



**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**May 31, 2024**

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**THE WEST WILSON UTILITY DISTRICT  
of Wilson County, Tennessee  
Directory**

**Board of Commissioners**

James Hunter, President  
Tracey Bond, Secretary  
Larry Searcy, Commissioner

**Management Team**

Freddie M. Weston, General Manager  
Stant Eakes, Assistant General Manager  
Chris Hollingsworth, Finance Director  
Mike Patton, Plant Manager  
Justin Wheeler, Director of Operations  
Keith Black, Construction Manager  
Lori Ussery, Office Manager  
Ricky Weston, Truck Maintenance Manager

## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners  
West Wilson Utility District of Wilson County, Tennessee  
Mount Juliet, TN

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of the West Wilson Utility District of Wilson County, Tennessee, as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise the West Wilson Utility District'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 West Wilson Utility District, as of May 31, 2024, and the respective changes in financial position, and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the West Wilson Utility District 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 West Wilson Utility District'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 West Wilson Utility District'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 West Wilson Utility District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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 West Wilson Utility District's basic financial statements. The accompanying board directory, capital assets, schedule of insurance coverage, schedule of utility rates in force, schedule of cash and investments, schedules of long-term debt, principal and interest requirements by fiscal year, and schedule of changes in long-term debt by individual issue 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 as listed above is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 6, 2024, on our consideration of the West Wilson Utility District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the West Wilson Utility District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Wilson Utility District's internal control over financial reporting and compliance.

Dempsey Vantrease & Follis PLLC

Lebanon, Tennessee

August 6, 2024

## MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the District’s annual financial report presents our narrative overview and analysis of the District’s financial performance during the Fiscal Year that ended on May 31, 2024. Please read and consider the information presented in conjunction with the financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- During FYE 2024, the District delivered 2.8 billion gallons of water.
- The District’s net position increased by \$12.2 million or 8.8 percent.
- During the year the District’s operating revenues increased to \$32.0 million or 3.9 percent over the prior year, while operating expenses increased to \$24.0 million or 7.1 percent over the prior year.
- Capital contributions to the District decreased to \$5.4 million or 8.5 percent from the prior year.
- During the Fiscal Year, construction projects dealing with roadway expansions, water line replacement projects of aging lines, land purchases, plant expansion and water line extension projects were completed and put into operation leading the way in capital expenditures totaling \$13.3 million, which includes \$5.4 million in capital contributions from developer lines.

### OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management’s Discussion and Analysis, Financial Statements, and Supplementary Information. The Financial Statements also include notes that explain in more detail some of the information in the financial statements.

### REQUIRED FINANCIAL STATEMENTS

The Financial Statements of the District report information about the District using accounting methods similar to those used by private sector companies. These statements offer short-and long-term financial information about its activities. The Statements of Net Position includes all of the Districts assets, deferred outflows of resources, liabilities and deferred inflows of resources and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for computing rate of return, evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District. All of the current year’s revenues and expenses are accounted for in the Statements of Revenues, Expenses and Changes in Net Position. These statements measure the success of the District’s operations over the past year and can be used to determine whether the District has successfully recovered all its costs through its user fees and other charges, profitability, and credit worthiness. The final required financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District’s cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

## FINANCIAL ANALYSIS OF THE DISTRICT

Our analysis of the District begins on page 4 of the Financial Statements. One of the most important questions asked about the District’s finances is “Is the District as a whole better off or worse off as a result of the year’s activities?” The Statements of Net Position, and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District’s activities in a way that will help answer this question. These two statements report the net position of the District and changes in them. You can think of the District’s net position - the difference between assets and liabilities - as one way to measure financial health or financial position. Over time, increases or decreases in the District’s net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, zoning and new or changed government regulations and legislation.

The District receives no financial support from the Federal Government, the State of Tennessee, Wilson County, Tennessee or any Municipality within Wilson County, Tennessee and has no taxing authority. The District’s revenues are derived from water charges based upon metered water consumption of customers and fees. The water rates are established by the Board of Commissioners.

### NET POSITION

To begin our analysis, a summary of the District’s Statements of Net Position are presented in Table A-1.

**TABLE A-1**  
**Condensed Statements of Net Positions**  
**(In millions of dollars)**

	<b>FY 2023</b>	<b>FY 2024</b>	<b>Dollar Change</b>
Current & Other Assets	\$ 62.9	\$ 56.7	\$ (6.2)
Capital Assets	167.5	182.5	15.0
Deferred Outflows	3.1	2.9	(0.2)
Total Assets	<u>233.5</u>	<u>242.1</u>	<u>8.6</u>
Long-term Debt Outstanding	91.6	87.1	(4.5)
Other Liabilities	2.6	3.5	0.9
Total Liabilities	<u>94.2</u>	<u>90.6</u>	<u>(3.6)</u>
Invested in Capital Assets, Net of Related Debt	96.8	117.7	20.9
-Restricted	6.5	6.5	-
-Unrestricted	36.0	27.3	(8.7)
Total Net Position	<u>\$ 139.3</u>	<u>\$ 151.5</u>	<u>\$ 12.2</u>

As can be seen from the table above, net position increased \$12.2 million to \$151.5 million in Fiscal 2024 up from \$139.3 million in Fiscal 2023. A further review of Net Position shows that Restricted

Net Position (those established by debt covenants, enabling legislation, or other legal requirements) remained at \$6.5 million. Unrestricted Net Position (those that can be used to finance day-to-day operations) decreased \$8.7 million to \$27.3 million.

**TABLE A-2**  
**Condensed Statements of Revenues, Expenses,**  
**and Changes in Net Position**  
**(In millions of dollars)**

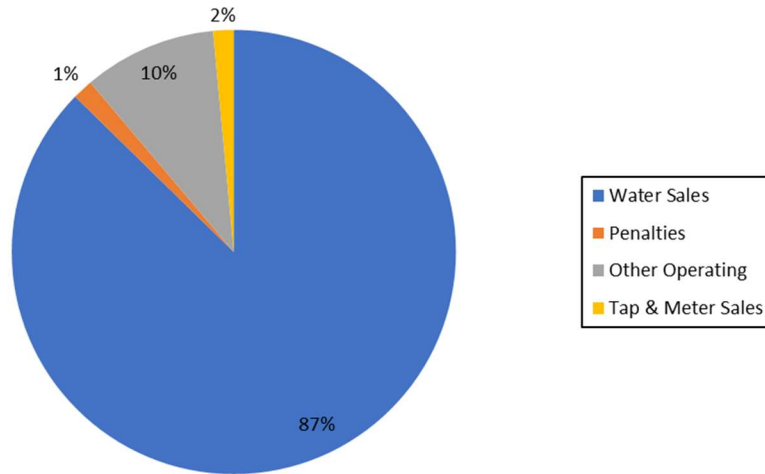
	<b>FY 2023</b>	<b>FY 2024</b>	<b>Dollar Change</b>
Operating Revenues	\$ 30.8	\$ 32.0	\$ 1.2
Non-operating Revenues	0.9	2.1	1.2
Total Revenues	31.7	34.1	2.4
Depreciation Expense	6.6	7.5	0.9
Other Operating Expense	15.8	16.5	0.7
Non-operating Expense	4.0	3.3	(0.7)
Total Expenses	26.4	27.3	0.9
Income Before Capital Contributions	5.3	6.8	1.5
Capital Contributions	5.9	5.4	(0.5)
Change in Net Position	11.2	12.2	1.0
Beginning Net Position	128.1	139.3	11.2
Ending Net Position	\$ 139.3	\$ 151.5	\$ 12.2

While the Statement of Net Position shows the change in financial position, the Statements of Revenues, Expenses, and Changes in Net Position provides answers as to the nature and source of these changes. As can be seen in Table A-2 above, income before contributions of \$6.8 million and capital contributions of \$5.4 million resulted in an increase in net position of \$12.2 million in Fiscal 2024.

A closer examination of the source of changes in net position reveals that the District's revenues increased to \$34.1 million in Fiscal 2024. In addition, sale of water taps, and developer contributions reported as capital contributions, were down \$0.5 million to \$5.4 million in Fiscal 2024 from \$5.9 million in Fiscal 2023. Total expenses were up by \$0.9 million to \$27.3 million in Fiscal 2024 from \$26.4 million in Fiscal 2023.

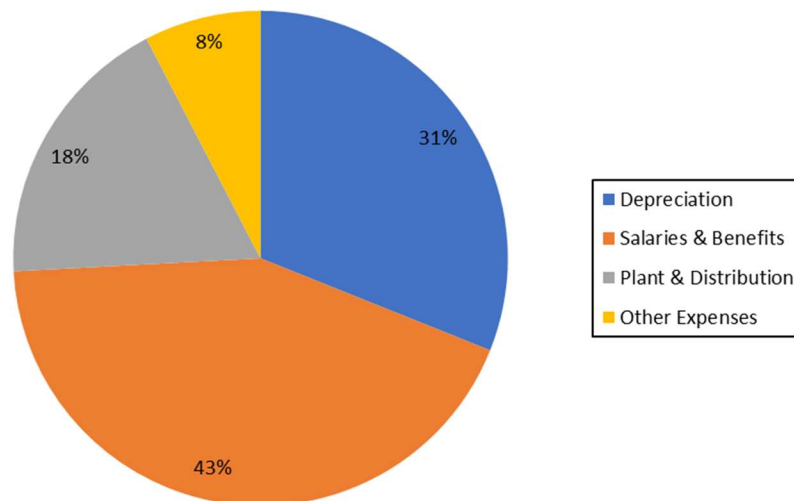
A further breakdown of operating revenues is shown below in Figure 1.

**Figure 1  
Operating Revenues**



A further breakdown of operating expenses and depreciation is shown below in Figure 2.

**Figure 2  
Operating Expense**



## BUDGETARY HIGHLIGHTS

As required by State law, the District adopts an Operating budget prior to the start of its Fiscal Year. The budget remains in effect the entire year and is not revised, as is the case in many governments. A Fiscal 2024 budget comparison and analysis is presented in the interim financial statements; however, they are not reported on nor shown in the financial statement section of this report.

**TABLE A-3**  
**Budget vs. Actual**  
**(In millions of dollars)**

	<b>FY 2024</b>	<b>FY 2024</b>	
	<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Revenues:</b>			
From Operations	\$ 30.2	\$ 32.0	\$ 1.8
Non-Operating Revenues	0.8	2.1	1.3
<b>Total</b>	<b>31.0</b>	<b>34.1</b>	<b>3.1</b>
<b>Operating Expenses:</b>			
Employment Costs	10.5	10.4	(0.1)
Repairs & Maintenance	4.8	2.3	(2.5)
Supplies & Materials	0.9	1.1	0.2
Depreciation	6.9	7.5	0.6
Utilities	1.1	1.0	(0.1)
Purchased Services	0.3	0.3	-
Administration	1.6	1.4	(0.2)
Non-Operating	3.3	3.3	-
<b>Total Expenses</b>	<b>29.4</b>	<b>27.3</b>	<b>(2.1)</b>
<b>Income (Loss) Before</b>			
<b>Capital Contributions</b>	1.6	6.8	5.2
<b>Capital Contributions</b>	-	5.4	5.4
<b>Change in Net Position</b>	<b>\$ 1.6</b>	<b>\$ 12.2</b>	<b>\$ 10.6</b>

As can be seen from Table A-3, the District's revenues totaled \$34.1 million, closing the year \$3.1 million above budgeted revenues. During this same time, expenses totaled \$27.3 million, \$2.1 million below budget. The net result of these factors, plus capital contributions of \$5.4 million was that the District over-performed its Fiscal 2024 budget by an increase in net position of \$10.6 million.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

At the end of 2024, the District had invested \$296.1 million in a broad range of infrastructure including land, water plant, water lines, tank reservoirs, maintenance & administration facilities, vehicles and equipment as shown in Table A-4.

**Table A-4**  
**Capital Assets**  
**(In millions of dollars)**

	<b>FY2023</b>	<b>FY2024</b>	<b>Dollar Change</b>
Land	\$ 14.2	\$ 14.4	\$ 0.2
Buildings	11.5	11.9	0.4
Machinery & Equipment	19.9	21.9	2.0
Improvements	220.5	231.0	10.5
Construction in Progress	7.6	16.9	9.3
Subtotal	<u>273.7</u>	<u>296.1</u>	<u>22.4</u>
Less Accumulated Depreciation	106.2	113.6	7.4
Net Property, Plant & Equipment	<u>\$ 167.5</u>	<u>\$ 182.5</u>	<u>\$ 15.0</u>

The following is a summary of some of the major improvements to the system during Fiscal Year 2024. This year's major capital assets additions include (dollars in millions):

- \$10.5 million to construct the expansion of the District Water Distribution System
- \$0.6 million to purchase land and building improvements
- \$2.0 million to purchase operating equipment and vehicles

In Table A-5, the District's FY 2024 Capital Budget projects spending \$7.2 million for capital projects, principally for line relocations, replacement and extensions. The District believes these projects will be financed from available resources. More information about the District's Capital Assets is presented on page 16 in the Notes to the Financial Statements.

**Table A-5**  
**Fiscal Year 2024 Capital Budget**  
**(In millions of dollars)**

	<b>FY 2024</b>
Water Line Relocations and Extensions	\$ 4.3
Fire Hydrant Project	0.3
Operating Equipment and Minor Capital Items	2.6
<b>Total</b>	<u>\$ 7.2</u>

## LONG TERM DEBT

At year-end, the District had \$87.1 million in long and short-term debt, down from \$91.6 million in Fiscal 2023 for a net decrease of \$4.5 million, which was the result of principal payments of \$3.9 million paid on outstanding debt during 2024. More detailed information about the District's long-term liabilities is presented on pages 17 through 19 in the Notes to the Financial Statements.

### BOND RATINGS

All outstanding bonds carry an AA- rating from Standard and Poor's.

### LIMITATIONS ON DEBT

Bond covenants allow for the issuance of additional debt, on a parity, as to lien on the net revenues of the System provided certain net earnings ratio(s) conditions are met. The major criteria is that all estimated future net earnings of the System must be at least 1.2 times the highest combined debt service requirement.

One area that demonstrates the District's financial strength and future borrowing capability is seen in its debt coverage ratio, which is currently 2.7. The impact of this is that the District has the ability and the capacity to finance, at current market conditions, additional debt from current earnings (as shown in Table A-6).

**Table A-6**  
**Debt Coverage Ratio**  
**(In millions of dollars)**

	<u>FY 2023</u>	<u>FY 2024</u>
<b>Revenues</b>		
Revenues from Operations	\$ 30.8	\$ 32.0
Interest Income	0.9	1.7
<b>Total Revenue</b>	<u>31.7</u>	<u>33.7</u>
<b>Total Operating Expense (less depreciation)</b>	<u>15.8</u>	<u>16.5</u>
<b>Net Earnings</b>	<u>\$ 15.9</u>	<u>\$ 17.2</u>
<b>Annual Debt Service</b>	<u>\$ 7.6</u>	<u>\$ 6.3</u>
<b>Debt Coverage Ratio</b>	<u>2.2</u>	<u>2.7</u>

The District has been successful in taking advantage of available low financing in recent years. As can be seen in Table A-7, the District's current average cost of capital is 3.66 percent of outstanding debt.

**Table A-7  
Cost of Capital**

	<u>Debt Balance</u>	<u>Average Coupon Rate</u>
USDA Note	\$ 1.0	3.00%
2015 Bonds	26.9	3.43%
2017 Bonds	34.9	3.94%
2022 Bonds	<u>24.3</u>	<u>4.27%</u>
<b>Total</b>	<u>\$ 87.1</u>	<u>3.66%</u>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The District's Board of Commissioners and management considered many factors when setting the Fiscal Year 2024 budget, user fees, and charges. One of those factors is the economy. The District's customer base has mirrored the city and county population growth during 2007-2024.

These indicators were taken into consideration when adopting the District budget for FY 2025.

**Table A-8  
FY 2023 Actual vs FY 2024 Budget  
(In millions of dollars)**

	<u>Actual FY 2024</u>	<u>Budget FY 2025</u>	<u>Dollar Change</u>
Operating Revenues	\$ 32.0	\$ 33.0	\$ 1.0
Non-operating Revenues	<u>2.1</u>	<u>1.8</u>	<u>(0.3)</u>
<b>Total Revenues</b>	34.1	34.8	0.7
Depreciation Expense	7.5	8.1	0.6
Other Operating Expenses	16.5	20.7	4.2
Non-Operating Expenses	<u>3.3</u>	<u>3.8</u>	<u>0.5</u>
<b>Total Expenses</b>	27.3	32.6	5.3
Income (Loss) Before Capital Contributions	6.8	2.2	(4.6)
Capital Contributions	<u>5.4</u>	<u>-</u>	<u>(5.4)</u>
Change in Net Assets	12.2	2.2	(10.0)
Beginning Net Assets	<u>139.3</u>	<u>151.5</u>	<u>12.2</u>
<b>Ending Net Assets</b>	<u>\$ 151.5</u>	<u>\$ 153.7</u>	<u>\$ 2.2</u>

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES (CONTINUED)**

As shown in Table A-8 above, operating revenues available for recovering operating costs are projected to be \$33.0 million, above the FY 2024 revenues of \$32.0 million. A Fiscal Year additional rate increase has been included in the budget. Budgeted expenses are expected to increase approximately \$5.3 million to \$32.6 million in FY 2025 while increases in depreciation, personnel, group health and administrative costs are expected to continue.

Income realized through developer contributions is not budgeted for Fiscal 2025, continuing to budget conservatively. If these estimates are realized, the District expects to increase in Net Assets from income before contributions in FY 2025.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGER**

This financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the West Wilson Utility District, Manager, 10960 Lebanon Road Post Office Box 97, Mount Juliet, Tennessee 37122.

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**STATEMENT OF NET POSITION**  
**May 31, 2024**

**ASSETS**

**Current Assets:**

Cash and cash equivalents	\$ 8,106,973
Investments	2,716,060
Water customer accounts receivable (net of allowance for bad debts of \$2,398)	4,261,024
Accrued interest receivable	235,753
Other receivables	501,034
Inventory-materials and supplies	5,229,614
Prepaid expenses	174,293

21,224,751

**Restricted Assets:**

Cash and cash equivalents	2,469,267
Investments	30,386,998

32,856,265

**Capital Assets**

Capital assets not being depreciated	27,803,259
Other capital assets, net	154,660,073

182,463,332

**Other Assets**

Cash value of life insurance	2,438,969
Other long-term receivable	179,659

**Other Assets** 2,618,628

**TOTAL ASSETS**

239,162,976

**DEFERRED OUTFLOWS OF RESOURCES:**

Deferred amount from debt refunding	2,864,295
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2,864,295

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

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**STATEMENT OF NET POSITION (Continued)**  
**May 31, 2024**

**LIABILITIES**

**Current Liabilities:**

Accounts payable	\$ 1,273,630
Accrued wages	216,126
Accrued compensated absences	622,811
Accrued retirement expense	357,188
Loans payable, due within one year	16,832
Security deposits	10,375
Other accrued liabilities	<u>750,472</u>
	3,247,434

**Long-Term Debt:**

Bonds payable, due after one year	86,078,075
Loans payable, due after one year	1,032,113
Other long-term liabilities	<u>301,090</u>
	<u>87,411,278</u>

**TOTAL LIABILITIES**

90,658,712

**NET POSITION**

Net investment in capital assets	117,724,512
Restricted - debt service	6,485,504
Unrestricted	<u>27,158,543</u>

**TOTAL NET POSITION**

\$151,368,559

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

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**For the Year Ended May 31, 2024**

**OPERATING REVENUE**

Metered water sales	\$ 27,952,789
Penalties	475,382
Other operating revenues	3,099,302
Tap and meter sales	480,230
	32,007,703

**OPERATING EXPENSES**

Salaries and wages	7,467,688
Employee benefits and payroll taxes	2,923,100
Pumping expense-electricity	701,838
Pumping expense-chemicals	1,020,205
Utilities - water expense	296,812
Plant expense	51,180
Plant by-product disposal	33,644
Water distribution system-repairs and maintenance	2,287,409
Security	40,416
Insurance	355,743
Office expense	635,460
Professional fees	162,964
Truck expense	41,945
Fuel	177,507
Travel	28,064
GPS expense	32,318
Materials cost	41,724
Outsourced billing	174,360
Miscellaneous	147,701
Depreciation expense	7,488,340
	24,108,418

<b>Net Operating Income</b>	<b>7,899,285</b>
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The accompanying notes are an integral part of these financial statements

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION (CONTINUED)**  
**For the Year Ended May 31, 2024**

<b>NON-OPERATING REVENUES AND (EXPENSES)</b>	
Interest income	\$ 1,691,632
Interest expense	(3,335,030)
Unrealized gain on investments	342,217
Gain (loss) on disposal of assets	<u>46,379</u>
	<u>(1,254,802)</u>
<b>Income Before Capital Contributions</b>	6,644,483
Capital contributions	<u>5,422,319</u>
<b>Increase in Net Position</b>	12,066,802
Net Position, Beginning of Year	<u>139,301,757</u>
<b>NET POSITION, END OF YEAR</b>	<u><u>\$ 151,368,559</u></u>

The accompanying notes are an integral part of these financial statements

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**STATEMENT OF CASH FLOWS**  
**For the Year Ended May 31, 2024**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Cash received from customers	\$ 28,237,905
Cash payments to suppliers of goods and services	(5,461,390)
Cash payments to employees for services	(10,474,821)
Other operating revenues	3,099,302
<b>Net Cash Provided by Operating Activities</b>	<u>15,400,996</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment income received	1,821,882
Proceeds from sale of investments	14,578,760
Purchase of investments	(9,059,357)
<b>Net Cash Provided by Investing Activities</b>	<u>7,341,285</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Principal paid on bonds and notes	(3,876,352)
Interest paid on bonds and notes	(3,644,735)
Acquisition and construction of capital assets	(17,082,932)
Proceeds from sale of capital assets	57,981
<b>Net Cash Used by Capital and Related Financing Activities</b>	<u>(24,546,038)</u>

**Net Decrease in Cash and Cash Equivalents** (1,803,757)

**Cash and Cash Equivalents at Beginning of Year** 12,379,997

**Cash and Cash Equivalents at End of Year** \$ 10,576,240

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**STATEMENT OF CASH FLOWS (CONTINUED)**  
**For the Year Ended May 31, 2024**

<b>RECONCILIATION OF NET OPERATING INCOME TO</b>	
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Net operating income	\$ 7,899,285
<b>Adjustments to Reconcile Net Operating Income</b>	
<b>to Net Cash Provided by Operating Activities</b>	
Depreciation	7,488,340
Bad debt expense	59,140
Cash value of life insurance	(64,339)
<b><i>Changes in Operating Assets and Liabilities:</i></b>	
Water customer accounts receivable	(624,314)
Other receivables	20,804
Inventory - materials and supplies	(266,553)
Prepaid expenses	18,936
Accounts payable	1,115,543
Accrued wages	(291,432)
Accrued compensated absences	103,699
Accrued retirement expense	55,713
Other accrued liabilities	(100,026)
Security deposits	(126,126)
Other long-term liabilities	112,326
<b>Total adjustments</b>	<u>7,501,711</u>
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 15,400,996</u></u>
<b>NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES</b>	
Contributed capital assets	\$ 5,317,370
Accrued wages included in construction in progress	\$ 80,271

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

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**Notes to Financial Statements**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

West Wilson Utility District (the District) of Wilson County, Tennessee, is a public corporation created in 1957 under the Tennessee Utility Law of 1937 to provide treatment and distribution of water in the western portion of Wilson County, Tennessee, including the city of Mount Juliet. The district is governed by a Board of Commissioners and does not have any power to levy or collect a tax. As a public corporation, the district is exempt from federal income tax.

**Basis of Accounting and Financial Statement Presentation**

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

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

The District makes a distinction between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with its principal ongoing operations. The principal operating revenues of the District are water charges to customers.

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the balance sheet. Net position (i.e. total assets plus deferred outflows, net of total liabilities plus deferred inflows) are segmented into net investment in capital assets; restricted for debt service; and unrestricted components.

**Recently Adopted Accounting Standard**

On June 1, 2023, the District adopted Accounting Standards Update 2016-13 Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments (“ASC 326”). This standard replaced the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (“CECL”) methodology. CECL requires an estimate of credit losses for the remaining estimated life of a financial asset using historical experience, current conditions, and reasonable and supportable forecasts and generally applies to financial assets measured at amortized cost, including loans, receivables, held-to-maturity debt securities, and some off-balance sheet credit exposures such as unfunded commitments to extend credit. The new standard also requires updated disclosures. As of May 31, 2024, the adoption of this accounting standard did not have a material impact on the District's financial statements.

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**Notes to Financial Statements (Continued)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District only has one item that qualifies for reporting in this category. It is the deferred charges on refunding reported in the balance sheet. A deferred amount from refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

**Revenues and Expenses**

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

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

**Net Position Flow Assumption**

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

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**Notes to Financial Statements (Continued)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Net Position**

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

**Invested in capital assets, net of related debt** – Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.

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

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

**Cash and Cash Equivalents**

The District considers certain restricted and unrestricted demand deposits, money market accounts, and short-term investments with original maturities of three months or less from the date of acquisition to be cash equivalents.

**Investments**

Utility District investments consist of certain money market accounts, certificates of deposit, and government bonds. Investments are reported at fair value in accordance with GASB No. 31, based on quoted market value. Investment income consists of interest income and the change in fair value of investments. See Note 2.

**Accounts Receivable**

Accounts receivable are uncollateralized customer obligations due under normal terms requiring payment within 30 days of the billing date. Credit is extended to customers generally without collateral requirements; however, formal shut-off procedures are in place. Late charges on delinquent accounts are recorded if the bill is not paid by the due date. Bad debts are expensed by the District using the allowance method. Revenues are reported net of discounts and allowances. The District's allowance for doubtful accounts was \$2,398 as of May 31, 2024.

**Inventory**

Inventory is valued using the average cost method. It consists of materials used for operations, capital expenditures, expansion and repair and replacement parts on hand.

**Financial Instruments**

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

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**Notes to Financial Statements (Continued)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Contributed Systems**

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

**Capital Assets**

Capital assets are defined by the District as assets with initial individual cost of more than \$5,000 and an estimated useful life in excess of 3 years. Capital assets consist of property, plant and equipment and include assets which have been contributed to the District. These assets, consisting primarily of donated water systems constructed by private developers and dedicated to the District, are recorded at the donor's cost (which approximates fair market value at the transfer date for those assets). Depreciation of the capital assets is computed on the accelerated and straight-line methods over the estimated useful lives as follows:

Water Plant and Distribution Systems	7-40 years
Buildings	5-40 years
Right-of-Way	7-40 years
Equipment	3-15 years

Costs incurred for capital construction and acquisition are carried in construction in progress until disposition or completion of the related projects. The major components of construction in progress consist of water systems.

**Impairment of Capital Assets**

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

**Bonds Payable**

The gain on refunding, which is the difference between the reacquisition price and the net carrying amount of the old debt, is deferred and amortized as a component of interest expense over the average remaining life of the old debt. The unamortized gain on refunding is reported as a deduction from the new debt liability.

**THE WEST WILSON UTILITY DISTRICT  
of Wilson County, Tennessee  
Notes to Financial Statements (Continued)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Compensated Absences**

Vacation and personal pay benefits are accrued as vested by District employees.

**Estimates**

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

**NOTE 2 – CASH ON DEPOSIT AND INVESTMENTS**

Investment of the District’s funds is restricted to those authorized investments as prescribed by Tennessee Code Annotated 7-82-108.

The carrying amounts of the cash and investments at May 31 consist of the following:

	<b>2024</b>
Demand deposit accounts	\$ 8,079,783
Money market accounts	2,496,457
Certificates of deposit	8,658,064
Government bonds	24,444,994
	\$ 43,679,298

Classification per balance sheet:

	<b>2024</b>
Current Assets:	
Cash	\$ 8,106,973
Investments	2,716,060
Restricted Assets:	
Cash	2,469,267
Investments	30,386,998
	\$ 43,679,298

**THE WEST WILSON UTILITY DISTRICT  
of Wilson County, Tennessee  
Notes to Financial Statements (Continued)**

**NOTE 2 – CASH ON DEPOSIT AND INVESTMENTS (Continued)**

Investment maturities for the year ended May 31, 2024 are as follow:

<b>Investment Type</b>	<b>Fair Value</b>	<b>Less than 1</b>	<b>1-5</b>
Certificates of Deposits	\$ 8,658,064	\$ 2,176,330	\$ 6,481,734
Governments Bonds	24,444,994	12,273,274	12,171,720
<b>Total</b>	<b>\$ 33,103,058</b>	<b>\$ 14,449,604</b>	<b>\$ 18,653,454</b>

**Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a depositor will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, an investor will not be able to recover the value of its investment or collateral securities that regain the possession of another party. Tennessee Code annotated requires that a financial institution secure deposits made by a state or local government unit by pledging securities in a collateral pool maintained by the State Treasurer, or by placing securities in an amount of 105% of the uninsured 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 in an account in the name of the government agency. At May 31, 2024 the District was in compliance with these requirements.

**Fair Value Measurement**

Financial Accounting Standards Board Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described below:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the District has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**Notes to Financial Statements (Continued)**

**NOTE 2 – CASH ON DEPOSIT AND INVESTMENTS (Continued)**

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the District management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The District categorizes its fair value investments within the fair value hierarchy established by generally accepted accounting principles. As of May 31, 2024, the District's investment assets all fall in level 1 of the fair value hierarchy. The value of investments are as listed in note 2.

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended May 31, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b>Capital assets not being depreciated:</b>				
Land & Right-of-way	\$ 10,859,841	\$ -	\$ -	\$ 10,859,841
Construction in progress	7,625,394	15,724,498	6,406,474	16,943,418
Total capital assets not being de	18,485,235	15,724,498	6,406,474	27,803,259
<b>Other Capital Assets:</b>				
Water Pland and Distribution	220,446,081	10,661,490	91,514	231,016,057
Buildings	11,455,586	461,214	-	11,916,800
Right-of-Way	3,375,700	95,653	-	3,471,353
Equipment	19,918,957	2,054,824	92,680	21,881,101
Other capital assets	255,196,324	13,273,181	184,194	268,285,311
<b>Less Accumulated Depreciation:</b>				
Water Pland and Distribution	85,256,608	5,962,363	1,031	91,217,940
Buildings	3,899,581	374,256	-	4,273,837
Right-of-Way	239,638	48,423	-	288,061
Equipment	16,827,711	1,103,298	85,609	17,845,400
Total Accumulated Depreci	(106,223,538)	(7,488,340)	(86,640)	(113,625,238)
Other capital assets, net	148,972,786	5,784,841	97,554	154,660,073
Total capital assets, net	<u>\$ 167,458,021</u>	<u>\$ 21,509,339</u>	<u>\$ 6,504,028</u>	<u>\$ 182,463,332</u>

Depreciation expense for the year ended May 31, 2024 was \$7,488,340.

**THE WEST WILSON UTILITY DISTRICT  
of Wilson County, Tennessee  
Notes to Financial Statements (Continued)**

**NOTE 4 – RESTRICTED ASSETS**

The District’s revenue bond resolution provides that the District shall maintain a debt service reserve account with a balance equal to the maximum annual principal and interest requirement on the bonds. Construction funds are restricted for various improvements and extensions to the System including the line extensions and relocation and construction of a water storage tank. Restricted assets consist of cash and short term investments restricted by the Commissioners for the purpose and amount as listed below:

	2024
Debt Service	\$ 7,456
Debt Service Reserve Fund	6,432,189
Customer Deposits	12,701
Construction Funds	26,403,919
	\$ 32,856,265

**NOTE 5 – LONG-TERM DEBT AND COMPENSATED ABSENCES**

***Water Revenue Improvement Bonds, Series 2022***

On June 10, 2022, the District issued Water Revenue Improvement Bonds in the amount of \$24,125,000 with an average coupon rate of 4.27%, maturing in varying amounts annually on June 1, commencing 2023 through 2053. The proceeds from the bonds are being used to finance future plant expansion.

***Water Revenue Refunding Bonds, Series 2017***

On April 27, 2017, the District issued Water Revenue Refunding and Improvement Bonds in the amount of \$40,030,000 with an average coupon rate of 3.94%, maturing in varying amounts annually on June 1, commencing 2017 through 2036. The proceeds from the bonds went to refund all (\$23,895,000) of the 2006 Water Revenue Refunding and Improvement Bonds and a portion (\$16,135,000) of the 2010 Water Revenue Refunding and Improvement Bonds.

***Water Revenue Refunding and Improvement Bonds, Series 2015***

On August 11, 2015, the District issued Water Revenue Refunding and Improvement Bonds in the amount of \$43,260,000 with an average coupon rate of 3.43%, maturing in varying amounts annually on June 1, commencing 2016 through 2046. The proceeds from the bonds went to refund all (\$12,535,000) of the remaining 2005 Water Revenue Refunding Bonds and a portion (\$14,395,000) of the 2006 Water Revenue Refunding and Improvement Bonds. The remaining proceeds from the bonds are being used to acquire, construct and install certain additions, extensions and improvements to the system.

In the event of a default in the payment of principal of or interest on the Bonds, any owner of any of the Bonds may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction protect and enforce such statutory lien and compel performance of all duties imposed upon the District by the provisions of the Resolution and the District Act, including the charging and collecting of sufficient rates, the proper application of and accounting for revenues of the System, and the performance of all duties imposed by the Resolution.

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**Notes to Financial Statements (Continued)**

**NOTE 5 – LONG-TERM DEBT AND COMPENSATED ABSENCES (Continued)**

The District has funded the debt service reserve fund on a monthly basis as required. As of May 31, 2024, the District was in compliance with all bond covenants. Long-term debt consists of revenue bonds and installment notes. The activity in long-term debt during the year ended May 31, 2024 is as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>
Series 2022 Bonds	\$ 23,725,000	\$ -	\$ (415,000)	\$ 23,310,000
Series 2017 Bonds	35,190,000	-	(2,010,000)	33,180,000
Series 2015 Bonds	26,125,000	-	(1,435,000)	24,690,000
Notes & Loans Payable	1,065,297	-	(16,352)	1,048,945
Premium on Bonds	5,463,885	-	(565,810)	4,898,075
<b>Total Long-Term Debt</b>	<b>\$ 91,569,182</b>	<b>\$ -</b>	<b>\$ (4,442,162)</b>	<b>\$ 87,127,020</b>

Long-term debt at May 31, 2024, consists of:

	<u>Principal</u>
Water Revenue Improvement Bonds, Series 2022, which mature in 2053, average coupon rate 4.27% with a face amount of \$24,125,000 (plus unamortized premium of \$1,067,566 based on effective rate of 3.28%)	\$ 23,310,000
Water Revenue Refunding and Improvement Bonds, Series 2017, which mature in 2036, average coupon rate 3.94% with a face amount of \$37,825,000 (plus unamortized premium of \$2,496,958 based on effective rate of 3.24%)	33,180,000
Water Revenue Refunding and Improvement Bonds, Series 2015, which mature in 2046, average coupon rate 3.43% with a face amount of \$43,260,000 (plus unamortized premium of \$3,400,063 based on effective rate of 3.74%)	24,690,000
Loan payable at 3.00% interest, paid monthly, maturing in 2060. A statutory mortgage lien is created until paid in full.	1,048,945
Premium on Bonds	4,898,075
	<u>87,127,020</u>
Less: Current Portion	<u>(16,832)</u>
Long-Term Portion	<u>\$ 87,110,188</u>

**THE WEST WILSON UTILITY DISTRICT  
of Wilson County, Tennessee  
Notes to Financial Statements (Continued)**

**NOTE 5 – LONG-TERM DEBT AND COMPENSATED ABSENCES (Continued)**

All debt is secured by the revenues and rate setting power of the District. Maturities of debt service, including interest, are as follows:

Year Ending May 31, 2024	Bonds			Direct Placement		Total
	Principal Amount	Interest	Premium	Principal Amount	Interest	
2025	\$ -	\$ 3,533,000	\$ 513,085	\$ 16,832	\$ 31,180	\$ 4,094,097
2026	4,005,000	3,375,188	496,938	17,342	30,670	7,925,138
2027	4,170,000	3,203,200	464,083	17,882	30,130	7,885,295
2028	4,350,000	3,010,575	429,728	18,412	29,600	7,838,315
2029	4,550,000	2,809,250	393,782	18,972	29,040	7,801,044
2020-2034	25,810,000	11,003,762	1,442,829	103,910	136,150	38,496,651
2035-2039	16,355,000	6,208,963	653,070	120,710	119,350	23,457,093
2040-2044	8,975,000	3,822,775	366,042	140,200	99,860	13,403,877
2045-2049	7,680,000	1,736,350	113,702	162,840	77,220	9,770,112
2050-2054	5,285,000	433,100	24,816	189,170	50,890	5,982,976
2055-2059	-	-	-	219,760	20,300	240,060
2060	-	-	-	22,915	150	23,065
	<u>\$ 81,180,000</u>	<u>\$ 39,136,163</u>	<u>\$ 4,898,075</u>	<u>\$ 1,048,945</u>	<u>\$ 654,540</u>	<u>\$ 126,917,723</u>

Non capital debt for the District includes accrued compensated absences. Accrued compensated absences consist of vacation time that employees have accrued but have not yet taken. Balances are as follows:

	<u>Beginning Balance</u>	<u>Increase/ (Decrease)</u>	<u>Ending Balance</u>
Accrued Compensated Absences	\$ 519,112	\$ 103,699	\$ 622,811

**NOTE 6 – RETIREMENT PLANS**

***457 Plan***

During 2006, the District established the West Wilson Utility District 457 Retirement Plan, which is a defined contribution pension plan, for substantially all employees with more than one year of service. Employees can make elective deferral contributions to the plan up to the guidelines set forth by the Internal Revenue Code. There are no matching contributions made by the employer to this plan. Employee contributions are fully vested to the employee's account. The plan is administered by the District.

***Profit Sharing Plan***

The District established the West Wilson Utility District Profit Sharing Plan and Trust on June 1, 2005. The plan is a defined contribution profit sharing plan that covers all eligible full-time and part-time employees. The plan is administered by the District. Contributions to the plan are discretionary and determined by The District annually. Employees cannot contribute to this plan.

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**Notes to Financial Statements (Continued)**

**NOTE 6 – RETIREMENT PLANS (Continued)**

***Profit Sharing Plan (Continued)***

In order to reward employees who remain employed with the District for a long period of time, the District has established a vesting schedule. Employees vest in employer contributions by years of service. Employees with less than two years of service are 0% vested. The vested amount increases 20% for each year of service thereafter to 100% after six years of service. Forfeitures created from the non-vested portion of employee accounts that terminate employment are added to a separate account and are used to reduce plan expenses during the next plan year. At the end of the 2024 plan year, forfeitures totaled \$17,634.

The expense related to the profit sharing plan for the year ended May 31, 2024 was \$496,559. The District's accrued liability to the plan was \$357,188 at May 31, 2024.

***457(f) Plan***

During 2017, the District established the West Wilson Utility District 457(f) Retirement Plan, which is a defined contribution pension plan, for select key executives. The District contributes a fixed amount annually, increasing with each payment period to match benefit payments with salary increases. The District has accrued \$301,090 at May 31, 2024, of benefit payments to the plan and is included in Other long-term liabilities on the accompanying statements of net position. In order for the select key executives to receive benefit payments, they must continue to be employed by the District. The total amount of potential benefit payments by the District is \$571,656, which has been funded through a District owned life insurance policy. The cash value of the life insurance policy at May 31, 2024 is \$2,438,969. The first benefit payment was made in December 2020. The plan is administered by the District.

**NOTE 7 – COMPENSATION PAID TO COMMISSIONERS**

Compensation of \$9,600 was paid to the District commissioners during the years ended May 31, 2024.

**NOTE 8 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District purchases commercial insurance in amounts in an attempt to cover these risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. Settled claims have not exceeded this commercial coverage and there has been no significant reduction in coverage in any of the past three fiscal years.

**NOTE 9 – GENERAL LITIGATION**

The District is subject to various claims covering a wide range of matters that arise in the ordinary course of business. Management believes that any liability that may ultimately result from the resolution of these matters will not have a material adverse effect on the financial condition of the District.

**THE WEST WILSON UTILITY DISTRICT  
of Wilson County, Tennessee  
Notes to Financial Statements (Continued)**

**NOTE 10 – DATE OF MANAGEMENT’S REVIEW**

Subsequent events have been evaluated through August 6, 2024, which is the date the financial statements were available to be issued.



**Supplemental Information**

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**Capital Assets**  
**May 31, 2024**

	<b>Balance</b>			<b>Balance</b>	<b>A/D</b>			<b>A/D</b>	<b>Unrecovered</b>
	<b>5/31/2023</b>	<b>Additions</b>	<b>Disposals</b>	<b>5/31/2024</b>	<b>5/31/2023</b>	<b>Depreciation</b>	<b>Disposals</b>	<b>5/31/2024</b>	<b>5/31/2024</b>
Water distribution	\$ 191,289,114	\$ 10,042,024	\$ 91,514	\$ 201,239,624	\$ 70,467,811	\$ 5,254,271	\$ 1,031	\$ 75,721,051	\$ 125,518,573
Pumping station and purification plant	25,819,097	619,465	-	26,438,562	12,969,018	624,510	-	13,593,528	12,845,034
Storage tanks	3,337,870	-	-	3,337,870	1,819,782	83,582	-	1,903,364	1,434,506
Buildings	11,455,586	461,214	-	11,916,800	3,899,581	374,256	-	4,273,837	7,642,963
Trucks	2,213,789	197,231	51,226	2,359,794	1,605,411	207,284	51,227	1,761,468	598,326
Trucks - construction	1,873,124	80,319	22,382	1,931,061	1,682,045	67,298	22,382	1,726,961	204,100
Operating equipment	4,064,055	895,293	19,072	4,940,276	3,231,814	295,257	12,000	3,515,071	1,425,205
Operating equipment - construction	10,919,274	862,274	-	11,781,548	9,482,133	521,878	-	10,004,011	1,777,537
Equipment and fixtures	848,715	19,708	-	868,423	826,304	11,581	-	837,885	30,538
Land rights of way	14,235,541	95,653		14,331,194	239,639	48,423		288,062	14,043,132
	<u>\$ 266,056,165</u>	<u>\$ 13,273,181</u>	<u>\$ 184,194</u>	<u>\$ 279,145,152</u>	<u>\$ 106,223,538</u>	<u>\$ 7,488,340</u>	<u>\$ 86,640</u>	<u>\$ 113,625,238</u>	<u>\$ 165,519,914</u>

See Independent Auditor's Report

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**Schedule of Insurance Coverage**  
**May 31, 2024**

Policy	Type of Coverage	Limits of Liability	Coverage Amount
<b>Tennessee School Board Liability Trust RMP</b>			
#TSB-RMT	General Liability	Each Occurrence Products - Comp. OP Agg Personal and Adv. Injury	\$ 2,000,000 No Aggregate Limit No Aggregate Limit
#TSB-RMT	Extra Expense and Business Income	Pool Limit Each Occurrence	5,000,000 100,000
#TSB-RMT	Valuable Papers and Accounts Receivable	Pool Limit Each Occurrence	1,000,000 100,000
#TSB-RMT	Loss of Money – Inside and Outside	Each and Every Loss	400,000
#TSB-RMT	Forgery and Alteration	Each and Every Loss	400,000
#TSB-RMT	Electronic Data Processing	Each Occurrence	1,000,000
#TSB-RMT	Automobile Liability	Combined Single Limit Medical – Any One Person Medical – Any One Claim	1,000,000 5,000 100,000
#TSB-RMT	Excess Liability	Aggregate Each Occurrence	2,000,000 1,000,000
#TSB-RMT	Property	Buildings, Contents and Equipment	Up to Scheduled Amt
#TSB-RMT	Crime	Employee Dishonesty Forgery/Alteration	400,000 400,000
#TSB-RMT	Liability	Directors and Officers Each Occurrence	1,000,000 1,000,000
#TSB-RMT Pool	Workers Compensation and Employers' Liability	Each Accident Disease-Policy Limit Disease-Each Employee	1,000,000 1,000,000 1,000,000
#TSB-RMT	Cyber Liability	Limit per Claim Aggregate	5,000,000 5,000,000

See Independent Auditor's Report

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**Schedule of Utility Rates in Force**  
**For the Year Ended May 31, 2024**

**Customers Served By The District**

Commercial	1,405
Residential	25,683

**Water Rates**

First 3,000 gallons	\$ 35.00 minimum charge
Next 2,000 gallons	\$ 15.48/1,000 gals.
Next 5,000 gallons	\$ 9.56/1,000 gals.
Next 490,000 gallons	\$ 8.09/1,000 gals.
All over 500,000 gallons	\$ 4.51/1,000 gals.

See Independent Auditor's Report

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**Schedule of Cash and Investments**  
**May 31, 2024**

	Amount	Rate	Financial Institution
<b>RESTRICTED FUNDS</b>			
<b>Revenue Bond Funds</b>			
Bond Construction Fund	\$ 1,486,684	2.90%	Pinnacle Bank
General Reserve	255,954	2.75%	Pinnacle Bank
2015 Bond Money Market	423,193	5.01%	Robert W. Baird
2015 Bond Fund Government Bonds	15,581,556	2.94% to 5.39%	Robert W. Baird
2022 Bond Money Market	(206,906)	4.13%	Robert W. Baird
2022 Bond Fund Government bonds	8,863,438	2.94% to 5.21%	Robert W. Baird
<b>Total Revenue Bond Funds</b>	<b>26,403,919</b>		
<b>Debt Service Funds</b>			
Bond and Interest Sinking Fund Reserve	\$ 7,456	2.90%	Pinnacle Bank
Debt Service Reserve Certificate of Deposit	50,000	1.75%	Pinnacle Bank
Debt Service Reserve Money Market	490,185	5.11%	Robert W. Baird
Debt Service Reserve Certificate of Deposit	5,892,004	2.01% to 4.65%	Robert W. Baird
<b>Total Debt Service Funds</b>	<b>6,439,645</b>		
<b>Customer Deposit Funds</b>	<b>12,701</b>	2.90%	Pinnacle
<b>Total Restricted Funds</b>	<b>32,856,265</b>		
<b>UNRESTRICTED FUNDS</b>			
Certificates of Deposit	2,716,060	2.75% to 5.4%	Robert W. Baird
Money Market	798,398	2% to 2.9%	Various Banks
Money Market	715,476	5.19%	Robert W. Baird
Demand Deposits	6,589,099	2.90%	Pinnacle Bank
Petty Cash	4,000		
<b>Total Unrestricted Funds</b>	<b>10,823,033</b>		
<b>Total Cash and Investments</b>	<b>\$ 43,679,298</b>		

The credit ratings of the District's money market funds were unavailable as of May 31, 2024, as they are not rated by Moody's Investor Service. The District has not experienced any losses in such accounts; therefore management believes it is not exposed to any significant credit risk related to cash and cash equivalents.

See Independent Auditor's Report

**WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**Schedules of Long-Term Debt, Principal and Interest Requirments by Fiscal Year**

Fiscal Year ended	USDA Loan		
	Principal	Interest	Total
2025	\$ 16,832	\$ 31,180	\$ 48,012
2026	17,342	30,670	48,012
2027	17,882	30,130	48,012
2028	18,412	29,600	48,012
2029	18,972	29,040	48,012
2030	19,552	28,460	48,012
2031	20,152	27,860	48,012
2032	20,762	27,250	48,012
2033	21,402	26,610	48,012
2034	22,042	25,970	48,012
2035	22,712	25,300	48,012
2036	23,412	24,600	48,012
2037	24,132	23,880	48,012
2038	24,852	23,160	48,012
2039	25,602	22,410	48,012
2040	26,392	21,620	48,012
2041	27,182	20,830	48,012
2042	28,012	20,000	48,012
2043	28,872	19,140	48,012
2044	29,742	18,270	48,012
2045	30,652	17,360	48,012
2046	31,572	16,440	48,012
2047	32,532	15,480	48,012
2048	33,532	14,480	48,012
2049	34,552	13,460	48,012
2050	35,602	12,410	48,012
2051	36,682	11,330	48,012
2052	37,802	10,210	48,012
2053	38,952	9,060	48,012
2054	40,132	7,880	48,012
2055	41,362	6,650	48,012
2056	42,612	5,400	48,012
2057	43,912	4,100	48,012
2058	45,242	2,770	48,012
2059	46,632	1,380	48,012
2060	22,915	150	23,065
<b>Total</b>	<b><u>\$ 1,048,945</u></b>	<b><u>\$ 654,540</u></b>	<b><u>\$ 1,703,485</u></b>

See Independent Auditor's Report

**WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**Schedules of Long-Term Debt, Principal and Interest Requirments by Fiscal Year**

Fiscal Year ended	Series 2015 Bonds			Series 2017 Bonds			Series 2022 Bonds		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ -	\$ 1,146,913	\$ 1,146,913	\$ -	\$ 1,369,988	\$ 1,369,988	\$ -	\$ 1,016,100	\$ 1,016,100
2026	1,485,000	1,095,688	2,580,688	2,090,000	1,280,300	3,370,300	430,000	999,200	1,429,200
2027	1,550,000	1,034,988	2,584,988	2,170,000	1,186,613	3,356,613	450,000	981,600	1,431,600
2028	1,610,000	971,788	2,581,788	2,275,000	1,075,488	3,350,488	465,000	963,300	1,428,300
2029	1,675,000	906,088	2,581,088	2,390,000	958,863	3,348,863	485,000	944,300	1,429,300
2030	1,750,000	828,838	2,578,838	2,490,000	849,313	3,339,313	505,000	924,500	1,429,500
2031	1,835,000	739,213	2,574,213	2,575,000	757,669	3,332,669	525,000	903,900	1,428,900
2032	1,935,000	644,963	2,579,963	2,650,000	672,763	3,322,763	545,000	882,500	1,427,500
2033	2,015,000	563,844	2,578,844	2,735,000	581,838	3,316,838	570,000	860,200	1,430,200
2034	615,000	515,725	1,130,725	4,470,000	444,575	4,914,575	595,000	833,925	1,428,925
2035	645,000	484,225	1,129,225	4,560,000	263,975	4,823,975	625,000	803,425	1,428,425
2036	680,000	451,100	1,131,100	2,345,000	125,875	2,470,875	660,000	771,300	1,431,300
2037	710,000	421,675	1,131,675	2,430,000	39,488	2,469,488	690,000	737,550	1,427,550
2038	740,000	390,750	1,130,750	-	-	-	730,000	702,050	1,432,050
2039	775,000	352,875	1,127,875	-	-	-	765,000	664,675	1,429,675
2040	815,000	313,125	1,128,125	-	-	-	805,000	625,425	1,430,425
2041	860,000	271,250	1,131,250	-	-	-	845,000	584,175	1,429,175
2042	900,000	227,250	1,127,250	-	-	-	890,000	540,800	1,430,800
2043	950,000	181,000	1,131,000	-	-	-	935,000	495,175	1,430,175
2044	995,000	132,375	1,127,375	-	-	-	980,000	452,200	1,432,200
2045	1,050,000	81,250	1,131,250	-	-	-	1,020,000	412,200	1,432,200
2046	1,100,000	27,500	1,127,500	-	-	-	1,060,000	370,600	1,430,600
2047	-	-	-	-	-	-	1,105,000	327,300	1,432,300
2048	-	-	-	-	-	-	1,150,000	282,200	1,432,200
2049	-	-	-	-	-	-	1,195,000	235,300	1,430,300
2050	-	-	-	-	-	-	1,245,000	186,500	1,431,500
2051	-	-	-	-	-	-	1,295,000	135,700	1,430,700
2052	-	-	-	-	-	-	1,345,000	82,900	1,427,900
2053	-	-	-	-	-	-	1,400,000	28,000	1,428,000
2054									
2055	<u>\$ 24,690,000</u>	<u>\$ 11,782,419</u>	<u>\$ 36,472,419</u>	<u>\$ 33,180,000</u>	<u>\$ 9,606,744</u>	<u>\$ 42,786,744</u>	<u>\$ 23,310,000</u>	<u>\$ 17,747,000</u>	<u>\$ 41,057,000</u>

See Independent Auditor's Report

**THE WEST WILSON UTILITY DISTRICT**  
**of Wilson County, Tennessee**  
**Schedule of Changes in Long-Term Debt by Individual Issue**  
**May 31, 2024**

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 5/31/23	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 5/31/24
<b>NOTES PAYABLE</b>									
Payable through Debt Service Fund									
USDA	\$1,117,578	3.00%	12/12/19	11/12/59	\$ 1,065,297	-	\$ 16,352	-	\$ 1,048,945
Total Notes Payable through Debt Service Fund					\$ 1,065,297	\$ -	\$ 16,352	\$ -	\$ 1,048,945
<b>BONDS PAYABLE</b>									
Payable through Debt Service Fund									
Water Revenue Refunding and Improvement Bonds, Series 2015	43,260,000	3.00 - 5.00%	8/11/15	6/1/45	\$ 26,125,000	\$ -	\$ 1,435,000	\$ -	\$ 24,690,000
Water Revenue Refunding Bonds, Series 2017	40,030,000	2.00 - 5.00%	4/27/17	6/1/45	35,190,000	-	2,010,000	-	33,180,000
Water Revenue Refunding Bonds, Series 2022	24,125,000	4.00 - 5.00%	6/10/22	6/1/52	23,725,000	-	415,000	-	23,310,000
Premium on Bonds					5,463,885	-	565,810	-	4,898,075
Total Bonds Payable through Debt Service Fund					\$ 90,503,885	\$ -	\$ 4,425,810	\$ -	\$ 86,078,075

See Independent Auditor's Report

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

To the Board of Commissioners  
West Wilson Utility District of Wilson County, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of West Wilson Utility District of Wilson County, Tennessee, as of and for the year ended May 31, 2024, and the related notes to the financial statements, which collectively comprise West Wilson Utility District's basic financial statements, and have issued our report thereon dated August 6, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered West Wilson Utility District'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 West Wilson Utility District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Wilson Utility District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

**Report on Compliance and Other Matters**

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

### **Purpose of This Report**

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

Dempsey Vantrease & Follis PLLC

Lebanon, Tennessee

August 6, 2024

West Wilson Utility District

**SCHEDULE OF PRIOR YEAR FINDINGS AND DISPOSITION**  
Year Ended May 31, 2024

Financial Statement Findings:

Prior year finding number: 2023-001

Finding Title: Financial Close and Audit Adjustments

Status/Current Year Finding Number: Resolved

West Wilson Utility District

**SCHEDULE OF FINDINGS AND RESPONSES**  
Year Ended May 31, 2024

**Section I – Summary of Auditor Results**

Type of report issued: unqualified

Internal control over financial reporting:

- Material weakness identified? **No**
- Significant deficiencies identified that are not considered material weaknesses? **None reported**

Noncompliance material to financial statements noted: **No**

**Section II – Financial Statement Findings**

None