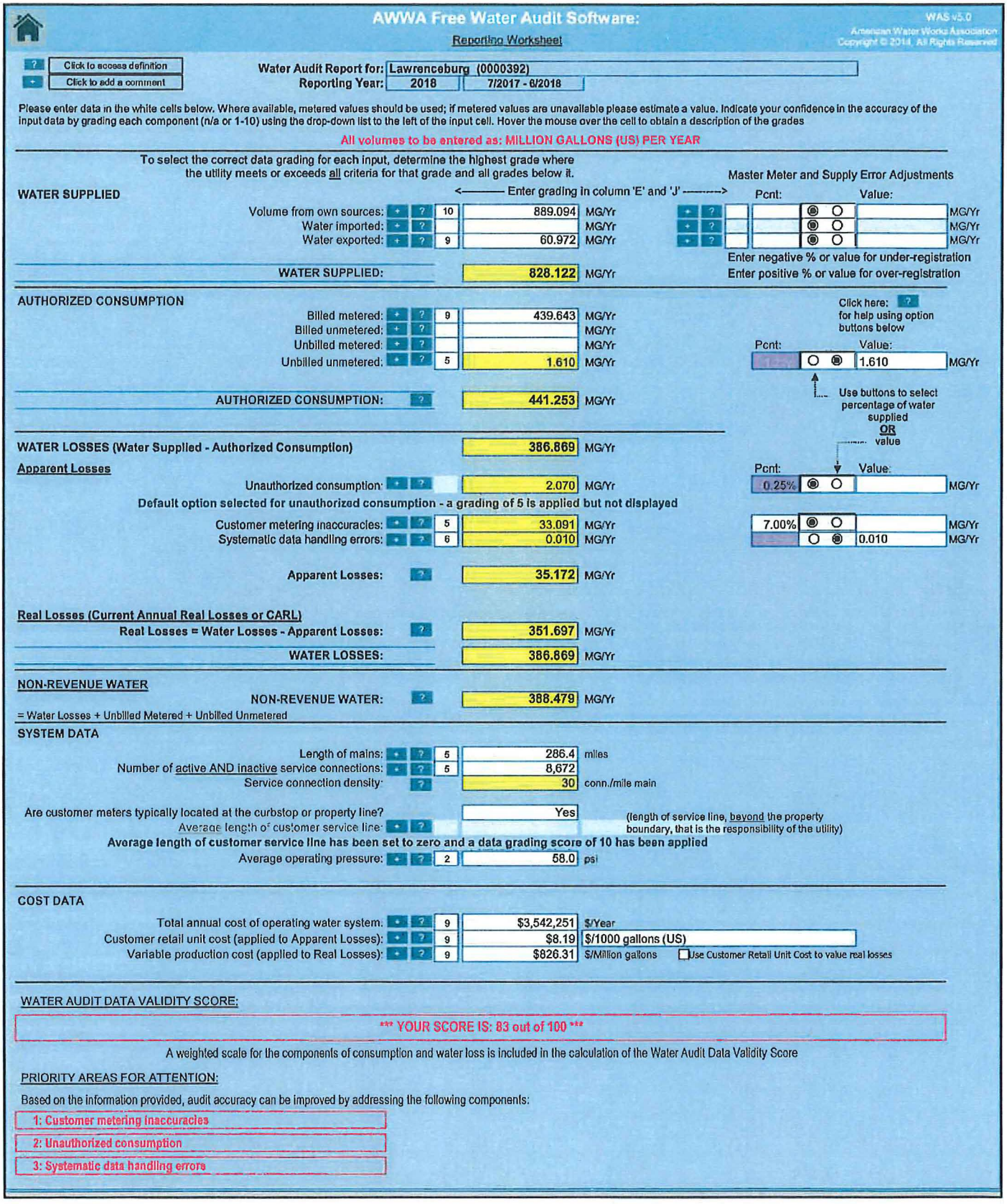
(Continued on next page)

Electric Rates - Electric Power System

Commercial Rate Schedulle

Schedule GSA1:		
Customer charge-per delivery point per month	$	35.00
Energy charge-cents per kWn		0.10464
Schedule GSA2		
Customer charge per delivery point per month	$	195.00
Demand:		
First 50kW		No charge
Additional kW	$	16.00
Energy:		
First 15,000 kWh		0.10357
Additional kWh		0.06306
Schedule GSA3		
Customer charge:per delivery point	$	500.00
Demand:		
First 1,000 kW	$	16.12
Additional kW up to 2,500 kW	$	18.13
Over 2,500 kW or contract	$	18.13
Energy:		
All kWh		0.06306
Schedule SGSB:		
Customer charge:per delivery point	$	1,500.00
Administrative charge	$	350.00
Demand:		
All kW		19.92
Energy:		
First 620 kWh		0.01754
Additional kWh		0.01754
Schedule SGSC		
Customer charge per delivery point	$	1,500.00
Administrative charge	$	350.00
Demand:		
All kW	$	19.41
Energy:		
First 620 kWh		0.01754
Additional kWh		0.01754
Schedule SGSD		
Customer charge per delivery point	$	1,500.00
Administrative charge	$	350.00
Demand:		
All kW	$	19.30
Energy:		
All kWh		0.01754
OUTDOOR LIGHTING (PER MONTH):		
Customer charge per delivery point	$	2.50
Energy charge - cents per KwH		0.0674
Facility charge (part B)		9% of installed Cost

AWWA REPORTING WORKSHEET (Unaudited)



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: 2018 7/2017 - 6/2018

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

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

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

Enter grading in column 'E' and 'J'

Master Meter and Supply Error Adjustments

WATER SUPPLIED

			Pcnt:	Value:	
Volume from own sources:	10	889.094 MG/Yr			MG/Yr
Water imported:		MG/Yr			MG/Yr
Water exported:	9	60.972 MG/Yr			MG/Yr

Enter negative % or value for under-registration

Enter positive % or value for over-registration

WATER SUPPLIED: 828.122 MG/Yr

AUTHORIZED CONSUMPTION

Click here: for help using option buttons below

			Pcnt:	Value:	
Billed metered:	9	439.643 MG/Yr			
Billed unmetered:		MG/Yr			
Unbilled metered:		MG/Yr			
Unbilled unmetered:	5	1.610 MG/Yr		1.610	MG/Yr

Use buttons to select percentage of water supplied OR value

AUTHORIZED CONSUMPTION: 441.253 MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption) 386.869 MG/Yr

Apparent Losses

			Pcnt:	Value:	
Unauthorized consumption:		2.070 MG/Yr	0.25%		MG/Yr

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

Customer metering inaccuracies:	5	33.091 MG/Yr	7.00%		MG/Yr
Systematic data handling errors:	6	0.010 MG/Yr		0.010	MG/Yr

Apparent Losses: 35.172 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 351.697 MG/Yr

WATER LOSSES: 386.869 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 388.479 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	5	286.4	miles
Number of active AND inactive service connections:	5	8,672	
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

Average operating pressure: 2 58.0 psi

COST DATA

Total annual cost of operating water system:	9	$3,542,251	$/Year
Customer retail unit cost (applied to Apparent Losses):	9	$8.19	$/1000 gallons (US)
Variable production cost (applied to Real Losses):	9	$826.31	$/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:

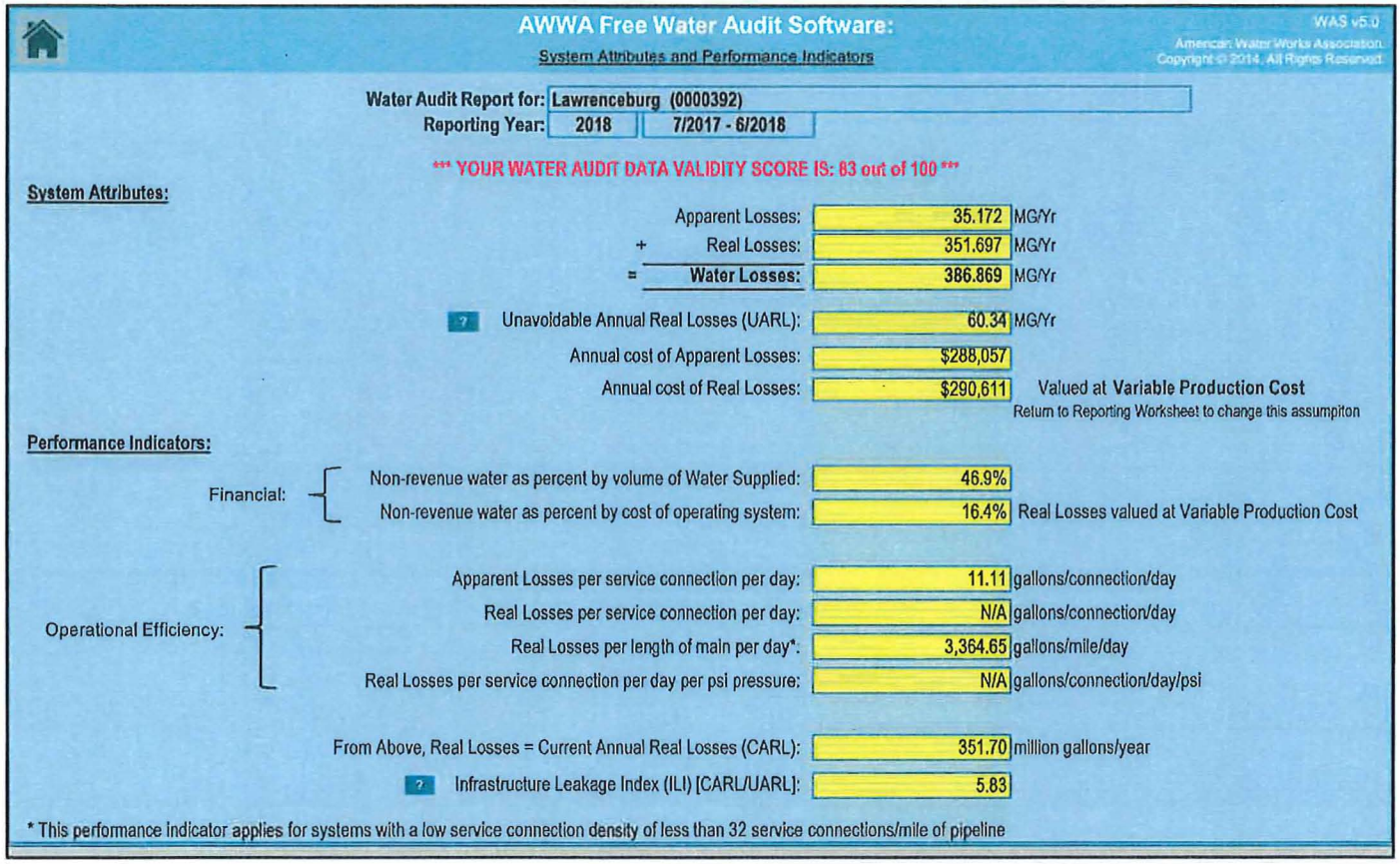
Based on the information provided, audit accuracy can be improved by addressing the following components:

1: Customer metering inaccuracies

2: Unauthorized consumption

3: Systematic data handling errors

AWWA REPORTING WORKSHEET (Unaudited)



AWWA Free Water Audit Software:

System Attributes and Performance Indicators

WAS v5.0

American Water Works Association.
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Water Audit Report for: Lawrenceburg (0000392)
Reporting Year: 2018 7/2017 - 6/2018

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

System Attributes:

	Apparent Losses:	35.172	MG/Yr
+	Real Losses:	351.697	MG/Yr
=	**Water Losses:**	386.869	MG/Yr
?	Unavoidable Annual Real Losses (UARL):	60.34	MG/Yr
	Annual cost of Apparent Losses:	$288,057	
	Annual cost of Real Losses:	$290,611	Valued at **Variable Production Cost**

Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial:	Non-revenue water as percent by volume of Water Supplied:	46.9%	
	Non-revenue water as percent by cost of operating system:	16.4%	Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	11.11	gallons/connection/day
	Real Losses per service connection per day:	N/A	gallons/connection/day
	Real Losses per length of main per day*:	3,364.65	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):	351.70	million gallons/year
?	Infrastructure Leakage Index (ILI) [CARL/UARL]:	5.83	

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

OTHER REPORT SECTION

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Lawrenceburg, Tennessee, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated September 27, 2018. We did not audit the financial statements of the discretely presented component unit, and accordingly, express no opinion thereon. Other auditors audited the financial statements of the Business-Type Activities (Enterprise Funds) as described in our report on the City of Lawrenceburg's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered, the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency. (2018-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

City of Lawrenceburg, Tennessee's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

September 27, 2018

City of Lawrenceburg, Tennessee

Schedule of Findings and Recommendations

June 30, 2018

Finding 2018-001 Landfill Charges and Billing

Condition
Presently personnel at the landfill were responsible for both billing and collection of demolition fees. We recommended these responsibilities be segregated. Subsequently, the actual collection of billings has given to City administration employees at City Hall, however, revenue for landfill charges continue to be recognized on the cash basis.

Criteria
As a result of the above condition, general ledger control over charges is not established at the point of billing as required by generally accepted accounting principles.

Potential Effects
The above situation does not optimize internal control over the monthly billing of demolition charges.

CITY OF LAWRENCEBURG, TENNESSEE

Schedule of Disposition of Prior Year Findings and Questioned Costs

For the Fiscal Year Ended June 30, 2018

Financial Statement Findings

Finding Number	Finding Title	Finding Status
2017-001	Financial Reporting Original Finding #2005-1	Partially Corrected

Schedule of Federal and State Assistance.

There were no prior year findings in the Schedule of Federal and State Assistance.

CITY OF LAWRENCEBURG, TENNESSEE

Corrective Action Plan

June 30, 2018

Finding 2018-001 - Corrective Action

Response - All billed services for city provided services originating from services offered by the sanitation department will be provided by the sanitation department. All invoices shall have that payment is to be remitted to 25 Public Square (Lawrenceburg Administrative Offices). No payments for billed services shall be accepted at the sanitation department for such services. Employees will be directed to send any person attempting to make payments to the administrative offices. Employees from the sanitation department receive mail at the administrative offices, and shall open mail prior to leaving the building to assure that they have not been provided with any payments. If a payment has been received they will immediately contact our administrative personnel responsible for accounts receivable. A memo to this effect will be immediately prepared by the City Administrator and the Director of Sanitation will explain the process to his staff. Sanitation employees will also provide a listing of each months billing at the end of the month to the administrative staff at city hall. This billing amount would then be reduced by collections processed by admin the following month, thus providing a "control" total for collected billings that would be compared by admin with the next months billing submitted by Sanitation.

APPENDIX D-2

FINANCIAL STATEMENTS

LAWRENCEBURG UTILITY SYSTEMS OF THE CITY OF LAWRENCEBURG, TENNESSEE

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

JUNE 30, 2018 AND 2017

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
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INTRODUCTORY SECTION

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
DIRECTORY
June 30, 2018

GOVERNING BOARD

Bobby Jones - Chairman
Shane Hughes – Vice Chairman
Robin Williams – Commissioner
Jerry Jones
Cathy Mashburn

MANAGEMENT TEAM

Vic Pusser, General Manager
John Cain, Financial Controller

COUNSEL

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
P 731.427.8571 F 731.424.5701
www.atacpa.net

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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017, 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.

As discussed in note 4I to the financial statements, the 2017 financial statements have been restated. 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, 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 10, 2017, 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.

Jackson, Tennessee
November 10, 2018

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, 2018 and 2017. 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)	2018	2017
Assets		
Utility Plant	$ 52,625	$ 51,319
Current Assets	15,014	15,995
Restricted Assets	2,195	1,064
Other Assets	641	1,022
Total Assets	$ 70,475	$ 69,400
Deferred Outflows of Resources		
Deferred Outflows	2,558	1,546
Total Deferred Outflows of Resources	$ 2,558	$ 1,546
Total Assets and Deferred Outflows of Resources	$ 73,033	$ 70,946
Liabilities		
Current Liabilities	$ 20,899	$ 20,146
Current Liabilities payable from Restricted Assets	875	724
Long-Term Debt	12,022	13,324
Net Pension Liabilities	1,546	1,934
Other Liabilities	253	339
Total Liabilities	$ 35,595	$ 36,467
Deferred Inflows of Resources and Net Position		
Deferred Inflows	1,130	47
Net Position	36,308	34,432
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 73,033	$ 70,946

Utility plant increased 3% with the system beginning phase one of the (AMI) advanced metering infrastructure project.

Current assets decreased 6% or $981 thousand in 2018. The systems cash and cash equivalents decreased $1.4 million with the purchase of a $1 million two-year certificate of deposit and investment in phase one of the AMI project.

Restricted assets increased 106% or $1.1 million with the purchase of a $1 million two-year certificate of deposit.

Deferred outflows of resources increased 65% or $1 million in 2018. The systems accounting for deferred inflows and outflows related to pensions increased under GASB statement No. 68 by $95

thousand. GASB statement No. 75 (OPEB) other post-employment benefits increased deferred outflows of resources by the amount of $917 thousand.

Current liabilities increased 4% or $753 thousand with accounts payable increasing $864 thousand. Accounts payable related to the purchase of electricity from The Tennessee Valley Authority increased $500 thousand.

Long term debt decreased 10% or $1.3 million from the retirement of bonds in 2018.

Net pension liabilities decreased $388 thousand in 2018 with the system accounting for pensions under GASB statement No. 68.

Deferred inflows of resources increased $1.1 million. Deferred inflows pension increased $398 thousand in 2018 with the system accounting for pensions under GASB statement No. 68. Deferred inflows (OPEB) other post-employment benefits increased $685 thousand with accounting for GASB statement No. 75.

Net position increased in 2018 by 5% or $1.9 million with an increase in the operating income of the system.

Electric System: Statements of Revenues, Expenses, and Changes in Net Position (in thousands)	2018	2017
Revenues		
Operating Revenues	$ 53,032	$ 51,735
Non-Operating Revenues	48	15
Total Revenues	53,080	51,750
Expenses		
Operating Expenses	49,129	47,337
Interest Expense	802	950
Total Expenses	49,931	48,287
Income Before Transfers and Contributions	3,149	3,463
Transfers	(1,196)	(1,196)
Capital Contributions - Utility Plant	(78)	(107)
Change in Net Position	$ 1,875	$ 2,160

Operating revenues increased 3% or $1.3 million in 2018 primarily from weather related increases in sales for residential customers and an increase in commercial and industrial sales.

Operating expenses increased 4% or $1.8 million in 2018 with an increase of $1.2 million in purchased power expenses.

Change in net position decreased 13% or $285 thousand in 2018. Operations and maintenance expenses increased in 2018 by $542 thousand. The system had a net increase of $176 thousand in

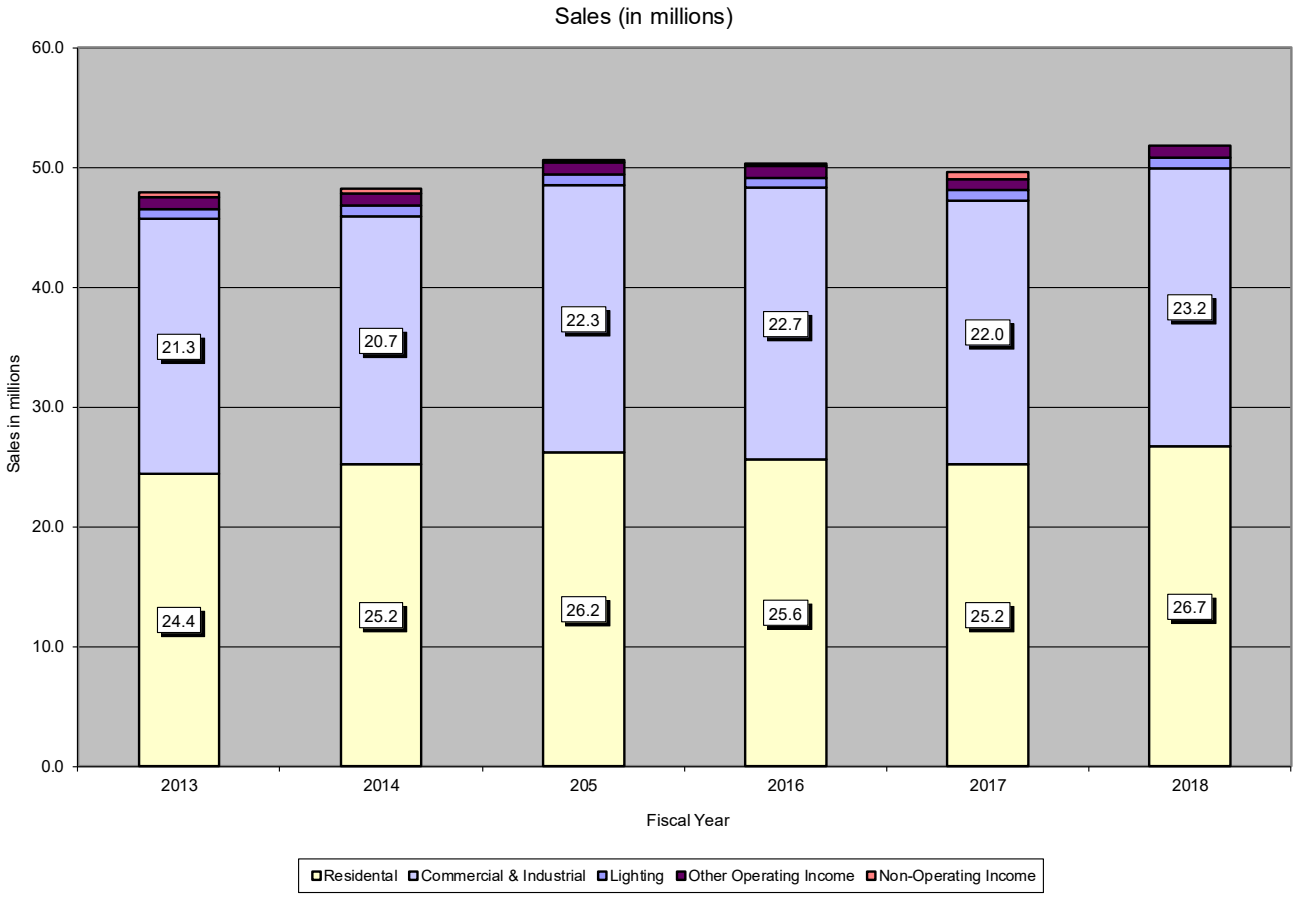
uncollectible accounts expense with the write off of an industrial account in the amount of $222 thousand.

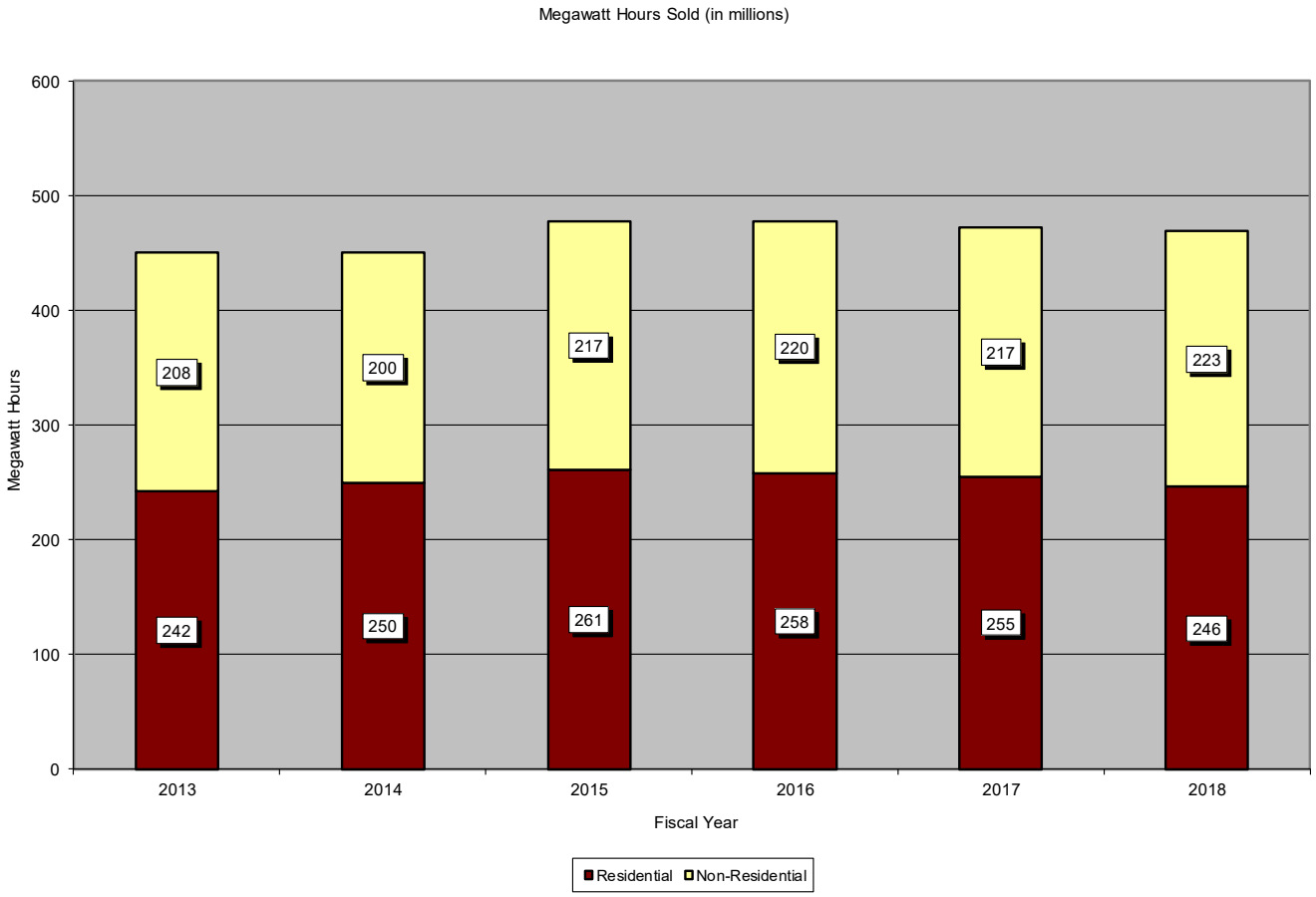
Electric System: Statements of Cash Flows (in thousands)		
	2018	2017
Cash Flows from Operating Activities	$ 6,521	$ 6,128
Cash Flows from Non-Capital Financing Activities	(1,281)	(1,345)
Cash Flows from Capital and Related Financing Activities	(5,668)	(4,094)
Cash Flows from Investing Activities	128	168
Increase (Decrease) in Cash and Cash Equivalents	(300)	857
Cash and Cash Equivalents - Beginning of Year	12,680	11,823
Cash and Cash Equivalents - End of Year	$ 12,379	$ 12,680

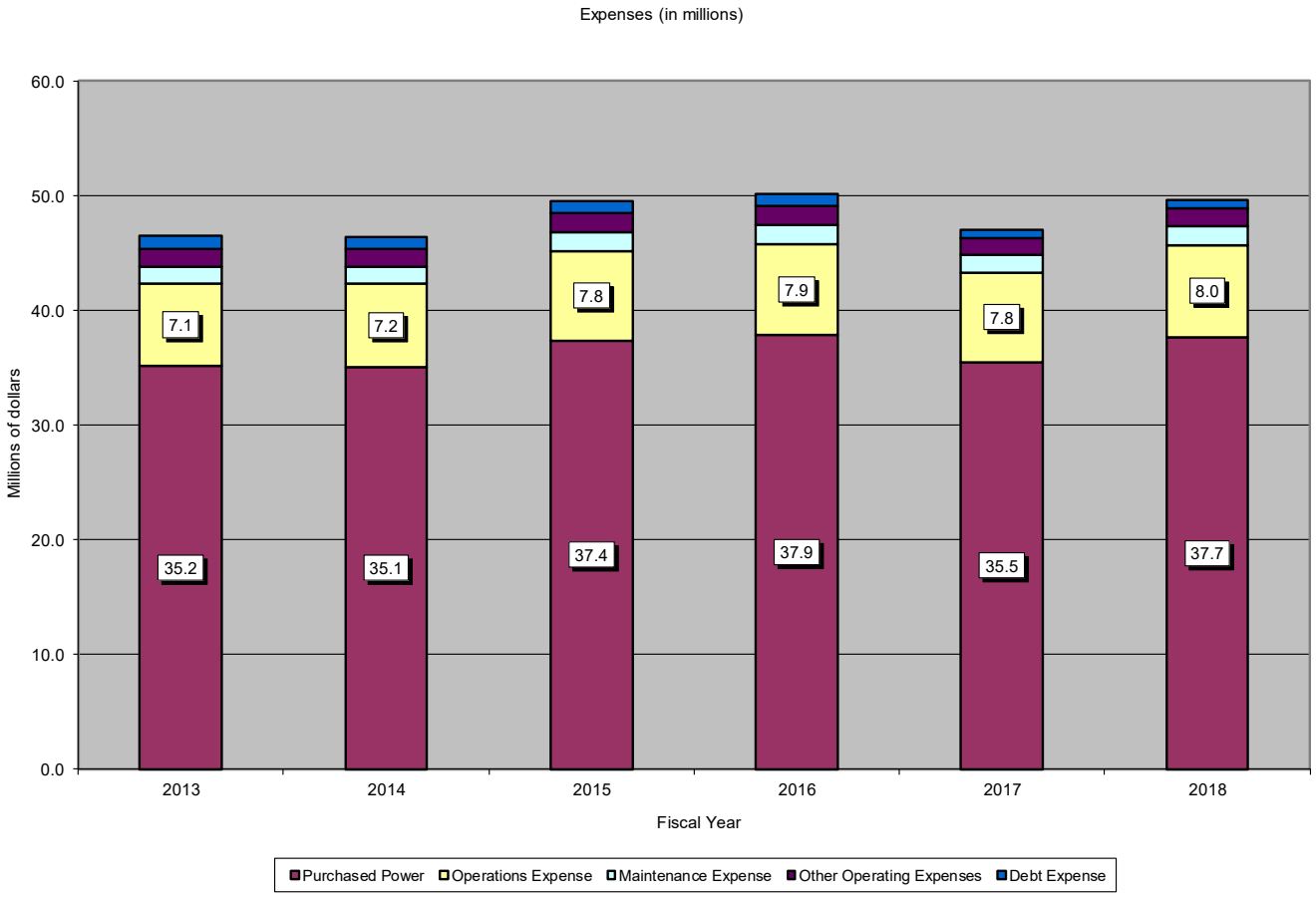
Cash flows from operating activities increased 8% or $500 thousand in 2018. Net cash received from consumers and paid to suppliers in 2018 was $723 thousand.

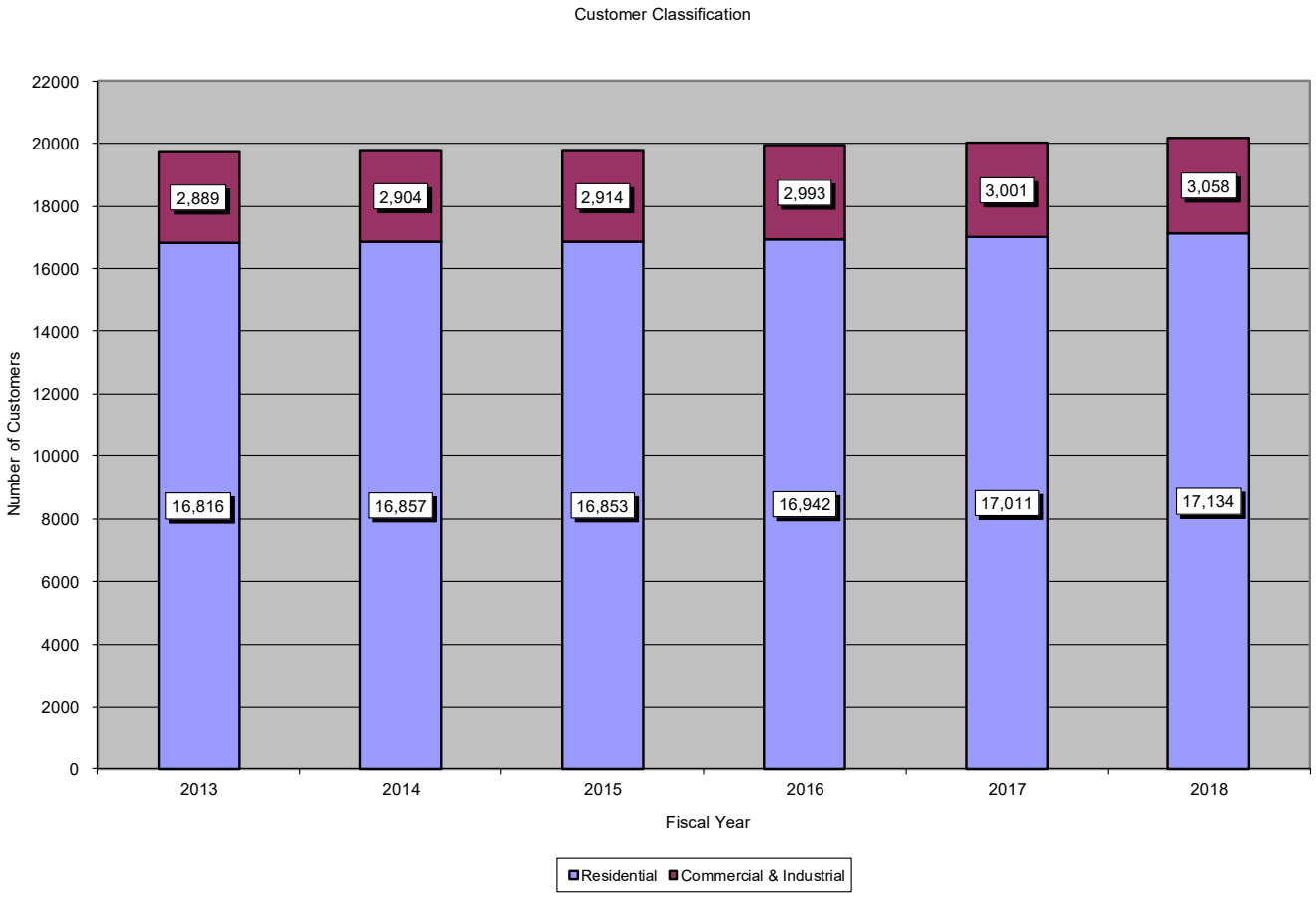
Cash flows from capital and related financing activities decreased 39% or $1.6 million in 2018 primarily from the (AMI) advanced metering infrastructure project.

Financial Highlights: Electric System




Megawatt Hours Sold (in millions)
600
500
400
300
200
100
0
Megawatt Hours
208
200
217
220
217
223
242
250
261
258
255
246
2013
2014
2015
2016
2017
2018
Fiscal Year
Residential
Non-Residential


Expenses (in millions)
60.0
50.0
40.0
30.0
20.0
10.0
0.0
Millions of dollars
7.1
7.2
7.8
7.9
7.8
8.0
35.2
35.1
37.4
37.9
35.5
37.7
2013
2014
2015
2016
2017
2018
Fiscal Year
Purchased Power
Operations Expense
Maintenance Expense
Other Operating Expenses
Debt Expense



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)	2018	2017
Assets		
Utility Plant	$ 9,932	$ 9,619
Current Assets	2,455	1,966
Restricted Assets	198	193
Other Assets	1	48
Total Assets	$ 12,586	$ 11,826
Deferred Outflows of Resources		
Deferred Outflows	555	165
Total Assets and Deferred Outflows of Resources	$ 13,141	$ 11,991
Liabilities		
Current Liabilities	$ 2,478	$ 2,498
Current Liabilities payable from Restricted Assets	218	218
Long-Term Debt	1	21
Net Pension Liabilities	468	301
Total Liabilities	$ 3,165	$ 3,038
Deferred Inflows of Resources and Net Position		
Deferred Inflows	220	63
Net Position	9,756	8,890
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 13,141	$ 11,991

Utility plant increased 3.3% or $313 thousand in 2018 with the system continuing with a steel main replacement program and purchase of machinery and equipment.

Current assets increased 24.9% or $489 thousand in 2018. The systems cash and cash equivalents increased $633 thousand with an increase in sales to residential, commercial and industrial customers.

Deferred outflows of resources increased $390 thousand in 2018. The systems accounting for pensions increased under GASB statement No. 68 by $207 thousand. GASB statement No. 75 (OPEB) other post-employment benefits increased deferred outflows of resources by the amount of $183 thousand.

Long term debt decreased $20 thousand from the retirement of bonds in 2018.

Net pension liabilities increased $167 thousand in 2018 with the system accounting for pensions under GASB statement No. 68.

Deferred inflows of resources increased $157 thousand. Deferred inflows pension increased $20 thousand in 2018 with the system accounting for pensions under GASB statement No. 68. Deferred inflows (OPEB) other post-employment benefits increased $137 thousand with the accounting for GASB statement No. 75.

Net position increased 9.7% or $866 thousand in 2018 with an increase in the operating income of the system.

Gas System: Statements of Revenues, Expenses, and Changes in Net Position (in thousands)	2018	2017
Revenues		
Operating Revenues	$ 5,839	$ 4,907
Non-Operating Revenues	2	2
Total Revenues	5,841	4,909
Expenses		
Operating Expenses	4,824	3,699
Interest Expense	3	3
Total Expenses	4,827	3,702
Income Before Transfers and Contributions	1,014	1,207
Contributions	-	-
Transfers	(147)	(132)
Change in Net Position	$ 867	$ 1,075

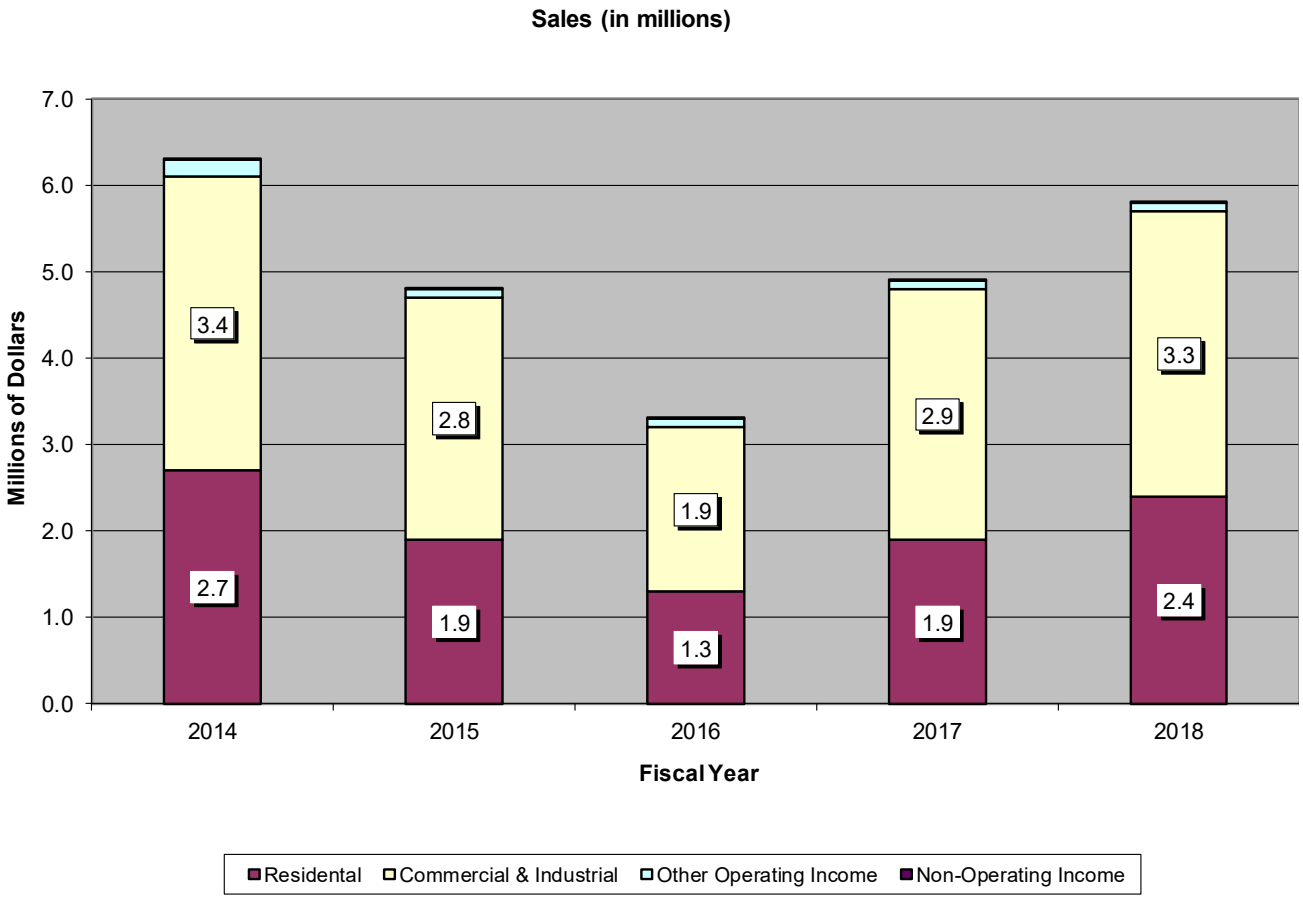
Operating revenues increased 19% or $932 thousand in 2018. Natural gas sales revenue increased $938 thousand with gas consumption increasing 26%. Sales less purchases of natural gas increased $506 thousand in 2018.

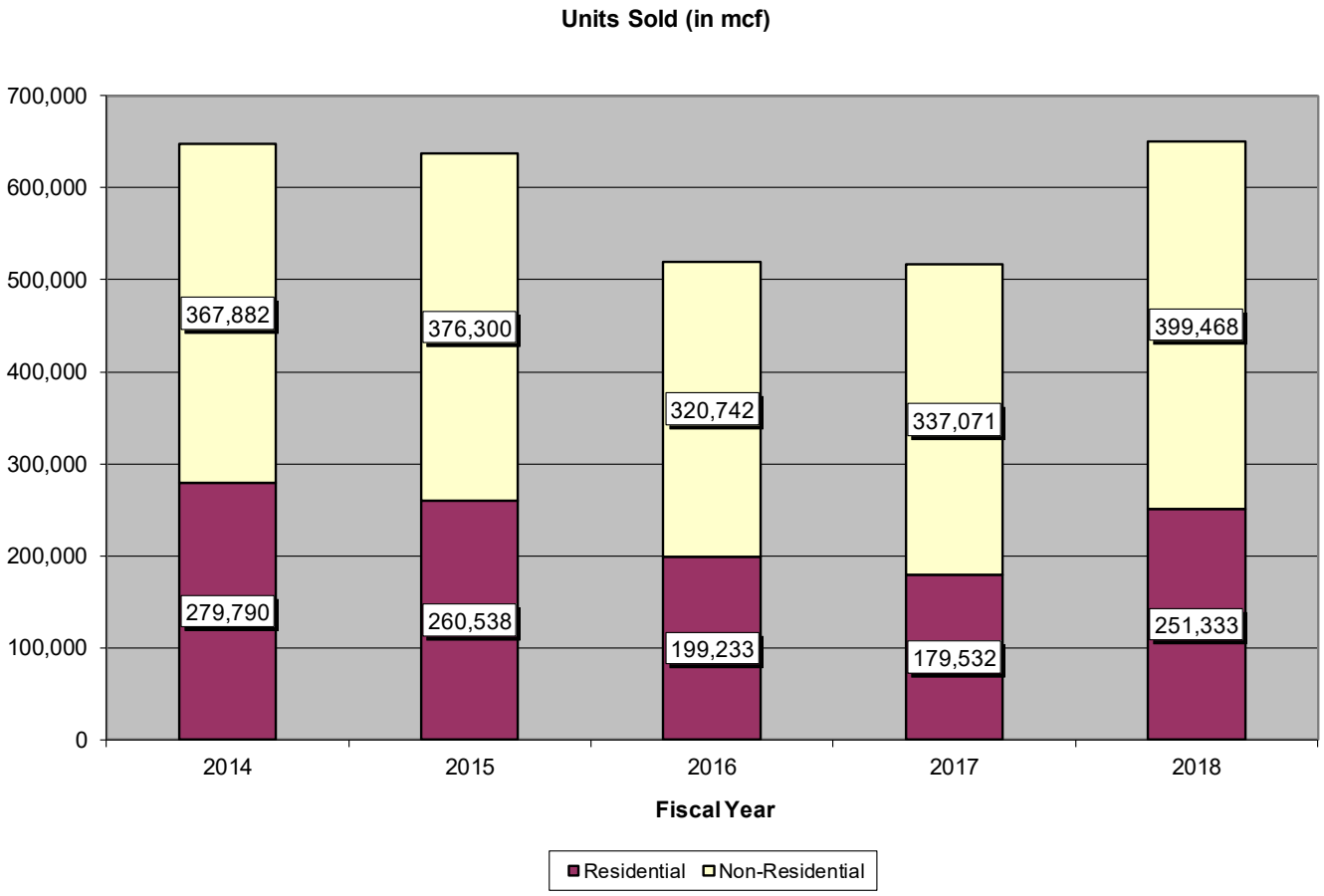
Operating expenses increased 30% or $1.1 million in 2018, with the cost of natural gas increasing $432 thousand from an increase in sales. Loss on disposition of property increased in 2018 by $508 thousand with the system continuing with a steel main replacement program.

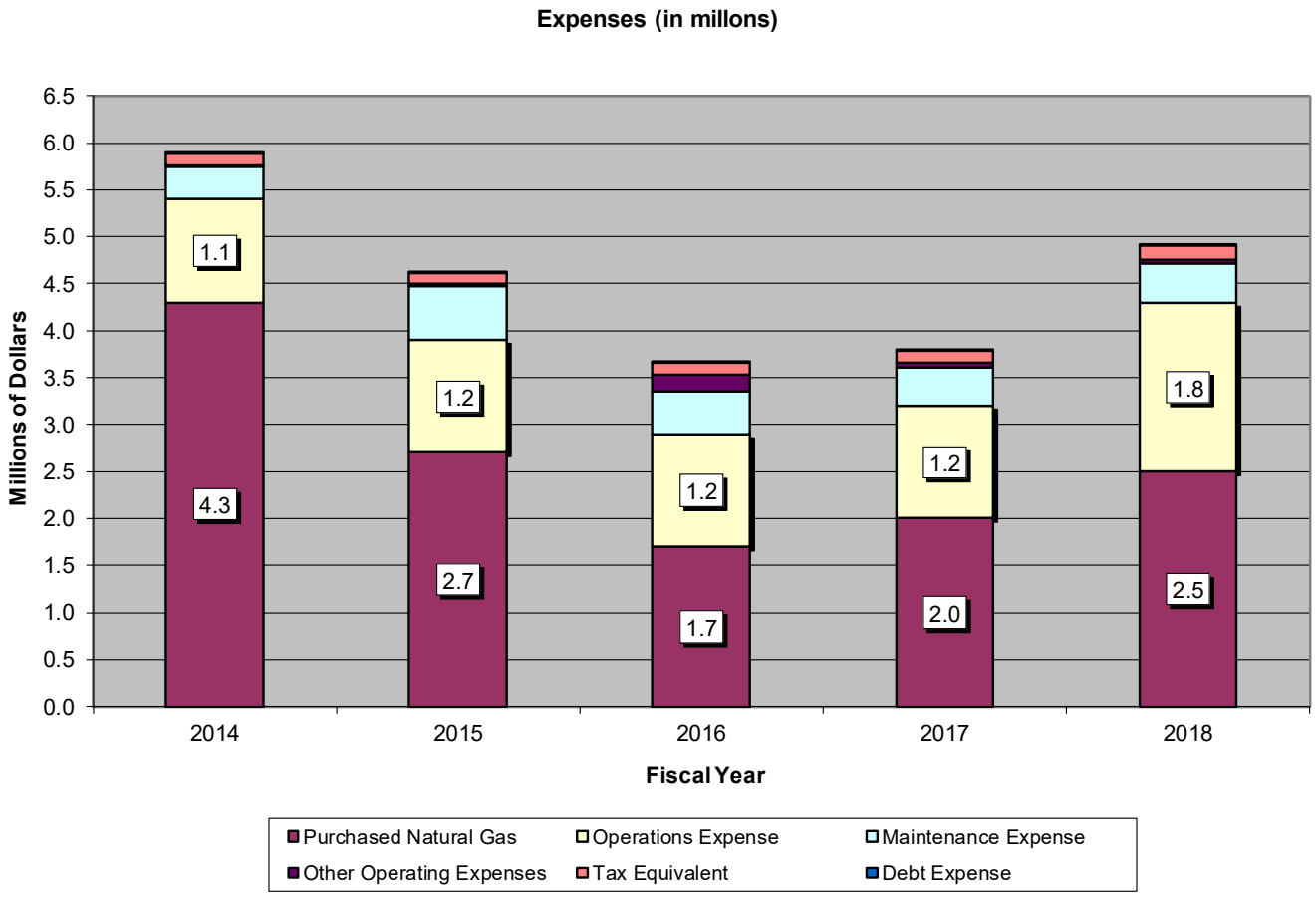
Gas System: Statements of Cash Flows (in thousands)	2018	2017
Cash Flows from Operating Activities	$ 2,053	$ 1,395
Cash Flows from Non-Capital Financing Activities	(148)	(132)
Cash Flows from Capital and Related Financing Activities	(1,270)	(1,279)
Cash Flows from Investing Activities	2	2
Increase (Decrease) in Cash and Cash Equivalents	638	(14)
Cash and Cash Equivalents - Beginning of Year	1,652	1,666
Cash and Cash Equivalents - End of Year	$ 2,290	$ 1,652

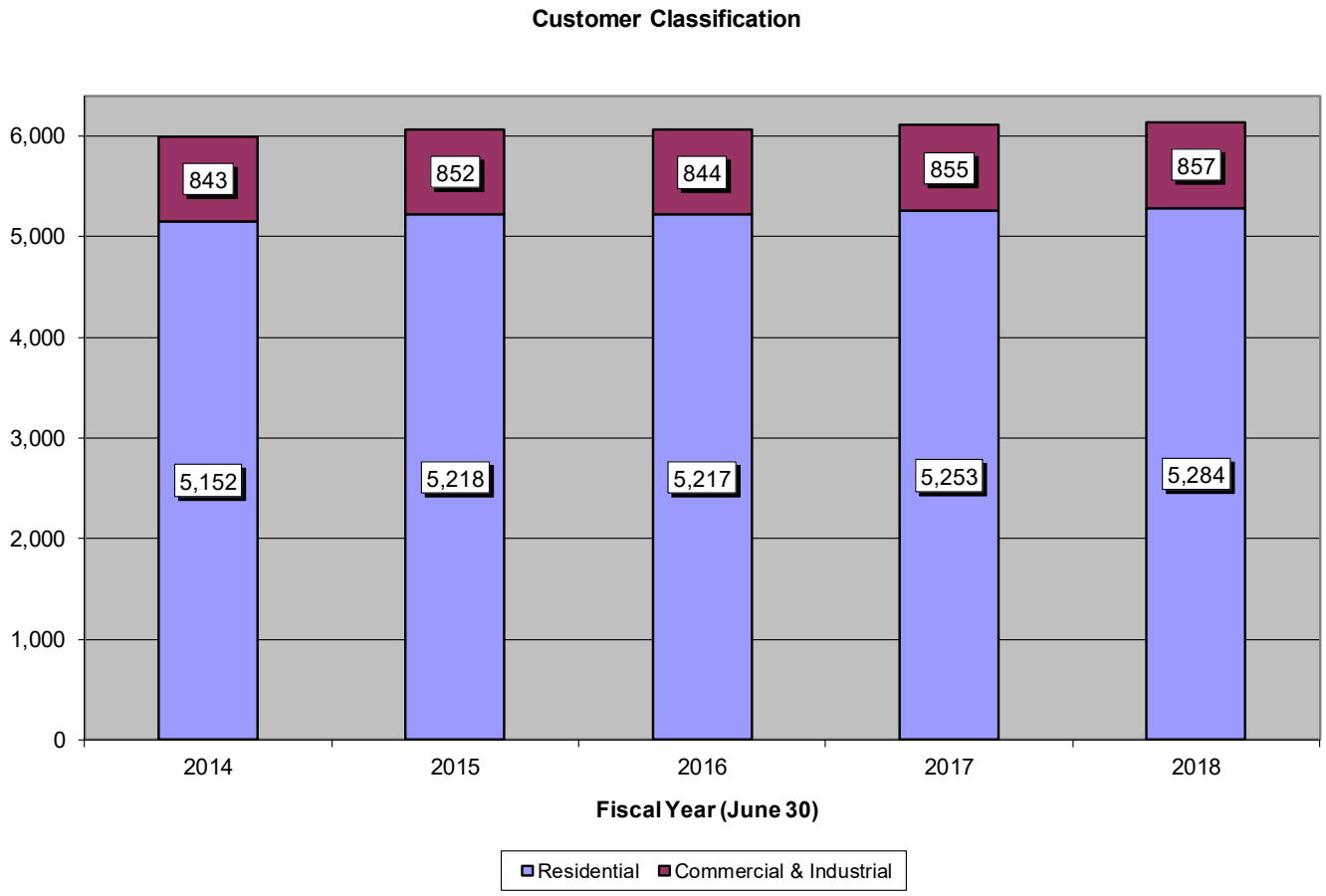
The condensed statement of cash flows reveals that operating activities increased cash by 44% or $611 thousand with an increase in retail sales in 2018. Retail sales revenue increased 19% with a 26% increase in consumption.

Financial Highlights: Gas System




Units Sold (in mcf)
700,000
600,000
500,000
400,000
300,000
200,000
100,000
0
367,882
376,300
320,742
337,071
399,468
279,790
260,538
199,233
179,532
251,333
2014
2015
2016
2017
2018
Fiscal Year
Residential
Non-Residential


Expenses (in millons)
Millions of Dollars
6.5
6.0
5.5
5.0
4.5
4.0
3.5
3.0
2.5
2.0
1.5
1.0
0.5
0.0
1.1
4.3
1.2
2.7
1.2
1.7
1.2
2.0
1.8
2.5
2014
2015
2016
2017
2018
Fiscal Year
Purchased Natural Gas
Operations Expense
Maintenance Expense
Other Operating Expenses
Tax Equivalent
Debt Expense



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.

Financial Analysis: Water and Sewer Systems

Water and Sewer Systems: Statements of Net Position (in thousands)		
	2018	2017
Assets and Deferred Outflows of Resources		
Current Assets	$ 2,356	$ 1,565
Restricted Assets	2,140	639
Utility Plant	39,031	40,015
Other Assets	230	221
Total Assets	$ 43,757	$ 42,440
Total Deferred Outflows of Resources	$ 957	$ 893
Total Assets and Deferred Outflows of Resources	$ 44,714	$ 43,333
Liabilities, Deferred Inflows of Resources, and Net Position		
Current Liabilities	$ 6,078	$ 5,925
Long-Term Debt	17,166	17,253
Net Pension Liabilities	125	530
Total Deferred Inflows of Resources	361	-
Net Position	20,984	22,511
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ 44,714	$ 43,333

Current assets increased in 2018 by 51% or $791 thousand. Cash and cash equivalents increased $796 thousand. The system increased sewer rates 4.5% beginning with the August 2017 billing period. Cash outlays for construction and acquisition of plant decreased by $500 thousand in 2018 compared to 2017.

Restricted assets increased $1.5 million. The system issued $1.5 million in bonds November 2017 for the purpose of providing water and sewer service for a new college project along with other system improvements including automated meter reading equipment.

Utility plant decreased in 2018 by 2% or $984 thousand, with a flat growth in the customer base creating less new construction in capital assets.

Net pension liabilities decreased 76% or $405 thousand in 2018, with the system accounting for pensions under GASB statement No. 68, the requirement for financial reporting for governments that provide their employees with pensions.

Total deferred inflows of resources increased $361 thousand. Deferred inflows related to pension increased $129 thousand in 2018 with the system accounting for pensions under GASB statement No. 68. Deferred inflows related to (OPEB) other post-retirement benefits increased $232 thousand with the accounting for GASB statement No. 75.

Water and Sewer System: Statements of Revenues, Expenses, and Changes in Net Position (in thousands)	2018	2017
Revenues		
Operating Revenues	$ 7,655	$ 7,645
Non-Operating Revenues	2	2
Total Revenues	$ 7,657	$ 7,647
Expenses		
Operating Expenses	5,538	5,139
Interest Expense	505	532
Total Expenses	$ 6,043	$ 5,671
Income Before Transfers, Grants, and Contributions	1,614	1,976
Grant Revenue	27	-
Developer Contributions	-	-
Transfers	(283)	(285)
Change in Net Position	$ 1,358	$ 1,691

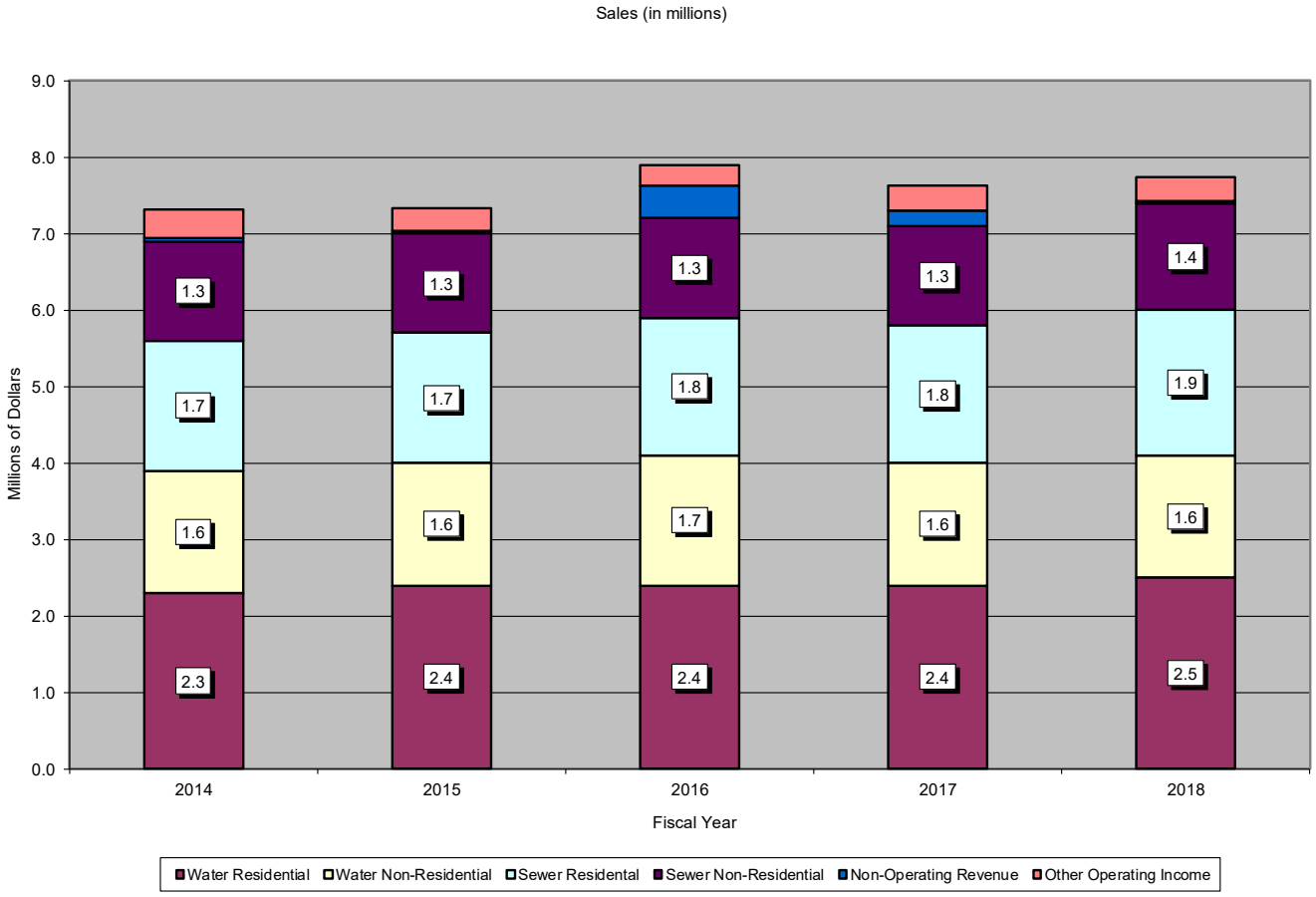
Operating expenses increased 8% or $399 thousand in 2018. Water plant operating expenses increased $139 thousand with expenses associated with a study and repair and replacement of turbidimeters and the raw water pump. Accounting for GASB statement No. 75 accounting and financial reporting for postemployment benefits other than pensions increased operating expenses $321 thousand.

Water and Sewer System: Statements of Cash Flows (in thousands)	2018	2017
Cash Flows from Operating Activities	$ 3,427	$ 3,116
Cash Flows from Non-Capital Financing Activities	(283)	(285)
Cash Flows from Capital and Related Financing Activities	(848)	(2,857)
Cash Flows from Investing Activities	2	2
Increase (Decrease) in Cash and Cash Equivalents	**2,297**	**(24)**
Cash and Cash Equivalents - Beginning of Year	1,240	1,264
Cash and Cash Equivalents - End of Year	$ 3,538	$ 1,240

Cash flows from operating activities increased 8% or $264 thousand in 2018. Cash received from consumers increased $47 thousand in 2018 with the sewer rate adjustment. Cash paid to suppliers of goods and services and employees for services decreased $236 thousand in 2018.

Net cash outflows from capital and related financing activities decreased 71% or $2 million in 2018. In 2018 the system received proceeds from the issuance of debt in the amount of $1.5 million. The debt issue is to provide water and sewer service for a new college project along with renovation and replacement of water and sewer lines, and other improvements including automated meter reading equipment. Cash outflows from construction and acquisition of plant decreased by $500 thousand with a flat growth in the customer base creating less new construction in capital assets.

Financial Highlights: Water and Sewer System



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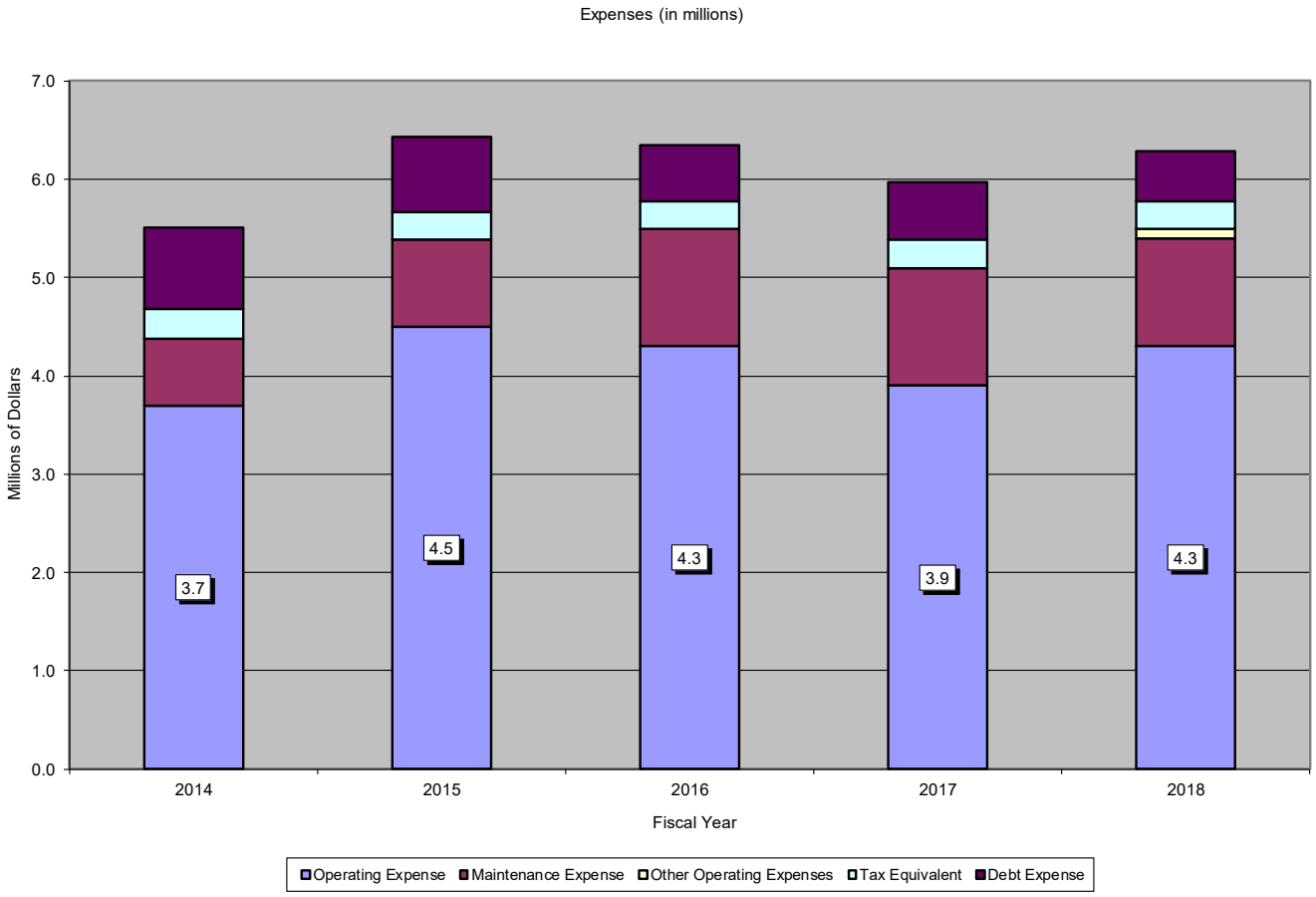
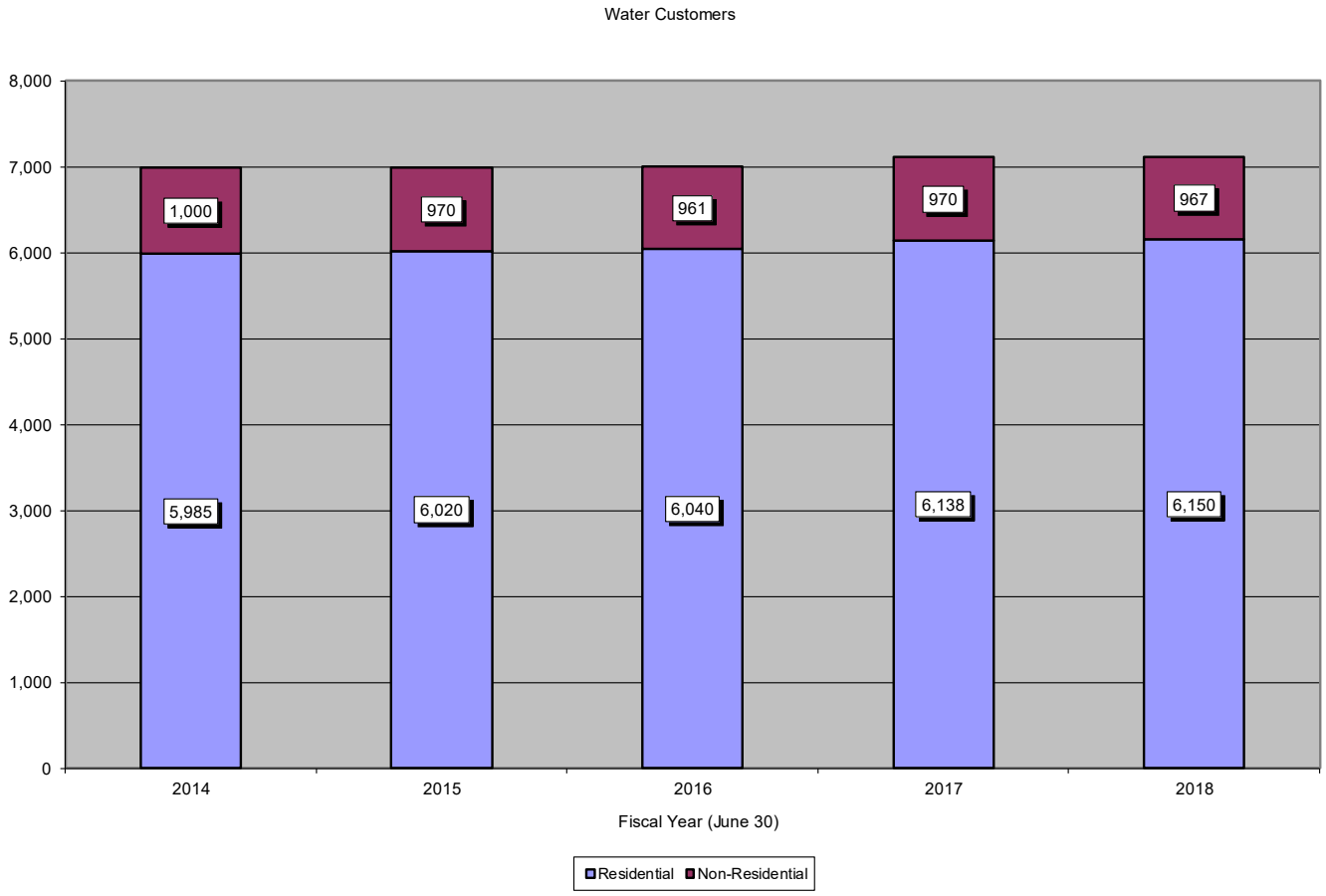
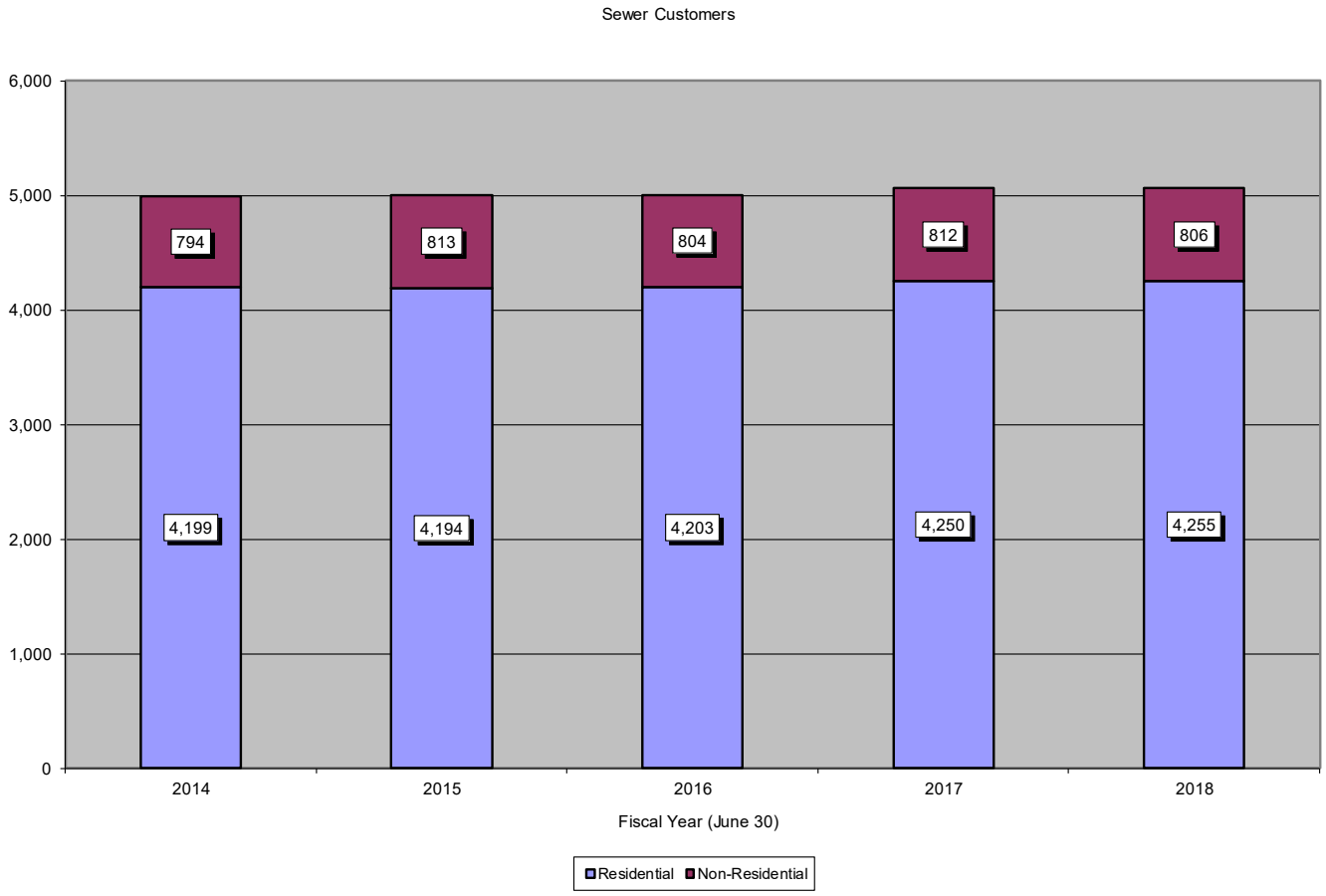
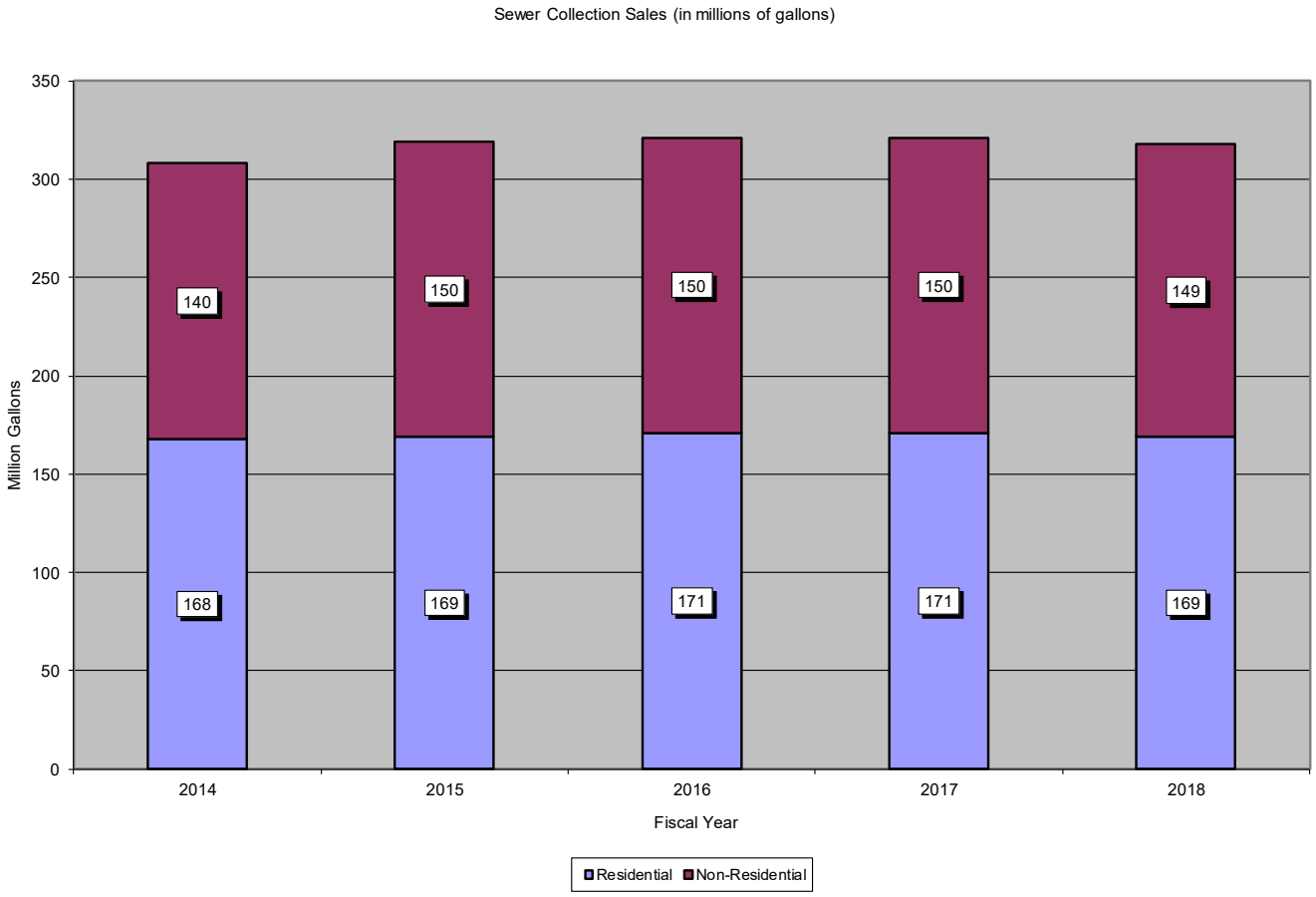
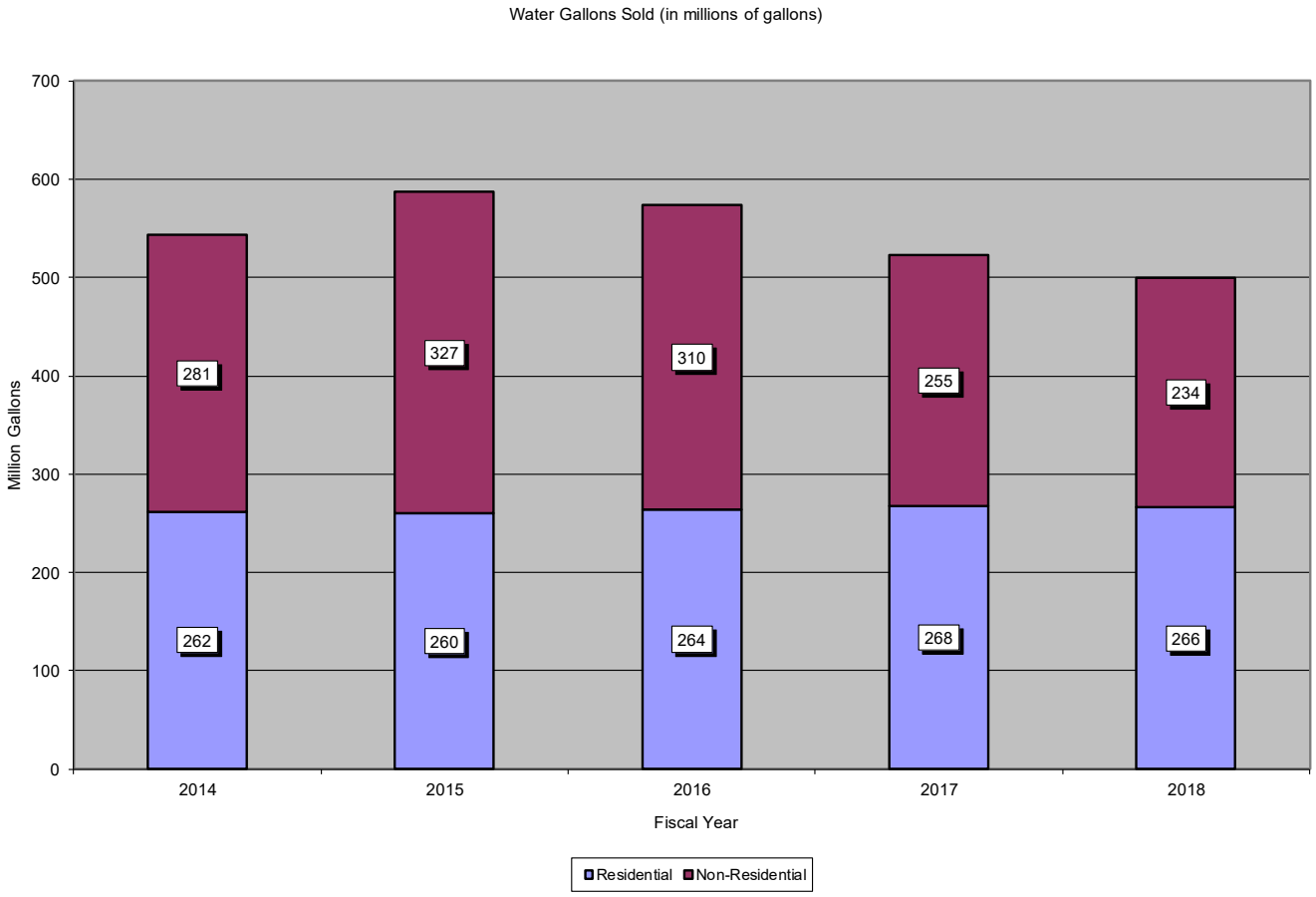

Expenses (in millions)
7.0
6.0
5.0
4.0
3.0
2.0
1.0
0.0
Millions of Dollars
3.7
4.5
4.3
3.9
4.3
2014
2015
2016
2017
2018
Fiscal Year
Operating Expense
Maintenance Expense
Other Operating Expenses
Tax Equivalent
Debt Expense


Water Customers
8,000
7,000
6,000
5,000
4,000
3,000
2,000
1,000
0
1,000
970
961
970
967
5,985
6,020
6,040
6,138
6,150
2014
2015
2016
2017
2018
Fiscal Year (June 30)
Residential
Non-Residential


Sewer Customers
6,000
5,000
4,000
3,000
2,000
1,000
0
794
813
804
812
806
4,199
4,194
4,203
4,250
4,255
2014
2015
2016
2017
2018
Fiscal Year (June 30)
Residential
Non-Residential


Sewer Collection Sales (in millions of gallons)
350
300
250
200
150
100
50
0
Million Gallons
140
150
150
150
149
168
169
171
171
169
2014
2015
2016
2017
2018
Fiscal Year
Residential
Non-Residential


Water Gallons Sold (in millions of gallons)
Million Gallons
700
600
500
400
300
200
100
0
281
327
310
255
234
262
260
264
268
266
2014
2015
2016
2017
2018
Fiscal Year
Residential
Non-Residential

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, 2018 and 2017

	Electric Fund		Water and Sewer Fund		Gas Fund		Totals	
Assets	2018	2017	2018	2017	2018	2017	2018	2017
Current assets:								
Cash on hand	$ 3,750	$ 3,750	$ -	$ -	$ -	$ -	$ 3,750	$ 3,750
Cash and cash equivalents - genera	10,180,110	11,612,110	1,397,819	601,675	2,092,136	1,459,345	13,670,065	13,673,130
Accounts receivable - trade (net of allowance for uncollectibles)	3,911,190	3,527,930	635,724	613,784	132,150	199,414	4,679,064	4,341,128
Accrued utility revenue	-	-	56,555	53,648	-	-	56,555	53,648
Accounts receivable - other	299,476	257,666	1,956	10,159	-	-	301,432	267,825
Materials and supplies	601,930	571,555	257,987	242,214	227,409	198,602	1,087,326	1,012,371
Prepayments and other current assets	17,719	21,717	5,471	43,617	3,190	108,623	26,380	173,957
Total current assets	15,014,175	15,994,728	2,355,512	1,565,097	2,454,885	1,965,984	19,824,572	19,525,809
Noncurrent assets:								
Restricted cash equivalents	2,195,313	1,063,747	2,140,465	638,770	198,116	192,984	4,533,894	1,895,501
Other assets:								
Conservation loans receivable	238,420	319,040	-	-	-	-	238,420	319,040
Post retirement prepayment	-	270,760	-	-	-	47,219	-	317,979
Nonutility property - at cost	218,184	218,184	-	-	-	-	218,184	218,184
Debt issuance costs, less accumulated amortization	184,039	214,243	229,830	220,749	707	1,415	414,576	436,407
Total other assets	640,643	1,022,227	229,830	220,749	707	48,634	871,180	1,291,610
Capital assets, not being depreciated								
Land	844,649	844,186	1,017,068	1,017,068	353,610	353,610	2,215,327	2,214,864
Construction in progress	2,924,704	1,061,070	150,719	58,416	867,232	932,410	3,942,655	2,051,896
Capital assets net of accumulated depreciation								
Plant in service	46,233,136	46,841,562	17,070,617	17,393,366	8,122,400	7,753,553	71,426,153	71,988,481
Buildings and improvements	861,390	863,626	20,431,956	21,081,055	269,600	276,889	21,562,946	22,221,570
Machinery and equipment	1,761,769	1,709,164	360,374	465,397	318,709	302,293	2,440,852	2,476,854
Total capital assets	52,625,648	51,319,608	39,030,734	40,015,302	9,931,551	9,618,755	101,587,933	100,953,665
Total assets	**70,475,779**	**69,400,310**	**43,756,541**	**42,439,918**	**12,585,259**	**11,826,357**	**126,817,579**	**123,666,585**
Deferred outflows of resources								
Deferred outflows related to pension	1,176,094	1,026,789	224,009	423,084	371,880	164,950	1,771,983	1,614,823
Deferred loss on refunding	465,229	519,121	423,227	470,640	-	-	888,456	989,761
Deferred outflows related to Other Post Employement Benefits	916,781	-	310,295	-	183,356	-	1,410,432	-
Total deferred outflows of resources	**$ 2,558,104**	**$ 1,545,910**	**$ 957,531**	**$ 893,724**	**$ 555,236**	**$ 164,950**	**$ 4,070,871**	**$ 2,604,584**

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

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
STATEMENTS OF NET POSITION
June 30, 2018 and 2017

	Electric Fund		Water and Sewer Fund		Gas Fund		Totals	
Liabilities	2018	2017	2018	2017	2018	2017	2018	2017
Current liabilities:								
Accounts payable	$ 7,642,860	$ 6,778,595	$ 607	$ 628	$ -	$ -	$ 7,643,467	$ 6,779,223
Due to City	-	-	175,320	57,574	-	-	175,320	57,574
Other accrued expense	1,486,276	1,379,574	205,182	220,997	123,560	107,633	1,815,018	1,708,204
Total current liabilities	9,129,136	8,158,169	381,109	279,199	123,560	107,633	9,633,805	8,545,001
Current liabilities payable from restricted assets								
Customers' deposits	875,166	724,327	121,900	120,672	198,116	192,984	1,195,182	1,037,983
Accrued interest	1,153	2,307	25,264	24,792	38	79	26,455	27,178
Current maturities of long-term debt	835,000	1,300,000	1,566,416	1,534,412	20,000	25,000	2,421,416	2,859,412
Total current liabilities payable from restricted assets	1,711,319	2,026,634	1,713,580	1,679,876	218,154	218,063	3,643,053	3,924,573
Noncurrent liabilities:								
Net pension liability	1,545,836	1,934,185	124,580	529,903	467,713	300,707	2,138,129	2,764,795
Post retirement obligation	11,770,247	11,987,796	3,983,776	3,965,766	2,354,049	2,390,626	18,108,072	18,344,188
Notes and bonds payable (less current maturities)	11,185,450	12,021,145	17,166,204	17,253,340	566	21,132	28,352,220	29,295,617
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	240,107	325,699	-	-	-	-	240,107	325,699
Total noncurrent liabilities	24,754,979	26,282,164	21,274,560	21,749,009	2,822,328	2,712,465	48,851,867	50,743,638
Total liabilities	**35,595,434**	**36,466,967**	**23,369,249**	**23,708,084**	**3,164,042**	**3,038,161**	**62,128,725**	**63,213,212**
Deferred inflows of resources								
Deferred inflows related to pension	445,456	46,882	129,155	-	82,719	63,439	657,330	110,321
Deferred inflows related to Other Post Employement Benefits	685,118	-	231,887	-	137,024	-	1,054,029	-
Total deferred inflows of resources	**1,130,574**	**46,882**	**361,042**	**-**	**219,743**	**63,439**	**1,711,359**	**110,321**
Net position								
Net investment in capital assets	40,605,198	37,998,463	20,298,114	21,227,550	9,910,985	9,572,623	70,814,297	68,798,636
Restricted for capital projects	-	-	2,018,565	518,098	-	-	2,018,565	518,098
Restricted for debt service	-	25,013	-	-	-	-	-	25,013
Restricted for economic development	312,100	312,100	-	-	-	-	312,100	312,100
Unrestricted	(4,609,423)	(3,903,205)	(1,332,898)	(2,120,090)	(154,275)	(682,916)	(6,096,596)	(6,706,211)
Total net position	**$ 36,307,875**	**$ 34,432,371**	**$ 20,983,781**	**$ 19,625,558**	**$ 9,756,710**	**$ 8,889,707**	**$ 67,048,366**	**$ 62,947,636**

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, 2018 and 2017

	Electric Fund		Water and Sewer Fund		Gas Fund		Totals	
	2018	2017	2018	2017	2018	2017	2018	2017
Operating revenues:								
Charges for sales and service	$ 51,948,128	$ 50,732,482	$ 7,341,739	$ 7,314,966	$ 5,706,458	$ 4,767,666	$ 64,996,325	$ 62,815,114
Other operating revenue	1,084,760	1,002,586	313,501	330,237	132,824	140,127	1,531,085	1,472,950
Total operating revenues	53,032,888	51,735,068	7,655,240	7,645,203	5,839,282	4,907,793	66,527,410	64,288,064
Operating expenses:								
Cost of sales and services	38,929,558	37,748,811	-	-	2,463,992	2,031,631	41,393,550	39,780,442
Operations and maintenance	7,455,018	6,913,355	4,246,804	3,931,580	1,431,136	1,206,389	13,132,958	12,051,324
Provision for depreciation	2,342,060	2,311,191	1,183,695	1,153,627	370,398	410,602	3,896,153	3,875,420
Taxes and tax equivalent - other government	480,501	471,256	-	-	-	-	480,501	471,256
Total operating expenses	49,207,137	47,444,613	5,430,499	5,085,207	4,265,526	3,648,622	58,903,162	56,178,442
Operating income (loss)	3,825,751	4,290,455	2,224,741	2,559,996	1,573,756	1,259,171	7,624,248	8,109,622
Nonoperating revenues (expenses):								
Interest and other income	47,502	15,441	1,548	1,791	2,093	1,801	51,143	19,033
Amortization expense	(83,401)	(83,515)	(17,144)	(9,365)	(142)	(142)	(100,687)	(93,022)
Gain (loss) on disposition of property	(203,227)	(298,194)	(107,901)	(53,892)	(557,914)	(49,880)	(869,042)	(401,966)
Interest and other expense	(515,563)	(567,862)	(487,607)	(522,607)	(3,249)	(3,270)	(1,006,419)	(1,093,739)
Total nonoperating revenues (expenses)	(754,689)	(934,130)	(611,104)	(584,073)	(559,212)	(51,491)	(1,925,005)	(1,569,694)
Transfers out - tax equivalents	1,195,558	1,195,976	283,114	285,343	147,541	132,219	1,626,213	1,613,538
Change in net position before capital contributions	1,875,504	2,160,349	1,330,523	1,690,580	867,003	1,075,461	4,073,030	4,926,390
Capital contributions - grant	-	-	27,700	-	-	-	27,700	-
	-	-	27,700	-	-	-	27,700	-
Change in net position	**1,875,504**	**2,160,349**	**1,358,223**	**1,690,580**	**867,003**	**1,075,461**	**4,100,730**	**4,926,390**
Total net position - beginning	34,432,371	44,259,818	19,625,558	20,820,624	8,889,707	10,204,872	62,947,636	75,285,314
Restatement - GASB75 implementation	-	(11,987,796)	-	(2,885,646)	-	(2,390,626)	-	(17,264,068)
Total net position - beginning (restated)	34,432,371	32,272,022	19,625,558	17,934,978	8,889,707	7,814,246	62,947,636	58,021,246
Total net position - ending	$ 36,307,875	$ 34,432,371	$ 20,983,781	$ 19,625,558	$ 9,756,710	$ 8,889,707	$ 67,048,366	$ 62,947,636

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, 2018 and 2017

	Electric Fund		Water and Sewer Fund		Gas Fund		Totals	
	2018	2017	2018	2017	2018	2017	2018	2017
Cash flows from operating activities:								
Cash received from consumers	$ 51,523,058	$ 50,258,085	$ 7,325,095	$ 7,278,131	$ 5,773,722	$ 4,592,715	$ 64,621,875	$ 62,128,931
Cash paid to suppliers of goods and service	(42,137,660)	(41,378,559)	(3,052,555)	(3,572,776)	(3,042,204)	(2,800,278)	(48,232,419)	(47,751,613)
Cash paid to employees for service	(3,619,858)	(3,407,442)	(1,160,044)	(923,150)	(816,705)	(568,118)	(5,596,607)	(4,898,710)
Cash paid for taxes and tax equivalent - other governments	(480,501)	(471,256)	-	-	-	-	(480,501)	(471,256)
Other receipts	1,084,760	1,002,586	313,501	330,237	132,824	140,127	1,531,085	1,472,950
Customer deposits received	150,839	17,385	1,228	4,277	5,132	30,729	157,199	52,391
Net cash provided (used) by operating activities	6,520,638	6,020,799	3,427,225	3,116,719	2,052,769	1,395,175	12,000,632	10,532,693
Cash flows from non-capital and related financing activities								
Amount transferred to City - tax equivalent	(1,195,558)	(1,195,976)	(283,114)	(285,343)	(147,541)	(132,219)	(1,626,213)	(1,613,538)
Increase (decrease) in advances from TVA	(85,592)	(149,389)	-	-	-	-	(85,592)	(149,389)
Net cash provided (used) by non-capital and relate financing activities	(1,281,150)	(1,345,365)	(283,114)	(285,343)	(147,541)	(132,219)	(1,711,805)	(1,762,927)
Cash flows from capital and related financing activities								
Capital contributed - grants	-	-	27,700	-	-	-	27,700	-
Construction advances	-	(600)	-	-	-	-	-	(600)
Principal paid on deb	(1,300,000)	(1,240,000)	(1,528,469)	(5,642,804)	(25,000)	(25,000)	(2,853,469)	(6,907,804)
Proceeds from the issuance of deb	-	-	1,500,000	4,485,000	-	-	1,500,000	4,485,000
Unamortized debt expens	-	-	(52,888)	(344,999)	-	-	(52,888)	(344,999)
Interest paid on bonds, notes and lease	(516,717)	(567,875)	(487,135)	(542,317)	(3,290)	(3,537)	(1,007,142)	(1,113,729)
Construction and acquisition of plan	(3,913,747)	(2,244,486)	(307,028)	(811,871)	(1,241,108)	(1,250,208)	(5,461,883)	(4,306,565)
Materials salvaged from retirement	264,726	403,354	-	-	-	-	264,726	403,354
Plant removal cost	(202,306)	(336,579)	-	-	-	-	(202,306)	(336,579)
Net cash provided (used) by capital and relate financing activities	(5,668,044)	(3,986,186)	(847,820)	(2,856,991)	(1,269,398)	(1,278,745)	(7,785,262)	(8,121,922)
Cash flows from investing activities:								
Interest and other incom	47,502	15,441	1,548	1,791	2,093	1,801	51,143	19,033
Conservation loans (made) paid	80,620	152,318	-	-	-	-	80,620	152,318
Net cash provided (used) by investing activities	128,122	167,759	1,548	1,791	2,093	1,801	131,763	171,351
Net increase (decrease) in cash and cash equivalents	**(300,434)**	**857,007**	**2,297,839**	**(23,824)**	**637,923**	**(13,988)**	**2,635,328**	**819,195**
Cash and cash equivalents - beginning of year	12,679,607	11,822,600	1,240,445	1,264,269	1,652,329	1,666,317	15,572,381	14,753,186
Cash and cash equivalents - end of yea	$ 12,379,173	$ 12,679,607	$ 3,538,284	$ 1,240,445	$ 2,290,252	$ 1,652,329	$ 18,207,709	$ 15,572,381
Cash and cash equivalents								
Cash on hand	$ 3,750	$ 3,750	$ -	$ -	$ -	$ -	$ 3,750	$ 3,750
Unrestricted cash and cash equivalents on depos	10,180,110	11,612,110	1,397,819	601,675	2,092,136	1,459,345	13,670,065	13,673,130
Restricted cash and cash equivalents on depos	2,195,313	1,063,747	2,140,465	638,770	198,116	192,984	4,533,894	1,895,501
Total cash and cash equivalents	$ 12,379,173	$ 12,679,607	$ 3,538,284	$ 1,240,445	$ 2,290,252	$ 1,652,329	$ 18,207,709	$ 15,572,381

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, 2018 and 2017

	Electric Fund		Water and Sewer Fund		Gas Fund		Totals	
	2018	2017	2018	2017	2018	2017	2018	2017
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:								
Operating income (loss)	$ 3,825,751	$ 4,290,455	$ 2,224,741	$ 2,559,996	$ 1,573,756	$ 1,259,171	$ 7,624,248	$ 8,109,622
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activitie								
Depreciation	2,342,060	2,311,191	1,183,695	1,153,627	370,398	410,602	3,896,153	3,875,420
Change in pension and OPEB related deferred outflows and inflows of resources.	288,366	(653,134)	249,822	(269,393)	(186,763)	(10,419)	351,425	(932,946)
Changes in assets and liabilities:								
Accounts receivable	(425,070)	(474,397)	(13,737)	(41,343)	67,264	(174,951)	(371,543)	(690,691)
Accrued utility revenue	-	-	(2,907)	4,508	-	-	(2,907)	4,508
Materials and supplies	(30,375)	2,172	(15,773)	(756)	(28,807)	(10,511)	(74,955)	(9,095)
Prepayments and other current assets	3,998	(14)	85,559	41,022	105,433	(84,027)	194,990	(43,019)
Accounts payable	864,265	103,306	(21)	(95,273)	-	-	864,244	8,033
Customer deposits	150,839	17,385	1,228	4,277	5,132	30,729	157,199	52,391
Due to other funds	-	-	117,746	(106,216)	-	-	117,746	(106,216)
Accrued expenses and other	106,702	37,297	(15,815)	(23,515)	15,927	25,375	106,814	39,157
Net pension liability	(388,349)	521,131	(405,323)	230,637	167,006	(27,032)	(626,666)	724,736
Post retirement obligation	(217,549)	(134,593)	18,010	(340,852)	(36,577)	(23,762)	(236,116)	(499,207)
Net cash provided (used) by operating activities	$ 6,520,638	$ 6,020,799	$ 3,427,225	$ 3,116,719	$ 2,052,769	$ 1,395,175	$ 12,000,632	$ 10,532,693
Noncash capital and related financing activities								
Depreciation capitalized as part of costs to construct electric plant	$ 300,188	$ 300,188	$ 136,583	$ 136,583	$ 15,776	$ 15,776	$ 452,547	$ 452,547
Amortization of bond discount and debt issue costs	$ (83,401)	$ (83,515)	$ (17,144)	$ (9,365)	$ (142)	$ (142)	$ (100,687)	$ (93,022)

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

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
STATEMENTS OF FIDUCIARY NET POSITION
June 30, 2018 and 2017

	Lawrenceburg Utility Systems Post-Employment Benefits Trust		Lawrenceburg Utility Systems Employees Pension Plan	
	2018	2017	2018	2017
Assets				
Cash and cash equivalents	$ 84,950	$ 70,706	$ 367,372	$ 138,428
Investments				
Equity	7,525,996	6,432,589	9,817,486	9,141,299
Fixed	5,047,911	4,412,705	6,285,350	5,431,494
Total investments	12,573,907	10,845,294	16,102,836	14,572,793
Accrued income	20,345	10,950	25,767	13,495
Total assets	**12,679,202**	**10,926,950**	**16,495,975**	**14,724,716**
Fiduciary Net Position				
Restricted for pensions	-	-	16,495,975	14,724,716
Restricted for OPEB	12,679,202	10,926,950	-	-
Total fiduciary net position	**$ 12,679,202**	**$ 10,926,950**	**$ 16,495,975**	**$ 14,724,716**

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, 2018 and 2017

	Lawrenceburg Utility Systems Post-Employment Benefits Trust		Lawrenceburg Utility Systems Employees Pension Plan	
	2018	2017	2018	2017
Additions				
Contributions				
Employer	$ 918,508	$ 1,062,000	$ 601,485	$ 601,485
Employee	-	-	213,080	196,533
Total contributions	918,508	1,062,000	814,565	798,018
Investment income				
Interest income	3,599	875	14,221	6,831
Dividend income	181,650	143,319	230,302	194,364
Realized gains on sale of investment	534,691	159,854	933,555	310,966
Net appreciation (depreciation) in fair value of investmen	147,478	759,212	23,549	989,666
Total investment income	867,418	1,063,260	1,201,627	1,501,827
Total additions	1,785,926	2,125,260	2,016,192	2,299,845
Deductions				
Benefit payments	-	-	193,396	484,773
Administrative and other expense	33,674	25,098	51,537	45,342
Total deductions	33,674	25,098	244,933	530,115
Net increase (decrease) in fiduciary net position	**1,752,252**	**2,100,162**	**1,771,259**	**1,769,730**
Fiduciary net position - beginning	10,926,950	8,826,788	14,724,716	12,954,986
Fiduciary net position - ending	$ 12,679,202	$ 10,926,950	$ 16,495,975	$ 14,724,716

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 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
Gas Machinery and Equipment	5 - 10 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 current 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 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 items qualify for reporting in this category.

Impact of Recently Issued Accounting Pronouncements
In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, effective for financial statements for periods beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 45 , *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and No. 57 , *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* for OPEB. Statement No. 74 , *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* establishes new accounting and financial reporting requirements for OPEB plans. Management has implemented this statement and its effects are reported in the current financial statements.

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, 2018 and 2017, 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 asset allocations as well as their market values are summarized in the following table:

	June 30, 2018		June 30, 2017		June 30, 2016	
	Market Value	Percentage of Total	Market Value	Percentage of Total	Market Value	Percentage of Total
Cash equivalents	$ 367,372	0.09%	$ 11,066	0.09%	$ 11,066	0.09%
Equities	9,817,486	60.19%	7,798,183	60.19%	7,798,183	60.19%
Fixed Income	6,285,351	39.72%	5,145,737	39.72%	5,145,737	39.72%
Total	$ 16,470,209	100.00%	$ 12,954,986	100.00%	$ 12,954,986	100.00%

The following investments represent more than 5% of the fiduciary net position as of June 30, 2018 and 2017 and are not issued or explicitly guaranteed by the U.S. government:

	2018	2017
Oakmark Fund	$ 804,416	$ 738,175
Blackrock Equity Dividend	-	719,804
Federated Strategic Value Dividend	700,537	763,670
Fidelity Contra Fund	782,848	770,099
Dodge & Cox Income Fund	764,514	786,243
Monteagle Fixed Income	-	715,818
Vanguard GNMA Admiral Fund	720,637	741,066

For the year ended June 30, 2018, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.03 percent. For the year ended June 30, 2017, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.45 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, 2018 and June 30, 2017, respectively:

June 30, 2018	Total	Fair Value Measurements Using: 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	$ 4,240,415	$ 4,240,415	$ -	$ -
Mutual funds - U.S. government	2,044,936	2,044,936	-	-
Total debt securities	6,285,351	6,285,351	-	-
Equity securities				
Mutual funds	9,141,299	9,141,299	-	-
Total investment measured at fair value	$14,572,793	$ 14,572,793	$ -	$ -

June 30, 2017	Total	Fair Value Measurements Using: 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	$ 4,094,180	$ 4,094,180	$ -	$ -
Mutual funds - U.S. government	1,337,314	1,337,314	-	-
Total debt securities	5,431,494	5,431,494	-	-
Equity securities				
Mutual funds	9,141,299	9,141,299	-	-
Total investment measured at fair value	$14,572,793	$ 14,572,793	$ -	$ -

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:

	June 30, 2018		June 30, 2017	
	Market Value	Percentage of Total	Market Value	Percentage of Total
Cash equivalents	$ 84,950	0.67%	$ 70,706	0.65%
Equities	7,525,996	59.45%	6,432,589	58.93%
Fixed Inceom	5,047,911	39.88%	4,412,705	40.42%
Total	$ 12,658,857	100.00%	$ 10,916,000	100.00%

The following investments represent more than 5% of the fiduciary net position as of June 30, 2018 and 2017 and are not issued or explicitly guaranteed by the U.S. government:

	2018	**2017**
Fidelity Contrafund #22	$ 703,120	$ 703,120
Harbor Capital Appreciation Instl	699,631	512,887
Oakmark Fund Calss I #110	648,622	595,210
Dodge & Cox Income Fund #147	640,917	659,133
Federal Total Return Bond Fund Is	637,088	659,453
Vanguard GNMA Admiral Fund	639,168	611,894

For the year ended June 30, 2018, the annual money-weighted rate of return on OPEB plan investments, net of OPEB investment expense, was 11.73%. 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, 2018 and 2017, respectively:

		Fair Value Measurements Using		
June 30, 2018	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	$ 3,661,482	$ 3,661,482	$ -	$ -
Mutual funds - U.S. Government	1,386,429	1,386,429	-	-
Total debt securities	5,047,911	5,047,911	-	-
Equity securities				
Mutual funds	7,525,996	7,525,996	-	-
Total investment measured at fair value	$ 12,573,907	$ 12,573,907	$ -	$ -

June 30, 2017	Total	Fair Value Measurements Using: 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	$ 3,707,390	$ 3,707,390	$ -	$ -
Mutual funds - U.S. Government	705,315	705,315	-	-
Total debt securities	4,412,705	4,412,705	-	-
Equity securities				
Mutual funds	6,432,589	6,432,589	-	-
Total investment measured at fair value	$ 10,845,294	$ 10,845,294	$ -	$ -

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, 2018 and 2017 were made up of the following:

	June 30, 2018	June 30, 2017
Billed services for utility customers	$ 6,180,539	$ 5,655,981
Accrued utility revenue	56,555	53,648
Other receivables for utility services	301,432	267,825
Allowance for doubtful accounts	(1,501,475)	(1,314,853)
Total	$ 5,037,051	$ 4,662,601

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 $175,320 and $57,574 as of June 30, 2018 and 2017.

D. Capital Assets

Capital asset activity during the year ended June 30, 2018 was as follows:

	Balance at June 30, 2017	Additions	Disposals	Reclass	Balance at June 30, 2018
Capital assets, not being depreciated					
Land	$ 2,214,864	$ 4,250	$ 3,787	$ -	$ 2,215,327
Construction in progress	2,051,896	4,118,543	2,227,784	-	3,942,655
Total capital assets not being depreciated	4,266,760	4,122,793	2,231,571	-	6,157,982
Capital assets, being depreciated					
Plant systems in service	114,834,487	2,817,479	1,280,319	-	116,371,647
Buildings and improvements	29,387,592	35,511	120,343	-	29,302,760
Machinery and equipment	10,290,382	692,599	258,622	-	10,724,359
Total capital assets being depreciated	154,512,461	3,545,589	1,659,284	-	156,398,766
Less accumulated depreciation for:					
Plant systems in service	42,846,006	3,112,668	1,015,158	1,978	44,945,494
Buildings and improvements	7,166,022	602,813	29,078	57	7,739,814
Machinery and equipment	7,813,528	690,585	221,080	474	8,283,507
Total accumulated depreciation	57,825,556	4,406,066	1,265,316	2,509	60,968,815
Total capital assets being depreciated, net	96,686,905	(860,477)	393,968	(2,509)	95,429,951
Total capital assets, net	$ 100,953,665	$ 3,262,316	$ 2,625,539	$ (2,509)	$ 101,587,933

Capital asset activity during the year ended June 30, 2017 was as follows:

	Balance at June 30, 2016	Additions	Disposals	Reclass	Balance at June 30, 2017
Capital assets, not being depreciated					
Land	$ 2,214,864	$ -	$ -	$ -	$ 2,214,864
Construction in progress	2,037,392	4,306,333	4,291,829	-	2,051,896
Total capital assets not being depreciated	4,252,256	4,306,333	4,291,829	-	4,266,760
Capital assets, being depreciated					
Plant systems in service	112,509,366	2,754,771	788,307	358,657	114,834,487
Buildings and improvements	28,675,793	1,235,316	523,517	-	29,387,592
Machinery and equipment	10,061,409	909,368	307,414	(372,981)	10,290,382
Total capital assets being depreciated	151,246,568	4,899,455	1,619,238	(14,324)	154,512,461
Less accumulated depreciation for:					
Plant systems in service	37,348,390	3,055,820	697,201	3,138,997	42,846,006
Buildings and improvements	8,959,431	592,966	37,500	(2,348,875)	7,166,022
Machinery and equipment	8,199,745	679,181	300,514	(764,884)	7,813,528
Total accumulated depreciation	54,507,566	4,327,967	1,035,215	25,238	57,825,556
Total capital assets being depreciated, net	96,739,002	571,488	584,023	(39,562)	96,686,905
Total capital assets, net	$ 100,991,258	$4,877,821	$4,875,852	$ (39,562)	$ 100,953,665

Depreciation expense was charged to funds as follows:

	June 30, 2018	June 30, 2017
Electric	$ 2,342,060	$ 2,311,191
Water and sewer	1,183,695	1,153,627
Gas	370,398	410,602
Transportation clearing	509,913	452,547
Total depreciation expense	$ 4,406,066	$ 4,327,967

E. Long-term Debt

Long-term debt at June 30, 2018 and 2017 is comprised of the following:

Electric Department	2018	2017
Bonds payable		
Series 1996 Revenue Bonds - interest rates 4.5% to 6.625%, maturing over a 20 year period with the next payment due 7/1/17 and the final payment due 7/1/17. Bonds are secured by future revenues	$ -	$ 720,000
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.	7,535,000	7,560,000
Series 2015B (Federally Taxable) Refunding Bonds - interest rates .50% to 1.40%, maturing over a 3 year period, with the first payment made 7/1/16, and the final payment due 7/1/18. Bonds are secured by the System's revenues and receipts and secondly by ad velorem taxes of the City.	-	505,000
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.	4,425,000	4,425,000
Total bonds payable - Electric Department	11,960,000	13,210,000
Notes Payable		
Series 2011 General Obligation Capital Outlay Note, Series 2011 - interest rate 4.73%, maturing over an 8 year period, with the first payment made 1/4/12, and the final payment due 1/4/19. Note was used for the purchase of land.	50,000	100,000
Total debt issued - Electric Department	$ 12,010,000	$ 13,310,000

Water and Sewer Department	2018	2017
Bonds payable		
Series 2008 General Obligation Refunding Bonds - interest rates from 3.85% to 4.25%, maturing over a 20 year period, with the first payment made 6/1/09, and the final payment due 6/1/18.	$ -	$ 15,000
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.	160,000	265,000
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.	2,130,000	2,230,000
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.	3,725,000	4,325,000
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.	4,400,000	4,425,000
Series 2017 General Obligation Bonds - interest rate of 2.64%, maturing over a 19 year period, with the first payment made 6/1/18, and the final payment due 6/30/2037.	1,500,000	-
Total bonds payable - Water and Sewer Department	11,915,000	11,260,000
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.	6,448,094	7,137,506
Total debt issued - Water and Sewer Department	$ 18,363,094	$ 18,397,506

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 $3,725,000 at June 30, 2018.

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.

Gas Department	2018	2017
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 6/1/10, and the final payment due 6/1/19.	$20,000	$45,000
Total bonds payable - Gas Department	$20,000	$45,000

The annual requirements, by type of issue, to amortize all long-term debt outstanding except accrued annual leave at June 30, 2018 and 2017, are as follows:

Year ending	Bonds Payable		Notes Payable		Total	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2019	1,665,000	771,903	756,416	151,837	2,421,416	923,740
2020	2,175,000	691,478	723,852	132,036	2,898,852	823,514
2021	2,315,000	603,678	741,708	114,180	3,056,708	717,858
2022	2,400,000	529,028	760,008	95,880	3,160,008	624,908
2023	2,465,000	451,178	778,764	77,124	3,243,764	528,302
2024 - 2028	10,005,000	1,053,231	2,737,346	115,602	12,742,346	1,168,833
2029 - 2033	2,455,000	161,452	-	-	2,455,000	161,452
2033 - 2037	415,000	31,650	-	-	415,000	31,650
	$ 23,895,000	$4,293,598	$6,498,094	$ 686,659	$30,393,094	$4,980,257

Year ending	Bonds Payable		Notes Payable		Total	
June 30	Principal	Interest	Principal	Interest	Principal	Interest
2018	2,120,000	824,599	739,412	171,206	2,859,412	995,805
2019	1,665,000	731,065	756,416	151,837	2,421,416	882,902
2020	2,175,000	650,640	723,852	132,036	2,898,852	782,676
2021	2,245,000	562,840	741,708	114,180	2,986,708	677,020
2022	2,325,000	490,290	760,008	95,880	3,085,008	586,170
2023 - 2027	10,985,000	1,253,656	3,516,110	192,726	14,501,110	1,446,382
2028 - 2032	3,000,000	120,000	-	-	3,000,000	120,000
	$ 24,515,000	$4,633,090	$7,237,506	$ 857,865	$31,752,506	$5,490,955

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

Long-term liability activity for the years ended June 30, 2018 and 2017 was as follows:

	Balance at June 30, 2017	Additions	Retirements	Balance at June 30, 2018	Due Within One Year
Bonds Payable	$ 24,515,000	$1,500,000	$2,120,000	$ 23,895,000	$ 1,665,000
Notes Payable	7,237,506	-	739,412	6,498,094	756,416
Total	31,752,506	1,500,000	2,859,412	30,393,094	2,421,416
Less unamortized bond discounts	(48,936)	-	7,787	(41,149)	-
Add unamortized bond premium	451,459	32,167	(61,935)	421,691	-
Total - net	$ 32,155,029	$1,532,167	$2,805,264	$ 30,773,636	$ 2,421,416

	Balance at June 30, 2016	Additions	Retirements	Balance at June 30, 2017	Due Within One Year
Bonds Payable	$ 26,215,000	$4,485,000	$6,185,000	$ 24,515,000	$ 2,120,000
Notes Payable	7,960,310	-	722,804	7,237,506	739,412
Total	34,175,310	4,485,000	6,907,804	31,752,506	2,859,412
Less unamortized bond discounts	(73,893)	-	24,957	(48,936)	-
Add unamortized bond premium	475,647	35,033	(59,221)	451,459	-
Total - net	$ 34,577,064	$4,520,033	$6,873,540	$ 32,155,029	$ 2,859,412

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, 2018	June 30, 2017
Net investment in capital assets:		
Net property, plant, and equipment in service	$ 101,587,933	$ 100,953,665
Less: Debt as disclosed in Note 3E	(30,773,636)	(32,155,029)
	70,814,297	68,798,636
Restricted for capital projects	2,018,565	518,098
Restricted for debt service	-	25,013
Restricted for economic development	312,100	312,100
	2,330,665	855,211
Unrestricted	(6,096,596)	(6,706,211)
Total net position	$ 67,048,366	$ 62,947,636

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, 2018 and 2017 the following employees were covered by the Plan:

	June 30, 2018	June 30, 2017
Active employees	107	101
Inactive employees or beneficiaries currently receiving benefits	11	15
Inactive employees entitled to but not yet receiving benefits	18	11
Total employees covered by the Plan	136	127

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, 2018 and 2017 of $601,485 for both years were made in accordance with actuarially determined requirements computed through the actuarial valuations performed as of July 1, 2018 and 2017.

Funded status and funding progress. 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%. As of June 30, 2017, the actuarial accrued liability for benefits was $16,862,843 and the net pension liability was $2,138,128. Total covered payroll was $4,855,178 and the ratio of net pension liability to covered payroll was 44.04%. As of June 30, 2016 the actuarial accrued liability for benefits was $15,719,781 and the net pension liability was $2,764,795. Total covered payroll was $4,464,242 and the ratio of net pension liability to covered payroll was 61.93%.

Net Pension Liability
The Utility's net pension liability was measured as of June 30, 2018, 2017 and 2016, 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, 2017 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, 2017 and 2016 for reporting purposes for the fiscal years ended June 30, 2018 and 2017.

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. The actuarial assumptions used in the July 1, 2017 valuation were based on the results of an actuarial experience study for the period July 1, 2016 through June 30, 2017. The actuarial assumptions used in the July 1, 2016 valuation were based on the results of an actuarial experience study for the period July 1, 2015 through June 30, 2016.

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

The long-term expected rate of return on 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:

Asset class	June 30, 2018 Long-term expected real rate of return	June 30, 2017 Long-term expected real rate of return	June 30, 2016 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%

Asset Class	June 30, 2018 Target Allocation	June 30, 2017 Target Allocation
Domestic Equity	55.49%	55.49%
International Equity	5.07%	5.07%
Fixed Income	39.06%	39.06%
Cash	0.38%	0.38%
Total	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, 2017, 2016, and 2015. 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, 2018, 2017, and 2016 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, 2017 and 2016, 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, 2017 in order to be in compliance with GASB Statement No. 67. Changes in the Utility's net pension liability measured as of June 30, 2018, 2017, and 2016 were as follows:

	liability (TPL)	net position	liability (NPL)
	(a)	(b)	(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	-	(51,537)	51,537
Net changes	1,367,997	1,771,260	(403,263)
Balances as 6/30/2018	$ 18,230,840	$ 16,495,974	$ 1,734,866

	liability (TPL) (a)	net position (b)	liability (NPL) (a)-(b)
Balances as 6/30/2016	$ 15,719,781	$ 12,954,986	$ 2,764,795
Changes for the year:			
Service cost	348,586	-	348,586
Interest	1,107,819	-	1,107,819
Difference between expected and actual experience	171,430	-	171,430
Contributions - employer	-	601,485	(601,485)
Contributions - employee	-	196,533	(196,533)
Net investment income	-	1,501,827	(1,501,827)
Benefit payments, including refund of employee contributions	(484,773)	(484,773)	-
Administrative expenses	-	(45,344)	45,344
Net changes	1,143,062	1,769,728	(626,666)
Balances as 6/30/2017	$ 16,862,843	$ 14,724,714	$ 2,138,129

	Increase (Decrease) - Table 3		
	Total pension liability (TPL) (a)	Plan fiduciary net position (b)	Net pension liability (NPL) (a)-(b)
Balances as 6/30/2015	$ 15,739,349	$ 13,699,290	$ 2,040,059
Changes for the year:			
Service cost	336,337	-	336,337
Interest	1,068,464	-	1,068,464
Difference between expected and actual experience	199,489	-	199,489
Contributions - employer	-	601,485	(601,485)
Contributions - employee	-	187,646	(187,646)
Net investment income	-	90,423	(90,423)
Benefit payments, including refund of employee contributions	(1,623,858)	(1,546,757)	(77,101)
Administrative expenses	-	(77,101)	77,101
Net changes	(19,568)	(744,304)	724,736
Balances as 6/30/2016	$ 15,719,781	$ 12,954,986	$ 2,764,795

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, 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

June 30, 2017

	1% Decrease	Current Rate	1% Increase
Interest rate	6.00%	7.00%	8.00%
Net pension liability (asset)	3,967,084	2,138,128	628,842

June 30, 2016

	1% Decrease	Current Rate	1% Increase
Interest rate	6.00%	7.00%	8.00%
Net pension liability (asset)	4,450,362	2,764,795	1,375,233

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources
For the years ended June 30, 2018 and 2017, the Utility recognized pension expense of $261,262 and $245,875. At June 30, 2018 and 2017, the Utility reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 353,261	$ 23,441
Change of assumptions	-	-
Net difference between projected and actual earnings on Plan investments	15,868	-
Utility contributions subsequent to the measurement date of June 30, 2017	384,950	-
Total	$ 754,079	$ 23,441

	June 30, 2017	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 519,139	$ 110,321
Change of assumptions	-	-
Net difference between projected and actual earnings on Plan investments	494,199	-
Utility contributions subsequent to the measurement date of June 30, 2016	601,485	-
Total	$ 1,281,454	$ 709,898

The amounts shown above for "Utility contributions subsequent to the measurement date of June 30, 2017 and 2016" 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, 2018:

Year ending June 30,	Amortized
2019	1,254
2020	171,049
2021	115,095
2022	6,437
2023	38,056
Thereafter	13,797

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, 2017:

Year ending June 30,	Amortized
2018	105,856
2019	105,856
2020	332,252
2021	249,209
2022	81,347
Thereafter	28,497

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, 2018 and 2017 no benefits were payable and not paid.

Administrative Expenses. Qualified Plan administrative expenses are paid by the Plan. During the years ended June 30, 2018 and 2017 administrative expenses paid were $51,537 and $45,343.

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, 2018 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, 2018 and 2017, 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, 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

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

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

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

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, 2018
Actuarial valuation method	Entry Age Normal
Asset valuation method	Market value
Funding policy	The benefits of the Lawrenceburg Utility Systems Postemployment Benefits
	Other Than Pensions are funded through contributions to a trust.
Investment policy	To be provided by Lawrenceburg Utility Systems
	Benefits for retirees are deemed to be similar to those benefits provided for
	actives. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. It is assumed to pay benefits secondary to Medicare
	after attaining age 65 or after permanent disability.
Amortization period	20 years (closed)
Legislative changes	The valuation results provided in this report reflect a best estimate of the

	potential impact of the Patient Protection and Affordable Care Act (PPACA).
	Consideration has been made for provisions of the law that are effective as of the valuation date as well as those provisions that will take effect in the future. In particular, the anticipated future excise tax has been valued and deemed immaterial.
Mortality	RP-2014 Mortality Table adjusted to 2006 with generational mortality improvement projected under Projection Scale MP-2017
Retirement rates	Age 50 - 10%, Ages 51-54 - 5%, Age 55 - 20%, Ages 56-64 - 5%, and Age 65 - 100%
Discount rate	5.50% per annum
Salary increases	2.50% per annum
Expected long-term rate of return on plan assets	5.50% per annum
Plan Participation	100% of future eligible retirees are assumed to elect medical coverage upon retirement.
Marital status	Actual spouse participation and dates of birth were used for retirees. For actives, the marriage assumption of 71% was used, and males were assumed to be two years older than female spouses.
Age variance	Fully insured premiums attributable to those retirees who are considered “grandfathered” were adjusted roughly 2.75% per year from attained ages 65 through 85. The age adjustment factors were based on actual premium rates charged by BCBS to Lawrenceburg Utility Systems. Prescription drug claims were adjusted downward 3% each year for aging for attained 55 to 65, while claims were increased by 3% each year for aging for attained ages 65 to 75.
Healthcare cost trend rates	Medical: Assumed to increase 8% in the first year. Future annual increases are assumed to grade uniformly to 5% over 10 years. Dental/Vision: 5% per annum.
Administrative expenses	Administrative expenses were assumed to be included in the per capita claims cost.

Plan Membership

As of June 30, 2018

Number of Participants	
Actives (with medical coverage)	109
Actives (without medical coverage)	3
Retirees (with medical coverage)	73
Retirees (without medical coverage)	4
Disables (with medical coverage)	0
Beneficiaries (with medical coverage)	2
Total Participants	191
Annual Projected Payroll	$5,871,100
Average Projected Earnings	$ 52,421

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, 2018 and 2017 were as follows:

	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

	Total OPEB liability (a)	Plan fiduciary net position (b)	Net OPEB liability (a)-(b)
Balances as 6/30/2016	$ 27,914,998	$ 8,826,788	$ 19,088,210
Changes for the year:			
Service cost	479,771	-	479,771
Interest	1,561,712	-	1,561,712
Difference between expected and actual experience	(921,458)	-	(921,458)
Contributions - employer	-	1,062,000	(1,062,000)
Contributions - employee	-	-	-
Net investment income	-	1,063,261	(1,063,261)
Benefit payments, including refund of employee contributions	-	-	-
Administrative expenses	-	(25,098)	25,098
Net changes	1,120,025	2,100,163	(980,138)
Balances as 6/30/2017	$ 29,035,023	$ 10,926,951	$ 18,108,072

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:

Net OPEB Liability	1% Decrease 4.50%	Current 5.50%	1% increase 6.50%
June 30, 2018	$ 15,406,825	$ 11,402,454	$ 8,221,074
June 30, 2017	$ 24,445,897	$ 18,108,072	$ 11,770,247

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:

Net OPEB Liability	1% Decrease 7% decreasing to 4% over 10 years	Healthcare Cost Current 8% decreasing to 5% over 10 years	1% Increase 9% decreasing to 6% over 10 years
June 30, 2018	$ 7,905,670	$ 11,402,454	$ 15,873,554
June 30, 2017	$ 12,675,650	$ 18,108,072	$ 23,540,494

Deferred outflows and inflows for the years ended June 30, 2018 and 2017 were as follows.

June 30, 2018	Deferred Outflows of resources	Deferred Inflows of resources
Differences between actual and expected experience	$ -	$ 614,305
Net investment income		$ 439,724
Changes of assumptions	-	-
Employer payments subsequent to the measurement date	1,410,432	-
Total	$ 1,410,432	$ 1,054,029

June 30, 2017	Deferred Outflows of resources	Deferred Inflows of resources
Differences between actual and expected experience	$ -	$ -
Changes of assumptions	-	-
Employer payments subsequent to the measurement date	-	-
Total	$ -	$ -

For the year ended June 30:	
2019	$ (417,084)
2020	(417,083)
2021	(109,931)
2022	(109,931)
2023	-
Thereafter	-

H. Subsequent Events

Management has evaluated subsequent events through November 10, 2018, the date in which the financial statements were available to be issued.

I. Restatement of Beginning Net Position – GASB 75 Implementation

As of July 1, 2016 a restatement of beginning net position was made for net OPEB liability due to the Utility implementing GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions— an amendment of GASB Statement No. 45. The implementation of GASB Statement No. 75 resulted in the Utility restating net position by ($17,264.068). The net effect of this restatement of beginning net position resulted in a decrease in the July 1, 2016 net position in the amount of ($17,264.068).

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	2018	2017	2016	2015	2014
Service cost	$ 377,186	$ 348,588	$ 336,337	$ 320,493	$ 312,296
Interest	1,200,033	1,107,819	1,068,464	1,076,504	1,067,068
Changes in benefit terms	-	-	-	-	-
Differences between actual & expected experience	(15,826)	171,430	199,487	369,939	(66,023)
Change of assumptions	-	-	-	-	-
Benefit payments, including refunds of employee contributions	(193,396)	(484,773)	(1,623,858)	(1,406,224)	(1,732,483)
Net change in total pension liability	1,367,997	1,143,064	(19,570)	360,712	(419,142)
Total pension liability - beginning	16,862,843	15,719,779	15,739,349	15,378,637	15,797,779
Total pension liability - ending (a)	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
Contributions - employee	213,080	196,533	187,646	171,802	148,994
Net investment income	1,201,628	1,501,827	90,423	528,871	1,932,843
Benefit payments, including refunds of employee contributions	(193,396)	(484,773)	(1,546,757)	(1,341,369)	(1,732,483)
Administrative expense	(51,537)	(45,342)	(77,103)	(64,855)	(45,141)
Net change in plan fiduciary net position	1,771,260	1,769,730	(744,306)	(104,066)	905,698
Plan fiduciary net position - beginning	14,724,714	12,954,984	13,699,290	13,803,356	12,897,658
Plan fiduciary net position - ending (b)	16,495,974	14,724,714	12,954,984	13,699,290	13,803,356
Net Pension Liability (Asset) - ending (a) - (b)	1,734,866	2,138,129	2,764,795	2,040,059	1,575,281
Plan fiduciary net position as a percentage of total pension liability	90.48%	87.32%	82.41%	87.04%	89.76%
Covered-employee payroll	$4,977,058	$4,855,178	$ 4,464,242	$ 4,406,910	$ 4,240,100
Net pension liability (asset) as a percentage of covered-employee payroll	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,

	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 359,067	$ 396,492	$ 329,291	$ 319,788	$ 410,943
Contributions in relation to the actuarially determined contributior	601,485	601,485	601,485	601,485	601,485
Contribution deficiency (excess)	$ (242,418)	$ (204,993)	$ (272,194)	$ (281,697)	$ (190,542)
Covered-employee payroll	$4,977,058	$ 4,855,178	$4,464,242	$ 4,406,910	$ 4,240,100
Contributions as a percentage of covered-employee payroll	12.09%	12.39%	13.47%	13.65%	14.19%

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

	2018	2017	2016	2015	2014
Annual money-weighted rate of return, net of investment expense	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.

See independent auditor's report.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULE OF NOTES TO PENSION REQUIRED SUPPLEMENTARY INFORMATION - ALL FUNDS
For the Year Ended June 30, 2018

Notes to Pension Required Supplementary Information

Valuation Date : Actuarially determined contribution rates for June 30, 2018 were calculated based on the July 1, 2018 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method:	Entry age normal
Amortization method:	Level dollar
Remaining amortization period:	26 years
Asset valuation:	Fair market value
Inflation:	2.25% per annum, compounded annually
Salary increases:	3.0% per annum, compounded annually for Group A & B 5.0% per annum, compounded annually for Group C & D
Investment rate of return:	7.0% per annum, compounded annually
Retirement age:	Group A, B, and D employees - A graded retirement scale is assumed from age 50 to age 59 with 15% retirement assumption at an age where age plus service equals 80, 100% retirement at age 60 and 10 years of credited service Group C employees - Earlier of 30 years of service or attainment of age 60
Mortality:	1983 Group Annuity Mortality Table for Group A & B RP 2000 Combined Mortality Table for Group C & D
Cost of living adjustments:	None

**This is a summary of the methods and assumptions for the 7/1/17 to 6/30/18 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	2018	2017
Service cost	$ 468,768	$ 479,771
Interest	1,622,709	1,561,712
Changes in benefit terms	-	-
Differences between actual & expected experience	(7,044,844)	(921,458)
Change of assumptions	-	-
Benefit payments, including refunds of employee contributions	-	-
Net Change in Total OPEB Liability	(4,953,367)	1,120,025
Total OPEB liability - beginning	29,035,023	27,914,998
Total OPEB liability - ending (a)	24,081,656	29,035,023
Plan Fiduciary Net Position		
Contributions - employer	918,508	1,062,000
Contributions - employee	-	-
Net investment income	867,418	1,063,261
Benefit payments, including refunds of employee contributions	-	-
Administrative expense	(33,674)	(25,098)
Net change in plan fiduciary net position	1,752,252	2,100,163
Plan fiduciary net position - beginning	10,926,950	8,826,788
Plan fiduciary net position - ending (b)	12,679,202	10,926,951
Net OPEB Liability (Asset) - ending (a) - (b)	11,402,454	18,108,072
Plan fiduciary net position as a percentage of total OPEB liability	52.65%	37.63%
Covered-employee payroll	$5,871,100	$5,335,934
Net OPEB liability (asset) as a percentage of covered-employee payroll	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.

See independent auditor's report.

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

	2018	2017
Actuarially determined contribution	$ 1,410,432	$ 1,062,000
Contributions in relation to the actuarially determined contribution	918,508	1,062,000
Contribution deficiency (excess)	$ 491,924	$ -
Covered-employee payroll	$ 5,871,100	$ 5,335,934
Contributions as a percentage of covered-employee payroll	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.

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

	2018	2017
Annual money-weighted rate of return, net of investment expense	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.

See independent auditor's report.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
NOTES TO POST EMPLOYMENT BENEFITS
June 30, 2018

Valuation date	July 1, 2018
Actuarial valuation method	Entry Age Normal
Asset valuation method	Market value
Funding policy	The benefits of the Lawrenceburg Utility Systems Postemployment Benefits Other Than Pensions are funded through contributions to a trust.
Investment policy	To be provided by Lawrenceburg Utility Systems
	Benefits for retirees are deemed to be similar to those benefits provided for actives. The retiree medical plan is assumed to be the primary plan of benefits prior to age 65. It is assumed to pay benefits secondary to Medicare after attaining age 65 or after permanent disability.
Amortization period	20 years (closed)
Legislative changes	The valuation results provided in this report reflect a best estimate of the potential impact of the Patient Protection and Affordable Care Act (PPACA). Consideration has been made for provisions of the law that are effective as of the valuation date as well as those provisions that will take effect in the future. In particular, the anticipated future excise tax has been valued and deemed immaterial.
Mortality	RP-2014 Mortality Table adjusted to 2006 with generational mortality improvement projected under Projection Scale MP-2017
Retirement rates	Age 50 - 10%, Ages 51-54 - 5%, Age 55 - 20%, Ages 56-64 - 5%, and Age 65 - 100%
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	Fully insured premiums attributable to those retirees who are considered “grandfathered” were adjusted roughly 2.75% per year from attained ages 65 through 85. The age adjustment factors were based on actual premium rates charged by BCBS to Lawrenceburg Utility Systems. Prescription drug claims were adjusted downward 3% each year for aging for attained 55 to 65 while claims were increased by 3% each year for aging for attained ages 65 to 75.
Healthcare cost trend rates	Medical: Assumed to increase 8% in the first year. Future annual increases are assumed to grade uniformly to 5% over 10 years. Dental/Vision: 5% per annum.
Administrative expenses	Administrative expenses were assumed to be included in the per capita claims cost.

SUPPLEMENTARY AND OTHER INFORMATION SECTION

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF OPERATING REVENUES AND EXPENSES
ELECTRIC FUND
For the Years Ended June 30, 2018 and 2017

	2018		2017	
	Amount	Percent	Amount	Percent
Operating revenues:				
Charges for sales and services:				
Residential sales	$27,086,729	51.08	$26,498,226	51.22
Small lighting and power sales	5,164,442	9.74	5,093,499	9.85
Large lighting and power sales	18,772,555	35.40	18,224,232	35.23
Street and athletic lighting sales	450,447	0.85	445,145	0.86
Outdoor lighting sales	473,955	0.89	471,380	0.91
Total charges for sales and services	51,948,128	97.96	50,732,482	98.07
Other revenues:				
Forfeited discounts	387,519	0.73	373,578	0.72
Miscellaneous service revenue	91,164	0.17	52,053	0.09
Rent from electric property	606,012	1.14	576,893	1.12
Other electric revenue	65	-	62	-
Total other revenues	1,084,760	2.04	1,002,586	1.93
Total operating revenues	**53,032,888**	**100.00**	**$51,735,068**	**100.00**
Operating expenses:				
Cost of sales and services:				
Purchased power	38,929,558	79.11	37,748,811	79.56
Operations expenses:				
Distribution expenses:				
Station expense	79,729	0.16	115,308	0.24
Supervision and engineering	87,956	0.18	84,296	0.18
Overhead line expense	585,157	1.19	522,954	1.10
Underground lines expense	-	-	868	-
Street lighting and signal system	77,130	0.16	30,824	0.06
Meter expense	354,436	0.72	335,604	0.71
Installation expense	186,541	0.38	148,449	0.31
Rents	58,333	0.12	59,409	0.13
Miscellaneous	465,696	0.96	390,996	0.78
Total distribution expenses	$ 1,894,978	3.87	$ 1,688,708	3.51

See independent auditor's report.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF OPERATING REVENUES AND EXPENSES
ELECTRIC FUND
For the Years Ended June 30, 2018 and 2017

	2018		2017	
	Amount	Percent	Amount	Percent
Customer accounts expenses:				
Meter reading expense	$ 172,505	0.35	$ 168,070	0.35
Customer records and collection expense	597,506	1.21	529,257	1.12
Total customer accounts expenses	770,011	1.56	697,327	1.47
Customer service and information expenses:				
Customer assistance expense	19,571	0.04	16,519	0.03
Total customer service and information expenses	19,571	0.04	16,519	0.03
Sales expense				
Demonstrating and selling	93,245	0.19	41,656	0.09
Advertising	12,188	0.02	10,138	0.02
Miscellaneous	71,001	0.14	-	-
Total sales expense	176,434	0.35	51,794	0.11
Administrative expenses:				
Salaries	459,139	0.93	430,619	0.91
Office supplies and expense	286,883	0.58	340,940	0.72
Outside services employed	39,787	0.08	25,072	0.05
Insurance	273,779	0.56	135,503	0.29
Employee pension and benefits	1,949,436	3.96	1,997,075	4.21
Duplicate charge credit	(77,651)	(0.16)	(78,456)	(0.17)
Miscellaneous	57,291	0.12	50,977	0.11
Total administrative expenses	2,988,664	6.07	2,901,730	6.12
Total operations expenses	$ 5,849,658	11.89	$ 5,356,078	11.24

See independent auditor's report.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF OPERATING REVENUES AND EXPENSES
ELECTRIC FUND
For the Years Ended June 30, 2018 and 2017

	2018		2017	
	Amount	Percent	Amount	Percent
Maintenance expenses:				
Distribution expenses:				
Supervision and engineering	$ 39,750	0.08	$ 37,550	0.08
Station equipment	129,456	0.26	129,555	0.27
Overhead lines	1,201,600	2.44	1,194,486	2.57
Underground lines	10,243	0.02	4,940	0.01
Line transformers	78,139	0.16	41,266	0.09
Street lights and signal system	51,443	0.10	54,273	0.11
Meters	120	-	24	-
Outdoor lighting	37,060	0.08	35,589	0.08
Total distribution expenses	1,547,811	3.14	1,497,683	3.21
Administrative expenses:				
Maintenance of general plant	57,549	0.12	59,594	0.13
Total maintenance expenses	1,605,360	3.26	1,557,277	3.34
Total operations and maintenance expenses	7,455,018	15.15	6,913,355	14.58
Provision for depreciation	2,342,060	4.76	2,311,191	4.87
Taxes and other	480,501	0.98	471,256	0.99
Total operating expenses	**$49,207,137**	**100.00**	**$47,444,613**	**100.00**

See independent auditor's report.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF OPERATING REVENUES AND EXPENSES
WATER AND SEWER FUND
For the Years Ended June 30, 2018 and 2017

	2018		2017	
	Amount	Percent	Amount	Percent
Operating revenues:				
Charges for sales and services:				
Metered sales	$ 7,341,739	95.90	$ 7,314,966	95.68
Total charges for sales and services	7,341,739	95.90	7,314,966	95.68
Other revenue:				
Forfeited discounts	74,722	0.98	75,256	0.98
Miscellaneous	128,978	1.68	118,748	1.55
Servicing customer	44,821	0.59	44,860	0.59
Tap fees	64,980	0.85	91,373	1.20
Total other revenue	313,501	4.10	330,237	4.32
Total operating revenues	**7,655,240**	**100.00**	**7,645,203**	**100.00**
Operating expenses:				
Operations expenses:				
Distribution expenses:				
Station expense	1,295,089	23.85	1,139,016	22.40
Miscellaneous	39,730	0.73	33,127	0.65
Total distribution expenses	1,334,819	24.58	1,172,143	23.05
Customer accounts expenses:				
Meter reading expense	53,865	0.99	53,188	1.05
Customer records and collection expense	184,338	3.39	162,099	3.19
Total customer accounts expenses	238,203	4.38	215,287	4.24
Sales expense				
Demonstrating and selling	12,417	0.23	284	0.01
Advertising	1,743	0.03	388	0.01
Total sales expense	14,160	0.26	672	0.02
Administrative expenses:				
Salaries	281,449	5.18	322,489	6.34
Office supplies and expense	148,990	2.74	177,408	3.49
Outside services employed	40,276	0.74	22,182	0.44
Insurance	43,740	0.81	34,940	0.69
Injuries and damages	213,159	3.93	183,136	3.60
Employee pension and benefits	556,376	10.25	328,252	6.46
Miscellaneous	48,544	0.89	70,219	1.38
Total administrative expenses	1,332,534	24.54	1,138,626	22.40
Total operations expenses	$ 2,919,716	53.76	$ 2,526,728	49.71

See independent auditor's report.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF OPERATING REVENUES AND EXPENSES
WATER AND SEWER FUND
For the Years Ended June 30, 2018 and 2017

	2018		2017	
	Amount	Percent	Amount	Percent
Maintenance expenses:				
Distribution expenses:				
Station equipment	$ 208,620	3.84	$ 151,874	2.96
Underground lines	1,045,903	19.26	1,228,666	24.16
Total distribution expenses	1,254,523	23.10	1,380,540	27.12
Administrative expenses:				
Maintenance of general plant	72,565	1.34	24,312	0.48
Total maintenance expenses	1,327,088	24.44	1,404,852	27.60
Total operations and maintenance expenses	4,246,804	78.20	3,931,580	77.31
Provision for depreciation	1,183,695	21.80	1,153,627	22.69
Total operating expenses	**$ 5,430,499**	**100.00**	**$ 5,085,207**	**100.00**

See independent auditor's report.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULES OF OPERATING REVENUES AND EXPENSES
GAS FUND
For the Years Ended June 30, 2018 and 2017

	2018		2017	
	Amount	Percent	Amount	Percent
Operating revenues:				
Charges for sales and services:				
Metered sales	$ 5,706,458	97.73	$ 4,767,666	97.15
Total charges for sales and services	5,706,458	97.73	4,767,666	97.15
Other revenue:				
Forfeited discounts	27,093	0.46	19,838	0.40
Inspection fee	3,500	0.06	3,820	0.08
Line extension charges	21,884	0.37	35,997	0.73
Miscellaneous	930	0.02	1,075	0.02
Rent	45,937	0.79	45,937	0.94
Servicing customer	33,480	0.57	33,460	0.68
Total other revenue	132,824	2.27	140,127	2.85
Total operating revenues	**$ 5,839,282**	**100.00**	**$ 4,907,793**	**100.00**
Operating expenses:				
Cost of sales and services:				
Purchase of gas	$ 2,463,992	57.77	$ 2,031,631	55.68
Operations expenses:				
Distribution expenses:				
Underground lines expense	-	-	868	-
Miscellaneous	28,898	0.68	22,556	0.62
Total distribution expenses	28,898	0.68	23,424	0.62
Customer accounts expenses:				
Meter reading expense	36,839	0.86	36,002	0.99
Customer records and collection expense	120,432	2.82	109,991	3.01
Total customer accounts expenses	157,271	3.68	145,993	4.00
Sales expense				
Demonstrating and selling	11,695	0.27	261	0.01
Advertising	844	0.02	535	0.01
Total sales expense	12,539	0.29	796	0.02
Administrative expenses:				
Salaries	153,054	3.59	169,833	4.65
Office supplies and expense	87,095	2.04	85,574	2.35
Outside services employed	22,325	0.52	19,343	0.53
Insurance	6,041	0.14	5,389	0.15
Injuries and damages	45,654	1.07	33,683	0.92
Employee pension and benefits	478,014	11.21	227,560	6.24
Miscellaneous	29,943	0.70	42,994	1.18
Total administrative expenses	822,126	19.27	584,376	16.02
Total operations expenses	$ 1,020,834	23.92	$ 753,721	20.66

See independent auditor's report.

SCHEDULES OF OPERATING REVENUES AND EXPENSES
GAS FUND
For the Years Ended June 30, 2018 and 2017

	2018		2017	
	Amount	Percent	Amount	Percent
Maintenance expenses:				
Distribution expenses:				
Underground lines	$ 399,636	9.38	$ 443,249	12.15
Total distribution expenses	399,636	9.38	443,249	12.15
Administrative expenses:				
Maintenance of general plant	10,666	0.25	9,419	0.26
Total maintenance expenses	410,302	9.63	452,668	12.41
Total operations and maintenance expenses	1,431,136	33.55	1,206,389	33.07
Provision for depreciation	370,398	8.68	410,602	11.25
Total operating expenses	**$ 4,265,526**	**100.00**	**$ 3,648,622**	**100.00**

See independent auditor's report.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULE OF LONG-TERM DEBT - ELECTRIC
June 30, 2018

Year Ended	Series 2002 Refunding Bonds		Series 2011 Capital Outlay Note		Series 2015C Refunding Bonds		**Total Requirements**		
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2019	785,000	376,750	50,000	2,365	-	91,540	835,000	470,655	1,305,655
2020	825,000	337,500	-	-	525,000	86,290	1,350,000	423,790	1,773,790
2021	865,000	296,250	-	-	530,000	75,740	1,395,000	371,990	1,766,990
2022	915,000	253,000	-	-	550,000	64,940	1,465,000	317,940	1,782,940
2023	960,000	207,250	-	-	560,000	53,840	1,520,000	261,090	1,781,090
2024	1,010,000	159,250	-	-	575,000	42,490	1,585,000	201,740	1,786,740
2025	1,060,000	108,750	-	-	580,000	30,940	1,640,000	139,690	1,779,690
2026	1,115,000	55,750	-	-	550,000	18,953	1,665,000	74,703	1,739,703
2027	-	-	-	-	555,000	6,383	555,000	6,383	561,383
	$ 7,535,000	$ 1,794,500	$ 50,000	$ 2,365	$ 4,425,000	$ 471,116	$ 12,010,000	$ 2,267,981	$ 14,277,981

See independent auditor's report.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULE OF LONG-TERM DEBT - WATER AND SEWER
June 30, 2018

Year Ended	State of Tennessee Revolving Loan		Series 2011 General Obligation Refunding Bond		Series 2012 General Obligation Refunding Bond		Series 2016 General Obligation Refunding Bond		Series 2016B General Obligation Refunding Bond		Series 2017 Go Bonds		**Total Requirements**		
June 30,	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total
2019	706,416	149,472	110,000	3,725	100,000	59,350	600,000	111,250	50,000	88,000	-	40,838	1,566,416	452,635	2,019,051
2020	723,852	132,036	50,000	1,250	100,000	57,350	625,000	81,250	50,000	87,000	-	40,838	1,548,852	399,724	1,948,576
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	20,000	90,000	22,863	1,090,000	42,863	1,132,863
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
	$6,448,094	$684,294	$160,000	$ 4,975	$2,130,000	$318,950	$3,725,000	$342,500	$4,400,000	$876,000	$1,500,000	$485,107	$18,363,094	$2,711,826	$21,074,920

See independent auditor's report.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULE OF LONG-TERM DEBT - GAS
June 30, 2018

Year Ended	Series 2011 General Obligation Refunding Bonds		**Total Requirements**		
June 30,	Principal	Interest	Principal	Interest	Total
2019	20,000	450	20,000	450	20,450
	$ 20,000	$ 450	$ 20,000	$ 450	$ 20,450

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
ELECTRIC RATES IN FORCE
June 30, 2018

Residential Rate Schedule:		
Customer charge - per delivery point per month	$	19.00
Energy charge - cents per kWh		
First 800 kWh per month		0.09495
Additional kWh		0.09495
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		0.10464
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		16.00
Energy charge - cents per kWh		
First 15,000 kWh per month		0.10357
Additional kWh per month		0.06306
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		16.12
Next 1,500 kW		18.13
Excess over 2,500 kW		18.13
Energy charge - cents per kWh		0.06306
SGSB (5,001 - 15,000 kW demand)		
Customer charge - per delivery point per month	$	1,500.00
Admin charge	$	350.00
Demand charges - per kW per month		
All kW - per kW per month		19.92
Energy charge - cents per kWh for up to 620 hours use of metered demand per month		0.01754
Per kWh for all additional kWh per month		0.01754

See independent auditor's report.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
ELECTRIC RATES IN FORCE
June 30, 2018

Commercial Rate Schedule (cont.):		
SGSC (15,001 - 25,000 kW demand)		
Customer charge - per delivery point per month	$	1,500.00
Admin charge	$	350.00
Demand charges - per kW per month		
All kW - per kW per month		19.41
Energy charge - cents per kWh for up to 620 hours		
use of metered demand per month		0.01754
Per kWh for all additional kWh per month		0.01754
SGSD (25,001 and over kW demand)		
Customer charge - per delivery point per month	$	1,500.00
Admin charge	$	350.00
Demand charges - per kW per month		
All kW - per kW per month		19.30
Energy charge - cents per kWh		
All kWh		0.01754
Outdoor Lighting:		
Customer charge - per delivery point per month	$	2.50
Energy charge - cents per kWh		0.06740
Facility charge (part B)		9% of installed cost
Number of customers:		
Residential		17,186
Commercial and industrial		3,115
Street and outdoor lighting		98
		20,399

See independent auditor's report.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
WATER AND SEWER RATES IN FORCE
June 30, 2018

Water Division

Inside City Limits		
Residential		
Customer charge	$ 15.04 for the first 1,099 gallons	
Water usage	$ .534000 per gallon after 1,100 gallons	
Commercial		
Customer charge	$ 40.11 for the first 1,999 gallons	
Water usage	$ .606000 per gallon after 2,000 gallons	
Industrial		
Customer charge	$ 99.23 for the first 2,099 gallons	
Water usage	$ .629000 per gallon for 2,100 through 20,099 gallons	
	$ .519000 per gallon after 20,100 gallons	
Outside City Limits		
Residential		
Customer charge	$ 26.13 for the first 1,099 gallons	
Water usage	$ .663000 per gallon after 1,100 gallons	
Commercial		
Customer charge	$ 49.61 for the first 2,099 gallons	
Water usage	$ .684000 per gallon after 2,100 gallons	
Utility Districts		
Customer charge	$108.73 customer charge plus $.29574 per gallon	
Number of customers		7,205

See independent auditor's report.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
WATER AND SEWER RATES IN FORCE
June 30, 2018

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	$ 52.834 for the first 1,099 gallons
Water usage	$ .775000 per gallon after 1,100 gallons
Commercial	
Customer charge	$ 77.67 for the first 1,099 gallons
Water usage	$ .867000 per gallon after 1,100 gallons
Number of customers	5,062

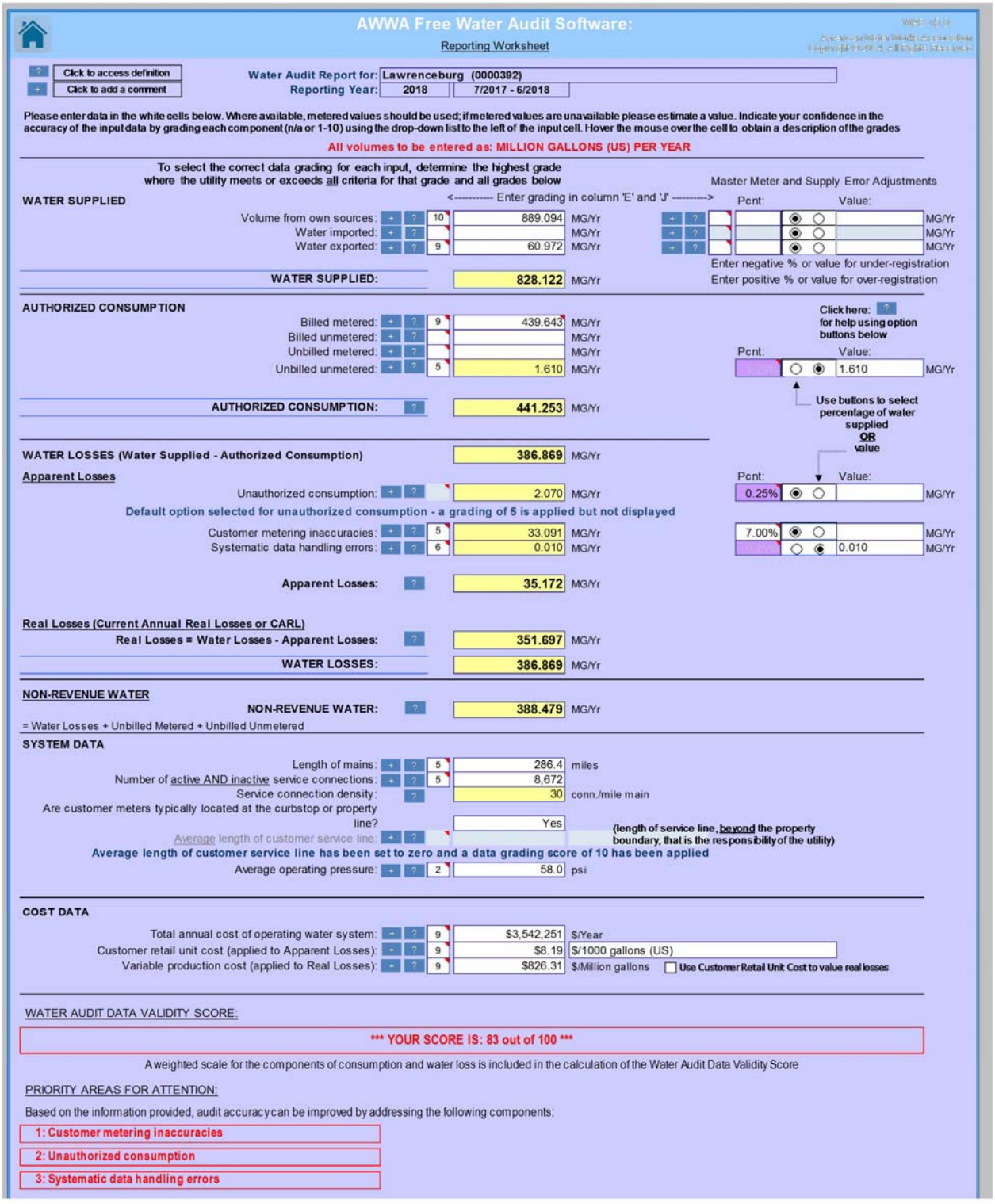
See independent auditor's report.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
GAS RATES IN FORCE
June 30, 2018

Class 40 - Residential - inside city		
Customer charge	$	5.19
Rate per MCF		0.79600
Class 41 - Commercial - inside city		
Customer charge	$	6.50
Rate per MCF		0.87088
Class 45 - Residential - outside city		
Customer charge	$	5.39
Rate per MCF		0.81680
Class 46 - Commercial - outside city		
Customer charge	$	7.15
Rate per MCF		0.89896
Class 49, 50, 51, 52 Industrial		
Customer charge	$	6.50
Rate per MCF		0.87088
Number of customers		6,141

See independent auditor's report.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
SCHEDULE OF UNACCOUNTED FOR WATER - UNAUDITED
June 30, 2018



AWWA Free Water Audit Software:

Reporting Worksheet

Click to access definition
Click to add a comment

Water Audit Report for: Lawrenceburg (0000392)
Reporting Year: 2018 7/2017 - 6/2018

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

Master Meter and Supply Error Adjustments

WATER SUPPLIED <---------- Enter grading in column 'E' and 'J' ----------> Pcnt: Value:

Volume from own sources:	10	889.094	MG/Yr			MG/Yr
Water imported:			MG/Yr			MG/Yr
Water exported:	9	60.972	MG/Yr			MG/Yr

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

WATER SUPPLIED: 828.122 MG/Yr

AUTHORIZED CONSUMPTION

Click here: for help using option buttons below

Billed metered:	9	439.643	MG/Yr		
Billed unmetered:			MG/Yr		
Unbilled metered:			MG/Yr		
Unbilled unmetered:	5	1.610	MG/Yr		1.610 MG/Yr

Use buttons to select percentage of water supplied OR value

AUTHORIZED CONSUMPTION: 441.253 MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption) 386.869 MG/Yr

Apparent Losses

Unauthorized consumption:		2.070	MG/Yr	0.25%	MG/Yr

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

Customer metering inaccuracies:	5	33.091	MG/Yr	7.00%	MG/Yr
Systematic data handling errors:	6	0.010	MG/Yr	0.010	MG/Yr

Apparent Losses: 35.172 MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 351.697 MG/Yr

WATER LOSSES: 386.869 MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: 388.479 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	5	286.4	miles
Number of active AND inactive service connections:	5	8,672	
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

Average operating pressure:	2	58.0	psi

COST DATA

Total annual cost of operating water system:	9	$3,542,251	$/Year
Customer retail unit cost (applied to Apparent Losses):	9	$8.19	$/1000 gallons (US)
Variable production cost (applied to Real Losses):	9	$826.31	$/Million gallons

Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

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

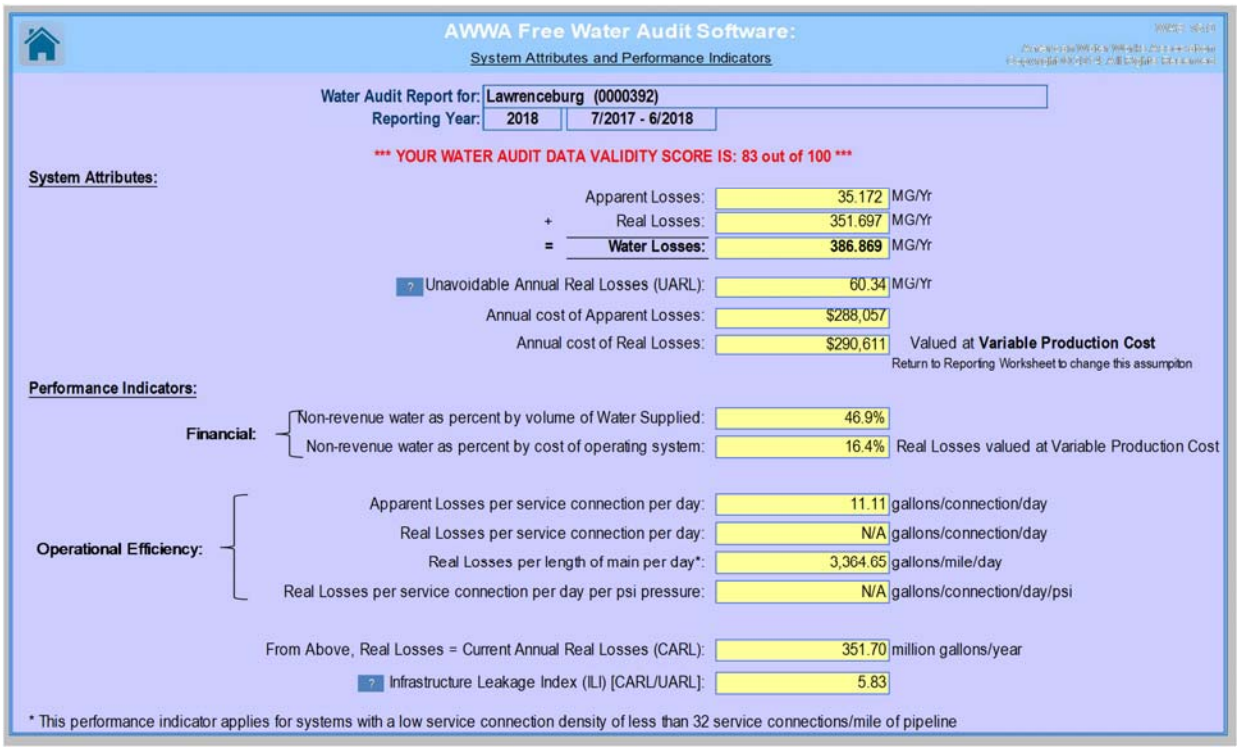
A weighted scale for the components of consumption and water loss is included in the calculation of the Water Audit Data Validity Score

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, 2018



AWWA Free Water Audit Software:

System Attributes and Performance Indicators

Water Audit Report for: Lawrenceburg (0000392)
Reporting Year: 2018 7/2017 - 6/2018

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

System Attributes:

	Apparent Losses:	35.172	MG/Yr
+	Real Losses:	351.697	MG/Yr
=	**Water Losses:**	**386.869**	MG/Yr
	? Unavoidable Annual Real Losses (UARL):	60.34	MG/Yr
	Annual cost of Apparent Losses:	$288,057	
	Annual cost of Real Losses:	$290,611	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:	46.9%	
	Non-revenue water as percent by cost of operating system:	16.4%	Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	11.11	gallons/connection/day
	Real Losses per service connection per day:	N/A	gallons/connection/day
	Real Losses per length of main per day*:	3,364.65	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):	351.70	million gallons/year
	? Infrastructure Leakage Index (ILI) [CARL/UARL]:	5.83	

* 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, 2018

	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	14.23	33004-57317	$ 47,050
Total Federal Awards			**$ 47,050**

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,				
	2018	2017	2016	2015	2014
Revenues					
Residential	$ 27,086,729	$ 26,498,226	$ 25,018,855	$ 25,559,593	$ 26,217,697
Small lighting and power	5,164,442	5,093,499	4,759,213	5,016,194	5,788,884
Large lighting and power	18,772,555	18,224,232	17,435,465	17,683,435	16,481,366
Street and athletic lighting	450,447	445,145	430,633	427,255	430,508
Outdoor lighting	473,955	471,380	453,951	382,647	457,939
Interest and other revenue	1,132,262	1,018,027	909,256	1,043,489	1,100,786
Capital contributions	-	-	260,521	179,914	205,719
	53,080,390	51,750,509	49,267,894	50,292,527	50,682,899
Expenses					
Electric power costs	38,929,558	37,748,811	35,506,249	37,868,948	37,425,387
Operating and maintenance	7,455,018	6,913,355	7,196,072	7,239,780	7,269,834
Provision for depreciation and amortization	2,342,060	2,311,191	2,300,168	2,280,466	2,175,838
Tax and tax equivalen	480,501	471,256	439,001	486,639	571,584
Transfers	1,195,558	1,195,976	1,103,742	1,127,172	1,117,855
Loss (gain) on disposition of property	203,227	298,194	(284,329)	256,631	-
Interest and other expense	598,964	651,377	695,491	868,550	945,625
	51,204,886	49,590,160	46,956,394	50,128,186	49,506,123
Net Income (Loss)	$ 1,875,504	$ 2,160,349	$ 2,311,500	$ 164,341	$ 1,176,776
Financial					
Plant in services (at original cost)	$ 87,564,985	$ 86,866,030	$ 85,510,232	$ 84,339,752	$ 82,422,391
Bonds and notes outstanding	$ 12,020,450	$ 13,321,145	$ 14,561,836	$ 15,762,529	$ 16,644,181
Power in use - KWH (in Millions)					
Residential	258	246	255	258	261
Commercial and industrial	221	223	217	220	217
Total	479	469	472	478	478
Number of customers					
Residential	17,186	17,134	17,011	16,942	16,853
Lighting	98	79	79	81	83
Commercial & industrial	3,115	3,058	3,001	2,993	2,914
	20,399	20,271	20,091	20,016	19,850
Line loss	4.52%	3.39%	1.27%	4.72%	4.07%

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

See independent auditor's report.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
HISTORICAL INFORMATION - UNAUDITED

WATER & SEWER FUND

	For the Years Ended June 30,				
	2018	2017	2016	2015	2014
Revenues					
Operating	$ 7,341,739	$ 7,314,966	$ 7,241,076	$ 6,936,980	$ 6,847,093
Interest and other revenue	315,049	332,028	285,846	299,620	370,346
Capital contributions	27,700	-	405,044	33,000	46,500
	7,684,488	7,646,994	7,931,966	7,269,600	7,263,939
Expenses					
Operating and maintenance	$ 4,246,804	$ 3,931,580	$ 4,403,175	$ 4,242,423	$ 3,272,855
Provision for depreciation and amortization	1,183,695	1,153,627	1,121,079	1,097,920	1,085,304
Transfers	283,114	285,343	271,964	288,878	294,706
Loss on disposition of property	107,901	53,892	47,398	16,001	-
Interest and other expense	504,751	531,972	584,032	756,509	829,493
	6,326,265	5,956,414	6,427,648	6,401,731	5,482,358
Net Income (Loss)	$ 1,358,223	$ 1,690,580	$ 1,504,318	$ 867,869	$ 1,781,581
Financial					
Plant in services (at original cost)	56,833,468	56,697,732	$ 55,912,118	$ 54,857,635	$ 54,541,346
Bonds and notes outstanding	$ 18,309,393	$ 18,317,112	$ 19,943,530	$ 20,430,647	$ 22,522,303
Usage - Gallons (in Millions)					
Water	501	523	574	587	543
Sewer	319	321	321	319	308
Number of customers					
Water	7,205	7,194	7,001	6,990	6,985
Sewer	5,062	5,062	5,007	5,007	4,993
Line loss					
Water	39.55%	42.85%	40.81%	35.34%	34.67%

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

See independent auditor's report.

LAWRENCEBURG UTILITY SYSTEMS
LAWRENCEBURG, TENNESSEE
HISTORICAL INFORMATION - UNAUDITED

GAS FUND

	For the Years Ended June 30,				
	2018	2017	2016	2015	2014
Revenues					
Operating	$ 5,706,458	$ 4,767,666	$ 3,232,471	$ 4,697,427	$ 6,120,999
Interest and other revenue	134,775	141,786	122,097	134,713	161,503
	5,841,233	4,909,452	3,354,568	4,832,140	6,282,502
Expenses					
Purchase of gas	$ 2,463,992	$ 2,031,631	$ 1,743,377	$ 2,747,623	$ 4,304,928
Operating and maintenance	1,431,136	1,206,389	1,257,902	1,400,301	1,193,747
Provision for depreciation and amortization	370,398	410,602	400,289	388,475	241,883
Transfers	147,541	132,219	133,409	121,856	120,291
Loss on disposition of property	557,914	49,880	168,767	17,694	-
Interest and other expense	3,249	3,270	4,386	3,399	3,408
	4,974,230	3,833,991	3,708,130	4,679,348	5,864,257
Net Income (Loss)	$ 867,003	$ 1,075,461	$ (353,562)	$ 152,792	$ 418,245
Financial					
Plant in service (at original cost)	$ 15,229,950	$ 15,215,464	$ 14,076,474	$ 13,882,233	$ 13,149,714
Usage - MCF	650,801	516,603	519,975	636,838	647,672
Number of customers	6,141	6,108	6,061	6,070	5,995

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

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION

Alexander Thompson Arnold PLLC
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www.atacpa.net

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, 2018, 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 10, 2018.

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.

Jackson, Tennessee
November 10, 2018

LAWRENCEBURG UTILITY SYSTEMS
SCHEDULE OF FINDINGS AND RESPONSES – CURRENT YEAR
June 30, 2018 and 2017

There were no current year findings reported.

LAWRENCEBURG UTILITY SYSTEMS
SCHEDULE OF FINDINGS AND RESPONSES – PRIOR YEAR
June 30, 2018 and 2017

There were no prior year findings reported.