

Annual Financial Report

Morristown Utilities Commission  
(An Administrative Unit Accounted for  
as Enterprise Funds of the  
City of Morristown, Tennessee)

*Year ended June 30, 2022*

# Morristown Utilities Commission

## Table of Contents

Year ended June 30, 2022

### **Introductory Section**

Board of Commissioners and Management.....	1
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### **Financial Section**

Independent Auditor's Report.....	2
Management's Discussion and Analysis.....	6
Balance Sheet.....	11
Statement of Revenues, Expenses, and Changes in Net Position .....	13
Statement of Cash Flows .....	14
Notes to Financial Statements.....	16

### **Required Supplementary Information**

Schedule of Changes in Total OPEB Liability and Related Ratios for Morristown Utilities Retiree Benefit Plan .....	39
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### **Other Supplementary Information**

Schedule of Long-term Debt Principal and Interest Requirements—Power System .....	40
Schedule of Long-term Debt Principal and Interest Requirements—Water System .....	41
Schedule of Long-term Debt Principal and Interest Requirements—Wastewater System .....	42
Schedule of Long-term Debt Principal and Interest Requirements—Broadband System .....	46
Schedule of Changes in Long-Term Debt by Individual Issue .....	47

### **Statistical Section**

Schedule of Net Position by Fund (Last Ten Years).....	49
Schedule of Power System Revenues and Expenses (Last Ten Years) .....	50
Schedule of Water System Revenues and Expenses (Last Ten Years).....	51
Schedule of Wastewater System Revenues and Expenses (Last Nine Years) .....	52
Schedule of Broadband System Revenues and Expenses (Last Ten Years) .....	53
Schedule of Purchased Power, Consumption and Active Service Statistics (Last Ten Years).....	54
Schedule of Water Production, Consumption and Active Service Statistics (Last Ten Years) .....	55
Schedule of Wastewater Treated, Consumption and Active Service Statistics (Last Nine Years) .....	56
Schedule of Broadband Active Service Statistics (Last Ten Years).....	57
Schedule of Outstanding Long-Term Debt by Type (Last Ten Years).....	58
Schedule of Water System Revenue Note Coverage (Last Ten Years) .....	60
Schedule of Wastewater System Revenue Note Coverage (Last Nine Years) .....	61
Schedule of Property, Casualty and Other Insurance.....	62
Schedule of Power Rates (Last Ten Years).....	63
Schedule of Water Rates (Last Ten Years).....	65
Schedule of Wastewater Rates (Last Nine Years) .....	67
Schedule of Monthly Broadband Rates (Last Ten Years) .....	69
Schedule of Power System Principal Customers (Current Year and Nine Years Prior).....	70
Schedule of Water System Principal Customers (Current Year and Nine Years Prior) .....	71
Schedule of Wastewater System Principal Customers (Current Year and Eight Years Prior) .....	72
Schedule of Employees by System (Last Ten Years) .....	73

Morristown Utilities Commission

Table of Contents (continued)

Year ended June 30, 2022

**Other Section**

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 <i>Government Auditing Standards</i> .....	74
Schedule of Prior Year Findings .....	76

Morristown Utilities Commission  
Board of Commissioners and Management  
June 30, 2022

**Board of Commissioners**

George B. McGuffin, Chairman

Rod Isaacs, Secretary

B. Lynn Elkins, Member

Bryan Dickerson, Member

David Wild, Member

**Management**

Joseph S. Wigington, General Manager, CEO

Clark H. Rucker, Assistant General Manager, CFO

Michael R. Howard, Water System Manager

Bryan J. Delozier, Power System Manager

George A. Benjamin, Telecommunications Manager



## Independent Auditor's Report

Board of Commissioners  
Morristown Utilities Commission

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of the Power System, Water System, Wastewater System, and Broadband System (collectively, the Systems), enterprise funds of the City of Morristown, Tennessee (the City), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Systems' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the Power System, Water System, Wastewater System, and Broadband System of the City as of June 30, 2022, and the changes in its 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). 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 Power System, Water System, Wastewater System, and Broadband System of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, in the year ended June 30, 2022, the Systems adopted new accounting guidance Governmental Accounting Standards Board Statement No. 87, *Leases*. Our report is not modified with respect to this matter.

#### *Responsibilities of Management for the Financial Statements*

The Systems' 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.

Board of Commissioners  
Morristown Utilities Commission

***Responsibilities of Management for the Financial Statements (continued)***

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 Systems' 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 Responsibility for the Audit of the Financial Statements***

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

Board of Commissioners  
Morristown Utilities Commission

***Emphasis of Matter***

As discussed in Note 1, the financial statements present only the Systems and do not purport to, and do not, present fairly the financial position of the City as of June 30, 2022, the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 6 through 10 and the Schedule of Changes in Total OPEB Liability and Related Ratios for the Morristown Utilities Retiree Benefit Plan on page 39 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 GAAS, 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 Systems' basic financial statements. The Other Supplementary Information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Other Supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the Other Supplementary Information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Commissioners  
Morristown Utilities Commission

***Other Information***

Management is responsible for the other information. The other information comprises the Introductory Section and Statistical Section but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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 October 28, 2022, on our consideration of the Systems' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Systems' internal control over financial reporting and compliance.

*Coulter & Justus, P.C.*

October 28, 2022  
Knoxville, Tennessee



Morristown Utilities Commission  
Management's Discussion and Analysis

June 30, 2022

This discussion and analysis is intended to be an introduction to the financial statements and notes that follow this section and should be read in conjunction with them. This section will provide narrative discussion and analysis of the financial activities of Morristown Utilities Commission (the Commission or MUC). The Commission is responsible for the operation of four major funds of the City of Morristown, Tennessee. These funds are the Power System, the Water System, the Wastewater System, and the Broadband System. This discussion and analysis is reported at the Commission level. The financial performance of the Commission is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

**Financial Statement Overview**

The Balance Sheet includes the assets, deferred outflows of resources, liabilities and deferred inflows of resources of MUC that represent the available resources and required obligations, with the difference reported as net position. The change in net position is a potential indicator of the improving or deteriorating financial position of MUC. The change in net position is a function of the revenues and expenses, which are recorded in the Statement of Revenues, Expenses, and Changes in Net Position. Revenues are recorded as they are earned and expenses are recorded when incurred (regardless of cash requirements). Cash activity for the period is presented in the Statement of Cash Flows and the activity is segmented between operating, noncapital financing, capital and related financing, and investing activities. In addition, the Notes to the Financial Statements offer additional information to provide a full understanding of the financial activity and position of MUC.

The Commission is an administrative unit of the City of Morristown, Tennessee (the City) operated under the general supervision and control of a five-member Board of Commissioners. The Commission issues an annual financial report which is incorporated in the City's annual comprehensive financial report.

## Morristown Utilities Commission

### Management's Discussion and Analysis (continued)

#### Financial Position

The primary indicator of financial position is net position. The net position of the Power System, Water System, Wastewater System, and Broadband System increased by \$4,126,489, \$1,072,659, \$932,220, and \$1,502,271, respectively, as a result of operations discussed later. The overall net increase has primarily been used to acquire additional capital assets and increase cash reserves, in the current year.

<b>Table 1</b>	<b>Morristown Utilities Commission</b>	
	<b>Condensed Balance Sheets</b>	
	<b>June 30, 2022</b>	<b>June 30, 2021</b>
Assets:		
Current, restricted, and other assets	<b>\$ 56,854,072</b>	\$ 45,525,138
Net capital assets	<b>218,070,133</b>	222,021,084
Total assets	<b>274,924,205</b>	267,546,222
Deferred outflows of resources	<b>174,801</b>	126,848
Liabilities:		
Current liabilities	<b>26,458,272</b>	24,944,763
Non-current liabilities	<b>96,588,722</b>	99,360,594
Total liabilities	<b>123,046,994</b>	124,305,357
Deferred inflows of resources	<b>1,209,685</b>	159,025
Net position:		
Net investments in capital assets	<b>123,454,936</b>	117,860,602
Unrestricted	<b>27,387,391</b>	25,348,086
Total net position	<b>\$ 150,842,237</b>	\$ 143,208,688

## Morristown Utilities Commission

### Management's Discussion and Analysis (continued)

#### Results of Operations

As indicated in Table 2, operating revenues of the Commission increased by \$6,687,583 or 5.8% from fiscal year 2021 to 2022.

**Table 2**

#### Morristown Utilities Commission Condensed Statements of Revenues, Expenses and Changes in Net Position Year ended June 30

	2022	2021
Revenues:		
Operating revenues	\$121,383,903	\$114,696,320
Non-operating revenues	70,706	38,998
Total revenues	121,454,609	114,735,318
Expenses:		
Purchased power	61,491,529	56,116,057
Other operating expenses	47,493,106	46,508,978
Non-operating expenses	3,002,798	2,881,665
Total expenses	111,987,433	105,506,700
Income before contributions and transfers	9,467,176	9,228,618
Contributions	648,050	372,610
Transfers to the City	(2,481,587)	(2,413,205)
Changes in net position	7,633,639	7,188,023
Beginning net position, as previously reported	143,208,688	137,646,479
Prior period restatement	-	(1,625,814)
Beginning net position, as restated	143,208,688	136,020,665
Ending net position	\$150,842,327	\$143,208,688

#### Power System

The Power System serves 15,875 residential, commercial, and industrial customers with low cost, reliable power. The Power System is a distributor for the Tennessee Valley Authority (TVA), which has provided low cost, reliable, public power to the customers of Tennessee and portions of surrounding states since 1933. The system maintains over 300 miles of distribution lines and 39 miles of transmission lines with 10 substations.

Operating revenues were \$84,097,305 for fiscal year 2022 and \$78,183,200 for fiscal year 2021. The division purchases all electricity from TVA. The cost of purchased power was \$61,491,529 for fiscal year 2022 and \$56,116,057 for fiscal year 2021. The increased cost of purchased power in fiscal year 2022 is due to rising power rates compared to fiscal year 2021. When stated as a percent of revenues, purchased power was 73.12% in fiscal year 2022 and 71.78% in fiscal year 2021. Operations and maintenance expenses for fiscal year 2022 had a 10.56% increase from fiscal year 2021.

## Morristown Utilities Commission

### Management's Discussion and Analysis (continued)

#### **Power System (continued)**

The Power System renewed its wholesale power contract with TVA in October 2019 with a 20-year rolling term. The Power System also signed a Flexibility Agreement with TVA that would allow the Power System to build generation and/or storage equivalent to approximately 5% of its current electric load.

The Power System has continued projects for routine improvements and replacement of existing electric distribution systems as well as a data center upgrade.

#### **Water System**

Currently, the Water System serves 13,154 water customers and 4 surrounding utility districts that spread into Hamblen, Grainger, and Jefferson counties. The system maintains 275 miles of pipe, numerous water storage reservoirs, and pump stations placed throughout the City of Morristown.

Operating revenues were \$8,886,884 for fiscal year 2022 and \$8,170,396 for fiscal year 2021. The Water System operates a regional water treatment plant and treats all water that is sold. Operations and maintenance expenses for fiscal year 2022 had a 5.71% increase from fiscal year 2021.

The Water System has continued projects for routine improvements and replacement of existing water distribution systems and upgrades to the water treatment plant.

In September 2021, the City issued General Obligation Refunding Bonds, Series 2021A, of which \$3,590,000 is attributed to the Water System for a current refunding of the 2002 DWSRF Promissory Note and 2011 DWSRF Promissory Note. The intent of the refunding is to consolidate debt and lower required debt service through interest savings.

In September 2021, the City issued General Obligation Bonds, Series 2021B, of which \$3,390,000 is attributed to the Water System for improvements and extensions to the water system.

#### **Wastewater System**

The Wastewater System serves 11,029 wastewater customers, and maintains approximately 370 miles of pipe, several holding reservoirs, and sewer pump stations.

Operating revenues were \$16,943,469 for fiscal year 2022 and \$16,986,027 for fiscal year 2021. Operations and maintenance expenses for fiscal year 2022 decreased 0.34% from fiscal year 2021.

The Wastewater System has continued work on new construction projects throughout the System in order to meet TDEC orders.

## Morristown Utilities Commission

### Management's Discussion and Analysis (continued)

#### **Wastewater System (continued)**

In September 2021, the City issued General Obligation Refunding Bonds, Series 2021A, of which \$21,740,000 is attributed to the Wastewater System for a current refunding of the General Obligation Bonds, Series 2012, 2007 CWSRF Promissory Note, and 2009 CWSRF Promissory Note. The intent of the refunding is to consolidate debt and lower required debt service through interest savings.

In September 2021, the City issued General Obligation Bonds, Series 2021B, of which \$3,395,000 is attributed to the Wastewater System for improvements and extensions to the wastewater system.

#### **Broadband System**

The Broadband System serves 7,001 customers with television, phone, and internet services. The Broadband System also provides wholesale video, phone, and internet services to 3,525 customers of Newport Utilities in Newport, Tennessee.

Operating revenues were \$11,456,245 for fiscal year 2022 and \$11,356,697 for fiscal year 2021. Operations and maintenance expenses for fiscal year 2022 decreased 0.62% from fiscal year 2021.

The Broadband System worked on multiple projects simultaneously throughout the year. The System continues to make upgrades to its network and conversions to the new IPTV video platform.

#### **Requests for Information**

This financial report is designed to provide a general overview of the Commission's finances for all those with an interest in the Commission's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be directed to the Assistant General Manager, P.O. Box 667, Morristown, Tennessee 37815.

# Morristown Utilities Commission

## Balance Sheet

June 30, 2022

	Power System	Water System	Wastewater System	Broadband System
<b>Assets and deferred outflows of resources</b>				
Current assets:				
Cash and cash equivalents	\$ 20,801,852	\$ 3,716,402	\$ 5,799,622	\$ 1,929,620
Accounts receivable:				
Trade, net of allowance for doubtful accounts of \$244,859	8,705,066	-	-	-
Due from other funds	399,928	8,948	595,932	-
Due from others	478,245	49,079	299,299	14,379
Accrual for unbilled revenue	2,230,478	258,202	741,610	-
Other current assets	5,611	18,932	39,384	164,194
Materials and supplies inventories	1,714,838	524,344	328,232	11
Total current assets	34,336,018	4,575,907	7,804,079	2,108,204
Restricted assets:				
Cash and cash equivalents	-	3,504,503	3,509,672	-
Capital assets:				
Plant and equipment in service	147,979,820	77,301,443	175,947,401	21,079,935
Less accumulated depreciation	77,135,663	40,833,539	79,508,103	9,231,769
	70,844,157	36,467,904	96,439,298	11,848,166
Construction in progress	1,820,666	125,482	517,187	7,273
Capital assets, net	72,664,823	36,593,386	96,956,485	11,855,439
Due from other funds	605,072	-	-	-
Other assets	410,617	-	-	-
Total assets	108,016,530	44,673,796	108,270,236	13,963,643
Deferred outflows of resources:				
Other postemployment benefits	110,577	19,823	29,009	15,392
Total deferred outflows of resources	110,577	19,823	29,009	15,392
Total assets and deferred outflows of resources	\$ 108,127,107	\$ 44,693,619	\$ 108,299,245	\$ 13,979,035

Morristown Utilities Commission

Balance Sheet (continued)

June 30, 2022

	Power System	Water System	Wastewater System	Broadband System
<b>Liabilities, deferred inflows of resources and net position</b>				
Current liabilities:				
Accounts payable:				
Trade	\$ 7,494,801	\$ 206,705	\$ 739,667	\$ 544,725
Due to other funds	524,491	-	-	480,317
City of Morristown	408,292	-	-	-
Unearned revenues	-	-	-	290,527
Customer deposits	4,582,048	-	-	57,050
Accrued payroll related liabilities	1,677,318	444,874	340,372	290,265
Other accrued liabilities	135,991	54,386	480,508	63,751
Current portion of contractual obligation	-	-	113,741	-
Current portion of long-term debt	1,225,000	1,175,000	4,772,906	355,537
Total current liabilities	16,047,941	1,880,965	6,447,194	2,082,172
 Total other postemployment benefits liability	1,143,893	399,105	224,884	228,720
Due to other funds	-	-	-	605,072
Contractual obligation, less current portion	-	-	1,659,311	-
Long-term debt, less current portion	15,656,725	9,045,610	64,381,755	3,243,647
Total liabilities	32,848,559	11,325,680	72,713,144	6,159,611
 Deferred inflows of resources:				
Other postemployment benefits	225,582	63,556	56,495	112,469
Bond refunding	-	-	751,583	-
Total deferred inflows of resources	225,582	63,556	808,078	112,469
 Net position:				
Net investment in capital assets	55,783,098	29,877,279	29,538,304	8,256,255
Unrestricted (deficit)	19,269,868	3,427,104	5,239,719	(549,300)
Total net position	75,052,966	33,304,383	34,778,023	7,706,955
 Total liabilities, deferred inflows of resources and net position	<u>\$ 108,127,107</u>	<u>\$ 44,693,619</u>	<u>\$ 108,299,245</u>	<u>\$ 13,979,035</u>

See accompanying Notes to Financial Statements.

Morristown Utilities Commission

Statement of Revenues, Expenses, and Changes in Net Position

Year ended June 30, 2022

	Power System	Water System	Wastewater System	Broadband System
Operating revenues:				
Metered sales	\$ 80,716,809	\$ 8,387,183	\$ 16,185,720	\$ -
Broadband sales	-	-	-	9,058,198
Interfund services provided	1,584,135	470,504	61,713	1,746,000
Other operating revenues	1,796,361	29,197	696,036	652,047
Total operating revenues	84,097,305	8,886,884	16,943,469	11,456,245
Operating expenses:				
Power purchased	61,491,529	-	-	-
Operations	5,574,609	4,403,276	6,216,224	6,811,657
Maintenance	3,507,655	959,717	1,242,282	521,212
Interfund services used	1,416,588	463,694	539,896	1,442,174
Depreciation and amortization	5,408,045	1,819,431	5,642,441	934,091
Taxes	467,914	-	-	122,200
Total operating expenses	77,866,340	7,646,118	13,640,843	9,831,334
Operating income	6,230,965	1,240,766	3,302,626	1,624,911
Other income (expense):				
Interest income	34,383	13,758	19,177	3,388
Interest expense	(527,154)	(199,872)	(1,678,657)	(126,028)
Debt issuance costs	-	(113,923)	(357,164)	-
Net other expense	(492,771)	(300,037)	(2,016,644)	(122,640)
Income before contributions and transfers	5,738,194	940,729	1,285,982	1,502,271
Contributions	-	168,050	480,000	-
Transfers out (tax equivalent payments to City of Morristown)	(1,611,705)	(36,120)	(833,762)	-
Changes in net position	4,126,489	1,072,659	932,220	1,502,271
Net position at beginning of year	70,926,477	32,231,724	33,845,803	6,204,684
Net position at end of year	\$ 75,052,966	\$ 33,304,383	\$ 34,778,023	\$ 7,706,955

See accompanying Notes to Financial Statements.



Morristown Utilities Commission

Statement of Cash Flows

Year ended June 30, 2022

	Power System	Water System	Wastewater System	Broadband System
<b>Cash flows from operating activities</b>				
Cash received from customers	\$ 81,401,771	\$ 8,960,131	\$ 17,430,243	\$ 11,482,321
Cash received from City of Morristown, Tennessee	1,737,890	-	-	-
Cash paid to suppliers and vendors	(64,752,138)	(4,053,680)	(5,853,443)	(6,305,677)
Cash paid to employees for services	(6,640,839)	(1,729,046)	(2,036,743)	(2,277,369)
Net cash flows from operating activities	11,746,684	3,177,405	9,540,057	2,899,275
<b>Cash flows from noncapital financing activities</b>				
Transfers to City of Morristown (tax equivalent payments)	(1,522,373)	(36,120)	(833,762)	-
Net interfund advances (repayments)	557,101	11,888	(359,158)	(209,831)
Net cash flows from noncapital financing activities	(965,272)	(24,232)	(1,192,920)	(209,831)
<b>Cash flows from capital and related financing activities</b>				
Proceeds from borrowing	-	7,304,886	25,695,350	-
Net additions to capital assets	(6,090,877)	(1,284,328)	(1,952,801)	(959,158)
Contributions	-	168,050	480,000	-
Principal payments on long-term debt and contractual obligation	(1,175,000)	(4,887,217)	(27,249,898)	(760,853)
Interest paid on long-term debt	(707,591)	(219,148)	(2,158,751)	(153,016)
Debt issuance costs paid on long-term debt	-	(113,923)	(357,164)	-
Net cash flows from capital and related financing activities	(7,973,468)	968,320	(5,543,264)	(1,873,027)
<b>Cash flows from investing activities</b>				
Interest received on cash and cash equivalents	34,383	13,758	19,177	3,388
Increase in cash and cash equivalents	2,842,327	4,135,251	2,823,050	819,805
Cash and cash equivalents at beginning of year	17,959,525	3,085,654	6,486,244	1,109,815
Cash and cash equivalents at end of year	<u>\$ 20,801,852</u>	<u>\$ 7,220,905</u>	<u>\$ 9,309,294</u>	<u>\$ 1,929,620</u>
Cash and cash equivalents are classified as:				
Current assets	\$ 20,801,852	\$ 3,716,402	\$ 5,799,622	\$ 1,929,620
Restricted assets	-	3,504,503	3,509,672	-
Total cash and cash equivalents at end of year	<u>\$ 20,801,852</u>	<u>\$ 7,220,905</u>	<u>\$ 9,309,294</u>	<u>\$ 1,929,620</u>

Morristown Utilities Commission  
Statement of Cash Flows (continued)

Year ended June 30, 2022

	Power System	Water System	Wastewater System	Broadband System
<b>Reconciliation of operating income to net cash flows from operating activities</b>				
Operating income	\$ 6,230,965	\$ 1,240,766	\$ 3,302,626	\$ 1,624,911
Adjustments to reconcile operating income to net cash flows from operating activities:				
Depreciation and amortization	5,470,828	1,888,194	5,810,473	1,068,620
Changes in operating assets and liabilities:				
Accounts receivable	(766,051)	49,222	415,987	25,787
Accrual for unbilled revenue	(330,701)	24,025	70,787	-
Materials and supplies inventories	(340,158)	(66,233)	(80,386)	-
Other assets	43,911	(490)	2,811	76,478
Trade accounts payable	1,214,253	(43,292)	6,764	131,495
Customer deposits and prepayments	95,197	-	-	(26,050)
Other liabilities	146,603	64,470	(23,302)	(22,739)
Total other postemployment benefits liability	(51,520)	(43,642)	(15,581)	(82,731)
Deferred outflows of resources	(48,674)	4,202	(5,303)	1,822
Deferred inflows of resources	82,031	60,183	55,181	101,682
Net cash flows from operating activities	<u>\$ 11,746,684</u>	<u>\$ 3,177,405</u>	<u>\$ 9,540,057</u>	<u>\$ 2,899,275</u>

*See accompanying Notes to Financial Statements.*

# Morristown Utilities Commission

## Notes to Financial Statements

June 30, 2022

### 1. Significant Accounting Policies

#### General

The Morristown Utilities Commission (the Commission) is an administrative unit of the City of Morristown, Tennessee (the City). The Commission is comprised of the Power System, Water System, Wastewater System and Broadband System (the Systems), which are reported as separate enterprise funds of the City.

An enterprise fund is used to account for the financing of services to the general public on a continuing basis with costs recovered primarily through user charges. The Commission is managed and controlled by commissioners who are appointed for five-year terms by the mayor and members of City Council. The Commission manages, operates and maintains the power, water, wastewater and broadband systems servicing the citizens of the City and surrounding areas. The Commission issues an annual financial report which is combined with other funds in the City's annual comprehensive financial report.

The financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and general practices in the power, water, wastewater and broadband industries. Operating revenues and expenses generally result from providing power, water, wastewater and broadband services in connection with the Systems' ongoing operations. Operating expenses include the cost of personnel and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Net position is classified into the following three components, as applicable:

- *Net investment in capital assets* – This component of net position consists of capital assets, net of accumulated depreciation, 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 or deferred inflows of resources at year-end, the portion of the debt or deferred inflows of resources attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt or deferred inflows of resources is included in the same net position component as the unspent proceeds.
- *Restricted* – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.
- *Unrestricted* – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**1. Significant Accounting Policies (continued)**

**Measurement Focus**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Systems' operations are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of the enterprise funds are included in the balance sheet. Fund equity (i.e. total net position) consists of capital contributed by the City and retained earnings. Operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

**Fiscal Year-End**

The Systems operate on a fiscal year ending June 30. All references in these notes refer to the fiscal year-end unless otherwise specified.

**Deposits and Investments**

The Systems consider all demand deposits, non-negotiable certificates of deposit and short-term, highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

The Systems have not formally adopted an investment policy and place no limit on the amount that may be deposited with any one issuer.

The Systems have no formal policy regarding interest rate risk. Deposits are structured in a manner that ensures sufficient cash is available to meet anticipated liquidity needs. Selection of deposit maturities must be consistent with the cash requirements of the Systems in order to avoid the forced redemption of deposits prior to maturity.

As authorized by statutes of the State of Tennessee (the State), the Systems may only invest in obligations of the United States Treasury, its agencies and instrumentalities; money market funds; the Local Government Investment Pool or in obligations which are rated in either of the two highest rated categories by a nationally recognized rating agency.

**Restricted Assets**

Restricted assets include funds limited by bond indentures for construction projects. When both restricted and unrestricted resources are available for use, it is the System's policy to use restricted resources first, then unrestricted resources as they are needed.

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**1. Significant Accounting Policies (continued)**

**Material and Supplies Inventories**

Materials and supplies inventories are valued at the lower of cost or market, utilizing the moving average method of determining cost.

**Income Taxes**

The Power, Water and Wastewater Systems are exempt from federal and state income taxes; accordingly, no provision for income taxes has been recorded in the accompanying financial statements. The Broadband System is exempt from federal income taxes; however, it is required to pay franchise and excise tax to the State of Tennessee.

**Capital Assets**

Capital assets are carried at historical cost, including applicable general and administrative costs and payroll related costs such as pensions, taxes and other employee benefits. All material renewals and betterments are capitalized in accordance with the Systems' capitalization policy. When property is retired or otherwise disposed of, its average cost, together with its cost of removal less salvage, is charged to accumulated depreciation and no gain or loss is recognized.

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the estimated useful lives of the assets, which are as follows:

Transmission equipment, fixtures and devices	25 to 50 years
Distribution transformers, meters, fixtures and devices	5 to 50 years
Buildings and improvements	50 years
Furniture, fixtures and equipment	5 to 25 years

**Compensated Absences**

The Systems recognize the cost of vacation and sick leave benefits when earned by the employees. In the event of termination or retirement, an employee is reimbursed for accumulated vacation days. Accumulated vacation days are generally limited to thirty days. Employees are reimbursed for accumulated sick leave upon retirement or termination at an equivalent salary rate of 100%, 50% or 33⅓%, depending on the date earned. Sick leave accumulation is limited to ninety days.

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**1. Significant Accounting Policies (continued)**

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position reports deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflows of resources (expense) until that time. In addition to liabilities, the statement of net position reports deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Recently Adopted Accounting Pronouncement**

Effective July 1, 2021, the Systems adopted GASB Statement No. 87, *Leases* (GASB 87) using a full retrospective approach. The adoption did not have an impact to net position as of July 1, 2021. As a result of adopting GASB 87, the Broadband System reclassified capital lease obligations of \$193,349 (including current portion of \$57,264) to financed purchase obligations included in long-term debt.

**2. Deposits and Investments**

All of the Systems' deposits, as of June 30, 2022, are covered by the bank collateral pool administered by the State Treasurer. Banks participating in the pool report the aggregate balance of their public fund accounts to the State. Collateral to secure these deposits must be pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in aggregate rather than against each individual account. Public fund accounts covered by the pool are considered entirely insured or collateralized.

As of June 30, 2022, the Water System and Wastewater System have restricted cash and cash equivalents totaling \$3,504,503 and \$3,509,672, respectively. The restricted assets consist of unspent bond proceeds described in Note 6.

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**3. Power Contract**

The Power System has a power contract with the Tennessee Valley Authority (TVA) whereby the Power System purchases all of its electric power from TVA and is subject to certain restrictions and conditions as provided in the contract. During 2022, the Power System received approximately \$1,080,000 from TVA through a Pandemic Relief Credit provided to local power utilities as a reduction to purchased power costs.

**4. Retirement Plan**

The Systems share in a defined contribution retirement plan, Morristown Utilities Retiree Benefit Plan (the Retirement Plan), covering substantially all employees. The Commission is the administrator of the Retirement Plan and is responsible for establishing or amending the Retirement Plan provisions and contribution requirements.

<b>System</b>	<b>Total Payroll</b>	<b>Covered Payroll</b>	<b>Employer Contributions</b>	<b>% of Covered Payroll</b>	<b>Employee Contributions</b>	<b>% of Covered Payroll</b>
<b>Power</b>	<b>\$6,730,764</b>	<b>6,527,027</b>	<b>977,979</b>	<b>15%</b>	<b>\$471,173</b>	<b>7%</b>
<b>Water</b>	<b>1,751,606</b>	<b>1,713,082</b>	<b>251,966</b>	<b>15%</b>	<b>132,880</b>	<b>8%</b>
<b>Wastewater</b>	<b>2,260,498</b>	<b>2,167,626</b>	<b>324,536</b>	<b>15%</b>	<b>167,708</b>	<b>8%</b>
<b>Broadband</b>	<b>2,024,261</b>	<b>1,911,000</b>	<b>286,235</b>	<b>15%</b>	<b>108,698</b>	<b>5%</b>

Under the Retirement Plan terms, the Systems will match participant contributions up to 3% of the participant's salary and may also contribute an additional amount to the Plan at its discretion. During 2022, the discretionary contribution amounted to 12% of the participants' salary. Participants are not required but may contribute up to a total of 75% of their salary subject to IRS limitations. All employees who have completed six months of service as defined by the Retirement Plan and who have attained the age of 21 are eligible to participate in the Retirement Plan. Participants are 100% vested in the employer contributions when they are made.

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**5. Capital Assets**

The following is a schedule of changes in major classes of the Power System plant and equipment:

	<b>Balance July 1, 2021</b>	<b>Increases/ Transfers- In</b>	<b>Decreases/ Transfers- Out</b>	<b>Balance June 30, 2022</b>
Capital assets not being depreciated:				
Land	\$ 1,010,932	\$ –	\$ –	\$ 1,010,932
Construction in progress	1,460,101	6,155,749	5,795,184	1,820,666
Total capital assets not being depreciated	2,471,033	6,155,749	5,795,184	2,831,598
Capital assets being depreciated:				
Transmission equipment, fixtures, and devices	8,675,271	1,131	–	8,676,402
Distribution transformers, meters, fixtures, and devices	75,501,573	3,494,917	371,996	78,624,494
Buildings and improvements	14,161,886	64,098	54,786	14,171,198
Furniture, fixtures, and equipment	43,522,691	2,071,160	97,057	45,496,794
Total capital assets being depreciated	141,861,421	5,631,306	523,839	146,968,888
Less accumulated depreciation:				
Transmission equipment, fixtures, and devices	7,017,652	238,129	–	7,255,781
Distribution transformers, meters, fixtures, and devices	33,822,636	2,602,801	548,538	35,876,899
Buildings and improvements	2,677,939	262,489	54,385	2,886,043
Furniture, fixtures, and equipment	28,769,453	2,367,409	19,922	31,116,940
Total accumulated depreciation	72,287,680	5,470,828	622,845	77,135,663
Net capital assets being depreciated	69,573,741	160,478	(99,006)	69,833,225
Net capital assets	\$ 72,044,774	\$ 6,316,227	\$ 5,696,178	\$ 72,664,823



Morristown Utilities Commission  
Notes to Financial Statements (continued)

**5. Capital Assets (continued)**

The following is a schedule of changes in major classes of the Water System plant and equipment:

	Balance July 1, 2021	Increases/ Transfers- In	Decreases/ Transfers- Out	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$ 469,878	\$ —	\$ —	\$ 469,878
Construction in progress	553,862	1,313,515	1,741,895	125,482
Total capital assets not being depreciated	1,023,740	1,313,515	1,741,895	595,360
Capital assets being depreciated:				
Transmission equipment, fixtures, and devices	8,164,950	44,515	—	8,209,465
Distribution meters, fixtures, and devices	44,517,516	1,407,475	11,985	45,913,006
Buildings and improvements	19,895,237	125,332	—	20,020,569
Furniture, fixtures, and equipment	2,599,692	104,434	15,601	2,688,525
Total capital assets being depreciated	75,177,395	1,681,756	27,586	76,831,565
Less accumulated depreciation:				
Transmission equipment, fixtures, and devices	5,740,695	135,616	—	5,876,311
Distribution meters, fixtures, and devices	21,981,573	1,163,829	42,938	23,102,464
Buildings and improvements	9,096,259	464,880	—	9,561,139
Furniture, fixtures, and equipment	2,185,356	123,869	15,600	2,293,625
Total accumulated depreciation	39,003,883	1,888,194	58,538	40,833,539
Net capital assets being depreciated	36,173,512	(206,438)	(30,952)	35,998,026
Net capital assets	\$37,197,252	\$1,107,077	\$ 1,710,943	\$36,593,386

Morristown Utilities Commission

Notes to Financial Statements (continued)

**5. Capital Assets (continued)**

The following is a schedule of changes in major classes of the Wastewater System plant and equipment:

	Balance July 1, 2021	Increases/ Transfers- In	Decreases/ Transfers- Out	Balance June 30, 2022
Capital assets not being depreciated:				
Land	\$ 1,225,948	\$ –	\$ –	\$ 1,225,948
Construction in progress	788,671	1,757,388	2,028,872	517,187
Total capital assets not being depreciated	2,014,619	1,757,388	2,028,872	1,743,135
Capital assets being depreciated:				
Collection facilities, fixtures, and devices	94,137,199	1,851,624	–	95,988,823
Treatment facilities, fixtures, and devices	54,488,751	93,116	–	54,581,867
Pumping facilities, fixtures, and devices	16,452,345	106,686	2,429	16,556,602
Buildings and improvements	2,356,672	–	–	2,356,672
General facilities, fixtures, and devices	5,124,367	175,288	62,166	5,237,489
Total capital assets being depreciated	172,559,334	2,226,714	64,595	174,721,453
Less accumulated depreciation:				
Collection facilities, fixtures, and devices	37,050,293	2,391,498	–	39,441,791
Treatment facilities, fixtures, and devices	25,735,290	1,703,776	–	27,439,066
Pumping facilities, fixtures, and devices	6,534,087	1,440,027	–	7,974,114
Buildings and improvements	148,320	47,134	–	195,454
General facilities, fixtures, and devices	4,291,806	228,038	62,166	4,457,678
Total accumulated depreciation	73,759,796	5,810,473	62,166	79,508,103
Net capital assets being depreciated	98,799,538	(3,583,759)	2,429	95,213,350
Net capital assets	\$100,814,157	\$(1,826,371)	\$2,031,301	\$96,956,485

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**5. Capital Assets (continued)**

The following is a schedule of changes in major classes of the Broadband System plant and equipment:

	Balance July 1, 2021	Increases/ Transfers- In	Decreases/ Transfers- Out	Balance June 30, 2022
Capital assets not being depreciated- construction in progress	\$ 16,701	\$ 937,779	\$947,207	\$ 7,273
Capital assets being depreciated:				
Transmission equipment, fixtures, and devices	8,721,212	29,613	158,447	8,592,378
Distribution fixtures and devices	10,453,837	925,918	68,313	11,311,442
Furniture, fixtures, and equipment	1,187,329	13,055	24,269	1,176,115
Total capital assets being depreciated	20,362,378	968,586	251,029	21,079,935
Less accumulated depreciation:				
Transmission equipment, fixtures, and devices	2,384,182	393,905	211,182	2,566,905
Distribution fixtures and devices	5,138,983	572,930	15,578	5,696,335
Furniture, fixtures, and equipment	891,013	101,785	24,269	968,529
Total accumulated depreciation	8,414,178	1,068,620	251,029	9,231,769
Net capital assets being depreciated	11,948,200	(100,034)	–	11,848,166
Net capital assets	\$11,964,901	\$ 837,745	\$947,207	\$11,855,439

The provision for depreciation does not include depreciation on transportation equipment. Those amounts are reported as operations expense in the Statements of Revenues, Expenses and Changes in Net Position. The cost of maintenance and repairs is charged to expense as incurred. The following represents the depreciation on transportation equipment not included in depreciation expense previously noted:

Power System	Water System	Wastewater System	Broadband System
\$62,783	\$68,763	\$168,032	\$134,529

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**6. Long-Term Liabilities**

The following is a summary of long-term liabilities:

	Balance July 1, 2021	Additions	Retirements	Balance June 30, 2022
<b>Power System:</b>				
General obligation bonds	\$17,620,000	\$ —	\$1,175,000	\$16,445,000
Unamortized bond premium	617,162	—	180,437	436,725
	<u>18,237,162</u>	<u>\$ —</u>	<u>\$1,355,437</u>	<u>16,881,725</u>
Less current portion	1,175,000			1,225,000
Long-term portion	<u>\$17,062,162</u>			<u>\$15,656,725</u>
<b>Water System:</b>				
General obligation bonds	\$ —	\$ 6,980,000	\$ 685,000	\$ 6,295,000
Promissory notes	7,822,217	—	4,202,217	3,620,000
	<u>7,822,217</u>	<u>6,980,000</u>	<u>4,887,217</u>	<u>9,915,000</u>
Unamortized bond premium	—	324,886	19,276	305,610
	<u>7,822,217</u>	<u>7,304,886</u>	<u>4,906,493</u>	<u>10,220,610</u>
Less current portion	1,052,469			1,175,000
Long-term portion	<u>\$ 6,769,748</u>			<u>\$ 9,045,610</u>
<b>Wastewater System:</b>				
General obligation bonds	\$47,114,383	\$25,135,000	\$20,014,383	\$52,235,000
Promissory notes	22,562,061	—	7,990,307	14,571,754
Contractual obligation	1,872,443	—	99,391	1,773,052
	<u>71,548,887</u>	<u>25,135,000</u>	<u>28,104,081</u>	<u>68,579,806</u>
Unamortized bond premium	2,170,258	1,410,350	1,232,701	2,347,907
	<u>73,719,145</u>	<u>\$26,545,350</u>	<u>\$29,336,782</u>	<u>70,927,713</u>
Less current portion	5,005,369			4,886,647
Long-term portion	<u>\$68,713,776</u>			<u>\$66,041,066</u>
<b>Broadband System:</b>				
General obligation bonds	\$ 3,330,000	\$ —	\$ 180,000	\$ 3,150,000
Promissory notes	776,000	—	533,000	243,000
Financed purchase obligation	193,349	—	47,853	145,496
Interfund loan	1,407,000	—	402,000	1,005,000
	<u>5,706,349</u>	<u>—</u>	<u>1,162,853</u>	<u>4,543,496</u>
Unamortized bond premium	87,676	—	26,988	60,688
	<u>5,794,025</u>	<u>\$ —</u>	<u>\$1,189,841</u>	<u>4,604,184</u>
Less current portion	1,169,193			755,465
Long-term portion	<u>\$ 4,624,832</u>			<u>\$ 3,848,719</u>

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**6. Long-Term Liabilities (continued)**

All outstanding notes and bonds payable contain a provision that in an event of default, outstanding amounts are to become immediately due if the Systems are unable to make payment.

**Power System**

In October 2018, the City issued General Obligation Bonds, Series 2018, of which \$4,375,000 was attributed to the Power System for renovations to an administrative building. An additional \$16,410,000 of the proceeds were used for a current refunding of the 2008 Promissory Note and 2013 Promissory Note then outstanding, and \$960,562 in previously undrawn funds on the 2013 Promissory Note. The interest rate ranges from 3% to 5% with maturity in 2038. The outstanding principal balance of the bonds is \$16,445,000 at June 30, 2022.

Bonds payable are reported on the balance sheet net of the applicable premium.

Future debt service requirements of Power System long-term debt as of June 30, 2022, are as follows:

	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2023	\$ 1,225,000	\$ 653,738	\$1,878,738
2024	1,285,000	592,488	1,877,488
2025	1,345,000	528,238	1,873,238
2026	1,405,000	460,988	1,865,988
2027	1,470,000	390,738	1,860,738
2028-2032	5,500,000	1,239,827	6,739,827
2033-2037	3,910,000	392,763	4,302,763
2038	305,000	12,200	317,200
	<b>\$16,445,000</b>	<b>\$4,270,980</b>	<b>\$20,715,980</b>

**Water System**

The City has an outstanding loan agreement (2009 Promissory Note) with the Public Building Authority of the City of Clarksville, Tennessee in the original principal amount of \$7,500,000. Proceeds from the loan agreement were used for various capital projects of the Water System. Interest is payable quarterly at a fixed rate of 2.52%. Principal is payable in varying amounts from \$400,000 in December 2022 to \$505,000 in December 2029. The outstanding principal balance of this promissory note is \$3,620,000 at June 30, 2022.

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**6. Long-Term Liabilities (continued)**

**Water System (continued)**

In September 2021, the City issued General Obligation Refunding Bonds, Series 2021A, of which \$3,590,000 is attributed to the Water System for a current refunding of the 2002 DWSRF Promissory Note and 2011 DWSRF Promissory Note. The bonds attributed to the Water System were issued at a premium of \$155,024. The underwriters discount was \$23,382 with an additional \$19,944 in other issuance costs. The interest rate is 2% with maturity in 2032. The intent of the refunding is to consolidate debt and lower required debt service through interest savings. The transaction resulted in an economic gain of \$192,784 and a reduction of \$201,038 in future debt service payments. The outstanding principal balance of the bonds is \$2,905,000 at June 30, 2022.

In September 2021, the City issued General Obligation Bonds, Series 2021B, of which \$3,390,000 is attributed to the Water System for improvements and extensions to the water system. The bonds attributed to the Water System were issued at a premium of \$169,862. The underwriters discount was \$29,901 with an additional \$32,536 in other issuance costs. The interest rate is 2% with maturity in 2041. The outstanding principal balance of the bonds is \$3,390,000 at June 30, 2022.

Bonds payable are reported on the balance sheet net of the applicable premium.

The future debt service requirements on Water System long-term debt as of June 30, 2022, are as follows:

	Principal	Interest	Total Requirements
2023	\$1,175,000	\$212,084	\$1,387,084
2024	1,240,000	186,315	1,426,315
2025	1,255,000	159,168	1,414,168
2026	1,170,000	131,643	1,301,643
2027	690,000	105,740	795,740
2028-2032	2,625,000	301,222	2,926,222
2033-2037	945,000	139,000	1,084,000
2038-2041	815,000	41,100	856,100
Total	<u>\$9,915,000</u>	<u>\$1,276,272</u>	<u>\$11,191,272</u>

**Wastewater System**

In October 2018, the City issued General Obligation Bonds, Series 2018, of which \$10,060,000 is attributed to the Wastewater System, including \$9,910,000 to replace previously undrawn loan proceeds on the 2016 Promissory Note. The interest rate ranges from 3% to 5% with maturity in 2037. The outstanding principal balance of these bonds is \$10,060,000 at June 30, 2022.

The General Obligation Bonds, Series 2018, also included \$10,480,000 in proceeds used for a current refunding of various outstanding promissory notes. The interest rate ranges from 4% to 5% with maturity in 2028. The outstanding principal balance of these bonds is \$6,880,000 at June 30, 2022.

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**6. Long-Term Liabilities (continued)**

**Wastewater System (continued)**

In June 2019, the City issued General Obligation Bonds, Series 2019, of \$12,775,000 attributable to the Wastewater System for an advanced refunding of \$14,000,000 of outstanding maturities of the 2013 Promissory Note. The interest rate ranges from 3% to 5% with maturity in 2034. The outstanding principal balance of these bonds is \$11,010,000 at June 30, 2022.

In September 2021, the City issued General Obligation Refunding Bonds, Series 2021A, of which \$21,740,000 is attributed to the Wastewater System for a current refunding of the General Obligations Bonds, Series 2012, 2007 CWSRF Promissory Note, and 2009 CWSRF Promissory Note. The bonds attributed to the Wastewater System were issued at a premium of \$1,240,237. The underwriters discount was \$141,597 with an additional \$123,814 in other issuance costs. The interest rate is 2% with maturity in 2037. The intent of the refunding is to consolidate debt and lower required debt service through interest savings. The transaction resulted in an economic gain of \$2,729,859 and a reduction of \$2,883,634 in future debt service payments. The outstanding principal balance of the bonds is \$20,890,000 at June 30, 2022.

In September 2021, the City issued General Obligation Bonds, Series 2021B, of which \$3,395,000 is attributed to the Wastewater System for improvements and extensions to the wastewater system. The bonds attributed to the Wastewater System were issued at a premium of \$170,113. The underwriters discount was \$29,949 with an additional \$32,588 in other issuance costs. The interest rate is 2% with maturity in 2041. The outstanding principal balance of the bonds is \$3,395,000 at June 30, 2022.

Bonds payable are reported on the balance sheet net of the applicable premium.

The City has an outstanding loan agreement (2009 Promissory Note) between the Public Building Authority of the City of Clarksville, Tennessee and First Tennessee Bank in the original principal amount of \$5,000,000 of which 38.15% is attributed to the Wastewater System. Proceeds from the loan agreement were used for the purpose of repaying outstanding indebtedness and construction, extension, renovation and improvement of the Wastewater System, including the acquisition of certain equipment. Interest is payable quarterly at a fixed rate of 2.91%. Principal is payable annually in varying amounts from \$74,774 in December 2022 to \$105,669 in December 2034. The outstanding principal balance of this promissory note is \$1,162,421 at June 30, 2022.

The City has a revolving fund loan agreement (2013 CWSRF Promissory Note) between the Tennessee Department of Environment and Conservation and the Tennessee Local Development Authority for the repayment of a principal amount of \$5,000,000 for the purpose of rehabilitation and site work at the wastewater treatment plant. Interest is payable monthly at a fixed rate of 1.51% on the outstanding balance. Principal is also payable monthly in varying amounts from \$19,761 in July 2022 to \$24,241 in March 2036. The note is payable from revenues derived from the operations of the Wastewater System. The outstanding principal balance of this promissory note is \$3,596,333 at June 30, 2022.

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**6. Long-Term Liabilities (continued)**

**Wastewater System (continued)**

During 2016, the City entered into a loan agreement (2015 Promissory Note) with the Public Building Authority of the City of Clarksville, Tennessee in the principal amount of \$10,000,000. Proceeds from the loan agreement were used for the extension, construction, improvement and equipping of the Wastewater System. Interest is payable semiannually at a fixed rate of 2.74%. Principal is payable annually in varying amounts from \$449,000 in August 2022 to \$961,000 in August 2035. The outstanding principal balance of this promissory note is \$7,867,000 at June 30, 2022.

During 2017, the City entered into a loan agreement (2016 Promissory Note) with the Public Building Authority of the City of Clarksville, Tennessee in the principal amount not to exceed \$15,000,000. As of June 30, 2022, \$5,090,000 has been drawn on the loan. Proceeds from the loan agreement were used for the extension, construction, improvement and equipping of the Wastewater System. Interest is payable semiannually at a fixed rate of 2.27%. Principal is payable annually in varying amounts from \$672,000 in December 2022 to \$586,000 in December 2024. The outstanding principal balance of this promissory note is \$1,946,000 at June 30, 2022.

The future debt service requirements on Wastewater long-term debt as of June 30, 2022, are as follows:

	<b>Bonds</b>		<b>Promissory Notes</b>		<b>Total</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Requirements</b>
2023	\$ 3,340,000	\$ 1,561,719	\$ 1,432,906	\$ 328,685	\$ 6,663,310
2024	3,530,000	1,437,344	1,467,795	295,196	6,730,335
2025	3,780,000	1,307,394	1,383,744	261,132	6,732,270
2026	4,150,000	1,170,644	816,753	234,932	6,372,329
2027	4,075,000	1,024,544	836,810	214,898	6,151,252
2028-2032	18,915,000	3,383,739	4,492,878	756,483	27,548,100
2033-2037	13,540,000	1,160,550	4,140,868	182,287	19,023,705
2038-2041	905,000	45,800	—	—	950,800
<b>Total</b>	<b>\$52,235,000</b>	<b>\$11,091,734</b>	<b>\$14,571,754</b>	<b>\$2,273,613</b>	<b>\$80,172,101</b>

The Wastewater System has agreed to establish and revise rates such that revenues will be sufficient to pay all costs of maintaining, operating, repairing and ensuring the Wastewater System has the amounts necessary for the payment of principal and interest on the bonds.



Morristown Utilities Commission  
Notes to Financial Statements (continued)

**6. Long-Term Liabilities (continued)**

**Wastewater System (continued)**

During 2009, the City entered into an asset purchase agreement for the acquisition of a wastewater treatment plant located in Hamblen County, Tennessee. The agreement provided for an initial down payment of \$750,000 plus ongoing Flow Fees generally ranging between \$182,500 (minimum Flow Fee if annual volume fails to exceed the average of 500,000 gallons per day) and \$736,125 annually through 2034 depending on the volume of discharges. The City recorded the acquisition (and related contractual obligation) at the then estimated fair value of the wastewater treatment plant. The obligation (\$1,773,052 outstanding as of June 30, 2022) is payable monthly at \$15,208, which includes interest at the imputed rate of 4.10%. Flow fees in excess of \$15,208, if any, will be charged to expense as incurred.

**Broadband System**

In October 2018, the City issued General Obligation Bonds, Series 2018, of which \$3,810,000 is attributed to the Broadband System for a current refunding of its then outstanding 2008 Promissory Note. The interest rate ranges from 3% to 5% with maturity in 2035. The outstanding principal balance of the bonds is \$3,150,000 at June 30, 2022.

Bonds payable are reported on the balance sheet net of the applicable premium.

During 2014, the City entered into a loan agreement (2014 Promissory Note) with First Horizon Bank in the principal amount of \$1,000,000. Proceeds from the loan agreement were used for the purchase, installation, integration and bringing into operational status a phone switch. Interest is payable semi-annually at a fixed rate of 2.59%. Principal is payable annually in varying amounts from \$120,000 in June 2023 to \$123,000 in June 2024. The outstanding principal balance of this promissory note is \$243,000 at June 30, 2022.

The Broadband System leases certain equipment with an original cost of \$293,664 under a financed purchase agreement such that ownership of the equipment transfers to the Broadband System at the end of the contract. Principal and interest of \$4,772 is payable monthly through April 2025. The outstanding principal balance of the financed purchase obligations is \$145,496 at June 30, 2022.

The Broadband System has an interfund promissory note payable to the Power System which is more fully described in Note 8.

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**6. Long-Term Liabilities (continued)**

**Broadband System (continued)**

Future debt service requirements on Broadband System long-term debt (including its interfund note payable) as of June 30, 2022, are as follows:

	<b>Bonds</b>		<b>Promissory Notes</b>		<b>Financed Purchase Obligation</b>		<b>Requirements</b>
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	
2023	\$ 185,000	\$119,700	\$ 519,928	\$6,812	\$ 50,537	\$ 6,727	\$ 888,704
2024	195,000	110,450	523,929	2,664	53,372	3,892	889,307
2025	205,000	100,700	204,143	160	41,587	963	552,553
2026	215,000	88,450	—	—	—	—	303,450
2027	225,000	79,700	—	—	—	—	304,700
2028-2032	1,265,000	270,425	—	—	—	—	1,535,425
2033-2035	860,000	60,025	—	—	—	—	920,025
Total	<u>\$3,150,000</u>	<u>\$829,450</u>	<u>\$1,248,000</u>	<u>\$9,636</u>	<u>\$145,496</u>	<u>\$11,582</u>	<u>\$5,394,164</u>

**7. Concentration of Credit Risk**

The Systems provide electric, water, wastewater and broadband services to customers in the City and Hamblen County, Tennessee, and broadband services in Cocke County, Tennessee. Customers include residential, commercial and heavy industrial users. Residential customers for the Power and Broadband Systems are required to place deposits that approximate one month's account balance. Loss experience has not been significant to the Systems' operations.

**8. Related Party and Interfund Activities**

As described in Note 1, the Commission is an administrative unit of the City. The Systems provide electrical, water, wastewater and broadband service to the City, which generated revenues of approximately \$1,487,000 in 2022. The Power System also bills and collects stormwater and garbage fees for the City. Administrative charges for these services were approximately \$251,000 in 2022. Payment is due within approximately 30 days of the billing.

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**8. Related Party and Interfund Activities (continued)**

Interfund receivables and payables consist of the following as of June 30, 2022:

**Power System**

Interfund loan to Broadband System (including \$399,928 classified as current)	\$ 1,005,000
Due from Broadband System	80,389
Due to Water System	(8,948)
Due to Wastewater System	(595,932)
Total interfund receivable	<u>\$ 480,509</u>

**Water System**

Due from Power System	\$ 8,948
Total interfund receivable	<u>\$ 8,948</u>

**Wastewater System**

Due from Power System	\$ 595,932
Total interfund receivable	<u>\$ 595,932</u>

**Broadband System**

Interfund loan from Power System, (including \$399,928 classified as current)	\$(1,005,000)
Due to Power System	(80,389)
Total interfund payable	<u>\$(1,085,389)</u>

In accordance with Tennessee Code Annotated 7-52-603(b), a line of credit was executed allowing the Broadband System to borrow up to \$7,000,000 from the Power System at an interest rate of 0.25%. Interest incurred on the loan amounted to \$3,117 in 2022. The agreement was approved by TVA as required by the Power Contract and provides for the repayment of all advances along with accumulated interest by January 2025.

The Power System allocates operating and maintenance costs, including building rentals to the Water, Wastewater, and Broadband Systems based upon their usage of fiber lines in the Power System, number of customers, and square footage of use. The Water System allocates meter costs to the Wastewater System based upon number of customers. The Wastewater System allocates warehouse rent to the Water System based upon square footage of use. The Broadband System allocates collector point costs to the Power and Water Systems based upon their collector point usage.

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**8. Related Party and Interfund Activities (continued)**

Operating and maintenance costs allocated between the Systems based on these methods are summarized as follows:

	<b>Services Provided</b>	<b>Services Used</b>
Power	<b>\$ 1,584,135</b>	<b>\$1,416,588</b>
Water	<b>470,504</b>	<b>463,694</b>
Wastewater	<b>61,713</b>	<b>539,896</b>
Broadband	<b>1,746,000</b>	<b>1,442,174</b>
Total	<b><u>\$3,862,352</u></b>	<b><u>\$3,862,352</u></b>

Other amounts reflected as due to/from other funds in the accompanying balance sheets represent temporary operating cash advances between the Power, Water, Wastewater and Broadband Systems.

The tax equivalent payments made to the City based on the Systems' capital assets along with average operating revenue, less power costs were \$1,611,705 for the Power System, \$36,120 for the Water System and \$833,762 for the Wastewater System.

**9. Post-Employment Benefits**

The Systems provide post-employment benefits (OPEB) through the Morristown Utilities Retiree Benefit Plan to all eligible retirees. The OPEB is administered by the Commission, is a single employer defined benefit plan and is not required to issue a separate financial report. There are no assets accumulated in a trust and the Systems fund the Plan on a pay-as-you-go basis.

The amounts reported as of June 30, 2022 are based on an actuarial valuation performed as of July 1, 2021, and updated to June 30, 2022.

**Plan Description**

The Systems provide medical, dental and life insurance benefits to retirees. Employees who retire at age 55 with 10 years of service are eligible to participate for five years or until age 65. The Systems pay either 90% or 95% of the monthly premium amount that is paid for active employees of the retiree's medical premiums. The Systems pay 100% of the monthly premium amount that is paid for active employees of the retiree's dental and life insurance premiums.

In addition, the Systems pay 60% of the monthly premium amount that is paid for active employees of the retiree's dependent's medical premiums. The retiree's spouse is also eligible for medical benefits (same as retiree) as long as the retiree is eligible (there are no surviving spouse benefits). The life insurance benefit available to retirees is \$5,000.

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**9. Post-Employment Benefits (continued)**

**Plan Description (continued)**

Participants in the OPEB consisted of the following as of July 1, 2021:

	Actives	Inactives Receiving Benefits	Total
Male	122	4	126
Female	29	1	30
Total	151	5	156

**Total OPEB Liability**

Total OPEB liability of the Commission is as follows as of June 30, 2022:

	Power System	Water System	Wastewater System	Broadband System
Total OPEB liability	\$1,143,893	\$399,105	\$224,884	\$228,720

**Changes in Total OPEB Liability**

The changes in total OPEB liability for all Systems were as follows for 2022:

Total OPEB liability at beginning of year	\$2,190,076
Changes for the year:	
Service cost	153,844
Interest	47,082
Changes in benefit terms	—
Differences between expected and actual experience	(25,358)
Changes in assumptions and other inputs	(266,868)
Benefit payments	(102,174)
Net changes for the year	(193,474)
Total OPEB liability at end of year	\$1,996,602

**Actuarial Methods and Assumptions**

The actuarial methods and assumptions used were applied consistently for the Power, Water, Wastewater and Broadband Systems. A discount rate of 3.54% was used for the year ending June 30, 2022, based on the Bond Buyer's 20 Bond Index. The mortality rates are from the RPH-2014 Total Dataset fully generational mortality table using projection scale MP-2021.

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**9. Post-Employment Benefits (continued)**

**Actuarial Methods and Assumptions (continued)**

It was assumed that the following percentages of eligible employees would retire each year for males:

Age	Years of Service		
	< 15	15-29	30+
55-59	0.0%	0.0%	7.5%
60	10.5%	12.5%	12.5%
61	15.0%	17.0%	17.0%
62	20.0%	22.0%	22.0%
63	17.5%	19.5%	19.5%
64	17.5%	19.5%	19.5%
65+	100.0%	100.0%	100.0%

It was assumed that the following percentages of eligible employees would retire each year for females:

Age	Years of Service		
	< 15	15-29	30+
55-59	0.0%	0.0%	7.5%
60	11.5%	13.0%	13.0%
61	13.0%	15.0%	15.0%
62	18.0%	20.0%	20.0%
63	16.0%	18.0%	18.0%
64	16.0%	18.0%	18.0%
65+	100.0%	100.0%	100.0%

It was assumed that employees would terminate employment with the rate in the following table:

Age	Years of Service			
	1	2	3+ (Male)	3+ (Female)
30	21.8%	17.9%	7.4%	11.1%
40	19.2%	15.9%	3.5%	5.4%
50	17.0%	13.0%	2.8%	3.8%

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**9. Post-Employment Benefits (continued)**

**Actuarial Methods and Assumptions (continued)**

It was assumed that health care cost would increase in accordance with the trend rates in the following table, with the exception of dental costs which are assumed to increase at 5% per annum:

Year	Health Care Trend Rate
2021	7.00%
2022	6.50%
2023	6.00%
2024	5.50%
2025	5.00%
2026+	4.50%

It was assumed that 100% of the current active employees covered under the active plan on the day before retirement would enroll in the retiree medical plan upon retirement. It was also assumed that 10% of the male and 10% of the female employees who elect retiree health coverage for themselves would also elect coverage for their spouse upon retirement. It was assumed that male spouses are three years older than the retiree and female spouses are three years younger than the retiree. For current retirees, actual census information was used.

The preparation of the actuarial liabilities calculated requires management to make assumptions discussed above. Due to the use of these assumptions, actual results may differ from the estimates. The discount rate considers inflationary rate adjustments.

**Sensitivity of the Total OPEB Liability**

The following presents the total OPEB liability of the Systems calculated using the discount rate of 3.54%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54%) or 1-percentage-point higher (4.54%) than the current rate:

1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
\$2,125,112	\$1,996,602	\$1,874,347

Morristown Utilities Commission  
Notes to Financial Statements (continued)

**9. Post-Employment Benefits (continued)**

**Sensitivity of the Total OPEB Liability (continued)**

The following presents the total OPEB liability of the Systems as of June 30, 2022, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

<b>1% Decrease (5.50% decreasing to 3.50%)</b>	<b>Healthcare Cost Trend Rates (6.50% decreasing to 4.50%)</b>	<b>1% Increase (7.50% decreasing to 5.50%)</b>
<b>\$1,803,186</b>	<b>\$1,996,602</b>	<b>\$2,223,124</b>

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

For the year ended June 30, 2022, the Power, Water, Wastewater and Broadband Systems recognized OPEB expense of \$79,790, \$2,617, \$0, and \$1,604, respectively. At June 30, 2022, the Systems reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>			
	<b>Power</b>	<b>Water</b>	<b>Wastewater</b>	<b>Broadband</b>
Experience loss	\$ 57,522	\$ 2,112	\$17,706	\$ –
Change in assumptions	53,055	17,711	11,303	15,392
Total	<u>\$110,577</u>	<u>\$19,823</u>	<u>\$29,009</u>	<u>\$15,392</u>

	<b>Deferred Inflows of Resources</b>			
	<b>Power</b>	<b>Water</b>	<b>Wastewater</b>	<b>Broadband</b>
Experience gain	\$116,433	\$ 44,462	\$ –	\$ 50,905
Change in assumptions	109,149	19,094	56,495	61,564
Total	<u>\$225,582</u>	<u>\$63,556</u>	<u>\$56,495</u>	<u>\$112,469</u>



Morristown Utilities Commission  
Notes to Financial Statements (continued)

**9. Post-Employment Benefits (continued)**

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

<b>Year ended June 30:</b>	<b>Power</b>	<b>Water</b>	<b>Wastewater</b>	<b>Broadband</b>
2023	\$ (17,830)	\$ (7,284)	\$ (3,246)	\$(12,742)
2024	(17,830)	(7,284)	(3,246)	(12,742)
2025	(17,830)	(7,284)	(3,246)	(12,742)
2026	(17,830)	(7,032)	(3,246)	(12,742)
2027	(16,770)	(7,827)	(3,246)	(12,742)
Thereafter	(26,915)	(7,022)	(11,256)	(33,367)
<b>Total</b>	<b>\$(115,005)</b>	<b>\$(43,733)</b>	<b>\$(27,486)</b>	<b>\$(97,077)</b>

**10. Risk Management**

The Systems are exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and injuries of employees for which the Systems carry commercial insurance purchased from independent third parties. The Systems have not experienced an insurance settlement in excess of insurance coverage in any of the past three fiscal years. The Systems bear the risk of loss up to the deductible amounts which are disclosed in the accompanying Statistical Section. During the ordinary course of business, the System is subject to various other disputes and claims pertaining to contracts, and there are uncertainties surrounding the ultimate resolution of these matters. Because of these uncertainties, it is at least reasonably possible the amounts recorded will change within the near term.

The Systems are exposed to risks of loss related to active and retiree medical claims. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

Morristown Utilities Commission

Required Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios  
Morristown Utilities Retiree Benefit Plan

Year ended June 30, 2022

	2022	2021	2020	2019	2018
Changes for the year:					
Service cost	\$ 153,844	\$213,360	\$176,287	\$156,987	\$159,163
Interest	47,082	48,405	66,096	74,345	64,374
Changes in benefit terms	-	-	(52,328)	-	-
Differences between expected and actual experience	(25,358)	-	(164,865)	-	-
Changes in assumptions and other inputs	(266,868)	5,014	107,229	36,980	(27,201)
Benefit payments	(102,174)	(106,605)	(92,391)	(84,282)	(58,468)
Net changes for the year	(193,474)	160,174	40,028	184,030	137,868
Total OPEB liability at beginning of year	2,190,076	2,029,902	1,989,874	1,805,844	1,667,976
Total OPEB liability at end of year	\$ 1,996,602	\$ 2,190,076	\$ 2,029,902	\$ 1,989,874	\$ 1,805,844
Covered employee payroll	\$ 10,878,774	\$11,656,684	\$11,372,375	\$10,311,836	\$10,060,328
Total OPEB liability as a percentage of covered employee payroll	18.35%	18.79%	17.85%	19.30%	17.95%
Changes in assumptions:					
Discount rates	3.54%	2.16%	2.21%	3.50%	3.87%
Pre-65 trend rate	7.0% initially grading down to 4.5% in 2026	7.0% initially grading down to 4.5% in 2025	7.5% initially grading down to 4.5% in 2025	8.5% initially grading down to 5.0% in 2025	9.0% initially grading down to 5.0% in 2025
Demographic assumptions	accompany	From the State of Tennessee Actuarial Report	From the State of Tennessee Actuarial Report	From the State of Tennessee Actuarial Report	From the State of Tennessee Actuarial Report
Mortality table	RPH-2014 headcount- weighted table with projection scale MP-2021	RPH-2014 headcount- weighted table with projection scale MP-2019	RPH-2014 headcount- weighted table with projection scale MP-2019	RP-2000 fully generational table with projection scale AA	RP-2000 fully generational table with projection scale AA

Benefit terms changed in 2020 from 100% of retiree medical premiums to either 90% or 95%, if the retiree completes a wellness program.

There are no assets accumulated in a trust to pay related benefits.

This schedule should present information for ten years. However, until ten years of information can be compiled, information will be presented for as many years as available.

Morristown Utilities Commission

Schedule of Long-term Debt Principal and Interest Requirements - Power System

June 30, 2022

Year Ending June 30	Series 2018 Bonds		Series 2018 Bonds - Refunding		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 170,000	\$ 144,625	\$ 1,055,000	\$ 509,113	\$ 1,225,000	\$ 653,738
2024	180,000	136,125	1,105,000	456,363	1,285,000	592,488
2025	190,000	127,125	1,155,000	401,113	1,345,000	528,238
2026	200,000	117,625	1,205,000	343,363	1,405,000	460,988
2027	210,000	107,625	1,260,000	283,113	1,470,000	390,738
2028	220,000	99,225	1,305,000	232,713	1,525,000	331,938
2029	225,000	90,425	725,000	180,513	950,000	270,938
2030	235,000	83,675	745,000	158,763	980,000	242,438
2031	240,000	76,625	770,000	136,413	1,010,000	213,038
2032	245,000	69,125	790,000	112,350	1,035,000	181,475
2033	255,000	61,163	820,000	86,675	1,075,000	147,838
2034	265,000	52,875	845,000	60,025	1,110,000	112,900
2035	275,000	43,600	870,000	30,450	1,145,000	74,050
2036	285,000	33,975	-	-	285,000	33,975
2037	295,000	24,000	-	-	295,000	24,000
2038	305,000	12,200	-	-	305,000	12,200
	<b>\$ 3,795,000</b>	<b>\$ 1,280,013</b>	<b>\$ 12,650,000</b>	<b>\$ 2,990,967</b>	<b>\$ 16,445,000</b>	<b>\$ 4,270,980</b>

Morristown Utility Commission

Schedule of Long-term Debt Principal and Interest Requirements - Water System

June 30, 2022

Year Ending June 30	2009		Series 2021A		Series 2021B		Total	
	Promissory Note Principal	Interest	Bonds - Refunding Principal	Interest	Bonds Principal	Interest	Principal	Interest
2023	\$ 400,000	\$ 86,184	\$ 665,000	\$ 58,100	\$ 110,000	\$ 67,800	\$ 1,175,000	\$ 212,084
2024	415,000	75,915	660,000	44,800	165,000	65,600	1,240,000	186,315
2025	430,000	65,268	640,000	31,600	185,000	62,300	1,255,000	159,168
2026	445,000	54,243	565,000	18,800	160,000	58,600	1,170,000	131,643
2027	460,000	42,840	70,000	7,500	160,000	55,400	690,000	105,740
2028	475,000	31,059	70,000	6,100	160,000	52,200	705,000	89,359
2029	490,000	18,900	70,000	4,700	165,000	49,000	725,000	72,600
2030	505,000	6,363	70,000	3,300	170,000	45,700	745,000	55,363
2031	-	-	50,000	1,900	175,000	42,300	225,000	44,200
2032	-	-	45,000	900	180,000	38,800	225,000	39,700
2033	-	-	-	-	180,000	35,200	180,000	35,200
2034	-	-	-	-	185,000	31,600	185,000	31,600
2035	-	-	-	-	190,000	27,900	190,000	27,900
2036	-	-	-	-	195,000	24,100	195,000	24,100
2037	-	-	-	-	195,000	20,200	195,000	20,200
2038	-	-	-	-	200,000	16,300	200,000	16,300
2039	-	-	-	-	200,000	12,300	200,000	12,300
2040	-	-	-	-	205,000	8,300	205,000	8,300
2041	-	-	-	-	210,000	4,200	210,000	4,200
	<u>\$ 3,620,000</u>	<u>\$ 380,772</u>	<u>\$ 2,905,000</u>	<u>\$ 177,700</u>	<u>\$ 3,390,000</u>	<u>\$ 717,800</u>	<u>\$ 9,915,000</u>	<u>\$ 1,276,272</u>

Morristown Utility Commission

Schedule of Long-term Debt Principal and Interest Requirements - Wastewater System

June 30, 2022

Year Ending June 30	2013 CWSRF Promissory Note		2009 Promissory Note		2015 Promissory Note	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 237,132	\$ 52,663	\$ 74,774	\$ 32,739	\$ 449,000	\$ 206,692
2024	240,732	49,058	77,063	30,530	462,000	194,453
2025	244,392	45,397	79,352	28,254	474,000	180,808
2026	248,112	41,681	81,641	25,911	487,000	167,340
2027	251,880	37,909	83,930	23,502	501,000	153,487
2028	255,720	34,079	86,218	21,026	514,000	139,655
2029	259,608	30,191	88,889	18,479	529,000	124,645
2030	263,556	26,243	91,559	15,853	543,000	109,628
2031	267,564	22,236	94,231	13,150	558,000	94,197
2032	271,632	18,167	96,901	10,369	573,000	78,565
2033	275,760	14,037	99,571	7,510	589,000	62,063
2034	279,948	9,844	102,623	4,568	605,000	45,333
2035	284,208	5,588	105,669	1,538	622,000	28,133
2036	216,089	1,362	-	-	961,000	2,311
2037	-	-	-	-	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
	<b>\$ 3,596,333</b>	<b>\$ 388,455</b>	<b>\$ 1,162,421</b>	<b>\$ 233,429</b>	<b>\$ 7,867,000</b>	<b>\$ 1,587,310</b>

Morristown Utility Commission

Schedule of Long-term Debt Principal and Interest Requirements - Wastewater System (continued)

June 30, 2022

Year Ending June 30	2016 Promissory Note		Series 2018 Bonds		Series 2018 Bonds - Refunding	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 672,000	\$ 36,591	\$ -	\$ 339,069	\$ 1,015,000	\$ 318,850
2024	688,000	21,155	-	339,069	1,065,000	268,100
2025	586,000	6,673	-	339,069	1,115,000	214,850
2026	-	-	-	339,069	1,170,000	159,100
2027	-	-	-	339,069	1,230,000	100,600
2028	-	-	-	339,069	1,285,000	51,400
2029	-	-	985,000	339,069	-	-
2030	-	-	1,015,000	309,519	-	-
2031	-	-	1,045,000	279,069	-	-
2032	-	-	1,075,000	246,413	-	-
2033	-	-	1,110,000	211,475	-	-
2034	-	-	1,145,000	175,400	-	-
2035	-	-	1,185,000	135,325	-	-
2036	-	-	1,230,000	93,850	-	-
2037	-	-	1,270,000	50,800	-	-
2038	-	-	-	-	-	-
2039	-	-	-	-	-	-
2040	-	-	-	-	-	-
2041	-	-	-	-	-	-
	<u>\$ 1,946,000</u>	<u>\$ 64,419</u>	<u>\$ 10,060,000</u>	<u>\$ 3,875,334</u>	<u>\$ 6,880,000</u>	<u>\$ 1,112,900</u>

Morristown Utility Commission

Schedule of Long-term Debt Principal and Interest Requirements - Wastewater System (continued)

June 30, 2022

Year Ending June 30	Series 2019 Bonds - Refunding		Series 2021A Bonds - Refunding		Series 2021B Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 900,000	\$ 418,100	\$ 1,425,000	\$ 417,800	\$ -	\$ 67,900
2024	905,000	372,975	1,455,000	389,300	105,000	67,900
2025	915,000	327,475	1,625,000	360,200	125,000	65,800
2026	925,000	281,475	1,890,000	327,700	165,000	63,300
2027	935,000	234,975	1,740,000	289,900	170,000	60,000
2028	935,000	192,900	1,715,000	255,100	170,000	56,600
2029	935,000	155,500	1,695,000	220,800	175,000	53,200
2030	930,000	122,850	1,675,000	186,900	180,000	49,700
2031	920,000	95,100	1,620,000	153,400	185,000	46,100
2032	910,000	67,650	1,275,000	121,000	190,000	42,400
2033	900,000	40,500	1,000,000	95,500	195,000	38,600
2034	900,000	13,500	870,000	75,500	200,000	34,700
2035	-	-	980,000	58,100	205,000	30,700
2036	-	-	970,000	38,500	210,000	26,600
2037	-	-	955,000	19,100	215,000	22,400
2038	-	-	-	-	220,000	18,100
2039	-	-	-	-	220,000	13,700
2040	-	-	-	-	230,000	9,300
2041	-	-	-	-	235,000	4,700
	<b>\$ 11,010,000</b>	<b>\$ 2,323,000</b>	<b>\$ 20,890,000</b>	<b>\$ 3,008,800</b>	<b>\$ 3,395,000</b>	<b>\$ 771,700</b>

Morristown Utility Commission

Schedule of Long-term Debt Principal and Interest Requirements - Wastewater System (continued)

June 30, 2022

		<b>Total</b>	
<b>Principal</b>		<b>Interest</b>	
\$	4,772,906	\$	1,890,404
	4,997,795		1,732,540
	5,163,744		1,568,526
	4,966,753		1,405,576
	4,911,810		1,239,442
	4,960,938		1,089,829
	4,667,497		941,884
	4,698,115		820,693
	4,689,795		703,252
	4,391,533		584,564
	4,169,331		469,685
	4,102,571		358,845
	3,381,877		259,384
	3,587,089		162,623
	2,440,000		92,300
	220,000		18,100
	220,000		13,700
	230,000		9,300
	235,000		4,700
<b>\$</b>	<b>66,806,754</b>	<b>\$</b>	<b>13,365,347</b>



Morristown Utility Commission

Schedule of Long-term Debt, Principal and Interest Requirements - Broadband System

June 30, 2022

Year Ending June 30	Interfund Loan from Power System		2014 Promissory Note		Series 2018 General Obligation Bonds		Financed Purchase Obligation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 399,928	\$ 2,072	\$ 120,000	\$ 4,740	\$ 185,000	\$ 119,700	\$ 50,537	\$ 6,727	\$ 755,465	\$ 133,239
2024	400,929	1,071	123,000	1,593	195,000	110,450	53,372	3,892	772,301	117,006
2025	204,143	160	-	-	205,000	100,700	41,587	963	450,730	101,823
2026	-	-	-	-	215,000	88,450	-	-	215,000	88,450
2027	-	-	-	-	225,000	79,700	-	-	225,000	79,700
2028	-	-	-	-	235,000	70,700	-	-	235,000	70,700
2029	-	-	-	-	245,000	61,300	-	-	245,000	61,300
2030	-	-	-	-	255,000	53,950	-	-	255,000	53,950
2031	-	-	-	-	260,000	46,300	-	-	260,000	46,300
2032	-	-	-	-	270,000	38,175	-	-	270,000	38,175
2033	-	-	-	-	280,000	29,400	-	-	280,000	29,400
2034	-	-	-	-	285,000	20,300	-	-	285,000	20,300
2035	-	-	-	-	295,000	10,325	-	-	295,000	10,325
	<u>\$ 1,005,000</u>	<u>\$ 3,303</u>	<u>\$ 243,000</u>	<u>\$ 6,333</u>	<u>\$ 3,150,000</u>	<u>\$ 829,450</u>	<u>\$ 145,496</u>	<u>\$ 11,582</u>	<u>\$ 4,543,496</u>	<u>\$ 850,668</u>

Morristown Utilities Commission

Schedule of Changes in Long-term Debt by Individual Issue

Year ended June 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/21	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/22
<b>Business-Type Activities</b>									
<b>BONDS PAYABLE</b>									
<u>Payable through Power System</u>									
Series 2018 Bonds	\$ 4,375,000	3% - 5%	10/24/18	6/1/38	\$ 3,960,000	\$ -	\$ 165,000	\$ -	\$ 3,795,000
Series 2018 Bonds - Refunding	16,410,000	3% - 5%	10/24/18	6/1/35	13,660,000	-	1,010,000	-	12,650,000
Total Bonds Payable through Power System					<u>\$ 17,620,000</u>	<u>\$ -</u>	<u>\$ 1,175,000</u>	<u>\$ -</u>	<u>\$ 16,445,000</u>
<b>NOTES PAYABLE</b>									
<u>Payable through Water System</u>									
2002 DWSRF Promissory Note	\$ 8,500,000	2.61%	8/9/01	4/30/26	\$ 3,069,624	\$ -	\$ 100,794	\$ 2,968,830	\$ -
2009 Promissory Note	7,500,000	2.52%	12/21/09	12/1/29	4,010,000	-	390,000	-	3,620,000
2011 DWSRF Promissory Note	2,000,000	2.83%	9/3/09	6/30/32	742,593	-	9,725	732,868	-
Total Notes Payable through Water System					<u>\$ 7,822,217</u>	<u>\$ -</u>	<u>\$ 500,519</u>	<u>\$ 3,701,698</u>	<u>\$ 3,620,000</u>
<b>BONDS PAYABLE</b>									
<u>Payable through Water System</u>									
Series 2021A Bonds - Refunding	3,590,000	2.00%	9/10/21	3/1/2032	\$ -	\$ 3,590,000	\$ 685,000	\$ -	\$ 2,905,000
Series 2021B Bonds	3,390,000	2.00%	9/10/21	3/1/2041	-	3,390,000	-	-	3,390,000
Total Bonds Payable through Water System					<u>\$ -</u>	<u>\$ 6,980,000</u>	<u>\$ 685,000</u>	<u>\$ -</u>	<u>\$ 6,295,000</u>
<b>NOTES PAYABLE</b>									
<u>Payable through Wastewater System</u>									
2007 CWSRF Promissory Note	12,500,000	2.06%	5/15/07	1/20/32	\$ 5,766,493	\$ -	\$ 84,425	\$ 5,682,068	\$ -
2009 CWSRF Promissory Note	1,600,000	2.73%	5/2/11	10/20/32	823,750	-	15,643	808,107	-
2013 CWSRF Promissory Note	5,000,000	1.51%	3/27/13	6/20/36	3,829,913	-	233,580	-	3,596,333
2009 Promissory Note	5,000,000	2.91%	12/21/09	12/1/34	1,234,905	-	72,484	-	1,162,421
2015 Promissory Note	10,000,000	2.74%	8/31/15	8/1/35	8,304,000	-	437,000	-	7,867,000
2016 Promissory Note	15,000,000	2.27%	12/23/16	12/1/36	2,603,000	-	657,000	-	1,946,000
Total Notes Payable through Wastewater System					<u>\$ 22,562,061</u>	<u>\$ -</u>	<u>\$ 1,500,132</u>	<u>\$ 6,490,175</u>	<u>\$ 14,571,754</u>

Morristown Utilities Commission

Schedule of Changes in Long-term Debt by Individual Issue (continued)

Year ended June 30, 2022

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/21	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/22
<b>Business-Type Activities (continued)</b>									
BONDS PAYABLE									
<u>Payable through Wastewater System</u>									
Series 2012 Bonds	\$ 26,000,000	2% - 4%	5/30/12	10/1/36	\$ 17,309,383	\$ -	\$ 1,086,116	\$ 16,223,267	\$ -
Series 2018 Bonds	10,060,000	3% - 4%	10/24/18	6/1/37	10,060,000	-	-	-	10,060,000
Series 2018 Bonds - Refunding	10,480,000	4% - 5%	10/24/18	6/1/28	7,845,000	-	965,000	-	6,880,000
Series 2019 Bonds - Refunding	12,775,000	3% - 5%	6/28/19	9/1/33	11,900,000	-	890,000	-	11,010,000
Series 2021A Bonds - Refunding	21,740,000	2.00%	9/10/21	3/1/2037	-	21,740,000	850,000	-	20,890,000
Series 2021B Bonds	3,395,000	2.00%	9/10/21	3/1/2041	-	3,395,000	-	-	3,395,000
Total Bonds Payable through Wastewater System					<u>\$ 47,114,383</u>	<u>\$ 25,135,000</u>	<u>\$ 3,791,116</u>	<u>\$ 16,223,267</u>	<u>\$ 52,235,000</u>
NOTES PAYABLE									
<u>Payable through Broadband System</u>									
Interfund loan from the Power System	7,000,000	0.25%	7/5/05	1/1/25	\$ 1,407,000	\$ -	\$ 402,000	\$ -	\$ 1,005,000
2014 Promissory Note	1,000,000	2.59%	6/26/14	6/1/24	360,000	-	117,000	-	243,000
2016 Promissory Note	2,000,000	2.00%	12/23/16	12/1/21	416,000	-	416,000	-	-
Financed purchase obligation	293,664	5.47%	5/1/19	4/1/25	193,349	-	47,853	-	145,496
Total Notes Payable through Broadband System					<u>\$ 2,376,349</u>	<u>\$ -</u>	<u>\$ 982,853</u>	<u>\$ -</u>	<u>\$ 1,393,496</u>
BONDS PAYABLE									
<u>Payable through Broadband System</u>									
Series 2018 Bonds - Refunding	\$ 3,810,000	3% - 5%	10/24/18	6/1/35	\$ 3,330,000	\$ -	\$ 180,000	\$ -	\$ 3,150,000
Total Bonds Payable through Broadband System					<u>\$ 3,330,000</u>	<u>\$ -</u>	<u>\$ 180,000</u>	<u>\$ -</u>	<u>\$ 3,150,000</u>

Morristown Utilities Commission

Schedule of Net Position by Fund (Last Ten Years)

Fiscal Years 2022 - 2013 (in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Power System:										
Net investment in capital assets	\$ 55,783	\$ 53,807	\$ 52,336	\$ 49,272	\$ 47,702	\$ 44,873	\$ 44,822	\$ 42,597	\$ 41,510	\$ 39,421
Unrestricted	19,270	17,119	13,925	13,815	13,199	14,619	13,928	16,020	17,305	18,076
Total net position	<u>\$ 75,053</u>	<u>\$ 70,926</u>	<u>\$ 66,261</u>	<u>\$ 63,087</u>	<u>\$ 60,901</u>	<u>\$ 59,492</u>	<u>\$ 58,750</u>	<u>\$ 58,617</u>	<u>\$ 58,815</u>	<u>\$ 57,497</u>
Water System:										
Net investment in capital assets	\$ 29,877	\$ 29,375	\$ 30,965	\$ 30,783	\$ 29,837	\$ 29,387	\$ 30,054	\$ 28,406	\$ 26,909	\$ 26,730
Unrestricted	3,427	2,857	2,559	2,186	2,494	2,820	2,060	3,546	4,523	4,385
Total net position	<u>\$ 33,304</u>	<u>\$ 32,232</u>	<u>\$ 33,524</u>	<u>\$ 32,969</u>	<u>\$ 32,331</u>	<u>\$ 32,207</u>	<u>\$ 32,114</u>	<u>\$ 31,952</u>	<u>\$ 31,432</u>	<u>\$ 31,115</u>
Wastewater System:										
Net investment in capital assets	\$ 29,538	\$ 27,100	\$ 25,911	\$ 23,500	\$ 25,615	\$ 25,368	\$ 26,416	\$ 24,851	\$ 18,009	\$ -
Unrestricted	5,240	6,746	7,150	9,348	6,739	5,489	2,889	1,879	5,796	-
Total net position	<u>\$ 34,778</u>	<u>\$ 33,846</u>	<u>\$ 33,061</u>	<u>\$ 32,848</u>	<u>\$ 32,354</u>	<u>\$ 30,857</u>	<u>\$ 29,305</u>	<u>\$ 26,730</u>	<u>\$ 23,805</u>	<u>\$ -</u>
Broadband System:										
Net investment in capital assets	\$ 8,256	\$ 7,578	\$ 6,933	\$ 6,220	\$ 5,732	\$ 3,308	\$ 2,689	\$ 1,984	\$ 2,192	\$ 1,275
Unrestricted deficit	(549)	(1,373)	(2,133)	(2,193)	(2,512)	(1,638)	(3,704)	(5,489)	(7,034)	(7,149)
Total net position	<u>\$ 7,707</u>	<u>\$ 6,205</u>	<u>\$ 4,800</u>	<u>\$ 4,027</u>	<u>\$ 3,220</u>	<u>\$ 1,670</u>	<u>\$ (1,015)</u>	<u>\$ (3,505)</u>	<u>\$ (4,842)</u>	<u>\$ (5,874)</u>

Note 1: Information is summarized from the audited financial statements for the year indicated.

Note 2: The Commission assumed the assets, liabilities and operations of the Wastewater System as of December 30, 2013.

Morristown Utilities Commission

Schedule of Power System Revenues and Expenses (Last Ten Years)

Fiscal Years 2022 - 2013 (in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating revenues:										
Residential	\$ 19,877	\$ 18,513	\$ 18,193	\$ 18,721	\$ 18,461	\$ 17,252	\$ 16,058	\$ 17,001	\$ 16,878	\$ 16,472
Commercial	6,305	5,857	5,874	6,155	5,863	5,622	5,333	5,319	5,296	5,248
Industrial	52,808	49,060	50,156	53,424	52,691	53,122	51,352	51,648	52,096	51,961
Street and security lighting	1,727	1,544	1,265	1,219	1,248	1,248	1,222	1,184	1,155	1,170
Total metered revenue	80,717	74,974	75,488	79,519	78,263	77,244	73,965	75,152	75,425	74,851
Interfund services	1,584	1,531	1,405	1,330	1,260	1,375	1,300	1,316	1,190	963
Other operating revenues	1,796	1,678	1,485	1,558	1,574	1,742	1,750	1,434	1,545	1,323
Total operating revenues	84,097	78,183	78,378	82,407	81,097	80,361	77,015	77,902	78,160	77,137
Operating expenses:										
Power purchased	61,491	56,116	58,010	63,322	62,697	62,673	60,624	62,678	62,661	62,088
Operations	5,575	5,162	5,364	5,407	5,364	5,316	5,333	5,399	5,408	4,941
Maintenance	3,508	3,053	2,985	2,984	2,622	2,732	2,569	2,483	2,161	2,000
Interfund services used	1,416	1,425	1,426	1,448	1,446	1,914	1,720	1,111	847	867
Depreciation and amortization	5,408	5,210	5,235	4,866	5,200	5,128	4,888	4,789	4,573	4,190
Taxes	468	456	417	375	375	374	356	336	305	318
Miscellaneous	-	-	-	-	-	-	-	-	-	42
Total operating expenses	77,866	71,422	73,437	78,402	77,704	78,137	75,490	76,796	75,955	74,446
Operating income	6,231	6,761	4,941	4,005	3,393	2,224	1,525	1,106	2,691	4,122
Net other expense	(493)	(527)	(330)	(527)	(240)	(237)	(166)	(147)	(131)	(108)
Income before reimbursement, contributions and transfers	5,738	6,234	4,611	3,478	3,153	1,987	1,359	959	2,074	2,583
TVA load control/capacity reimbursement	-	-	-	-	-	-	-	-	331	1,501
Transfers out (tax equivalent payments to City of Morristown)	(1,612)	(1,569)	(1,437)	(1,292)	(1,292)	(1,287)	(1,226)	(1,157)	(1,087)	(1,061)
Changes in net position:	\$ 4,126	\$ 4,665	\$ 3,174	\$ 2,186	\$ 1,861	\$ 700	\$ 133	\$ (198)	\$ 1,318	\$ 3,023

Note 1: Information is summarized from the audited financial statements for the years indicated.

Morristown Utilities Commission

Schedule of Water System Revenues and Expenses (Last Ten Years)

Fiscal Years 2022 - 2013 (in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating revenues:										
General	\$ 8,094	\$ 7,337	\$ 7,169	\$ 6,958	\$ 6,741	\$ 6,360	\$ 6,129	\$ 6,163	\$ 6,182	\$ 6,161
Public authorities	80	66	61	67	65	61	55	57	58	80
Private fire protection	186	181	181	176	173	169	167	164	180	180
Public fire protection	27	27	26	27	27	26	26	27	30	29
Total metered sales	8,387	7,611	7,437	7,228	7,006	6,616	6,377	6,411	6,450	6,450
Interfund services provided	471	471	471	510	519	517	470	441	187	-
Other operating revenues	29	88	24	28	29	36	33	33	226	21
Total operating revenues	8,887	8,170	7,932	7,766	7,554	7,169	6,880	6,885	6,863	6,471
Operating expenses:										
Operations	4,403	4,078	4,104	3,999	4,175	4,021	3,748	3,531	3,622	3,176
Maintenance	960	995	860	763	681	731	720	561	674	594
Interfund services used	464	466	466	460	453	445	396	319	288	189
Depreciation and amortization	1,819	2,157	1,796	1,748	1,671	1,561	1,537	1,610	1,552	1,416
Miscellaneous	-	-	-	-	-	-	-	-	-	26
Total operating expenses	7,646	7,696	7,226	6,970	6,980	6,758	6,401	6,021	6,136	5,401
Operating income	1,241	474	706	796	574	411	479	864	727	1,070
Net other expense	(300)	(239)	(182)	(219)	(238)	(347)	(378)	(407)	(427)	(462)
Income before contributions and transfers	941	235	524	577	336	64	101	457	300	608
Contributions	168	134	68	96	89	65	97	100	53	43
Transfers out (tax equivalent payments to City of Morristown)	(36)	(36)	(36)	(36)	(36)	(36)	(36)	(36)	(36)	(36)
Changes in net position	\$ 1,073	\$ 333	\$ 556	\$ 637	\$ 389	\$ 93	\$ 162	\$ 521	\$ 317	\$ 615

Note 1: Information is summarized from the audited financial statements for the years indicated.

Morristown Utilities Commission

Schedule of Wastewater System Revenues and Expenses (Last Nine Years)

Fiscal Years 2022 - 2014 (in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Operating revenues:									
General	\$ 15,895	\$ 15,801	\$ 13,928	\$ 14,076	\$ 13,795	\$ 13,453	\$ 12,585	\$ 12,083	\$ 12,547
Public authorities	291	358	310	340	334	329	270	164	110
Interfund services provided	62	62	62	55	9	-	-	-	-
Other operating revenues	696	765	1,196	1,183	1,253	746	839	809	420
Total operating revenues	16,944	16,986	15,496	15,654	15,391	14,528	13,694	13,056	13,077
Operating expenses:									
Operations	6,216	6,270	5,832	5,432	5,254	4,455	3,844	3,996	4,663
Maintenance	1,242	1,214	1,230	1,316	1,190	1,344	1,019	848	766
Interfund services used	540	540	540	553	538	532	481	443	201
Depreciation and amortization	5,643	5,668	5,241	4,727	4,430	4,167	3,741	3,276	2,510
Total operating expenses	13,641	13,692	12,843	12,028	11,412	10,498	9,085	8,563	8,140
Operating income	3,303	3,294	2,653	3,626	3,979	4,030	4,609	4,493	4,937
Net other expense	(2,017)	(1,940)	(1,802)	(2,622)	(2,037)	(2,056)	(1,852)	(1,243)	(969)
Income before contributions and transfer	1,286	1,354	851	1,004	1,942	1,974	2,757	3,250	3,968
Contributions	480	239	118	169	175	165	325	51	139
Transfers out (tax equivalent payments to to City of Morristown)	(834)	(808)	(756)	(679)	(572)	(583)	(507)	(376)	(305)
Changes in net position	\$ 932	\$ 785	\$ 213	\$ 494	\$ 1,545	\$ 1,556	\$ 2,575	\$ 2,925	\$ 3,802

Note 1: Information is summarized from the audited financial statements for the year indicated.

Note 2: The Commission assumed the operations of the Wastewater System as of December 30, 2013.

# Morristown Utilities Commission

## Schedule of Broadband System Revenues and Expenses (Last Ten Years)

Fiscal Years 2022 - 2013 (in thousands)

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Operating revenues:										
Video	\$ 3,104	\$ 3,215	\$ 3,343	\$ 3,479	\$ 3,755	\$ 3,861	\$ 3,823	\$ 3,483	\$ 2,876	\$ 2,802
Internet	4,845	4,219	3,590	3,299	3,021	3,039	2,832	2,638	2,657	2,307
Voice	1,109	1,175	1,317	1,504	1,585	1,702	1,854	2,118	2,096	2,086
Total broadband sales	9,058	8,609	8,250	8,282	8,361	8,602	8,509	8,239	7,629	7,195
Interfund services provided	1,746	1,757	1,757	1,761	1,768	2,056	1,830	1,173	921	937
Other operating revenues	652	991	895	526	132	103	210	311	387	217
Total operating revenues	11,456	11,357	10,902	10,569	10,261	10,761	10,549	9,723	8,937	8,349
Operating expenses:										
Operations	6,812	6,783	7,106	6,943	6,368	5,756	6,014	6,395	6,182	6,121
Maintenance	521	596	549	434	412	337	357	303	239	199
Interfund services used	1,442	1,389	1,263	1,195	1,119	1,058	1,003	1,057	962	845
Depreciation and amortization	934	967	954	849	692	599	515	482	372	821
Taxes	122	81	93	127	30	192	87	64	88	53
Total operating expenses	9,831	9,816	9,965	9,548	8,621	7,942	7,976	8,301	7,843	8,039
Operating income	1,625	1,541	937	1,021	1,640	2,819	2,573	1,422	1,094	310
Net other expense	(123)	(136)	(164)	(214)	(152)	(133)	(82)	(85)	(62)	(61)
Changes in net position	\$ 1,502	\$ 1,405	\$ 773	\$ 807	\$ 1,488	\$ 2,686	\$ 2,491	\$ 1,337	\$ 1,032	\$ 249

Note 1: Information is summarized from the audited financial statements for the years indicated.



Morristown Utilities Commission

Schedule of Purchased Power, Consumption and Active Service Statistics (Last Ten Years)

Fiscal Years 2022 - 2013

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
PURCHASED POWER - (Megawatt Hours)										
Purchased from TVA	902,608	898,801	900,714	950,821	952,747	939,622	929,150	930,256	918,686	901,805
CONSUMPTION - (Megawatt Hours)										
Residential	165,102	162,584	158,084	162,067	164,838	156,476	154,310	165,278	167,038	161,666
Commercial	49,045	47,818	47,715	50,013	48,661	47,096	46,642	46,991	47,068	46,611
Industrial	659,060	654,808	665,725	706,163	705,478	707,411	697,274	681,164	672,250	663,585
Street and athletic	4,484	4,810	4,952	5,027	4,895	5,099	5,261	5,309	5,070	4,979
Outdoor lighting	3,779	3,910	4,247	4,409	4,668	4,756	4,765	4,678	4,761	4,730
Internal use	1,574	1,686	1,742	1,415	2,329	2,574	2,285	1,184	986	965
Total consumption	883,044	875,616	882,465	929,094	930,869	923,412	910,537	904,604	897,173	882,536
Line losses and megawatt hours unaccounted for	19,564	23,185	18,249	21,727	21,878	16,210	18,613	25,652	21,513	19,269
Percentage of line losses and megawatt hours unaccounted for to purchased power	2.17%	2.58%	2.03%	2.29%	2.30%	1.73%	2.00%	2.76%	2.34%	2.14%
ACTIVE SERVICE (number of customers)										
Residential	12,934	12,460	12,296	12,198	12,133	11,995	11,862	11,826	11,721	11,764
Commercial	2,282	2,252	2,231	2,239	2,191	2,163	2,160	2,141	2,120	2,121
Industrial	434	428	446	439	448	458	446	439	458	449
Street and athletic	82	82	79	79	79	76	75	76	73	70
Outdoor lighting	143	145	79	77	35	34	33	33	34	34
Total active service	15,875	15,367	15,131	15,032	14,886	14,726	14,576	14,515	14,406	14,438

Note 1: Information is compiled from internally generated statistical reports.

Morristown Utilities Commission

Schedule of Water Production, Consumption and Active Service Statistics (Last Ten Years)

Fiscal Years 2022 - 2013

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
PRODUCTION - (Thousands of gallons)										
Produced	3,541,441	3,419,951	3,290,079	3,229,077	3,237,094	3,276,264	3,087,467	3,094,732	3,177,165	3,179,415
CONSUMPTION - (Thousands of gallons)										
General	2,996,662	2,872,138	2,805,906	2,708,472	2,709,944	2,699,046	2,707,815	2,742,287	2,770,846	2,760,419
Public authorities	41,546	44,471	44,537	47,612	47,341	46,628	42,822	44,679	41,529	42,055
Internal use	135	138	130	1,934	1,643	1,216	2,267	1,513	32,352	33,646
Total consumption	3,038,343	2,916,747	2,850,573	2,758,018	2,758,928	2,746,890	2,752,904	2,788,479	2,844,727	2,836,120
Gallons unaccounted for	503,098	503,204	439,506	471,059	478,166	529,374	334,563	306,253	332,438	343,295
Percent of gallons unaccounted for to production	14.21%	14.71%	13.36%	14.59%	14.77%	16.16%	10.84%	9.90%	10.46%	10.80%
ACTIVE SERVICE (number of customers)										
General	12,781	12,615	12,519	12,446	12,407	12,327	12,310	12,255	12,221	12,242
Public authorities	43	44	44	44	44	44	44	45	44	44
Private fire protection	330	322	314	314	307	300	295	289	284	283
Total active service	13,154	12,981	12,877	12,804	12,758	12,671	12,649	12,589	12,549	12,569

Note 1: Information is compiled from internally generated statistical reports.

Morristown Utilities Commission

Schedule of Wastewater Treated, Consumption and Active Service Statistics (Last Nine Years)

Fiscal Years 2022 - 2014

	2022	2021	2020	2019	2018	2017	2016	2015	2014
TREATED - (Thousands of gallons)									
Treated	<b>1,917,928</b>	1,628,712	1,689,818	1,869,038	1,267,145	1,368,995	1,627,823	1,518,723	1,714,921
CONSUMPTION - (Thousands of gallons)									
General	<b>1,211,298</b>	1,219,702	1,261,864	1,206,033	1,189,244	1,173,074	1,217,364	1,239,402	1,256,780
Public authorities	<b>9,657</b>	9,634	12,218	12,979	12,453	11,529	9,633	10,200	9,726
Total consumption	<b>1,220,955</b>	1,229,336	1,274,082	1,219,012	1,201,697	1,184,603	1,226,997	1,249,602	1,266,506
ACTIVE SERVICE (number of customers)									
General	<b>11,021</b>	10,874	10,753	10,719	10,685	10,594	10,605	10,565	10,567
Public authorities	<b>8</b>	9	9	9	9	9	9	9	9
Total active service	<b>11,029</b>	10,883	10,762	10,728	10,694	10,603	10,614	10,574	10,576

Note 1: Information is compiled from internally generated statistical reports.

Note 2: The Commission assumed operations of the Wastewater System in December 2013.

Morristown Utilities Commission

Schedule of Broadband Active Service Statistics (Last Ten Years)

Fiscal Years 2022 - 2013

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
ACTIVE SERVICE (number of customers)										
Video	<b>2,520</b>	2,721	2,920	3,229	3,495	3,779	3,998	4,227	4,097	4,143
Internet	<b>6,329</b>	5,950	5,608	5,269	5,168	5,046	4,828	4,654	4,165	4,010
Voice	<b>1,719</b>	1,812	1,940	2,117	2,306	2,510	2,675	2,833	2,835	2,908
Total active service	<b>10,568</b>	10,483	10,468	10,615	10,969	11,335	11,501	11,714	11,097	11,061

Note 1: Information is compiled from internally generated statistical reports.

# Morristown Utilities Commission

## Schedule of Outstanding Long-Term Debt by Type (Last Ten Years)

Fiscal Years 2022 - 2013

<b>Fiscal Year</b>	<b>Power</b>			
	<b>Bonds</b>	<b>Promissory Notes</b>	<b>Total</b>	<b>Per Customer</b>
<b>2022</b>	<b>\$ 16,445,000</b>	<b>\$ -</b>	<b>\$ 16,445,000</b>	<b>\$ 1,036</b>
2021	17,620,000	-	17,620,000	1,147
2020	18,740,000	-	18,740,000	1,239
2019	19,815,000	-	19,815,000	1,318
2018	-	16,297,172	16,297,172	1,095
2017	-	17,405,401	17,405,401	1,182
2016	-	18,475,080	18,475,080	1,268
2015	-	18,810,190	18,810,190	1,296
2014	-	18,331,536	18,331,536	1,272
2013	-	15,687,238	15,687,238	1,087

  

<b>Fiscal Year</b>	<b>Water</b>			
	<b>Bonds</b>	<b>Promissory Notes</b>	<b>Total</b>	<b>Per Customer</b>
<b>2022</b>	<b>\$ 6,295,000</b>	<b>\$ 3,620,000</b>	<b>\$ 9,915,000</b>	<b>\$ 754</b>
2021	-	7,822,217	7,822,217	603
2020	-	8,843,177	8,843,177	687
2019	-	9,832,385	9,832,385	768
2018	-	10,795,288	10,795,288	846
2017	-	11,759,671	11,759,671	928
2016	-	12,671,215	12,671,215	1,002
2015	-	13,552,688	13,552,688	1,077
2014	-	14,409,471	14,409,471	1,148
2013	-	15,241,951	15,241,951	1,213

Morristown Utilities Commission

Schedule of Outstanding Long-Term Debt by Type (Last Ten Years) (continued)

Fiscal Years 2022 - 2013

<b>Wastewater</b>						
<b>Fiscal Year</b>	<b>Bonds</b>	<b>Promissory Notes</b>	<b>Total</b>		<b>Per Customer</b>	
<b>2022</b>	<b>\$ 52,235,000</b>	<b>\$ 14,571,754</b>	<b>\$</b>	<b>66,806,754</b>	<b>\$</b>	<b>6,057</b>
2021	47,114,383	22,562,061		69,676,444		6,402
2020	49,995,500	24,469,948		74,465,448		6,919
2019	51,956,617	27,339,078		79,295,695		7,391
2018	25,056,734	51,091,736		76,148,470		7,121
2017	21,743,850	47,468,831		69,212,681		6,528
2016	22,739,967	43,987,606		66,727,573		6,287
2015	23,827,767	43,782,738		67,610,505		6,394
2014	24,913,883	31,579,901		56,493,784		5,342

  

<b>Broadband</b>						
<b>Fiscal Year</b>	<b>Bonds</b>	<b>Promissory Notes</b>	<b>Financed Purchase</b>	<b>Interfund Note</b>	<b>Total</b>	<b>Per Customer</b>
<b>2022</b>	<b>\$ 3,150,000</b>	<b>\$ 243,000</b>	<b>\$ 145,496</b>	<b>\$1,005,000</b>	<b>\$ 4,543,496</b>	<b>\$ 649</b>
2021	3,330,000	776,000	-	1,407,000	5,513,000	836
2020	3,500,000	1,298,000	-	1,809,000	6,607,000	1,015
2019	3,660,000	1,809,000	-	2,211,000	7,680,000	1,231
2018	-	6,252,166	-	2,756,498	9,008,664	1,437
2017	-	6,886,937	-	3,416,498	10,303,435	1,650
2016	-	5,127,358	-	5,216,498	10,343,856	1,845
2015	-	5,358,429	-	6,044,728	11,403,157	1,876
2014	-	5,483,376	-	6,141,498	11,624,874	2,082
2013	-	4,603,423	-	6,372,792	10,976,215	2,016

Note 1: The Commission assumed the assets, liabilities and operations of the Wastewater System as of December 30, 2013.

Morristown Utilities Commission

Schedule of Water System Revenue Note Coverage (Last Ten Years)

Fiscal Years 2022 – 2013

(dollar amounts in thousands)

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue For Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
<b>2022</b>	<b>\$ 8,887</b>	<b>\$ 5,827</b>	<b>\$ 3,060</b>	<b>\$ 1,175</b>	<b>\$ 212</b>	<b>\$ 1,387</b>	<b>2.21</b>
2021	8,170	5,539	2,631	1,052	190	1,242	2.12
2020	7,932	5,430	2,502	1,020	217	1,237	2.02
2019	7,766	5,222	2,544	989	243	1,232	2.06
2018	7,553	5,309	2,244	962	268	1,230	1.82
2017	7,169	5,197	1,972	911	363	1,274	1.55
2016	6,880	4,864	2,016	881	391	1,272	1.58
2015	6,885	4,411	2,474	857	415	1,272	1.94
2014	6,863	4,584	2,279	537	219	756	3.01
2013	6,471	3,985	2,486	524	233	757	3.28

(1) Total Water System operating revenues.

(2) Total Water System operating expenses, excluding depreciation and amortization.

# Morristown Utilities Commission

## Schedule of Wastewater System Revenue Note Coverage (Last Nine Years)

Fiscal years 2022 – 2014

(dollar amounts in thousands)

Fiscal Year	Gross Revenues (1)	Operating Expenses (2)	Net Revenue For Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
<b>2022</b>	<b>\$ 16,944</b>	<b>\$ 7,998</b>	<b>\$ 8,946</b>	<b>\$ 4,773</b>	<b>\$ 1,890</b>	<b>\$ 6,663</b>	<b>1.34</b>
2021	16,986	8,024	8,962	4,896	2,239	7,135	1.26
2020	15,496	7,602	7,894	4,794	2,406	7,200	1.10
2019	15,654	7,301	8,353	4,830	2,394	7,224	1.16
2018	15,391	6,982	8,409	3,726	1,393	5,119	1.64
2017	14,528	6,330	8,198	2,253	1,889	4,142	1.98
2016	13,694	5,344	8,350	1,824	1,006	2,830	2.95
2015	13,056	5,287	7,769	1,019	1,174	2,193	3.54
2014	13,077	5,630	7,447	466	221	687	10.84

Note 1: The Commission assumed the assets, liabilities and operations of the Wastewater System as of December 30, 2013.

(1) Total Wastewater System operating revenues.

(2) Total Wastewater System operating expenses, excluding depreciation and amortization.



**Morristown Utilities Commission**  
**Schedule of Property, Casualty and Other Insurance**

**June 30, 2022**

<b>Company</b>	<b>Type of Coverage</b>	<b>Limits</b>	<b>Deductible</b>	<b>Period of Coverage</b>
Distributor's Insurance	Workers' Compensation	\$1,000,000	N/A	7/1/2021 to 6/30/2022
Distributor's Insurance	Commercial General Liability	250,000	N/A	7/1/2021 to 6/30/2022
Distributor's Insurance	Excess General Liability	750,000	N/A	7/1/2021 to 6/30/2022
Distributor's Insurance	Automobile Liability	1,000,000	\$0	7/1/2021 to 6/30/2022
Distributor's Insurance	Umbrella Liability	2,000,000	N/A	7/1/2021 to 6/30/2022
Distributor's Insurance	Property Damage	147,376,345	N/A	7/1/2021 to 6/30/2022
Distributor's Insurance	Boiler & Machinery	50,000,000	N/A	7/1/2021 to 6/30/2022
Distributor's Insurance	Commercial Crime	1,000,000	N/A	7/1/2021 to 6/30/2022
Distributor's Insurance	Public Officials and Employees'	5,000,000	N/A	7/1/2021 to 6/30/2022
Distributor's Insurance	Fiduciary Liability	1,000,000	N/A	7/1/2021 to 6/30/2022
Distributor's Insurance	Pollution Liability	1,000,000	N/A	7/1/2021 to 6/30/2022
Distributor's Insurance	Cyber and Privacy Protection	1,000,000	N/A	7/1/2021 to 6/30/2022

Note 1: All policies are owned by the Morristown Utility Commission and represent combined single limit coverage of all systems, where applicable.

# Morristown Utilities Commission

## Schedule of Power Rates (Last Ten Years)

### Fiscal Years 2022 - 2013

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Residential</b>										
Customer charge per month	<b>\$26.27</b>	\$26.27	\$25.27	\$25.27	\$ 23.27	\$ 20.27	\$ 17.00	\$ 16.71	\$ 16.71	\$ 16.71
Energy charge:										
First 2,000 kWh	<b>0.10511</b>	0.09480	0.09248	0.09584	0.09528	0.09454	0.09104	0.09162	0.09515	0.09097
Additional kWh per month	<b>0.10511</b>	0.09480	0.09248	0.09584	0.09528	0.09454	0.09104	0.09162	0.09915	0.09097
<b>Commercial, Industrial, Governmental and Institutional</b>										
GSA-1 (demand of up 50 kW)										
Customer charge per month - single-phase	<b>\$27.87</b>	\$27.87	\$26.87	\$26.87	\$ 24.87	\$ 21.87	\$ 20.00	\$ 20.00	\$ 20.00	\$ 20.00
Customer charge per month - three-phase	<b>45.19</b>	45.19	44.19	44.19	42.19	39.19	37.00	37.00	37.00	37.00
Energy charge per kWh per month	<b>0.11804</b>	0.10784	0.10520	0.10852	0.10735	0.10648	0.10289	0.10165	0.10502	0.10076
GSA-2 (demand of 51 to 1,000kW)										
Customer charge per month	<b>\$135.50</b>	\$135.50	\$135.50	\$135.50	\$ 135.50	\$ 135.50	\$ 135.50	\$ 133.00	\$ 133.00	\$ 133.00
Demand charge:										
First 50 kW per month					-	-	-	-	-	-
Excess over 50 kW per month	<b>13.66</b>	13.66	13.66	13.66	13.36	13.12	12.88	12.35	12.10	11.86
Energy charge:										
First 15,000 kWh per month	<b>0.11272</b>	0.10252	0.09934	0.10266	0.10148	0.10126	0.09766	0.09650	0.09986	0.09559
Additional kWh per month	<b>0.07472</b>	0.06465	0.06151	0.06479	0.06459	0.06515	0.06236	0.06284	0.06695	0.06350
GSA-3 (demand of 1,001 to 5,000 kW)										
Customer charge per month	<b>\$275.08</b>	\$275.08	\$275.08	\$275.08	\$ 275.08	\$ 275.08	\$ 275.08	\$ 270.00	\$ 270.00	\$ 270.00
Demand charge:										
First 1,000kW per month	<b>13.91</b>	13.91	13.91	13.91	13.58	13.32	13.06	12.50	12.24	11.98
Excess over 1,000 kW per month	<b>16.04</b>	16.04	16.04	16.04	15.64	15.32	15.00	14.32	13.99	13.67
Energy charge:										
Per kWh per month	<b>0.07463</b>	0.06456	0.06142	0.06470	0.06451	0.06508	0.06230	0.06279	0.06691	0.06348

# Morristown Utilities Commission

## Schedule of Power Rates (Last Ten Years) (continued)

### Fiscal Years 2022 - 2013

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Commercial, Industrial, Governmental and Institutional (continued)</b>										
MSB (demand of 5,001 to 15,000 kW)										
Customer charge per month	<b>\$1,500.00</b>	\$1,500.00	\$1,500.00	\$1,500.00	\$ 1,500.00	\$ 1,500.00	\$ 1,500.00	\$ -	\$ -	\$ -
Demand charge:										
On peak	<b>\$10.24</b>	\$10.24	\$10.24	\$10.24	\$ 9.97	\$ 9.74	\$ 9.52	-	-	-
Excess off peak	<b>2.26</b>	2.26	2.26	2.26	2.18	2.16	2.14	-	-	-
Excess over contract	<b>10.24</b>	10.24	10.24	10.24	9.97	9.74	9.52	-	-	-
Energy charge:								-	-	-
On peak	<b>0.08483</b>	0.07403	0.07016	0.07450	0.07372	0.07412	0.07150	-	-	-
Off peak (first 200 hours)	<b>0.05893</b>	0.04903	0.04516	0.04950	0.04938	0.05034	0.04827	-	-	-
Off peak (next 200 hours)	<b>0.02929</b>	0.01934	0.01547	0.01981	0.02046	0.02209	0.02069	-	-	-
Off peak (additional kWh)	<b>0.02682</b>	0.01679	0.12920	0.01726	0.01798	0.01966	0.01831	-	-	-

Note 1: Compiled from internal records

Note 2: Electric rates require approval by the Tennessee Valley Authority

# Morristown Utilities Commission

## Schedule of Water Rates (Last Ten Years)

Fiscal Years 2022 - 2013

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Inside City Rate</b>										
Customer charge per month	<b>\$4.65</b>	\$4.65	\$4.65	\$4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65
Commodity charge (per 1,000 gallons)										
First 50,000 gallons	<b>2.35</b>	2.35	2.35	2.35	2.35	2.20	2.05	2.05	2.05	2.05
Next 50,000 gallons	<b>2.10</b>	2.10	2.10	2.10	2.10	1.95	1.80	1.80	1.80	1.80
Over 100,000 gallons	<b>1.90</b>	1.90	1.90	1.90	1.90	1.75	1.60	1.60	1.60	1.60
Minimum bill										
5/8" meter	<b>11.35</b>	9.35	9.35	9.35	9.35	9.05	8.75	8.75	8.75	8.75
3/4" meter	<b>14.76</b>	9.85	9.85	9.85	9.85	9.55	9.25	9.25	9.25	9.25
1" meter	<b>22.13</b>	10.60	10.60	10.60	10.60	10.30	10.00	10.00	10.00	10.00
1 1/2" meter	<b>38.59</b>	12.10	12.10	12.10	12.10	11.80	11.50	11.50	11.50	11.50
2" meter	<b>61.86</b>	16.60	16.60	16.60	16.60	16.30	16.00	16.00	16.00	16.00
3" meter	<b>147.55</b>	61.60	61.60	61.60	61.60	61.30	61.00	61.00	61.00	61.00
4" meter	<b>221.33</b>	71.60	71.60	71.60	71.60	71.30	71.00	71.00	71.00	71.00
6" meter	<b>402.93</b>	101.60	101.60	101.60	101.60	101.30	101.00	101.00	101.00	101.00
8" meter	<b>607.23</b>	114.90	114.90	114.90	114.90	114.60	114.30	114.30	114.30	114.30
<b>Outside City Rate</b>										
Customer charge per month	<b>\$4.65</b>	\$4.65	\$4.65	\$4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65	\$ 4.65
Commodity charge (per 1,000 gallons)										
First 50,000 gallons	<b>4.70</b>	4.70	4.70	4.70	4.70	4.40	4.10	4.10	4.10	4.10
Next 50,000 gallons	<b>4.20</b>	4.20	4.20	4.20	4.20	3.90	3.60	3.60	3.60	3.60
Over 100,000 gallons	<b>3.80</b>	3.80	3.80	3.80	3.80	3.50	3.20	3.20	3.20	3.20

# Morristown Utilities Commission

## Schedule of Water Rates (Last Ten Years) (continued)

Fiscal Years 2022 - 2013

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Outside City Rate (continued)</b>										
Minimum bill										
5/8" meter	<b>\$16.05</b>	\$14.05	\$14.05	\$14.05	\$ 14.05	\$ 13.45	\$ 12.85	\$ 12.85	\$ 12.85	\$ 12.85
3/4" meter	<b>20.87</b>	14.55	14.55	14.55	14.55	13.95	13.35	13.35	13.35	13.35
1" meter	<b>31.30</b>	15.30	15.30	15.30	15.30	14.70	14.10	14.10	14.10	14.10
1 1/2" meter	<b>54.57</b>	16.80	16.80	16.80	16.80	16.20	15.60	15.60	15.60	15.60
2" meter	<b>87.47</b>	21.30	21.30	21.30	21.30	20.70	20.10	20.10	20.10	20.10
3" meter	<b>208.65</b>	66.30	66.30	66.30	66.30	65.70	65.10	65.10	65.10	65.10
4" meter	<b>312.98</b>	76.30	76.30	76.30	76.30	75.70	75.10	75.10	75.10	75.10
6" meter	<b>569.78</b>	106.30	106.30	106.30	106.30	105.70	105.10	105.10	105.10	105.10
8" meter	<b>858.68</b>	119.60	119.60	119.60	119.60	119.00	118.40	118.40	118.40	118.40
<b>Monthly private fire protection service charge</b>										
4"	<b>25.00</b>	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
6"	<b>40.00</b>	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00	40.00
8"	<b>50.00</b>	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00	50.00
10"	<b>100.00</b>	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
12"	<b>125.00</b>	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00

Note 1: Compiled from internal records

# Morristown Utilities Commission

## Schedule of Wastewater Rates (Last Nine Years)

Fiscal Years 2022 - 2014

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Inside City Rate</b>									
Customer charge per month	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9.17	\$ 9.17
Commodity charge (per 1,000 gallons)									
2,001 - 1,000,000 gallons	<b>12.50</b>	12.50	11.50	11.50	11.50	11.50	10.50	-	-
1,000,001 - 10,000,000 gallons	<b>10.00</b>	10.00	10.00	10.00	10.00	10.00	9.25	-	-
Over 10,000,000 gallons	<b>5.00</b>	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00
<b>Minimum bill</b>									
5/8" meter	<b>25.00</b>	25.00	23.00	23.00	21.00	21.00	21.00	-	-
3/4" meter	<b>32.50</b>	32.50	25.30	25.30	23.10	23.10	23.10	-	-
1" meter	<b>48.75</b>	48.75	32.20	32.20	29.40	29.40	29.40	-	-
1 1/2" meter	<b>85.00</b>	85.00	41.40	41.40	37.80	37.80	37.80	-	-
2" meter	<b>136.25</b>	136.25	66.70	66.70	60.90	60.90	60.90	-	-
3" meter	<b>325.00</b>	325.00	253.00	253.00	231.00	231.00	231.00	-	-
4" meter	<b>487.50</b>	487.50	322.00	322.00	294.00	294.00	294.00	-	-
6" meter	<b>887.50</b>	887.50	483.00	483.00	441.00	441.00	441.00	-	-
10" meter	<b>1,762.50</b>	1,762.50	611.14	611.14	558.00	558.00	558.00	-	-

# Morristown Utilities Commission

## Schedule of Wastewater Rates (Last Nine Years) (continued)

Fiscal Years 2022 - 2014

	2022	2021	2020	2019	2018	2017	2016	2015	2014
<b>Outside City Rate</b>									
Customer charge per month	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 36.68	\$ 18.34
Commodity charge (per 1,000 gallons)									
2,001 - 1,000,000 gallons	<b>25.00</b>	25.00	23.00	23.00	23.00	23.00	21.00	-	-
1,000,001 - 10,000,000 gallons	<b>20.00</b>	20.00	20.00	20.00	20.00	20.00	20.00	-	-
Over 10,000,000 gallons	<b>10.00</b>	10.00	10.00	10.00	10.00	10.00	10.00	10.00	10.00
<b>Minimum bill</b>									
5/8" meter	<b>25.00</b>	25.00	23.00	23.00	21.00	21.00	21.00	-	-
3/4" meter	<b>32.50</b>	32.50	25.30	25.30	23.10	23.10	23.10	-	-
1" meter	<b>48.75</b>	48.75	32.20	32.20	29.40	29.40	29.40	-	-
1 1/2" meter	<b>85.00</b>	85.00	41.40	41.40	37.80	37.80	37.80	-	-
2" meter	<b>136.25</b>	136.25	66.70	66.70	60.90	60.90	60.90	-	-
3" meter	<b>325.00</b>	325.00	253.00	253.00	231.00	231.00	231.00	-	-
4" meter	<b>487.50</b>	487.50	322.00	322.00	294.00	294.00	294.00	-	-
6" meter	<b>887.50</b>	887.50	483.00	483.00	441.00	441.00	441.00	-	-
10" meter	<b>1,762.50</b>	1,762.50	611.14	611.14	558.00	558.00	558.00	-	-

Note 1: The Commission assumed the operations of the Wastewater System as of December 30, 2013.

Morristown Utilities Commission

Schedule of Monthly Broadband Rates (Last Ten Years)

Fiscal Years 2022 - 2013

Service	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Standard Cable:										
Expanded basic	<b>\$60.95</b>	\$60.95	\$60.95	\$60.95	\$ 60.95	\$ 60.95	\$ 56.95	\$ 56.95	\$ 50.95	\$ 46.95
Digital basic	<b>72.95</b>	72.95	72.95	72.95	72.95	72.95	68.95	68.95	60.95	54.95
Digital basic + 1	<b>87.90</b>	87.90	87.90	87.90	87.90	82.95	78.95	78.95	69.95	63.95
Digital basic + 2	<b>99.90</b>	99.90	99.90	99.90	99.90	90.95	86.95	86.95	77.95	71.95
Digital basic + 4	<b>119.90</b>	119.90	119.90	119.90	119.90	103.95	99.95	99.95	90.95	84.95
Premium channels	<b>14.95-46.95</b>	14.95-46.95	14.95-46.95	14.95-46.95	14.95-46.95	11.95-16.35	11.95-16.35	11.95-16.35	9.95-12.95	9.95-12.95
Internet:										
Residential										
Tier 1	<b>49.95</b>	44.95	39.95	39.95	39.95	34.95	34.95	34.95	34.95	34.95
Tier 2	<b>69.95</b>	64.95	59.95	59.95	59.95	39.95	39.95	39.95	39.95	39.95
Tier 3	<b>84.95</b>	79.95	74.95	74.95	74.95	74.95	74.95	74.95	74.95	74.95
Tier 4	<b>109.95</b>	104.95	99.95	99.95	99.95	99.95	99.95	99.95	99.95	99.95
Commercial										
Tier 1	<b>59.95</b>	54.95	49.95	49.95	49.95	49.95	49.95	49.95	44.95	44.95
Tier 2	<b>89.95</b>	84.95	79.95	79.95	79.95	79.95	79.95	79.95	74.95	74.95
Tier 3	<b>114.95</b>	109.95	104.95	104.95	104.95	104.95	104.95	104.95	99.95	99.95
Tier 4	<b>164.95</b>	159.95	154.95	154.95	154.90	154.95	154.95	154.95	149.90	149.95
Tier 5	-	-	-	-	-	199.95	199.95	199.95	199.95	199.95
Tier 6	-	-	-	-	-	-	-	-	-	299.95
Telephone:										
Residential										
BasicPack	<b>32.95</b>	32.95	32.95	32.95	28.65	22.95	22.95	22.95	22.95	22.95
PreferredPack	<b>48.95</b>	48.95	48.95	48.95	28.65	25.00	25.00	25.00	25.00	25.00
Additional services	<b>3.75-17.95</b>	3.75-17.95	3.75-17.95	3.75-17.95	3.95-17.95	3.79-11.95	3.79-11.95	3.79-11.95	3.75-11.95	3.75-11.95
Long distance rate per minute	-	-	-	-	0.05	0.05	0.05	0.05	0.05	0.05
Commercial										
Access Line	<b>29.95</b>	29.95	29.95	29.95	29.95	25.95	25.95	25.95	25.95	25.95
Business Local Telephone Service	<b>36.95</b>	36.95	36.95	36.95	36.95	36.95	36.95	36.95	36.95	36.95
Additional services	<b>3.75-36.95</b>	3.75-36.95	3.75-36.95	3.75-36.95	3.75-36.95	7.95-27.95	7.95-27.95	7.95-27.95	7.95-27.95	7.95-27.95
Long distance rate per minute	<b>0.05</b>	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05	0.05

Note 1: Compiled from internal records.



Morristown Utilities Commission

Schedule of Power System Principal Customers

Current Year and Nine Years Prior

Name	2022			2013		
	Annual Revenues	Rank	Percentage of Gross Revenues	Annual Revenues	Rank	Percentage of Gross Revenues
Inteplast Bags & Film Corp	\$3,883,712	1	4.82%	\$3,922,109	1	5.24%
Mahle Manufacturing Co.	2,896,178	2	3.59%	3,756,950	2	5.02%
Rich Products Corporation	2,821,804	3	3.50%	-	-	-
Howmet Corporation	2,633,764	4	3.27%	1,080,454	7	1.44%
Meritor Automotive	2,629,956	5	3.26%	2,294,447	4	3.07%
JTEKT Automotive Morristown-Tennessee	2,373,436	6	2.95%	2,670,147	3	3.57%
Colgate Palmolive	1,952,051	7	2.42%	1,080,117	8	1.44%
ColorTech	1,710,289	8	2.12%	1,092,149	6	1.46%
Hamblen County Board of Education	1,552,740	9	1.93%	-	-	-
Koch Foods LLC	1,465,179	10	1.82%	-	-	-
J W Allen Co.	-	-	-	2,241,714	5	2.99%
Lear Seigler, Inc.	-	-	-	925,304	9	1.24%
General Electric Co.	-	-	-	725,818	10	0.97%

Note 1: Compiled from internal records.

# Morristown Utilities Commission

## Schedule of Water System Principal Customers

Current Year and Nine Years Prior

Name	2022			2013		
	Annual Revenues	Rank	Percentage of Gross Revenues	Annual Revenues	Rank	Percentage of Gross Revenues
Alpha Talbott Utility District	\$1,182,276	1	14.30%	\$735,369	1	11.40%
Russellville-Whitesburg Utility District	888,464	2	10.74%	683,098	2	10.59%
Bean Station Utility District	849,112	3	10.27%	456,647	3	7.08%
Koch Foods	563,826	4	6.82%	422,605	4	6.55%
Colgate Palmolive	197,712	5	2.39%	61,580	7	0.95%
Morristown Wastewater System	180,418	6	2.18%	-	-	-
Mahle Engine Components	107,741	7	1.30%	110,053	5	1.71%
Rich Products	104,802	8	1.27%	-	-	-
City of Morristown	72,548	9	0.88%	-	-	-
Morristown Housing Authority	61,513	10	0.74%	-	-	-
J.W. Allen	-	-	-	72,599	6	1.13%
Inteplast Bags & Film Corp	-	-	-	48,889	8	0.76%
Morristown Hamblen Hospital	-	-	-	32,854	9	0.51%
JTEKT Automotive	-	-	-	20,955	10	0.32%

Note 1: Compiled from internal records.

# Morristown Utilities Commission

## Schedule of Wastewater System Principal Customers

### Current Year and Eight Years Prior

Name	2022			2014		
	Annual Revenues	Rank	Percentage of Gross Revenues	Annual Revenues	Rank	Percentage of Gross Revenues
Koch Foods	\$2,228,275	1	13.16%	\$2,500,776	1	19.12%
Colgate Palmolive	959,849	2	5.67%	378,625	3	2.90%
Rich Products Corporation	465,094	3	2.75%	497,132	2	3.80%
Mahle Manufacturing Co.	429,820	4	2.54%	-	-	-
Morristown Housing Authority	347,880	5	2.05%	180,636	4	1.38%
Hamblen County Board of Education	243,187	6	1.44%	146,647	5	1.12%
Southeastern Provision LLC	219,953	7	1.30%	-	-	-
Iatric Manufacturing	208,090	8	1.23%	-	-	-
Inteplast Bags & Film Corp	162,644	9	0.96%	-	-	-
IPI Properties 24 LLC	156,515	10	0.92%	-	-	-
Morristown Hamblen Hospital	-	-	-	138,646	6	1.06%
Heritage Center	-	-	-	85,515	7	0.65%
Hamblen County Justice Center	-	-	-	81,673	8	0.62%
Lakeway Regional Hospital	-	-	-	79,686	9	0.61%
Meritor Automotive	-	-	-	74,264	10	0.57%

Note 1: The Commission assumed the operations of the Wastewater System as of December 30, 2013.

Morristown Utilities Commission

Schedule of Employees by System (Last Ten Years)

Fiscal years 2022 - 2013

<b>Fiscal Year</b>	<b>Power</b>	<b>Water</b>	<b>Wastewater</b>	<b>Broadband</b>	<b>Total</b>
<b>2022</b>	<b>79</b>	<b>20</b>	<b>26</b>	<b>28</b>	<b>153</b>
2021	78	20	29	29	156
2020	79	20	27	32	158
2019	85	20	29	32	166
2018	91	21	25	24	161
2017	90	21	26	21	158
2016	88	21	25	19	153
2015	84	21	17	18	140
2014	78	21	16	21	136
2013	71	22	-	24	117

Note 1: Compiled from internal records.

Note 2: The Commission assumed the assets, liabilities and operations of the  
Wastewater System as of December 30, 2013.



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*

Board of Commissioners  
Morristown Utilities Commission

We have audited, 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 (Government Auditing Standards), the financial statements of the Power System, Water System, Wastewater System, and Broadband System (collectively, the Systems), enterprise funds of the City of Morristown, Tennessee, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Systems' basic financial statements, and have issued our report thereon dated October 28, 2022.

***Report on Internal Control over Financial Reporting***

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

We noted certain matters that we have reported to management of the Systems in a separate letter dated October 28, 2022.

Board of Commissioners  
Morristown Utilities Commission

***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Systems' 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 Systems' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Systems' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Coulter & Justus, P.C.*

October 28, 2022  
Knoxville, Tennessee

Morristown Utilities Commission

Schedule of Prior Year Findings

Year ended June 30, 2022

**Summary Schedule of Prior Audit Findings**

<b>Prior Year Finding Number</b>	<b>Finding Title</b>	<b>Status</b>
2021-01	Review of Useful Lives and Depreciation	Corrected