

# OFFICIAL STATEMENT

NEW ISSUE  
Book-Entry Only

Rating: S&P "AA"

*In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Municipality, interest on the Series 2021 Bonds will be excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Series 2021 Bonds is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code. For an explanation of certain tax consequences under federal law which may result from the ownership of the Series 2021 Bonds, see the discussion under the heading "Tax Matters" herein. Under existing law, the Series 2021 Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "Tax Matters" herein).*

**\$6,770,000**  
**CITY OF COLUMBIA, TENNESSEE**  
**Water System Revenue Refunding Bonds, Series 2021**  
**(Bank-Qualified)**

Dated: Date of Delivery

Due: December 1, as shown below

The City of Columbia, Tennessee (the "Municipality") will issue its Water System Revenue Refunding Bonds, Series 2021 (the "Series 2021 Bonds") as fully registered bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof and will bear interest at the annual rates shown below. Interest on the Series 2021 Bonds will be payable semi-annually on June 1 and December 1, commencing June 1, 2022. Principal of and interest on the Series 2021 Bonds will be payable at the corporate trust office of U.S. Bank National Association, Nashville, Tennessee, as Paying Agent and Registration Agent, provided that interest may be paid by check or draft mailed by the Registration Agent to each registered owner as of the record date.

The Series 2021 Bonds are limited obligations of the Municipality, payable solely from and secured by a lien upon and pledge of certain revenues of the Municipality's waterworks system (the "System"), which is owned and operated on behalf of the Municipality through its board of public utilities, operating as Columbia Power and Water Systems ("CPWS"). The Series 2021 Bonds are not obligations of the State of Tennessee, or any of its political subdivisions, other than the Municipality, nor is the State of Tennessee, or any of its political subdivisions, other than the Municipality, liable for the payment of the principal of or interest on the Series 2021 Bonds. The Resolution does not grant to owners of the Series 2021 Bonds any mortgage on or security interest in any real or personal property of the Municipality other than the lien on the revenues of the System. Neither the full faith and credit nor any taxing power of the Municipality is pledged to secure payment of the Series 2021 Bonds.

The Bonds will be "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

The Series 2021 Bonds are subject to optional redemption on December 1, 2029 and thereafter at a price of par, as set forth herein. The Series 2021 Bonds are payable on December 1 of each year as follows:

Maturity				Maturity					
<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Date</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2023	\$1,250,000	5.000%	0.370%	198630HC2	2028	\$480,000	5.000%	1.100%	198630HH1
2024	\$780,000	5.000%	0.500%	198630HD0	2029	\$505,000	5.000%	1.200%	198630HJ7
2025	\$820,000	5.000%	0.640%	198630HE8	2030	\$530,000	2.000%	1.250% <sup>C</sup>	198630HK4
2026	\$860,000	5.000%	0.790%	198630HF5	2031	\$540,000	2.000%	1.300% <sup>C</sup>	198630HL2
2027	\$455,000	5.000%	0.960%	198630HG3	2032	\$550,000	2.000%	1.400% <sup>C</sup>	198630HM0

<sup>C</sup> Yield to December 1, 2029 Call Date

*The Series 2021 Bonds are offered when, as and if issued and received by the Underwriter, subject to the approval of legality by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel. Certain legal matters will be passed upon for the Municipality by C. Tim Tisher, Esq., Columbia, Tennessee, Counsel to the Municipality. Stephens Inc. is serving as municipal advisor to CPWS. It is expected that the Series 2021 Bonds in book-entry form will be available for delivery through The Depository Trust Company on or about December 21, 2021.*

December 7, 2021

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended (collectively, the "Official Statement") by the City of Columbia, Tennessee (the "Municipality"), is an Official Statement with respect to the Series 2021 Bonds described herein that is deemed final by the Municipality as of the date hereof (or of any such supplement or amendment). It is subject to completion with certain information to be established at the time of the sale of the Series 2021 Bonds as permitted by Rule 15c2-12 of the Securities and Exchange Commission.

No dealer, broker, salesman or other person has been authorized by the Municipality or by Stephens Inc. (the "Municipal Advisor") to give any information or make any representations other than those contained in this Official Statement and, if given or made, such information or representations with respect to the Municipality or the Series 2021 Bonds must not be relied upon as having been authorized by the Municipality or the Municipal Advisor. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities other than the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Municipality since the date as of which information is given in this Official Statement.

**In making an investment decision investors must rely on their own examination of the Municipality and the terms of the offering, including the merits and risks involved. No registration statement relating to the Series 2021 Bonds has been filed with the Securities and Exchange Commission or with any state securities agency. The Series 2021 Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.**

Any CUSIP numbers presented herein have been assigned by Standard & Poor's CUSIP Service Bureau, a Division of The McGraw Hill Companies, Inc., and are included solely for the convenience of the Bondholders. Neither the Underwriter nor the Municipality is responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2021 Bonds or as indicated herein. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2021 Bonds as a result of various subsequent actions, including, but not limited to, a refunding in whole or in part of such maturity or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Series 2021 Bonds.

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**OFFICIALS**

**CITY OF COLUMBIA, TENNESSEE**

Chaz Molder, Mayor

**CITY COUNCIL**

Christa S. Martin, Vice-Mayor and Councilmember  
Danny Coleman, Councilmember  
Tony Greene, Councilmember  
Davena Hardison, Councilmember  
Kenneth Marshall, Councilmember  
Ken Wiles, Councilmember

**BOARD OF PUBLIC UTILITIES**

Eddie Campbell – Chairman  
Walker Vining – Vice Chairman  
Shauna Ponders – Board Member  
Christa S. Martin – Board Member  
Trent Ogilvie – Board Member

Scott Dahlstrom – President and CEO  
Richard Kelley – Executive Vice President of Operations  
Karen E. St. Clair – Vice President of Finance  
Jonathan Hardin – Vice President of Water Operations

**CITY ATTORNEY**

C. Tim Tisher  
Columbia, Tennessee

**AUDITOR**

Alexander Thompson Arnold PLLC  
Jackson, Tennessee

**BOND COUNSEL**

Bass, Berry & Sims PLC  
Nashville, Tennessee

**REGISTRATION AND PAYING AGENT**

U.S. Bank National Association  
Nashville, Tennessee

**MUNICIPAL ADVISOR TO BOARD OF PUBLIC UTILITIES**

Stephens Inc.  
Nashville, Tennessee

**UNDERWRITER**

Raymond James & Associates, Inc.  
Memphis, Tennessee

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## Summary Statement

*This Summary is expressly qualified by the entire Official Statement, which should be viewed in its entirety by potential investors.*

<b>ISSUER</b> .....	City of Columbia, Tennessee (the "Municipality").
<b>ISSUE</b> .....	\$6,770,000 Water System Revenue Refunding Bonds, Series 2021 (the "Series 2021 Bonds").
<b>PURPOSE</b> .....	Refund the Municipality's outstanding Waterworks System Revenue Bonds, Series 2006, Waterworks System Revenue Bonds, Series 2008 and Waterworks System Improvement Bonds, Series 2012 (the "Refunded Bonds"), and pay costs incident to the issuance and sale of the Series 2021 Bonds.
<b>DATED DATE</b> .....	December 21, 2021.
<b>INTEREST DUE</b> .....	Each June 1 and December 1, commencing June 1, 2022.
<b>PRINCIPAL DUE</b> .....	December 1, 2023 through December 1, 2032, as set forth on the cover.
<b>OPTIONAL REDEMPTION</b> .....	The Series 2021 Bonds shall be subject to redemption at the option of the Municipality on and after December 1, 2029 at the price of par.
<b>SECURITY</b> .....	The Series 2021 Bonds are limited obligations of the Municipality, payable solely from and secured by a lien upon and pledge of the Net Revenues of the System pursuant to the provisions of the Resolution. The Resolution does not grant to owners of the Series 2021 Bonds any mortgage on or security interest in any real or personal property of the Municipality. Neither the full faith and credit nor any taxing power of the Municipality is pledged to secure payment of the Series 2021 Bonds.
<b>RATING</b> .....	"AA" by S&P Global Ratings ("S&P") based on documents and other information provided by the Municipality. The rating reflects only the view of S&P and neither the Municipality, the Municipal Advisor nor the Underwriter make any representations as to the appropriateness of such rating.

There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Series 2021 Bonds. Any explanation of the significance of the rating may be obtained from S&P. See "Rating" herein.

**TAX MATTERS** ..... In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the Municipality, interest on the Series 2021 Bonds will be excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and interest on the Series 2021 Bonds is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code. For an explanation of certain tax consequences under federal law which may result from the ownership of the Series 2021 Bonds, see the discussion under the heading "Tax Matters" herein. Under existing law, the Series 2021 Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "Tax Matters" herein).

**BANK QUALIFICATION**..... The Bonds will be "qualified tax-exempt obligations" pursuant to Section 265(b) of the Internal Revenue Code of 1986, as amended.

**REGISTRATION AND PAYING**

**AGENT** ..... U.S. Bank National Association, Nashville, Tennessee.

**MUNICIPAL ADVISOR** ..... Stephens Inc., Nashville, Tennessee.

**UNDERWRITER** ..... Raymond James & Associates, Inc., Memphis, Tennessee.



**\$6,770,000**

**City of Columbia, Tennessee**

**Water System Revenue Refunding Bonds, Series 2021  
(Bank-Qualified)**

**INTRODUCTION**

The purpose of this Official Statement, which includes the cover page and the Appendices hereto, is to furnish certain information in connection with the sale by City of Columbia, Tennessee (the "Municipality") of \$6,770,000 in aggregate principal amount of its Water System Revenue Refunding Bonds, Series 2021 (the "Series 2021 Bonds"). Capitalized terms used but not defined herein shall have the meanings assigned to them in the Resolution (hereinafter defined). (See Appendix A - Summary of Certain Provisions of the Resolution.)

*This introduction is not a summary of this Official Statement and is intended only for quick reference. It is only a brief description of and guide to, and is qualified in its entirety by reference to, more complete and detailed information contained in the entire Official Statement, including the cover page and the Appendices hereto, and the documents summarized or described herein. A full review should be made of the entire Official Statement and of the documents summarized or described herein, if necessary. The offering of the Series 2021 Bonds to potential investors is made only by means of the entire Official Statement, including the Appendices hereto. No person is authorized to detach this Introduction from the Official Statement or to otherwise use it without the entire Official Statement, including the Appendices hereto.*

The Municipality, the issuer of the Series 2021 Bonds, is a political subdivision of the State of Tennessee and, through its board of public utilities known as Columbia Power and Water Systems, owns and operates a waterworks system (the "System"). See Appendix B.

The Series 2021 Bonds are being issued in accordance with the Constitution of the State of Tennessee and laws of the State of Tennessee, and pursuant to a resolution of the City Council (the "Governing Body") of the Municipality adopted on November 9, 2021 (the "Resolution"). A summary of certain provisions of the resolution is attached hereto as Appendix A.

Audited financial statements for the System's fiscal year ended June 30, 2021 are attached hereto as Appendix C and certain statistical and demographic information regarding the System is attached hereto as Appendix B.

This Official Statement and the Appendices hereto contain brief descriptions of, among other matters, the Municipality, the Series 2021 Bonds, and the security and sources of payment for the Series 2021 Bonds. Such descriptions and information do not purport to be comprehensive or definitive. The summaries of various constitutional provisions, statutes, the Resolution, and other documents are intended as summaries only and are qualified in their entirety by reference to such documents, and references herein to the Series 2021 Bonds are qualified in their entirety to the form thereof included in the Resolution. Copies of the Resolution and other documents and information are available, upon request, from the Vice President of Finance, Columbia Power and Water Systems, 201 Pickens Lane, Columbia, Tennessee 38401.

## PLAN OF FINANCING

The Series 2021 Bonds are being issued for the purpose of refunding a portion of the District's outstanding Waterworks System Revenue Bonds, Series 2006, Waterworks System Revenue Bonds, Series 2008 and Waterworks System Improvement Bonds, Series 2012 (collectively, the "Refunded Bonds"), and paying the costs of issuing the Series 2021 Bonds.

### Estimated Sources and Uses of Funds

The sources and uses of funds in connection with the issuance of the Series 2021 Bonds are estimated below.

Sources of Funds:	
Par Amount of Series 2021 Bonds	\$6,770,000.00
Original Issue Premium	987,626.15
Contribution of Prior Reserve Fund	<u>1,758,282.33</u>
Total Sources of Funds	<u>\$9,515,908.48</u>
Uses of Funds:	
Redemption of Refunded Bonds	\$9,432,834.45
Costs of Issuance <sup>(1)</sup>	<u>83,074.03</u>
Total Uses of Funds	<u>\$9,515,908.48</u>

<sup>(1)</sup> Includes legal and accounting fees, underwriter's fees, municipal advisory fees, rating agency fees, printing, and other costs of issuance.

### Plan of Refunding

As provided herein, the Series 2021 Bonds are being issued to provide funds for the refunding of all or a portion of the Refunded Bonds and the payment of costs incident to the issuance and sale of the Series 2021 Bonds. A portion of the proceeds of the Series 2021 Bonds will be paid directly to the paying agent for the Refunded Bonds with irrevocable directions to redeem the Refunded Bonds on or about January 20, 2022.

## DESCRIPTION OF THE SERIES 2021 BONDS

### General

The Series 2021 Bonds are dated as of the date of their delivery, and bear interest from such date at the rates per annum set forth on the cover page of this Official Statement (computed on the basis of a 360-day year of twelve 30-day months). Interest on the Series 2021 Bonds is payable on each June 1 and December 1, commencing June 1, 2022.

Payment of the principal of and interest on the Series 2021 Bonds will be made by the Registration Agent directly to Cede & Co., as nominee of DTC, and will subsequently be disbursed to DTC Participants and thereafter to Beneficial Owners of the Series 2021 Bonds. See "Book-Entry Only Bonds."

When not in book-entry form, interest on the Series 2021 Bonds will be paid by check or draft on the Registration Agent, and will be mailed on the date due by first class mail to the registered owners of record as of the 15th day of the calendar month (the "Regular Record Date") immediately preceding the applicable Interest Payment Date, at the address shown on the registration books of the Municipality maintained by the Registration Agent. When not in book-entry form, the principal of and redemption premium (if any) on the Series 2021 Bonds will be paid upon the presentation and surrender of the Series 2021 Bonds at the principal corporate trust office of the Registration Agent.

Any interest on any Series 2021 Bond that is payable but is not punctually paid or duly provided for on an Interest Payment Date (the "Defaulted Interest") will cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest will be paid by the Municipality to the persons in whose names the Series 2021 Bonds are registered at the close of business on a date (the "Special Record Date") for the payment of such Defaulted Interest, which date will be fixed in the following manner: the Municipality will notify the Registration Agent of the amount of Defaulted Interest proposed to be paid on each Series 2021 Bond and the date of the proposed payment. Thereupon, not less than ten days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent will fix a Special Record Date for the payment of such Defaulted Interest, which date will be not more than 15 nor less than 10 days prior to the date of the proposed payment to the registered owners. The Registration Agent will promptly notify the Municipality of such Special Record Date, and in the manner and at the expense of the Municipality, not less than ten days prior to such Special Record Date, will cause notice of the proposed payment of such Defaulted Interest and the Special Record Date to be mailed, first-class postage prepaid, to each registered owner at the address thereof as it appears in the registration records maintained by the Registration Agent as to the date of such notice.

### **Denominations, Registration, Transfers and Exchanges**

The Series 2021 Bonds will be issued in fully registered form in the denomination of \$5,000 each or integral multiples thereof. The Series 2021 Bonds will be registered as to principal and interest on the registration books kept by the Registration Agent. The registered owner thereof shall be treated as the absolute owner thereof for all purposes, including payment, and payment to the registered owner thereof shall satisfy all liability thereon to the extent of sums so paid.

When in book-entry form, Series 2021 Bonds held by DTC or Cede & Co., as its nominee, on behalf of the Beneficial Owners thereof, are transferable upon delivery to DTC or Cede & Co., as its nominee, of an assignment executed by the Beneficial Owner or the Beneficial Owner's duly authorized attorney. See "Book-Entry Only Bonds."

When not in book-entry form, ownership of any Series 2021 Bond will be transferable upon surrender thereof to the Registration Agent, together with an assignment duly executed by the registered owner or his attorney, in such form as shall be satisfactory to the Registration Agent. Upon any such transfer of ownership, the Registration Agent will cause to be authenticated and delivered a new Series 2021 Bond or Series 2021 Bonds registered in the name of the transferee in the authorized denomination in the same aggregate principal amount and interest rate as the Series 2021 Bonds surrendered for such transfer. When not in book-entry form, the Series 2021 Bonds may be exchanged for a like principal amount of Series 2021 Bonds of the same interest rate of other authorized denominations. For every exchange or registration of transfer, the Registration Agent, may charge an amount sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration or transfer, but no other charge may be made to the owner for any exchange or registration of transfer of the Series 2021 Bonds.

### **Optional Redemption**

The Series 2021 Bonds are subject to redemption prior to maturity at the option of the Municipality on or after December 1, 2029, in whole or in part at any time, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date.

If less than all the Series 2021 Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Mayor of the Municipality in his discretion. If less than all of the Series 2021 Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

- (i) if the Series 2021 Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Series 2021 Bonds to be redeemed shall be determined by DTC, or such successor Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

- (ii) if the Series 2021 Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Series 2021 Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

### **Notice of Redemption**

Notice of call for redemption shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Series 2021 Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Series 2021 Bonds for which proper notice was given. An optional redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Series 2021 Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Series 2021 Bonds, as and when above provided, and neither the Municipality nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption date, all Series 2021 Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth in the Resolution. In the case of a Conditional Redemption, the failure of the Municipality to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain outstanding.

### **Book-Entry Only System**

Except as otherwise provided in the Detailed Notice of Sale, the Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Series 2021 Bonds. The Series 2021 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2021 Bond certificate will be issued for each maturity of the Series 2021 Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: AAA. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

Purchases of Series 2021 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2021 Bonds on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2021 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Series 2021 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2021 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2021 Bonds with DTC and their registration in the name of Cede & Co. or such other nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2021 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2021 Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2021 Bonds unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2021 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Series 2021 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of County or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2021 Bonds at any time by giving reasonable notice to the Municipality or Registration Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Series 2021 Bond certificates are required to be printed and delivered.

The Municipality may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Municipality believes to be reliable, but the Municipality takes no responsibility for the accuracy thereof.

**THE MUNICIPALITY AND THE REGISTRATION AGENT HAVE NO RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OR ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.**

### **SECURITY AND SOURCES OF PAYMENT OF THE SERIES 2021 BONDS**

Neither the full faith and credit nor the taxing power of the State of Tennessee or any political subdivision thereof, including the Municipality, is pledged to the payment of the Series 2021 Bonds. The Series 2021 Bonds are limited obligations of the Municipality and are payable solely from the Net Revenues (as described below and as defined in Appendix A hereto) of the System. The Series 2021 Bonds do not constitute a charge, lien or encumbrance upon any other property of the Municipality.

The Municipality, through its board of public utilities, acting as Columbia Power and Water Systems ("CPWS"), also owns and operates an electric system and a broadband network. The electric system and the broadband network are separate from the System and the revenues of the electric system and the broadband network are not pledged to or available for the payment of the Series 2021 Bonds.

#### **Pledge of Net Revenues**

Under the terms of the Resolution, the Series 2021 Bonds are secured by a pledge of and lien on the Net Revenues. Generally, Net Revenues means all revenues of the System, from whatever source, minus System operating expenses other than depreciation, amortization and interest expense. See Appendix A for a more detailed definition of Net Revenues. See Appendix B for information regarding the System, and "DEBT SERVICE SCHEDULE" for information regarding the Municipality's debt service obligations.

#### **Flow of Funds**

Pursuant to the Resolution, the Municipality has agreed to deposit all revenues derived from the operation of the System into the Revenue Fund and to apply such moneys as follows:

- First, to pay operating expenses
- Next, to pay debt service on the Series 2021 Bonds and any Parity Bonds
- Next, to fund debt service reserves for the Series 2021 Bonds and any Parity Bonds, if applicable (the Municipality has not established a debt service reserve for the Series 2021 Bonds)
- Last, to pay debt service on Subordinate Lien Bonds and to pay any other legal purpose

See Appendix A for a more detailed description of the flow of funds.

## **Rate Covenant**

Under the terms of the Resolution, prior to the commencement of each Fiscal Year, the Municipality must estimate the revenues and expenditures for the upcoming Fiscal Year, based on rates then in effect, and, based on such estimate, adjust rates to the extent necessary to produce Net Revenues for the upcoming Fiscal Year (i) equal to not less than 1.20 times the debt service payable during the upcoming Fiscal Year on the Series 2021 Bonds and any Parity Bonds, (ii) sufficient, in addition, to provide for any required deposits during the upcoming Fiscal Year to the Reserve Fund and any other funds established by the Municipality pursuant to the Resolution and the resolutions authorizing any Subordinate Lien Bonds or pursuant to sound and prudent operating practices as determined by the Municipality, (iii) sufficient to pay debt service on any Subordinate Lien Bonds, and (iv) sufficient to pay any amounts payable during such Fiscal Year under any Financial Guaranty Agreement, with respect to any Reserve Fund Credit Facility or under any financial guaranty agreement entered into pursuant to the resolutions authorizing the Series 2021 Bonds, Parity Bonds or any Subordinate Lien Bonds.

## **Bond Fund and Reserve Fund**

The Resolution establishes a Bond Fund for the Series 2021 Bonds and any Parity Bonds. The Resolution requires the Municipality to make monthly deposits to the Bond Fund sufficient to accumulate funds necessary to pay scheduled debt service on the Series 2021 Bonds and any Parity Bonds. The money on deposit in the Bond Fund will be used to pay the principal of and interest on the Series 2021 Bonds and any Parity Bonds as the same become due.

The Resolution does not require that the Municipality fund a Reserve Fund for the Series 2021 Bonds.

## **Parity Bonds**

The Municipality may, from time to time, issue Parity Bonds under the terms of the Resolution. Parity Bonds will have a lien on the Net Revenues of the System on a parity with the lien on the Net Revenues of the System securing the Series 2021 Bonds. See Appendix A for the conditions under which such Parity Bonds may be issued. The Municipality may not issue bonds payable from or secured by a lien on the Net Revenues senior to that securing the payment of the Series 2021 Bonds.

## **Subordinate Lien Bonds**

The Municipality may, from time to time, issue Subordinate Lien Bonds under the terms of the Resolution. Subordinate Lien Bonds will either (i) have a lien on the Net Revenues of the System subordinate to the lien on the Net Revenues of the System securing the Series 2021 Bonds, or (ii) be payable from, but not have a lien on the Net Revenues of the System.

## **Additional Borrowing Plans**

To address both increasing demand as well as future reliability, CPWS recently completed a multi-year water supply planning effort. This planning effort resulted in numerous recommendations including the construction of a second water treatment plant and additions and enhancements to the distribution system. The water supply project is expected to take three to four years to complete and cost over \$275 million. Approximately 49% of this cost is expected to be financed through a federal program established by the Water Infrastructure Finance and Innovation Act of 2014 (WIFIA). This is a low cost, long-term loan program. Payment related to the WIFIA obligations are expected to be subordinate to the Series 2021 Bonds. Additionally, approximately \$100 million is expected to be financed with State Revolving Fund (SRF) loans from the Tennessee Department of Environment and Conservation's Division of Water Resources. Additional funding will come from the revenues of the system and bonds secured by the revenues of the system.

## LEGAL MATTERS

### Pending Litigation

The Municipality, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. The Municipality, after reviewing the current status of all pending and threatened litigation with its counsel believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the Municipality or its officials in such capacity are adequately covered by insurance or sovereign immunity or will not have a material adverse effect upon the financial position or results of operations of the System.

There is no litigation now pending or, to the knowledge of the Municipality, threatened which restrains or enjoins the issuance or delivery of the Series 2021 Bonds, the use of Net Revenues for the payment of the Series 2021 Bonds, or the use of the proceeds of the Series 2021 Bonds or which questions or contests the validity of the Series 2021 Bonds or the proceedings and Municipality under which they are to be issued. Neither the creation, organization, or existence of the Municipality, nor the title of the present members or other officials of the Municipality to their respective offices, is being contested or questioned.

### Opinions of Bond Counsel

Legal matters incident to the authorization, validity, and issuance of the Series 2021 Bonds are subject to the approving opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel. The form of opinion of Bond Counsel is attached to this Official Statement as Appendix D. Copies of the opinion will be available at the time of the initial delivery of the Series 2021 Bonds. Certain legal matters will be passed upon for the Municipality by C. Tim Tisher, Esq., counsel to the Municipality.

## TAX MATTERS

### Federal

**General.** Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Series 2021 Bonds. Their opinion under existing law, relying on certain statements by the Municipality and assuming compliance by the Municipality with certain covenants, is that interest on the Series 2021 Bonds:

- is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and
- is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code.

The Code imposes requirements on the Series 2021 Bonds that the Municipality must continue to meet after the Series 2021 Bonds are issued. These requirements generally involve the way that the Series 2021 Bond proceeds must be invested and ultimately used. If the Municipality does not meet these requirements, it is possible that a bondholder may have to include interest on the Series 2021 Bonds in its federal gross income on a retroactive basis to the date of issue. The Municipality has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder or who is a particular kind of taxpayer may also have additional tax consequences from owning the Series 2021 Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or



- a borrower of money to purchase or carry the Series 2021 Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Series 2021 Bonds or affect the market price of the Series 2021 Bonds. See also "Changes in Federal and State Tax Law" below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Series 2021 Bonds, or under State, local or foreign tax law.

**Bond Premium.** If a bondholder purchases a Series 2021 Bond for a price that is more than the principal amount, generally the excess is "bond premium" on that Series 2021 Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder's tax basis in that Series 2021 Bond will be reduced. The holder of a Series 2021 Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Series 2021 Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Series 2021 Bond with bond premium, even though the Series 2021 Bond is sold for an amount less than or equal to the owner's original cost. If a bondholder owns any Series 2021 Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

**Original Issue Discount.** A Series 2021 Bond will have "original issue discount" if the price paid by the original purchaser of such Series 2021 Bond is less than the principal amount of such Series 2021 Bond. Bond Counsel's opinion is that any original issue discount on these Series 2021 Bonds as it accrues is excluded from a bondholder's federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder's tax basis in these Series 2021 Bonds will be increased. If a bondholder owns one of these Series 2021 Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

**Information Reporting and Backup Withholding.** Information reporting requirements apply to interest on tax-exempt obligations, including the Series 2021 Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Series 2021 Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Series 2021 Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's Federal income tax once the required information is furnished to the Internal Revenue Service.

## State Taxes

Under existing law, the Series 2021 Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Series 2021 Bonds during the period the Series 2021 Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Series 2021 Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

## **Qualified Tax-Exempt Obligations**

Under the Code, in the case of certain financial institutions, no deduction from income under the federal tax law will be allowed for that portion of such institution's interest expense which is allocable to tax-exempt interest received on account of tax-exempt obligations acquired after August 7, 1986. The Code, however, provides that certain "qualified tax-exempt obligations", as defined in the Code, will be treated as if acquired on August 7, 1986. Based on an examination of the Code and the factual representations and covenants of the Municipality as to the Series 2021 Bonds, Bond Counsel has determined that the Series 2021 Bonds upon issuance will be "qualified tax-exempt obligations" within the meaning of the Code.

## **Changes in Federal and State Tax Law**

From time to time, there are presidential proposals, proposals of various federal and Congressional committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Series 2021 Bonds or otherwise prevent holders of the Series 2021 Bonds from realizing the full benefit of the tax exemption of interest on the Series 2021 Bonds. It cannot be predicted whether, or in what form, these proposals might be enacted or if enacted, whether they would apply to Series 2021 Bonds prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Series 2021 Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Series 2021 Bonds would be impacted. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Series 2021 Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Series 2021 Bonds should consult their own tax advisors regarding the foregoing matters.

## **CONTINUING DISCLOSURE**

The Municipality will at the time the Series 2021 Bonds are delivered execute a Continuing Disclosure Agreement under which it will covenant for the benefit of holders and beneficial owners of the Series 2021 Bonds to provide certain financial information and operating data relating to the Municipality and the System by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2021 (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events. All continuing disclosure filings will be made with the Municipal Securities Rulemaking Board ("MSRB") at [www.emma.msrb.org](http://www.emma.msrb.org) and any State Information Depository ("SID"). If the Municipality is unable to provide the Annual Report to the MSRB and the SID, if any, by the date set forth above for the filing of the Annual Report, timely notice of such failure shall be sent to the MSRB and the SID, if any, on or before such date. The specific nature of the information to be contained in the Annual Report or the notices of enumerated events is set forth in the form of Continuing Disclosure Agreement attached hereto as Appendix E. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time (the "Rule").

In evaluating its compliance with its continuing disclosure obligations during the previous five years and before, the Municipality made the following findings: (1) the Municipality's audited financial statements for the fiscal year ended June 30, 2011 were filed on EMMA but not linked to the CUSIPs for the Municipality's Broadband Telecommunications Network Revenue and Tax Refunding Bonds, Series 2005 (which have since been redeemed); (2) the tables listing the Municipality's top ten waterworks and electric system customers for the fiscal year ended June 30, 2014 were filed on EMMA but not linked to the CUSIPs for the Municipality's Waterworks System Revenue Bonds, Series 2012; (3) the Municipality failed to timely file the tables listing the Municipality's top ten waterworks and electric system customers for the fiscal year ended June 30, 2015; (4) the Municipality was late in filing annual reports with respect to its Sewer System Revenue and Tax Refunding Bonds, Series 2005 (which have since been redeemed) because the Municipality mistakenly believed that the reporting window for the

2005 Bonds was 12 months following the end of each fiscal year, as it is with all other Municipality bond issues, when the reporting window was, in fact, nine months following the end of each fiscal year; (5) the Municipality did not timely report changes to the insured ratings on certain outstanding bond issues; and (6) the Municipality's annual report for the fiscal year ended June 30, 2016 was filed but not within the time frame required by the Municipality's continuing disclosure agreements. Other than described above, the City has not failed to comply, in any material respect, in the last five years with any previous undertakings with regard to said Rule to provide Annual Reports or notices of events.

## **RATING**

S&P Global Ratings (the "Rating Agency") has assigned the Series 2021 Bonds a rating of "AA". An explanation of the significance of such rating may be obtained from the Rating Agency. This rating is not a recommendation to buy, sell or hold the Series 2021 Bonds. Generally, rating agencies base their ratings on information and materials furnished to the agencies and on investigations, studies and assumptions by the agencies. There is no assurance that this rating will be maintained for any given period of time or that this rating will not be revised downward or withdrawn entirely by the Rating Agency if, in such agency's judgment, circumstances so warrant. Any such downward revision or withdrawal of this rating may have an adverse effect on the market price of the Series 2021 Bonds. Neither the Municipality, the Municipal Advisor nor the Underwriter has undertaken any responsibility to oppose any revision or withdrawal of the rating.

## **MUNICIPAL ADVISOR**

Stephens Inc. is serving as Municipal Advisor to CPWS in connection with the issuance of the Series 2021 Bonds. Stephens Inc., in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal or state income tax status of the Series 2021 Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. The information set forth herein has been obtained from CPWS and other sources believed to be reliable, but has not been independently verified by Municipal Advisor.

The Municipal Advisor's fee for services rendered with respect to the sale of the Series 2021 Bonds is contingent upon the issuance and delivery of the Series 2021 Bonds.

The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to CPWS and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

## **UNDERWRITING**

Raymond James & Associates, Inc., Memphis, Tennessee, acting for and on behalf of itself and such other securities dealers as it may designate, will purchase the Series 2021 Bonds for an aggregate purchase price of \$7,745,304.75, which is par, less \$12,321.40 underwriter's discount, plus original issue premium of \$987,626.15.

The Underwriter may offer and sell the Series 2021 Bonds to certain dealers (including dealer banks and dealers depositing the Series 2021 Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

## **INDEPENDENT AUDITORS**

The financial statements of the Municipality as of June 30, 2021 and for the year then ended, attached hereto as Appendix C, have been audited by Alexander Thompson Arnold PLLC, Jackson, Tennessee, independent auditors, as stated in their report thereon and are included in reliance upon the Municipality of such firm as independent auditors.

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## MISCELLANEOUS

Use of the words "shall" or "will" in this Official Statement in summaries of documents to describe future events or continuing obligations is not intended as a representation that such event or obligation will occur but only that the document contemplates or requires such event to occur or obligation to be fulfilled.

Any statements made in this Official Statement involving estimates or matters of opinion, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates or matters of opinion will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the owners of the Series 2021 Bonds.

### AUTHORIZATION OF AND CERTIFICATION CONCERNING OFFICIAL STATEMENT

The Official Statement has been authorized by the Mayor of the Municipality and the Chairman of the Board of the System. Concurrently with the delivery of the Series 2021 Bonds, the undersigned will furnish an Agreement to the effect that nothing has come to the undersigned's attention which would lead the undersigned to believe that this Official Statement contained, as of the date of delivery of the Series 2021 Bonds, any untrue statement of a material fact or omitted to state a material fact which should be included herein for the purposes for which this Official Statement is intended to be used or which is necessary to make the statements contained herein, in light of the circumstances under which they were made, not misleading.

Chaz Molder

Chaz Molder, Mayor, City of Columbia

Eddie Campbell

Eddie Campbell, Chairman, Columbia Power and Water Systems

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**APPENDIX A**

**SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION**





## SUMMARY OF RESOLUTION

The following information is a brief summary of certain provisions of the Resolution, as hereinafter defined, copies of which are available at the offices of the Municipality. This summary is not to be considered a complete statement of the Resolution, and, accordingly, is qualified by reference thereto and is subject to the full text thereof.

### Definitions of Certain Terms

The following are definitions of certain terms used in the Resolution and in this Official Statement.

"Acquired System" shall mean any water procurement, treatment, storage or distribution system acquired by the Municipality pursuant to the Act.

"Act" shall mean Sections 7-34-101 et seq. of the Tennessee Code Annotated.

"Board" means the Board of Public Utilities.

"Bond Fund" shall mean the Principal and Interest Sinking Fund established by the Resolution.

"Bonds" means the Series 2021 Bonds and any Parity Bonds.

"Credit Facility" means any municipal bond insurance policy, letter of credit, surety bond, line of credit, guarantee, or other agreement under which any person other than the Municipality provides additional security for any Bonds and guarantees timely payment of or purchase price equal to the principal of and interest on all or a portion of any Bond and shall include any Reserve Fund Credit Facility.

"Current Expenses" means expenses incurred by the Municipality in the operation of the System, determined in accordance with generally accepted accounting principles, including the reasonable and necessary costs of operating, maintaining, repairing and insuring the System, the cost of producing potable water, salaries and wages, cost of material and supplies, and insurance premiums, but shall exclude depreciation, amortization and interest on any bonds, notes or other obligations of the Municipality.

"Debt Service Requirement" means the total principal and interest coming due, whether at maturity or upon mandatory redemption (less any amount of interest that is capitalized and payable with the proceeds of debt on deposit with the Municipality or any paying agent for the Bonds or other obligations of the Municipality), for any period of 12 consecutive calendar months for which such a determination is made, provided the Debt Service Requirement with respect to Variable Rate Indebtedness shall be determined as if the variable rate in effect at all times during future periods equaled, at the option of the Municipality, either (A) the average of the actual variable rate which was in effect (weighted according to the length of the period during which each such variable rate was in effect) for the most recent 12-month period immediately preceding the date of calculation for which such information is available (or shorter period if such information is not available for a 12-month period), or (B) the current average annual fixed rate of interest on securities of similar quality having a similar maturity date, as certified by a Financial Adviser.

"Defeasance Obligations" shall mean direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

"Financial Adviser" means an investment banking or financial advisory firm, commercial bank, or any other person who or which is retained by the Municipality for the purpose of passing on questions relating to the availability and terms of specified types of debt obligations or the financial condition or operation of the System and is actively engaged in and, in the good faith opinion of the Municipality, has a favorable reputation for skill and experience in providing financial advisory services of the type with respect to which the Financial Adviser has been retained.

"Financial Guaranty Agreement" shall mean any Financial Guaranty Agreement authorized herein to be executed in connection with a Reserve Fund Credit Facility.

"Fiscal Year" means the fiscal year adopted by the Municipality for the System from time to time.

"Governing Body" means the City Council of the Municipality.

"Gross Earnings" means all revenues, rentals, earnings and income of the Municipality from whatever source, determined in accordance with generally accepted accounting principles, including all revenues derived from the operation of the System and all amounts realized from the investment of funds of the System (excluding any investment earnings from construction or improvement funds created for the deposit of bond proceeds pending use, to the extent such income is applied to the purposes for which the bonds were issued, and funds created to defease any outstanding obligations of the Municipality); provided, however, at the election of the Governing Body, the term "Gross Earnings" as used herein shall not include any revenues, rentals, earnings or other income received by the Municipality from the operation of an Acquired System, and any bonds or other obligations issued in connection with such Acquired System shall not be payable from or secured by Net Revenues or be deemed to be Parity Bonds.

"Loan Agreement" shall mean any agreement or contract entered into by the Municipality whereby a third party agrees to advance funds to the Municipality and the Municipality agrees to repay those funds with interest.

"Maximum Annual Debt Service Requirement" means the maximum annual Debt Service Requirement for any Fiscal Year of the Municipality.

"Municipality" means the City of Columbia, Tennessee.

"Net Revenues" shall mean Gross Earnings, excluding any profits or losses on the sale or other disposition, not in the ordinary course of business, of investments or fixed or capital assets, less Current Expenses.

"Parity Bonds" means bonds, notes, Loan Agreements, and other debt obligations, including Variable Rate Indebtedness, issued or entered into by the Municipality on a parity with the Series 2021 Bonds herein authorized in accordance with the restrictive provisions of the Resolution, including any bonds or other obligations secured by a pledge of and/or lien on an Acquired System and the revenues derived from the operation of such Acquired System (provided such pledge and lien are subject only to normal and customary expenses of operating, maintaining, repairing and insuring any such System), so long as the Acquired System is not being operated separately from the System as is permitted herein or the revenues from such Acquired System are not excluded from Gross Earnings.

"Rating" means a rating in one of the categories by a Rating Agency, disregarding pluses, minuses, and numerical gradations.

"Rating Agencies" or "Rating Agency" means Fitch, Moody's and Standard & Poor's or any successors thereto and any other nationally recognized credit rating agency.

"Reserve Fund" shall mean the Debt Service Reserve Fund established in the Resolution.

"Reserve Fund Credit Facility" means a municipal bond insurance policy, surety bond, letter of credit, line of credit, guarantee or other agreement provided by a Reserve Fund Credit Facility Issuer which provides for payment of amounts equal to all or any portion of the Reserve Fund Requirement in the event of an insufficiency of moneys in the Bond Fund to pay when due principal of and interest on all or a portion of the Bonds.

"Reserve Fund Credit Facility Issuer" means the issuer of a Reserve Fund Credit Facility rated in the second-highest rating category (without regard to gradations within such category) by each Rating Agency that rates such Reserve Fund Credit Facility Issuer and which also rates any Bonds secured by such Reserve Fund Credit Facility, measured at the time the Reserve Fund Credit Facility is issued.

"Reserve Fund Requirement" means an amount determined from time to time by the Municipality as a reasonable reserve, if any, for the payment of principal of and interest on a series of Bonds pursuant to the resolution authorizing such Bonds. With respect to the Series 2021 Bonds, the Reserve Fund Requirement is \$0.

"Revenue Fund" shall mean the Revenue Fund established in the Resolution.

"Series 2021 Bonds" means the Municipality's \$6,770,000 Water System Revenue Refunding Bonds, Series 2021.

"State" means the State of Tennessee.

"Subordinate Lien Bonds" means bonds, notes, Loan Agreement or other debt obligations issued pursuant to the Resolution but with a lien subordinate to the Series 2021 Bonds.

"System" shall mean the waterworks system, and shall include all facilities hereafter acquired, constructed or otherwise established, together with and including all properties of every nature hereafter owned by the Municipality, including all improvements and extensions made by the Municipality while the Bonds remain outstanding, and including all real and personal property of every nature comprising part of or used or useful in connection with the foregoing, and including all appurtenances, contracts, leases, franchises, and other intangibles; provided, however, at the election of the Governing Body, an Acquired System may be included within the System as defined herein and become a part thereof or, at the election of the Governing Body, not become a part of the System but be operated as a separate and independent system by the Governing Body with the continuing right, upon the election of the Governing Body, to incorporate such separately Acquired System within the System.

"Variable Rate Indebtedness" means any Parity Bonds, the interest rate on which is subject to periodic adjustment, at intervals, at such times and in such manner as shall be determined by resolution authorizing such Parity Bonds; provided that if the interest rate shall have been fixed for the remainder of the term thereof, it shall no longer be Variable Rate Indebtedness.

### **Source of Payment and Security**

The Bonds shall be payable solely from and secured by a pledge of the Net Revenues. The punctual payment of principal of and premium, if any, and interest on the Bonds shall be secured equally and ratably by the Net Revenues without priority by reason of series, number or time of sale or delivery. The Net Revenues are hereby irrevocably pledged to the punctual payment of such principal, premium, if any, and interest as the same become due. The Bonds do not constitute a debt of the State of Tennessee, or any political subdivision thereof, or municipal corporation therein, other than the Municipality, and no holder of the Series 2021 Bonds shall have recourse to the taxing power of any such entities.

### **Application of Revenues**

a. From and after the delivery of any of the Series 2021 Bonds hereunder, and as long as any of the Bonds shall be outstanding and unpaid either as to principal or as to interest, or until the discharge and satisfaction of all the Bonds, the Gross Earnings of the System shall be deposited as collected by the Municipality to the Revenue Fund established by the Resolution, administered and controlled by the Board. The funds so deposited in the Revenue Fund created under the Resolution shall be used only as follows:

1) The money in the Revenue Fund shall be used first from month to month for the payment of Current Expenses.

2) The money thereafter remaining in the Revenue Fund shall next be used to make deposits into the Sinking Fund to be further deposited in the Interest Account and the Principal Account as set forth herein and used to pay principal of and interest on the Bonds as the same become due, either by maturity or mandatory redemption. Such deposits shall be made monthly until the Bonds are paid in full or discharged and satisfied pursuant to the defeasance provisions of the Resolution, beginning in the month next following delivery of the Series 2021 Bonds. Each monthly deposit as to interest for such Bonds shall be

an equal to not less than one-sixth (1/6th) of the interest coming due on such Bonds on the next interest payment date net of any interest earnings on such amounts; provided that greater amounts shall be deposited to account for any initial period of less than six months following the issuance of Bonds. Each monthly deposit as to principal for such Bonds shall be an amount equal to not less than one-twelfth (1/12th) of the principal amount coming due on such Bonds, whether by maturity or mandatory redemption, on the next principal payment date net of any interest earnings on such amounts; provided that greater amounts shall be deposited to account for any initial period of less than 12 months following the issuance of Bonds. No further deposit shall be required as to any Bonds when the Sinking Fund balance is equal to or greater than the amount needed to pay interest on the next interest payment date and the total of the principal amounts payable, either by maturity or mandatory redemption, during the applicable twelve-month period. Notwithstanding the foregoing, deposits for payment of interest and principal on Variable Rate Indebtedness shall be made as set forth in the resolution authorizing such Variable Rate Indebtedness, and if interest is not paid semi-annually and/or principal is not paid annually with respect to any Bonds, the deposits may be adjusted by the Municipality as provided in the resolution authorizing the issuance of such Bonds. Money in the Bond Fund shall be used and is hereby expressly pledged for the purpose of paying principal of and interest on the Bonds.

3) The next available money in the Revenue Fund shall be paid to any Reserve Fund Credit Facility Issuer or Issuers (pro rata, if more than one) to the extent needed to reimburse the Reserve Fund Credit Facility Issuer for amounts advanced by the Reserve Fund Credit Facility Issuer or Issuers under the Reserve Fund Credit Facility, including any amounts payable under any Financial Guaranty Agreement, together with reasonable related expenses incurred by the Reserve Fund Credit Facility Issuer and interest as provided in the Financial Guaranty Agreement.

4) To the extent any series of the Bonds has a Reserve Fund Requirement and such Reserve Fund Requirement is not fully satisfied by a Reserve Fund Credit Facility or Facilities or funds of the Municipality, or a combination thereof, the next available money in the Revenue Fund shall be used to make deposits into the applicable subaccount of the Reserve Fund. No deposit shall be required to be made to the Reserve Fund unless the amount in the Reserve Fund, together with the Reserve Fund Credit Facility or Facilities, if any, becomes less than the applicable Reserve Fund Requirement. In the event deposits to the Reserve Fund shall be required pursuant to the preceding sentence, said deposits shall be payable monthly as hereafter provided and each deposit shall be in a minimum amount equal to 1/24th of the difference between the Reserve Fund Requirement and the amount in each subaccount of said Fund, together with the Reserve Fund Credit Facility or Facilities, if any, immediately following the occurrence of such deficiency, so that any deficiency in any subaccount of said Fund shall be replenished over a period of not greater than twenty four (24) consecutive months; provided, any monthly payments in excess of said minimum payments shall be a credit against the next ensuing payment or payments. Any deposits required to be made thereunder shall be made monthly at the same time as deposits are made to the Bond Fund, commencing the first month in which the amount in the Fund, together with the Reserve Fund Credit Facility or Facilities, if any, is less than the Reserve Fund Requirement. All deposits to the Reserve Fund shall be made from the first money in the Revenue Fund thereafter received which shall not then be required to pay Current Expenses, be transferred into the Bond Fund, or to be paid to the Reserve Fund Credit Facility Issuer or Issuers as above provided. Money in the Reserve Fund shall be used solely for the purpose of paying principal of or interest on the Bonds for the payment of which funds are not available in the Bond Fund. Funds in excess of the Reserve Fund Requirement may be released to be used by the Municipality for legally permissible purposes.

At the option of the Municipality, the Municipality may satisfy the Reserve Fund Requirement applicable to a series of Bonds, or a portion thereof, by providing for the benefit of owners of such series of Bonds a Reserve Fund Credit Facility or Facilities, at any time, in an amount not greater than the Reserve Fund Requirement applicable to such series of Bonds and release an equal amount of funds on deposit in the corresponding subaccount of the Reserve Fund to be used by the Municipality for legally permissible purposes. In the event any Reserve Fund Credit Facility Issuer, or any successor thereto, shall cease to have a rating required for a Reserve Fund Credit Facility Issuer or any Reserve Fund Credit Facility becomes unenforceable for any reason, within 90 days from the date the Municipality receives notice of either of said events, the Municipality shall either substitute a new Reserve Fund Credit Facility or

Facilities or commence funding the Reserve Fund from Net Revenues as required by the preceding paragraph hereof, or a combination thereof. At any time during the term hereof, the Municipality shall have the right and option to substitute a new Reserve Fund Credit Facility or Facilities for any Reserve Fund Credit Facility or Facilities previously delivered, upon notice to the Registration Agent and the Reserve Fund Credit Facility Issuer or Issuers and delivery of a Reserve Fund Credit Facility or Facilities in substitution therefor. In the event of the issuance of Parity Bonds pursuant to the restrictive provisions of the Resolution with a Reserve Fund Requirement or the substitution of a Reserve Fund Credit Facility or Facilities for less than the full amount of the Reserve Fund Requirement, the Municipality shall satisfy the applicable Reserve Fund Requirement by depositing funds to the Reserve Fund or obtaining a Reserve Fund Credit Facility or Facilities, or any combination thereof, in an aggregate amount equal to the applicable Reserve Fund Requirement for the series of Bonds taking into account any funds then held therein or the amount of any Reserve Fund Credit Facility or Facilities then in effect. The Mayor is authorized to act for the Municipality in determining whether to provide the Reserve Fund Credit Facility for the Bonds.

In the event of the necessity of a withdrawal of funds from the Reserve Fund during a time when the Reserve Fund Requirement is being satisfied by a Reserve Fund Credit Facility or Facilities and funds of the Municipality, the funds shall be disbursed completely before any demand is made on the Reserve Fund Credit Facility. In the event all or a portion of the Reserve Fund Requirement is satisfied by more than one Reserve Fund Credit Facility, any demand for payment shall be pro rata between or among the Reserve Fund Credit Facilities. If a disbursement is made by demand on a Reserve Fund Credit Facility, the Municipality, from Revenues after payment of Current Expenses and required deposits to the Bond Fund, shall reimburse the Reserve Fund Credit Facility Issuer for all amounts advanced under the Reserve Fund Credit Facility (pro rata, if more than one Reserve Fund Credit Facility), including all amounts payable under any Financial Guaranty Agreement or Agreements, and then replenish the Reserve Fund as provided herein.

In the event the Reserve Fund Requirement, or any part thereof, shall be satisfied with a Reserve Fund Credit Facility or Facilities, notwithstanding the terms of the Resolution, the terms, covenants, liability and liens provided or created herein or in any resolution supplemental hereto shall remain in full force and effect and said terms, covenants, liability and liens shall not terminate until all amounts payable under any Financial Guaranty Agreement have been paid in full and all obligations thereunder performed in full. If the Municipality shall fail to pay when due all amounts payable under any Financial Guaranty Agreement, the Reserve Fund Credit Facility Issuer shall be entitled to exercise any and all remedies available at law or under the Resolution other than remedies that would adversely affect owners of Bonds.

It shall be the responsibility of the Registration Agent to maintain adequate records, verified with the Reserve Fund Credit Facility Issuer or Issuers, as to the amount available to be drawn at any given time under the Reserve Fund Credit Facility or Facilities and as to the amounts paid and owing to the Reserve Fund Credit Facility Issuer or Issuers under the terms of any Financial Guaranty Agreement and to provide notice to the Reserve Fund Credit Facility Issuer at least two days before any payment is due. The Reserve Fund Credit Facility Issuer shall receive notice of the resignation or removal of the Registration Agent and the appointment of a successor thereto.

Notwithstanding anything herein to the contrary, the Municipality may issue Parity Bonds or Subordinate Lien Bonds without a Reserve Fund Requirement, as shall be specified in the bond resolution authorizing such Parity Bonds or Subordinate Lien Bonds.

5) The next available money in the Revenue Fund shall be used for the purpose of the payment of principal of and interest on (including reasonable reserves therefor) any Subordinate Lien Bonds or other obligations payable from revenues of the System, but junior and subordinate to the Bonds, and may thereafter be used by the Municipality for any legally permissible purpose, as the Governing Body shall determine.

b. Money on deposit in the Funds described in this Section may be invested by the Municipality in such investments as shall be permitted by applicable law, as determined by an authorized representative of the Municipality, all such investments to mature not later than the date on which the money so invested shall be required for the purpose for which the respective Fund was created. All income derived from such investments shall be regarded as revenues of the System and shall be deposited in the Revenue Fund. Such investments shall at any time necessary be liquidated and the proceeds thereof applied to the purpose for which the respective Fund was created; provided, however, that in no event shall moneys in the Reserve Fund be invested in instruments that mature more than two years from the date the money is so invested. The Municipality is authorized to enter into contracts with third parties for the investment of funds in any of the Funds described herein.

c. The Revenue Fund, the Bond Fund, and the Reserve Fund (except to the extent funded with a Reserve Fund Credit Facility or Facilities) shall be held and maintained by the Municipality and, when not invested, kept on deposit with a bank or financial institution regulated by and the deposits of which are insured by the Federal Deposit Insurance Corporation or similar federal agency. All moneys in such Funds so deposited shall at all times be secured to the extent and in the manner required by applicable State law.

### **Covenants Regarding the Operation of System**

a. The Municipality shall maintain insurance on the properties of the System of a kind and in an amount which would normally be carried by private companies engaged in a similar type and size of business, provided, the Municipality shall not be required to insure beyond the limits of immunity provided by Sections 29-20-101 et seq., Tennessee Code Annotated, or other applicable law. The proceeds of any such insurance, except public liability insurance, shall be used to replace the part or parts of the System damaged or destroyed, or, if not so used, shall be placed in the Revenue Fund.

b. The Municipality will cause to be kept proper books and accounts adapted to the System, will cause the books and accounts to be audited at the end of each Fiscal Year by a recognized independent certified public accountant or a firm of such accountant or accountants and, upon written request, will make available to any registered owner of the Bonds the balance sheet and the profit and loss statement of the Municipality as certified by such accountant or accountants. . Each such audit, in addition to whatever matters may be thought proper by the accountant or accountants to be included therein, shall include the following:

- 1) A statement in detail of the revenues and expenditures of the System and the excess of revenues over expenditures for the Fiscal Year;
- 2) A statement showing beginning and ending balances of each Fund described herein;
- 3) A balance sheet as of the end of the Fiscal Year;
- 4) The accountant's comments regarding the manner in which the Municipality has carried out the requirements of the Resolution and the accountant's recommendations with respect to any change or improvement in the operation of the System;
- 5) A list of insurance policies in force at the end of the Fiscal Year, setting out as to each policy the amount of the policy, the risks covered, the name of the insurer and the expiration date of the policy;
- 6) The number and classifications of customer service connections to the System as of the end of the Fiscal Year;
- 7) The disposition of any Bond proceeds during the Fiscal Year;
- 8) A statement as to all breaches or defaults hereunder by the Municipality of which the accountant or accountants have knowledge or, in the alternative, a statement that they have no knowledge of any such breach or default.

All expenses incurred in the making of the audits required by this subsection shall be regarded and paid as Current Expenses. The Municipality further agrees to cause copies of such audits to be furnished to the registered owner of any of the Bonds, at the written request thereof, within 270 days after the close of each Fiscal Year. The registered owner of any of the Bonds shall have at all reasonable times the right to inspect the System and the records, accounts and data of the Municipality relating thereto. If the Municipality fails to provide the audits and reports required by this subsection, the registered owner or owners of twenty-five percent (25%) in principal amount of the Bonds may cause such audits and reports to be prepared at the expense of the Municipality.

c. The Municipality will faithfully and punctually perform all duties with reference to the System required by the constitution and laws of the State, including the making and collecting of reasonable and sufficient rates for services rendered by the System, and will apply the revenues of the System to the purposes and Funds specified in the Resolution.

d. The Municipality shall continuously own, control, operate, and maintain the System in an efficient and economical manner and on a revenue producing basis and shall at all times prescribe, fix, maintain, and collect rates, fees, and other charges for the services and facilities furnished by the System fully sufficient at all times:

1) for 100% of the Current Expenses and for the accumulation in the Revenue Fund of a reasonable reserve therefor, in an amount, if any, as shall be determined from time to time by the Municipality; and

2) such that Net Revenues in each Fiscal Year:

a) will equal at least 120% of the Debt Service Requirement on all Bonds, and 100% of the Debt Service Requirement on any Subordinate Lien Bonds or other obligations then outstanding for such Fiscal Year;

b) will enable the Municipality to make all required payments, if any, into the Reserve Fund and on any Credit Facility Agreement;

c) will enable the Municipality to accumulate an amount, which, in the judgment of the Municipality, is adequate to meet the costs of major renewals, replacements, repairs, additions, betterments, and improvements to the System, necessary to keep the same in good operating condition or as is required by any governmental agency having jurisdiction over the System; and

d) will remedy all deficiencies in required payments into any of the funds and accounts mentioned in the Resolution from prior Fiscal Years.

e. The Municipality will not sell, lease, mortgage, or in any manner dispose of the System, or any part thereof, including any and all extensions and additions that may be made thereto, or any facility necessary for the operation thereof; provided, however, the use of any of the System facilities may at any time be permanently abandoned or any of the System facilities sold at fair market value, provided that:

1) The Municipality is in full compliance with all covenants and undertakings in connection with all bonds, notes and other obligations then outstanding and payable from the revenues of the System and any required reserve funds for such bonds, notes and other obligations have been fully established and contributions thereto are current;

2) Any sale proceeds will be applied either (A) to the purchase or redemption of Bonds in accordance with the provisions governing repayment of Bonds in advance of maturity, or (B) to the construction or acquisition of facilities in replacement of the facilities so disposed of or other facilities constituting capital improvements to the System, or (C) the deposit to a replacement fund to be used to make capital improvements to the System;

3) The abandonment, sale or disposition is for the purpose of disposing of facilities which are no longer necessary or no longer useful to the operation of the System and the operation of the System or revenue producing capacity of the System is not materially impaired by such abandonment, sale or disposition or any facilities acquired in replacement thereof are of equivalent or greater value; and

4) The Municipality shall have received an opinion of nationally recognized bond counsel to the effect that such sale, lease, mortgage or other disposition will not jeopardize the exclusion from federal income taxation of interest on any Bonds then outstanding intended to be excludable from gross income for federal income tax purposes.

Nothing herein is intended to prohibit the lease purchase of equipment or facilities of the System hereafter to be put in service or to prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the Municipality is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

f. Prior to the beginning of each Fiscal Year, the Governing Body shall prepare, or cause to be prepared, and adopted an annual budget of estimated revenues, Current Expenses, and capital expenditures for the System for the ensuing Fiscal Year in compliance with the rate covenant set forth in the Resolution, and will undertake to operate the System within such budget to the best of its ability. Copies of such budgets and amendments thereto will be made available to any registered owner of a Bond upon written request.

g. The Municipality will not construct, finance or grant a franchise for the development or operation of facilities that compete for service with the services to be provided by the System or consent to the provision of any such services in the area currently served by the Municipality by any other public or private entity and will take all steps necessary and proper, including appropriate legal action to prevent any such entity from providing such service; provided, nothing herein contained shall prohibit the transfer or exchange of service areas to provide for more efficient operation of the System so long as the Municipality is in full compliance with the covenants set forth herein immediately following such transfer or exchange.

### **Remedies of Bond Owners**

Any registered owner of any of the Bonds may either at law or in equity, by suit, action, mandamus or other proceedings, in any court of competent jurisdiction enforce and compel performance of all duties imposed upon the Municipality by the provisions of the Resolution, including the making and collecting of sufficient rates, the proper application of and accounting for revenues of the System, and the performance of all duties imposed by the terms hereof.

If any default be made in the payment of principal of, premium, if any, or interest on the Bonds, then upon the filing of suit by any registered owner of said Bonds, any court having jurisdiction of the action may appoint a receiver to administer the System on behalf of the Municipality with power to charge and collect rates sufficient to provide for the payment of all bonds and obligations outstanding against the System and for the payment of Current Expenses, and to apply the income and revenues thereof in conformity with the provisions of the Resolution.

### **Prohibition of Prior Lien; Parity Bonds**

The Municipality will issue no other bonds or obligations of any kind or nature payable from or enjoying a lien on the revenues of the System having priority over the Bonds. Additional bonds, notes, Loan Agreements or obligations may hereafter be issued on a parity with the Bonds under the following conditions but not otherwise:

a. Any portion (including any maturities or portions thereof whether or not in chronological order and any amounts subject to mandatory redemption) of a series of Bonds may be refunded at maturity, upon redemption in accordance with their terms, or upon payment, prepayment or redemption with the consent of the owners of such Bonds, and the refunding bonds so issued shall constitute Parity Bonds secured on a parity with the Bonds thereafter outstanding, if all of the following conditions are satisfied:



- 1) the Municipality shall have obtained a report from a Financial Adviser demonstrating that the refunding is expected to reduce the total debt service payments on the Bonds, as applicable; and
- 2) the requirements of subsections (b)(2), (3) and (4) below are met with respect to such refunding.

b Parity Bonds (including refunding Parity Bonds which do not meet the requirements of (a)) may also be issued on a parity with outstanding Bonds, and the Parity Bonds so issued shall be secured on a parity with such outstanding Bonds, if all of the following conditions are satisfied:

- 1) There shall have been procured and filed with the Municipality a report by a Financial Adviser or a certificate by the President, or his or her designee, to the effect that the historical Net Revenues for either (A) a period of 12 consecutive months of the most recent 18 consecutive months prior to the issuance of the proposed Parity Bonds or (B) the most recent audited Fiscal Year, were equal to at least 120% of Maximum Annual Debt Service Requirement on all Bonds which will be outstanding immediately after the issuance of the proposed Parity Bonds, in the then current and each succeeding Fiscal Year, provided, however, the report or certificate may contain pro forma adjustments to historical related Net Revenues equal to 100% of the increased annual amount attributable to any revision in the schedule of rates, fees, and charges for the services and facilities furnished by the System, imposed prior to the date of delivery of the proposed Parity Bonds and not fully reflected in the historical related Net Revenues actually received during such historical period used.

- 2) The Municipality shall have received, at or before issuance of the Parity Bonds, a report from a Financial Adviser or a certificate of the President, or his or her designee, to the effect that (x) the payments required to be made into the Bond Fund have been made and the balance in the Bond Fund is not less than the balance required hereby as of the date of issuance of the proposed Parity Bonds; and (y) the Reserve Fund is funded to the extent required under the resolutions authorizing Bonds with a Reserve Fund Requirement, if any, and any Reserve Fund Requirement applicable to the Parity Bonds will be funded to the extent required under the applicable resolution immediately following the issuance of the proposed Parity Bonds.

- 3) The resolution authorizing the proposed Parity Bonds must require the proceeds of such proposed Parity Bonds to be used to make capital improvements to or capital acquisitions for the System, to fund interest on the proposed Parity Bonds, to refund other obligations issued for such purposes (whether or not such refunding Parity Bonds satisfy the requirements of (a)), for any other legal purpose under applicable law as evidenced by an opinion of nationally recognized bond counsel, and/or to pay expenses incidental thereto and to the issuance of the proposed Parity Bonds.

- 4) The City Recorder shall have certified, by written certificate dated as of the date of issuance of the Parity Bonds, that the Municipality is in compliance with all requirements of this Resolution.

c. All the provisions and covenants of this Resolution relating to negotiability and registration of Bonds, creation and investment of funds and the application of revenues, the operation of the System and charges for services of the System, the remedies of owners of the Bonds, the issuance of additional bonds, modification of this Resolution, the defeasance of Bonds, and such other provisions hereof as are appropriate may be incorporated by reference into supplemental resolutions authorizing additional bonds, and said provisions, when so incorporated, shall be equally applicable to the additional bonds issued pursuant to the terms of this Section in all respects and with like force and effect as though said provisions were recited in full in said supplemental resolutions and shall continue to be applicable so long as any such bonds remain outstanding.

d. Notwithstanding anything herein to the contrary, each series of Parity Bonds may be issued with or without a Reserve Fund Requirement, may require cash funding of the Reserve Fund, if any, and may provide for the funding of the Reserve Fund, if any, over such period of time as is acceptable to the purchaser of such Parity Bonds all as specified in the resolution authorizing such Parity Bonds. Unless otherwise expressly provided otherwise in a resolution authorizing a series of Parity Bonds, such Parity Bonds shall be secured only by the

Reserve Fund specified in the resolution authorizing such series of Parity Bonds and shall have no right to receive any payment from the Reserve Fund established for any other series of Bonds, whether such additional bonds are issued as Parity Bonds or Subordinate Lien Bonds. Any series of Parity Bonds may be issued in Book-Entry Form and may be registered in the name of DTC or such other Depository as may be determined by the Municipality, all to be specified in the resolution authorizing such Parity Bonds.

e. In addition to Parity Bonds issued in accordance with the foregoing, the Municipality may issue Subordinate Lien Bonds, subject to the terms to the Resolution or otherwise, provided that the security for such Subordinate Lien Bonds shall be subject in all respects to the lien in favor of the Bonds.

f. The punctual payment of principal of, premium, if any, and interest on the Series 2021 Bonds and any Parity Bonds shall be secured equally and ratably by the Net Revenues, without priority by reason of number or time of sale or execution or delivery.

### **Discharge and Satisfaction of Bonds**

If the Municipality shall pay and discharge the indebtedness evidenced by all or any portion of the Bonds in any one or more of the following ways:

a. By paying or causing to be paid, by deposit of sufficient funds as and when required with the Registration Agent, the principal of and interest on such Bonds as and when the same become due and payable;

b. By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers ("an Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay premium, if any, and interest thereon when due until the maturity or redemption date (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

c. By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the Municipality shall also pay or cause to be paid all other sums payable hereunder by the Municipality with respect to such Bonds, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Escrow Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest and redemption premiums, if any, on such Bonds when due, then and in that case the indebtedness evidenced by such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the Municipality to the holders of such Bonds shall be fully discharged and satisfied and shall thereupon cease, terminate and become void.

If the Municipality shall pay and discharge the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners thereof shall thereafter be entitled only to payment out of the money or Defeasance Obligations deposited as aforesaid.

Except as otherwise provided in this Section, neither Defeasance Obligations nor moneys deposited with the Registration Agent pursuant to this Section nor principal or interest payments on any such Defeasance Obligations shall be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal and interest on said Bonds; provided that any cash received from such principal or interest payments on such Defeasance Obligations deposited with the Registration Agent, (A) to the extent such cash will not be required at any time for such purpose, shall be paid over to the Municipality as received by the Registration Agent and (B) to the extent such cash will be required for such purpose at a later date, shall, to the extent practicable, be reinvested in Defeasance Obligations maturing at times and in amounts sufficient to pay when due the principal and interest to become due on said Bonds on or prior to such redemption date or maturity date thereof, as the case may be, and interest earned from such reinvestments shall be paid over to the Municipality, as received by the Registration Agent.

Notwithstanding the foregoing, the Municipality may restrict its right to discharge and satisfy prior to maturity any series of Parity Bonds as may be set forth in the resolution authorizing such series of Parity Bonds.

### **Modification of Resolution**

a. The Resolution may be amended without the consent of or notice to the registered owners of the Bonds for the purpose of curing any ambiguity or formal defect or omission herein; provided such amendment shall not adversely affect the registered owners, without taking into account any bond insurance policy.

b. Resolution, the registered owners of a majority in aggregate principal amount of the Bonds at any time outstanding (not including in any case any Bonds which may then be held or owned by or for the account of the Municipality but including such refunding bonds as may have been issued for the purpose of refunding any of such Bonds if such refunding bonds shall not then be owned by the Municipality) shall have the right from time to time to consent to and approve the adoption by the Governing Body of a resolution or resolutions modifying any of the terms or provisions contained in the Resolution; provided, however, that the Resolution may not be so modified or amended in such manner, without the consent of 100% of the registered owners of the Bonds, as to:

- 1) Make any change in the maturities or redemption dates of the Bonds;
  - 2) Make any change in the rates of interest borne by the Bonds;
  - 3) Reduce the amount of the principal payments or redemption premiums payable on the Bonds;
  - 4) Modify the terms of payment of principal of or interest on the Bonds or impose any conditions with respect to such payments;
  - 5) Affect the rights of the registered owners of less than all of the Bonds then outstanding;
- or
- 6) Reduce the percentage of the principal amount of the Bonds the consent of the registered owners of which is required to effect a further modification.

c. Whenever the Municipality shall propose to amend or modify the Resolution under the provisions of the Resolution, it shall cause notice of the proposed amendment to be mailed by first-class mail, postage prepaid, to the owner of each Bond then outstanding. Such notice shall briefly set forth the nature of the proposed amendment and shall state that a copy of the proposed amendatory resolution is on file in the office of the Municipality for public inspection.

d. Whenever at any time within one year from the date of mailing of said notice there shall be filed with the City Recorder an instrument or instruments executed by the registered owners of at least a majority in aggregate principal amount of the Bonds then outstanding as in this Section defined, which instrument or instruments shall refer to the proposed amendatory resolution described in said notice and shall specifically consent to and approve the adoption thereof, thereupon, but not otherwise, the Municipality may adopt such amendatory resolution and such resolution shall become effective and binding upon the owners of all Bonds.

e. If the registered owners of at least a majority in aggregate principal amount of the Bonds outstanding as in this section defined, at the time of the adoption of such amendatory resolution, or the predecessors in title of such owners, shall have consented to and approved the adoption thereof as herein provided, no registered owner of any Bonds, whether or not such owner shall have consented to or shall have revoked any consent as in this Section provided, shall have any right or interest to object to the adoption of such amendatory resolution or to object to any of the terms or provisions therein contained or to the operation thereof or to enjoin or restrain the Municipality from taking any action pursuant to the provisions thereof.

f. Any consent given by the registered owner of a Bond pursuant to the provisions of this Section shall be irrevocable for a period of six months from the date of the publication of the notice above provided for and shall be conclusive and binding upon all future registered owners of the same Bond during such period. Such consent may be revoked at any time after six months from the date of publication of such notice by the registered owner who gave such consent or by a successor in title by filing notice of such revocation at the Municipality office, but such revocation shall not be effective if the registered owners of a majority in aggregate principal amount of the Bonds outstanding as in this Section defined shall have, prior to the attempted revocation, consented to and approved the amendatory resolution referred to in such revocation.

g. The fact and date of the execution of any instrument under the provisions of this Section may be proved by the certificate of any officer in any jurisdiction who by the laws thereof is authorized to take acknowledgments of deeds within such jurisdiction, that the person signing such instrument acknowledged before him or her the execution thereof, or may be proved by an affidavit of a witness to such execution sworn to before such officer.

h. The amount (number(s)) of the Bonds owned by any person executing such instrument and the date of the ownership of the same shall be proved by reference to the Bond registration records maintained by the Registration Agent, which records shall constitute conclusive proof of the ownership thereof.

**APPENDIX B**  
**STATISTICAL AND DEMOGRAPHIC INFORMATION**  
**REGARDING THE SYSTEM**



## THE WATER SYSTEM

The Columbia Water System, which operates as part of the Columbia Power and Water Systems (CPWS), is a municipally-owned water utility, created under the provisions of Chapter 68 of the Public Acts of Tennessee of 1933. The System provides potable water directly to residential and commercial customers in and around the City of Columbia, Tennessee. The System also provides water to the Maury County Water System, the City of Spring Hill, and standby water for the City of Mt. Pleasant.

### Board

The System is operated by the Board of Public Utilities of the Municipality (the "Board"). The Board was established July 1, 1939 and operates both the water system and the electrical power distribution system of the Municipality. The Board consists of five members who are appointed by the Mayor and ratified by City Council of the Municipality for four-year staggered terms. The Board is authorized to exercise all powers of the Municipality relating to the operation, management and control of the System and is free from the jurisdiction, direction, and control of the Municipality, except the Municipality approves the rates to be charged by the System and issues all long-term indebtedness of the systems operated by the Board. The selection procedure for a member is initiated by the Mayor, who submits one nominee to the City Council for confirmation or rejection. In case the City Council rejects a nominee, the nominating procedure is repeated until an appointment is made. The current members of the Board of Public Utilities with their current terms of office and primary occupations are as follows:

Name	Term	Occupation
Eddie Campbell, Chairman	2019 – 2023	Owner – Eddie Campbell & Associates
Walker Vining, Vice Chairman	2020 – 2024	Owner – Turner and Osborne Tire
Christa Martin, City Council Rep.	2021 – 2026	Assistant to the President – Columbia State Community College
Shauna Pounders	2020 – 2024	Executive Director – The King’s Daughters School
Trent Ogilvie	2018 - 2021	Executive Director – Columbia Housing and Redevelopment Corporation

**Management** The day-to-day supervision of the operation of the water and electrical power distribution systems of the Municipality are managed by a President/CEO of the Power and Water Systems who is employed by the Board of Public Utilities. The VP of Water Operations reports to the Executive VP of Operations and is directly responsible for the day-to-day operations of the Water System. The financial affairs of the Power and Water Systems of the Municipality are managed by the VP of Finance. The persons currently employed by the Board in these positions and biographical information are as follows:

#### President/CEO - Scott Dahlstrom

Mr. Scott Dahlstrom currently serves as President/CEO of Columbia Power and Water Systems. Mr. Dahlstrom joined CPWS in 2018 and has over 33 years of experience in engineering, project management and utility management. Mr. Dahlstrom is a graduate of the University of Tennessee at Martin where he graduated with a degree in Electrical Engineering technology and a Master of Business Administration.

#### Executive Vice President of Operations – Richard Kelley

Mr. Richard Kelley currently serves as Executive Vice President of Operations for Columbia Power and Water Systems. Mr. Kelley joined CPWS in April of 2021 and has over 17 years of experience with public utilities. Prior to

joining CPWS Richard served as the CEO for PES in Pulaski, Tennessee. Mr. Kelley is a graduate of UAH where he graduated with a BS in Civil Engineering.

Vice President of Water Operations – Jonathan Hardin

Mr. Jonathan Hardin currently serves as the Vice President of Water Operations at Columbia Power and Water Systems. Mr. Hardin joined CPWS eight years ago and has over 26 years of experience in consulting engineering and utility management. Mr. Hardin is a licensed professional engineer (PE license # 111550) and a licensed project management professional (PMP license # 1538792). Mr. Hardin graduated from the Vanderbilt University School of Engineering school where he received a Master’s in Environmental Engineering.

Vice President of Finance – Karen St.Clair

Mrs. Karen St.Clair currently serves as the Vice President of Finance at Columbia Power and Water Systems. She joined CPWS 17 years ago and has over 20 years of experience in utility finance and information technology. Mrs. St.Clair is a certified public accountant. Prior to joining CPWS, she was a governmental auditor with Kraft CPAs. Mrs. St.Clair is a graduate of Tennessee Technological University where she graduated with a B.S in Accounting.

**Employees** The System employs 34 persons. None of the employees are covered by a collective bargaining agreement and there is not currently pending any effort to organize employees for collective bargaining purposes.

**Post-Employment Benefits**

See Note 10 on page 48 in Appendix C.

**The Water System**

The current supply system consists of two raw water intakes and pumping stations on the Duck River, two raw water supply lines, a filtration plant and pumping station and supply mains to the distribution system. The System currently obtains all its water from the two raw water intakes and pumping station on the Duck River.

The water treatment plant began operation in 1955 and was renovated and expanded in 1967, 1987 and again in 2002. It is a conventional plant with a present design capacity of 20 million gallons per day (MGD) and currently has an average daily production of approximately 10 MGD. The source of the raw water is the Duck River which is moderately hard (141 mg/l as CaCO<sub>3</sub>) with an average alkalinity of 121 mg/l as CaCO<sub>3</sub> and an average turbidity of 20 NTUs. The water is pumped approximately 3,000 ft. from the river to the head works of the plant through a 24” and a 36” diameter pipe.

The distribution system consists of over 555 miles of water mains ranging in size from 36 inches in diameter to <1 inches in diameter. The System maintains 13 water reservoirs and 4 clear wells with a total approximate storage capacity of 16 million gallons. During fiscal year 2021, the System pumped 3.68 billion gallons of water for its customers. During fiscal year 2021 the treatment plant reached a maximum daily production of 14.23 MGD.

The average per day volume of water treated by the plant and the highest one-day volume for each of the fiscal years set forth below are as follows:

<u>Year</u>	<u>Average Daily Production</u>	<u>Maximum Daily Production</u>
2017	8.86 MGD	11.93 MGD
2018	8.70 MGD	10.33 MGD
2019	8.51 MGD	11.02 MGD
2020	8.86 MGD	11.66 MGD
2021	10.09 MGD	14.23 MGD



Management estimates future projected peak demand to be:

<u>Year</u>	<u>Peak Demand</u>
2022	15 MGD
2023	15.7 MGD
2024	16.4 MGD

**Customer Base and Usage**

Set forth below are the number of customers, usage in gallons, and revenues by customer type.

**WATER SYSTEM CUSTOMERS, USAGE AND REVENUES BY CATEGORY**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>Customers</b>					
Residential	21,229	20,567	20,166	19,560	19,111
Commercial	2,651	2,525	2,493	2,506	2,362
Industrial	26	25	24	24	24
Sales for Resale (and Bulk)	54	51	57	56	59
<b>Total</b>	<b>23,960</b>	<b>23,168</b>	<b>22,740</b>	<b>22,146</b>	<b>21,556</b>
<b>Usage (1,000 gallons)</b>					
Residential	1,256,796	1,228,697	1,211,232	1,244,992	1,216,084
Commercial	526,778	495,013	535,162	507,951	540,254
Industrial	250,920	208,381	282,853	306,935	364,747
Sales for Resale (and Bulk)	808,960	784,335	727,089	689,658	583,917
Fire Protection & Internal Use	96,690	16,296	2,767	4,882	29,862
<b>Total</b>	<b>2,940,144</b>	<b>2,732,722</b>	<b>2,759,103</b>	<b>2,754,418</b>	<b>2,734,864</b>
<b>Total Revenues</b>					
Residential	\$7,119,927	\$6,963,977	\$6,828,894	\$6,576,926	\$5,882,998
Commercial	2,154,278	2,046,043	2,150,052	1,971,221	1,839,499
Industrial	1,043,341	867,121	1,170,884	1,210,666	1,227,644
Bulk & Sales for Resale	2,213,070	2,140,069	1,971,378	1,838,488	1,416,461
Other	1,101,817	1,056,971	1,117,664	1,230,633	1,034,200
<b>Total</b>	<b>\$13,632,433</b>	<b>\$13,074,181</b>	<b>\$13,238,872</b>	<b>\$12,827,934</b>	<b>\$11,400,802</b>

Source: Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2021.

Included within the table above, listed under the category of “Sales for Resale (and Bulk),” are water sales to the distribution systems of Maury County Water System (“MCWS”), the City of Mt. Pleasant, and the Town of Spring Hill (collectively, the "Municipal Purchasers") pursuant to water purchase contracts between CPWS and the Municipal Purchasers. The Town of Spring Hill has a 40-year take-or-pay contract with CPWS which will escalate and provide new revenues once the new water treatment plant comes online. This contract was adopted on June 21, 2021 and terminates on June 20, 2061. A rolling 12-month contract with MCWS and an emergency connection with the City of Mt. Pleasant are also expected to bring additional revenues. The number of customers indicated in the tables above includes multiple metering points for the MCWS (44 metering points). MCWS currently purchases all of its water supply from the Waterworks System. MCWS currently does not have a water treatment plant. MCWS currently receives water supply from the Waterworks System at 44 metering points spread throughout the county where the two systems connect. The “Other” category includes water for fire protection and tap fee income.

## Environmental and Regulatory Matters

The operations of the Municipality are subject to the Federal Clean Water Act, as amended (Tennessee Code Annotated, Section 69-3-100, et seq.), and regulations of the Tennessee Department of Health and Environment, Bureau of Environment, Division of Water Management, Division of Construction Grants and Loans, Environmental Protection Agency, Division of Water Pollution Control, Water Quality Control Act of 1977 and regulations of the Water Quality Control Board.

The water treatment plant monitors its processed water on a daily basis. The potable water is tested daily for chlorine residual, alkalinity, pH, hardness, free CO<sub>2</sub>, iron, manganese and fluoride, as well as other required parameters to meet state and federal requirements. Also records are kept on how much water is processed and distributed to the water system daily.

### THE LARGEST WATER SYSTEM CUSTOMERS

Set forth in the table below are the ten largest customers of the Water System, including the Municipal Purchasers, the amounts billed to each in the 2021 fiscal year and the percentage of total water system revenues that such billings represent:

Customer Name	Gross Revenues	% of Total Revenues
Maury County Water System	\$1,541,747	11.31%
General Motors	883,778	6.48%
City of Spring Hill	758,385	5.56%
City of Columbia	172,704	1.27%
Maury Regional Medical Center	116,629	0.86%
Mersen Usa Gstn Corp	77,256	0.57%
Kutz Property Mgmt, LLC	65,495	0.48%
Tennessee Distilling Group, LLC	63,819	0.47%
MPS, Inc.	56,150	0.41%
Nashville Ready Mix	52,106	0.38%
Total Top 10 Customers	\$3,788,069	27.79%
Total Operating Revenue	\$13,632,433	

Source: System Officials.

## Summary of Operations

Set forth below is a summary of operations for the waterworks system for the fiscal years ended June 30, 2017 through June 30, 2021. The information set forth below has been obtained from the audited financial statements of the System, prepared by CPWS and audited by Alexander Thompson Arnold PLLC, Jackson, Tennessee (June 30, 2017 - 2021).

	Fiscal Year Ended June 30				
	2021	2020	2019	2018	2017
Operating Revenues	\$13,632,433	\$13,074,181	\$13,238,872	\$12,827,934	\$11,400,802
Operating Expenses (Includes depreciation)	(10,048,355)	(9,566,948)	(9,413,561)	(9,261,333)	(10,409,589)
Operating Income	3,584,078	3,507,233	3,825,311	3,566,601	991,213
Net Other Income (Expenses) (Includes interest and amortization expenses)	(474,357)	(477,757)	42,441	(551,116)	(635,247)
Income Before Transfers & Contributions	3,109,721	3,029,476	3,867,752	3,015,485	355,966
Transfers out & In lieu of Taxes	(144,702)	(140,175)	(154,986)	(161,613)	(153,912)
Capital Contributions - Utility Plant	1,479,986	796,573	719,907	736,846	1,040,684
Increase in Net Assets	\$4,445,005	\$3,685,874	\$4,432,673	\$3,590,718	\$1,242,738

Source: Annual Comprehensive Financial Report for Fiscal Years Ended June 20, 2017 - 2021.

## Historical Debt Service Coverage

The historical debt service coverage based on annual net revenues from the System and actual annual debt service for the Outstanding Bonds for the fiscal years ended June 30, 2017 through 2021 is set forth on the following table:

	Fiscal Year Ended June 30				
	2021	2020	2019	2018	2017
Operating Revenues	\$13,632,433	\$13,074,181	\$13,238,872	\$12,827,934	\$11,400,802
Operating Expenses (Excludes depreciation)	(7,909,371)	(7,474,231)	(7,328,571)	(7,182,996)	(8,125,796)
Operating Income	5,723,062	5,599,950	5,910,301	5,644,938	3,275,006
Net Other Income (Expenses) (Excludes interest and amortization expenses)	9,596	53,084	617,276	120,206	28,574
Income Available for Debt Service	5,732,658	5,653,034	6,527,577	5,765,144	3,303,580
Debt Service	1,710,806	1,707,694	1,711,688	1,712,162	1,715,110
Coverage	3.35	3.31	3.81	3.37	1.93

Source: Annual Comprehensive Financial Report for Fiscal Years Ended June 20, 2017 - 2021.

## Debt Statement

Original Amount Issued	Issue	Date Issued	Maturity Date	Interest Rate	Principal Outstanding <sup>(1)</sup>
<b>Water System Debt</b>					
\$6,770,000	Water System Revenue Refunding Bonds, Series 2021	12/21/21	12/1/2032	2.00% - 5.00%	\$6,770,000
<b>Total Water System Debt</b>					<b>\$6,770,000</b>

### DEBT RECORD

**There is no record of a default of paying principal and interest on any debt from information available.**

(1) After issuance of Series 2021 Bonds. Excludes Series 2006, 2008 and 2012 bonds being refunded by Series 2021 bonds.

## Debt Service Schedule

Fiscal Year Ending June 30	Water System Refunding Bonds, Series 2021		
	Principal	Interest	Total
2022	-	\$128,844	\$128,844
2023	-	289,900	289,900
2024	1,250,000	258,650	1,508,650
2025	780,000	207,900	987,900
2026	820,000	167,900	987,900
2027	860,000	125,900	985,900
2028	455,000	93,025	548,025
2029	480,000	69,650	549,650
2030	505,000	45,025	550,025
2031	530,000	27,100	557,100
2032	540,000	16,400	556,400
2033	550,000	5,500	555,500
<b>Total</b>	<b>\$6,770,000</b>	<b>\$1,435,794</b>	<b>\$8,205,794</b>

## **Long Term Water Supply Project**

The Middle Tennessee region has seen significant growth over the last several years with development pushing south into Maury County from the greater Nashville metropolitan area. This growth continues to increase the demand for more water. Additionally, the area is also susceptible to disruptive weather events including severe thunderstorms, hail, and frequent tornadoes as well as both short term, and long term drought conditions.

To address both increasing demand as well as future reliability, CPWS recently completed a multi-year water system planning effort that will better serve existing and future water customers. This planning effort resulted in numerous recommendations including the construction of a second water treatment plant to meet the growing water demand and to provide system redundancy for existing customers.

This program of work will include both treatment expansion and supply expansion. Treatment expansion will involve upgrades to the existing Duck River intake and water treatment plant. It will also involve construction of a second water treatment plant located on the west side of the City of Columbia. New transmission lines will run from the existing intake to the new water treatment plant. New transmission lines will also run from the new plant to the existing water distribution system. Supply expansion will include the construction of a new Duck River intake located in the western portion of Maury County. Additionally, new transmission lines will run from the new intake to the existing and new water treatment plants.

The water supply project described above is expected to take three to four years to complete and cost over \$275 million. Approximately 49% of this cost is expected to be financed through a federal program established by the Water Infrastructure Finance and Innovation Act of 2014 (WIFIA). This is a low cost, long-term loan program. Additionally, approximately \$100 million is expected to be financed with State Revolving Fund (SRF) loans from the Tennessee Department of Environment and Conservation's Division of Water Resources. Additional funding will come from the revenues of the system and bonds secured by the revenues of the system.

The City of Columbia and the Columbia Power and Water Systems expect to repay the obligations related to the water supply project from various sources of funds. The City has recently approved a 10% increase in water rates to provide additional revenues. CPWS is also exploring the possibility of increasing developer fees to assist with growth-related capital expenses.

Once completed, these water supply and distribution projects are expected to collectively provide for continued reliability and delivery of water to Maury County residents for decades.

### **Billing and Collections:**

The System calculates its own billings then outsources the printing and mailing services. If a customer neglects to pay a utility bill, CPWS's recourse is to disconnect service to the customer's premise. To provide adequate time for the customer to pay an outstanding balance, CPWS will not disconnect service sooner than the next business day following twenty-one (21) days after the customer's bill date. During the three fiscal years ended June 30, 2019, 2020 and 2021, uncollected accounts charged against the Allowance for Doubtful Accounts amounted to \$33,819, \$34,411, and \$26,996 respectively.

### **Rates**

The City and CPWS approved a 10% rate increase effective January 1, 2022. This rate increase will provide resources to meet the future debt service requirements of the long-term water supply project. CPWS has executed five rate increases over the last ten years, which demonstrates their ability and willingness to adjust rates as necessary to invest in capital projects and infrastructure maintenance. The following schedule compares CPWS rates to the surrounding water utilities:

<b>Water Utility</b>	<b>Average Monthly Residential Water Bill Inside City Limits, \$</b>	<b>Average Monthly Residential Water Bill Outside City Limits, \$</b>	<b>Year</b>
Tulahoma	21.15	30.80	2019
Mt Pleasant	25.12	38.65	2020
Murfreesboro	27.02	40.53	2021
<b>Columbia (CPWS)</b>	<b>27.25</b>	<b>37.75</b>	<b>2022</b>
Spring Hill	29.21		2021
Shelbyville	30.60	39.20	2020
Lewisburg	31.07	41.44	2020
Franklin	35.27	48.59	2021
CUD-Rutherford Co	40.78		2021
Fayetteville	41.15	49.46	2021
Milcrofton	47.20		2020
Lincoln County	53.02		2021
HB&TS	54.25		2021
Maury County	55.55		2020
FUD- Pulaski	65.76		2021
<b>Average</b>	<b>38.96</b>	<b>40.80</b>	

Set forth below is the Municipality's new water rate schedule. These rates will become effective January 1, 2022.

### Water Rate Schedule

The following water rate schedule will become effective January 1, 2022

	<b>SCHEDULE A INSIDE CITY LIMITS</b>	<b>SCHEDULE B OUTSIDE CITY LIMITS</b>
<b>RESIDENTIAL</b>		
Customer Charge (Minimum Bill)	\$11.75	\$17.25
Commodity Charge (per 1,000 gallons)		
0 – 5,000 Gallons	3.10	4.10
All over 5,000 Gallons	3.60	4.70
Multi-Unit Charge*	4.40	4.50
<b>COMMERCIAL</b>		
Customer Charge (Minimum Bill)	\$16.25	\$22.00
Commodity Charge (per 1,000 gallons)		
0 – 5,000 Gallons	3.15	4.15
All over 5,000 Gallons	3.50	4.55
Multi-Unit Charge*	6.05	6.25
<b>INDUSTRIAL</b>		
Customer Charge (Minimum Bill)	\$76.15	\$76.15
Commodity Charge (per 1,000 gallons)		
0 – 5,000 Gallons	3.15	4.15
All over 5,000 Gallons	3.50	4.55
<b>SALES FOR RESALE**</b>		<b>\$3.03</b>

\*Multi-Unit Charge: A Multi-Unit Charge applies for each unit of a multiple unit dwelling or commercial complex purchasing water through a master water meter.

\*\*Sales for Resale: Potable water being sold by a state approved waterworks system to persons that are not customers of Columbia Water System and the waterworks system has a written contract with Columbia Water System.

Amortization Charge: An additional charge of five cents (\$.05) per 1,000 gallons of water used is applicable to the above rates to defray the City of Columbia's share of the water supply benefits provided by Tennessee Duck River Development Agency. Late Charge: A late payment charge of ten percent (10%) shall be added to each customer's bill for the bill unpaid after the bill due date specified on the bill.

PRIVATE FIRE PROTECTION (UNMETERED)	SCHEDULE C
The rate is applicable to all consumers requiring private fire protection water service on unmetered mains in areas where Columbia Water System has adequate main capacity to meet consumers' demand for water.	
Customer Charge (Minimum Bill)	\$7.66
Commodity Charge (per sprinkler head)	\$.06
Fire Hydrant	\$9.19
Connection Charge	Actual Cost
Service under this rate is subject of Columbia Water System's Schedule of Rules and Regulations.	
<u>Late Charge:</u> A late payment charge of ten percent (10%) shall be added to each customer's bill for the bill unpaid after each bill due date.	

PUBLIC FIRE PROTECTION (UNMETERED)	SCHEDULE D
All fire hydrants installed for the City of Columbia after January 1, 1989, shall be purchased and installed by Columbia Water System. The City of Columbia shall reimburse Columbia Water System the average cost for the materials, labor, transportation, design, and engineering and shall make said reimbursement in sixty (60) equal payments at no interest.	
<u>Late Charge:</u> A late payment charge of ten percent (10%) shall be added to each customer's bill for the bill unpaid after the bill due date specified on the bill.	

**Cyber-Security**

Columbia Power and Water Systems utilizes various computer systems and network technology to perform many of its vital operations. The CPWS approach utilizes defense-in-depth. CPWS uses various layers of technology in the defense-in-depth approach. Such operations often include the storage and transmission of sensitive information, and as a result, CPWS may be the target of cyberattacks attempting to gain access to such information. In addition to intentional attacks, information breaches may occur due to unintentional employee error. A successful cyberattack or unintentional breach may require the expenditure of an unknown amount of money or time to resolve, substantially interrupt municipal services and operations and subject CPWS to legal action. CPWS has no knowledge of, nor historical record of any successful cyber-security breach or successful related attack. Attempted cyber-security attacks, whether anonymous or targeted, occur on a periodic frequency that is not uncommon to organizations or agencies of similar characteristics. To mitigate against such risks, CPWS has instituted various policies and procedures to protect its network infrastructure, including a cyber-security training requirement for all departments, as well as general cyber-security training and awareness for all employees. CPWS also maintains insurance against cyber-security incidents, up to a coverage maximum of \$2,000,000. Despite CPWS's measures to safeguard its network infrastructure, there are no guarantees that such measures will be successful.

## COVID-19

The world-wide outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread to counties and cities throughout the State of Tennessee, including the Municipality, and is considered by the World Health Organization to be a Public Health Emergency of International Concern. The spread of COVID-19 led to quarantining and other “social distancing” measures in affected regions. While effects of COVID-19 on the Municipality may be temporary, the virus affected travel, commerce and financial markets across the world.

As of November 22, 2021, Maury County had approximately 201 known active cases of COVID-19. CPWS is unable to predict: (i) the extent or duration of the COVID-19 outbreak, any recurrence thereof, or any other epidemic or pandemic; (ii) the extent or duration of existing and additional quarantines, travel restrictions or other measures relating to COVID-19 or any other epidemic or pandemic; or (iii) whether and to what extent the COVID-19 outbreak or any other epidemic or pandemic may disrupt the local or global economy, manufacturing or the supply chain; or (iv) the impact of, or the timing of, or the effectiveness, distribution and utilization of, COVID-19 vaccines. Given the evolving nature of the spread of the virus and the behavior of governments, businesses and individuals in response thereto, CPWS cannot accurately predict the magnitude of any future impact of COVID-19 on the water system and its financial condition. CPWS has proactively taken steps to mitigate the spread of COVID-19 and to preserve effective staffing for all essential operations.

From a financial perspective, the pandemic did not negatively impact CPWS. Non pay disconnects, penalties, and in-person customer service were suspended for six weeks during the height of the first wave of COVID-19 but made little financial impact.

The water system’s current liquidity position is expected to be adequate to fund essential services and make timely debt service payments on debt of the system.

Various types of information regarding employment and income trends within the service area are described in this APPENDIX B. Some of this information may have been assembled prior to the COVID-19 outbreak and may not be reflective of current conditions. For example, the largest employers in the area are listed below in this Appendix B. The COVID-19 outbreak has affected businesses throughout the United States, including businesses in the area, and many of the employers listed below in this APPENDIX B may have changed their employment levels from the described levels. Given the fluidity of the current economic environment, CPWS is not able to provide sufficiently accurate updates to this information.



**DEMOGRAPHIC AND GENERAL INFORMATION  
OF THE MUNICIPALITY**

**GENERAL INFORMATION**

**The Issuer**

The City of Columbia, the county seat of Maury County, is located in the central part of Tennessee and is approximately 40 miles southwest of Nashville. The Municipality is the home of the 11<sup>th</sup> President, James K. Polk, and was incorporated in 1817. The Municipality is accessed by U.S. Highways 31, 43, and 412, and Interstate 65 via GM (General Motors) Parkway. Columbia is in close proximity to the Metropolitan Airport in Davidson County and the Maury County Airport accommodates general aviation and corporate jets. Rail service is provided by the CSX Transportation Group. Maury County is the home of the General Motors Spring Hill manufacturing facility.

**DEMOGRAPHIC DATA**

**Population**

	City	Percentage Increase	County	Percentage Increase	Tennessee	Percentage Increase
1980 U.S. Census	26,571		51,095		4,600,252	
1990 U.S. Census	28,583	7.6%	55,262	8.2%	4,890,626	6.3%
2000 U.S. Census	33,055	15.6%	69,752	26.2%	5,703,719	16.6%
2010 U.S. Census	34,681	4.9%	81,230	16.5%	6,355,518	11.4%
2020 U.S. Census Estimate	41,504	19.7%	99,590	2.9%	6,886,834	0.8%

Source: U.S. Bureau of Census

**Income and Housing**

The City of Columbia is an important part of Maury County. The County's per capita personal income according to the Bureau of Economic Analysis was \$44,246 in 2019. This is a 39.6% increase over the last 10 years. The median home value in the County has increase from \$139,950 in 2010 to \$252,995 in 2019, an 81% increase.

	Maury County	Tennessee	% of State
2010 Per Capita Personal Income	\$31,700	\$35,652	88.9%
2011 Per Capita Personal Income	\$33,535	\$37,610	89.2%
2012 Per Capita Personal Income	\$35,667	\$39,285	90.8%
2013 Per Capita Personal Income	\$36,218	\$39,406	91.9%
2014 Per Capita Personal Income	\$36,724	\$40,778	90.1%
2015 Per Capita Personal Income	\$38,004	\$42,599	89.2%
2016 Per Capita Personal Income	\$39,739	\$43,591	91.2%
2017 Per Capita Personal Income	\$41,068	\$45,193	90.9%
2018 Per Capita Personal Income	\$42,645	\$47,165	90.4%
2019 Per Capita Personal Income	\$44,246	\$48,676	90.9%

Source: U.S. Department of Commerce, Bureau of Economic Analysis, CA1-3 Personal Income Summary

	<b>Maury County</b>	<b>Tennessee</b>	<b>% of State</b>
2010 Median Housing Value	139,950	149,900	93.4%
2011 Median Housing Value	138,000	150,925	91.4%
2012 Median Housing Value	150,500	160,000	94.1%
2013 Median Housing Value	155,000	165,000	93.9%
2014 Median Housing Value	159,900	166,000	96.3%
2015 Median Housing Value	175,000	175,000	100.0%
2016 Median Housing Value	189,900	185,000	102.6%
2017 Median Housing Value	215,765	196,800	109.6%
2018 Median Housing Value	235,000	210,000	111.9%
2019 Median Housing Value	252,995	226,000	111.9%

Source: Tennessee Housing Development Agency – This data reflects only the sales prices of new and existing homes that were sold in the respective years. This data may not be representative of the median value of all homes in the County or State.

## ECONOMIC DATA

### Major Employers

The following are the largest employers in Maury County and their respective number of employees.

<b>Employer</b>	<b>Estimated Number of Employees</b>	<b>Product or Service</b>
GM Spring Hill Manufacturing	3,238	Automobile Manufacturer
Maury Regional Medical Center	1,725	Healthcare
Maury County Public Schools	1,420	Public Education
Ryder Logistics	1,001	Logistics
Magna Seating of America, Inc.	595	Auto Parts
Tennessee Farm Bureau	523	Insurance
Armada Nutrition	510	Nutritional Powders
IBEX Global	455	Transportation Equipment Manufacturing
Maury County	400	County Government
City of Columbia	377	City Government

Source: Annual Comprehensive Financial Report for Fiscal Year Ended June 30, 2021.

**EMPLOYMENT DATA**

Year	City of Columbia			Maury County			Unemployment Percent			
	Employment	Unemployment	Total Labor Force	Employment	Unemployment	Total Labor Force	City	County	State	U.S.
2010	14,260	2,360	16,620	36,334	5,191	41,524	14.2%	12.5%	9.8%	9.6%
2011	14,461	1,935	16,396	36,932	4,287	41,219	11.8%	10.4%	9.1%	8.9%
2012	14,580	1,442	16,022	37,368	3,249	40,617	9.0%	8.0%	8.0%	8.1%
2013	14,790	1,304	16,094	38,021	2,906	40,927	8.1%	7.1%	7.7%	7.4%
2014	14,967	1,109	16,076	38,734	2,472	41,206	6.9%	6.0%	6.6%	6.2%
2015	15,474	953	16,427	40,283	2,165	42,448	5.8%	5.1%	5.6%	5.3%
2016	16,180	780	16,960	42,350	1,765	44,115	4.6%	4.0%	4.8%	4.9%
2017	16,900	631	17,531	44,409	1,516	45,925	3.6%	3.3%	3.7%	4.4%
2018	17,815	684	18,499	46,585	1,540	48,125	3.7%	3.2%	3.5%	3.9%
2019	18,660	717	19,377	48,636	1,608	50,244	3.7%	3.2%	3.4%	3.7%
2020	17,577	1,997	19,574	45,822	4,093	49,915	10.2%	8.2%	7.5%	8.1%
Aug-21	18,483	1,180	19,663	48,220	2,272	50,492	6.0%	4.5%	4.6%	5.2%

Source: Bureau of Labor Statistics

**Economic Development**

Maury County continues to be one of the fastest growing counties in Tennessee. Much of this growth is attributable to continued economic development within the County. In September 2020, Smile Direct Club announced plans to invest more than \$34 million in a state of the art manufacturing facility. This investment is expected to create over 600 jobs. In October 2020, General Motors announced plans to invest \$2 billion in their Spring Hill manufacturing plant. This expansion will produce electric vehicles, including the new Cadillac Lyriq. They continue to produce traditionally powered vehicles as well. In April 2021, Ultium Cells, LLC announced Maury County as their 2nd location for an electric vehicle battery cell manufacturing facility, representing an investment of \$2.3 billion and the creation of 1,300 new jobs. Commercial and industrial development is also expected to lead to additional residential housing construction. The City of Columbia currently has approximately 14,000 lots in the planning and development process.

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**APPENDIX C**

**AUDITED FINANCIAL STATEMENTS FOR THE SYSTEM  
FOR FISCAL YEAR ENDED JUNE 30, 2021**



# Columbia Power & Water Systems

Enterprise Funds of the City of Columbia, Tennessee



## Annual Comprehensive Financial Report

*For Fiscal Years Ended June 30, 2021 and June 30, 2020*







**Columbia Power & Water Systems**  
**Enterprise Funds of the City of Columbia, Tennessee**

Annual Comprehensive Financial Report  
for the Fiscal Years Ended June 30, 2021 and June 30, 2020

Prepared by: CPWS Financial and Accounting Staff

## A Message from the President/CEO



If I had to choose two words to characterize fiscal year 2021, they would be 'growth' and 'pandemic'. Maury County was named the fastest growing county in the State of Tennessee and the 68<sup>th</sup> fastest growing county in the nation. This is exciting news for our community and, as you would expect, it has had a significant impact on CPWS. Layering in the effects of the pandemic on top of the growth highlights our hard-working staff and the excellent value they provide to our ratepayers.

In FY2021, our Power system saw an addition of 1,243 new customers (4%), Water customers increased by 792 (3.4%) and Broadband saw 114 new customers added (1.7%).

This growth is substantial and, I believe, only the beginning. One new customer of note is Ultium Cells, LLC. They are partnering with GM to provide batteries for electric vehicles and are investing \$2.3 billion and creating 1,300 new jobs. This customer will be a large water user, and, if they meet their projected electric demand, could easily increase the load on our Power system by more than 50%.

Supporting this level of growth requires constant planning. As a result of planning for customer driven service, our Broadband system saw its first 1GB customer in September of last year. Additionally, we continue to look for new areas of expansion. Our Power system just completed a 20-year long range plan. It calls for almost \$75 million worth of infrastructure additions and improvements and expects electric load to almost double. The Water system is starting to see the fruits of its planning efforts. This year we began the engineering design for our Long-Term Water Supply program of work.

To meet the increasing demands of day-to-day business activities, we hired 12 new employees this year. With new employees and new jobs comes the increased need for training and development. We are also planning for upcoming retirements to ensure such departures have minimal impact on our customers.

To better serve our customers, two projects of note come to mind in our Customer Service Department. In August, our IT Department completed an upgrade of our customer service software. We are now taking service applications on-line too. This has proven to be a very popular service.

The increase in customers, load growth, planning, hiring of new employees, and day to day work has all been done during a worldwide pandemic. I have to say I am very proud of our employees. To say last year was busy and stressful is an understatement. Yet our employees met the needs of our customers with commitment and dedication.

In summary, while FY2021 has been busy and challenging, we continue to provide reliable service at a competitive price. Our financial position is strong and the value we provide our customers is excellent. I am honored and privileged to serve as President/CEO and proud to work with the men and women who make CPWS the great organization it is.

Sincerely,

A handwritten signature in blue ink, appearing to read "Scott Dahlstrom". The signature is fluid and cursive, with a long horizontal stroke at the end.

Scott Dahlstrom  
President/CEO

## Community Involvement

Columbia Power & Water Systems continues to be recognized in the community for its long-term commitment and service to the citizens of Columbia, Tennessee – not only due to the services we deliver each day but also through the thousands of volunteer hours our employees spend to make our towns and county a better place to live and work.

As CPWS focuses on consistent delivery of the community's critical services, we also desire to connect with the people we serve and better meet their needs. CPWS employees participate in a variety of community projects from membership in local service clubs, supporting their churches or children's schools to volunteer efforts with local non-profits. This past fiscal year, CPWS donated, raised, or provided in-kind support totaling over \$80,000 to the people of Maury County. Below is a snapshot of CPWS' volunteer and community efforts:

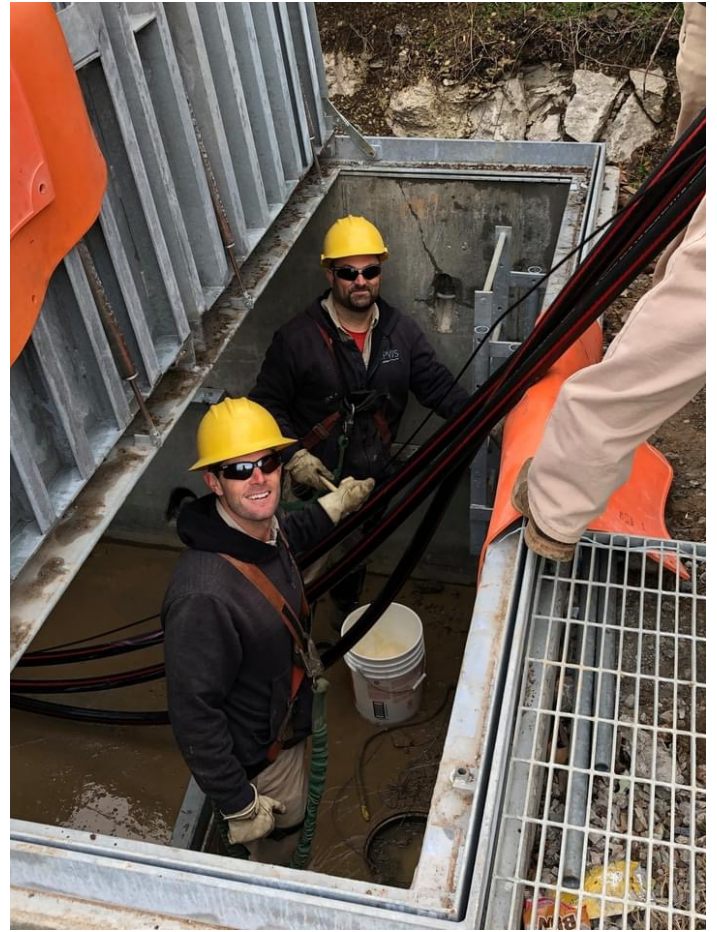
- Columbia State Community College – co-sponsor of the Pre-apprentice Lineworker Academy
- U.T. Ridley 4-H Center – Reeling with Ridley fishing event
- Boys and Girls Clubs of Maury County – Great Futures Lunch.
- Amuse'um Children's Museum – Co-sponsor interactive exhibit with TVA.
- Columbia Firefighters Association – Annual donation and participation in yearly concert.
- James K. Polk Home – Board participation.
- Kiwanis Club's Annual Chili Cookoff.
- Leadership Maury and Youth Leadership Maury Program – CPWS is an active sponsor, with several graduates of the Leadership Maury program on staff.
- Leadership Middle Tennessee – CPWS is an active sponsor, with several graduates on staff.
- Maury County Chamber and Economic Alliance – CPWS is an active member and financial partner of Maury Alliance.
- Maury County Public Schools – Career Days, safety demonstrations, Project Graduation 2021, and CHS Pride TV.
- Rotary Club – Pancake Breakfast and Scholarship Concert.
- The United Way of Maury County – Annual employee fund-raising drive to collect money for various local charities.
- Youth Educational Foundation – Community partnership.













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# Introductory Section

September 22, 2021

To the Honorable Mayor Chaz Molder, Members of the City Council, Board of Public Utilities, CPWS customers and bondholders, and the citizens of Columbia, Tennessee:

On behalf of the Columbia Power and Water Systems (the “Systems” or “CPWS”), we respectfully submit this comprehensive annual financial report for the year ended June 30, 2021, as required by state statutes. State statutes require that all governmental units publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

This report consists of management’s representations concerning the finances of the Systems. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with management of the Systems. To provide a reasonable basis for making these representations, management of the Systems has established a comprehensive internal control structure which is designed to ensure that the assets of the Systems are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of the Systems’ financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management. To the best of our knowledge and belief, this financial report is complete and reliable, and presented in a manner designed to fairly set forth the financial position and results of operations and cash flows of the Systems. The financial staff of CPWS prepared this comprehensive report.

### **Reporting Entity and Services Provided**

CPWS offers electric, water, and broadband products and services to customers generally located in the City of Columbia and parts of Maury County, Tennessee. The Systems are comprised of two enterprise funds (Columbia Power System and Columbia Water System) of the City of Columbia, Tennessee, the primary government. The Broadband Division is operated as a separate division of the Columbia Power System. These activities are fully accounted for in this financial report. The funds and entities of CPWS, which are included in these financial statements, are an integral part of the City’s reporting entity. This report does not include the financial report of the primary government. Financial reports of the City of Columbia, Tennessee are available directly from the City.

The Systems are operated by the City of Columbia’s Board of Public Utilities. The Board consists of five members which are appointed by the Mayor of the City of Columbia and ratified by the City Council. Board members generally serve staggered four-year terms, with one board member also being a representative of the City Council. The Board employs a full-time President/CEO, who is responsible for the day-to-day operations of the Systems.

## **Economic Conditions and Outlook**

The Systems continue to see significant growth year to year. From fiscal year 2020 to 2021, the Power System experienced an increase of 1,243 customers, or 3.96%. The Water System increased customers by 792, or 3.42%. The Power System had an increase of 1.96% in the total megawatts sold to customers in 2021 versus 2020. This is primarily due to the increase in customers. The total gallons sold for the Water System decreased from 2.72 billion gallons in 2020 to 2.56 billion gallons in 2021. The total gallons produced by the Water System decreased from 3.24 billion gallons in 2020 to 3.08 billion gallons in 2021, or 4.85% decrease.

The Systems are experiencing price increases in purchased power, water treatment costs, and materials and supplies used in plant construction. However, growth is increasing revenue, so rates have remained constant this fiscal year.

## **Major Initiatives**

The Power System is currently experiencing tremendous growth, therefore, continues to increase plant capacity to serve this demand. The System is installing new services in record time while continuing its recurring maintenance schedule.

The Water System has completed its Long-Term Water Supply plan and is now in the engineering stage. These plans could potentially reduce long-term operating expenses, increase hydraulic and treatment capacity of the water treatment plant, and increase the reliability of current equipment. The project will also identify necessary rehabilitation and replacement projects for aging equipment and structures.

## **Long-term Financial Planning**

The Board of Public Utilities has several capital improvement projects during the fiscal year 2022 budget review. It is the Board's intention to fund the capital expenditures within the budget through cash generated from operations for Power and utilize low interest rate loans from the State Revolving Fund and Water Infrastructure Finance and Innovation Act (WIFIA) for the Water System projects.

Significant system improvements contemplated in the budget consist of the following:

- Fiber extensions along several power line circuits
- Addition of a radio tower for the digital radio system
- Industrial substation on GM property
- Conductor upgrades and TDOT projects
- Service Center improvements
- Electric vehicle research and development
- Reactivate contactor bed granular activated carbon & underdrain repair
- Long-term water supply program
- Rehabilitation of water pump stations
- Miscellaneous water main improvements
- Continuation of upgrading the Broadband Division's equipment.

## **Financial Information**

### ***Rates and Charges***

CPWS operates as two enterprise funds of the City, and as such, funds its expenditures through its rates and charges. CPWS receives no income from City taxes. Annually, the Board of Public Utilities sets the rates and charges for each fund to provide for anticipated cash outlays for operating and capital expenses of the fund. Revenues of one fund are not used to subsidize the operations of another fund. Additional approval by the City Council is also required for water rates.

### ***Debt Administration***

Generally, CPWS issues revenue bonds to fund capital projects that cannot be funded out of cash reserves or operations. However, revenue and tax bonds were issued to construct the broadband network to obtain lower interest rates. For more detailed information on the Systems' long-term debt, please refer to note 7 of the financial statements.

### ***Risk Management***

The Systems' assets are protected through commercial insurance policies for workers' compensation, general liability, property and casualty, cyber-crime, employee dishonesty, and environmental damage.

### ***Management's Discussion and Analysis***

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis ("MD&A"). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Systems' MD&A can be found immediately following the report of the independent auditors.

### ***Independent Audit***

The Columbia Board of Public Utilities has an annual audit performed by independent certified public accountants. The certified public accounting firm of Alexander Thompson Arnold, PLLC was selected by the Board to perform this year's audit. Their independent auditor's report on the financial statements has been included in the financial section of this report.

### ***Awards - Certificate of Achievement***

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CPWS for its comprehensive annual financial report (CAFR) for the year ended June 30, 2020. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

### *Acknowledgements*

The preparation of this report could not have been accomplished without the professional assistance of the entire Finance and Accounting staff and the cooperation of each department within CPWS. We express our sincere appreciation to the staff that assisted and contributed to its preparation. We also extend our appreciation to the staff of Alexander Thompson Arnold PLLC for their technical assistance and guidance in the preparation of this report.

We would also like to thank the individual members of the Columbia Board of Public Utilities for their interest, support, and leadership in planning and conducting the financial operations of CPWS in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in cursive script that reads "Karen E. St. Clair".

Karen E. St.Clair  
Vice President of Finance

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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**Columbia Power and Water Systems  
Tennessee**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

June 30, 2020

*Christopher P. Morill*

Executive Director/CEO

## Board of Public Utilities

CPWS operates under the Board of Public Utilities of the City of Columbia, Tennessee. There are five members of the Board, one of which must be a City Council member. Members of the Board are appointed by the Mayor and ratified by the City Council. The Board of Public Utilities of the City of Columbia, Tennessee for FY 2021:

Front Row, Left to Right:

- Christa Martin, ED.D, City Council Representative (2021-2026)
- Shauna Pounders, Board Member (2020-2024)

Back Row, Left to Right:

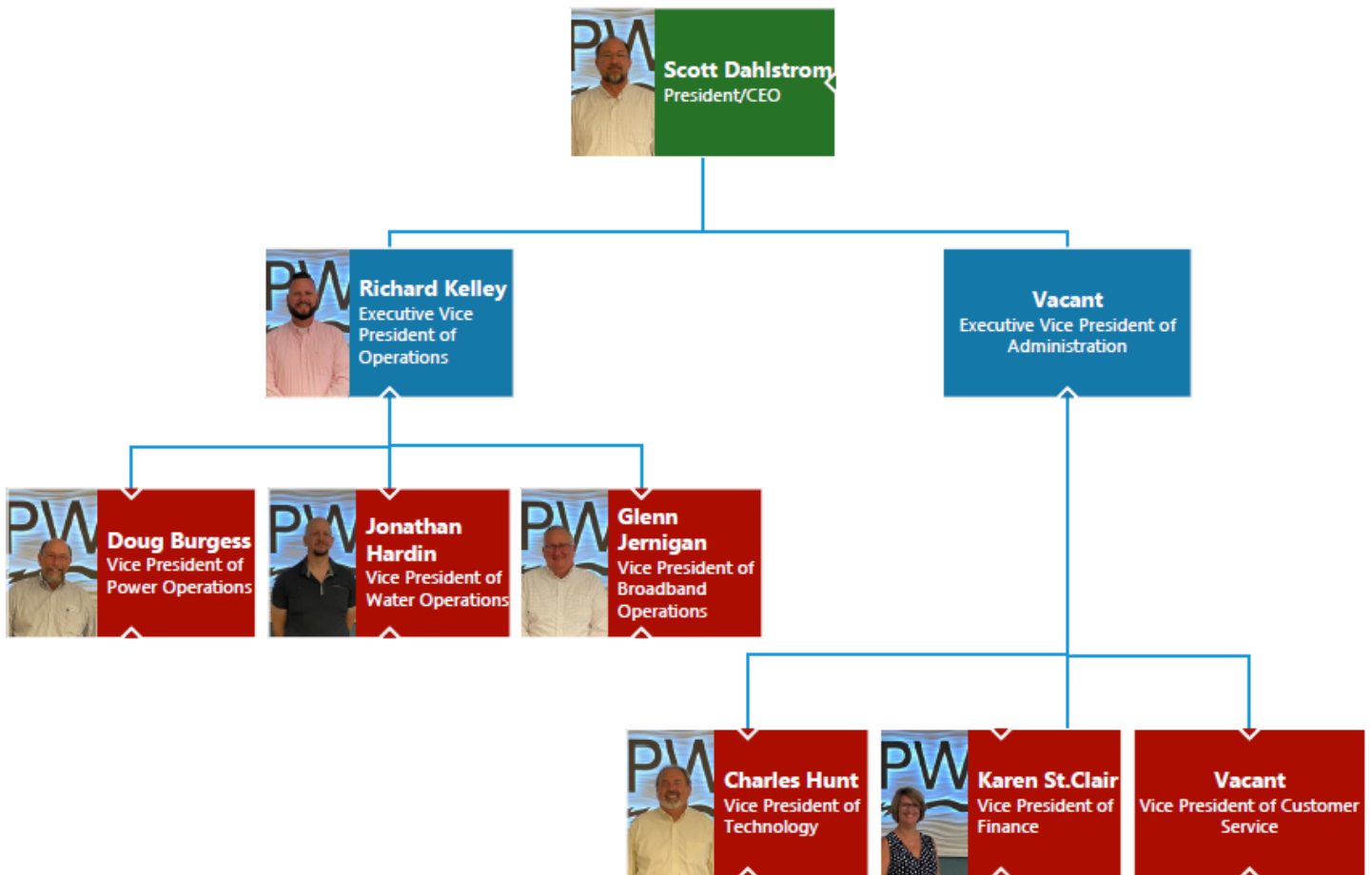
- Walker Vining, Vice Chairman (2020-2024)
- Trent Ogilvie, Board Member (2018-2021)
- Eddie Campbell, Chairman (2019-2023)

Not Pictured:

- Daniel Murphy, Board Counsel (at the will of the Board)



## Management Team



As part of Columbia Power and Water Systems' strategic planning, the Board of Public Utilities and management work hard to adhere to CPWS' purpose, mission, vision, and values:

**Purpose:** Achieving life's possibilities together.

**Mission:** To provide exceptional service to our customers.

**Vision:** To improve the livability of our community by:

- Delivering customer-driven service
- Training and leveraging our skilled workforce
- Increasing responsible stewardship

**Values:**

- People
- Safety
- Excellence
- Integrity
- Collaboration
- Respect
- Initiative
- Stewardship

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# Financial Section



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## Independent Auditor's Report

The Columbia Board of Public Utilities  
Columbia Power & Water Systems  
Columbia, Tennessee

### Report on the Financial Statements

We have audited the accompanying financial statements of each major fund and the aggregate remaining fund information of the Columbia Power and Water Systems (the Systems), enterprise funds of the City of Columbia, Tennessee, as of and for the years ended June 30, 2021 and 2020 and the related notes to the financial statements, which collectively comprise the Systems' basic financial statements, as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

## ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of each major fund and the aggregate remaining fund information of Columbia Power and Water Systems, as of June 30, 2021 and 2020 and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matters***

As discussed in Note 1, the financial statements present only the Columbia Power & Water Systems and do not purport to, and do not, present fairly the financial position of City of Columbia, Tennessee, as of June 30, 2021 and 2020, the changes in its financial position or, where applicable, its cash flows for the years 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.

As discussed in Note 1 to the financial statements, the single employer defined benefit OPEB plan is presented as a fiduciary fund of the Columbia Power & Water Systems. Our opinion is not modified with respect to this matter.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 25 and Net OPEB Liability related schedules on pages 55 through 56 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The introductory section, financial schedules section, and statistical section as listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The financial schedule section 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 auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The introductory section and statistical information section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2021 on our consideration of Columbia Power and Water Systems' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 Columbia Power and Water Systems' internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Alexander Thompson Arnold, PLLC".

Jackson, Tennessee  
September 22, 2021



COLUMBIA POWER AND WATER SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021

This discussion and analysis of the Columbia Power and Water Systems' financial performance provides an overview of the Systems' financial activities for the fiscal year ended June 30, 2021. Please read it in conjunction with the financial statements, which follow this section.

#### REQUIRED FINANCIAL STATEMENTS

The Columbia Power and Water Systems (the "Systems" or "CPWS") are comprised of two separate operating systems – Columbia Power System and Columbia Water System. Both Systems are operated under the City of Columbia Board of Public Utilities. Where practical and cost effective, common functions are shared and each System pays a pro-rata share of those expenses. Each System supports its operations through its own revenues.

The financial statements of Columbia Power and Water Systems report information using accounting methods like those used by private sector companies. These statements offer financial information about the Systems' activities.

A fiduciary fund is used to account for resources held for the benefit of parties outside of the Systems. The accounting used for fiduciary funds is much like that used for proprietary funds.

The Systems maintain one fiduciary fund used to report resources held related to the Systems' single employer post-employment benefits plan.

The Statements of Net Position include all the Systems' assets and liabilities, and deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position serve as one indicator of whether the respective financial positions of the Systems are improving or deteriorating.

All the current year's revenues and expenses are accounted for in the Statements of Revenues, Expenses, and Changes in Net Position. All changes in net position are reported as soon as the underlying event occurs, regardless of timing of related cash flows. These statements measure the success of the operations over the past year and can be used to analyze the results of the Systems' operations.

The Statements of Cash Flows report cash receipts, cash payments, and net changes in cash position resulting from operating, investing, and financing activities and provide answers to such questions as where cash came from, for what was cash used, and what was the change in cash balance during the reporting period.

The Statement of Fiduciary Net Position includes all accounting assets and liabilities of the plan and provides a picture of the fiduciary net position of the plan as of the end of the current fiscal year compared to the previous fiscal year. Assets less liabilities result in net position restricted for post-employment benefits held in trust at year end.

The Statement of Changes in Fiduciary Net Position reports all additions and deductions of the plan for the current fiscal year compared to the previous fiscal year. Additions consist of employer contributions and investment earnings. Deductions include benefits paid to plan participants and administrative expenses. Total additions minus total deductions provide the net increase in net position for the current fiscal year compared to the previous fiscal year. The increase in net position plus the beginning net position restricted for post-employment benefits results in the ending net position restricted for post-employment benefits for the current year compared to the prior year.

COLUMBIA POWER AND WATER SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021

The Notes to Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

FINANCIAL ANALYSIS - POWER

Columbia Power System includes both an electric distribution system and a broadband telecommunications network. The broadband network is a separate division of the Power System providing cable TV, phone, internet services, and high-speed data transmission services.

The Statements of Net Position show an increase of \$6.1 million, or 6.0%, in Total Assets during fiscal year 2021, as compared to an increase of \$4.4 million, or 4.5%, in Total Assets during fiscal year 2020. Current Assets increased \$4.7 million during fiscal year 2021. The cost of Utility Plant, net of accumulated depreciation, increased \$1.2 million or 1.8% during the current year.

The following table summarized the Statements of Net Position for the last three fiscal years:

**COLUMBIA POWER SYSTEM  
STATEMENTS OF NET POSITION (in thousands)**

	2021	June 30, 2020	2019
<b>ASSETS</b>			
CURRENT ASSETS	\$ 40,490	\$ 35,816	\$ 33,426
UTILITY PLANT	68,123	66,927	64,838
OTHER NONCURRENT ASSETS	439	175	251
<b>TOTAL ASSETS</b>	<b>\$ 109,052</b>	<b>\$ 102,918</b>	<b>\$ 98,515</b>
DEFERRED OUTFLOWS	\$ 55	\$ 63	\$ 167
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 109,107</b>	<b>\$ 102,981</b>	<b>\$ 98,682</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
CURRENT LIABILITIES	\$ 14,986	\$ 14,645	\$ 15,203
LONG-TERM DEBT	4,848	5,617	6,476
OTHER NONCURRENT LIABILITIES	57	799	1,099
<b>TOTAL LIABILITIES</b>	<b>\$ 19,891</b>	<b>\$ 21,061</b>	<b>\$ 22,778</b>
DEFERRED INFLOWS	\$ 880	\$ 25	\$ 25
<b>NET POSITION</b>			
Net investment in capital assets	64,171	62,031	59,008
Restricted for debt service	947	604	566
Unrestricted	23,218	19,260	16,305
<b>TOTAL NET POSITION</b>	<b>88,336</b>	<b>81,895</b>	<b>75,879</b>
<b>TOTAL LIABILITIES, NET POSITION, AND DEFERRED INFLOWS</b>	<b>\$ 109,107</b>	<b>\$ 102,981</b>	<b>\$ 98,682</b>

COLUMBIA POWER AND WATER SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021

Net position increased \$6.4 million or 7.9% in 2021 and increased \$6.0 million or 7.9% in 2020. The statement indicates that the largest portion of the System's net position represents its investment in capital assets, \$64.0 million or 72.7% of total net position. An additional \$640 thousand of net position is restricted for the debt service of the Broadband Division and \$310 thousand is restricted for Power's Net OPEB asset. Another significant portion of the System's net position is \$23.2 million in unrestricted net position, which may be used to meet ongoing obligations of the System. During the current fiscal year, the System's net investment in capital assets increased \$2.1 million or 3.4% while unrestricted net position increased \$4.0 million or 20.6%. The overall financial position of the System was stable during the fiscal year. Net position for the Broadband Division increased during the fiscal year due to aggressive pricing and substantial cost elimination. The division's net position continues to climb from \$317,080 in 2018 to \$1.2 million in 2019, \$2.0 million in 2020, and \$3.6 million in 2021.

The Statements of Revenues, Expenses, and Changes in Net Position indicate that Operating Revenue remained static during the fiscal year from \$79.18 million in fiscal year 2020 to \$79.84 million in fiscal year 2021. This change equals a .8% increase from 2020 to 2021, compared to a 0.1% increase from 2019 to 2020. The 2021 change reflects an increase of \$136 thousand in electric sales revenues and an increase of \$338 thousand in broadband sales. Other revenues increased by \$187 thousand or 14.4% in 2021 as compared to a decrease of \$282 thousand or 17.8% in 2020.

Weather plays an important role in determining electric sales revenue. The impact of weather is calculated by comparing degree days from one year to the next. Degree days represent the difference between 65° and the average temperature each day. Temperatures above 65° are considered cooling degree days and temperatures below 65° are considered heating degree days. In fiscal year 2021, there were 4,993 degree days compared to 5,059 degree days in fiscal year 2020, which is a decrease of 1.31%. There was a 5.5% increase in heating degree days and a 13.8% decrease in cooling degree days.

Megawatt hours (mWh) sold increased 1.8% during the current year, from 655,294 mWh in fiscal year 2020 to 666,862 mWh in fiscal year 2021. The number of customers increased during the fiscal year from 31,124 in 2020 to 32,367 in 2021. This increase was primarily within the residential and large commercial customer classes at 5.6% and 1.3% respectively.

Total Operating Expenses decreased \$164 thousand, or 0.2% in fiscal year 2021 and decreased \$1.1 million, or 1.5% in fiscal year 2020. The fiscal year 2021 change reflects a decrease of \$1 million, or 1.96%, in energy purchased because of milder weather. The Power System purchases all its power from TVA under an all requirements contract. The contract requires at least five years' prior written notice for termination by either party. Furthermore, the Broadband Division had a decrease of \$81 thousand in programming expenses due to declining video subscriber counts.

Broadband revenues were \$8.9 million during the current fiscal year and broadband operating expenses were \$7.3 million, resulting in positive operating income of \$1.6 million for the broadband division. The number of broadband customers increased during the current year from 6,694 at June 30, 2020 to 6,808 at June 30, 2021, an increase of 1.7%. This customer increase was a result of continued capital upgrades to the internet systems and upgrading all residential customers to the 100M service.

Interest income for the Power System decreased approximately \$91 thousand primarily due to lower interest rates. The Broadband Division paid \$60,000 on its line of credit with the Power System during FY 2021.

COLUMBIA POWER AND WATER SYSTEMS  
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Capital Contributions – Utility Plant are recorded in accordance with Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. As a result, capital contributions received from developers, builders, etc. for electric system extensions are recorded as revenue. Capital contributions of \$64 thousand were received during the fiscal year as compared to \$223 thousand in fiscal year 2020.

Below are condensed Statements of Revenues, Expenses, and Changes in Net Position for the last three fiscal years:

**COLUMBIA POWER SYSTEM**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)**

	2021	2020	2019
<b>REVENUES</b>			
<b>OPERATING REVENUES</b>			
Energy sales	\$ 69,894	\$ 69,758	\$ 69,431
Broadband sales	8,457	8,119	8,115
Other	1,486	1,299	1,581
<b>TOTAL OPERATING REVENUES</b>	<b>79,837</b>	<b>79,176</b>	<b>79,127</b>
<b>OPERATING EXPENSES</b>			
Energy and programming purchased	\$ 55,338	56,455	58,815
Distribution expense	5,973	5,871	5,895
Other operating expense	10,550	9,699	8,444
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 71,861</b>	<b>72,025</b>	<b>73,154</b>
<b>OPERATING INCOME</b>	<b>\$ 7,976</b>	<b>7,151</b>	<b>5,973</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest and miscellaneous income	\$ 15	106	144
Interest and amortization expense	(72)	(81)	(122)
<b>TOTAL NONOPERATING EXPENSES - NET</b>	<b>\$ (57)</b>	<b>25</b>	<b>22</b>
<b>INCOME BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>\$ 7,919</b>	<b>7,176</b>	<b>5,995</b>
Transfers out - payments in lieu of taxes	\$ (1,542)	(1,383)	(1,801)
Capital contributions - utility plant	64	223	483
<b>TOTAL TRANSFERS AND CONTRIBUTIONS</b>	<b>\$ (1,478)</b>	<b>(1,160)</b>	<b>(1,318)</b>
<b>INCREASE IN NET POSITION</b>	<b>\$ 6,441</b>	<b>6,016</b>	<b>4,677</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>81,895</b>	<b>75,879</b>	<b>71,202</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 88,336</b>	<b>\$ 81,895</b>	<b>\$ 75,879</b>

COLUMBIA POWER AND WATER SYSTEMS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2021

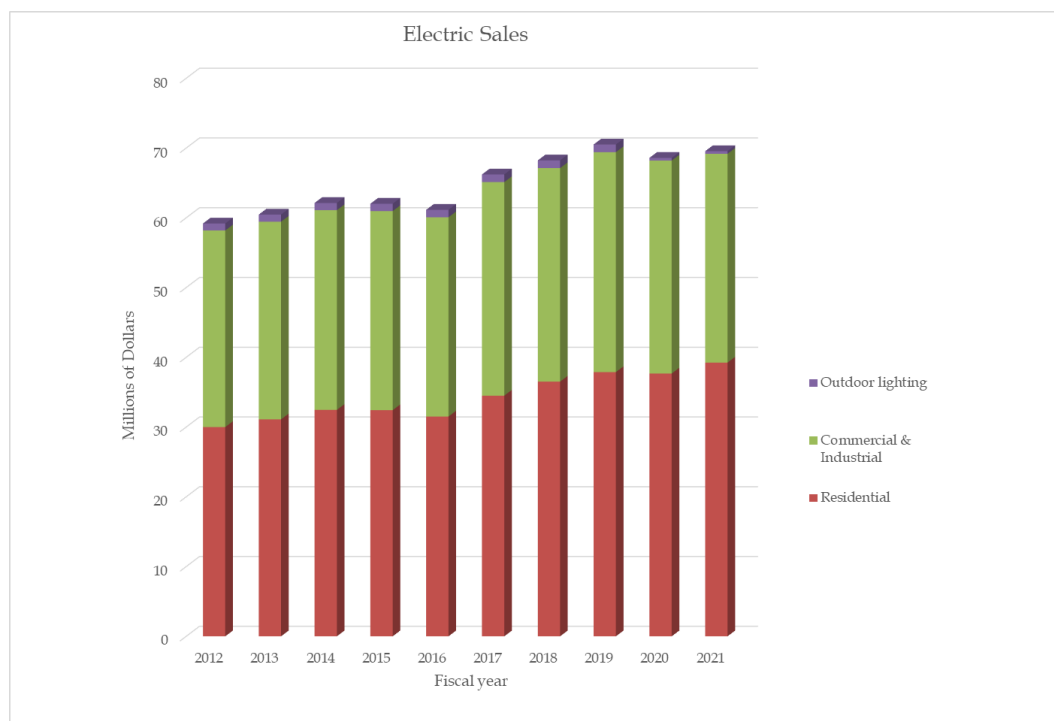
The Statements of Cash Flows indicate a net increase of \$3.8 million in cash and cash equivalents during fiscal year 2021 and \$2.0 million in 2020. Cash from operating activities for the fiscal year was \$10.2 million. Cash flows from capital and related financing activities of negative \$6.5 million included \$5.6 million used for capital additions and \$910 thousand used to pay debt principal payments. Cash flows from operating activities included cash used for payments in lieu of taxes of \$1.5 million.

Below are condensed Statements of Cash Flows for the last three fiscal years:

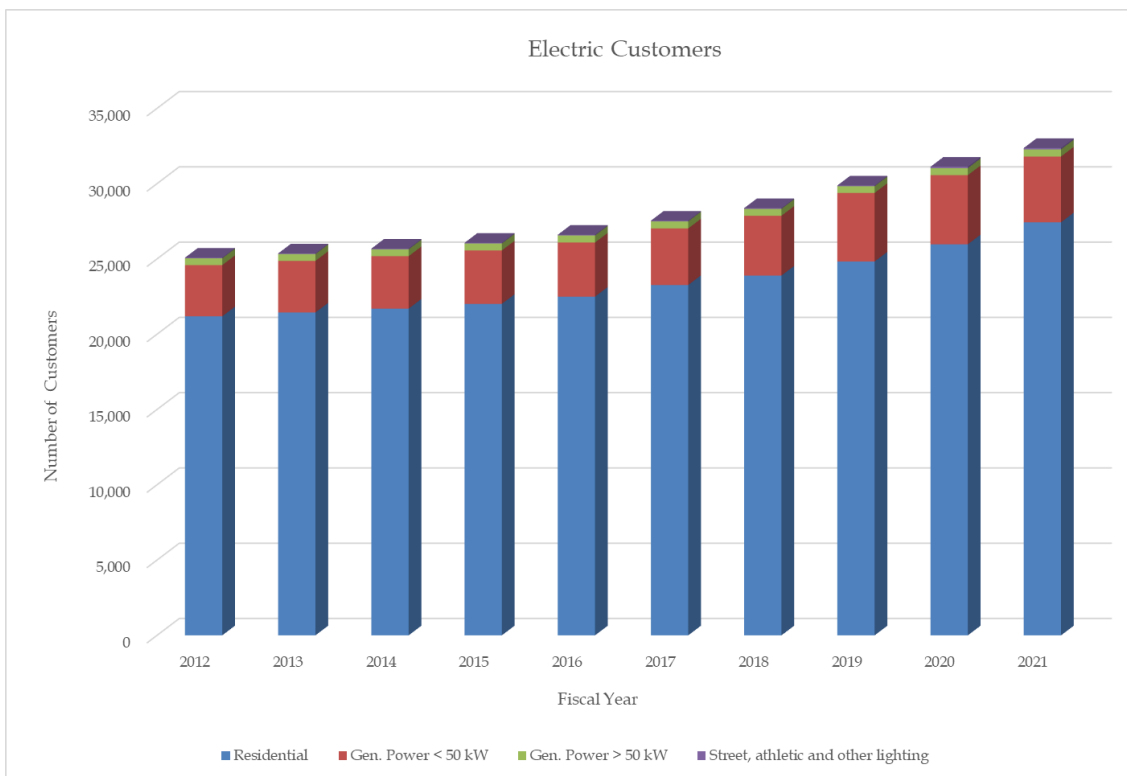
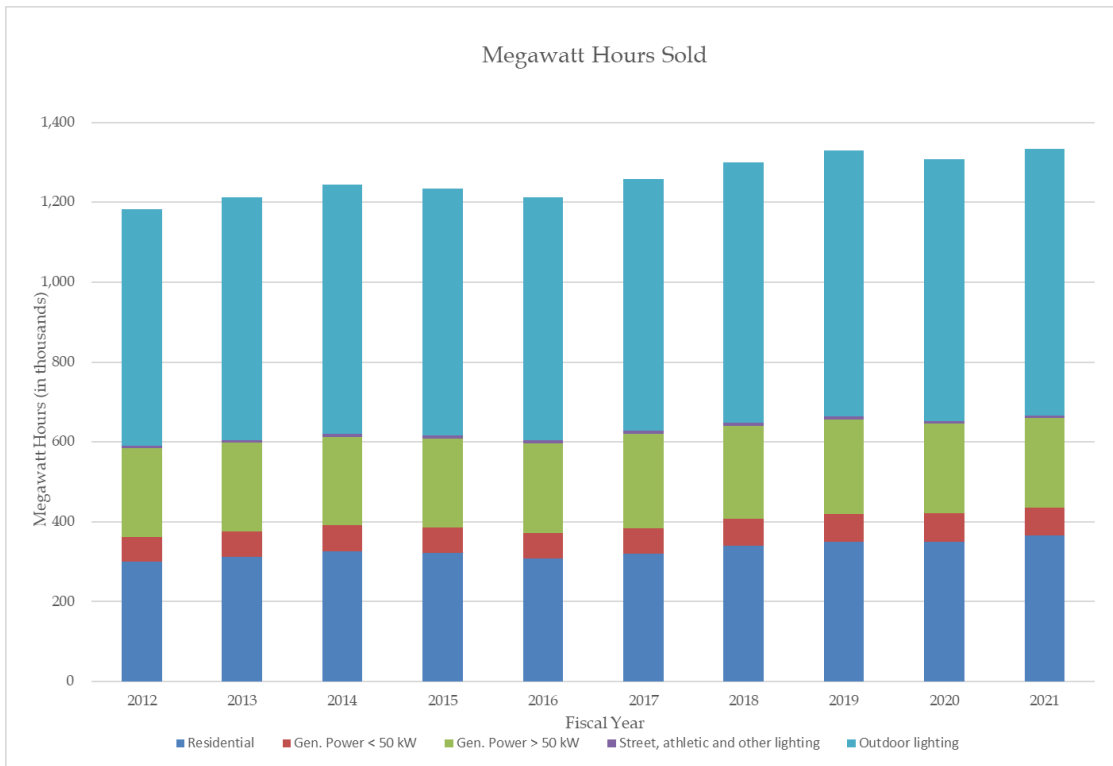
**COLUMBIA POWER SYSTEM  
STATEMENTS OF CASH FLOWS (in thousands)**

	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES	\$ 10,253	\$ 9,070	\$ 8,835
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	(1)	(1)	(1)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(6,511)	(7,142)	(5,944)
CASH FLOWS FROM INVESTING ACTIVITIES	15	106	488
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,756	2,033	3,378
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	24,048	22,015	18,637
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 27,804	\$ 24,048	\$ 22,015

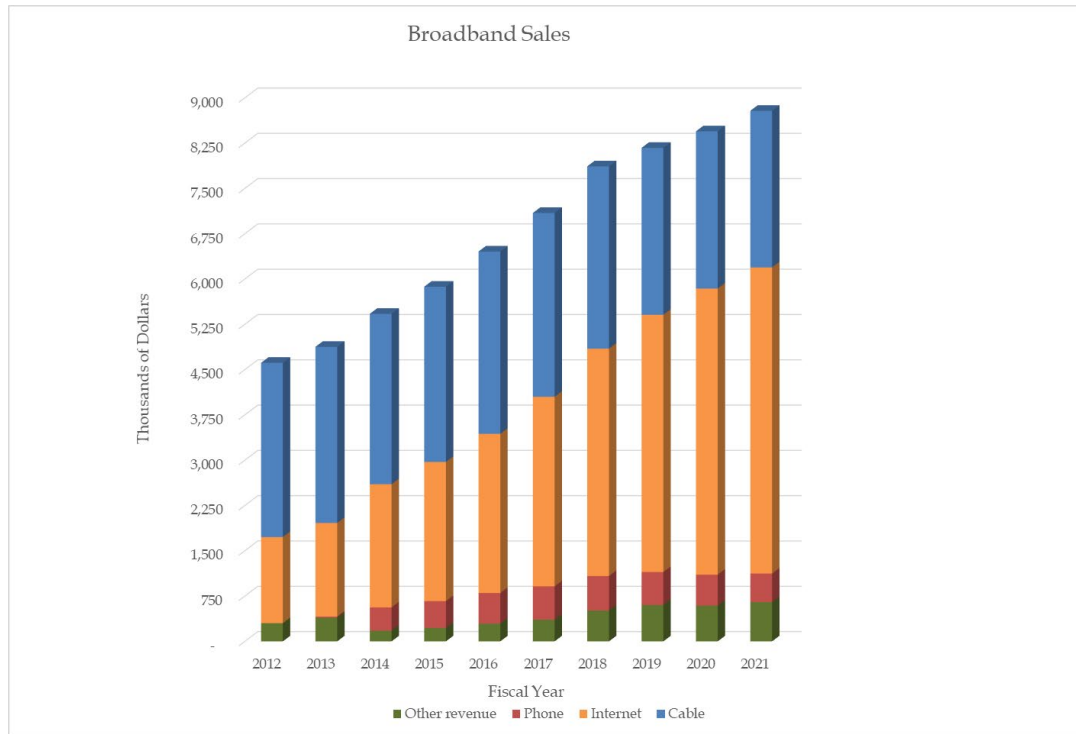
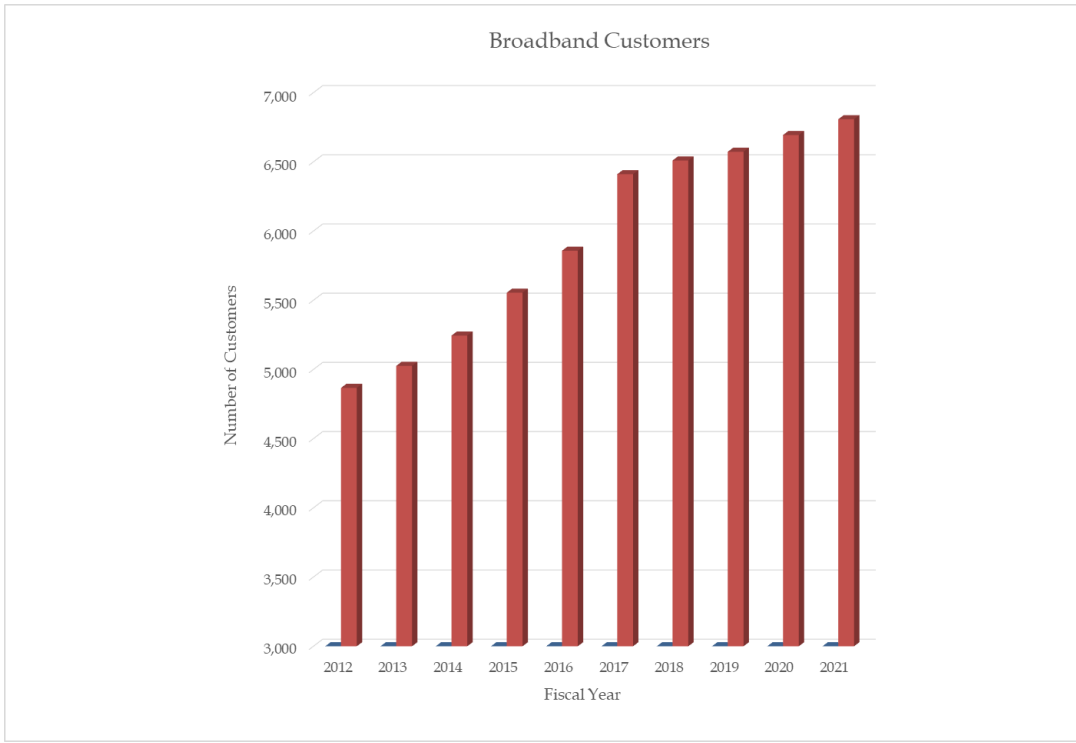
**FINANCIAL HIGHLIGHTS – POWER SYSTEM**



COLUMBIA POWER AND WATER SYSTEMS  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2021



**Broadband**



COLUMBIA POWER AND WATER SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021

FINANCIAL ANALYSIS - WATER

The Statements of Net Position show an increase of \$3.9 million, or 4.6%, in Total Assets during fiscal year 2021, as compared to an increase of \$3.0 million, or 3.7%, in Total Assets during fiscal year 2020. Capital projects were funded from cash on hand in 2021, causing Current Assets to decrease by \$5.1 million. The cost of Utility Plant, net of accumulated depreciation, increased \$8.9 million during the current year.

Net position increased \$4.4 million or 6.4% in 2021 and increased \$3.7 million or 5.6% in 2020. The largest portion of the System's net position represents its investment in capital assets, \$63.9 million or 86.3% of total net position. Unrestricted net position, which may be used to meet the ongoing operations of the System, decreased \$5.8 million or 43.8%. Restricted net position increased \$181 thousand during the fiscal year, partly due to Water's Net OPEB asset.

The following table summarizes the Statements of Net Position for the last three fiscal years:

**COLUMBIA WATER SYSTEM  
STATEMENTS OF NET POSITION (in thousands)**

	2021	June 30, 2020	2019
<b>ASSETS</b>			
CURRENT ASSETS	\$ 14,056	\$ 19,162	\$ 22,337
UTILITY PLANT	74,806	65,943	59,702
OTHER NONCURRENT ASSETS	252	117	133
<b>TOTAL ASSETS</b>	<b>\$ 89,114</b>	<b>\$ 85,222</b>	<b>\$ 82,172</b>
DEFERRED OUTFLOWS	\$ 27	\$ 34	\$ 90
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 89,141</b>	<b>\$ 85,256</b>	<b>\$ 82,262</b>
<b>LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>			
CURRENT LIABILITIES	\$ 4,320	\$ 3,676	\$ 3,004
LONG-TERM DEBT	10,367	11,608	12,843
OTHER NONCURRENT LIABILITIES	-	383	512
<b>TOTAL LIABILITIES</b>	<b>\$ 14,687</b>	<b>\$ 15,667</b>	<b>\$ 16,359</b>
DEFERRED INFLOWS	\$ 433	\$ 13	\$ 13
<b>NET POSITION</b>			
Net investment in capital assets	\$ 63,848	\$ 53,740	\$ 46,303
Restricted	2,663	2,482	2,456
Unrestricted	7,510	13,354	17,131
<b>TOTAL NET POSITION</b>	<b>\$ 74,021</b>	<b>\$ 69,576</b>	<b>\$ 65,890</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION</b>	<b>\$ 89,141</b>	<b>\$ 85,256</b>	<b>\$ 82,262</b>



COLUMBIA POWER AND WATER SYSTEMS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2021

The Statements of Revenues, Expenses, and Changes in Net Position indicate that water sales increased \$519 thousand during fiscal year 2021 and decreased \$96 thousand during fiscal year 2020. Operating expenses increased approximately \$481 thousand in 2021 and \$723 thousand in 2020, largely due to the increase in the number of water employees (1 employee in 2021 and 6 employees in 2020) to support customer growth of 3.4% in 2021 and 1.9% in 2020. Interest income decreased \$43 thousand due to lower interest rates and lower cash balances during fiscal year 2021 when compared to fiscal year 2020. Cash has been used to fund capital projects in 2021.

**COLUMBIA WATER SYSTEM**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)**

	2021	2020	2019
<b>REVENUES</b>			
<b>OPERATING REVENUES</b>			
Water sales	\$ 12,643	\$ 12,124	\$ 12,221
Other revenue	989	950	1,017
<b>TOTAL OPERATING REVENUES</b>	<b>13,632</b>	<b>13,074</b>	<b>13,238</b>
<b>OPERATING EXPENSES</b>			
Production expense	2,650	2,581	2,506
Distribution expense	1,972	1,813	2,051
Other operating expenses	5,426	5,173	4,287
<b>TOTAL OPERATING EXPENSES</b>	<b>10,048</b>	<b>9,567</b>	<b>8,844</b>
<b>OPERATING INCOME</b>	<b>3,584</b>	<b>3,507</b>	<b>4,394</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	10	53	49
Interest and amortization expense	(484)	(531)	(575)
<b>TOTAL NONOPERATING EXPENSES - NET</b>	<b>(474)</b>	<b>(478)</b>	<b>(526)</b>
<b>INCOME BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>3,110</b>	<b>3,029</b>	<b>3,868</b>
Transfers out - payments in lieu of taxes	(145)	(140)	(155)
Capital contributions - utility plant	1,480	797	720
<b>TOTAL TRANSFERS AND CONTRIBUTIONS</b>	<b>1,335</b>	<b>657</b>	<b>565</b>
<b>INCREASE IN NET POSITION</b>	<b>4,445</b>	<b>3,686</b>	<b>4,432</b>
<b>NET POSITION - BEGINNING OF YEAR</b>	<b>69,576</b>	<b>65,890</b>	<b>61,458</b>
<b>NET POSITION - END OF YEAR</b>	<b>\$ 74,021</b>	<b>\$ 69,576</b>	<b>\$ 65,890</b>

Capital Contributions - Utility Plant is recorded in accordance with Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. As a result, capital contributions of water plant deeded to the System by developers, builders, etc. for water system extensions are recorded as revenue. Capital contributions of \$1.5 million were received during the fiscal year.

COLUMBIA POWER AND WATER SYSTEMS  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2021

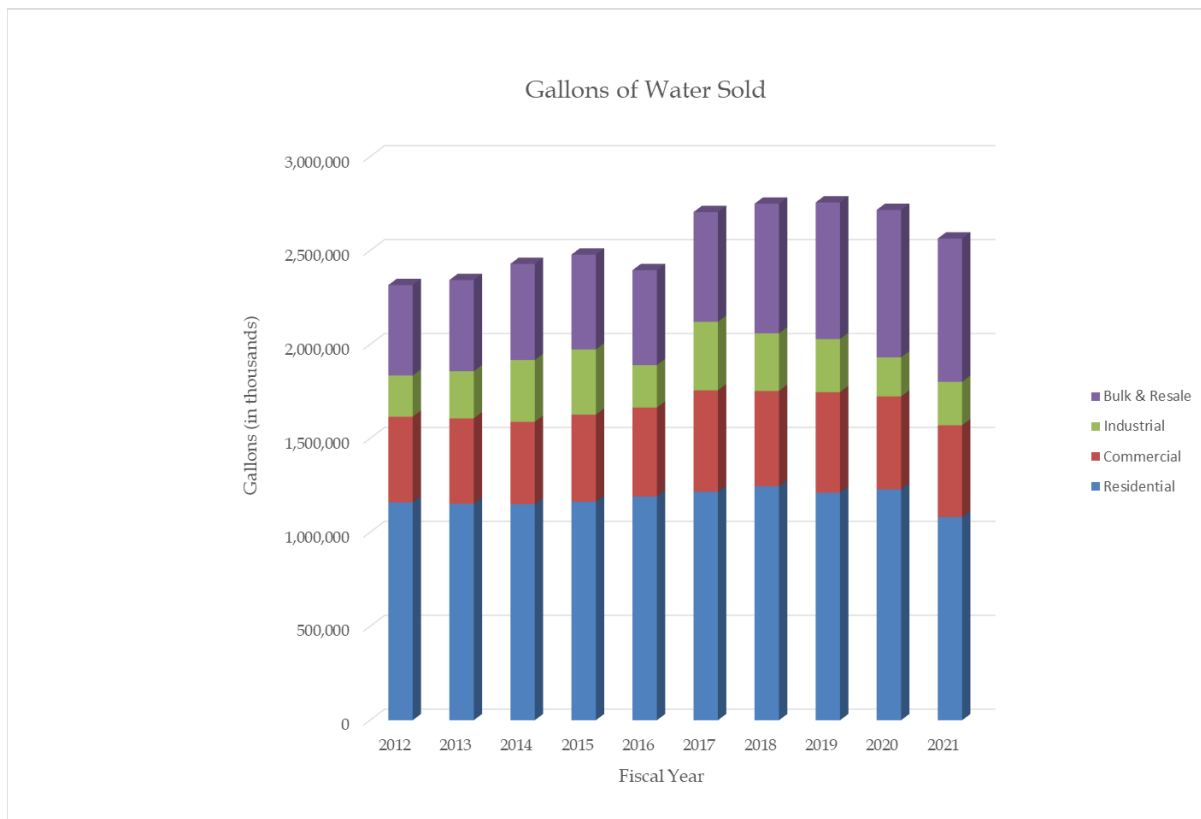
The Statements of Cash Flows indicate a net decrease of \$4.8 million in cash and cash equivalents during the fiscal year 2021 versus a net decrease of \$3.6 million in cash and cash equivalents during the fiscal year 2020. Cash provided from operating activities was \$6.2 million in 2021 compared to \$6.0 million in 2020. Cash flows from capital and related financing activities included \$10 million for additions to utility plant, and \$1.2 million for bond principal and interest. Cash flows from investing activities was \$260 thousand.

Below are condensed Statements of Cash Flows for the last three fiscal years:

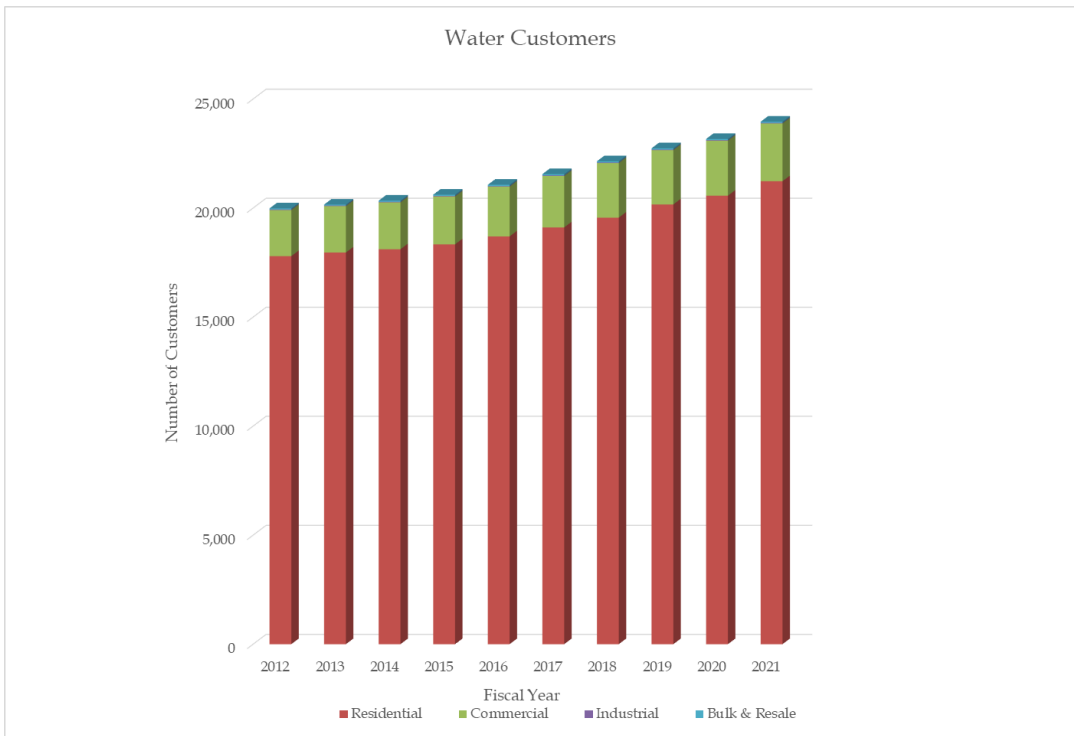
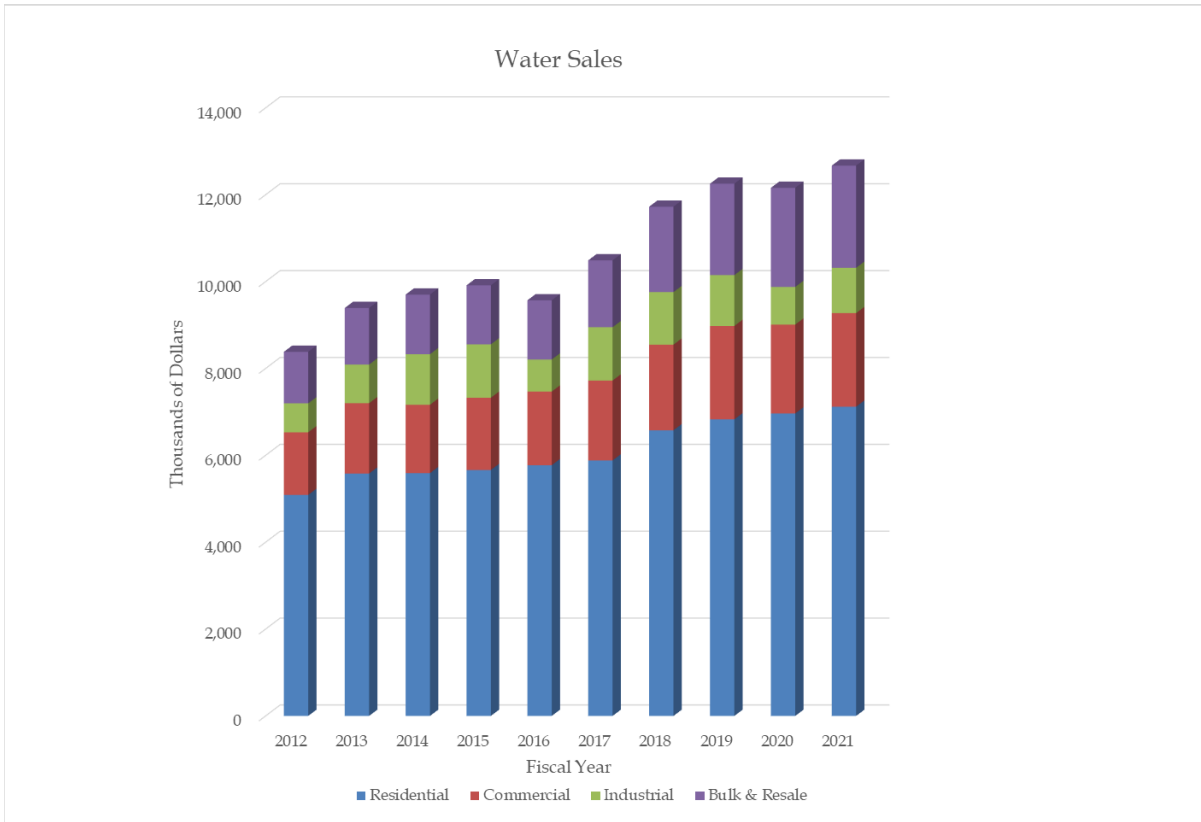
**COLUMBIA WATER SYSTEM  
STATEMENTS OF CASH FLOWS (in thousands)**

	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES	\$ 6,189	\$ 6,013	\$ 6,114
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(11,239)	(9,251)	(4,166)
CASH FLOWS FROM INVESTING ACTIVITIES	260	(387)	49
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,790)	(3,625)	1,997
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	14,814	18,439	16,442
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 10,024	\$ 14,814	\$ 18,439

**FINANCIAL HIGHLIGHTS – WATER SYSTEM**



COLUMBIA POWER AND WATER SYSTEMS  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 JUNE 30, 2021



## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital assets.** Columbia Power and Water Systems' net investment in capital assets as of June 30, 2021 was \$64.2 million in power system utility plant and \$63.9 million in water system utility plant (net of accumulated depreciation). The power system utility plant includes \$61.8 million in electric utility plant and \$2.4 million in broadband utility plant (net of accumulated depreciation). The increase in the Systems' capital assets during the current fiscal year was \$2.2 million in the power system and \$10.2 million in the water system, before accumulated depreciation. Additional information on the Systems' capital assets can be found in Note 4 of the financial statements.

**Long-term debt.** At the end of the current fiscal year, the Systems had total outstanding long-term debt of \$4.9 million in the power system and \$10.4 million in the water system. The long-term debt in the power system is composed primarily of Broadband Revenue and Tax Bonds outstanding of \$3.0 million. The water system long-term debt is composed primarily of Water Revenue Bonds outstanding of \$9.7 million. See Note 7 of the financial statements for additional information on the Systems' long-term debt.

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# COLUMBIA POWER AND WATER SYSTEMS

## STATEMENTS OF NET POSITION

JUNE 30, 2021 AND 2020

ASSETS AND DEFERRED OUTFLOWS	Power		Water		Total Enterprise Funds	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
<b>Current Assets</b>						
Cash and cash equivalents	\$ 22,993,218	\$ 19,405,509	\$ 8,676,453	\$ 13,525,443	\$ 31,669,671	\$ 32,930,952
Investments	2,000,000	2,000,000	-	250,000	2,000,000	2,250,000
Restricted cash, cash equivalents and investments:						
Cash and cash equivalents:						
Customer deposits	4,147,106	4,010,012	555,031	522,187	4,702,137	4,532,199
Debt service	663,247	632,449	792,003	766,685	1,455,250	1,399,134
Investments - debt service	-	-	1,759,617	1,759,617	1,759,617	1,759,617
Accounts receivable:						
Customers, less allowance for uncollectibles of \$171,392 and \$194,250 in Power for 2021 and 2020	5,412,483	4,994,130	-	-	5,412,483	4,994,130
Other	3,530,397	3,310,123	5,313	3,498	3,535,710	3,313,621
Inventories	1,674,670	1,395,812	419,474	422,733	2,094,144	1,818,545
Prepaid expenses	7,620	14,358	2,379	-	9,999	14,358
Due from other funds	61,524	53,471	1,845,258	1,911,688	1,906,782	1,965,159
<b>Total current assets</b>	<b>40,490,265</b>	<b>35,815,864</b>	<b>14,055,528</b>	<b>19,161,851</b>	<b>54,545,793</b>	<b>54,977,715</b>
<b>Noncurrent Assets</b>						
<b>Utility Plant</b>						
Plant in service	125,990,088	123,410,193	106,934,551	96,776,620	232,924,639	220,186,813
Less accumulated depreciation	(61,159,824)	(58,975,390)	(41,426,382)	(40,256,757)	(102,586,206)	(99,232,147)
	64,830,264	64,434,803	65,508,169	56,519,863	130,338,433	120,954,666
Construction in progress	3,292,947	2,491,881	9,298,083	9,423,283	12,591,030	11,915,164
<b>Net utility plant</b>	<b>68,123,211</b>	<b>66,926,684</b>	<b>74,806,252</b>	<b>65,943,146</b>	<b>142,929,463</b>	<b>132,869,830</b>
<b>Other Assets</b>						
Energy conservation loans receivable	55,272	84,156	-	-	55,272	84,156
Net OPEB asset	306,937	-	151,177	-	458,114	-
Accounts receivable - long-term	18,684	17,820	-	-	18,684	17,820
Unamortized bond issue expense	57,884	73,671	100,774	117,175	158,658	190,846
<b>Total other assets</b>	<b>438,777</b>	<b>175,647</b>	<b>251,951</b>	<b>117,175</b>	<b>690,728</b>	<b>292,822</b>
<b>Total noncurrent assets</b>	<b>68,561,988</b>	<b>67,102,331</b>	<b>75,058,203</b>	<b>66,060,321</b>	<b>143,620,191</b>	<b>133,162,652</b>
<b>Total assets</b>	<b>109,052,253</b>	<b>102,918,195</b>	<b>89,113,731</b>	<b>85,222,172</b>	<b>198,165,984</b>	<b>188,140,367</b>
<b>Deferred Outflows of Resources</b>						
Deferred outflows - OPEB subsequent contributions	55,090	63,034	27,134	33,421	82,224	96,455
<b>Total deferred outflows of resources</b>	<b>55,090</b>	<b>63,034</b>	<b>27,134</b>	<b>33,421</b>	<b>82,224</b>	<b>96,455</b>
<b>Total assets and deferred outflows</b>	<b>\$ 109,107,343</b>	<b>\$ 102,981,229</b>	<b>\$ 89,140,865</b>	<b>\$ 85,255,593</b>	<b>\$ 198,248,208</b>	<b>\$ 188,236,822</b>

LIABILITIES, NET POSITION AND DEFERRED INFLOWS

	Power		Water		Total Enterprise Funds	
	2021	2020	2021	2020	2021	2020
<b>Liabilities</b>						
Current Liabilities						
Payable from unrestricted current assets:						
Accounts payable	\$ 5,549,852	\$ 5,447,925	\$ 571,467	\$ 483,221	\$ 6,121,319	\$ 5,931,146
Accrued liabilities	544,005	432,735	197,133	148,607	741,138	581,342
Current portion of compensated absences	221,976	226,399	100,642	94,924	322,618	321,323
Unearned revenue	1,419,337	1,379,689	862,350	381,700	2,281,687	1,761,389
Due to other funds	1,845,258	1,911,688	61,524	53,471	1,906,782	1,965,159
Due to the City of Columbia	306,259	297,954	666,970	733,175	973,229	1,031,129
<b>Total payable from unrestricted current assets</b>	<b>9,886,687</b>	<b>9,696,390</b>	<b>2,460,086</b>	<b>1,895,098</b>	<b>12,346,773</b>	<b>11,591,488</b>
Payable from restricted current assets:						
Customer deposits	4,147,106	4,010,012	555,031	522,187	4,702,137	4,532,199
Accrued bond interest	22,852	28,282	39,728	43,782	62,580	72,064
Current portion of long-term debt	930,000	910,000	1,265,000	1,215,000	2,195,000	2,125,000
<b>Total payable from restricted current assets</b>	<b>5,099,958</b>	<b>4,948,294</b>	<b>1,859,759</b>	<b>1,780,969</b>	<b>6,959,717</b>	<b>6,729,263</b>
<b>Total current liabilities</b>	<b>14,986,645</b>	<b>14,644,684</b>	<b>4,319,845</b>	<b>3,676,067</b>	<b>19,306,490</b>	<b>18,320,751</b>
Noncurrent Liabilities						
Long-Term Debt						
Compensated absences, less current portion above	1,825,486	1,631,654	673,621	619,263	2,499,107	2,250,917
Bonds payable, less current portion above	3,022,539	3,985,958	9,692,884	10,988,049	12,715,423	14,974,007
<b>Total long-term debt</b>	<b>4,848,025</b>	<b>5,617,612</b>	<b>10,366,505</b>	<b>11,607,312</b>	<b>15,214,530</b>	<b>17,224,924</b>
Other Noncurrent Liabilities						
Net OPEB liability	-	711,621	-	383,181	-	1,094,802
TVA advances for conservation loans	57,492	87,243	-	-	57,492	87,243
<b>Total other noncurrent liabilities</b>	<b>57,492</b>	<b>798,864</b>	<b>-</b>	<b>383,181</b>	<b>57,492</b>	<b>1,182,045</b>
<b>Total noncurrent liabilities</b>	<b>4,905,517</b>	<b>6,416,476</b>	<b>10,366,505</b>	<b>11,990,493</b>	<b>15,272,022</b>	<b>18,406,969</b>
<b>Total liabilities</b>	<b>19,892,162</b>	<b>21,061,160</b>	<b>14,686,350</b>	<b>15,666,560</b>	<b>34,578,512</b>	<b>36,727,720</b>
Deferred Inflows of Resources						
Deferred inflows - OPEB investment gains	879,511	24,579	433,192	12,715	1,312,703	37,294
<b>Total deferred inflows of resources</b>	<b>879,511</b>	<b>24,579</b>	<b>433,192</b>	<b>12,715</b>	<b>1,312,703</b>	<b>37,294</b>
Net position						
Net investment in capital assets	64,170,672	62,030,726	63,848,368	53,740,097	128,019,040	115,770,823
Restricted for OPEB asset	306,937	-	-	-	306,937	-
Restricted for debt service	640,395	604,167	2,814,246	2,482,520	3,454,641	3,086,687
Unrestricted	23,217,666	19,260,597	7,358,709	13,353,701	30,576,375	32,614,298
<b>Total net position</b>	<b>88,335,670</b>	<b>81,895,490</b>	<b>74,021,323</b>	<b>69,576,318</b>	<b>162,356,993</b>	<b>151,471,808</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 109,107,343</b>	<b>\$ 102,981,229</b>	<b>\$ 89,140,865</b>	<b>\$ 85,255,593</b>	<b>\$ 198,248,208</b>	<b>\$ 188,236,822</b>

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

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**COLUMBIA POWER AND WATER SYSTEMS**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Power		Water		Total Enterprise Funds	
	2021	2020	2021	2020	2021	2020
<b>Operating Revenue</b>						
Energy sales	\$ 69,893,813	\$ 69,758,506	\$ -	\$ -	\$ 69,893,813	\$ 69,758,506
Broadband sales	8,457,355	8,119,142	-	-	8,457,355	8,119,142
Water sales	-	-	12,643,321	12,124,555	12,643,321	12,124,555
Forfeited discounts	535,427	451,706	77,668	63,386	613,095	515,092
Rent from electric property	477,813	428,874	-	-	477,813	428,874
Tap fees	-	-	623,116	571,959	623,116	571,959
Miscellaneous revenue	472,760	418,341	288,328	314,281	761,088	732,622
<b>Total operating revenue</b>	<b>79,837,168</b>	<b>79,176,569</b>	<b>13,632,433</b>	<b>13,074,181</b>	<b>93,469,601</b>	<b>92,250,750</b>
<b>Operating Expenses</b>						
Energy purchased	51,799,195	52,834,876	-	-	51,799,195	52,834,876
Programming purchased	3,539,195	3,619,748	-	-	3,539,195	3,619,748
Production	-	-	2,650,421	2,580,578	2,650,421	2,580,578
Distribution	5,972,823	5,871,632	1,972,055	1,813,471	7,944,878	7,685,103
Customer accounts	1,399,715	1,265,082	1,003,442	870,234	2,403,157	2,135,316
Customer services	469,837	261,533	-	-	469,837	261,533
General and administrative	4,307,109	3,899,588	2,283,453	2,209,948	6,590,562	6,109,536
Depreciation	4,373,650	4,271,750	2,138,984	2,092,717	6,512,634	6,364,467
<b>Total operating expenses</b>	<b>71,861,524</b>	<b>72,024,209</b>	<b>10,048,355</b>	<b>9,566,948</b>	<b>81,909,879</b>	<b>81,591,157</b>
<b>Operating Income</b>	<b>7,975,644</b>	<b>7,152,360</b>	<b>3,584,078</b>	<b>3,507,233</b>	<b>11,559,722</b>	<b>10,659,593</b>
<b>Nonoperating Revenues (Expenses)</b>						
Interest income	14,707	106,190	9,596	53,084	24,303	159,274
Interest expense	(56,041)	(65,562)	(495,806)	(542,694)	(551,847)	(608,256)
Amortization of bond issue expense	(15,787)	(15,787)	11,853	11,853	(3,934)	(3,934)
<b>Total nonoperating revenues (expenses)</b>	<b>(57,121)</b>	<b>24,841</b>	<b>(474,357)</b>	<b>(477,757)</b>	<b>(531,478)</b>	<b>(452,916)</b>
<b>Income before transfers and capital contributions</b>	<b>7,918,523</b>	<b>7,177,201</b>	<b>3,109,721</b>	<b>3,029,476</b>	<b>11,028,244</b>	<b>10,206,677</b>
Transfers out - payments in lieu of taxes	(1,541,987)	(1,383,293)	(144,702)	(140,175)	(1,686,689)	(1,523,468)
Capital contributions - utility plant	63,644	222,778	1,479,986	796,573	1,543,630	1,019,351
<b>Total transfers and capital contributions - net</b>	<b>(1,478,343)</b>	<b>(1,160,515)</b>	<b>1,335,284</b>	<b>656,398</b>	<b>(143,059)</b>	<b>(504,117)</b>
<b>Change in net position</b>	<b>6,440,180</b>	<b>6,016,686</b>	<b>4,445,005</b>	<b>3,685,874</b>	<b>10,885,185</b>	<b>9,702,560</b>
<b>Net position, beginning of year</b>	<b>81,895,490</b>	<b>75,878,804</b>	<b>69,576,318</b>	<b>65,890,444</b>	<b>151,471,808</b>	<b>141,769,248</b>
<b>Net position, end of year</b>	<b>\$ 88,335,670</b>	<b>\$ 81,895,490</b>	<b>\$ 74,021,323</b>	<b>\$ 69,576,318</b>	<b>\$ 162,356,993</b>	<b>\$ 151,471,808</b>

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

# COLUMBIA POWER AND WATER SYSTEMS

## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	Power		Water		Total Enterprise Funds	
	2021	2020	2021	2020	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>						
Receipts from customers	\$ 78,013,287	\$ 78,359,819	\$ 12,784,655	\$ 11,416,811	\$ 90,797,942	\$ 89,776,630
Payments to suppliers and others	(64,230,991)	(60,518,521)	(3,547,404)	(1,629,695)	(67,778,395)	(62,148,216)
Payments to employees	(6,628,537)	(8,293,397)	(3,816,210)	(4,517,708)	(10,444,747)	(12,811,105)
Payments in lieu of taxes	(1,541,987)	(1,383,293)	(144,702)	(140,175)	(1,686,689)	(1,523,468)
Other receipts	4,641,411	905,506	912,112	884,457	5,553,523	1,789,963
<b>Net cash provided by operating activities</b>	<b>10,253,183</b>	<b>9,070,114</b>	<b>6,188,451</b>	<b>6,013,690</b>	<b>16,441,634</b>	<b>15,083,804</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>						
Collections on conservation loans	28,884	60,045	-	-	28,884	60,045
Payments on TVA advances for conservation loans	(29,751)	(61,156)	-	-	(29,751)	(61,156)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(867)</b>	<b>(1,111)</b>	<b>-</b>	<b>-</b>	<b>(867)</b>	<b>(1,111)</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>						
Debt principal payments	(910,000)	(900,000)	(1,215,000)	(1,165,000)	(2,125,000)	(2,065,000)
Interest paid	(94,890)	(104,351)	(501,771)	(548,362)	(596,661)	(652,713)
Additions to utility plant	(5,708,798)	(6,049,206)	(9,491,787)	(7,543,699)	(15,200,585)	(13,592,905)
Net (cost to remove) salvage on utility plant	202,266	(88,705)	(30,317)	6,015	171,949	(82,690)
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(6,511,422)</b>	<b>(7,142,262)</b>	<b>(11,238,875)</b>	<b>(9,251,046)</b>	<b>(17,750,297)</b>	<b>(16,393,308)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>						
Interest on investments	14,707	106,190	9,596	53,084	24,303	159,274
Sale of investments	2,000,000	4,500,000	4,019,233	3,370,957	6,019,233	7,870,957
Purchase of investments	(2,000,000)	(4,500,000)	(3,769,233)	(3,810,955)	(5,769,233)	(8,310,955)
<b>Net cash provided by (used in) investing activities</b>	<b>14,707</b>	<b>106,190</b>	<b>259,596</b>	<b>(386,914)</b>	<b>274,303</b>	<b>(280,724)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,755,601</b>	<b>2,032,931</b>	<b>(4,790,828)</b>	<b>(3,624,270)</b>	<b>(1,035,227)</b>	<b>(1,591,339)</b>
Cash and cash equivalents at beginning of year	24,047,970	22,015,039	14,814,315	18,438,585	38,862,285	40,453,624
<b>Cash and cash equivalents at end of year</b>	<b>\$ 27,803,571</b>	<b>\$ 24,047,970</b>	<b>\$ 10,023,487</b>	<b>\$ 14,814,315</b>	<b>\$ 37,827,058</b>	<b>\$ 38,862,285</b>

	Power		Water		Total Enterprise Funds	
	2021	2020	2021	2020	2021	2020
Reconciliation of operating income to net cash provided by operating activities:						
Operating income	\$ 7,975,644	\$ 7,152,360	\$ 3,584,078	\$ 3,507,233	\$ 11,559,722	\$ 10,659,593
Adjustments to reconcile operating income to net cash provided by operating activities:						
Depreciation	4,373,649	4,271,750	2,138,984	2,092,717	6,512,633	6,364,467
Payments in lieu of taxes	(1,541,987)	(1,383,293)	(144,702)	(140,175)	(1,686,689)	(1,523,468)
(Increase) decrease in:						
Accounts receivable - customers	(418,353)	447,196	-	-	(418,353)	447,196
Accounts receivable - others	(221,138)	(736,809)	(1,815)	2,960	(222,953)	(733,849)
Intrafund receivable	(3,319,342)	96,560	-	-	(3,319,342)	96,560
Due from other funds	(8,053)	(2,832)	66,430	10,517	58,377	7,685
Inventories	(278,858)	(64,672)	3,259	(22,874)	(275,599)	(87,546)
Prepaid expenses	(300,199)	(276)	(153,556)	-	(453,755)	(276)
(Decrease) increase in:						
Accounts payable	101,927	(1,130,067)	88,246	272,501	190,173	(857,566)
Unearned revenue	39,648	397,817	480,650	355,350	520,298	753,167
Accrued liabilities	262,525	(136,688)	92,109	(146,987)	354,634	(283,675)
Compensated absences	189,409	113,850	60,076	27,400	249,485	141,250
Interfund payable	3,319,342	(96,560)	-	-	3,319,342	(96,560)
Due to other funds	(66,430)	(10,517)	8,053	2,832	(58,377)	(7,685)
Due to City of Columbia	8,305	5,198	(66,205)	(2,543)	(57,900)	2,655
Customer deposits	137,094	147,097	32,844	54,759	169,938	201,856
Total adjustments	2,277,539	1,917,754	2,604,373	2,506,457	4,881,912	4,424,211
Net cash provided by operating activities	\$ 10,253,183	\$ 9,070,114	\$ 6,188,451	\$ 6,013,690	\$ 16,441,634	\$ 15,083,804
Schedule of noncash financing and investing activities:						
Capital contributions - utility plant	\$ 63,644	\$ 222,778	\$ 1,479,986	\$ 796,573	\$ 1,543,630	\$ 1,019,351
Depreciation and amortization expense capitalized as part of costs to construct utility plant	\$ 209,359	\$ 259,554	\$ 63,101	\$ 47,886	\$ 272,460	\$ 307,440

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

**OPEB PLAN FOR EMPLOYEES OF  
COLUMBIA POWER AND WATER SYSTEMS  
STATEMENTS OF FIDUCIARY NET POSITION  
JUNE 30, 2021 AND 2020**

ASSETS

	2021	2020
Cash	\$ 52,892	\$ 109,812
Investments		
Mutual funds - fixed income	2,324,484	2,208,649
Mutual funds - equities	1,886,728	1,381,154
Accrued income	5,141	3,476
Total investments	4,216,353	3,593,279
Net position available for benefits	\$ 4,269,245	\$ 3,703,091
LIABILITIES AND NET POSITION		
Liabilities	\$ -	\$ -
Net position restricted for OPEB benefits	\$ 4,269,245	\$ 3,703,091

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

**OPEB PLAN FOR EMPLOYEES OF  
COLUMBIA POWER AND WATER SYSTEMS  
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION  
FOR YEARS ENDED JUNE 30, 2021 AND 2020**

	2021	2020
<b>Additions</b>		
Contributions		
Employer	\$ 82,224	\$ 118,749
Investment income		
Dividends	53,105	75,162
Net appreciation in the fair value of investments	581,057	105,478
<b>Total additions</b>	<b>716,386</b>	<b>299,389</b>
<b>Deductions</b>		
Benefit payments	130,991	136,828
Fees and expenses	19,241	18,145
<b>Total deductions</b>	<b>150,232</b>	<b>154,973</b>
<b>Net increase in fiduciary net positions</b>	<b>566,154</b>	<b>144,416</b>
<b>Net position restricted for OPEB benefits, beginning of year</b>	<b>3,703,091</b>	<b>3,558,675</b>
<b>Net position restricted for OPEB benefits, end of year</b>	<b>\$ 4,269,245</b>	<b>\$ 3,703,091</b>

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

COLUMBIA POWER AND WATER SYSTEMS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Columbia Power and Water Systems (“the Systems”) comprise two enterprise funds and a fiduciary fund of the City of Columbia, Tennessee, the primary government. Accordingly, the accompanying financial statements are included in the basic financial statements of the City. The Systems are operated by the Columbia Board of Public Utilities. The members of the Columbia Board of Public Utilities are appointed for varying terms by the Mayor of the City of Columbia, Tennessee. Each appointment requires the approval of the City Council.

The Columbia Power System (“the Power System”) is a municipally-owned electric utility, created under the provisions of Chapter 32, Public Acts of Tennessee 1935 (“Municipal Electric Plant Law of 1935”). During fiscal year 2002, Columbia Power System established a Broadband Telecommunications Network division (“Broadband”) pursuant to section 7-52-601, Tennessee Code Annotated. In accordance with T.C.A. 7-52-601 et seq, the Broadband Network is operated as a separate division of the Power System and the revenues of the Power System do not subsidize the operations of the Broadband Network.

The Columbia Water System (“the Water System”) is a municipally-owned water utility, created under the provisions of Chapter 68 of the Public Acts of Tennessee of 1933.

Operation

The Power System provides electrical service to customers located generally within Maury County, Tennessee. The Broadband Division began providing communication services, including video programming, high-speed data and internet access to residents in the City of Columbia, Tennessee in May 2003. The Power System also provides billing and collection services for Columbia Water System, Columbia Sewer System, and Columbia Sanitation Department.

The Water System provides potable water directly to residential and commercial customers in the Columbia, Tennessee area. In addition, the System provides water for the Maury County Water System, City of Spring Hill, Tennessee and standby water for the City of Mt. Pleasant, Tennessee.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Systems’ financial statements are reported using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for governmental proprietary and fiduciary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounting policies of the System conform to applicable generally accepted accounting principles as defined by the Governmental Accounting Standards Board (GASB). Operating revenues and expenses generally result from providing power, broadband, and water 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.

Inter-fund transactions

Due to other funds and due from other funds consist primarily of amounts billed by the Columbia Power System for water, sewer, and sanitation services. The Power System remits payment for water and sewer charges to the Water System as it collects from customers, and the Water System then remits payments to the Sewer System. The Power System remits the sanitation charges to the City of Columbia. An allowance for uncollectible accounts has been provided.

COLUMBIA POWER AND WATER SYSTEMS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unbilled Revenues

Revenues are recorded when earned. Customers' meters are read and bills are prepared monthly based on billing cycles. CPWS estimates the amount of electric service rendered from the latest date of each meter-reading cycle to June 30 of each year and is accrued in other accounts receivable as unbilled revenues. The Water System has consistently followed the practice of not accruing unbilled revenues from the date of the most recent meter reading to the balance sheet date.

Cash equivalents and investments

Cash and cash equivalents include highly liquid investments that have an original maturity date when acquired of three months or less. The Systems' financial investments, which consist primarily of certificates of deposit, are reported at amortized cost, which is not materially different from fair value.

Statutes authorize the Systems to invest in: (1) U.S. government securities and obligations guaranteed by the U.S. government; (2) deposit accounts at state and federal chartered banks and savings and loan associations; (3) the Local Government Investment Pool of the State of Tennessee; and (4) obligations of the United States or its agencies under repurchase agreements with certain restrictions.

Deposits in financial institutions are required by State statute to be secured and collateralized by the institutions. The collateral must meet certain requirements and must have a total minimum market value of 105% of the value of the deposits placed in the institutions less the amount protected by federal depository insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

Restricted assets

Restricted cash includes funds limited by bond indentures or otherwise legally restricted for future construction projects, debt service requirements, and reserves. When both restricted and unrestricted resources are available for use, it is the Systems' policy to use restricted resources first, then unrestricted resources as they are needed.

Inventories

Inventories consist primarily of materials and supplies and are valued at weighted average cost.

Estimates

Estimates used in the preparation of financial statements are based on management's best judgments. The most significant estimates relate to the allowance for uncollectible accounts receivable, depreciation, employee benefit plan obligations, and unbilled electric revenues. These estimates may be adjusted as more current information becomes available.

Utility plant

Purchased additions to utility plant are reported at cost. The Systems also capitalize construction costs based on standard labor costs and the average cost of materials used. Costs of maintenance and repairs are charged to expense.

The capitalization threshold for all systems is \$1,500 and an estimated useful life of 1 year or longer. For Power plant, the general range of useful lives is 3 to 50 years and Water plant is 5 to 50 years.

COLUMBIA POWER AND WATER SYSTEMS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

When depreciable plant assets are retired, the cost is removed from the asset account and charged, along with the cost of removal less salvage value, to accumulated depreciation. Depreciation is determined on the straight-line basis, computed over the estimated useful lives of the assets.

Bond discount and issuance costs

Bond discounts and issuance costs are deferred and amortized over the term of the related bond issue using the straight-line method. Bonds payable are reported net of the applicable premium or discount. Amortization of premium and discount is included in interest expense. The utility will continue to report bond costs as an asset and amortize those costs over the life of the bonds instead of expensing those costs in the current year in accordance with certain provision include in GASB Statement 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This option, as part of GASB 65, is available due to the above-mentioned costs being used for rate setting by the utility.

Interest capitalization

Interest expense incurred on applicable borrowings outstanding during the construction of plant and equipment is capitalized at an average rate as part of the cost of the asset financed and amortized on the same basis as related depreciation. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. In addition, the use of qualifying resources to pay for new construction rather than repay outstanding debt effectively represents recycling of the outstanding debt to finance new projects. Capitalized interest is calculated using the average accumulated expenditures during the capitalization period and the weighted average interest on outstanding borrowings, unless specific identification of borrowings and/or project expenditures is possible.

Compensated absences

The Systems' employees are granted paid time off (PTO) in varying amounts. In the event of resignation, an employee is paid for accumulated PTO. The liability for accumulated PTO pay is reported in long-term debt, with current portion recorded in current liabilities.

Unearned revenue

Unearned revenue consists of prepayments received from contractors for construction of utility plant to serve developments. Revenue is recognized when the construction is completed.

Net Position Flow Assumption

Sometimes the Systems will fund outlays for a particular purpose from both restricted and unrestricted resources. To calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are applied. It is the Systems' policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Events Occurring After Reporting Date

The Systems have evaluated events and transactions that occurred between June 30, 2021, and September 22, 2021, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.



COLUMBIA POWER AND WATER SYSTEMS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021

NOTE 2 - ELECTRICAL POWER CONTRACT

The Power System has a contract to purchase all electrical power from the Tennessee Valley Authority (“TVA”). This contract requires at least twenty years prior written notice for termination by either party.

NOTE 3 - CASH AND INVESTMENTS

The Systems’ had the following investments:

**Power:**

Fiscal Year	Investment Type	Amortized Cost	Weighted Average Maturity (Months)
2021	Certificates of deposit	\$ 2,000,000	16.22
2020	Certificates of deposit	\$ 2,000,000	8.13

**Water:**

Fiscal Year	Investment Type	Amortized Cost	Weighted Average Maturity (Months)
2021	Certificates of deposit	\$ 1,759,617	15.21
2020	Certificates of deposit	\$ 2,009,617	8.69

Custodial credit risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. The Systems do not have a written deposit policy for custodial credit risk. All the Systems’ deposits and investments were covered by federal depository insurance or by the bank collateral pool administered by the Treasurer of the State of Tennessee, at June 30, 2021 and 2020.

Investment-Fiduciary Fund

*Investment policy.* The OPEB plan’s policy regarding the allocation of invested assets is established and may be amended by the Board of Directors by a majority vote of its members. It is the policy of the Board of Directors to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes.

The following is the asset allocation as of June 30, 2021 and 2020:

	2021		2020	
	Fair Value	Percentage of Total	Fair Value	Percentage of Total
Cash Equivalents	\$ 52,892	1.24%	\$ 109,812	2.97%
Equities	1,886,728	44.25%	1,381,154	37.33%
Fixed Income	2,324,484	54.51%	2,208,649	59.70%
Total	\$ 4,264,104	100.00%	\$ 3,699,615	100.00%

COLUMBIA POWER AND WATER SYSTEMS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 3 - CASH AND INVESTMENTS (continued)

The following investments represent more than 5% of the fiduciary net position and are not issued or explicitly guaranteed by the U.S. government at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Dodge & Cox Income Fund #147	\$ 406,515	\$ 412,188
Federated Hermes Total Return Bond Fund	405,959	410,236
Federated Hermes Total Return Government Bond Fund	383,734	399,976
Vanguard GNMA Admiral Fund	380,674	386,761
Harbor Capital Appreciation Fund	185,358	N/A

For the year ended 2021 and 2020, the annual money-weighted rate of return on OPEB plan investments, net of OPEB investment expense, was 4.07% and 5.46% respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts invested.

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2021:

	<u>Fair Value Measurement Using</u>			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities	\$ 1,886,728	\$ 1,886,728	\$ -	\$ -
Equity securities	2,324,484	2,324,484	-	-
Total investments measured at fair value	<u>\$ 4,211,212</u>	<u>\$ 4,211,212</u>	<u>\$ -</u>	<u>\$ -</u>

The Plan had the following recurring fair value measurements as of June 30, 2020:

	<u>Fair Value Measurement Using</u>			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities	\$ 1,381,154	\$ 1,381,154	\$ -	\$ -
Equity securities	2,208,649	2,208,649	-	-
Total investments measured at fair value	<u>\$ 3,589,803</u>	<u>\$ 3,589,803</u>	<u>\$ -</u>	<u>\$ -</u>

The fair value measurements that are using Level 1 inputs consider observable data that may include dealer quotes, market spreads, cash flows, the U.S. Treasury yield curve, live trading levels, trade execution data, market consensus prepayment speeds, credit information and terms and condition of bonds, and other factors.

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NOTE 4 - UTILITY PLANT AND DEPRECIATION

Power System

Below is a schedule of changes in major classes of the electric and broadband plant for the year ended June 30, 2021:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and land rights	\$ 408,985	\$ -	\$ -	\$ 408,985
Construction work in progress	2,491,881	1,126,362	(325,296)	3,292,947
	2,900,866	1,126,362	(325,296)	3,701,932
Capital assets, being depreciated:				
Structures and improvements	24,058,596	115,232	-	24,173,828
Transmission and distribution plant	85,581,389	4,453,405	(2,022,591)	88,012,203
Machinery and equipment	13,361,223	612,098	(578,249)	13,395,072
	123,001,208	5,180,735	(2,600,840)	125,581,103
Less accumulated depreciation for:				
Structures and improvements	(13,337,971)	(792,123)	-	(14,130,094)
Transmission and distribution plant	(34,612,394)	(3,136,470)	1,841,122	(35,907,742)
Machinery and equipment	(11,025,025)	(654,415)	557,452	(11,121,988)
	(58,975,390)	(4,583,008)	2,398,574	(61,159,824)
Total capital assets, being depreciated, net	64,025,818	597,727	(202,266)	64,421,279
Power capital assets, net	\$ 66,926,684	\$ 1,724,089	\$ (527,562)	\$ 68,123,211

Below is a schedule of changes in major classes of the electric and broadband plant for the year ended June 30, 2020:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and land rights	\$ 408,985	\$ -	\$ -	\$ 408,985
Electric plant held for future use	-	-	-	-
Construction work in progress	2,378,728	135,396	(22,243)	2,491,881
	2,787,713	135,396	(22,243)	2,900,866
Capital assets, being depreciated:				
Structures and improvements	24,004,769	53,827	-	24,058,596
Transmission and distribution plant	80,925,159	5,640,750	(984,520)	85,581,389
Machinery and equipment	13,169,681	723,808	(532,266)	13,361,223
	118,099,609	6,418,385	(1,516,786)	123,001,208
Less accumulated depreciation for:				
Structures and improvements	(12,542,158)	(795,813)	-	(13,337,971)
Transmission and distribution plant	(32,747,320)	(3,035,210)	1,170,136	(34,612,394)
Machinery and equipment	(10,760,099)	(700,281)	435,355	(11,025,025)
	(56,049,577)	(4,531,304)	1,605,491	(58,975,390)
Total capital assets, being depreciated, net	62,050,032	1,887,081	88,705	64,025,818
Power capital assets, net	\$ 64,837,745	\$ 2,022,477	\$ 66,462	\$ 66,926,684

Depreciation expense amounted to \$4,583,008 in 2021 (\$4,531,304 in 2020), of which \$209,359 (\$259,554 in 2020) was depreciation on equipment used to construct utility plant and capitalized as part of total construction costs.

COLUMBIA POWER AND WATER SYSTEMS  
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NOTE 4 - UTILITY PLANT AND DEPRECIATION (continued)

Water System

Below is a schedule of changes in major classes of the water plant for the year ended June 30, 2021:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and land rights	\$ 2,364,399	\$ -	\$ -	\$ 2,364,399
Construction work in progress	9,423,283	-	(125,200)	9,298,083
	11,787,682	-	(125,200)	11,662,482
Capital assets, being depreciated:				
Structures and improvements	34,135,104	8,592,669	(700,000)	42,027,773
Production and distribution plant	56,976,019	2,340,037	(110,036)	59,206,020
Machinery and equipment	3,301,098	227,368	(192,107)	3,336,359
	94,412,221	11,160,074	(1,002,143)	104,570,152
Less accumulated depreciation for:				
Structures and improvements	(12,739,992)	(805,510)	694,855	(12,850,647)
Production and distribution plant	(24,563,573)	(1,264,319)	145,820	(25,682,072)
Machinery and equipment	(2,953,192)	(132,256)	191,785	(2,893,663)
	(40,256,757)	(2,202,085)	1,032,460	(41,426,382)
Total capital assets, being depreciated, net	54,155,464	8,957,989	30,317	63,143,770
Water capital assets, net	\$ 65,943,146	\$ 8,957,989	\$ (94,883)	\$ 74,806,252

Below is a schedule of changes in major classes of the water plant for the year ended June 30, 2020:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and land rights	\$ 2,364,399	\$ -	\$ -	\$ 2,364,399
Construction work in progress	2,072,799	7,350,484	-	9,423,283
	4,437,198	7,350,484	-	11,787,682
Capital assets, being depreciated:				
Structures and improvements	33,907,776	302,328	(75,000)	34,135,104
Production and distribution plant	56,488,786	597,488	(110,255)	56,976,019
Machinery and equipment	3,345,209	137,858	(181,969)	3,301,098
	93,741,771	1,037,674	(367,224)	94,412,221
Less accumulated depreciation for:				
Structures and improvements	(12,015,176)	(799,816)	75,000	(12,739,992)
Production and distribution plant	(23,464,765)	(1,232,776)	133,968	(24,563,573)
Machinery and equipment	(2,997,422)	(108,011)	152,241	(2,953,192)
	(38,477,363)	(2,140,603)	361,209	(40,256,757)
Total capital assets, being depreciated, net	55,264,408	(1,102,929)	(6,015)	54,155,464
Water capital assets, net	\$ 59,701,606	\$ 6,247,555	\$ (6,015)	\$ 65,943,146

Depreciation expense amounted to \$2,202,085 in 2021 (\$2,140,603 in 2020), of which \$63,101 (\$47,886 in 2020) was depreciation on equipment used to construct utility plant and capitalized as part of total construction costs.

COLUMBIA POWER AND WATER SYSTEMS  
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NOTE 5 - ENERGY CONSERVATION PROGRAMS

The Power System participated with TVA in its energy conservation loan program until 2015, when CPWS no longer accepted new loans. Under this program, eligible customers obtained low interest loans to finance energy conservation improvements to their homes, including the installation of a heat pump and insulation improvements. Advances from TVA are reported under other liabilities. Conservation loans receivable from customers under the program are reported under other assets. Advances are to be repaid from customer loan collections. Any uncollectible loans are the responsibility of TVA.

NOTE 6 - INTERFUND TRANSACTIONS

The interfund receivables and payables consisted of the following at June 30:

Power System:	2021	2020
<u>Interfund Receivables</u>		
Columbia Water System	\$ 61,524	\$ 53,471
<u>Interfund Payables</u>		
Columbia Water System:		
Water - current billings	\$ 1,845,258	\$ 1,911,688
	1,845,258	1,911,688
City of Columbia - sanitation billings	306,259	297,954
	\$ 2,151,517	\$ 2,209,642
<u>Water System:</u>		
2021		
2020		
<u>Interfund Receivables</u>		
Columbia Power System:		
Water billings - less allowance for uncollectibles of \$38,041 and \$35,222 at June 30, 2021 and 2020, respectively	\$ 1,845,258	\$ 1,911,688
	\$ 1,845,258	\$ 1,911,688
<u>Interfund Payables</u>		
Columbia Water System	\$ 61,524	\$ 53,471
City of Columbia - sewer billings	666,970	733,175
	\$ 728,494	\$ 786,646

In accordance with Tennessee Code Annotated 7-52-603(b), a short-term demand note was executed between the Broadband division and the Power division with a limit of \$2.5 million. This note was approved by TVA as required by the Power Contract between the City of Columbia and TVA. The note is interest-bearing at the highest earned interest rate of invested electric plant funds at that time and does require an annual principal payment. The balance of the loan as of June 30, 2021, is \$873,524.

COLUMBIA POWER AND WATER SYSTEMS  
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NOTE 6 - INTERFUND TRANSACTIONS (continued)

The Power System transferred \$1,171,815 to the City of Columbia and \$370,171 to other government entities in 2021 and \$1,050,901 to the City of Columbia and \$332,392 to other government entities in 2020 as a payment in lieu of tax. The Water System transferred \$144,702 in 2021 and \$140,175 in 2020 as a payment in lieu of taxes to the City of Columbia.

All transactions between the Power System and the Broadband division are eliminated for reporting purposes. For the purpose of the interfund transactions between the Systems and the City of Columbia refer to Note 1.

NOTE 7 - LONG-TERM DEBT

Power System

Changes in long-term debt for the Power System consisted of the following for the year ended June 30, 2021:

**Power:**

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due within One Year
Broadband Revenue and Tax Refunding Bonds,					
Series 2014/2015; 1.790%	\$ 4,740,000	\$ -	\$ (910,000)	\$ 3,830,000	\$ 930,000
	4,740,000	-	(910,000)	3,830,000	930,000
Plus unamortized bond premium	155,958	-	(33,419)	122,539	
	4,895,958	-	(943,419)	3,952,539	
Compensated absences	1,858,053	577,847	(388,438)	2,047,462	221,976
	\$ 6,754,011	\$ 577,847	\$ (1,331,857)	\$ 6,000,001	\$ 1,151,976
Less current portion	(1,136,399)			(1,151,976)	
	<u>\$ 5,617,612</u>			<u>\$ 4,848,025</u>	

COLUMBIA POWER AND WATER SYSTEMS  
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NOTE 7 - LONG-TERM DEBT (continued)

Changes in long-term debt for the Power System consisted of the following for the year ended June 30, 2020:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due within One Year
Broadband Revenue and Tax Refunding Bonds,					
Series 2014/2015; 1.790%	\$ 5,640,000	\$ -	\$ (900,000)	\$ 4,740,000	\$ 910,000
	5,640,000	-	(900,000)	4,740,000	910,000
Plus unamortized bond premium	189,377	-	(33,419)	155,958	
	5,829,377	-	(933,419)	4,895,958	
Compensated absences	1,744,203	381,971	(268,121)	1,858,053	226,399
	\$ 7,573,580	\$ 381,971	\$ (1,201,540)	\$ 6,754,011	\$ 1,136,399
Less current portion	(1,097,614)			(1,136,399)	
	<u>\$ 6,475,966</u>			<u>\$ 5,617,612</u>	

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2022	\$ 930,000	\$ 68,557	\$ 998,557
2023	950,000	51,910	1,001,910
2024	965,000	34,905	999,905
2025	985,000	17,632	1,002,632
	<u>\$ 3,830,000</u>	<u>\$ 173,004</u>	<u>\$ 4,003,004</u>

COLUMBIA POWER AND WATER SYSTEMS  
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NOTE 7 - LONG-TERM DEBT (continued)

Water System

Changes in long-term debt for the Water System consisted of the following for the year ended June 30, 2021:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due within One Year
Revenue Bonds, Series 2006; 4.00%	\$ 2,685,000	\$ -	\$ (340,000)	\$ 2,345,000	\$ 355,000
Revenue Bonds, Series 2008; 4.00% to 5.125%	1,905,000	-	(440,000)	1,465,000	460,000
Revenue Bonds, Series 2012; 2.00% to 5.00%	<u>7,265,000</u>	<u>-</u>	<u>(435,000)</u>	<u>6,830,000</u>	<u>450,000</u>
	11,855,000	-	(1,215,000)	10,640,000	1,265,000
Plus unamortized bond premium	349,612	-	(30,622)	318,990	
Less unamortized bond discount	<u>(1,563)</u>	<u>-</u>	<u>457</u>	<u>(1,106)</u>	
	12,203,049	-	(1,245,165)	10,957,884	
Compensated absences	<u>714,187</u>	<u>218,886</u>	<u>(158,810)</u>	<u>774,263</u>	<u>100,642</u>
	\$ 12,917,236	\$ 218,886	\$ (1,403,975)	\$ 11,732,147	\$ 1,365,642
Less current portion	<u>(1,309,924)</u>			<u>(1,365,642)</u>	
	<u>\$ 11,607,312</u>			<u>\$ 10,366,505</u>	

Changes in long-term debt for the Water System consisted of the following for the year ended June 30, 2020:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due within One Year
Revenue Bonds, Series 2006; 4.00%	\$ 3,010,000	\$ -	\$ (325,000)	\$ 2,685,000	\$ 340,000
Revenue Bonds, Series 2008; 4.00% to 5.125%	2,325,000	-	(420,000)	1,905,000	440,000
Revenue Bonds, Series 2012; 2.00% to 5.00%	<u>7,685,000</u>	<u>-</u>	<u>(420,000)</u>	<u>7,265,000</u>	<u>435,000</u>
	13,020,000	-	(1,165,000)	11,855,000	1,215,000
Plus unamortized bond premium	380,236	-	(30,624)	349,612	
Less unamortized bond discount	<u>(2,022)</u>	<u>-</u>	<u>459</u>	<u>(1,563)</u>	
	13,398,214	-	(1,195,165)	12,203,049	
Compensated absences	<u>686,787</u>	<u>139,353</u>	<u>(111,953)</u>	<u>714,187</u>	<u>94,924</u>
	\$ 14,085,001	\$ 139,353	\$ (1,307,118)	\$ 12,917,236	\$ 1,309,924
Less current portion	<u>(1,242,233)</u>			<u>(1,309,924)</u>	
	<u>\$ 12,842,768</u>			<u>\$ 11,607,312</u>	



COLUMBIA POWER AND WATER SYSTEMS  
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NOTE 7 - LONG-TERM DEBT (continued)

<u>Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 1,265,000	\$ 450,819	\$ 1,715,819
2023	1,320,000	397,494	1,717,494
2024	1,375,000	341,485	1,716,485
2025	895,000	296,844	1,191,844
2026	930,000	259,625	1,189,625
2027-2031	<u>4,855,000</u>	<u>826,975</u>	<u>5,681,975</u>
	<u>\$ 10,640,000</u>	<u>\$ 2,573,242</u>	<u>\$ 13,213,242</u>

In accordance with the bond resolutions for the Power and Water Systems, all revenues received are to be used in the following priority:

- (a) For payment of current expenses.
- (b) For payment of principal and interest on the bonds.
- (c) Deposited in a "Debt Service Reserve Fund" until such fund equals the maximum annual principal and interest requirement on the bonds for any fiscal year during the bond term (excluding the Broadband revenue and tax refunding bonds).

Each bond resolution contains restrictive covenants and other requirements with which the Systems must comply. In management's opinion, the Systems have complied with all requirements of the bond resolutions.

NOTE 8 - RETIREMENT PLAN

All full-time and part-time employees who meet eligibility requirements and so elect can participate in the City of Columbia Board of Public Utilities 401(k) Retirement Plan, (the "Plan"), a single-employer contributory defined contribution plan. The City of Columbia Board of Public Utilities administers the plan and has the authority to establish and amend the plan document as necessary. Empower/Great West is the plan trustee. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. Employees are eligible to participate at a minimum age of 21 years, following one year of service.

The Plan requires minimum employee and employer contributions of 4% and 8%, respectively, of the employee's base salary. Employees may elect to make additional contributions, which are not matched by the Systems. The Systems' contributions for each employee (together with interest earnings on such contributions) are allocated to the employee's account, 20% vested after 1 year and fully vested after 5 years of service. Forfeitures, resulting from employees who leave employment prior to being fully vested in the Plan, are used to reduce the Systems' current period contribution requirements. There were no forfeitures or outstanding liabilities related to employer contributions in the current year.

COLUMBIA POWER AND WATER SYSTEMS  
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NOTE 8 - RETIREMENT PLAN (continued)

The Plan assets do not include any type of securities of the employer or any related parties.

**Power:**

				% of		% of
	Total Payroll	Covered Payroll	Employee Contributions	Covered Payroll	Employer Contributions	Covered Payroll
2021	\$ 7,163,062	\$ 6,472,865	\$ 657,564	10.2%	\$ 517,829	8.0%
2020	\$ 6,886,397	\$ 6,151,362	\$ 600,155	9.8%	\$ 492,109	8.0%

**Water:**

				% of		% of
	Total Payroll	Covered Payroll	Employee Contributions	Covered Payroll	Employer Contributions	Covered Payroll
2021	\$ 3,460,183	\$ 3,125,190	\$ 309,660	9.9%	\$ 250,015	8.0%
2020	\$ 3,191,805	\$ 2,809,825	\$ 303,826	10.8%	\$ 224,786	8.0%

NOTE 9 - RISK MANAGEMENT

The Systems maintain a self-insurance program to provide for claims incurred in connection with employee health, accident, and dental coverage. The Systems retain the risk of loss to a limit of \$50,000 per specific loss and 125% of expected claims. The Systems have commercial stop/loss insurance to cover claims beyond this liability.

Liabilities are reportable when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported and this amount is based on historical experience. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are reevaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning Balance	Fiscal Year Claims and Changes in Estimates	Claim Payments	Ending Balance	Amount Due Within One Year
<b>Power:</b>					
2021	\$ 73,800	\$ 1,538,339	\$ (1,455,539)	\$ 156,600	\$ 156,600
2020	91,000	1,146,512	(1,163,712)	73,800	73,800
<b>Water:</b>					
2021	\$ 33,200	\$ 538,370	\$ (501,170)	\$ 70,400	\$ 70,400
2020	39,000	619,493	(625,293)	33,200	33,200

The Systems continue to carry commercial insurance for other risks of loss, including general liability, property and casualty, workers' compensation, employee dishonesty, and environmental. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

COLUMBIA POWER AND WATER SYSTEMS  
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NOTE 10 – POST-EMPLOYMENT BENEFITS

During the year ended June 30, 2018, the Systems implemented the provisions of GASB Statement No. 75 titled *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which replaced GASB Statement No. 45 - *Accounting and Financial Reporting for Employers for Post-Employment Benefits Other Than Pensions*. The provisions were applied prospectively with respect to the Systems' Other Post-Employment Benefits (OPEB) Plan. The total asset recognized during fiscal year 2021 totaled \$306,937 and \$151,177 for Power and Water, respectively. The deferred outflows recognized under these new requirements during fiscal year 2021 totaled \$55,090 and \$27,134 for Power and Water, respectively. The deferred inflows recognized during fiscal year 2021 totaled \$879,511 and \$433,192 for Power and Water, respectively. Net OPEB expense was \$(101,234) for Power and \$(79,816) for Water in 2021.

*Plan Description*

The Systems' OPEB Plan, CPWS Insurance Trust, is a single-employer defined benefit plan funded through an irrevocable trust that was established during the year ended June 30, 2009. Plan members are not required to contribute to the plan. The Plan is not required to issue a separate financial report.

The Systems' annual OPEB cost (expense) is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 75. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and to amortize any unfunded actuarial liabilities (or funding excess) over a thirty-year period beginning July 1, 2008. The current rate is calculated using a percent of annual covered payroll.

The Systems contributed 100 percent of the required contribution for the Plan year. A schedule of employer contributions for the last three years is listed below:

<b>2021</b>		
System	Annual Required Contribution	Percentage Contributed
Power	\$55,090	100%
Water	<u>\$27,134</u>	100%
	\$82,224	
<b>2020</b>		
System	Annual Required Contribution	Percentage Contributed
Power	\$63,034	100%
Water	<u>\$33,421</u>	100%
	\$96,455	
<b>2019</b>		
System	Annual Required Contribution	Percentage Contributed
Power	\$166,850	100%
Water	<u>\$89,843</u>	100%
	\$256,693	

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the Systems are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of benefits are based on the substantive plan (the plan as understood by the Systems and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Systems and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

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NOTE 10 – POST-EMPLOYMENT BENEFITS (continued)

Actuarial valuation date: June 30, 2021

Actuarial cost method: Entry age, normal method

Amortization method: Level dollar amount

Remaining amortization period: 20 years, (closed) beginning in 2017

The actuarial assumptions included 5.0 percent long-term investment rate of return. The healthcare cost trend rate assumptions include an ultimate rate of 6.75% over 3 years to 6.25% grading uniformly to 5.75% over 2 years, and following the Getzen model thereafter until reaching an ultimate rate of 4.04% in the year 2075.

The ARC that resulted from the valuation ranges from \$82,224 to \$313,000, depending on the level of funding by the Systems. The over-funded accrued liability is estimated to be (\$458,114) for fiscal year 2021. The results of this valuation must be viewed as an estimate of the actual results that will occur in the future. In addition, certain assumptions have been made that will affect the results of the valuation.

Plan Membership as of June 30, 2021:

Number of Participants	
Actives (with medical coverage)	4
Retirees (with medical coverage)	37
Disabled (with medical coverage)	-
Retiree Spouses (with medical coverage)	22
<b>Total Participants</b>	<b>63</b>

**Benefits Provided**

Eligibility is attained at age 55 with 30 years of service or attained at age 65. 100% of future eligible retirees are assumed to elect medical coverage upon retirement. It is assumed that these are the eligibility requirements for postemployment medical, life and disability benefits.

Spouses and beneficiaries are provided the same coverage as employees. A spouse is considered as having his or her own individual policy for the purposes of this plan.

Columbia Power & Water Systems provides a life insurance benefit to each eligible employee at retirement. The life insurance benefit is prorated by age as follows:

Age	Face Amount
69 or earlier	\$10,000
Between 70 & 74	\$6,500
75 or later	\$4,420

**Investment policy**

See Note 3 – Cash and Investments for the Fiduciary Fund disclosure that details the investments related to the OPEB trust at year-end on page 39.

COLUMBIA POWER AND WATER SYSTEMS  
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NOTE 10 – POST-EMPLOYMENT BENEFITS (continued)

***Determination of Net OPEB Liability***

The components of the Net OPEB Liability at June 30, 2021 were as follows:

Total OPEB Liability	\$ 3,244,977
Plan Fiduciary Net Position	<u>(3,703,091)</u>
Net OPEB (Asset) Liability	\$ (458,114)

Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	114.12%
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***Actuarial assumptions***

The total OPEB liability was determined by an actuarial valuation as of June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	0.00 percent, average, including inflation
Investment rate of return	5.0 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	6.25 percent graded uniformly to 5.75 percent over 2 years, then following the Getzen model thereafter to an ultimate rate of 4.04 percent in 2075.

Mortality rates were based on the following:

**Actives:** PRI-2012 Generational Employee Headcount-weighted Mortality Tables (Total Dataset) with Pre and Post Commencement Rates (adjusted to 2012) and projected mortality improvement after year 2012 under Projection Scale MP-2020 (male and female scales).

**Retiree:** PRI-2012 Generational Retiree Mortality Headcount-weighted Tables (Total Dataset) with Pre and Post Commencement Rates (adjusted to 2012) and projected mortality improvement after year 2012 under Projection Scale MP-2020 (male and female scales).

**Beneficiaries:** PRI-2012 Generational Contingent Survivor Headcount-weighted Mortality Tables (Total Dataset) with Pre and Post Commencement Rates (adjusted to 2012) and projected mortality improvement after year 2012 under Projection Scale MP-2020 (male and female scales).

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period ending June 30, 2021.

***Discount rate***

The discount rate used to measure the total OPEB liability was 5.0 percent. The projection of cash flows used to determine the discount rate assumed that the Systems' contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to the total OPEB liability.

COLUMBIA POWER AND WATER SYSTEMS  
 NOTES TO THE FINANCIAL STATEMENTS  
 JUNE 30, 2021

NOTE 10 – POST-EMPLOYMENT BENEFITS (continued)

***Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate***

The following represents the Net OPEB (Asset) Liability calculated using the stated health care cost trend assumption, as well as what the 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 assumed trend rate:

Net OPEB (Asset) Liability	1% Decrease	Current	1% Increase
	5.25% decreasing to 4.75% over 2 years and following the Getzen model thereafter	6.25% decreasing to 5.75% over 2 years and following the Getzen model thereafter	7.25% decreasing to 6.75% over 2 years and following the Getzen model thereafter
June 30, 2021	\$ (728,278)	\$ (458,114)	\$ (167,841)
June 30, 2020	\$ 644,362	\$ 1,094,802	\$ 1,631,776

***Sensitivity of Net OPEB (Asset) Liability to Changes in the Discount Rate***

The following represents the Net OPEB liability calculated using the stated discount rate, as well as what the Net OPEB Liability would be if were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Net OPEB (Asset) Liability	1% Decrease	Current	1% Increase
	4.00%	5.00%	6.00%
June 30, 2021	\$ (128,220)	\$ (458,114)	\$ (758,439)
June 30, 2020	\$ 1,640,902	\$ 1,094,802	\$ 641,996

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

For the year ended June 30, 2021, the Systems recognized OPEB expense of (\$158,755). The Systems reported deferred outflows of related to OPEB liability from the following sources:

	Deferred Inflows of Resources		Deferred Outflows of Resources	
	2021	2020	2021	2020
Differences between projected and actual earnings	\$ (1,312,703)	\$ (37,294)	\$ -	\$ -
Change of assumptions	-	-	-	-
Difference between expected and actual experience	-	-	-	-
Contributions subsequent to the measurement date of June 30, 2020	-	-	82,224	96,455
Total	\$ (1,312,703)	\$ (37,294)	\$ 82,224	\$ 96,455

COLUMBIA POWER AND WATER SYSTEMS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 10 – POST-EMPLOYMENT BENEFITS (continued)

Contributions after the measurement date will be included as a reduction of the OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in the Systems' OPEB expense as follows:

Year ending June 30,	Amortized
2022	\$ (231,136)
2023	(218,279)
2024	(218,453)
2025	(215,427)
2026	(214,707)
Thereafter	(214,701)

Plan contributions are made, and the actuarial present value of accumulated plan benefits are reported based on certain assumptions pertaining to discount, trend rates and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near-term would be material to the financial statements.

*Net Pension/OPEB Liability (Asset) Changes*

The following represents the changes in the Net OPEB (asset) liability for June 30, 2021 and 2020, respectively:

	2021	2020
<b>Total OPEB Liability</b>		
Service cost	\$ 5,181	\$ 4,934
Interest	226,091	230,271
Changes of benefit terms	-	-
Differences between expected and actual experience	(1,196,829)	(182,207)
Changes of assumptions	(306,114)	-
Benefits Payments/Refunds	(136,829)	(153,996)
<b>Net Change in Total OPEB Liability</b>	<b>(1,408,500)</b>	<b>(100,998)</b>
<b>Total OPEB Liability - beginning</b>	<b>4,653,477</b>	<b>4,754,475</b>
<b>Total OPEB Liability - ending (a)</b>	<b>\$ 3,244,977</b>	<b>\$ 4,653,477</b>
<b>Plan Fiduciary Net Position</b>		
Contributions - employer	\$ 118,749	\$ 256,693
Net investment income	180,640	181,813
Benefit Payments/Refunds	(136,828)	(153,996)
Administrative expenses	(18,145)	(17,328)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ 144,416</b>	<b>\$ 267,182</b>
<b>Plan Fiduciary Net Position - beginning</b>	<b>3,558,675</b>	<b>3,291,493</b>
<b>Plan Fiduciary Net Position - ending (b)</b>	<b>\$ 3,703,091</b>	<b>\$ 3,558,675</b>
<b>Net OPEB (Asset) Liability - ending (a) - (b)</b>	<b>\$ (458,114)</b>	<b>\$ 1,094,802</b>
<b>Plan Fiduciary Net Position as a % of the Total OPEB Liability</b>	<b>114.1%</b>	<b>76.5%</b>
<b>Covered - employee payroll</b>	<b>\$ 440,525</b>	<b>\$ 512,807</b>
<b>Net OPEB (Asset) Liability as a % of covered-employee payroll</b>	<b>-104.0%</b>	<b>213.5%</b>

COLUMBIA POWER AND WATER SYSTEMS  
NOTES TO THE FINANCIAL STATEMENTS  
JUNE 30, 2021

NOTE 11 – SEGMENT INFORMATION

CONDENSED STATEMENT OF NET POSITION

	ELECTRIC	BROADBAND
<b>ASSETS</b>		
Utility plant	\$ 61,777,444	\$ 6,345,767
Current assets	38,515,727	2,760,685
Other assets	1,254,417	57,884
<b>TOTAL ASSETS</b>	<b>\$ 101,547,588</b>	<b>\$ 9,164,336</b>
<b>DEFERRED OUTFLOWS</b>		
	\$ 55,090	\$ -
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 101,602,678</b>	<b>\$ 9,164,336</b>
<b>LIABILITIES</b>		
Current liabilities	\$ 10,193,235	\$ 479,599
Current liabilities payable from restricted assets	4,071,610	1,028,348
Long-term debt	1,688,982	3,159,043
Other noncurrent liabilities	57,492	873,524
<b>TOTAL LIABILITIES</b>	<b>\$ 16,011,319</b>	<b>\$ 5,540,514</b>
<b>DEFERRED INFLOWS</b>		
	\$ 879,511	\$ -
<b>NET POSITION</b>		
Net investment in capital assets	\$ 61,777,444	\$ 2,393,228
Restricted for debt service	306,937	640,395
Unrestricted	22,627,467	590,199
<b>TOTAL NET POSITION (DEFICIT)</b>	<b>\$ 84,711,848</b>	<b>\$ 3,623,822</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 101,602,678</b>	<b>\$ 9,164,336</b>

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	ELECTRIC	BROADBAND
Operating revenues	\$ 71,434,190	\$ 8,921,453
Operating expenses	65,070,837	7,309,162
<b>OPERATING INCOME</b>	<b>6,363,353</b>	<b>1,612,291</b>
Nonoperating revenue (expense)	14,230	(71,351)
<b>INCOME BEFORE TRANSFERS AND CONTRIBUTIONS</b>	<b>6,377,583</b>	<b>1,540,940</b>
Transfers out - payments in lieu of taxes	(1,541,987)	-
Capital contributions - utility plant	53,272	10,372
<b>TRANSFERS AND CONTRIBUTIONS - (NET)</b>	<b>(1,488,715)</b>	<b>10,372</b>
<b>INCREASE IN NET POSITION</b>	<b>4,888,868</b>	<b>1,551,312</b>
<b>BEGINNING NET POSITION (DEFICIT)</b>	<b>79,822,980</b>	<b>2,072,510</b>
<b>ENDING NET POSITION (DEFICIT)</b>	<b>\$ 84,711,848</b>	<b>\$ 3,623,822</b>

CONDENSED STATEMENT OF CASH FLOWS

	ELECTRIC	BROADBAND
Net cash provided by (used in) operating activities	\$ 8,005,382	\$ 2,247,801
Net cash provided by (used in) noncapital financing activities	(867)	-
Net cash provided by (used in) capital and related financing activities	(4,629,053)	(1,885,087)
Net cash provided by (used in) investing activities	16,909	516
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>3,392,371</b>	<b>363,230</b>
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<b>22,763,591</b>	<b>1,284,379</b>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 26,155,962</b>	<b>\$ 1,647,609</b>



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# Required Supplementary Information

**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF CHANGES IN THE NOL AND RELATED RATIOS**  
**FOR THE LAST FOUR YEARS**

	2021	2020	2019	2018*
<b>Total OPEB Liability</b>				
Service cost	\$ 5,181	\$ 4,934	\$ 4,622	\$ 13,473
Interest	226,091	230,271	306,110	304,550
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(1,196,829)	(182,207)	(1,948,792)	(134,752)
Changes of assumptions	(306,114)	-	274,954	-
Benefits Payments/Refunds	(136,829)	(153,996)	(143,221)	(152,576)
<b>Net Change in Total OPEB Liability</b>	<b>(1,408,500)</b>	<b>(100,998)</b>	<b>(1,506,327)</b>	<b>30,695</b>
<b>Total OPEB Liability - beginning</b>	<b>4,653,477</b>	<b>4,754,475</b>	<b>6,260,802</b>	<b>6,230,107</b>
<b>Total OPEB Liability - ending (a)</b>	<b>\$ 3,244,977</b>	<b>\$ 4,653,477</b>	<b>\$ 4,754,475</b>	<b>\$ 6,260,802</b>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 118,749	\$ 256,693	\$ 267,517	\$ 312,711
Net investment income	180,640	181,813	153,299	201,936
Benefit Payments/Refunds	(136,828)	(153,996)	(143,221)	(152,576)
Administrative expenses	(18,145)	(17,328)	(15,832)	(12,918)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>\$ 144,416</b>	<b>\$ 267,182</b>	<b>\$ 261,763</b>	<b>\$ 349,153</b>
<b>Plan Fiduciary Net Position - beginning</b>	<b>3,558,675</b>	<b>3,291,493</b>	<b>3,029,730</b>	<b>2,680,577</b>
<b>Plan Fiduciary Net Position - ending (b)</b>	<b>\$ 3,703,091</b>	<b>\$ 3,558,675</b>	<b>\$ 3,291,493</b>	<b>\$ 3,029,730</b>
<b>Net OPEB (Asset) Liability - ending (a) - (b)</b>	<b>\$ (458,114)</b>	<b>\$ 1,094,802</b>	<b>\$ 1,462,982</b>	<b>\$ 3,231,072</b>
<b>Plan Fiduciary Net Position as a % of the Total OPEB Liability</b>	<b>114.1%</b>	<b>76.5%</b>	<b>69.2%</b>	<b>48.4%</b>
<b>Covered - employee payroll</b>	<b>\$ 440,525</b>	<b>\$ 512,807</b>	<b>\$ 512,807</b>	<b>\$ 1,007,268</b>
<b>Net OPEB (Asset) Liability as a % of covered-employee payroll</b>	<b>-104.0%</b>	<b>213.5%</b>	<b>285.3%</b>	<b>320.8%</b>

\*GASB Statement No. 74 was implemented as of June 30, 2018.

Information from 2012 - 2017 is not available and this schedule will be presented on a prospective basis.

See Independent Auditor's Report.

**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF EMPLOYER CONTRIBUTIONS**  
 FOR THE LAST TEN FISCAL YEARS

Fiscal Year Ended	Valuation Date	Employer Contributions		Difference of Required to Actual Contributions	Covered-Employee Payroll	Percentage of Actual Contributions to Covered- Employee Payroll
		Required	Actual			
2021	6/30/2021	\$ 82,224	\$ 82,224	\$ -	\$ 440,525	18.7%
2020	6/30/2019	96,455	118,749	(22,294)	440,525	27.0%
2019	6/30/2019	267,517	256,693	10,824	512,807	50.1%
2018	6/30/2017	267,517	267,517	-	512,807	52.2%
2017	6/30/2017	312,711	312,711	-	1,007,268	31.0%
2016	6/30/2015	394,216	394,216	-	1,007,268	39.1%
2015	6/30/2015	395,729	395,729	-	1,491,931	26.5%
2014	6/30/2013	582,093	582,093	-	1,491,931	39.0%
2013	6/30/2013	600,364	600,364	-	1,720,553	34.9%
2012	1/1/2010	632,267	632,267	-	1,720,553	36.7%
2011	1/1/2010	631,403	631,403	-	1,748,876	36.1%

See Independent Auditor's Report.

**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF INVESTMENT RETURNS**  
 FOR THE LAST SIX YEARS

Year Ended	Annual money- weighted rate of return, net of investment expense
2021	14.47%
2020	4.07%
2019	5.46%
2018	4.99%
2017	7.35%
2016	1.44%

\*GASB Statement No. 74 was implemented as of June 30, 2017.

Information from 2012 - 2015 is not available and this schedule will be presented on a prospective basis.

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# Financial Schedules Section

**COLUMBIA POWER AND WATER SYSTEMS**  
**COMBINING SCHEDULE OF NET POSITION - POWER SYSTEM**  
 JUNE 30, 2021

ASSETS AND DEFERRED OUTFLOWS

	ELECTRIC	BROADBAND	ELIMINATIONS	COMBINED
<b>Assets</b>				
Current Assets				
Cash and cash equivalents	\$ 22,084,352	\$ 908,866	\$ -	\$ 22,993,218
Investments	2,000,000	-	-	2,000,000
Restricted cash, cash equivalents and investments:				
Cash and cash equivalents:				
Customer deposits	4,071,610	75,496	-	4,147,106
Debt service	-	663,247	-	663,247
Accounts receivable:				
Customers, less allowance for uncollectibles of \$84,203				
for Power at June 30, 2021	5,412,483	-	-	5,412,483
Other	3,523,231	7,166	-	3,530,397
Inventories	1,312,790	361,880	-	1,674,670
Prepaid expenses	7,620	-	-	7,620
Intrafund receivable	42,117	744,030	(786,147)	-
Due from other funds	61,524	-	-	61,524
<b>Total current assets</b>	<b>38,515,727</b>	<b>2,760,685</b>	<b>(786,147)</b>	<b>40,490,265</b>
Noncurrent Assets				
Utility Plant				
Cost of utility plant in service	104,864,464	21,125,624	-	125,990,088
Less accumulated depreciation	(46,168,422)	(14,991,402)	-	(61,159,824)
	58,696,042	6,134,222	-	64,830,264
Construction in progress	3,081,402	211,545	-	3,292,947
<b>Net utility plant</b>	<b>61,777,444</b>	<b>6,345,767</b>	<b>-</b>	<b>68,123,211</b>
Other Assets				
Energy conservation loans receivable	55,272	-	-	55,272
Intrafund receivable	873,524	-	(873,524)	-
Net OPEB asset	306,937	-	-	306,937
Accounts receivable - long-term	18,684	-	-	18,684
Unamortized bond issue expense	-	57,884	-	57,884
<b>Total other assets</b>	<b>1,254,417</b>	<b>57,884</b>	<b>(873,524)</b>	<b>438,777</b>
<b>Total noncurrent assets</b>	<b>63,031,861</b>	<b>6,403,651</b>	<b>(873,524)</b>	<b>68,561,988</b>
<b>Total assets</b>	<b>101,547,588</b>	<b>9,164,336</b>	<b>(1,659,671)</b>	<b>109,052,253</b>
<b>Deferred Outflows of Resources</b>				
Deferred outflows - OPEB subsequent contributions	55,090	-	-	55,090
<b>Total deferred outflows of resources</b>	<b>55,090</b>	<b>-</b>	<b>-</b>	<b>55,090</b>
<b>Total assets and deferred outflows</b>	<b>101,602,678</b>	<b>9,164,336</b>	<b>(1,659,671)</b>	<b>109,107,343</b>

## LIABILITIES, NET POSITION AND DEFERRED INFLOWS

	ELECTRIC	BROADBAND	ELIMINATIONS	COMBINED
<b>Liabilities</b>				
Current Liabilities				
Payable from unrestricted current assets:				
Accounts payable	\$ 5,268,002	\$ 281,850	\$ -	\$ 5,549,852
Accrued liabilities	410,757	133,248	-	544,005
Current portion of compensated absences	202,666	19,310	-	221,976
Unearned revenue	1,416,263	3,074	-	1,419,337
Intrafund payable	744,030	42,117	(786,147)	-
Due to other funds	1,845,258	-	-	1,845,258
Due to the City of Columbia	306,259	-	-	306,259
<b>Total payable from unrestricted current assets</b>	<b>10,193,235</b>	<b>479,599</b>	<b>(786,147)</b>	<b>9,886,687</b>
Payable from restricted current assets:				
Customer deposits	4,071,610	75,496	-	4,147,106
Accrued bond interest	-	22,852	-	22,852
Current portion of long-term debt	-	930,000	-	930,000
<b>Total payable from restricted current assets</b>	<b>4,071,610</b>	<b>1,028,348</b>	<b>-</b>	<b>5,099,958</b>
<b>Total current liabilities</b>	<b>14,264,845</b>	<b>1,507,947</b>	<b>(786,147)</b>	<b>14,986,645</b>
Noncurrent Liabilities				
Long-Term Debt				
Compensated absences, less current portion above	1,688,982	136,504	-	1,825,486
Bonds payable, less current portion above	-	3,022,539	-	3,022,539
<b>Total long-term debt</b>	<b>1,688,982</b>	<b>3,159,043</b>	<b>-</b>	<b>4,848,025</b>
Other Noncurrent Liabilities				
Intrafund payable	-	873,524	(873,524)	-
TVA advances for conservation loans	57,492	-	-	57,492
<b>Total other noncurrent liabilities</b>	<b>57,492</b>	<b>873,524</b>	<b>(873,524)</b>	<b>57,492</b>
<b>Total noncurrent liabilities</b>	<b>1,746,474</b>	<b>4,032,567</b>	<b>(873,524)</b>	<b>4,905,517</b>
<b>Total liabilities</b>	<b>16,011,319</b>	<b>5,540,514</b>	<b>(1,659,671)</b>	<b>19,892,162</b>
<b>Deferred Inflows of Resources</b>				
Deferred inflows - OPEB investment gains	879,511	-	-	879,511
<b>Total Deferred Inflows of Resources</b>	<b>879,511</b>	<b>-</b>	<b>-</b>	<b>879,511</b>
<b>Net position</b>				
Net investment in capital assets	61,777,444	2,393,228	-	64,170,672
Restricted for OPEB asset	306,937	-	-	306,937
Restricted for debt service	-	640,395	-	640,395
Unrestricted	22,627,467	590,199	-	23,217,666
<b>Total net position</b>	<b>84,711,848</b>	<b>3,623,822</b>	<b>-</b>	<b>88,335,670</b>
<b>Total liabilities, deferred inflows and net position</b>	<b>\$ 101,602,678</b>	<b>\$ 9,164,336</b>	<b>\$ (1,659,671)</b>	<b>\$ 109,107,343</b>

See Independent Auditor's Report.



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# COLUMBIA POWER AND WATER SYSTEMS

## COMBINING SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - POWER SYSTEM

FOR THE YEAR ENDED JUNE 30, 2021

	ELECTRIC	BROADBAND	ELIMINATIONS	COMBINED
<b>Operating Revenue</b>				
Energy sales	\$ 69,893,813	\$ -	\$ -	\$ 69,893,813
Broadband sales	-	8,829,847	(372,492)	8,457,355
Forfeited discounts	451,888	83,539	-	535,427
Rent from electric property	579,560	-	(101,747)	477,813
Miscellaneous revenue	508,929	8,067	(44,236)	472,760
<b>Total operating revenue</b>	<b>71,434,190</b>	<b>8,921,453</b>	<b>(518,475)</b>	<b>79,837,168</b>
<b>Operating Expenses</b>				
Energy purchased	51,799,195	-	-	51,799,195
Programming and circuits purchased	-	3,539,195	-	3,539,195
Distribution	4,619,731	1,695,995	(342,903)	5,972,823
Customer accounts	1,355,394	186,881	(142,560)	1,399,715
Customer services	389,869	79,968	-	469,837
General and administrative	3,384,930	955,191	(33,012)	4,307,109
Depreciation	3,521,718	851,932	-	4,373,650
<b>Total operating expenses</b>	<b>65,070,837</b>	<b>7,309,162</b>	<b>(518,475)</b>	<b>71,861,524</b>
<b>Operating Income</b>	<b>6,363,353</b>	<b>1,612,291</b>	<b>-</b>	<b>7,975,644</b>
<b>Nonoperating Revenues (Expenses)</b>				
Interest income	16,909	516	(2,718)	14,707
Interest expense	(2,679)	(56,080)	2,718	(56,041)
Amortization of bond issue expense	-	(15,787)	-	(15,787)
<b>Total nonoperating revenues (expenses) - net</b>	<b>14,230</b>	<b>(71,351)</b>	<b>-</b>	<b>(57,121)</b>
<b>Income before transfers and capital contributions</b>	<b>6,377,583</b>	<b>1,540,940</b>	<b>-</b>	<b>7,918,523</b>
Transfers out - payments in lieu of taxes	(1,541,987)	-	-	(1,541,987)
Capital contributions - utility plant	53,272	10,372	-	63,644
<b>Total transfers and capital contributions - net</b>	<b>(1,488,715)</b>	<b>10,372</b>	<b>-</b>	<b>(1,478,343)</b>
<b>Change in net position</b>	<b>4,888,868</b>	<b>1,551,312</b>	<b>-</b>	<b>6,440,180</b>
<b>Net position, beginning of year</b>	<b>79,822,980</b>	<b>2,072,510</b>	<b>-</b>	<b>81,895,490</b>
<b>Net position, end of year</b>	<b>\$ 84,711,848</b>	<b>\$ 3,623,822</b>	<b>\$ -</b>	<b>\$ 88,335,670</b>

See Independent Auditor's Report.

**COLUMBIA POWER AND WATER SYSTEMS**  
**COMBINING SCHEDULE OF CASH FLOWS - POWER SYSTEM**  
FOR THE YEAR ENDED JUNE 30, 2021

	ELECTRIC	BROADBAND	ELIMINATIONS	COMBINED
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Receipts from customers	\$ 69,284,620	\$ 8,728,667	\$ -	\$ 78,013,287
Payments to suppliers and others	(55,782,941)	(5,627,097)	(2,820,953)	(64,230,991)
Payments to employees	(5,621,725)	(1,006,812)	-	(6,628,537)
Payments in lieu of taxes	(1,541,987)	-	-	(1,541,987)
Other receipts	1,667,415	153,043	2,820,953	4,641,411
<b>Net cash provided by operating activities</b>	<b>8,005,382</b>	<b>2,247,801</b>	<b>-</b>	<b>10,253,183</b>
<b>CASH FLOWS FROM NONCAPITAL</b>				
<b>FINANCING ACTIVITIES:</b>				
Collections on conservation loans	28,884	-	-	28,884
Payments on TVA advances for conservation loans	(29,751)	-	-	(29,751)
<b>Net cash provided by (used in) noncapital financing activities</b>	<b>(867)</b>	<b>-</b>	<b>-</b>	<b>(867)</b>
<b>CASH FLOWS FROM CAPITAL AND</b>				
<b>RELATED FINANCING ACTIVITIES:</b>				
Debt principal payments	-	(910,000)	-	(910,000)
Interest paid	(2,679)	(94,929)	2,718	(94,890)
Additions to utility plant	(4,808,762)	(900,036)	-	(5,708,798)
Net (cost to remove) salvage on utility plant	182,388	19,878	-	202,266
<b>Net cash provided by (used in) capital and related financing activities</b>	<b>(4,629,053)</b>	<b>(1,885,087)</b>	<b>2,718</b>	<b>(6,511,422)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Interest on investments	16,909	516	(2,718)	14,707
Sale of investments	2,000,000	-	-	2,000,000
Purchase of investments	(2,000,000)	-	-	(2,000,000)
<b>Net cash provided by (used in) investing activities</b>	<b>16,909</b>	<b>516</b>	<b>(2,718)</b>	<b>14,707</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,392,371</b>	<b>363,230</b>	<b>-</b>	<b>3,755,601</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>22,763,591</b>	<b>1,284,379</b>	<b>-</b>	<b>24,047,970</b>
<b>Cash and cash equivalents at end of year</b>	<b>\$ 26,155,962</b>	<b>\$ 1,647,609</b>	<b>\$ -</b>	<b>\$ 27,803,571</b>

	ELECTRIC	BROADBAND	ELIMINATIONS	COMBINED
Reconciliation of operating income (loss)				
to net cash provided by operating activities:				
Operating income (loss)	\$ 6,363,353	\$ 1,612,291	\$ -	\$ 7,975,644
Adjustments to reconcile operating income (loss)				
to net cash provided by operating activities:				
Depreciation	3,521,718	851,931	-	4,373,649
Payments in lieu of taxes	(1,541,987)	-	-	(1,541,987)
(Increase) decrease in:				
Accounts receivable - customers	(418,353)	-	-	(418,353)
Accounts receivable - others	(213,972)	(7,166)	-	(221,138)
Intrafund receivable	56,330	(36,244)	(3,339,428)	(3,319,342)
Due from other funds	(8,053)	-	-	(8,053)
Inventories	(286,481)	7,623	-	(278,858)
Prepaid expenses	(300,199)	-	-	(300,199)
(Decrease) increase in:				
Accounts payable	224,142	(122,215)	-	101,927
Unearned revenue	40,869	(1,221)	-	39,648
Accrued liabilities	261,946	579	-	262,525
Compensated absences	182,043	7,366	-	189,409
Intrafund payable	36,244	(56,330)	3,339,428	3,319,342
Due to other funds	(66,430)	-	-	(66,430)
Due to City of Columbia	8,305	-	-	8,305
Customer deposits	145,907	(8,813)	-	137,094
Total adjustments	1,642,029	635,510	-	2,277,539
Net cash provided by operating activities	\$ 8,005,382	\$ 2,247,801	\$ -	\$ 10,253,183

Schedule of noncash financing and

investing activities:

Capital contributions - utility plant	\$ 53,272	\$ 10,372	\$ -	\$ 63,644
Depreciation and amortization expense				
capitalized as part of costs				
to construct utility plant	\$ 164,976	\$ 44,383	\$ -	\$ 209,359

See Independent Auditor's Report.

**COLUMBIA POWER AND WATER SYSTEMS**  
**COMBINING SCHEDULE OF OPERATING EXPENSES - POWER SYSTEM**  
**FOR THE YEAR ENDED JUNE 30, 2021 (WITH COMBINED TOTALS FOR 2020)**

	ELECTRIC	BROADBAND	ELIMINATIONS	COMBINED 2021	COMBINED 2020
<b>Distribution</b>					
<b>Operations</b>					
Supervision and engineering	\$ 20,182	\$ -	\$ -	\$ 20,182	\$ 20,990
Station expense	134,025	93,983	-	228,008	223,235
Service on customers' premises	-	460,602	-	460,602	519,949
Overhead line expense	520,610	393,397	-	914,007	926,473
Underground line expense	189,485	-	-	189,485	171,462
Street and security lighting	157,774	-	-	157,774	200,442
Meter expense	381,873	-	-	381,873	231,076
Rent	164,728	88,370	(68,735)	184,363	145,297
Building and Transportation	841,580	524,472	(274,168)	1,091,884	1,099,304
	<u>2,410,257</u>	<u>1,560,824</u>	<u>(342,903)</u>	<u>3,628,178</u>	<u>3,538,228</u>
<b>Maintenance</b>					
Station equipment	116,911	-	-	116,911	114,208
Overhead lines	1,796,485	135,168	-	1,931,653	1,793,128
Underground lines	9,323	3	-	9,326	5,929
Line transformers	154,262	-	-	154,262	160,115
Street and security lighting	79,221	-	-	79,221	39,109
	<u>2,156,202</u>	<u>135,171</u>	<u>-</u>	<u>2,291,373</u>	<u>2,112,489</u>
Loss on disallowance of plant	53,272	-	-	53,272	220,915
<b>Total distribution expense</b>	<b>\$ 4,619,731</b>	<b>\$ 1,695,995</b>	<b>\$ (342,903)</b>	<b>\$ 5,972,823</b>	<b>\$ 5,871,632</b>
<b>Customer accounts</b>					
Supervision	\$ 141,303	\$ 22,943	\$ -	\$ 164,246	\$ 73,611
Meter services	385,238	-	(142,560)	242,678	253,147
Customer records and collection	828,853	163,938	-	992,791	938,324
<b>Total customer accounts expense</b>	<b>\$ 1,355,394</b>	<b>\$ 186,881</b>	<b>\$ (142,560)</b>	<b>\$ 1,399,715</b>	<b>\$ 1,265,082</b>
<b>Customer service</b>					
Customer assistance	\$ 103,145	\$ 50,074	\$ -	\$ 153,219	\$ 193,102
Sales expense	286,724	29,894	-	316,618	68,431
<b>Total customer service expense</b>	<b>\$ 389,869</b>	<b>\$ 79,968</b>	<b>\$ -</b>	<b>\$ 469,837</b>	<b>\$ 261,533</b>

	ELECTRIC			BROADBAND			ELIMINATIONS			COMBINED	COMBINED
										2021	2020
General and Administrative											
Salaries	\$	617,885	\$	165,085	\$	-	\$	782,970	\$	680,896	
Advertising		-		369		-		369		1,926	
Office supplies and expense		388,893		72,517		-		461,410		538,176	
Outside services		320,166		145,073		-		465,239		413,597	
Property insurance		59,977		9,712		-		69,689		63,579	
Injuries and damages		104,231		18,132		-		122,363		152,751	
Employee benefits		1,635,939		273,135		-		1,909,074		1,606,719	
Maintenance		182,332		160,396		-		342,728		207,300	
Rent		-		33,012		(33,012)		-		-	
Taxes		-		67,030		-		67,030		148,332	
Miscellaneous		75,507		10,730		-		86,237		86,312	
Total general and administrative expense	\$	3,384,930	\$	955,191	\$	(33,012)	\$	4,307,109	\$	3,899,588	

See Independent Auditor's Report.

**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF OPERATING EXPENSES - WATER SYSTEM**  
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
<b>Production</b>		
Pumping		
Purchased power	\$ 45,285	\$ 44,501
Labor	521,098	520,278
Supplies and expenses	813,631	803,279
Maintenance	48,873	57,076
	1,428,887	1,425,134
Purification		
Labor	441,323	441,470
Supplies and expenses	774,347	708,861
Maintenance	5,864	5,113
	1,221,534	1,155,444
Total production expense	\$ 2,650,421	\$ 2,580,578
<b>Distribution</b>		
Operations		
Supervision and engineering	\$ 24,133	\$ 21,180
Office expense	33,315	30,285
Operation of distribution lines	389,939	439,581
Removing and resetting meters	63,304	42,092
Service on customers' premises	2,581	4,108
New taps expense	629,216	570,677
	1,142,488	1,107,923
Maintenance		
Distribution lines	414,007	388,701
Services	252,065	160,758
Meters	96,570	74,653
Hydrants	27,963	19,695
Structures and improvements	38,962	36,437
Lagoons	-	25,304
	829,567	705,548
Total distribution expense	\$ 1,972,055	\$ 1,813,471

	2021	2020
<b>Customer Accounts</b>		
Supervision	\$ 115,825	\$ 50,525
Meter reading	326,487	314,192
Collection	627,224	589,802
Sewer department billing and accounting	(118,207)	(104,635)
Customer assistance	52,113	20,350
<b>Total customer accounts expense</b>	<b>\$ 1,003,442</b>	<b>\$ 870,234</b>
<b>General and Administrative</b>		
Salaries	\$ 386,778	\$ 332,262
Office supplies and expense	220,707	313,419
Outside services	356,820	275,138
Property insurance	61,022	64,216
Injuries and damages	65,319	68,078
Employee benefits	986,051	1,028,000
Miscellaneous	70,246	65,247
Maintenance	135,896	62,634
General advertising	614	954
<b>Total general and administrative expense</b>	<b>\$ 2,283,453</b>	<b>\$ 2,209,948</b>

*See Independent Auditor's Report.*



**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT - POWER SYSTEM**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Beginning Balance	Additions	Retirements	Ending Balance	Due within One Year
Broadband Revenue and Tax Refunding Bonds, Series 2014/2015	\$ 9,100,000	1.79%	12/19/2014	3/1/2025	\$ 4,740,000	\$ -	\$ (910,000)	\$ 3,830,000	\$ 930,000
					4,740,000	-	(910,000)	3,830,000	930,000
Plus unamortized bond premium					155,958	-	(33,419)	122,539	
					4,895,958	-	(943,419)	3,952,539	
Compensated absences					1,858,053	577,847	(388,438)	2,047,462	221,976
					6,754,011	\$ 577,847	\$ (1,331,857)	\$ 6,000,001	\$ 1,151,976
Less current portion					(1,136,399)			(1,151,976)	
					\$ 5,617,612			\$ 4,848,025	

See Independent Auditor's Report.

**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF CHANGES IN LONG-TERM DEBT - WATER SYSTEM**  
**FOR THE YEAR ENDED JUNE 30, 2021**

	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due within One Year
Revenue Bonds, Series 2006	\$ 5,855,000	4.00%	6/1/2007	6/1/2027	\$ 2,685,000	\$ -	\$ (340,000)	\$ 2,345,000	\$ 355,000
Revenue Bonds, Series 2008	4,500,000	4.00 - 5.125%	6/1/2009	12/1/2023	1,905,000	-	(440,000)	1,465,000	460,000
Revenue Bonds, Series 2012	10,000,000	2.00% to 5.00%	6/1/2012	6/1/2033	7,265,000	-	(435,000)	6,830,000	450,000
Plus unamortized bond premium					11,855,000	-	(1,215,000)	10,640,000	1,265,000
Less unamortized bond discount					349,612	-	(30,622)	318,990	
					(1,563)	-	457	(1,106)	
Compensated absences					12,203,049	-	(1,245,165)	10,957,884	
					714,187	218,886	(158,810)	774,263	100,642
Less current portion					12,917,236	\$ 218,886	\$ (1,403,975)	\$ 11,732,147	\$ 1,365,642
					(1,309,924)			(1,365,642)	
					\$ 11,607,312			\$ 10,366,505	

See Independent Auditor's Report.

**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF DEBT REQUIREMENTS - POWER SYSTEM**  
 FOR THE YEAR ENDED JUNE 30, 2021

Bonds and Interest Payable During the Year Ending June 30,	1.79%			
	2014/15 Broadband Telecommunications Network Revenue & Tax Refunding Bonds		Total Requirements	
	Principal	Interest	Principal	Interest
2022	\$ 930,000	\$ 68,557	\$ 930,000	\$ 68,557
2023	950,000	51,910	950,000	51,910
2024	965,000	34,905	965,000	34,905
2025	985,000	17,632	985,000	17,632
	<u>\$ 3,830,000</u>	<u>\$ 173,004</u>	<u>\$ 3,830,000</u>	<u>\$ 173,004</u>

See Independent Auditor's Report.

**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF DEBT REQUIREMENTS - WATER SYSTEM**  
 FOR THE YEAR ENDED JUNE 30, 2021

Bonds and Interest Payable During the Year Ending June 30,	4.00%		4.00% - 5.125%		2.00% - 5.00%		Total Requirements	
	2006 Waterworks System Revenue Bonds		2008 Waterworks System Revenue Bonds		2012 Waterworks System Revenue Bonds		Principal	Interest
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 355,000	\$ 86,700	\$ 460,000	\$ 63,006	\$ 450,000	\$ 301,113	\$ 1,265,000	\$ 450,819
2023	365,000	72,300	490,000	38,950	465,000	286,244	1,320,000	397,494
2024	380,000	57,400	515,000	13,197	480,000	270,888	1,375,000	341,485
2025	400,000	41,800	-	-	495,000	255,044	895,000	296,844
2026	415,000	25,500	-	-	515,000	234,125	930,000	259,625
2027	430,000	8,600	-	-	540,000	207,750	970,000	216,350
2028	-	-	-	-	570,000	180,000	570,000	180,000
2029	-	-	-	-	600,000	150,750	600,000	150,750
2030	-	-	-	-	630,000	120,000	630,000	120,000
2031	-	-	-	-	660,000	87,750	660,000	87,750
2032	-	-	-	-	695,000	53,875	695,000	53,875
2033	-	-	-	-	730,000	18,250	730,000	18,250
	<u>\$ 2,345,000</u>	<u>\$ 292,300</u>	<u>\$ 1,465,000</u>	<u>\$ 115,153</u>	<u>\$ 6,830,000</u>	<u>\$ 2,165,789</u>	<u>\$ 10,640,000</u>	<u>\$ 2,573,242</u>

See Independent Auditor's Report.

# Statistical Section

The statistical section of Columbia Power and Water Systems' comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements and note disclosures says about the Systems' overall financial health. There are five main categories of information provided, which are defined below:

- Financial Trends – These schedules contain trend information to help the reader understand how the Systems' financial performance and well-being have changed over time.
- Revenue Capacity – These schedules contain information to help the reader assess the Systems' most significant revenue sources.
- Debt Capacity – These schedules present information to help the reader assess the affordability of the Systems' current levels of outstanding debt and the Systems' ability to issue additional debt in the future.
- Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the Systems' financial activities take place.
- Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the Systems' financial report relates to the services the Systems provides and the activities it performs.

Several of the following schedules provide information for more than one of the above categories.

Sources: Unless otherwise noted, the information in these schedules is derived from the annual financial reports for the relevant year.

**COLUMBIA POWER AND WATER SYSTEMS  
SCHEDULE OF NET POSITION BY COMPONENT (UNAUDITED)  
FOR THE LAST TEN FISCAL YEARS**

Fiscal year	2021	2020	2019	2018	2017*	2016	2015	2014	2013	2012
<b>Power System:</b>										
Electric:										
Net Investment in Capital Assets	\$ 61,777,444	\$ 60,619,516	\$ 58,708,039	\$ 57,767,028	\$ 55,503,313	\$ 49,168,987	\$ 48,713,894	\$ 48,023,481	\$ 44,877,725	\$ 43,322,642
Restricted for OPEB Asset	306,937	-	-	-	-	912,509	904,223	891,285	882,743	1,344,722
Unrestricted	22,627,467	19,203,464	15,984,350	13,117,803	10,795,286	15,483,549	14,037,918	13,596,516	14,534,472	13,893,030
Total Electric net position	\$ 84,711,848	\$ 79,822,980	\$ 74,692,389	\$ 70,884,831	\$ 66,298,599	\$ 65,565,045	\$ 63,656,035	\$ 62,511,282	\$ 60,294,940	\$ 58,560,394
<b>Broadband:</b>										
Net Investment in Capital Assets	\$ 2,393,228	\$ 1,411,210	\$ 300,329	\$ (758,388)	\$ (1,354,541)	\$ (2,144,009)	\$ (2,833,924)	\$ (3,198,131)	\$ (3,596,426)	\$ (4,286,591)
Restricted for Debt Service	640,395	604,167	565,758	509,740	451,842	383,941	307,233	239,290	232,150	223,101
Unrestricted	590,199	57,133	320,328	565,728	(183,872)	(341,240)	(493,208)	(912,467)	(870,245)	(427,885)
Total Broadband net position (deficit)	\$ 3,623,822	\$ 2,072,510	\$ 1,186,415	\$ 317,080	\$ (1,086,571)	\$ (2,101,308)	\$ (3,019,899)	\$ (3,871,308)	\$ (4,234,521)	\$ (4,491,375)
<b>Total Power System:</b>										
Net Investment in Capital Assets	\$ 64,170,672	\$ 62,030,726	\$ 59,008,368	\$ 57,008,640	\$ 54,148,772	\$ 47,024,978	\$ 45,879,970	\$ 44,825,350	\$ 41,281,299	\$ 39,036,051
Restricted for OPEB Asset	306,937	-	-	-	-	912,509	904,223	891,285	882,743	1,344,722
Restricted for Debt Service	640,395	604,167	565,758	509,740	451,842	1,296,450	1,211,456	1,130,575	1,114,893	1,567,823
Unrestricted	23,217,666	19,260,597	16,304,678	13,683,531	10,611,414	15,142,309	13,544,710	12,684,049	13,664,227	13,465,145
Total Power-System net position	\$ 88,335,670	\$ 81,895,490	\$ 75,873,804	\$ 71,201,911	\$ 65,212,028	\$ 63,463,737	\$ 60,636,136	\$ 58,639,974	\$ 56,060,419	\$ 54,069,019
<b>Water System:</b>										
Net Investment in Capital Assets	\$ 63,848,368	\$ 53,740,097	\$ 46,303,392	\$ 44,063,975	\$ 40,392,617	\$ 38,810,628	\$ 37,690,081	\$ 39,548,366	\$ 39,415,304	\$ 29,710,129
Restricted	2,663,069	2,482,520	2,456,394	2,430,568	2,404,749	2,382,363	2,389,257	2,368,251	2,352,828	11,070,444
Unrestricted	7,509,886	13,353,701	17,130,658	14,963,228	15,069,687	15,431,324	15,335,756	10,828,708	8,352,842	7,028,572
Total Water-System net position	\$ 74,021,323	\$ 69,576,318	\$ 65,890,444	\$ 61,457,771	\$ 57,867,053	\$ 56,624,315	\$ 55,415,094	\$ 52,745,325	\$ 50,120,974	\$ 47,809,145

\* Net Position for the Power and Water Company was restated for fiscal year 2017

**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF CHANGES IN NET POSITION (UNAUDITED)**  
FOR THE LAST TEN FISCAL YEARS

FISCAL YEAR	OPERATING REVENUES	OPERATING EXPENSES	OPERATING INCOME	TOTAL NONOPERATING REVENUES/ (EXPENSES)	INCOME/(LOSS) BEFORE CAPITAL CONTRIBUTIONS	PAYMENTS IN LIEU OF TAXES***	CAPITAL CONTRIBUTIONS	CHANGE IN NET POSITION
<b>Power System:</b>								
<b>Electric</b>								
2021	\$ 71,434,190	\$ 65,070,837	\$ 6,363,353	\$ 14,230	\$ 6,377,583	\$ (1,541,987)	\$ 53,272	\$ 4,888,868
2020	71,128,504	64,955,273	6,173,231	119,738	6,292,969	(1,383,293)	220,915	5,130,591
2019	71,033,928	67,063,579	3,970,349	1,167,117	5,137,466	(1,801,146)	471,238	3,807,558
2018	69,965,113	64,275,373	5,689,740	207,528	5,897,268	(1,611,977)	300,941	4,586,232
2017*	67,053,129	62,488,401	4,564,728	(471,374)	4,093,354	(1,570,097)	314,230	2,837,487
2016	62,383,386	58,852,042	3,531,344	(260,129)	3,271,215	(1,621,124)	258,919	1,909,010
2015	63,349,434	60,500,726	2,848,708	(270,133)	2,578,575	(1,617,577)	183,755	1,144,753
2014	63,344,330	59,510,764	3,833,566	(260,558)	3,573,008	(1,536,271)	179,605	2,216,342
2013	61,517,897	58,176,236	3,341,661	(311,207)	3,030,454	(1,513,482)	217,574	1,734,546
2012	60,866,329	57,140,892	3,725,437	(335,517)	3,389,920	(1,494,884)	547,750	2,442,786
<b>Broadband:</b>								
2021	\$ 8,921,453	\$ 7,309,162	\$ 1,612,291	\$ (71,351)	\$ 1,540,940	\$ -	\$ 10,372	\$ 1,551,312
2020	8,539,511	7,560,382	979,129	(94,897)	884,232	-	1,863	886,095
2019	8,586,138	7,595,524	990,614	(133,359)	857,255	-	12,080	869,335
2018	8,532,296	6,984,899	1,547,397	(143,746)	1,403,651	-	-	1,403,651
2017	7,758,917	6,728,787	1,030,130	(155,814)	874,316	-	140,421	1,014,737
2016	7,099,240	6,018,583	1,080,657	(167,790)	912,867	-	5,724	918,591
2015	6,544,200	5,282,500	1,261,700	(416,291)	845,409	-	6,000	851,409
2014	5,858,290	4,991,185	867,105	(505,527)	361,578	-	1,635	363,213
2013	5,304,576	4,522,779	781,797	(533,269)	248,528	-	8,326	256,854
2012	5,072,962	4,311,263	761,699	(565,801)	195,898	-	93,460	289,358
<b>Total Power System:</b>								
2021	\$ 80,355,643	\$ 72,379,999	\$ 7,975,644	\$ (57,121)	\$ 7,918,523	\$ (1,541,987)	\$ 63,644	\$ 6,440,180
2020	79,668,015	72,515,655	7,152,360	24,841	7,177,201	(1,383,293)	222,778	6,016,686
2019	79,620,066	74,659,103	4,960,963	1,033,758	5,994,721	(1,801,146)	483,318	4,676,893
2018	78,497,409	71,260,272	7,237,137	63,782	7,300,919	(1,611,977)	300,941	5,989,883
2017*	74,812,046	69,217,188	5,594,858	(627,188)	4,967,670	(1,570,097)	454,651	3,852,224
2016	69,482,626	64,870,625	4,612,001	(427,919)	4,184,082	(1,621,124)	264,643	2,827,601
2015	69,893,634	65,783,226	4,110,408	(686,424)	3,423,984	(1,617,577)	189,755	1,996,162
2014	69,202,620	64,501,949	4,700,671	(766,085)	3,934,586	(1,536,271)	181,240	2,579,555
2013	66,822,473	62,699,015	4,123,458	(844,476)	3,278,982	(1,513,482)	225,900	1,991,400
2012	65,939,291	61,452,155	4,487,136	(901,318)	3,585,818	(1,494,884)	641,210	2,732,144
<b>Water:</b>								
2021	\$ 13,632,433	\$ 10,048,355	\$ 3,584,078	\$ (474,357)	\$ 3,109,721	\$ (144,702)	\$ 1,479,986	\$ 4,445,005
2020	13,074,181	9,566,948	3,507,233	(477,757)	3,029,476	(140,175)	796,573	3,685,874
2019	13,238,872	9,413,561	3,825,311	42,441	3,867,752	(154,986)	719,907	4,432,673
2018	12,827,934	9,261,333	3,566,601	(551,116)	3,015,485	(161,613)	736,846	3,590,718
2017*	11,400,802	10,409,589	991,213	(635,247)	355,966	(153,912)	1,040,684	1,242,738
2016	10,172,069	8,310,864	1,861,205	(699,257)	1,161,948	(173,949)	221,222	1,209,221
2015	10,485,022	7,442,777	3,042,245	(324,732)	2,717,513	(171,086)	123,342	2,669,769
2014	10,294,575	7,319,637	2,974,938	(348,656)	2,626,282	(165,825)	163,892	2,624,349
2013	9,850,520	7,094,585	2,755,935	(389,681)	2,366,254	(138,100)	83,675	2,311,829
2012	8,749,454	6,648,873	2,100,581	(465,555)	1,635,026	(133,911)	83,417	1,584,532

Note> Eliminations between the Power System and the Broadband System are not included within this schedule.

\* Net Position for the Power and Water Systems were restated for fiscal year 2017.

**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF REVENUES BY SOURCE (UNAUDITED)**  
FOR THE LAST TEN FISCAL YEARS

Class of service	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Power System:</b>										
Electric:										
Residential*	\$ 39,239,001	\$ 38,401,258	\$ 36,847,524	\$ 36,879,062	\$ 33,952,599	\$ 31,536,465	\$ 32,622,370	\$ 32,520,610	\$ 31,035,273	\$ 30,294,030
Commercial	8,070,858	8,371,236	8,469,747	7,952,690	7,688,306	7,225,340	7,276,140	7,365,051	7,207,496	7,045,763
Industrial	21,862,040	22,163,101	23,062,684	22,664,663	22,926,480	21,345,232	21,264,278	21,266,224	21,080,064	21,420,645
Street and athletic	470,434	567,567	705,645	707,976	700,120	681,497	671,633	655,125	638,323	622,946
Outdoor lighting	379,717	381,684	388,946	391,387	393,982	381,890	385,172	380,348	378,049	381,172
Other revenue	1,540,377	1,369,998	1,603,364	1,512,957	1,452,846	1,283,491	1,191,622	1,241,411	1,245,465	1,232,837
Less: Bad debt expense	(128,237)	(126,340)	(43,982)	(143,622)	(61,204)	(70,529)	(61,781)	(84,439)	(66,773)	(131,064)
<b>Total Electric</b>	<b>\$ 71,434,190</b>	<b>\$ 71,128,504</b>	<b>\$ 71,033,928</b>	<b>\$ 69,965,113</b>	<b>\$ 67,053,129</b>	<b>\$ 62,383,386</b>	<b>\$ 63,349,434</b>	<b>\$ 63,344,330</b>	<b>\$ 61,517,897</b>	<b>\$ 60,866,329</b>
<b>Broadband:</b>										
Residential - Cable	\$ 2,593,017	\$ 2,604,198	\$ 2,764,492	\$ 3,018,525	\$ 3,044,294	\$ 3,019,343	\$ 2,901,244	\$ 2,821,441	\$ 2,916,713	\$ 2,884,890
Residential - Internet	3,884,344	3,562,567	3,353,526	3,117,255	2,531,518	2,093,852	1,827,726	1,591,116	1,097,119	997,290
Commercial - Internet	1,185,254	1,174,050	636,816	648,354	606,386	541,893	476,496	448,386	452,364	428,351
Other sales and rentals	858,966	814,421	848,810	776,970	636,889	574,299	500,922	287,459	213,044	182,684
Sales promotions and credits	(208,593)	(221,215)	(244,525)	(264,950)	(276,502)	(280,554)	(277,655)	(311,218)	(24,692)	-
Other revenue	632,737	661,470	1,275,697	1,271,691	1,247,403	1,179,050	1,141,156	1,052,189	677,735	623,351
Less: Bad debt expense	(24,272)	(55,980)	(48,678)	(35,549)	(31,071)	(28,643)	(25,689)	(31,083)	(27,707)	(43,604)
<b>Total Broadband</b>	<b>\$ 8,921,453</b>	<b>\$ 8,539,511</b>	<b>\$ 8,586,138</b>	<b>\$ 8,532,296</b>	<b>\$ 7,758,917</b>	<b>\$ 7,099,240</b>	<b>\$ 6,544,200</b>	<b>\$ 5,858,290</b>	<b>\$ 5,304,576</b>	<b>\$ 5,072,962</b>
<b>Total Power System:</b>	<b>\$ 80,355,643</b>	<b>\$ 79,668,015</b>	<b>\$ 79,620,066</b>	<b>\$ 78,497,409</b>	<b>\$ 74,812,046</b>	<b>\$ 69,482,626</b>	<b>\$ 69,893,634</b>	<b>\$ 69,202,620</b>	<b>\$ 66,822,473</b>	<b>\$ 65,939,291</b>
<b>Water System:</b>										
Residential	\$ 7,119,927	\$ 6,963,977	\$ 6,828,894	\$ 6,576,926	\$ 5,882,998	\$ 5,772,514	\$ 5,661,954	\$ 5,590,073	\$ 5,581,360	\$ 5,088,632
Commercial	2,154,278	2,046,043	2,150,052	1,971,221	1,839,499	1,695,255	1,664,177	1,574,058	1,618,488	1,441,112
Industrial	1,043,341	867,121	1,170,884	1,210,666	1,227,644	738,503	1,229,140	1,164,401	890,145	667,463
Public and private fire protection	139,701	141,756	133,287	127,339	123,188	124,688	121,167	117,918	115,955	113,211
Sales for resale	2,206,521	2,136,785	1,963,380	1,834,789	1,409,414	1,233,655	1,229,234	1,248,902	1,184,755	1,066,415
Bulk and flat rates	6,549	3,284	7,998	3,699	7,047	4,376	8,157	5,496	1,812	5,802
Tap fees	623,116	571,959	714,745	862,016	663,650	386,491	288,967	299,200	190,367	132,644
Other revenue	365,996	377,667	303,451	264,784	264,958	237,238	301,979	313,602	286,987	259,539
Less: Bad debt expense	(26,996)	(34,411)	(33,819)	(23,506)	(17,596)	(20,651)	(19,753)	(19,075)	(19,349)	(25,364)
<b>Total Water System:</b>	<b>\$ 13,632,433</b>	<b>\$ 13,074,181</b>	<b>\$ 13,238,872</b>	<b>\$ 12,827,934</b>	<b>\$ 11,400,802</b>	<b>\$ 10,172,069</b>	<b>\$ 10,485,022</b>	<b>\$ 10,294,575</b>	<b>\$ 9,850,520</b>	<b>\$ 8,749,454</b>

Note> Eliminations between the Power System and the Broadband System are not included within this schedule.

\* Includes unbilled revenue

**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF OPERATING EXPENSES (UNAUDITED)**  
FOR THE LAST TEN FISCAL YEARS

Operating Expenses	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Power System:										
Electric:										
Energy purchased	\$ 51,799,195	\$ 52,834,876	\$ 55,163,629	\$ 53,574,375	\$ 51,742,277	\$ 48,443,340	\$ 49,939,550	\$ 49,528,358	\$ 47,684,258	\$ 47,357,144
Distribution	4,619,731	4,472,857	4,597,485	3,929,238	4,003,385	4,200,724	4,331,389	4,101,091	4,617,624	4,046,427
Customer accounts	1,355,394	1,169,438	1,017,309	1,024,822	1,001,205	846,413	845,365	741,645	857,730	769,445
Customer services	389,869	158,876	145,368	129,637	58,482	48,115	102,763	100,949	121,697	99,312
General and administrative	3,384,930	2,980,132	2,906,667	2,500,197	2,626,567	2,413,613	2,449,823	2,372,647	2,274,961	2,343,713
Depreciation	3,521,718	3,339,094	3,233,121	3,117,104	3,056,485	2,899,837	2,831,836	2,666,074	2,619,966	2,524,851
<b>Total Electric</b>	<b>\$ 65,070,837</b>	<b>\$ 64,955,273</b>	<b>\$ 67,063,579</b>	<b>\$ 64,275,373</b>	<b>\$ 62,488,401</b>	<b>\$ 58,852,042</b>	<b>\$ 60,500,726</b>	<b>\$ 59,510,764</b>	<b>\$ 58,176,236</b>	<b>\$ 57,140,892</b>
Broadband:										
Programming purchased	\$ 3,539,195	\$ 3,619,748	\$ 3,651,702	\$ 3,200,430	\$ 3,000,028	\$ 2,774,718	\$ 2,479,337	\$ 2,097,744	\$ 1,777,159	\$ 1,711,928
Distribution	1,695,995	1,726,529	1,615,084	1,879,888	1,876,027	1,632,137	1,364,090	1,409,657	1,155,361	1,100,234
Customer accounts	186,881	226,324	226,105	233,581	290,224	233,213	207,645	180,887	200,452	170,239
Customer services	79,968	102,657	72,731	63,042	95,294	50,862	54,416	64,243	64,238	27,135
General and administrative	955,191	952,468	950,768	667,519	663,706	589,039	506,155	528,281	656,064	599,656
Depreciation	851,932	932,656	1,079,134	940,439	803,508	738,614	670,857	710,373	669,505	702,071
<b>Total Broadband</b>	<b>\$ 7,309,162</b>	<b>\$ 7,560,382</b>	<b>\$ 7,595,524</b>	<b>\$ 6,984,899</b>	<b>\$ 6,728,787</b>	<b>\$ 6,018,583</b>	<b>\$ 5,282,500</b>	<b>\$ 4,991,185</b>	<b>\$ 4,522,779</b>	<b>\$ 4,311,263</b>
<b>Total Power System:</b>	<b>\$ 72,379,999</b>	<b>\$ 72,515,655</b>	<b>\$ 74,659,103</b>	<b>\$ 71,260,272</b>	<b>\$ 69,217,188</b>	<b>\$ 64,870,625</b>	<b>\$ 65,783,226</b>	<b>\$ 64,501,949</b>	<b>\$ 62,699,015</b>	<b>\$ 61,452,155</b>
Water System:										
Production	\$ 2,650,421	\$ 2,580,578	\$ 2,506,384	\$ 2,639,351	\$ 2,297,355	\$ 2,056,983	\$ 1,836,756	\$ 1,806,252	\$ 1,766,100	\$ 1,711,651
Distribution	1,972,055	1,813,471	2,051,509	1,789,720	1,682,351	1,687,993	1,229,167	1,260,111	1,323,688	1,143,072
Customer accounts	1,003,442	870,234	783,246	770,390	804,378	656,863	591,435	461,264	578,925	519,755
General and administrative	2,283,453	2,209,948	1,987,432	1,983,535	2,208,826	1,723,277	1,553,670	1,656,916	1,458,982	1,471,830
Depreciation	2,138,984	2,092,717	2,084,990	2,078,337	2,283,793	2,185,748	2,231,749	2,135,094	1,966,890	1,802,565
<b>Total Water System:</b>	<b>\$ 10,048,355</b>	<b>\$ 9,566,948</b>	<b>\$ 9,413,561</b>	<b>\$ 9,261,333</b>	<b>\$ 9,276,703</b>	<b>\$ 8,310,864</b>	<b>\$ 7,442,777</b>	<b>\$ 7,319,637</b>	<b>\$ 7,094,585</b>	<b>\$ 6,648,873</b>

Note> Eliminations between the Power System and the Broadband System are not included within this schedule.



**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF NONOPERATING REVENUES AND EXPENSES (UNAUDITED)**  
FOR THE LAST TEN FISCAL YEARS

FISCAL YEAR	INTEREST EXPENSE	INTEREST/ MISCELLANEOUS REVENUE	AMORTIZATION EXPENSES	TOTAL NONOPERATING REVENUES/ (EXPENSES)
<b>Power System:</b>				
Electric:				
2021	\$ (2,679)	\$ 16,909	\$ -	\$ 14,230
2020	(3,345)	123,083	-	119,738
2019	(3,324)	158,522	-	155,198
2018	(3,200)	96,188	(29,661)	63,327
2017	(483,882)	50,235	(37,727)	(471,374)
2016	(249,681)	28,827	(39,275)	(260,129)
2015	(261,997)	22,439	(30,575)	(270,133)
2014	(274,889)	27,506	(13,175)	(260,558)
2013	(313,794)	33,338	(30,751)	(311,207)
2012	(388,340)	70,128	(17,305)	(335,517)
<b>Broadband:</b>				
2021	\$ (56,080)	\$ 516	\$ (15,787)	\$ (71,351)
2020	(80,934)	1,824	(15,787)	(94,897)
2019	(120,201)	2,628	(15,786)	(133,359)
2018	(130,247)	2,288	(15,787)	(143,746)
2017	(141,446)	1,419	(15,787)	(155,814)
2016	(152,809)	805	(15,786)	(167,790)
2015	(403,738)	596	(13,149)	(416,291)
2014	(495,789)	773	(10,511)	(505,527)
2013	(524,121)	1,363	(10,511)	(533,269)
2012	(557,165)	2,349	(10,985)	(565,801)
<b>Total Power System:</b>				
2021	\$ (58,759)	\$ 17,425	\$ (15,787)	\$ (57,121)
2020	(84,279)	124,907	(15,787)	24,841
2019	(123,525)	161,150	(15,786)	21,839
2018	(133,447)	98,476	(45,448)	(80,419)
2017	(625,328)	51,654	(53,514)	(627,188)
2016	(402,490)	29,632	(55,061)	(427,919)
2015	(665,735)	23,035	(43,724)	(686,424)
2014	(770,678)	28,279	(23,686)	(766,085)
2013	(837,915)	34,701	(41,262)	(844,476)
2012	(945,505)	72,477	(28,290)	(901,318)
<b>Water System:</b>				
2021	\$ (495,806)	\$ 9,596	\$ 11,853	\$ (474,357)
2020	(542,694)	53,084	11,853	(477,757)
2019	(586,688)	48,988	11,853	42,441
2018	(627,162)	42,560	(44,160)	(551,116)
2017	(665,110)	28,574	1,289	(635,247)
2016	(732,200)	21,090	11,853	(699,257)
2015	(355,145)	18,560	11,853	(324,732)
2014	(381,238)	20,729	11,853	(348,656)
2013	(428,282)	29,019	9,582	(389,681)
2012	(482,357)	32,110	(15,308)	(465,555)
2011	(535,972)	53,350	(20,895)	(503,517)

Note> Eliminations between the Power System and the Broadband System are not included within this schedule.

**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF PRIMARY REVENUE BY PAYOR TYPE (UNAUDITED)**  
CURRENT YEAR AND NINE YEARS AGO

**Electric:**

Customer Type	Fiscal Year 2021		Customer Type	Fiscal Year 2012	
	Gross Revenue	%		Gross Revenue	%
Residential	\$ 39,239,001	55%	Residential	\$ 30,294,030	50%
Commercial	8,070,858	12%	Commercial	7,045,763	12%
Industrial	21,862,040	31%	Industrial	21,420,645	36%
Street and athletic	470,434	1%	Street and athletic	622,946	1%
Outdoor Lighting	379,717	1%	Outdoor Lighting	381,172	1%
Total energy sales before bad debt expense	\$ 70,022,050	100%	Total energy sales before bad debt expense	\$ 59,764,556	100%

**Water:**

Customer Type	Fiscal Year 2021		Customer Type	Fiscal Year 2012	
	Gross Revenue	%		Gross Revenue	%
Residential	\$ 7,119,927	55%	Residential	\$ 5,088,632	60%
Commercial	2,154,278	17%	Commercial	1,441,112	17%
Industrial	1,043,341	8%	Industrial	667,463	8%
Public and private fire protection	139,701	1%	Public and private fire protection	113,211	1%
Sales for resale	2,206,521	17%	Sales for resale	1,066,415	13%
Bulk and flat rates	6,549	1%	Bulk and flat rates	5,802	1%
Total water sales before bad debt expense	\$ 12,670,317	100%	Total water sales before bad debt expense	\$ 8,382,635	100%

**COLUMBIA POWER AND WATER SYSTEMS  
SCHEDULE OF ELECTRIC OPERATING INDICATORS (UNAUDITED)  
FOR THE LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>PURCHASED POWER - (Megawatt Hours)</b>										
Purchased from TVA	694,335	679,132	688,419	679,209	648,040	631,370	644,051	644,562	625,683	619,588
<b>CONSUMPTION - (Megawatt Hours)</b>										
Residential	365,398	350,395	349,160	339,384	319,155	308,015	322,819	326,092	312,490	300,088
Gen. Power < 50 kW	68,105	70,204	70,957	67,479	64,917	63,150	63,486	64,792	63,696	61,433
Gen. Power > 50 kW	224,932	225,790	235,141	232,915	235,567	225,555	221,771	222,185	221,632	221,766
Street and athletic and other	8,427	6,197	8,163	8,342	10,608	10,680	10,434	10,255	9,960	9,712
Internal use	-	2,708	2,728	2,748	1,430	1,454	1,572	1,517	1,391	1,276
Total consumption	666,862	655,294	666,149	650,868	631,677	608,854	620,082	624,841	609,169	594,275
Line losses and megawatt hours unaccounted for	27,473	23,838	22,270	28,341	16,363	22,516	23,969	19,721	16,514	25,313
Percentage of line losses and megawatt hours unaccounted for to purchased power	3.96%	3.51%	3.23%	4.17%	2.52%	3.57%	3.72%	3.06%	2.64%	4.09%
<b>ACTIVE SERVICE (number of customers)</b>										
Residential	27,433	25,970	24,830	23,897	23,270	22,496	22,015	21,699	21,443	21,189
Gen. Power < 50 kW	4,368	4,593	4,554	3,969	3,755	3,595	3,547	3,483	3,425	3,400
Gen. Power > 50 kW	474	468	448	459	470	466	461	455	455	453
Street, athletic and other lighting	92	93	48	49	49	49	49	49	43	42
Total number of customers	32,367	31,124	29,880	28,374	27,544	26,606	26,072	25,686	25,366	25,084
Outdoor lighting services	2,027	2,064	2,099	2,091	2,105	2,125	2,102	2,098	2,101	2,091
Additions to Electric Plant, excluding construction in progress	\$ 3,900,648	\$ 4,008,821	\$ 3,830,348	\$ 3,922,068	\$ 4,854,125	\$ 2,445,703	\$ 3,425,219	\$ 4,563,025	\$ 2,537,440	\$ 3,636,099
Net utility plant	\$ 61,777,444	\$ 60,619,516	\$ 58,708,039	\$ 57,767,028	\$ 55,503,313	\$ 54,282,224	\$ 54,126,218	\$ 53,640,998	\$ 50,760,952	\$ 51,050,442
Miles of distribution line	952.45	933.27	915.44	891.85	875.44	866.00	860.91	856.28	853.72	849.76
Additions to Depreciation ratio	1.11	1.20	1.18	1.26	1.59	0.84	1.21	1.71	0.97	1.44
Operating Expenses/Revenues*	86.16%	86.63%	91.93%	87.41%	88.63%	89.69%	91.03%	89.74%	90.31%	89.73%
Capitalized payroll	\$ 2,547,750	\$ 2,337,989	\$ 2,283,519	\$ 2,020,291	\$ 2,065,359	\$ 1,875,998	\$ 1,605,464	\$ 1,545,747	\$ 1,351,112	\$ 1,361,672
Total payroll expense	\$ 6,108,284	\$ 5,876,515	\$ 5,514,778	\$ 5,054,032	\$ 5,178,601	\$ 5,005,214	\$ 4,709,979	\$ 4,661,245	\$ 3,477,637	\$ 4,306,813
Cooling degree days**	1,531	1,776	1,865	1,720	2,433	2,004	1,772	1,804	1,762	1,989
Heating degree days**	3,462	3,283	3,402	3,556	2,437	2,787	3,763	3,932	3,532	2,832
Total degree days	4,993	5,059	5,267	5,276	4,870	4,791	5,535	5,736	5,294	4,821
% change from previous year	-1.30%	-3.95%	-0.17%	8.34%	1.65%	-13.44%	-3.50%	8.35%	9.81%	-50.13%

Note> Information is compiled from annual reports to the Tennessee Valley Authority.

\* Does not include depreciation expense

\*\*Source - AccuWeather.com. Daily high/low temperature data is entered into the LGC Utility Billing System - Weather Tracking

**COLUMBIA POWER AND WATER SYSTEMS  
SCHEDULE OF WATER OPERATING INDICATORS (UNAUDITED)  
FOR THE LAST TEN FISCAL YEARS**

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>PRODUCTION - (Thousands of gallons)</b>										
Produced	3,683,464	3,235,542	3,104,855	3,173,933	3,234,048	2,950,018	2,933,983	2,810,195	2,709,291	2,724,123
<b>CONSUMPTION - (Thousands of gallons)</b>										
Residential	1,256,796	1,228,697	1,211,232	1,244,992	1,216,084	1,190,908	1,163,564	1,150,624	1,152,513	1,160,200
Commercial	526,778	495,013	535,162	507,951	540,254	473,599	463,060	437,765	454,484	455,758
Industrial	250,920	208,381	282,853	306,935	364,747	225,908	347,496	329,087	250,859	219,026
Bulk and resale	808,960	784,335	727,089	689,658	583,917	505,436	504,514	511,834	485,227	481,435
Fire protection and internal use	96,690	16,296	2,767	4,882	29,862	21,413	24,823	27,764	23,535	25,034
Total consumption	2,940,144	2,732,722	2,759,103	2,754,418	2,734,864	2,417,264	2,503,457	2,457,074	2,366,618	2,341,453
Gallons unaccounted for	743,320	502,820	345,752	419,515	499,184	532,754	430,526	353,121	342,673	382,670
Percentage of gallons unaccounted for to production	20.18%	15.54%	11.14%	13.22%	15.44%	18.06%	14.67%	12.57%	12.65%	14.05%
<b>ACTIVE SERVICE (number of customers)</b>										
Residential	21,229	20,567	20,166	19,560	19,111	18,699	18,335	18,111	17,960	17,795
Commercial	2,651	2,525	2,493	2,506	2,362	2,285	2,200	2,152	2,129	2,116
Industrial	26	25	24	24	24	25	25	25	26	25
Bulk and resale	54	51	57	56	59	58	53	50	43	47
Total number of customers	23,960	23,168	22,740	22,146	21,556	21,067	20,613	20,338	20,158	19,983
Fire protection services	665	689	674	558	526	515	508	488	476	450
Additions to Water plant, excluding construction in progress	\$ 10,157,931	\$ 670,450	\$ 1,001,022	\$ 5,002,369	\$ 2,217,013	\$ 2,403,112	\$ 708,978	\$ -	\$ 5,606,062	\$ 2,068,485
Net utility plant	\$ 74,806,252	\$ 65,943,146	\$ 59,701,606	\$ 58,617,354	\$ 56,061,161	\$ 55,559,337	\$ 55,478,955	\$ 56,413,879	\$ 54,530,556	\$ 50,508,849
Miles of water main	555	550	545	544	544	536	536	535	535	535
Additions to Depreciation ratio	4.75	0.32	0.48	2.41	0.97	1.10	0.32	-	2.85	1.15
Number of taps set	721	481	390	699	558	308	137	126	99	81
Average daily production (MGD)	10.09	8.86	8.51	8.70	8.86	8.08	8.04	7.70	7.42	7.46
Maximum daily production (MGD)	14.23	11.66	11.02	10.33	11.93	11.31	10.44	10.30	11.90	12.05
Operating Expenses/Revenues*	58.02%	57.17%	56.66%	55.99%	61.34%	60.22%	49.70%	50.36%	52.06%	55.39%
Total payroll expense	\$ 3,826,865	\$ 3,191,805	\$ 2,983,986	\$ 2,942,908	\$ 2,869,397	\$ 2,525,737	\$ 2,344,023	\$ 2,245,304	\$ 2,072,209	\$ 2,015,681
Annual precipitation (inches)**	62.70	64.81	56.74	51.16	49.08	47.88	53.57	48.66	39.34	32.61

Note> Information is compiled from internally generated statistical reports.

\* Does not include depreciation expense

\*\*Data from NOAA website - calendar year basis

**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF ELECTRIC RATES (UNAUDITED)**  
FOR THE LAST TEN FISCAL YEARS

	2021****	2020****	2019****	2018****	2017****	2016****	2015****	2014****	2013****	2012****
<b>RESIDENTIAL RATE</b>										
Customer charge per month	\$ 17.08	\$ 17.08	\$ 17.08	\$ 17.08	\$ 17.08	\$ 14.61	\$ 12.76	\$ 12.76	\$ 12.76	\$ 12.76
Energy charge per kWh per month	0.09636	0.07805	0.07800	0.07109	0.07458	0.073	0.07022	0.06837	0.0668	0.06481
<b>GENERAL POWER RATE***</b>										
<b>PART A (DEMAND 0 - 5,000 kW)</b>										
1. Up to 50 kW and/or 15,000 kWh										
Customer charge per month	\$ 20.42	\$ 20.42	\$ 20.42	\$ 20.42	\$ 20.42	\$ 20.42	\$ 18.65	\$ 18.65	\$ 18.65	\$ 18.65
Energy charge per kWh per month	0.10729	0.08921	0.08916	0.08178	0.08515	0.0835	0.08237	0.08095	0.07927	0.07731
2. From 51 kW to 1,000 kW and/or more than 15,000 kWh										
Customer charge per month	\$ 65.76	\$ 65.76	\$ 65.76	\$ 65.76	\$ 65.76	\$ 65.76	\$ 34.19	\$ 34.19	\$ 34.19	\$ 34.19
Demand charge:										
Next 50 kW per month*	\$ 14.10	\$ 14.10	\$ 14.09	\$ 13.80	\$ 13.55	\$ 13.30	\$ 13.30	\$ 13.02	\$ 12.76	\$ 12.76
Energy charge:										
First 15,000 kWh per month	0.11147	0.09339	0.09337	0.08597	0.08932	0.08765	0.08577	0.08401	0.08233	0.08037
Additional kWh per month	0.06271	0.04488	0.04488	0.03934	0.04257	0.04171	0.03983	0.03896	0.03812	0.03619
3. Demand greater than 1,000 kW										
Customer charge per month	\$ 314.22	\$ 314.22	\$ 314.22	\$ 314.22	\$ 314.22	\$ 314.22	\$ 130.54	\$ 130.54	\$ 130.54	\$ 130.54
Demand charge:										
First 1,000 kW per month*	\$ 13.66	\$ 13.66	\$ 17.65	\$ 13.36	\$ 13.11	\$ 12.86	\$ 12.84	\$ 12.84	\$ 12.58	\$ 12.58
Additional kW per month*	\$ 12.37	\$ 12.37	\$ 16.36	\$ 12.07	\$ 11.82	\$ 11.57	\$ 11.57	\$ 11.55	\$ 11.29	\$ 11.29
Energy charge:										
All kWh per month	0.06440	0.04657	0.04656	0.04100	0.04419	0.0433	0.04284	0.04279	0.04188	0.03995
<b>PART B (DEMAND 5,001 - 15,000 kW)**</b>										
Customer charge per month	N/A	N/A	N/A	N/A	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00
Demand charge:										
Per kW per month*	N/A	N/A	N/A	N/A	\$ 19.92	\$ 19.48	\$ 22.70	\$ 22.16	\$ 21.63	\$ 21.63
Energy charge:										
All kWh per month	N/A	N/A	N/A	N/A	0.03018	0.02949	0.0268	0.02614	0.02549	0.02549
First 620 kWh per kW per month										
Additional kWh per month										
<b>PART C (DEMAND 15,001 - 25,000 kW)**</b>										
Customer charge per month	N/A	N/A	N/A	N/A	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00
Demand charge:										
Per kW per month*	N/A	N/A	N/A	N/A	\$ 19.41	\$ 18.87	\$ 22.19	\$ 21.65	\$ 21.12	\$ 21.12
Energy charge:										
All kWh per month	N/A	N/A	N/A	N/A	0.02958	0.02891	0.02693	0.02627	0.02562	0.02562
First 620 kWh per kW per month										
Additional kWh per month										
<b>PART D (DEMAND &gt; 25,001 kW)**</b>										
Customer charge per month	N/A	N/A	N/A	N/A	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00	\$ 1,850.00
Demand charge:										
Per kW per month*	N/A	N/A	N/A	N/A	\$ 19.30	\$ 18.86	\$ 25.84	\$ 25.20	\$ 24.58	\$ 24.58
Energy charge:										
Per kW per month	N/A	N/A	N/A	N/A	0.02723	0.02661	0.01949	0.01902	0.01856	0.01856
<b>OUTDOOR LIGHTING</b>										
Street, Parks, and Athletic Fields										
Customer charge	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50	\$ 2.50
Each kWh	0.06943	0.05119	0.05111	0.04164	0.04896	0.04818	0.04528	0.04348	0.04274	0.04075
Plus investment charge										
Security Lighting										
Energy charge:										
All kWh	0.06943	0.05119	0.05111	0.04164	0.04896	0.04818	0.04528	0.04348	0.04274	0.04075

\* Establishes minimum bill requirements  
\*\* Minimum bill or contract demand minimum is applicable, facilities rental, and reactive demand charges.  
\*\*\* Seasonal customers add \$.0133 (1.33 cents) to first 15,000 kWh and \$4.00 per kW to billed demand charges.  
\*\*\*\* Base rates shown. Rates will adjust monthly for TVA Fuel Cost Adjustment.  
Note> Electric rates require approval by the Tennessee Valley Authority.

**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF BROADBAND RATES AND CUSTOMERS (UNAUDITED)**  
FOR THE LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>Standard Cable Rates:</b>										
Analog										
Basic	\$ 26.00	\$ 26.00	\$ 24.00	\$ 24.00	\$ 24.00	\$ 23.50	\$ 23.50	\$ 23.50	\$ 23.50	\$ 22.00
Expanded Basic	79.00	79.00	49.00	49.00	49.00	41.50	41.50	36.50	36.50	58.00
Digital										
Digital Gateway	88.00	88.00	84.95	84.95	80.00	77.00	77.00	71.00	71.00	62.00
Digital Gateway Plus	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	77.00	68.00
Premium Services	16.50	16.50	16.50	16.50	16.50	16.50	16.50	16.50	4.25 - 30.00	4.25 - 29.00
(price varies based on service selected)										
<b>Internet*:</b>										
Residential:										
PowerNet Basic/Budget Xpress	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a \$	30.95
PowerNet 2.0/Xpress Net Level I	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	35.95
PowerNet 3.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	30.95	n/a
PowerNet 5.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	35.95	n/a
PowerNet 6.0/Xpress Net Level II	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	40.95
PowerNet 6.0/Xpress Net Level III	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	40.95
PowerNet 10.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	48.50
PowerNet 14.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	58.95
PowerNet 20.0	n/a	n/a	n/a	n/a	n/a	n/a	41.00	41.00	41.00	n/a
PowerNet 25.0	n/a	n/a	n/a	n/a	n/a	41.00	n/a	n/a	48.50	70.95
PowerNet 35.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	56.00	56.00	n/a
PowerNet 50.0	n/a	n/a	n/a	n/a	n/a	50.00	50.00	66.00	66.00	82.95
PowerNet 75.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	94.95
PowerNet 100.0	50.00	50.00	50.00	50.00	50.00	n/a	n/a	n/a	n/a	106.95
Commercial:										
PowerNet Business Basic/Limited Commercial	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a \$	39.95 \$	39.95
PowerNet Business 4.0/Business Economy	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	59.95
PowerNet Business 6.0/Business Deluxe Service	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	79.95
PowerNet Business 10.0/Business Elite Service	n/a	n/a	n/a	n/a	n/a	n/a	50.00	50.00	50.00	89.95
PowerNet Business 14.0/Business Corporate Service	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	99.95
PowerNet Business 25.0	n/a	n/a	n/a	n/a	n/a	70.00	70.00	70.00	70.00	129.95
PowerNet Business 50.0	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	125.00	159.99
PowerNet Business 75.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	179.99
PowerNet Business 100.0	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	199.95

**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF WATER RATES (UNAUDITED)**  
 FOR THE LAST TEN FISCAL YEARS

	2018-2021		2015-2017		2014		2013	
	SCHEDULE A		SCHEDULE B		SCHEDULE A		SCHEDULE B	
	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS
<b>RESIDENTIAL RATE</b>								
Customer charge (minimum bill)	10.50 \$	15.50	9.50 \$	14.00	9.50 \$	14.00	9.50 \$	14.00
Commodity charge (per 1,000 gallons)								
0 - 5,000 gallons	2.85	3.75	2.40	3.15	2.40	3.15	2.40	3.15
Over 5,000 gallons	3.15	4.10	2.70	3.50	2.70	3.50	2.70	3.50
Multi-Unit Charge	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
<b>COMMERCIAL</b>								
Customer charge (minimum bill)	14.50 \$	20.00	13.00 \$	18.00	13.00 \$	18.00	13.00 \$	18.00
Commodity charge (per 1,000 gallons)								
0 - 5,000 gallons	2.85	3.75	2.40	3.15	2.40	3.15	2.40	3.15
Over 5,000 gallons	3.15	4.10	2.70	3.50	2.70	3.50	2.70	3.50
Multi-Unit Charge	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
<b>INDUSTRIAL</b>								
Customer charge (minimum bill)	68.00 \$	68.00	59.00 \$	59.00	59.00 \$	59.00	59.00 \$	59.00
Commodity charge (per 1,000 gallons)								
0 - 5,000 gallons	2.85	3.75	2.40	3.15	2.40	3.15	2.40	3.15
5,001 - 50,000 gallons	3.15	4.10	2.70	3.50	2.70	3.50	2.70	3.50
<b>SALES FOR RESALE</b>								
Per 1,000 gallons	n/a	2.75	n/a	2.45	n/a	2.45	n/a	2.45
<b>PRIVATE FIRE PROTECTION (UNMETERED)</b>								
Customer charge (minimum bill)	7.66 \$	7.66	7.66 \$	7.66	7.66 \$	7.66	7.66 \$	7.66
Commodity charge (per sprinkler head)	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Fire hydrant	9.19 \$	9.19	9.19 \$	9.19	9.19 \$	9.19	9.19 \$	9.19
Connection charge	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost

**COLUMBIA POWER AND WATER SYSTEMS  
 SCHEDULE OF WATER RATES (UNAUDITED) - continued  
 FOR THE LAST TEN FISCAL YEARS**

	2012	
	SCHEDULE A INSIDE CITY LIMITS	SCHEDULE B OUTSIDE CITY LIMITS
<b>RESIDENTIAL RATE</b>		
Customer charge (minimum bill)	9.00 \$	13.50
Commodity charge (per 1,000 gallons)		
0 - 5,000 gallons	2.15	2.80
5,001 - 50,000 gallons	2.40	3.10
Multi-Unit Charge	4.00	4.00
<b>COMMERCIAL</b>		
Customer charge (minimum bill)	12.50 \$	17.60
Commodity charge (per 1,000 gallons)		
0 - 5,000 gallons	2.15	2.80
5,001 - 50,000 gallons	2.40	3.10
Multi-Unit Charge	5.50	5.50
<b>INDUSTRIAL</b>		
Customer charge (minimum bill)	58.50 \$	58.50
Commodity charge (per 1,000 gallons)		
0 - 5,000 gallons	2.15	2.80
5,001 - 50,000 gallons	2.40	3.10
<b>SALES FOR RESALE</b>		
Per 1000 gallons	n/a	2.30
<b>PRIVATE FIRE PROTECTION (UNMETERED)</b>		
Customer charge (minimum bill)	7.66 \$	7.66
Commodity charge (per sprinkler head)	0.06	0.06
Fire hydrant	9.19 \$	9.19
Connection charge	Actual cost	Actual cost

Amortization charge: An additional charge of five cents (\$.05) per 1,000 gallons of water used is applicable to the above rates to defray the City of Columbia's share of the water supply benefits provided by the Tennessee Duck River Development Agency.

Note> Water rates require approval by ordinance of the City Council of Columbia.



**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF REVENUE BOND COVERAGE (UNAUDITED)**  
FOR THE LAST TEN FISCAL YEARS

**POWER\*\*:**

FISCAL YEAR	GROSS REVENUES	OPERATING EXPENSES*	NET REVENUE		DEBT SERVICE REQUIREMENTS			COVERAGE
			AVAILABLE FOR DEBT SERVICE		PRINCIPAL	INTEREST	TOTAL	
2021	\$ 79,851,875	\$ 67,487,874	\$ 12,364,001		\$ 910,000	\$ 84,846	\$ 994,846	12.43 Times
2020	79,282,759	67,752,459	11,530,300		900,000	100,956	1,000,956	11.52
2019	79,271,379	69,854,266	9,417,113		880,000	116,708	996,708	9.45
2018	78,111,043	66,731,496	11,379,547		865,000	132,192	997,192	11.41
2017	74,408,096	64,909,674	9,498,422		1,203,905	388,901	1,592,806	5.96
2016	69,058,081	60,781,902	8,276,179		1,140,000	414,147	1,554,147	5.33
2015	69,420,558	61,787,608	7,632,950		970,000	736,646	1,706,646	4.47
2014	68,732,856	60,631,566	8,101,290		940,000	771,953	1,711,953	4.73
2013	66,362,113	58,918,258	7,443,855		1,135,000	890,660	2,025,660	3.67
2012	65,536,546	57,760,097	7,776,449		1,095,000	935,080	2,030,080	3.83

**WATER:**

FISCAL YEAR	GROSS REVENUES	OPERATING EXPENSES*	NET REVENUE		DEBT SERVICE REQUIREMENTS			COVERAGE
			AVAILABLE FOR DEBT SERVICE		PRINCIPAL	INTEREST	TOTAL	
2021	\$ 13,642,029	\$ 7,909,371	\$ 5,732,658		\$ 1,215,000	\$ 501,056	\$ 1,716,056	3.34 Times
2020	13,127,265	7,474,231	5,653,034		1,165,000	547,894	1,712,894	3.30
2019	13,287,860	7,328,571	5,959,289		1,125,000	591,656	1,716,656	3.47
2018	12,870,494	7,182,996	5,687,498		1,085,000	631,847	1,716,847	3.31
2017	11,429,376	6,992,910	4,436,466		1,050,000	669,838	1,719,838	2.58
2016	10,193,159	6,125,116	4,068,043		1,010,000	705,288	1,715,288	2.37
2015	10,503,582	5,211,028	5,292,554		975,000	737,488	1,712,488	3.09
2014	10,315,304	5,184,543	5,130,761		950,000	768,638	1,718,638	2.99
2013	9,879,539	5,127,695	4,751,844		1,245,000	870,191	2,115,191	2.25
2012	8,781,564	4,846,308	3,935,256		1,185,000	484,456	1,669,456	2.36

\* Does not include depreciation and amortization expense

\*\* Combined Power and Broadband division

**COLUMBIA POWER AND WATER SYSTEMS**  
**RATIOS OF OUTSTANDING LONG-TERM DEBT BY TYPE (UNAUDITED)**  
FOR THE LAST TEN FISCAL YEARS

**POWER:**

FISCAL YEAR	REVENUE BONDS	PER CUSTOMER	AS A SHARE OF PERSONAL INCOME
2021	\$ -	\$ -	0.00%
2020	-	-	0.00%
2019	-	-	0.00%
2018	-	-	0.00%
2017	-	-	0.00%
2016	5,113,237	192.18	0.52%
2015	5,112,324	196.08	0.59%
2014	5,411,412	210.68	0.64%
2013	5,695,500	224.53	0.71%
2012	7,347,009	292.90	0.97%

**BROADBAND:**

FISCAL YEAR	REVENUE AND TAX BONDS	PER CUSTOMER	AS A SHARE OF PERSONAL INCOME
2021	\$ 3,004,447	\$ 441.31	1.00%
2020	4,895,958	867.34	2.03%
2019	5,829,377	886.87	2.15%
2018	6,892,479	1,058.75	2.77%
2017	7,666,293	1,308.69	3.45%
2016	8,528,288	1,455.84	3.97%
2015	8,497,351	1,529.68	4.57%
2014	9,230,039	1,759.78	5.31%
2013	9,912,828	1,972.31	6.26%
2012	10,570,971	2,171.97	7.21%

**WATER:**

FISCAL YEAR	REVENUE BONDS	PER CUSTOMER	AS A SHARE OF PERSONAL INCOME
2021	\$ 11,497,422	\$ 479.86	1.08%
2020	12,203,049	526.72	1.23%
2019	13,398,214	589.19	1.43%
2018	14,553,379	657.16	1.72%
2017	15,668,544	726.88	1.92%
2016	16,748,709	795.02	2.17%
2015	16,778,874	813.99	2.43%
2014	17,819,039	876.15	2.64%
2013	18,824,204	933.83	2.96%
2012	19,804,359	991.06	3.29%

**Note:**

The Systems' bond covenants stipulate that it may issue debt as long as certain conditions are met. The major criterion is that the net earnings must be at least 1.2 times the annual debt service requirement.

**COLUMBIA POWER AND WATER SYSTEMS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS (UNAUDITED)**  
 FOR THE LAST TEN FISCAL YEARS

FISCAL YEAR	POPULATION <sup>A</sup>	PERSONAL INCOME <sup>B</sup>	PER CAPITA INCOME <sup>C</sup>	UNEMPLOYMENT RATE <sup>D</sup>
2021	101,445 <sup>2</sup>	n/a	n/a	5.1%
2020	99,019 <sup>2</sup>	n/a	n/a	11.1%
2019	96,387 <sup>1</sup>	4,280,192	44,246	3.3%
2018	94,340 <sup>1</sup>	4,027,977	42,696	3.8%
2017	92,163 <sup>1</sup>	3,806,516	41,302	2.7%
2016	89,981 <sup>1</sup>	3,437,904	38,207	4.0%
2015	87,757 <sup>1</sup>	3,330,115	37,947	5.8%
2014	85,515 <sup>1</sup>	3,133,783	36,646	7.5%
2013	83,761 <sup>1</sup>	2,802,978	33,464	9.6%
2012	80,956 <sup>3</sup>	2,682,396	33,134	10.0%

Sources:

- A<sup>1</sup> Based on Bureau of Economic Analysis - Columbia, TN Micropolitan, which is composed of Maury County, TN
- A<sup>2</sup> Estimated based on 2% increase over previous year. Previous five years averaged approximately 2.42% increase.
- A<sup>3</sup> Based on Middle Tennessee Industrial Development Association Community Data Profile
- B Computed using population multiplied by per capita income (shown in thousands)
- C Source - U.S. Department of Commerce - Bureau of Economic Analysis (as of end of previous calendar year), rate reflected is for Maury County.
- D Source - Tennessee Department of Labor and Workforce Development. Represents Maury County as a whole. Current year is estimated per the State of TN.

**COLUMBIA POWER AND WATER SYSTEMS**  
**PRINCIPAL EMPLOYERS (UNAUDITED)**  
CURRENT YEAR AND NINE YEARS AGO

2021			
Employer	Number of Employees	Rank	Percentage of Total County Employment
GM Spring Hill Manufacturing	3,238	1	6.42%
Maury Regional Medical Center	1,725	2	3.42%
Maury County Public Schools	1,420	3	2.82%
Ryder Logistics	1,001	4	1.98%
Magna Seating	595	5	1.18%
Tennessee Farm Bureau	523	6	1.04%
Armada Nutrition	510	7	1.01%
IBEX Global	455	8	0.90%
Maury County Government	400	9	0.79%
City of Columbia	337	10	0.67%
	<u>10,204</u>		<u>20.23%</u>

2012			
Employer	Number of Employees	Rank	Percentage of Total County Employment
Maury Regional Medical Center	2,100	1	6.46%
Maury County Public Schools	1,609	2	4.95%
Tennessee Farm Bureau	700	3	2.15%
TRG Customer Solutions	600	4	1.84%
Maury County Government	477	5	1.47%
Wal-Mart	400	6	1.23%
City of Columbia	385	7	1.18%
Kroger	370	8	1.14%
First Farmers & Merchants Bank	290	9	0.89%
Columbia State Community College	250	10	0.77%
	<u>7,181</u>		<u>22.08%</u>

The 2012 report includes only employers located within the city limits of Columbia, Tennessee.

Source: Maury Alliance - Chamber of Commerce and Economic Development Center for City of Columbia, Tennessee

**COLUMBIA POWER AND WATER SYSTEMS**  
**NUMBER OF EMPLOYEES BY INDENTIFIABLE ACTIVITY (UNAUDITED)**  
FOR THE LAST TEN FISCAL YEARS

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
<b>SHARED</b>										
General Administration	5.5	5	4	4	3	4	4	4	5	6
Accounting	4	4	4	5	4	4	4	-	-	-
General Office	-	-	-	-	-	-	-	4	4	4
Customer Records	6	6	6	6	6	6	7	-	-	-
Billing and Collecting	-	-	-	-	-	-	-	12	11	12
Call Center	-	-	-	-	-	-	-	3	3	4
Customer Service	15	12	11	12	13	12	12	-	-	-
Information Systems	8	6	4	3	3	3	3	3	3	2
Meter Services	6	7	6	5	5	4	4	4	4	6
Purchasing and Stores	4	3	4	4	4	4	4	4	4	4
Maintenance	3	2	2	2	2	3	3	3	3	3
<b>POWER</b>										
Technical Services	7	7	7	7	7	6	6	6	5	4
Engineering	10	9	9	9	9	8	9	7	7	6
Power Distribution	31	30	31	31	31	33	31	31	32	32
<b>POWER - BROADBAND</b>										
Broadband Operations	10	12	12	11	10	8	9	8	7	7
<b>WATER</b>										
Water Distribution	20	20	15	14	16	16	15	12	12	12
Water Meter Shop	-	-	-	-	-	-	-	2	2	2
Water Production	14	13	12	13	14	13	11	10	10	10
<b>TOTAL NUMBER OF EMPLOYEES</b>	<b>143</b>	<b>136</b>	<b>127</b>	<b>126</b>	<b>127</b>	<b>124</b>	<b>122</b>	<b>113</b>	<b>112</b>	<b>111</b>


Note> Information is compiled from internally generated payroll reports.

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# COLUMBIA POWER AND WATER SYSTEMS

## SCHEDULE OF UNACCOUNTED FOR WATER (UNAUDITED)

### FOR THE YEAR ENDED JUNE 30, 2021



**AWWA Free Water Audit Software:  
Reporting Worksheet**

WAS v5.0  
American Water Works Association.  
Copyright © 2014, All Rights Reserved.

Click to access definition

Click to add a comment

**Water Audit Report for:** Columbia Water System

**Reporting Year:** 2021 / 7/2020 - 6/2021

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

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

---

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

**WATER SUPPLIED**

<----- Enter grading in column 'E' and 'J' ----->

Volume from own sources:	+ ?	10	3,683.964	MG/Yr	
Water imported:	+ ?	n/a		MG/Yr	
Water exported:	+ ?	n/a		MG/Yr	

**WATER SUPPLIED:** 3,683.964 MG/Yr

**Master Meter and Supply Error Adjustments**

	+ ?	9	0	MG/Yr	
	+ ?		0	MG/Yr	
	+ ?		0	MG/Yr	

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

---

**AUTHORIZED CONSUMPTION**

Billed metered:	+ ?	10	2,843.454	MG/Yr	
Billed unmetered:	+ ?	6	743.819	MG/Yr	
Unbilled metered:	+ ?	n/a		MG/Yr	
Unbilled unmetered:	+ ?		46.050	MG/Yr	

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

**AUTHORIZED CONSUMPTION:** 3,633.323 MG/Yr

Click here:

for help using option buttons below

Use buttons to select percentage of water supplied OR value

	Pcnt:	Value:	1.25%		MG/Yr
	0.25%	0			
	0.25%	0			

---

**WATER LOSSES (Water Supplied - Authorized Consumption)**

**50.641** MG/Yr

**Apparent Losses**

Unauthorized consumption:	+ ?		9.210	MG/Yr	
Customer metering inaccuracies:	+ ?	10	0.000	MG/Yr	
Systematic data handling errors:	+ ?		7.109	MG/Yr	

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

**Apparent Losses:** 16.319 MG/Yr

	Pcnt:	Value:	0.25%		MG/Yr
	0.25%	0			

---

**Real Losses (Current Annual Real Losses or CARL)**

Real Losses = Water Losses - Apparent Losses: 34.323 MG/Yr

**WATER LOSSES:** 50.641 MG/Yr

---

**NON-REVENUE WATER**

**NON-REVENUE WATER:** 96.691 MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

---

**SYSTEM DATA**

Length of mains:	+ ?	7	555.0	miles	
Number of active AND inactive service connections:	+ ?	9	23,960		
Service connection density:	?		43	conn./mile main	

Are customer meters typically located at the curbside or property line? Yes (length of service line, beyond the property boundary, that is the responsibility of the utility)

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

Average operating pressure: 55.0 psi

---

**COST DATA**

Total annual cost of operating water system:	+ ?	10	\$8,088,425	\$/Year	
Customer retail unit cost (applied to Apparent Losses):	+ ?	8	\$4.46	\$/1000 gallons (US)	
Variable production cost (applied to Real Losses):	+ ?	6		\$/Million gallons	<input type="checkbox"/> Use Customer Retail Unit Cost to value real losses

---

**WATER AUDIT DATA VALIDITY SCORE:**

\*\*\* YOUR SCORE IS: 85 out of 100 \*\*\*

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

---

**PRIORITY AREAS FOR ATTENTION:**

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

1: Billed unmetered

2: Variable production cost (applied to Real Losses)

3: Unauthorized consumption

# COLUMBIA POWER AND WATER SYSTEMS

## SCHEDULE OF UNACCOUNTED FOR WATER (UNAUDITED) - continued

FOR THE YEAR ENDED JUNE 30, 2021

AWWA Free Water Audit Software:		System Attributes and Performance Indicators		WAS v5.0
		American Water Works Association. Copyright © 2014. All Rights Reserved.		
Water Audit Report for:		Columbia Water System		
Reporting Year:		2021	7/2020 - 6/2021	
<b>*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 85 out of 100 ***</b>				
<b>System Attributes:</b>				
	Apparent Losses:	16.319	MG/Yr	
	+ Real Losses:	34.323	MG/Yr	
	= <b>Water Losses:</b>	<b>50.641</b>	MG/Yr	
?	Unavoidable Annual Real Losses (UARL):	132.43	MG/Yr	
	Annual cost of Apparent Losses:	\$72,781		
	Annual cost of Real Losses:		Valued at <b>Variable Production Cost</b>	
			Return to Reporting Worksheet to change this assumption	
<b>Performance Indicators:</b>				
Financial:	Non-revenue water as percent by volume of Water Supplied:	2.6%		
	Non-revenue water as percent by cost of operating system:	0.9%	Real Losses valued at Variable Production Cost	
Operational Efficiency:	Apparent Losses per service connection per day:	1.87	gallons/connection/day	
	Real Losses per service connection per day:	3.92	gallons/connection/day	
	Real Losses per length of main per day*:	N/A		
	Real Losses per service connection per day per psi pressure:	0.07	gallons/connection/day/psi	
	From Above, Real Losses = Current Annual Real Losses (CARL):	34.32	million gallons/year	
?	Infrastructure Leakage Index (ILI) [CARL/UARL]:	0.26		
* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline				



**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF INSURANCE COVERAGE (UNAUDITED)**  
FOR THE YEAR ENDED JUNE 30, 2021

<u>TYPE OF COVERAGE</u>	<u>BOTH SYSTEMS</u>
Property Insurance	122,000,000
Earthquake property damage	20,000,000
Flood property damage	20,000,000
First party pollution property damage	750,000
Extra expense coverage property damage	500,000
Dam	3,800,000
Boiler and machinery	50,000,000
Accounts receivable, valuable papers and records	500,000
Cyber liability	1,000,000
Comprehensive liability:	
General liability (each occurrence/aggregate limit)	250,000/750,000
Public entity employee benefits liability	1,000,000
Automobile bodily injury	1,000,000
Automobile property damage	1,000,000
Uninsured motorist	100,000
Worker's compensation	Statutory
Directors and officers personal liability	3,000,000
Commercial umbrella liability policy (each occurrence/aggregate limit)	2,000,000/2,000,000
Crime	
Forgery or alteration coverage	500,000
Theft, disappearance & destruction coverage	500,000

All the coverage and liability limits described are shared. The limits of liability are the aggregate for both systems.

# Other Report Section



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**Independent Auditor’s Report on Internal Control over  
Financial Reporting and on Compliance  
and Other Matters Based on an Audit of  
Financial Statements Performed in Accordance  
With *Government Auditing Standards***

The Columbia Board of Public Utilities  
Columbia Power and Water Systems  
Columbia Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of each major fund and the aggregate remaining fund information of the Columbia Power and Water Systems (the Systems), an enterprise fund of the City of Columbia, Tennessee, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Systems’ basic financial statements, and have issued our report thereon dated September 22, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audits 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 opinion 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 System’s financial statements will not be prevented or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

---



Jackson, Tennessee  
September 22, 2021

**COLUMBIA POWER AND WATER SYSTEMS**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
FOR THE YEAR ENDED JUNE 30, 2021

FINANCIAL STATEMENT FINDINGS:

There were no prior year findings reported.

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**APPENDIX D**  
**BOND COUNSEL OPINION**





(Form of Bond Counsel Opinion)

December 21, 2021

City of Columbia, Tennessee  
Columbia, Tennessee

Raymond James & Associates, Inc.  
Memphis, Tennessee

Re: City of Columbia, Tennessee Water System Revenue Refunding Bonds, Series 2021

Ladies and Gentlemen:

We have acted as bond counsel in connection with the issuance by the City of Columbia, Tennessee (the "Issuer") of \$6,770,000 Water System Revenue Refunding Bonds, Series 2021, dated the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding obligations of the Issuer.
2. The resolution of the City Council of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.
3. The principal of and interest on the Bonds are limited obligations of the Issuer, payable solely from and secured by a pledge of revenues to be derived from the operation of the waterworks system of the Issuer, subject only to the payment of the reasonable and necessary costs of operating, maintaining, repairing and insuring said system. We express no opinion as to the sufficiency of such revenues for the payment of principal of and interest on the Series 2021 Bonds.
4. Interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Code. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4 and Paragraph 6 below, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

6. The Bonds are “qualified tax-exempt obligations” for purposes of Section 265 of the Code.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolution authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

Bass Berry & Sims PLC

**APPENDIX E**  
**FORM OF CONTINUING DISCLOSURE AGREEMENT**



CITY OF COLUMBIA, TENNESSEE

\$6,770,000 WATER SYSTEM REVENUE REFUNDING BONDS, SERIES 2021

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this "Disclosure Agreement") is executed and delivered this 21<sup>st</sup> day of December, 2021 by the City of Columbia, Tennessee (the "Issuer") in connection with the issuance of the Issuer's \$6,770,000 Water System Revenue Refunding Bonds, Series 2021 (the "Bonds"). The Issuer hereby covenants and agrees as follows:

SECTION 1. Purpose of and Authority for the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Registered Owners and the Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) (the "Rule") of the Securities and Exchange Commission (the "SEC"). This Disclosure Agreement is being executed and delivered by the Issuer under the authority of the Resolution.

SECTION 2. Definitions. In addition to the terms otherwise defined herein, the following capitalized terms shall have the following meanings:

"Beneficial Owner" shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Fiscal Year" shall mean any period of twelve consecutive months adopted by the Issuer as the fiscal year of the System for financial reporting purposes, and shall initially mean the period beginning on July 1 of each calendar year and ending June 30 of the same calendar year.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the Official Statement of the Issuer, dated December 7, 2021, relating to the Bonds.

"Participating Underwriters" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Registered Owner" means any person who is identified as a holder of Bonds on the registration records maintained by or on behalf of the Issuer with respect to the Bonds.

"Resolution" shall mean the bond resolution adopted by the City Council of the Issuer on November 9, 2021.

"State" shall mean the State of Tennessee.

"State Repository" shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule.

"System" means the waterworks system of the Municipality.

SECTION 3. Continuing Disclosure. The Issuer hereby agrees to provide or cause to be provided the information set forth below:

(a) *Annual Financial Information*. For Fiscal Years ending on or after June 30, 2021, the Issuer shall provide annual financial information and operating data within 12 months after the end of the Fiscal Year. The annual financial information and operating data shall include:

(i) The audited financial statements for the System, prepared in accordance with generally accepted accounting principles, or, if the System's audited financial statements are not available, then the System's unaudited financial statements; and

(ii) To the extent not included in the audited financial statements, operating data of the type included under the following headings of the Official Statement, which data may be presented in a manner other than as set in the Official Statement:

- (A) Summary of Outstanding Bonded Indebtedness of the System
- (B) Average Daily Production and Maximum Daily Production for the previous five years
- (C) Current Water Rate Schedule
- (D) Water System Customers, Usage and Revenues by Category
- (E) Ten Largest Water System Customers
- (F) Summary of Operations
- (G) Historical Debt Service Coverage for Outstanding Bonds

(b) *Audited Financial Statements*. For Fiscal Years ending on or after June 30, 2021, the Issuer shall provide audited financial statements of the System, prepared in accordance with generally accepted accounting principles, if and when available, if such audited financial statements are not included with the annual financial information described in subsection (a) above.

(c) *Event Notices*. The Issuer will provide notice of the following events relating to the Bonds in a timely manner, not in excess of ten business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances (including disclosure as to whether the Bonds have been defeased to their maturity or to a preceding call date);
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;

- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (xiii) The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a financial obligation\* of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation\* of the Issuer, any of which reflect financial difficulties.

\* As used in subsections (xv) and (xvi), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) *Notice of Failure to File Annual Financial Information.* The Issuer will provide timely notice of its failure to provide the annual financial information described in subsection (a) above within the time frame prescribed by subsection (a).

(e) *Notice of Amendment of Disclosure Agreement.* The Issuer will provide timely notice of an amendment to this Disclosure Agreement pursuant to the terms of Section 5(a) below.

#### SECTION 4. Methods of Providing Information.

(a) All disclosures required by Section 3 shall be transmitted to the MSRB using the MSRB's Electronic Municipal Market Access System ("EMMA") or by such other method as may be subsequently determined by the MSRB.

(b) Information shall be provided to the MSRB in an electronic format as prescribed by the MSRB, either directly, or indirectly through an indenture trustee or a designated dissemination agent.

(c) All transmissions to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(d) Any required disclosure may be incorporated by reference to other documents filed with the MSRB in the manner required by subsection (a) above. The Issuer shall clearly identify each such other document so incorporated by reference.

(e) All disclosures transmitted to the MSRB hereunder shall be simultaneously transmitted to any State Repository.

SECTION 5. Amendment.

This Disclosure Agreement may be amended or modified so long as: (i) any such amendments are not violative of any rule or regulation of the SEC or MSRB, or other federal or state regulatory body; (ii) the amendment may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature, or status of the obligated person, or type of business conducted; (iii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iv) the amendment does not materially impair the interests of Beneficial Owners or Registered Owners, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by approving vote of the Beneficial Owners and Registered Owners pursuant to the terms of the Resolution at the time of the amendment.

(b) In the event of any amendment or modification to the financial information or operating data required to be filed pursuant to Section 3(a) above, the Issuer shall describe such amendment in the next filing pursuant to Section 3(a), and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, the next filing pursuant to Section 3(a) or 3(b), as applicable, shall present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

SECTION 6. Termination of Reporting Obligation. The obligations of the Issuer under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any disclosure required hereunder, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure.

SECTION 8. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Registered Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Registered Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with their obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of any party to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State.



SECTION 11. Severability. In case any one or more of the provisions of this Disclosure Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Agreement, but this Disclosure Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

CITY OF COLUMBIA, TENNESSEE

By: \_\_\_\_\_  
Mayor

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