

**CONSOLIDATED UTILITY DISTRICT
OF RUTHERFORD COUNTY, TENNESSEE
FINANCIAL STATEMENTS,
SUPPLEMENTAL INFORMATION
AND
INDEPENDENT AUDITORS' REPORTS
YEARS ENDED JUNE 30, 2021 AND 2020**

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Edmondson, Betzler & Dame
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Consolidated Utility District of Rutherford County, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Consolidated Utility District of Rutherford County, Tennessee (the "District") as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which comprise the District's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2021 and 2020, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3 through 8 and the pension trend data and post-employment data on pages 34 through 37 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming opinions on the District's financial statements as a whole. The supplemental information section is presented for purposes of additional analysis and is 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 financial statements. The information, except for the portion marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2021, on our consideration of the District'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 District'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 District's internal control over financial reporting and compliance.



October 12, 2021
Murfreesboro, TN

Consolidated Utility District of Rutherford County

Management's Discussion and Analysis

For the Fiscal Year ended June 30, 2021

The management of Consolidated Utility District of Rutherford County (CUDRC) offers the readers of CUDRC's financial statements this narrative overview and analysis of the financial activities for the year ended June 30, 2021. We encourage readers to consider the information presented here in conjunction with the additional information furnished in this report.

Financial Highlights

- The assets plus deferred outflows of CUDRC exceeded its liabilities plus deferred inflows at the close of the most recent fiscal year by \$401,059,598 (*net position*). This includes Unrestricted Net Position in the amount of \$79,671,886 which may be used to meet CUDRC's ongoing obligations to customers, employees and creditors.
- CUDRC's total net position increased by \$26,099,201. This increase is substantially attributable to an infusion of resources from contributions and tap fees.
- Net income before contributions for the period was \$5,409,897.

Financial Statement Overview

This discussion and analysis are intended to serve as an introduction to CUDRC's financial statements. Comparative data for fiscal years 2020 and 2019 are also available in this year's MD&A. This report also contains other supplementary information in addition to the basic financial statements themselves.

The basic financial statements herein are comprised of the Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, the Statement of Cash Flows, and the accompanying Notes. The Statement of Net Position presents information on all of CUDRC's assets and deferred outflows, liabilities and deferred inflows, with the difference being reported as net position.

CUDRC, one of the largest utility districts in the state, provides water and decentralized sewer services to residents within Rutherford County. Costs are allocated to the two services, but financial statements for each service are not independently presented.

Financial Analysis

Net Position may serve over time as a useful indicator of CUDRC's financial position. By far the largest portion of CUDRC's net position (78 percent) reflects both assets contributed by developers and the agency's own investment in capital assets (e.g., infrastructure, land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. CUDRC uses these assets to provide services to customers; consequently, these assets are not available for future spending. It should be noted that the resources needed to repay the long-term debt must be provided from operating revenues, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Consolidated Utility District of Rutherford County
Comparative Statement of Net Position
As of June 30,
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current and Other Assets	\$97,782	\$85,034	\$78,173
Capital Assets	359,934	348,873	328,749
Total Assets	<u>\$457,716</u>	<u>\$433,907</u>	<u>\$406,922</u>
Deferred Outflows	<u>\$4,924</u>	<u>\$4,959</u>	<u>\$4,359</u>
Other Liabilities	\$8,327	\$7,506	\$7,288
Long-term Liabilities	49,236	51,743	53,141
Total Liabilities	<u>\$57,563</u>	<u>\$59,249</u>	<u>\$60,429</u>
Deferred Inflows	<u>\$4,017</u>	<u>\$4,657</u>	<u>\$4,879</u>
Net Position:			
Net Investment in Capital Assets	\$312,679	\$298,851	\$276,720
Restricted for bond provisions	8,709	8,961	7,919
Unrestricted	79,672	67,148	61,334
Total Net Position	<u>\$401,060</u>	<u>\$374,960</u>	<u>\$345,973</u>

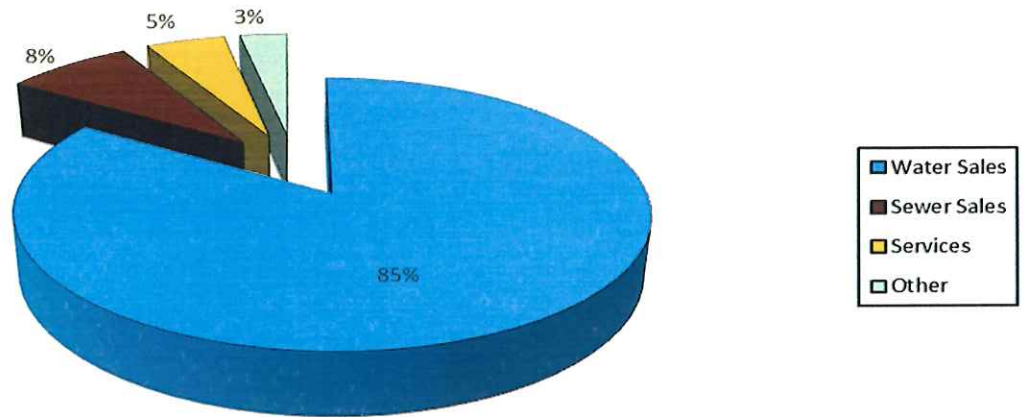
Table 2
Consolidated Utility District of Rutherford County
Condensed Statement of Revenues, Expenses, and Changes in Net
Position
For the Years ended June 30, 2021, 2020 and 2019
(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Revenues:			
Operating revenue	\$39,298	\$36,914	\$34,375
Non-operating revenue	662	1,760	1,369
Total revenue	<u>\$39,960</u>	<u>\$38,674</u>	<u>\$35,744</u>
Expenses:			
Depreciation	\$11,468	\$10,258	\$9,618
Other operating expense	21,397	20,726	18,277
Non-operating expense	1,685	1,726	1,559
Total Expenses	<u>\$34,550</u>	<u>\$32,710</u>	<u>\$29,454</u>
Income before contributions	\$5,410	\$5,964	\$6,290
Other contributions	20,690	23,023	24,934
Change in net position	\$26,100	\$28,987	\$31,224
Beginning net position	374,960	345,973	314,749
Ending net position	<u>\$401,060</u>	<u>\$374,960</u>	<u>\$345,973</u>

Operating revenues in 2021 totaling \$39,298,458 as shown in Figure 1, an increase of 6% over the prior year, were derived principally from retail sales of water to an average of more than 60,000 customers during the fiscal year. The number of total active customers at year end was 62,277, indicating continued growth in customers served.

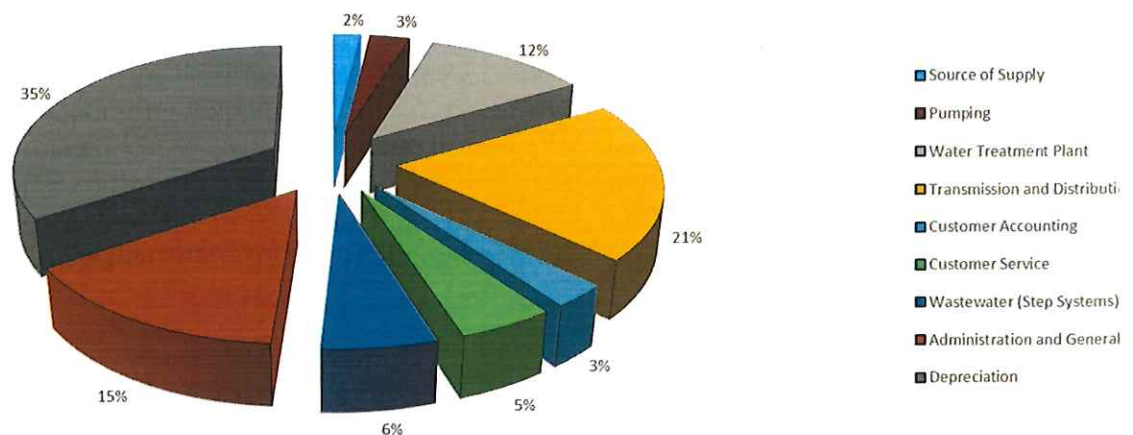
Revenue from sewer sales increased each month over the same period in the previous year, as the number of customers in these sewer systems increased from 6,452 to 7,033. Additional systems are nearing completion by developers, and others are in some stage of planning or construction. The 65 existing systems are designed to accommodate 9,943 homes.

Figure 1
Operating Revenues



Depreciation showed the largest increase in expenses from the previous year as the District continues to invest in distribution to support the strong growth in our service area. Investments in Operating Expense are higher year-over-year to service growth. Operating expenses totaled \$32,864,818, an increase of 6% over the prior year. Increased revenue and developer contributions resulted in a change in net position of \$26,099,201 which was slightly lower than the prior year. The table below presents each component of operating expenses as a percentage of the total.

Figure 2
Operating Expenses



Changes in Capital Assets

As shown in Table 3, CUDRC's investment in capital assets net of depreciation as of June 30, 2021, was approximately \$360 million and increased by more than \$11 million. Capital assets totaling \$20.7 million were installed and paid for by developers, then contributed to CUDRC.

Table 3
Capital Assets
Net of Accumulated Depreciation
As of June 30

(In Thousands)

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Land & land rights	\$6,721	\$6,293	\$6,000
Pumping stations	7,019	5,451	5,772
Reservoirs	8,503	8,736	7,124
Transmission & distrib. mains	239,649	222,521	209,579
Services & meters	431	703	1,017
Buildings	9,893	9,532	9,446
Land improvements	318	337	0
Water plant structures	36,973	20,175	20,840
Water plant equipment	7,153	4,940	5,250
Decentralized Sewer System	35,044	32,637	31,463
Office equipment	119	162	243
Transportation equipment	828	880	567
Tools & garage equipment	159	182	133
Heavy equipment	772	812	850
Work in progress, subcontract	6,351	35,512	30,4774
Total	<u>\$359,933</u>	<u>\$348,873</u>	<u>\$328,749</u>

CUDRC has several major projects on-going and scheduled through 2028 that are projected to cost nearly \$98 million. The District currently anticipates that additional funds may be borrowed at some point in the future to fund portions of these projects.

Long-term Debt

CUDRC had \$44,218,987 in long-term debt outstanding at year-end compared with \$47,142,067 in the prior period. Annual principal and interest requirements are \$4.5 million through fiscal 2027 and will decline steadily thereafter.

Economic Factors

Rutherford County, a part of the Nashville Metropolitan Statistical Area, reports an average unemployment rate of 4.5% in June 2021, compared with Tennessee's unemployment rate of 4.9% and the U.S. rate of 5.9%. We continue to see substantial multi-family housing construction and have seen a significant resumption of single-family residential development throughout our service territory.

Request for Information

This financial report is designed to provide a general overview of CUDRC's finances for all those with an interest in the district's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Comptroller, CUDRC, 709 New Salem Hwy., P.O. Box 249, Murfreesboro, TN 37133-0249.

General information relating to CUDRC can be found at the utility's website, <http://www.cudrc.com>.

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
STATEMENTS OF NET POSITION
JUNE 30, 2021 AND 2020

	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Assets		
Current assets:		
Cash and cash equivalents	\$ 62,455,153	\$ 27,193,099
Investments, at fair value	18,054,046	40,201,817
Accounts receivable, net of allowance for doubtful accounts, \$186,641 and \$201,774 for 2021 and 2020, respectively	4,994,683	5,590,893
Inventory	3,192,767	2,465,182
Interest receivable	181,249	165,535
Prepaid expenses	195,439	456,378
Total current assets	<u>89,073,337</u>	<u>76,072,904</u>
Restricted assets:		
Investments for debt service	7,969,698	7,763,684
Capital assets:		
Utility plant and equipment, net	359,933,489	348,873,049
Long-term assets:		
Net pension asset	738,924	1,197,126
Total assets	<u>457,715,448</u>	<u>433,906,763</u>
Deferred outflows of resources		
Deferred amount related to pensions	1,208,026	771,890
Deferred amount related to OPEB	1,321,131	1,593,590
Deferred amount from debt refunding	2,395,219	2,594,183
Total deferred outflows of resources	<u>4,924,376</u>	<u>4,959,663</u>
Total assets and deferred outflows of resources	<u>\$ 462,639,824</u>	<u>\$ 438,866,426</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
Current liabilities:		
Current portion of long-term debt	\$ 2,923,080	\$ 2,809,818
Trade accounts payable	3,704,947	2,765,185
Accrued interest payable	605,158	645,606
Accrued wages and payroll taxes	259,799	231,072
Accrued vacation	362,286	359,940
Other accrued liabilities	472,083	694,753
Total current liabilities	<u>8,327,353</u>	<u>7,506,374</u>
Long-term liabilities:		
Waterworks revenue bonds	44,218,987	47,142,067
Accrued sick leave	1,323,543	1,192,732
Post employment benefits	3,693,522	3,408,455
Total liabilities	<u>57,563,405</u>	<u>59,249,628</u>
Deferred inflows of resources		
Deferred amount related to pensions	352,374	577,866
Deferred amount related to OPEB	1,156,896	1,414,754
Deferred amount from debt refunding	2,507,551	2,663,781
Total deferred inflows of resources	<u>4,016,821</u>	<u>4,656,401</u>
Net position:		
Net investment in capital assets	312,679,090	298,851,566
Restricted	8,708,622	8,960,810
Unrestricted	79,671,886	67,148,021
Total net position	<u>401,059,598</u>	<u>374,960,397</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 462,639,824</u>	<u>\$ 438,866,426</u>

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

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Operating revenues:		
Water and sewer revenues	\$ 36,415,424	\$ 34,337,566
Connection and other fees	<u>2,883,034</u>	<u>2,576,141</u>
Total operating revenues	<u>39,298,458</u>	<u>36,913,707</u>
Operating expenses:		
Source of supply	522,354	1,027,738
Pumping	837,432	870,663
Water treatment plant	3,939,818	3,436,249
Transmission and distribution	6,909,198	6,652,251
Customer accounting	839,551	1,039,603
Customer service	1,645,221	1,441,424
Wastewater (step sewer)	1,828,680	1,685,813
General and administrative	4,874,958	4,572,066
Depreciation and amortization	<u>11,467,606</u>	<u>10,257,803</u>
Total operating expenses	<u>32,864,818</u>	<u>30,983,610</u>
Net operating income	<u>6,433,640</u>	<u>5,930,097</u>
Non-operating revenues (expenses):		
Interest earned	452,798	1,391,858
Interest expense	(1,632,582)	(1,724,807)
Gain on sale of capital assets	209,790	280,264
Other income	-	88,495
Other non-operating expenses	<u>(53,749)</u>	<u>(1,552)</u>
Total non-operating revenues (expenses)	<u>(1,023,743)</u>	<u>34,258</u>
Net income before contributions	5,409,897	5,964,355
Capital contributions:		
Contributions in aid of construction	<u>20,689,304</u>	<u>23,022,584</u>
Change in net position	<u>26,099,201</u>	<u>28,986,939</u>
Net position, beginning of year	<u>374,960,397</u>	<u>345,973,458</u>
Net position, end of year	<u><u>\$ 401,059,598</u></u>	<u><u>\$ 374,960,397</u></u>

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

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities:		
Receipts from customers	\$ 39,894,668	\$ 35,705,409
Payments to suppliers and others	(12,818,534)	(13,016,899)
Payments to employees	(8,275,126)	(7,900,471)
Net cash provided by operating activities	<u>18,801,008</u>	<u>14,788,039</u>
Cash flows from noncapital financing activities:		
Other income	-	88,495
Other non-operating expenses	(53,749)	(1,552)
Net cash provided by (used in) noncapital financing activities	<u>(53,749)</u>	<u>86,943</u>
Cash flows from capital and related financing activities:		
Contributions in aid of construction	7,314,799	7,016,292
Acquisition and construction of capital assets	(8,948,519)	(15,713,047)
Proceeds from sale of capital equipment	209,790	280,264
Principal paid on revenue bonds	(2,809,818)	(2,050,481)
Interest paid on revenue bonds	(1,630,298)	(1,536,084)
Net cash used in capital and related financing activities	<u>(5,864,046)</u>	<u>(12,003,056)</u>
Cash flows from investing activities:		
Interest received on investments	437,084	1,383,149
Proceeds from maturity of investments and certificates of deposit	24,331,070	24,219,540
Purchases of investments and certificates of deposit	(2,389,313)	(29,335,221)
Net cash provided by (used in) investing activities	<u>22,378,841</u>	<u>(3,732,532)</u>
Net increase (decrease) in cash and cash equivalents	35,262,054	(860,606)
Cash and cash equivalents, beginning of period	<u>27,193,099</u>	<u>28,053,705</u>
Cash and cash equivalents, end of period	<u><u>\$ 62,455,153</u></u>	<u><u>\$ 27,193,099</u></u>
Non-cash capital and related financing activities:		
Developer contributions of utility plant	<u>\$ 13,374,505</u>	<u>\$ 16,006,292</u>
Capital additions included in accounts payable	<u>\$ 919,581</u>	<u>\$ 714,561</u>

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

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Reconciliation of operating income to net cash provided by operating activities:		
Net income from operations	\$ 6,433,640	\$ 5,930,097
Adjustments to reconcile net income from operations to net cash provided by operating activities:		
Depreciation and amortization	11,467,606	10,257,803
Pension expense	155,113	139,205
Bad debt expense	48,108	142,686
(Increase) decrease in accounts receivable	548,102	(1,350,984)
Decrease in inventories	(727,585)	(707,021)
(Increase) decrease in prepaid expenses	260,939	(278,667)
Increase in net pension asset	458,202	(403,112)
Increase in trade accounts payable	734,742	247,210
Increase (decrease) in accrued wages and payroll taxes	28,727	(23,038)
Increase in accrued compensated absences	133,157	187,108
Increase in post employment benefits payable	285,067	1,349,418
Increase (decrease) in other accrued liabilities	(222,670)	302,002
(Increase) decrease in deferred amounts related to OPEB	14,601	(1,060,351)
(Increase) decrease in deferred amounts related to pensions	(816,741)	55,683
Net cash provided by operating activities	<u>\$ 18,801,008</u>	<u>\$ 14,788,039</u>

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

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidated Utility District of Rutherford County, Tennessee, was created in 1968 pursuant to the public laws of the State of Tennessee and under the order of the County Judge of Rutherford County, Tennessee. The District includes those districts originally known as Double Springs Utility District, Stones River Utility District, Florence Utility District, and Rockvale Utility District of Rutherford County. The District was established under Tennessee Code Annotated § 7-82, also known as the Utility District law of 1937, and received its charter from the State of Tennessee in April, 1970. The District was created to provide water to areas of Rutherford County; however, the District amended its charter on December 31, 1997, to include limited sewer service. The District is not a component unit of any other governmental entity, and it has no component units. The operation of the District is overseen by a five (5) member board of commissioners, each of whom serves a four (4) year term of office.

A summary of the District's significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

Basis of Accounting and Presentation

The District's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

All activities of the District are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District makes a distinction between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with its principal ongoing operations. The principal operating revenues of the District are water and wastewater charges to customers. Operating expenses consist of salaries, benefits, utilities, operating contracts for maintenance, insurance and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the Statement of Net Position. Net position (i.e., total assets plus deferred outflows, net of total liabilities plus deferred inflows) are segmented into net investment in capital assets; restricted for capital assets activity and debt service; and unrestricted components. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Instruments

Unless otherwise indicated, the fair values of all reported assets and liabilities which represent financial instruments approximate the carrying values of such amounts.

Cash, Cash Equivalents, Deposits and Investments

Cash and cash equivalents, for purposes of the statement of cash flows, include restricted and unrestricted cash on hand or on deposit and debt security investments with a maturity at purchase of three months or less.

Investments are reported at their fair value. Fair value is based upon quoted market prices. Realized gains and losses from the sale of investments are calculated separately from the change in the fair value. Realized gains or losses in the current period include unrealized amounts from prior periods. All investment income, including changes in the fair value of investments, is to be recognized in the operating statement.

Receivables

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The District provides for estimated uncollectible receivables through bad debt expense and a credit to an allowance based on its assessment of the current status of individual accounts and historical write-off experience. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Inventory

Inventory consists primarily of materials used in the construction and maintenance of the distribution facilities and is valued at lower of cost (on the first-in, first-out basis) or market.

Capital Assets

Capital assets are recorded at historical cost. Donated assets are valued at estimated fair value on the date received. Self-constructed assets are recorded based on the amount of direct labor, material, and certain indirect costs charged to the asset construction. Depreciation is calculated using the straight-line method over the following estimated useful lives:

	<u>Estimated Life</u>
Buildings and Structures	33 – 40 years
Transmission and Distribution Mains	40 – 50 years
Equipment	4 – 20 years
STEP Sewer Systems	40 – 50 years

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Depreciation expense aggregated \$11,467,606 and \$10,257,803 for the years ended June 30, 2021 and 2020, respectively, and is included with depreciation and amortization expense.

Maintenance and repairs are charged to operations when incurred. Costs of assets sold or retired (and the related amounts of accumulated depreciation) are eliminated from the Statement of Net Position in the year of sale or retirement, and the resulting gain or loss is recognized in operations.

Abandonment of Capital Assets

In accordance with GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries," management evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both the decline in service utility of the capital asset is large in magnitude and the event or change in circumstance is outside the normal life cycle of the capital asset. No abandonment loss was recognized for the years ended June 30, 2021 and 2020.

Contributed Systems

Construction and acquisition of water systems and step sewer systems are financed in part by contributions in aid of construction from property owners and developers. Contributed capital represents the total value of donated water systems and tap fees in excess of cost collected for installed taps.

Deferred outflows/inflows of resources

Deferred outflows of resources represent a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources until then. The District has deferred charges on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding debt. The District also has contributions made to its pension plan subsequent to the measurement date of the plan which will be recognized as a reduction of the net pension liability in the subsequent fiscal year.

Deferred inflows of resources represent the acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until that time. The District has deferred premiums on bond issuances. This amount is deferred and amortized over the life of the bonds and recorded in interest expense. The District also has deferrals of pension expense that resulted from the implementation of GASB Statement No. 68. These amounts are deferred and recognized in pension expense in subsequent fiscal years.

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Presentation of certain taxes

The District collects various taxes from customers and remits these amounts to applicable taxing authorities. The District's accounting policy is to exclude these taxes from revenues and cost of sales.

Net Position

Equity is classified as net position and displayed in the following three components:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets.

Restricted for debt service – Consists of restricted cash and investments.

Unrestricted – All other net position that do not meet the description of the above categories.

Revenues and Expenses

As a proprietary fund, the District was organized to be self-supporting through user charges. All proprietary funds are accounted for using the accrual basis of accounting. The District utilizes cycle billing and records revenue billed to its customers when the meters are read, and expenses are recorded as they are incurred. Recognition has been given to unbilled revenue in the financial statements.

Operating revenue consist of sales of water and other services related to water distribution. Non-operating revenues consist of investment income and special charges that can be used for either operating or capital purposes. Operating income reported in the financial statements includes revenues and expenses related to the primary continuing operations of the District. Principal operating expenses are the cost of providing goods or services and include administrative expenses and depreciation of capital assets.

Pensions

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

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Employees of the District are entitled to paid vacation and sick days depending on the length of service and other factors. District employees who meet certain eligibility criteria are compensated for accrued sick leave upon retirement. The vested and earned vacation leave is recognized as a current liability of the District at June 30, 2021 and 2020. The estimated liability for sick leave has been reflected in this report as a long-term liability, as it will not be paid to employees until termination.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Risk Management

The District is subject to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance for these claims and for all other risks of loss. Settled claims have not exceeded the commercial coverage for the past years ended June 30, 2021, 2020 and 2019.

NOTE 2 - CASH AND INVESTMENTS

Cash and investments as of June 30, 2021 and 2020 are classified in the Statements of Net Position as follows:

	2021	2020
Cash and cash equivalents	\$ 62,455,153	\$ 27,193,099
Investments	18,054,046	40,201,817
Restricted for debt service	<u>7,969,698</u>	<u>7,763,684</u>
	<u><u>\$ 88,478,897</u></u>	<u><u>\$ 75,158,600</u></u>

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Cash and investments as of June 30, 2021 and 2020 consist of the following:

	2021	2020
Cash on hand	\$ 1,350	\$ 1,350
Deposits with financial institutions	62,453,803	27,191,749
Certificates of deposit	6,090,634	9,056,555
Investments - marketable securities	8,592,096	16,596,664
Investments - state and local obligations	1,545,366	543,905
Local governmental investment pool	9,795,648	21,768,377
	<u>\$ 88,478,897</u>	<u>\$ 75,158,600</u>

Authorized Investments

The District is authorized by law to invest idle funds in various U.S. government or agency obligations as well as secured certificates of deposits at state and federal chartered banks and savings and loan associations. The District also may invest in repurchase agreements for U.S. Government or agency obligations whose portfolio consist of any of the investments discussed above if those investments are approved by the state director of local finance. Finally, the District may invest in the local government investment pool established by Title 9, Chapter 4, Part 7, Tennessee Code Annotated. Authorized investments may not have a maturity of greater than four (4) years unless authorized by the state director of local finance. District regulations do not provide any further restrictions on investments.

Disclosures Relating to Interest Rate Risk and Credit Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair market value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in interest rates is. One of the ways the District manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments. By timing cash flows from maturities so that a portion of the portfolio is maturing evenly over time, this provides the cash flow and liquidity needed for operations and capital expenditures.

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization.

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Disclosures Relating to Interest Rate Risk and Credit Risk (Continued)

As of June 30, 2021, the District had the following investments in marketable securities:

	Market Value	Maturity Date	Call Date	Rating as of Year End
Fannie Mae	\$ 869,256	1/1/2023	Non-callable	AAA
Fannie Mae	649,044	3/1/2023	Non-callable	AAA
Federal Farm Credit Bank	2,016,905	1/13/2022	Non-callable	AAA
Federal Home Loan Bank	2,016,551	10/12/2021	Non-callable	AAA
Federal National Mortgage Assn.	3,040,340	1/11/2022	Non-callable	AAA
	<u>\$ 8,592,096</u>			

Concentration of Credit Risk

The investment policy of the District contains no limitations on the amount that can be invested in any one issuer. Investments in any one issuer that represents 5% or more of the total District investments are as follows:

Fannie Mae	Federal Agency Securities	\$ 1,518,300
Federal Farm Credit Bank	Federal Agency Securities	\$ 2,016,905
Federal Home Loan Bank	Federal Agency Securities	\$ 2,016,551
Federal National Mortgage Assn.	Federal Agency Securities	\$ 3,040,340

Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a depositor will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Tennessee Code Annotated requires that a financial institution secure deposits made by a state or local government unit by pledging securities in a collateral pool maintained by the State Treasurer, or by placing securities in an amount of 105% of the uninsured deposits in an escrow account in a second bank for the benefit of the government agency. Alternatively, banks may secure deposits by participating in an investment cash sweep program that is approved by the State Treasurer. The District began transitioning to a new retail bank in June 2020, and the new provider agreed to secure deposits through the Insured Cash Sweep (ICS), which operates through Promontory Interfinancial Network, LLC. However, the bank did not take the necessary steps to put this program in place, and consequently the District's balances in this depository in excess of the bank's FDIC limit were unsecured throughout the fiscal year. This was rectified on August 6, 2020 when the ICS program was properly executed. Unsecured balances totaled \$23,306,500 at June 30, 2020.

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk (Continued)

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, an investor will not be able to recover the value of its investment or collateral securities that are held in the possession of another party. All marketable securities are placed in the custody of a third-party bank in the name of the District.

NOTE 3 - CAPITAL ASSETS

Components of utility plant and equipment for the year ended June 30, 2021 are as follows:

	Balance June 30, 2020	Additions	Retires	Transfers	Balance June 30, 2021
Capital assets not being depreciated					
Land and improvements	\$ 6,292,713	\$ 428,429	\$ -	\$ -	\$ 6,721,142
Construction in progress	35,511,899	6,396,158	-	(35,556,471)	6,351,586
	<u>41,804,612</u>	<u>6,824,587</u>	<u>-</u>	<u>(35,556,471)</u>	<u>13,072,728</u>
Capital assets being depreciated					
Structures and improvements	76,311,812	2,083,096	-	3,081,068	81,475,976
Transmission and distribution mains	314,828,773	10,066,190	-	14,307,404	339,202,367
STEP sewer systems	38,719,553	3,252,196	-	50,593	42,022,342
Equipment	14,458,545	304,080	(104,071)	18,117,406	32,775,960
	<u>444,318,683</u>	<u>15,705,562</u>	<u>(104,071)</u>	<u>35,556,471</u>	<u>495,476,645</u>
Total plant in service	486,123,295	22,530,149	(104,071)	-	508,549,373
Less accumulated depreciation	<u>(137,250,246)</u>	<u>(11,467,606)</u>	<u>101,968</u>	<u>-</u>	<u>(148,615,884)</u>
Net capital assets	<u>\$ 348,873,049</u>	<u>\$ 11,062,543</u>	<u>\$ (2,103)</u>	<u>\$ -</u>	<u>\$ 359,933,489</u>

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 4 - LONG-TERM DEBT

The long-term debt at June 30, 2021 and 2020 consisted of the following:

	2021	2020
Series 2000 revenue bonds; interest payable monthly at 4.75%, maturing in monthly installments through 2040.	\$ 705,809	\$ 728,688
Series 2009 revenue bonds; interest payable monthly at 4.125%, maturing in monthly installments through 2047.	1,119,173	1,142,946
Series 2013 revenue refunding bonds; interest payable semi-annually at 2% to 4%, maturing in annual installments through 2036.	23,020,000	24,425,000
Series 2016 revenue refunding bonds; interest payable semi-annually at 1.81%, maturing in annual installments through 2030.	8,307,085	9,155,251
Series 2019 revenue bonds; interest payable semi-annually at 2% to 5%, maturing in annual installments through 2039.	<u>13,990,000</u>	<u>14,500,000</u>
Total debt	47,142,067	49,951,885
Less current portion	<u>2,923,080</u>	<u>2,809,818</u>
Long-term portion, net	<u><u>\$ 44,218,987</u></u>	<u><u>\$ 47,142,067</u></u>

Future debt service requirements of long-term debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 2,923,080	\$ 1,531,096	\$ 4,454,176
2023	3,035,530	1,427,445	4,462,975
2024	3,144,734	1,319,792	4,464,526
2025	3,248,629	1,207,047	4,455,676
2026	3,373,493	1,090,383	4,463,876
2027-2031	15,466,095	3,769,707	19,235,802
2032-2036	12,230,324	1,722,342	13,952,666
2037-2041	3,353,801	297,046	3,650,847
2042-2046	306,806	45,474	352,280
2047	<u>59,575</u>	<u>1,174</u>	<u>60,749</u>
	<u><u>\$ 47,142,067</u></u>	<u><u>\$ 12,411,506</u></u>	<u><u>\$ 59,553,573</u></u>

As of June 30, 2021, the District was in compliance with all bond covenants.

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 4 - LONG-TERM DEBT (CONTINUED)

Long-term transactions for the year ended June 30, 2021 are as follows:

	Balance June 30, 2020	Proceeds	Payments	Balance June 30, 2021
Revenue bonds	\$ 16,371,635	\$ -	\$ 556,651	\$ 15,814,984
Refunding bonds	33,580,250	-	2,253,167	31,327,083
Total long-term debt	<u>\$ 49,951,885</u>	<u>\$ -</u>	<u>\$ 2,809,818</u>	<u>\$ 47,142,067</u>

Revenue Bond Issuance

On May 30, 2020, the District issued \$15,000,000 in revenue bonds at interest rates ranging from 2.0% to 5%. Net proceeds of \$15,865,114 were received which included a premium of \$1,076,584 and payments of \$211,470 in underwriting fees and other issue costs. The proceeds from the bonds were used to reimburse the District for four significant capital improvement projects to the system.

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS

GASB Statement No. 72, *Fair Value Measurements and Application*, defines fair value as the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity.

GASB Statement No. 72 specifies a hierarchy of valuation techniques based upon whether the inputs to those valuation techniques reflect assumptions other market participants would use based upon market data obtained from independent sources (observable inputs). In accordance with GASB Statement No. 72, the following summarizes the fair value hierarchy:

Level 1 Inputs – Unadjusted quoted market prices for identical asset and liabilities in an active market the District has the ability to access.

Level 2 Inputs – Inputs other than quoted prices in active markets that are observable either directly or indirectly.

Level 3 Inputs – Inputs based on prices or valuation techniques that are both unobservable and significant to the overall fair value measurements.

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 5 - FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

The following table presents the District's fair value hierarchy for those assets and liabilities measured at fair value on a recurring basis as of June 30, 2021 and 2020.

June 30, 2021				
	Total Value	Value Level 1	Value Level 2	Value Level 3
Certificates of deposit	\$ 6,090,634	\$ 6,090,634	\$ -	\$ -
Mortgage-backed securities	8,592,096	-	8,592,096	-
Fixed income	1,545,366	-	1,545,366	-
Local government investment pool	9,795,648	9,795,648	-	-
Total assets at fair value	<u>\$ 26,023,744</u>	<u>\$ 15,886,282</u>	<u>\$ 10,137,462</u>	<u>\$ -</u>
Total liabilities at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
June 30, 2020				
	Total Value	Value Level 1	Value Level 2	Value Level 3
Certificates of deposit	\$ 9,056,555	\$ 9,056,555	\$ -	\$ -
Mortgage-backed securities	16,596,664	-	16,596,664	-
Fixed income	543,905	-	543,905	-
Local government investment pool	21,768,377	21,768,377	-	-
Total assets at fair value	<u>\$ 47,965,501</u>	<u>\$ 30,824,932</u>	<u>\$ 17,140,569</u>	<u>\$ -</u>
Total liabilities at fair value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Carrying values of non-derivative financial statement balances, including cash and cash equivalents, accounts payable, and accrued expenses, approximate fair values due to the short-term nature of these financial statements. The carrying value of long-term debt, based on borrowing rates currently available to the District, approximates fair value. There are no changes in methods or assumptions during the periods ended June 30, 2021 and 2020.

NOTE 6 - PENSION PLAN

Plan description

Employees of Consolidated Utility District of Rutherford County are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 6 - PENSION PLAN (CONTINUED)

Benefits provided

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

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

Employees covered by benefit terms

At the measurement date of June 30, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	43
Active employees	<u>116</u>
	<u>168</u>

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 6 - PENSION PLAN (CONTINUED)

Contributions

Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. The District makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2021, the employer contributions for the District were \$358,539 based on a rate of 5 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept the District's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Pension liabilities (assets). The District's net pension liability (asset) was measured as of June 30, 2020, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

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

Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent.
Investment rate of return	7.25 percent, net of pension plan investment expenses, including inflation.
Cost-of-Living Adjustment	2.25 percent

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

The actuarial assumptions used in the June 30, 2020 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 6 - PENSION PLAN (CONTINUED)

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from the District 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.

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 6 - PENSION PLAN (CONTINUED)

Changes in Net Pension Liability

	Total Pension Liability	Increase (Decrease) Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/19	<u>\$11,669,745</u>	<u>\$ 12,866,871</u>	<u>\$ (1,197,126)</u>
Changes for the year:			
Service cost	474,632	-	474,632
Interest	871,601	-	871,601
Difference between expected and actual experience	445,929	-	445,929
Contributions-employer	-	347,430	(347,430)
Contributions-employees	-	347,430	(347,430)
Net investment income	-	649,126	(649,126)
Benefit payments, including refunds of employee contributions	(244,589)	(244,589)	-
Administrative expense	-	(10,026)	10,026
Net changes	<u>1,547,573</u>	<u>1,089,371</u>	<u>458,202</u>
Balance at 6/30/20	<u><u>\$13,217,318</u></u>	<u><u>\$ 13,956,242</u></u>	<u><u>\$ (738,924)</u></u>

Sensitivity of the net pension liability to changes in the discount rate

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Consolidated Utility District of Rutherford County's net pension liability (asset)	\$ 1,325,820	\$ (738,924)	\$ (2,419,028)

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 6 - PENSION PLAN (CONTINUED)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense

For the year ended June 30, 2021, the District recognized pension expense of \$155,113.

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2021, the District 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	\$ 599,490	\$ 352,374
Net difference between projected and actual earnings on pension plan investments	115,263	-
Changes in assumptions	134,734	-
Contributions subsequent to the measurement date of June 30, 2020	358,539	N/A
Total	\$ 1,208,026	\$ 352,374

Note to schedule: The amount shown above for "Contributions subsequent to the measurement date of June 30, 2020," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30:

2022	\$ 22,895
2023	88,943
2024	134,204
2025	138,832
2026	27,721
Thereafter	84,819

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

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 6 - PENSION PLAN (CONTINUED)

Payable to the Pension Plan

At June 30, 2021, the District reported no outstanding amounts of contributions to the pension plan required at the year ended June 30, 2021.

NOTE 7 - RETIREMENT PLANS

Deferred Compensation Plan

The District offers its employees a deferred compensation plan created in accordance with the Internal Revenue Service Code Section 457. The Plan, available to all District employees, permits employees to defer a portion of their salary until future years. Compensation deferred under this plan is not available to employees or their beneficiaries until termination, retirement, death, or unforeseeable emergency. Prior to the adoption of the TCRS plan, the District provided a matching contribution of up to 4% of total wages to all participating employees. Subsequent to July 1, 2007 no employer match is available to employees participating in TCRS. For those employees who elected not to participate in TCRS the District provides a contribution of 11.5% for all employees who elect to contribute at least 5% to this program. Effective May 2, 2015, the District's contribution of 11.5% is being made to the defined contribution plan as described below. The plan assets are held in trust for the exclusive benefit of participating employees. The assets and liabilities associated with the plan are excluded from the District's statements of net position. There were no employer contributions under this program for the years ended June 30, 2021 and 2020.

Defined Contribution Plan

Beginning May 2, 2015, the District began offering its employees a deferred contribution retirement plan created in accordance with the Internal Revenue Service Code Section 401(a). This plan covers employees that were employed on July 1, 2007 and before who elected not to participate in the TCRS plan. Under the terms of the plan, the employee must contribute at least 5% to the deferred compensation plan. The District contributes 11.5% of employee-eligible plan compensation subject to annual limitations imposed by the Internal Revenue Code. Employees are immediately vested in employer contributions. For the years ended June 30, 2021 and 2020, employer contributions to the 401(a) retirement plan totaled \$75,557 and \$79,903, respectively.

NOTE 8 - POST EMPLOYMENT HEALTH BENEFITS

Plan Description

The District's defined benefit OPEB plan provides OPEB for all full-time employees of the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The Retiree Health Plan does not issue a publicly available financial report.

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 8 - POST EMPLOYMENT HEALTH BENEFITS (CONTINUED)

Benefits Provided

The District offers medical benefits to its retired employees that meet the specified eligibility requirements. Employees are required to reach age 59.5 and have 15 years of service to qualify for the OPEB plan. The retiree pays 4 percent of the premiums for medical, dental and vision coverage for the retirees and covered spouse. Benefits end at age 65.

Employees Covered by Benefit Terms

As of July 1, 2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>105</u>
Total participants covered by OPEB plan	<u>107</u>

Total OPEB Liability

The District's total OPEB liability of \$3,693,522 was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and Other Inputs

Discount Rate	2.21%
Healthcare Cost Trend Rates:	
2020 – 2021 (single/two person)	22.73% / 23.25%
2021 - 2021 trend	9.50%
Decrement	0.50%
Ultimate trend	5.00%
Year ultimate trend is reached	2030
Salary Increases	2.00%

The discount rate was based on the index provided by *Bond Buyer 20-Bond General Obligation Index* based on the 20 year AA municipal bond rate as of June 30, 2020.

Mortality rates: SOA RP-2014 Total Dataset Mortality with Scale MP-2019 (Base year 2006).

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 8 - POST EMPLOYMENT HEALTH BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

	2021	2020
OPEB liability, beginning of year	\$ 3,408,455	\$ 2,059,037
Changes for the year:		
Service cost	256,379	250,836
Interest	74,817	68,762
Assumption changes	-	729,645
Difference between actual and expected experience	-	345,307
Benefit payments	<u>(46,129)</u>	<u>(45,132)</u>
OPEB liability, end of year	<u>\$ 3,693,522</u>	<u>\$ 3,408,455</u>

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

The following presents the total OPEB liability calculated using a discount rate of 2.21%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	Discount Rate		
	1% Decrease	Current Discount Rate	1% Increase
Consolidated Utility District of Rutherford County's Total OPEB Liability	\$ 4,101,620	\$ 3,693,522	\$ 3,308,877

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

The following presents the total OPEB liability calculated using the trend rate of 22.73% / 23.25%, as well as what the total OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher than the current rate:

	Healthcare Cost Trend Rates		
	1% Decrease	Current Discount Rate	1% Increase
Consolidated Utility District of Rutherford County's Total OPEB Liability	\$ 3,101,977	\$ 3,693,522	\$ 4,415,247

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 8 - POST EMPLOYMENT HEALTH BENEFITS (CONTINUED)

OPEB Expense

	2021	2020
Service cost	\$ 256,379	\$ 250,836
Interest	74,817	68,762
Amortization of deferred charges:		
Difference between expected and actual experience	(199,533)	(199,533)
Changes of assumptions or other inputs	<u>214,134</u>	<u>214,134</u>
Net OPEB expense	<u>\$ 345,797</u>	<u>\$ 334,199</u>

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

Fiscal year ending differences between expected and actual experience	Initial Amount	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2021
June 30, 2017	\$ (924,115)	8.72	\$ (121,921)	\$ (436,431)
June 30, 2018	\$ (1,001,543)	7.72	\$ (120,668)	\$ (639,539)
June 30, 2019	N/A	6.72	N/A	N/A
June 30, 2020	\$ 345,307	8.02	\$ 43,056	\$ 259,195
Fiscal year ending changes in assumptions	Initial Amount	Initial Amortization Period	Annual Recognition	Unamortized Balance as of June 30, 2021
June 30, 2017	\$ 1,067,947	8.72	\$ 138,425	\$ 514,247
June 30, 2018	\$ (126,733)	7.72	\$ (15,269)	\$ (80,926)
June 30, 2019	N/A	6.72	N/A	N/A
June 30, 2020	\$ 729,645	8.02	\$ 90,978	\$ 547,689
			<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences between expected and actual experience			\$ 259,195	\$ (1,075,970)
Changes in assumptions			<u>1,061,936</u>	<u>(80,926)</u>
Total			<u>\$ 1,321,131</u>	<u>\$ (1,156,896)</u>

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 8 - POST EMPLOYMENT HEALTH BENEFITS (CONTINUED)

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

Annual amortization of Deferred Outflows/(Inflows)

Year Ended June 30:

2022	\$ 14,601
2023	14,601
2024	14,601
2025	(44,702)
2026	(44,702)
Thereafter	209,836
	<u>\$ 164,235</u>

NOTE 9 - COMMITMENTS AND CONTINGENCIES

The District in its normal course of business has entered into construction contracts with various companies for the purpose of extension and improvements to its water system and sewer services.

The District is involved in various lawsuits in the normal course of business operations. The District's management believes the outcome of these lawsuits will not have a material adverse effect on the District's financial statements.

NOTE 10 - DATE OF MANAGEMENT'S REVIEW

Subsequent events have been evaluated by the District's management through October 12, 2021, which is the date the financial statements were available to be issued. During this period, there were no material recognizable subsequent events that required recognition in our disclosures to the June 30, 2021 financial statements.

SUPPLEMENTAL INFORMATION

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
LAST FISCAL YEAR ENDING JUNE 30

	2020	2019	2018	2017	2016	2015	2014
Total pension liability:							
Service cost	\$ 474,632	\$ 407,720	\$ 363,244	\$ 323,452	\$ 281,097	\$ 271,048	\$ 288,991
Interest	871,601	808,850	739,158	697,718	614,284	570,337	538,160
Changes in benefit terms	-	-	-	-	-	-	-
Differences between actual & expected experience	445,929	(208,717)	(7,853)	(252,037)	460,576	18,413	(227,605)
Change of assumptions	-	-	-	242,522	-	-	-
Benefit payments, including refunds of employee contributions	(244,589)	(173,869)	(181,662)	(136,479)	(435,223)	(132,562)	(172,602)
Net change in total pension liability	1,547,573	833,984	912,887	875,176	920,734	727,236	426,944
Total pension liability - beginning	11,669,745	10,835,761	9,922,874	9,047,698	8,126,964	7,399,728	6,972,784
Total pension liability- ending (a)	\$ 13,217,318	\$ 11,669,745	\$ 10,835,761	\$ 9,922,874	\$ 9,047,698	\$ 8,126,964	\$ 7,399,728
Plan fiduciary net position:							
Contributions - employer	\$ 347,430	\$ 270,085	\$ 244,189	\$ 1,640,225	\$ 473,421	\$ 408,725	\$ 401,527
Contributions - employee	347,430	270,085	244,189	217,908	200,094	172,750	163,889
Net investment income	649,126	879,271	879,923	976,584	197,533	212,375	921,146
Benefit payments, including refunds of employee contributions	(244,589)	(173,869)	(181,662)	(136,479)	(435,223)	(132,562)	(172,602)
Administrative expense	(10,026)	(8,476)	(8,501)	(7,341)	(5,668)	(3,471)	(2,571)
Net change in plan fiduciary net position	1,089,371	1,237,096	1,178,138	2,690,897	430,157	657,817	1,311,389
Plan fiduciary net position - beginning	12,866,871	11,629,775	10,451,637	7,760,740	7,330,583	6,672,766	5,361,377
Plan fiduciary net position - ending (b)	\$ 13,956,242	\$ 12,866,871	\$ 11,629,775	\$ 10,451,637	\$ 7,760,740	\$ 7,330,583	\$ 6,672,766
Net Pension Liability - ending (a) - (b)	\$ (738,924)	\$ (1,197,126)	\$ (794,014)	\$ (528,763)	\$ 1,286,958	\$ 796,381	\$ 726,962
Plan fiduciary net position as a percentage of total pension liability	105.59%	110.26%	107.33%	105.33%	85.78%	90.20%	90.18%
Covered-employee payroll	\$ 6,948,589	\$ 5,401,700	\$ 4,883,772	\$ 4,358,148	\$ 4,001,873	\$ 3,454,991	\$ 3,277,774
Net pension liability as a percentage of covered-employee payroll	-10.63%	-22.16%	-16.26%	-12.13%	32.16%	23.05%	22.18%

Notes to Schedule

Changes of assumptions. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

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.

**CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
SCHEDULE OF CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD
COUNTY'S CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC
EMPLOYEE PENSION PLAN OF TCRS
LAST FISCAL YEARS ENDING**

	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	\$ 358,539	\$ 195,256	\$ 152,328	\$ 154,816	\$ 515,569	\$ 473,421	\$ 408,725	\$ 401,527
Contributions in relation to the actuarially determined contribution	358,539	347,430	270,086	244,189	1,640,225	473,421	408,725	401,527
Contribution deficiency (excess)	\$ -	\$ (152,174)	\$ (117,758)	\$ (89,373)	\$ (1,124,656)	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 7,170,780	\$ 6,948,589	\$ 5,401,700	\$ 4,883,772	\$ 4,358,148	\$ 4,001,868	\$ 3,454,991	\$ 3,277,774
Contributions as a percentage of covered payroll	5.00%	5.00%	5.00%	5.00%	37.64%	11.83%	11.83%	12.25%

Notes to Schedule

Valuation date

Actuarially determined contribution rates for fiscal year 2021 were calculated based on the June 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates

Actuarial cost method	Entry age normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.5 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	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actuarial experience including an adjustment for some anticipated improvement
Cost of living adjustments	2.25 percent

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 graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

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.

**CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST FISCAL YEARS ENDING**

	2021	2020	2019
OPEB liability, beginning of year	\$ 3,408,455	\$ 2,059,037	\$ 3,033,594
Changes for the year:			
Service cost	256,379	250,836	109,357
Interest	74,817	68,762	66,302
Assumption changes	-	729,645	(126,733)
Change in actuarial cost method	-	345,307	(1,001,543)
Benefit payments	<u>(46,129)</u>	<u>(45,132)</u>	<u>(21,940)</u>
OPEB liability, end of year	<u>\$ 3,693,522</u>	<u>\$ 3,408,455</u>	<u>\$ 2,059,037</u>
 Covered-employee payroll	 \$ 6,176,012	 \$ 6,054,914	 \$ 4,883,772
Total OPEB liability as a percentage of covered payroll	59.80%	56.29%	42.16%

Notes to Schedule:

Benefit changes: There were no changes in benefit terms for the year ended June 30, 2021.

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.

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2021

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding July 1, 2020	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2021
<u>Bonds Payable</u>									
Revenue Bonds, Series 2000	\$ 1,000,000	4.75%	5/28/2000	5/28/2040	\$ 728,688	\$ -	\$ 22,879	\$ -	\$ 705,809
Revenue Bonds, Series 2009	1,350,000	4.125%	5/26/2009	5/26/2047	1,142,946	-	23,773	-	1,119,173
Revenue Refunding Bonds, Series 2013	33,140,000	2.0% to 4.0%	4/11/2013	2/1/2036	24,425,000	-	1,405,000	-	23,020,000
Revenue Refunding Bonds, Series 2016	9,519,000	1.81%	8/30/2016	2/1/2030	9,155,251	-	848,166	-	8,307,085
Revenue Bonds, Series 2019	15,000,000	2.0% to 5.0%	5/30/2019	2/1/2039	14,500,000	-	510,000	-	13,990,000
Total Bonds Payable					\$ 49,951,885	\$ -	\$ 2,809,818	\$ -	\$ 47,142,067

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE

SCHEDULE OF NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

	Fiscal Year									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Invested in Capital Assets, net of related debt	\$ 312,679	\$ 298,851	\$ 276,720	\$ 259,677	\$ 232,562	\$ 210,445	\$ 199,078	\$ 193,165	\$ 185,099	\$ 173,233
Restricted to Meet Bond Indenture Provisions	8,709	8,961	7,919	6,635	6,332	7,170	7,220	6,902	6,538	10,015
Unrestricted	79,672	67,148	61,334	48,437	49,065	46,281	43,730	35,662	31,634	30,843
Total Net Position	\$ 401,060	\$ 374,960	\$ 345,973	\$ 314,749	\$ 287,959	\$ 263,896	\$ 250,028	\$ 235,729	\$ 223,271	\$ 214,091

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE

SCHEDULE OF CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(amounts expressed in thousands)

*

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Operating Revenue:										
Water Sales	\$ 33,666	\$ 31,773	\$ 29,306	\$ 28,143	\$ 27,267	\$ 18,866	\$ 24,635	\$ 23,794	\$ 22,793	\$ 22,895
Sewer (Step) Sales	3,041	2,767	2,517	2,318	2,138	1,487	1,851	1,676	1,513	1,463
Late Payment Fees	746	670	672	652	637	415	557	677	622	608
Service Charges	1,807	1,665	1,801	1,672	1,554	997	1,447	1,344	1,147	1,063
Other	248	241	234	64	310	150	229	211	197	166
Less: Adjustments and Allowances	(210)	(202)	(155)	(166)	(161)	(109)	(147)	(177)	(139)	(181)
Total Operating Revenue	39,298	36,914	34,375	32,683	31,745	21,806	28,572	27,525	26,133	26,014
Operating Expenses:										
Source of Supply	522	1,028	1,027	1,023	501	1	-	-	-	-
Pumping	836	871	738	743	745	390	596	547	527	525
Water Plant & Treatment	3,940	3,436	2,958	2,771	2,662	1,985	2,714	2,789	2,534	2,673
Transmission & Distribution	6,909	6,652	6,126	5,655	5,128	3,290	4,116	3,798	3,945	3,557
Customer Accounting	840	1,040	801	755	631	463	614	639	587	595
Customer Service	1,645	1,441	1,620	1,542	1,482	1,045	1,350	1,252	1,344	1,515
Wastewater (Step Systems)	1,829	1,686	1,337	1,217	1,013	712	944	932	905	877
Administrative & General	4,875	4,572	3,670	4,220	3,355	2,856	3,449	3,366	3,204	3,339
Depreciation & Amortization	11,468	10,258	9,618	9,103	8,649	6,290	8,065	7,347	7,214	7,087
Total Operating Expenses	32,864	30,984	27,895	27,029	24,166	17,031	21,848	20,670	20,260	20,168
Net Operating Revenue	6,434	5,930	6,480	5,654	7,579	4,775	6,724	6,855	5,873	5,846
Non-operating Revenue (Expenses)	(1,024)	34	(190)	(623)	(1,051)	(1,087)	(1,427)	(1,418)	(2,255)	(2,379)
Net Income before Contributions	5,410	5,964	6,290	5,031	6,528	3,688	5,297	5,437	3,618	3,467
Contributions:										
Tap Fees - Net of Costs	7,315	7,016	5,479	5,547	5,732	3,792	3,844	2,744	1,856	1,582
Developer Contributions	13,375	15,248	19,455	16,213	11,803	6,388	5,158	5,888	3,129	1,551
Contributions - Others	-	759	-	-	-	-	-	-	578	885
Total Contributions	20,690	23,023	24,934	21,760	17,535	10,180	9,002	8,632	5,563	4,018
Change in Accounting Methods	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Change in Net Position	\$ 26,100	\$ 28,987	\$ 31,224	\$ 26,791	\$ 24,063	\$ 13,868	\$ 14,299	\$ 14,069	\$ 9,181	\$ 7,485

* - Changes in net position for 2021, 2020, 2019, 2018 and 2017 are for the year ended June 30. Change in net position for 2016 are for the nine months ended June 30. Changes in net position for prior years are the years ended September 30.

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
SCHEDULE OF OPERATING REVENUES
FOR THE YEAR ENDED JUNE 30, 2021

	Actual	(Unaudited) Budget	Variance Favorable (Unfavorable)
Operating Revenues			
Water Sales	\$ 33,665,791	\$ 31,656,500	\$ 2,009,291
Sewer (Step) Sales	3,041,326	2,690,000	351,326
Late Payment Fees	745,340	650,000	95,340
Service Charges	1,807,078	1,394,000	413,078
Fire Protection	189,207	185,000	4,207
Miscellaneous Income	59,959	27,800	31,393
	<u>39,508,701</u>	<u>36,603,300</u>	<u>2,904,635</u>
Less: Adjustments and Allowances	<u>(210,243)</u>	<u>(210,000)</u>	<u>(243)</u>
Total Operating Revenues	<u>\$ 39,298,458</u>	<u>\$ 36,393,300</u>	<u>\$ 2,904,392</u>

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Actual	(Unaudited) Budget	Budget Remaining	% of Budget Used
Source of Supply				
Purchased water	\$ 522,354	\$ 525,000	2,646	99.50%
Pumping				
Building and grounds	53,199	28,000	(25,199)	190.00%
Chemicals	1,367	-	(1,367)	0.00%
Computers and software	7,206	-	(7,206)	0.00%
Contract services, maintenance	29,635	40,000	10,365	74.09%
Electricity	287,197	380,000	92,803	75.58%
Employee regular wages	187,253	190,923	3,670	98.08%
Employee overtime pay	24,957	25,000	43	99.83%
Employee vacation pay	13,104	13,575	471	96.53%
Employee supplemental pay	6,574	1,710	(4,864)	384.44%
Employee sick pay	8,799	7,184	(1,615)	122.48%
Employee benefits, allocated	62,045	64,308	2,263	96.48%
Employee section 401(a)	10,936	10,807	(129)	101.19%
Retirement contribution	2,964	7,135	4,171	41.54%
Employer payroll taxes	17,858	18,237	379	97.92%
Equipment/vehicle repair	2,044	22,000	19,956	9.29%
Insurance, workers comp	1,460	1,100	(360)	132.73%
Licenses and permits	-	5,000	5,000	0.00%
Materials and supplies	1,554	10,000	8,446	15.54%
Miscellaneous	-	500	500	0.00%
Office furniture and fixtures	-	10,000	10,000	0.00%
Outside services employed	2,909	20,000	17,091	14.55%
Postage/freight	795	2,000	1,205	39.75%
Promotion and entertainment	94	-	(94)	0.00%
Rental expense	734	3,000	2,266	24.47%
Repair and maintenance	91,265	100,000	8,735	91.27%
School and education	413	20,000	19,587	2.07%
Telephone, data & fax	4,154	2,000	(2,154)	207.70%
Tools and equipment	7,283	20,000	12,717	36.42%
Transportation	11,191	15,000	3,809	74.61%
Travel	-	11,000	11,000	0.00%
Uniforms	442	1,500	1,058	29.47%
Total Pumping	837,432	1,029,979	192,547	81.31%
Water Treatment Plant				
Building and grounds	46,937	35,000	(11,937)	134.10%
Chemicals	1,164,115	910,000	(254,115)	127.92%
Computers and software	3,919	-	(3,919)	0.00%
Contract services, maintenance	26,529	9,000	(17,529)	294.77%
Dues and subscriptions	-	400	400	0.00%
Electricity	792,605	855,000	62,395	92.70%
Employee regular wages	930,704	934,500	3,796	99.59%
Employee overtime pay	67,266	46,000	(21,266)	146.23%
Employee vacation pay	66,865	58,328	(8,537)	114.64%
Employee supplemental pay	25,792	11,822	(13,970)	218.17%
Employee sick pay	28,711	34,815	6,104	82.47%

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
SCHEDULE OF OPERATING EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	Actual	(Unaudited) Budget	Budget Remaining	% of Budget Used
Employee benefits, allocated	367,284	357,763	(9,521)	102.66%
Retirement contribution	22,929	51,382	28,453	44.63%
Employer payroll taxes	83,070	83,038	(32)	100.04%
Equipment/vehicle repair	285	2,000	1,715	14.26%
Insurance, workers comp	7,099	9,000	1,901	78.88%
Lab supplies	42,205	35,000	(7,205)	120.59%
Licenses and permits	250	1,000	750	25.00%
Materials and supplies	34,655	25,000	(9,655)	138.62%
Miscellaneous	114	2,500	2,386	4.57%
Office furniture and fixtures	1,344	3,000	1,656	44.80%
Outside services employed	19,273	20,000	727	96.36%
Postage/freight	5,704	5,000	(704)	114.08%
Promotion & entertainment	347	500	153	69.48%
Rental expense	-	750	750	0.00%
Repair and maintenance	155,733	90,000	(65,733)	173.04%
School and education	9,243	4,000	(5,243)	231.06%
Telephone, data & fax	7,024	6,500	(524)	108.07%
Tools and equipment	22,054	15,000	(7,054)	147.03%
Transportation	3,734	4,500	766	82.98%
Travel	997	2,500	1,503	39.87%
Uniforms	3,030	3,000	(30)	101.01%
Total Water Treatment Plant	3,939,818	3,616,298	(323,520)	108.95%
Transmission and Distribution				
Building and grounds	1,343	15,000	13,657	8.95%
Computers and software	10,632	21,000	10,368	50.63%
Contract services, maintenance	17,761	3,000	(14,761)	592.03%
Dues and subscriptions	747	2,000	1,253	37.35%
Employee regular wages	2,935,667	3,133,953	198,286	93.67%
Employee overtime pay	119,070	183,700	64,630	64.82%
Employee supplemental pay	103,736	33,735	(70,001)	307.50%
Employee vacation pay	228,642	200,778	(27,864)	113.88%
Employee sick pay	236,484	116,011	(120,473)	203.85%
Employee - temporary	960	35,000	34,040	2.74%
Employee benefits, allocated	1,290,355	1,257,850	(32,505)	102.58%
Employee section 401(a)	23,736	24,690	954	96.14%
Retirement contribution	68,530	169,526	100,996	40.42%
Employer payroll taxes	267,267	283,293	16,026	94.34%
Equipment/vehicle repair	80,636	132,500	51,864	60.86%
Insurance, workers comp	23,850	27,400	3,550	87.04%
Lab supplies	1,357	6,000	4,643	22.62%
Licenses and permits	7,284	10,000	2,716	72.84%
Materials and supplies	28,971	29,700	729	97.55%
Miscellaneous expenses	-	4,650	4,650	0.00%
Office furniture/fixtures	5,374	15,000	9,626	35.83%
Outside services employed	92,711	140,000	47,289	66.22%
Postage/freight	6,499	4,500	(1,999)	144.42%
Promotion and entertainment	3,736	12,800	9,064	29.19%
Rental expense	4,427	18,000	13,573	24.59%
Repair and maintenance	999,658	905,000	(94,658)	110.46%
School and education	26,545	36,000	9,455	73.74%

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
SCHEDULE OF OPERATING EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	Actual	(Unaudited) Budget	Budget Remaining	% of Budget Used
Telephone, data & fax	41,557	56,000	14,443	74.21%
Tools and equipment	98,533	177,000	78,467	55.67%
Transportation	167,730	206,500	38,770	81.23%
Travel	205	45,500	45,295	0.45%
Uniforms	15,195	24,000	8,805	63.31%
Total Transmission and Distribution	6,909,198	7,330,086	420,888	94.26%
Customer Accounting				
Computers and software	6,242	4,000	(2,242)	156.05%
Contract services, maintenance	1,560	10,000	8,440	15.60%
Employee regular wages	357,971	363,483	5,512	98.48%
Employee overtime pay	22,795	43,500	20,705	52.40%
Employee supplemental pay	15,246	8,328	(6,918)	183.07%
Employee vacation pay	28,160	25,646	(2,514)	109.80%
Employee sick pay	26,373	13,670	(12,703)	192.93%
Employee benefits, allocated	201,426	196,423	(5,003)	102.55%
Employee section 401(a)	6,262	7,115	853	88.01%
Retirement contribution	7,900	19,221	11,321	41.10%
Employer payroll taxes	33,390	34,779	1,389	96.01%
Insurance, workers comp	2,784	3,800	1,016	73.26%
Materials and supplies	577	2,500	1,923	23.08%
Miscellaneous expenses	-	250	250	0.00%
Office furniture/fixtures	-	750	750	0.00%
Outside services employed	72,712	70,000	(2,712)	103.87%
Postage/freight	2,010	500	(1,510)	402.00%
Promotion and entertainment	50	750	700	6.67%
Rental expense	-	200	200	0.00%
Repair and maintenance	-	1,000	1,000	0.00%
School and education	1,480	4,000	2,520	37.00%
Telephone, data & fax	9,869	7,000	(2,869)	140.99%
Tools and equipment	2,445	8,000	5,555	30.56%
Transportation	39,508	35,000	(4,508)	112.88%
Travel	-	7,500	7,500	0.00%
Uniforms	791	3,500	2,709	22.60%
Total Customer Accounting	839,551	870,915	31,364	96.40%
Customer Service				
Computers and software	-	1,480	1,480	0.00%
Contract services, maintenance	90,093	120,000	29,907	75.08%
Dues and subscriptions	-	-	-	0.00%
Employee regular wages	682,047	736,941	54,894	92.55%
Employee overtime pay	2,079	4,500	2,421	46.20%
Employee supplemental pay	30,216	11,326	(18,890)	266.78%
Employee vacation pay	42,445	45,352	2,907	93.59%
Employee sick pay	30,924	27,430	(3,494)	112.74%
Employee benefits, allocated	338,735	326,868	(11,867)	103.63%
Employee section 401(a)	-	-	-	0.00%
Retirement contribution	16,047	40,711	24,664	39.42%
Employer payroll taxes	62,642	63,154	512	99.19%
Equipment/vehicle repair	-	2,500	2,500	0.00%

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
SCHEDULE OF OPERATING EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	Actual	(Unaudited) Budget	Budget Remaining	% of Budget Used
Insurance, workers comp	5,595	13,100	7,505	42.71%
Materials and supplies	490	4,000	3,510	12.25%
Miscellaneous expenses	-	5,000	5,000	0.00%
Office furniture/fixtures	266	2,000	1,734	13.30%
Outside services employed	138,466	105,550	(32,916)	131.19%
Postage/freight	204,651	210,300	5,649	97.31%
Promotion & entertainment	19	-	(19)	0.00%
Repair and maintenance	-	6,000	6,000	0.00%
School and education	-	10,000	10,000	0.00%
Telephone, data & fax	408	250	(158)	163.20%
Tools and equipment	98	1,000	902	9.80%
Transportation	-	500	500	0.00%
Travel	-	11,000	11,000	0.00%
Total Customer Service	1,645,221	1,748,962	103,741	94.07%
Wasterwater (Step Systems)				
Building and grounds	268,233	300,000	31,767	89.41%
Computers and software	26	1,500	1,474	1.75%
Dues and subscriptions	-	500	500	0.00%
Electricity	194,937	200,000	5,063	97.47%
Employee regular wages	347,142	354,702	7,560	97.87%
Employee overtime pay	48,013	47,000	(1,013)	102.16%
Employee supplemental pay	10,306	5,804	(4,502)	177.56%
Employee vacation pay	28,250	23,796	(4,454)	118.72%
Employee sick pay	47,761	13,296	(34,465)	359.21%
Employee benefits, allocated	157,116	177,809	20,693	88.36%
Employee section 401(a)	9,054	10,226	1,172	88.54%
Retirement contribution	7,680	17,493	9,813	43.90%
Employer payroll taxes	33,883	34,012	129	99.62%
Equipment/vehicle repair	1,949	8,000	6,051	24.36%
Insurance, workers comp	2,707	5,200	2,493	52.06%
Lab supplies	-	4,000	4,000	0.00%
Licenses & permits	59,270	65,000	5,730	91.18%
Materials and supplies	27,063	20,000	(7,063)	135.31%
Miscellaneous expenses	-	1,000	1,000	0.00%
Office furniture/fixtures	-	4,000	4,000	0.00%
Outside services employed	38,693	35,000	(3,693)	110.55%
Postage/freight	1,608	1,000	(608)	160.80%
Promotion and entertainment	50	1,000	950	5.01%
Professional fees	-	5,000	5,000	0.00%
Rental expense	1,373	5,000	3,627	27.46%
Repair and maintenance	386,589	250,000	(136,589)	154.64%
School and education	5,938	6,000	62	98.97%
Telephone, data & fax	89,860	85,000	(4,860)	105.72%
Tools and equipment	15,467	10,000	(5,467)	154.67%
Transportation	30,604	30,000	(604)	102.01%
Travel	-	7,500	7,500	0.00%
Uniforms	1,671	2,000	329	83.56%
Utilities	13,435	16,000	2,565	83.97%
Total Wastewater (Step Systems)	1,828,680	1,746,838	(81,842)	104.69%

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
SCHEDULE OF OPERATING EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	Actual	(Unaudited) Budget	Budget Remaining	% of Budget Used
General and administrative				
Bad Debts, net of recoveries	48,108	106,000	57,892	45.38%
Banking services, retail	328	5,000	4,672	6.56%
Banking services, investment	5,218	15,000	9,782	34.79%
Building and grounds	109,860	152,000	42,140	72.28%
Computers and software	340,025	537,020	196,995	63.32%
Contract services, maintenance	270,226	148,000	(122,226)	182.59%
Dues and subscriptions	148,498	142,100	(6,398)	104.50%
Employee regular wages	1,451,932	1,480,498	28,566	98.07%
Employee regular wages: Board	28,800	30,000	1,200	96.00%
Employee overtime pay	31,155	20,300	(10,855)	153.47%
Employee supplemental pay	43,098	12,275	(30,823)	351.10%
Employee vacation pay	107,525	87,526	(19,999)	122.85%
Employee sick pay	71,175	52,594	(18,581)	135.33%
Employee benefits, allocated	378,300	463,980	85,680	81.53%
Employee benefits, allocated: Board	84,708	70,000	(14,708)	121.01%
Employee section 401(a)	25,569	27,161	1,592	94.14%
Retirement contribution	29,063	69,530	40,467	41.80%
Employer payroll taxes	124,221	128,487	4,266	96.68%
Employer payroll taxes: Board	3,885	5,000	1,115	77.70%
Post-employment health care	-	330,000	330,000	0.00%
Equipment/vehicle repair	48	8,000	7,952	0.60%
Gas and Oil	14,934	-	(14,934)	0.00%
Insurance, general	307,360	270,000	(37,360)	113.84%
Insurance, workers comp	11,201	10,400	(801)	107.70%
Licenses & permits	53,887	4,000	(49,887)	1347.18%
Materials and supplies	88,200	118,800	30,600	74.24%
Miscellaneous expenses	3,624	26,100	22,476	13.89%
Office furniture/fixtures	8,778	15,250	6,472	57.56%
Outside services employed	325,939	209,450	(116,489)	155.62%
Postage/freight	3,942	6,700	2,758	58.84%
Promotion and entertainment	46,373	39,950	(6,423)	116.08%
Promotion and entertainment: Board	-	5,000	5,000	0.00%
Professional fees, accounting	20,000	60,000	40,000	33.33%
Professional fees, engineering	135,808	150,000	14,192	90.54%
Professional fees, legal	183,218	150,000	(33,218)	122.15%
Rental expense	751	3,050	2,299	24.62%
Repair and maintenance	3,235	13,000	9,765	24.88%
School and education	9,784	15,000	5,216	65.23%
School and education: Board	2,139	15,000	12,861	14.26%
Telephone, data & fax	132,451	73,250	(59,201)	180.82%
Telephone, data & fax: Board	2,992	5,000	2,008	59.84%
Tools and equipment	81,730	54,500	(27,230)	149.96%
Transportation	25,494	13,000	(12,494)	196.11%
Travel	700	20,000	19,300	3.50%
Travel: Board	632	50,000	49,368	1.26%
Tuition assistance	4,951	20,000	15,049	24.76%
Unemployment tax	1,008	5,000	3,992	20.16%
Uniforms	7,329	11,000	3,671	66.63%
Utilities	96,756	109,000	12,244	88.77%
Total Administration and General	4,874,958	5,362,921	487,963	90.90%

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
SCHEDULE OF OPERATING EXPENSES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Actual</u>	<u>(Unaudited) Budget</u>	<u>Budget Remaining</u>	<u>% of Budget Used</u>
Depreciation and amortization	<u>11,467,606</u>	<u>11,320,000</u>	<u>(147,606)</u>	<u>101.30%</u>
Total Operating Expense	<u>\$ 32,864,818</u>	<u>\$ 33,550,999</u>	<u>\$ 686,181</u>	<u>97.95%</u>

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY

AS OF JUNE 30, 2021

Fiscal Year	All Bond Issues			2019 Refunding Revenue 2% - 5%		2016 Refunding Revenue 1.81%	
	Total	Principal	Interest	Principal	Interest	Principal	Interest
2022	4,454,176	2,923,080	1,531,096	540,000	491,413	864,318	150,358
2023	4,462,975	3,035,530	1,427,445	565,000	464,412	889,562	134,714
2024	4,464,525	3,144,733	1,319,792	600,000	436,162	891,663	118,613
2025	4,455,676	3,248,629	1,207,047	620,000	406,163	902,952	102,474
2026	4,463,875	3,373,492	1,090,383	650,000	375,162	935,295	86,131
2027	4,461,976	3,492,557	969,419	685,000	342,663	941,724	69,202
2028	3,928,375	3,085,332	843,043	720,000	308,413	936,919	52,156
2029	3,933,676	3,187,589	746,087	750,000	272,413	961,128	35,198
2030	3,953,876	3,307,997	645,879	800,000	234,913	983,524	17,802
2031	2,957,900	2,392,621	565,279	810,000	218,913	-	-
2032	2,954,218	2,465,772	488,446	825,000	192,418	-	-
2033	2,966,031	2,539,349	426,682	850,000	183,137	-	-
2034	2,989,530	2,632,947	356,583	860,000	162,949	-	-
2035	3,006,993	2,736,711	270,282	890,000	141,449	-	-
2036	2,035,894	1,855,545	180,349	915,000	114,750	-	-
2037	1,154,756	1,034,754	120,002	940,000	87,300	-	-
2038	1,156,556	1,069,055	87,501	970,000	59,100	-	-
2039	1,157,456	1,103,553	53,903	1,000,000	30,000	-	-
2040	111,623	92,296	19,327	-	-	-	-
2041	70,456	54,143	16,313	-	-	-	-
2042	70,456	56,419	14,037	-	-	-	-
2043	70,456	58,791	11,665	-	-	-	-
2044	70,456	61,238	9,218	-	-	-	-
2045	70,456	63,837	6,619	-	-	-	-
2046	70,456	66,521	3,935	-	-	-	-
2047	60,750	59,576	1,174	-	-	-	-
Totals	\$ 59,553,573	\$ 47,142,067	\$ 12,411,506	\$ 13,990,000	\$ 4,521,730	\$ 8,307,085	\$ 766,648

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE

SCHEDULE OF DEBT SERVICE REQUIREMENTS TO MATURITY (CONTINUED)

AS OF JUNE 30, 2021

Fiscal Year	2013 Refunding Revenue 2%-4%		2009 Rural Development 4.125%		2000 Rural Development 4.75%	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	1,470,000	810,631	24,772	45,684	23,990	33,010
2023	1,530,000	751,831	25,814	44,642	25,154	31,846
2024	1,600,000	690,631	26,779	43,677	26,291	30,709
2025	1,670,000	626,631	28,025	42,431	27,652	29,348
2026	1,730,000	559,831	29,203	41,253	28,994	28,006
2027	1,805,000	490,931	30,431	40,025	30,402	26,598
2028	1,365,000	418,431	31,604	38,852	31,809	25,191
2029	1,410,000	377,481	33,039	37,417	33,422	23,578
2030	1,455,000	335,181	34,428	36,028	35,045	21,955
2031	1,510,000	291,531	35,875	34,581	36,746	20,254
2032	1,565,000	244,344	37,292	33,164	38,480	18,520
2033	1,610,000	195,438	38,951	31,505	40,398	16,602
2034	1,690,000	149,125	40,588	29,868	42,359	14,641
2035	1,760,000	88,088	42,295	28,161	44,416	12,584
2036	850,000	28,688	44,001	26,455	46,544	10,456
2037	-	-	45,922	24,534	48,832	8,168
2038	-	-	47,853	22,603	51,202	5,798
2039	-	-	49,865	20,591	53,688	3,312
2040	-	-	51,911	18,545	40,385	782
2041	-	-	54,143	16,313	-	-
2042	-	-	56,419	14,037	-	-
2043	-	-	58,791	11,665	-	-
2044	-	-	61,238	9,218	-	-
2045	-	-	63,837	6,619	-	-
2046	-	-	66,521	3,935	-	-
2047	-	-	59,576	1,174	-	-
Totals	<u>\$23,020,000</u>	<u>\$ 6,058,793</u>	<u>\$ 1,119,173</u>	<u>\$ 702,977</u>	<u>\$ 705,809</u>	<u>\$ 361,358</u>

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
SCHEDULE OF HISTORICAL DEBT SERVICE COVERAGE

(Unaudited)

(dollar amounts expressed in thousands)

*

	Fiscal Year										
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012	
Operating Revenues	\$ 39,298	\$ 36,914	\$ 34,375	\$ 32,683	\$ 31,745	\$ 31,745	\$ 28,572	\$ 27,525	\$ 26,133	\$ 26,014	
Operating Expenses	32,864	30,984	27,895	27,029	24,166	24,166	21,848	20,670	20,260	20,168	
Net Operating Income	6,434	5,930	6,480	5,654	7,579	7,579	6,724	6,855	5,873	5,846	
Non-Operating Income(Expense)	(1,024)	34	(190)	(623)	(1,051)	(1,051)	(1,427)	(1,418)	(2,255)	(2,379)	
Net Income Before Contributions	5,410	5,964	6,290	5,031	6,528	6,528	5,297	5,437	3,618	3,467	
Add: Contributed Capital - Cash	7,315	7,775	5,479	5,547	7,200	4,717	3,844	2,744	1,863	1,632	
Depreciation	11,468	10,258	9,618	9,103	8,649	8,649	8,065	7,347	7,214	7,087	
Interest Expense	1,633	1,725	1,347	1,366	1,411	1,252	1,716	1,773	2,089	2,465	
Net Available for Debt Service	\$25,826	\$ 25,722	\$ 22,734	\$ 21,047	\$ 23,788	\$ 21,146	\$ 18,922	\$ 17,301	\$ 14,784	\$ 14,651	
Annual Debt Requirements	\$4,440	\$ 3,587	\$ 3,733	\$ 2,713	\$ 3,553	\$ 3,455	\$ 3,512	\$ 3,512	\$ 3,513	\$ 4,545	
Debt Service Coverage (times)	5.82	7.17	6.09	7.76	6.70	6.12	5.39	4.93	4.21	3.22	

* - Operating results for 2021, 2020, 2019, 2018 and 2017 are for the year ended June 30. Operating results for 2016 are for the nine months ended June 30. Prior years are for twelve months ended September 30.

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
CUSTOMERS AND RATE SCHEDULE
YEAR ENDED JUNE 30, 2021
(Unaudited)

As of June 30, 2021, Consolidated Utility District served approximately 60,870 water customers and had approved the following rate structure for the coming year:

Water Rates	
First 500 gallons	\$12.78
Each additional 1,000 gallons from 501 - 5,000	\$5.60
Each additional 1,000 gallons from 5,001 - 10,000	\$6.10
Each additional 1,000 gallons from 10,001 - 20,000	\$7.29
Each additional 1,000 gallons from 20,001 - 100,000	\$7.79
Each additional 1,000 gallons in excess of 100,000 gallons	\$6.79

As of June 30, 2021, Consolidated Utility District served approximately 7,033 customers on STEP sewer systems and had approved the following rate structure for the coming year:

Sewer Rates	
Customer Charge	\$28.00
All consumption, per 1,000 gallons	\$2.00

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
TOP TEN CUSTOMERS BY REVENUE
(Unaudited)

For the Year Ended June 30, 2021 and Year Ended September 30, 2011

<u>Customer</u>	2021			2011		
	<u>Water Sales</u>	<u>Rank</u>	<u>Percentage of Total Water Sales</u>	<u>Annual Water Sales</u>	<u>Rank</u>	<u>Percentage of Total Water Sales</u>
American Homes 4 Rent LLC	\$ 179,900	1	0.53%			
Lifestyle Communities	177,532	2	0.53%			
FREO Tennessee, LLC	152,211	3	0.45%			
Westbury Farms LLC	132,779	4	0.39%			
W W Stonebridge Farms LP	121,396	5	0.36%			
Rutherford County Board of Education	118,787	6	0.35%	144,836	1	0.69%
Vintage @ The Park	109,207	7	0.32%	71,184	8	0.34%
CR Murfreesboro	107,769	8	0.32%			
Vantage At Murfreesboro LLC	107,248	9	0.32%			
Hawthorne Park South Apartments	106,553	10	0.32%			
University Gables APTS				131,281	2	0.63%
Embassy Suites				99,574	3	0.48%
Indian Park LTD				87,241	4	0.42%
Murfreesboro Gateway Properties LLC				82,018	5	0.39%
Browning Ferris 0531				81,763	6	0.39%
Woodgate Farms, LLC				71,615	7	0.34%
South Park Corporation				70,660	9	0.34%
Campus Crest Construction				66,387	10	0.32%

Note: Customer water sales for 2021 are for the year ended June 30. Customer water sales for 2011 are for the year ended September 30, 2011.

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
OPERATING INFORMATION
LAST TEN FISCAL YEARS
(Unaudited)

	Fiscal Year				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Average Daily Demand	13.02	12.81	10.41	9.27	9.81
Maximum Daily Demand	17.76	17.31	16.73	12.86	14.20
Average Active Customers	60,870	57,900	55,535	53,027	51,085

	Fiscal Year				
	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Average Daily Demand	9.89	9.98	10.17	9.79	10.10
Maximum Daily Demand	13.92	13.88	14.16	12.72	16.73
Average Active Customers	49,085	47,533	45,944	44,639	43,527

NOTE: Demand numbers are in million gallons per day

AVERAGE MONTHLY WATER USAGE (gals)		Fiscal Year				
		<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Sold to Customers		337,161,406	308,649,867	288,709,478	273,521,153	269,366,815
	<i>percent sold</i>	85%	77%	87%	87%	85%
Non-Metered Consumption (Fire, flushing, etc.)		13,971,653	11,442,172	5,642,118	7,150,482	10,957,971
	<i>percent non-metered</i>	4%	3%	2%	2%	3%
Unaccounted for		45,517,550	78,289,886	38,852,892	32,259,146	35,295,441
	<i>percent unaccounted for</i>	11%	20%	12%	10%	11%
Average Monthly Water Pumped		<u>396,650,609</u>	<u>398,381,925</u>	<u>333,204,488</u>	<u>312,930,781</u>	<u>315,620,227</u>

AVERAGE MONTHLY WATER USAGE (gals)		Fiscal Year				
		<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Sold to Customers		250,795,268	240,849,913	233,355,934	221,244,772	234,406,261
	<i>percent sold</i>	87%	60%	70%	71%	76%
Non-Metered Consumption (Fire, flushing, etc.)		(8,790,087)	924,786	3,854,839	15,428,754	9,175,919
	<i>percent non-metered</i>	-3%	0%	1%	5%	3%
Unaccounted for		47,639,498	51,987,287	58,686,326	60,615,378	64,499,487
	<i>percent unaccounted for</i>	16%	18%	20%	19%	21%
Average Monthly Water Pumped		<u>289,644,679</u>	<u>293,761,986</u>	<u>295,897,099</u>	<u>297,288,904</u>	<u>308,081,667</u>

* - Changes in net position for 2021, 2020, 2019, 2018 and 2017 are for the year ended June 30. Change in net position for 2016 are for the nine months ended June 30. Changes in net position for prior years are the years ended September 30.



AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0

American Water Works Association
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Click to access definition
 Click to add a comment

Water Audit Report for: **Consolidated Utility District** (June 2021) (791)
Reporting Year: **2020** 7/2020 - 6/2021

Please enter data in the white cells below. Where available, metered values should be used; if metered values are unavailable please estimate a value. Indicate your confidence in the accuracy of the input data by grading each component (n/a or 1-10) using the drop-down list to the left of the input cell. Hover the mouse over the cell to obtain a description of the grades

All volumes to be entered as: **MILLION GALLONS (US) PER YEAR**

To select the correct data grading for each input, determine the highest grade where the utility meets or exceeds all criteria for that grade and all grades below it.

WATER SUPPLIED

Volume from own sources: 8 4,506.276 MG/Yr 9 1.08% 5 0.27% 5 -1.71% MG/Yr
Water imported: 9 253.532 MG/Yr
Water exported: 10 88.859 MG/Yr

Master Meter and Supply Error Adjustments

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

WATER SUPPLIED: **4,620.573** MG/Yr

AUTHORIZED CONSUMPTION

Billed metered: 9 3,957.078 MG/Yr
Billed unmetered: n/a 0.000 MG/Yr
Unbilled metered: 10 14.826 MG/Yr
Unbilled unmetered: 5 57.757 MG/Yr

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

AUTHORIZED CONSUMPTION: **4,029.661** MG/Yr

WATER LOSSES (Water Supplied - Authorized Consumption)

590.911 MG/Yr

Apparent Losses

Unauthorized consumption: 5 11.551 MG/Yr

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

Customer metering inaccuracies: 6 12.351 MG/Yr
Systematic data handling errors: 5 9.893 MG/Yr

Default option selected for Systematic data handling errors - a grading of 5 is applied but not displayed

Apparent Losses: **33.795** MG/Yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: **557.116** MG/Yr

WATER LOSSES: **590.911** MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER: **663.495** MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: 10 1,410.8 miles
Number of active AND inactive service connections: 10 58,282
Service connection density: 41 conn./mile main

Are customer meters typically located at the curbstop or property line? **Yes**

Average length of customer service line: 6 (length of service line, beyond the property boundary, that is the responsibility of the utility)

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

Average operating pressure: 6 84.1 psi

COST DATA

Total annual cost of operating water system: 10 \$26,302,918 \$/Year
Customer retail unit cost (applied to Apparent Losses): 10 \$8.58 \$/1000 gallons (US)
Variable production cost (applied to Real Losses): 10 \$555.28 \$/Million gallons ☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

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

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

PRIORITY AREAS FOR ATTENTION:

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

1: Volume from own sources

2: Customer metering inaccuracies

3: Unauthorized consumption



AWWA Free Water Audit Software:

System Attributes and Performance Indicators

WAS v5.0

American Water Works Association
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Water Audit Report for: Consolidated Utility District (June 2021) (791)
Reporting Year: 2020 7/2020 - 6/2021

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

System Attributes:

Apparent Losses:	33.795	MG/Yr
+ Real Losses:	557.116	MG/Yr
= Water Losses:	590.911	MG/Yr

? Unavoidable Annual Real Losses (UARL): 502.64 MG/Yr

Annual cost of Apparent Losses: \$289,964

Annual cost of Real Losses: \$309,355

Valued at Variable Production Cost
Return to Reporting Worksheet to change this assumption

Performance Indicators:

Financial: { Non-revenue water as percent by volume of Water Supplied: 14.4%
Non-revenue water as percent by cost of operating system: 2.4% Real Losses valued at Variable Production Cost

Operational Efficiency: { Apparent Losses per service connection per day: 1.59 gallons/connection/day
Real Losses per service connection per day: 26.19 gallons/connection/day
Real Losses per length of main per day*: N/A
Real Losses per service connection per day per psi pressure: 0.31 gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): 557.12 million gallons/year

? Infrastructure Leakage Index (ILI) [CARL/UARL]: 1.11

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

CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
DISTRICT OFFICIALS AND MANAGEMENT
YEAR ENDED JUNE 30, 2021
(Unaudited)

John L. Batey, Jr.	Commissioner, President
Carter Woodruff	Commissioner, Vice President
Craig Lynch	Commissioner, Secretary-Treasurer
Lynnisie Patrick	Commissioner
Rosemary Owens	Commissioner
Phillip E. Pinion II	Advisor
Hassel B. Smith, III	Advisor
Allen Swader	Advisor
Roger Goodson	General Manager
Bryant Bradley	Director of Operations
Judy Bowling	Office Manager
Michael Sumner	Director of IT
Alan Stuemke, P.E.	Director of Engineering
Cindy Judkins	Human Resources Manager
Michael Craig	Comptroller
Roger Hudson	Attorney
Jeffrey Reed	Attorney
James C. Hailey, Jr., P.E.	Consultant Engineer



Edmondson, Betzler & Dame
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
Consolidated Utility District of Rutherford County, 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 Consolidated Utility District of Rutherford County, Tennessee as of and for the year ended June 30, 2021, and the related notes to the financial statements and have issued our report thereon dated October 12, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**INDEPENDENT AUDITORS' 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 (CONTINUED)**

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 District's internal control or on compliance. This report is an integral part of an audit performed in Government Auditing Standards in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink, appearing to read "Thomas, Taylor & Adams, PLLC". The signature is stylized and cursive.

October 12, 2021
Murfreesboro, TN

**CONSOLIDATED UTILITY DISTRICT OF RUTHERFORD COUNTY, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2021**

Financial statement findings

No prior year findings reported.