PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE

FINANCIAL STATEMENTS
WITH
SUPPLEMENTAL FINANCIAL INFORMATION

JUNE 30, 2023 AND 2022

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OF WARTBURG, TENNESSEE
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JUNE 30, 2023 AND 2022

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PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE

INTRODUCTORY SECTION

JUNE 30, 2023 AND 2022

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
SCHEDULE OF BOARD OF COMMISSIONERS AND MANAGEMENT OFFICIALS
JUNE 30, 2023

NAME	POSITION
Mike McGrath	President
Elizabeth Beard	Secretary
Reagan Williams	Commissioner
Albert Lane	Commissioner
John Davis	Commissioner
Mike Monroe	General Manager

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE

FINANCIAL SECTION

JUNE 30, 2023 AND 2022

CERTIFIED PUBLIC ACCOUNTANTS

Joe Savage
Rebecca Hutsell

Stephen J. Parsons - Retired
William R. Scandlyn - 1988 - 1999
Earl O. Wright - 1988 - 2002

INDEPENDENT AUDITOR'S REPORT

The Commissioners of the Plateau Utility District
of Wartburg, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of Plateau Utility District of Wartburg, Tennessee (Utility) as of and for the years ended June 30, 2023, and 2022, and the related notes to the financial statements, which collectively comprise the Utility's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Utility, as of June 30, 2023, and 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Utility and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utility's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Utility's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of Board of Commissioners and Management Officials on page 1, management's discussion and analysis on pages 5-13, the Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on Participation in The Public Employee Pension of TCRS on pages 32-33, and the Schedule of Contributions Based on Participation in the Public Employee Pension Plan of TCRS on page 34 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Utility's basic financial statements. The Supplement information on pages 35-40, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 28, 2023, on our consideration of the Utility's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of 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 Utility'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 Utility's internal control over financial reporting and compliance.

Parsons & Wright, CPAs

Parsons & Wright
Certified Public Accountants
Kingston, Tennessee

August 28, 2023

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
MANAGEMENT'S DISCUSSION & ANALYSIS
JUNE 30, 2023 AND 2022

The Management's Discussion & Analysis (MD&A) portion of this audit has been prepared by the General Manager and reviewed by the Board of Commissioners and Parsons & Wright, an independent auditing firm, for correctness. The MD&A presents a narrative overview of the financial standing and performance of Plateau Utility District (hereinafter the district) for fiscal year 2022-2023 (FY 2022-2023) as well as a comparison of the same for FY 2021-2022.

BASIC FINANCIAL REPORTING DISCUSSION

This section of the MD&A details the type of funds utilized to carry out the District's business activities and the format and content of the basic financial statements used to track our financial position. Proprietary enterprise funds are used to carry out the District's business which means that we impose fees or charges on those who use our services. Generally accepted accounting principles (GAAP) prescribe three basic financial statements for proprietary funds: statement of revenues, expenses, and changes in fund net assets; balance sheet/statement of net assets; and statement of cash flows. Additionally the District utilizes a fourth report, the trail balance report, to identify errors in reporting. Two of the basic financial statements, the statement of revenues, expenses, and changes in fund net assets and the balance sheet are generated on a monthly basis along with a trial balance report. The statement of cash flows is generated at the end of each fiscal year as an integral part of the annual financial audit completed by the District. The paragraphs below discuss each of these reports in detail.

STATEMENT OF REVENUES, EXPENSES, AND NET POSITION

The statement of revenues, expenses, and change in fund net assets is the basic statement of activities for the District's proprietary enterprise funds. This statement tracks the revenues (i.e., monies paid to the District for services provided) and expenses (i.e., monies paid by the District to purchase goods and services) of the District on a monthly basis. The difference in the revenues and expenses results in either a net gain or net loss for the District for the specific reporting period and indicates whether or not we have been profitable (i.e., made or lost money). Profitability or loss results in either an increase or decrease, respectively, in the District's net assets and equates to a gain or loss in total equity. Net income or increases in net assets are held in reserve for future capital investments or future expenses. GAAP require that the statement of revenues, expenses, and changes in fund net assets/equity for proprietary enterprise funds distinguish operating from non-operating revenues and expenses. The goal of this requirement is to display the extent to which the expenses were covered by revenues generated by the principal ongoing operations (i.e., the treatment, distribution, and sale of potable water).

BALANCE SHEET

While the statement of revenues, expenses, and change in fund net assets is the basic statement of activities for proprietary enterprise funds, the balance sheet is the basic financial statement of position for proprietary enterprise funds. The Balance Sheet presents a summary of the items that the District owns and the items for which the District owes at a specific time. Assets are the resources owned by the District while liabilities are the rights or claims against those resources. The balance sheet reflects the relationship of assets, liabilities, and net assets as follows:

Assets = Liabilities + Net Assets
Or
Net Assets = Assets - Liabilities

As previously discussed, assets are the resources owned by the District and are used in carrying out such activities as potable water production, distribution, maintenance and repair. While GAAP require that proprietary enterprise fund balance sheets classify assets as current or non-current, the common characteristic possessed by all assets is the capacity to provide future services or benefits and in turn eventually results in cash inflow (i.e., revenue) to the District. Liabilities, likewise must be classified as current or non-current/long term and consist of

all the existing debts and obligations of the District. Those debts and obligations are commonly referred to as accounts payable. This includes money owed for supplies, wages, bonds, etc. Net assets are calculated as the difference in the assets minus the liabilities.

STATEMENT OF CASH FLOWS

The statement of cash flows is the third basic financial statement for proprietary enterprise funds and focuses on the major sources of cash inflows and outflows and their net effect on the cash and cash equivalents of the District. Cash is defined as primarily cash on hand, cash on deposit, or cash in restricted accounts. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and must mature within three months of the date it is acquired by the District. GAAP requires that cash flows be classified into one of four categories: cash flows from operating activities; cash flows from non-capital financing activities; cash flows from capital and related financing activities; and cash flows from investing activities.

TRIAL BALANCE REPORT

The trial balance report is a listing of all financial accounts and their respective balances at a given time. The District prepares a trial balance report at the end of each month for the purpose of ensuring that the sum of the debits equals the sum of the credits after posting. If the debits do not equal the credits, the trial balance is useful in determining where errors in journalizing and posting have occurred.

FINANCIAL ANALYSIS

This section of the MD&A provides an analysis of the assets, liabilities, net assets, revenues, and expenses of the District for the subject fiscal year as well as a comparison of the same for the prior fiscal year.

ASSETS

Assets can be generally subcategorized as either plant, property, and equipment assets or other assets. Plant, property, and equipment assets are those resources and their associated costs that are integral to the production and distribution of potable water as well as those resources necessary for the normal operation of the District. Other assets are cash, certificates of deposit, accounts receivable, prepaid expenses, restricted cash assets, bond costs, and accumulated amortization of bond costs. The following table summarizes the assets of the District for both FY2021-2022 and FY2022-2023. The assets are presented as either plant, property, and equipment assets or other assets.

TABLE OF ASSETS FOR FY 2022-2023 AND FY 2021-2022

SUMMARY OF PLANT, PROPERTY, AND EQUIPMENT ASSETS

Asset:	**Fiscal Year 2022-2023**	**Fiscal Year 2021-2022**	**Difference**
Cost of Plant in Service	30,876,563	30,921,426	(44,863)
Land	809,400	813,317	(3,917)
Construction in Progress	54,750	400,622	(345,872)
Right of Ways	25,304	25,304	-0-
SUBTOTAL	**31,766,017**	**32,190,669**	**(394,652)**
Accumulated Depreciation	(14,037,949)	(14,217,572)	179,623

TOTAL PLANT, PROPERTY, AND EQUIPMENT ASSETS	**17,728,068**	**17,973,097**	**(215,029)**
SUMMARY OF OTHER ASSETS			
Current Asset:	**Fiscal Year 2022-2023**	**Fiscal Year 2021-2022**	**Difference**
Cash in Banks and On Hand	153,753	2,680,226	(2,526,473)
Certificates of Deposit	4,484,596	2,496,145	1,988,451
Total Cash (Subtotal Current Assets)	**4,638,349**	**5,176,371**	**(538,022)**
Accounts Receivable (net of bad debt)	436,400	389,229	47,171
Inventory	1,128,266	521,423	606,843
Prepaid Expenses	86,824	66,327	20,497
Total Current Assets	**6,289,839**	**6,153,350**	**136,489**
Restricted Assets:			
Cash – Gobey Water Line Extension and Highway 62	19	19	-0-
Cash – Coon Hollow	1,107	1,166	(59)
Cash – Capital Assessment	1,842	61,852	(60,010)
Customer Deposit Fund	112,991	252,134	(139,143)
Sinking Fund	37,613	37,624	(11)
Revenue Bond 2003	401,636	377,348	24,288
Total Restricted Assets	**555,208**	**730,173**	**(174,965)**
Other Assets:			
Deposits	1,320	1,320	-0-
Net Pension Assets	-0-	522,946	(522,946)
TOTAL ASSETS	**25,574,435**	**25,350,886**	**223,549**
Deferred Outflows	939,987	488,887	451,100
TOTAL ASSETS & DEFERRED OUTFLOWS	**25,514,422**	**25,839,773**	**(325,351)**

Three areas of significant changes regarding the district's assets include a decrease in cash on hand, an increase in certificates of deposit, and an increase in inventory. Interest rates paid on certificates of deposits over previous years have been suppressed as have interest rates on borrowed monies. However, as inflation has increased rapidly, both rates are trending upward significantly, and the Board of Commissioners voted to move additional financial resources into certificates of deposit to capitalize on those increased interest rates. Simultaneously, and likely resulting from the global pandemic, supply chains have been fractured and access to materials necessary to carry out the district's functions has been limited. As a result of those issues, the time duration between ordering materials and supplies and receiving them has increased greatly. Therefore, the Board of Commissioners and staff decided to increase our inventory levels significantly above those levels historically maintained. Whereas the District is experiencing growth at a rate greater than ever, the district wanted to ensure that supply chain issues and material delays did not impact our ability to timely address growth within the distribution system.

During the subject fiscal year, the district recorded a reduction in our customer deposit fund. This reduction resulted from a decision by the Board of Commissioners to move a portion of those funds into certificates of deposit to capitalize on increased interest rates. Prior to authorizing said move, the Board of Commissioners worked with our third-party auditing firm, Parsons & Wright, to ensure the funds being moved were not restricted and that adequate monies remained in the customer deposit fund to meet our refunding obligations to customers.

LIABILITIES

Liabilities can be generally subcategorized as either long-term or current liabilities. Long-term liabilities consist primarily of the debt incurred by the District which will be paid over time along with interest to purchase the plant, property, and equipment assets. Current liabilities consist of the payable items that will not be financed over time but rather will be paid within the subject fiscal year. The following table details both the long term and current liabilities of the District at fiscal year-end.

TABLE OF LIABILITIES FOR FY 2022-2023 AND FY 2021-2022		
	Fiscal Year 2022-2023	**Fiscal Year 2021-2022**
Long Term Debt:		
Revenue Bonds Payable	3,398,796	3,677,981
Less: Current Maturities of Long-Term Debt	(291,076)	(280,941)
Net Pension Liability	46,531	-0-
Total Long Term Debt	**3,154,251**	**3,397,040**
Current Liabilities (Payable from Current Assets):	**Fiscal Year 2022-2023**	**Fiscal Year 2021-2022**
Accounts Payable	162,850	79,468
Sales Taxes Payable	28,990	26,454
Accrued Salaries and Payroll Liabilities	137,347	113,136
Other Accrued Liabilities	15,080	28,600
Total Current Liabilities (Payable from Current Assets)	**344,267**	**247,658**
Current Liabilities (Payable from Restricted Assets):		
Accrued Interest	7,658	8,173
Customer Deposits	112,991	112,876
Current Maturities of Long Term Debt	291,076	280,941
Total Current Liabilities (Payable from Restricted Assets)	**411,725**	**401,990**
TOTAL LIABILITIES	**3,910,101**	**4,046,688**

The long-term liabilities of the district decreased from FY2021-2022 to FY 2022-2023 as a reflection of the periodic payments made by the district in accordance with the terms of our bond covenants. At this time the Board of Commissioners and management of the district does not foresee a need to incur any additional debt for capital improvements and intends to continue making such improvements from retained earnings and grant funding available through ARPA.

NET ASSETS

The net assets of the District are divided into three categories: capital assets net of related debt, restricted assets, and unrestricted assets. The following table summarizes the change in net assets between the current and previous fiscal year.

SUMMARY OF NET ASSETS			
	Fiscal Year 2022-2023	**Fiscal Year 2021-2022**	**Difference**
Invested in Capital Assets, Net of Related Debt	14,329,272	14,265,117	64,155
Restricted	143,483	328,183	(184,700)
Unrestricted	6,765,323	6,735,796	29,527

TOTAL NET ASSETS	**21,238,078**	**21,329,096**	**(91,018)**

The capital assets net of related debt consist of those assets that the District owns that are free of long term debt and have not been depreciated (still have some useful life). The restricted assets are basically cash that the District has set aside and earmarked for payment on long term debt but has not paid to the debt holder as the payment dates were after the end of the subject fiscal year. The unrestricted assets are the financial resources of the District that have not currently been obligated toward the payment of long term debt. As evidenced above the utility district continues to maintain a healthy balance of Unrestricted Assets from which we fund capital improvement projects.

REVENUES

The District generates operating revenue primarily from the sale of potable water with smaller revenue streams being derived from tap fees, discontinuance of service fees, and interest income. Staff did not recommend a rate increase at the end of FY 2020-2021 as the district recorded a healthy net gain during that fiscal year. However, rapidly rising inflation along with additional efforts to manage the City of Wartburg's failing wastewater system resulted in a significant reduction of financial gains for FY 2021-2022. The unforeseen inflationary pressures along with uncertainty regarding future inflationary increases resulted in staff recommended an 18.9% increase in water rates to the Board of Commissioners during June 2022. The Board of Commissioners declined such recommendation and approved a 9% rate increase for both the south end rate and the north end rate. During June 2023, the Board of Commissioners authorized residential rate increases for the South and North end customers of 7.5% and 7.7%, respectively. Additionally, detailed analysis of consumption data indicates most of the system demand is driven by a small number of customers; primarily commercial, industrial, and governmental customers. As those customers, through their demand, are driving most of the cost of production, adjustments were made to water rates to fairly assign cost. Those adjustments resulted in rate increases for commercial, industrial, and governmental customers of 12.9%, 19.3%, and 16.9%, respectively. Staff continue to closely monitor and analyze the district's financial performance to ensure rates are set appropriately.

SUMMARY OF REVENUES			
	Fiscal Year 2022-2023	**Fiscal Year 2021-2022**	**Difference**
Operating Revenue			
Metered Water Sales (Net of Bad Debts)	4,336,357	3,871,993	464,364
Meter Cut-on Fees	41,250	42,300	(1,050)
Penalties	60,568	55,038	5,530
Leak Protection	2,351	1,738	613
Other Income	115,842	125,760	(9,918)
SUBTOTAL OPERATING REVENUE	**4,556,368**	**4,096,829**	**459,539**
Non-Operating Revenue			
Investment Income	66,633	31,518	35,115
Tap Fees	112,892	68,213	44,679
Grant Income	-0-	299,100	(299,100)

Meter cut-on fees are those charges that a customer pays when they apply for water service within the District's boundary at a residence or business that has a physical connection to the District's distribution system. Penalty fees are assessed to a customers' account if their bill is not paid by the due date. Other income consists of delinquency fees, transfer fees supplies sold to customers, returns and allowances, non-sufficient funds check charges, bad debt recovery, and vendor compensation. Investment income is revenue generated from the retained earnings that the District has invested in certificates of deposits.

Water rates for 2021-2022, 2022-2023, AND 2023-2024 are as follows:

SOUTH END WATER RATES SUMMARY					
FY2021-2022 Rate Structure		FY2022-2023 Rate Structure (Subject Fiscal Year)		FY2023-2024 Rate Structure	
Monthly Quantity Purchased (Gallons)	Previous Rate (Per 1000 Gallons)	Monthly Quantity Purchased (Gallons)	Previous Rate (Per 1000 Gallons)	Monthly Quantity Purchased (Gallons)	Current Rate (Per 1000 Gallons)
Minimum Bill (0 gallons)	$29.00	Minimum Bill (0 gallons)	$30.00	Minimum Bill (0 gallons)	$31.00
0 -1,000	$4.75	0 -1,000	$6.25	0 -1,000	$7.00
1,001 – 2,000	$4.75	1,001 – 2,000	$6.25	1,001 – 2,000	$7.00
2,001 – 3,500	$8.50	2,001 – 3,500	$9.00	2,001 – 3,500	$11.00
3,500 – 6,000	$8.50	3,500 – 6,000	$10.00	3,500 – 6,000	$11.00
>6,000	$8.50	>6,000	$10.00	>6,000	$12.00

NORTH END RESIDENTIAL AND COMMERCIAL RATE SUMMARY					
FY2021-2022 Rate Structure		FY2022-2023 Rate Structure (Subject Fiscal Year)		FY2023-2024 Rate Structure	
Monthly Quantity Purchased (Gallons)	Previous Rate (Per 1000 Gallons)	Monthly Quantity Purchased (Gallons)	Previous Rate (Per 1000 Gallons)	Monthly Quantity Purchased (Gallons)	Current Rate (Per 1000 Gallons)
Minimum Bill (0 gallons)	$30.00	Minimum Bill (0 gallons)	$31.00	Minimum Bill (0 gallons)	$32.00
0 -1,000	$2.50	0 -1,000	$4.00	0 -1,000	$5.50
1,001 – 2,000	$2.50	1,001 – 2,000	$4.00	1,001 – 2,000	$5.50
2,001 – 3,000	$10.50	2,001 – 3,500	$11.00	2,001 – 3,500	$11.50
3,001 – 5,000	$10.50	3,500 – 6,000	$11.50	3,500 – 6,000	$12.50
>5,000	$11.50	>6,000	$12.50	>6,000	$12.50

The water sales rate structure has been set by the Board of Commissioners to provide adequate monies for the normal operation of the district as well as to provide monies in excess of our normal expenses. It is necessary to ensure that the water sales rate structure is set to provide monies in excess of expenses such that the District has a reserve of cash to pay for unexpected repairs and maintenance and infrastructure replacement and expansion.

EXPENSES

The operating expenses for the District are all of those costs that are necessary for the normal operation and maintenance of the water treatment facility, raw water reservoir, distribution system, and administrative offices. Operating expenses include items such as utilities, salaries, employee benefits, vehicle expenses, water treatment facility supplies, telephone, as well as a number of other accounts. Expenses incurred by the District that are not classified as operating expenses are non-operating expenses. Those expenses are interest expense and depreciation expense.

SUMMARY OF EXPENSES			
	Fiscal Year 2022-2023	Fiscal Year 2021-2022	Difference
Operating Expenses	3,754,575	3,266,512	488,063
Depreciation and Amortization	895,886	863,245	32,641
Non-Operating Expenses			

Interest Expense	99,809	105,083	(5,274)
TOTAL EXPENSES	**4,750,270**	**4,234,840**	**515,430**

Both operating expenses and depreciation expenses increased during the subject fiscal year. Increased inflation rates are having a significant impact on operating expenses as everything that the utility district requires to treat and distribute public water as well as to maintain our treatment and distribution system cost significantly more. As inflation continues to negatively impact not only businesses, like the utility district, it continues to negatively impact our employees. The utility district has made efforts to increase wage rates to minimize those negative impacts on our employees and retain quality staff. Those efforts have contributed significantly to the increased operational expenses. The utility district is facing a project to replace the Deer Lodge water tank that will result in a significant increase in depreciation expenses over the next year. It is likely that water rates will have to be increased to offset those new deprecation expenses and maintain a positive net position.

FINANCIAL POSITION SUMMARY

Considering the impact that current inflation rates are having on the cost of goods and services as well as the challenges presented by the pending take-over of the City of Wartburg wastewater system, the financial standing of the district at fiscal year-end was acceptable. The utility district is continuing to experience unprecedented growth within the distribution system as people from California and the upper northeast continue to flee those states to escape unfriendly business and personal tax policies. As such, the utility district is continuing to execute distribution system expansion projects on a scale not before experienced. Said projects will be executed at inflated rates of materials and supplies which will undoubtedly increase our depreciation cost over the next few years and result in a need for increased water rates. The Board of Commissioners and staff will need to be vigilant to ensure required rate increases are instituted appropriately to ensure the continued financial success of the utility district.

SIGNIFICANT CHANGES

The utility district is planning to construct a new elevated tank at Deer Lodge and to demolish the existing water tank. The existing water tank is over 40-years old and has developed several leaks. The new tank volume will be significantly larger than that of the existing tank as that area of the distribution system is experiencing the most growth.

The utility district is planning to execute several distribution system expansion projects within the northern and western ends of the system. These projects are planned to meet increased demands resultant from the relocation of people from California and the upper northeast.

The utility district is planning to rehabilitate the 300,000-gallon steel tank on Byrd Mountain once the Deer Lodge tank replacement project is complete. This project will consist of sandblasting and recoating.

The district's source water capabilities will, at some point, have to be improved to meet expanding distribution system demand.

BUDGET VARIANCES

There were no budget variances that had a significant negative impact on the fiscal condition of the District.

CAPITAL ASSETS AND LONG-TERM DEBT

Assets, as stated previously within this document, can be generally subcategorized as either plant, property, and equipment assets or other assets. Those plant, property, and equipment assets are also referred to as capital assets and include those resources and their associated costs that are integral to the production and distribution of potable water as well as those resources necessary for the normal operation of the District.

TABLE OF CAPITAL ASSETS FOR FY2022-2023 AND FY2021-2022			
Asset:	**Fiscal Year 2022-2023**	**Fiscal Year 2021-2022**	**Difference**
Cost of Plant in Service	30,876,563	30,921,426	(44,863)
Land	809,400	813,317	(3,917)
Construction in Progress	54,750	400,622	(345,872)
Right of Ways	25,304	25,304	-0-
SUBTOTAL	**31,766,017**	**32,160,669**	**(394,652)**

Liabilities, as stated previously within this document, can be generally subcategorized as either long-term or current liabilities. Those long term liabilities consist primarily of the debt incurred by the District which will be paid over time along with interest to purchase the plant, property, and equipment assets. The following table details the changes in long term debt from FY2021-2022 to FY2022-2023.

TABLE OF LONG-TERM DEBT FOR FY2022-2023 AND FY2021-2022		
	Fiscal Year 2022-2023	**Fiscal Year 2021-2022**
Long Term Debt:		
Revenue Bonds Payable	3,398,796	3,677,981
Less: Current Maturities of Long-Term Debt	(291,076)	(280,941)
Net Pension Liability	46,531	-0-
Total Long Term Debt	**3,154,251**	**3,397,040**

The decrease in long term debt is a reflection of the payments made by the District toward our debt obligations as required by our bond covenants. The bond indebtedness of the district is summarized in the following table.

SUMMARY OF BONDED INDEBTEDNESS				
Bond Title	**Due Date**	**Interest Rate**	**2021-2022 Outstanding**	**2022-2023 Outstanding**
Regions Bond 2012	2033	Various	3,475,000	3,200,000
USDA Rural Development 2010	2050	2.25%	221,233	215,292
Less: Current Portion			(280,941)	(291,076)
Less: Bond Discount			(18,252)	(16,496)
TOTAL LONG-TERM DEBT			**3,397,040**	**3,107,720**

PROPERTY, PLANT AND EQUIPMENT

The District operates and maintains a number of assets necessary for the treatment and distribution of potable water as follows: water treatment facility, raw water storage, treated water storage, water distribution system, maintenance and transportation equipment, administrative facilities, and information technology equipment.

The water treatment facility expansion project was completed in February 2006. The treatment facility was expanded from a daily treatment capacity of 1.6 million gallons to 2.4 million gallons. Included in this construction contract were expansion of the finished water clearwell, new raw water and transfer pumps, addition of one high service pump, addition of an emergency generator, rehabilitation of the existing treatment units to include air scour technology, and additional office space. The District expects to make electrical upgrades within the treatment facility within the next five years to address deficiencies related to operating from generator power during an extended utility power outage.

PROPERTY, PLANT AND EQUIPMENT – CONTINUED

The raw water reservoir is a man-made retention basin with a storage volume of approximately 150 million gallons. The reservoir serves dual purposes of pre-sedimentation and storage volume. Pre-sedimentation of the raw water provides a consistent raw water quality contributing to a reduction of chemical operating costs of the treatment process as well as reducing operational problems associated with fluctuating raw water quality. The storage volume provided by the raw water reservoir enables the District to practice water harvesting. Water harvesting is the practice of withdrawing water from the raw water source (Crooked Fork Creek) only during those times of the year when the stage of the creek is such as to permit withdrawals. During those times of the year when the stage of the creek is such as to prohibit withdrawals, the District relies solely on the storage volume afforded by the raw water reservoir.

The District operates and maintains eight treated water storage tanks within the distribution system. The Tennessee Department of Environment and Conservation (TDEC) requires an inspection of those tanks once every five years. One of the storage tanks was refurbished during fiscal year 2019-2020 and the Board of Commissioners and staff are in the planning stages of projects to refurbish two other storage tanks (i.e., Byrd Mountain 300,000 gallons tank and Deer Lodge tank).

The District's maintenance and transportation equipment, administrative facilities, and information technology equipment are in good repair and without the need for major capital investment.

OTHER SIGNIFICANT ITEMS

There are no facts, conditions, or decisions of which the management of the District was aware on or before the audit report date that are expected to have a significant impact on financial position.

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

ASSETS

	2023	2022
UTILITY PLANT		
Cost of Plant In Service	$ 30,876,563	$ 30,921,426
Land	809,400	813,317
Construction in Progress	54,750	400,622
Right of Ways	25,304	25,304
Less: Accumulated Depreciation	(14,037,949)	(14,217,572)
Net Utility Plant	$ 17,728,068	$ 17,943,097
CURRENT ASSETS		
Cash in Banks and On Hand	$ 153,753	$ 2,680,226
Certificates of Deposit	4,484,596	2,496,145
Total Cash	$ 4,638,349	$ 5,176,371
Accounts Receivable (Net of Allowance for Bad Debts 2023-$38,000, 2022-$38,000)	436,400	389,229
Inventory	1,128,266	521,423
Prepaid Expenses	86,824	66,327
Total Current Assets	$ 6,289,839	$ 6,153,350
RESTRICTED ASSETS		
Cash - Gobey Water Line Extension and Highway 62	$ 19	$ 19
Cash - Coon Hollow	1,107	1,166
Cash - Capital Assessment	1,842	61,852
Customer Deposit Fund	112,991	252,134
Sinking Fund	37,613	37,624
Debt Service	401,636	377,378
Total Restricted Assets	$ 555,208	$ 730,173
OTHER ASSETS		
Deposits	$ 1,320	$ 1,320
Net Pension Asset	0	522,946
Total Other Assets	$ 1,320	$ 524,266
TOTAL ASSETS	$ 24,574,435	$ 25,350,886
DEFERRED OUTFLOWS		
Deferred Cost of Pension Plan	$ 939,987	$ 488,887
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 25,514,422	$ 25,839,773

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

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
STATEMENTS OF NET POSITION
JUNE 30, 2023 AND 2022

LIABILITIES AND NET POSITION

	2023	2022
NON-CURRENT LIABILITIES		
Revenue Bonds and Notes Payable	$ 3,398,796	$ 3,677,981
(Net of Bond Discount of 2023 - $16,496, 2022 - $18,252)		
Less: Current Maturities of Long-Term Debt	(291,076)	(280,941)
Pension Liability	46,531	0
Total Non-Current Liabilities	$ 3,154,251	$ 3,397,040
CURRENT LIABILITIES (Payable From Current Assets)		
Accounts Payable	$ 162,850	$ 79,468
Sales Taxes Payable	28,990	26,454
Accrued Salaries and Payroll Liabilities	137,347	113,136
Other Accrued Liabilities	15,080	28,600
Total Current Liabilities (Payable From Current Assets)	$ 344,267	$ 247,658
CURRENT LIABILITIES (Payable From Restricted Assets)		
Accrued Interest	$ 7,658	$ 8,173
Customer Deposits	112,991	112,876
Current Maturities of Long Term Debt (See Note J)	291,076	280,941
Total Current Liabilities (Payable From Restricted Assets)	$ 411,725	$ 401,990
Total Current Liabilities	$ 755,992	$ 649,648
TOTAL LIABILITIES	$ 3,910,243	$ 4,046,688
DEFERRED INFLOWS		
Deferred Inflows - Pension Plan	$ 366,101	$ 463,989
NET POSITION		
Net Investment in Capital Assets	$ 14,329,272	$ 14,265,117
Restricted	143,483	328,183
Unrestricted	6,765,323	6,735,796
Total Net Position	$ 21,238,078	$ 21,329,096
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 25,514,422	$ 25,839,773

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

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
OPERATING REVENUE		
Metered Water Sales (Net of Bad Debts for 2023 $18,081 & 2022 $30,008)	$ 4,336,357	$ 3,871,993
Meter Cut-On Fees	41,250	42,300
Penalties	60,568	55,038
Leak Protection	2,351	1,738
Other Income	115,842	125,760
Total Operating Revenue	4,556,368	$ 4,096,829
OPERATING EXPENSES		
Purchased Water	$ 150,248	$ 131,197
Utilities	237,832	221,293
Materials	154,587	140,671
Salaries and Wages	1,554,126	1,498,902
Commissioners Fees	18,300	18,300
Payroll Taxes	139,145	121,163
Legal and Professional	28,659	27,226
Telephone	39,740	43,142
Postage	29,678	25,870
Vehicle Expense	167,366	148,019
Insurance	437,344	355,978
Advertising	5,038	3,556
Continuing Education	12,156	24,156
Office Expense	101,283	89,357
Bank Charges	34,536	24,296
Dues and Subscriptions	24,085	25,601
Licenses and Permits	2,964	7,203
Retirement Expense	96,485	(50,508)
Employee Benefits	110,128	70,516
Uniform Expense	54,503	36,176
Repairs and Maintenance	317,986	286,662
Cost of Supplies Sold	15,005	7,348
Miscellaneous	23,381	10,388
Total Operating Expenses	3,754,575	3,266,512
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	$ 801,793	$ 830,317
Depreciation and Amortization	(895,886)	(863,245)
Total Operating Income	(94,093)	(32,928)
NON OPERATING REVENUES (EXPENSES)		
Interest Income	$ 66,633	$ 31,518
Interest Expense	(99,809)	(105,083)
Loss of Disposal of Fixed Assets	(18,155)	0
Management Fee	110,000	109,645
City of Wartburg Sewer Reimbursement	272,131	0
City of Wartburg Sewer Expenses	(296,238)	0
Tap Fees	112,892	68,213
Total Non Operating Revenues (Expenses)	147,454	104,293
INCOME BEFORE CAPITAL CONTRIBUTIONS AND GRANT INCOME	$ 53,361	$ 71,365
GRANT INCOME	0	299,100
CHANGE IN NET POSITION	$ 53,361	$ 370,465
NET POSITION, BEGINNING OF YEAR	21,329,096	20,958,631
PRIOR PERIOD ADJUSTMENT SEE NOTE K	(144,379)	0
NET POSITION, END OF YEAR	$ 21,238,078	$ 21,329,096

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

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	$ 4,289,186	$ 3,825,170
Payments for Operating Expenses	(2,716,602)	(1,902,571)
Payments to Employees	(1,548,215)	(1,517,202)
Net Receipts or Refunds of Customer Meter Deposits	115	2,221
Receipts from Customers for Meter Cut On Fees	41,250	42,300
Receipts from Customers for Penalty Payments	60,568	55,038
Other Receipts (Payments)	118,193	127,498
Net Cash Provided (Used) by Operating Activities	$ 244,495	$ 632,454
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Principal Paid on Revenue Bonds	$ (280,941)	$ (266,814)
Interest Paid on Revenue Bonds	(102,079)	(107,335)
Grant Funds Received	0	299,100
Management Fee Received	110,000	109,645
Receipts from Customers for Tap Fees	112,892	68,213
Expenditures for Sewer Management	(24,107)	0
Cash Paid for Acquisition of Capital Assets	(839,880)	(1,145,608)
Net Cash Provided (Used) for Capital and Related Financing Activities	$ (1,024,115)	$ (1,042,799)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received	$ 66,633	$ 31,518
Net Cash Provided (Used) by Investing Activities	$ 66,633	$ 31,518
NET INCREASE (DECREASE) IN CASH AND RESTRICTED CASH EQUIVALENTS	$ (712,987)	$ (378,827)
CASH AND RESTRICTED CASH EQUIVALENTS AT BEGINNING OF YEAR	5,906,544	6,285,371
CASH AND RESTRICTED CASH EQUIVALENTS AT END OF YEAR	$ 5,193,557	$ 5,906,544
RECONCILIATION TO STATEMENT OF NET POSITION (pg.14)		
TOTAL CASH	$ 4,638,349	$ 5,176,371
TOTAL RESTRICTED ASSETS	555,208	730,173
CASH AND RESTRICTED CASH EQUIVALENTS AT END OF YEAR	$ 5,193,557	$ 5,906,544

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

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES

	2023	2022
Operating Income	$ (94,093)	$ (32,928)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities		
Depreciation Expense	895,886	863,245
(Increase) Decrease in Net Pension Asset Obligation	522,946	(170,164)
(Increase) Decrease in Deferred Outflows - Pension	(451,100)	(302,148)
Increase (Decrease) in Deferred Inflows - Pension	(97,888)	377,361
Increase (Decrease) in Net Pension Liability Obilgation	46,531	0
(Increase) Decrease in Accounts Receivable	(47,171)	(46,823)
(Increase) Decrease in Inventory	(606,843)	(98,530)
(Increase) Decrease in Prepaid Insurance	(20,497)	(8,729)
Increase (Decrease) in Accounts Payable	83,382	25,523
Increase (Decrease) in Sales Tax Payable	2,536	5,294
Increase (Decrease) in Accrued Payroll Taxes	24,211	11,703
Increase (Decrease) in Customer Deposits	115	2,221
Increase (Decrease) in Other Liabilities	(13,520)	6,429
Net Cash Provided (Used) by Operating Activities	$ 244,495	$ 632,454

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

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE A - THE REPORTING ENTITY

The Plateau Utility District of Wartburg, Tennessee (the "District") is a utility district incorporated under the State of Tennessee law "The Utility District Law of 1937" and the amendments and supplements thereto. It was incorporated on July 8, 1974. The District is engaged in the distribution of potable water to portions of the Morgan County area. The District is managed by five District commissioners who are appointed for staggered four-year terms. The Board is ultimately responsible for all fiscal matters and management of the District.

The District, for financial purposes, includes only the Plateau Utility District of Wartburg, Tennessee and is the only entity presented in these financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The District's accounting policies conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

1. Fund Accounting

PROPRIETARY FUND TYPES

Enterprise Fund

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be 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.

2. Basis of Accounting

Basis of accounting refers to when revenue and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

The District is required to use the accrual or proprietary fund basis of accounting. The revenues are recognized when they are earned, and the expenses are recognized when they are incurred (flow of economic measurement focus). Interest on revenue bonds, proceeds of which are used in financing the construction of certain assets, is capitalized during the construction period net of interest on the investment of unexpended bond proceeds.

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 needed.

Unbilled accounts receivable for the years ending June 30, 2023 and 2022 is estimated to be $115,388 and $121,339. Unbilled revenue is not reflected in the balance sheet, which is consistent with prior years and industry standards.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

3. Budget and Budgetary Accounting

Formal budgetary integration is employed by the District as a management control device during the year. The budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

4. Cash and Investments

a. Deposits

At June 30, 2023, the carrying amount of the District's deposits, including restricted deposits and investments in certificates of deposit, was $5,191,793 (does not include petty cash of $1,764) and the bank balance was $5,218,297. Of the bank balance, $750,000 was covered by FDIC, $4,468,297 was included in the collateral pool, and $0 was uncollateralized.

At June 30, 2022, the carrying amount of the District's deposits, including restricted deposits and investments in certificates of deposit, was $5,904,780 (does not include petty cash of $1,764) and the bank balance was $5,977,069. Of the bank balance, $2,353,614 was covered by FDIC, $1,675,820 was included in the collateral pool, $1,947,635 was covered through pledged securities, and $0 was uncollateralized.

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 the securities in a collateral pool maintained by the State Treasurer, or by placing securities in an amount of 105% of the uninsured amount of the deposits in an escrow account in a second bank for the benefit of the government agency. Rules adopted by the Tennessee State Funding Board also require that investments must be held by a separate custodian (not the broker-dealer) in an account in the name of the government agency. At June 30, 2023 and 2022 the District was in compliance with this requirement.

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.

b. Investments

Statutes authorize the District to invest in certificates of deposit, passbooks, and other available bank investments provided that approved securities are pledged to secure those funds on deposit in an amount equal to the amount of those funds. The District is authorized by the Board to invest the funds in the institution that bids and pays the highest rate of interest. Investments are reported at fair value, which is determined using selected bases. Short-term investments are reported at cost, which approximates fair value. Cash deposits are reported at the carrying amount, which reasonably estimates fair value.

5. Restricted Assets

Restricted cash shown on the balance sheet is restricted because of various requirements detailed in various loan and bond documents, customer deposits, and self-imposed restrictions. Some of these restrictions are the result of monies borrowed in current and previous years on which debt is still outstanding. The District will keep different construction projects separated by funding sources. Also included in the restricted cash is the cash collected from customers as a deposit which are required before any service is provided and refundable once service is discontinued. In August 2014, the District's Board approved to charge all customers a Capital Assessment fee which is to be used only for capital improvements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

6. Properties, Depreciation and Amortization

The Water Utility Plant in Service and other related fixed assets are recorded at cost and include improvements that significantly add to productive capacity or extend useful life. It is the policy of the District to capitalize items initially costing $1,000 or more. Interest costs incurred to place an asset in its intended location and condition for use are recorded as a part of the cost of the asset. Interest costs capitalized for the years ending June 30, 2023 and 2022 were $0. The cost of maintenance and repairs are charged to expense. Upon retirement or disposal of assets, the cost and related depreciation are removed from the accounts and gain or loss, if any, is reflected in the earnings for the period. Depreciation and amortization, for financial reporting purposes, is provided on the straight-line method over the period of estimated useful lives of the assets. Labor costs of $77,705 and $73,887 were capitalized for the years ending June 30, 2023 and 2022.

7. Allowance for Uncollectible Accounts

The District uses the allowance method to provide for uncollectible accounts. The allowance for uncollectible accounts for the years ending June 30, 2023 and 2022 was $38,000. Bad debts written off were $18,081 and $30,008 for June 30, 2023 and 2022, respectively.

8. Inventory

Inventories are carried at cost using the first-in first-out method.

9. Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased and all certificates of deposits to be cash equivalents.

10. Economic Dependency

The District sells potable water to Morgan County Regional Correctional Facility. Sales to this customer were approximately 17% and 18% of metered water sales for 2023 and 2022, respectively.

11. GASB Statement No. 34

On June 1, 2003, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *"Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments."* Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, a statement of activities and changes in net position, and a statement of cash flows. It requires the classification of net position into three components-net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net Investment in capital assets-This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

11. GASB Statement No. 34 - Continued

Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, laws, or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Restricted net position is calculated by taking "Restricted Assets" less "Current Liabilities (Payable from Restricted Assets)".

Unrestricted - This component of net position consists of net position that do not meet the definition of "restricted" or "net investment in capital assets."

12. Non-operating Revenue

Subsidies, grants, and capital contributions to proprietary funds, which finance either capital or current operations, are reported as non-operating revenue based on GASB No. 33. In applying GASB No. 33 to grant revenues, the District recognizes receivables and revenue when the applicable eligibility requirements, including time requirements are met. Resources transmitted before the eligibility requirements are met are reported as deferred revenue by the District. (If applicable)

13. Restricted and Unrestricted Cash

The unrestricted cash is used for operating and most capital expenses. Restricted cash is used for payment of the indebtedness of the District.

14. Operating Revenues and Expenses

Operating revenue and expenses generally result from providing services in connection with the District's ongoing operations, water sales.

15. 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 Plateau Utility District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Plateau Utility 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.

NOTE C - TAP FEE REVENUE

Customers who are connected to the transmission line are charged a tap fee. It is the District's policy to capitalize revenue that is substantially in excess of tap installation expense. The tap fee revenues in excess of installation costs capitalized for the years ending June 30, 2023 and 2022 is $0 because the tap fees did not exceed the estimated cost of installation.

NOTE D - WORKING CAPITAL

Working capital as of June 30, 2023 was $5,945,572. The prior year working capital was $5,905,692.

NOTE E - INSURANCE

It is the policy of the District to purchase commercial insurance for the risks of losses to which it is exposed. These risks include general liability, property and casualty, crime and employment practices, worker's compensation, officer's liability, employee health, accident and environmental. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE F - COMPENSATED ABSENCES

Beginning September 7, 2008, the District will provide paid days off (PDO) to all full-time and part-time employees as described in the following table. All full-time and part-time employees are eligible to participate in the PDO program after completion of 90 days service and upon approval by the Board of commissioners. PDOs can be accrued up to a maximum of 40 days. Accrued days, up to the maximum allowable amount, can be carried over from one fiscal year to the next.

Upon termination of employment, an employee will be paid for all unused PDOs including any PDOs that they have carried over from prior fiscal years. Employees may elect to be paid for a maximum of 10 PDOs per fiscal year rather than taking time away from work. Employees may choose to be paid for 5 of those PDOs at any time during the fiscal year. However, the remaining 5 PDOs which an employee can choose to be paid for will not be paid until the last pay period of the subject employment year. The balance of accrued paid days off annual leave as of June 30, 2023 and June 30, 2022 is $92,960 and $69,050, respectively.

YEARS OF SERVICE	PAID DAYS OFF PER YEAR	AUTHORIZED CARRY OVER DAYS
Less than 1 Year	5	10
Less than 5 Years	10	20
Less than 10 Years	15	30
Over 10 Years	20	40

NOTE G – GENERAL INFORMATION ABOUT THE PENSION PLAN

Plan Description

Employees of Plateau Utility District 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 http://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

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

NOTE G – GENERAL INFORMATION ABOUT THE PENSION PLAN – Continued

Benefits Provided - Continued

regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service related and nonservice-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, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	17
Active employees	31
	51

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. Plateau Utility 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, 2023, the employer contributions for Plateau Utility District was $75,975 based on a rate of 4.36 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Plateau Utility District's state shared taxes if required employer contributions are not remitted. The employer's 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)
Plateau Utility District's net pension liability (asset) was measured as of June 30, 2022, and the total pension liability (asset) 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, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

NOTE G – GENERAL INFORMATION ABOUT THE PENSION PLAN – Continued

Net Pension Liability (Asset) - Continued

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

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. The best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

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

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

Discount Rate

The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Plateau Utility 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.

NOTE G – GENERAL INFORMATION ABOUT THE PENSION PLAN - Continued

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	**Plan Fiduciary Net Position (b)**	**Net Pension Liability (Asset) (a) - (b)**
Balance at 6/30/21	$ 3,234,864	$ 3,757,810	$ (522,946)
Changes for the year:			
Service Cost	$ 127,787	$	$ 127,787
Interest	225,470		225,470
Differences between expected and actual experience	186,784		186,784
Changes of assumptions			
Contributions - Employer		44,464	(44,464)
Contributions - Employee		74,106	(74,106)
Net investment income		(145,117)	145,117
Benefit payments, including refunds of employee contributions	(44,720)	(44,720)	-
Administrative expense		(2,889)	2,889
Net Changes	$ 495,321	$ (74,156)	$ 569,477
Balance at 6/30/22	$ 3,730,185	$ 3,683,654	$ 46,531

Sensitivity of the net pension liability (asset) to changes in the discount rate

The following presents the net pension liability (asset) of Plateau Utility District calculated using the discount rate of 6.75 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 (5.75 percent) or 1-percentagepoint higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	**Current Discount Rate (6.75%)**	**1% Increase (7.75%)**
Plateau Utility District's net pension liability (asset)	$709,015	$46,531	$(488,331)

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

Pension Expense (Negative Pension Expense)

For the year ended June 30, 2023, Plateau Utility District recognized pension expense of $96,485.

NOTE G – GENERAL INFORMATION ABOUT THE PENSION PLAN - Continued

Deferred outflows of resources and deferred inflows of resources

For the year ended June 30, 2023, Plateau Utility 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	$ 209,627	$ 36,319
Net Difference between projected and actual earnings on pension plan investments	345,717	329,782
Changes of assumptions	308,668	-
Contributions subsequent to the measurement date of June 30, 2022	75,975	
Total	$ 939,987	$ 366,101

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2022," 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:	
2024	$ 67,242
2025	68,166
2026	47,532
2027	157,137
2028	76,904
Thereafter	80,922

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

Payable to the Pension Plan

At June 30, 2023, Plateau Utility District reported a payable of $12,259 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

Required Supplementary Information

The District has presented the required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the net pension liability (asset) is increasing or decreasing over time relative to the plan's fiduciary net position and if the District has made its actuarial determined contributions as required by TCRS.

NOTE H - COSTS OF OPERATIONS

The costs of operations for the years ending June 30, 2023 and 2022 were $4,750,270 and $4,234,840. This includes operating expenses, interest expense, and depreciation expense. This cost increased 12.2 percent for the year.

NOTE I - CAPITAL ASSETS

Capital assets purchased or acquired are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance is expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20-50 years
Water and sewer system	40-50 years
Machinery and equipment	3-10 years
Improvements	10-20 years
Other infrastructure	10-50 years

Capitalized labor of $77,705 is an addition to Construction in Progress.

	BALANCE JUNE 30, 2022	ADDITIONS	RETIREMENTS	BALANCE JUNE 30, 2023
CAPITAL ASSETS, NOT BEING DEPRECIATED				
Land and Land Rights	$ 813,317	$ 0	$ 3,917	$ 809,400
Right of Ways	25,304	0	0	25,304
Construction in Progress	400,622	468,828	814,700	54,750
Total Capital Assets, Not Being Depreciated	$ 1,239,243	$ 468,828	$ 818,617	$ 889,454
CAPITAL ASSETS, BEING DEPRECIATED				
Office Furniture and Equipment	$ 28,941	$ 2,091	$ 19,100	$ 11,932
Machinery & Other	2,492,442	251,202	299,688	2,443,956
Transmission and Distribution	22,392,907	870,587	550,353	22,713,141
Transportation Equipment	910,446	10,924	144,518	776,852
Computer Software	82,228	0	5,306	76,922
Buildings	4,929,804	56,547	157,296	4,829,055
Computer Equipment	84,658	0	59,953	24,705
Total Capital Assets, Being Depreciated	$ 30,921,426	$ 1,191,351	$ 1,236,214	$ 30,876,563
TOTAL COST	$ 32,160,669	$ 1,660,179	$ 2,054,831	$ 31,766,017
DEPRECIATION				
Office Furniture and Equipment	$ 25,438	$ 1,713	$ 18,645	$ 8,506
Machinery & Other	1,510,622	189,589	289,372	1,410,839
Transmission and Distribution	9,469,247	482,289	405,943	9,545,593
Transportation Equipment	560,475	96,237	142,771	513,941
Computer Software	79,998	681	5,306	75,373
Buildings	2,498,381	120,507	153,744	2,465,144
Computer Equipment	73,411	4,870	59,728	18,553
TOTAL DEPRECIATION	$ 14,217,572	$ 895,886	$ 1,075,509	$ 14,037,949
NET UTILITY PLANT	$ 17,943,097			$ 17,728,068

NOTE I - CAPITAL ASSETS – Continued

Capitalized labor of $73,887 is an addition to Construction in Progress.

	BALANCE JUNE 30, 2021	ADDITIONS	RETIREMENTS	BALANCE JUNE 30, 2022
CAPITAL ASSETS, NOT BEING DEPRECIATED				
Land and Land Rights	$ 813,317	$ 0	$ 0	$ 813,317
Right of Ways	25,304	0	0	25,304
Construction in Progress	325,219	847,871	772,468	400,622
Total Capital Assets, Not Being Depreciated	$ 1,163,840	$ 847,871	$ 772,468	$ 1,239,243
CAPITAL ASSETS, BEING DEPRECIATED				
Office Furniture and Equipment	$ 28,941	$ 0	$ 0	$ 28,941
Machinery & Other	2,394,878	97,564	0	2,492,442
Transmission and Distribution	21,632,168	760,739	0	22,392,907
Transportation Equipment	702,516	207,930	0	910,446
Computer Software	82,228	0	0	82,228
Buildings	4,925,832	3,972	0	4,929,804
Computer Equipment	84,658	0	0	84,658
Total Capital Assets, Being Depreciated	$ 29,851,221	$ 1,070,205	$ 0	$ 30,921,426
TOTAL COST	$ 31,015,061	$ 1,918,076	$ 772,468	$ 32,160,669
DEPRECIATION				
Office Furniture and Equipment	$ 23,459	$ 1,979	$ 0	$ 25,438
Machinery & Other	1,331,956	178,666	0	1,510,622
Transmission and Distribution	8,999,676	469,571	0	9,469,247
Transportation Equipment	474,558	85,917	0	560,475
Computer Software	75,016	4,982	0	79,998
Buildings	2,377,886	120,495	0	2,498,381
Computer Equipment	71,776	1,635	0	73,411
TOTAL DEPRECIATION	$ 13,354,327	$ 863,245	$ 0	$ 14,217,572
NET UTILITY PLANT	$ 17,660,734			$ 17,943,097

NOTE J- CHANGES IN LONG TERM DEBT

Long Term Debt - Notes and Bonds Payable

The District is liable for water revenue bonds payable to the various lenders. The bond issues are secured by the Net Revenues derived from the operations of the District. The consequences in the event of default would result in the District having additional penalties and interest on late payments. The following is a description of each issue and a summary of bond transactions for the twelve months ended June 30, 2023 and 2022.

LENDER / DESCRIPTION	BALANCE JUNE 30, 2022	SECURED BY	INTEREST RATE	YEAR OF MATURITY	PRINCIPAL PAYMENTS MADE	BALANCE JUNE 30, 2023
Rural Development	$ 221,233	Revenue	2.25%	2050	5,941	$ 215,292
Regions Bond 2012	3,475,000	Revenue	Various	2033	275,000	3,200,000
	$ 3,696,233					$ 3,415,292
Bond Discount	(18,252)					(16,496)
TOTAL BONDS AND NOTES	$ 3,677,981					$ 3,398,796
Less: Current Portion	(280,941)					(291,076)
TOTAL LONG-TERM DE	3,397,040					$ 3,107,720

LENDER / DESCRIPTION	BALANCE JUNE 30, 2021	SECURED BY	INTEREST RATE	YEAR OF MATURITY	PRINCIPAL PAYMENTS MADE	BALANCE JUNE 30, 2022
Rural Development	$ 226,557	Revenue	2.25%	2050	5,324	$ 221,233
Regions Bond 2012	3,740,000	Revenue	Various	2033	265,000	3,475,000
	$ 3,966,557					$ 3,696,233
Bond Discount	(20,007)					(18,252)
TOTAL BONDS AND NOTES	$ 3,946,550					$ 3,677,981
Less: Current Portion	(270,808)					(280,941)
TOTAL LONG-TERM DE	3,675,742					$ 3,397,040

NOTE J- CHANGES IN LONG TERM DEBT – CONTINUED

Long Term Debt - Notes and Bonds Payable - Continued

Debt service requirements for these notes and bonds for the next five years and thereafter are as follows:

JUNE 30,	BONDS PRINCIPAL PAYMENTS	INTEREST	TOTAL
2024	$ 291,076	$ 92,247	$ 383,323
2025	296,214	85,340	381,554
2026	301,355	78,311	379,666
2027	311,499	70,791	382,290
2028	321,647	63,019	384,666
2029-2033	1,745,572	174,083	1,919,655
2034-2038	39,804	14,376	54,180
2039-2043	44,539	9,641	54,180
2044-2048	49,837	4,343	54,180
2049-2050	13,749	182	13,931
TOTAL	$ 3,415,292	$ 592,333	$ 4,007,625

The revenue bond issues, which are described above, contain various restrictive covenants. The covenants restrict the use of revenue received, require establishment of restricted cash levels and accounts and prohibit and/or require other actions.

Bond discounts are deferred and amortized over the life of the loan. Bonds payable are reported net of applicable bond discount. The discount on the bonds totaled $35,101. Amortization of the bond discount was $1,755 for the year ended June 30, 2023 and $1,755 for the year ended June 30, 2022. The bond discount began being amortized on December 18, 2013 and the amortization expense is included in the caption, “Interest Expense” on the Statement of Revenues, Expenses and Changes in Net Position.

NOTE K – PRIOR PERIOD ADJUSTMENT

During the fiscal year, the General Manager noted that older lines dating back to 1969 were not in operation and had not been fully depreciated. The amount of depreciation that had not been taken in prior years has been reported as a prior period adjustment.

NOTE L – SUBSEQUENT EVENTS

The District has evaluated subsequent events through August 28, 2023, which is the date the financial statements were available to be issued. The District noted no items requiring recording or disclosure in the financial statements for the year ended June 30, 2023.

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE

REQUIRED SUPPLEMENTAL INFORMATION

JUNE 30, 2023

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
FOR THE YEAR ENDED JUNE 30, 2023

Last Fiscal Year ending June 30

	2015	2016	2017	2018	2019
Total pension liability					
Service Cost	$ 68,385	$ 65,930	$ 76,739	$ 78,174	$ 81,763
Interest	100,988	108,588	130,534	139,478	161,173
Changes in benefit terms	-	-	-	-	-
Differences between actual & expected experience	(65,486)	109,498	(64,928)	78,002	98
Change of assumptions	-	-	41,715	-	-
Benefit payments, including refunds of employee contributions	-	(194)	(4,234)	-	-
Net change in total pension liability	$ 103,887	$ 283,822	$ 179,826	$ 295,654	$ 243,034
Total pension liability-beginning	1,278,124	1,382,011	1,665,833	1,845,659	2,141,313
Total pension liability-ending (a)	$ 1,382,011	$ 1,665,833	$ 1,845,659	$ 2,141,313	$ 2,384,347
Plan fiduciary net position					
Contributions-employer	$ 103,484	$ 117,940	$ 124,132	$ 136,282	$ 142,284
Contributions-employee	39,378	44,879	47,163	51,779	54,101
Net investment income	38,480	38,181	185,925	166,183	175,609
Benefit payments, including refunds of employee contributions	-	(194)	(4,234)	-	-
Administrative expense	(1,015)	(1,504)	(2,005)	(2,090)	(1,958)
Net change in plan fiduciary net position	$ 180,327	$ 199,302	$ 350,981	$ 352,154	$ 370,036
Plan fiduciary net position-beginning	1,178,460	1,358,787	1,558,089	1,909,070	2,261,224
Plan fiduciary net position-ending (b)	$ 1,358,787	$ 1,558,089	$ 1,909,070	$ 2,261,224	$ 2,631,260
Net Pension Liability (Asset)-ending (a) - (b)	$ 23,224	$ 107,744	$ (63,411)	$ (119,911)	$ (246,913)
Plan fiduciary net position as a percentage of total pension liability	98.32%	93.53%	103.44%	105.60%	110.36%
Covered-employee payroll	$ 787,551	$ 897,567	$ 943,254	$ 1,035,591	$ 1,082,008
Net pension liability (asset) as a percentage of covered-employee payrol	2.95%	12.00%	-6.72%	-11.58%	-22.82%

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.

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

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS-CONTINUED
FOR THE YEAR ENDED JUNE 30, 2023

Last Fiscal Year ending June 30

	2020	2021	2022
Total pension liability			
Service Cost	$ 84,579	$ 91,426	$ 127,787
Interest	177,120	190,808	225,470
Changes in benefit terms	-	-	-
Differences between actual & expected experience	(32,141)	36,263	186,784
Change of assumptions	-	397,649	-
Benefit payments, including refunds of employee contributions	(51,793)	(43,394)	(44,720)
Net change in total pension liability	$ 177,765	$ 672,752	$ 495,321
Total pension liability-beginning	2,384,347	2,562,112	3,234,864
Total pension liability-ending (a)	$ 2,562,112	$ 3,234,864	$ 3,730,185
Plan fiduciary net position			
Contributions-employer	$ 147,341	$ 64,144	$ 44,464
Contributions-employee	56,023	62,155	74,106
Net investment income	134,218	762,345	(145,117)
Benefit payments, including refunds of employee contributions	(51,793)	(43,394)	(44,720)
Administrative expense	(2,155)	(2,334)	(2,889)
Net change in plan fiduciary net position	$ 283,634	$ 842,916	$ (74,156)
Plan fiduciary net position-beginning	2,631,260	2,914,894	3,757,810
Plan fiduciary net position-ending (b)	$ 2,914,894	$ 3,757,810	$ 3,683,654
Net Pension Liability (Asset)-ending (a) - (b)	$ (352,782)	$ (522,946)	$ 46,531
Plan fiduciary net position as a percentage of total pension liability	113.77%	116.17%	98.75%
Covered-employee payroll	$ 1,120,462	$ 1,243,092	$ 1,482,128
Net pension liability (asset) as a percentage of covered-employee payrol	-31.49%	-42.07%	3.14%

Notes to Schedule:

Changes of assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements.

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

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
SCHEDULE OF CONTRIBUTIONS
BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
FOR THE YEAR ENDED JUNE 30, 2023

	Last Fiscal Year ended June 30								
	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially determined contribution	$ 103,484	$ 117,940	$ 124,132	$ 136,282	$ 142,284	$ 113,727	$ 64,144	$ 1,186	$ 75,975
Contributions in relation to the acruarially determined contribution	103,484	117,940	124,132	136,282	142,284	147,341	64,144	44,464	75,975
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ (33,614)	$ -	$ (43,278)	$ -
Covered-employee payroll	$ 787,551	$ 897,567	$ 943,255	$ 1,035,591	$ 1,082,008	$ 1,120,462	$ 1,243,092	$ 1,482,128	$ 1,742,546
Contributions as a percentage covered-employee payroll	13.14%	13.14%	13.16%	13.16%	13.15%	13.15%	5.16%	3.00%	4.36%

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

Notes to Schedule

Valuation Date

Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2021 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	2.25 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00%.
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.125 percent

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality 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.

See independent auditor's report.

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE

SUPPLEMENTAL FINANCIAL INFORMATION

JUNE 30, 2023

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
SCHEDULE OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION – BUDGET VS ACTUAL
FOR THE YEAR ENDED JUNE 30, 2023

	BUDGET	ACTUAL	VARIANCE FAVORABLE/ (UNFAVORABLE)
OPERATING REVENUE			
Metered Water Sales (Net of Bad Debt Expense)	$ 4,173,832	$ 4,336,357	$ 162,525
Meter Cut-On Fees	39,000	41,250	2,250
Penalties	54,000	60,568	6,568
Other Income	63,900	118,193	54,293
Total Operating Revenue	$ 4,330,732	$ 4,556,368	$ 225,636
OPERATING EXPENSES			
Purchased Water	$ 138,453	$ 150,248	$ (11,795)
Utilities	233,030	237,832	(4,802)
Materials	136,777	154,587	(17,810)
Salaries and Wages	1,403,745	1,554,126	(150,381)
Commissioners Fees	18,000	18,300	(300)
Payroll Taxes	121,848	139,145	(17,297)
Legal and Professional	32,500	28,659	3,841
Telephone	44,000	39,740	4,260
Postage	25,500	29,678	(4,178)
Vehicle Expense	143,974	167,366	(23,392)
Insurance	402,372	437,344	(34,972)
Advertising	3,000	5,038	(2,038)
Continuing Education and Travel	19,500	12,156	7,344
Office Expense	85,000	101,283	(16,283)
Bank Charges	21,000	34,536	(13,536)
Dues and Subscriptions	30,000	24,085	5,915
Licenses and Permits	7,500	2,964	4,536
Retirement Expense	58,188	96,485	(38,297)
Employee Benefits	73,673	110,128	(36,455)
Uniform Expense	39,183	54,503	(15,320)
Repairs and Maintenance	248,960	317,986	(69,026)
Cost of Supplies Sold	10,000	15,005	(5,005)
Miscellaneous	8,500	23,381	(14,881)
Total Operating Expenses	$ 3,304,703	$ 3,754,575	$ (449,872)
OPERATING INCOME BEFORE DEPRECIATION AND AMORTIZATION	$ 1,026,029	$ 801,793	$ (224,236)
Depreciation and Amortization	(936,000)	(895,886)	40,114
Total Operating Income	$ 90,029	$ (94,093)	$ (184,122)
NON OPERATING REVENUES (EXPENSES)			
Interest Income	$ 20,000	$ 66,633	$ 46,633
Interest Expense	(125,000)	(99,809)	(25,191)
Loss on Disposal	0	(18,155)	18,155
Net Sewer	0	(24,107)	24,107
Management Fee	0	110,000	(110,000)
Tap Fees	49,000	112,892	63,892
Total Non Operating Revenues (Expenses)	$ (56,000)	$ 147,454	$ 17,596
NET INCOME BEFORE CAPITAL CONTRIBUTION AND GRANT INCOME	$ 34,029	$ 53,361	$ 19,332
GRANTS	0	0	0
CHANGE IN NET POSITION	$ 34,029	$ 53,361	$ 19,332
NET POSITION, JUNE 30, 2022		21,329,096	
PRIOR PERIOD ADJUSTMENT		(144,379)	
NET POSITION, JUNE 30, 2023		$ 21,238,078	

See independent auditor's report.

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
SCHEDULE OF UTILITY RATES IN EFFECT
JUNE 30, 2023

GALLONS/SERVICES	RESIDENTIAL RATE	SUNBRIGHT RESIDENTIAL
Commercial and Residential		
Minimum Bill	$ 29.00	$ 30.00
0 - 2,000 gallons, per month	4.75	2.50
2,001 - 5,000 gallons, per month	8.50	10.50
Over 5,001 gallons, per month	8.50	11.50
Rates have been set by Commissioners to generate sufficient funds to meet bond, reserve, and operating requirements.		
Tap Fee	$ 550.00	
Non Refundable Water Cut-On Fee	100.00	
Non Refundable Water Transfer Fee	35.00	
Delinquency Fee Based on Nonpayment	50.00	

Total Number of Active Customers for 2023: 5,063

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
SCHEDULE OF CASH AND INVESTMENTS
JUNE 30, 2023

FINANCIAL INSTITUTION	ACCOUNT TYPE	BALANCE JUNE 30, 2023
CASH		
Cash on Hand	-	$ 1,764
OneBank	Checking Account	80,613
SmartBank	Checking Account	71,376
OneBank	Checking Account - Restricted Asset	1,842
SmartBank	Checking Account - Restricted Asset	1,107
SmartBank	Checking Account - Restricted Asset	112,991
SmartBank	Checking Account - Restricted Asset	37,613
State of Tennessee	Local Government Investment Pool - Restricted Asset	19
TOTAL CASH		$ 307,325
INVESTMENTS		
SmartBank (7)/CDARS	Certificate of Deposit - 12 months	$ 3,243,184
SmartBank	Certificate of Deposit - 12 months - Restricted Asset	401,636
OneBank	Certificate of Deposit - 12 months	1,241,412
TOTAL INVESTMENTS		$ 4,886,232
TOTAL CASH AND INVESTMENTS		$ 5,193,557

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
SCHEDULE OF BONDS AND NOTES PAYABLE: PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2023

REVENUE BOND DATE DECEMBER 18, 2013

YEAR ENDED JUNE 30,	PRINCIPAL PAYMENTS	INTEREST PAYMENTS	TOTAL PAYMENTS
2024	$ 285,000	$ 87,486	$ 372,486
2025	290,000	80,718	370,718
2026	295,000	73,830	368,830
2027	305,000	66,455	371,455
2028	315,000	58,830	373,830
2029	325,000	50,325	375,325
2030	335,000	41,550	376,550
2031	340,000	31,500	371,500
2032	350,000	21,300	371,300
2033	360,000	10,800	370,800
TOTALS	$ 3,200,000	$ 522,794	$ 3,722,794

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
SCHEDULE OF BONDS AND NOTES PAYABLE: PRINCIPAL AND INTEREST REQUIREMENTS
JUNE 30, 2023

USDA LOAN DATE OCTOBER 4, 2011

YEAR ENDED JUNE 30,	PRINCIPAL PAYMENTS	INTEREST PAYMENTS	TOTAL PAYMENTS
2024	$ 6,076	$ 4,760	$ 10,836
2025	6,214	4,622	10,836
2026	6,355	4,481	10,836
2027	6,499	4,337	10,836
2028	6,647	4,189	10,836
2029	6,798	4,038	10,836
2030	6,953	3,883	10,836
2031	7,110	3,726	10,836
2032	7,273	3,563	10,836
2033	7,438	3,398	10,836
2034	7,607	3,229	10,836
2035	7,779	3,057	10,836
2036	7,957	2,879	10,836
2037	8,138	2,698	10,836
2038	8,323	2,513	10,836
2039	8,512	2,324	10,836
2040	8,705	2,131	10,836
2041	8,904	1,932	10,836
2042	9,106	1,730	10,836
2043	9,313	1,523	10,836
2044	9,524	1,312	10,836
2045	9,741	1,095	10,836
2046	9,962	874	10,836
2047	10,189	647	10,836
2048	10,420	416	10,836
2049	10,657	179	10,836
2050	3,092	3	3,095
TOTALS	$ 215,292	$ 69,539	$ 284,831

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/22	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/23
Business-Type Activites									
NOTES PAYABLE									
Payable through Debt Service Fund									
Rural Development USDA	$ 276,000	2.25%	10/4/2011	10/4/2049	$ 221,233	$ 0	$ 5,941	$ 0	$ 215,292
Total Notes Payable through Debt Service Fund					$ 221,233	$ 0	$ 5,941	$ 0	$ 215,292
BONDS PAYABLE									
Payable through Debt Service Fund									
Regions Bond 2012	$ 5,795,000	2-3%	12/18/2012	6/1/2033	$ 3,475,000	$ 0	$ 275,000	$ 0	$ 3,200,000
Total Bonds Payable through Debt Service Fund					$ 3,475,000	$ 0	$ 275,000	$ 0	$ 3,200,000

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE

INTERNAL CONTROL AND COMPLIANCE SECTION

JUNE 30, 2023 AND 2022

CERTIFIED PUBLIC ACCOUNTANTS

Joe Savage
Rebecca Hutsell

Stephen J. Parsons - Retired
William R. Scandlyn - 1988 - 1999
Earl O. Wright - 1988 - 2002

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

The Commissioners of Plateau Utility District
of Wartburg, 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 Plateau Utility District of Wartburg, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Plateau Utility District of Wartburg, Tennessee's basic financial statements and have issued our report thereon dated August 28, 2023.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings as Finding 2023-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Plateau Utility District of Wartburg, Tennessee'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*.

Plateau Utility District of Wartburg, Tennessee's Response to Findings

Plateau Utility District of Wartburg, Tennessee's response to the findings identified in our audit is described in the accompanying schedule of findings. Plateau Utility District of Wartburg, Tennessee's response and corrective action plan were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Parsons & Wright, CPAs
Parsons & Wright
Certified Public Accountants
Kingston, Tennessee

August 28, 2023

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
SCHEDULE OF FINDINGS
JUNE 30, 2023

Finding 2023-001 (2008-003) Accounts Payable Reconciliation

The District is not performing a monthly reconciliation of accounts payable to the general ledger. This could cause and under or over statement of expenses and current liabilities.

Recommendation

The board should instruct management to perform a monthly reconciliation of accounts payable. By not performing the monthly reconciliation of Accounts Payable, the expenses could be under or overstated.

Management Response

We concur.

Current Status

This area is improving; however, we will continue to monitor.

Plateau Utility District
P. O. Box 407
Wartburg, TN 37887
423-346-3101

MANAGEMENT'S CORRECTIVE ACTION PLAN

Finding 2023-001 (2008-003) Accounts Payable Reconciliation

Response and Corrective Action Plan Prepared by:
Mike Monroe, General Manager

Person Responsible for implementing the Corrective Action:
Mike Monroe, General Manager

Anticipated Completion Date of Corrective Action:
September 18, 2023

Repeat Finding:
Yes

Corrective Action Plan:
The Utility made a staffing change during the fiscal year. Additional training is being provided and the issue should be corrected. We will continue to monitor.

_____
Mike Monroe, General Manager

PLATEAU UTILITY DISTRICT
OF WARTBURG, TENNESSEE
SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS
JUNE 30, 2023

Financial Statement Findings

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2022-001	Accounts Payable Reconciliation (original finding # 2008-003)	Repeated/2023-001