MAURY COUNTY BOARD OF PUBLIC UTILITIES
WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF
MAURY COUNTY, TENNESSEE)

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORTS

JUNE 30, 2014

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)

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MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)
SCHEDULE OF OFFICIALS
JUNE 30, 3014

Officials

Larry Chunn, Superintendent

Board Members

Calvin Cheek
Jerry Attkisson
Glen Stewart
Jimmy Jones
William Pilkinton

BELLENFANT + MILES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Maury County Board of Public Utilities Water System
(A Discrete Component Unit of Maury County, Tennessee)
Columbia, Tennessee

Report on Financial Statements

We have audited the accompanying financial statements of Maury County Board of Public Utilities, (a discrete component unit of Maury County, Tennessee), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Maury County Board of Public Utilities' 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 the financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

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

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

136 Wilson Pike Circle • Brentwood, TN 37027 • tel: 615.370.8700 • fax: 615.370.4475

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Maury County Board of Public Utilities Water System, as of June 30, 2014, and the respective changes in financial position, and cash flows, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 9 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 opinions on the financial statements that collectively comprise Maury County Board of Public Utilities Water System's basic financial statements. The accompanying information listed as Supplemental Schedules in the Table of Contents is presented for purposes of additional analysis and is not a required part of the financial statements.

The Schedule of Officials, Schedule of Additions and Retirements to Utility Plant, Schedule of Water Rates in Force, Schedule of Insurance Coverage, AWWA WLCC Free Water Audit Software Reporting Worksheet, and Schedule of Investments 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2014, on our consideration of Maury County Board of Public Utilities Water System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and is considering Maury County Board of Public Utilities Water System's internal control over financial reporting and compliance.

Bellenfant & Miles, PLLC

October 14, 2014

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Maury County Board of Public Utilities Water System (a discrete component unit of Maury County, Tennessee of Columbia, Tennessee ("the System"), we offer readers of the System's financial statements this narrative overview and analysis of the financial activities of the System for the fiscal year ended June 30, 2014. We encourage readers to consider the information presented here in conjunction with the financial statements.

Financial Highlights

Operating revenues were $3,768,253, a decrease from the year ended June 30, 2013 in the amount of $14,600.

Operating income for the year was $293,710, representing a decrease of $355,560 from the year ended June 30, 2013.

The operating ratios (operating revenues divided by operating expenses, less depreciation and amortization) were 1.37 for 2014, and 1.54 for 2013.

Overview of the Financial Statements

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents management's examination and analysis of the System's financial condition and performance. Summary financial statement data, bond resolutions and other management tools were used for this analysis

The financial statements report information about the System using full accrual accounting methods as utilized by similar business activities in the private sector. The financial statements include a Statement of Net Position; a Statement of Revenues, Expenses and Changes in Net Position; a Statement of Cash Flows; and Notes to Financial Statements.

The Statement of Net Position presents the financial position of the System on a full accrual historical cost basis. The Statement of Net Position presents information on all of the System's assets and liabilities, with the difference reported as net position. Over time, increases and decreases in net position are one indicator of whether the financial position of the System is improving or deteriorating.

While the Statement of Net Position provides information about the nature and amount of resources and obligations at year-end, the Statement of Revenues, Expenses and Changes in Net Position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the System's recovery of its costs.

The *Statement of Cash Flows* presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipt and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The *Notes to Financial Statements* provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the System's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any. *Supplementary Information* is also provided after the *Notes to Financial Statements*.

The financial statements were prepared from the detailed books and records of the System. The financial statements were audited and adjusted, if material, during the independent external audit process.

FINANCIAL ANALYSIS

Condensed Financial Statements

Condensed Statement of Net Position

	June 30		
	2014	2013	Variance
Capital assets:			
Production assets - net	$ 24,957,016	$ 25,306,614	$ (349,598)
Land	502,909	502,909	-
Current assets - restricted assets and other assets	6,579,087	6,145,478	433,609
Total assets	$ 32,039,012	$ 31,955,001	$ 84,011
Current liabilities	$ 464,827	$ 439,430	$ 25,397
Other liabilities	34,260	37,180	(2,920)
Non-current liabilities	6,567,902	6,874,440	(306,538)
Total liabilities	7,066,989	7,351,050	(284,061)
Net position:			
Net investment in capital assets	18,585,472	18,555,446	30,026
Restricted for bond repayment	1,650,000	1,650,000	-
Unrestricted	4,736,551	4,398,505	338,046
Total net position	24,972,023	24,603,951	368,072
Total liabilities and net position	$ 32,039,012	$ 31,955,001	$ 84,011

Total assets for the year ended June 30, 2014 were $32,039,012. Total liabilities were $7,066,989 and total net position was $24,972,023. Total assets increased $84,011 and total net position increased by $368,072 in 2014.

Condensed Statement of Revenues, Expenses and Changes in Net Position

	For the Year Ended June: 2014	2013	Variance
Revenues:			
Water sales revenues	$ 3,476,292	$ 3,521,213	$ (44,921)
Other revenues	291,961	261,640	30,321
Total operating revenues	$ 3,768,253	$ 3,782,853	$ (14,600)
Expenses:			
Water purchases	1,291,451	1,228,151	63,300
Administrative	1,449,432	1,222,175	227,257
Depreciation	733,660	683,257	50,403
Total operating expenses	3,474,543	3,133,583	340,960
Operating income	293,710	649,270	(355,560)
Non-operating revenue (expenses), net	(183,272)	(109,299)	(73,973)
Net Income before Contributions	110,438	539,971	(429,533)
Contributions in Aid of Construction	257,634	-	257,634
Change in net position	$ 368,072	$ 539,971	$ (171,899)

Financial Condition

The System's financial condition remained strong at year-end with adequate liquid assets, reliable plants and systems to meet demand and a reasonable level of unrestricted net position. The current financial condition, technical support staff capabilities, and operating and expansion plans to meet anticipated customer needs are well balanced and under control.

Total assets increased $84,011. This increase was primarily related to acquisition of capital assets.

The net position of the System increased by $368,072. Unrestricted net position increased $338,046.

Results of Operations

Operating Revenues:
Revenues from operations fall into one general category: water sales and tap fees. The total operating revenues decreased $14,600.

Expenses:
Total operating expenses of the System increased $340,960.

Capital Asset and Debt Administration

Capital Assets:

The System's investment in capital assets as of June 30, 2014 amounted to $25,459,925 (net of accumulated depreciation). This investment in capital assets includes land, building, water grid and improvements and equipment. The total capital assets decreased $349,598. Additional information on capital assets can be found in Note 6 on page 18 of this report.

Long-term Debt:

As of June 30, 2014, the System had long-term debt outstanding of $6,567,902. Current maturities of that debt amounted to $306,551. Principal paid on long-term debt during the year amounted to $298,514. Additional information on long-term debt can be found in Note 9 on pages 19 and 20 of this report.

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)

STATEMENT OF NET POSITION

JUNE 30, 2014

ASSETS

Current Assets:	
Cash	$ 3,088,075
Investments	3,001,079
Accounts Receivable	240,433
Other Receivable	92,880
Inventory	111,815
Interest Receivable	10,545
Total Current Assets	6,544,827
Utility Plant, Property, and Equipment	
Land	502,909
Building	2,137,719
Water Grid and Improvements	29,761,411
Equipment	987,508
Total Utility Plant, Property, and Equipment	33,389,547
Less: Accumulated Depreciation	(7,929,622)
Utility Plant, Property, and Equipment, net	25,459,925
Restricted Investments	
Customer deposits	34,260
TOTAL ASSETS	$ 32,039,012

LIABILITIES AND NET POSITION

Current Liabilities:	
Accounts Payable	$ 127,479
Accrued Leave	20,351
Accrued Salaries	10,446
Current Portion, Long-Term Debt	306,551
Total Current Liabilities	464,827

The accompanying notes and independent auditors' report are an integral part of this financial statement.

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)

STATEMENT OF NET POSITION

JUNE 30, 2014

LIABILITIES AND NET POSITION - continued

Other Liabilities:	
Customer Deposits	$ 34,260
Long-Term Debt:	
State Revolving Loan 2005-065	2,938,729
State Revolving Loan 2007-072	1,248,096
Rural Development Loan	2,687,628
Current Portion, Long-Term Debt	(306,551)
Total Long-Term Debt	6,567,902
Total Liabilities	7,066,989
Net Position	
Net Invested in Capital Assets	18,585,472
Restricted for Bond Repayment	1,650,000
Unrestricted	4,736,551
Total Net Position	24,972,023
TOTAL LIABILITIES AND NET POSITION	$32,039,012

The accompanying notes and independent auditors' report are an integral part of this financial statement.

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

OPERATING REVENUES:	
Water Sales	$ 3,476,292
New Tap Sales	149,700
Penalties	60,152
Other Fees and Revenues	82,109
Total Operating Revenues	3,768,253
OPERATING EXPENSES:	
Water Purchases	$ 1,291,451
Operation Salaries	369,645
Office Salaries	174,236
Advertising	472
Continuing Education	11,388
Contract Services	44,791
Depreciation	733,660
Dues and Fees	17,139
Employee Insurance and Benefits	123,927
Engineering Fees	57,998
Field Maintenance and Inspection	55,498
Insurance	53,151
IT Expenses	34,192
Legal and Professional Fees	56,119
Line Relocation	2,145
Miscellaneous	7,921
Office Expense	20,183
Repairs and Maintenance	81,080
Supplies	57,631
Tap Installation	46,811
Taxes	44,505
Telephone and Office Utilities	53,728
Travel	730
Truck Expenses	65,461
Utilities - Pump Stations	49,764
Uniforms	4,381
Water Sampling	16,536
TOTAL OPERATING EXPENSES	3,474,543
NET OPERATING INCOME	293,710

The accompanying notes and independent auditors' report are an integral part of this financial statement.

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)

STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2014

NON-OPERATING REVENUES (EXPENSES)	
Interest Income	33,220
Interest Expense	(216,492)
TOTAL NON-OPERATING REVENUES (EXPENSE)	(183,272)
NET INCOME BEFORE CONTRIBUTIONS	110,438
CAPITAL CONTRIBUTIONS	
Contributions in aid of construction	257,634
CHANGE IN NET POSITION	368,072
Net Position - July 1, 2013	24,603,951
Net Position June 30, 2014	$ 24,972,023

The accompanying notes and independent auditors' report are an integral part of this financial statement.

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from Customers	$ 3,703,324
Payments to Suppliers	(2,890,662)
Payments to Employees	(666,676)
Other Operating Receipts	86,094
Other Operating Expenses	733,660
Net Cash Provided by Operating Activities	965,740
CASH FLOWS FROM FINANCING ACTIVITIES	
Contributions in Aid of Construction	257,634
Principle Payments on Long-Term Debt	(298,514)
Interest Paid on Long-Term Debt	(216,492)
Purchase of Property and Equipment	(384,062)
Net Cash Used by Financing Activities	(641,434)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	33,220
Increase in Investments	(19,902)
Net Cash Provided by Investing Activities	13,318
NET INCREASE IN CASH	337,624
Cash, July 1, 2013	2,750,451
Cash, June 30, 2014	$ 3,088,075

Reconciliation of Operating Income to Net Cash Provided by Operating Activities:

Operating Income	$ 293,710
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	733,660
Changes in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	(80,914)
(Increase) Decrease in Inventory	(2,076)
(Increase) Decrease in Interest Receivable	3,985
Increase (Decrease) in Accounts Payable and Accrued Expenses	98,485
Increase (Decrease) in Retainage Payable	(81,110)
Net Cash Provided by Operating Activities	$ 965,740

The accompanying notes and independent auditors' report are an integral part of this financial statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Maury County Board of Public Utilities Water System (the "System") is a discrete component unit of Maury County, Tennessee. This System is governed by a board of directors appointed by the Maury County Mayor and ratified by the commissioners of Maury County. In addition, the Maury County commissioners approve the annual budget of the System. The System is operated as an enterprise fund with self-balancing accounting records. The System does not receive any operating revenues from Maury County.

Basis of Accounting

The System's financial statements have been presented using the economic resources approach and the accrual basis of accounting, except that revenue from water sales is recognized when billed.

The System adopted Governmental Accounting Standards Board (GASB) Statement No. 62, *Codification of Accounting and Financial Reporting guidance contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* required for fiscal periods beginning after December 15, 2011, in 2012. This statement incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance, included in certain FASB and AICPA pronouncements issued prior to November 30, 1989, which does not conflict with or contradict GASB pronouncements. The adoption of the Statement did not have a material effect on the System's financial condition or results of operations.

Deferred Outflows / Inflows of Resources

The System also adopted GASB Statement No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position, in 2012. The objective of this statement is to provide guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position. The Statement was implemented retroactively and resulted in a change in presentation of the balance sheet to what is now referred to as the statement of net position and the term "net assets" was changed to "net position" throughout the financial statements. The adoption of the Statement did not impact amounts reported in the financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Utility Plant, Property and Equipment

The utility plant, property and equipment are recorded at cost. Depreciation is provided on the straight-line method over the estimated useful lives of the respective assets. Items costing over $500 are depreciated. Maintenance and repairs are charged to expenses as incurred; major renewals and improvements are capitalized. When items of property or equipment are sold or retired, the related costs and accumulated depreciation are removed from the accounts and any gain or loss is included in income. Depreciation expense for the year ended June 30, 2014 was $733,660.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the System considers all investment instruments purchased with an original maturity of three months or less to be cash equivalents. There were no cash equivalents at June 30, 2014. Restricted assets are not treated as part of the System's cash and cash equivalents.

Classification of Revenue

The System has classified its revenues as either operating or nonoperating revenues according to the following criteria:

Operating revenues - Operating revenues generally result from providing water for use or providing related support services to an individual or entity separate from the System.

Non-operating revenue - Non-operating revenues are those revenges that do not meet the definition of operating revenues: Non-operating revenues include gifts, investment income, and insurance reimbursements.

Use of Estimates

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

Inventory

The System's inventory of supplies is stated at cost using the first in, first out method. The costs of inventory items are recognized as expenditures in the enterprise fund when used.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted assets are available, it is the System's policy to first apply restricted resources.

2. ACCOUNTS RECEIVABLE

Customer receivables are comprised of the following aged categories:

Current billings	$	240,346
30 days past due		3,768
60 days past due		(5,941)
90 days past due		2,260
	$	240,433

Bad debts are determined and written off only by direct action of the System's Board. The amount of $5,214 was written off for the year ended June 30, 2014.

3. DEPOSITS AND INVESTMENTS

Deposits

The System is subject to the Tennessee statue which requires deposits in financial institutions be secured and collateralized by such institutions. The collateral must meet certain requirements and must have a total market value of 105% of the value of the deposits placed in the institutions, less the amount protected by the Federal Depository Insurance. Collateral requirements are not applicable for financial institutions that participate in the State of Tennessee's collateral pool.

Custodial credit risk is the risk that in the event of a bank failure, the System's deposits may not be returned to it. As of June 30, 2014, all deposits were insured or collateralized.

Investments consist of certificates of deposit with financial institutions with original maturities of over three months and not over one year. The System's policy is to hold these investments to maturity, therefore, there is no interest rate risk that will adversely affect the fair value of the investments.

4. RESTRICTED ASSETS

The restricted assets represent investment of customer deposits. The customer deposits are not available for operation of the System and are held in trust. The deposits at June 30, 2014 were $34,260 for meter deposits of current customers.

5. UTILITY PLANT, PROPERTY, AND EQUIPMENT

Major classifications of the utility plant, property, and equipment and their respective depreciable lives are summarized below:

Water grid and improvements	50 -100 year
Water mains	40 years
Water towers and stations	40 years
Water meters	10-40 years
Casting and valves	20-50 years
Other	40 years
Trucks	5 years
Small tools and equipment	3-10 years
Office furniture and equipment	5-10 years

6. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2014 was as follows:

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014
Capital assets, not being depreciated:				
Land	502,909	-	-	502,909
Total capital assets, not being depreciated	502,909	-	-	502,909
Capital assets, being depreciated:				
Building	2,136,919	800	-	2,137,719
Water grid & improvements	29,487,227	292,079	17,895	29,761,411
Equipment & fixtures	992,610	91,183	96,285	987,508
Total capital assets, being depreciated	32,616,756	384,062	114,180	32,886,638
Less accumulated deprecation:				
Building	118,520	54,913	-	173,433
Water grid & improvements	6,510,633	598,979	17,895	7,091,717
Equipment & fixtures	680,989	79,768	96,285	664,472
Total accumulated depreciation	7,310,142	733,660	114,180	7,929,622
Total capital assets, being depreciated, net	25,306,614	(349,598)	-	24,957,016
Total capital assets, net	25,809,523	(349,598)	-	25,459,925

7. ACCRUED LEAVE

Accumulated annual leave at June 30, 2014, amount to $20,351. It is the System's policy to accrue vacation annually for full-time personnel and charge employee benefits. The policy provides two weeks annual leave for personnel with one to five years contiguous service, three weeks for six to eleven years of service and increasing amounts up to five weeks for service up to twenty-five years.

8. RISK MANAGEMENT

The System is exposed to losses that could arise from torts; asset theft, damage, or destruction; business interruptions; errors or omissions, job-related illnesses or injuries to employees; acts of nature; accident, health, dental, and other medical benefits to employees. Potential losses are covered by commercial insurance.

The System has not been involved in any significant litigation during the last five fiscal years.

9. LONG-TERM DEBT

The System's bonds payable are liabilities derived from various system water line upgrades, extensions, and improvements.

Bonds payable consist of the following at June 30, 2014

2006 State Revolving Loan Fund DWSRF 2005-065:	
The principal is amortized over 20 years with monthly payments of $21,623 and an interest rate of 2.42%.	$ 2,938,729
2008 State Revolving Loan Fund DWSRF 2007-072:	
The principal is amortized over 20 years with monthly payments of $8,679 and an interest rate of 2.42%.	1,248,096
2006 USDA Rural Development Loan:	
The principal is amortized over 38 years with monthly payments of $12,615 and an interest rate of 4.125%.	2,687,628
Total	6,874,453
Less Current Portion	(306,551)
Total Long-Term Bonds Payable	$ 6,567,902

9. LONG-TERM DEBT - CONTINUED

	Beginning Balance July 1, 2013	Reductions	Ending Balance June 30, 2014	Due Within One Year
Total Long-Term Bonds Payable	$ 7,172,967	$ (298,514)	$ 6,874,453	$ 306,551

The principal and interest requirements for outstanding bonds as of June 30, 2014 are as follows:

Year Ending June 30:	Principal	Interest	Total
2015	$ 306,551	$ 208,454	$ 515,005
2016	314,767	200,238	515,005
2017	323,237	191,768	515,005
2018	331,938	183,067	515,005
2019	340,875	174,130	515,005
2020-2024	1,847,635	727,387	2,575,022
2025-2029	1,561,690	472,485	2,034,175
2030-2034	416,664	340,236	756,900
2035-2039	511,906	244,994	756,900
2040-2044	628,920	127,980	756,900
2045-2046	290,270	12,628	302,898
Total	$ 6,874,453	$ 2,883,367	$ 9,757,820

10. PENSION

Maury County Board of Public Utilities Water System participates in the Tennessee Consolidated Retirement System, under the Maury County, Tennessee plan. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service.

Employees contribute 5% of earnable compensation to the plan. Maury County Board of Public Utilities Water System is required to contribute at an actuarially determined rate; the rate of the fiscal year ended June 30, 2013 was 6.47% of annual covered payroll. The information for the fiscal year ended June 30, 2014 was not available yet.

11. CONTRIBUTIONS IN AID OF CONSTRUCTION

During the fiscal year ended June 30, 2014, the System paid for the extension of lines for an Estate and was reimbursed for these costs by the Estate. The System owns these lines. The total amount of this project was $251,382, of which $92,880 was still owed at June 30, 2014. Also, a developer paid for installation of lines for $6,252 of which the System owns. The total of $257,634 is shown on the Statement of Revenues, Expenses and Changes in Net Position as Contributions in Aid of Construction.

12. SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 14, 2014 which is the date of the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)

SCHEDULE OF ADDITIONS AND RETIREMENTS TO UTILITY PLANT

JUNE 30, 2014

	Balance July 1, 2013	Additions	Retirements	Balance June 30, 2014
Land	$ 502,909	$ -	$ -	$ 502,909
Building	2,136,919	800	-	2,137,719
Water Grid and Improvements:				
Water Mains	21,998,978	-	-	21,998,978
Water Towers and Stations	3,319,899	-	17,895	3,302,004
Water Meters	2,371,958	-	-	2,371,958
Casting and valves	767,409	-	-	767,409
Other	1,028,983	292,079	-	1,321,062
Total Water Grid and Improvements	29,487,227	292,079	17,895	29,761,411
Equipment and Fixtures:				
Equipment	618,138	75,809	43,047	650,900
Office Equipment	227,989	15,374	31,495	211,868
Office Furniture	146,483	-	21,743	124,740
Total Equipment and Fixtures	992,610	91,183	96,285	987,508
TOTAL	$ 33,119,665	$ 384,062	$ 114,180	$ 33,389,547

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)

SCHEDULE OF WATER RATES IN FORCE

JUNE 30, 2014

Customer Charge Residential	Capacity	Monthly Charges
5/8 x 3/4	1.00	$ 17.00
3/4 x 3/4	1.67	$ 25.00
Commercial Charge		
1"	2.67	$ 37.00
2"	6.67	$ 85.00
3"	10.00	$ 125.00
4"	13.33	$ 165.00
5"	33.33	$ 405.00

Water Usage Billed at $6.00 per 1,000 gallons.

TAP FEES:

Residential Meters	5/8 x 3/4	$ 1,850.00
Commercial Meters	3/4 x 3/4	$ 1,950.00
Commercial Meters	1" x 1"	$ 2,150.00
All other taps larger than 1"		$ 2,150.00

PER INCH PLUS ACTUAL COST OF INSTALLATION

(3/4" over 50 foot long tap - Add $7.00 per foot)
(1" over 50 foot long tap - Add $9.00 per foot)

The TDRA surcharge is $.05 per 1,000 gallons imposed by the Duck River Agency is applicable to the above rate to defray the share of water supply benefits provided by TDRA.

Number of customers at June 30, 2014: 6,863

SCHEDULE OF INSURANCE COVERAGE
JUNE 30, 2014

Company	Policy Number	Coverage
TNRMT	TNRMT	Worker's Compensation
TNRMT	TNRMT	Vehicles
TNRMT	TNRMT	General Liability
TNRMT	TNRMT	Fidelity Bond on all Employees
TNRMT	TNRMT	Buildings and Contents

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)

SCHEDULE OF INVESTMENTS

JUNE 30, 2014

Investment Description	Certificate Number	Interest Rate	Maturity Date	Balance
Unrestricted				
Certificate of Deposit				
First Farmers & Merchants Bank	44696	0.20%	9/24/2014	$ 943,378
Partially Restricted				
Certificate of Deposit				
Community First Bank	12049	0.55%	8/11/2014	2,091,961
Total Investments				$ 3,035,339

Shown on Balance Sheet As:	
Investments	$ 3,001,079
Restricted Investments	34,260
	$ 3,035,339

AWWA WLCC Free Water Audit Software: Reporting Worksheet

Back to Instructions

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WAS v4.2

? Click to access definition

Water Audit Report for: MAURY COUNTY WATER SYSTEM

Reporting Year: 2013 | 7/2013 - 6/2014

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 (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

<< Enter grading in column 'E'

WATER SUPPLIED				
Volume from own sources:	?	n/a		Million gallons (US)/yr (MG/Yr)
Master meter error adjustment (enter positive value):	?	4	4.953	over-registered MG/Yr
Water imported:	?	8	521.277	MG/Yr
Water exported:	?	n/a		MG/Yr
WATER SUPPLIED:			516.324	MG/Yr
AUTHORIZED CONSUMPTION				
Billed metered:	?	6	385.601	MG/Yr
Billed unmetered:	?	n/a		MG/Yr
Unbilled metered:	?	n/a		MG/Yr
Unbilled unmetered:	?	6	9.529	MG/Yr
AUTHORIZED CONSUMPTION:	?		395.130	MG/Yr
WATER LOSSES (Water Supplied - Authorized Consumption)			121.194	MG/Yr
Apparent Losses				
Unauthorized consumption:	?	5	1.291	MG/Yr
Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed				
Customer metering inaccuracies:	?	6	0.116	MG/Yr
Systematic data handling errors:	?	8	0.010	MG/Yr
Apparent Losses:	?		1.417	
Real Losses (Current Annual Real Losses or CARL)				
Real Losses = Water Losses - Apparent Losses:	?		119.778	MG/Yr
WATER LOSSES:			121.194	MG/Yr
NON-REVENUE WATER				
NON-REVENUE WATER:	?		130.723	MG/Yr
= Total Water Loss + Unbilled Metered + Unbilled Unmetered				
SYSTEM DATA				
Length of mains:	?	10	455.1	miles
Number of active AND inactive service connections:	?	6	8,056	
Connection density:			18	conn./mile main
Average length of customer service line:	?	10	0.0	ft (pipe length between curbstop and customer meter or property boundary)
Average operating pressure:	?	8	91.9	psi
COST DATA				
Total annual cost of operating water system:	?	8	$3,133,583	$/Year
Customer retail unit cost (applied to Apparent Losses):	?	10	$6.00	$/1000 gallons (US)
Variable production cost (applied to Real Losses):	?	10	$2,500.00	$/million gallons

Click here: ? for help using option buttons below

	Pcnt:	Value:
Billed unmetered		
Unbilled metered		
Unbilled unmetered	1.25%	9.529
Unauthorized consumption	0.25%	
Customer metering inaccuracies	0.03%	

Use buttons to select percentage of water supplied **OR** value

Choose this option to enter a percentage of billed metered consumption. This is NOT a default value

PERFORMANCE INDICATORS

Financial Indicators

Non-revenue water as percent by volume of Water Supplied:	25.3%
Non-revenue water as percent by cost of operating system:	10.6%
Annual cost of Apparent Losses:	$8,499
Annual cost of Real Losses:	$299,444

Operational Efficiency Indicators

Apparent Losses per service connection per day:	0.48	gallons/connection/day
Real Losses per service connection per day*:	N/A	gallons/connection/day
Real Losses per length of main per day*:	721.13	gallons/mile/day
Real Losses per service connection per day per psi pressure:		gallons/connection/day/psi
? Unavoidable Annual Real Losses (UARL):	123.11	million gallons/year
From Above, Real Losses = Current Annual Real Losses (CARL):	119.78	million gallons/year
? Infrastructure Leakage Index (ILI) [CARL/UARL]:	0.97	

* only the most applicable of these two indicators will be calculated

WATER AUDIT DATA VALIDITY SCORE:

***** YOUR SCORE IS: 73 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: Master meter error adjustment

2: Water imported

3: Billed metered

For more information, click here to see the Grading Matrix worksheet

BELLENFANT + MILES, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Directors
Maury County Board of Public Utilities Water System
(A Discrete Component Unit of Maury County, Tennessee)
Columbia, Tennessee

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Maury County Board of Public Utilities Water System, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Maury County Board of Public Utilities Water system's basic financial statements, and have issued our report thereon dated October 14, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Maury County Board of Public Utilities Water System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Maury County Board of Public Utilities Water System's internal control. Accordingly, we do not express an opinion on the effectiveness of Maury County Board of Public Utilities Water System's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting 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.

136 Wilson Pike Circle • Brentwood, TN 37027 • tel: 615.370.8700 • fax: 615.370.4475

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Maury County Board of Public Utilities Water System's financial statements are free of 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 results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Bellomant & Miles, PLLC

October 14, 2014

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)

SCHEDULE OF FINDINGS AND RESPONSES

JUNE 30, 2014

SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued	Unqualified			
Internal control over financial reporting:				
Material weakness identified?	_____	Yes	x	No
Significant deficiencies identified not considered to be material weaknesses?	_____	Yes	x	None Reported
Noncompliance material to financial statements noted?	_____	Yes	x	No

MAURY COUNTY BOARD OF PUBLIC UTILITIES WATER SYSTEM
(A DISCRETE COMPONENT UNIT OF MAURY COUNTY, TENNESSEE)

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

JUNE 30, 2014

There were no audit findings for the year ended June 30, 2013.