

**CITY OF LEXINGTON,
TENNESSEE**

ANNUAL FINANCIAL REPORT

JUNE 30, 2024

CITY OF LEXINGTON, TENNESSEE

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024

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CITY OF LEXINGTON, TENNESSEE

ROSTER OF PUBLICLY ELECTED OFFICIALS AND MANAGEMENT OFFICIALS

JUNE 30, 2024

PUBLICLY ELECTED OFFICIALS

Jeff Griggs	Mayor
Sandra Wood	Vice-Mayor
Fred Ellis	Alderman
Roger Loftin	Alderman
Tim Rhodes	Alderman
Jimmy White	Alderman
Gordon Wildridge	Alderman
Gabe Williams	Alderman

MANAGEMENT OFFICIALS

Cody Wood	CMFO Designee City Recorder
Justin Roach	Utility General Manager



Independent Auditor's Report

To the Mayor and City Aldermen
City of Lexington
Lexington, Tennessee 38351

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Lexington, Tennessee, (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents. We did not audit the financial statements of the Lexington Electric System, which is both a major fund and 53%, 54%, and 76% respectively, of the assets, net position, and revenues of the business-type activities.

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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparisons for the General Fund and the General Purpose School Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and

Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 and the schedule of funding progress on pages 100 through 101 and other required supplementary information on pages 102 through 111 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by 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.

Supplementary 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 accompanying combining and individual nonmajor fund financial statements, schedules, other supplemental information, and schedule of expenditures of federal awards, as required by Title 2 U. S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. The 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 by us and other auditors. In our opinion, the combining and individual nonmajor fund financial statements, schedules, other supplemental information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2024, 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 the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Audwin Associates, PLLC". The signature is written in a cursive, flowing style.

December 31, 2024

**CITY OF LEXINGTON, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

Our discussion and analysis of the City of Lexington, Tennessee, will offer readers of the City's financial statements a narrative overview and review of the financial activities of the City for the fiscal year ended June 30, 2024. Readers are encouraged to consider the information presented here in conjunction with the City's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 11 and 12) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 13. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 11. The following is one of the most important questions asked about the City's finances, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The *statement of net position* presents financial information on all of the City's assets, liabilities, deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the City'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 for some items that will only result in cash flows of future fiscal periods.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the general administration, police, fire, public works, health, welfare, and recreation, economic development and debt service. Property taxes, local sales taxes, and state shared revenue finance most of these activities.
- Business-type activities – The City charges a fee to customers to help cover all or most of the cost of certain services it provides. The City's gas, water and sewer, and electric operations are reported here.

Our analysis of the City's major funds begins on page 13. The fund financial statements begin on page 13 and provide detailed information about the most significant funds (not the City as a whole). Some funds are required to be established by State law. However, the City Board establishes other funds to help it control and manage money for particular purposes. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

- *Governmental Funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.
- *Proprietary Funds* – When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

The City as Trustee – The City maintains a fiduciary fund for which it is the trustee or fiduciary. The pension trust fund accounts for pension contributions, benefits, and distributions. This fund is reported in a separate Statement of Fiduciary Net Position page 33, and the Statement of Changes in the Fiduciary Net Position for the Pension Trust fund is on page 34. We exclude these activities from the City's other financial statements because the City cannot use these assets to finance its operations. The City is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

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 35 - 99.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide pension benefits to its employees. Required supplementary information can be found on pages 100 - 111 of this report.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions. Combining and individual statements and schedules can be found on pages 112 - 123 of this report.

THE CITY AS A WHOLE

Net position may serve over time as a useful indicator of government's financial position. In the case of the City of Lexington, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$102,824,462 at June 30, 2024.

CITY OF LEXINGTON'S NET POSITION

	Governmental Activities		Business Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 20,703,401	\$ 19,813,555	\$ 26,638,641	\$ 25,937,396	\$ 47,342,042	\$ 45,750,951
Capital Assets	30,623,518	28,026,781	114,787,378	92,464,343	145,410,896	120,491,124
Total Assets	<u>51,326,919</u>	<u>47,840,336</u>	<u>141,426,019</u>	<u>118,401,739</u>	<u>192,752,938</u>	<u>166,242,075</u>
Deferred outflows of resources	<u>2,394,347</u>	<u>2,790,818</u>	<u>2,700,549</u>	<u>3,417,109</u>	<u>5,094,896</u>	<u>6,207,927</u>
Long term liabilities	12,264,669	11,301,180	64,530,405	43,594,591	76,795,074	54,895,771
Other liabilities	1,730,760	1,794,757	9,016,653	7,840,349	10,747,413	9,635,106
Total liabilities	<u>13,995,429</u>	<u>13,095,937</u>	<u>73,547,058</u>	<u>51,434,940</u>	<u>87,542,487</u>	<u>64,530,877</u>
Deferred inflows of resources	<u>4,604,808</u>	<u>4,249,461</u>	<u>2,876,077</u>	<u>3,448,049</u>	<u>7,480,885</u>	<u>7,697,510</u>
Net Position:						
Net investment in capital assets	23,877,650	22,095,517	64,076,393	62,094,719	87,954,043	84,190,236
Restricted	2,732,392	2,258,121	9,963,054	4,484,905	12,695,446	6,743,026
Unrestricted	8,510,987	8,932,118	(6,336,014)	356,235	2,174,973	9,288,353
Total Net Position	<u>\$ 35,121,029</u>	<u>\$ 33,285,756</u>	<u>\$ 67,703,433</u>	<u>\$ 66,935,859</u>	<u>\$ 102,824,462</u>	<u>\$ 100,221,615</u>

Governmental Activities

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

Business-type Activities

The changes in business-type activities net position are described below:

- The City's Gas System had a decrease in net position of (\$61,993) compared to an increase in the prior year of \$282,915. This decrease in net position from the prior year to the current year is primarily due to a decrease in charges for services.
- The City's Water Systems Fund had an increase of net position of \$1,381,268 compared to an increase in the prior year of \$169,944. The increase in net position from the prior year to the current year increased due to decreased operating expenses.
- The City's Electric Department had a decrease in net position of (\$551,701) compared to an increase in the prior year of \$1,826,181. The decrease in net position from the prior year to the current year decreased due to a decrease in charges for services.

The following table provides a summary of the City's operations for the year ended June 30, 2024, with comparative totals for the year ended June 30, 2023.

	Governmental Activities		Business Type Activities		TOTAL	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues						
Fees, fines and charges for services	\$ 2,854,351	\$ 2,131,251	\$ 66,520,895	\$ 69,939,583	\$ 69,375,246	\$ 72,070,834
Operating grants and contributions	10,367,236	10,946,657	-	-	10,367,236	10,946,657
Capital grants and contributions	1,828,704	1,089,250	-	-	1,828,704	1,089,250
General revenues:						
Property taxes	2,812,081	2,238,089	-	-	2,812,081	2,238,089
In-lieu of property taxes	119,178	117,334	-	-	119,178	117,334
Public service taxes	109,972	121,804	-	-	109,972	121,804
Sales taxes	6,464,053	6,266,839	-	-	6,464,053	6,266,839
Investment earnings	424,569	219,056	1,185,552	369,513	1,610,121	588,569
Insurance recovery	62,622	369,941	8,659	18,463	71,281	388,404
Gain(loss) on sale of capital assets	(8,764)	22,672	-	6,400	(8,764)	29,072
Lease revenue	-	-	120,270	123,704	120,270	123,704
Miscellaneous	226,094	142,487	106,152	104,624	332,246	247,111
Total revenues	<u>25,260,096</u>	<u>23,665,380</u>	<u>67,941,528</u>	<u>70,562,287</u>	<u>93,201,624</u>	<u>94,227,667</u>
Expenses:						
General government and administration						
	2,310,555	1,995,407	-	-	2,310,555	1,995,407
Public safety	5,177,276	4,773,443	-	-	5,177,276	4,773,443
Public works	3,738,781	3,128,273	-	-	3,738,781	3,128,273
Health, Welfare and Recreation	12,898,453	11,757,593	-	-	12,898,453	11,757,593
Economic development	75,959	103,450	-	-	75,959	103,450
Internal School Fund	249,103	236,557	-	-	249,103	236,557
Interest on long-term debt	175,235	109,690	-	-	175,235	109,690
Water Systems	-	-	8,121,649	7,801,957	8,121,649	7,801,957
Natural Gas	-	-	6,774,410	7,959,335	6,774,410	7,959,335
Electric Department	-	-	51,720,223	51,463,109	51,720,223	51,463,109
Total expenses	<u>24,625,362</u>	<u>22,104,413</u>	<u>66,616,282</u>	<u>67,224,401</u>	<u>91,241,644</u>	<u>89,328,814</u>
Increase (decrease) in net position before transfers and contributions	<u>634,734</u>	<u>1,560,967</u>	<u>1,325,246</u>	<u>3,337,886</u>	<u>1,959,980</u>	<u>4,898,853</u>
Transfers	1,196,952	1,142,376	(1,196,952)	(1,180,977)	-	(38,601)
Capital contributions	-	-	639,280	122,131	639,280	122,131
Increase (decrease) in net position	<u>1,831,686</u>	<u>2,703,343</u>	<u>767,574</u>	<u>2,279,040</u>	<u>2,599,260</u>	<u>4,982,383</u>
Net position at beginning of year, as originally stated	33,285,756	30,586,515	66,935,859	64,656,819	100,221,615	95,243,334
Inventory adjustment	3,587	(4,102)	-	-	3,587	(4,102)
Net position at beginning of year, as restated	<u>33,289,343</u>	<u>30,582,413</u>	<u>66,935,859</u>	<u>64,656,819</u>	<u>100,225,202</u>	<u>95,239,232</u>
Net position at end of year	<u>\$ 35,121,029</u>	<u>\$ 33,285,756</u>	<u>\$ 67,703,433</u>	<u>\$ 66,935,859</u>	<u>\$ 102,824,462</u>	<u>\$ 100,221,615</u>

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 13) reported a combined fund balance of \$15,366,489, which is 5% above last year's total of \$14,648,817.

The following schedule presents a summary of general, special revenues, debt service and capital project revenues and expenditures for the fiscal year ended June 30, 2024, and the amount and percentage of increases and decreases in relation to the prior year.

Revenues	June 30, 2024	Percent of Total	June 30, 2023
Taxes	\$ 8,309,378	33.08%	\$ 7,744,564
Intergovernmental	13,183,619	52.48%	13,417,185
Licenses and permits	45,297	0.18%	25,227
Charges for services	2,214,819	8.82%	1,482,111
Fines and forfeitures	299,143	1.19%	260,817
Internal school funds	280,686	1.12%	251,929
Other revenues	787,451	3.13%	497,036
Total Revenues	\$ 25,120,393	100.00%	\$ 23,678,869

Revenues were comparable from the prior year to the current year.

Expenditures	June 30, 2024	Percent of Total	June 30, 2023
General government	\$ 1,533,203	5.58%	\$ 1,447,225
Public Safety	4,590,098	16.72%	4,214,744
Public Works	3,125,680	11.39%	2,722,317
Health, welfare, and recreation	12,116,962	44.14%	11,261,675
Economic development	75,959	0.28%	103,450
Internal school funds	249,103	0.91%	236,557
Capital outlay	4,849,050	17.66%	2,743,307
Debt Service	913,827	3.33%	712,844
Total Expenditures	\$ 27,453,882	100.00%	\$ 23,442,119

Expenditures were comparable from the prior year to the current year.

COMPONENT UNIT

The Government Accounting Standards Board (GASB 14) requires that certain organizations affiliated with the primary government be reported as component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The nature and significance of component units are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The component unit for the City of Lexington is the Industrial Development Board of the City of Lexington, Tennessee.

A summary of the City's component unit operations follows:

	THE IDB OF THE CITY OF LEXINGTON	
	2024	2023
Fees, Fines and Charges for Services	\$ -	\$ -
Operating Grants and Contributions	92,800	553,334
Capital Grants and Contributions	392,881	103,510
Insurance recovery	-	13,000
Investment earnings	16,488	19,363
Gain on disposal of assets	-	116,298
Lease revenues	76,511	122,838
Transfers in/ (out)	-	38,601
Total Revenues	578,680	966,944
Program expenses	125,684	543,518
Change in net position	452,996	423,426
Net Position At Beginning of Year	1,851,415	1,427,989
Net Position at End of Year	\$ 2,304,411	\$ 1,851,415

Complete financial statements of the Industrial Development Board of the City of Lexington, Tennessee may be obtained from the IDB, c/o Cody Wood, 33 1st Street, Lexington, Tennessee.

General Fund Budgetary Highlights

Over the course of the year, the City and the School system revised their budgets at various times during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 2024, the City had \$145,410,896 invested in a broad range of capital assets, including police and fire equipment, buildings, parks facilities, water and sewer lines, natural gas lines, electric plant and equipment, and various other equipment. This amount represents a net increase (including additions and deductions) of \$24,919,772, or 20.68% over the prior year. Additional information on capital assets is in Note 3.C.

Debt

At year-end, the City had \$58,553,025 in outstanding long-term debt compared to \$36,707,489 last year. Of the total outstanding debt 12% belongs to the Governmental funds, 5% to the Gas Fund, 25% to the Water Systems Fund, and 58% to the Electric Department.

See Note 3.G for additional information.

ECONOMIC FACTORS

The City expects higher revenues and operating costs in 2024-2025 as compared to 2023-2024.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact the City at 33 1st Street, Lexington, Tennessee.

Cody Wood
City Recorder

CITY OF LEXINGTON, TENNESSEE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Industrial Development Board
ASSETS				
Cash and cash equivalents	\$ 13,923,451	\$ 7,641,173	\$ 21,564,624	\$ 211,240
Cash and cash equivalents - restricted	307,849	10,385,329	10,693,178	-
Investments	-	100,000	100,000	-
Receivables:				
Property taxes	3,257,066	-	3,257,066	-
Accounts receivable, net of allowance	7,956	4,080,132	4,088,088	-
Grant receivables	172,951	523,732	696,683	-
Lease receivable, current portion	-	116,953	116,953	56,414
Other receivables	90,094	461,828	551,922	-
Internal balances	(82,629)	82,629	-	-
Due from other governments	1,458,239	-	1,458,239	13,000
Inventory	38,510	1,090,853	1,129,363	-
Hybrid retirement stabilization funds	95,244	-	95,244	-
Natural gas storage	-	407,892	407,892	-
Prepaid expenses	241,984	576,298	818,282	-
Net pension asset	1,192,686	-	1,192,686	-
Other assets	-	764,515	764,515	-
Lease receivable, net of current portion	-	407,307	407,307	251,259
Capital assets:				
Land and construction in progress	3,257,148	25,917,418	29,174,566	1,816,652
Other capital assets, net of depreciation	27,366,370	88,869,960	116,236,330	831,948
TOTAL ASSETS	51,326,919	141,426,019	192,752,938	3,180,513
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on bond refunding	-	23,047	23,047	-
Deferred outflows - employee benefits	2,020,467	1,568,954	3,589,421	-
Deferred outflows - OPEB	373,880	1,108,548	1,482,428	-
	<u>2,394,347</u>	<u>2,700,549</u>	<u>5,094,896</u>	<u>-</u>
LIABILITIES				
Accounts payable and accrued expenses	712,643	6,318,573	7,031,216	9,025
Retainage payable	-	55,864	55,864	-
Customer deposits	-	1,963,635	1,963,635	-
Unearned revenue	85,333	-	85,333	-
Compensated absences	-	208,708	208,708	-
Long-term liabilities:				
Advances from Home Installation Program	-	251,644	251,644	-
Net OPEB liability	1,757,932	5,393,672	7,151,604	-
Net Pension liability	2,681,750	5,618,012	8,299,762	-
Compensated absences	1,775,435	2,166,261	3,941,696	-
Landfill closure costs	236,468	-	236,468	-
Due within one year	932,784	2,642,216	3,575,000	31,891
Due in more than one year, net of unamortized premiums	5,813,084	48,928,473	54,741,557	527,513
TOTAL LIABILITIES	13,995,429	73,547,058	87,542,487	568,429
DEFERRED INFLOWS OF REVENUES				
Unavailable revenue - property taxes	3,123,337	-	3,123,337	-
Deferred inflows - pension	498,366	630,350	1,128,716	-
Deferred inflows - OPEB	983,105	1,721,467	2,704,572	-
Deferred inflows - lease receivable	-	524,260	524,260	307,673
TOTAL DEFERRED INFLOWS OF REVENUES	4,604,808	2,876,077	7,480,885	\$ 307,673
NET POSITION				
Net investment in capital assets	23,877,650	64,076,393	87,954,043	2,089,196
Restricted for:				
Capital projects	-	667,969	667,969	-
Opioid settlement	15,163	-	15,163	-
Tank/hydrant maintenance	-	723,747	723,747	-
Sex offender	16,692	-	16,692	-
State Street Aid Fund	406,686	-	406,686	-
E-citation	4,884	-	4,884	-
School Food Service	83,028	-	83,028	-
Hybrid retirement stabilization funds	95,244	-	95,244	-
Solid Waste Collection	472,290	-	472,290	-
Police Drug Fund	228,019	-	228,019	-
Pensions	1,192,686	-	1,192,686	-
Debt service	-	8,571,338	8,571,338	-
Internal school funds	217,700	-	217,700	-
Unrestricted	8,510,987	(6,336,014)	2,174,973	215,215
TOTAL NET POSITION	\$ 35,121,029	\$ 67,703,433	\$ 102,824,462	\$ 2,304,411

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

CITY OF LEXINGTON, TENNESSEE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

Program Activities	Expenses	PROGRAM REVENUES			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION			Component Unit Industrial Development Board
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General Government	\$ 2,310,555	\$ 154,384	\$ -	\$ 43,259	\$ (2,112,912)	\$ -	\$ (2,112,912)	-
Public Safety	5,177,276	326,165	411,039	151,228	(4,288,844)	-	(4,288,844)	-
Public Works	3,738,781	1,905,913	294,021	-	(1,538,847)	-	(1,538,847)	-
Health, Welfare and Recreation	12,898,453	251,420	9,597,959	677,259	(2,371,815)	-	(2,371,815)	-
Economic Development	75,959	-	-	956,958	880,999	-	880,999	-
Internal School Fund	249,103	216,469	64,217	-	31,583	-	31,583	-
Interest on long-term debt	175,235	-	-	-	(175,235)	-	(175,235)	-
Business-type activities:								
Gas Fund	6,774,410	6,596,131	-	115,548	-	(62,731)	(62,731)	-
Water Systems Fund	8,121,649	8,874,782	-	523,732	-	1,276,865	1,276,865	-
Electric Department	51,720,223	51,049,982	-	-	-	(670,241)	(670,241)	-
Total business-type activities	66,616,282	66,520,895	-	639,280	-	543,893	543,893	-
Total primary government	\$ 91,241,644	\$ 69,375,246	\$ 10,367,236	\$ 2,467,984	(9,575,071)	543,893	(9,031,178)	\$ -
Component unit:								
Industrial Development Corporation	125,684	-	92,800	392,881	-	-	-	359,997
General revenues:								
Taxes:								
Property					2,812,081	-	2,812,081	-
In-lieu of taxes					119,178	-	119,178	-
Public service taxes					109,972	-	109,972	-
Sales					6,464,053	-	6,464,053	-
Investment earnings					424,569	1,185,552	1,610,121	16,488
Insurance recovery					62,622	8,659	71,281	-
Gain (loss) on sale/retirement of capital assets					(8,764)	-	(8,764)	-
Lease revenue					-	120,270	120,270	76,511
Miscellaneous					226,094	106,152	332,246	-
Transfers in/(out)					1,196,952	(1,196,952)	-	-
					11,406,757	223,681	11,630,438	92,999
					1,831,686	767,574	2,599,260	452,996
Net position - beginning, as originally stated					33,285,756	66,935,859	100,221,615	1,851,415
Inventory adjustment - school food service fund					3,587	-	3,587	-
Net position - beginning, as restated					33,289,343	66,935,859	100,225,202	1,851,415
Net position - ending					\$ 35,121,029	\$ 67,703,433	\$102,824,462	\$ 2,304,411

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

**CITY OF LEXINGTON, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General	General Purpose School Fund	Other Governmental Funds	Total
ASSETS				
Cash and cash equivalents	\$ 6,653,037	\$ 2,356,148	\$ 4,914,266	\$ 13,923,451
Taxes receivable	3,257,066	-	-	3,257,066
Accounts receivable	7,956	-	-	7,956
Grant receivable	172,951	-	-	172,951
Other receivables	-	-	90,094	90,094
Inventory	-	-	38,510	38,510
Hybrid retirement stabilization funds	-	95,244	-	95,244
Due from other governments	713,350	351,015	393,874	1,458,239
Due from other funds	16,957	-	120,492	137,449
Prepaid expenses	216,201	-	25,783	241,984
Restricted assets - cash and cash equivalents	-	-	307,849	307,849
TOTAL ASSETS	<u>\$ 11,037,518</u>	<u>\$ 2,802,407</u>	<u>\$ 5,890,868</u>	<u>\$ 19,730,793</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 119,761	\$ -	\$ 73,520	\$ 193,281
Accrued expenses	318,664	132,050	10,048	460,762
Unearned revenue - other	-	42,142	43,191	85,333
Due to other funds	216,928	-	3,150	220,078
TOTAL LIABILITIES	<u>655,353</u>	<u>174,192</u>	<u>129,909</u>	<u>959,454</u>
DEFERRED INFLOWS OF REVENUES				
Deferred income	147,784	-	-	147,784
Unavailable revenue - property taxes	3,257,066	-	-	3,257,066
TOTAL DEFERRED INFLOWS OF REVENUES	<u>3,404,850</u>	<u>-</u>	<u>-</u>	<u>3,404,850</u>
FUND BALANCE				
Nonspendable:				
Inventory	-	-	38,510	38,510
Prepaid expenses	-	-	25,783	25,783
Restricted for:				
Opioid settlement	15,163	-	-	15,163
Sex offender	16,692	-	-	16,692
State street aid	-	-	406,686	406,686
E-citation	-	-	4,884	4,884
School food authority	-	-	83,028	83,028
Hybrid retirement stabilization funds	-	95,244	-	95,244
Drug fund	-	-	228,019	228,019
Solid Waste Collection	-	-	472,290	472,290
Internal School Funds	-	-	217,700	217,700
Committed:				
Rainy Day fund	979,485	-	-	979,485
Shop with Cops	46,869	-	-	46,869
Assigned:				
Special revenue funds	-	-	3,118,769	3,118,769
Capital projects	-	-	1,165,290	1,165,290
Unassigned:				
General fund	5,919,106	-	-	5,919,106
Education	-	-	-	-
General purpose school fund	-	2,532,971	-	2,532,971
TOTAL FUND BALANCES	<u>6,977,315</u>	<u>2,628,215</u>	<u>5,760,959</u>	<u>15,366,489</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF REVENUES AND FUND BALANCES	<u>\$ 11,037,518</u>	<u>\$ 2,802,407</u>	<u>\$ 5,890,868</u>	<u>\$ 19,730,793</u>

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

CITY OF LEXINGTON, TENNESSEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2024

Total fund balance - total governmental funds	\$ 15,366,489
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	30,623,518
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	133,729
Net pension asset is not recorded on governmental fund balance sheet but is recorded for government-wide purposes.	1,192,686
Net pension liability is not recorded on governmental fund balance sheet but is recorded for government-wide purposes.	(2,681,750)
Net OPEB liability is not recorded on governmental fund balance sheet but is recorded for government-wide purposes.	(1,757,932)
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years.	1,522,101
Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be amortized and recognized as components of pension expense in future years.	(609,225)
Unearned revenues are not available to be recognized as current revenues and are deferred on the governmental balance sheet.	147,784
Accrued interest is not reported in the governmental funds balance sheet but is recorded for government-wide purposes.	(58,600)
Long-term liabilities are not due and payable in the current period and, therefore, they are not reported in the governmental funds balance sheet.	<u>(8,757,771)</u>
Net position of governmental activities	<u><u>\$ 35,121,029</u></u>

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

CITY OF LEXINGTON, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	<u>General</u>	<u>General Purpose School Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Taxes				
Property taxes	\$ 2,761,326	\$ -	\$ -	\$ 2,761,326
Penalty and interest	19,760	-	-	19,760
In lieu of taxes	21,478	-	-	21,478
Sales	2,417,836	-	2,014,863	4,432,699
Beer tax	340,390	-	-	340,390
Business	309,077	-	-	309,077
Liquor tax	-	-	254,661	254,661
Franchise	109,972	-	-	109,972
Hotel/motel tax	56,915	-	-	56,915
Privilege	3,100	-	-	3,100
Intergovernmental revenues	2,654,433	9,755,062	774,124	13,183,619
Licenses and permits	45,297	-	-	45,297
Charges for services	170,706	-	2,044,113	2,214,819
Fines, forfeits, and penalties	199,739	-	99,404	299,143
Internal school funds	-	-	280,686	280,686
Other revenues	399,728	243,954	143,769	787,451
Total revenues	<u>9,509,757</u>	<u>9,999,016</u>	<u>5,611,620</u>	<u>25,120,393</u>
Expenditures				
Current:				
General government	1,533,203	-	-	1,533,203
Public safety	4,573,167	-	16,931	4,590,098
Public works	1,633,753	-	1,491,927	3,125,680
Health, welfare, and recreation	763,472	10,258,331	1,095,159	12,116,962
Economic development	75,959	-	-	75,959
Internal school funds	-	-	249,103	249,103
Capital outlay	1,750,878	926,620	2,171,552	4,849,050
Debt service:				
Principal payments	90,695	-	683,491	774,186
Interest payments	35,215	-	104,426	139,641
Total expenditures	<u>10,456,342</u>	<u>11,184,951</u>	<u>5,812,589</u>	<u>27,453,882</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(946,585)</u>	<u>(1,185,935)</u>	<u>(200,969)</u>	<u>(2,333,489)</u>
Other financing sources (uses)				
Transfers in	1,196,952	1,063,000	629,869	2,889,821
Transfers out	(99)	(150,000)	(1,542,770)	(1,692,869)
Note proceeds	-	-	1,600,000	1,600,000
Insurance recoveries	7,859	54,763	-	62,622
Proceeds from sale of general capital assets	-	-	188,000	188,000
Total other financing sources (uses)	<u>1,204,712</u>	<u>967,763</u>	<u>875,099</u>	<u>3,047,574</u>
Net Change in Fund Balances	<u>258,127</u>	<u>(218,172)</u>	<u>674,130</u>	<u>714,085</u>
FUND BALANCE AT BEGINNING OF YEAR, as originally stated	6,719,188	2,846,387	5,083,242	14,648,817
Inventory adjustment	-	-	3,587	3,587
FUND BALANCE AT BEGINNING OF YEAR, as restated	<u>6,719,188</u>	<u>2,846,387</u>	<u>5,086,829</u>	<u>14,652,404</u>
FUND BALANCE AT END OF YEAR	<u>\$ 6,977,315</u>	<u>\$ 2,628,215</u>	<u>\$ 5,760,959</u>	<u>\$ 15,366,489</u>

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

CITY OF LEXINGTON, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Net change in fund balances - total governmental funds	\$	714,085
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount of capital assets recorded for the current period.		
		4,849,050
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in government funds.		
		(2,055,549)
Net effect of asset disposal.		
		(196,764)
Governmental funds do not record net pension or OPEB liabilities, deferred inflows/outflows of resources related to pensions. However, the government-wide statement of activities and changes in net assets reports the effects of these items.		
		(523,015)
The net proceeds from bond sales over repayments increases the current financial resources of governmental funds. However, it has no effect on net position.		
		(825,814)
Some expenses reported in the statement of activities do not require the use of current financial resources; therefore, they are not reported as expenditures in governmental funds.		
		(216,152)
Some revenues reported in the statement of activities were deferred in the current year on the governmental funds.		
		35,090
Some property tax will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues in the governmental funds.		
		50,755
Change in net position of governmental activities	\$	1,831,686

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

CITY OF LEXINGTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Taxes				
Property taxes - current	\$ 2,510,293	\$ 2,629,202	\$ 2,625,750	\$ (3,452)
Property taxes - delinquent	82,603	148,641	135,576	(13,065)
Penalties and interest	15,000	21,867	19,760	(2,107)
In lieu of taxes:				
Lexington Housing Authority	21,478	21,478	21,478	-
Local sales tax	2,200,000	2,407,781	2,417,836	10,055
Local beer tax	357,456	374,953	340,390	(34,563)
Business tax	328,904	318,290	309,077	(9,213)
Franchise tax	125,458	131,966	109,972	(21,994)
Hotel/motel tax	57,856	57,112	56,915	(197)
Privilege tax	2,675	3,720	3,100	(620)
Total taxes	5,701,723	6,115,010	6,039,854	(75,156)
Intergovernmental				
TVA payments in lieu of taxes	90,290	97,700	97,700	-
Police - vest grant	3,250	16,019	13,348	(2,671)
Police grant - network coordinator	58,000	20,000	5,229	(14,771)
Police grant - DUI traffic	28,351	39,948	33,290	(6,658)
Police grant - COPS grant	110,000	74,158	85,165	11,007
Police grant - OCJPDV investigator/STOP	60,000	60,273	60,000	(273)
Fire THSO	38,000	-	-	-
Downtown sidewalk	863,440	736,362	613,635	(122,727)
TDOT STBG Huntingdon St grant	-	9,677	8,064	(1,613)
TDOT Main Street	-	13,368	11,140	(2,228)
State of Tennessee				
- Sales tax allocation	901,771	979,849	977,106	(2,743)
- Telecommunication tax	-	522	6,261	5,739
- Beer tax allocation	3,630	3,497	3,497	-
- Mixed drink tax	5,560	29,110	31,558	2,448
- Petroleum special	15,400	16,027	14,562	(1,465)
- Transportation modernization act	-	-	1,473	1,473
- Excise tax	28,000	33,667	33,667	-
- Online sportsbetting tax	2,500	14,770	15,122	352
- VCIF grant	119,302	140,673	118,127	(22,546)
- SRO grant	150,000	150,000	150,000	-
- TDCI police hiring and training grant	40,000	40,000	-	(40,000)
- ECD 2021 Site Development	192,443	156,211	130,176	(26,035)
- State fire education	7,800	11,200	11,200	-
- State law enforcement grant	23,200	19,200	19,200	-
- State Volunteer fire equip and training grant	-	-	33,101	33,101
- Multimodal grant phase II	76,000	17,173	14,311	(2,862)
- Multimodal grant phase III	193,800	33,060	27,550	(5,510)
Grants from Local Governments				
- WIOA OJT	-	7,945	6,621	(1,324)
- OCDETF	-	-	1,872	1,872
- DTF funds	-	2,975	4,477	1,502
- Opioid settlement funds	-	20,000	15,163	(4,837)
- Crimestoppers	1,200	-	(600)	(600)
- Site Development TVA	299,725	134,901	112,418	(22,483)
- Other miscellaneous grants	50,000	-	-	-
Total intergovernmental revenues	3,361,662	2,878,285	2,654,433	(223,852)
Licenses and permits				
Beer licenses	750	2,100	1,750	(350)
Building permits	16,403	42,847	42,847	-
Other permits	1,000	700	700	-
Total licenses and permits	18,153	45,647	45,297	(350)

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

**CITY OF LEXINGTON, TENNESSEE
GENERAL FUND**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues (continued)				
Charges for services				
Clerk's fees - business tax	27,336	33,445	33,687	242
Accident report filing fees	2,500	-	-	-
Maintenace charges for Caywood	85,000	85,000	85,000	-
SOR charges	1,000	2,340	1,950	(390)
Community policing	2,500	3,699	3,699	-
Mowing and lot cleanup	1,000	317	(593)	(910)
Street repair charges	60,000	23,972	31,810	7,838
Parks and recreation charges	13,000	15,153	15,153	-
Total charges for services	192,336	163,926	170,706	6,780
City court fines and costs	233,247	201,571	199,739	(1,832)
Other revenues				
Interest income	54,000	295,493	271,453	(24,040)
Donations	1,000	240	200	(40)
Shop with a cop donations	10,000	31,892	26,852	(5,040)
Community center revenue	-	1,690	1,690	-
Service contract	74,400	74,400	74,400	-
Sales of cemetery lots	15,000	12,000	11,375	(625)
Sales of other materials	4,250	7,938	8,705	767
Miscellaneous income	2,000	10,276	5,053	(5,223)
Total other revenue	160,650	433,929	399,728	(34,201)
Total revenues	9,667,771	9,838,368	9,509,757	(328,611)
Expenditures				
General government				
General				
Salaries	100,771	104,616	105,383	(767)
Employee benefits	421,150	370,098	350,404	19,694
Memberships	4,100	360	300	60
Legal services	2,000	1,426	1,984	(558)
Operating expenses	23,200	26,640	26,640	-
Other operating expenses	205,430	288,639	259,082	29,557
Insurance	276,750	165,687	182,729	(17,042)
Capital outlay	-	9,360	7,800	1,560
Total general	1,033,401	966,826	934,322	32,504
Judicial				
Salaries	12,000	12,000	12,000	-
Total judicial	12,000	12,000	12,000	-

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

CITY OF LEXINGTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
Expenditures (continued)				
General government (continued)				
City recorder				
Salaries	358,575	361,107	355,421	5,686
Employee benefits	51,642	37,793	36,667	1,126
Insurance	294	126	105	21
Office expense	19,650	19,183	18,165	1,018
Professional fees	131,670	176,973	158,287	18,686
Membership and dues	560	710	591	119
Repair and maintenance	5,480	11,979	10,250	1,729
Capital outlay	20,000	5,923	4,936	987
Total city recorder	587,871	613,794	584,422	29,372
City Hall				
Utilities	20,610	16,512	15,195	1,317
Total general government	1,653,882	1,609,132	1,545,939	61,633
Public safety				
Police department				
Salary	2,407,712	1,970,034	2,013,406	(43,372)
Employee benefits	367,034	207,993	210,933	(2,940)
Utilities	59,850	71,547	64,853	6,694
Repair and maintenance	34,500	20,560	18,492	2,068
Memberships and dues	3,525	1,560	1,300	260
Supplies	51,900	38,315	39,498	(1,183)
Travel	17,500	721	601	120
Uniforms and clothing	18,986	23,040	19,118	3,922
Gas, oil, and diesel	91,000	85,736	81,353	4,383
Insurance	1,000	7,628	6,024	1,604
Equipment rental	6,518	6,762	5,793	969
Office expense	201,000	229,028	210,086	18,942
Community - shop with a cop	12,000	10,180	10,180	-
School Resource Officer	-	150,000	151,553	(1,553)
COPS	-	151,095	151,717	(622)
DTF	-	4,851	4,599	252
STOP	-	91,294	89,294	2,000
THSO	20,000	-	-	-
VCIF	-	1,200	1,000	200
Other grant expenses	6,500	1,427	647	780
Capital outlay - 1033 equipment	7,000	-	-	-
Capital outlay	470,302	333,792	311,726	22,066
Total police department	3,776,327	3,406,763	3,392,173	14,590
Fire department				
Salaries	1,404,033	982,572	993,202	(10,630)
Employee benefits	141,538	116,631	119,389	(2,758)
Volunteer firemen benefits	-	(652)	1,079	(1,731)
Utilities	63,540	53,507	48,412	5,095
Memberships	790	1,192	994	198
Public relations	1,200	1,141	1,069	72
Data processing	63,220	67,994	61,470	6,524
Repair and maintenance	46,640	40,133	37,785	2,348
Supplies	37,210	29,222	24,133	5,089
Clothing and uniforms	21,000	11,974	12,121	(147)
Gas, oil, diesel	31,914	20,668	20,546	122
Insurance	-	354	356	(2)
Travel	4,840	1,295	1,079	216
Small equipment	31,000	13,066	17,851	(4,785)
Equipment service contracts	2,620	2,102	1,910	192
Capital outlay	100,500	24,039	51,178	(27,139)
Total fire department	1,950,045	1,365,238	1,392,574	(27,336)
Building inspector				
Salaries	74,308	75,601	74,288	1,313
Employee benefits	-	8,284	8,004	280
Utilities	520	472	432	40
Repairs and maintenance/demos	60,500	20,916	59,060	(38,144)
Other operating expenses	10,763	10,601	9,540	1,061
Total building inspector	146,091	115,874	151,324	(35,450)
Total public safety	5,872,463	4,887,875	4,936,071	(48,196)

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

**CITY OF LEXINGTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (continued)				
Public works				
Highways and streets				
Salaries	729,020	630,013	623,646	6,367
Employee benefits	129,236	107,119	103,606	3,513
Utilities	16,400	17,942	16,352	1,590
Street lighting	38,325	3,480	3,143	337
Repair and maintenance	590,500	502,374	487,879	14,495
Repair and maintenance - equipment	15,100	29,541	25,913	3,628
Clothing and uniforms	5,000	5,818	4,848	970
Gas, oil, diesel	89,000	46,909	43,161	3,748
Small equipment	3,000	4,068	3,390	678
Operating supplies	30,100	34,649	33,554	1,095
Insurance	-	353	294	59
Travel	-	838	699	139
Capital outlay	400,000	152,969	127,473	25,496
Total highways and streets	<u>2,045,681</u>	<u>1,536,073</u>	<u>1,473,958</u>	<u>62,115</u>
Garage				
Salaries	189,457	189,886	185,818	4,068
Employee benefits	28,005	39,932	44,069	(4,137)
Repair and maintenance	11,500	4,585	7,895	(3,310)
Supplies	27,600	35,276	30,525	4,751
Utilities	-	8,303	7,252	1,051
Fuel	3,200	2,531	2,109	422
Capital outlay	18,250	-	-	-
Total garage	<u>278,012</u>	<u>280,513</u>	<u>277,668</u>	<u>2,845</u>
Sanitation				
Landfill costs	14,490	11,520	9,600	1,920
Total public works	<u>2,338,183</u>	<u>1,828,106</u>	<u>1,761,226</u>	<u>66,880</u>
Health, welfare, and recreation				
Appropriations				
Library	31,900	60,400	76,300	(15,900)
Library utilities	12,915	11,051	10,005	1,046
Senior Citizens	12,000	12,000	12,000	-
Senior Citizens - Utilities	6,563	6,241	6,333	(92)
Senior Citizens - Maint Bldg	36	239	199	40
Senior Citizens - Janitorial	583	903	752	151
Rescue Squad	2,500	2,500	2,500	-
Easter Seals	1,500	1,500	-	1,500
Community Beautification Committee (Cemetery)	20	20	20	-
Christmas parade	500	500	500	-
Carl Perkins Center	1,725	1,725	1,725	-
Henderson Co Chamber of Commerce	14,000	14,000	14,000	-
Hend Co JECED Board	11,000	11,000	11,271	(271)
Lexington Industrial Development Board	42,800	42,800	42,800	-
Lexington scholarship	500	500	500	-
Hope utilities	10,237	12,127	10,992	1,135
Project Graduation	1,200	1,200	1,200	-
West TN Basin	2,000	2,100	2,100	-
Animal Shelter	5,000	5,000	5,000	-
BRWDA	10,000	10,000	10,000	-
Beech River Regional Airport	30,057	30,057	30,057	-
General	16,000	-	-	-
Total appropriations	<u>213,036</u>	<u>225,863</u>	<u>238,254</u>	<u>(12,391)</u>

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

CITY OF LEXINGTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amount</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Expenditures (continued)				
Health, welfare, and recreation (continued)				
Museum				
Salaries	19,184	21,392	21,391	1
Employee benefits	1,535	1,808	1,636	172
Unemployment insurance	-	25	21	4
Utilities	5,775	6,700	6,018	682
Repair and maintenance	6,000	336	280	56
Telephone	1,396	2,207	1,998	209
Security system	550	750	625	125
Operating costs	600	409	341	68
Janitorial costs	250	-	-	-
Total museum	<u>35,290</u>	<u>33,627</u>	<u>32,310</u>	<u>1,317</u>
Parks				
Salaries	332,290	297,126	302,598	(5,472)
Employee benefits	39,343	43,641	41,379	2,262
Repair and maintenance	108,120	80,244	71,778	8,466
Utilities	54,650	50,405	46,264	4,141
Insurance	-	245	239	6
Other operating expenses	44,120	34,343	30,650	3,693
Capital outlay	12,000	74,797	65,599	9,198
Total parks	<u>590,523</u>	<u>580,801</u>	<u>558,507</u>	<u>22,294</u>
Total health, welfare, and recreation	<u>838,849</u>	<u>840,291</u>	<u>829,071</u>	<u>11,220</u>
Economic development				
State plan service	16,690	26,446	22,038	4,408
Professional fees	6,350	555	1,063	(508)
Architectural engineering and land	4,890	6,763	5,636	1,127
Industrial development	20,000	20,000	-	20,000
Miscellaneous	19,000	16,683	34,365	(17,682)
Small assets	1,520	15,428	12,857	2,571
Capital outlay	2,319,474	1,409,042	1,182,166	226,876
Total economic development	<u>2,387,924</u>	<u>1,494,917</u>	<u>1,258,125</u>	<u>236,792</u>
Debt service				
Principal payments	90,381	90,695	90,695	-
Interest payments	37,022	35,215	35,215	-
Total debt service	<u>127,403</u>	<u>125,910</u>	<u>125,910</u>	<u>-</u>
Total expenditures	<u>13,218,704</u>	<u>10,786,231</u>	<u>10,456,342</u>	<u>328,329</u>

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

CITY OF LEXINGTON, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Excess (deficiency) of revenues over (under) expenditures	(3,550,933)	(947,863)	(946,585)	1,278
Other financing sources (uses)				
Transfers in	1,032,676	1,186,496	1,196,952	10,456
Transfers out	(620,000)	(118)	(99)	19
Insurance recoveries	20,000	7,859	7,859	-
Sale of general fixed assets	10,000	-	-	-
Total other financing sources (uses)	<u>442,676</u>	<u>1,194,237</u>	<u>1,204,712</u>	<u>10,475</u>
Net change in fund balance	(3,108,257)	246,374	258,127	11,753
Fund Balance at Beginning of Year	<u>6,719,188</u>	<u>6,719,188</u>	<u>6,719,188</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 3,610,931</u>	<u>\$ 6,965,562</u>	<u>\$ 6,977,315</u>	<u>\$ 11,753</u>

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

CITY OF LEXINGTON, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Budgetary Basis)
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual (GAAP Basis)	Less:	Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		Encumbrances 7/1/2023	Encumbrances 6/30/2024		
Revenues							
Intergovernmental revenues							
Local funds							
Henderson County							
Current year tax levy	\$ 300,000	\$ 300,000	\$ 162,102	\$ -	\$ -	\$ 162,102	\$ (137,898)
Prior year tax receipts	15,500	15,500	17,841	-	-	17,841	2,341
Mixed drink tax	100	100	136	-	-	136	36
Local sales tax	860,000	860,000	1,101,581	-	-	1,101,581	241,581
Bank excise tax	4,500	4,500	1,799	-	-	1,799	(2,701)
Marriage licenses	300	300	321	-	-	321	21
Payments in lieu of taxes	7,800	7,800	2,945	-	-	2,945	(4,855)
State funds							
Tennessee Investment in Student	6,263,532	6,345,852	6,348,938	-	-	6,348,938	3,086
Tennessee Investment in Student salary equity	76,985	76,985	76,983	-	-	76,983	(2)
Early childhood education	205,816	240,189	205,817	-	-	205,817	(34,372)
Safe schools & SRO	-	41,080	41,080	-	-	41,080	-
Camps - Bridge, Summer, Mini	-	134,701	96,677	-	-	96,677	(38,024)
Career ladder	15,000	15,000	14,708	-	-	14,708	(292)
Paid parental leave	-	-	16,717	-	-	16,717	16,717
Federal funds							
Title I grants	314,081	303,979	245,366	-	-	245,366	(58,613)
Title IIA grants	-	-	38,661	-	-	38,661	38,661
Title 4A grants	-	-	17,867	-	-	17,867	17,867
Title VI grants	26,339	32,510	26,452	-	-	26,452	(6,058)
Distance learning & telemedicine grant	-	847,720	677,259	-	-	677,259	(170,461)
English language acquisition grant	506	580	580	-	-	580	-
IDEA basic grant	199,308	237,044	230,908	-	-	230,908	(6,136)
IDEA preschool	5,683	6,102	6,102	-	-	6,102	-
TN All Corps - ESSER	-	89,600	47,760	-	-	47,760	(41,840)
Elementary Second School Emer Relief- ESSER ARP 3.0	-	303,462	303,462	-	-	303,462	-
Literacy training - ESSER	-	3,000	3,000	-	-	3,000	-
Covid-19 ESSER B	-	73,250	70,000	-	-	70,000	(3,250)
Total Intergovernmental revenues	8,295,450	9,939,254	9,755,062	-	-	9,755,062	(184,192)
Other revenues							
Interest income	7,200	7,200	29,561	-	-	29,561	22,361
Receipts from individual schools	1,000	133,248	134,508	-	-	134,508	1,260
On-behalf payments	-	50,000	61,830	-	-	61,830	11,830
Miscellaneous revenues	2,500	2,500	18,055	-	-	18,055	15,555
Total other revenues	10,700	192,948	243,954	-	-	243,954	51,006
Total Revenues	8,306,150	10,132,202	9,999,016	-	-	9,999,016	(133,186)

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

CITY OF LEXINGTON, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Budgetary Basis) (continued)
YEAR ENDED JUNE 30, 2024

Expenditures	Budgeted Amounts		Actual (GAAP Basis)	Less: Encumbrances 7/1/2023	Add: Encumbrances 6/30/2024	Actual Revenues/ Expenditures (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final					
Instruction							
Regular instruction program							
Teachers	2,833,448	2,574,686	2,558,796	-	-	2,558,796	15,890
Career ladder program	9,000	9,000	7,000	-	-	7,000	2,000
Educational assistants	265,078	292,967	278,541	-	-	278,541	14,426
Educational assistants - Esser 3.0 - ARP	-	154,783	154,783	-	-	154,783	-
Educational assistants - TN All Corps	-	33,000	27,326	-	-	27,326	5,674
Bonus payments	100,000	142,320	137,900	-	-	137,900	4,420
Other salaries and wages	-	149,199	149,199	-	-	149,199	-
Other salaries and wages - TN All Corps	-	37,411	11,636	-	-	11,636	25,775
Other salaries and wages - Literacy Training Stipend Grant	-	3,000	3,000	-	-	3,000	-
Certified substitute teachers	24,000	51,655	51,655	-	-	51,655	-
Non-certified substitute teachers	30,000	49,937	49,937	-	-	49,937	-
Social security	201,241	188,251	179,175	-	-	179,175	9,076
Social security - Esser 3.0 - ARP	-	8,969	8,969	-	-	8,969	-
Social security - TN All Corps	-	4,475	2,293	-	-	2,293	2,182
Administrative fees	2,750	2,750	-	-	-	-	2,750
State retirement	199,312	206,055	189,822	-	-	189,822	16,233
State retirement - TN All Corps	-	2,684	777	-	-	777	1,907
Life insurance	6,120	6,120	5,315	-	-	5,315	805
Medical insurance	479,012	475,217	475,191	-	-	475,191	26
Medical insurance - Esser 3.0 - ARP	-	44,603	44,603	-	-	44,603	-
Dental insurance	6,914	7,254	7,219	-	-	7,219	35
Dental insurance - Esser - ARP	-	540	540	-	-	540	-
Unemployment compensation	4,150	4,199	(1,935)	-	-	(1,935)	6,134
Unemployment compensation - Esser - ARP	-	208	208	-	-	208	-
Local retirement	15,904	3,294	1,925	-	-	1,925	1,369
Local retirement - Esser - ARP	-	7,445	7,445	-	-	7,445	-
Local retirement - TN All Corps	-	1,980	1,313	-	-	1,313	667
Employer medicare	47,064	45,680	43,743	-	-	43,743	1,937
Employer medicare - Esser - ARP	-	2,097	2,097	-	-	2,097	-
Employer medicare - TN All Corps	-	1,050	536	-	-	536	514
On-behalf payments	-	50,000	61,830	-	-	61,830	(11,830)
Maintenance and repair services - equipment	1,000	1,000	-	-	-	-	1,000
Other contracted services	4,000	4,000	3,941	-	-	3,941	59
Other contracted services - TN All Corps	-	2,000	956	-	-	956	1,044
Instructional supplies	36,900	66,959	57,804	-	-	57,804	9,155
Instructional supplies - ESL	506	580	580	-	-	580	-
Instructional supplies - TN All Corps	-	7,000	2,922	-	-	2,922	4,078
Textbooks	30,000	48,904	48,904	-	-	48,904	-
Software	175,750	175,750	172,304	-	-	172,304	3,446
Other supplies and materials	9,000	9,000	6,920	-	-	6,920	2,080
Other charges	3,000	8,000	3,890	-	-	3,890	4,110
Regular instruction equipment	94,165	124,799	43,930	-	-	43,930	80,869
Total regular instruction program	4,578,314	5,008,821	4,802,990	-	-	4,802,990	205,831
Alternative instruction							
Contracts with other school systems	26,000	26,000	26,000	-	-	26,000	-
Total alternative instruction	26,000	26,000	26,000	-	-	26,000	-
Special education							
Teachers	368,980	409,352	373,961	-	-	373,961	35,391
Educational assistants	132,668	130,682	130,682	-	-	130,682	-
Speech pathology	58,900	58,900	58,900	-	-	58,900	-
Certified substitute teachers	2,000	248	248	-	-	248	-
Non-certified substitute teachers	2,000	2,560	2,560	-	-	2,560	-
Social security	34,748	33,893	33,244	-	-	33,244	649
State retirement	29,138	32,259	31,040	-	-	31,040	1,219
Medical insurance	36,437	64,161	62,671	-	-	62,671	1,490
Dental insurance	828	839	839	-	-	839	-
Unemployment compensation	670	622	593	-	-	593	29
Local retirement	7,923	7,841	7,841	-	-	7,841	-
Employer medicare	8,127	7,925	7,773	-	-	7,773	152
Instructional supplies	1,250	3,097	1,192	-	-	1,192	1,905
Other supplies and materials	639	259	259	-	-	259	-
Total special education	684,308	752,638	711,803	-	-	711,803	40,835

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

CITY OF LEXINGTON, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Budgetary Basis) (continued)
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual (GAAP Basis)	Less: Encumbrances 7/1/2023	Add: Encumbrances 6/30/2024	Actual Revenues/ Expenditures (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final					
Expenditures(continued)							
Student body education							
Other salaries and wages	99,200	104,600	104,600	-	-	104,600	-
Social security	6,150	6,328	6,328	-	-	6,328	-
State retirement	8,928	9,414	8,288	-	-	8,288	1,126
Medical insurance	17,456	14,386	14,386	-	-	14,386	-
Dental insurance	276	191	138	-	-	138	53
Unemployment compensation	100	100	84	-	-	84	16
Employer medicare	1,438	1,480	1,480	-	-	1,480	-
Travel	500	50	-	-	-	-	50
Other contracted services	12,000	10,500	10,500	-	-	10,500	-
Other charges	6,000	5,000	5,000	-	-	5,000	-
Total student body education	152,048	152,049	150,804	-	-	150,804	1,245
Total instruction	5,440,670	5,939,508	5,691,597	-	-	5,691,597	247,911
Support services							
Attendance							
Postal charges	300	15	-	-	-	-	15
Other contracted services	3,500	5,173	5,173	-	-	5,173	-
Other supplies and materials	500	15	-	-	-	-	15
Inservice/staff development	2,000	2,244	2,244	-	-	2,244	-
Other charges	500	3	-	-	-	-	3
Total attendance	6,800	7,450	7,417	-	-	7,417	33
Health instruction program							
Supervisor/directors	67,229	67,230	67,230	-	-	67,230	-
Medical personnel	93,696	96,816	95,962	-	-	95,962	854
Other salaries	4,533	4,940	4,940	-	-	4,940	-
Social security	9,977	9,732	9,544	-	-	9,544	188
State retirement	4,578	4,578	4,578	-	-	4,578	-
Medical insurance	19,320	15,320	15,276	-	-	15,276	44
Dental insurance	414	414	270	-	-	270	144
Unemployment insurance	200	230	230	-	-	230	-
Local retirement	2,396	2,583	2,441	-	-	2,441	142
Employer medicare	2,332	2,377	2,232	-	-	2,232	145
Postal charges	100	100	62	-	-	62	38
Other supplies and materials	2,961	2,961	2,817	-	-	2,817	144
Inservice/staff development	1,500	1,500	819	-	-	819	681
Total health instruction program	209,236	208,781	206,401	-	-	206,401	2,380
Other student support							
Guidance personnel	58,200	58,200	58,200	-	-	58,200	-
Social workers	47,600	50,000	50,000	-	-	50,000	-
Assessment personnel	42,000	46,963	46,963	-	-	46,963	-
Social security	9,163	7,163	6,685	-	-	6,685	478
State retirement	7,205	8,463	7,874	-	-	7,874	589
Medical insurance	8,672	21,672	21,596	-	-	21,596	76
Dental insurance	276	276	184	-	-	184	92
Unemployment compensation	200	200	165	-	-	165	35
Employer medicare	2,143	2,244	2,244	-	-	2,244	-
Contracts with government agencies	-	7,000	6,400	-	-	6,400	600
Evaluation and testing	2,000	1,626	110	-	-	110	1,516
Other charges	300	300	250	-	-	250	50
Other contracted services	4,000	13,212	13,212	-	-	13,212	-
Other supplies and materials	-	691	691	-	-	691	-
Other equipment	1,000	2,146	1,730	-	-	1,730	416
Total other student support	182,759	220,156	216,304	-	-	216,304	3,852

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

CITY OF LEXINGTON, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
(Budgetary Basis) (continued)
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual (GAAP Basis)	Less: Encumbrances 7/1/2023	Add: Encumbrances 6/30/2024	Actual Revenues/ Expenditures (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final					
Expenditures(continued)							
Support services(continued)							
Regular instruction program							
Supervisor/Director	82,536	97,336	97,336	-	-	97,336	-
Career ladder program	4,000	4,000	4,000	-	-	4,000	-
Libraries	113,780	119,510	119,510	-	-	119,510	-
Other salaries	253,946	271,165	266,731	-	-	266,731	4,434
Social security	28,164	28,812	27,653	-	-	27,653	1,159
State retirement	30,934	33,488	33,186	-	-	33,186	302
Medical insurance	60,546	72,316	70,961	-	-	70,961	1,355
Dental insurance	699	929	918	-	-	918	11
Unemployment compensation	279	285	278	-	-	278	7
Employer medicare	6,568	6,738	6,468	-	-	6,468	270
Consultants	2,500	2,500	500	-	-	500	2,000
Dues and memberships	1,000	1,000	257	-	-	257	743
Travel	500	500	-	-	-	-	500
Other contracted services	35,000	176,934	172,970	-	-	172,970	3,964
Library books and media	9,000	9,000	9,000	-	-	9,000	-
Other supplies and materials	11,000	11,000	9,342	-	-	9,342	1,658
Inservice/staff development	17,144	23,018	22,970	-	-	22,970	48
Other equipment	-	17,534	-	-	-	-	17,534
Total regular instruction program	657,614	876,065	842,080	-	-	842,080	33,985
Special Education							
Supervisor/directors	31,405	27,405	27,405	-	-	27,405	-
Social security	1,647	1,638	1,638	-	-	1,638	-
State retirement	2,138	1,866	1,866	-	-	1,866	-
Medical insurance	3,500	2,451	2,451	-	-	2,451	-
Dental insurance	138	47	47	-	-	47	-
Unemployment compensation	50	14	14	-	-	14	-
Employer medicare	455	383	383	-	-	383	-
Other contracted services	10,000	46,380	16,779	-	-	16,779	29,601
Inservice/staff development	2,000	4,950	4,760	-	-	4,760	190
Total special education	51,333	85,134	55,343	-	-	55,343	29,791
Technology							
Supervisor/directors	63,021	63,336	63,336	-	-	63,336	-
Data processing personnel	90,155	92,960	92,960	-	-	92,960	-
Social security	9,496	9,496	8,965	-	-	8,965	531
Medical insurance	19,011	20,167	20,167	-	-	20,167	-
Dental insurance	276	276	276	-	-	276	-
Unemployment compensation	100	126	126	-	-	126	-
Local retirement	9,190	9,303	9,303	-	-	9,303	-
Employer medicare	2,221	2,097	2,097	-	-	2,097	124
Dues and memberships	200	200	-	-	-	-	200
Repair and maintenance - equipment	7,000	7,000	-	-	-	-	7,000
Internet connectivity	27,672	27,672	27,672	-	-	27,672	-
Travel	1,000	1,000	236	-	-	236	764
Other contracted services	52,328	33,475	28,357	-	-	28,357	5,118
Software	-	24,268	24,268	-	-	24,268	-
Other supplies and materials	17,000	17,000	12,441	-	-	12,441	4,559
Inservice/staff development	3,000	4,135	4,135	-	-	4,135	-
Other charges	1,000	104,000	99,640	-	-	99,640	4,360
Other equipment	-	50,000	43,805	-	-	43,805	6,195
Total technology	302,670	466,635	437,784	-	-	437,784	28,851
Total support services	1,410,412	1,864,221	1,765,329	-	-	1,765,329	98,892
General administration							
Board of education							
Board and committee members	29,400	29,400	29,400	-	-	29,400	-
Social security	1,823	1,823	1,571	-	-	1,571	252
Medical insurance	37,897	36,254	34,539	-	-	34,539	1,715
Dental insurance	414	552	552	-	-	552	-
Unemployment compensation	-	176	176	-	-	176	-
Employer medicare	426	426	367	-	-	367	59
Audit services	25,750	25,750	25,750	-	-	25,750	-
Dues and subscriptions	9,345	9,345	7,623	-	-	7,623	1,722
Legal services	6,000	6,700	6,700	-	-	6,700	-
Printing, stationery, etc...	1,000	1,782	1,782	-	-	1,782	-
Travel	1,000	1,000	-	-	-	-	1,000
Other contracted services	5,000	25,000	24,566	-	-	24,566	434
Other supplies and materials	100	100	-	-	-	-	100
Liability insurance	15,700	18,217	18,217	-	-	18,217	-
Surety bonds	650	781	781	-	-	781	-
Trustee's commission	18,000	18,000	14,817	-	-	14,817	3,183
Workmans compensation	24,000	21,600	21,551	-	-	21,551	49
Inservice/staff development	3,000	3,000	574	-	-	574	2,426
Refunds to applicants	500	706	706	-	-	706	-
Other charges	8,000	17,393	17,393	-	-	17,393	-
Total board of education	186,005	218,005	207,065	-	-	207,065	10,940

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

CITY OF LEXINGTON, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Budgetary Basis) (continued)
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual (GAAP Basis)	Less: Encumbrances 7/1/2023	Add: Encumbrances 6/30/2024	Actual Revenues/ Expenditures (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final					
Expenditures(continued)							
General administration(continued)							
Office of education							
County officials	105,000	105,000	105,000	-	-	105,000	-
Career ladder program	1,000	1,000	1,000	-	-	1,000	-
Social security	6,510	6,510	6,174	-	-	6,174	336
State retirement	9,040	9,040	7,219	-	-	7,219	1,821
Medical insurance	11,994	12,938	12,938	-	-	12,938	-
Dental insurance	138	138	138	-	-	138	-
Unemployment compensation	60	60	42	-	-	42	18
Employer medicare	1,522	1,522	1,444	-	-	1,444	78
Communication	16,000	4,000	3,950	-	-	3,950	50
Dues and memberships	1,750	150	100	-	-	100	50
Postage	1,500	1,500	1,343	-	-	1,343	157
Travel	2,000	200	-	-	-	-	200
Other contracted services	1,000	1,000	-	-	-	-	1,000
Office supplies	3,000	2,798	1,372	-	-	1,372	1,426
Inservice/staff development	2,000	2,000	1,735	-	-	1,735	265
Other charges	2,500	5,158	5,158	-	-	5,158	-
Administrative equipment	1,000	1,000	177	-	-	177	823
Total office of education	166,014	154,014	147,790	-	-	147,790	6,224
Office of principal							
Principals	162,456	162,456	162,456	-	-	162,456	-
Accountants and bookkeepers	60,680	60,680	60,458	-	-	60,458	222
Assistant principal	139,337	146,142	146,142	-	-	146,142	-
Clerical personnel	63,894	63,894	63,393	-	-	63,393	501
Social security	26,434	24,634	24,605	-	-	24,605	29
State retirement	20,552	22,755	21,909	-	-	21,909	846
Medical insurance	67,221	70,568	70,568	-	-	70,568	-
Dental insurance	1,104	1,104	1,057	-	-	1,057	47
Unemployment compensation	500	500	336	-	-	336	164
Local retirement	7,475	6,775	6,682	-	-	6,682	93
Employer medicare	6,182	6,123	5,755	-	-	5,755	368
Dues and memberships	2,000	1,500	1,500	-	-	1,500	-
Postage	1,500	1,500	1,500	-	-	1,500	-
Travel	500	500	-	-	-	-	500
Other contracted services	1,200	2,504	2,504	-	-	2,504	-
Office supplies	1,500	1,500	1,500	-	-	1,500	-
Inservice/staff development	1,500	800	767	-	-	767	33
Other charges	1,325	22,425	22,396	-	-	22,396	29
Administrative equipment	1,000	13,000	12,960	-	-	12,960	40
Total office of principal	566,360	609,360	606,488	-	-	606,488	2,872
Fiscal services							
Accountants and bookkeepers	113,895	113,970	113,970	-	-	113,970	-
Purchasing personnel	56,643	56,643	56,643	-	-	56,643	-
Clerical personnel	37,734	37,734	37,734	-	-	37,734	-
Other salaries and wages	1,000	1,000	-	-	-	-	1,000
Social security	12,974	12,485	11,786	-	-	11,786	699
Medical insurance	37,662	39,911	39,911	-	-	39,911	-
Dental insurance	552	552	552	-	-	552	-
Unemployment compensation	300	300	168	-	-	168	132
Local retirement	8,484	8,484	8,484	-	-	8,484	-
Employer medicare	3,034	3,034	2,756	-	-	2,756	278
Dues and memberships	300	300	192	-	-	192	108
Other contracted services	12,550	13,114	13,114	-	-	13,114	-
Data processing supplies	1,000	1,000	780	-	-	780	220
Office supplies	2,300	1,300	972	-	-	972	328
Inservice/staff development	3,000	1,000	180	-	-	180	820
Administrative equipment	-	600	531	-	-	531	69
Total fiscal services	291,428	291,427	287,773	-	-	287,773	3,654

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

CITY OF LEXINGTON, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Budgetary Basis) (continued)
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual (GAAP Basis)	Less:	Add:	Actual Revenues/ Expenditures (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		Encumbrances 7/1/2023	Encumbrances 6/30/2024		
Expenditures(continued)							
General administration(continued)							
Plant operations							
Janitorial services	336,920	337,218	337,218	-	-	337,218	-
Disposal fees	4,000	8,597	8,597	-	-	8,597	-
Permits	500	585	585	-	-	585	-
Other contracted services	25,000	21,600	21,582	-	-	21,582	18
Electricity	370,000	363,000	362,695	-	-	362,695	305
Natural gas	40,000	34,665	34,186	-	-	34,186	479
Water	30,000	38,915	38,915	-	-	38,915	-
Other supplies and materials	100	100	-	-	-	-	100
Boiler insurance	1,864	1,978	1,978	-	-	1,978	-
Building and contents insurance	38,100	49,600	48,424	-	-	48,424	1,176
Vehicle and equipment	9,600	11,325	11,325	-	-	11,325	-
Total plant operations	856,084	867,583	865,505	-	-	865,505	2,078
Plant maintenance							
Part time personnel	6,000	2,449	-	-	-	-	2,449
Social security	434	434	-	-	-	-	434
Unemployment compensation	25	25	-	-	-	-	25
Employer medicare	102	102	-	-	-	-	102
Contracts with government agencies	90,000	85,000	85,000	-	-	85,000	-
Maintenance and repair - buildings	22,000	198,113	174,855	(101,555)	51,289	124,589	73,524
Maintenance and repair - buildings - ESSER 3.0 - ARP	-	36,353	36,353	-	-	36,353	-
Maintenance and repair - equipment	5,000	5,000	85	-	-	85	4,915
Maintenance and repair - vehicle	500	500	101	-	-	101	399
Architects - Esser - ARP	-	-	-	-	-	-	-
Other contracted services	77,000	86,487	86,487	-	-	86,487	-
Gasoline	3,000	3,000	2,214	-	-	2,214	786
Vehicle parts	1,000	1,000	789	-	-	789	211
Other supplies and materials	30,000	52,050	52,050	(2,565)	-	49,485	2,565
Inservice/staff development	800	800	-	-	-	-	800
Other charges	500	500	-	-	-	-	500
Administrative equipment	-	35,202	35,202	-	-	35,202	-
Total plant maintenance	236,361	507,015	473,136	(104,120)	51,289	420,305	86,710
Total general administration	2,304,252	2,647,404	2,587,757	(104,120)	51,289	2,534,926	112,478
Early childhood education							
Teachers	118,212	112,984	112,984	-	-	112,984	-
Educational assistants	55,734	54,955	54,955	-	-	54,955	-
Non-certified substitute teachers	-	920	920	-	-	920	-
Social security	10,785	10,135	10,135	-	-	10,135	-
State retirement	8,050	7,694	7,694	-	-	7,694	-
Medical insurance	4,693	17,460	17,460	-	-	17,460	-
Dental insurance	276	356	356	-	-	356	-
Unemployment compensation	200	174	174	-	-	174	-
Local retirement	3,344	3,297	3,297	-	-	3,297	-
Employer medicare	2,522	2,370	2,370	-	-	2,370	-
Instructional supplies	500	1,065	1,065	-	-	1,065	-
Other supplies and materials	500	415	415	-	-	415	-
Inservice/staff development	500	-	-	-	-	-	-
Other charges	500	1,823	1,823	-	-	1,823	-
Regular instruction equipment	-	-	-	-	-	-	-
Total early childhood education	205,816	213,648	213,648	-	-	213,648	-

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

CITY OF LEXINGTON, TENNESSEE
GENERAL PURPOSE SCHOOL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Budgetary Basis) (continued)
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual (GAAP Basis)	Less: Encumbrances 7/1/2023	Add: Encumbrances 6/30/2024	Actual Revenues/ Expenditures (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final					
Expenditures (continued)							
Debt service							
Principal payments	-	-	-	-	-	-	-
Interest payments	-	-	-	-	-	-	-
Total debt service	-	-	-	-	-	-	-
Capital outlay							
Technology equipment	8,000	801,720	797,229	-	-	797,229	4,491
Technology equipment - ESSER 3.0 funds	-	48,464	48,464	-	-	48,464	-
Building improvements	-	-	80,927	-	-	80,927	(80,927)
Total capital outlay	8,000	850,184	926,620	-	-	926,620	(76,436)
Total Expenditures	9,369,150	11,514,965	11,184,951	(104,120)	51,289	11,132,120	382,845
Excess (deficiency) of revenues over (under) expenditures	(1,063,000)	(1,382,763)	(1,185,935)	104,120	(51,289)	(1,133,104)	249,659
Other financing sources and (uses)							
Transfers in	1,063,000	1,063,000	1,063,000	-	-	1,063,000	-
Transfers out	-	-	(150,000)	-	-	(150,000)	(150,000)
Insurance proceeds	-	54,763	54,763	-	-	54,763	-
Total other financing sources and (uses)	1,063,000	1,117,763	967,763	-	-	967,763	(150,000)
Net change in fund balance	-	(265,000)	(218,172)	104,120	(51,289)	(165,341)	99,659
Fund balance - beginning of year	2,846,387	2,846,387	2,846,387	-	-	2,846,387	-
Fund balance - end of year	\$ 2,846,387	\$ 2,581,387	\$ 2,628,215	\$ 104,120	\$ (51,289)	\$ 2,681,046	\$ 99,659

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

CITY OF LEXINGTON, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			TOTALS
	GAS FUND	WATER SYSTEMS FUND	ELECTRIC DEPARTMENT	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 3,635,462	\$ 429,735	\$ 3,575,976	\$ 7,641,173
Cash and cash equivalents - restricted	-	1,391,716	8,993,613	10,385,329
Investments - restricted	-	-	100,000	100,000
Accounts receivable, net of allowance	1,237,617	-	2,842,515	4,080,132
Grant receivables	-	523,732	-	523,732
Other receivables	-	9,755	452,073	461,828
Lease receivable, current portion	-	116,953	-	116,953
Due from other funds	136,810	1,013,319	-	1,150,129
Inventory	318,560	312,051	460,242	1,090,853
Natural gas storage	407,892	-	-	407,892
Prepaid expenses	34,529	33,148	508,621	576,298
TOTAL CURRENT ASSETS	5,770,870	3,830,409	16,933,040	26,534,319
PROPERTY, PLANT AND EQUIPMENT				
Land	890,367	453,238	-	1,343,605
Buildings	3,937,398	2,967,245	-	6,904,643
Equipment	3,132,235	2,845,345	-	5,977,580
General plant	-	-	8,393,202	8,393,202
Distribution plant	18,386,558	51,344,865	78,835,318	148,566,741
Construction in progress	733,935	3,475,328	20,364,550	24,573,813
TOTAL PROPERTY, PLANT AND EQUIPMENT	27,080,493	61,086,021	107,593,070	195,759,584
Less accumulated depreciation	(13,682,492)	(28,254,342)	(39,035,372)	(80,972,206)
NET PROPERTY, PLANT AND EQUIPMENT	13,398,001	32,831,679	68,557,698	114,787,378
OTHER ASSETS				
Note receivable - TVA Home Insulation Program	-	-	251,644	251,644
Deposits	-	65	-	65
Lease receivable	-	407,307	-	407,307
Other deferred costs	-	-	30,000	30,000
Bond issue costs, net of accumulated amortization	-	-	482,806	482,806
TOTAL OTHER ASSETS	-	407,372	764,450	1,171,822
TOTAL ASSETS	19,168,871	37,069,460	86,255,188	142,493,519
DEFERRED OUTFLOWS OF RESOURCES				
Unamortized loss on bond refunding	-	-	23,047	23,047
Deferred outflows related to pensions	252,502	361,489	954,963	1,568,954
Deferred outflows related to OPEB	44,575	32,071	1,031,902	1,108,548
TOTAL DEFERRED OUTFLOWS OF RESOURCES	297,077	393,560	2,009,912	2,700,549
CURRENT LIABILITIES				
Accounts payable	176,575	919,669	4,118,031	5,214,275
Retainage payable	-	55,864	-	55,864
Accrued expenses	194,439	253,043	21,587	469,069
Accrued interest	31,476	81,478	522,275	635,229
Compensated absences	-	-	208,708	208,708
Customer deposits	481,183	247,352	1,235,100	1,963,635
Due to other funds	1,044,995	22,505	-	1,067,500
Current portion of long-term debt	193,824	1,238,392	1,210,000	2,642,216
TOTAL CURRENT LIABILITIES	2,122,492	2,818,303	7,315,701	12,256,496
LONG-TERM LIABILITIES				
Compensated absences	304,943	416,475	1,444,843	2,166,261
Bonds and notes payable (net of unamortized bond premiums)	2,613,121	13,340,648	32,974,704	48,928,473
Net pension liability	846,869	1,176,206	3,594,937	5,618,012
Net OPEB Liability	271,237	392,298	4,730,137	5,393,672
Advances from Home Installation Program	-	-	251,644	251,644
TOTAL LONG-TERM LIABILITIES	4,036,170	15,325,627	42,996,265	62,358,062
TOTAL LIABILITIES	6,158,662	18,143,930	50,311,966	74,614,558
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	132,192	183,599	314,559	630,350
Deferred inflows - OPEB	205,369	149,550	1,366,548	1,721,467
Deferred inflows - lease receivable	-	524,260	-	524,260
TOTAL DEFERRED INFLOWS OF RESOURCES	337,561	857,409	1,681,107	2,876,077
NET POSITION				
Net investment in capital assets	10,591,056	18,252,639	35,232,698	64,076,393
Restricted for capital projects	-	667,969	-	667,969
Restricted for tank/hydrant maintenance	-	723,747	-	723,747
Restricted for debt service	-	-	8,571,338	8,571,338
Unrestricted net position	2,378,669	(1,182,674)	(7,532,009)	(6,336,014)
TOTAL NET POSITION	\$ 12,969,725	\$ 18,461,681	\$ 36,272,027	\$ 67,703,433

CITY OF LEXINGTON, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER SYSTEMS FUND	ELECTRIC DEPARTMENT	TOTALS
OPERATING REVENUES				
Charges for services	\$ 6,591,582	\$ 8,873,760	\$ 49,683,054	\$ 65,148,396
Miscellaneous	4,549	1,022	1,366,928	1,372,499
TOTAL OPERATING REVENUES	<u>6,596,131</u>	<u>8,874,782</u>	<u>51,049,982</u>	<u>66,520,895</u>
OPERATING EXPENSES				
Natural gas purchases	2,528,531	-	-	2,528,531
Water purchases	-	280,642	-	280,642
Purchased for resale	-	-	36,887,284	36,887,284
Personnel expenses	2,391,092	3,183,750	-	5,574,842
Economic development	29,707	-	-	29,707
Supplies	-	624,602	-	624,602
Utilities	51,692	446,220	-	497,912
Repairs and maintenance	508,591	1,047,794	3,708,764	5,265,149
Professional fees	39,873	72,111	-	111,984
Operating expenses	96,776	69,150	6,796,114	6,962,040
Service Contract	42,000	110,100	-	152,100
Office expense	219,363	176,739	-	396,102
Transportation expense	74,958	121,646	-	196,604
Insurance	33,287	157,857	-	191,144
Taxes and tax equivalents	-	-	277,142	277,142
Memberships and subscriptions	-	13,885	-	13,885
Miscellaneous	-	4,220	-	4,220
Depreciation and amortization	680,405	1,421,198	2,771,171	4,872,774
TOTAL OPERATING EXPENSES	<u>6,696,275</u>	<u>7,729,914</u>	<u>50,440,475</u>	<u>64,866,664</u>
OPERATING INCOME (LOSS)	<u>(100,144)</u>	<u>1,144,868</u>	<u>609,507</u>	<u>1,654,231</u>
NONOPERATING REVENUES (EXPENSES)				
Interest income	134,064	70,343	981,145	1,185,552
Sale of materials	-	37,571	-	37,571
Service contract	72,900	-	-	72,900
Amortization of debt expense	-	-	18	18
Accretion of debt premiums	-	21,459	-	21,459
Miscellaneous expense	-	-	(69,621)	(69,621)
Insurance recoveries	2,120	6,539	-	8,659
Bond issue cost/premium	2,122	(27,900)	-	(25,778)
Lease revenue	-	120,270	-	120,270
Interest expense	(78,135)	(391,735)	(1,210,145)	(1,680,015)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>133,071</u>	<u>(163,453)</u>	<u>(298,603)</u>	<u>(328,985)</u>
NET INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	32,927	981,415	310,904	1,325,246
Transfers to other funds	(210,468)	(123,879)	(862,605)	(1,196,952)
Capital contributions	115,548	523,732	-	639,280
TOTAL CONTRIBUTIONS AND TRANSFERS	<u>(94,920)</u>	<u>399,853</u>	<u>(862,605)</u>	<u>(557,672)</u>
CHANGE IN NET POSITION	(61,993)	1,381,268	(551,701)	767,574
NET POSITION - BEGINNING OF YEAR	<u>13,031,718</u>	<u>17,080,413</u>	<u>36,823,728</u>	<u>66,935,859</u>
NET POSITION - END OF YEAR	<u>\$ 12,969,725</u>	<u>\$ 18,461,681</u>	<u>\$ 36,272,027</u>	<u>\$ 67,703,433</u>

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

CITY OF LEXINGTON, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024

	BUSINESS TYPE ACTIVITIES - ENTERPRISE FUNDS			
	GAS FUND	WATER SYSTEMS FUND	ELECTRIC DEPARTMENT	TOTALS
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 6,242,393	\$ 8,935,744	\$ 50,625,667	\$ 65,803,804
Cash received from other funds for services	283,159	(152,282)	-	130,877
Cash received from rent	72,900	-	-	72,900
Other operating cash receipts	4,549	1,022	-	5,571
Cash payments to city - tax equivalents	-	-	(862,605)	(862,605)
Cash payments to suppliers for goods and services	(3,583,348)	(3,444,834)	(45,325,687)	(52,353,869)
Cash payments to employees for services	(2,160,831)	(2,936,190)	(2,242,256)	(7,339,277)
Other operating cash payments	-	-	(69,621)	(69,621)
Customer deposits received	-	-	264,351	264,351
Customer deposits refunded	-	-	(149,213)	(149,213)
Cash payments to other funds for services	-	(5,319)	-	(5,319)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>858,822</u>	<u>2,398,141</u>	<u>2,240,636</u>	<u>5,497,599</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Amounts paid to other funds	(210,468)	(123,879)	-	(334,347)
Sale of materials	-	37,571	-	37,571
Advances from Home Insulation Program	-	-	(63,674)	(63,674)
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	<u>(210,468)</u>	<u>(86,308)</u>	<u>(63,674)</u>	<u>(360,450)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of fixed assets	(1,007,987)	(2,732,229)	(23,377,808)	(27,118,024)
Grant proceeds	115,548	-	-	115,548
Plant removal cost	-	-	(268,716)	(268,716)
Materials salvaged from retirements	-	-	836,658	836,658
Insurance recoveries	2,120	6,539	-	8,659
Debt/bond issue costs	-	(27,900)	(223,470)	(251,370)
Loss on refunding of bonds	-	-	3,006	3,006
Premium on issuance of bonds	-	-	699,171	699,171
Principal payments on long-term debt	(186,627)	(1,126,636)	(855,000)	(2,168,263)
Advances from (repayment of) revenue bonds	-	-	22,000,000	22,000,000
Loan proceeds	-	533,206	-	533,206
Lease revenue	-	120,270	-	120,270
Interest paid on long-term debt	(79,724)	(396,953)	42,189	(434,488)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(1,156,670)</u>	<u>(3,623,703)</u>	<u>(1,143,970)</u>	<u>(5,924,343)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	-	-	(100,000)	(100,000)
Proceeds from sale of investments	-	-	100,000	100,000
Notes receivable - TVA Home Insulation Program	-	-	63,674	63,674
Interest paid	-	-	(783,073)	(783,073)
Interest on cash and investments	134,064	67,213	981,145	1,182,422
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>134,064</u>	<u>67,213</u>	<u>261,746</u>	<u>463,023</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>(374,252)</u>	<u>(1,244,657)</u>	<u>1,294,738</u>	<u>(324,171)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>4,009,714</u>	<u>3,066,108</u>	<u>11,274,851</u>	<u>18,350,673</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 3,635,462</u>	<u>\$ 1,821,451</u>	<u>\$ 12,569,589</u>	<u>\$ 18,026,502</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Income (loss) from operating activities	\$ (100,144)	\$ 1,144,868	\$ 609,507	\$ 1,654,231
Adjustments to reconcile income from operations to net cash				
Depreciation and amortization	680,405	1,421,198	2,771,171	4,872,774
Amounts paid to City - tax equivalents	-	-	(862,605)	(862,605)
Miscellaneous expense	-	-	(69,621)	(69,621)
Change in pension	71,294	83,395	418,077	572,766
Change in OPEB	86,989	94,743	(355,942)	(174,210)
Service contract	72,900	-	-	72,900
Changes in Assets and Liabilities:				
(Increase) decrease in accounts receivable	(374,177)	-	(424,315)	(798,492)
(Increase) decrease in other receivables	-	2,993	-	2,993
(Increase) decrease in inventory	69,564	1,509	(61,929)	9,144
(Increase) decrease in prepaid assets	(1,857)	43,980	(56,143)	(14,020)
(Increase) decrease in due from other funds	3,094	(152,282)	-	(149,188)
(Increase) decrease in natural gas storage	173,618	-	-	173,618
Increase (decrease) in accounts payable	(199,895)	(152,907)	197,608	(155,194)
Increase (decrease) in retainage payable	-	(169,703)	-	(169,703)
Increase (decrease) in due to other funds	280,065	(5,319)	-	274,746
Increase (decrease) in net pension liability	-	-	(439,174)	(439,174)
Increase (decrease) in net OPEB liability	-	-	426,103	426,103
Increase (decrease) in customer deposits	24,988	58,991	115,138	199,117
Increase (decrease) in compensated absences	67,974	69,422	(27,239)	110,157
Increase (decrease) in accrued liabilities	4,004	(42,747)	-	(38,743)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 858,822</u>	<u>\$ 2,398,141</u>	<u>\$ 2,240,636</u>	<u>\$ 5,497,599</u>
NONCASH TRANSACTIONS				
Capital Contributions per Statement of Revenues, Expenses, and Changes in Net Position	-	523,732	-	523,732
Less: Current year grants receivable	-	(523,732)	-	(523,732)
Capital Contributions per Statement of Cash Flows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

**CITY OF LEXINGTON, TENNESSEE
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024**

	Pension Trust Funds	
	Municipal Employees	Electric Employees
ASSETS		
Cash and cash equivalents	\$ -	\$ -
Investments:		
Mutual funds (market value)	12,139,294	10,812,445
Annuities (market value)	-	-
TOTAL ASSETS	12,139,294	10,812,445
 LIABILITIES		
Accrued liabilities	-	-
 NET POSITION		
Held in trust for pension benefits	12,139,294	10,812,445
TOTAL NET POSITION	\$ 12,139,294	\$ 10,812,445

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

CITY OF LEXINGTON, TENNESSEE
PENSION TRUST FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2024

	Pension Trust Funds		Total
	Municipal Employees	Electric Employees	
Additions			
Contributions and other additions	\$ 384,844	\$ 587,868	\$ 972,712
Investment income	-	-	-
Net investment gain/(loss)	1,640,881	1,441,955	3,082,836
Total Additions	<u>2,025,725</u>	<u>2,029,823</u>	<u>4,055,548</u>
Deductions			
Fees (refunds)	84,504	3,549	88,053
Dividends and interest paid	-	-	-
Benefits	1,989,669	1,194,852	3,184,521
Total Deductions	<u>2,074,173</u>	<u>1,198,401</u>	<u>3,272,574</u>
Net increase (decrease) in net position	(48,448)	831,422	782,974
NET POSITION - BEGINNING OF YEAR	<u>12,187,742</u>	<u>9,981,023</u>	<u>22,168,765</u>
NET POSITION - END OF YEAR	<u>\$ 12,139,294</u>	<u>\$ 10,812,445</u>	<u>\$ 22,951,739</u>

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

CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

1. A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity comprises the following:

Primary Government:	City of Lexington
Blended Component Units:	None

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

Blended Component Units

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

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. The Industrial Development Board of the City of Lexington, Tennessee (LIDB) is a nonprofit organization located in Lexington, Tennessee. Its purpose is to increase employment opportunities by promoting industry, trade, commerce, tourism and recreation in Henderson County, Tennessee. LIDB is a component unit of the City of Lexington since (1) board members are appointed by the City Commission and (2) it receives a significant portion of its funding from the City of Lexington. This financial data is incorporated into the City's financial statements as of June 30, 2024.

The City Commission determines the amount of money to contribute each year to the LIDB. The City appropriated \$42,800 from the General Fund and \$50,000 from the Capital Projects Fund for economic development to the LIDB in the current year. Additionally, Lexington Gas System and Lexington Water System each contributed \$25,000 to the LIDB in the current year. Additionally, Lexington Water System contributed \$38,602 noncash in a land donation (recorded as a transfer in). Complete financial statements of the LIDB may be obtained from the Industrial Development Board of the City of Lexington, Tennessee, c/o Cody Wood, 33 1st Street, Lexington, TN 38351.

1. B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities, which normally are

CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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 direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As discussed earlier, the government has a discretely presented component unit. The Industrial Development Board of the City of Lexington, Tennessee, is shown in a separate column in the government-wide financial statements.

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

Fund Financial Statements:

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

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds

General Fund

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

Special Revenue Funds

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

CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Capital Project Fund

The Capital Project Fund is used to account for resources restricted for the acquisition or construction of specific capital projects or items. The reporting entity includes only one Capital Project Fund and it is used to account for the acquisition of capital assets with transfers made from the General Fund.

Debt Service

The Debt Service Fund accounts for the accumulation of financial resources for the payment of interest and principal on the general long-term debt of the city other than debt service payments made by enterprise funds. This fund was used to pay the debt of the post office building.

Proprietary Fund

Enterprise Fund

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

Fiduciary Funds (Not included in government-wide statements)

Agency Funds

Agency funds account for assets held by the City in a purely custodial capacity. The reporting entity includes one agency fund. Since agency funds are custodial in nature (i.e., assets equal liabilities) they do not involve the measurement of results of operations. The agency fund is as follows:

Pension Trust Funds

Pension trust funds account for pension contributions, benefits, and distributions. The City has the following two funds: one for the Electric Department and another for the governmental departments and the remaining utility departments.

Major and Nonmajor Funds

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

Fund	Brief Description
Major: General	See above for description.
<i>Special Revenue Fund:</i> General Purpose School	Accounts for revenues and expenditures of the City's school.
<i>Proprietary Fund:</i> Natural Gas Fund	Accounts for activities of the government's natural gas distribution operations.
Water Systems Fund	Accounts for operations of the sewage facilities and the distribution of water.

**CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

Electric Department	Accounts for activities of the government's electric distribution operations.
Nonmajor	
Special Revenue Funds:	
State Street Aid	Accounts for the state gas tax revenue and the expenditures legally restricted to street maintenance.
School Tax Fund	Accounts for revenues, which are primarily a portion of the State-shared sales tax revenues and transfers from the General Fund, and expenditures, which are primarily capital in nature.
School Food Service	Accounts for the school cafeteria revenues and the expenditures.
Solid Waste Collection	Accounts for the solid waste collection revenue and expenditures related to disposal services.
Dare Fund	Accounts for project revenues and expenditures related to drug awareness programs.
E-citation Fund	Accounts for revenues generated from e-citations.
Police Drug Fund	Accounts for revenues and expenditures on drug fines and enforcement costs.
Lexington-Henderson Alliance	Accounts for economic and community development costs.
Debt Service Fund	See above for description.
Capital Projects Fund	See above for description.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to

CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

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

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

The City does not allocate indirect costs.

1.D. BUDGETARY INFORMATION

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

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

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

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

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

Cash and Investments

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Investments are carried at fair value. Fair value is based on quoted market price. Additional cash and investment disclosures are presented in Notes 2.B. and 3.A.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 3.H. for details of interfund transactions, including receivables and payables at year-end.

Receivables

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

Inventories and Prepaid Expense

Inventories consist primarily of supplies, valued at cost, which approximates market. Cost is determined using current costs. All City inventories are maintained on a consumption basis of accounting where items are purchased for inventory and charged to the budgetary accounts as the items are consumed. Prepaid expenses are also maintained on the consumptive basis of accounting.

Restricted Assets

Certain proceeds of 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.

Bond Discounts / Issuance Costs

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

Bond issuance costs are treated as expenses in the year incurred in both governmental and proprietary funds except for Lexington Electric System. Lexington Electric System capitalizes bond issue costs and amortizes these costs over the life of the bond issue.

Capital Assets

The accounting treatment over property, plant, and equipment (capital assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide Statements

In the government-wide financial statements, capital assets are accounted for as capital assets. All capital assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated

**CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

capital assets which are recorded at their estimated fair value at the date of donation. Estimated historical cost was used to value some of the assets acquired prior to June 30, 2003.

Prior to July 1, 2002, governmental funds' infrastructure assets were not capitalized. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc.

The capitalization policy is as listed below:

1. Real property – Land	
a. Land – non depreciable	\$1
b. Land Improvements	\$10,000
2. Real property – Buildings	
a. Buildings	\$10,000
b. Building Improvements	\$10,000
c. Construction in Progress	
3. Motor Vehicles	
a. Cars/Light Trucks/Jeeps	\$ 5,000
b. Trucks/Heavy	\$10,000
c. Buses	\$10,000
d. Vans	\$ 5,000
4. Miscellaneous Equipment	
a. Police Vehicle Equipment	\$ 5,000
b. Police Personal Equipment	\$ 5,000
5. Office Furniture & Equipment	
a. Computer Equipment	\$ 2,000
b. Appliances	\$ 2,000
c. Media Equipment	\$ 2,000
6. Personal Property	\$ 2,000
7. Infrastructure	
a. Roads	
i. Asphalt	\$75,000/mile
ii. Double Surface Treatment	\$30,000/mile
iii. Gravel	\$12,000/mile
b. Bridges	
i. Box Culvert	\$175/sq. ft.
ii. Span	\$2,800/sq. ft.

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

	<u>Years</u>
Buildings	20-50
Equipment	5-20
Vehicles	6-15
Plant	20-50

CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Fund Financial Statements

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government's deferred outflows of resources are related to pension requirements under GASB Statement No. 68. The Electric System also reports deferred outflows of resources for its unamortized loss on bond refunding.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has three items that qualify for reporting in this category. One item, *unavailable revenue*, is reported only in the government-wide Statement of Net Position and the governmental funds balance sheet. The governmental funds report unavailable revenues from one source: property taxes. The second deferred inflows of resources are related leases receivable and the third to the government's pension requirements under GASB Statement No. 68.

Long-term Debt

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

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

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

Compensated Absences

The City's policies regarding vacation and personal leave time permit employees to accumulate earned but unused vacation and personal leave. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources, while the proprietary funds report the liability as it is incurred.

Electric System

It is the System's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation pay has been accrued and is reflected as a current liability on the financial statements. All sick leave has been accrued and is reflected as both a current and non-current liability on the financial statements.

CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

School System

The System's policy is to pay \$10 for every unused day of sick leave accumulated at retirement. The System's financial statements do not include a liability for compensated absences as the amount is not material.

Net Position Flow Assumption

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

Net position is displayed in three components:

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

Fund Balance Policies

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

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

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

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

CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

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

The City has not yet adopted an order of fund balance spending policy. It considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Pensions – School System

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

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

1.F. REVENUES, EXPENDITURES, AND EXPENSES

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Sales Tax

The City presently levies a nine and three-quarters percent sales tax on taxable sales within the City. The sales tax is collected by the Tennessee Department of Revenue and remitted to the City in the month following receipt by the Department of Revenue. The Department of Revenue receives the sales tax approximately one month after collection by vendors. The sales tax is recorded in the General Fund and the School Tax Fund. Sales tax remitted to the City in July has been accrued and are included under the caption "Due from other governments."

Property Tax

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

**CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

Operating Revenues and Expenses

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

Expenditures/ Expenses

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

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

Governmental funds – by Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund – By Operating and Nonoperating

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

Interfund Transfers

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

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

2.A. FUND ACCOUNTING REQUIREMENTS

Fund	Required By
E-citation Fund	State Law
Police Drug Fund	State Law

2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

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

The City's investment policies are governed by State statute. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts.

CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Collateral is required for demand deposits, certificates of deposits, and repurchase agreements at 105% of all amounts not covered by federal deposit insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its subdivisions. The City has no policy that further limits allowable investments.

Pension Plan Investments

Investments are stated at fair market value. The Plan's investments consist of mutual funds. Purchases and sales of mutual funds are recorded on the trade-date basis. The Electric Department's Plan investments consist only of mutual funds.

2.C. REVENUE RESTRICTIONS

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

Revenue Source	Legal Restrictions of Use
Sales Tax	Portion to fund city school program
Gasoline Excise Tax	Street purposes
Grants	Grant program expenditures
E-citation fees	E-citation equipment

2.D. FUND EQUITY RESTRICTIONS

Deficit Prohibition

Tennessee Statutes prohibits the creation of a deficit fund balance in any individual fund. The City had no deficit fund balances at June 30, 2024.

2.E. BUDGET

Lexington City Schools

The System is required by state law to prepare an annual budget. The budget is subject to approval by the Lexington City Council and the System cannot exceed the total budgeted expenditures. The System uses a budgetary basis of accounting. It is consistent with GAAP, except that instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

The City's funds expenditures were within appropriations for the year ended June 30, 2024.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

3.A. CASH AND INVESTMENTS

Deposits

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

The City's policies regarding deposits of cash are discussed in Note 2B.

**CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

General Government

As of June 30, 2024, the City's bank balances were not exposed to custodial credit risk due to being entirely covered by depository insurance (a combination of federal depository insurance with the excess covered by the State's Bank Collateral Pool).

Gas System

As of June 30, 2024, the System's deposits were not exposed to custodial credit risk due to being entirely covered by depository insurance (a combination of federal depository insurance with the excess covered by the State's Bank Collateral Pool).

Water Systems

As of June 30, 2024, the System's bank balances were not exposed to custodial credit risk due to being entirely covered by depository insurance (a combination of federal depository insurance with the excess covered by the State's Bank Collateral Pool).

Electric System

As of June 30, 2024, the System's bank deposits were fully collateralized or insured.

School System

Cash in bank balance represents funds on deposit in local banks. These funds were entirely insured by FDIC or through the Bank Collateral Pool with the State of Tennessee.

Investment-Fiduciary Fund

The following is the asset allocation as of June 30, 2024:

	<u>City of Lexington</u>		<u>Lexington Electric</u>		<u>Total</u>
	<u>Market Value</u>	<u>Percentage of Total</u>	<u>Market Value</u>	<u>Percentage of Total</u>	
Fixed income	\$ 2,253,531	18.56%	\$ 3,580,626	33.12%	\$ 5,834,157
Equities	9,885,763	81.44%	7,231,819	66.88%	17,117,582
	<u>\$ 12,139,294</u>	<u>100.00%</u>	<u>\$ 10,812,445</u>	<u>100.00%</u>	<u>\$ 22,951,739</u>

The following investments represent more than 5% of the fiduciary net position and are not issued or explicitly guaranteed by the U.S. government at June 30, 2024.

	<u>City of Lexington</u>	<u>Lexington Electric</u>
American Funds Investment Fund of America	\$ 750,614	\$ 652,287
500 Index Fund	1,288,125	-
Columbia Diversified Fixed Income	757,350	640,334
Vanguard 500 Index	-	1,116,524
MFS Growth Fund	727,159	655,269
DC INTL ST	722,082	631,561
Contra	636,905	564,725
BlackRock EAFE Equity Index	-	661,631

**CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

For the year ended June 30, 2024, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.39 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, 2024.

	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by fair value level				
Debt securities				
Pooled and separate accounts	\$ 5,834,157	\$ 2,253,531	\$ 3,580,626	\$ -
Equity securities				
Pooled and separate accounts	17,117,582	9,885,763	7,231,819	-
Total	<u>\$ 22,951,739</u>	<u>\$ 12,139,294</u>	<u>\$ 10,812,445</u>	<u>-</u>

The fair value of pooled separate accounts for which quoted market prices are not available are valued based on the value of the underlying investments and therefore are Level 2 investments.

3.B. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consists of utilities receivable. Accounts receivable of the governmental activities consists of amounts due from the various local sources. Receivables detail at June 30, 2024, is as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Accounts receivable	\$ 44,615	\$ 4,172,074	\$ 4,216,689
Allowance for doubtful accounts	(36,659)	(91,942)	(128,601)
Net accounts receivable	<u>\$ 7,956</u>	<u>\$ 4,080,132</u>	<u>\$ 4,088,088</u>

**CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

3.C. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2024, was as follows:

	<u>Balance 7/1/23</u>	<u>Additions/ Adjustments</u>	<u>Retirements/ Adjustments</u>	<u>Balance 6/30/24</u>
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 1,545,454	\$ 516,351	\$ -	\$ 2,061,805
Construction in Progress	1,062,066	1,042,892	909,615	1,195,343
Total Capital assets not being depreciated	<u>2,607,520</u>	<u>1,559,243</u>	<u>909,615</u>	<u>3,257,148</u>
Capital assets being depreciated				
Buildings	25,181,642	10,655	-	25,192,297
Equipment	13,801,522	3,316,030	403,464	16,714,088
Infrastructure	18,306,909	557,022	-	18,863,931
Improvements	8,526,467	302,815	-	8,829,282
Total Capital assets being depreciated	<u>65,816,540</u>	<u>4,186,522</u>	<u>403,464</u>	<u>69,599,598</u>
Less accumulated depreciation for:				
Buildings	13,739,877	371,792	-	14,111,669
Equipment	8,754,435	1,179,800	219,600	9,714,635
Infrastructure	12,131,864	187,630	-	12,319,494
Improvements	5,771,103	316,327	-	6,087,430
Total accumulated depreciation	<u>40,397,279</u>	<u>2,055,549</u>	<u>219,600</u>	<u>42,233,228</u>
Total capital assets, being depreciated, net	<u>25,419,261</u>			<u>27,366,370</u>
Governmental activities capital assets, net	<u>\$ 28,026,781</u>			<u>\$ 30,623,518</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 916,850	\$ 426,755	\$ -	\$ 1,343,605
Construction in Progress	12,098,739	19,803,399	7,328,325	24,573,813
Total Capital assets not being depreciated	<u>13,015,589</u>	<u>20,230,154</u>	<u>7,328,325</u>	<u>25,917,418</u>
Capital assets being depreciated				
Buildings	5,628,583	1,276,060	-	6,904,643
Equipment	6,017,556	84,285	124,261	5,977,580
Plant	144,678,752	13,033,794	752,603	156,959,943
Total Capital assets being depreciated	<u>156,324,891</u>	<u>14,394,139</u>	<u>876,864</u>	<u>169,842,166</u>
Less accumulated depreciation for:				
Buildings	987,765	118,057	-	1,105,822
Equipment	4,171,732	486,627	124,261	4,534,098
Plant	71,716,641	4,601,913	986,268	75,332,286
Total accumulated depreciation	<u>76,876,138</u>	<u>5,206,597</u>	<u>1,110,529</u>	<u>80,972,206</u>
Total capital assets, being depreciated, net	<u>79,448,753</u>			<u>88,869,960</u>
Business-type activities capital assets, net	<u>\$ 92,464,342</u>			<u>\$ 114,787,378</u>

Depreciation expense was charged to governmental activities as follows:

Governmental Function	
General and administrative	\$ 184,095
Public safety	587,178
Public works	622,701
Health, recreation and welfare	661,575
Total depreciation expense	<u>\$2,055,549</u>

3.D. ACCOUNTS PAYABLE

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

**CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

3.E. SERVICE CONTRACTS

Various schools and the Board of Education have service contracts for the use of copiers. This cost is recorded as instructional and administrative expenditures. The terms of these service arrangements vary.

3.F. PREPAID MEALS

The amount for prepaid meals on the School Food Authority Fund reflects money that students and staff have credited toward meals in the following school year. The overpayment amount may be refunded to persons or applied to that person's meal account in the following year. In the event that a student graduates, the overpayment may be refunded or applied to another family member's meal account.

3.G. LONG-TERM LIABILITIES

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

General Obligation Bonds - The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities and to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds were issued for original terms of up to 19 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2024, will be retired from various funds as noted in the Schedule of Changes in Long-Term Debt by Individual Issue.

Direct Borrowing and Direct Placements – The City issues other loans to provide funds for the acquisition and construction of major capital facilities. Loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. The loans outstanding were issued for original terms of up to 10 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All loans included in long-term debt as of June 30, 2024, will be retired from the General Purpose School Fund, the Solid Waste Collection Fund, and the Water System Fund.

**CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

Governmental Activities

As of June 30, 2024, the governmental long-term liabilities of the financial reporting entity consisted of the following:

Governmental Activities

General Obligation Bonds

2012 General Obligation Bonds, dated October 18, 2012, due April 1, 2013 through April 1, 2028, interest 1% to 2%.	\$	94,944
2019 Public Works Refund Bonds, dated February 7, 2019, due March 1, 2034 interest 2% to 3%.		740,000
2020 General Obligation School Refunding Bonds, dated June 30, 2020, due November 1, 2020 through May 1, 2031, interest 1% to 2%.		2,940,000
2020 Public Works Improvements Bonds, dated April 30, 2020, due April 30, 2021 through April 1, 2040, interest 2% to 2.35%.		1,270,000
Total General Obligations Bonds		<u>5,044,944</u>

Direct Borrowing and Direct Placements

2023 Capital Outlay Note, dated September 17, 2023 due 8/14/2023 through 8/1/2026, interest 5.910%.		600,000
2023 Capital Outlay Note, dated September 8, 2023 due 9/8/2023 through 8/1/2028, interest 5.450%.		1,000,000
Total Direct Borrowing and Direct Placements		<u>1,600,000</u>

Total Governmental Activities Bonds and Direct Borrowings		<u>6,644,944</u>
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Other Liabilities

Compensated absences		1,775,435
Unamortized debt premiums		100,923
Net pension liability		2,681,750
Net OPEB liability		1,757,932
Landfill closure costs		236,468
Total Other Liabilities		<u>6,552,508</u>

Total Government Activity Long-Term Liabilities	\$	<u>13,197,452</u>
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**CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

Business-type Activities

Revenue Bonds

2019 Water Refunding Bonds, dated September 1, 2019, through March 1, 2034, interest 2.00% to 3.00%.	\$ 3,335,000
Electric Plant Revenue Refunding Bonds, Series 2017, interest of 2.00% to 2.75% due serially through 2032.	3,845,000
Electric Plant Revenue Bonds, Series 2018, interest at 3.00% to 4.00%% due serially through 2038	2,305,000
Electric Plant Revenue Refunding Bonds, Series 2019, interest of .05% to 5.00% due serially through 2037.	5,175,000
Electric Plant Revenue Refunding Bonds, Series 2023, interest of 4.625% to 5.00% due serially through 2054.	22,000,000
2019 Gas Refunding Bonds, dated February 7, 2019, due March 1, 2020 through March 1, 2034, interest 2.00% to 3.00%	915,000
Total Business-Type Revenue Bonds	<u>37,575,000</u>

Direct Borrowing and Direct Placements

Local Government Loan Program Bond, Series 2015, variable interest	1,219,000
Local Government Loan Program Bond, Series 2024, variable interest	533,206
	<u>1,752,206</u>

General Obligation Bonds

2012 General Obligation Bonds, dated October 18, 2012, due April 1, 2013 through April 1, 2028, interest 1% to 2%.	1,265,054
2017 General Obligation Bonds, dated July 20, 2017, due July 15, 2018 through July 15, 2037, interest 1.30% to 3.25%.	3,240,000
2020 Public Works Improvements General dated April 30, 2020, through April 1, 2040 interest 2.00% to 3.00%	6,595,000
Total Business-Type General Obligation Bonds	<u>11,100,054</u>

Other liabilities

Compensated absences	2,374,969
Advances from Home Installation Program	251,644
Net pension liability	5,618,012
Net OPEB liability	5,393,672
Unamortized debt premiums	1,143,429
Total Other Liabilities	<u>14,781,726</u>

Total Business-type Activites	<u><u>\$ 65,208,986</u></u>
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**CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

Changes in Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2024:

	<u>Balance 7/1/2023</u>	<u>Issues or Additions</u>	<u>Retirements</u>	<u>Balance 6/30/2024</u>	<u>Due within one year</u>
<u>Governmental Type Activities</u>					
General Obligation Bonds	\$ 5,593,680	\$ -	\$ 548,736	\$ 5,044,944	\$ 564,784
Direct Borrowing and Direct Placements	225,450	1,600,000	225,450	1,600,000	368,000
Landfill Closure Costs	246,068	-	9,600	236,468	-
Unamortized debt premiums	112,134	-	11,211	100,923	-
Total governmental type activities	<u>6,177,332</u>	<u>1,600,000</u>	<u>794,997</u>	<u>6,982,335</u>	<u>932,784</u>
<u>Business Type Activities</u>					
Revenue Bonds	16,785,000	22,000,000	1,210,000	37,575,000	1,580,000
Direct Borrowing and Direct Placements	1,321,000	533,206	102,000	1,752,206	197,000
General Obligation Bonds	11,956,318	-	856,264	11,100,054	865,216
Unamortized debt premiums	467,839	699,171	23,581	1,143,429	-
Total business type activities	<u>30,530,157</u>	<u>23,232,377</u>	<u>2,191,845</u>	<u>51,570,689</u>	<u>2,642,216</u>
Total government	<u>\$ 36,707,489</u>	<u>\$ 24,832,377</u>	<u>\$ 2,986,842</u>	<u>\$ 58,553,024</u>	<u>\$ 3,575,000</u>

Other Long-term liabilities

Governmental-type compensated absences have been paid in prior years by the General Fund. Landfill post closure costs have been paid in prior years by the Solid Waste Fund.

**CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
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Annual Requirements to Retire Debt Outstanding

The annual aggregate maturities for each note payable for the years subsequent to June 30, 2024 are as follows:

Year Ending June 30,	<u>General Obligation Bonds</u>				Principal and Interest Total
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 564,784	\$ 172,263	\$ 865,216	\$ 257,924	\$ 1,860,187
2026	575,831	163,842	894,169	240,815	1,874,657
2027	581,878	155,275	923,122	222,778	1,883,053
2028	577,451	144,606	812,547	200,249	1,734,853
2029	570,000	133,844	600,000	179,609	1,483,453
2030-2034	1,655,000	565,698	3,195,000	675,345	6,091,043
2035-2039	430,000	470,085	3,325,000	279,658	4,504,743
2040	90,000	92,115	485,000	11,397	678,512
Total	\$ 5,044,944	\$ 1,897,728	\$ 11,100,054	\$ 2,067,775	\$ 20,110,501

Year Ending June 30,	<u>Direct Placement and Direct Borrowings</u>				Principal and Interest Total
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2025	\$ 368,000	\$ 447,497	\$ 197,000	\$ 254,632	\$ 1,267,129
2026	389,000	446,974	171,949	253,010	1,260,933
2027	411,000	446,229	165,000	157,667	1,179,896
2028	210,000	227,822	170,000	155,900	763,722
2029	222,000	228,049	174,000	153,993	778,042
2030-2034	-	-	756,257	469,860	1,226,117
2035	-	-	118,000	3,540	121,540
	\$ 1,600,000	\$ 1,796,571	\$ 1,752,206	\$ 1,448,602	\$ 6,597,379

Year Ending June 30,	<u>Revenue Bonds</u>	
	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2025	\$ 1,580,000	\$ 1,482,634
2026	1,635,000	1,426,459
2027	1,695,000	1,365,209
2028	1,765,000	1,302,934
2029	1,825,000	1,236,659
2030-2034	9,130,000	5,124,958
2035-2039	5,145,000	3,871,314
2040-2044	3,860,000	2,958,859
2045-2049	4,845,000	1,974,106
2050-2054	6,095,000	730,865
	\$ 37,575,000	\$ 21,473,997

**CITY OF LEXINGTON, TENNESSEE
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3.H. INTERFUND TRANSACTIONS AND BALANCES

Operating Transfers

	TRANSFER FROM							Totals
	General	Drug	School Tax Fund	Lexington Electric	Water	Gas	General Purpose School	
TRANSFER TO								
General	\$ -	\$ -	\$ -	\$ 862,605	\$ 123,879	\$ 210,468	\$ -	\$ 1,196,952
Solid Waste Fund	99	-	-	-	-	-	-	99
DARE Fund	-	3,500	-	-	-	-	-	3,500
School Debt	-	-	476,270	-	-	-	-	476,270
School Food Service	-	-	-	-	-	-	150,000	150,000
General Purpose School	-	-	1,063,000	-	-	-	-	1,063,000
GRAND TOTALS	<u>\$ 99</u>	<u>\$ 3,500</u>	<u>\$ 1,539,270</u>	<u>\$ 862,605</u>	<u>\$ 123,879</u>	<u>\$ 210,468</u>	<u>\$ 150,000</u>	<u>\$ 2,889,821</u>

The transfers from General Fund to other various funds are all for operating expenses. The transfers from the Water, Natural Gas, and Electric Funds to the General Fund are for in-lieu of taxes. Transfers from the Sales Tax Fund to the School Debt Fund are for debt payments and capital outlay expenditures. In the current year a one-time transfer was made from the General Purpose School Fund to the School Food Service Fund in the amount of \$150,000 for operational expenses.

Interfund Receivables and Payables

DUE TO:	General	Solid Waste	Water	Gas	Totals
DUE FROM:					
General	\$ -	\$ -	\$ 88,804	\$ 128,124	\$ 216,928
State Street Aid	1,197	-	-	-	1,197
Drug	93	-	-	-	93
Solid Waste	1,860	-	-	-	1,860
Gas	-	120,480	924,515	-	1,044,995
Water Systems	13,807	12	-	8,686	22,505
	<u>\$ 16,957</u>	<u>\$ 120,492</u>	<u>\$ 1,013,319</u>	<u>\$ 136,810</u>	<u>\$ 1,287,578</u>

Transactions arising from Water, Sewer, and Garbage Fund billing of utility services are recorded in these accounts between the Gas, Water System, and Solid Waste Funds. The amounts due to the General Fund from the State Street Aid, Drug, Solid Waste, and Water Funds are for expenses paid by the General Fund and not yet reimbursed by the other funds.

3.I. ON-BEHALF PAYMENTS

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Lexington City School System. These payments are made by the state to the Local Government Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the State's Comprehensive Annual Financial Report. Payments by the state to the Local Government Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2024 were \$54,707 and \$7,123, respectively. The System has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

**CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 4. OTHER NOTES

4.A. EMPLOYEE PENSION AND OTHER BENEFIT PLANS

Pension Plan Obligations

Certain employees of the City, except school employees, are members of the City's contributory, defined benefit pension plan, a single-employer plan. School department information is included in another note. The plan was established by City ordinance and may be amended by such.

Plan Description

The Retirement Income plan for Employees of the City of Lexington (the "Plan") is a single-employer defined benefit pension plan that provides pensions to any employee in covered employment (as defined in the Plan Document) who has met, and continues to meet, the eligibility requirements for participation in the Plan.

Actuarial Cost Method

Individual entry age normal cost– Under this method, the annual cost is equal to the normal cost, plus an amortization of the unfunded accrued liabilities over a fixed period of years selected within the minimum (10 years) and the maximum (5 to 30 years) periods permitted by law.

The normal cost is the sum of individual normal costs, determined as a level percentage of compensation which would have been necessary to fund the employee's projected retirement, death and withdrawal benefits, from entry age (the age at which the employee would have entered the plan had it been in effect on his employment date), to his retirement age. Thus, the dollar normal cost is expected to increase with the salary projection assumption.

The actuarial accrued liability is the accumulation, based on the actuarial assumptions, of all assumed prior normal costs. Thus, it represents the amount of reserves, which would be held by the plan, had it always been in effect for the present group of participants and had plan experience followed that predicted by the actuarial assumptions. The unfunded accrued liability is the excess, if any, of the accrued liability over the plan assets.

Actuarial gains and losses arising from differences between plan experience and that predicted by the actuarial assumptions, as measured by the difference between actual and expected unfunded accrued liabilities, are amortized over the average expected remaining service lives of all employees (active and inactive), as required by GASB Statement No. 68.

Attribution Parameters

Attribution parameters determine how growth in the benefit formula is allocated to years of service.

Accrual rate proration, by component – This method attributes the benefit separately for each component of the benefit formula, based on the benefit credited service. If there are no accrual definitions in the benefit formula, then the entire projected benefit is assigned to past service (and considered fully accrued as of the valuation date). This results in "natural" or "directing differencing" attribution.

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Accrued and Vested Benefits

Vested benefits are based on the plan document's vesting schedule based on years of service.

Participant Data

Inactive Plan Participants as of January 1, 2023:

Retirees and beneficiaries currently receiving benefits	22
Terminated employees entitled to deferred benefits	37
Disabled employees entitled to deferred benefits	<u>0</u>
Total	59

Active Plan Participants as of January 1, 2023:

Vested	47
Partially-vested	0
Non-vested	<u>0</u>
Total	47

Summary of Plan Provisions

Effective Date: May 1, 1973

Fiscal Year Beginning: 01/01/23

Eligibility Requirements: Minimum age of 20 and 12 minimum months of service hired on or before March 1, 2012. Entry date is the first day of the month coinciding with or next following the date the requirements are met. Entry has been closed since 3/1/2012.

Normal Retirement Date: First day of the month coinciding with or next following attainment of age 60 and 10 years of service.

Normal Retirement Benefit Formula:

Effective July 1, 2000 monthly annuity is equal to the sum of (1) and (2) below:

- (1) 2.25% of the member's Average Monthly Earnings multiplied by years of Credited Service up to a maximum of 30 years.
- (2) 1.85% of member's Average Monthly Earnings multiplied by years of Credit Service in excess of 30 years.

For contributing members as of April 1, 1986, minimum monthly annuity is equal to 3.33% of member's Average Monthly Earnings multiplied by years of credited service subject to a maximum of 15 years. A member of the prior plan will receive a benefit no less than 40% of the average monthly earnings during the period of 5 years in which his earnings were highest or 40% of his salary at age 64, whichever is greater.

Average Monthly Compensation: The greater of (i) average of monthly compensation for the 5 years of highest compensation whether consecutive or not, and (ii) monthly compensation during the year immediately preceding the participant's 60th birthday.

Credited Service: Number of years and completed months of active participation in this plan and the prior plan.

Normal Form of Benefits: Single: Single Life Annuity with 120 months certain.
Married: Equivalent 50% Joint and Survivor Annuity

**CITY OF LEXINGTON, TENNESSEE
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Maximum Annual Benefit: \$265,000 as adjusted per IRC Sec. 415 for retirement age other than social security retirement age and annuity form.

Employee Contributions: Monthly contributions equal to 6% of member's monthly earnings.

Credited Interest: 5% per annum compounded annually and 6% for Terminated Participants.

Early Retirement Benefit: Minimum Age: 50; Minimum Service: 10 years; Benefit Amount: based on service and earnings at termination, reduced actuarially.

Late Retirement Benefit: The greater of 1) normal retirement benefit, increased 8% per annum for each year that retirement is deferred, and 2) accrued benefit at late retirement date.

Pre-Retirement Death Benefit: Member contributions credited with interest to the date of death. Additionally, a member shall receive present value of the actuarial equivalent of the member's vested accrued benefit. The beneficiary shall receive the death benefit provided from group term life insurance plan maintained by the city.

Disability Benefit: Normal retirement benefit at date of disability reduced by the ratio of years of service at disability to years of service projected to normal retirement date. The benefit will commence the first day of the sixth month following determination of disability under the Social Security Act.

Vested Termination Benefit: A member who terminates employment with less than 5 years of credited service may elect to receive, at any time prior to retirement, either: 1) a return of member contributions with interest to the date of payment, or 2) income payments at retirement provided by his own contributions with interest.

A member who terminates employment with 5 or more years of credited service will be entitled to a percentage of the benefit earned based on years of credited service and average monthly earnings at separation from service.

The percentage is determined as follows:

<u>Years of Credited Service</u>	<u>Percentage</u>
Less than 5	0%
5	25%
6	40%
7	55%
8	70%
9	85%
10 or more	100%

Cost of Living Adjustment: The plan sponsor has adopted an amendment to apply an annual cost of living increase adjustment (COLA) each July 1 beginning July 1, 2018. The COLA will be based on the Consumer Price Index for Urban Wage Earners, with a maximum annual increase of 3% and a minimum increase of 0%. The COLA will be prorated for a participant receiving fewer than twelve payments in the preceding year by the number of months of payment divided by 12.

Unused Sick Leave

Employees age 55 or older as of 12/31/2021 may transfer the value of their unused sick-leave to the Plan of either (a) purchase age and service to be added to current age and service or (b) receive an equivalent value paid from the trust paid out over up to five years.

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Contribution Required

Actuarially determined contributions to the Plan are determined each year as part of the actuarial valuation process. These contributions are determined according to the following funding policy.

Actuarial Cost Method: Individual Entry Age Normal, Level of Percentage of Pay

Asset Valuation Method: Market value of plan assets are adjusted to phase in asset gains and losses after January 1, 2002 over a 5-year period at a rate of 20% per year. Valuation assets are further limited to a 20% corridor around market value.

Amortization Method: The amortization policy shall be that the UAAL, as of January 1, 2015 and any changes thereafter as a result of the change in assumptions or methods or benefit or plan changes, shall be amortized over a fixed period of 30 years beginning January 1, 2015. The amortization period for future experience gains and losses shall be 10 years from the date of the actuarial valuation.

Investments

Investment information has been provided by John Hancock.

Investment Policy: The following was the City's adopted asset allocation policy as of June 30, 2023:

<u>Asset Class</u>	<u>Target Allocation</u>
US Equity - Large Cap	39%
US Equity - Small/Mid Cap	16%
Non-US Equity - Developed	17%
Non-US Equity - Emerging	3%
US Corporate Bonds - Core	16%
US Corporate Bonds - High Yield	4%
Non-US Debt - Developed	3%
US Treasuries (Cash Equivalents)	2%
Total	<u>100%</u>

Rate of Return: For the year ended June 30, 2023, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 11.59%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Net Pension Liability

The City's net pension liability at June 30, 2023 is \$4,704,825. The following assumptions were used in the calculation of the net pension liability.

Actuarial Assumptions (for calculation of the Net Pension Liability)

Measurement Date

June 30, 2023

Valuation Date

January 1, 2023

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Mortality

SOA PubG-2010(B), Scale MP-2018 Fully Generational

Discount Rate

7.25% per annum

Inflation

2.45% per annum. This assumption is an underlying component of a number of these economic assumptions: consumer price indices, forecasts of inflation, yields on government securities of various maturities, and yields on nominal and inflation-indexed debt.

Salary Projection

Ages 20-29 5.00%, Ages 30-39 3.50%, Ages 40+ 2.75%. The assumption selected is consistent with the plan sponsor's current compensation practice. This assumption reflects the following factors: available compensation data, including plan sponsor's current compensation practice and anticipated changes, current compensation distributions by age or service, historical compensation increases and practices of the plan sponsor and other plan sponsors in the same industry or geographic area, historical national wage increases and productivity growth; competitive factors (within industry or geographic area or globally); consider collective bargaining agreements; compensation volatility (bonuses and overtime vary); expected plan freeze or termination; multiple compensation increase assumptions, select and ultimate (vary by period or by age or service); separate assumptions for different employee groups; and separate assumptions for different compensation elements.

Retirement Age

Age 60 35%, Ages 61-64 5%, Age 65 40%, Ages 66-69 30%, Ages 70+ 100%. Service purchase employees, 100% at Age 57.

Cost of Living Increase

2.05% per annum of the participant's original benefit

Disability Rates

See disability rates below.

Withdrawal rates

See withdrawal rates below.

Age	Withdrawal		Disability	
	Male	Female	Male	Female
25	9.000%	9.000%	0.278%	0.164%
30	7.500%	7.500%	0.354%	0.257%
35	6.000%	6.000%	0.458%	0.401%
40	4.500%	4.500%	0.645%	0.629%
45	3.000%	3.000%	1.007%	0.985%
50	1.500%	1.500%	1.605%	1.483%
55	0.000%	0.000%	2.114%	1.742%
60	0.000%	0.000%	2.503%	1.956%

The actuarial assumptions used were based on the results of an actuarial experience study prepared in 2018 for the period January 1, 2014 through December 31, 2018.

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Liabilities were valued as of January 1, 2023 using data as of January 1, 2023 and provisions and assumptions as of June 30, 2023. This liability was then increased by service cost and interest cost (for the period January 1, 2023 – June 30, 2023) and reduced by actual benefit payments for the period plus interest.

Long-Term Expected Rate of Return on Pension Plan Investments

The long-term expected rate of return on pension plan investments was determined by the investment advisor, John Hancock. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2023 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*	Weighting
US Equity - Large Cap	39%	5.24%	2.04%
US Equity - Small/Mid Cap	16%	6.37%	1.02%
Non-US Equity - Developed	17%	6.07%	1.03%
Non-US Equity - Emerging	3%	8.02%	0.24%
US Corporate Bonds - Core	16%	1.17%	0.19%
US Corporate Bonds - High Yield	4%	2.91%	0.12%
Non-US Debt - Developed	3%	0.31%	0.01%
US Treasuries (Cash Equivalents)	2%	-0.44%	-0.01%
Total	100%		4.64%
Long-Term Inflation Assumption			2.45%
Long-Term Expected Nominal Rate of Return			7.20%

*Long-term real rates of return were provided by 2022 Horizon Study. Returns are arithmetic means.

Long-term capital market assumptions (20+ years) are applicable to approximate future return expectations. The actuaries utilized a modified building blocks methodology because being able to identify historical return premiums of asset classes in the context of varying market environments provides a reasonable basis to estimate the performance of asset classes going forward.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumes that City of Lexington contributions will be made according to their established funding policy to contribute the actuarially determined contribution. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan 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.

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

The following presents the net pension liability calculated using the discount rate of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

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	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Plan's net pension liability	\$ 6,714,384	\$ 4,704,825	\$ 2,997,402

Change in City's Net Pension Liability

Changes in the City's net pension liability for the year ended June 30, 2023 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
	Balances at 6/30/22	\$ 17,642,407	\$ 13,304,532
Changes for the year:			
Service cost	335,614	-	335,614
Interest	1,225,103	-	1,225,103
Changes in benefit terms	-	-	-
Differences between expected and actual experience	553,210	-	553,210
Changes of assumptions	-	-	-
Contributions - employer	-	258,033	(258,033)
Contributions - employee	-	161,271	(161,271)
Net investment income	-	1,450,847	(1,450,847)
Benefit payments	(2,863,767)	(2,863,767)	-
Administrative expense	-	(123,174)	123,174
Net changes	(749,840)	(1,116,790)	366,950
Balances at 6/30/23	\$ 16,892,567	\$ 12,187,742	\$ 4,704,825

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

For the year ended June 30, 2024, the City recognized pension expense of \$547,456. At June 30, 2024, 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	\$ 631,404	\$ 273,181
Change in assumptions	-	461,217
Net difference between projected and actual earnings on pension plan investments	603,683	-
Contributions subsequent to the measurement date of June 30, 2023	237,354	-
Total	\$ 1,472,441	\$ 734,398

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

Payable to the Pension Plan

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Year ended June 30:

2024	(61,305)
2025	8,735
2026	648,959
2027	(95,700)
2028	-
Thereafter	-

At June 30, 2024, the City reported \$ 0 payable for outstanding amount of contributions to the pension plan required at the year ended June 30, 2024.

Defined Contribution Plan

The City began offering a 403(b) defined contribution plan to their eligible employees hired after April 1, 2012 and is administered by the City of Lexington. Employees are required to make a mandatory contribution of 6% of their annual compensation and the City matches their contribution with an equal amount. The employer's contributions are not vested until after five annual periods in the plan. The employer has the right to amend the Plan at any time. In no event, however, will any amendment authorize or permit any part of the Plan assets to be used for purposes other than the exclusive benefit of Participants or their beneficiaries. The City's current year contributions to the plan were as follows:

General Government	\$183,333
Water System	\$ 82,541
Gas System	\$ 73,528
School System	\$ 51,664

Electric System

General information: The Board of the Lexington Electric System accounts for the activity of the Retirement Income Plan for Employees of Lexington Electric System. The Plan is a single employer public employee retirement System administered by USI Consulting Group, Inc. No employees enter the plan after April 1, 2012.

Benefits provided: The Plan provides normal retirement benefits at age 60.

Normal form of retirement income: The normal form of retirement income for a single member is a Single Life Annuity with 120 months certain. The normal form of benefit for a married member is an equivalent 50% Joint and Survivor Annuity.

Normal retirement benefit: Effective March 1, 2000, the monthly annuity is equal to the sum of 2.25% of the members Average Monthly Earnings multiplied by years of Credited Service for the member's first 30 years of Credited Service and 1.85% of the member's Average Monthly Earnings, multiplied by years of Credited Service in excess of 30 years. For contributing members as of April 1, 1986, minimum monthly annuity will equal to 3.333% of member's Average Monthly Earnings multiplied by years of Credited Service subject to a maximum of 15 years. A member of the prior plan will receive a benefit of no less than 40% of the average of monthly earnings during the period of 5 consecutive years in which his earnings were highest or 40% of his salary at age 64, whichever is greater. Average Monthly Earnings means the greater of (1) the average of monthly compensation for the 5 consecutive years of highest compensation, and (2) monthly compensation during the year immediately preceding the participant's 60th birthday. Maximum annual benefit is \$225,000 as adjusted per IRC Sec. 415 for retirement age other than social security retirement age and annuity form.

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Early retirement: Once a member has attained age 50 and completed 10 years of service he/she may take an early retirement benefit based on service and earnings at termination, reduced actuarially.

Late retirement: If a member works past normal retirement age his/her normal retirement benefit will be increased eight percent per annum for each year that retirement is deferred.

Death benefit: If a participant dies prior to retirement he/she will receive his/her member contributions credited with interest to the date of death plus the actuarially equivalent value of the member's accrued benefit, if greater than the member contributions with interest.

Benefits upon termination of employment. If a participant dies prior to retirement, he/she will receive his/her member contributions credited with interest to the date of death plus the actuarially equivalent value of the member's accrued benefit, if greater than the member contributions with interest.

Benefits upon disability: A disabled participant will receive a normal retirement benefit calculated at the date of disability reduced by the ratio of years of service at disability to years of service projected to normal retirement date. The benefit will commence the first day of the sixth month following determination of disability under the Social Security Act.

Vested termination benefit: A member who terminates employment with less than five years of credited service may elect to receive, at any time prior to retirement, either a return of member contributions with interest to the date of payment or income payments at retirement provided by his/her own contribution with interest. A member who terminates employment with five or more years of credited service will be entitled to a percentage of the benefit earned based on years of credited service and average monthly earnings at separation from service.

Cost of living feature: Effective July 1, 2018, the Plan has been amended to provide an annual increase for retired participants based on the CPI-U, with a maximum adjustment of 3%.

The percentage is determined using the following table:

<u>Years of Credited Service</u>	<u>Percentage</u>
less than 5	0%
5	25%
6	40%
7	55%
8	70%
9	85%
10 or more	100%

Contributions: Lexington Electric System is required to contribute the amounts necessary to fund the Plan, as determined by the actuary. Employees are required to contribute 6% of their monthly earnings.

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At July 1, 2023 and 2022 membership consisted of:

	2023	2022
Retirees and beneficiaries currently receiving benefits	10	10
Terminated employees entitled to benefits	3	5
Active employees:		
Fully or partially vested	25	27
Total	38	42

Funded status and funding progress: As of June 30, 2023, the total pension liability for benefits was \$14,032,500 and the net pension liability was \$3,594,937. Total covered payroll was \$1,715,768 and the ratio of net pension liability to covered payroll was 209.52%. As of June 30, 2022, the total pension liability for benefits was \$12,836,523 and the net pension liability was \$4,034,111. Total covered payroll was \$1,636,592 and the ratio of net pension liability to covered payroll was 246.49%. As of June 30, 2021, the total pension liability for benefits was \$13,083,856 and the net pension liability was \$1,861,691. Total covered payroll was \$1,952,796 and the ratio of net pension liability to covered payroll was 95.33%.

Net pension liability: The components of the net pension liability of the Retirement Income Plan for the Employees of Lexington Electric System at June 30, 2023 and 2022 are detailed in the following tables. The first table is required to be disclosed due to the inclusion of the fiduciary fund statement's in the System's financial statements. The Total Pension Liability was rolled forward to June 30, 2023 in order to be in compliance with GASB Statement No. 67. The second table shows the net pension liability as of June 30, 2022, which is what is reported in the proprietary financial statements in accordance with GASB Statement No. 68.

	Increase (Decrease)		
	Total	Plan	Net Pension
	Pension Liability (a)	Fiduciary Net Position (b)	Liability (a) - (b)
Balances at 6/30/22	\$ 12,836,523	\$ 8,802,412	\$ 4,034,111
Changes for the year:			
Service cost	159,425	-	159,425
Interest	928,966	-	928,966
Changes of benefit items	-	-	-
Differences between expected and actual experience	(9,802)	-	(9,802)
Change of assumptions	-	-	-
Contributions - employer	-	348,791	(348,791)
Contributions - employee	-	99,183	(99,183)
Net investment income	-	1,066,530	(1,066,530)
Benefit payments	(340,560)	(340,560)	-
Administrative expense	-	(3,907)	3,907
Other	-	7,166	(7,166)
Net changes	738,029	1,177,203	(439,174)
Balances at 6/30/23	\$ 13,574,552	\$ 9,979,615	\$ 3,594,937

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	Increase (Decrease)		
	Total	Plan	Net Pension
	Pension Liability (a)	Fiduciary Net Position (b)	Liability (a) - (b)
Balances at 6/30/21	\$ 13,083,856	\$ 11,222,165	\$ 1,861,691
Changes for the year:			
Service cost	191,155	-	191,155
Interest	865,906	-	865,906
Changes of benefit terms	233,002	-	233,002
Differences between expected and actual experience	(200,265)	-	(200,265)
Change of assumptions	6,547	-	6,547
Contributions - employer	-	359,326	(359,326)
Contributions - employee	-	101,344	(101,344)
Net investment income	-	(1,538,989)	1,538,989
Benefit payments	(1,343,678)	(1,343,678)	-
Administrative expense	-	(4,510)	4,510
Other	-	6,754	(6,754)
Net changes	(247,333)	(2,419,753)	2,172,420
Balances at 6/30/22	\$ 12,836,523	\$ 8,802,412	\$ 4,034,111

Sensitivity of the Net Pension Liability to Changes in the Discount Rate. The following presents the net pension liability calculated using the discount rate of 7.25 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage-point lower (6.25%) or 1 percentage-point higher (8.25%) than the current rate:

	2023		
	Current		
	1% Decrease 6.25%	Discount Rate 7.25%	1% Increase 8.25%
Net pension liability	\$ 4,673,900	\$ 3,594,937	\$ 2,666,675
	2022		
Net pension liability	\$ 5,144,671	\$ 4,034,111	\$ 3,078,976

Net Pension Liability. The System's net pension liability was measured as of June 30, 2023, 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, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Individual Entry Age Normal, level percentage of pay
Amortization Method	Level dollar, closed
Remaining Amortization period	30 years as of 7/1/20
Asset valuation method	Market value of plan assets adjusted to phase in gains and losses over a five-year period at a rate of 20% per year. Assets are further limited to a 20% corridor around market value.
Salary increases	3.00% per annum
Cost of living increases	2.05%
Investment rate of return	7.25% per annum

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Retirement age assumption	100% at age 60
Mortality	RP-2006 Blue Collar Mortality Generational with Improvement Scale MP-2021
Disability mortality	RP-2006 Disabled Retiree Mortality Generational with Improvement Scale MP-2021

The actuarial assumptions used in the July 1, 2023 and 2022 valuations were based on the results of actuarial experience studies for the periods July 1, 2014 through June 30, 2019.

Discount Rate. The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that employees do not contribute to the plan and that contributions from the employer will be made at contractually required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all future payments of current active and inactive employees. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

For the measurement periods ended June 30, 2023 and 2022, the System recognized pension expense (negative pension expense) of \$327,694 and \$520,331. At June 30, 2023 and 2022, the System reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 211,501	\$ 249,579
Change of assumptions	19,270	64,980
Net difference between projected and actual earnings on pension plan investments	375,401	-
Contributions subsequent to the measurement date of June 30, 2023	348,791	-
Total	<u>\$ 954,963</u>	<u>\$ 314,559</u>
Differences between expected and actual experience	\$ 299,593	\$ 425,369
Change of assumptions	31,189	140,847
Net difference between projected and actual earnings on pension plan investments	945,124	-
Contributions subsequent to the measurement date of June 30, 2022	348,791	-
Total	<u>\$ 1,624,697</u>	<u>\$ 566,216</u>

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:

2024	\$ 22,548
2025	(11,612)
2026	370,518
2027	(89,839)
2028	(2)
Thereafter	-

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Electric System

The System began offering a 403(b) defined contribution plan, titled the Lexington Electric System 403(b) plan, to their eligible employees hired after April 1, 2012. The System matches their employee's contributions, which can be up to 6% of the employee's annual compensation as determined by the Retirement Committee. The employer's contributions are not vested until after five annual periods in the plan. If an employee leaves the System before the five year vesting period, the amount of unvested contributions reduce the System's cash outlay in the following period. The System made contributions of \$115,142 to the plan in the current year and \$85,907 in 2023. The Retirement Committee of the Lexington Electric System serves as administrator. John Hancock, in conjunction with Edward Jones, serves as the investment firm of the plan.

School Department

General Information about the Pension Plan

Plan description. The Tennessee Consolidated Retirement System (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 all employer pension plans in 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 <http://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Teachers employed by Lexington City Schools with membership in the TCRS before July 1, 2014 are provided with pensions through the Teacher Legacy Pension Plan, a cost sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014 but will continue providing benefits to existing members and retirees.

The Teacher Retirement Plan became effective July 1, 2014 for teachers employed by Local Education Agencies (LEAs) after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple employer defined benefit plan.

1. *Teacher Legacy Pension Plan*

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan 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 years average compensation and the member's service credit. A reduced early retirement benefit is available at age 55 if vested. Members are vested 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.

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Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers contribute 5 percent of salary. The LEAs make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by Lexington City Schools for the year ended June 30, 2024 to the Teacher Legacy Pension Plan were \$229,961 which is 6.81 percent of covered payroll. The employer rate, when combined with member contributions, is 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.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension liabilities (assets). At June 30, 2024, the Lexington City Schools reported a liability (asset) of (\$1,170,060) for its proportionate share of net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. Lexington City Schools' proportion of the net pension liability was based on Lexington City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2023 Lexington City Schools' proportion was 0.099244 percent. The proportion measured as of June 30, 2022 was 0.099663 percent.

Pension expense (negative pension expense). For the year ended June 30, 2024, Lexington City Schools recognized pension expense (negative pension expense) of \$291,108.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2024, Lexington City Schools reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 278,768	\$ 54,299
Changes in assumptions	381,238	-
Net difference between projected and actual earnings on pension plan investments	203,011	-
Changes in proportion of Net Pension Liability (Asset)	6,324	7,123
LEA's contribution subsequent to the measurement date of June 30, 2023	<u>229,961</u>	<u>n/a</u>
Total	<u>\$ 1,099,302</u>	<u>\$ 61,422</u>

Lexington City Schools employer contribution of \$229,961, reported as pension related deferred outflows or resources, subsequent to the measurement date, will be recognized as an reduction (increase) to the net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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Year Ended June 30:

2025	\$	273,978
2026		(162,180)
2027		694,531
2028		1,590
2029		-
Thereafter		-

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

Actuarial assumptions. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, Including inflation
Cost-of Living Adjustment	2.125 percent

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

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in 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) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 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:

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<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88%	31%
Developed marked international equity	5.37%	14%
Emerging marked international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount rate. The discount rate used to measure the total pension liability was 6.75 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 all LEAs 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.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate. The following presents Lexington City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what Lexington City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percent-point higher (7.75 percent) than the current rate:

	<u>1% Decrease 5.75%</u>	<u>Current Discount Rate 6.75%</u>	<u>1% Increase 7.75%</u>
Lexington City Schools' proportionate share of the net pension liability (asset)	\$ 2,548,473	\$ (1,170,060)	\$ (4,262,831)

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2024, Lexington City Schools reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2024.

2. Teacher Retirement Plan

Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Retirement Plan are eligible to retire at age 65 with 5 years of service credit or pursuant to the rule 90 in which the member's age

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and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available at age 60 and vested or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service are 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. Under the Teacher Retirement Plan, benefit terms and conditions, including COLAs, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers contribute 5 percent of salary. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing the TCRS, the employer contribution rate cannot be less than 4 percent, except for in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2024 to the Teacher Retirement Plan were \$32,629, which is 2.95 percent of covered payroll. The employer rate, when combined with member contributions, is 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.

Pension Liabilities (Assets), Pension Expense (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension liabilities (assets). At June 30, 2024, Lexington City Schools reported an liability (asset) of (\$22,626) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial value as of that date. Lexington City Schools' proportion of the net pension liability (asset) was based on Lexington City Schools' share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2023 Lexington City Schools' proportion was 0.053360 percent. The proportion measured at June 30, 2022 was 0.050275 percent.

Pension expense (negative pension expense). For the year ended June 30, 2024, Lexington City Schools recognized pension expense (negative pension expense) of \$29,119.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2024, Lexington City Schools reported deferred outflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 762	\$ 13,207
Net difference between projected and actual earnings on pension plan investments	5,753	-
Changes in assumptions	17,023	-
Changes in proportion of Net Pension Liability (Asset)	6,548	5,130
Lexington City Schools' contributions subsequent to the measurement date of June 30, 2022	<u>32,629</u>	<u>(not applicable)</u>
Total	<u>\$ 62,715</u>	<u>\$ 18,337</u>

Lexington City Schools employer contributions of \$32,629 reported as pension related deferred outflows of resources, subsequent to the measurement date, will be recognized as a reduction (increase) in net pension liability (asset) in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources or deferred inflows or resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

2025	\$ 378
2026	(459)
2027	8,415
2028	891
2029	926
Thereafter	1,599

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

Actuarial assumptions. The total pension liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment rate of return	6.75 percent, net of pension plan investment expenses, including inflation
Cost-of Living Adjustment	2.125 percent

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

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The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. As a result of the 2020 actuarial experience study, investment and demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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, 2020 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 2.25 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:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>	<u>Target Allocation</u>
U.S. Equity	4.88%	31%
Developed marked international equity	5.37%	14%
Emerging marked international equity	6.09%	4%
Private equity and strategic lending	6.57%	20%
U.S. fixed income	1.20%	20%
Real estate	4.38%	10%
Short-term securities	0.00%	1%
		<u>100%</u>

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount rate. The discount rate used to measure the total pension liability was 6.75 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 all LEAs 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.

Sensitivity of the proportionate share of net pension liability (asset) to changes in the discount rate. The following presents Lexington City Schools' proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what Lexington City Schools' proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percent-point higher (7.75 percent) than the current rate:

	<u>1% Decrease (5.75%)</u>	<u>Current Discount Rate (6.75%)</u>	<u>1% Increase (7.75%)</u>
Lexington City Schools' proportionate share of the net pension liability (asset)	\$ 104,080	\$ (22,626)	\$ (113,845)

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Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Payable to the Pension Plan

At June 30, 2024, Lexington City Schools reported a payable of \$-0- for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2024.

TCRS Stabilization Trust

Legal Provisions. Lexington City Schools is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The System has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the System.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The System may not impose any restrictions on investments placed by the trust on their behalf. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value or amortized which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2024, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 – Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 – Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined using amortized cost which approximates fair value.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgment and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan's custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes so to be represented in the table below.

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Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be assessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

US Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be assessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute ("MAI"), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter's NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2024, the System had the following investments held by the trust on its behalf. These funds are recognized as restricted assets in the General Purpose School Fund.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 29,526
Developed Market International Equity	N/A	N/A	13,334
Emerging Market International Equity	N/A	N/A	3,810
U. S. Fixed Income	N/A	N/A	19,049
Real Estate	N/A	N/A	9,524
Short-term Securities	N/A	N/A	952
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	<u>19,049</u>
Total			<u>\$ 95,244</u>

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Investments by Fair Value Level	Fair Value 6/30/2024	Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U. S. Equity	\$ 29,526	\$ 29,526	\$ -	\$ -	\$ -
Developed Market					
International Equity	13,334	13,334	-	-	-
Emerging Market					
International Equity	3,810	3,810	-	-	-
U. S. Fixed Income	19,049	-	19,049	-	-
Real Estate	9,524	-	-	9,524	-
Short-term Securities	952	-	952	-	-
Private Equity and Strategic Lending	19,049	-	-	-	19,049
Total	\$ 95,244	\$ 46,670	\$ 20,001	\$ 9,524	\$ 19,049

Risks and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. 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 for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The System does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The System does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. The System places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the System to pay retirement benefits of the School Department employees.

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For further information concerning the School Department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag19091.pdf>.

4.B. POST EMPLOYMENT HEALTHCARE PLAN

CITY GOVERNMENT FUNDS

Plan Description – The City sponsors a single-employer post-retirement benefit plan. The plan provides medical and death benefits to eligible retirees and their spouses. Since the benefits are the ongoing medical and life benefits of the System, it is administered through the same oversight unit, which is the Board of Aldermen, as the rest of the operations of the City. The City's total OPEB liability was measured as of July 1, 2023, and was determined by an actuarial valuation as of that date.

Plan Provisions

Plan Type: Fully Insured

Eligibility: Hired on or after March 1, 2012: Age 60 with 10 years of service
Employees hired prior to March 1, 2012 are not eligible.

Benefit/Cost Sharing: The employer pays a percentage of the medical premium until age 65
Based on total years of service in accordance with the following:

Years of Service at Retirement Date	Employer-Funded Portion of Individual Coverage for Post-Retirement Individual Coverage
20	100%
19	95%
18	90%
17	85%
16	80%
15	75%
14	70%
13	65%
12	60%
11	55%
10	50%

Spouse Benefit: No

Surviving Spouse Benefit: No

Annual Medical Premium: Effective July 1, 2023 through June 30, 2024: Individual \$7,669.32

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Employees Covered By Benefit Terms

At the measurement date of July 1, 2024, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries	
Currently Receiving Benefits	-
Inactive Employees Entitled to But	
Not Yet Receiving Benefits	-
Active Employees	118
Total	<u>118</u>

Changes in Total OPEB Liability

	<u>City</u>	<u>Water</u>	<u>Gas</u>	<u>Total</u>
Balance at 6/30/23	\$ 1,039,392	\$ 336,322	\$ 348,295	\$ 1,724,009
Changes for the year:				
Service Cost	240,559	87,801	86,603	414,963
Interest	31,797	14,397	9,879	56,073
Differences between expected and actual experience	(423,537)	(36,864)	(168,506)	(628,907)
Changes in assumptions and other inputs	(19,580)	(9,358)	(5,034)	(33,972)
Benefit payments	-	-	-	-
Net changes	<u>(170,761)</u>	<u>55,976</u>	<u>(77,058)</u>	<u>(191,843)</u>
Balance at 6/30/24	<u>\$ 868,631</u>	<u>\$ 392,298</u>	<u>\$ 271,237</u>	<u>\$ 1,532,166</u>

Assumption changes – The discount rate was 3.65% as of June 30, 2023 and 3.93% as of June 30, 2024. The healthcare cost trend rates and demographic assumptions were updated.

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

1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
\$ 1,756,887	\$ 1,532,116	\$ 1,334,199

1% Decrease (5.50% decreasing to 4.00%)	Healthcare Cost Trend Rates (6.50% decreasing to 5.00%)	1% Increase (7.50% decreasing to 6.00%)
\$ 1,237,632	\$ 1,532,166	\$ 1,906,977

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2024, the City recognized OPEB expense of \$418,119. At June 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**CITY OF LEXINGTON, TENNESSEE
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	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 29,974	\$ 800,697
Changes of assumptions/inputs	138,076	213,065
Contributions subsequent to the measurement date	-	<u>(not applicable)</u>
Total	<u>\$ 168,050</u>	<u>\$ 1,013,762</u>

The amounts shown above for "Contributions subsequent to the measurement date" will be recognized as a reduction to total OPEB liability in the following measurement period.

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:

2025	(52,917)
2026	(52,917)
2027	(52,917)
2028	(52,917)
2029	(52,917)
Thereafter	(641,127)

Actuarial Methods and Assumptions – An Actuarial Cost Method develops an orderly allocation of the actuarial present value of benefit payments over the working lifetime of the participants in the plan. The actuarial present value of benefits allocated to a particular fiscal year is called the Normal Cost. The actuarial present value of benefits allocated to all periods prior to a valuation date is called the Actuarial Accrued Liability. The Unfunded Actuarial Accrued Liability is amortized over future years in accordance with the employer's established accounting policy.

The entry age actuarial cost method is used in this valuation. Under this method, the Actuarial Present Value of Benefits of each individual included in the Actuarial Valuation is allocated on a level basis over future earnings of the individual between entry age and assumed exit age. The portion of this Actuarial Present Value allocated to a valuation year is called the Normal Cost. The portion of this Actuarial Present Value not provided for at a valuation date by the Actuarial Present Value of future Normal Costs is called the Actuarial Accrued Liability.

The values in this valuation represent a closed group and do not reflect new entrants after the census collection date.

Discount Rate: A discount rate of 3.93% was used in estimating the GASB 75 financial information for fiscal year ending June 30, 2024.

Mortality: The sex distinct mortality rates are from the RP-2014 Combined Male and Female Fully Generational Mortality Table with projection scale MP-2021.

**CITY OF LEXINGTON, TENNESSEE
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Retirement Rates: Employees were assumed to retire at age 60, or at first subsequent year in which they would be eligible for benefits.

Disability Rates: None assumed

Termination Rates: Based on age and service:

<u>Age</u>	<u>Trend Rates</u>
25	4.50%
30	3.75%
35	3.00%
40	2.25%
45	1.50%
50	0.75%
55+	0.00%

Health Care Trend Rates: It was assumed that health care costs would increase in accordance with the trend rates in the following table

<u>Year</u>	<u>Trend Rates</u>
2023	7.0%
2024	6.5%
2025	6.0%
2026	5.5%
2027+	5.0%

Participation Rates: It was assumed that 100% of the current active employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement.

Actuarial Value of Assets: N/A

Per Capita Claim Costs: Per Capita Claim Costs were developed by applying morbidity aging factors to the average factors to the average premium rates reflecting the demographic characteristics of the insured group. Below are the annual per capita claim costs used:

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Age	Male	Female
50	\$ 10,160	\$ 11,720
55	12,336	12,800
60	14,878	14,261
65	8,470	7,930
70	9,353	8,763
75	10,327	9,676
80	10,856	10,163
85	11,411	10,685
90	11,990	11,229
95	12,602	11,807
100	13,245	12,408

Administrative expenses: Included in premiums used.

Participant Salary Increase: 3.50% annually

Payroll Growth Rate: 2.50% annually

ELECTRIC SYSTEM

1. Lexington Electric System OPEB Plan

Plan Description – Lexington Electric System sponsors a single-employer post-retirement benefit plan. The plan provides medical and death benefits to eligible retirees and their spouses. Since the benefits are the ongoing medical and life benefits of the System, it is administered through the same oversight unit, which is the Board of Aldermen, the directors of the System, as the rest of the operations of the System.

Annual OPEB Cost and Net OPEB Obligation – Changes in the System’s net OPEB liability measured at June 30, 2024 and 2023 are detailed in the following tables. The table below shows the net OPEB liability as of June 30, 2024, which is what is reported in the financial statements in accordance with GASB Statement No. 75.

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

Total OPEB Liability June 30, 2023	\$ 3,392,014
Service Cost	192,857
Interest	139,011
Difference between expected and actual experience	(60,642)
Changes of assumptions	320,478
Benefit payments	(192,811)
Other changes	<u>(28,591)</u>
Net changes	<u>370,302</u>
Total OPEB Liability June 30, 2024	<u><u>\$ 3,762,316</u></u>

Total OPEB Liability June 30, 2022	\$ 3,397,433
Service Cost	149,970
Interest	120,734
Difference between expected and actual experience	-
Changes of assumptions	-
Benefit payments	<u>(276,123)</u>
Net changes	<u>(5,419)</u>
Total OPEB Liability June 30, 2023	<u><u>\$ 3,392,014</u></u>

Actuarial Methods and Assumptions

The valuation was based on information provided by Lexington Electric System as of July 1, 2023 and only those not frozen in the defined benefit plan.

Plan Membership -2023

Number of participants	
Active	51
Inactives not receiving benefits	-
Inactives receiving benefits	<u>10</u>
Total participants	<u><u>61</u></u>

Benefits Provided

Eligibility is attained at age 60. The System pays 100% of the employee premium until Medicare eligible. The Utility also provides a life insurance benefit of \$10,000 to eligible employees.

Actuarial Assumptions

The Total OPEB liability was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	3.93% based on S & P Municipal Bond 20 Year High Grade Index for June 2024
Health trend rate	Health Trend rate 8.0% starting in 2023 reduced each year by 0.5% until 5.0% is reached

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Benefits are recorded when the participant has met all of the Plan requirements to receive a benefit. At June 30, 2024 no benefits were payable and not paid. Qualified Plan administrative expenses are paid by the Plan. During the years ended June 30, 2024 and 2023, administrative expenses paid were \$0.

For the measurement periods ended June 30, 2024 and 2023, the System recognized OPEB expense of \$306,289 and \$220,669. At June 30, 2023, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB from the follow sources:

2024

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 81,882	\$ 542,825
Changes of assumptions	<u>549,456</u>	<u>265,156</u>
Total	<u>\$ 631,338</u>	<u>\$ 807,981</u>

2023

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 102,455	\$ 570,746
Changes of assumptions	<u>319,630</u>	<u>287,948</u>
Total	<u>\$ 422,085</u>	<u>\$ 858,694</u>

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

Year ended June 30:

2025	\$	(25,579)
2026		(25,579)
2027		(25,579)
2028		(19,825)
2029		(56,288)
Thereafter		(23,793)

**CITY OF LEXINGTON, TENNESSEE
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2. Lexington Electric System – State LGOP OPEB Plan

Plan Description

Employees of the Lexington Electric System are provided with pre-65 retiree health insurance benefits through the Local Government OPEB Plan (LGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGOP.

Benefits provided

The System offers the LGOP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGOP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members, of the LGOP, receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retirees premiums. The LGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by benefit terms – At July 1, 2023 and 2022, the following employees of the System were covered by the benefit terms of the plan:

	2023	2022
Inactive employees currently receiving benefit payments	9	13
Inactive employees entitled to but not receiving benefit payments	0	0
Active employees	51	50
	60	63

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the fiscal year ended June 30, 2023, the System paid \$91,901 to the LGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions

The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25 percent
Salary increases	Graded salary ranges from 3.44 to 8.72 percent based on age, including inflation, averaging 4 percent
Healthcare cost trend rate	10.3% for pre-65 in 2024, decreasing annually over a 10 year period to an ultimate rate of 4.5%. 12.4% for post-65 in 2024, decreasing annually over a 10 year period to an ultimate rate of 4.5%.

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Mortality Pre-retirement tables are PUB-2010 Headcount-Weighted Employee mortality table for General Employees projected generationally with MP-2021 from 2010. Post-retirement tables are Headcount-Weighted Below Median Healthy Annuitant and adjusted with a 6% load for males and a 14% load for females, projected generationally from 2010 with MP-2021. Disabled: Reflected those used by TCRS and are taken from the gender distinct table published in the IRS Revenue Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2021.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2022, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 – June 30, 2021. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from PUB-2010 Headcount-Weighted Employee mortality table for General Employees for non-disables pre-retirement mortality, with mortality improvement projected generationally with MP-2021 from 2010. Post-retirement tables are Headcount-Weighted Below Median Health Annuitant and adjusted with a 6% load for males and a 14% load for females, projected generationally from 2010 with MP-2021. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2021.

Discount rate

The discount rate used to measure the total OPEB liability was 3.65 percent. This rate reflects the interest rate derived from yields on 20-year, tax-exempt obligations municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-year Municipal GO AA index.

Changes in the Total OPEB Liability

Balance July 1, 2023	\$	912,020
Changes for the year:		
Service cost		29,850
Interest		31,730
Differences between expected and actual experience		(13,591)
Changes in assumptions and other inputs		99,713
Benefit Payments		<u>(91,901)</u>
Net changes		55,801
 Balance June 30, 2024	 \$	 <u><u>967,821</u></u>

**CITY OF LEXINGTON, TENNESSEE
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Balance July 1, 2022	\$ 1,108,621
Changes for the year:	
Service cost	38,450
Interest	23,865
Differences between expected and actual experience	(18,108)
Changes in assumptions and other inputs	(155,911)
Benefit Payments	<u>(84,897)</u>
Net changes	<u>(196,601)</u>
 Balance June 30, 2023	 <u><u>\$ 912,020</u></u>

Changes of Assumptions

The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.654% as of June 30, 2024. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates.

Sensitivity of total OPEB liability to changes in the discount rate - The following presents the total OPEB liability related to the plan, as well as what the total 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 discount rate for the fiscal years ended June 30, 2024, and 2023, respectively

2024

	<u>1% Decrease (2.65%)</u>	<u>Current Discount Rate (3.65%)</u>	<u>1% Increase (4.65%)</u>
Total OPEB Liability	\$ 1,038,097	\$ 967,821	\$ 902,755

2023

	<u>1% Decrease (2.54%)</u>	<u>Current Discount Rate (3.54%)</u>	<u>1% Increase (4.54%)</u>
Total OPEB Liability	\$ 974,095	\$ 912,020	\$ 854,475

Sensitivity of total OPEB liability to changes in the healthcare trend rate - The following presents the total OPEB liability related to the LGOP, as well as what the total 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 current healthcare cost trend rate for the years ended June 30, 2024 and 2023, respectively:

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2024

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 888,409	\$ 967,821	\$ 1,060,090

2023

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 840,975	\$ 912,020	\$ 994,423

OPEB expense – For the fiscal years ended June 30, 2024 and 2023, the System recognized OPEB expense of \$17,022 and \$6,423, respectively.

Deferred outflows of resources and deferred inflows of resources – For the fiscal years ended June 30, 2024 and 2023, the System reported the following deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the plan:

2024

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 200,015	\$ 146,830
Changes of assumptions/inputs	143,352	411,737
Contributions subsequent to the measurement date	<u>57,197</u>	<u>(not applicable)</u>
Total	<u>\$ 400,564</u>	<u>\$ 558,567</u>

2023

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Differences between expected and actual experience	\$ 262,565	\$ 173,230
Changes of assumptions/inputs	74,532	509,747
Contributions subsequent to the measurement date	<u>91,901</u>	<u>(not applicable)</u>
Total	<u>\$ 428,998</u>	<u>\$ 682,977</u>

The amounts shown above for "Employer payments subsequent to the measurement date" will be included as a reduction to total OPEB liability in the subsequent fiscal period.

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

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Year Ending June 30		
2024	\$	(44,558)
2025		(44,558)
2026		(58,847)
2027		(52,691)
2028		(21,960)
Thereafter		7,414

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

SCHOOL SYSTEM

1. Closed Teacher Group Other Post-Employment Benefits (OPEB) Plan

Plan description – Employees of the System who are hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Teacher Group OPEB Plan (TGOP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible pre-65 retired teachers, support staff and disability participants of local education agencies, who choose coverage, participate in the TGOP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits provided – The System offers the TGOP to provide health insurance coverage to eligible pre-65 retired teachers, support staff and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the TGOP. All members have the option of choosing between the partnership promise preferred provider organization (PPO), no partnership promise PPO, standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for health benefits. Retired plan members, of the TGOP, receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. The System does not subsidize for pre-65 retiree insurance coverage. The State, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retiree premiums, based on years of service. Therefore, retirees with 30 or more years of service will receive 45%; 20 but less than 30 years, 35%; and less than 20 years, 20% of the scheduled premium. No subsidy is provided for enrollee of the health savings CDHP. The TGOP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by the benefit terms – At July 1, 2023, the following employees of the System were covered by the benefit terms of the TGOP:

Inactive employees receiving benefit payments	-
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>75</u>
	<u>75</u>

**CITY OF LEXINGTON, TENNESSEE
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JUNE 30, 2024**

An insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the TGOP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the System paid \$3,825 to the TGOP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions – The collective total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72% based on age, including inflation, averaging 4%
Healthcare cost trend rates	10.3% for pre-65 in 2024, decreasing annually over a 12 year period to an ultimate rate of 4.50%. 12.4% for post-65 in 2024, decreasing over a 12 year period to an ultimate rate of 4.50%.
Retiree's share of benefit-related costs	Members are required to make monthly contributions in order to maintain their coverage. For the purpose of this valuation a weighted average has been used with weights derived from the current distribution of members among plans offered.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 – June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The pre-retirement mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted Employee mortality table for Teacher Employees projected generationally with MP-2021 from 2010. Post-retirement tables are Headcount-weighted Teacher Below Median Healthy Annuitant and adjusted with a 19% load for males and an 18% load for females, projected generationally from 2010 with MP-2021. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load, projected generationally from 2018 with MP-2021.

Discount rate – The discount rate used to measure the total OPEB liability was 3.65%. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-year Municipal GO AA index.

**CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

Changes in Collective Total OPEB Liability

TGOP - (expressed in thousands)	Total OPEB Liability (a)
Total OPEB liability - beginning balance	<u>\$ 1,294</u>
Changes for the year:	
Service costs	74
Interest	48
Changes in benefit terms	-
Differences between expected and actual experience	(80)
Changes in assumptions	130
Benefit payments	<u>(27)</u>
Net changes	146
Total OPEB liability - ending balance	<u><u>\$ 1,440</u></u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 551
Employer's proportionate share of the collective total OPEB liability	\$ 889
Employer's proportion of the collective total OPEB liability	61.75%

The System has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TGOP. The System's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and non-employer contributing entities, actuarially determined. The proportion changed -.99% from the prior measurement date. The System recognized \$54,707 in revenue for subsidies provided by non-employer contributing entities for benefits paid by the TGOP for the System retirees.

Changes in assumptions – The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption decreased the total OPEB liability.

Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate – The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total 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 discount rate. (expressed in thousands)

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Proportionate share of collective total OPEB liability	<u>\$ 968</u>	<u>\$ 889</u>	<u>\$ 814</u>

CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Sensitivity of proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rate – The following presents the proportionate share of the collective total OPEB liability related to the TGOP, as well as what the proportionate share of the collective total 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 current healthcare cost trend rate. (expressed in thousands).

	1% Decrease (9.31%/11.44% decreasing to 3.50%)	Healthcare Cost Trend Rates 10.31%/12.44% decreasing to 4.50%)	1% Increase (11.31%/13.44% decreasing to 5.50%)
Proportionate share of collective total OPEB liability	\$ 776	\$ 889	\$ 1,023

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB expense – For the fiscal year ended June 30, 2024, the System recognized OPEB expense of \$131,652.

Deferred outflows of resources and deferred inflows of resources – For the fiscal year ended June 30, 2024, the System reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits in the TGOP from the following sources:

TGOP - (expressed in thousands)	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 29	\$ 117
Changes in assumptions	238	103
Changes in proportion and differences between amounts paid as benefits came due and proportionate share certain amounts paid by the employer and nonemployer contributors as the benefits came due.	12	44
Employer payments subsequent to the measurement date	4	-
	\$ 283	\$ 264

The amounts shown above for “Employer payments subsequent to the measurement date” will be included as a reduction to total OPEB liability in the following measurement period.

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

**CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

TGOP - (expressed in thousands)

For the year ended June 30:

2025	\$	1.4
2026		1.4
2027		1.4
2028		3.1
2029		4.8
Thereafter		2.3

The table above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

2. Closed Tennessee Plan

Plan description – Employees of the System who are hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Tennessee Plan (TNP) administered by the Tennessee Department of Finance and Administration. This plan is considered to be a multiple-employer defined benefit plan that is used to provide postemployment benefits other than pensions (OPEB). However, for accounting purposes, this plan will be treated as a single-employer plan. All eligible post-65 retired teachers and disability participants of local education agencies, who choose coverage, participate in the TNP. The TNP also includes eligible retirees of the state, certain component units of the State, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits provided – The State offers the TNP to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TN Plan does not include pharmacy. In accordance with TCA 8-27-209, benefits of the TNP are established and amended by cooperation of insurance committees created by TCA 8-27-201, 8-27-301 and 8-27-701. Retirees and disabled employees of the State, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the TCRS may participate in this plan. All plan members receive the same benefits at the same benefit rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The System does not subsidize for post-65 retiree insurance. The State, as a governmental non-employer contributing entity contributes to the premiums of eligible retirees of local education agencies based on years of service. Therefore, retirees with 30 or more years of service receive \$50 per month; 20 but less than 30 years, \$37.50; and 15 but less than 20 years, \$25. The TNP is funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

Employees covered by the benefit terms – At June 30, 2023, the following employees of the System were covered by the benefit terms of the TNP:

Inactive employees receiving benefit payments	32
Inactive employees entitled to but not yet receiving benefit payments	6
Active employees	<u>59</u>
	<u>97</u>

In accordance with TCA 8-27-209, the State insurance committees established by TCAs 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants.

CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Employers contribute towards employee costs based on their own developed polices. During the current reporting period, the System did not make any payments to the TNP for OPEB benefits as they came due.

Total OPEB Liability

Actuarial assumptions – The collective total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.25%
Salary increases	Graded salary ranges from 3.44 to 8.72% based on age, including inflation, averaging 4%
Healthcare cost trend rates	The premium subsidies provided to retirees in the Tennessee Plan are assumed to remain unchanged for the entire projection, therefore trend rates are not applicable.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2023, valuations were the same as those employed in the July 1, 2020 Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 – June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the headcount-weighted below median teachers PUB-2010 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2021. Post-retirement tables are adjusted with a 19% load for males and a 18% load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10% load with mortality improvement projected to all future years using Scale MP-2021.

Discount rate – The discount rate used to measure the total OPEB liability was 3.65%. This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer 20-year Municipal GO AA index.

**CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

Changes in Collective Total OPEB Liability

TNP - (expressed in thousands)	Total OPEB Liability (a)
Total OPEB liability - beginning balance	\$ 296
Changes for the year:	
Service costs	3
Interest	10
Changes of benefit terms	-
Differences between expected and actual experience	18
Changes in assumptions	(3)
Benefit payments	(18)
Net changes	11
Total OPEB liability - ending balance	\$ 307
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 307
Employer's proportionate share of the collective total OPEB liability	\$ -
Employer's proportion of the collective total OPEB liability	0.00%

The System has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the TNP. The System's proportionate share of the collective total OPEB liability was based on a projection of the employer's long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and non-employer contributing entities, actuarially determined. The System's proportion of 0% did not change from the prior measurement date. The System recognized \$7,123 in revenue for support provided by non-employer contributing entities for benefits paid by the TNP for the System's retired employees.

Changes in assumptions – The discount rate was changed from 3.54% as of the beginning of the measurement period to 3.65% as of June 30, 2023. This change in assumption decreased the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB expense – For the fiscal year ended June 30, 2024, the System recognized OPEB expense of \$7,123.

4.C. SELF-INSURANCE CLAIMS PAYABLE

Beginning April 2015, medical insurance for employees is provided by self-funding claims as they arise. Under this arrangement, the System provides coverage for the deductible up to a maximum of \$5,000 per year for each employee's medical claims. Claims expenditures and liabilities are reported under the self-insurance plan when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Changes in the claims liability for all employees are as follows:

**CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

	<u>Balance at 7/1/2023</u>	<u>Incurred Claims</u>	<u>Claims Payments</u>	<u>Balance at 6/30/2024</u>
Gas	\$ 7,043	\$ 33,514	\$ 34,074	\$ 6,483
Water	13,029	74,111	64,608	22,532
City	34,935	179,961	169,118	45,778
Total	<u>\$ 55,007</u>	<u>\$ 287,586</u>	<u>\$ 267,800</u>	<u>\$ 74,793</u>

4.D. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City participates in Public Entity Partners, a public entity risk pool, for errors and omissions, automobile liability and physical damage, workers' compensation, and employees' liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the three past fiscal years. Public Entity Partners has been self-sustaining through member premiums. Members consist of local jurisdiction municipalities and utility districts in the state. Members are responsible for a pro-rata portion of claims which exceed the Pool's reserves. No additional assessments have ever been made by the Pool to its members as a result of losses experienced.

School System

The System participates in the Tennessee Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by the Tennessee Boards Association, an association of member school districts. The System pays an annual premium to the TSB-RMT for its general liability, property, casualty and worker's compensation insurance coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums. The TSB-RMT reinsures through commercial insurance companies for claims exceeding \$100,000 for each insured event. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the three past fiscal years.

Electric System

The System 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, 2024 and 2023, the System 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.

4.E. LANDFILL POSTCLOSURE COSTS

In prior years the City has jointly operated a landfill with Henderson County. This landfill is now closed. In addition, an additional City operated landfill has also closed. State and federal laws and regulations required the City to place a final cover on its landfill site when it stopped accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The City will report a portion of postclosure care costs as an operating expense in each fiscal year. The City has recognized postclosure costs of \$236,468 (\$115,916 City-only landfill and \$120,552 City and County jointed operated landfill) as a long-term liability in the statement of net position. These amounts are based on what it would currently cost to perform all postclosure care. Actual cost may be higher due to inflation or deflation, technology, or applicable laws or regulations.

CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

4.F. COMMITMENTS AND CONTINGENCIES

The City is a defendant in various lawsuits brought against it. The City cannot predict the outcome of these cases and it is possible losses could be incurred. The amount of such possible losses cannot be determined.

Electric System

The electric system has a power contract with the Tennessee Valley Authority (TVA) whereby the electric system 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 furnishings, advancing, lending, pledging or otherwise diverting system funds, revenues or property to other operations of the city and the purchase or payment of, or providing security for indebtedness on other obligations applicable to such other operations.

4.G. CONSTRUCTION AND OTHER SIGNIFICANT COMMITMENTS

Lexington Gas System

The System has several construction projects in process as of June 30, 2024. The commitments for these projects are described below.

The system plans to construct an aggregate storage facility to store gravel, sand, and other aggregates. As of June 30, 2024, the System has incurred engineering costs of \$16,483 for this project. The project is expected to be bid on in the fiscal year 2025 and we are working on an updated cost.

The System plans to install a SCADA system to continuously monitor system conditions. As of June 30, 2024, the System has incurred costs of \$707,107. The project is currently under construction with an anticipated cost of \$1,000,000. Estimated completion date is Spring 2025.

The system plans to install new gas meters throughout the entire distribution system to replace the current aging metering system. The project will be a multiphase process and has an estimated cost of \$5,000,000 between FY2025-2028.

The system closed several Gas Main line projects in FY24. These were capitalized into Distribution System Improvements which increased \$1,773,620 from FY23 to FY24.

Lexington Water System

The System has several construction projects in process as of June 30, 2024. Commitments for these projects are described below.

As of June 30, 2024, the System incurred \$58,144 in project design and planning for a wastewater main line extension at Parkers Crossroads for the Parkers Crossroads RV Park and Campground. The City of Parkers Crossroads has agreed to reimburse the System for 75% of the estimated material costs of the project. This project will be reviewed in the future.

The System incurred \$126,420 in project costs to upgrade the Piney Water Booster Pump Station. This will be completed in FY2025.

As of June 30, 2024, the System has incurred \$188,724 in project design, planning, and construction costs for various wastewater pump stations. The lift stations include L.S. #6, 21 and 19. Lift station #6 is still in process and should be completed in 2025. Lift Station #21 has not been bid out yet.

Improvements for the Sewer system on Old Huntington Road will be bid out in 2025. As of June 30, 2024, the system had incurred \$18,500 in project design and planning.

CITY OF LEXINGTON, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

The System has incurred \$21,999 project design and planning costs to replace the Dixon Street/West Lift Station Interceptor Line of June 30, 2024, and will be bid out in FY 2025.

As of June 30, 2024, the System has incurred \$1,135,039 in costs for a new elevated storage tank at the Timberlake Industrial Park.

As of June 30, 2024, the System has incurred \$70,988 in costs for new Water Tower located in the Southern part of the county (Guy Hart Road-Reagan).

The system plans to install new water meters throughout the entire distribution system to replace the current aging metering system. The project will be a multiphase process and has an estimated cost of \$1,600,000 between FY 2025-2029.

City of Lexington

The City received a TDOT Transportation Alternatives Phase II grant in the amount of \$802,640 for a sidewalk/ADA accessibility project. As of June 30, 2024, the City has incurred \$919,873 in engineering and construction costs. This project has a remaining completion balance of \$83,427.

The City received a TDEC LPRF grant to fund Phase II of the Depot park. The grant funds, \$688,778 will be used to construct a train themed playground. As of June 30, 2024, the city has expended \$86,582 in professional fees with a remaining balance of \$1,291,038. The project is expected to bid in FY 2025 with an expected cost of \$1,117,875.

The City received a TDOT STBG grant in the amount of \$600,058 for improvements to North Main Street. \$66,218 has been expended as of 6/30/24 for engineering and design. The project is expected to bid in FY2025 with an estimated cost of \$907,050.

The City received a TDOT STBG grant in the amount of \$282,250 for improvements to Huntingdon Street. As of June 30, 2024 \$19,064 has expended for project design and engineering. Construction is projected to start in FY2025 with an estimated cost of \$976,300.

The City received a TDOT Multimodal Phase III grant in the amount of \$950,000 for sidewalk/ADA accessibility improvements along Natchez Trace Drive. As of June 30, 2024 \$50,116 has expended for design and environmental evaluations. The project is expected to be bid in FY 2025 with an expected cost of \$1,099,000.

CITY OF LEXINGTON, TENNESSEE
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
JUNE 30, 2024

General Government/Water System/Gas System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB liability							
Service cost	\$ 414,963	\$ 325,896	\$ 401,549	\$ 286,820	\$ 239,305	\$ 161,711	\$ 165,949
Interest	56,073	60,129	35,282	27,950	29,208	23,822	16,367
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(628,907)	-	(111,883)	-	(111,403)	-	-
Changes of assumptions	(33,972)	(26,075)	(245,537)	9,064	146,320	35,034	(19,702)
Benefit payments and refunds	-	(17,009)	-	-	-	-	-
Net change in total OPEB liability	(191,843)	342,941	79,411	323,834	303,430	220,567	162,614
Total OPEB liability - beginning of year	1,724,009	1,381,068	1,301,657	977,823	674,393	453,826	291,212
Total OPEB liability - end of year	<u>\$ 1,532,166</u>	<u>\$ 1,724,009</u>	<u>\$ 1,381,068</u>	<u>\$ 1,301,657</u>	<u>\$ 977,823</u>	<u>\$ 674,393</u>	<u>\$ 453,826</u>
Covered-employee payroll	\$ 6,137,058	\$ 3,508,224	\$ 3,422,658	\$ 2,258,377	\$ 2,203,295	\$ 1,613,439	\$ 1,574,087
OPEB liability as a percentage of covered-employee payroll	24.97%	49.14%	40.35%	57.64%	44.38%	41.80%	28.83%

Notes:

- Note 1: Plan changes - None
- Note 2: Assumption changes - The discount rate was 3.65% as of June 30, 2023 and 3.93% as of June 30, 2024.
- Note 3: This schedule is intended to display ten years of information. Additional years will be displayed as they become available.
- Note 4: There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

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

CITY OF LEXINGTON, TENNESSEE
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS -
LEXINGTON ELECTRIC SYSTEM
JUNE 30, 2024

LES Plan

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 192,857	\$ 149,970	\$ 187,514	\$ 188,791	\$ 186,686	\$ 144,058	\$ 160,992
Interest	139,011	120,734	82,676	140,015	135,614	132,283	108,224
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(60,642)	-	(734,990)	-	184,747	-	-
Changes of assumptions	320,478	-	(314,926)	409,991	77,316	(198,516)	-
Benefit payments and refunds	(192,811)	(276,123)	(268,277)	(208,245)	(163,422)	(111,924)	(75,047)
Other changes	(28,591)	-	-	-	-	-	-
Net change in total OPEB liability	370,302	(5,419)	(1,048,003)	530,552	420,941	(34,099)	194,169
Total OPEB liability - beginning of year	3,392,014	3,397,433	4,445,436	3,914,884	3,493,943	3,528,042	3,333,873
Total OPEB liability - end of year	<u>\$ 3,762,316</u>	<u>\$ 3,392,014</u>	<u>\$ 3,397,433</u>	<u>\$ 4,445,436</u>	<u>\$ 3,914,884</u>	<u>\$ 3,493,943</u>	<u>\$ 3,528,042</u>

Covered-employee payroll	\$ 3,464,573	\$ 2,929,964	\$ 2,858,501	\$ 3,184,897	\$ 3,107,217	\$ 3,070,151	\$ 2,995,269
Net OPEB liability as a percentage of covered-employee payroll	108.59%	115.77%	118.85%	139.58%	125.99%	113.80%	117.79%

LGOP Plan

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability							
Service cost	\$ 29,850	\$ 38,450	\$ 54,280	\$ 41,240	\$ 48,646	\$ 52,367	\$ 56,714
Interest	31,730	23,865	29,531	50,997	45,234	43,133	35,654
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience	(13,591)	(18,108)	181,382	(264,756)	176,325	118,949	-
Changes of assumptions	99,713	(155,911)	(416,883)	111,023	18,774	(120,880)	(57,076)
Benefit payments and refunds	(91,901)	(84,897)	(43,064)	(92,810)	(63,860)	(40,467)	(40,282)
Net change in total OPEB liability	55,801	(196,601)	(194,754)	(154,306)	225,119	53,102	(4,990)
Total OPEB liability - beginning of year	912,020	1,108,621	1,303,375	1,457,681	1,232,562	1,179,460	1,184,450
Total OPEB liability - end of year	<u>\$ 967,821</u>	<u>\$ 912,020</u>	<u>\$ 1,108,621</u>	<u>\$ 1,303,375</u>	<u>\$ 1,457,681</u>	<u>\$ 1,232,562</u>	<u>\$ 1,179,460</u>

Covered-employee payroll	\$ 3,464,573	\$ 2,929,964	\$ 2,858,501	\$ 3,184,897	\$ 3,107,217	\$ 3,070,151	\$ 2,995,269
Net OPEB liability as a percentage of covered-employee payroll	27.93%	31.13%	38.78%	40.92%	46.91%	40.15%	39.38%

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 information is available.

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

CITY OF LEXINGTON, TENNESSEE
SCHEDULES OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
JUNE 30, 2024

	City 2014	City 2015	City 2016	City 2017	City 2018	City 2019	City 2020	City 2021	City 2022	City 2023
Total pension liability										
Service Cost	\$ 406,855	\$ 423,129	\$ 434,972	\$ 390,808	\$ 379,860	\$ 424,604	\$ 408,865	\$ 384,474	\$ 377,507	\$ 335,814
Interest	793,037	872,786	971,567	923,073	923,056	1,139,237	1,046,380	1,142,297	1,214,127	1,225,103
Changes in benefit terms	-	-	-	-	2,305,228	-	-	-	-	-
Differences between actual and expected experience	-	237,578	(98,825)	(388,339)	(85,512)	(1,823)	533,701	51,287	(440,936)	553,210
Change of assumptions	-	-	(503,521)	-	-	(2,144,482)	-	-	-	-
Benefit payments, including refunds of employee contributions	(196,839)	(107,243)	(353,715)	(1,402,432)	(513,384)	(790,604)	(831,370)	(740,450)	(330,732)	(2,863,767)
Net change in total pension liability	1,003,053	1,426,250	450,478	(456,890)	3,009,246	(1,373,068)	1,357,576	837,608	1,124,544	(749,840)
Total pension liability - beginning	10,283,810	11,286,863	12,692,913	13,143,391	12,686,501	15,695,747	14,322,679	15,680,255	16,517,863	17,642,407
Total pension liability - ending (a)	\$ 11,286,863	\$ 12,692,913	\$ 13,143,391	\$ 12,686,501	\$ 15,695,747	\$ 14,322,679	\$ 15,680,255	\$ 16,517,863	\$ 17,642,407	\$ 16,892,567
Plan fiduciary net position										
Contributions - employer	\$ 509,921	\$ 510,282	\$ 501,481	\$ 380,037	\$ 338,238	\$ 330,342	\$ 312,986	\$ 294,810	\$ 278,489	\$ 258,033
Contributions - employee	268,022	263,830	252,445	229,686	211,399	206,464	195,617	184,257	174,056	161,271
Net investment income	1,272,111	193,153	(555)	1,454,142	943,442	521,328	123,215	3,804,873	(2,313,763)	1,450,847
Benefit payments, including refunds of employee contributions	(196,839)	(107,243)	(353,715)	(1,402,432)	(513,384)	(790,604)	(831,370)	(740,450)	(330,732)	(2,863,767)
Administrative expense	(1,250)	(33,279)	(86,278)	(67,140)	(85,980)	(37,578)	(69,921)	(124,449)	(69,951)	(123,174)
Other	-	-	-	-	-	-	-	-	-	-
Net change in plan fiduciary net position	1,851,965	826,743	313,378	594,293	893,715	229,952	(69,473)	3,419,041	(2,261,901)	(1,116,790)
Plan fiduciary net position - beginning	7,506,819	9,358,784	10,185,527	10,498,905	11,093,198	11,986,913	12,216,865	12,147,392	15,566,433	13,304,532
Plan fiduciary net position - ending (b)	\$ 9,358,784	\$ 10,185,527	\$ 10,498,905	\$ 11,093,198	\$ 11,986,913	\$ 12,216,865	\$ 12,147,392	\$ 15,566,433	\$ 13,304,532	\$ 12,187,742
Net pension liability (asset) - ending (a) - (b)	\$ 1,907,879	\$ 2,507,386	\$ 2,644,486	\$ 1,593,303	\$ 3,708,834	\$ 2,105,814	\$ 3,532,863	\$ 951,430	\$ 4,337,875	\$ 4,704,825
Plan fiduciary net position as a percentage of total pension liability	83.07%	80.25%	79.88%	87.44%	76.37%	85.30%	77.47%	94.24%	75.41%	72.15%
Covered-employee payroll	\$ 4,075,748	\$ 4,251,846	\$ 3,942,250	\$ 3,581,195	\$ 3,423,453	\$ 3,441,910	\$ 3,288,122	\$ 3,272,760	\$ 2,922,774	\$ 2,411,933
Net pension liability (asset) as a percentage of covered-employee payroll	46.81%	58.97%	67.08%	44.49%	108.34%	61.18%	107.44%	29.07%	148.42%	195.06%
	LES 2014	LES 2015	LES 2016	LES 2017	LES 2018	LES 2019	LES 2020	LES 2021	LES 2022	LES 2023
Total pension liability										
Service Cost	\$ 207,035	\$ 215,316	\$ 212,645	\$ 230,698	\$ 224,008	\$ 207,244	\$ 189,353	\$ 192,049	\$ 191,155	\$ 159,425
Interest	700,229	706,762	771,286	781,193	822,895	825,492	832,035	862,569	865,906	928,966
Changes in benefit terms	-	-	-	-	780,756	-	-	-	233,002	-
Differences between actual and expected experience	-	819,077	32,345	(335,078)	(325,344)	(373,305)	69,222	418,622	(200,265)	(9,802)
Change of assumptions	-	159,411	-	-	(481,164)	68,445	(12,173)	(14,610)	6,547	-
Benefit payments, including refunds of employee contributions	(1,402,188)	(233,539)	(1,148,256)	(356,983)	(90,184)	(1,286,458)	(856,610)	(146,696)	(1,343,678)	(340,560)
Net change in total pension liability	(494,924)	1,667,027	(131,960)	319,830	930,967	(558,562)	221,627	1,311,934	(247,333)	738,029
Total pension liability - beginning	9,817,757	9,322,833	10,989,860	10,857,880	11,177,710	12,108,677	11,550,095	11,771,922	13,083,856	12,836,523
Total pension liability - ending (a)	\$ 9,322,833	\$ 10,989,860	\$ 10,857,880	\$ 11,177,710	\$ 12,108,677	\$ 11,550,095	\$ 11,771,922	\$ 13,083,856	\$ 12,836,523	\$ 13,574,552
Plan fiduciary net position										
Contributions - employer	\$ 663,487	\$ 663,487	\$ 663,487	\$ 305,704	\$ 225,475	\$ 204,174	\$ 202,081	\$ 359,290	\$ 359,326	\$ 348,791
Contributions - employee	148,508	138,780	137,893	133,538	131,456	124,285	121,016	114,708	101,344	99,183
Net investment income	1,088,227	135,350	15,848	1,037,995	717,418	497,713	(107,583)	2,625,513	(1,538,989)	1,066,530
Benefit payments, including refunds of employee contributions	(1,402,188)	(233,539)	(1,148,256)	(356,983)	(90,184)	(1,286,458)	(856,610)	(146,696)	(1,343,678)	(340,560)
Administrative expense	(505)	(295)	(425)	(3,410)	(2,878)	(3,853)	(3,945)	(4,296)	(4,510)	(3,807)
Other	-	-	-	-	-	-	6,105	6,122	6,754	7,166
Net change in plan fiduciary net position	497,529	703,783	(331,453)	1,116,844	981,287	(464,139)	(638,936)	2,954,641	(2,419,753)	1,177,203
Plan fiduciary net position - beginning	6,402,609	6,900,138	7,603,921	7,272,468	8,389,312	9,370,599	8,906,460	8,287,524	11,222,165	8,802,412
Plan fiduciary net position - ending (b)	\$ 6,900,138	\$ 7,603,921	\$ 7,272,468	\$ 8,389,312	\$ 9,370,599	\$ 8,906,460	\$ 8,287,524	\$ 11,222,165	\$ 8,802,412	\$ 9,979,615
Net pension liability (asset) - ending (a) - (b)	\$ 2,422,695	\$ 3,385,939	\$ 3,585,412	\$ 2,788,398	\$ 2,738,078	\$ 2,643,635	\$ 3,504,398	\$ 1,861,691	\$ 4,034,111	\$ 3,594,937
Plan fiduciary net position as a percentage of total pension liability	74.01%	69.19%	66.98%	75.05%	77.39%	77.11%	70.23%	85.77%	68.57%	73.52%
Covered-employee payroll	\$ 2,412,526	\$ 2,341,064	\$ 2,378,246	\$ 2,310,481	\$ 2,266,450	\$ 2,012,123	\$ 2,014,329	\$ 1,952,796	\$ 1,636,592	\$ 1,715,768
Net pension liability (asset) as a percentage of covered-employee payroll	100.42%	144.63%	150.76%	120.68%	120.81%	131.39%	173.97%	95.33%	246.49%	209.52%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

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

CITY OF LEXINGTON, TENNESSEE
SCHEDULES OF PLAN CONTRIBUTIONS
JUNE 30, 2024

	City 2014	City 2015	City 2016	City 2017	City 2018	City 2019	City 2020	City 2021	City 2022	City 2023
Actuarially determined contribution	\$ 428,197	\$ 486,860	\$ 401,377	\$ 292,712	\$ 229,917	\$ 258,426	\$ 366,992	\$ 386,398	\$ 272,635	\$ 204,808
Contributions in relation to the actuarially determined contribution	509,921	510,282	501,481	380,037	338,238	330,342	312,986	294,810	278,489	219,657
Contribution deficiency (excess)	<u>\$ (81,724)</u>	<u>\$ (23,422)</u>	<u>\$ (100,104)</u>	<u>\$ (87,325)</u>	<u>\$ (108,321)</u>	<u>\$ (71,916)</u>	<u>\$ 54,006</u>	<u>\$ 91,588</u>	<u>\$ (5,854)</u>	<u>\$ (14,849)</u>
Covered-employee payroll	\$ 4,075,748	\$ 4,251,846	\$ 3,942,250	\$ 3,581,195	\$ 3,423,453	\$ 3,441,910	\$ 3,288,122	\$ 3,272,760	\$ 2,922,774	\$ 2,411,933
Contributions as a percentage to covered payroll	12.51%	12.00%	12.72%	10.61%	9.88%	9.60%	9.52%	9.01%	9.53%	9.11%
	LES 2014	LES 2015	LES 2016	LES 2017	LES 2018	LES 2019	LES 2020	LES 2021	LES 2022	LES 2023
Actuarially determined contribution	\$ 625,883	\$ 366,403	\$ 305,704	\$ 241,669	\$ 170,322	\$ 190,885	\$ 202,081	\$ 359,490	\$ 266,503	\$ 273,548
Contributions in relation to the actuarially determined contribution	663,487	663,487	663,487	305,704	225,475	204,174	202,081	359,290	359,326	348,791
Contribution deficiency (excess)	<u>\$ (37,604)</u>	<u>\$ (297,084)</u>	<u>\$ (357,783)</u>	<u>\$ (64,035)</u>	<u>\$ (55,153)</u>	<u>\$ (13,289)</u>	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ (92,823)</u>	<u>\$ (75,243)</u>
Covered-employee payroll	\$ 2,412,526	\$ 2,341,064	\$ 2,341,064	\$ 2,310,481	\$ 2,266,450	\$ 2,012,123	\$ 2,014,329	\$ 1,637,000	\$ 1,636,592	\$ 1,715,768
Contributions as a percentage to covered payroll	27.50%	28.34%	27.90%	13.23%	9.95%	10.15%	10.03%	21.95%	21.96%	20.33%

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.

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

CITY OF LEXINGTON, TENNESSEE
 SCHEDULE OF PENSION PLAN INVESTMENT RETURNS
 FISCAL YEARS ENDING JUNE 30,

	<u>City 2014</u>	<u>City 2015</u>	<u>City 2016</u>	<u>City 2017</u>	<u>City 2018</u>	<u>City 2019</u>	<u>City 2020</u>	<u>City 2021</u>	<u>City 2022</u>	<u>City 2023</u>
Annual money-weighted rate of return, net of investment expense	16.32%	2.02%	-0.01%	14.61%	8.57%	4.41%	1.02%	31.58%	-14.82%	11.59%
	<u>LES 2014</u>	<u>LES 2015</u>	<u>LES 2016</u>	<u>LES 2017</u>	<u>LES 2018</u>	<u>LES 2019</u>	<u>LES 2020</u>	<u>LES 2021</u>	<u>LES 2022</u>	<u>LES 2023</u>
Annual money-weighted rate of return, net of investment expense	17.24%	1.91%	0.23%	14.48%	8.42%	5.75%	-1.22%	31.25%	-14.89%	12.07%

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.

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

**CITY OF LEXINGTON, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2024**

Notes to Schedule - City Pension

Valuation date: January 1. Since the plan year is equal to a calendar year, contributions are determined on a calendar year basis. The amount displayed represents the contribution for the plan year beginning within the fiscal year.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Individual Entry Age Normal, level percent of pay
Amortization method	Level dollar, closed, 30 years remaining as of January 1, 2015
Remaining amortization period	22 years as of 1/1/2023
Asset valuation	Market value adjusted to phase in gains/losses over five-years. Assets further limited to a 20% corridor around market value.
Salary increases	Ages 20-29 5.00%, Ages 30-39 3.50%, Ages 40+ 2.75%
Cost of living increases:	2.05%
Investment Rate of Return	7.25%
Retirement age	Age 60 35%, Ages 61-64 5%, Age 65 40%, Ages 66-69 30%, Ages 70+ 100%
Mortality	SOA PubG-2010(B), Scale MP-2018 Fully Generational
Disabled Mortality	SOA PubG-2010 Disabled, Scale MP-2018 Fully Generational

*This is a summary of the methods and assumptions for the 1/1/23 Actuarial Valuation

Notes to Schedule - LES OPEB - LES PLAN

Valuation date: Actuarially determined contribution rates for 2024 were calculated based on July 1, 2023 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Total OPEB Liability (TOL)	The TOL is determined by calculating the Present Value of Projected Benefits at that date, and subtracting the Present Value of future Service Cost.
Interest	Rate if trust fund is not established - 3.50% per year compounded annually, net of expenses.
Salary Increase	3.50% per year
Health Trend	Health Trend rate is 8.00% starting in 2023 reduced each year by 0.5% until 5.0% in years 2029 and later. Mortality tables were updated to the PUB-2010 tables.
Age Related Health Trend	Based on discussion with the System, retirees' claims do not increase the premiums; therefore no implicit active subsidy of retiree premiums
Coverage Assumption	70% new retirees will select Employee/Spouse Coverage
Mortality	PUB-2010 Headcount weighted Fully Generational mortality table with projection scale MP-2021

There was a change in assumptions related to a change in discount rate from 3.65% to 3.93%.

There are no funds accumulating in a trust related to the OPEB plan.

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

CITY OF LEXINGTON, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
JUNE 30, 2024

Notes to Schedule - LES OPEB - LGOP PLAN

Valuation Date	July 1, 2023
Measurement Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Discount Rate	3.65% based on Bond Buyer GO 20-Bond Municipal Bond Index
Salary Increases	Assumed salary increases are the same as used by TCRS: 8.72% at age 20 graded to 3.44% at age 70 (with 4% weighted average)
Retirement Age	Retirement rates used in the July 1, 2023 actuarial valuation of the Tennessee Consolidated Retirement System (TCRS). They are based on the results of a statewide experience study (undertaken on behalf of TCRS)
Demographic Assumptions	Demographic assumptions used in the July 1, 2023 actuarial evaluation of the Tennessee Consolidated Retirement System (TCRS). They are based on the results of a statewide experience study (undertaken on behalf of TCRS)
Healthcare Cost Trend Rates	Based on the Getzen Model, with trend starting at 10.3 for pre-65 retirees in the 2024 calendar year, and gradually decreasing over a 10 year period to an ultimate trend rate of 4.5 percent
Other Information: Notes	See the Actuarial Valuation Report as of July 1, 2023 There were no benefit changes during the measurement period. There have been no method changes since the prior year.
Assumption Changes	The discount rate increased from 3.54% to 3.65%.

There are assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB Plan.

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

CITY OF LEXINGTON, TENNESSEE
 SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION ASSETS
 TEACHER LEGACY PENSION PLAN of TCRS
 JUNE 30, 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Lexington City School's proportion of the net pension asset	0.104835%	0.102809%	0.104496%	0.099332%	0.093599%	0.094885%	0.097489%	0.099143%	0.099863%	0.099244%
Lexington City School's proportionate share of the net pension liability (asset)	\$ (17,035)	\$ 42,114	\$ 653,043	\$ (32,500)	\$ (329,365)	\$ (975,587)	\$ (743,422)	\$ (4,276,269)	\$ (1,222,277)	\$ (1,770,060)
Lexington City School's covered payroll	\$ 4,114,750	\$ 3,848,655	\$ 3,772,098	\$ 3,511,338	\$ 3,277,516	\$ 3,161,623	\$ 3,244,671	\$ 3,254,034	\$ 3,279,856	\$ 3,220,513
Lexington City School's proportionate share of the net pension asset as a percentage of its covered payroll	-0.414002%	1.094254%	17.310000%	-0.93%	-10.05%	-30.66%	-22.91%	-131.41%	-37.27%	-36.33%
Plan fiduciary net position as a percentage of the total pension liability	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%	104.11%

Note 1. The amounts presented were determined as of June 30 of the prior fiscal year.

Note 2. This is a 10 year schedule. However, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future years until 10 years of information is available.

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

CITY OF LEXINGTON, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
TEACHER LEGACY PENSION PLAN of TCRS
JUNE 30, 2024

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution (ADC)	\$ 365,390	\$ 347,918	\$ 340,998	\$ 317,564	\$ 297,598	\$ 332,798	\$ 344,908	\$ 334,970	\$ 337,826	\$ 280,547
Contribution in relation to the actuarially determined contribution	365,390	347,918	340,998	317,564	297,598	332,798	344,908	334,970	337,826	280,547
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Lexington City School's covered payroll	\$ 4,114,749	\$ 3,848,655	\$ 3,772,098	\$ 3,512,880	\$ 3,277,515	\$ 3,181,623	\$ 3,244,671	\$ 3,261,634	\$ 3,279,856	\$ 3,228,381
Contributions as a percentage of Lexington City School's covered payroll	8.88%	9.04%	9.04%	9.04%	9.08%	10.46%	10.63%	10.27%	10.30%	8.69%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 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 ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

CITY OF LEXINGTON, TENNESSEE
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
TEACHER RETIREMENT PLAN of TCRS
JUNE 30, 2024

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Lexington City School's proportion of the net pension asset	0.103052%	0.070969%	0.007589%	0.053504%	0.052229%	0.047882%	0.044563%	0.050275%
Lexington City School's proportionate share of the net pension liability (asset)	\$ (4,146)	\$ (7,388)	\$ (20,024)	\$ (24,265)	\$ (29,483)	\$ (27,228)	\$ (48,271)	\$ (15,230)
Lexington City School's covered payroll	\$ 214,117	\$ 312,268	\$ 498,100	\$ 467,556	\$ 552,691	\$ 604,236	\$ 643,138	\$ 858,538
Lexington City School's proportionate share of the net pension asset as a percentage of its covered payroll	-1.94%	-2.37%	-4.02%	-5.19%	-5.33%	-4.51%	-7.51%	-1.77%
Plan fiduciary net position as a percentage of the total pension liability	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

CITY OF LEXINGTON, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
TEACHER RETIREMENT PLAN of TCRS
JUNE 30, 2024

	2015	2016	2017	2018	2019*	2020**	2021***	2022****	2023*****
Actuarially Determined Contribution (ADC)	\$ 5,353	\$ 7,817	\$ 19,924	\$ 7,625	\$ 10,772	\$ 12,266	\$ 12,991	\$ 17,257	\$ 30,146
Contribution in relation to the actuarially determined contribution	8,565	12,491	19,924	18,702	10,772	12,266	12,991	17,257	30,146
Contribution deficiency (excess)	\$ (3,212)	\$ (4,674)	\$ -	\$ (11,077)	\$ -	\$ -	\$ -	\$ -	\$ -
Lexington City School's covered payroll	\$ 214,117	\$ 312,268	\$ 498,100	\$ 467,556	\$ 552,691	\$ 604,236	\$ 643,138	\$ 858,538	\$ 1,053,479
Contributions as a percentage of Lexington City School's covered payroll	4.00%	4.00%	4.00%	4.00%	1.94%	2.03%	2.02%	2.01%	2.86%

GASB 68 requires a 10-year schedule for this data to be presented starting with the implementation of GASB 68. The information in this schedule is not required to be presented retroactively prior to the implementation date. Please refer to previously supplied data from the TCRS GASB website for prior years' data, if needed.

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 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 ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

*In FY 2019 the School System placed the actuarially determined contributed rate (1.94%) of covered payroll into the pension plan and placed 2.06% of covered payroll into the Pension Stabilization Reserve Trust.

**In FY 2020 the School System placed the actuarially determined contributed rate (2.03%) of covered payroll into the pension plan and placed 1.97% of covered payroll into the Pension Stabilization Reserve Trust.

***In FY 2021 the School System placed the actuarially determined contributed rate (2.02%) of covered payroll into the pension plan and placed 1.98% of covered payroll into the Pension Stabilization Reserve Trust.

****In FY 2022 the School System placed the actuarially determined contributed rate (2.01%) of covered payroll into the pension plan and placed 1.99% of covered payroll into the Pension Stabilization Reserve Trust.

*****In FY 2023 the School System placed the actuarially determined contributed rate (2.86%) of covered payroll into the pension plan and placed 1.14% of covered payroll into the Pension Stabilization Reserve Trust.

CITY OF LEXINGTON, TENNESSEE
SCHEDULE OF CHANGES IN PROPORTIONATE SHARE OF COLLECTIVE OPEB LIABILITY AND RELATED RATIOS - SCHOOL SYSTEM
(dollar amounts in thousands)
JUNE 30, 2024

	TGOP 2018	TNP 2018	TGOP 2019	TNP 2019	TGOP 2020	TNP 2020	TGOP 2021	TNP 2021	TGOP 2022	TNP 2022	TGOP 2023	TNP 2023
Total OPEB Liability												
Service cost	\$ 72	\$ 6	\$ 67	\$ 5	\$ 56	\$ 4	\$ 51	\$ 4	\$ 72	\$ 7	\$ 95	\$ 5
Interest	28	10	34	12	31	12	31	12	25	9	32	6
Changes of benefit terms	-	-	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	-	(166)	(6)	30	22	55	8	(24)	(4)	(34)	(9)
Changes of assumptions	(48)	(28)	18	(3)	(64)	6	135	66	271	(54)	(156)	(54)
Benefit payments	(41)	(15)	(44)	(16)	(26)	(17)	(39)	(18)	(25)	(19)	(33)	(19)
Net change in total OPEB liability	<u>10</u>	<u>(26)</u>	<u>(91)</u>	<u>(8)</u>	<u>26</u>	<u>26</u>	<u>232</u>	<u>73</u>	<u>319</u>	<u>(61)</u>	<u>(98)</u>	<u>(68)</u>
Total OPEB Liability - beginning	<u>896</u>	<u>359</u>	<u>906</u>	<u>333</u>	<u>815</u>	<u>325</u>	<u>841</u>	<u>351</u>	<u>1,073</u>	<u>424</u>	<u>1,392</u>	<u>364</u>
Total OPEB Liability - ending	<u>\$ 906</u>	<u>\$ 333</u>	<u>\$ 815</u>	<u>\$ 325</u>	<u>\$ 841</u>	<u>\$ 351</u>	<u>\$ 1,073</u>	<u>\$ 424</u>	<u>\$ 1,392</u>	<u>\$ 364</u>	<u>\$ 1,294</u>	<u>\$ 296</u>
Nonemployer contributing entities proportionate share of the collective total OPEB liability	\$ 319	\$ 333	\$ 285	\$ 325	\$ 300	\$ 351	\$ 361	\$ 424	\$ 488	\$ 364	\$ 482	\$ 296
Employer's proportionate share of the collective total OPEB liability	\$ 587	\$ -	\$ 530	\$ -	\$ 541	\$ -	\$ 713	\$ -	\$ 904	\$ -	\$ 812	\$ -
Covered-employee payroll	\$ 2,976	\$ -	2,976	-	2,976	-	2,976	-	2,976	-	2,976	-
Employer's proportionate share of collective total OPEB liability as a percentage of covered-employee payroll	20%	n/a	18%	n/a	18%	n/a	24%	n/a	30%	n/a	27%	n/a

Notes to Schedule

There are no assets accumulating, in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, related to this OPEB plan.

The amounts reported for each fiscal year were determined as of the prior fiscal year-end.

This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

Changes in assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period: 2017 - 2.92%; 2018 - 3.56%; 2019 - 3.62%; 2020 - 3.51%; 2021 - 2.21%.

CITY OF LEXINGTON, TENNESSEE
 COMBINING BALANCE SHEET
 NON-MAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2024

	Special Revenue					Debt Service				Capital Projects	Total Other Governmental Funds	
	State Street Aid	School Tax Fund	School Food Service Fund	Internal School Funds	Solid Waste Collection Fund	Dare Fund	Police E-citation Fund	Police Drug Fund	General Sinking Fund	School Debt Fund		Post Office Fund
ASSETS												
Cash and cash equivalents	\$ 359,248	\$ 2,768,076	\$ -	\$ -	\$ 405,371	\$ 3,218	\$ 4,884	\$ 271,117	\$ 2,236	\$ -	\$ 1,100,116	\$ 4,914,266
Other receivables	-	-	-	264.00	23,686	-	-	-	-	-	66,144	90,094
Due from other funds	-	-	-	-	120,492	-	-	-	-	-	-	120,492
Prepaid insurance	-	-	-	-	25,783	-	-	-	-	-	-	25,783
Inventory	-	-	38,510	-	-	-	-	-	-	-	-	38,510
Due from other governments	48,635	345,239	-	-	-	-	-	-	-	-	-	393,874
Restricted assets - cash and cash equivalents	-	-	83,214	224,635	-	-	-	-	-	-	-	307,849
TOTAL ASSETS	<u>\$ 407,883</u>	<u>\$ 3,113,315</u>	<u>\$ 121,724</u>	<u>\$ 224,899</u>	<u>\$ 575,332</u>	<u>\$ 3,218</u>	<u>\$ 4,884</u>	<u>\$ 271,117</u>	<u>\$ 2,236</u>	<u>\$ -</u>	<u>\$ 1,166,260</u>	<u>\$ 5,890,868</u>
LIABILITIES AND FUND BALANCES												
LIABILITIES												
Accounts payable	\$ -	\$ -	\$ -	\$ 7,199	\$ 65,351	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 970	\$ 73,520
Accrued liabilities	-	-	-	-	10,048	-	-	-	-	-	-	10,048
Unearned revenues	-	-	186	-	-	-	43,005	-	-	-	-	43,191
Due to other funds	1,197	-	-	-	1,860	-	-	93	-	-	-	3,150
TOTAL LIABILITIES	<u>1,197</u>	<u>-</u>	<u>186</u>	<u>7,199</u>	<u>77,259</u>	<u>-</u>	<u>-</u>	<u>43,098</u>	<u>-</u>	<u>-</u>	<u>970</u>	<u>129,909</u>
FUND BALANCES												
Nonspendable												
Inventory	-	-	38,510	-	-	-	-	-	-	-	-	38,510
Prepaid expenses	-	-	-	-	25,783	-	-	-	-	-	-	25,783
Restricted												
State street aid	406,686	-	-	-	-	-	-	-	-	-	-	406,686
School food authority	-	-	83,028	-	-	-	-	-	-	-	-	83,028
E-citation fund	-	-	-	-	-	4,884	-	-	-	-	-	4,884
Drug fund	-	-	-	-	-	-	228,019	-	-	-	-	228,019
Solid waste	-	-	-	-	472,290	-	-	-	-	-	-	472,290
Internal school funds	-	-	-	217,700	-	-	-	-	-	-	-	217,700
Assigned												
DARE fund	-	-	-	-	-	3,218	-	-	-	-	-	3,218
Debt service	-	3,113,315	-	-	-	-	-	2,236	-	-	-	3,115,551
Capital projects	-	-	-	-	-	-	-	-	-	1,165,290	-	1,165,290
TOTAL FUND BALANCES	<u>406,686</u>	<u>3,113,315</u>	<u>121,538</u>	<u>217,700</u>	<u>498,073</u>	<u>3,218</u>	<u>4,884</u>	<u>228,019</u>	<u>2,236</u>	<u>-</u>	<u>1,165,290</u>	<u>5,760,959</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 407,883</u>	<u>\$ 3,113,315</u>	<u>\$ 121,724</u>	<u>\$ 224,899</u>	<u>\$ 575,332</u>	<u>\$ 3,218</u>	<u>\$ 4,884</u>	<u>\$ 271,117</u>	<u>\$ 2,236</u>	<u>\$ -</u>	<u>\$ 1,166,260</u>	<u>\$ 5,890,868</u>

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

CITY OF LEXINGTON, TENNESSEE
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NON-MAJOR GOVERNMENTAL FUNDS
 YEAR ENDED JUNE 30, 2024

	State Street Aid Fund	School Tax Fund	School Food Service Fund	Internal School Funds	Solid Waste Collection Fund	Dare Fund	Police E-citation Fund	Police Drug Fund	Debt Service		Capital Projects	Total Other Governmental Funds
									General City Sinking Fund	School Debt Fund	Post Office Fund	
Revenues:												
Taxes	\$ -	\$ 2,014,863	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 254,661	\$ 2,269,524
Intergovernmental	277,986	-	452,879	-	-	-	-	-	-	-	43,259	774,124
Charges for services	-	-	189,527	-	3	-	-	-	-	-	-	189,530
Fines, forfeitures, and penalties	-	-	-	-	-	-	4,024	95,380	-	-	-	99,404
Internal school funds	-	-	-	280,686	-	-	-	-	-	-	-	280,686
Other revenue	19,399	17,042	39,798	-	1,854,586	-	311	2,092	116	-	65,008	1,998,352
Total Revenues	<u>297,385</u>	<u>2,031,905</u>	<u>682,204</u>	<u>280,686</u>	<u>1,854,589</u>	<u>-</u>	<u>4,335</u>	<u>97,472</u>	<u>116</u>	<u>-</u>	<u>362,928</u>	<u>5,611,620</u>
Expenditures:												
Current:												
Public works	227,427	-	-	-	1,264,500	-	-	-	-	-	-	1,491,927
Public safety	-	-	-	-	-	800	-	16,131	-	-	-	16,931
Health, welfare and recreation	-	16,888	851,525	-	-	-	-	-	-	-	226,746	1,095,159
Economic and community development	-	-	-	-	-	-	-	-	-	-	-	-
Internal school funds	-	-	-	249,103	-	-	-	-	-	-	-	249,103
Capital outlay	35,650	-	-	-	1,677,413	-	17,958	11,513	-	-	429,018	2,171,552
Debt Service	-	-	-	-	311,647	-	-	-	-	476,270	-	787,917
Total Expenditures	<u>263,077</u>	<u>16,888</u>	<u>851,525</u>	<u>249,103</u>	<u>3,253,560</u>	<u>800</u>	<u>17,958</u>	<u>27,644</u>	<u>-</u>	<u>476,270</u>	<u>655,764</u>	<u>5,812,589</u>
Revenues over Expenditures	<u>34,308</u>	<u>2,015,017</u>	<u>(169,321)</u>	<u>31,583</u>	<u>(1,398,971)</u>	<u>(800)</u>	<u>(13,623)</u>	<u>69,828</u>	<u>116</u>	<u>(476,270)</u>	<u>(292,836)</u>	<u>(200,969)</u>
Other Financing Sources (Uses)												
Note proceeds	-	-	-	-	1,600,000	-	-	-	-	-	-	1,600,000
Sale of capital assets	-	-	-	-	188,000	-	-	-	-	-	-	188,000
Operating transfer in (out)	-	(1,539,270)	150,000	-	99	3,500	-	(3,500)	-	476,270	-	(912,901)
Total Other Financing Sources and (Uses)	<u>-</u>	<u>(1,539,270)</u>	<u>150,000</u>	<u>-</u>	<u>1,788,099</u>	<u>3,500</u>	<u>-</u>	<u>(3,500)</u>	<u>-</u>	<u>476,270</u>	<u>-</u>	<u>875,099</u>
Net Change in Fund Balances	<u>34,308</u>	<u>475,747</u>	<u>(19,321)</u>	<u>31,583</u>	<u>389,128</u>	<u>2,700</u>	<u>(13,623)</u>	<u>66,328</u>	<u>116</u>	<u>-</u>	<u>(292,836)</u>	<u>674,130</u>
Fund Balance at Beginning of Year, as previously reported	372,378	2,637,568	137,272	186,117	108,945	518	18,507	161,691	2,120	-	1,458,126	5,083,242
Change in reserve for inventory	-	-	3,587	-	-	-	-	-	-	-	-	3,587
Fund Balance at Beginning of Year, as restated	372,378	2,637,568	140,859	186,117	108,945	518	18,507	161,691	2,120	-	1,458,126	5,086,829
Fund Balance at End of Year	<u>\$ 406,686</u>	<u>\$ 3,113,315</u>	<u>\$ 121,538</u>	<u>\$ 217,700</u>	<u>\$ 498,073</u>	<u>\$ 3,218</u>	<u>\$ 4,884</u>	<u>\$ 228,019</u>	<u>\$ 2,236</u>	<u>\$ -</u>	<u>\$ 1,165,290</u>	<u>\$ 5,760,959</u>

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

**CITY OF LEXINGTON, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental:				
State gas and motor fuel tax	\$ 211,613	\$ 211,613	\$ 142,492	\$ (69,121)
State gas 1989 tax	300	300	22,317	22,017
State 2017 gas tax	300	300	71,969	71,669
State gas three cent tax	300	300	41,208	40,908
Other revenues				
Interest income	300	300	19,399	19,099
Total revenues	<u>212,813</u>	<u>212,813</u>	<u>297,385</u>	<u>84,572</u>
Expenditures:				
Public Works:				
Street lighting	241,565	241,565	227,427	14,138
Repairs and maintenance	60,000	60,000	-	60,000
Capital Outlay	-	-	35,650	(35,650)
Total expenditures	<u>301,565</u>	<u>301,565</u>	<u>263,077</u>	<u>38,488</u>
 Revenues over (under) Expenditures	 <u>(88,752)</u>	 <u>(88,752)</u>	 <u>34,308</u>	 <u>123,060</u>
Other financing sources and uses:				
Transfers out	-	-	-	-
Total Other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net change in fund balances	 <u>(88,752)</u>	 <u>(88,752)</u>	 <u>34,308</u>	 <u>123,060</u>
 Fund Balance at Beginning of Year	 <u>372,378</u>	 <u>372,378</u>	 <u>372,378</u>	 <u>-</u>
 Fund Balance at End of Year	 <u>\$ 283,626</u>	 <u>\$ 283,626</u>	 <u>\$ 406,686</u>	 <u>\$ 123,060</u>

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

CITY OF LEXINGTON, TENNESSEE
SCHOOL TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Local option sales tax	\$ 1,786,175	\$ 2,006,483	\$ 2,014,863	\$ 8,380
Other revenues:				
Interest income	9,884	18,676	17,042	(1,634)
Total Revenues	<u>1,796,059</u>	<u>2,025,159</u>	<u>2,031,905</u>	<u>6,746</u>
Expenditures:				
Health, Welfare and Recreation:				
Operating costs	9,500	17,493	14,848	2,645
Paying agent fees	2,000	2,448	2,040	408
Capital projects	25,000	4,000	-	4,000
Total Expenditures	<u>36,500</u>	<u>23,941</u>	<u>16,888</u>	<u>7,053</u>
Revenues over (under) Expenditures	<u>1,759,559</u>	<u>2,001,218</u>	<u>2,015,017</u>	<u>13,799</u>
Other financing sources and uses:				
Transfers out	(915,789)	(1,539,270)	(1,539,270)	-
Total Other financing sources and uses	<u>(915,789)</u>	<u>(1,539,270)</u>	<u>(1,539,270)</u>	<u>-</u>
Net Change in Fund Balances	843,770	461,948	475,747	13,799
Fund Balance at Beginning of Year	<u>2,637,568</u>	<u>2,637,568</u>	<u>2,637,568</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 3,481,338</u>	<u>\$ 3,099,516</u>	<u>\$ 3,113,315</u>	<u>\$ 13,799</u>

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

CITY OF LEXINGTON, TENNESSEE
SCHOOL FOOD SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (Budgetary Basis)
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual (GAAP Basis)	Less: Encumbrances 7/1/2023	Add: Encumbrances 6/30/2024	Actual Revenues/ Expenditures (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final					
Revenues							
Payment for lunches							
Student	\$ 75,000	\$ 67,363	\$ 67,363	\$ -	\$ -	\$ 67,363	\$ -
Adult	10,000	10,715	10,715	-	-	10,715	-
Payment for breakfast							
Student	30,000	33,524	33,524	-	-	33,524	-
Federal Fund							
USDA - lunch programs	270,000	259,571	259,571	-	-	259,571	-
USDA - breakfast programs	135,000	129,213	129,213	-	-	129,213	-
USDA - commodities	41,344	40,850	40,850	-	-	40,850	-
USDA - equipment grant	-	23,245	23,245	-	-	23,245	-
USDA - other	15,000	77,925	77,925	-	-	77,925	-
State funds							
State matching funds	4,500	4,020	4,020	-	-	4,020	-
A La Carte sales	30,000	29,393	29,393	-	-	29,393	-
Revenues from individual schools	2,000	2,933	2,933	-	-	2,933	-
Interest income	600	773	824	-	-	824	51
Other revenues	-	2,628	2,628	-	-	2,628	-
Total Revenues	613,444	682,153	682,204	-	-	682,204	51
Expenditures							
Food supplies	169,280	298,767	298,767	-	-	298,767	-
Personnel expenditures							
Supervisor/director	47,320	47,500	47,500	-	-	47,500	-
Accountants and bookkeepers	38,013	38,013	35,735	-	-	35,735	2,278
Cafeteria personnel	261,313	276,207	262,476	-	-	262,476	13,731
Bonus payments	-	11,000	11,000	-	-	11,000	-
Other salaries and wages	4,000	4,000	-	-	-	-	4,000
Inservice training	1,650	1,650	-	-	-	-	1,650
Social security	21,492	23,454	20,515	-	-	20,515	2,939
Medical insurance	70,500	78,845	69,045	-	-	69,045	9,800
Dental insurance	1,100	1,312	1,195	-	-	1,195	117
Unemployment compensation	650	655	523	-	-	523	132
Retirement	18,000	20,343	18,876	-	-	18,876	1,467
Employer medicare	5,026	5,492	4,813	-	-	4,813	679
Dues and memberships	250	250	-	-	-	-	250
Operations and maintenance							
Maintenance and repair	5,000	5,000	1,930	-	-	1,930	3,070
Nonfood supplies							
Food preparation supplies	10,000	25,039	22,039	-	-	22,039	3,000
Office supplies	1,000	1,000	538	-	-	538	462
Printing, stationery and forms	400	400	196	-	-	196	204
Uniforms	800	865	763	-	-	763	102
Other supplies and materials	4,000	4,554	4,361	-	-	4,361	193
Other							
Postal charges	100	100	-	-	-	-	100
Other contracted services	10,000	10,598	7,534	-	-	7,534	3,064
Other transportation	3,000	3,275	3,275	-	-	3,275	-
Travel	50	50	-	-	-	-	50
Inservice/staff development	5,000	9,482	9,482	-	-	9,482	-
Other charges	500	500	160	-	-	160	340
Food service equipment	2,000	30,802	30,802	-	-	30,802	-
Total Expenditures	680,444	899,153	851,525	-	-	851,525	47,628
Other financing sources and (uses)							
Transfers in	-	150,000	150,000	-	-	150,000	-
Total other financing sources and (uses)	-	150,000	150,000	-	-	150,000	-
Excess (deficiency) of revenues over (under) expenditures	(67,000)	(67,000)	(19,321)	-	-	(19,321)	47,679
Fund balance - beginning of year, as previously reported	137,272	137,272	137,272	-	-	137,272	-
Change in reserve for inventory	-	-	3,587	-	-	3,587	3,587
Fund balance - beginning of year, as restated	137,272	137,272	140,859	-	-	140,859	3,587
Fund balance - end of year	\$ 70,272	\$ 70,272	\$ 121,538	\$ -	\$ -	\$ 121,538	\$ 51,266

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

CITY OF LEXINGTON, TENNESSEE
SOLID WASTE COLLECTION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services:				
Collection charges	\$ 1,371,024	\$ 1,371,024	\$ 1,444,197	\$ 73,173
Transfer stations use charge	322,747	322,747	397,756	75,009
Tire disposal charges	-	-	6,965	6,965
Sale recyclables	7,000	7,000	2,742	(4,258)
Sale of trash receptacles	-	-	900	900
Recovery of bad debts	3,100	3,100	2,026	(1,074)
Other revenues:				
Interest revenue	200	200	3	(197)
Total revenues	<u>1,704,071</u>	<u>1,704,071</u>	<u>1,854,589</u>	<u>150,518</u>
Expenditures				
Public Works:				
Salaries	441,779	451,097	443,002	8,095
Payroll taxes	35,343	36,384	34,194	2,190
Hospital and health insurance	92,314	61,541	58,100	3,441
Retirement	6,637	29,320	26,593	2,727
Other benefits	-	7,867	11,218	(3,351)
Workers compensation insurance	9,769	20,118	21,318	(1,200)
Unemployment insurance	143	226	189	37
Employee education and benefits	2,323	455	379	76
Memberships	50	-	-	-
Legal	2,900	4,154	3,462	692
Data processing	7,190	7,978	7,192	786
Utilities	6,310	4,892	4,428	464
Telephone	2,540	2,331	2,171	160
Compensation for damages	13,370	-	-	-
Tires, flats, etc.	20,000	8,665	8,602	63
R&M vehicles	33,380	22,102	25,007	(2,905)
R&M machinery and equipment	7,200	7,335	6,241	1,094
R&M grounds	16,000	-	-	-
R&M buildings	13,000	161	135	26
R&M other	8,000	3,474	3,434	40
Travel	2,000	-	-	-
Office supplies	1,670	1,328	1,080	248
Operating supplies	2,940	3,816	3,522	294
Janitorial supplies	400	738	615	123
Clothing and uniforms	4,200	3,640	3,034	606
Fuel supplies	72,090	63,536	58,578	4,958
Consumable tools	1,500	282	235	47
Small items of equipment	1,000	457	381	76
Safety supplies	1,250	210	175	35
Insurance	20,340	14,081	13,175	906
Tipping fees	411,970	567,702	508,438	59,264
Permit fees	5,540	5,580	4,650	930
Soil testing	12,000	7,524	6,270	1,254
Medical costs	320	444	395	49
Bad debt expense	8,120	8,564	7,137	1,427
Bond sales expense	-	1,380	1,150	230
Notes principal	73,090	233,570	225,450	8,120
Interest on notes	17,730	22,893	41,252	(18,359)
Interest on bonds	15,545	17,934	14,945	2,989
Bond principal	30,000	30,000	30,000	-
Capital outlay	1,571,000	1,684,073	1,677,413	6,660
Total expenditures	<u>2,970,953</u>	<u>3,335,852</u>	<u>3,253,560</u>	<u>82,292</u>
Revenues over (under) expenditures	<u>(1,266,882)</u>	<u>(1,631,781)</u>	<u>(1,398,971)</u>	<u>232,810</u>
	2,970,953			
Other financing sources and uses:				
Note proceeds	1,600,000	1,600,000	1,600,000	-
Sale of capital assets	-	188,000	188,000	-
Transfers in (out)	-	-	99	99
Total other financing sources and uses	<u>1,600,000</u>	<u>1,788,000</u>	<u>1,788,099</u>	<u>99</u>
Net change in fund balances	<u>333,118</u>	<u>156,219</u>	<u>389,128</u>	<u>232,909</u>
Fund Balance at Beginning of Year	<u>108,945</u>	<u>108,945</u>	<u>108,945</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 442,063</u>	<u>\$ 265,164</u>	<u>\$ 498,073</u>	<u>\$ 232,909</u>

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

CITY OF LEXINGTON, TENNESSEE
DARE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other revenues:				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
Public Safety:				
Public relations	3,500	2,000	-	2,000
Education program operating supplies	600	1,080	800	280
Total expenditures	<u>4,100</u>	<u>3,080</u>	<u>800</u>	<u>2,280</u>
Revenues over (under) expenditures	<u>(4,100)</u>	<u>(3,080)</u>	<u>(800)</u>	<u>2,280</u>
Other financing sources and uses:				
Transfers in	3,500	3,500	3,500	-
Net change in fund balances	<u>(600)</u>	<u>420</u>	<u>2,700</u>	<u>2,280</u>
Fund Balance at Beginning of Year	<u>518</u>	<u>518</u>	<u>518</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ (82)</u>	<u>\$ 938</u>	<u>\$ 3,218</u>	<u>\$ 2,280</u>

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

**CITY OF LEXINGTON, TENNESSEE
E-CITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND
ACTUAL
YEAR ENDED JUNE 30, 2024**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeitures, and penalties:				
Police fines and fees	\$ 5,000	\$ 4,334	\$ 4,024	\$ (310)
Other revenues:				
Interest income	450	826	311	(515)
Total revenues	<u>5,450</u>	<u>5,160</u>	<u>4,335</u>	<u>(825)</u>
Expenditures:				
Capital outlay	20,000	17,958	17,958	-
Total expenditures	<u>20,000</u>	<u>17,958</u>	<u>17,958</u>	<u>-</u>
Revenues over (under) expenditures	<u>(14,550)</u>	<u>(12,798)</u>	<u>(13,623)</u>	<u>(825)</u>
Other financing sources and uses:				
Transfer in	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>(14,550)</u>	<u>(12,798)</u>	<u>(13,623)</u>	<u>(825)</u>
Fund Balance at Beginning of Year	<u>18,507</u>	<u>18,507</u>	<u>18,507</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 3,957</u>	<u>\$ 5,709</u>	<u>\$ 4,884</u>	<u>\$ (825)</u>

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

CITY OF LEXINGTON, TENNESSEE
POLICE DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget- Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Fines, forfeitures, and penalties:				
Drug related fines	\$ 15,000	\$ 14,800	\$ 15,939	\$ 1,139
Forfeitures	5,000	17,185	16,321	(864)
Equitable sharing	-	63,120	63,120	-
Sale of seized property	5,000	-	-	-
Other revenues:				
Donation	-	-	-	-
Miscellaneous	100	516	430	(86)
Interest income	200	1,789	1,662	(127)
Total revenues	<u>25,300</u>	<u>97,410</u>	<u>97,472</u>	<u>62</u>
Expenditures:				
Public Safety:				
Vehicle licenses and titles	-	-	-	-
Ammunition	5,000	-	-	-
Vehicle tow (seized property)	500	1,320	1,100	220
Repair and maintenance	2,300	1,028	856	172
Operating costs	25,000	19,000	13,280	5,720
Educational costs	2,000	900	895	5
Small items of equipment	2,000	2,000	-	2,000
Capital outlay	-	11,700	11,513	187
Total expenditures	<u>36,800</u>	<u>35,948</u>	<u>27,644</u>	<u>8,304</u>
Revenues over (under) expenditures	<u>(11,500)</u>	<u>61,462</u>	<u>69,828</u>	<u>8,366</u>
Other financing sources and uses:				
Transfer out	(3,500)	(3,500)	(3,500)	-
Sale of capital assets	-	-	-	-
Total other financing sources and uses	<u>(3,500)</u>	<u>(3,500)</u>	<u>(3,500)</u>	<u>-</u>
Net change in fund balances	<u>(15,000)</u>	<u>57,962</u>	<u>66,328</u>	<u>8,366</u>
Fund Balance at Beginning of Year	<u>161,691</u>	<u>161,691</u>	<u>161,691</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 146,691</u>	<u>\$ 219,653</u>	<u>\$ 228,019</u>	<u>\$ 8,366</u>

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

CITY OF LEXINGTON, TENNESSEE
DEBT SERVICE - SINKING FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Other revenues:				
Interest income	\$ -	\$ 127	\$ 116	\$ (11)
Total revenues	<u>-</u>	<u>127</u>	<u>116</u>	<u>(11)</u>
Expenditures:				
Debt Service:				
Principal payments	-	-	-	-
Interest payments	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revenues over (under) expenditures	<u>-</u>	<u>127</u>	<u>116</u>	<u>(11)</u>
Net change in fund balances	-	127	116	(11)
Fund Balance at Beginning of Year	<u>2,120</u>	<u>2,120</u>	<u>2,120</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 2,120</u>	<u>\$ 2,247</u>	<u>\$ 2,236</u>	<u>\$ (11)</u>

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

CITY OF LEXINGTON, TENNESSEE
SCHOOL DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Budgetary Basis)
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual (GAAP Basis)	Less: Encumbrances 7/1/2023	Add: Encumbrances 6/30/2024	Actual Revenues/ Expenditures (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final					
Revenues							
Other revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-	-	-	-
Expenditures							
Debt Service							
Principal	450,000	450,000	428,041	-	-	428,041	21,959
Interest	50,000	50,000	48,229	-	-	48,229	1,771
Total Expenditures	500,000	500,000	476,270	-	-	476,270	23,730
Excess (deficiency) of revenues over (under) expenditures	(500,000)	(500,000)	(476,270)	-	-	(476,270)	23,730
Other financing sources and (uses)							
Transfers in	50,000	500,000	476,270	-	-	476,270	(23,730)
Total other financing sources and (uses)	50,000	500,000	476,270	-	-	476,270	(23,730)
Net change in fund balance	(450,000)	-	-	-	-	-	-
Fund balance - beginning of year	-	-	-	-	-	-	-
Fund balance - end of year	\$ (450,000)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

CITY OF LEXINGTON, TENNESSEE
CAPITAL PROJECTS - POST OFFICE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Liquor taxes	\$ 286,220	\$ 273,913	\$ 254,661	\$ (19,252)
Intergovernmental:				
Federal Grant - TEMA	133,000	-	-	-
Federal Grant - TDEC LPRF - Depot Park	690,000	-	43,259	43,259
State of TN Grant - TNECD 2021 SDG RD 2	736,689	-	-	-
Grant - TVA 2023 InvestPrep	500,000	-	-	-
State of TN Grant - TNECD 2023 SDG RD 1	1,000,000	-	-	-
Other revenues:				
Donations - museum	-	1,000	1,000	-
Interest income	73,091	79,210	64,008	(15,202)
Total Revenues	<u>3,419,000</u>	<u>354,123</u>	<u>362,928</u>	<u>8,805</u>
Expenditures:				
Economic development:				
Industrial development expenses	120,000	75,000	-	75,000
JECDB industrial development projects	796,543	58,623	58,623	-
Henderson Co industrial development projects	1,657,500	120,000	119,847	153
Health, welfare and recreation:				
Operating costs	20,000	20,000	-	20,000
Museum costs	-	591	311	280
Professional services	80,000	72,592	42,965	29,627
Fireworks	5,000	5,000	5,000	-
Capital projects	1,945,000	409,966	429,018	(19,052)
Total Expenditures	<u>4,624,043</u>	<u>761,772</u>	<u>655,764</u>	<u>106,008</u>
Revenues over (under) Expenditures	<u>(1,205,043)</u>	<u>(407,649)</u>	<u>(292,836)</u>	<u>114,813</u>
Other financing sources and uses:				
Transfers in (out)	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(1,205,043)	(407,649)	(292,836)	114,813
Fund Balance at Beginning of Year	<u>1,458,126</u>	<u>1,458,126</u>	<u>1,458,126</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 253,083</u>	<u>\$ 1,050,477</u>	<u>\$ 1,165,290</u>	<u>\$ 114,813</u>

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

CITY OF LEXINGTON, TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
JUNE 30, 2024

Levy for Year	Tax Rate	Assessed Value	Original Tax Levy	Outstanding Taxes Beginning	Taxes Levied	Releases and Adjustments	Collections	Outstanding Taxes Ending
2024	1.19	\$ 261,824,946	\$ 3,123,337	\$ -	\$ 3,123,337	\$ -	\$ -	\$ 3,123,337
2023	1.04	262,153,022	2,734,000	2,734,000	38,835	(26,390)	2,629,657	116,788
2022	1.21	185,336,345	2,237,995	74,717	-	70,719	130,451	14,985
2021	1.21	189,491,395	2,288,155	6,921	-	(4,165)	2,136	620
2020	1.21	188,656,284	2,278,072	292	-	29	29	292
2019	1.21	187,870,835	2,268,575	1	-	-	-	1
2018	1.21	183,131,696	2,211,386	240	-	-	-	240
2017	1.21	183,444,653	2,212,920	290	-	-	-	290
2016	1.23	175,652,631	2,160,565	291	-	-	-	291
2015	1.23	174,738,487	2,155,335	81	-	-	-	81
2014	1.23	175,884,882	2,163,382	141	-	-	-	141
				<u>\$ 2,816,974</u>	<u>\$ 3,162,172</u>	<u>\$ 40,193</u>	<u>\$ 2,762,273</u>	<u>\$ 3,257,066</u>

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

CITY OF LEXINGTON, TENNESSEE
 SCHEDULE OF LONG-TERM DEBT REQUIREMENTS - GENERAL LONG-TERM DEBT
 JUNE 30, 2024

Year Ending June 30,	School Refunding Series 2020		Public Works Series 2020		Bond Series 2019		Refunding Bond Series 2012		Capital Outlay Note Series 2023		Capital Outlay Note Series 2023		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 405,000	\$ 37,975	\$ 70,000	\$ 98,690	\$ 65,000	\$ 33,699	\$ 24,784	\$ 1,899	\$ 189,000	\$ 218,875	\$ 179,000	\$ 228,622	\$ 932,784	\$ 619,760
2026	410,000	33,925	70,000	97,290	70,000	31,224	25,831	1,403	200,000	218,380	189,000	228,594	964,831	610,816
2027	415,000	29,825	70,000	95,890	70,000	28,674	26,878	886	211,000	217,235	200,000	228,994	992,878	601,504
2028	420,000	24,637	70,000	93,790	70,000	25,830	17,451	349	-	-	210,000	227,822	787,451	372,428
2029	425,000	19,387	70,000	91,690	75,000	22,767	-	-	-	-	222,000	228,049	792,000	361,893
2030	430,000	14,075	80,000	99,590	75,000	19,687	-	-	-	-	-	-	585,000	133,352
2031	435,000	8,700	80,000	97,990	75,000	16,312	-	-	-	-	-	-	590,000	123,002
2032	-	-	80,000	96,390	80,000	12,487	-	-	-	-	-	-	160,000	108,877
2033	-	-	80,000	94,790	80,000	8,325	-	-	-	-	-	-	160,000	103,115
2034	-	-	80,000	93,190	80,000	4,162	-	-	-	-	-	-	160,000	97,352
2035	-	-	80,000	91,590	-	-	-	-	-	-	-	-	80,000	91,590
2036	-	-	80,000	89,910	-	-	-	-	-	-	-	-	80,000	89,910
2037	-	-	90,000	98,190	-	-	-	-	-	-	-	-	90,000	98,190
2038	-	-	90,000	96,210	-	-	-	-	-	-	-	-	90,000	96,210
2039	-	-	90,000	94,185	-	-	-	-	-	-	-	-	90,000	94,185
2040	-	-	90,000	92,115	-	-	-	-	-	-	-	-	90,000	92,115
	<u>\$ 2,940,000</u>	<u>\$ 168,524</u>	<u>\$ 1,270,000</u>	<u>\$ 1,521,500</u>	<u>\$ 740,000</u>	<u>\$ 203,167</u>	<u>\$ 94,944</u>	<u>\$ 4,537</u>	<u>\$ 600,000</u>	<u>\$ 654,490</u>	<u>\$ 1,000,000</u>	<u>\$ 1,142,081</u>	<u>\$ 6,644,944</u>	<u>\$ 3,694,299</u>

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

CITY OF LEXINGTON, TENNESSEE
SCHEDULE OF LONG-TERM DEBT REQUIREMENTS - WATER SYSTEMS
JUNE 30, 2024

Year Ending June 30,	2012 General Obligation Bonds		Local Government Loan Program Bond, Series 2015		2017 General Obligation Bonds		2019 Refunding Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 328,517	\$ 25,171	\$ 104,000	\$ 36,570	\$ 82,875	\$ 35,398	\$ 290,000	\$ 100,050
2026	342,398	18,601	105,000	33,450	85,000	33,824	300,000	91,350
2027	356,279	11,753	106,000	30,300	87,125	32,058	310,000	82,350
2028	231,351	4,627	108,000	27,120	89,250	30,118	320,000	73,050
2029	-	-	109,000	23,880	91,375	28,040	325,000	63,450
2030	-	-	111,000	20,610	93,500	25,821	335,000	53,700
2031	-	-	112,000	17,280	95,625	23,456	345,000	43,650
2032	-	-	114,000	13,920	97,750	20,966	360,000	33,300
2033	-	-	115,000	10,500	102,000	18,293	370,000	22,500
2034	-	-	117,000	7,050	104,125	15,433	380,000	11,400
2035	-	-	118,000	3,540	106,250	12,408	-	-
2036	-	-	-	-	110,500	9,155	-	-
2037	-	-	-	-	114,750	5,634	-	-
2038	-	-	-	-	114,875	1,899	-	-
2039	-	-	-	-	-	-	-	-
2040	-	-	-	-	-	-	-	-
	<u>\$ 1,258,545</u>	<u>\$ 60,152</u>	<u>\$ 1,219,000</u>	<u>\$ 224,220</u>	<u>\$ 1,375,000</u>	<u>\$ 292,503</u>	<u>\$ 3,335,000</u>	<u>\$ 574,800</u>

Year Ending June 30,	2020 General Obligation Bonds		Local Government Loan Program Bond - Water, Series 2024		Local Government Loan Program Bond - Sewer, Series 2024		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 340,000	\$ 149,333	\$ 53,000	\$ 124,272	\$ 40,000	\$ 93,790	\$ 1,238,392	\$ 564,584
2026	350,000	142,533	55,000	124,846	11,949	94,714	1,249,347	539,318
2027	360,000	135,533	59,000	127,367	-	-	1,278,404	419,361
2028	370,000	124,733	62,000	128,780	-	-	1,180,601	388,428
2029	385,000	113,633	65,000	130,113	-	-	975,375	359,116
2030	390,000	102,083	68,000	131,365	-	-	997,500	333,579
2031	400,000	94,283	72,000	133,536	-	-	1,024,625	312,205
2032	405,000	86,282	47,257	135,599	-	-	1,024,007	290,067
2033	415,000	78,182	-	-	-	-	1,002,000	129,475
2034	425,000	69,882	-	-	-	-	1,026,125	103,765
2035	435,000	61,382	-	-	-	-	659,250	77,330
2036	450,000	52,247	-	-	-	-	560,500	61,402
2037	450,000	42,572	-	-	-	-	564,750	48,206
2038	460,000	32,672	-	-	-	-	574,875	34,571
2039	475,000	22,323	-	-	-	-	475,000	22,323
2040	485,000	11,397	-	-	-	-	485,000	11,397
	<u>\$ 6,595,000</u>	<u>\$ 1,319,070</u>	<u>\$ 481,257</u>	<u>\$ 1,035,878</u>	<u>\$ 51,949</u>	<u>\$ 188,504</u>	<u>\$ 14,315,751</u>	<u>\$ 3,695,127</u>

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

CITY OF LEXINGTON, TENNESSEE
SCHEDULE OF LONG-TERM DEBT REQUIREMENTS - NATURAL GAS FUND
JUNE 30, 2024

Year Ending June 30,	2012 General Obligation Bonds		2017 General Obligation Bonds		2019 Refunding Bonds		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	1,699	130	112,125	47,892	80,000	27,450	193,824	75,472
2026	1,771	96	115,000	45,761	80,000	25,050	196,771	70,907
2027	1,843	61	117,875	43,373	80,000	22,650	199,718	66,084
2028	1,196	24	120,750	40,747	85,000	20,250	206,946	61,021
2029	-	-	123,625	37,936	90,000	17,700	213,625	55,636
2030	-	-	126,500	34,934	95,000	15,000	221,500	49,934
2031	-	-	129,375	31,735	100,000	12,150	229,375	43,885
2032	-	-	132,250	28,366	95,000	9,150	227,250	37,516
2033	-	-	138,000	24,749	100,000	6,300	238,000	31,049
2034	-	-	140,875	20,880	110,000	3,300	250,875	24,180
2035	-	-	143,750	16,787	-	-	143,750	16,787
2036	-	-	149,500	12,387	-	-	149,500	12,387
2037	-	-	155,250	7,623	-	-	155,250	7,623
2038	-	-	160,125	2,569	-	-	160,125	2,569
	<u>\$ 6,509</u>	<u>\$ 311</u>	<u>\$ 1,865,000</u>	<u>\$ 395,739</u>	<u>\$ 915,000</u>	<u>\$ 159,000</u>	<u>\$ 2,786,509</u>	<u>\$ 555,050</u>

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

CITY OF LEXINGTON, TENNESSEE
SCHEDULE OF LONG-TERM DEBT REQUIREMENTS - LEXINGTON ELECTRIC DEPARTMENT
JUNE 30, 2024

Year Ending June 30,	Revenue Refunding Bond Series 2017		Revenue Refunding Bond Series 2019		Revenue Bonds Series 2018		Revenue Bonds Series 2023		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 445,000	\$ 94,831	\$ 305,000	\$ 150,760	\$ 130,000	\$ 75,218	\$ 330,000	\$ 1,034,325	\$ 1,210,000	\$ 1,355,134
2026	450,000	85,931	320,000	136,660	140,000	70,018	345,000	1,017,450	1,255,000	1,310,059
2027	460,000	75,806	335,000	120,285	145,000	64,418	365,000	999,700	1,305,000	1,260,209
2028	475,000	65,456	350,000	103,160	150,000	60,068	385,000	980,950	1,360,000	1,209,634
2029	485,000	53,581	370,000	85,160	150,000	55,568	405,000	961,200	1,410,000	1,155,509
2030	495,000	41,456	390,000	66,160	155,000	51,068	425,000	940,450	1,465,000	1,099,134
2031	510,000	28,463	410,000	46,160	160,000	46,418	445,000	918,700	1,525,000	1,039,741
2032	525,000	14,438	430,000	27,310	165,000	41,618	470,000	895,825	1,590,000	979,191
2033	-	-	445,000	9,810	170,000	36,668	495,000	871,700	1,110,000	918,178
2034	-	-	455,000	796	175,000	31,143	520,000	846,325	1,150,000	878,264
2035	-	-	455,000	569	180,000	25,455	545,000	819,700	1,180,000	845,724
2036	-	-	455,000	341	190,000	19,605	570,000	791,825	1,215,000	811,771
2037	-	-	455,000	114	195,000	13,430	600,000	762,575	1,250,000	776,119
2038	-	-	-	-	200,000	6,800	635,000	731,700	835,000	738,500
2039	-	-	-	-	-	-	665,000	699,200	665,000	699,200
2040	-	-	-	-	-	-	700,000	665,075	700,000	665,075
2041	-	-	-	-	-	-	735,000	629,200	735,000	629,200
2042	-	-	-	-	-	-	770,000	591,575	770,000	591,575
2043	-	-	-	-	-	-	810,000	554,606	810,000	554,606
2044	-	-	-	-	-	-	845,000	518,403	845,000	518,403
2045	-	-	-	-	-	-	885,000	480,006	885,000	480,006
2046	-	-	-	-	-	-	925,000	439,281	925,000	439,281
2047	-	-	-	-	-	-	965,000	396,756	965,000	396,756
2048	-	-	-	-	-	-	1,010,000	352,319	1,010,000	352,319
2049	-	-	-	-	-	-	1,060,000	305,744	1,060,000	305,744
2050	-	-	-	-	-	-	1,110,000	256,225	1,110,000	256,225
2051	-	-	-	-	-	-	1,160,000	203,731	1,160,000	203,731
2052	-	-	-	-	-	-	1,215,000	148,809	1,215,000	148,809
2053	-	-	-	-	-	-	1,275,000	91,228	1,275,000	91,228
2054	-	-	-	-	-	-	1,335,000	30,872	1,335,000	30,872
	<u>\$ 3,845,000</u>	<u>\$ 459,962</u>	<u>\$ 5,175,000</u>	<u>\$ 747,285</u>	<u>\$ 2,305,000</u>	<u>\$ 597,495</u>	<u>\$ 22,000,000</u>	<u>\$ 18,935,455</u>	<u>\$ 33,325,000</u>	<u>\$ 20,740,197</u>

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

CITY OF LEXINGTON, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2024

Description of Indebtedness	Original Amount Of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2023	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2024
Governmental Activities									
BONDS PAYABLE									
Payable through City of Lexington General Fund									
2012 General Obligation Public Improvement Bonds General Portion	\$ 140,927	1.00 - 2.00%	10/18/2012	4/1/2028	\$ 53,474	\$ -	\$ 10,695	\$ -	\$ 42,779
Public Works Refund Bonds, Series 2019 General Portion	\$ 830,000	2.00 to 3.00%	2/7/2019	3/1/2034	640,000	-	50,000	-	590,000
2020 Public Works Improvement Bonds General Portion	\$ 1,510,000	2.00 to 2.36%	4/30/2020	4/1/2040	1,330,000	-	60,000	-	1,270,000
TOTAL BONDS PAYABLE - Payable through City of Lexington General Fund					<u>2,023,474</u>	<u>-</u>	<u>120,695</u>	<u>-</u>	<u>1,902,779</u>
BONDS PAYABLE									
Payable through City of Lexington General Purpose School Fund									
Public Works Refund Bonds, Series 2019 School Portion	\$ 205,000	2.00 to 3.00%	2/7/2019	3/1/2034	165,000	-	15,000	-	150,000
TOTAL BONDS PAYABLE - Payable through City of Lexington General Purpose School Fund					<u>165,000</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>150,000</u>
BONDS PAYABLE									
Payable through City of Lexington School Tax Fund									
2012 General Obligation Public Improvement Bonds	\$ 171,835	1.00 - 2.00%	10/18/2012	4/1/2028	65,206	-	13,041	-	52,165
2020 General Obligation School Refunding Bonds	\$ 4,530,000	1.00 - 2.00%	6/30/2020	5/1/2031	3,340,000	-	400,000	-	2,940,000
TOTAL BONDS PAYABLE - Payable through City of Lexington School Tax Fund					<u>3,405,206</u>	<u>-</u>	<u>413,041</u>	<u>-</u>	<u>2,992,165</u>
TOTAL BONDS PAYABLE					<u>\$ 5,593,680</u>	<u>\$ -</u>	<u>\$ 548,736</u>	<u>\$ -</u>	<u>\$ 5,044,944</u>
NOTES PAYABLE									
Payable through City of Lexington Solid Waste Collection Fund									
2023 Capital Outlay Note	\$ 600,000	5.91%	9/17/2023	8/1/2026	-	600,000	-	-	600,000
2023 Capital Outlay Note	\$ 1,000,000	5.45%	9/8/2023	8/1/2028	-	1,000,000	-	-	1,000,000
Cadence Equipment Finance	\$ 315,195	2.29%	2/11/2022	3/11/2024	225,450	-	225,450	-	-
TOTAL NOTES PAYABLE - Payable through City of Lexington Solid Waste Collection Fund					<u>\$ 225,450</u>	<u>\$ 1,600,000</u>	<u>\$ 225,450</u>	<u>\$ -</u>	<u>\$ 1,600,000</u>
Business-Type Activities									
BONDS PAYABLE									
Payable through Lexington Electric System									
Revenue Refunding Bond - Series 2023	22000000	5.00%	8/17/2023	8/1/2054	-	22,000,000	-	-	22,000,000
Revenue Refunding Bond - Series 2017	\$ 6,810,000	2.00 to 2.75%	3/1/2017	3/1/2028	4,280,000	-	435,000	-	3,845,000
Revenue Refunding Bond - Series 2019	\$ 6,300,000	.05% - 5.00%	7/25/2019	9/1/2036	5,470,000	-	295,000	-	5,175,000
Electric Revenue Bonds - Series 2018	\$ 3,000,000	3.00 to 4.00%	5/22/2018	6/1/2038	2,430,000	-	125,000	-	2,305,000
TOTAL BONDS PAYABLE - Payable through Lexington Electric System					<u>\$ 12,180,000</u>	<u>\$ 22,000,000</u>	<u>\$ 855,000</u>	<u>\$ -</u>	<u>\$ 33,325,000</u>
BONDS PAYABLE									
Payable through Lexington Gas System Fund									
G.O. Public Improvement Bonds, Series 2012 Gas Portion	\$ 21,441	1.00 to 2.00%	10/18/2012	4/1/2028	8,136	-	1,627	-	6,509
General Obligation Public Works Bonds, Series 2017 Gas Portion	\$ 2,300,000	1.30 to 3.25%	7/20/2017	7/15/2037	1,975,000	-	110,000	-	1,865,000
Public Works Refund Bonds, Series 2019 Gas Portion	\$ 1,300,000	2.00 to 3.00%	2/7/2019	3/1/2034	990,000	-	75,000	-	915,000
TOTAL BONDS PAYABLE - Payable through Lexington Gas System Fund					<u>\$ 2,973,136</u>	<u>\$ -</u>	<u>\$ 186,627</u>	<u>\$ -</u>	<u>\$ 2,786,509</u>
BONDS PAYABLE									
Payable through Lexington Water System Fund									
G. O. Public Improvement Bonds, Series 2012 Water Portion	\$ 4,145,797	1.00 to 2.00%	10/18/2012	4/1/2028	1,573,182	-	314,637	-	1,258,545
General Obligation Public Works Bonds, Series 2017 Water Portion	\$ 1,700,000	1.30 to 3.25%	7/20/2017	7/15/2037	1,460,000	-	85,000	-	1,375,000
Public Works Refund Bond, Series 2019 Water Portion	\$ 4,675,000	2.00 to 3.00%	2/7/2019	3/1/2034	3,615,000	-	280,000	-	3,335,000
Public Works Improvement Bonds, Series 2020 Water Portion	\$ 7,940,000	2.00 to 3.00%	4/30/2020	4/30/2030	6,940,000	-	345,000	-	6,595,000
TOTAL BONDS PAYABLE - Payable through Lexington Water System Fund					<u>\$ 13,588,182</u>	<u>\$ -</u>	<u>\$ 1,024,637</u>	<u>\$ -</u>	<u>\$ 12,563,545</u>
OTHER LOANS PAYABLE									
Payable through Lexington Water System Fund									
Local Government Loan Program Bond, Series 2015	\$ 2,000,000	Variable Rate	8/27/2015	5/25/2035	\$ 1,321,000	\$ -	\$ 102,000	\$ -	\$ 1,219,000
Local Government Loan Program Bond, Series 2024	\$ 2,650,000	5.379%	5/8/2024	5/1/2049	-	481,257	-	-	481,257
Local Government Loan Program Bond, Series 2024	\$ 2,000,000	5.379%	5/8/2024	5/1/2049	-	51,949	-	-	51,949
TOTAL OTHER LOANS PAYABLE - Payable through Lexington Water System Fund					<u>\$ 1,321,000</u>	<u>\$ 533,206</u>	<u>\$ 102,000</u>	<u>\$ -</u>	<u>\$ 1,752,206</u>

CITY OF LEXINGTON, TENNESSEE
SCHEDULE OF OUTSTANDING DELINQUENT TAXES FILED WITH CHANCERY COURT
JUNE 30, 2024

<u>Tax Year</u>	<u>Outstanding Balance</u>
2022	\$ 14,985
2021	620
2020	292
2019	1
2018	240
2017	290
2016	291
2015	81
2014	141
Total	<u>\$ 16,941</u>

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

**CITY OF LEXINGTON, TENNESSEE
SCHEDULE OF UTILITY RATES IN FORCE
JUNE 30, 2024**

GAS FUND						
Residential Rate	Minimum	Minimum	Base Rate	+	PGA Rate	
First 500 cubic feet (minimum)	\$ 6.70	\$ 6.70				
Over 500 cubic feet: Inside city (per MCF)			\$ 2.41	+	current PGA	= Rate Per MCF
Outside city (per MCF)			\$ 3.45	+	current PGA	= Rate Per MCF
Small Commercial Rate						
First 500 cubic feet (minimum)	\$ 7.50	\$ 7.50				
Over 500 cubic feet: Inside city (per MCF)			\$ 3.58	+	current PGA	= Rate Per MCF
Outside city (per MCF)			\$ 4.79	+	current PGA	= Rate Per MCF
Medium Commercial Rate						
First 1,500 cubic feet (minimum)	\$ 24.85	\$ 24.85				
Over 1,500 cubic feet: Inside city (per MCF)			\$ 3.90	+	current PGA	= Rate Per MCF
Outside city (per MCF)			\$ 5.08	+	current PGA	= Rate Per MCF
Large Commercial Rate						
First 10,000 cubic feet (minimum)	\$ 124.60	\$ 124.60				
Over 10,000 cubic feet: Inside city (per MCF)			\$ 4.05	+	current PGA	= Rate Per MCF
Outside city (per MCF)			\$ 5.23	+	current PGA	= Rate Per MCF
Transport (Customer buys from 3rd party)			\$ 3.51			
Number of customers at year end:	<u>9,426</u>	<u>9,426</u>				

+ PGA (Purchased Gas Adjustment) - This Rate is set monthly from calculations based on the average total costs associated with natural gas purchases.

WATER RATES

INSIDE CITY LIMITS - Customer Charge 0-2,000 gallons

	Meter Charge	Maint Fee	Tech Fee	2,000 gallons @ cons. Rate	Customer Charge
3/4"	\$11.91 +	\$1.60 +	\$2.00 +	\$13.00 =	\$28.51
1"	\$15.13 +	\$1.60 +	\$2.54 +	\$13.00 =	\$32.27
1.5"	\$19.53 +	\$1.60 +	\$3.28 +	\$13.00 =	\$37.41
2"	\$31.44 +	\$1.60 +	\$5.28 +	\$13.00 =	\$51.32
3"	\$119.10 +	\$1.60 +	\$20.00 +	\$13.00 =	\$153.70
4"	\$151.61 +	\$1.60 +	\$25.46 +	\$13.00 =	\$191.67
6"	\$227.36 +	\$1.60 +	\$38.18 +	\$13.00 =	\$280.14

Consumption Rate Over 2,000 gallons = \$6.50 Per 1,000 gallons

OUTSIDE CITY LIMITS - Customer Charge 0-2,000 gallons

	Meter Charge	Maint Fee	Tech Fee	2,000 gallons @ cons. Rate	Customer Charge
3/4"	\$20.57 +	\$1.60 +	\$2.00 +	\$13.00 =	\$37.17
1"	\$26.12 +	\$1.60 +	\$2.54 +	\$13.00 =	\$43.26
1.5"	\$33.73 +	\$1.60 +	\$3.28 +	\$13.00 =	\$51.61
2"	\$54.30 +	\$1.60 +	\$5.28 +	\$13.00 =	\$74.18
3"	\$205.70 +	\$1.60 +	\$20.00 +	\$13.00 =	\$240.30
4"	\$261.86 +	\$1.60 +	\$25.46 +	\$13.00 =	\$301.92
6"	\$392.68 +	\$1.60 +	\$38.18 +	\$13.00 =	\$445.46

Consumption Rate Over 2,000 gallons = \$6.50 Per 1,000 gallons

BULK WATER - Consumption Rate = \$6.50 Per 1,000 gallons

NUMBER OF CUSTOMERS AT YEAR END: 10,434

SEWER RATES

LEXINGTON	PARKERS CROSSROADS
Customer Charge 0-2,000 gallons	Customer Charge 0-2,000 gallons
5/8" \$27.58	5/8" \$57.92
1" \$35.03	1" \$73.56
1.5" \$45.23	1.5" \$94.99
2" \$72.81	2" \$152.91
3" \$275.80	3" \$579.20
4" \$351.09	4" \$737.32
6" \$526.50	6" \$1,105.69

Usage Rate Over 2,000 gallons = \$7.00 Per 1,000 gallons

SEWER CUSTOMERS WITH WELLS

Customer Charge (based on 5,000 gallons) = \$48.58 Flat Rate \$78.92 Flat Rate

NUMBER OF CUSTOMERS AT YEAR END: 3,785

GARBAGE RATES

Residential (1x week)	\$ 25.00	\$ 25.00	Commercial (2x week)	\$ 62.50
Industrial (2x week)	\$ 62.50	\$ 62.50	Commercial (3x week)	\$147.75
			Commercial (5x week)	\$330.25

NUMBER OF CUSTOMERS AT YEAR END: 3,813 3,813

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

CITY OF LEXINGTON, TENNESSEE
SCHEDULE OF UTILITY RATES IN FORCE - CONTINUED
JUNE 30, 2024

Electric Department

Residential Rate Schedule	
Customer Charge - per delivery point per month	\$ 15.56
Energy Charges - cents per kWh	0.10512
General Power Rate Schedule	
GSA1	
Customer Charge - per delivery point per month	\$ 17.96
Energy Charges - per kWh	0.11878
GSA2	
Customer charge - per delivery point per month	\$ 89.03
Demand charge - per kw per month - First 50 kW	No charge
- Excess over 50 kW	14.91
Energy charge - per kw - First 15,000 kWh per month	0.11873
- Additional kWh per month	0.06965
GSA3	
Customer charge - per delivery point per month	\$ 223.58
Demand charge - per kw per month - First 1,000 kW	14.60
- Excess over 1,000 kW	17.31
Energy charge - cents per kW	0.07139
GSB	
Customer charge per delivery point per month	\$ 1,500.00
Administrative charge	\$ 350.00
Demand charges	
Onpeak:	
All kW - per kW per month	\$ 11.35
Energy charge - cents per kWh use of metered demand per month	0.08670
OffPeak:	
All kW - per kW per month	\$ 11.35
Energy charge - first 200 HUD	0.06066
Next 200 HUD	0.02453
Additional HUD	0.02096
GSC	
Customer charge - per delivery point per month	\$ 1,500.00
Administrative charge	\$ 350.00
Demand charges	
Onpeak:	
All kW - per kW per month	\$ 11.35
Energy charge - cents per kWh use of metered demand per month	0.08670
OffPeak:	
All kW - per kW per month	\$ 4.87
Energy charge - first 200 HUD	0.06066
Next 200 HUD	0.02453
Additional HUD	0.02096
GSD	
Customer charge - per delivery point per month	\$ 1,500.00
Administrative charge	\$ 350.00
Demand charges	
Onpeak:	
All kW - per kW per month	\$ 11.35
Energy charge - cents per kWh use of metered demand per month	0.08670
OffPeak:	
All kW - per kW per month	\$ 4.76
Energy charge - first 200 HUD	0.06066
Next 200 HUD	0.02334
Additional HUD	0.02096
MSB	
Customer charge - per delivery point per month	\$ 1,500.00
Administrative charge	\$ 350.00
Demand charges	
Onpeak:	
All kW - per kW per month	\$ 10.70
Energy charge - cents per kWh use of metered demand per month	0.07850
OffPeak:	
All kW - per kW per month	\$ 2.29
Energy charge - first 200 HUD	0.05237
Next 200 HUD	0.02135
Additional HUD	0.01869
MSC	
Customer charge - per delivery point per month	\$ 1,500.00
Administrative charge	\$ 350.00
Demand charges	
Onpeak:	
All kW - per kW per month	\$ 10.70
Energy charge - cents per kWh use of metered demand per month	0.07733
OffPeak:	
All kW - per kW per month	\$ 1.78
Energy charge - first 200 HUD	0.05119
Next 200 HUD	0.02283
Additional HUD	0.02283
MSD	
Customer charge - per delivery point per month	\$ 1,500.00
Administrative charge	\$ 350.00
Demand charges	
Onpeak:	
All kW - per kW per month	\$ 10.70
Energy charge - cents per kWh use of metered demand per month	0.07496
OffPeak:	
All kW - per kW per month	\$ 1.67
Energy charge - first 200 HUD	0.04883
Next 200 HUD	0.02105
Additional HUD	0.02044
OL	
Customer charge - per delivery point per month	\$ 17.75
Energy charge	0.07143

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

CITY OF LEXINGTON, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
JUNE 30, 2024

<u>Federal Grantor/Pass- Through Grantor/ Program Title</u>	<u>Assistance Listing Number</u>	<u>Contract Number</u>	<u>Expenditures</u>
FEDERAL AWARDS			
Department of Agriculture (USDA)			
Emergency Watershed Protection Program/Passed through to Lexington Water System	10.923	N/A	\$ 5,447
Emergency Watershed Protection Program/Passed through to Lexington Gas System	10.923	N/A	115,548
Total Department of Agriculture (USDA)			<u>120,995</u>
Department of Treasury			
Coronavirus State and Local Recovery Funds - ARPA WIIP Noncompetitive - Water	21.027	N/A	230,732
Department of Justice			
Violence Against Women Formula Grants - STOP, Domestic Violence and Sexual Assault Law Enforcement Investigators	16.588	N/A	60,000
Public Safety Partnership and Community Policing Grants - COPS Hiring Program	16.710	15JCOPS-22-GG-03474-UHPX	85,165
Equitable Sharing Program	16.922	N/A	63,120
Total Department of Justice			<u>208,285</u>
Department of Election Assistance Commission			
Della Regional Authority - Timberlake Industrial Park Water Storage Tank	90.200	TN-54528	293,000
Department of Transportation - General Government			
Highway Planning and Construction	20.205	STP-M-9407(11)	8,692
Highway Planning and Construction	20.205	STP-M-5339(10)	10,163
Highway Planning and Construction	20.205	TAP-104(41)	724,551
Total for ALN #	20.205		<u>743,406</u>
State and Community Highway Safety - Network Coordinator	20.600	Z23THS156	10,279
State and Community Highway Safety - Network Coordinator	20.600	Z24THS163	5,229
Total for ALN #	20.600		<u>15,508</u>
Alcohol Open Container Requirements - Enforcement of TN DUI Laws	20.607	Z24THS162	28,325
Total Department of Transportation			<u>787,239</u>
TOTAL FEDERAL AWARDS			<u>1,640,251</u>
STATE FINANCIAL ASSISTANCE			
VCIF, Formula Based Grant	N/A	4096	118,127
Volunteer Firefighter Equipment and Training Grant Program	N/A	33501-2425440	33,101
Statewide School Resource Officer (SRO) Grant Program	N/A	34901-01482	150,000
Site Development Grant	N/A	N/A	77,023
LPRF Grant - 2023 LPRF City of Lexington Depot Park	N/A	32701-05302	43,259
TDOT Multimodal Access Project	N/A	39LPLM-S3-049	20,425
State 2024 Police Salary Supplements	N/A	N/A	19,200
State 2024 Fire Fighting Supplements	N/A	N/A	11,200
TOTAL STATE AWARDS			<u>472,335</u>
TOTAL FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE			<u>\$ 2,112,586</u>

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance summarized the expenditures of the Town of Lexington, Tennessee, under programs of the federal and state governments for the year ended June 30, 2024. The schedule is presented using the modified accrual basis of accounting.

Note 2: Single Audit

Single Audit reports required by OMB Uniform Guidance have been filed as part of the individual audit reports of Lexington City Schools. The awards that Lexington City Schools received have not been included in the above schedule.

Note 3: Lexington Electric System

The awards that Lexington Electric System received have not been included in the above schedule.

Note 4: Indirect Cost Rate

The City of Lexington has elected to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

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



**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 City Aldermen
Lexington, 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, the aggregate discretely component unit, each major fund, and the aggregate remaining fund information of the City of Lexington, Tennessee (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City of Lexington, Tennessee's basic financial statements, as listed in the table of contents, and have issued our report thereon dated December 31, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items SAF 2024-001 and COL 2024-001 – to be material weaknesses.

Report on 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and questioned costs as items COL 2024-002.

City of Lexington, Tennessee's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the schedule of findings and questioned costs. The City of Lexington, Tennessee's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



December 31, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Mayor and City Aldermen
City of Lexington, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Lexington, Tennessee's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Lexington, Tennessee's major federal programs for the year ended June 30, 2024. The City of Lexington, Tennessee's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Lexington, Tennessee complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City of Lexington, Tennessee and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of Lexington, Tennessee's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City of Lexington, Tennessee's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Lexington, Tennessee's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Lexington, Tennessee's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Lexington, Tennessee's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Lexington, Tennessee's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Lexington, Tennessee's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the City of Lexington, Tennessee's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The City of Lexington, Tennessee's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



December 31, 2024

**CITY OF LEXINGTON, TENNESSEE
 SCHEDULE OF DISPOSITION OF PRIOR YEAR AUDIT FINDINGS
 JUNE 30, 2024**

Financial Statement Findings

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
SAF 2023-001	Inadequate Segregation of Duties (original finding #SAF 2007-01)	Repeated/SAF 2024-001
COL 2023-001	General ledger for General, Solid Waste, and Water fund materially misstated before adjustments	Repeated/COL 2024-001
COL 2023-002	Expenditures exceeded appropriations	Corrected
COL 2023-003	Single Audit Not Filed Timely	Corrected

**CITY OF LEXINGTON, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

SECTION I – Summary of Auditor’s Results

Financial Statements:

1. Our report on the financial statements of City of Lexington, Tennessee is unmodified.
2. Internal Control Financial Reporting:
 - Material weakness identified? Yes
 - Significant deficiency identified? None Reported
3. Noncompliance material to the financial statements noted Yes

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - Material weakness identified: No
 - Significant deficiency identified? None Reported
5. Type of report auditor issued on compliance for major programs:
Unmodified
6. Any Audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) No
7. Identification of Major Federal Programs:
 - CFDA 20.205 – Highway Planning and Construction
8. Dollar threshold used to distinguish between Type A and Type B programs:
\$750,000
9. Auditee qualified as low-risk auditee?
No

SECTION II – Financial Statement Findings

SAF 2024-001 INADEQUATE SEGREGATION OF DUTIES

Schools Still Deficient from the Prior Audit Finding 2018-01: All schools.

Condition: The duties of receiving cash, reconciling bank statements, preparing checks, and posting all transactions are handled by each school's bookkeeper. At some schools, the person opening the mail does not prepare a collection log.

Criteria: The *Tennessee Internal School Uniform Accounting Policy Manual* Section 6, Title 5, Page 6-7 states, "When designing your transaction processes, there should be a clear segregation of duties and responsibilities performed by personnel such that no single person could initiate, approve, execute, and enter transactions into your system in a manner that would enable fraudulent actions to be perpetrated and concealed." Regarding the revenue/collection cycle, the *TISUAPM* Section 4, Title 2, Page 4-8 states, "To the extent possible, the following duties should not be performed by the same individual: receiving cash, making bank deposits, maintaining the accounting records, and reconciling bank accounts." Regarding the purchasing/disbursement cycle, the *TISUAPM* Section 4, Title 2, Page 4-10 states, "To the extent possible, the following duties should not be performed by the same person: approving requisitions, preparing purchase authorizations, receiving goods or services, approving payment, preparing checks, signing checks, and preparing bank reconciliations."

Cause: Not enough available staff.

Effect: Weakened internal controls.

Recommendation: An effective internal control system provides for adequate segregation of duties. Therefore, we recommend that the principals review the current level of control and modify where deemed necessary.

Managements' Responses: Caywood Elementary School and Lexington Middle School

The Lexington City Schools have employed a full-time bookkeeper at each school and provided training programs through attendance at workshops, accounting system vendor and in-house support from the board of education. Principals will review procedures and develop plans to implement segregation of duties within the constraints of the limited office staff.

COL 2024-001 GENERAL LEDGER MATERIALLY MISSTATED BEFORE AUDIT ADJUSTMENTS –GENERAL, SOLID WASTE, AND WATER

Condition: The financial statements were materially misstated before audit adjustments due to a failure to properly record grant receivables; improper posting of accounts payable, grants payable, and insurance reserves; and failure to remove capital assets that had been disposed – these had not been properly recorded before audit adjustments.

Criteria: Generally accepted accounting principles require that accounting transaction be posted properly.

Cause: Oversight of City personnel.

Effect: Material adjustments were required because the City's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records.

Recommendation: We recommend that the financial statements be materially stated.

Management's Response: End of year procedure checklist has been modified to ensure these entries are recorded properly.

COL 2024-002 RETAINAGE NOT DEPOSITED INTO ESCROW ACCOUNTS – WATER

Condition: The System failed to deposit amounts withheld from contractor payments for retainage into an escrow account. Section 66-34-104 *Tennessee Code Annotated* requires funds withheld from contractor payments to be deposited into an interest-bearing escrow account with a third party when the prime contract is \$500,000 or greater, with the amount of retainage held not to exceed five percent of the amount of the contract.

Criteria: TCA Code 66-34-104

Cause: Oversight of System personnel.

Effect: Noncompliance.

Recommendation: We recommend that System employees deposit retainage funds into a third-party escrow account with contracts exceed \$500,000.

Management's Response: We agree and are in the process of transferring retainage funds to third-party escrow accounts.

SECTION III – Federal Award Findings and Questioned Costs

NONE

**CITY OF LEXINGTON, TENNESSEE
MANAGEMENT'S CORRECTIVE ACTION PLAN
JUNE 30, 2024**

INTERNAL SCHOOL FUNDS

SAF FINDING 2024 – 001 INADEQUATE SEGREGATION OF DUTIES

Corrective action planned


The Lexington City Schools have employed a full-time bookkeeper at each school and provided training programs through attendance at workshops, accounting system vendor and in-house support from the board of education. Principals will review procedures and develop plans to implement segregation of duties within the constraints of the limited office staff.

Anticipated completion date

Unable to correct; duties are segregated as much as reasonably possible considering the size of the schools.

Responsible party

Each individual school's principal



Director of Schools

CITY OF LEXINGTON FUNDS

**COL 2024-001 GENERAL LEDGER MATERIALLY MISSTATED BEFORE AUDIT ADJUSTMENTS –
GENERAL, SOLID WASTE AND WATER**

Corrective action planned

The City Recorder and accounting staff will properly post transactions throughout the year and will review at year end for material compliance.

Anticipated completion date

December 31, 2024

Responsible party

Mr. Griggs, City Mayor and Mr. Cody Wood, City Recorder

COL 2024 - 002 RETAINAGE NOT DEPOSITED INTO ESCROW ACCOUNTS - WATER

Corrective action planned

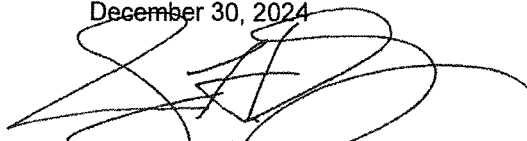
The City Recorder, Utilities Accounting Manager, and Utilities General Manager will ensure that retainage withheld from contractor's payments when the contract exceeds \$500,000 will be placed in third-party escrow accounts as required by TCA § 66-34-104.

Responsible party

Mr. Griggs—City Mayor and Mr. Cody Wood—City Recorder/CFO

Anticipated completion date

December 30, 2024



Jeffrey H. Griggs, City Mayor



Cody C. Wood, City Recorder