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April 23, 2026

VIA ELECTRONIC FILING

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Hon. David Jones, Chairman
c/o Ectory Lawless, Docket Manager
Tennessee Public Utility Commission
502 Deaderick Street, 4th Floor
Nashville, TN 37243
TPUC.DocketRoom@tn.gov

RE: *Joint Application of Limestone Water Utility Operating Company, LLC, and the City of Grand Junction, for Approval of the Acquisition of and to Operate the Saulsbury Distribution Water System, and to Transfer or Issue a Certificate of Public Convenience and Necessity, TPUC Docket No. 26- 00036*

Dear Chairman Jones:

Attached for filing please find the *Joint Application of Limestone Water Utility Operating Company, LLC, and the City of Grand Junction, for Approval of the Acquisition of and to Operate the Saulsbury Distribution Water System, and to Transfer or Issue a Certificate of Public Convenience and Necessity*, including exhibits and pre-filed testimony.

Please note that Exhibits 1, 12, and 20 to the Application are being submitted **UNDER SEAL** as **CONFIDENTIAL** and **PROPRIETARY**. Both a public version and a nonpublic, **CONFIDENTIAL** version of Exhibits 1, 12, and 20 are attached.

As required, copies of the Application and supporting documentation will follow. We have also enclosed a check in the amount of \$25.00 for the required filing fee. Should you have any questions concerning this filing or require additional information, please do not hesitate to contact me.

Very truly yours,

BUTLER SNOW LLP



Melvin J. Malone

clw

Attachments

cc: Timothy Atwood, Central States Water Resources
Russ Mitten, Central States Water Resources
Mayor Curtis Lane, City of Grand Junction
Vance Broemel, Consumer Advocate Division
Karen H. Stachowski, Consumer Advocate Division

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BUTLER SNOW LLP

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

IN RE:)
)
JOINT APPLICATION OF LIMESTONE)
WATER UTILITY OPERATING)
COMPANY, LLC, AND THE CITY OF)
GRAND JUNCTION, FOR APPROVAL)
OF THE ACQUISITION OF AND TO)
OPERATE THE SAULSBURY)
DISTRIBUTION WATER SYSTEM, AND)
TO TRANSFER OR ISSUE A)
CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY)

DOCKET NO. 26-00036

**JOINT APPLICATION OF LIMESTONE WATER UTILITY OPERATING
COMPANY, LLC, AND THE CITY OF GRAND JUNCTION, FOR APPROVAL OF
THE ACQUISITION OF AND TO OPERATE THE SAULSBURY DISTRIBUTION
WATER SYSTEM, AND TO TRANSFER OR ISSUE A CERTIFICATE OF PUBLIC
CONVENIENCE AND NECESSITY**

Pursuant to Tennessee Code Annotated Sections 65-4-104, 65-4-107, and 65-4-201 and all applicable rules of the Tennessee Public Utility Commission (“TPUC” or “Commission”), Limestone Water Utility Operating Company, LLC (“Limestone”), and The City of Grand Junction (“Grand Junction”), respectfully submit this Joint Application requesting the Commission to approve Limestone’s acquisition (“Transaction”) of the title to all assets, property, and real estate currently owned by Grand Junction used to provide regulated water service to customers in The City of Saulsbury. Limestone and Grand Junction (the “Applicants”) further request the Commission authorize the transfer of Grand Junction’s Certificate of Convenience and Necessity (“CCN”) to Limestone, pursuant to Tennessee Code Annotated § 65-4-113, with its accompanying privilege and franchise. Alternatively, the Applicants request that the Commission grant Limestone

a CCN, with its accompanying privilege and franchise, pursuant to Tennessee Code Annotated Sections §§ 65-4-107 and 65-4-201.

Under terms of the Agreement for Sale of Saulsbury Utility System (the “System”), attached as **Exhibit 10** to this Joint Application, all authorizations and approvals requested in the preceding paragraph, and related accounting, ratemaking, and regulatory approvals, are conditions precedent to closing the Transaction. Therefore, because approving the Transaction and granting Limestone’s request for a CCN serve the public interest and are necessary for public convenience, the Applicants respectfully request that the Commission consider this Joint Application.

In support of the Joint Application, the Applicants submit the following:

I. INTRODUCTION

1. The full names, addresses, and contact information for the Applicants are as follows:

Limestone Water Utility Operating Company, LLC
c/o Russ Mitten
1630 Des Peres Road, Suite 140
St. Louis, MO 63131
(314) 380-8544
regulatory@cswrgroup.com

City of Grand Junction
Attn: Mayor Curtis Lane
150 Tippah St.
Grand Junction, TN 38039
Phone (731)764-2871
grandjunction@bellsouth.net

2. All correspondence, notices, inquiries, questions, and other communications regarding the Joint Application should be directed to the person or entity identified in the preceding paragraph, with copies to the following counsel:

Melvin Malone
Butler Snow LLP
Neuhoff Building
1320 Adams Street, Suite 1400
Nashville, TN 37208
(615) 651-6700
Melvin.Malone@butlersnow.com

3. In support of the Joint Application, the following Appendix and Exhibits are attached hereto, and are hereby incorporated by reference:

- Appendix A** - Minimum Filing Requirements for CCN and Acquisition Applications
- Exhibit 1** - **SUBMITTED UNDER SEAL AS CONFIDENTIAL** - Description and Area Map of the System
- Exhibit 2** - Limestone Articles of Organization
- Exhibit 3** - Limestone Operating Agreement
- Exhibit 4** - Limestone Certificate of Existence
- Exhibit 5** - Limestone Organization Chart
- Exhibit 6** - Table of Limestone's Affiliates and Number of Customers Served
- Exhibit 7** - Officer/Key Employee Organization Chart
- Exhibit 8** - Resumes of Key CSWR Personnel
- Exhibit 9** - Pre-Filed Direct Testimony of Aaron Silas
- Exhibit 10** - Agreement for Sale of Utility System
- Exhibit 11** - Assignment of Rights Agreement
- Exhibit 12** - **SUBMITTED UNDER SEAL AS CONFIDENTIAL** - CSWR Consolidated Financial Statements
- Exhibit 13** - Limestone's 2024 Annual Report
- Exhibit 14** - Limestone Pro Forma Financial Statements
- Exhibit 15** - Proposed Chart of Accounts
- Exhibit 16** - List of Plant-In-Service Accounts
- Exhibit 17** - Limestone's Proposed Tariff
- Exhibit 18** - Surety Bond
- Exhibit 19** - Grand Junction's Annual Reports
- Exhibit 20** - **SUBMITTED UNDER SEAL AS CONFIDENTIAL** – Grand Junction Customers by Class
- Exhibit 21** - Grand Junction's Income Forecast Financial Statements
- Exhibit 22** - Anticipated Capital Budget for the System
- Exhibit 23** - Regulatory, Transaction and Closing Costs, Valuation Schedule, Proposed Acquisition Adjustment Computation,¹ and Pro Forma Accounting Entries

¹ In keeping with the naming convention of the USOA for Account 114 Utility Plant Acquisition Adjustment, this exhibit is styled "Proposed Acquisition Adjustment Computation." Nonetheless, to avoid confusion, we note, as set

- Exhibit 24** - Statement Regarding Valuation Methodology
- Exhibit 25** - [RESERVED]
- Exhibit 26** - Draft Customer Notification Letter
- Exhibit 27** - Pre- and Post-Acquisition Rates and Charges Table
- Exhibit 28** - [RESERVED]
- Exhibit 29** - Limestone's notices of violations or administrative action
- Exhibit 30** - Proposed Protective Order

II. DESCRIPTION OF THE APPLICANTS

A. General Information

1. The City of Grand Junction's Saulsbury Utility System

Grand Junction has its principal office and place of business at 150 Tippah St., Grand Junction, TN 38039. Grand Junction provides water service to 166 residential customers in the City of Saulsbury, Tennessee. A description of Grand Junction's service area and service area map of the System are attached **UNDER SEAL** as **CONFIDENTIAL Exhibit 1**.² The System is located near another water system owned and operated by Limestone, namely Candlewood Lakes.

2. Limestone

Limestone is a Tennessee limited liability company. Its principal office and place of business is at 1630 Des Peres Road, Suite 140, St. Louis, Missouri 63131. Limestone currently provides water and wastewater services to approximately 580 water connections and 2,013 wastewater connections in Campbell, Hardeman, Hardin, Marshall, and Williamson County, Tennessee.³ A certified copy of Limestone's Articles of Organization, Operating Agreement, and

forth herein, that Limestone is not seeking an acquisition adjustment from the Commission pursuant to Commission Rule 1220-04-14-.04 in this Joint Application, though it reserves the ability to request the same in a future rate case.

² **Exhibit 1** is filed under seal and as confidential pursuant to Tenn. Code Ann. § 10-7-504(a)(21)(A)(i), which states that the following are non-public records: "[r]ecords that would allow a person to identify areas of structural or operational vulnerability of a utility service provider or that would permit unlawful disruption to, or interference with, the services provided by a utility service provider," as well as pursuant to Rule 0400-01-01-.01(4)(c)2, which provides that "[t]he latitude and longitude coordinates of public water system wells, intakes, water mains, water tanks, valves and GIS analyses derived from these data" are non-public records.

³ The Commission previously granted Limestone CCNs to provide services in Tennessee. *See Order Approving Sale of Assets, Property, and Real Estate and Certificate of Public Convenience of Aqua Utilities Company, LLC Subject to Conditions and Requirements of the Tennessee Public Utility Commission*, TPUC Docket No. 19-00062 (Dec. 7,

Certificate of Existence, as filed with or issued by the Tennessee Secretary of State's office, are attached to the Joint Application as **Exhibits 2, 3, and 4**, respectively, and are incorporated by reference. Limestone's sole member is Limestone Water Utility Holding Company, LLC ("LWUHC"), a Tennessee limited liability company, whose sole officer is its President, Josiah Cox.

Limestone and LWUHC are part of a group of affiliated companies that directly or indirectly own and operate water or wastewater systems in Arizona, Arkansas, Florida, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, and Texas, and provide services to approximately 165,000 connections. Each company within the group is an "affiliate" of each other company, as defined by TPUC Rule 1220-04-13-.16(2)(a). An organization chart showing all affiliate relationships within the group is attached as **Exhibit 5**, as

2020); *Order Approving Settlement Agreement and Transfer of Systems, and Granting Certificate of Convenience and Necessity*, TPUC Docket No. 21-00053 (Jan. 24, 2022) (acquisition of wastewater system previously owned by Cartwright Creek, LLC); *Order Approving Settlement Agreement and Transfer of Systems and Granting Certificate of Convenience and Necessity*, TPUC Docket No. 21-00055 (Dec. 2, 2022) (acquisition of water and wastewater system previously owned by Shiloh Falls Utilities, Inc.); *Order Approving Settlement Agreement and Transfer of System, and Granting Certificate of Convenience and Necessity*, TPUC Docket No. 21-00060 (Dec. 2, 2022) (acquisition of wastewater system previously owned by Chapel Woods Home Owners Association); *Order Approving Petition for Reconsideration of Commission Order Approving Settlement Agreement and Transfer of Systems, Granting Certificate of Convenience and Necessity, and Disallowing Continuation of Candlewood Lakes POA's Water Availability Fee*, TPUC Docket No. 21-00059 (May 1, 2023) (Commission approving acquisition and granting CCN to Limestone acquisition of system previously owned by Candlewood Lakes POA); *Order Approving Petition to Amend Certificate of Convenience and Necessity and Waive Commission Rule*, TPUC Docket No. 22-00059 (Dec. 19, 2023) (expansion of CCN to serve the Laurel Creek subdivision); *Order Approving Settlement Agreement and Transfer of System, and Granting Certificate of Convenience and Necessity*, TPUC Docket No. 23-00016 (Dec. 26, 2023) (acquisition of wastewater system previously owned by DSH & Associates, LLC); *Order Amending Certificate of Public Convenience and Necessity*, TPUC Docket No. 23-00036 (Jan. 26, 2024) (expansion of CCN to serve the Nash Ridge subdivision); *Order Approving Revised Stipulation and Settlement Agreement*, TPUC Docket No. 23-00037 (Sept. 30, 2024) (acquisition of IRM for Riverstone Estates Development in Decatur County, Tennessee); *Order Approving Settlement Agreement and Transfer of System, and Granting Certificate of Convenience and Necessity*, TPUC Docket No. 23-00077 (Jan. 7, 2025) (acquisition of Cumberland Basin Wastewater Systems); *Order Granting Approval of CCN to Serve Adley Subdivision in Williamson County, Tennessee, Subject to Satisfaction of Certain Contingent Requirements*, TPUC Docket No. 24-00020 (Mar. 28, 2025) (expansion to Adley subdivision for wastewater); and *Order Approving Settlement Agreement, Transfer of System, and Certificate of Convenience and Necessity*, TPUC Docket No. 23-00070 (Sept. 29, 2025) (acquisition of Sunset Cove Condominium wastewater system).

well as each affiliate that directly owns and operates a water or wastewater system and the number of connections it serves is identified in **Exhibit 6**. Those exhibits are incorporated by reference.

One of Limestone's affiliates, CSWR, LLC ("CSWR"), provides financial, technical, and managerial expertise and services to each of the group's utility operating affiliates and will manage Limestone and the System if the Commission approves the Transaction. CSWR is the only company within the group that has employees and is the only affiliate that would provide services to Limestone. The technical, managerial, and financial services CSWR would provide Limestone are described later in the Joint Application. CSWR is a Missouri limited liability company, and its principal office is located at 1630 Des Peres Road, Suite 140, St. Louis, Missouri 63131. It currently does not conduct business in Tennessee and does not intend to do so in the future; therefore, CSWR is not required to have a business license or any other authorization from the Tennessee Secretary of State.

III. DESCRIPTION OF THE TRANSACTION

Grand Junction has determined that it is in the best interests of Grand Junction and its customers served by the Saulsbury Utility System to sell the System to a qualified operator. In furtherance of that objective, Grand Junction and Central States Water Resources, Inc., ("Central States") entered into a binding Agreement for Sale of Utility System dated July 19, 2024 (the "Agreement").⁴ A copy of the Agreement is attached as **Exhibit 10**. Pursuant to the Agreement, Grand Junction will transfer to Limestone the System assets and the entire service area served by the System. The Agreement specifies terms for Grand Junction to sell and Central States or its affiliate to purchase the System, which includes all System assets used to provide water services in the City of Saulsbury, including, but not limited to, water service facilities and equipment,

⁴ Central States is an affiliate of Limestone, as that term is defined in TPUC Rule 1220-04-13-.16(2)(a).

intangibles, franchises, inventory, contracts and contract rights, and real estate. Assets are to be transferred free of all liens, judgments, mortgages, and similar encumbrances. No closing date is specified because closing is expressly contingent on satisfaction of various conditions precedent, including obtaining all required regulatory approvals. It is anticipated that the closing date will be at least 90 days after the filing of this Joint Application.⁵

Section 18 of the Agreement authorizes Central States to assign its rights to an affiliated entity. In accordance with that provision, Central States has executed an Assignment of Rights that, at closing, would transfer to Limestone all rights, title, and interests to the System's assets of the Grand Junction. A copy of that assignment is attached to this Joint Application as **Exhibit 11**.

The sale of assets under terms specified in the Agreement promotes the interests of the public generally and of Grand Junction's customers in the City of Saulsbury more specifically. Limestone and CSWR are willing and able to invest capital necessary to keep the System in compliance with applicable law. The affiliate group, of which Limestone and CSWR are part, has access to capital adequate to make necessary upgrades and improvements to the System and to continue to operate that System in a manner that is in the public interest and complies with applicable statutes, rules, and regulations. If the Commission grants the relief requested in the Joint Application, Limestone intends to adopt the base rates currently in effect for Grand Junction's customers served by the System.

The reasons Limestone wants to purchase the System and Limestone's plans for the System are set forth in the written Pre-Filed Direct Testimony of Limestone Witness Aaron Silas, which is attached as **Exhibit 9**. Mr. Silas's testimony also includes information required by TPUC rules

⁵ Pursuant to Rule 1220-04-13-.10(3)(c), which is applicable to water providers, the Applicants note here their intent to proceed to closing promptly subsequent to Commission approval. Hence, the effective date of the Transaction is tied to the date of Commission approval.

and confirms Limestone's intent to fully comply with all applicable statutes, rules, and regulations. Subsequent to the transaction, Grand Junction will not retain any water rights or other rights related to the System.

IV. LIMESTONE POSSESSES THE TECHNICAL, MANAGERIAL, AND FINANCIAL EXPERTISE NECESSARY TO PROVIDE UTILITY SERVICES

Through its affiliation with CSWR, Limestone possesses the requisite technical, managerial, and financial capabilities to operate as a utility services provider.⁶ These capabilities are further explained in detail below and in Mr. Silas's Pre-Filed Direct Testimony, and supported in Appendix A. As previously noted, in addition to the water and wastewater services Limestone already provides in Tennessee, CSWR-affiliated companies currently operate water or wastewater systems in Arizona, Arkansas, Florida, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, and Texas. For each of the systems an affiliate currently owns or operates, CSWR provides the technical, managerial, and financial resources necessary to acquire and operate those systems. CSWR would continue to provide similar support for the System that Limestone proposes to acquire in this case.

A. Technical Qualifications

CSWR's technical resources and expertise have greatly improved the quality of service its utility-operating affiliates are able to provide their respective customers in Arizona, Arkansas, Florida, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, and Texas. CSWR has staff engineers and other similarly qualified personnel with experience in the design and operation of water and wastewater systems and supplements those resources with qualified and licensed local contract operators who are responsible for day-to-day plant operations.

⁶ As noted in footnote 3, the Commission has previously reviewed and approved Limestone's technical, managerial and financial capabilities, and Applicant Limestone incorporates such Commission orders by reference.

Access to these and other resources available through its affiliation with CSWR allows Limestone to achieve economies of scale and efficiencies not generally available to water and wastewater utilities with operations and facilities similar in size to the System. If the Commission grants the regulatory approvals sought in this Joint Application, CSWR would bring the same benefits it currently provides to its Arizona, Arkansas, Florida, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, and Texas customers to Grand Junction's customers Limestone proposes to serve. In his Pre-Filed Direct Testimony, Mr. Silas further describes and discusses the technical qualifications of Limestone and its affiliates to own and operate the System.

B. Financial Qualifications

Through CSWR, Limestone has access to investment capital necessary to acquire small, oftentimes distressed, water and sewer systems and make investments necessary to upgrade, improve, and maintain those systems so they can provide safe and reliable water service to customers. Equity capital used to acquire the System assets, to fund initial capital upgrades and improvements, and providing necessary working capital will be provided by CSWR. After the acquisition is completed, Limestone will determine if future improvements of the System will be funded by equity, debt, or a combination of both, with future debt capital to be obtained from commercial sources, if available, at reasonable interest rates. Limestone and its affiliates thus have the financial capability necessary to acquire, own, and operate the System. Limestone began operations as of March 18, 2021. CSWR's consolidated balance sheet and income statement for 2023 and 2024 are attached to the Application **UNDER SEAL** as **PROPRIETARY AND CONFIDENTIAL Exhibit 12**. Limestone's 2024 Annual Report is attached as **Exhibit 13**. A pro-forma income statement and balance sheet for Limestone for the first three years of its proposed operation of the System is attached as **Exhibit 14**.

C. Managerial Qualifications

Resumes of key CSWR personnel who are closely involved with Limestone's operations are attached to this Joint Application as **Exhibit 8**. Information presented in those resumes demonstrates the considerable managerial and technical expertise and experience available to Limestone through its affiliation with CSWR. Where additional or supplemental expertise is required (e.g., personnel holding licenses or certifications required by Tennessee law), Limestone or CSWR will efficiently engage qualified independent contractors to satisfy those needs.

V. ACQUISITION ADJUSTMENT AND TRANSACTION COSTS

Although Limestone is not affirmatively seeking a proposed acquisition adjustment pursuant to TPUC Rule 1220-04-14 in conjunction with and pursuant to this Joint Application, Limestone is, consistent with past requests from either the Consumer Advocate Division or the Commission in other Limestone acquisitions, providing information related to accounting and rate base treatment for the Commission, as well as for Limestone's initial rate case.

Therefore, Limestone proposes that its beginning value of the acquired assets for ratemaking purposes be the value recorded in Grand Junction's books and records at the closing date. Limestone will not book an above-the-line regulatory asset for ratemaking purposes for any portion of the amount by which the purchase price exceeds the value of the acquired assets as reflected in Grand Junction's books and records at the date of closing. In any future rate case proceeding, Limestone should be permitted to present evidence and argument concerning the value of assets used and useful for provisioning public utility services, and the Consumer Advocate Division and other interested parties may oppose such values or present their own evidence and argument concerning the value of such assets, including the appropriateness of an acquisition premium.

Limestone commits that a determination of recoverable regulatory and transaction costs related to this acquisition will be deferred to Limestone's initial rate case involving such costs. The Consumer Advocate Division and other interested parties may present evidence and argument concerning the proper amounts to be recovered in rates. Limestone will file within 30 days of closing the amount of legal costs.

VI. RATES DESIGN AND OTHER PROPOSALS AND COMMITMENTS

As noted in the Pre-Filed Direct Testimony of Limestone Witness Aaron Silas, and as set forth in **Exhibit 17** to the Joint Application, Limestone proposes to adopt the rules and base rates currently in effect for the System. If the revenue requirement for the System increases in the future, however, Limestone may petition the Commission to increase rates or change certain operating regulations. Limestone may also seek authority to consolidate rates of the System it proposes to acquire in this case with those of the other water systems it operates in Tennessee.

In its initial base-rate case including the System, Limestone proposes that it be permitted to present evidence to establish and include in rate base the net book value of assets it acquires from Grand Junction up to an amount not to exceed the purchase price paid for those assets. The Consumer Advocate Division or other interested parties may oppose such values or present their own evidence and argument concerning the value of such assets and the proper calculation of rate base. Further, in its initial base-rate case including the System, Limestone proposes that it be permitted to present evidence seeking to establish and include in rate base amounts incurred for legal and other transaction-related fees and services. Again, the Consumer Advocate Division or other interested parties may oppose such values or present their own evidence and argument concerning the proper amounts of these expenses to be recovered in rates.

Limestone commits to not make any corrections or modifications to accounting records received from Grand Junction at closing. If Limestone believes accounting entries should be

corrected or changed, it shall seek approval from the Commission to make the necessary accounting corrections at least 180 days prior to its initial request to increase base rates. The Consumer Advocate Division or other interested parties may oppose such requests.

Limestone commits to maintain separate asset and operating costs records for the System's well, water treatment and distribution. Limestone further commits to maintain its books and records in compliance with the Uniform System of Accounts as set forth in Commission Rule 1220-04-01-11.

Within 30 days after closing, Limestone commits to file a balance sheet and supporting general ledger in the format prescribed by the Uniform System of Accounts and in accordance with Commission Rule 1220-04-01-11, showing Grand Junction's ending balances of the assets acquired by Limestone as of the closing date. Limestone will also file a balance sheet and supporting general ledger in the format prescribed by the Uniform System of Accounts and in accordance with Commission Rule 1220-04-01-11, showing Limestone's beginning balances of the assets acquired from Grand Junction as of the closing date.

Grand Junction commits to transfer to Limestone complete copies of Grand Junction's accounting records, including billing records, to the extent they exist, for the two calendar years immediately preceding the date of closing, as well as the complete year-to-date accounting records, including billing records, for the calendar year in which the closing occurs. Limestone shall provide copies of Grand Junction's accounting records within 30 days of closing or as soon thereafter as they become available to the Commission with the Consumer Advocate Division courtesy copied. At a minimum, Limestone will maintain these records through the completion of its initial rate proceeding before the Commission.

If applicable, Limestone shall record on its books the balance of Contribution in Aid of Construction (“CIAC”). Limestone and Grand Junction shall provide documentation demonstrating the value of Plant in Service at closing, excluding any writeup of land costs supported by an appraisal. This balance shall not be amortized unless authorized by the Commission.

Limestone commits to file within 30 days of execution copies of contracts or pricing agreements between Limestone and any affiliate and between Limestone and contractors that provide ongoing operations and maintenance or billing services to the System or customers served by the System. Further, Limestone commits to file copies of recorded deed(s) for land where Grand Junction facilities are located and copies of recorded easements in Limestone’s name for all the land and ownership right for any and all access to the acquired System within 30 days after the date of recording. Limestone will file a copy of the Agreement that has been fully executed by Limestone and Grand Junction and acknowledged by the Title Company with the recorded effective date and with all exhibits attached, complete with documentation, within 30 days after the closing.

VII. APPROVAL OF THE JOINT APPLICATION IS IN THE PUBLIC INTEREST

Granting this Joint Application is consistent with the public interest. In that regard, the Joint Applicants make the following representations to the Commission:

- a. As outlined above, and as previously recognized by the Commission (*see* footnotes 3 and 6), Limestone possesses the technical, financial, and managerial resources sufficient to provide the services requested;
- b. Limestone’s services will meet the service standards required by the Commission and comply with state law, including all applicable Commission rules and regulations;

- c. The provision of services by Limestone will not adversely impact the availability of affordable utility service;
- d. The provision of utility services by Limestone will not adversely impact the public interest;
- e. As noted earlier herein, specifically in footnotes 3 and 6, Limestone and its affiliates have already demonstrated their ability to provide safe and reliable water and wastewater service in Tennessee; and
- f. Grand Junction has determined that it is in the best interest of it and its customers served by the System to sell the System.

To minimize any adverse effects on customers, Limestone proposes to adopt Grand Junction's currently approved base rates, and any future changes in those base rates would be subject to the Commission's review and approval.

VIII. PROPOSED PROTECTIVE ORDER

A proposed Protective Order for confidential information is attached for consideration for entry by the Commission in this matter, which is necessary to facilitate the production of various information related to this Application. *See Exhibit 30. CONFIDENTIAL EXHIBIT 1 Description and Area Map of the System* is being submitted UNDER SEAL as CONFIDENTIAL INFORMATION as it contains private work product of CSWR depicting proposed service area surveying. **CONFIDENTIAL EXHIBIT 12 CSWR Consolidated Financial Statements** is being submitted UNDER SEAL as CONFIDENTIAL INFORMATION as it contains private financial information of CSWR. **CONFIDENTIAL EXHIBIT 20 Grand Junction Customers by Class** is being submitted UNDER SEAL as CONFIDENTIAL INFORMATION as it contains private and personal information of Grand Junction customers.

IX. CONCLUSION

As set forth herein, and as evidenced in the Pre-Filed Direct Testimony and supporting documentation in support of this Joint Application, Grand Junction and Limestone believe it is in the best interests of the System's customers for Limestone to acquire the System with the result that Limestone will be the exclusive provider of water service within the service area of the System. In properly maintaining and supporting a water system, successful operators will inevitably be confronted with, among other things, increasing costs and mounting capital expenditures. Aging infrastructure and technological advances must be consistently and appropriately studied and addressed. Limestone has the capability and resources to ensure that the System is appropriately maintained and upgraded as future conditions warrant. In fact, the representations and warranties described in the Agreement reflect the determination by the parties involved that going forward Limestone, rather than Grand Junction, is best suited to provide service to customers of the System, including making future capital improvements necessary to maintain the efficiency and quality of the System and to ensure the sustainable provision of safe and reliable services.

The Agreement and the requested regulatory treatment and approvals are necessary and proper for the public convenience and to properly conserve, promote, and protect the public interest. A copy of the customer notification letter is attached as **Exhibit 26** and is incorporated by reference.⁷

To the extent applicable or analogous to water services, Limestone specifically addresses the requirements of TPUC Rules 1220-04-13-.17 (Minimum Requirements for New and

⁷ The Applicants will further comply with TPUC rules regarding notice after the Commission establishes a hearing date for consideration of this Joint Application.

Amendments to Certificate of Convenience and Necessity) and 1220-04-14-.08 (Application for Acquisition and Filing Requirements) in **Appendix A**.

This Joint Application demonstrates that Limestone possesses the technical, financial, and managerial resources to provide water services. Therefore, the issuance of a CCN to Limestone serves the public interest.

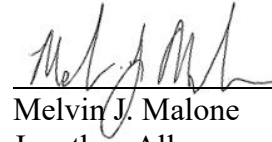
WHEREFORE, for the reasons previously stated, the Grand Junction and Limestone request the Commission issue an order:

1. Approving the Transaction as necessary and proper for the public convenience and properly conserving, promoting and protecting the public interest;
2. Authorizing Grand Junction to sell and transfer to Limestone all assets used to provide water utility services to customers currently served by Grand Junction's Saulsbury Utility System in the City of Saulsbury, Tennessee;
3. Authorizing the transfer of Grand Junction's existing CCN to Limestone, with its accompanying privilege and franchise, or, in the alternative, granting Limestone a CCN, with its accompanying privilege and franchise, to provide wastewater utility services in areas currently served by Grand Junction's Saulsbury Utility System;
4. Authorizing appropriate accounting and rate base treatment; and

5. Providing such other relief as the Commission believes is necessary and appropriate under the circumstances.

Dated: April 23, 2026

Respectfully submitted,



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Tennessee*

APPENDIX A

I. Definitions

The term “Not Applicable” contained herein is used as a response to the Minimum Filing Requirements that pertain to the construction of a new system and not the purchase of an existing system and to items not relevant to or not required regarding this Joint Application.

II. TPUC Rule 1220-04-13-.17 Minimum Requirements for New and Amendments to Certificate of Convenience and Necessity.

- (1) Please see accompanying Joint Application and Pre-Filed Direct Testimony of Limestone Witness Aaron Silas attached as **Exhibit 9**.
- (2)
 - (a)
 - (1) The legal corporate names and addresses of the Applicants are shown in Section I, paragraph 1 of the Joint Application.
 - (2) An organization chart showing each officer and other key personnel of Applicant Limestone is attached as **Exhibit 7**.
 - (3) Limestone’s sole member is Limestone Water Utility Holding Company, LLC, a Tennessee limited liability company. Its sole officer is its president Josiah Cox, whose office address is 1630 Des Peres Road, Suite 140, St. Louis, MO 63131. The company’s telephone number is (314) 380-8544.
 - (4) An organization table showing Limestone’s affiliated companies is attached to the Application as **Exhibit 6**. One of Limestone’s affiliates, CSWR, LLC, will provide technical and financial support and will assume responsibility for overseeing day-to-day operations

of Limestone's systems. CSWR, LLC, is the only company within the group that has employees and is the only affiliate that would provide services to Limestone.

- (5) Copies of Limestone's Articles of Organization and Operating Agreement are attached to the Joint Application as **Exhibits 2 and 3**, respectively.
- (6) A copy of Limestone's license to engage in business in the State of Tennessee, as registered with the Secretary of State, is attached as **Exhibit 4**.
- (7) Limestone, as assigned by Central States Water Resources, Inc. pursuant to the Agreement for Sale of Utility System, attached as **Exhibit 10**, proposes to acquire all assets used by Grand Junction to provide water services to customers in the City of Saulsberry, Tennessee. The TN water system number associated with the System is PWSID# 0000657. A description of Grand Junction's service area and service area map of the System are attached **UNDER SEAL** as **CONFIDENTIAL Exhibit 1**.
- (8) Not applicable. Request being made in the rule asks for a description of the type of proposed water system to be constructed.
- (9) Not applicable. Request being made in the rule asks for the estimated dates for the commencement and completion of the construction of the system and the estimated date the water system will be placed into service.

- (10) Not applicable. Request being made in the rule asks if portions of the water system will be built in phases, state how many phases and the number of houses or units to be connected in each phase.
- (11) Not applicable. Request being made in the rule asks to identify the builder or developer that has requested the utility to provide water service.
- (12) The Applicants will respond completely to information requests from the Commission Staff.
- (b)
 - (1) Letters from local governments or public water utilities are not applicable, as the System is owned and operated by the City of Grand Junction, Tennessee.
 - (2) Not applicable. There are no contracts or agreements between Grand Junction and the City of Saulsbury, as the Grand Junction owns the City of Saulsbury water system.
 - (3) Not applicable. There are no contracts or agreements between any builders of the System or others, as this is an existing water system.
- (c)
 - (1) Biographies of officers and/or key water and wastewater utility staff that demonstrate their managerial ability and relevant certifications and professional licenses are attached to the Joint Application as **Exhibit 8.**
 - (2) Limestone's affiliates have purchased and currently are operating public drinking water and/or wastewater serves in Arizona, Arkansas, Florida, Kentucky, Louisiana, Mississippi, Missouri,

North Carolina, South Carolina, Tennessee, and Texas that provide safe, and reliable service to approximately 165,000 connections.

Limestone-affiliated companies currently have additional acquisition applications pending in Arizona, California, Louisiana, Mississippi, Missouri, North Carolina, Florida, Tennessee, and Texas.

- (3) The pending Tennessee mergers or acquisitions are as follows: Campbell Hollow Subdivision (Docket No. 25-00057), Ross Way Subdivision (Docket No. 25-00050), and Sugar Loaf Road Subdivision (Docket No. 25-00053).⁸

⁸ Regarding pending Tennessee acquisitions involving Limestone, copies of required agreements can be found in the Commission's files for Docket No. 23-00037 (IRM), Docket No. 23-00070 (Sunset Cove), and Docket No. 23-00077 (Cumberland Basin). In the unlikely event the rule seeks the submission of documents related to mergers or acquisition transactions *outside* the State of Tennessee involving Limestone's affiliates, Limestone submits that such a requirement to produce copies of all pending acquisitions is unduly burdensome, administratively inefficient and unlikely to produce information relevant to the issues the Commission must decide in this case – i.e., whether Limestone has the managerial, technical, and financial resources necessary to operate a wastewater utility in the area that is the subject of this Joint Application and whether the Joint Application serves the public interest.

Limestone is part of a CSWR affiliate group providing water and/or wastewater services in 11 states. At any particular time, Limestone's affiliates may have dozens of acquisition applications pending in those states, as well as dozens of others under contract that have not yet been submitted for regulatory approval. And because the CSWR affiliates continue to proactively evaluate potential additional acquisition opportunities, still more such contracts are likely. Therefore, a broader reading of Commission Rule 1220-.04-13.17(2)(c)3, rather than a narrower one, would require Limestone to provide a copy of the purchase agreement in each of those transactions and may require repeated supplemental filings, as similar agreements are signed during the pendency of this case.

Although purchase agreements used for each of the aforementioned transactions are substantially similar to one another, final terms are based on arms-length negotiations between Central States Water Resources (on behalf of its utility affiliates) and the sellers of each water and/or wastewater system the affiliate group seeks to acquire. Differences in terms from contract to contract are primarily attributable to the subjective circumstances and objectives of each individual seller, the totality of circumstances surrounding the proposed acquisition (e.g., the age and condition of plant assets, its location, debt or other obligations of the seller, and regulatory and environmental concerns). Therefore, because final contract terms are transaction-specific, it is a virtual certainty a contract for an unrelated acquisition transaction in another state would provide no information useful to the Commission in evaluating this Joint Application.

The general purpose of the Commission's *Minimum Requirements for New and Amendments to Certificate of Convenience and Necessity* is to "demonstrate to the Commission that [an applicant] possesses sufficient managerial, financial, and technical capabilities, to provide the services for which it has applied," and the specific purpose of Commission Rule 1220-.04-13.17(2)(c)3 is to provide "[e]vidence that the applicant possesses sufficient managerial

- (4) Not applicable, as the System already exists. Request being made in the rule asks for proof that the party contracted to install the proposed system has a valid and current contractor's license.
- (d)
 - (1) Not applicable. Request being made in the rule asks for a copy of the application for the State Operating Permit ("SOP") filed with TDEC.
 - (2) Limestone is in the process of obtaining the State Operator's Certificate from Grand Junction and will file it with the Commission as soon as possible.
 - (3) The name, address, and telephone number of the technical contact person responsible for and knowledgeable about Limestone's proposed operations in Tennessee is Aaron Silas, 1630 Des Peres Road, Suite 140, St. Louis, MO 63131, (314) 380-8510.
 - (4) The following notices of violation or administrative action were issued to either Limestone or Grand Junction and are attached as Exhibit 29:
 - (a) Limestone entered into a Consent Order with Tennessee Department of Environment and Conservation (TDEC) on February 13, 2023, resolving issues at the Grasslands sewage treatment plant related to permit exceedances and facility operation and maintenance.

ability." As noted in footnote 3 of this Joint Application, the Commission has previously reviewed and approved Limestone's managerial, financial and technical capabilities.

- (b) Candlewood Lakes Drinking Water System. 2025.02.05 – Settlement Agreement (still active).
 - (c) Shiloh Falls Wastewater System. 2025.03.27 – Compliance Evaluation Inspection & Notice of Violation – saturation and runoff. 2025.04.15 – Limestone Response to NOV.
 - (d) Grassland Wastewater System (Cartwright Creek). 2023.02.13 - WPC22-0086 – TDEC Consent Order (still active). 2025.07.25 – Notice of Violation – Release of Sewage. Note: Multiple Citizen Complaints – screen shots of complaints filed with TDEC provided in collective exhibit. 2025.08.01 – Limestone Response to NOV.
 - (e) Hideaway Wastewater System (Cartwright Creek). 2024.11.07 – Notice of BOD Exceedance.
 - (f) Laurel Creek. 2025.07.02 – Final Inspection Letter – Plans not followed. Need corrected as-built plan filed.
- (5) Not applicable. Request being made in the rule asks for a certification from a design engineer that the water system was constructed in accordance with the TDEC-approved construction plans and specifications.
- (e) (1) Financial statements for CSWR, LLC, for the 2023 and 2024 are attached **UNDER SEAL** as **PROPRIETARY AND CONFIDENTIAL Exhibit 12**. Attached to the Joint Application as **Exhibit 13** is Limestone’s 2024 Annual Report.
- (2) Pro forma income statements are attached as **Exhibit 14**.

- (3) A proposed chart of accounts is attached as **Exhibit 15**.
- (4) Plant-in-service account numbers are attached as **Exhibit 16**.
- (5) As best that Limestone has been able to determine, Grand Junction appears to have used an across-the-board depreciation rate. Limestone proposes to apply the depreciation schedule approved by the Commission in Docket No. 24-00044.
- (6) Not applicable, as the System already exists. Request being made in the rule asks for the total estimated detailed cost of construction of the water system to be constructed for the proposed service area.
- (7) If the Commission approves the Joint Application, and the transaction closes, Limestone will be the owner of all System assets acquired from Grand Junction.
- (8) If the Commission approves the Joint Application, as set forth in the Pre-filed Direct Testimony, Limestone proposes to charge the base rates that are currently charged by Grand Junction. Limestone's Proposed Tariff is attached as **Exhibit 17**.
- (9) Limestone is currently projecting no customer growth during the first five years of operations for the System.
- (10) Not applicable. Request being made in the rule asks for documentation describing bonding requirements imposed by municipal governments for the proposed water system.
- (11) Not applicable. Request being made in the rule asks for demonstration that the applicant has acquired a performance bond

from the developer or builder of the water system made payable to the Utility to ensure construction of the water system.

(12) Limestone, as assigned by Central States Water Resources, Inc. pursuant to the Agreement for Sale of Saulsbury Utility System, plans to make the acquisitions proposed in the Joint Application through an infusion of equity capital from CSWR, LLC.

(13) A bond demonstrating compliance with the financial security requirement of Rule 1220-04-13-.07 is attached as **Exhibit 18**.

(f) (1) The sworn Pre-Filed Direct Testimony of Limestone Witness Aaron Silas is attached to the Joint Application as **Exhibit 9**.

(2) The Pre-filed Direct Testimony of Limestone Witness Aaron Silas is attached to the Joint Application as **Exhibit 9**. That testimony includes a description of the Grand Junction system that Central States Water Resources, Inc. or its affiliate proposes to acquire from Grand Junction.

(3) The Pre-filed Direct Testimony of Limestone Witness Aaron Silas is attached to the Joint Application as **Exhibit 9**. That testimony includes a statement that Limestone is aware of and will abide by all applicable Tennessee statutes and Commission rules.

(4) The Pre-filed Direct Testimony of Limestone Witness Aaron Silas is attached to the Joint Application as **Exhibit 9**. That testimony describes and discusses the technical, managerial, and financial

capabilities of Limestone and its affiliates and their ability to acquire and operate the water system at issue in the Application. *See also* footnote 3 of the Joint Application.

- (5) Not applicable. Request being made in the rule is a statement that the applicant is aware of the requirement of Rule [1220-04-13-.09](#)(7) concerning the completion of the construction of the water system within three years of TPUC's written approval of the CCN.
- (6) The Pre-filed Direct Testimony of Limestone Witness Aaron Silas is attached to the Application as **Exhibit 9**. That testimony includes a verification that all information submitted in the Application and in Mr. Silas' written testimony is true and correct to the best of the witness' knowledge and belief. An additional verification accompanies the Joint Application.

III. TPUC Rule 1220-04-14-.08 Application for Acquisition and Filing Requirements.

(2)

- (a) A fully executed acquisition agreement, including all attachments, reflecting the terms and provisions of the acquisition transaction is attached as **Exhibit 10**.
- (b) Grand Junction's Annual Reports from 2021, 2023, 2024 are attached as **Exhibit 19**. Please note that these records are the most recent that Limestone has received from Grand Junction.

- (c) The base rates and charges currently assessed by Grand Junction are the same base rates proposed by Limestone in its proposed tariff, attached as **Exhibit 17**. See also Limestone's Pre- and Post-Acquisition Rates and Charges Table, attached as **Exhibit 27**.
- (d) A schedule detailing the number of customers by customer class served by Grand Junction is attached **UNDER SEAL** as **CONFIDENTIAL Exhibit 20**.
- (e) A description and map that describes the service area of Grand Junction is attached **UNDER SEAL** as **CONFIDENTIAL Exhibit 1**.
- (f) A forecasted income statement detailing the projected operating revenues, expenses, taxes and net income attributable to the System's operations for the twelve-month period following the estimated closing date of the acquisition transaction is attached as **Exhibit 21**.
- (g) A schedule identifying anticipated capital budgets based on due diligence detailing by project all projected post-acquisition capital investments in property, plant and equipment attributable to the System or service area for the three-year period following the estimated closing date of the acquisition transaction is attached as **Exhibit 22**.
- (h) A schedule detailing the computation of regulatory, transaction and closing costs related to the proposed acquisition and the amount of such costs requested for recovery from Limestone's customers is attached as **Exhibit 23**.

- (i) A statement fully explaining the proposed methodology for valuing the acquired assets to be incorporated into the acquired rate base under Rule 1220-04-14-.03 is attached as **Exhibit 24**.
- (j) A schedule detailing the computation of the value of the acquired assets requested for inclusion in the acquired rate base under Rule 1220-04-14-.03 is attached as **Exhibit 23**.
- (k) A schedule detailing the computation of any proposed acquisition adjustment requested for inclusion in the acquired rate base under Rule 1220-04-14-.04 is attached as **Exhibit 23**.
- (l) Although Limestone is not affirmatively seeking a proposed acquisition adjustment pursuant to TPUC Rule 1220-04-14 in conjunction with and pursuant to this Joint Application, Limestone is, consistent with past requests from either the Consumer Advocate Division or the Commission in other Limestone acquisitions, providing information related to accounting and rate base treatment, as well as for Limestone's initial rate case. Further, certain benefits, efficiencies and service changes are outlined in the Pre- filed Direct Testimony of Limestone Witness Aaron Silas.
- (m) Limestone has confirmed from Grand Junction that there are no contributed assets..
- (n) As mentioned above, Limestone is not seeking an acquisition adjustment from the Commission in this Joint Application. A schedule identifying anticipated capital budgets is attached as **Exhibit 22**. The regulatory, transaction and closing costs are attached as **Exhibit 23**.

- (o) A schedule detailing the pro forma accounting entries for recording the proposed acquisition transaction in accordance with the Uniform System of Accounts is attached as **Exhibit 23**.
- (p) The base rates and charges included in Limestone's proposed tariff, attached as **Exhibit 17**, are the same base rates and charges currently assessed by Grand Junction. A schedule detailing the computation of post-acquisition rates and charges proposed for acquired customers by customer class can be found in Limestone's Pre- and Post-Acquisition Rates and Charges Table, attached as **Exhibit 27**.
- (q) See Limestone's response to subsection (p) above and **Exhibit 27**.
- (r) See Limestone's response to subsection (p) above and **Exhibit 27**.
- (s) See Limestone's response to subsection (p) above and **Exhibit 27**.
- (t) In addition to the Joint Application, the attached Pre-Filed Direct Testimony of Aaron Silas, attached as **Exhibit 9**, addresses how the proposed acquisition serves the public interest.
- (u) See the Pre-Filed Direct Testimony of Aaron Silas attached as **Exhibit 9**.
- (3) In this Joint Application, Limestone requests a CCN and demonstrated herein its eligibility for a CCN to operate the Grand Junction system in accordance with applicable statutory law and Commission rules and regulations.
- (4) Limestone's proposed tariff incorporating the Grand Junction customers into Limestone's rates, charges and terms of provisioning public utilities services is attached as **Exhibit 17**.

- (5) A copy of the draft Customer Notice Letter of the proposed acquisition provided by Limestone is attached as **Exhibit 26**. After the Commission notices a hearing date, Grand Junction's customers will be provided notice of the Commission's hearing date for this Joint Application.
- (6) Limestone agrees to furnish any other pertinent information as determined and requested by the Commission or in accordance with the discovery phase of the acquisition proceeding.

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

IN RE:)
)
JOINT APPLICATION OF)
LIMESTONE WATER UTILITY)
OPERATING COMPANY, LLC, AND)
THE CITY OF GRAND JUNCTION,)
FOR APPROVAL OF THE)
ACQUISITION OF AND TO)
OPERATE THE SAULSBURY)
DISTRIBUTION WATER SYSTEM,)
AND TO TRANSFER OR ISSUE A)
CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY)

DOCKET NO. 26-_____

AFFIDAVIT OF AARON SILAS

STATE OF MISSOURI)
)
COUNTY OF ST. LOUIS)

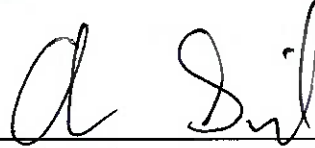
I, Aaron Silas, having been duly sworn in accordance with the law, state as follows.

1. I, Aaron Silas, do hereby attest to being Assistant Vice President of Customer Experience & Regulatory Operations of CSWR, LLC ("CSWR"), the affiliated company that has operational oversight over CSWR's utility operating companies including Limestone Water Utility Operating Company, LLC ("Limestone Water" or "Company"). I am authorized to make this affidavit on behalf of Limestone.

2. I am familiar with and knowledgeable about the Application submitted in the above-captioned matter. I have submitted Direct Testimony in support of the Application.

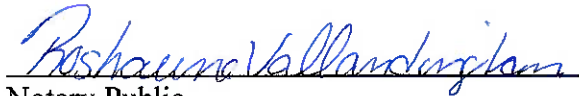
3. All information submitted concerning the Application in the above-captioned matter is true and correct to the best of my knowledge and belief.

FURTHER AFFIANT SAYETH NOT.



Aaron Silas
Assistant Vice President of Customer Experience &
Regulatory Operations of CSWR, LLC

Sworn to and subscribed before me this
23rd day of April, 2026.



Notary Public

My Commission Expires: 04-10-2027

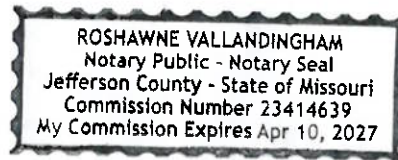


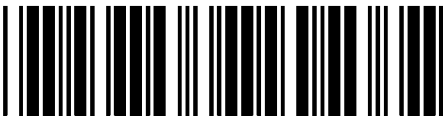
EXHIBIT 1

Description and Area Map of the System

[CONFIDENTIAL]

EXHIBIT 2

Limestone Articles of Organization



000997814

**ARTICLES OF ORGANIZATION
LIMITED LIABILITY COMPANY**

SS-4270

**Tre Hargett**
Secretary of State**Division of Business Services****Department of State**State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102
(615) 741-2286Filing Fee: \$50.00 per member
(minimum fee = \$300.00, maximum fee = \$3,000.00)*For Office Use Only***-FILED-**

Control # 000997814

The Articles of Organization presented herein are adopted in accordance with the provisions of the Tennessee Revised Limited Liability Company Act.**1. The name of the Limited Liability Company is:** Limestone Water Utility Operating Company, LLC

(Note: Pursuant to the provisions of T.C.A. §48-249-106, each Limited Liability Company name must contain the words "Limited Liability Company" or the abbreviation "LLC" or "L.L.C.")

2. Name Consent: (Written Consent for Use of Indistinguishable Name)☐ This entity name already exists in Tennessee and has received name consent from the existing entity.**3. This company has the additional designation of:** None**4. The name and complete address of the Limited Liability Company's initial registered agent and office located in the state of Tennessee is:**C T CORPORATION SYSTEM
300 MONTVUE RD
KNOXVILLE, TN 37919-5546
KNOX COUNTY**5. Fiscal Year Close Month:** December**6. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date and time is:**

(none) (Not to exceed 90 days)

7. The Limited Liability Company will be:☐ Member Managed ☒ Manager Managed ☐ Director Managed**8. Number of Members at the date of filing:** 1**9. Period of Duration:** Perpetual**10. The complete address of the Limited Liability Company's principal executive office is:**300 MONTVUE RD
KNOXVILLE, TN 37919-5546
KNOX COUNTY



ARTICLES OF ORGANIZATION LIMITED LIABILITY COMPANY

SS-4270



Tre Hargett
Secretary of State

Division of Business Services

Department of State

State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102
(615) 741-2286

Filing Fee: \$50.00 per member
(minimum fee = \$300.00, maximum fee = \$3,000.00)

For Office Use Only

-FILED-

Control # 000997814

The name of the Limited Liability Company is: Limestone Water Utility Operating Company, LLC

11. The complete mailing address of the entity (if different from the principal office) is:

STE 500
500 NORTHWEST PLAZA DR
SAINT ANN, MO 63074-2220

12. Non-Profit LLC (required only if the Additional Designation of "Non-Profit LLC" is entered in section 3.)

- ☐ I certify that this entity is a Non-Profit LLC whose sole member is a nonprofit corporation, foreign or domestic, incorporated under or subject to the provisions of the Tennessee Nonprofit Corporation Act and who is exempt from franchise and excise tax as not-for-profit as defined in T.C.A. §67-4-2004. The business is disregarded as an entity for federal income tax purposes.

13. Professional LLC (required only if the Additional Designation of "Professional LLC" is entered in section 3.)

- ☐ I certify that this PLLC has one or more qualified persons as members and no disqualified persons as members or holders.

Licensed Profession:

14. Series LLC (optional)

- ☐ I certify that this entity meets the requirements of T.C.A. §48-249-309(a) & (b)

15. Obligated Member Entity (list of obligated members and signatures must be attached)

- ☐ This entity will be registered as an Obligated Member Entity (OME) Effective Date: (none)
☐ I understand that by statute: THE EXECUTION AND FILING OF THIS DOCUMENT WILL CAUSE THE MEMBER(S) TO BE PERSONALLY LIABLE FOR THE DEBTS, OBLIGATIONS AND LIABILITIES OF THE LIMITED LIABILITY COMPANY TO THE SAME EXTENT AS A GENERAL PARTNER OF A GENERAL PARTNERSHIP. CONSULT YOUR ATTORNEY.

16. This entity is prohibited from doing business in Tennessee:

- ☐ This entity, while being formed under Tennessee law, is prohibited from engaging in business in Tennessee.

17. Other Provisions:

Electronic

Signature

Caroline M. Johnson as authorized representative for Limestone Water

Printed Name

Attorney

Title/Signer's Capacity

Dec 4, 2018 10:37AM

Date

EXHIBIT 3

Limestone Operating Agreement

OPERATING AGREEMENT OF LIMESTONE WATER UTILITY OPERATING COMPANY, LLC

THIS OPERATING AGREEMENT (this "Agreement") is signed as of the 1st day of January, 2019 (the "Effective Date"), by Limestone Water Utility Holding Company, LLC, a Tennessee limited liability company as the sole Member of LIMESTONE WATER UTILITY OPERATING COMPANY, LLC, a Tennessee limited liability company (the "Company").

RECITALS

WHEREAS, on December 4, 2018, the Company was organized a limited liability company under the laws of Tennessee pursuant to the Tennessee Revised Limited Liability Company Act, Title 48, Chapter 249 (the "Act") for the purpose of, among other things, of investing in and operating water and waste water utilities;

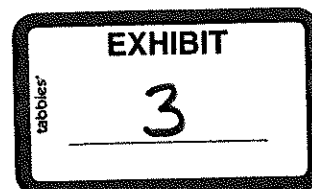
WHEREAS, the aforementioned Member desires to adopt this Operating Agreement setting forth the Member's desire for the management and operation of such limited liability company.

NOW THEREFORE, in consideration of the mutual covenants and other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the Member hereby states as follows:

ARTICLE I. ORGANIZATION

1.1. Certain Definitions. As used herein, the following terms have the following meanings:

- (a) "Act" is defined in Section 1.2 hereof.
- (b) "Agreement" means this Operating Agreement, as the same may be amended from time to time.
- (c) "Business Property" means all properties, assets and interests (whether real or personal, tangible or intangible) now or hereafter owned or held by the Company.
- (d) "Capital Account" means the Capital Account maintained by the Company for each Member in accordance with Treasury Regulations Section 1.704-1(b)(2)(iv), as amended from time to time.
- (e) "Capital Contributions" means with respect to the Member, the total amount of money and the fair market value of the other property, if any, to be contributed to the Company by the Member in accordance with Article II hereof. The Member's "Paid-In Capital Contribution" means the amount of the Member's Capital Contribution actually paid in cash or other property actually contributed to or on behalf of the Company. With respect to the Company, such terms shall mean the aggregate



Capital Contributions and aggregate Paid-In Capital Contributions, respectively, of the Member.

(f) "Capital Transaction" means any of the following items or transactions: a sale, transfer or other disposition of all or substantially all of the assets of the Company, condemnation actions, net insurance recoveries (other than for temporary loss of use), the refinancing of the mortgage or other indebtedness of the Company. The payment of Capital Contributions by the Member shall not be included within the meaning of the term "Capital Transaction."

(g) "Code" means the Internal Revenue Code of 1986, as amended from time to time, or any successor statute.

(h) "Company" means this limited liability company and any successors hereto.

(i) "Depreciation" means for each fiscal year, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such fiscal year. In the event the book value of an asset differs from its adjusted tax basis at the beginning of such year, then the Depreciation shall be an amount which bears the same ratio to the fair market value (as may be adjusted pursuant to Treasury Regulations Section 1.704-1(b)(2)(iv)(f) and (g)) as the Depreciation determined for federal income tax purposes bears to the beginning adjusted tax basis.

(j) "Dissolution Proceeds" is defined in Section 10.2 hereof.

(k) "Net Profits" or "Net Losses" for the applicable period means the gross income of the Company minus (a) all net cash outlays of any kind, whether capital in nature or not, to the extent the same are not depreciable or amortizable for federal income tax purposes (or, as the context may require, to the extent the same are not depreciated or amortized for federal income tax purposes), including, without limiting the generality of the foregoing, all operating expenses payable by the Company, salaries, life insurance premiums on policies owned by the Company, and interest on any Company indebtedness; and (b) all Depreciation allowable for federal income tax purposes. In the event that such sum is a positive number, it shall be considered "Net Profits" and if the sum is a negative number, it shall be considered "Net Losses."

(l) "Person" is defined in Section 1.9 hereof.

(m) "Treasury Regulation(s)" means the Income Tax Regulations promulgated under the Code, as such Treasury Regulations may be amended or supplemented from time to time.

1.2. Formation. The Member has formed the Company under and pursuant to the provisions of the Act, for the limited purposes and scope set forth in this Agreement. The Member has filed in the appropriate governmental office(s) Articles of Organization which conform to the requirements of the Act in order to constitute the

Company as a valid limited liability company under the Act. The costs and expenses associated with such filing shall be borne by the Company.

1.3. Name. The business and affairs of the Company shall be conducted solely under the name of "**LIMESTONE WATER UTILITY OPERATING COMPANY, LLC**", and such name shall be used at all times in connection with the business and affairs of the Company; provided that the Member may operate the Company under any other name necessary or convenient to qualify it to do business in any state or jurisdiction.

1.4. Term. The Company shall continue in existence perpetually, or until dissolved by the Member under the terms of this Agreement.

1.5. Business of the Company. The business of the Company is to: (i) invest in and operate water and waste water utilities; (ii) own, finance, hold, manage, manufacture, sell, exchange or otherwise deal with and dispose of all or any part of the Business Property; and (iii) transact any and all lawful business for which a limited liability company may be organized under the Act and exercise all rights and engage in all activities related thereto (the "Business").

1.6. Principal Office. The principal office of the Company shall be at 500 Northwest Plaza Drive, Suite 500, St. Ann, MO 63074, or such other location as may be hereafter determined by the Manager.

1.7. Registered Office and Registered Agent. The name of the Company's registered agent for service of process in Tennessee and the address of the Company's registered office in Tennessee shall be as provided in the Articles of Organization. The Manager may in his sole discretion and from time to time change the address of the registered office and the registered agent by filing the documents required by law.

1.8. Articles of Organization and Other Instruments. The Member has executed or has authorized the execution of the Articles of Organization in accordance with the Act, and shall execute such other documents and instruments and take all such other actions as may be deemed by the Manager to be necessary or appropriate to effectuate and permit the continuation of the Company under the laws of the State of Tennessee or the laws of any other state in any other state which the Member deems necessary or appropriate. The Manager shall, from time to time, take appropriate action, including the preparation and filing of such other amendments to the Articles of Organization and other certificates as may be required under the laws of the State of Tennessee or any other state, to enable the Company to do business in the State of Tennessee or any other state.

1.9. Additional Definitions. The definitions in Section 1.1 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun used herein shall include the corresponding masculine, feminine and neuter forms. The term "Person" includes individuals, partnerships, corporations, limited liability companies, trusts, and other associations and entities. The words "include," "includes," and "including" shall be deemed to be followed by the phrase

"without limitation." The words "herein," "hereof," "hereunder," and similar terms shall refer to this Agreement, unless the context otherwise requires.

ARTICLE II. CAPITAL CONTRIBUTIONS

2.1. Initial Capital Contributions. The Member shall make the Capital Contribution to the Company as reflected on Exhibit A attached hereto and incorporated herein by reference.

ARTICLE III. DISTRIBUTIONS

3.1. Distributions. Except as otherwise requested by the Member or required by law, cash distributions shall be made to the Member on the following bases at such time (but at least annually) and in such amounts as the Manager in his sole discretion shall determine:

(a) Distributions, other than from a Capital Contribution, shall be made in the following order of priority:

(i) To the payment of liabilities of the Company then due and owing to Persons other than the Member;

(ii) To the Member, in an amount equal to the unpaid balance of principal and accrued interest of any loan by the Member to the Company;

(iii) The balance, if any, shall be distributed to the Member.

(b) The proceeds of any Capital Transaction and the distribution upon liquidation under Section 10.2 shall be made in the following order of priority:

(i) To the payment of liabilities of the Company then due and owing to Persons other than the Member;

(ii) To establish such reserves as the Manager in his discretion determines to be reasonably necessary for any contingent or foreseeable liability or obligation of the Company; provided, however, that the balance of any such reserve remaining at such time as the Manager shall reasonably determine shall be distributed in accordance with subparagraphs (iii) through (v) of this Section 3.1(b);

(iii) To the payment to the Member of an amount equal to the unpaid balance of principal and accrued interest of any Loan by the Member;

(iv) To the Member, an amount equal to its Capital Contributions reduced (but not below zero) by the amount of all prior distributions to it under this Section 3.1;

(v) The balance, if any, shall be distributed to the Member.

3.2. Distributions to Be Made In Cash. Unless otherwise determined by the Member, all distributions to the Member shall be made in cash.

ARTICLE IV. ALLOCATION OF NET PROFITS AND NET LOSSES

4.1. Profits and Losses. Net Profits and Net Losses incurred and/or accrued shall be allocated to the Member.

ARTICLE V. ACCOUNTING; RECORDS

5.1. Accounting Methods. The Company books and records shall be prepared in accordance with generally accepted accounting principles, consistently applied. All Federal, state and local tax returns of the Company shall be prepared by the Company's certified public accountants, under the direction of the Manager.

5.2. Fiscal Year. The fiscal year of the Company shall be the twelve calendar month period ending December 31.

5.3. Tax Status. The Member shall elect such tax status that it deems appropriate for each tax year by notifying the Manager of such election.

ARTICLE VI. POWERS, RIGHTS AND DUTIES OF THE MEMBER AND MANAGER

6.1. Restriction of the Member's Rights to Participate in Management. Except as otherwise expressly provided herein, the Member shall have no voice in, take any part in, nor interfere with, the conduct, control, or management of the business of the Company in its capacity as the Member, nor shall the Member have any authority or power to act for, or on behalf of, the Company, or to bind the Company in any respect whatsoever.

6.2. Member Consent. (a) The affirmative vote, approval or consent of the Member shall be required to: (i) alter the primary purposes of the Company as set forth in Section 1.5; (ii) do any act in contravention of this Agreement or cause the Company to engage in any business not authorized by the Articles of Organization or the terms of this Agreement; (iii) do any act which would make it impossible to carry on the usual course of business of the Company; (iv) change or reorganize the Company into any other legal form; (v) amend this Agreement; (vi) issue an Interest in the Company to any Person and admit such Person as a Member; (vii) approve a merger or consolidation with another Person, (viii) change the status of the Company from one in which management is vested in the one or more Managers to one in which management is vested in the Member, or vice versa; (ix) possess any Company property or assign the rights of the Company in specific Company property for other than a Company purpose; (x) perform any act (other than an act required by this Agreement or any act taken in good faith reliance upon counsel's opinion) which would, at the time such act occurred, subject the Member to liability as a general

partner in any jurisdiction; (xi) operate the Company in such a manner as to have the Company classified as an "investment company" for purposes of the Investment Company Act of 1940; (xii) have an order for relief entered against the Company under applicable federal bankruptcy law; OR (xiii) file a voluntary petition in bankruptcy or a petition or an answer seeking reorganization or an arrangement with creditors or taking advantage of any insolvency law or any answer admitting the material allegations of a petition filed against the Company in any bankruptcy, reorganization or insolvency proceeding.

(b) The Member shall have the right to replace a Manager of the Company and name its successor at any time by providing written notice to the Manager being replaced of such decision in which the successor Manager is also set forth.

6.3. Manager.

(a) The Manager shall have the power to do all things necessary or convenient to carry out the business affairs of the Company. The initial Manager shall be Central States Water Resources, Inc., a Missouri corporation.

(b) The Manager shall not have any contractual right to such position and shall serve until the earliest of (i) the withdrawal of the Manager, or (ii) the removal of the Manager. The Manager may be removed and replaced in accordance with the provisions of Section 6.2(b).

(c) Except to the extent provided herein, the Member hereby agrees that only the Manager and agents of the Company authorized by the Manager shall have the authority to bind the Company. The Member shall not take any action to bind the Company without notifying the Manager of such action. If the Member takes any action to bind the Company, it shall indemnify and hold harmless the Manager against any claim, loss, expense or liability (including, without limitation, attorneys' fees and expenses, whether or not litigation is commenced) incurred by the Manager as a result of the unauthorized action of such Member.

(d) The Manager's duty of care in the discharge of the duties of the Manager to the Company and the Member is limited to discharging his duties pursuant to this Agreement in good faith, with the care a corporate officer of like position would exercise under similar circumstances, in the manner he reasonably believes to be in the best interests of the Company. In discharging his duties, the Manager shall not be liable to the Company or to the Member for any mistake or error in judgment or for any act or omission believed in good faith to be within the scope of authority conferred by this Agreement or by separate written instrument executed by the Member.

(e) The Manager's compensation shall be established by the Member, and the Manager shall be entitled to reimbursement of any general overhead expenses incurred in the regular course of his duties.

6.4. Indemnification

(a) The Company, except as provided in Section 6.4(b), shall indemnify any Person who is or was a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether criminal, civil, administrative or investigative, including without limitation any action by or in the right of the Company, by reason of the fact that he/it was or is a Member or Manager of the Company or is or was a Member or Manager of the Company who is or was serving at the request of the Company as a member, manager, director, officer, agent, employee, partner or trustee of another limited liability company, corporation, partnership, joint venture, trust or other enterprise; against expenses, including attorneys' fees, judgments, fines, taxes and amounts paid in settlement, actually and reasonably incurred by him in connection with such action, suit or proceeding if such Person's conduct is not finally adjudged to be knowingly fraudulent, deliberately dishonest or willful misconduct. The right to indemnification conferred in this paragraph shall be a contract right and shall include the right to be paid by the Company expenses incurred in defending any actual or threatened civil or criminal action, suit or proceeding in advance of the final disposition of such action, suit or proceeding. Such right will be conditioned upon receipt of an undertaking by or on behalf of the Member or manager to repay such amount if it shall ultimately be determined that he/it is not entitled to be indemnified by the Company as authorized in this Article. Such right shall survive any amendment or repeal of this Article with respect to expenses incurred in connection with claims, regardless of when such claims are brought, arising out of acts or omissions occurring prior to such amendment or repeal. The Company may, by action of the Member, provide indemnification to employees and agents of the Company with the same scope and effect as the foregoing indemnification of Member and Manager.

(b) If a claim under Section 6.4(a) is not paid in full by the Company within thirty (30) days after a written claim has been received by the Company, the claimant may at any time thereafter bring suit against the Company to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense, including reasonable attorneys' fees and costs, of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Company) that the claimant has not met the standards of conduct which make it permissible under the limited liability company law of Tennessee for the Company to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Company. Neither the failure of the Company (including the Member or independent legal counsel) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because he/it has met the applicable standard of conduct set forth in the limited liability company law of Tennessee, nor an actual determination by the Company (including its Member or independent legal counsel) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(c) The indemnification provided by this Section 6.4 shall not be deemed exclusive of any other rights to which those seeking indemnification may be entitled under any agreement, consent of the Member or otherwise, both as to action in his/its official capacity and as to action in another capacity while holding such office, and shall continue as to a Person who has ceased to be a Member, Manager, employee, partner, trustee or agent and shall inure to the benefit of the heirs, executors and administrators of such a Person.

(d) The Company may purchase and maintain insurance on behalf of any Person who is or was a Member, Manager, employee or agent of the Company, or is or was serving at the request of the Company as a member, manager, director, officer, employee, partner, trustee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity or arising out of his/its status as such, whether or not the Company would have the power to indemnify him against such liability under the provisions of this Section 6.4.

(e) For the purposes of this Section 6.4, references to the Company includes the resulting or surviving entity in any merger or consolidation so that any Person who is or was a Member, Manager, employee or agent of such a constituent entity or is or was serving at the request of such constituent entity as a member, manager, director, officer, employee, partner, trustee or agent of another limited liability company, corporation, partnership, joint venture, trust or other enterprise shall stand in the same position under the provisions of this Section 6.4 with respect to the resulting or surviving entity as he/it would if he/it had served the resulting or surviving entity in the same capacity.

(f) For purposes of this Section 6.4, the term "other enterprise" shall include employee benefit plans; the term "fines" shall include any excise taxes assessed on a Person with respect to any employee benefit plan; and the term "serving at the request of the Company" shall include any service as a member, manager, director, officer, employee, partner, trustee or agent of, or at the request of, the Company which imposes duties on, or involves services by, such member, manager, director, officer, employee, partner, trustee or agent with respect to an employee benefit plan, its participants, or beneficiaries.

(g) In the event any provision of this Section 6.4 shall be held invalid by any court of competent jurisdiction, such holding shall not invalidate any other provision of this Section 6.4 and any other provisions of this Section 6.4 shall be construed as if such invalid provision had not been contained in this Section 6.4. In any event, the Company shall indemnify any Person who is or was a Member or Manager of the Company, or is or was a Member or Manager of the Company who is or was serving at the request of the Company as a member, manager, director, officer, agent, employee, partner or trustee of another limited liability company, corporation, partnership, joint venture, trust or other enterprise, to the full extent permitted under Tennessee law, as from time to time in effect.

6.5. Liability of the Member. The Member shall not be liable as such for the liabilities of the Company. The failure of the Company to observe any formalities or

requirements relating to the exercise of its powers or management of its business or affairs under this Agreement or the Act shall not be grounds for imposing personal liability on the Member or a Manager for liabilities of the Company.

ARTICLE VII. DETERMINATIONS BY THE MEMBER

7.1. Actions by the Member. The Member shall have the right to take any action set forth herein in accordance with the terms of the Agreement. In addition, if the Member determines that it wants to take an action that is not expressly granted to it within this Agreement, it shall take such action only after notifying the Manager in writing of the intended action.

ARTICLE VIII. ACTIONS OF THE MANAGER

8.1. Actions by the Manager. The Manager shall decide any question related to the operations of the Company, unless the question is one upon which, by express provision of the Act, the Articles of Organization or this Agreement, the Member is required to consent, in which case such express provision shall govern and control the decision on such question.

ARTICLE IX. TRANSFER OF MEMBER'S INTEREST

9.1. Transfer of Member's Interest. The Member shall have the right to transfer all or part of its Interest to another Person upon such terms that the Member deems acceptable. Prior to the effective date of the transfer of all or part of the Interest, the Member must notify the Manager of the transfer in writing.

9.2. Effect of Assignment; Documents. All Interests in the Company transferred pursuant to the provisions of this Article shall be subject to the restrictions and obligations set forth in this Agreement. As a condition to any Person being admitted as an additional Member or a substituted Member, such Person must execute this Agreement and agree to be bound by all of its terms and provisions as a substituted Member or additional Member.

ARTICLE X. DISSOLUTION OF THE COMPANY

10.1. Dissolution Acts.

(a) No act, thing, occurrence, event or circumstance shall cause or result in the dissolution of the Company except that the happening of any one of the following events shall work as an immediate dissolution and termination of the Company:

(i) A determination by Member to dissolve and terminate the Company; and

(ii) The event of the death of the Member.

(b) Without limiting the other provisions hereof, the transfer of all or any part of a Member's Interest, in accordance with the provisions of this Agreement or the admission of a new Member, shall not work the dissolution of the Company.

10.2. Distribution of Proceeds on Dissolution; Reserves. Upon the dissolution and termination of the Company, a the Member or such other Person designated by the Member (the "Winding-Up Member") shall file a Notice of Winding Up pursuant to the Act and shall proceed with the liquidation and termination of the Company as promptly as possible, but in an orderly and businesslike manner so as not to involve undue sacrifice, and the proceeds therefrom and any other funds and assets of the Company (the "Dissolution Proceeds"), shall be applied and distributed pursuant to the provisions of Section 3.1.b.

ARTICLE XI. GENERAL

11.1. Notices. Any notice, request, approval, consent, demand or other communication required or permitted hereunder shall be given in writing by (1) personal delivery, (2) expedited delivery service with proof of delivery, (3) United States Mail, postage prepaid, registered or certified mail, return receipt requested, or (4) email or facsimile (provided that such email or facsimile is confirmed as received), and shall be deemed to have been given and received either at the time of personal delivery or, in the case of delivery service or mail, as of the date of first attempted delivery at the last known address, or in the case of email or facsimile, upon receipt.

11.2. Amendments. This Agreement may be amended by a written agreement of amendment executed by the Member.

11.3. Miscellaneous. Except as herein otherwise specifically provided, this Agreement shall be binding upon and inure to the benefit of the parties and their respective heirs, legal representatives, successors and assigns. Captions contained in this Agreement in no way define, limit, or extend the scope or intent of this Agreement. If any provision of this Agreement or the application of such provision to any Person or circumstance shall be held invalid, the remainder of this Agreement, or the application of such provision to any other Persons or circumstances, shall not be affected thereby.

11.4. Remedies. If the Company or any party to this Agreement obtains a judgment against any other party by reason of breach of this Agreement or failure to comply with the provisions hereof, reasonable attorneys' fees as fixed by the court shall be included in such judgment. No remedy conferred upon the Company or the Member in this Agreement is intended to be exclusive of any other remedy herein or by law provided or permitted, but each shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity or by statute. No waiver by the Member or the Company of any breach of this Agreement shall be deemed to be a waiver of any other breach of any kind or nature and no acceptance of payment or performance by a Member or the Company after any such

breach shall be deemed to be a waiver of any breach of this Agreement, whether or not such Member or the Company knows of such breach at the time it accepts such payment or performance. If the Member has the right herein to approve or consent to any matter or transaction, such approval or consent may be withheld in the sole discretion of the Member for any reason or no reason. No failure or delay on the part of the Member or the Company to exercise any right it may have shall prevent the exercise thereof by the Member or the Company at any time such other may continue to be so in default, and no such failure or delay shall operate as a waiver of any default.

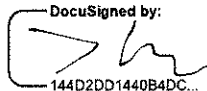
11.5. Compliance with Securities Laws. Notwithstanding anything herein contained to the contrary, no transfer or disposition of Interests in the Company pursuant to the terms hereof shall be made unless such transfer or disposition complies in all respects with the provisions of the Securities Act of 1933 and the securities laws of any and all states with jurisdiction over such transfer or disposition, and the rules and regulations promulgated thereunder.

11.6. Binding Effect. This Agreement and any amendment hereto made as provided herein shall be binding upon and inure to the benefit of the Company and its successors and assigns, and the Member, its heirs, executors, administrators, and legal or personal representatives.

11.7. Governing Law. This Agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the State of Tennessee.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date first above written.

**Limestone Water Utility
Holding Company, LLC**

By: 
144D2DD1440B4DC...
Josiah M. Cox, President of
Central States Water Resources, Inc.,
Manager

Agreed and Accepted by:

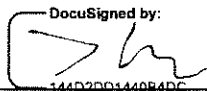

144D2DD1440B4DC...
Josiah M. Cox, President of
Central States Water Resources, Inc.,
Manager

**EXHIBIT A
INITIAL CAPITAL CONTRIBUTIONS**

<u>Member's Name and Address</u>	<u>Member's Interest</u>	<u>Capital Contribution</u>
Limestone Water Utility Holding Company, LLC	100%	Kept by Company Accountant

EXHIBIT 4

Limestone Certificate of Existence



Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

LIMESTONE WATER UTILITY OPERATING COMPANY, LLC
KRIS WHITTEN
SUITE 303
1650 DES PERES ROAD
DES PERES, MO 63131

May 3, 2021

Request Type: Certificate of Existence/Authorization
Request #: 0415492

Issuance Date: 05/03/2021
Copies Requested: 1

Document Receipt

Receipt #: 006338914

Filing Fee: \$20.00

Payment-Credit Card - State Payment Center - CC #: 3806073067

\$20.00

Regarding: Limestone Water Utility Operating Company, LLC

Filing Type: Limited Liability Company - Domestic

Formation/Qualification Date: 12/04/2018

Status: Active

Duration Term: Perpetual

Business County: KNOX COUNTY

Control #: 997814

Date Formed: 12/04/2018

Formation Locale: TENNESSEE

Inactive Date:

CERTIFICATE OF EXISTENCE

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that effective as of the issuance date noted above

Limestone Water Utility Operating Company, LLC

* is a Limited Liability Company duly formed under the law of this State with a date of incorporation and duration as given above;

* has paid all fees, interest, taxes and penalties owed to this State (as reflected in the records of the Secretary of State and the Department of Revenue) which affect the existence/authorization of the business;

* has filed the most recent annual report required with this office;

* has appointed a registered agent and registered office in this State;

* has not filed Articles of Dissolution or Articles of Termination. A decree of judicial dissolution has not been filed.

Tre Hargett
Secretary of State

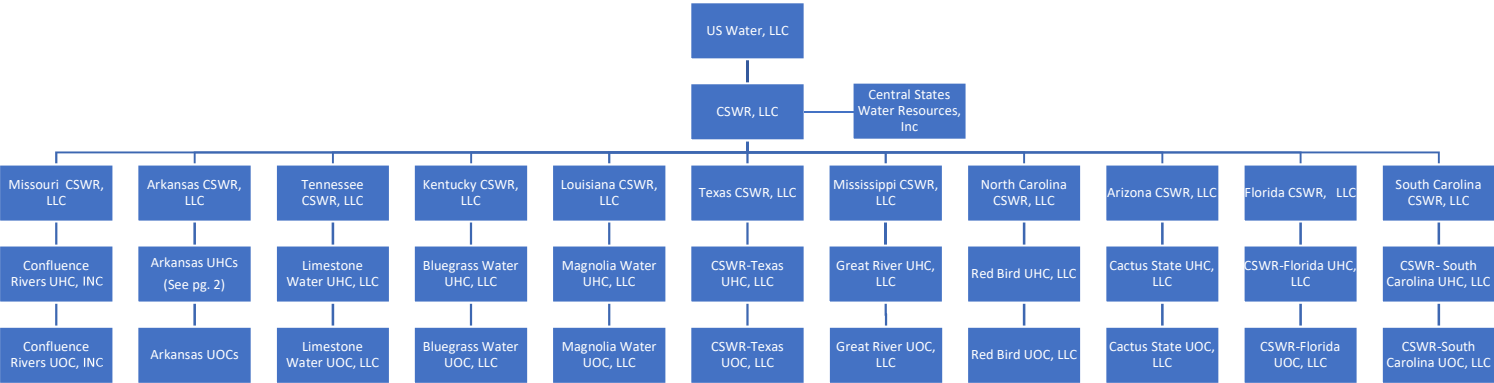
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Verification #: 046029631

EXHIBIT 5

Limestone Organization Chart

Central States Water Resources Corporate Entity Organizational Chart



Arkansas CSWR Organizational Chart Detail

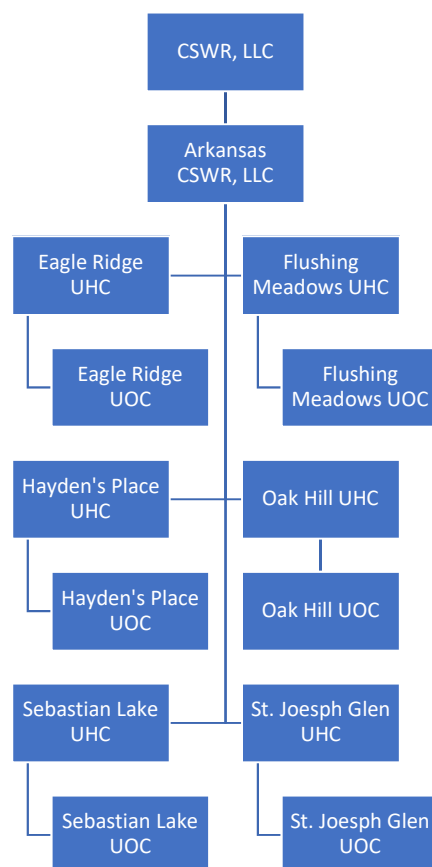


EXHIBIT 6

Table of Limestone's Affiliates and Number of Customers Served

CSWR provides water and wastewater services to the utility operating companies shown below, serving approximately 177,000 connections total:

Missouri

Utility Operating Company	Service Provided	Connections (Total Services)
Confluence Rivers	Water & Wastewater	13,363

Arkansas

Utility Operating Company	Service Provided	Connections (Total Services)
Hayden's Place	Wastewater	121
St. Joesph's Glen	Wastewater	496
Sebastian Lake	Water & Wastewater	231
Oak Hill	Wastewater	198
Eagle Ridge	Wastewater	429
Flushing Meadows	Wastewater	294

Kentucky

Utility Operating Company	Service Provided	Connections (Total Services)
Bluegrass Water	Wastewater & Wastewater	3,587

Louisiana

Utility Operating Company	Service Provided	Connections (Total Services)
Magnolia Water	Wastewater & Wastewater	79,453

Texas

Utility Operating Company	Service Provided	Connections (Total Services)
CSWR-Texas	Wastewater & Wastewater	15,820

Tennessee

Utility Operating Company	Service Provided	Connections (Total Services)
Limestone Water	Wastewater & Wastewater	2,691

Arizona

Utility Operating Company	Service Provided	Connections (Total Services)
Cactus State	Wastewater & Wastewater	7,127

North Carolina

Utility Operating Company	Service Provided	Connections (Total Services)
Red Bird	Wastewater	3,324

Florida

Utility Operating Company	Service Provided	Connections (Total Services)
CSWR-Florida	Wastewater & Wastewater	20,675

Mississippi

Utility Operating Company	Service Provided	Connections (Total Services)
Great River	Wastewater & Wastewater	29,454

EXHIBIT 7

Officer/Key Employee Organization Chart

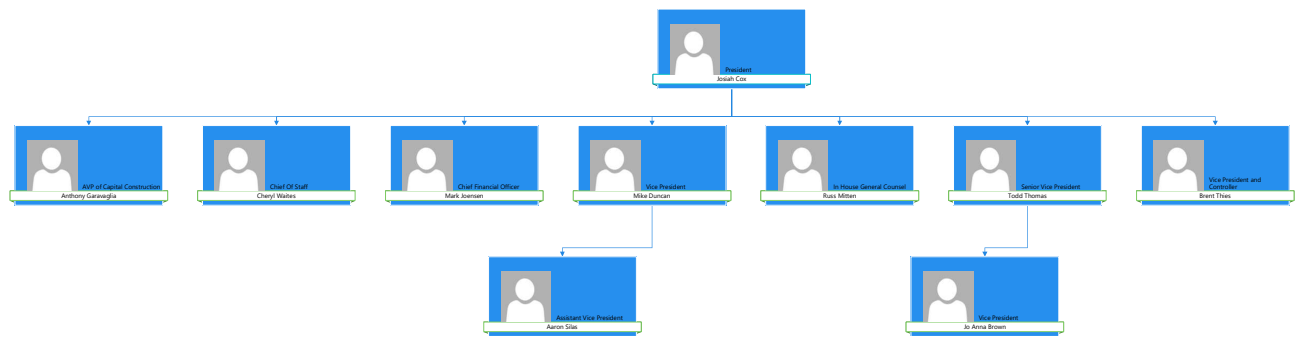


EXHIBIT 8

Resumes of Key CSWR Personnel

Josiah Cox – President

Mr. Cox is President of Red Bird Utility Operating Company, LLC, Red Bird Utility Holding Company, LLC, and also of, CSWR, LLC, (“CSWR”) and Central States Water Resources, Inc. All those companies are part of an affiliated group that provides water and/or wastewater utility services to approximately 160,000 customers in 11 states.

Mr. Cox received a Bachelor of Science degree with a major in Environmental Science from the University of Kansas where he was also a student-athlete. Professionally he has worked at the Kansas state biological survey, where he performed a wildlife habitat study. He then worked at a civil engineering firm where he was involved in various facets of the land development process including permitting, entitlement, civil design, project management, and construction management. He focused mainly on the water and wastewater side of the civil engineering business and participated in every aspect of that business from waste-load allocation studies (now known as the anti-degradation processes), to design, permitting, project management, and construction management. He also ran the firm's environmental consulting division and was the second private consultant to submit a Water Quality Impact Assessment in the state of Missouri in 2003. He later joined the engineering firm's executive leadership team and helped run all the firm's operations.

Beginning in 2005, he formed a full-service civil engineering, environmental consulting, general contracting, and construction management firm. He gained extensive experience with rural communities in every facet of the water and wastewater compliance process, including environmental assessment, permitting, design, construction, operation and community administration of the actual water and wastewater (sewerage) systems. The firm performed stream sampling and built waste-load allocation models to determine receiving water-body protective permit-able effluent pollutant loads. They did full engineering design of multiple whole community water and wastewater infrastructure systems including wells, water distribution, water treatment, water storage, wastewater conveyance, and wastewater treatment plants and delivered these designs through federal and state administered permitting processes in Missouri. The engineering firm also administered the construction of these water and wastewater systems from green field site selection all the way through system startup and final engineering sign-off. During this time, Mr. Cox also began the Master of Business Administration (MBA) program at Washington University in St. Louis, from which he earned his advanced degree and graduated in 2007.

Additionally, beginning in 2008, Mr. Cox took over the operations of a rural sewer district where he managed the functioning, testing, and maintenance of this system. In that capacity, he also acted as the administrator for the system, performing all the billing, emergency response, accounts payable/accounts receivable, collections, budgeting, customer service, and public town meetings required to service the community. He no longer has any responsibilities for that system.

In late 2010, after working on several small, distressed water and wastewater systems, Mr. Cox created a business plan to acquire and recapitalize failing systems as investor-owned, regulated water and wastewater utility companies. In early 2011, he went to the capital markets to raise money to implement his plan, and over a period of approximately three years met with more than fifty- two infrastructure investment groups in an attempt to raise necessary financing. In February 2014, he was able to raise sufficient debt and equity capital to start CSWR. In 2018, he attracted an additional large institutional private equity investor, which allowed CSWR to expand the scope of its business plan. Since its formation, CSWR has acquired, and is currently operating more than 800 water and/or wastewater systems in Arizona, Arkansas, Florida, Kentucky, Louisiana, Missouri, Mississippi, North Carolina, South Carolina, Tennessee, and Texas.

Todd Thomas – Vice President

Todd Thomas holds the office of Senior Vice President of CSWR. Mr. Thomas received his Bachelor of Science in Civil Engineering from The Missouri University of Science and Technology, and a Master of Business Administration from Washington University in St. Louis.

Before joining CSWR, Mr. Thomas was President of Brotcke Well and Pump, Vice President of Operations and Business Development of the Midwest for American Water Contract Operations, and General Manager of Midwest Operations for Environmental Management Corporation. Mr. Thomas currently serves on the Technical Advisory Team for the Public Water Supply District 2 of St. Charles County, MO.

Mr. Thomas's past positions in related industries has provided him with extensive experience in water and sewer utilities. He has in depth, firsthand knowledge about the amount of damage resulting from the lack of maintenance on a well system, and he understands how much money and effort are required to restore a well system after neglect.

In his position as Senior Vice President at CSWR, Mr. Thomas's primary responsibilities include utility operations along with the acquisition, development, and rate stabilization of CSWR- affiliated utilities. Those duties include operations, maintenance, capital planning, and regulatory compliance for all affiliate-owned facilities. He is responsible for the management of all operations and maintenance service providers, and engineering firms.

Brent Thies – Vice President & Corporate Controller

Brent Thies is the Vice President and Corporate Controller of CSWR and was promoted to that position in February 2022. As Vice President and Corporate Controller, he is responsible for the accounting books and records of CSWR and its regulated utility subsidiaries. This includes setting financial controls and accounting policy along with the responsibility for the accurate recording of revenues, expenses and capital expenditures. With his team, Mr. Thies is also responsible for preparing and filing regulatory annual reports and responding to certain data requests for the regulated utility subsidiaries of CSWR. He also prepares monthly and quarterly management reports and interfaces with external auditors and tax professionals.

Mr. Thies first earned a Bachelor of Arts in Communications/Public Relations from Missouri Baptist University in St. Louis, and a Bachelor of Science in Accounting from Liberty University in Virginia. He also earned a Master of Divinity degree from Midwestern Baptist Theological Seminary in Kansas City, Missouri and a Master of Business Administration degree from the University of Missouri-St. Louis. Mr. Thies is also licensed as a Certified Public Accountant in the State of Missouri. After receiving his degrees, Mr. Thies spent the first years of his career as the Controller of a multi-entity non-profit.

During his time at CSWR, Mr. Thies completed the Fundamentals, Intermediate and Advanced Regulatory Studies Programs through the Institute of Public Utilities at Michigan State University.

Mike Duncan –Vice President

Mike Duncan is the Vice President of CSWR and was promoted to that position in October 2020. As Vice President, he has played an integral role in researching, preparing, filing, and processing acquisition applications in Missouri, Kentucky, Tennessee, Louisiana, Texas, North Carolina, and Mississippi. He also has taken a leading role in preparing and filing rate cases in Missouri, Kentucky, and Louisiana.

After receiving his Bachelor of Arts degree from Washington University in St. Louis, the first eleven years of his career were spent as an administrator and later director at a non-profit organization in St. Louis, Missouri. As Executive Director, Mr. Duncan oversaw accounting, finance, human resources, IT, and communications for the organization. During his employment he earned his Master of Business Administration from the Olin School of Business at Washington University. Prior to joining CSWR, he spent two years as Director of Operations with NAPA Auto Tire & Parts, a partner-owned chain of auto parts stores, overseeing projects related to distribution, logistics, IT, and general management.

Jake Freeman – Director of Engineering

Jake Freeman is the Director of Engineering of CSWR and has held this position since January 2019. As Director of Engineering, he oversees the engineering, surveying, and facility construction upgrades for all newly acquired CSWR water and wastewater utilities including those in Arizona, Arkansas, Florida, Kentucky, Louisiana, Missouri, Mississippi, North Carolina, South Carolina, Tennessee, and Texas. He also oversees ongoing capital upgrade projects on all CSWR affiliated and operated facilities.

After receiving a Bachelor of Science degree in Mechanical Engineering from the University of Missouri – Columbia, Mr. Freeman spent the first two years of his career working for Corrigan Mechanical, a design-build mechanical contractor in St. Louis, where he designed, estimated, and managed plumbing, HVAC and process piping construction projects in Missouri and southern Illinois. He then spent eleven years performing similar tasks for Brotcke Well & Pump, a well and pump service contractor servicing water wells and water treatment equipment throughout Missouri, Illinois, Kentucky, and Kansas. Prior to his employment with CSWR, he held the position of Vice President of Brotcke Well & Pump and Principal for their engineering services and managed their newly opened office in Kansas City.

Jo Anna McMahon - Vice President of Government Affairs

Jo Anna McMahon is the Vice President of Government Affairs for CSWR. Ms. McMahon holds several top water and wastewater certifications throughout the country. She received her Bachelor of Business Administration degree from the University of Arkansas at Little Rock, and will be graduating in May 2023 with a Master of Business Administration degree from Washington University in St. Louis, Missouri.

Before joining CSWR, Ms. McMahon worked for both public and private utilities, respectively serving both municipality and military installations. Ms. McMahon has extensive experience as both an Operations Coordinator and as a Specification Specialist.

In her previous position as Director for Environmental Health and Safety at CSWR, her responsibilities included managing daily operations of wastewater and water treatment facilities of various sizes ranging from 3,600 gallons per day (gpd) to 64,000,000 gpd. Throughout that time, Ms. McMahon led teams of operators in creating and executing infrastructure improvement plans, managing and developing employees, and providing a standard of excellence in customer service while keeping facilities and operations within regulatory compliance.

Ms. McMahon's previous employment equipped her with invaluable experience in water and sewer utilities. She has a wide range of firsthand experience in managing water and wastewater treatment facilities safely and in a financially and operationally sound manner.

Chelsie Carter - Director of Customer Experience

Chelsie Carter is the Director of Customer Experience at CSWR. Ms. Carter joined CSWR in 2021 as Customer Experience Manager and was promoted to Director level within seven months, leading an overhaul of the CSWR's customer service functions during a period of dramatic growth.

Ms. Carter first earned a Bachelor of Science degree followed by her Master of Business Administration from Lindenwood University. She has a strong background in training and management as well as extensive experience with utility providers. Prior to joining CSWR, she led the Accounts Receivable division at the St. Louis Metropolitan Sewer District, where she also served as the point of contact for dozens of major accounts. Areas of oversight included billing \$34M per month in customer invoices, customer service for 430k customers, processing an average of \$1M in payment remittance per day and collecting more than \$92M in delinquent accounts. Ms. Carter also spent 16 years with American Water, starting as the supervisor for the Customer Call Center and working her way up to Business Services Specialist. In this role she was the point of contact for the Public Service Commission on customer-related issues and resolutions. She has provided direction and support for several rate cases, acquisitions, and software implementations.

Since joining CSWR, Ms. Carter continues to oversee the entire customer life cycle, focusing on improving the customer experience in the areas of self-service, software systems and processes.

EXHIBIT 9

Pre-Filed Direct Testimony of Limestone Witness Aaron Silas

**DIRECT TESTIMONY
OF AARON SILAS**

LIMESTONE WATER UTILITY OPERATING COMPANY, LLC

WITNESS INTRODUCTION

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Aaron Silas. My business address is 1630 Des Peres Road, Suite 140, St. Louis Missouri, 63131.

Q. PLEASE DESCRIBE CSWR, LLC, AND LIMESTONE WATER UTILITY OPERATING COMPANY.

A. CSWR, LLC, (“CSWR”) is a holding company that currently indirectly owns utility operating companies in 11 states. Limestone Water Utility Operating Company, LLC (“Limestone” or “Company”) is the CSWR-affiliated utility operating company in Tennessee.

Q. WHAT IS YOUR POSITION WITH CSWR?

A. I am the Assistant Vice President of Customer Experience & Regulatory Operations at CSWR. I have been employed with CSWR since October 2019 in various roles with increasing responsibility. My current responsibilities include the oversight of all state utility commission regulatory filings for all utility operating companies, including, but not limited to, acquisition cases, rate cases, and CCN (Certificates of Convenience and Necessity) expansions, as well as the coordination of all data request responses and any regulatory compliance filings. Additionally, I oversee the external communications team and CSWR’s Customer Experience department including the third-party call center

1 provider, enabling the Company to communicate with stakeholders regarding operational
2 activities and accurately respond to customer inquiries. I oversee such activities for
3 affiliated operating companies providing water or wastewater utility services to
4 approximately 177,000 connections in Kentucky, Missouri, Arkansas, Tennessee,
5 Louisiana, Texas, Mississippi, North Carolina, South Carolina, Arizona, and Florida.
6

7 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND PROFESSIONAL**
8 **EXPERIENCE.**

9 A. I received a Bachelor of Science degree with honors from Southern Illinois University in
10 Edwardsville (“SIUE”) with a major in Business Administration specializing in Human
11 Resources and Finance. The first few years of my career were spent in the finance industry,
12 including various roles within U.S. Bank and Stifel Financial Corp. During my
13 employment at Stifel Financial Corp., I received a Master of Business Administration
14 degree from SIUE as well.
15

16 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE**
17 **COMMISSION?**

18 A. Yes, I submitted testimony before the Tennessee Public Utility Commission (“TPUC” or
19 the “Commission”), in TPUC Docket No. 24-00044.

20 **Q. WHAT IS THE PURPOSE OF YOUR DIRECT TESTIMONY IN THIS CASE?**

21 A. The purpose of my testimony is to support the application filed in this case (“Joint
22 Application” or “Application”) submitted in this matter by both Limestone and the City of
23 Grand Junction, a Tennessee municipality, (“Grand Junction”) (collectively, the “Joint
24 Applicants”), which seeks Commission authority for Limestone to acquire all assets
25 currently used by Grand Junction to provide water utility service to customers in the City

1 of Saulsbury in Hardeman County, Tennessee. Additionally, the Applicants further requests
2 the Commission to authorize the transfer of Grand Junction's Certificate of Convenience
3 and Necessity ("CCN") to Limestone, pursuant to Tennessee Code Annotated Section 65-
4 4-113, with its accompanying privilege and franchise. Alternatively, the Applicants request
5 that the Commission grant Limestone a CCN, with its accompanying privilege and
6 franchise, pursuant to Tennessee Code Annotated Sections 65-4-107 and 65-4-201. My
7 testimony describes the proposed acquisition and explains why Limestone believes the
8 acquisition is in the public interest.

9 I also describe Limestone's relationship to CSWR, the role CSWR would play in
10 Limestone's operation of the water system at issue in this case, and the benefits Limestone's
11 relationship with CSWR would bring to customers served by that system. Finally, to the
12 extent applicable, I provide the Commission information required by TPUC Rule 1220-04-
13 13-.17(2) and other rules applicable to the Application. In this testimony, I also adopt the
14 Application and verify that all information included there is true and correct to the best of
15 my information and belief.

16 **Q. ARE YOU SPONSORING THE EXHIBITS ATTACHED TO THE APPLICATION?**

17 A. Yes.

18 **Q. WERE THESE EXHIBITS PREPARED BY YOUR OR UNDER YOUR**
19 **SUPERVISION?**

20 A. Yes.

1 **Q. WHAT WERE THE SOURCES OF THE DATA USED TO PREPARE THESE**
2 **EXHIBITS?**

3 A. The data used to prepare the exhibits was acquired from the books of account and business
4 records of CSWR and Limestone and other internal sources. We also obtained information
5 from Grand Junction.

6 **Q. DO YOU CONSIDER THIS DATA TO BE RELIABLE AND OF A TYPE THAT IS**
7 **NORMALLY USED AND RELIED ON IN YOUR BUSINESS FOR SUCH**
8 **PURPOSES?**

9 A. Yes.

10 **BACKGROUND INFORMATION REGARDING**
11 **LIMESTONE AND ITS AFFILIATES**

12 **Q. PLEASE PROVIDE SOME BACKGROUND INFORMATION ABOUT**
13 **LIMESTONE AND CSWR.**

14 A. Limestone is a Tennessee limited liability company formed to acquire water and
15 wastewater assets in Tennessee and to operate those assets as a regulated public utility. In
16 Docket No. 19-00062, involving Limestone's acquisition of Aqua Utilities Company, Inc.,
17 the Commission first authorized Limestone to operate in Tennessee. There the Commission
18 held:

19 Based on the evidentiary record, the Hearing Panel found that
20 Limestone has the requisite managerial, technical, and financial
21 capabilities to operate the water system and wastewater system in
22 Hardin County serving Points of Pickwick, The Preserve, and
23 Northshore (Phases 1, 2, and 3) now owned by Aqua.¹

¹ See *Order Approving Sale of Assets, Property, and Real Estate and Certificate of Public Convenience of Aqua Utilities Company, LLC Subject to Conditions and Requirements of the Tennessee Public Utility Commission*, TPUC Docket No. 19-00062 (Dec. 7, 2020).

1 The Commission subsequently reached similar conclusions regarding the managerial,
2 technical and financial capabilities of Limestone when it approved the acquisition of
3 Cartwright Creek and the expansion of Limestone's CCN:

4 The Commission found that Limestone demonstrated that it has
5 sufficient financial, managerial, and technical expertise to operate
6 the Williamson County wastewater systems at issue.

7 Likewise, the Commission granted Limestone the authority to acquire and operate other
8 systems, as well, including those of Shiloh Falls Utilities, Inc., Candlewood Lakes, and
9 Chapel Woods Home Owners Association.² As a result of these acquisitions, and as noted
10 in the Application, Limestone now serves approximately 600 water customers and 2,200
11 wastewater customers in Tennessee. If the Commission grants the requests the Joint
12 Applicants have made in this case, Limestone would acquire, own, and operate the water
13 system currently operating under the CCN issued to Grand Junction.

14 Limestone is a subsidiary of CSWR, a Missouri limited liability company formed
15 to provide managerial, technical, and financial support to its utility operating affiliates. A

² See *Order Approving Sale of Assets, Property, and Real Estate and Certificate of Public Convenience of Aqua Utilities Company, LLC Subject to Conditions and Requirements of the Tennessee Public Utility Commission*, TPUC Docket No. 19-00062 (Dec. 7, 2020); *Order Approving Settlement Agreement and Transfer of Systems, and Granting Certificate of Convenience and Necessity*, TPUC Docket No. 21-00053 (Jan. 24, 2022) (acquisition of wastewater system previously owned by Cartwright Creek, LLC); *Order Approving Settlement Agreement and Transfer of Systems and Granting Certificate of Convenience and Necessity*, TPUC Docket No. 21-00055 (Dec. 2, 2022) (acquisition of water and wastewater system previously owned by Shiloh Falls Utilities, Inc.); *Order Approving Settlement Agreement and Transfer of System, and Granting Certificate of Convenience and Necessity*, TPUC Docket No. 21-00060 (Dec. 2, 2022) (acquisition of wastewater system previously owned by Chapel Woods Home Owners Association); *Order Approving Petition for Reconsideration of Commission Order Approving Settlement Agreement and Transfer of Systems, Granting Certificate of Convenience and Necessity, and Disallowing Continuation of Candlewood Lakes POA's Water Availability Fee*, TPUC Docket No. 21-00059 (May 1, 2023) (acquisition of system previously owned by Candlewood Lakes POA); *Order Approving Petition to Amend Certificate of Convenience and Necessity and Waive Commission Rule*, TPUC Docket No. 22-00059 (Dec. 19, 2023) (expansion of CCN to serve the Laurel Creek subdivision); *Order Approving Settlement Agreement and Transfer of System, and Granting Certificate of Convenience and Necessity*, TPUC Docket No. 23-00016 (Dec. 26, 2023) (acquisition of wastewater system previously owned by DSH & Associates, LLC); and *Order Amending Certificate of Public Convenience and Necessity*, TPUC Docket No. 23-00036 (Jan. 26, 2024) (expansion of CCN to serve the Nash Ridge subdivision).

1 corporate organization chart illustrating that relationship is included as **Exhibit 5** to the
2 Application.

3 To date, CSWR-affiliated utility operating companies, such as Limestone, have acquired
4 and are operating water or wastewater systems in Missouri, Arkansas, Kentucky,
5 Louisiana, Texas, Mississippi, North Carolina, South Carolina, Arizona, Florida, and
6 Tennessee.

7 **Q. WHAT IS CSWR'S BUSINESS PLAN WITH REGARD TO THE ACQUISITION**
8 **AND OPERATION OF SMALL AND DISTRESSED WATER AND WASTEWATER**
9 **SYSTEMS?**

10 A. CSWR's business plan is to pursue the purchase and recapitalization of small water and
11 wastewater systems and to operate those systems as investor-owned regulated utilities.
12 Many of those systems are not currently regulated. Of those that are regulated, many, if not
13 most, are out of compliance with utility commission rules and with federal or state pollution
14 and safety laws and regulations. Indeed, many systems that CSWR acquires do not even
15 have federal or state permits required to lawfully operate those systems. CSWR also has
16 found that many regulated systems that it has acquired have not increased their rates for a
17 decade or more and, as a result, lack the financial resources necessary to build, maintain,
18 and replace assets used to provide service or bring operations into compliance with rapidly
19 changing environmental and water quality regulations. Some systems that CSWR acquires
20 are in receivership and therefore lack the ability to raise capital necessary to improve their
21 systems. In contrast, since CSWR has found investors willing to make investments and
22 take risks necessary to bring small water and wastewater systems into compliance with
23 current statutes, rules, and regulations, it has been able to acquire distressed systems,

1 upgrade or repair physical facilities, and operate those systems in a way that satisfies
2 customers, regulators, and investors alike.

3 CSWR's business plan and the expertise its personnel provide to affiliates have
4 convinced regulators in Tennessee, Missouri, Arkansas, Kentucky, Louisiana, Texas,
5 Mississippi, North Carolina, South Carolina, Florida, and Arizona to permit CSWR
6 affiliates to acquire and operate numerous small water and wastewater systems in those
7 states, and we expect to be authorized to acquire additional systems in those and other
8 states in the future. If the Commission authorizes Limestone to acquire the assets used to
9 operate the Grand Junction system, it would be added to the portfolio of systems the
10 Company currently operates in Tennessee. We hope the Commission will give us the same
11 opportunity in this case it gave us in the previous Aqua Utilities, Cartwright Creek, Shiloh
12 Falls Utilities, Candlewood Lakes and Chapel Woods acquisition cases so we can continue
13 in Tennessee the record of success our affiliated group has achieved elsewhere.

14 **Q. PLEASE DESCRIBE CSWR AFFILIATES' EXPERIENCE WITH WASTEWATER**
15 **SYSTEMS.**

16 A. If this application is approved, Limestone has the financial, technical, and managerial
17 ability to acquire, own, and operate the system and serve the City of Saulsbury in a manner
18 that fully complies with applicable health, safety, and environmental protection laws and
19 regulations and provides reliable, safe, and adequate service to customers. As of the end of
20 2024, CSWR was the tenth largest investor-owned water and wastewater utility in the
21 United States. We also are the largest single owner operator of individual wastewater
22 systems in the United States, and we will be on track to singlehandedly bring into
23 compliance the largest number of individual wastewater plants across our national footprint

1 in recent United States history (potentially ever). The CSWR-affiliated group of companies
2 is likely the most qualified utility in the United States to service customers based on the
3 number of systems we own, the number of systems that we have purchased and kept in
4 environmental compliance, and our personnel having the most relevant experience running
5 small utilities. Our affiliate group currently owns and operates more than 800 water and
6 wastewater plants within our eleven-state operational footprint. On a daily basis we deliver,
7 on average, more than 14.6 million gallons of water daily to our more than 42,000 water
8 connections and treat almost 20 million gallons of wastewater to our more than 60,000
9 wastewater connections. In Louisiana, alone, our affiliate has removed fifty-nine (59)
10 systems from Agreements on Consent with the Louisiana Department of Environmental
11 Quality – the fastest timeframe ever for a large group of systems – and we are 100%
12 compliant with environmental compliance agreements entered into with state regulators.
13 These agreements are necessary because of the extremely distressed nature of many
14 systems our group acquires, and our record of compliance with and removal from these
15 agreements is testament to our ability to own and operate such systems in a manner that
16 complies with applicable laws and provides safe and reliable service to customers.

17 Because we are one of the largest individual water and wastewater systems owners
18 in the United States committed to providing safe and reliable service that complies with all
19 applicable regulations, we have on staff, or can efficiently engage skilled professionals who
20 have the most recent, up-to-date knowledge and experience necessary to operate our water
21 and wastewater systems. Our in-house workforce also has the most relevant recent
22 experience refurbishing small, distressed utilities in the country, and we routinely
23 supplement those in-house resources with qualified, third-party contractors with whom we

1 work on a regular basis. Having sufficient qualified personnel to operate the System we
2 propose to acquire will not be a problem for Limestone or CSWR.

3 Specifically, on the wastewater side of the business, CSWR affiliates (including
4 Limestone) have purchased wastewater treatment plants with associated sewer pumping
5 stations, gravity force mains, and gravity conveyance lines. With the approval of state
6 wastewater regulatory authorities, since March 2015, CSWR-affiliated companies have
7 designed, permitted, and completed construction of numerous sanitary sewer system
8 improvements. These improvements include wastewater line repairs to remove infiltration
9 and inflow, building sewer main extensions, the repair of multiple lift stations, the
10 construction of lift stations, the closure of an existing regulatory impaired wastewater
11 system, building fully activated sludge plants, constructing moving bed bio-reactor plants
12 converting multiple failing wastewater systems into sludge storage/flow equalization and
13 treatment basins, converting failed mechanical systems to I-Fast systems, and constructing
14 various other wastewater supporting improvements.

15 **Q. DOES CSWR HAVE PERSONNEL QUALIFIED TO PERFORM THE SERVICES**
16 **YOU IDENTIFIED IN YOUR PRECEDING ANSWER?**

17 A. Yes. This fact is evidenced by the fact that CSWR is already providing those and other
18 similar services for water systems in Tennessee, as well as 10 other states. While I have
19 already described my background and experience in the water and wastewater utility
20 industry, the resumes of the other key members of CSWR's senior team who would be
21 involved in Limestone's operations are included as **Exhibit 8**. The resumes of the CSWR
22 senior team shows that Limestone is well-qualified to meet the demands of Limestone and
23 its customers as well as any requirements of this Commission and other regulators charged

1 with overseeing Limestone's operations. The types and quality of services that CSWR
2 provides to Limestone are not typically available to small systems like that at issue in this
3 case. However, CSWR's business model was developed specifically to provide that
4 expertise and experience to affiliates and to do so while achieving economies of scale
5 attributable to CSWR's centralized management structure.

6 **Q. PLEASE DESCRIBE THE CUSTOMER SERVICES THAT CSWR PROVIDES TO**
7 **ITS AFFILIATE'S CUSTOMERS.**

8 A. In addition to these operational capabilities, CSWR also provides customer service to
9 customers that meet or exceed regulatory commission rules. CSWR provides 24/7 access
10 to customer service representatives via phone and email. Similarly, CSWR provides around
11 the clock emergency response to operational problems. Furthermore, through its website,
12 CSWR customers can access information regarding advisories, payment options and
13 customer education items. If the Application is approved, Limestone would provide this
14 same level of customer service to the City of Saulsbury customers.

15 **Q. DO LIMESTONE AND CSWR HAVE THE FINANCIAL CAPACITY TO**
16 **PROVIDE WATER SERVICE TO THE CITY OF SAULSBURY?**

17 A. Yes, as was demonstrated to the Commission by Limestone in TPUC Docket Nos. 19-
18 00062, 21-00053, 21-00055, 21-00059 and 21-00060. Limestone and CSWR have the
19 financial capacity to finance, own, and operate the System we propose to acquire from
20 Grand Junction. The affiliated group of which Limestone is a member has been able to
21 secure an ongoing commitment from a Wall Street private equity firm to provide capital
22 necessary to purchase small, oftentimes distressed, water and wastewater systems and then
23 make investments necessary to bring those systems into compliance with applicable health,

1 safety, and environmental protection laws and regulations. This investment commitment
2 also includes working capital necessary to operate until an application for compensatory
3 rates, where and when appropriate, can be formally requested and approved. To date,
4 CSWR, through its affiliates, has invested almost \$400 million to purchase, upgrade, and
5 operate water and wastewater systems. Although those investments have been almost
6 exclusively in the form of equity, Limestone ultimately plans to pursue debt financing, as
7 cash flows allow, from non-affiliated commercial sources that would allow the company
8 to balance its capital structure.

9 **Q. IF THE AUTHORIZATIONS REQUESTED IN THE JOINT APPLICATION ARE**
10 **GRANTED, WOULD LIMESTONE HIRE CURRENT EMPLOYEES TO**
11 **PROVIDE SERVICE IN THE AREAS SERVED BY GRAND JUNCTION?**

12 A. No, Limestone does not plan to hire Grand Junction's current employees to perform any
13 services after closing.

14 **Q. HOW DOES LIMESTONE PROPOSE TO PROVIDE OPERATIONAL SUPPORT**
15 **TO THE CITY OF SAULSBURY?**

16 A. As it currently does for its other Tennessee service areas, Limestone would hire a local,
17 non-affiliated third-party Operations and Maintenance ("O&M") firm that has
18 knowledgeable and experienced personnel, possesses requisite state licenses, and carries
19 insurance coverage necessary to operate the City of Saulsbury system. This is what
20 Limestone has efficiently and successfully done at the former Aqua Utilities, Cartwright
21 Creek, Chapel Woods, Shiloh Falls and Candlewood systems. It also is the approach that
22 Limestone's affiliated utility operating companies have successfully employed at the water
23 and wastewater systems they operate outside Tennessee.

1 In addition to its service obligations during normal business hours, the O&M firm
2 would also be required to have a 24-hour emergency service line to deal with customers
3 experiencing service disruptions. CSWR has developed a centralized computerized
4 maintenance management system that monitors the performance of both its drinking water
5 and wastewater systems and allows it to track the ongoing maintenance and testing work
6 performed by its O&M contractors. In addition, CSWR uses geographic information
7 system (“GIS”) survey information to accurately map all infrastructure assets, which
8 allows the Company to specifically target ongoing infrastructure re-investment as part of
9 the overall managerial and technical support CSWR provides each of its utility operating
10 affiliates.

11 While day-to-day operational functions would be provided by non-employee
12 contractors, all management, financial reporting, underground utility safety and location
13 services, Commission regulatory reporting, environmental regulatory reporting and
14 management, operations oversight, utility asset planning, engineering planning, ongoing
15 utility maintenance, utility record keeping, and final customer dispute management would
16 be performed by personnel at CSWR's corporate office. CSWR personnel also would
17 monitor the activities of the non-employee contractors to make sure the system is being
18 operated and maintained properly and customers’ needs are being met. As mentioned, the
19 resumes of CSWR personnel who, in addition to me, would be responsible for providing
20 services or oversight to Limestone’s operation, are attached to the Application as **Exhibit 8**.

21 **DESCRIPTION OF THE PROPOSED SERVICE AREA ACQUISITION**

22 **Q. PLEASE DESCRIBE THE WATER SYSTEM ACQUISITION THAT LIMESTONE**
23 **SEEKS IN THIS APPLICATION.**

1 A. Limestone proposes to acquire from Grand Junction all of the assets of the system
2 currently operating under the CCN issued to Grand Junction and that the system used to
3 provide water service to customers located in the City of Saulsbury in Hardeman County.
4 Maps and aerial photographs showing the location of the system are attached UNDER
5 SEAL as CONFIDENTIAL Exhibit 1 to the Joint Application. The system currently serves
6 approximately 166 customers.

7 Terms of the proposed asset sale are governed by the July 19, 2024, *Agreement for*
8 *the Sale of Saulsbury Utility System* ("Agreement") between the Grand Junction and
9 CSWR. A copy of the Agreement is attached as Exhibit 10 to the Joint Application.

10 No closing date for the transaction has been set, but the Agreement identifies
11 various conditions precedent, including obtaining all required regulatory approvals, that
12 must be satisfied before the transaction can close. Section 18 of the Agreement also
13 authorizes CSWR to assign all its rights to the acquired assets to an affiliated entity. In
14 accordance with that section, at closing CSWR will transfer to Limestone all water system
15 assets acquired from the Grand Junction. A copy of the document assigning CSWR's
16 interests in the Grand Junction assets used to operate the System to Limestone is attached
17 as Exhibit 11 to the Joint Application.

18 **Q. DOES THE PROPOSED SERVICE AREA FALL WITHIN THE SERVICE AREA**
19 **OF ANY WATER PROVIDERS?**

20 A. If the CCN grant/transfer requested in this application is approved, there would be no other
21 water utility serving the area.

1 **Q. IF THE COMMISSION APPROVES THE APPLICATION, IS LIMESTONE**
2 **WILLING AND ABLE TO OPERATE THE WATER SYSTEM IN A MANNER**
3 **THAT COMPLIES WITH APPLICABLE REGULATIONS?**

4 A. Yes. If the Commission grants Limestone the authority it seeks in the Application,
5 Limestone and CSWR are willing and able to operate the water system in a manner that
6 complies with applicable laws and regulations. As I described previously, the affiliate
7 group of which Limestone and CSWR are part has the financial capacity to operate that
8 system in a manner that is in the public interest and complies with applicable statutes, rules,
9 and regulations.

10 **Q. WHAT RATES, RULES, AND REGULATIONS WOULD BE IN EFFECT FOR THE**
11 **CITY OF SAULSBURY?**

12 A. The base rates and charges are included in Limestone's proposed tariff. The rules and
13 regulations for the system that serves the City of Saulsbury will be the same as those
14 approved by the Commission for Candlewood in TPUC Docket No. 21-0059.

15 **Q. ARE LIMESTONE AND CSWR FAMILIAR WITH THE COMMISSION'S RULES**
16 **AND REGULATIONS GOVERNING WATER UTILITIES AND DO THOSE**
17 **COMPANIES PLEDGE TO OPERATE THE SYSTEM AT ISSUE IN THIS CASE**
18 **IN A MANNER THAT COMPLIES WITH THOSE RULES AND REGULATIONS?**

19 A. Yes, as indicated, Limestone currently operates in the state of Tennessee. Therefore, CSWR
20 and Limestone are familiar with the Commission's rules and regulations and pledge to
21 continue to operate the system in a manner that complies with all Commission requirements
22 and all applicable state statutes and regulations.

1 **Q. HOW DOES LIMESTONE PROPOSE TO SATISFY THE FINANCIAL SECURITY**
2 **REQUIREMENTS IMPOSED BY TPUC RULES 122-04-13-.07 AND 1220-04-13-**
3 **.08?**

4 A. To demonstrate financial security as required by the Commission's rules, Limestone has
5 already secured a corporate surety bond in the maximum required under the Commission's
6 rule (\$300,000) in a form that complies with TPUC Rule 1220-04-13-.08. *See Exhibit 15.*

7 **Q. DO YOU BELIEVE THE PROPOSED ACQUISITION IS IN THE PUBLIC**
8 **INTEREST?**

9 A. Yes. Consistent with my testimony and the Joint Application, I believe Limestone's
10 proposed acquisition of the water system currently operated under the CCN issued to Grand
11 Junction would be consistent with and would promote the public interest. Limestone and
12 CSWR are fully qualified, in all respects, to own and operate that system and to otherwise
13 provide safe and adequate service. Our industry experience, professionalism and successful
14 track record across the country evidence our unique capability to ensure that efficiencies
15 benefiting the customers are captured and that the resources required to upgrade
16 infrastructure and satisfy regulatory and environmental requirements are available and
17 invested.

18 **Q. DO YOU HAVE ANYTHING TO ADD WITH RESPECT TO THE JOINT**
19 **APPLICATION?**

20 A. Yes. I verify that the Joint Application and the supporting documentation submitted with it
21 are true and correct to the best of my information and belief. Furthermore, Limestone is
22 aware of and will abide by all applicable Tennessee statutes, rules and regulations,
23 including TPUC Rules.

- 1 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**
- 2 A. Yes, it does.

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

IN RE:)

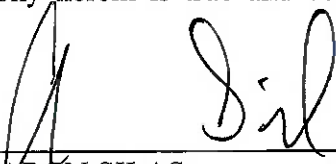
JOINT APPLICATION OF LIMESTONE)
WATER UTILITY OPERATING)
COMPANY, LLC, AND THE CITY OF)
GRAND JUNCTION, FOR APPROVAL)
OF THE ACQUISITION OF AND TO)
OPERATE THE SAULSBURY)
DISTRIBUTION WATER SYSTEM, AND)
TO TRANSFER OR ISSUE A)
CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY)

DOCKET NO. 26-_____

VERIFICATION

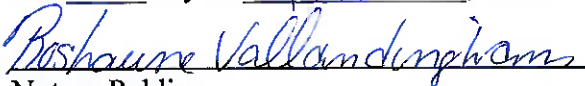
STATE OF MISSOURI)
COUNTY OF ST. LOUIS)

I, AARON SILAS, being duly sworn, state that I am authorized to testify on behalf of Limestone Water Utility Operating Company, LLC in the above-referenced docket, that if present before the Commission and duly sworn, my testimony would be as set forth in my pre-filed testimony in this matter, and that my testimony herein is true and correct to the best of my knowledge, information, and belief.



AARON SILAS

Sworn to and subscribed before me
this 23rd day of April, 2026.


Notary Public

My Commission Expires: 04-10-2027

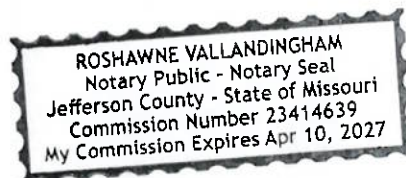


EXHIBIT 10

Agreement for Sale of Utility System

AGREEMENT FOR SALE OF SAULSBURY UTILITY SYSTEM

THIS AGREEMENT ("*Agreement*"), is made and entered into this 19th day of July, 2024, by and between CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation, or its assigns ("*Buyer*"), and City of Grand Junction a Tennessee municipality qualified to transact business in the State of Tennessee ("*Seller*"), collectively ("*Parties*").

WHEREAS, Seller has developed and operates, as a regulated water corporation, water facilities in the area more particularly described and depicted in the documents attached hereto as **EXHIBIT A**, situated in Hardeman County, Tennessee (hereinafter the "*System*"); and

WHEREAS, Buyer is a corporation, organized and existing under the constitution and the laws of the State of Missouri, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller is a municipality, organized and existing under the constitution and the laws of the State of Tennessee, with all the requisite power necessary to enter into the transaction described hereinafter; and

WHEREAS, Seller desires to sell, and Buyer desires to purchase, all the assets, both real and personal, connected with the System including, but not limited to, all associated improvements for the conveyance of water to each of the customers connected to the service area; and

WHEREAS, the parties have reached an understanding with respect to the sale by Seller and the purchase by Buyer of all of the Property (as hereinafter defined) of the System.

NOW, THEREFORE, it is mutually agreed that:

1. **SALE OF PROPERTY**. For and in consideration of the receipt of the Purchase Price, as set forth below, and the covenants and promises hereinafter set forth, including but not limited to the independent consideration of Buyer expending funds to review the feasibility of this purchase, Seller agrees to provide Buyer with the rights set forth in Section 8 herein and elsewhere, and Seller agrees to sell to Buyer, and Buyer agrees to purchase from Seller, all of the following described property (the "*Property*");

A. The land, improvements thereon, easements, rights of way, permits, and leases, and other real property interests used or useful for operation of a water system in the System area depicted on **EXHIBIT A** and/or generally described in **EXHIBIT B**, attached hereto, located in Hardeman County, Tennessee;

B. All of Seller's water service facilities, including but not limited to: All water lines, pipes, wells, well house, tanks, pumps, meters, valves, and any other appurtenances of the water system, and all machinery, equipment, supplies and other tangible items used in connection with the water system;

C. Any additional tools, devices, vehicles, mobile work equipment, furniture, fixtures, machinery, supplies and other tangible items, if any, located in Hardeman County, Tennessee, and used or held for use in connection with the System as described in **EXHIBIT C**, attached hereto;

D. All of Seller's rights, title and interest in and to those agreements set out and described in **EXHIBIT D**, attached hereto;

E. All of Seller's rights, title and interest in and to any and all warranties, bonds or other financial assurances or guaranties, pertaining to, allocable to or arising out of the provision of Saulsbury water service and/or the System;

F. All of Seller's inventory, merchandise, and supplies pertaining to water service at the Saulsbury S; and

G. All assets not described which are located in Hardeman County, Tennessee, and used or useful to operate the Saulsbury System, expressly excepting therefrom, and from any other assets described in the paragraphs above of this Section, any and all cash, cash equivalents and banking deposits in existence prior to the Closing, any and all accounts receivable accrued prior to the Closing, and any customer deposits held by Seller.

2. **CONVEYANCES OF REAL ESTATE.** The real estate to be conveyed by Seller will include all facilities described herein and all interest of Seller in any water and other utility easements. The real estate will be conveyed by general warranty deed, in a form satisfactory to Buyer, and will vest marketable title in fact in the Buyer. Easements shall be assigned by written assignment or other means, in a form satisfactory to Buyer.

At Buyer's expense, Buyer shall obtain, at least thirty (30) calendar days prior to the Closing, a Commitment to issue an Owner's Policy of Title Insurance to Buyer in the amount of the Purchase Price issued by a company authorized to issue title insurance in the state of Tennessee, which policy shall insure the owner's title to be marketable as the same is described and defined in Title Examination Standards of The Tennessee Bar ("*Title Standards*"). After delivery of said title insurance commitment and Buyer's completion of the examination and/or review of the commitment and other relevant title information, Buyer shall notify Seller, in writing, of any objections thereto (the Parties agreeing that any objection falling within the said Title Standards shall not constitute a valid objection so long as Seller furnishes affidavits or other papers as described in such standards in order for the title company to delete the same). If there shall be no such notice of objection, then any exceptions in such Commitment or deficiencies in the title to the property noted on such Commitment shall be deemed waived and delivery of a deed in compliance with the terms of the Commitment shall be deemed compliance with the terms of this Agreement. If notice of any objections to defects in the title, as defined above, shall be delivered to Seller, then Seller shall have five (5) business days to correct the title and the Closing shall be postponed until such time, if necessary. If Seller elects not to, or cannot, correct such defects, then Buyer, at Buyer's option, may waive such defects and proceed to close or may cancel the contract and all obligations hereunder shall be null and void.

3. **REGULATORY APPROVAL.** Seller and Buyer shall act diligently and cooperate with each other to obtain any regulatory approvals required from the Tennessee Public Utility Commission ("*TPUC*"), Tennessee Regulatory Authority ("*TRA*"), or any other regulatory agency in the state of Tennessee, as determined by Buyer in its sole discretion, and to obtain transfer of Seller's permits, if any. Buyer and Seller agree to assist the other in this process when requested to do so.

Notwithstanding any other provision herein, to the extent Seller maintains any escrow accounts held for the benefit of the System or the customers of the System as may be required by applicable law, in the event the TPUC requires such accounts to be transferred to Buyer, Seller shall cooperate and transfer to Buyer such escrow accounts or relevant funds, in a manner satisfactory to Buyer. Seller hereby agrees to cooperate and provide to Buyer any account statements or other documentation, including records regarding or related to deposits and withdrawals from such accounts, requested by Buyer or required by the TPUC showing the current value of the escrow account(s) at Closing.

4. **PURCHASE PRICE.** Buyer agrees to pay to Seller at the Closing **Sixty Thousand and 00/100 Dollars (\$60,000.00)** for purchase of the Property ("*Purchase Price*").

5. **CLOSING.** The Closing of the sale shall take place at a mutually agreeable location no later than forty-five (45) days after the effective date of any necessary regulatory authority approval, satisfaction of Seller's Representations and Warranties and Conditions Precedent set forth herein, and Buyer having obtained financing under terms acceptable to Buyer in Buyer's sole discretion, or at such other time as the parties hereto may mutually agree (the "*Closing*"). At the Closing, Seller shall have delivered to Buyer such deeds, bills of sale, endorsements, assignments and other sufficient instruments of transfer and conveyance as shall be effective to vest in Buyer such title to the Property to be sold as provided in this Agreement and as set forth in Section 6.D, and Buyer will deliver to Seller the Purchase Price. From time to time, at Buyer's request and expense, whether at or after the Closing and without further consideration, Seller shall execute and deliver such other instruments of conveyance and transfer and take such other action as Buyer reasonably may require to more effectively convey and transfer to Buyer any of the Property to be sold hereunder, and will assist Buyer in the collection or reduction to possession of such Property.

Buyer will pay all sales, transfer and documentary taxes, if any, payable in connection with the sale, transfers and deliveries to be made to Buyer hereunder. All ad valorem real estate taxes and assessments levied or assessed against the Property shall be prorated according to the calendar year as of the Closing based on the most recent tax bill and assessments levied for the same, and Buyer shall receive a credit against the Purchase Price for the amount of taxes owed by Seller at the time of the Closing. Buyer shall pay the costs of recording all instruments required for the Closing to occur, the fees charged by the title company, and Buyer's attorneys' fees. Seller shall pay for all attorneys' fees incurred by Seller.

On the date of the Closing, Buyer shall accept and assume ownership and title to the Property to be conveyed hereunder and Buyer shall assume liability, and become responsible, for all obligations in connection with the Property going forward, excepting responsibility for any liabilities and/or obligations of Seller in connection with the Property that existed prior to the date of the Closing.

6. **SELLER'S REPRESENTATIONS AND WARRANTIES.**

The Seller represents and warrants as follows:

A. **Organization and Standing of Seller.** Seller is a municipality, organized and existing under the constitution and laws of the State of Tennessee and Seller has all the requisite power and authority to sell the Property pursuant to the terms of this Agreement.

B. **Liabilities.** All liabilities or obligations of Seller, whether accrued, absolute, contingent or otherwise pertaining to or arising out from the Property are liabilities and obligations of the Seller and shall remain the obligations of Seller after the date of the Closing.

C. **Absence of Certain Changes.** After Buyer's inspection and acceptance of the Property, there shall not be:

i. Any material change in the use of the Property in connection with the business or operations of the System;

ii. Any damage, destruction or loss whether or not covered by insurance, materially and adversely affecting the Property.

D. **Title to Properties.** Within twenty (20) days prior to the Closing and with Buyer's assistance, Seller shall have obtained the legal right to transfer all of the Property. To the best of Seller's knowledge, unless Seller has disclosed any information in writing to the Buyer to the contrary, Seller owns the Property to be sold under this Agreement, in all cases, free and clear of all liens, mortgages, pledges, leases, options, rights of first refusal, conditional sales agreements, encumbrances or other charges, except liens for taxes not yet due or payable, easements or right of ways, streets, railways, pipelines, electric transmission and distribution lines, telephone lines, drainage rights and other similar rights or restrictions of record which do not, either individually or in the aggregate have a materially adverse effect on the value or utility of the Property to be sold hereunder.

Notwithstanding, but not in limitation of, the foregoing, Seller agrees to work with Buyer's surveyor prior to closing to establish, at Buyer's expense, the property boundaries and easement locations and to create a written plat of the distribution and collection lines showing the location of said lines with respect to lot lines, platted utility easements, if any, to the extent the same can be shown with reference to such lot lines and platted utility easements.

Within twenty (20) days prior to the Closing and with Buyer's assistance, Seller agrees to have identified any and all interests in land (including easements or license agreements) it has obtained in connection with its operation and maintenance of the System and will provide Buyer or Buyer's representatives copies of the same or a reference to the book and page number of the records of the Hardeman County Records' Offices where such easements are recorded. The cost of such identification and any

related search being the sole responsibility of the Buyer.

Buyer shall have until twenty (20) calendar days prior to the Closing to determine: 1) if Seller lacks an easement or other interest necessary for operation of the System or 2) an easement is defective in title or interest conveyed. If it appears that Seller lacks a valid easement for any portion of the System, or any easement identified suffers from a defect in title or interest conveyed, Buyer at its option and in its sole discretion may: 1) cancel this Agreement, 2) independently negotiate with the owner of the affected property toward acquisition of the treatment plant and collection lines easements or other easements, 3) notify Seller that Buyer will cancel the Agreement unless a necessary easement is acquired or a defect satisfactorily cured or remedied, and 4) undertake any action, which in Buyer's sole and absolute discretion, would correct an easement or remedy the situation caused by a lack of an easement or proper land interest. Buyer's failure to cancel this Agreement, however, shall not relieve Seller from any of its duties of indemnification set forth in subsequent paragraphs herein, nor shall such failure be construed as Buyer's waiver of any such provisions.

E. **Authority to Operate.** The Property, as described at Section 1 of this Agreement, constitute all of the assets presently owned by the Seller pertaining to the System. To the best of Seller's knowledge, the System is being conducted, and as of the date of the Closing, will be conducted in full compliance with requirements of all regulatory bodies exercising jurisdiction with regard to rates and conditions of service, and with local building and zoning codes. Seller agrees that from the Effective Date until either the termination of this Agreement or until after the Closing that Seller will not file any notices, requests, compliance documents, pleadings, or any other documents with any governmental or quasi-governmental authority that has jurisdiction over Seller in the operation, regulation or oversight of the System or any other endeavors of Seller (whether related to the System or not) without first providing at least ten (10) days prior notice to the Buyer for review and comment on such filing.

F. **Litigation.** There is no litigation or proceeding pending, or to the knowledge of Seller threatened, against or relating to Seller, the Property, or the System, nor does Seller know, or have reasonable grounds to know, of any basis for any such action, or of any governmental investigation relative to Seller, the Property, or the System, except as otherwise disclosed to Buyer.

G. **No Violation or Breach.** The performance of this Agreement by Seller, including any preconditions or surviving warranties or representations, is not in violation of any laws, statutes, local ordinances, state or federal regulations, court orders or administrative order or ruling, nor is such performance in violation of any loan documents, conditions or restrictions in effect for financing, whether secured or unsecured.

7. BUYER'S REPRESENTATIONS AND WARRANTIES.

Buyer represents and warrants as follows:

A. **Organization and Standing of Buyer.** Buyer is a corporation organized, existing under the constitution and laws of the State of Missouri in good standing, and has the requisite power to purchase the Property which are to be sold pursuant to the terms of this Agreement.

B. **Authority.** The execution and delivery of this Agreement by Buyer and the purchase of the Property as contemplated hereby have been duly authorized by Buyer, and all necessary action on the part of Buyer has been taken to authorize the execution and delivery of this Agreement and to consummate the sale contemplated hereby.

8. **CONDITIONS PRECEDENT FOR BUYER TO CLOSE.** All obligations of Buyer under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

A. **Regulatory Approval.** The TPUC and TRA shall have, if necessary, authorized or approved the sale, transfer or disposition of the Property to Buyer from Seller, the proposed financing, and any schedule of compliance for proposed utility improvement projects for regulatory compliance deemed

necessary by Buyer, each in form and substance (including without limitation with respect to the terms and conditions contained in such approval) acceptable to Buyer in Buyer's sole and absolute discretion. Both Parties shall diligently pursue the required approvals and authorizations contemplated herein. In the event the Parties are unable to obtain the required regulatory approval or authorization to complete the transactions contemplated herein, Buyer may terminate this Agreement by providing written notice to Seller at Buyer's sole and absolute discretion.

B. **Representations and Warranties True at Closing.** Seller's representations and warranties contained in this Agreement shall be true at the time of the Closing as though such representations and warranties were made at such time.

C. **Performance.** Seller shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Seller prior to or at the closing; including the payment of all taxes and assessments, or portions thereof, attributable to periods prior to or ending on the date of the Closing, to include TPUC assessments.

D. **Feasibility.** Completion of Buyer's examination, testing and inspection of the Property, the securing of any and all licenses, permits or governmental approvals Buyer deems necessary for Buyer's proposed uses of the Property, and any other due diligence determined by the Buyer as necessary in order to determine the feasibility of this acquisition, the results of any of the foregoing to be satisfactory to Buyer, in its sole and absolute discretion. For purposes of this Agreement, the period from the date this Agreement is fully executed by both parties to the date that is twenty (20) days prior to the Closing, shall be referred to herein as the "*Inspection Period*." During the Inspection Period, Buyer, its employees, agents and contractors, shall have the right to enter onto any property owned by Seller that is related to the operation of the System, as it deems necessary or desirable, on reasonable prior notice to Seller to perform and complete architectural, environmental, engineering and/or other surveys, studies, inspections and tests on the Property; to review zoning laws and applicable building codes; to obtain all necessary city, county, and state zoning approval, site plan or subdivision approvals, licenses and permits to authorize the uses of the Property as intended by Buyer.

E. **No Casualty.** The Property shall not have been adversely affected in any material way as a result of any strike, lockout, accident or other casualty or act of God or the public enemy, or any judicial, administrative or governmental proceeding.

F. **Buyer's Right to Terminate.** If Buyer determines, in its sole and absolute discretion, that any of the aforementioned conditions have not been met, Buyer shall have the right to terminate this Agreement at any time prior to the Closing upon written notice to Seller.

9. **CONDITIONS PRECEDENT FOR SELLER TO CLOSE.** All obligations of Seller under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

A. **Representations and Warranties True at Closing.** Buyer's representations and warranties contained in this Agreement shall be true at the time of the Closing as though such representations and warranties were made at such time.

B. **Performance.** Buyer shall have performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by Buyer prior to or at the Closing.

10. **INDEMNIFICATION.** Seller shall, and hereby does agree to indemnify and hold harmless Buyer, at any time after the Closing against and in respect of:

A. All liabilities or obligations of Seller, whether accrued, absolute, contingent or otherwise, and including all liabilities or obligations arising out of the transactions entered into, or any state of facts existing, prior to the date of the Closing, including, without limitation, such liabilities or obligations as are described in paragraph B of Section 6 hereof;

B. Any claim, damage or deficiency resulting from any misrepresentation, untrue warranty, breach of warranty, or nonfulfillment of any agreement on the part of Seller under this Agreement or from any misrepresentation in or omission from any certificate or other instrument furnished or to be furnished to Buyer under this Agreement;

C. Any claim, liability, damage or obligation arising out of or attributable to, directly or indirectly, the storage or disposal of hazardous waste or materials prior to the date of the Closing;

D. All actions, suits, proceedings, demands, assessments, judgments, costs (including attorney's fees) and expenses incident to any of the foregoing.

Seller shall reimburse Buyer, on demand, for any payment involuntarily made, required by law to be made, or with the consent of Seller made by Buyer at any time after the date of closing in respect of any liability, obligation or claim to which the indemnity and hold harmless by Seller contained in this section relates.

11. **FEES AND COMMISSIONS.** Each Party represents that it has not retained any broker or finder and is not paying, and is not obligated to pay, any finder's fee, commission or other transactional fee in connection with the transactions contemplated by this Agreement. Each Party shall pay its own fees for attorneys, accountants, appraisers or others engaged by it in the course of negotiating or executing this Agreement and in closing and completing the transactions hereunder provided. Fees for professional advisors retained jointly by the Parties for their mutual benefit shall be equally divided.

12. **HAZARD INSURANCE & CASUALTY LOSS.** Seller shall maintain current hazard insurance in force on the Property until the Closing. The risk of loss to the Property shall pass to Buyer upon delivery of possession of the Property to Buyer. If an event of casualty occurs to the Property prior to the Closing, the Buyer may elect to either move to the Closing and accept any insurance proceeds as full satisfaction for the damage to the Property or the Buyer may terminate this Agreement. Buyer shall notify Seller as to which option it elects within five (5) days prior to the Closing.

13. **BENEFIT.** All of the terms of this Agreement shall be binding upon, and inure to the benefit of, and be enforceable by, the respective legal representatives of Seller, its successors and assigns, and the successors and assigns of Buyer.

14. **GOVERNING LAW.** This Agreement is being delivered and is intended to be performed in the State of Tennessee, and shall be construed and enforced in accordance with the laws of such state.

15. **COUNTERPARTS.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. This Agreement shall not be binding until executed by all Parties.

16. **NO THIRD-PARTY BENEFICIARIES.** This Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

17. **ENTIRE AGREEMENT.** This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements or representations by or among the Parties, written or oral, to the extent they have related in any way to the subject matter hereof.

18. **SUCCESSION AND ASSIGNMENT.** This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. Buyer shall be permitted to assign its rights in this Agreement to an affiliated entity that the Buyer controls without need of consent by the Seller by providing written notice to the Seller of such assignment. Other than the foregoing permitted assignment, no Party may assign either this Agreement or any of its rights, interests or obligations hereunder without the prior written approval of Buyer and Seller, said approval not to be unreasonably withheld.

19. **HEADINGS.** The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

20. **NOTICES.** All notices, demands, consents, requests or other communications required to or permitted to be given pursuant to this Agreement shall be in writing, shall be given only in accordance with the provisions of this Section, shall be addressed to the parties in the manner set forth below, and shall be conclusively deemed to have been properly delivered: (a) upon receipt when hand delivered during normal business hours (provided that, notices which are hand delivered shall not be effective unless the sending party obtains a signature of a person at such address that the notice has been received); (b) upon receipt when sent by facsimile if sent between the hours of 8:00 a.m. and 5:00 p.m. (the recipient's time) on a business day to the number set forth below with written confirmation of a successful transmission by the sender's facsimile machine; (c) when sent by electronic mail if (1) identified in the subject line as a notice under this Agreement, (2) sent between the hours of 8:00 a.m. and 5:00 p.m. on a business day to the email address set forth below, and (3) acknowledged as received by the recipient, by reply or separate email, (d) upon the day of delivery if the notice has been deposited in an authorized receptacle of the United States Postal Service as first-class, registered or certified mail, postage prepaid, with a return receipt requested (provided that, the sender has in its possession the return receipt to prove actual delivery); or (e) one (1) business day after the notice has been deposited with FedEx, United Parcel Service or other reliable overnight courier to be delivered by overnight delivery (provided that, the sending party receives a confirmation of actual delivery from the courier). The addresses of the parties to receive notices are as follows:

If to Buyer:

Josiah Cox, President
Central States Water Resources, Inc.
1630 Des Peres Road, Suite 140
St. Louis, MO 63131
Facsimile: (314) 238-7201

With a Copy to:

James A. Beckemeier
Beckemeier LeMoine Law
13421 Manchester Rd., Suite 103
Saint Louis, Missouri 63131
Phone: (314) 965-2277
Facsimile: (314) 965-0127
E-mail: jim@bl-stl.com

If to Seller:

City of Grand Junction
Attn: Mayor Curtis Lane
150 Tippah St.
Grand Junction, TN 38039
Phone: (731) 764-2871
Facsimile: (731) 764-6222
Email: grandjunction@bellsouth.net

Any Party may change the address to which notices, requests, demands, claims and other communications hereunder are to be delivered by giving the other Party notice in the manner herein set forth.

21. **AMENDMENTS AND WAIVERS.** No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Buyer and Seller. No waiver by any party of any default, misrepresentation or breach of warranty or covenant hereunder, whether intentional or not, shall be deemed to extend to any prior or subsequent default, misrepresentation or breach of warranty or covenant hereunder or affect in any way

any rights arising by virtue of any prior or subsequent such occurrence.

22. **SEVERABILITY**. Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction.

23. **EXPENSES**. Buyer and Seller shall each bear its own costs and expenses (including legal and accounting fees and expenses) incurred in connection with the preparation of this Agreement and activities necessary for the Closing.

24. **CONSTRUCTION**. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local or foreign statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

25. **INCORPORATION OF EXHIBITS**. The Exhibits identified in this Agreement are incorporated herein by reference and made a part hereof.

26. **DEFAULT; ATTORNEY'S FEES**. If either Party shall default in their performance under this Agreement, which default results in the expenditure of attorneys' fees to enforce the terms of this Agreement or to recover damages for breach of this contract, then the prevailing party shall be entitled to receive their reasonable and actually incurred attorneys' fees and costs in addition to any other damages that the Party is entitled to recover at law or in equity.

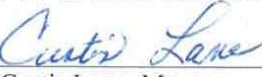
27. **AUTHORITY TO EXECUTE**. Each person whose signature appears hereon represents, warrants and guarantees that he or she has been duly authorized and has full authority to execute this Agreement on behalf of the party on whose behalf this Agreement is executed.

28. **CONFIDENTIALITY**. Buyer and Seller shall keep confidential this Agreement, this transaction, and all information learned in the course of this transaction, except to the extent disclosure is required by law or court order or to enable third parties to advise or assist Buyer to conduct its due diligence or either party to close this transaction.

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the day and year first above written.

SELLER:

CITY OF GRAND JUNCTION

By: 
Curtis Lane, Mayor

BUYER:

CENTRAL STATES WATER RESOURCES,
INC.

By: 
Josiah Cox (Jul 19, 2024 10:45 CDT)
Josiah Cox, President

EXHIBIT A

Service Area Description

[SERVICE AREA MAP & LEGAL DESCRIPTION TO BE FINALIZED PRIOR TO CLOSING]

Meters & lines east of Master Meter with
GPS Coordinates of 35 05065°N 89 17192°W

EXHIBIT B

Description of Land, Improvements thereon, Easements, Rights of Way, Permits and Leases
(The legal description(s) of the Land, Improvements thereon, Easements, Rights of Way shall be determined by
survey and title commitments, which shall be inserted prior to the Closing).

[TO BE FINALIZED PRIOR TO CLOSING]

The following described lots, tracts or parcels of land, lying, being and situate in the County of Hardeman State of Tennessee:

All interests in land used or useful in operation of the Water System that services the area set forth on **EXHIBIT A**, including but not limited to easements, rights of way and permits, and including the real property described in Commitment File No. [FILE NUMBER], issued by [TITLE COMPANY], as agent for [UNDERWRITER].

EXHIBIT C

Personal Property and Equipment

(meters, tools, devices, mobile work equipment, furniture, fixtures, machinery, supplies, and other tangible items)

[TO BE FINALIZED PRIOR TO CLOSING]

All Property set forth herein shall be transferred to Buyer free and clear of all liens, pledges, leases, options, rights of first refusal, conditional sales agreements or any other such encumbrances.

All personal property comprising the Water System that services the area set forth on **EXHIBIT A**, including but not limited to, the water lines, pipes, wells, well house, tanks, pumps, meters, valves, and any other appurtenances of the Water System, and all machinery, equipment, supplies and other tangible items used in connection with the Water System.

Additional Personal Property

EXHIBIT D

Rights Via Agreements, Contracts, Misc.

[TO BE FINALIZED PRIOR TO CLOSING]

BRWB068E6C05445_003268

Final Audit Report

2024-07-19

Created:	2024-07-19
By:	Kimberly Faulkner (kfaulkner@cswrgroup.com)
Status:	Signed
Transaction ID:	CBJCHBCAABAAyO0BpKuo53G_IOKWY8bvQM42KHwEY-Av

"BRWB068E6C05445_003268" History

-  Document created by Kimberly Faulkner (kfaulkner@cswrgroup.com)
2024-07-19 - 2:53:30 PM GMT
-  Document emailed to Josiah Cox (jcox@cswrgroup.com) for signature
2024-07-19 - 2:53:42 PM GMT
-  Email viewed by Josiah Cox (jcox@cswrgroup.com)
2024-07-19 - 3:45:15 PM GMT
-  Document e-signed by Josiah Cox (jcox@cswrgroup.com)
Signature Date: 2024-07-19 - 3:45:21 PM GMT - Time Source: server
-  Agreement completed.
2024-07-19 - 3:45:21 PM GMT

EXHIBIT 11

Assignment of Rights Agreement

ASSIGNMENT OF CONTRACT RIGHTS

This Assignment of Contract Rights ("Assignment") is executed as of the ____ day of _____, 2026, by CENTRAL STATES WATER RESOURCES, INC., a Missouri corporation ("Assignor"), in favor of LIMESTONE WATER UTILITY OPERATING COMPANY, LLC, a Tennessee limited liability company ("Assignee").

WHEREAS, on July 19, 2024 Assignor entered into that certain Agreement for Sale of Utility System ("Purchase Agreement") with City of Grand Junction, a Tennessee municipality ("Seller");

WHEREAS, Section 18 of the Purchase Agreement provides that Assignor may assign its rights to the Purchase Agreement to an entity affiliated with Assignor and controlled by Assignor upon notice to Seller, but without the need for Seller's consent;

WHEREAS, Assignee is an entity affiliated with Assignor that Assignor controls;

NOW, THEREFORE, in consideration of the foregoing recitals and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged, Assignor and Assignee hereby agree:

As of the date of this Assignment, Assignor hereby assigns, conveys, transfers and sets over unto Assignee all of Assignor's right, title and interest in and to the Purchase Agreement, and any amendments or addendums thereto.

IN WITNESS WHEREOF, the parties have executed this Assignment as of the date first set forth above.

ASSIGNOR:

CENTRAL STATES WATER RESOURCES,
INC., a Missouri corporation

By: _____
Josiah M. Cox, President

ASSIGNEE:

LIMESTONE WATER UTILITY OPERATING
COMPANY, LLC, a Tennessee limited liability
company

By: CENTRAL STATES WATER RESOURCES,
INC., its manager

By: _____
Josiah M. Cox, President

EXHIBIT 12

CSWR Consolidated Financial Statements

[CONFIDENTIAL]

EXHIBIT 13

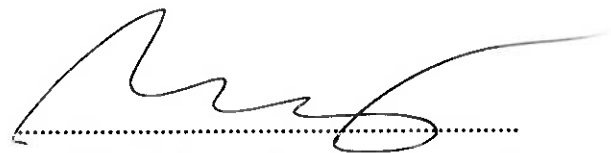
Limestone's 2024 Annual Report

STATE OF TENNESSEE

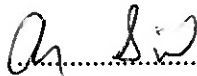
COUNTY OF

We the undersigned Brent Thies, VP and Corporate Controller
and Aaron Silas, Assistant VP Regulatory Operations
of Limestone Water Utility Operating Company

on our oath do severally say that the foregoing return has been prepared,
under our direction, from the original books, papers and records of said
utility; that we have carefully examined the same, and declare the same to be
a correct statement of the business and affairs of said utility for the period
covered by the return in respect to each and every matter and thing therein
set forth, to the best of our knowledge, information and belief.



Brent Thies, VP & Corporate Controller



Aaron Silas, Asst. VP Regulatory Operations

Subscribed and sworn to before me this 1st
day of April, 2025

Notary Public, St. Louis Cou

My commission will expire 5/4/28

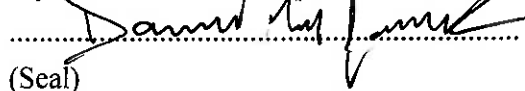

(Seal)



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1 IDENTIFICATION & OWNERSHIP				
2	Report of: <u>Limestone Water Utility Operating Company</u>			
3	(REPORT THE EXACT NAME OF UTILITY)			
4				
5	Located at: <u>1630 Des Peres Road, Suite 140</u> Year Ended: <u>2024</u>			
6	<u>Des Peres, MO 63131</u>			
7				
8	Date Utility was Originally Organized:			
9				
10				
11				
12	Location of Office Where Accounts and Records are Kept:			
13	<u>1630 Des Peres Road, Suite 140</u>			
14	<u>Des Peres, MO 63131</u>			
15				
16	Give the Name, Title, & Office Address of the Officer of the Utility to Whom Correspondence Should be Addressed Con			
17	<u>Brent Thies, VP and Corporate Controller</u> Telephone: <u>(314) 736-4672</u>			
18	<u>1630 Des Peres Rd, Ste 140, Des Peres, MO 63131</u>			
19				
20				
21				
22	22 OFFICERS & MANAGERS			
23				
24				
25	NAME	TITLE	SALARY	
26	Josiah Cox	President	0	
27	Marl Brent Thies	VP and Corporate Controller	0	
28	Aaron Silas	Assistant VP Regulatory Operations	0	
29				
30				
31				
32				
33				
34				
35				
36	36 OWNERSHIP			
37	37 Report every corporation or individual owning or holding directly or indirectly 5 percent or more of the voting securities of the reporting utility.			
38				
39	Name	Address	Percent Ownership In Utility	Salary Charged Utility
40				Meetings Attended During Year
41	(a)	(b)	(c)	(d)
42				(e)
43				
44				
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Name of Respondent		This Report is:		Date of Report	Year of Report
Limestone Water Utility Operating Co		(1) ☒ An Original		(Mo, Da, Yr)	
		(2) ☐ A Resubmission		3/31/25	2024
INCOME STATEMENT					
Account Name (a)	Ref Page (b)	Water (c)	Sewer (d)	Other (e)	Total (f)
Gross Revenue:					
Residential		192,016	825,450	-	1,017,466
Commercial		10,170	82,404	-	92,574
Industrial		-	-	-	-
Multi-Family		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Total Gross Revenue		202,186	907,854	-	1,110,040
Operation & Maint. Expense	W3/S3	326,090	961,912	-	1,288,002
Depreciation Expense	F-5	48,608	280,951	-	329,559
Amortization Expense		-	-	-	-
Other Expense (General & Admin)		165,142	504,861	-	670,003
Other Expense (Insurance)		11,615	40,960	-	52,575
Taxes Other Than Income	F-7	17,740	81,382	-	99,122
Income Taxes	F-7	-	-	-	-
Total Operating Expenses		569,195	1,870,066	-	2,439,261
Net Operating Income		(367,009)	(962,212)	-	(1,329,221)
Other Income:					
Nonutility Income		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Total Other Income		-	-	-	-
Other Deductions:					
Misc. Nonutility Expenses		-	-	-	-
Other (Gain/Loss of Utility Property)		40,067	504,306	-	544,373
Other (Interest Expense)		4,428	14,765	-	19,193
Other (Please Specify)		-	-	-	-
Other (Please Specify)		-	-	-	-
Total Other Deductions		44,495	519,071	-	563,566
Net Income		(411,504)	(1,481,283)	-	(1,892,787)

Name of Respondent	This Report is:	Date of Report	Year of Report
Limestone Water Utility Operating Company	(1) <u>X</u> An Original	(Mo, Da, Yr)	
	(2) A Resubmission	3/31/25	2024

COMPARATIVE BALANCE SHEET

Account Name (a)	Ref Page (b)	Current Year (c)	Previous Year (d)
ASSETS			
Utility Plant in Service (101-105)	F5/W1/S1	18,168,264	16,088,520
Accum. Depreciation and Amortization (108)	F5/W2/S2	4,314,448	3,772,936
Net Utility Plant		13,853,816	12,315,584
Cash		864,452	843,910
Customer Accounts Receivable (141)		182,058	97,558
Other Assets (Prepayments)		34,371	10,325
Other Assets (Other Current Assets)		167,721	94,975
Other Assets (Deferred Debits)		836,524	26,431
Other Assets (PSI)		493,629	515,662
Total Assets		16,432,571	13,904,445
LIABILITIES AND CAPITAL			
Common Stock Issued (201)	F-6	8,527,275	4,398,546
Preferred Stock Issued (204)	F-6	0	0
Other Paid-In Capital (211)		0	0
Retained Earnings (215)	F-6	(4,080,219)	(2,187,433)
Capital (Proprietary & Partnership-218)	F-6	0	0
Total Capital		4,447,056	2,211,113
Long-Term Debt (224)	F-6	0	0
Accounts Payable (231)		603,388	868,734
Notes Payable (232)		5,239,267	5,090,992
Customer Deposits (235)		0	0
Accrued Taxes (236)		0	0
Other Liabilities (Misc Liabilities)		429,287	275,695
Other Liabilities (Capital Improvement Reserve)		354,137	269,759
Other Liabilities (Taxes Payable)		2,041	0
Other Liabilities (Impact Fee Liability)		11,145	0
Other Liabilities (Please Specify)		0	0
Advances for Construction		0	0
Contributions In Aid Of Const.-Net (271-2)	F-8	5,346,250	5,188,152
Total Liabilities		11,985,515	11,693,332
Total Liabilities & Capital		16,432,571	13,904,445

Name of Respondent	This Report is:	Date of Report	Year of Report	
Limestone Water Utility Operating C	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 3/31/25	2024	
NET UTILITY PLANT				
Plant Accounts (101-107) Inclusive (a)	Water (c)	Sewer (d)	Other (e)	Total (f)
Utility Plant in Service (101)	1,688,820	11,706,753	0	13,395,573
Construction Work in Progress (105)	341,631	2,258,600	0	2,600,231
Other (Utility Pant Acq Adj)	414,473	1,757,987	0	2,172,460
Other (Please Specify)	0	0	0	0
Other (Please Specify)	0	0	0	0
Other (Please Specify)	0	0	0	0
Other (Please Specify)	0	0	0	0
Other (Please Specify)	0	0	0	0
Total Utility Plant	2,444,924	15,723,340	0	18,168,264
ACCUMULATED DEPRECIATION AND AMORTIZATION OF UTILITY PLANT				
Account 108 (a)	Water (c)	Sewer (d)	Other (e)	Total (f)
Balance First of Year	662,679	3,322,210	0	3,984,889
Credits During Year:				
Accruals charged to Depreciation Account	48,608	280,951	0	329,559
Salvage	0	0	0	0
Other Credits (Please Specify):	0	0	0	0
Other Credits (Please Specify):	0	0	0	0
Other Credits (Please Specify):	0	0	0	0
Other Credits (Please Specify):	0	0	0	0
Total Credits	48,608	280,951	0	329,559
Debits During Year:				
Book/Historical Cost of Plant Retired	0	0	0	0
Cost of Removal	0	0	0	0
Other Debits (Please Specify):	0	0	0	0
Other Debits (Please Specify):	0	0	0	0
Other Debits (Please Specify):	0	0	0	0
Other Debits (Please Specify):	0	0	0	0
Total Debits	0	0	0	0
Balance End of Year	711,287	3,603,161	0	4,314,448

Name of Respondent Limestone Water Utility Operating Com	This Report is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) 3/31/25	Year of Report 2024
CAPITAL STOCK (201 - 204)			
(a)	Common Stock (b)	Preferred Stock (c)	
Par or stated value per share	8,527,275	-	
Shares Authorized	1	-	
Shares issued and outstanding	1	-	
Total par value of stock issued	8,527,275	-	
Dividends declared per share for year	0	0	
RETAINED EARNINGS (215)			
(a)	Appropriated (b)	Unappropriated (c)	
Balance first of year	-	(2,187,432)	
Changes during year NET INCOME/(NET LOSS)	-	(1,892,787)	
Changes during year (Please Specify)	-	-	
Changes during year (Please Specify)	-	-	
Changes during year (Please Specify)	-	-	
Changes during year (Please Specify)	-	-	
Changes during year (Please Specify)	-	-	
Balance end of year	0	(4,080,219)	
PROPRIETARY CAPITAL (218)			
(a)	Proprietor (b)	Partner (c)	
Balance first of year	-	-	
Changes during year (Please Specify)	-	-	
Changes during year (Please Specify)	-	-	
Changes during year (Please Specify)	-	-	
Changes during year (Please Specify)	-	-	
Changes during year (Please Specify)	-	-	
Changes during year (Please Specify)	-	-	
Balance end of year	0	0	
LONG-TERM DEBT (224)			
Obligation including Issue & Maturity Dates (a)	Interest Rate (b)	Year End Balance (c)	
Debt #1	0.00%	-	
Debt #2	0.00%	-	
Debt #3	0.00%	-	
Debt #4	0.00%	-	
Debt #5	0.00%	-	
Debt #6	0.00%	-	
Debt #7	0.00%	-	
Debt #8	0.00%	-	
Debt #9	0.00%	-	
Debt #10	0.00%	-	
Debt #11	0.00%	-	
Debt #12	0.00%	-	
Total Long-Term Debt		0	

Name of Respondent	This Report is:	Date of Report	Year of Report
Limestone Water Utility Operating Comp	(1) ☒ An Original	(Mo, Da, Yr)	
	(2) ☐ A Resubmission	3/31/25	2024

1	TAXES ACCRUED (236)				1
2					2
3	Description	Water	Sewer	Other	Total
4	(a)	(b)	(c)	(d)	(e)
5					
6					
7	Balance First of year	-	-	-	0
8					
9	Accruals Charged:				
10	Federal Income Tax	-	-	-	0
11	Local Property tax	12,829	65,006	-	77,835
12	State ad valorem tax	-	-	-	0
13	TN State Sales Tax	-	-	-	0
14	Regulatory Assessment Fee	-	-	-	0
15	Payroll Tax	-	-	-	0
16	Other Taxes (Business Registration)	4,911	16,376	-	21,287
17	Other Taxes (Please Specify)	-	-	-	0
18	Total Taxes Accrued	17,740	81,382	0	99,122
19					
20	Taxes Paid				
21	Federal Income Tax	-	-	-	0
22	Local Property tax	12,829	65,006	-	77,835
23	State ad valorem tax	-	-	-	0
24	TN State Sales Tax	-	-	-	0
25	Regulatory assessment fee	-	-	-	0
26	Payroll Tax	-	-	-	0
27	Other Taxes (Business Registration)	4,911	16,376	-	21,287
28	Other Taxes (Please Specify)	-	-	-	0
29	Total Taxes Paid	17,740	81,382	0	99,122
30					
31					
32	Balance End of Year	0	0	0	0
33					33
34					34
35	PAYMENTS FOR SERVICES RENDERED BY OTHER THAN EMPLOYEES				35
36					36
37	Report all info concerning rate, management, construction, advertising, labor relations, or other professional services rendered to the				37
38	Utility for which total payments during the year to any Corp, Ptnshp, indiv, or organization of any kind, amounted to \$500 or more				38
39	Name of Recipient	Amount	Description of Service		39
40					40
41					41
42	PNC	26,764	Monthly bank fees		42
43	Beckemeier LeMoine Law	987	Real estate attorney		43
44	Butler Snow LLP	10,267	Attorney		44
45	David Woodsmall	819	Counsel		45
46	UHY Advisors	3,437	Tax return prep		46
47	High Tide Technologies	11,910	Annual communications renewals		47
48					48
49					49
50					50
51					51
52					52
53					53
54					54
55					55

Name of Respondent Limestone Water Utility Operating Com	This Report is: (1) <u>X</u> An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) 3/31/25	Year of Report 2024
CONTRIBUTIONS IN AID OF CONSTRUCTION (271)			
Description (a)	Water (b)	Sewer (c)	Total (d)
Balance First of Year	289,365	5,700,673	5,990,038
Add Credits During Year	16,675	437,449	454,124
Less Charges During Year	-	-	-
Balance End of Year	0	6,138,122	6,444,162
Less Accumulated Amortization	143,711	954,201	1,097,912
Net Contributions in Aid of Construction	(143,711)	5,183,921	5,346,250
ADDITIONS TO CONTRIBUTIONS IN AID OF CONSTRUCTION DURING YEAR (CREDITS)			
Report below all developers or contractors agreements from which cash or property was received during the year (a)	Indicate "Cash" or "Property" (b)	Water (c)	Sewer (d)
Contractor or Developer #1	Cash	15,675	-
Contractor or Developer #2	Cash	-	70,000
Contractor or Developer #3	Cash	-	85,691
Contractor or Developer #4	Cash	-	10,000
Contractor or Developer #5	Cash	-	92,375
Contractor or Developer #6	Cash	-	29,925
Contractor or Developer #7	Cash	-	5,950
Contractor or Developer #8	Cash	1,000	-
Contractor or Developer #9	Cash	-	20,000
Contractor or Developer #10	Cash	-	123,508
Contractor or Developer #11		-	-
Contractor or Developer #12		-	-
Contractor or Developer #13		-	-
Contractor or Developer #14		-	-
Contractor or Developer #15		-	-
Contractor or Developer #16		-	-
Contractor or Developer #17		-	-
Contractor or Developer #18		-	-
Contractor or Developer #19		-	-
Contractor or Developer #20		-	-
Contractor or Developer #21		-	-
Contractor or Developer #22		-	-
Contractor or Developer #23		-	-
Contractor or Developer #24		-	-
Contractor or Developer #25		-	-
Contractor or Developer #26		-	-
Contractor or Developer #27		-	-
Contractor or Developer #28		-	-
Contractor or Developer #29		-	-
Contractor or Developer #30		-	-
Total Credits During Year		16,675	437,449

Name of Respondent		This Report is:		Date of Report	Year of Report
Limestone Water Utility Operating Company		(1) ☒ An Original	(2) ☐ A Resubmission	(Mo, Da, Yr) 3/31/25	3/31/25
SEWER UTILITY PLANT ACCOUNTS					
Acct No. (a)	Account Name (b)	Previous Year (c)	Additions (d)	Retirements (e)	Current Year (f)
351	Organization	-	-	-	-
352	Franchises	-	-	-	-
353	Land & Land Rights	846,733	158,448	-	1,005,181
354	Structures & Improvements	2,730,183	399,695	-	3,129,878
360	Collection Sewers - Force	628,983	646,028	-	1,275,011
361	Collection Sewers - Gravity	1,736,246	-	843,314	892,932
362	Special Collecting Structures	-	-	-	-
363	Services to Customers	60,443	105,334	-	165,777
364	Flow Measuring Devices	17,954	-	17,954	-
365	Flow Measuring Installations	12,236	3,322	-	15,558
370	Receiving Wells	217,903	-	-	217,903
371	Pumping Equipment	998,193	248,748	-	1,246,941
380	Treatment & Disposal Equipment	2,063,003	478,756	-	2,541,759
381	Plant Sewers	62,805	9,813	-	72,618
382	Outfall Sewer Lines	21,758	9,664	-	31,422
389	Other Plant & Miscellaneous Equipment	36,908	764	-	37,672
390	Office Furniture & Equipment	3,155	15,977	-	19,132
391	Transportation Equipment	74,098	-	74,098	-
392	Stores Equipment	-	-	-	-
393	Tools, Shop & Garage Equipment	16,112	-	16,112	-
394	Laboratory Equipment	-	-	-	-
395	Power Operated Equipment	-	4,149	-	4,149
396	Communication Equipment	329,542	66,420	-	395,962
397	Miscellaneous Equipment	-	18,452	-	18,452
398	Other Tangible Plant	636,406	-	-	636,406
	Total Sewer Plant	10,492,661	2,165,570	951,478	11,706,753

Name of Respondent		This Report is:		Date of Report		Year of Report		
Limestone Water Utility Operating Company		(1) ☒ An Original		(Mo, Da, Yr)		2024		
		(2) ☐ A Resubmission		3/31/25				
ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - SEWER								
Account Number (a)	Account (b)	Average Service Life in Years (c)	Average Salvage Value in Percent (d)	Depreciation Rate Applied* (e)	Accumulated Depreciation Balance Previous Year (f)	Debits (g)	Credits (h)	Accumulated Depreciation Balance End of Year (i)
354	Structures & Improvements	40	0.00%	0.00%	1,322,074	-	76,400	1,398,474
360	Collection Sewers - Force	50	0.00%	0.00%	18,593	-	22,167	40,760
361	Collection Sewers - Gravity	50	0.00%	0.00%	223,014	-	44,493	267,507
362	Special Collecting Structures	-	0.00%	0.00%	-	-	-	-
363	Services to Customers	40	0.00%	0.00%	3,114	-	2,689	5,803
364	Flow Measuring Devices	10	0.00%	0.00%	1,238	-	398	1,636
365	Flow Measuring Installations	30	0.00%	0.00%	-	-	-	-
370	Receiving Wells	25	0.00%	0.00%	123,542	-	8,716	132,258
371	Pumping Equipment	10	0.00%	0.00%	372,936	-	122,760	495,696
380	Treatment & Disposal Equipment	20	0.00%	0.00%	821,561	-	115,050	936,611
381	Plant Sewers	40	0.00%	0.00%	968	-	1,717	2,685
382	Outfall Sewer Lines	50	0.00%	0.00%	21,758	-	147	21,905
389	Other Plant & Miscellaneous Equipment	20	0.00%	0.00%	33,497	-	1,846	35,343
390	Office Furniture & Equipment	20	0.00%	0.00%	-	-	-	-
391	Transportation Equipment	10	0.00%	0.00%	-	-	-	-
392	Stores Equipment	-	0.00%	0.00%	-	-	-	-
393	Tools, Shop & Garage Equipment	20	0.00%	0.00%	-	-	1,801	1,801
394	Laboratory Equipment	-	0.00%	0.00%	-	-	-	-
395	Power Operated Equipment	15	0.00%	0.00%	-	-	207	207
396	Communication Equipment	15	0.00%	0.00%	24,715	-	37,519	62,234
397	Miscellaneous Equipment	10	0.00%	0.00%	-	-	1,845	1,845
398	Other Tangible Plant	10	0.00%	0.00%	134,756	-	63,640	198,396
Totals					3,101,766	0	501,395	3,603,161

*State basis used for percentages used in schedule.

*State basis used for percentages used in schedule.

Name of Respondent Limestone Water Utility Operating Com	This Report is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) 3/31/25	Year of Report 2024
SEWER OPERATION & MAINTENANCE EXPENSE			N/A
Acct No.	Description (a)	Amount (b)	
701	Salaries & Wages - Employees	-	
703	Salaries & Wages - Officers, Directors & Stockholders	-	
704	Employee Pensions & Benefits	-	
710	Purchased Sewage Treatment	-	
711	Sludge Removal Expense	-	
715	Purchased Power	170,681	
716	Fuel for Power Production	-	
718	Chemicals	16,832	
720	Materials & Supplies	5,654	
730	Contractual Services	746,265	
740	Rents	-	
750	Transportation Expense	-	
755	Insurance Expense	-	
765	Regulatory Commission Expense	2,000	
770	Bad Debt Expense	12,401	
775	Miscellaneous Expenses	8,079	
	Total Sewer Operation & Maintenance Expense	961,912	

SEWER CUSTOMERS				
Description (a)	Customers First of Year (b)	Additions (c)	Disconnections (d)	Customers End of Year (e)
Metered Customers:				
5/8 Inch	-	-	-	-
3/4 Inch	-	-	-	-
1.0 Inch	-	-	-	-
1.5 Inch	-	-	-	-
2.0 Inch	-	-	-	-
2.5 Inch	-	-	-	-
3.0 Inch	-	-	-	-
4.0 Inch	-	-	-	-
6.0 Inch	-	-	-	-
8.0 Inch	-	-	-	-
Other (Please Specify)	-	-	-	-
Other (Please Specify)	-	-	-	-
Other (Please Specify)	-	-	-	-
Unmetered Customers	2,050	-	69	1,981
Total Customers	2,050	0	69	1,981

Name of Respondent Limestone Water Utility Operating Com	This Report is: (1) <u>X</u> An Original (2) A Resubmission		Date of Report (Mo, Da, Yr) 3/31/25	Year of Report 2024
PUMPING EQUIPMENT				
Description*** (a)	Lift Station #1 (b)	Lift Station #2 (c)	Lift Station #3 (d)	Lift Station #4 (e)
Make, Model, or Type of Pump	Hydromatic Sum	Hydromatic Sum	E-One DH071 (2	Sta-Rite 2000 (2
Year Installed	1998	1998	2010-2020	2020
Rated Capacity (GPM)	45 gpm	115 gpm	11 gpm	10 gpm
Size (HP)	5 HP	5 HP	1 HP	1/2 HP
Power (Electric/Mechanical)	Electric	Electric	Electric	Electric
Make, Model or Type of Motor	Unknown	Unknown	E/One Extreme	Sta-Rite

SERVICE CONNECTIONS				
Description*** (a)	Service Connection #1 (b)	Service Connection #2 (c)	Service Connection #3 (d)	Service Connection #4 (e)
Size (Inches)	Varies	1.5	2	1.5
Type (PVC, VCP, etc)	PVC/Clay	PVC	PVC	PVC
Average Length (Feet)	Varies	50	50	50
Connections-Beginning of Year	-	-	-	-
Connections-Added during Year	-	-	-	-
Connection-Retired during Year	-	-	-	-
Connections-End of Year	0	0	0	0
Number of Inactive Connections	-	-	-	-

COLLECTING MAINS, FORCE MAINS, & MANHOLES			
Description (a)	Collecting Mains (b)	Force Mains (c)	Manholes (d)
Size (Inches)	6 to 18"		N/A
Type	PVC/DI/Clay	PVC	N/A
Length/Number-Beginning of Year	40,000	56,095	150
Length/Number-Added During Year	-	-	-
Length/Number-Retired During Year	-	-	-
Length/Number-End of Year	40000	56095	150

***If more space is needed to list equipment please attach additional sheets as necessary.

Name of Respondent Limestone Water Utility Operating Com	This Report is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) 3/31/25	Year of Report 2024	
TREATMENT PLANT				
Description*** (a)	Treatment Facility #1 (b)	Treatment Facility #2 (c)	Treatment Facility #3 (d)	Treatment Facility #4 (e)
Manufacturer	Clow Aeroflow	Sheaffer System	Sheaffer System	Recirc Sand
Type	Extend Aeration	Deep Cell	Deep Cell	Fixed Film
Steel or Concrete	Steel	Lined Earthen	Lined Earthen	Lined Earthen
Total Capacity	.250 MGD	75,000 gpd	60,000 gpd	336,000 gpd
Average Daily Flow				
Effluent Disposal				
Total Gallons of Sewage Treated				
MASTER LIFT STATION PUMPS				
Description*** (a)	Master Pump #1 (b)	Master Pump #2 (c)	Master Pump #3 (d)	Master Pump #4 (e)
Manufacturer	Clow Aeroflow	Clow Aeroflow		
Capacity (GPM)	400	400		
Size (HP)	20	20		
Power (Electric/Mechanical)	Electric	Electric		
Make, Model, or Type of Motor	Unknown	Unknown		
OTHER SEWER SYSTEM INFORMATION				
Present Number of Equivalent Residential Customer's * being served				2575
Maximum Number of Equivalent Residential Customer's * that the system can efficiently serve				
Estimated Annual Increase in Equivalent Residential Customers *				2622
* Equivalent Residential Customers = (Total Gallons Treated / 365 Days) / 275 Gallons Per Day.				
Total Gallons Treated includes both sewage treated and purchased sewage treatment.				
State any plans and estimated completion dates for any enlargements of this system:				
<u>Adley Subdivision - Grasslands WWTF tie-in 30 residential lots estimated 12/31/25</u>				
If the present systems do not meet environmental requirements, please submit the following:				
<u>A. An evaluation of the present plant or plants in regard to meeting the requirements.</u>				
<u>B. Plans for funding and construction of the required upgrading.</u>				
<u>C. The date construction will begin.</u>				
What is the percent of the certificated area that have service connections installed?				

***If more space is needed to list equipment please attach additional sheets as necessary.

Name of Respondent		This Report is:		Date of Report	Year of Report
Limestone Water Utility Operating Company		(1) ☒ An Original (2) ☐ A Resubmission		(Mo, Da, Yr) 3/31/25	2024
WATER UTILITY PLANT ACCOUNTS					
Acct No. (a)	Account Name (b)	Previous Year (c)	Additions (d)	Retirements (e)	Current Year (f)
301	Organization	-	-	-	0
302	Franchises	-	-	-	0
303	Land & Land Rights	227,166	-	93,708	133,458
304	Structures & Improvements	1,246,688	4,607	-	1,251,295
305	Collecting & Impounding Reservoirs	-	-	-	0
306	Lake, River & Other Intakes	-	-	-	0
307	Wells & Springs	-	-	-	0
308	Infiltration Galleries & Tunnels	-	-	-	0
309	Supply Mains	7,805	834	-	8,639
310	Power Generation Equipment	-	-	-	0
311	Pumping Equipment	-	-	-	0
320	Water Treatment Equipment	733	-	-	733
330	Distribution Reservoirs & Standpipes	-	-	-	0
331	Transmission & Distribution Mains	217,511	-	105,372	112,139
333	Services	40,410	72,450	-	112,860
334	Meters & Meter Installations	15,399	15,587	-	30,986
335	Hydrants	1,480	19,398	-	20,878
339	Other Plant & Miscellaneous Equipment	-	2,032	-	2,032
340	Office Furniture & Equipment	-	-	-	0
341	Transportation Equipment	-	-	-	0
342	Stores Equipment	-	-	-	0
343	Tools, Shop & Garage Equipment	-	-	-	0
344	Laboratory Equipment	-	-	-	0
345	Power Operated Equipment	-	-	-	0
346	Communication Equipment	-	6,019	-	6,019
347	Miscellaneous Equipment	5,966	3,815	-	9,781
348	Other Tangible Plant	-	-	-	0
	Total Water Plant	1,763,158	124,742	199,080	1,688,820

Name of Respondent		This Report is:		Date of Report		Year of Report		
Limestone Water Utility Operating Company		(1) _X_ An Original (2) _ _ A Resubmission		(Mo, Da, Yr)		2024		
ANALYSIS OF ACCUMULATED DEPRECIATION BY PRIMARY ACCOUNT - WATER								
Account Number (a)	Account (b)	Average Service Life in Years (c)	Average Salvage Value in Percent (d)	Depreciation Rate Applied (e)	Accumulated Depreciation Balance Previous Year (f)	Debits (g)	Credits (h)	Accumulated Depreciation Balance End of Year (i)
304	Structures & Improvements	40	0.00%	0.00%	640,942	-	31,283	672,225
305	Collecting & Impounding Reservoirs	-	0.00%	0.00%	-	-	-	-
306	Lake, River & Other Intakes	-	0.00%	0.00%	-	-	-	-
307	Wells & Springs	-	0.00%	0.00%	-	-	-	-
308	Infiltration Galleries & Tunnels	-	0.00%	0.00%	-	-	-	-
309	Supply Mains	50	0.00%	0.00%	585	-	864	1,449
310	Power Generating Equipment	-	0.00%	0.00%	-	-	-	-
311	Pumping Equipment	-	0.00%	0.00%	-	-	-	-
320	Water Treatment Equipment	20	0.00%	0.00%	69	-	21	90
330	Distribution Reservoirs & Standpipes	-	0.00%	0.00%	-	-	-	-
331	Transmission & Distribution Mains	50	0.00%	0.00%	11,158	-	2,113	13,271
333	Services	20	0.00%	0.00%	7,972	-	6,294	14,266
334	Meter & Meter Installations	20	0.00%	0.00%	1,155	-	3,066	4,221
335	Hydrants	10	0.00%	0.00%	111	-	2,088	2,199
339	Other Plant & Miscellaneous Equipment	10	0.00%	0.00%	-	-	152	152
340	Office Furniture & Equipment	-	0.00%	0.00%	-	-	602	602
341	Transportation Equipment	-	0.00%	0.00%	-	-	-	-
342	Stores Equipment	-	0.00%	0.00%	-	-	-	-
343	Tools, Shop & Garage Equipment	-	0.00%	0.00%	-	-	-	-
344	Laboratory Equipment	-	0.00%	0.00%	-	-	-	-
345	Power Operated Equipment	-	0.00%	0.00%	-	-	-	-
346	Communication Equipment	10	0.00%	0.00%	-	-	-	-
347	Miscellaneous Equipment	50	0.00%	0.00%	482	-	2,331	2,813
348	Other Tangible Plant	-	0.00%	0.00%	-	-	-	-
Totals					662,474	-	48,814	711,288
					</			

*State basis used for percentages used in schedule.

Name of Respondent	This Report is:	Date of Report	Year of Report
Limestone Water Utility Operating Com	(1) ☒ An Original	(Mo, Da, Yr)	
	(2) ☐ A Resubmission	3/31/25	2024

WATER OPERATION & MAINTENANCE EXPENSE

Acct No.	Description (a)	Amount (b)
601	Salaries & Wages - Employees	-
603	Salaries & Wages - Officers, Directors & Stockholders	-
604	Employee Pensions & Benefits	-
610	Purchased Water	153,186
615	Purchased Power	4,935
616	Fuel for Power Production	-
618	Chemicals	-
620	Materials & Supplies	930
630	Contractual Services	163,623
640	Rents	-
650	Transportation Expense	-
655	Insurance Expense	-
665	Regulatory Commission Expense	-
670	Bad Debt Expense	2,797
672	Miscellaneous Expenses	619
	Total Water Operation & Maintenance Expense	326,090

WATER CUSTOMERS

Description (a)	Customers First of Year (b)	Additions (c)	Disconnections (d)	Customers End of Year (e)
Metered Customers:				
5/8 Inch	409	10	-	419
3/4 Inch	8	12	-	20
1.0 Inch	-	2	-	2
1.5 Inch	1	-	-	1
2.0 Inch	2	1	-	3
2.5 Inch	-	-	-	-
3.0 Inch	-	-	-	-
4.0 Inch	-	-	-	-
6.0 Inch	-	-	-	-
8.0 Inch	-	-	-	-
Other (5/8" X 3/4")	-	1	-	1
Other (Please Specify)	-	-	-	-
Other (Please Specify)	-	-	-	-
Unmetered Customers	148	-	-	148
Total Customers	568	26	0	594

[illegible]

(1) Please state measurement of units sold (i. e. gallons).

Name of Respondent Limestone Water Utility Operating Company	This Report is: (1) ☒ An Original (2) ☐ A Resubmission		Date of Report (Mo, Da, Yr) 3/31/25	Year of Report 2024
WELLS AND WELL PUMPS				
Description*** (a)	Well #1 (b)	Well #2 (c)	Well #3 (d)	Well #4 (e)
Year Constructed	1995			
Type of Well Construction	Commercial			
Type of Well Casing	Galvanized			
Depth of Well (Feet)	660			
Diameter of Well (Feet)	.333(4in)			
Pumping Capacity (GPM)	80			
Motor Size (HP)	20			
Yields of Well (GPD)	40,000			
Auxiliary Power	N/A			
RESERVOIRS				
Description*** (a)	Reservoir #1 (b)	Reservoir #2 (c)	Reservoir #3 (d)	Reservoir #4 (e)
Construction (Steel, Concrete, Pneumatic)	Steel			
Capacity (Gallons)	770			
Ground or Elevated	53			
HIGH SERVICE PUMPING				
Motor Description*** (a)	Motor #1 (b)	Motor #2 (c)	Motor #3 (d)	Motor #4 (e)
Manufacturer	Grundfos			
Type	230 3ph			
Rated Horsepower	20			
Pump Description*** (a)	Pump #1 (b)	Pump #2 (c)	Pump #3 (d)	Pump #4 (e)
Manufacturer	Grundfos			
Type	150150			
Capacity in Gallons per Minute	80			
Average Number of Hours Operated Per Day	6			
Auxiliary Power	N/A			

***If more space is needed to list equipment please attach additional sheets as necessary.

Name of Respondent Limestone Water Utility Operating Comp	This Report is: (1) ☒ An Original (2) ☐ A Resubmission	Date of Report (Mo, Da, Yr) 3/31/25	Year of Report 2024

SOURCE OF SUPPLY				
List for each source of supply:				
Description	Source #1	Source #2	Source #3	Source #4
Gallons per day of source	29,000	110,000		
Type of Source	well	purchased		

WATER TREATMENT FACILITIES				
List for each water treatment facility:				
Description	Facility #1	Facility #2	Facility #3	Facility #4
Type	well candlewood	purchased aqua		
Make				
Gallons per day capacity	770	n/a no tank		
Method of Measurement	meter	meter		

OTHER WATER SYSTEM INFORMATION	
Furnish information below for each system not physically connected with another facility.	
Present Equivalent Residential Customer's * now being served	329
Maximum Equivalent Residential Customer's * that the system can efficiently serve	
Estimated annual increase in Equivalent Residential Customers *	397
* Equivalent Residential Customer= (Total Gallons Sold / 365 days) / 350 Gallons Per Day	
List fire fighting facilities and capacities:	
aqua 10" supply line	
candlewood n/a not capable	
List percent of certificated area where service connections are installed	
100%	
What are the current needs and plans for system upgrading and/or expansion	
active construction of new groundwater well	
State the name and address of any engineers that plans for system upgrading and/or expansion have been discussed with	
 6652 Highway 88 Hattiesburg, MS 39402 1 901.261.2609 clearpointengineers.com	

Name of Respondent	This Report is:	Date of Report	Year of Report
Limestone Water Utility Operating Com	(1) <u>X</u> An Original (2) A Resubmission	(Mo, Da, Yr) 3/31/25	2024
SUPPLEMENTAL FINANCIAL DATA TO THE ANNUAL REPORT			
Rate Base			
Additions:			
Plant In Service		13,395,573	
Construction Work in Progress		2,600,231	
Property Held For Future Use			
Materials & Supplies			
Working Capital Allowance			
Other Additions - Common Plant Alloc from Parent Company			
Other Additions (Please Specify)			
Total Additions to Rate Base		15,995,804	
Deductions:			
Accumulated Depreciation		4,314,449	
Accumulated Deferred Income Taxes			
Pre 1971 Unamortized Investment Tax Credit			
Customer Deposits			
Contributions in Aid of Construction		5,346,250	
Other Deductions (Please Specify)			
Other Deductions (Please Specify)			
Total Deductions to Rate Base		9,660,699	
Rate Base		6,335,105	
Adjusted Net Operating Income			
Operating Revenues:			
Residential		1,017,466	
Commercial		92,574	
Industrial			
Public Authorities			
Multiple Family			
Fire Protection			
All Other			
Total Operating Revenues		1,110,040	
Operating Expenses:			
Operation		2,010,580	
Depreciation		329,559	
Amortization			
Taxes Other Than Income Taxes		99,122	
Income Taxes			
Total Operating Expense		2,439,261	
Net Operating Income		(1,329,221)	
Other (Gain/Loss of Utility Property)		544,373	
Other (Interest Expense)		(19,193)	
Adjusted Net Operating Income		(1,892,787)	
Rate of Return (Line 49 / Line 25)		-29.88%	
All amounts should be calculated in a manner consistent with the last Rate Order issued by the Commission for this Company.			

Company Name	Weststone Water Utility Operating Company
Report Period	2024
Report Date	3/31/25

BALANCE SHEET

	Amount for 1st Reference	Amount for 2nd Reference	Difference
1 Line 10 on F4, col. "C" agrees w/line 16 on F5, col. "F"	18,168,264	18,168,264	0
2 Line 10 on F4, col. "C" agrees w/lines 34, W1, col. "F" & 32, S1, col. "F"	18,168,264	13,395,573	4,772,691
3 Line 11 on F4, col. "C" agrees w/line 52 on F5, col. "F"	4,314,448	4,314,448	0
4 Line 11 on F4, col. "C" agrees w/lines 32, W2, col. 1 & 30, S2, col. 1	4,314,448	4,314,449	(1)
5 Line 27 on F4, col. "C" agrees w/line 10 on F6, col. "B"	8,527,275	8,527,275	0
6 Line 28 on F4, col. "C" agrees w/line 10 on F6, col. "C"	-	-	0
7 Line 30 on F4, col. "C" agrees w/line 24 on F6, cols. "B" & "C"	(4,080,219)	(4,080,219)	0
8 Line 31 on F4, col. "C" agrees w/line 37 on F6, cols. "B" & "C"	-	-	0
9 Line 37 on F4, col. "C" agrees w/line 55 on F6, col. "C"	-	-	0
10 Line 41 on F4, col. "C" agrees w/line 32 on F7, col. "E"	-	-	0
11 Line 48 on F4, col. "C" agrees w/line 13 on F8, col. "D"	5,346,250	5,346,250	0
12 Line 8 on F8, col. "D" agrees w/line 55 on F8, cols. "C & D"	454,124	454,124	0

Limestone Utility Operating Company
2024 Tap Escrow & Capital Recovery Detail

	Balance 12/31/24
ENT Cap Escrow Bank Account	509,730.01
ENT Capital Recovery Surcharge	139,977.92
PNC Capital Recovery Surcharge	116,055.22
PNC DSH Escrow Account	50,853.08
Total	816,616.23

[illegible]

EXHIBIT 14

Limestone Pro Forma Financial Statements

INCOME STATEMENT - Saulsbury/LIMESTONE

	Year 1	Year 2	Year 3
OPERATING REVENUE			
Metered service revenue	\$ 103,359	\$ 103,359	\$ 103,359
Flat rate service revenue	\$ 987,916	\$ 987,916	\$ 987,916
EPA testing surcharge	\$ -	\$ -	\$ -
Re-connect fees	\$ 22,974	\$ 22,974	\$ 22,974
Returned check charge	\$ 11,487	\$ 11,487	\$ 11,487
Late payment charge	\$ 22,974	\$ 22,974	\$ 22,974
Other operating revenue	\$ -	\$ -	\$ -
Total Operating Revenue	\$ 1,148,710	\$ 1,148,710	\$ 1,148,710
OPERATING EXPENSES			
Total salaries and wages (employees only)	\$ -	\$ -	\$ -
Outside labor expenses (non-employees)	\$ 437,829	\$ 437,829	\$ 437,829
Administrative and office expense	\$ 128,026	\$ 128,026	\$ 128,026
Maintenance and repair expense	\$ 31,290	\$ 31,290	\$ 31,290
Purchased water	\$ 142,077	\$ 142,077	\$ 142,077
Purchased sewage treatment	\$ -	\$ -	\$ -
Electric power expense (exclude office)	\$ 87,597	\$ 87,597	\$ 87,597
Chemicals expense	\$ 9,729	\$ 9,729	\$ 9,729
Testing fees	\$ -	\$ -	\$ -
Transportation expense	\$ -	\$ -	\$ -
Other operating expense	\$ 52,464	\$ 52,464	\$ 52,464
Total Operating Expenses	\$ 889,013	\$ 889,013	\$ 889,013
Annual Depreciation Expense	\$ 160,721	\$ 226,924	\$ 226,924
Interest Expense	\$ 197,191	\$ 267,594	\$ 267,594
Total Expenses	\$ 1,246,924	\$ 1,383,530	\$ 1,383,530
INCOME TAXES			
Total Income Taxes	\$ 90,783	\$ 69,388	\$ 69,388
Net income (Loss)	\$ (188,997)	\$ (304,209)	\$ (304,209)

BALANCE SHEET - Saulsbury/LIMESTONE

	Year 1	Year 2	Year 3
ASSETS			
Cash	\$ 3,171	\$ (0)	\$ (0)
Accounts Recievable	\$ 141,622	\$ 141,622	\$ 141,622
Total Current Assets	\$ 144,793	\$ 141,622	\$ 141,621
Property, Plant, and Equipment	\$ 4,998,516	\$ 6,091,531	\$ 6,091,531
Preliminary Survey	\$ -	\$ -	\$ -
Total Long-Term Assets	\$ 4,998,516	\$ 6,091,531	\$ 6,091,531
Total Assets	\$ 5,143,309	\$ 6,233,153	\$ 6,233,152
LIABILITIES			
Accounts Payable	\$ 73,070	\$ 73,070	\$ 73,070
Accrued Interest	\$ 100,000	\$ 150,000	\$ 200,000
Total Current Liabilities	\$ 173,070	\$ 223,070	\$ 273,070
Notes Payable	\$ -	\$ -	\$ -
Working Capital Transfer from Parent	\$ 160,721	\$ 411,758	\$ 665,967
Total Long-Term Liabilities	\$ 160,721	\$ 411,758	\$ 665,967
Total Liabilities	\$ 333,790	\$ 634,828	\$ 939,036
EQUITY			
Equity Capital Contributed	\$ 4,998,516	\$ 6,091,531	\$ 6,091,531
Retained Earnings	\$ (188,997)	\$ (493,206)	\$ (797,415)
Total Equity	\$ 4,809,519	\$ 5,598,325	\$ 5,294,116
Total Liabilities and Equity	\$ 5,143,309	\$ 6,233,153	\$ 6,233,152

EXHIBIT 15

Proposed Chart of Accounts

Limestone Water Utility Operating Company, LLC
Chart of Accounts

Account Number	Account Name
105000	Construction In Progress
105001	CIP Plant
106000	Utility Plant Purchased
108000	Accum Depreciation Plant in Service
108009	Accum Depr 1 Month Difference
114000	Utility Plant Acq Adjustment
131113	Cash - ENT Operating Limestone
131213	Cash - ENT Receipts Limestone
131413	Cash - ENT Cap Imp Reserve Limestone
131513	Cash - ENT Tap Fee Escrow Limestone
131613	Cash - PNC Operating Limestone
131813	Cash - PNC Cap Imp Reserve Limestone
131814	Cash - PNC DSH Escrow Limestone
134000	Other Special Deposits
142000	Accounts Receivable - Trade
142100	AR Adjustments
143000	Accounts Receivable - Other
144000	Accum Prov for Uncoll Accounts
166000	Prepayments
173100	Water - Accrued Utility Revenues
173200	Sewer - Accrued Utility Revenues
183000	PSI - General
183001	PSI - Engineering
183002	PSI - Legal
184200	Customer Cash Clearing Acct
186000	Misc. Deferred Debits
186001	Deferred Rate Case Expense
186010	Other Deferred Debits
186020	Deferred Debits - Utility Deposits
186100	Regulatory Asset
201000	Common Stock Issued
232000	Accounts Payable
232100	A/P Historic
233000	Notes Payable - Assoc Companies
236000	Accrued Taxes Payable
241000	Sales Tax Payable
241100	Cap Improvement Reserve
242000	Misc Current and Accrued Liabilities
242200	Impact Fee Liability
271000	CIAC

272000	CIAC - Accum Amort
303000	Water - Land and Land Rights
304000	Water - S&I
304006	Water - S&I - 40 Years
304100	Water - S&I Source of Supply
309000	Water - Supply Mains
309001	Water - Supply Mains - 10 Years
320000	Water - Treatment Equip
320003	Water - Treatment Equip - 35 Years
331000	Water - Transmission & Distribution Mains
331002	Water - Transmission & Distribution Mains - 50 Years
333000	Water - Services to Customers
333004	Water - Services to Customers - 10 Years
334000	Water - Meters and Installation
334001	Water - Meters and Installation - 10 Years
335000	Water - Hydrants
335001	Water - Hydrants - 10 Years
339000	Water - Other Plant and Misc Equip
345000	Water - Power Operated Equip
346001	Water - Communication Equip - 10 Years
347001	Water - Misc Equip - 10 Years
347004	Water - Misc Equip - 50 Years
353000	Sewer - Land and Land Rights
354000	Sewer - S&I
354005	Sewer - S&I - 40 Years
360000	Sewer - Collection Sewers - Force
360001	Sewer - Collection Sewers - Force - 50 Years
361000	Sewer - Collection Sewers - Gravity
361001	Sewer - Collection Sewers - Gravity - 50 Years
363000	Sewer - Services to Customers
364000	Sewer - Flow Measuring Devices
364001	Sewer - Flow Measuring Devices - 10 Years
364002	Sewer - Flow Measuring Devices - 30 Years
370000	Sewer - Receiving Wells
371000	Sewer - Pumping Equip
371002	Sewer - Pumping Equip - 10 Years
380000	Sewer - Treatment & Disposal Equip
380003	Sewer - Treatment & Disposal Equip - 20 Years
381001	Sewer - Plant Sewers - 40 Years
382000	Sewer - Outfall Sewer Lines
382001	Sewer - Outfall Sewer Lines - 50 Years
389000	Sewer - Other Plant & Misc. Equip
389002	Sewer - Other Plant & Misc. Equip - 20 Years
390000	Sewer - Office Furniture and Equipment

390004	Sewer - Office Furniture and Equip - 20 Years
391002	Sewer - Transportation Equip - 10 Years
393000	Sewer - Tools, Shop, and Garage Equip
393002	Sewer - Tools, Shop, and Garage Equip - 10 Years
393004	Sewer - Tools, Shop, and Garage Equip - 20 Years
395000	Sewer - Power Operated Equip
396000	Sewer - Communication Equip
396002	Sewer - Communication Equip - 10 Years
397001	Sewer - Misc Equipment - 10 Years
398000	Sewer - Other Tangible Plant
398002	Sewer - Other Tangible Plant - 10 Years
403000	Depreciation Expense
403100	Depreciation Expense CIAC
408100	Taxes - Other
408160	Taxes - Property
414000	Gain/Loss of Utility Property
460000	Water - Unmetered Revenue
470000	Water - Late Fees
471000	Water - Misc Service Revenues
521000	Sewer - Unmetered Revenue
532000	Sewer - Late Fees
536000	Sewer - Misc. Service Revenue
610000	Water - Purchased Water
615000	Water - Purchased Power
618000	Water - Chemicals
618500	Water - Chemicals - T&D
620000	Water - Materials and Supplies
620100	Water - Materials and Supplies - SoS Ops
620600	Water - Materials and Supplies - T&D Maint
629000	Water - Mowing and Lawn Maintenance
630000	Water - Contract Operations
630100	Water - Source of Supply Ops
630200	Water - Source of Supply Maintenance
630203	Water - SoS Maint - Wells and Springs
630300	Water - Treatment Ops
630405	Water - Treatment Maint - Maint of Purification Equip
630500	Water - T&D Ops
630600	Water - T&D Maintenance
630603	Water - T&D Maint - Hydrant Maint
630604	Water - T&D Maint - Maps and Records
630605	Water - T&D Maint - Meter Maint
630606	Water - T&D Maint - Maint of Customer Services
630607	Water - T&D Maint - Maint of Mains
635000	Water - Testing

670000	Water - Bad Debt
675000	Water - Misc Expense
710000	Sewer - Purchased Treatment
711000	Sewer - Sludge Removal
715000	Sewer - Purchased Power
716000	Sewer - Fuel for Power Production
718000	Sewer - Chemicals
718500	Sewer - Chemicals - Treatment and Disposal
720000	Sewer - Materials and Supplies
720100	Sewer - Materials and Supplies - Collection Ops
720400	Sewer - Materials and Supplies - Pumping Maint
720500	Sewer - Materials and Supplies - T&D Ops
720600	Sewer - Materials and Supplies - T&D Maint
729000	Sewer - Mowing and Lawn maintenance
730000	Sewer - Contract Operations
730100	Sewer - Contract Operations - Collection Ops
730200	Sewer - Collection Maintenance
730201	Sewer - Collection Maint - Plant S&I
730202	Sewer - Collection Maint - Pumping Equip Maint
730203	Sewer - Collection Maint - Maint of Meters
730204	Sewer - Collection Maint - Maint of Mains
730205	Sewer - Collection Maint - Other Collection Plant Maint
730206	Sewer - Collection Maint - Maint Customer Services
730300	Sewer - Contract Operations - Pumping Ops
730400	Sewer - Pumping Maintenance
730500	Sewer - T&D Ops
730600	Sewer - T&D Maintenance
730602	Sewer - T&D Maint - Pumping Equip Maint
730603	Sewer - T&D Maint - Other T&D Plant Maint
735000	Sewer - Contract Svcs - Testing
770000	Sewer - Bad Debt Exp
775000	Sewer - Misc. Expense
775600	Sewer - Misc. Expense - T&D Maint
903100	Cust Record Collect (Billing)
903200	Customer Collection Expenses
903280	Cust Record Collect (Bank Fees)
904000	Uncollectible Accounts
921110	Office Exp - Meals and Travel
921500	Office Exp - Communication
921800	Office Exp - Supplies
922000	Admin Expenses Transferred
923100	OSS - Bank Fees
923400	OSS - Legal
923500	OSS - Audit and Accounting

923600	OSS - MGMT Consult
923900	OSS - IT
924400	Property Insurance - Commercial
928100	Regulatory Expense - DNR
928300	Regulatory Expense - Other
930200	Misc. General Exp
930300	Customer Courtesy Credit

EXHIBIT 16

List of Plant-In-Service Accounts

GL Account	Account Name	12/31/25 Balance	Saulsbury Est Acquisition	Balance + Est Saulsbury
351.00	Organization	-		-
352.00	Franchises	-		-
303.00	Land & Land Rights	133,457.86	5,000.00	138,457.86
304.00	Structures & Improvements	1,258,955.80		1,258,955.80
309.00	Supply Mains	8,638.98		8,638.98
311.00	Pumping Equipment	6,808.31		6,808.31
320.00	Treatment Equipment	732.98		732.98
331.00	Transmission & Distribution Mains	166,270.03	60,000.00	226,270.03
333.00	Services to Customers	117,282.90		117,282.90
334.00	Meters & Installation	34,147.84		34,147.84
335.00	Hydrants	26,566.77		26,566.77
339.00	Other Plant & Misc Equipment	11,812.85		11,812.85
346.00	Communication Equipment	13,466.91		13,466.91
		1,778,141.23		1,843,141.23

EXHIBIT 17

Limestone's Proposed Tariff

Limestone Water UOC

Water & Wastewater Service Tariff

Rate Schedules

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SCHEDULE OF RATES & CHARGES – WATER SERVICE (PHASE 1 of 2)

Availability: This rate is available to water customers located at the following systems:

Aqua Utilities

For Metered Service

Monthly Minimum (Includes 0 gallons)

For service through all meter sizes \$31.00 / month

Commodity Charge: \$3.05 / 1,000 gallon

Availability: This rate is available to water customers located at the following systems:

Candlewood Lakes

For Unmetered Service

Monthly Minimum: \$50.00 / month

Non-Recurring Charges:

Service Connection/Tap Fee Charge:

<u>Aqua</u>	\$1,425
Disconnection Charge:	\$35.00
Reconnection Charge:	\$35.00
Returned Check Charge:	\$16.00
Late Payment Charge:	5%
Meter Tampering Penalty Fee	\$250.00

Rate Case Expense Surcharge (Per Connection) \$2.79
(\$250K to be collected over 3 years)

Availability: This rate is available to water customers located at the following systems:

Grand Junction/Saulsbury

For Water Service

Monthly Minimum (Includes 2,000 Gallons): 41.53

Commodity Charge: \$6.50 / 1,000 gallon

Non-Recurring Charges:

Water Connection Fee (Residential)	\$600.00
Water Connection Fee (Commercial)	\$1,200.00
Water Connection Fee (Industrial)	\$3,000.00
Meter Fee (Non-Refundable)	\$75.00
Cut Off Fee	\$40.00
Reconnect Fee	\$40.00

SCHEDULE OF RATES & CHARGES – SEWER SERVICE (PHASE 1 of 2)

Availability: This rate is available to sewer Customers located at the following systems:

Aqua Utilities

Residential: Monthly Flat Rate

For service through all meter sizes \$35.00 / month

Commercial: Monthly Flat Rate per Equivalent Residential Unit*:

Monthly Rate: \$35.00 / month

Availability: This rate is available to sewer Customers located at the following systems:

Grassland

Residential:

1-2 Bedroom \$65.00 / month

3 Bedroom \$70.00 / month

4 Bedroom \$75.00 / month

5 Bedroom \$75.00 / month

Commercial: Monthly Flat Rate per Equivalent Residential Unit*:

Monthly Rate: \$168.96 / month

Availability: This rate is available to sewer Customers located at the following systems:

Arrington/Hardeman/Hideaway

Residential:

All: \$75.00 / month

Commercial: Monthly Flat Rate per Equivalent Residential Unit*:

Monthly Rate: \$168.96 / month

Availability: This rate is available to sewer Customers located at the following systems:

Chapel Woods

Residential:

All: \$40.00 / month

Availability: This rate is available to sewer Customers located at the following systems:

Shiloh Falls

Residential:

All: \$25.00 / month

Commercial: Monthly Flat Rate per Equivalent Residential Unit*:

Monthly Rate: \$55.60 / month

Availability: This rate is available to sewer Customers located at the following systems:

Lakeside Estates (DSH)

Residential:

All: \$55.00 / month

Commercial: Monthly Flat Rate per Equivalent Residential Unit*:

Monthly Rate: \$55.00 / month

Non-Recurring Charges:

Service Connection/Tap Fee Charge:

Aqua \$1,425

Cartwright \$10,000

Shiloh Falls \$850

Lakeside Estates (DSH) \$3,750

Disconnection Charge: \$35.00

Reconnection Charge: \$35.00

Returned Check Charge: \$16.00

Late Payment Charge: 5%

Rate Case Expense Surcharge (Per Connection) \$2.79
(\$250K to be collected over 3 years)

*Equivalent Residential Units (“ERU’s”) have been assigned to each Commercial Customer utilizing typical wastewater flow rates derived from the Tennessee Department of Environment and Conversation “Plans Review and Approval of Sewage Works Construction Plans and Documents”.

Limestone Water UOC

Water & Wastewater Service Tariff

Rules and Regulations

RULES AND REGULATIONS

A. Statement of Purpose

The general purpose of these rules and regulations are to establish procedures for furnishing water, sewerage and sewage treatment services on a uniform basis to Customers within the service area boundaries of Limestone Water Utility Operating Company.

B. Rates, Rules and Regulations Governing Rendering of Service

1. A copy of all Rates, Rules, Regulations and Conditions of Service is on file with the Commission and may be inspected by the public by contacting the Company.
2. All Services furnished by the Company shall be subject to these Rates, Rules, Regulations and Conditions of Service, and are made a part of all applications or contracts (both oral and written) for service. They are subject to revision, change, modification or cancellation by the Company, subject to the approval of the Commission, or by the Commission through utility industry orders and rules. The failure of the Company to enforce any of the terms of these Rates, Rules, Regulations and Conditions of Service shall not diminish or sacrifice its right to do so.
3. Upon request by an Applicant or Customer, the Company shall supply without charge, a copy of applicable rate schedules.

C. Definition of Terms

1. Applicant – An Applicant is any person, firm, corporation, or government entity making an application for service and may include developers.
2. Collection Sewer – A pipeline, including force pipelines, gravity sewers, interceptors, trunk sewers, manholes, and necessary appurtenances, including service tees, wyes, and saddles, which is owned and maintained by the Company, located on public property or on private easements, and used to transport sewage waste from the Customer's Lateral Sewer to the point of disposal. A "Pressure Collection Sewer" is a Collection Sewer, including tees, wyes, and saddles, operated under pressure from pump units owned and operated by customers connecting to the Collection Sewer.

3. Commercial Service – The words Commercial Service shall mean the provision of service to a Customer whose primary use is for other than the Customer's personal dwelling.
4. Commission - The word Commission shall mean the Tennessee Public Utility Commission.
5. Company - The word Company shall mean Limestone Water Utility Operating Company.
6. Company Service Pipe – The portion of the water Service Pipe extending from the Distribution Main to and including the Curb Cock, or the outlet connection of the Meter, installed and maintained at the cost and expense of the Company.
7. Curb Cock – A valve on the Company Service Pipe, located at or near the Customer's property line, and used to shut off water service to the Premises. The Curb Cock is owned and maintained by the Company.
8. Customer - The word Customer shall mean any person, firm, corporation, association or government unit furnished water and/or sewerage services by the Company.
9. Customer Service Pipe – The portion of water service pipe from the inlet to the Meter if applicable, or to the Curb Cock if no meter is in place, to the Customer's Premises, installed and maintained at the cost and expense of the Customer.
10. Discontinuance of Service – Disconnection or termination of service not at Customer request.
11. Distribution Main – The Distribution Main means water pipe owned, operated, or maintained by the Company and used for the purpose of distribution of water and to which the Company Service Pipe is connected.
12. Engineer - The word Engineer shall mean the consulting engineer of Limestone Water.

13. Grinder Pump – The individual Grinder Pump installed at each applicable Customer’s Premises that receives and pumps sewage from the Customer through the remainder of the Customer’s Lateral Sewer to the Company’s Collection Sewer. This includes the pump, the pump sump, electrical control panel, and interconnecting wiring. The Grinder Pump and all attendant components are installed and maintained at the cost and expense of the Customer. Additionally, the Customer is responsible for all costs of maintaining the pump sump including the pumping of any accumulated sludge.
14. Lateral Sewer – The words Lateral Sewer shall mean the piping extending from the Collection Sewers to the Customer’s Premises (for Customers with gravity only sewer connections) and shall include the Service Box (for Customers with Grinder Pumps), installed and maintained at the cost and expense of the Customer.
15. Main - The word “Main” shall mean a water pipe, owned, operated and maintained by a utility, which is used for the purpose of transmission or distribution of water but is not a water service pipe.
16. Meter - The word “Meter” shall mean any device for measuring the quantity of water used as a basis for determining charges for water service to a Customer.
17. Premise - The word “Premises” as used herein shall be restricted to the following:
1. A building under one roof owned or leased by one Customer and occupied as one (1) residence or one (1) place of business; or
 2. A combination of buildings owned or leased by one (1) Customer, on one (1) common enclosure occupied by one (1) family as a residence or one (1) corporation or firm as a place of business;
 3. Each unit of a multiple house or building separated by a solid vertical partition wall occupied by one (1) family as a residence or one (1) firm as a place of business; or
 4. A building owned or leased by one (1) Customer and having a number of apartments, offices, or lofts which are rented to tenants using in common one (1) hall and one (1) or more means of entrances; or
 5. A building two (2) or more stories high under one (1) roof owned or leased by one (1) Customer and having an individual entrance for the

- ground floor occupants and one for the occupants of the upper floors;
or
6. A combination of buildings, such as a garden-type apartment, owned by one (1) Customer, on one (1) common enclosure, none of the individual buildings of which is adapted to separate ownership; or
 7. A public building, or
 8. A single plot, used as a park or recreational area
18. Residential Service - The words Residential Service shall mean the provision of wastewater service to a Customer whose primary use is for the Customer's personal dwelling.
19. Service Box – For Customers with Grinder Pumps, a below ground valve assembly installed at each individual Customer's property that connects to the Customer's lateral sewer and where the Customer's Service line is connected. The Service Box is owned and maintained by the Customer.
20. Termination of Service – Disconnection or termination of service at Customer request.

D. Access to Property:

1. Company shall have access at all reasonable hours to meters, service connections, and other property owned by it which may be located on Customer's Premises for purposes of installation, maintenance, operation, or removal of its property at the time service is to be terminated. Any employee of the Company whose duties require him to enter the Customer's premises shall wear a distinguishing uniform or other insignia, identifying him as an employee of the Company, or carry on his person a badge or other identification which will identify him/her as an employee or agent of the Company, the same to be shown by him/her upon request.

E. Commencement of Service

1. General

1. A prospective Customer shall not connect or reconnect service, nor employ any person to do so, without authorization by the Company.

2. The Company shall not be under any duty to permit connection or to supply water or sewer service to any Customer whose Premises does not abut on a Distribution Main or Collection Sewer.
 - i. Any Distribution Mains and/or Collection Sewers required to service such abutting properties shall be constructed at the cost of the Applicant, and these sewers shall become the property of the Company to be credited to the account for contribution in aid of construction. If the said Applicant does not wish to construct his own Distribution Mains and/or Collection Sewers, the Company may construct them and charge the Applicant the total project costs for the same. The Applicant shall obtain at its expense the easements required by the Company for any Distribution Mains and/or Collection Sewers. Plans for any Distribution Main and/or Collection Sewer extensions shall be reviewed and approved by the Engineer prior to construction.
3. Requests by Governmental Units for public fire protection service will be governed by these rules and shall only be permitted to the extent that Distribution Mains and water storage facilities are of adequate size to accommodate fire protection service.
4. All Applicants must make application to the Company in a manner prescribed by the Company, setting forth all purposes for which service will be used.
5. Applications for service, when accepted by the Company, shall cover only the Premises and uses applied for.
6. The Customer, in accepting conditions for service, is responsible for all service furnished until the Customer notifies the Company to terminate the service for its account or until the Company has accepted a new service application for the Premises.
7. Any change in the identity of a Customer will require new application, and the Company may, after notice, discontinue service until such new application has been made and accepted.

2. Installation and Maintenance of service lines

1. Water

- i. Where Company Distribution Mains are or may be installed, the Company will install the Company Service Pipe provided the Company Service Pipe is required for general water service to Premises abutting such mains.

- ii. Company Service Pipes for construction or temporary service shall be installed and removed at the Customer's expense.
- iii. A Customer Service Pipe shall not extend from one dwelling, building, structure or parcel of real estate to another dwelling, building, structure or parcel of real estate across a public street or across a property line unless the property line crossed is located within a building complex.
- iv. The Company will make all connections to its Distribution Mains and will specify the size, kind, quality and location of all materials used in the Company Service Line.
- v. The Company Service Pipe shall be furnished, installed and maintained only by the Company and shall remain under its sole ownership, control and jurisdiction.
- vi. Service Pipes for Private Fire Protection Service from the Distribution Main to the curb or property line shall be permitted at the sole discretion of the Company and shall consider the size of Distribution Mains and the adequacy of water storage equipment. Private Fire Protection Service shall be requested by contacting the Company.
- vii. The Customer's Service Pipe shall be installed and maintained by the Customer, free from leaks and other defects, at their own expense and risk, and for failure to do so, water service may be discontinued. The Customer's Service Pipe shall be installed in accordance with applicable governmental regulations and Company specifications below the frost line on firm and continuous earth to give unyielding and permanent support.
- viii. For new Customer Service Lines, the Customer shall install their Customer Service Line to the Meter, Curb Cock or property line at a point approved by the Company, after which the Company will install the Company Service Line from the Distribution Main to the Customer's Service Line.
- ix. Where the Company's Service Line is already installed to the Meter, Curb Cock, or property line, the Customer shall connect with the Company Service Pipe as installed.
- x. The Customer shall make all changes in the Customer's Service Pipe required on account of changes of grade or other causes.
- xi. No fixture shall be attached to, or any branch made in, the Company Service Pipe between the Meter and the Distribution Main, other than by authorized employees of the Company.

- xii. There shall be no more than one Customer Service Pipe supplying a single Premise, unless otherwise approved by the Company.
- xiii. If a Customer, occupant, owner, or any of their agents should damage Company property, repairs shall be made only by the Company, but at the Customer's expense.
- xiv. The Customer shall install and properly maintain on their Customer Service Line a shutoff valve approved by the Company. It shall be in an accessible location, protected from freezing and adequate to shut off and drain all plumbing. Further, where a Customer's Service Line is branched or arranged to supply more than one building, additional valves shall be installed in such manner that service to one of the buildings may be shut off without shutting off service to other buildings. A drawing showing the layout of branched Customer Service Lines and shutoff valves may be required to be submitted and approved by the Company prior to installation of the Customer Service Lines and shutoff valves.
- xv. A Customer Service Line which is irregularly located because there was not a Distribution Main abutting the Premises at the time the Customer Service Line was installed, shall be required at the Customer's expense, to be relocated and connected to the Distribution Main abutting the Premises when replacement becomes necessary.

2. Sewer

i. Grinder Pumps

- I. All applicable Customers must have an approved Grinder Pump and collection system which meets the specifications as established by the Company.

ii. Special Pretreatment Sewage Requirements

- I. For all sewerage connections, in addition to the customary tap fees, the Company reserves the right to require any nonresidential user to provide special treatment for any high strength effluent before discharge into its sewerage system. In the event that the Customer or Applicant proposes to discharge, or actually consistently discharges, an abnormally high volume or strength of waste, the Company may require the Customer or Applicant to install a pretreatment facility,

grease trap or other device on the Premises, to prevent the exceeding of discharge limits, or other adverse impacts upon the Company's system. The installation of any such device as well as its operation and maintenance shall be the responsibility of the Customer or Applicant, and subject to the approval and inspection of the Company. Additionally, if excessive volumes or high strength of sewage are received, the Company may require the Customer to monitor flow volume in order to adjust the monthly sewer service rate.

F. Meters

1. The Company shall have the right to place a Meter on any service pipe and charge for water service by Meter measurement if necessary.
2. All Meters, except fire Service line Meters, shall be furnished, installed, maintained, tested, repaired, removed and replaced only by the Company and shall remain its property. In case of damage to any Meter by reason of any act, neglect or omission on the part of the Customer (such damages occasioned by fire, hot water, accident or misuse), the Customer shall reimburse the Company for the cost of repairing or replacing the Meter.
3. The Company reserves the right to determine the kind, size and type of Meter that shall be placed on any service pipe.
4. Meters may be located either in an outdoor Meter box or vault, or inside the Customer's Premises, at the option of the Company.
5. If the Meter is to be installed inside, it shall be located as near as possible to the point where the service pipe enters the building in a clean, dry, safe place not subject to wide temperature variations so that the Meter may easily be examined, read or removed. The Customer shall, at their expense, provide suitable pipe connections and shut-off valves, one each at the inlet and outlet sides of the Meter, and other appropriate fittings designed by the Company.
6. If the Meter is to be installed in a Meter box or vault, it shall be located in a convenient and readily accessible location at or near the street right-of-way line. Meter boxes or vaults for settings for single Meters shall be furnished, installed and maintained by the Company. The Company shall at its expense, provide suitable pipe connection and shutoff valves, and such other fittings as may be designated by the Company. Upon a request by the Customer before the original installation is made, the Meter box or vault will be located at the point requested, if feasible under proper utility standards. The Meter box or vault may be constructed to protect the Meter from freezing and damage by

- vehicular traffic, and its location and design shall prevent, as far as possible, the inflow of surface water.
7. Separate Premises shall be separately metered and billed, and only one Premise shall be supplied through one Meter.
 8. The Company reserves the right to put seals and locks on all Meters or Meter couplings.
 9. No Customer shall remove or cause or permit the removal of a Meter by their agents once it has been installed by the Company, and any change in location of the Meter desired by the Customer shall first be approved by the Company in writing, but in any situation shall be made by the Company at the Customer's expense. Violation of this tariff provision may result in the Customer being charged a Meter tampering penalty fee in accordance with the tariff.
 10. If a Customer requests an additional self-serving Meter or Meters for their Premises (i.e. lawn sprinkling or swimming pool), the Company will make the requested installation at the expense of the Customer and billing will occur as provided in Rule E.
 11. The Company may at any time, remove the Meter for routine tests, repair, or replacement.
 12. Meters may register in either U.S. gallons or cubic feet. Meter readings in units or hundred cubic feet may be converted to units of hundred gallons for billing purposes if the existing schedule of charges is stated in gallon units. The factor used for making a conversion is one cubic foot as being equivalent to seven and forty-eight hundredths (7.48) U.S. gallons.
 13. Every water Meter shall be tested as required by these rules prior to its installation either by the manufacturer, the Company, or any approved organization equipped for Meter testing. Meters with oil-enclosed gear trains should be stored in an inverted position, and, unless so stored, shall be tested immediately before installation. All water Meters removed from service for repair or testing in accordance with these rules shall be restored to the prescribed limits of accuracy by these rules before again being placed in service.
 14. The Company shall maintain records of the following data, where applicable, for each Meter and/or associated metering device until retirement: (a) the complete identification – manufacturer, number, and type; and (b) the dates of installation and removal from service, together with the location.
 15. All Meters used for measuring quantity of water delivered to a Customer shall be in good mechanical condition and shall be adequate in size and design for

the type of service which they measure and shall be accurate to the following standards.

16. For determination of minimum test flow and normal test flow limits, the Commission will use as a guide the appropriate standard specifications of the American Water Works Association for the various types of Meters.
17. Displacement Meters shall be tested at each of the rates of flow stated above for the various size Meters. A Meter shall not be placed in service if it registers less than ninety-five percent (95%) of water passed through it at the minimum flow or over-registers or under-registers more than two percent (2%) at the intermediate or maximum limit, except that a repairs Meter shall not over-register or under-register more than two percent (2%) of the intermediate and maximum flow and shall register not less than the following appropriate percentage of the water passed through it at the minimum test flow: If manufactured on or after January 1, 1947 – ninety percent (90%). If manufactured prior to January 1, 1947 – eighty-five percent (85%).

G. Multiple Meter Settings

1. When more than one Meter setting is installed at a Customer's Premises because of conditions warranted and determined by the Customer, each Meter setting shall be treated separately as if it belonged to a separate Customer, and the registrations of such Meters will not be combined.
2. When more than one Meter setting is installed on a Customer's Premises because of conditions warranted and determined by the Company, the registration of all such Meters shall be combined and the minimum charge shall be the sum of the individual minimum charges for all such Meters.

H. Meter Testing

1. Company shall adopt schedules for periodic and routine tests and repairs of its Meters. The Company will make a test of the accuracy of registration of a Meter upon written request by a Customer. The Customer will be required to bear the full cost of any subsequent test of their Meter if requested at less than eighteen (18) months after the preceding test, and accuracy of the Meter is found to be in compliance with rules of the Commission. The results of such tests will be reported to the Customer in writing within ten (10) days after the test is complete or the Customer shall be given the opportunity of being present at such requested tests.
2. Measuring devices for test of Meter may consist of a calibrated tank for volumetric measurement or tank mounted upon scales for weight measurement. If a volumetric standard is used, it shall be accompanied by a

certificate of accuracy from any standard laboratory as may be approved by the Commission. If a weight standard is used, the scales shall be tested and calibrated periodically by such approved laboratory and a record maintained of the results of the test.

3. When basic standards are used for Meter tests, they shall be of a capacity sufficient to ensure accurate determination of accuracy and shall be subject to the approval of the Commission.
4. By special permission of the Commission, a standard meter may be provided and used by the Company for the purpose of testing Meters in place. This standard Meter shall be tested and calibrated periodically to ensure its accuracy within the limits required by these rules and regulations. In any event, such test shall be made at least once every sixty (60) days while the standard Meter is in use and a record of such tests shall be kept by the utility.
5. All Meters tested in accordance with these rules for periodic or complaint tests shall be tested in the condition as found in the Customer's service prior to any alteration or adjustment in order to determine the average Meter error. Tests shall be made at the intermediate and maximum rates of flow and the meter error shall be the algebraic average of the errors of the two (2) tests.
6. Upon completion of adjustment and test of any water Meter under the provisions of these rules, the Company shall affix thereto a suitable seal in such a manner that adjustment or registration of the Meter cannot be changed without breaking the seal.
7. Company shall maintain records of at least the last two (2) tests made of any Meter. The record of the Meter test made at the time of the Meter's retirement shall be maintained for a minimum of six (6) months. Test records shall include: (a) the date and reason for the test; (b) the reading of the Meter before making any test; (c) the accuracy "as found" at each rate of flow; (d) the accuracy "as left" of each rate of flow; and (e) in the event test of the Meter is made by using a standard Meter, the Company shall retain all data taken at the time of the test in sufficiently complete form to permit the convenient checking of the test methods and the calculations.

I. Billing:

1. The bill form used shall show: (a) the name of the Company; (b) the reading of the Meter at the beginning and at the end of the period for which the bill is rendered; (c) the dates on which the Meter was read at the beginning and end of the billing period; (d) the number and kind of units metered; (e) the gross and/or net amount of the bill; (f) the date by which the Customer must pay the bill in order to avoid any penalty; (g) a distinct marking to identify an estimated

bill; (h) any conversions from meter reading units to billing units; and (i) the main office address.

J. Terms and Conditions of Billing And Payment

1. At a metered Premise, water sold shall be based on Meter measurement. Meters shall be scheduled to be read at not greater than quarterly intervals. The Company shall have the option to issue interim estimated monthly bills to Customers whose Meters are read bi-monthly. Estimated bills shall not be less than a minimum bill as prescribed in the Company's current tariffs.
2. At an unmetered Premise, water sold shall be a flat charge as stated in the Schedule of Rates and Charges.
3. Private Fire Protection Service charges shall be payable quarterly in advance.
4. Special charges shall be payable on demand.
5. All bills for service are due on or before the due date printed on the bills and considered delinquent if not paid by such date. The due date will be at least twelve (12) days after the postmarked date of the bill, if mailed, or the date of delivery if delivered by other means.
6. Customers are responsible for providing the Company with their correct addresses. Failure to receive bills will not release Customer from payment obligations.
7. The use of water by the same Customer at different Premises or localities will not be combined for billing.
8. Company may not send a customer two successive estimated bills, except due to extenuating circumstances. The Company may estimate the bill of any Customer for good cause including, but not limited to: request of Customer; inclement weather; labor or union disputes; inaccessibility of a Customer's Meter; other circumstances beyond the control of the Company or its agents and employees; and, a billing period with a varying Meter reading schedule; or the Company may render an estimated bill when a Meter is found to be not registering. In such cases, the Company shall estimate the charge for the water used by averaging the amount registered over a similar period preceding or subsequent to the period of nonregistration or for corresponding period in previous years, adjusting for any changes in the Customer's usage.
9. The Company may include charges for special services with charges for water service on the same bill if such charges are identified.

K. Disputed Bills

1. When a Customer disputes a bill, the Company will not terminate service for nonpayment so long as the Customer: (i) pays the undisputed portion of the

- bill, (ii) pays all future bills by the due date, and (iii) enters into bona fide discussions with the Company to settle the dispute.
2. In instances where the Customer and Company cannot agree as to what portion of a bill is undisputed, it shall be sufficient that the Customer pay an amount equal to their average bill for the twelve (12) months immediately preceding the disputed bill. In those cases where the Customer shall pay an amount equal to 1/12 of the estimated annual cost of service.
 3. If the Company and the Customer arrive at a mutually satisfactory settlement of a disputed bill, the Company may enter into a settlement agreement providing for payment of the outstanding balance in installments over a reasonable period of time. Such an agreement shall be limited to the bill in dispute or the delinquent account.
 4. A settlement agreement may be in writing and signed by the Customer or their representative and an authorized representative of the Company. A settlement reached by telephone may be confirmed by the Company in writing and mailed to the Customer, with instructions to sign a confirming copy and return it to the Company.
 5. The Company shall not be required to enter into concurrent settlement agreements relating to the same service account.
 6. The Company shall not be required to enter into a subsequent agreement with a Customer who defaults upon the terms and conditions of a previous agreement entered into within the previous twelve (12) months.
 7. If the Customer fails to comply with the terms and conditions of a settlement agreement, the Company may discontinue service without further notice to the Customer.
 8. If agreement cannot be reached on settlement of the dispute, the Customer may register their dispute with the Commission.

L. Adjustments to Bills

1. Service bills which are incorrect due to Meter or billing errors shall be adjusted in accordance with Commission Rules and to the known date of error or one (1) year, whichever is shorter.
2. Whenever a Meter in set service is tested and found to have over registered more than two percent (2%), the Company shall adjust the Customer's bill for the excess amount paid. If the time at which the error first developed or occurred can be definitely determined, the estimated amount of over-charge is to be based thereon.
3. Adjustment for leaks may be given as determined by the Company.

M. Denying or Discontinuing Service

1. The Company may refuse new wastewater service unless a Customer agrees in writing to a “Subscription Service Contract” that would allow either:
 - i. The Company to install and have exclusive right to use a cutoff valve in the water line between the water Meter and the Premises (or in Customer’s water line where no Meter exists) in accordance with both the rules and regulations of the Company, as found in the tariff approved by the Commission, and this rule; or
 - ii. The Company to execute an agreement with a water provider to terminate water services. If the water service is discontinued based on an agreement between a water service provider and the Company, this agreement shall be submitted and on file with the Commission prior to any termination of water service in accordance with its provisions so that each Customer is treated in a just and reasonable manner.
2. Discontinuance Upon Customer’s Request
 1. The Customer shall notify the Company at least three (3) days in advance of the desired termination day and shall remain responsible for payment of all service until service is terminated pursuant to such request. The Company shall terminate service within three (3) working days of the requested termination date. The Customer shall not be liable for any service rendered to such address or location after the expiration of these three (3) days.
3. Termination Without Customer’s Request
 1. The Company may deny or disconnect service without request by the Customer and without prior notice only:
 - i. If a condition dangerous or hazardous to life, physical safety or property exists; or
 - ii. Upon order by any court, the Commission or other duly authorized public authority; or
 - iii. If fraudulent or unauthorized use is detected and the Company has reasonable grounds to believe the affected Customer is responsible for such use; or
 - iv. If the Company's regulating or measuring equipment has been tampered with and the Company has reasonable grounds to

- believe that the affected Customer is responsible for such tampering; or
- v. If a Customer violates the terms of a settlement agreement described in Rule K, Disputed Bills; or
 - vi. Where the Customer's water service line or inside piping may, in the opinion of the Company, cause a cross-connection with non-potable water or otherwise jeopardize the health and safety of other Customers of the Company's facilities; or
 - vii. For violation of any of these Rules and Regulations on file with and approved by the Commission, or for any condition which adversely affects the safety of the Customer or other persons, or the integrity of the Company's delivery system.
2. The Company may discontinue Private Fire Protection Service immediately after written notice to such Customer and the appropriate Fire Department for leakage within such Private Fire Protection Service system and until such leaks are repaired.
3. In all other instances, the Company, upon providing the Customer with seven (7) days prior written notice may disconnect service for any of the following reasons:
- i. The Customer fails to repair any leak in the Customer Service Pipe or other plumbing fixtures.
 - ii. The Customer vacates the Premises or fails to pay their bills or other charges related to their service installations or facilities in accordance with these rules and the Company's rate schedules, or otherwise violates any of these rules.
 - iii. Nonpayment of a service bill based on estimated consumption after the estimated Meter reading has been verified.
 - iv. The Customer fails to provide free and non-hazardous access to the Premises and Meter so that the Company's representatives may make Meter readings and necessary inspections and maintain, replace or remove the Meter, or fails to maintain Customer-owned meter settings. including pits and vaults.
 - v. The Customer installs a new service pipe and other fixtures or alters or removes an existing service pipe or other fixtures. including the Meter, without the Company's consent.
 - vi. The Customer fails to remedy a condition or use on their Premises which, in the Company's engineering judgment, endangers the Company's distribution system.

- vii. Misrepresentation of identity of Applicant for the purpose of obtaining water service.
 - viii. A Customer selling or providing service to other Premises not specifically included in the accepted application.
 - ix. Where two or more Premises are supplied through a single Service Pipe, any violation of the Rates, Rules, Regulations and Conditions of Service of the Company shall be deemed a violation as to all, and the Company may enforce compliance with these rules and regulations by discontinuing service. Such action, however, will not be taken until the Customer not in violation has been given reasonable notice to acquire a separate Company Service Pipe.
 - x. The Customer fails to pay for any sewer service charges and discontinuance of water service is duly authorized by the appropriate governmental unit.
 - xi. A Customer occupies a Premises already receiving water service without making application and fails to pay for water service used prior to the Company accepting such Customer's application.
4. When a prospective Customer is refused service, or an existing Customer has service disconnected under the specific provisions included in the Company's tariff approved by the Commission, the Company shall notify the Customer or prospective Customer promptly of the reason for refusal. The notification shall include an explanation of the Commission's dispute resolution process found in Rule 1220-01-03. A copy of such notification or other documentation shall be sent within five (5) business days to the local county health department and the Commission. If service is disconnected using a water shut-off valve, the utility is not required to notify the county health department.
5. Prohibited Disconnection
- 1. Except as otherwise provided in subsection M-1 and M-2, the Company shall postpone disconnection of Residential Service for thirty (30) days if, prior to the disconnect date specified in the disconnect notice, the Customer provides the Company a medical statement from a licensed physician or public health official stating that disconnection would be a serious and immediate threat to the health or safety of a designated person in the household of the Customer.
 - 2. The Company may not disconnect service to the Customer:

- i. Due to nonpayment for service by a previous occupant of the Premises to be served.
 - ii. Upon failure to pay for goods or services not approved by the Commission.
 - iii. Upon failure to pay for concurrent service received at a separate Premises. However, if Service is discontinued or terminated at the separate Premises, any unpaid balance may be transferred to the other account on the next regular billing.
 - iv. Upon failure to pay for a different class of service received at the same or different locations: or
 - v. Upon failure to pay for service provided in the name of another Customer.
 3. If a Customer proceeds with a complaint before the Commission pursuant to Commission Rules and complies with Rule K Disputed Bills.
6. Notice and procedure for Involuntary Disconnection
 1. Except as otherwise provided in Section M-2, service to any Customer shall not be disconnected for a violation of any rule or regulation of the Company or for the nonpayment of a bill, except after seven (7) days prior written notice to such Customer.
 2. The Company may discontinue service to a Customer on the date specified in the notice of discontinuation. or within a reasonable time thereafter, only between the hours of 8:00 a.m. and 4:00 p.m.
 3. Service shall not be discontinued on a day, or a day immediately preceding a day, when the services of the Company are not available to the general public for the purpose of reconnecting discontinued water service.

N. Reconnection of Service After Discontinuance

1. When service has been discontinued because of violations of the Rates, Rules, Regulations and Conditions of Water Service or because of nonpayment, a reconnection charge will be made as set forth in the schedule of the rates and charges of the Company.
2. The Company will reconnect service within the one (1) working day after it is requested provided:
 1. The conditions, circumstances or practices which caused the disconnection have been corrected;
 2. Satisfactory settlement of all delinquent charges owed the Company by the Customer authorized by these rules has been made; and

3. A responsible person is present in the Premises to see that all water outlets are closed to prevent damage from escaping water.
3. No Customer whose service has been discontinued by the Company shall re-establish service or cause service to be re-established except by the Company.

O. Modifications of Facilities at Customers Expense

1. If a Customer requests for their convenience, or by their actions requires, that the Company's facilities be relocated or modified, compatible with water utility construction practices, the Company will require reimbursement for the full cost of performing such service.
2. Where such changes become necessary due to altered or additional use on the Customer's part, such as the causing of pressure fluctuations which affect service to other Customers or damage to the Company's system, the Customer shall bear the cost of such changes in the facilities in question.

P. Requirements for Valves and Other Devices

1. Check valves, relief valves, flush valves and vacuum breakers required or recommended by this rule must be installed and maintained by, and at the cost and expense of the Customer.
2. Check and relief valves will be required for Customers having boilers, hot water heaters (heating systems) connected directly or indirectly with the Distribution Mains of the Company. The check valve must be in the supply pipe to any heating system and a relief valve between the check valve and heating system.
3. As a precaution against collapse of boilers, a vacuum valve should be installed in the steam line in case the water supply is interrupted.
4. The Company is not responsible for accidents or damages resulting from imperfect action or failure of check, relief or vacuum valves or failure of the Customer to provide necessary safety devices.
5. Any Customer desiring or requiring a pressure reducing device for water service to their Premises shall install and maintain such device at their cost and expense.

Q. Plumbing Regulation and Work

1. All plumbing work shall be done in accordance with the plumbing code of the Governmental Unit or units applicable in the Company's service area and/or regulations adopted by any duly constituted board or commission having Jurisdiction.

2. All plumbing work connected to the Company Distribution Mains shall be submitted for Company inspection before being covered.
3. If the Company determines plumbing work to be defective, though not necessarily in direct violation of these rules and regulations, the Company may insist it be corrected before water service is initiated.
4. Except where the plumbing is a simple extension or additional fixture on a service in use, the plumber shall turn off the water after completion testing.
5. No plumber, or any other person, shall initiate water service without permission from the Company.
6. No plumber, or any other person, shall connect to the Company Distribution Main or to any service pipe or extend pipe to any Premises for the purpose of securing a supply of water until application has been made and accepted by the Company as provided in these Rates, Rules, Regulations and Conditions of Water Service.

R. Cross Connections

1. A cross-connection is any physical connection whereby the Company's public water supply is connected with any other water supply, whether public or private, either inside or outside of any building or buildings, in such manner that a flow of water into the Company's public water supply is possible either through the manipulation of valves or because of ineffective check or back-pressure valves, or because of any other arrangement.
2. By-pass arrangements, jumper connections, removable sections, swivel or change-over devices, and other temporary or permanent devices through which, or because of which, backflow can occur, are considered to be cross-connections.
3. No cross-connection will be permitted unless an acceptable form of protection against contamination by backflow into the water distribution system is provided. An acceptable form of protection is one which meets the approval of the Tennessee Department of Health, or any successor agency or organization, and the local regulating health agency. The required protective device or system shall be provided and installed by the Customer and maintained by him in good working condition at their own cost and expense and shall be subject to the inspection, Testing, and approval of the Company before being placed in service, and at such times thereafter as may be deemed necessary by the Company.
4. Any cross-connection in violation of this rule shall immediately be removed or corrected in a manner acceptable to the Tennessee Department of Health, or any successor agency or organization and the local regulation health

authority, and the Company. Failure to do so may result in discontinuance of water service without notice.

5. The Customer Service Pipe and all connections and fixtures attached on a Customer's Private Fire Protection Service system shall be subject to the inspection of the Company to determine compliance with its cross-connection rule before water will be turned on, and all Premises receiving a supply of water and all Service Pipes, Meters and fixtures, including any and all fixtures within the Premises, shall at all reasonable hours be subject to inspection by any duly authorized employee(s) of the Company.

S. Extension Plan

1. Water

1. This rule shall govern the extension of mains by the Company within its certified area where there are no water mains.
2. Upon receipt of a written application for a main extension, the Company will provide the applicant(s) an itemized estimate of the cost of the proposed extension. This estimate shall include the cost of all labor and materials required, including valves, fire hydrants, booster stations, storage facilities, reconstruction of existing mains (if necessary), jack and bore, and the direct costs associated with supervision, engineering, permits, and bookkeeping. The estimate will not include unanticipated costs such as rock excavation.
3. Applicant(s) shall enter into a contract with the Company for the installation of said extension and shall tender to the Company the amount determined in subsection 2 above. Any applicable New Service Connection Fee will become due after the cost incurred by the Company has been ascertained and as specified in the Schedule of Service Charges. The contract may allow the Customer to contract with an independent contractor for the installation and supply of material, except that mains of twelve (12") or greater diameter must be installed by the Company, and the reconstruction of existing facilities must be done by the Company.
4. If a developer contracts with the Company for a main extension and agrees to pay the full cost of the extension, including all labor, materials, and other associated costs, the developer will not be entitled to any refunds. These main extensions will remain the property

of the Company, and the developer will have no claim to refunds for future connections or extensions.

5. The cost to single-family residential applicant(s) connecting to a main extension for which other applicant(s) paid an amount determined in subsection 2, above, subject to subsequent adjustment for actual cost, shall be as follows:
 - i. For single-family residential applicant(s) applying for service in a platted subdivision, the Company shall divide the actual cost of the extension by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing mains shall be excluded.
 - ii. For single-family residential applicant(s) applying for service in areas that are unplatted in subdivision lots, an applicant(s) cost shall be equal to the total cost of the main extension divided by the total length of the main extension in feet times one hundred (100) feet.
 - iii. For industrial, commercial, or multifamily residential applicants, the cost will be equal to the amount calculated for single-family residence in subsection 5(i) and 5(ii) above, multiplied by the flow factors of the applicants' meter. The flow factors of the various sizes of meters are as follows:

Meter Size	Flow Factor
5/8"	1.0
3/4"	1.0
1"	1.25
2"	2.9
4"	14.0

6. Refunds of funds paid by applicant(s) outside of developers for any estimated costs or actual costs of a main extension shall be made to such applicant(s) as follows:

- i. Should the actual cost of the extension be less than the estimated cost, the Company shall refund the difference to the applicant(s) as soon as the actual cost has been ascertained.
 - ii. During the first five (5) years after the main extension is completed, the Company will refund to the applicant(s) who paid for the extension the money collected from applicant(s) in accordance with subsection 5 above. The refund will be paid within a reasonable time after the money is collected.
 - iii. The sum of all refunds to any applicant shall not exceed the total amount which the applicant(s) has paid.
7. Extensions made under this rule shall be and remain the property of the Company.
8. The Company reserves the right to further extend the main and to connect mains on intersecting streets and easements. Connecting new Customers to such further extensions shall not entitle the applicant(s) paying for the original extension to a refund for the connection of such Customers.
9. Extensions made under this rule shall be of Company-approved pipe sized to meet water service requirements. If the Company chooses to size the extension larger in order to meet the Company's overall system requirements, the additional cost caused by the larger size of pipe shall be borne by the Company.

No interest will be paid by the Company on payments for the extension made by the applicant(s).

10. If extensions are required on private roads, streets, through private property, or on private property adjacent to public right-of-way, a proper deed of easement must be furnished to the Company without cost to the Company, before the extension will be made.

2. Sewer

1. Collecting sewers will be extended within the Company's certificated service area, at the applicant's cost, if service is requested by the

applicant at a location where facilities do not exist (the "applicant" is sometimes referred to in this rule as the "original applicant"). The applicant shall enter into a contract with the Company. The applicant may choose to have the Company perform all work under the terms and conditions of this tariff or have a private contractor perform the work under the terms and conditions this tariff. For purposes of this rule, an extension could include, in addition to a collecting sewer, one or more pump station or treatment plant facilities, as necessary to provide the service.

2. The pipe used in making extensions shall be of a type and size which will be reasonably adequate for the area to be served. Such determination as to size and type of pipe shall be left solely to the judgment of the Company. If the Company desires a pipe size, lift station, treatment plant, or any other facility larger than reasonably required to provide service to the applicant, the additional cost due to larger size shall be borne by the Company.
3. The Company will extend collecting sewers for the applicant under the following terms and conditions:
 - i. Upon receipt of written application for service, the Company will provide the applicant an itemized estimate of the cost of the proposed extension. Said estimate shall include the cost of all labor and materials required, including reconstruction of existing facilities if necessary, jack and bore and the direct costs associated with supervision, engineering, permits, and bookkeeping.
 - ii. The applicant shall enter into a contract with the Company for the installation of said extension and shall tender to the Company a contribution-in-aid-of-construction equal to the amount determined above, plus any appropriate fees as provided in the Schedule of Rates or the Schedule of Service Charges.
 - iii. If, as a result of reasonably unforeseen circumstances, the actual cost of the extension exceeds the estimated cost of the extension, the applicant shall pay the additional cost.

4. When the applicant elects to construct an extension, the Company will connect said extension to its existing collecting sewers under the following terms and conditions:
 - i. Applicant shall enter into a contract with the Company which provides that the applicant construct said collecting sewers and/or other facilities to meet the requirements of all governmental agencies and the Company's rules. Plans for the extension shall be submitted to the Company for approval prior to construction. Applicant's choice of construction contractor is subject to approval by the Company. Applicant shall contribute said facilities to the Company with a detailed accounting of the actual cost of construction, and contribute to the Company the estimated reasonable cost of the Company's inspection.
 - ii. The Company, or its representative, shall have the right to inspect and test the extension prior to connecting it to the existing collecting sewers and acceptance of ownership.
 - iii. Connection of the extension to existing Company collecting sewers shall be made by, or under direct supervision of, the Company or its representative.
 - iv. The Company shall have the right to refuse ownership and responsibility for the sewer extension until applicant has met the contractual obligations as provided in subsection 4(i).
5. If a developer contracts with the Company to install the sewer extension and agrees to pay the full cost of the extension, including all labor, materials, and associated costs, the developer will not be entitled to any refunds. These sewer extensions will remain the property of the Company, and the developer will have no claim to refunds for future connections or extensions.
6. The cost to additional applicants connecting to the sewer contributed by the original applicant shall be as follows:

- i. For a single-family residential applicant applying for service in a platted subdivision, the Company shall divide the actual cost of the extension, including income tax impact if any, by the number of lots abutting said extension to determine the per lot extension cost. When counting lots, corner lots which abut existing sewers shall be excluded.
 - ii. For a single-family residential applicant requesting service to areas that are not platted in subdivision lots, the applicant's cost shall be equal to the total cost of the extension times 100 feet divided by the total length of the extension in feet.
 - iii. For an industrial, commercial, or multi-family residential applicant, the cost will be equal to the amount calculated for a single-family residence in subsection 4(i) or 4(ii), as appropriate, multiplied by a water usage factor. The water usage factor shall be determined by dividing the average monthly usage in gallons by 7,000 gallons, but shall not be less than 1.
- 7. Refunds of contributions shall be made to the original applicant as follows:
 - i. Should the actual cost of an extension constructed by the Company actual costs for inspection by the Company be less than the estimated cost, the Company shall refund the difference as soon as the actual cost has been ascertained.
 - ii. During the first five (5) years after the extension is completed, the Company will refund to the original applicant who paid for the extension monies collected from additional applicants in accordance with subsection 4 above.
 - iii. The sum of all refunds to the applicant shall not exceed the total contribution, including income tax and inspection costs associated with the extension, which the applicant has paid.
 - iv. If two or more entities are considered an original applicant, the refund shall be distributed to each entity based upon the

percentage of the actual extension cost contributed by each entity.

8. Any extension made under this rule shall be and remain the property of the Company in consideration of its perpetual upkeep and maintenance.
9. The Company reserves the right to connect additional extensions to a collecting sewer contributed by the applicant. The connection of new customers to such additional extensions shall not entitle the applicant to any refund.

T. Interruptions In or Curtailment Of Water Supply

1. The Company reserves the right at any time to shut off the water in the Distribution Mains in case of accident or emergency, or for the purpose of making connections, extensions, improvements, alterations, repairs, changes, or for other proper business or utility reasons, and may restrict the use of water to reserve a sufficient supply in its reservoirs for public fire service or other emergencies whenever the public welfare may so require.
2. When, in the judgment of the Company, sufficient supplies of water are not available to meet existing and anticipated demands or to preserve and replenish water storage in amounts sufficient to provide fire protection, the Company shall have the right to restrict, limit, curtail or interrupt water service to any Customer or Customers. The Company shall not be liable for any damage by reason of any such restriction, limitation, curtailment or interruption.
3. During any period of Company imposed restricting or curtailing water service, the Company shall not supply new service or additional service to any Customer, except for residential Premises occupied for which application for service has previously been made.
4. When feasible, prior to the application of this rule, the Company shall use its best efforts to inform the public of the emergency nature of its water supply situation and request voluntary curtailment of water usage by all Customers.
5. The Company shall endeavor to maintain a supply of water to provide for the sanitary and health requirements of its residential and human needs Customers (hospitals, medical centers, nursing homes, and apartments) and its fire protection service. The Company shall first order curtailment of usage by all Customers for sprinkling, decorative fountains, swimming pools and other similar nonessential usage. Thereafter, the Company shall curtail or

limit on a pro rata basis water usage to all Customers whose average daily volume of water purchased during the preceding calendar year exceeded 100,000 gallons for any billing month during such period; provided, the Company reserves the right to order temporary, limitation or interruption of water usage for any Customer without regard to any Priority of Service when in its judgment such temporary, limitation or interruption is necessary to forestall injury to life or property. If any Customer fails to comply with any mandatory restriction, limitation or interruption of Service imposed under this paragraph (d), the Company may discontinue service to such Customer.

6. Company notice to Customers may be given by written notice or it may be given orally by any authorized agent of the Company. The notice shall be considered given when actually communicated in the case of oral notice or deposited in the United States Mail, if written.
- U. Interruptions in Wastewater Service: Where Company finds that through no fault of the Customer the Customer's wastewater service is interrupted and remains out of service in excess of twenty-four (24) hours after the Customer has notified the Company of the interruption, the Company shall refund to that Customer the pro-rata portion of the month's charges for the period of days during which the service was not provided. The Company may refund the amount owed as a credit toward the Customer's subsequent bill for service.
- V. Responsibility of Company
 1. Under normal conditions of use of water, the pressure at a Customer's service connection shall be not less than twenty-five (25) psig. Pressure outside the limits specified will not be considered a violation when the variations: (a) arise from the action of the elements; (b) are infrequent fluctuations not exceeding five (5) minutes' duration; (c) arise from service interruptions; and (d) are from causes beyond the control of the utility.
 2. The Company will undertake to use reasonable care and diligence to prevent and avoid interruptions and fluctuations in water service and to maintain reasonable pressure on the distribution system, but it cannot and does not guarantee to furnish at all times any given quantity for fire or general purposes or that interruptions or fluctuations in service will not occur. In the event there occurs any excess or deficiency in the pressure, volume or supply of water for any cause whatsoever, other than willful default or neglect on the part of the Company, the Company shall not in any way or under any circumstances be held liable or responsible to any person, firm, corporation or Governmental unit for any resulting loss or damage.
 3. Unless due to willful default or neglect on the part of the Company, the Company shall not be liable for any damages resulting from the breaking of

mains or service pipes, interruption of the supply of water or cutting off water for necessary repairs or maintenance, or from any other act, omission or event.

4. The Company shall in no event be responsible for maintaining any service line owned by the Customer, nor for damages created by sewage escaping therefrom, nor for defects in lines or fixtures on the property of the Customer. The Customer shall at all times comply with all regulations of the Commission, and of the Company, relating to the service lines and shall make all changes in his line required on account of grade or otherwise. All leaks in any pipe or fixture on the Premises of the Customer shall be immediately repaired. If the Customer fails to repair any such leak, the service may be discontinued until repairs are made.
5. The Company shall not be considered an insurer of property or persons. or to have undertaken to extinguish fire or to protect any persons or property against loss or damage by fire, or otherwise. The Company agrees only to furnish and provide such supply of water as shall then be available.

W. Ownership of Property

1. Water

1. Unless otherwise agreed to, all pipe, fittings, equipment, Meters or other fixtures installed at the expense of the Company shall at all times be and remain the property of the Company and may at any time during reasonable hours be inspected by the Company and/or removed by it for repairs or replacements, or upon the Discontinuance of Service.

2. Sewer

1. For Customers with gravity connections, the Customer shall own and maintain all piping within the Premises and exterior piping and service lines.
2. For Customers with Grinder Pumps, the Customer shall own and maintain all piping within the Premises and external piping connecting to the Grinder Pump. The Company shall maintain the grinder pump and service line and the Customer shall be responsible for the cost of repair and maintenance of the grinder pump and service line. The Customer shall be responsible for furnishing and maintaining electrical power to the grinder pump.

EXHIBIT 18

Surety Bond

TENNESSEE PUBLIC UTILITY COMMISSION
PUBLIC UTILITY SERVICE PROVIDER'S SURETY BOND
Limestone Utility Operating Company, LLC

Bond #: RCB0036021

WHEREAS, Limestone Utility Operating Company, LLC ("Principal"), holds a Certificate of Public Convenience and Necessity ("CCN") with amendments to operate public wastewater utilities in each extended territory approved by the Tennessee Public Utility Commission, subject to the laws of the State of Tennessee and rules and regulations of the Tennessee Public Utility Commission ("Commission") relating to the operation of a public wastewater utility; and

WHEREAS, under the provisions of Title 65, Chapter 4, Section 201 (e) of the Tennessee Code Annotated, a public utility providing wastewater service is required to post a bond in order to maintain such authority and to ensure the proper operation and maintenance of the public utility, conditioned as prescribed in Tenn. Comp. R. & Regs. Chapter 1220-4-13; and

WHEREAS RLI Insurance Company ("Surety"), a corporation licensed to do business in the State of Tennessee and duly authorized by the Tennessee Commissioner of Insurance to engage in the surety business in this state pursuant to Title 56, Chapter 2 of the Tennessee Code Annotated, has agreed to issue this bond in order to permit the Principal to comply with the provisions of Title 65, Chapter 4, Section 201 of the Tennessee Code Annotated and Tenn. Comp. R. & Regs. Chapter 1220-4-13.

NOW THEREFORE, BE IT KNOWN, that we the Principal and the Surety are held and firmly bound to the STATE OF TENNESSEE, in accordance with the provisions of Tennessee Code Annotated, Title 65, Chapter 4, Section 201 and Tenn. Comp. R. & Regs. Chapter 1220-4-13 in the full amount of Three Hundred Thousand and 00/100 (\$300,000.00) lawful money of the United States of America to be used to enable the continued operation of the public wastewater utility for the full and prompt payment of any monetary obligation imposed against the Principal, its representatives, successors or assigns, in any contested case proceeding brought under Title 65 of Tennessee Code Annotated or by Tenn. Comp. R. & Regs. Chapter 1220-4-13 on behalf of the TPUC, for which obligation we bind ourselves, our representatives, successors and assigns, each jointly and severally, firmly and unequivocally by these presents.

This bond shall become effective on the 19th of January, 2022, and shall be continuous; provided, however, that each annual renewal period or portion thereof shall constitute a new bond term. Regardless of the number of years this bond may remain in force, the liability of the Surety shall not be cumulative, and the aggregate liability of the Surety for any and all claims, suits or actions under this bond shall not exceed Three Hundred Thousand and 00/100 (\$300,000.00). The Surety may cancel this bond by giving sixty (60) days written notice of such cancellation to the Commission and Principal by certified mail, it being understood that the Surety shall not be relieved of liability that may have accrued under this bond prior to the date of cancellation.

PRINCIPAL

Limestone Utility Operating Company, LLC
Name of Company authorized by the TPUC

1650 Des Peres Rd., Suite 303, St. Louis, MO 63131
Address of Principal

SIGNATURE OF PRINCIPAL

Name:
Title:

SURETY

RLI Insurance Company
Name of Surety

9025 N. Lindbergh Drive, Peoria, IL 61615
Address of Surety

SIGNATURE OF SURETY AGENT

Name: Trudy Whitrock
Title: Attorney-in-Fact

Address of Surety Agent:
Charles L. Crane Agency
100 N. Broadway, Suite 900
St. Louis, MO 63102

THIS BOND IS ISSUED IN ACCORDANCE WITH THE PROVISIONS OF SECTION 201, CHAPTER 4, TITLE 65 OF THE TENNESSEE CODE ANNOTATED AND TENN. COMP. R. & REGS. CHAPTER 1220-4-13. SHOULD THERE BE ANY CONFLICT WITH THE TERMS HEREOF AND THE STATUTE OR REGULATIONS PROMULGATED THEREUNDER, THE STATUTE OR REGULATIONS SHALL PREVAIL. (POWER OF ATTORNEY FROM AN APPROVED INSURANCE COMPANY MUST BE ATTACHED.)

ACKNOWLEDGMENT OF PRINCIPAL

STATE OF ~~TENNESSEE~~ Missouri
COUNTY OF St. Louis

Before me, a Notary Public of the State and County aforesaid, personally appeared Josiah Cox with whom I am personally acquainted and who, upon oath, acknowledged himself to be the individual who executed the foregoing bond on behalf of Limestone Utility Operating Co., and he acknowledged to me that he executed the same.

WITNESS my hand and seal this 20th day of January, 2022.

My Commission Expires:

May 4th, 2024

Daniel Ryan Janowiak
Notary Public



ACKNOWLEDGMENT OF SURETY

STATE OF MISSOURI
COUNTY OF St. Louis

Before me, a Notary Public of the State and County aforesaid, personally appeared Trudy Whitrock with whom I am personally acquainted and who, upon oath, acknowledged himself to be the individual who executed the foregoing bond on behalf of RLI Insurance Company, the within named Surety, a corporation licensed to do business in the State of Tennessee and duly authorized by the Tennessee Commissioner of Insurance to engage in the surety business in this state pursuant to Title 56, Chapter 2 of the Tennessee Code Annotated, and that he as such an individual being authorized to do so, executed the foregoing bond, by signing the name of the corporation by himself and as such individual.

WITNESS my hand and seal this 19th day of January, 2022.

My Commission Expires:

April 9th, 2022

David Christopher James
Notary Public



APPROVAL AND ENDORSEMENT

This is to certify that I have examined the foregoing bond and found the same to be sufficient and in conformity to law, that the sureties on the same are good and worth the penalty thereof, and that the same has been filed with the Tennessee Public Utility Commission, State of Tennessee, this _____ day of _____, 20____.

Name:

Title:

POWER OF ATTORNEY

RLI Insurance Company Contractors Bonding and Insurance Company

9025 N. Lindbergh Dr. Peoria, IL 61615
Phone: 800-645-2402

Know All Men by These Presents:

That this Power of Attorney is not valid or in effect unless attached to the bond which it authorizes executed, but may be detached by the approving officer if desired.

That **RLI Insurance Company** and/or **Contractors Bonding and Insurance Company**, each an Illinois corporation, (separately and together, the "Company") do hereby make, constitute and appoint:

Theresa A. Hunziker, Gregory L. Stanley, Michael T. Reedy, Linda McCarthy, Gerald M. Rogers, Harold F. James, Stephen J. Alabach,
Joel Karsten, Karen Speckhals, Cindy Rohr, Terri Hunziker, Christopher J. O Hagan, Brandi L. Bullock, Don K. Ardolino, Kimberly
Ann Connell, Trudy Whitrock, Michelle Wilson, jointly or severally

in the City of Saint Louis, State of Missouri its true and lawful Agent(s) and Attorney(s) in Fact, with full power and authority hereby conferred, to sign, execute, acknowledge and deliver for and on its behalf as Surety, in general, any and all bonds and undertakings in an amount not to exceed Twenty Five Million Dollars (\$25,000,000.00) for any single obligation.

The acknowledgment and execution of such bond by the said Attorney in Fact shall be as binding upon the Company as if such bond had been executed and acknowledged by the regularly elected officers of the Company.

RLI Insurance Company and/or **Contractors Bonding and Insurance Company**, as applicable, have each further certified that the following is a true and exact copy of a Resolution adopted by the Board of Directors of each such corporation, and is now in force, to-wit:

"All bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys in Fact or Agents who shall have authority to issue bonds, policies or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

IN WITNESS WHEREOF, the **RLI Insurance Company** and/or **Contractors Bonding and Insurance Company**, as applicable, have caused these presents to be executed by its respective Vice President with its corporate seal affixed this 19th day of February, 2021.



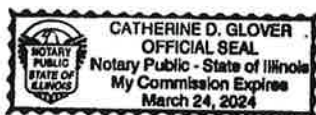
RLI Insurance Company
Contractors Bonding and Insurance Company

By: Barton W. Davis
Barton W. Davis Vice President

State of Illinois }
County of Peoria } SS

On this 19th day of February, 2021, before me, a Notary Public, personally appeared Barton W. Davis, who being by me duly sworn, acknowledged that he signed the above Power of Attorney as the aforesaid officer of the **RLI Insurance Company** and/or **Contractors Bonding and Insurance Company** and acknowledged said instrument to be the voluntary act and deed of said corporation.

By: Catherine D. Glover
Catherine D. Glover Notary Public



CERTIFICATE

I, the undersigned officer of **RLI Insurance Company** and/or **Contractors Bonding and Insurance Company**, do hereby certify that the attached Power of Attorney is in full force and effect and is irrevocable; and furthermore, that the Resolution of the Company as set forth in the Power of Attorney, is now in force. In testimony whereof, I have hereunto set my hand and the seal of the **RLI Insurance Company** and/or **Contractors Bonding and Insurance Company** this 19th day of January, 2022.

RLI Insurance Company
Contractors Bonding and Insurance Company

By: Jeffrey D. Fick
Jeffrey D. Fick Corporate Secretary

EXHIBIT 19

Grand Junction's Annual Reports

**CITY OF GRAND JUNCTION,
TENNESSEE**

ANNUAL FINANCIAL REPORT

JUNE 30, 2024

CITY OF GRAND JUNCTION, TENNESSEE

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024

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CITY OF GRAND JUNCTION, TENNESSEE

ROSTER OF PUBLICLY ELECTED OFFICIALS AND MANAGEMENT OFFICIALS

JUNE 30, 2024

PUBLICLY ELECTED OFFICIALS

Curtis Lane	Mayor
Ben Allen	Vice-Mayor
Robert Webb	Alderman
Frank Bell	Alderman
Courtney Breeden	Alderman
Isaiah Hunt	Alderman
Steve Luellen	Alderman

MANAGEMENT OFFICIALS

Lorie Rice	City Recorder/CMFO



Independent Auditor's Report

To the Mayor and City Council
City of Grand Junction, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grand Junction, Tennessee, (the City) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plan of TCRS, schedule of contributions based on participation in the public employee pension plan of TCRS on pages 5–8 and 37–39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental information (pages 40-50) is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

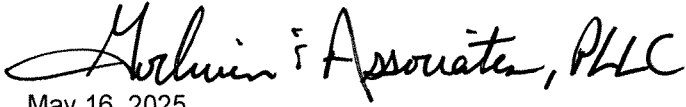
Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2025, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Yohann F. Associates, PLLC". The signature is written in a cursive, flowing style.

May 16, 2025

**CITY OF GRAND JUNCTION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2024**

Our discussion and analysis of the City of Grand Junction, Tennessee, will offer readers of the City's financial statements a narrative overview and review of the financial activities of the City for the fiscal year ended June 30, 2024. Readers are encouraged to consider the information presented here in conjunction with the City's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 9. The following is one of the most important questions asked about the City's finances, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The *statement of net position* presents financial information on all of the City's assets, liabilities, deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal 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 related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows of future fiscal periods.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the general administration, police, fire, public works, health, welfare, and recreation. Property taxes, local sales taxes, and state shared revenue finance most of these activities.
- Business-type activities – The City charges a fee to customers to help cover all or most of the costs of certain services it provides. The City's water and sewer operations are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the most significant funds (not the City as a whole). Some funds are required to be established by State law. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

- *Governmental Funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the

City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

- *Proprietary Funds* – When the City charges customers for the services it provides – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 – 36.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide pension benefits to its employees which can be found on pages 37-39.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions. Supplementary information can be found on pages 40 – 50 of this report.

THE CITY AS A WHOLE

For the year ended June 30, 2024 net position changed as follows:

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 658,035	\$ 534,560	\$ 411,843	\$ 298,665	\$ 1,069,878	\$ 833,225
Capital Assets	2,093,205	1,820,210	1,129,125	841,100	3,222,330	2,661,310
Total Assets	2,751,240	2,354,770	1,540,968	1,139,765	4,292,208	3,494,535
Total deferred outflows of resources	9,249	7,017	12,267	9,387	21,516	16,404
Long term liabilities	127,549	140,671	211,741	218,042	339,290	358,713
Other liabilities	86,361	4,083	126,511	59,118	212,872	63,201
Total Liabilities	213,910	144,754	338,252	277,160	552,162	421,914
Total deferred inflows of resources	156,786	83,904	7,519	8,554	164,305	92,458
Net Position						
Net investment in capital assets	1,970,101	1,680,960	922,602	623,058	2,892,703	2,304,018
Restricted	43,910	37,220	-	-	43,910	37,220
Unrestricted	375,782	414,949	284,862	240,380	660,644	655,329
Total Net Position	\$ 2,389,793	\$ 2,133,129	\$ 1,207,464	\$ 863,438	\$ 3,597,257	\$ 2,996,567

The City's combined net position increased by \$600,690 or 20.05% during the fiscal year. Of that total increase, business-type activities net position increased by \$344,026 or 39.84%. The City's governmental activities net position increased by \$256,664 or 12.03%.

Governmental Activities

Revenues for the City's governmental activities increased by 21.99% (\$116,880) while total expenses decreased by 15.25% (\$70,520).

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

Business-type Activities

The changes in net position of business-type activities are described below:

- The City's Water and Sewer Fund had an increase of \$344,026 compared to an increase in the prior year of \$34,387.

The following schedule presents a summary of the City's operations for the fiscal year ended June 30, 2024 with comparative totals for year ended June 30, 2025.

	Governmental Activities		Business-type Activities		TOTAL	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program Revenues:						
Fees, fines and charges for services	\$ 37,934	\$ 66,621	\$ 365,136	\$ 314,819	\$ 403,070	\$ 381,440
Operating grants and contributions	106,697	87,893	-	-	106,697	87,893
Capital grants and contributions	-	-	306,495	-	306,495	-
General Revenues:						
Property taxes	83,474	59,618	-	-	83,474	59,618
Sales taxes	178,976	201,216	-	-	178,976	201,216
Public service	12,625	9,401	-	-	12,625	9,401
Investment earnings	2,912	474	4,222	808	7,134	1,282
Insurance recovery	1,690	42,330	-	-	1,690	42,330
Miscellaneous	224,162	64,037	-	-	224,162	64,037
Total revenues	648,470	531,590	675,853	315,627	1,324,323	847,217
Expenses:						
General government and administration	202,776	162,743	-	-	202,776	162,743
Public safety	94,946	176,696	-	-	94,946	176,696
Public works	47,276	70,806	-	-	47,276	70,806
Health, welfare and recreation	40,625	45,189	-	-	40,625	45,189
Interest	6,183	6,892	-	-	6,183	6,892
Water and Sewer	-	-	331,827	281,240	331,827	281,240
Total expenses	391,806	462,326	331,827	281,240	723,633	743,566
Change in net position	256,664	69,264	344,026	34,387	600,690	103,651
Net position - beginning	2,133,129	2,063,865	863,438	829,051	2,996,567	2,892,916
Net position - ending	\$ 2,389,793	\$ 2,133,129	\$ 1,207,464	\$ 863,438	\$ 3,597,257	\$ 2,996,567

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a combined fund balance of \$407,842, which is a 9.53% decrease from the last year's total of \$450,820.

General Fund Budgetary Highlights

Over the course of the year, the City had various revisions to the budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 2024, the City had \$3,222,330 invested in a broad range of capital assets, including fire equipment, buildings, parks facilities, water and sewer lines, and equipment, and various other equipment. Additional information on capital assets is in Note 3.C.

Debt

At year-end, the City had \$339,290 in outstanding long-term debt compared to \$360,382 last year.

ECONOMIC FACTORS

The City expects higher revenues and operating costs in 2024-2025 as compared to 2023-2024.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact Pamela Parchman at City Hall in Grand Junction, Tennessee.

Pamela Parchman
City Recorder

CITY OF GRAND JUNCTION TENNESSEE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 365,031	\$ 143,405	\$ 508,436
Investments	17,611	113,254	130,865
Receivables:			
Property taxes	163,832	-	163,832
Grants	71,400	107,996	179,396
Accounts receivable, net of allowance	-	40,229	40,229
Prepaid	12,856	10,331	23,187
Internal balances	3,372	(3,372)	-
Due from other governments	23,933	-	23,933
Capital assets not being depreciated:			
Land	16,000	80,270	96,270
Construction in progress	101,064	119,995	221,059
Capital assets net of accumulated depreciation:			
Buildings	1,453,198	44,412	1,497,610
Improvements	41,775	-	41,775
Other	45,058	-	45,058
Equipment	436,110	37,300	473,410
Distribution plant	-	847,148	847,148
Total assets	<u>2,751,240</u>	<u>1,540,968</u>	<u>4,292,208</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	<u>9,249</u>	<u>12,267</u>	<u>21,516</u>
	<u>9,249</u>	<u>12,267</u>	<u>21,516</u>
LIABILITIES			
Accounts payable	86,361	123,124	209,485
Customer deposits	-	3,387	3,387
Noncurrent liabilities:			
Long-term debt due within one year	16,900	12,042	28,942
Long-term debt due in more than one year	106,204	194,481	300,685
Net pension liability	4,445	5,218	9,663
Total liabilities	<u>213,910</u>	<u>338,252</u>	<u>552,162</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	6,405	7,519	13,924
Unavailable revenues - property taxes	<u>150,381</u>	<u>-</u>	<u>150,381</u>
	<u>156,786</u>	<u>7,519</u>	<u>164,305</u>
NET POSITION			
Net investment in capital assets	1,970,101	922,602	2,892,703
Restricted for:			
State Street Aid	19,681	-	19,681
Police Drug Fund	5,385	-	5,385
Sanitation	18,844	-	18,844
Unrestricted	375,782	284,862	660,644
TOTAL NET POSITION	<u>\$ 2,389,793</u>	<u>\$ 1,207,464</u>	<u>\$ 3,597,257</u>

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

CITY OF GRAND JUNCTION TENNESSEE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

		PROGRAM REVENUES			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Program Activities	Expenses						
Governmental activities:							
General Government	\$ 202,776	\$ 1,102	\$ 78,200	\$ -	\$ (123,474)	\$ -	\$ (123,474)
Public Safety	94,946	10,544	16,676	-	(67,726)	-	(67,726)
Public Works	47,276	26,288	11,821	-	(9,167)	-	(9,167)
Health, Welfare and Recreation	40,625	-	-	-	(40,625)	-	(40,625)
Interest expense	6,183	-	-	-	(6,183)	-	(6,183)
Business-type activities:							
Water and Sewer Fund	331,827	365,136	-	306,495	-	339,804	339,804
Total business-type activities	331,827	365,136	-	306,495	-	-	339,804
Total government	\$ 723,633	\$ 403,070	\$ 106,697	\$ 306,495	(247,175)	339,804	92,629
		General revenues:					
		Taxes:					
		Property			83,474	-	83,474
		Sales			178,976	-	178,976
		Public service			12,625	-	12,625
		Investment earnings			2,912	4,222	7,134
		Insurance recovery			1,690	-	1,690
		Miscellaneous			224,162	-	224,162
		Total general revenues and transfers			503,839	4,222	508,061
		Change in net position			256,664	344,026	600,690
		Net position- beginning			2,133,129	863,438	2,996,567
		Net position - ending			\$ 2,389,793	\$ 1,207,464	\$ 3,597,257

CITY OF GRAND JUNCTION TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
ASSETS			
Cash and cash equivalents	\$ 326,548	\$ 38,483	\$ 365,031
Investments	17,611	-	17,611
Prepaid insurance	12,856	-	12,856
Taxes receivable (net of allowance of \$2,000)	163,832	-	163,832
Grants receivable	71,400	-	71,400
Due from other funds	11	3,372	3,383
Due from other governments	21,867	2,066	23,933
Total assets	<u>\$ 614,125</u>	<u>\$ 43,921</u>	<u>\$ 658,046</u>
LIABILITIES			
Accounts payable	\$ 86,361	\$ -	\$ 86,361
Due to other funds	-	11	11
Total liabilities	<u>86,361</u>	<u>11</u>	<u>86,372</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	<u>163,832</u>	<u>-</u>	<u>163,832</u>
FUND BALANCE			
Restricted			
State street aid fund	-	19,681	19,681
Sanitation fund	-	18,844	18,844
Drug fund	-	5,385	5,385
Unassigned			
General fund	<u>363,932</u>	<u>-</u>	<u>363,932</u>
Total fund balances	<u>363,932</u>	<u>43,910</u>	<u>407,842</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 614,125</u>	<u>\$ 43,921</u>	<u>\$ 658,046</u>

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

CITY OF GRAND JUNCTION TENNESSEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET
POSITION
JUNE 30, 2024

Total fund balance - total governmental funds	\$ 407,842
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	2,093,205
Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:	
Add: deferred outflows of resources	9,249
Less: deferred inflows of resources	(6,405)
Net pension liabilities of the agent plan are not current financial resources and therefore are not reported in the governmental funds.	(4,445)
Some property tax will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues in the governmental funds.	13,451
Note payable reported on the government wide	<u>(123,104)</u>
Net position of governmental activities	<u><u>\$ 2,389,793</u></u>

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

CITY OF GRAND JUNCTION TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	General	Other Governmental Funds	Total Governmental Funds
Revenues			
Taxes			
Property taxes	\$ 70,952	\$ -	\$ 70,952
Sales	91,136	-	91,136
Beer	35,697	-	35,697
Franchise	12,625	-	12,625
Intergovernmental revenues	151,161	11,821	162,982
Licenses and permits	1,102	-	1,102
Charges for services	7,040	26,288	33,328
Fines, forfeits, and penalties	3,504	-	3,504
Other revenues	225,722	34	225,756
Total revenues	598,939	38,143	637,082
Expenditures			
Current:			
General government	153,088	-	153,088
Public safety	53,365	-	53,365
Public works	10,256	31,453	41,709
Health, welfare, and recreation	39,128	-	39,128
Debt service:			
Principal	16,146	-	16,146
Interest	6,183	-	6,183
Capital outlay	372,131	-	372,131
Total expenditures	650,297	31,453	681,750
Excess (deficiency) of revenues over (under) expenditures	(51,358)	6,690	(44,668)
Other financing sources			
Insurance recoveries	1,690	-	1,690
Total other financing sources	1,690	-	1,690
Net change in fund balances	(49,668)	6,690	(42,978)
Fund balance at beginning of year	413,600	37,220	450,820
Fund balance at end of year	<u>\$ 363,932</u>	<u>\$ 43,910</u>	<u>\$ 407,842</u>

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

CITY OF GRAND JUNCTION TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Net change in fund balances - total governmental funds	\$	(42,978)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount recorded in the current period.		372,131

Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.		(99,135)

Effect of GASB 68 on retirement expense; reported on governmental funds but not on government-wide for 2023-2024 year		2,120

The repayment of principal of long-term debt consumes the current financial resources of governmental funds but has no effect on net position.		16,146

Some revenues reported in the statement of activities do not require the use of current resources and, therefore, are not reported as revenues in the government funds		8,380

Change in net position of governmental activities	\$	256,664

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

CITY OF GRAND JUNCTION, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
Revenues				
Taxes				
Property taxes - current	\$ 65,000	\$ 65,000	\$ 70,952	\$ 5,952
Local sales tax	105,000	105,000	91,136	(13,864)
Local beer tax	40,000	40,000	35,697	(4,303)
In lieu of tax	7,500	7,500	8,001	501
Cable TV Franchise tax	4,800	4,800	4,624	(176)
Total taxes	222,300	222,300	210,410	(11,890)
Intergovernmental				
State of Tennessee				
- Sales tax allocation	43,000	43,000	41,511	(1,489)
- Beer tax allocation	-	-	149	149
- Petroleum special	625	625	619	(6)
- Transportation modernization	-	-	63	63
- Telecommunications sales tax	-	-	545	545
- TVA replacement tax	3,500	3,500	4,142	642
- Excise tax	8,000	8,000	8,614	614
- Fire salary supplement grant	36,000	36,000	1,200	(34,800)
- Sports betting tax	350	350	642	292
- Fire Grant	116,000	116,000	15,476	(100,524)
Federal government				
- Recreation trail grant	29,000	29,000	78,200	49,200
Total intergovernmental revenues	236,475	236,475	151,161	(85,314)
Licenses and permits				
Other permits	320	320	1,102	782
Total licenses and permits	320	320	1,102	782
Charges for services				
Fire calls	9,000	9,000	7,040	(1,960)
Total charges for services	9,000	9,000	7,040	(1,960)
City court fines and costs	33,100	33,100	3,504	(29,596)
Other revenues				
Interest income	400	400	1,560	1,160
Library	15,600	15,600	15,217	(383)
Events	-	-	-	-
Admin fees	12,000	12,000	3,000	(9,000)
Donations	-	-	194,200	194,200
Miscellaneous income	-	-	11,745	11,745
Total other revenue	28,000	28,000	225,722	197,722
Total revenues	529,195	529,195	598,939	69,744

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

CITY OF GRAND JUNCTION, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
Expenditures				
General Government				
Salaries	\$ 61,480	\$ 61,480	\$ 61,050	\$ 430
Salaries - judge	-	-	-	-
Christmas bonus	-	-	-	-
OASI (Employer's Share)	4,800	4,800	10,364	(5,564)
Hospital & health insurance	9,500	9,500	9,561	(61)
Retirement - current	3,500	3,500	2,336	1,164
Litigation tax	-	-	-	-
Postage	400	400	332	68
Board per diem	6,000	6,000	5,850	150
Events	-	-	-	-
Advertising & dues	1,000	1,000	6,848	(5,848)
Office supplies & materials	6,500	6,500	14,067	(7,567)
Travel	600	600	429	171
Insurance	9,600	9,600	6,655	2,945
Professional services	13,500	13,500	8,673	4,827
Utilities	4,000	4,000	7,498	(3,498)
Repair and maintenance	30,000	30,000	19,425	10,575
Miscellaneous	-	-	-	-
Notes payments - safe room	-	-	12,780	(12,780)
Notes interest - safe room	-	-	5,418	(5,418)
Notes payments - library	4,200	4,200	3,366	834
Notes interest - library	-	-	765	(765)
Capital outlay	166,561	166,561	337,164	(170,603)
Total general government	321,641	321,641	512,581	(190,940)
Public safety				
Police department				
Salary	83,000	83,000	3,741	79,259
OASI (Employer's Share)	5,200	5,200	38	5,162
Retirement - current	-	-	-	-
Benefits	-	-	-	-
Professional services	1,800	1,800	1,800	-
Office supplies & materials	2,500	2,500	186	2,314
Gas, oil, and diesel	2,000	2,000	147	1,853
Insurance	15,000	15,000	5,694	9,306
Utilities	5,800	5,800	2,555	3,245
Repair and maintenance	1,500	1,500	646	854
Miscellaneous	440	440	122	318
Total police department	117,240	117,240	14,929	102,311
Fire department				
Salaries	25,000	25,000	22,470	2,530
OASI (Employer's Share)	1,900	1,900	662	1,238
Insurance	1,500	1,500	6,579	(5,079)
Gas, oil, diesel	500	500	112	388
Professional services	-	-	1,010	(1,010)
Operating supplies	2,000	2,000	-	2,000
Utilities	2,000	2,000	1,692	308
Repair and maintenance	2,000	2,000	516	1,484
Miscellaneous	500	500	400	100
Safe room	4,000	4,000	4,995	(995)
Capital outlay	15,000	15,000	34,967	(19,967)
Total fire department	54,400	54,400	73,403	(19,003)
Total public safety	171,640	171,640	88,332	83,308

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

CITY OF GRAND JUNCTION, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amount	Variance with Final Budget Positive (Negative)
	Original	Final		
Expenditures (continued)				
Public works				
Highways and streets				
Repair and maintenance - roads and street	-	-	103	(103)
Grounds maintenance	-	-	10,153	(10,153)
Miscellaneous	-	-	-	-
Total public works	-	-	10,256	(10,256)
Health, welfare and recreation				
Library				
Salaries	20,000	20,000	16,575	3,425
OASI (Employer's Benefits)	1,300	1,300	197	1,103
Software license	-	-	-	-
Utilities	4,000	4,000	3,862	138
Office supplies & materials	3,268	3,268	8,267	(4,999)
Repair and maintenance - services	500	500	390	110
Miscellaneous	-	-	-	-
Insurance	1,700	1,700	3,305	(1,605)
Total library	30,768	30,768	32,596	(1,828)
Recreation				
Utilities	-	-	262	(262)
Repair and maintenance	2,000	2,000	4,648	(2,648)
Total recreation	2,000	2,000	4,910	(2,910)
Community Center				
Utilities	1,500	1,500	1,622	(122)
Insurance	-	-	-	-
Total community center	1,500	1,500	1,622	(122)
Total health, welfare and recreation	34,268	34,268	39,128	(4,860)
Total expenditures	527,549	527,549	650,297	(122,748)
Excess (deficiency) of revenues over (under) expenditures	1,646	1,646	(51,358)	(53,004)
Other financing sources				
Insurance recoveries	-	-	1,690	1,690
Total other financing sources (uses)	-	-	1,690	1,690
Net change in fund balance	1,646	1,646	(49,668)	(51,314)
Fund balance at beginning of year	413,600	413,600	413,600	-
Fund balance at end of year	\$ 415,246	\$ 415,246	\$ 363,932	\$ (51,314)

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

CITY OF GRAND JUNCTION, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024

	<u>WATER AND SEWER FUND</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 143,405
Certificates of deposit	113,254
Grant receivable	107,996
Accounts receivable, net of allowance	40,229
Prepaid expenses	10,331
TOTAL CURRENT ASSETS	<u>415,215</u>
PROPERTY, PLANT AND EQUIPMENT	
Land	80,270
Buildings	66,467
Equipment	202,349
Distribution plant	2,146,044
Construction in progress	119,995
TOTAL CAPITAL ASSETS	<u>2,615,125</u>
Less accumulated depreciation	<u>(1,486,000)</u>
NET PROPERTY, PLANT AND EQUIPMENT	<u>1,129,125</u>
TOTAL ASSETS	<u>1,544,340</u>
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	<u>12,267</u>
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	123,125
Customer deposits	3,387
Due to other funds	3,372
Net pension liability	5,218
Current portion of long-term debt	12,042
TOTAL CURRENT LIABILITIES	<u>147,144</u>
LONG-TERM LIABILITIES	
Bonds and notes payable (net of unamortized premium)	194,481
TOTAL LONG-TERM LIABILITIES	<u>194,481</u>
TOTAL LIABILITIES	<u>341,625</u>
DEFERRED INFLOWS OF RESOURCES	
Pensions	<u>7,519</u>
NET POSITION	
Net investment in capital assets	922,602
Unrestricted net position	284,862
TOTAL NET POSITION	<u><u>\$ 1,207,464</u></u>

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

CITY OF GRAND JUNCTION, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024

	<u>WATER AND SEWER FUND</u>
OPERATING REVENUES	
Metered sales	\$ 297,003
Meter fees	6,560
Penalty revenue	10,065
Miscellaneous revenue	50,608
TOTAL OPERATING REVENUES	<u>364,236</u>
OPERATING EXPENSES	
Salaries, wages, and payroll taxes	140,117
Advertising and dues	9,421
Fuel	3,017
Pension expense	3,512
Utilities	28,161
Repair and maintenance	21,248
Office supplies	10,435
Operating supplies	26,919
Insurance	17,377
Professional services	23,132
Depreciation	38,911
TOTAL OPERATING EXPENSES	<u>322,250</u>
OPERATING INCOME (LOSS)	<u>41,986</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	4,222
Sale of equipment	900
Interest expense	(9,577)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(4,455)</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS	
CDBG grant revenue	198,499
TDEC ARPA grant	107,996
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>306,495</u>
CHANGE IN NET POSITION	344,026
NET POSITION - BEGINNING OF YEAR, ORIGINAL	<u>863,438</u>
NET POSITION - END OF YEAR	<u><u>\$ 1,207,464</u></u>

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

**CITY OF GRAND JUNCTION, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024**

	WATER AND SEWER FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 237,279
Cash payments to suppliers for goods and services	(76,369)
Cash payments to employees for services	(140,483)
Cash payments to other funds for services	5,104
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>25,531</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(326,937)
Capital contributions	306,495
Retirement of bonds and notes payable	(11,519)
Interest paid on long-term debt	(9,577)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(41,538)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Reinvestment of certificate of deposit	(619)
Interest on cash and investments	4,222
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>3,603</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(12,404)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>155,809</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 143,405</u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Income from operating activities	\$ 42,886
Adjustments to reconcile income from operations to net cash	
Depreciation and amortization	38,911
Changes in pension related deferred outflows and inflows of resources	(366)
Changes in Assets and Liabilities:	
(Increase) decrease in accounts receivable	(21,328)
(Increase) decrease in other receivables	(106,529)
(Increase) decrease in due from other funds	1,732
(Increase) decrease in prepaid expenses	(2,210)
Increase (decrease) in accounts payable	69,063
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 25,531</u>

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

CITY OF GRAND JUNCTION, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1. A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity comprises the following:

Primary Government:	City of Grand Junction
Blended Component Units:	None

In determining the financial reporting entity, the City complies with the provisions as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described in the codification as listed above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation. Currently, the City has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

**CITY OF GRAND JUNCTION, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024**

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Proprietary Fund

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

Fund	Brief Description
Major:	
Governmental:	
General	See above for description.
Proprietary:	
Water and Sewer	Accounts for the water and sewer operations.

CITY OF GRAND JUNCTION, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Nonmajor:

Special Revenue Funds:

State Street Aid

Accounts for the state gas tax revenue and the expenditures legally restricted to street maintenance.

Police Drug Fund

Accounts for revenues and expenditures on drug fines and enforcement costs.

Sanitation

Accounts for the solid waste collection revenue and expenditures related to disposal services.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates timing transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when the cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The City does not allocate indirect costs.

CITY OF GRAND JUNCTION, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2024

Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds.

The City adopts its budget in accordance with the State's legal requirement, which is the level of classification detail at which expenditures may not legally exceed appropriations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to May 1, the City Manager submits to the Board of Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- The proposed budget is published in the local newspaper with invitations for the public to attend the budget hearings.
- Prior to July 1, the budget is legally adopted by the City Manager and Board of Commission through adoption of the appropriation ordinance upon two readings.
- The City Manager is responsible for controlling expenditures of the various agencies of the City government within the appropriated amounts. No expenditures shall be made in excess of the appropriations.

Budgeted amounts of the revenues and expenditures presented for the General and Special Revenue Funds are shown as originally adopted and after final amendments by the Board of Aldermen. Budget appropriations lapse at year end. A comparison of the budget with statements of actual revenues and expenditures, including budget variances, of the all funds are presented as fund financial statements.

1.D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and Investments

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

All investments are certificates of deposits held at local banks and are not considered to be marketable. Additional cash and investment disclosures are presented in Notes 2.B. and 3.A.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 3.G for details of interfund transactions, including receivables and payables at year-end.

CITY OF GRAND JUNCTION, TENNESSEE
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Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, sales taxes, and grants. Business-type activities report utility sales as their major receivables.

Inventories and Prepaid Expense

Natural gas storage inventory is accounted for on the weighted average method. Inventory of supplies is accounted for on the first in first out method. Prepaid expenses are maintained on the consumptive method of accounting.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost as follows: \$5,000 with a life greater than three years is recorded as capital outlay in the department for which it was purchased.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of some assets. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives in years:

<u>Capital asset classes</u>	<u>Lives</u>
Infrastructure	10 - 20
Buildings	10 - 50
Utility Plant in Service	33 - 40
Furniture and Equipment	5 - 15

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the proprietary Statement of Net Position. These items are for pension changes in experience, changes in pension proportionate share of contributions, as well as employer contributions made to the pension plan after the measurement date.

CITY OF GRAND JUNCTION, TENNESSEE
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In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the proprietary Statement of Net Position. These items are from the following sources: current and delinquent property taxes, rent, pension changes in experience, and changes in pension investment earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

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

Net position is displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of “restricted” or “net investment in capital assets.”

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Aldermen is the government's highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing board has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Nonspendable fund balance is associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).

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Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

The City has not yet adopted an order of fund balance spending policy. It considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations, and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, general obligation bonds, and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

1.E. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the City's net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

1.F. REVENUES, EXPENDITURES, AND EXPENSES

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Sales Tax

The City presently levies a two and three-quarters percent sales tax on taxable sales within the City. The sales tax is collected by the Tennessee Department of Revenue, and 0.875 percent is remitted to the City in the month following receipt by the Department of Revenue. The Department of Revenue receives the sales tax approximately one month after collection by vendors. The sales tax is recorded in the General Fund. Sales tax remitted to the City in July and August has been accrued and is included under the caption "Due from other governments."

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Property Tax

Property taxes are levied annually on the first of January. The taxes are due and payable from the following October through February in the year succeeding the tax levy. An unperfected lien attaches by statute to property on March 1 for unpaid taxes from the prior year's levy. Taxes uncollected for one year past the due date are submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent that they are collected within 60 days of year-end.

Operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from the daily operations are defined as non-operating.

Expenditures/ Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental funds – by Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund – By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

2.A. FUND ACCOUNTING REQUIREMENTS

Fund	Required By
Police Drug Fund	State Law

2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S.

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Government or Government Agency securities, certain State of Tennessee or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

The City's investment policies are governed by State statute. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts. Collateral is required for demand deposits, certificates of deposits, and repurchase agreements at 105% of all amounts not covered by federal deposit insurance.

2.C. REVENUE RESTRICTIONS

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source
Sales Tax
Gasoline Excise Tax
Grants

Legal Restrictions of Use
Portion to fund city school program
Street Purposes
Grant Program Expenditures

2.D. FUND EQUITY RESTRICTIONS

Deficit Prohibition

Tennessee statutes prohibit the creation of a deficit fund balance in any individual fund. The City complied with this statute in all material respects for the year ended June 30, 2024.

2.E. BUDGET APPROPRIATIONS

The City's General Fund expenditures exceeded appropriations for the year ended June 30, 2024.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

3.A. CASH AND INVESTMENTS

Deposits

The City's policies regarding deposits of cash are discussed in Note 1.D.

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a policy regarding custodial credit risks for deposits.

As of June 30, 2024, the City's bank balances were not exposed to custodial credit risk due to being entirely covered by depository insurance (a combination of federal depository insurance with the excess covered by the State's Bank Collateral Pool or additional pledged securities).

3.B. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consists of utilities receivable. Due to adequate collections, the town feels there is no need for an allowance account.

**CITY OF GRAND JUNCTION, TENNESSEE
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3.C. CAPITAL ASSETS

Depreciation expense was charged to governmental activities as follows:

Governmental Function	
General government	\$ 50,490
Public safety	41,581
Public works	5,567
Health, recreation and welfare	1,497
Total depreciation expense	<u>\$99,135</u>

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance 7/1/23	Additions/ Completions	Retirements/ Adjustments	Balance 6/30/24
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 5,000	\$ 11,000	\$ -	\$ 16,000
Construction in Progress	-	101,064	-	101,064
Total Capital assets not being depreciated	5,000	112,064	-	117,064
Capital assets being depreciated				
Buildings	1,448,678	225,100	-	1,673,778
Equipment	645,907	34,966	-	680,873
Other	68,270	-	-	68,270
Street Improvements	111,342	-	-	111,342
Total Capital assets being depreciated	2,274,197	260,066	-	2,534,263
Less accumulated depreciation for:				
Buildings	(184,014)	(36,566)	-	(220,580)
Equipment	(190,492)	(54,271)	-	(244,763)
Other	(20,481)	(2,731)	-	(23,212)
Street Improvements	(64,000)	(5,567)	-	(69,567)
Total accumulated depreciation	(458,987)	(99,135)	-	(558,122)
Total capital assets, being depreciated, net				1,976,141
Governmental activities capital assets, net				<u>\$ 2,093,205</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 80,270	\$ -	\$ -	\$ 80,270
Construction in Progress	74,811	119,995	(74,811)	119,995
Total Capital assets not being depreciated	155,081	119,995	(74,811)	200,265
Capital assets being depreciated				
Buildings	66,467	-	-	66,467
Equipment	202,349	-	-	202,349
Plant	1,864,292	281,752	-	2,146,044
Total Capital assets being depreciated	2,133,108	281,752	-	2,414,860
Less accumulated depreciation for:				
Buildings	(20,370)	(1,685)	-	(22,055)
Equipment	(159,930)	(5,119)	-	(165,049)
Plant	(1,266,789)	(32,107)	-	(1,298,896)
Total accumulated depreciation	(1,447,089)	(38,911)	-	(1,486,000)
Total capital assets, being depreciated, net				928,860
Business-type activities capital assets, net				<u>\$ 1,129,125</u>

3.D. Pensions

General Information about the Pension Plan

Plan description. Employees of Grand Junction are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <http://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

CITY OF GRAND JUNCTION, TENNESSEE

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Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 60 and vested or pursuant to the rule of 80 in which the member's age and service credit total 80. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Employees covered by benefit terms. At the measurement date of June 30, 2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	2
Active employees	3
	<u>5</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Grand Junction makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2024, employer contributions for Grand Junction were \$9,656 based on a rate of 5.83 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Grand Junction's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Grand Junction's net pension liability (asset) was measured as of June 30, 2023, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the June 30, 2023 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Grand Junction will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) -(b)
Balance at 6/30/22	\$ 87,202	\$ 84,112	\$ 3,090
Changes for the year:			
Service cost	14,294		14,294
Interest	6,765		6,765
Differences between expected and actual experience	5,770		5,770
Changes in assumptions	-		-
Contributions- employer		6,450	(6,450)
Contributions- employees		7,957	(7,957)
Net investment income		6,045	(6,045)
Benefit payments, including refunds of employee contributions	(2,553)	(2,553)	-
Administrative expense		(196)	196
Net changes	<u>24,276</u>	<u>17,703</u>	<u>6,573</u>
Balance at 6/30/23	<u>\$ 111,478</u>	<u>\$ 101,815</u>	<u>\$ 9,663</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net position liability (asset) of Grand Junction calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Grand Junction's net pension liability (asset)	\$ 29,058	\$ 9,663	\$ (6,283)

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

Pension expense (negative pension expense). For the year ended June 30, 2024, Grand Junction recognized pension expense (negative pension expense) of \$6,503.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2024, Grand Junction reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 7,042	\$ 13,924
Net difference between projected and actual earnings on pension plan investments	1,336	-
Change in assumptions	3,482	-
Contributions subsequent to the measurement date of June 30, 2023	9,656	(not applicable)
	<u>\$ 21,516</u>	<u>\$ 13,924</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2023," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30:

2024	(\$716)
2025	(\$887)
2026	\$1,109
2027	(\$604)
2028	(\$1,048)
Thereafter	\$79

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

Payable to the Pension Plan

At June 30, 2024, Grand Junction reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2024.

3.F. LONG-TERM LIABILITIES

The City's long-term liabilities are segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

**CITY OF GRAND JUNCTION, TENNESSEE
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Governmental Activities

Direct Borrowings & Direct Placement

Bank of Fayette due in March 2031, bearing an interest rate of 4.85%	\$ 104,281
Bank of Fayette due in June 2025, bearing an interest rate of 3.69%	18,823

Other liabilities

Net pension liability	<u>4,445</u>

Total Governmental Activities	<u><u>\$ 127,549</u></u>

Business-type Activities

Revenue and Tax Bonds

USDA Rural Development Loan, dated March 19, 2006, 4.50% interest rate, with maturity date of June 30, 2036	\$ 206,523

Other liabilities

Net pension liability	<u>5,218</u>

Total Business-type Activities	<u><u>\$ 211,741</u></u>

Changes in Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2024:

	Balance 7/1/2023	Issues or Additions	Retirements	Balance 6/30/2024	Due within one year
<u>Governmental Type Activities</u>					
Bank of Fayette Note	\$ 139,250	\$ -	\$ 16,146	\$ 123,104	\$ 16,900
Net Pension Liability	<u>1,421</u>	<u>3,024</u>	<u>-</u>	<u>4,445</u>	<u>-</u>
Total governmental activities	<u>140,671</u>	<u>3,024</u>	<u>16,146</u>	<u>127,549</u>	<u>16,900</u>
<u>Business Type Activities</u>					
Revenue and Tax Bonds	218,042	-	11,519	206,523	12,042
Net Pension Liability	<u>1,669</u>	<u>3,549</u>	<u>-</u>	<u>5,218</u>	<u>-</u>
Total business-type activities	<u>219,711</u>	<u>3,549</u>	<u>11,519</u>	<u>211,741</u>	<u>12,042</u>
Total government	<u><u>\$ 360,382</u></u>	<u><u>\$ 6,573</u></u>	<u><u>\$ 27,665</u></u>	<u><u>\$ 339,290</u></u>	<u><u>\$ 28,942</u></u>

Annual Requirements to Retire Debt Outstanding

The annual aggregate maturities for each note payable for the years subsequent to June 30, 2024, are as follows:

**CITY OF GRAND JUNCTION, TENNESSEE
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Year Ending June 30,	<u>Direct Borrowings & Direct Placement</u> Govnermental-type Activities		<u>Revenue and Tax Bonds</u> Business-type Activities	
	Principal	Interest	Principal	Interest
2025	\$ 16,900	\$ 5,407	\$ 12,042	\$ 9,049
2026	17,696	4,611	12,595	8,496
2027	18,529	3,777	13,174	7,917
2028	19,072	2,912	13,779	7,312
2029	20,318	1,989	14,412	6,679
2030-2034	30,589	1,373	82,620	22,833
2035-2038	-	-	57,901	4,023
Total	<u>\$ 123,104</u>	<u>\$ 20,069</u>	<u>\$ 206,523</u>	<u>\$ 66,309</u>

3.G. INTERFUND TRANSACTIONS AND BALANCES

Interfund Receivables and Payables

Transactions between the General and Water and Sewer Fund and State Street Aid are also from water bills and state shared revenue.

DUE TO:	<u>General</u>	<u>Sanitation</u>	<u>Totals</u>
DUE FROM:			
State Street Aid	\$ 11	\$ -	\$ 11
Water and Sewer	<u>-</u>	<u>3,372</u>	<u>3,372</u>
Totals	<u>\$ 11</u>	<u>\$ 3,372</u>	<u>\$ 3,383</u>

NOTE 4. OTHER NOTES

4.A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is carried for employees bonds and certain property destruction and employee health and accident claims. The City also participates in the Tennessee Municipal League Risk Management Pool, a public entity risk pool, for errors and omissions, automobile liability and physical damage, workers compensation, and employees' liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the three past fiscal years. The Tennessee Municipal League Risk Management Pool has been self-sustaining through member premiums. Members consist of local jurisdiction municipalities and utility districts in the state. Members are responsible for a pro-rata portion of claims which exceed the Pool's reserves. No additional assessments have ever been made by the Pool to its members as a result of losses experienced.

4.B. COMMITMENTS AND CONTINGENCIES

The City is a defendant in a lawsuits brought against it. The City cannot predict the outcome of these cases and it is possible losses could be incurred.

**CITY OF GRAND JUNCTION TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
LAST FISCAL YEAR ENDING JUNE 30**

	2018	2019	2020	2021	2022	2023
Total pension liability						
Service Cost	\$ -	\$ 19,283	\$ 12,205	\$ 16,219	\$ 18,910	\$ 14,294
Interest	-	3,063	3,433	5,005	6,231	6,765
Changes in benefit terms	22,971	-	-	-	-	-
Differences between actual & expected experience	-	(10,175)	3,509	(1,614)	(9,156)	5,770
Change of assumptions	-	-	-	4,643	-	-
Benefit payments, including refunds of employee contributions	-	-	-	(2,954)	(4,371)	(2,553)
Net change in total pension liability	22,971	12,171	19,147	21,299	11,614	24,276
Total pension liability - beginning	-	22,971	35,142	54,289	75,588	87,202
Total pension liability - ending (a)	\$ 22,971	\$ 35,142	\$ 54,289	\$ 75,588	\$ 87,202	\$ 111,478
 Plan fiduciary net position						
Contributions - employer	\$ 4,738	\$ 6,734	\$ 7,947	\$ 9,343	\$ 9,308	\$ 6,450
Contributions - employee	6,968	9,903	7,776	8,013	7,983	7,957
Net investment income	472	1,487	1,847	13,881	(3,098)	6,045
Benefit payments, including refunds of employee contributions	-	-	-	(2,954)	(4,371)	(2,553)
Administrative expenses	(335)	(399)	(354)	(358)	(419)	(196)
Net change in plan fiduciary net position	11,843	17,725	17,216	27,925	9,403	17,703
Plan fiduciary net position - beginning	-	11,843	29,568	46,784	74,709	84,112
Plan fiduciary net position - ending (b)	\$ 11,843	\$ 29,568	\$ 46,784	\$ 74,709	\$ 84,112	\$ 101,815
 Net Pension Liability (asset) - ending (a) - (b)	\$ 11,128	\$ 5,574	\$ 7,505	\$ 879	\$ 3,090	\$ 9,663
 Plan fiduciary net position as a percentage of total pension liability	51.56%	84.14%	86.18%	98.84%	96.46%	91.33%
 Covered payroll	\$ 139,360	\$ 198,067	\$ 155,514	\$ 160,261	\$ 159,662	\$ 159,136
 Net pension liability (asset) as a percentage of covered payroll	7.99%	2.81%	4.83%	0.55%	1.94%	6.07%

Notes to Schedule:

Changes of assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

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

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

CITY OF GRAND JUNCTION TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
LAST FISCAL YEAR ENDING JUNE 30

	2018	2019	2020	2021	2022	2023	2024
Actuarially determined contribution	\$ 4,738	\$ 6,734	\$ 7,947	\$ 9,343	\$ 7,999	\$ 6,306	\$ 9,623
Contributions in relation to the actuarially determined contribution	4,738	6,734	7,947	9,343	9,308	6,450	9,656
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,309)</u>	<u>\$ (144)</u>	<u>\$ (33)</u>
Covered-employee payroll	\$ 139,360	\$ 198,067	\$ 155,514	\$ 160,261	\$ 159,662	\$ 159,136	\$ 165,620
Contributions as a percentage to covered-employee payroll	3.40%	3.40%	5.11%	5.83%	5.83%	4.05%	5.83%

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

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

CITY OF GRAND JUNCTION TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2024

Notes to Tennessee Consolidated Retirement System (TCRS) Schedule

Valuation date: Actuarially determined contribution rates for 2024 were calculated based on the June 30, 2022 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75%, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.125%

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

CITY OF GRAND JUNCTION, TENNESSEE
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024

	State Street Aid Fund	Police Drug Fund	Sanitation Fund	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 17,626	\$ 5,385	\$ 15,472	\$ 38,483
Due from water and sewer fund	-	-	3,372	3,372
Due from other governments	2,066	-	-	2,066
TOTAL ASSETS	<u>\$ 19,692</u>	<u>\$ 5,385</u>	<u>\$ 18,844</u>	<u>\$ 43,921</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to general fund	11	-	-	11
Unearned revenues	-	-	-	-
TOTAL LIABILITIES	<u>11</u>	<u>-</u>	<u>-</u>	<u>11</u>
FUND BALANCES				
Non-spendable				
Prepays	-	-	-	-
Restricted				
State street aid	19,681	-	-	19,681
Drug fund	-	5,385	-	5,385
Sanitation	-	-	18,844	18,844
TOTAL FUND BALANCES	<u>19,681</u>	<u>5,385</u>	<u>18,844</u>	<u>43,910</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 19,692</u>	<u>\$ 5,385</u>	<u>\$ 18,844</u>	<u>\$ 43,921</u>

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

CITY OF GRAND JUNCTION, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	State Street Aid Fund	Police Drug Fund	Sanitation Fund	Total Other Governmental Funds
Revenues:				
Charges for services	\$ -	\$ -	\$ 26,288	\$ 26,288
Intergovernmental revenues	11,821	-	-	11,821
Other revenue	17	-	17	34
Total Revenues	<u>11,838</u>	<u>-</u>	<u>26,305</u>	<u>38,143</u>
Expenditures:				
Current:				
Public works	9,992	-	21,461	31,453
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>9,992</u>	<u>-</u>	<u>21,461</u>	<u>31,453</u>
Excess (deficiency) or revenues over (under) expenditures	<u>1,846</u>	<u>-</u>	<u>4,844</u>	<u>6,690</u>
Other financing sources				
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,846	-	4,844	6,690
Fund balances at beginning of year	<u>17,835</u>	<u>5,385</u>	<u>14,000</u>	<u>37,220</u>
Fund balances at end of year	<u><u>\$ 19,681</u></u>	<u><u>\$ 5,385</u></u>	<u><u>\$ 18,844</u></u>	<u><u>\$ 43,910</u></u>

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

CITY OF GRAND JUNCTION, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental:				
State gasoline and motor fuel tax	\$ 12,000	\$ 12,000	\$ 6,064	\$ (5,936)
Gas 3 cent tax	-	-	1,751	1,751
State gas 1989 tax	-	-	948	948
2017 gas tax	-	-	3,058	3,058
Other revenues:				
Interest income	20	20	17	(3)
Total Revenues	<u>12,020</u>	<u>12,020</u>	<u>11,838</u>	<u>(182)</u>
 Expenditures:				
Public works				
Street lighting	9,000	9,000	9,741	(741)
Repairs and maintenance	3,000	3,000	251	2,749
Total Expenditures	<u>12,000</u>	<u>12,000</u>	<u>9,992</u>	<u>2,008</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>20</u>	<u>20</u>	<u>1,846</u>	<u>1,826</u>
 Other financing sources				
Transfers in	-	-	-	-
 Net Change in Fund Balances	<u>20</u>	<u>20</u>	<u>1,846</u>	<u>1,826</u>
 Fund Balance at Beginning of Year	<u>17,835</u>	<u>17,835</u>	<u>17,835</u>	<u>-</u>
 Fund Balance at End of Year	<u>\$ 17,855</u>	<u>\$ 17,855</u>	<u>\$ 19,681</u>	<u>\$ 1,826</u>

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

CITY OF GRAND JUNCTION TENNESSEE
POLICE DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties:				
Fines and tickets	\$ -	\$ -	\$ -	\$ -
Other revenues:				
Interest income	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Expenditures:				
Public Safety:				
Repairs and supplies	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Other financing sources				
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Fund Balance at Beginning of Year	<u>5,385</u>	<u>5,385</u>	<u>5,385</u>	<u>-</u>
 Fund Balance at End of Year	<u><u>\$ 5,385</u></u>	<u><u>\$ 5,385</u></u>	<u><u>\$ 5,385</u></u>	<u><u>\$ -</u></u>

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

CITY OF GRAND JUNCTION, TENNESSEE
SANITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2024

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget-Positive</u> <u>(Negative)</u>
Revenues:				
Charges for Services:				
Collection charges	\$ 25,657	\$ 25,657	\$ 26,288	\$ 631
Other revenues:				
Interest income	15	15	17	2
TOTAL REVENUES	<u>25,672</u>	<u>25,672</u>	<u>26,305</u>	<u>633</u>
Expenditures				
Public Works:				
Garbage pick-up	<u>25,657</u>	<u>25,657</u>	<u>21,461</u>	<u>4,196</u>
Total expenditures	<u>25,657</u>	<u>25,657</u>	<u>21,461</u>	<u>4,196</u>
Revenues over (under) expenditures	15	15	4,844	4,829
Fund balance at beginning of year	<u>14,000</u>	<u>14,000</u>	<u>14,000</u>	<u>-</u>
Fund balance at end of year	<u>\$ 14,015</u>	<u>\$ 14,015</u>	<u>\$ 18,844</u>	<u>\$ 4,829</u>

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

CITY OF GRAND JUNCTION TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
JUNE 30, 2024

Tax Year	Assessed Value	Tax Rate	Tax Levy	Beginning Balances	Additions	Collections	Adjustments	Ending Balance
2024	\$ 8,728,742	\$ 1.500	\$ 130,940	\$ -	\$ 150,381	\$ -	\$ -	150,381
2023	10,214,617	0.750	76,618	76,618	-	64,892	-	11,726
2022	7,966,578	0.750	59,759	3,072	-	1,769	-	1,303
2021	7,849,517	0.750	-	751	-	361	-	390
2020	7,838,627	0.750	-	284	-	284	-	-
2019	7,296,172	0.750	-	707	-	707	-	-
2018	7,202,252	0.750	-	-	-	-	-	-
2017	6,787,783	0.750	-	-	-	-	-	-
2016	6,519,821	0.750	-	-	-	-	-	-
2015	6,510,279	0.750	-	-	-	-	-	-
2014	6,474,771	0.750	-	225	-	225	-	-
				<u>\$ 81,657</u>	<u>\$ 150,381</u>	<u>\$ 68,238</u>	<u>\$ -</u>	<u>\$ 163,800</u>

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

**CITY OF GRAND JUNCTION TENNESSEE
SCHEDULE OF LONG-TERM DEBT REQUIREMENTS
GENERAL AND WATER AND SEWER FUND
JUNE 30, 2024**

Year Ended June 30,	Bonds Payable		Notes Payable	
	USDA, Water & Sewer Revenue & Tax Bond Series 2006		General Fund Bank of Fayette County	
	Principal	Interest	Principal	Interest
2025	\$ 12,042	\$ 9,049	\$ 16,900	\$ 5,407
2026	12,595	8,496	17,696	4,611
2027	13,174	7,917	18,529	3,777
2028	13,779	7,312	19,072	2,912
2029	14,412	6,679	20,318	1,989
2030	15,074	6,017	17,075	1,101
2031	15,766	5,324	13,514	272
2032	16,491	4,600	-	-
2033	17,248	3,842	-	-
2034	18,041	3,050	-	-
2035	18,869	2,221	-	-
2036	19,736	1,354	-	-
2037	19,296	448	-	-
	<u>\$ 206,523</u>	<u>\$ 66,309</u>	<u>\$ 123,104</u>	<u>\$ 20,069</u>

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

CITY OF GRAND JUNCTION, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2024

Description of Indebtedness	Original Amount Of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2023	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2024
Governmental-Type Activities									
NOTES PAYABLE									
Payable through Grand Junction General Fund									
Bank of Fayette County - Safe Room	\$ 165,000	4.85%	3/19/2019	3/19/2031	\$ 117,060	\$ -	\$ 12,779	\$ -	\$ 104,281
Bank of Fayette County - Library	\$ 40,000	3.69%	6/28/2017	6/28/2025	22,190		3,367		18,823
TOTAL NOTES PAYABLE - Payable through General Fund					<u>\$ 139,250</u>	<u>\$ -</u>	<u>\$ 16,146</u>	<u>\$ -</u>	<u>\$ 123,104</u>
Business-Type Activities									
BONDS PAYABLE									
Payable through Grand Junction Water and Sewer Fund									
Water and Sewer Revenue and Tax Bonds, Series 2006	\$ 383,000	4.50%	3/19/2006	6/30/2036	\$ 218,042	\$ -	\$ 11,519	\$ -	\$ 206,523
TOTAL BONDS PAYABLE - Payable through Grand Junction Water and Sewer Fund					<u>\$ 218,042</u>	<u>\$ -</u>	<u>\$ 11,519</u>	<u>\$ -</u>	<u>\$ 206,523</u>

CITY OF GRAND JUNCTION, TENNESSEE
SCHEDULE OF OUTSTANDING DELINQUENT TAXES FILED WITH CHANCERY COURT
JUNE 30, 2024

<u>Tax Year</u>	<u>Outstanding Balance</u>
2023	\$ 11,726
2022	1,303
2021	<u>390</u>
Total	<u><u>\$ 13,419</u></u>

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

**CITY OF GRAND JUNCTION, TENNESSEE
SCHEDULE OF UTILITY RATES IN FORCE
JUNE 30, 2024**

WATER AND SEWER RATES

INSIDE CITY LIMITS

	<u>Water</u>	<u>Sewer</u>
0-2000 gallons	\$ 21.50 minimum	100% of water bill
Per 100 gallons	\$.39 per 100	

OUTSIDE CITY LIMITS

	<u>Water with Sewer</u>	<u>Water without Sewer</u>
0-2000 gallons	\$ 33.58 minimum	\$ 41.53 minimum
Per 100 gallons	\$.62 per 100	\$.65 per 100

NUMBER OF CUSTOMERS AT YEAR END	<u><u>520</u></u>	<u><u>200</u></u>

SANITATION RATES

Residential	\$14.50
Commercial	\$24.50
NUMBER OF CUSTOMERS AT YEAR END	<u><u>251</u></u>

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

CITY OF GRAND JUNCTION, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass- Through Grantor/ Program Title	Assistance Listing Number	Contract Number	Expenditures
Federal Awards			
Department of Economic and Community Development			
Community Development Block Grant Program (Rural Development) - Sewer System Improvements	14.228	33004-32522	\$ 156,941
Total Department of Economic and Community Development			<u>156,941</u>
Department of Environment and Conservation			
Recreational Trails Program Grant - City Park Walking Trail	20.219	32701-04734	<u>78,200</u>
Total Department of Economic and Community Development			<u>78,200</u>
Department of Treasury			
Coronavirus State and Local Recovery Funds - ARPA WIIP Noncompetitive - Water	21.027	32701-04977	<u>107,996</u>
Total Department of Treasury			<u>107,996</u>
Total Federal Awards			<u>343,137</u>
State Awards			
Volunteer Firefighter Equipment and Training Grant Program	N/A	33501-2325168	34,936
State 2024 Fire Fighting Supplements	N/A	N/A	<u>1,200</u>
Total State Awards			<u>36,136</u>
Total Federal and State Awards			<u>\$ 379,273</u>

Basis of Presentation

Note 1: The accompanying schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of the City under programs of the federal and state governments for the year ended June 30, 2024. The schedule is presented using the modified accrual basis of accounting.

Note 2: Indirect Cost Rate: The City of Grand Junction has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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



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

To the Mayor and City Council
City of Grand Junction, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Grand Junction, Tennessee (the City), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents, and have issued our report thereon dated May 16, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

2024 – 001 INADEQUATE SEGREGATION OF DUTIES

Condition: The operating structure of the City does not provide adequate segregation of duties between persons with access to assets and those responsible for reconciling records and recording transactions.

Criteria: Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal controls are effective.

Cause: Lack of accounting staff.

Effect: The risk of errors or irregularities occurring and not being detected in a timely manner increases when accounting functions are not adequately segregated.

Management's Response: The City concurs with this finding. The board and management will review and document its review of the financial transactions incurred by the City.

2024 – 002 FINANCIAL STATEMENTS MATERIALLY MISSTATED BEFORE AUDIT – GENERAL FUND, SANITATION FUND, AND WATER AND SEWER FUND

Condition: The financial statements were materially misstated before audit adjustments on the General Fund, Sanitation Fund, and Water and Sewer Fund due to not properly accounting for balance sheet accounts.

Criteria: Generally accepted accounting principles require that accounting transactions be posted properly.

Cause: Oversight of City personnel.

Effect: Material adjustments were required because the City's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records.

Management's Response: The City concurs with this finding.

2024 – 003 NUMEROUS MISCLASSIFICATIONS BETWEEN LINE ITEMS

Condition: On the general ledger, we noted numerous misclassifications between line items such as state shared revenue items.

Criteria: Generally accepted accounting principles require that accounting transactions be posted properly.

Cause: Oversight of City personnel.

Effect: Financial statements provided to management are incorrect.

Management's Response: The City concurs with this finding.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

2023 – 004 EXPENDITURES EXCEEDED BUDGET APPROPRIATIONS – GENERAL FUND

Condition: The expenditures exceeded budget appropriations on the General Fund.

Criteria: The City is in violation with *Tennessee Code Annotated* (TCA) 6-56-203, which states all funds expended should be within appropriations.

Cause: Oversight of City personnel.

Effect: Noncompliance with State guidelines.

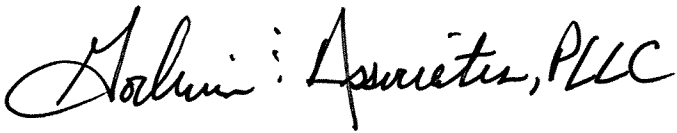
Management's Response: The City concurs with this finding.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on The City's responses to the findings identified in our audit and described above. The Town's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

A handwritten signature in black ink, reading "Arthur J. Aspinwall, PLLC". The signature is written in a cursive, flowing style.

May 16, 2024

CITY OF GRAND JUNCTION, TENNESSEE

SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

Financial Statement Findings

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
2023-001	Inadequate Segregation of Duties (original finding #2023-001)	Repeated - 2024-001
2023-002	Financial Statements Materially Misstated Before Audit (original finding #2023-002)	Repeated - 2024-002
2023-003	Numerous Misclassifications Between Line Items (original finding #2023-003)	Repeated - 2024-003
2023-004	Expenditures Exceeded Budget Appropriations (original finding #2023-004)	Repeated - 2024-004

City of Grand Junction

P. O. Box 129 226 Hwy 57 E
Grand Junction, TN 38039
Phone (731) 764-2871 Fax: (731) 764-6222

Mayor Curtis Lane

MANAGEMENT'S CORRECTIVE ACTION PLAN JUNE 30, 2024

2024 – 001 INADEQUATE SEGREGATION OF DUTIES

Responsible party: Mayor and City Recorder

Corrective action planned: The board and management will review and document its review of the financial transactions incurred by the City.

Anticipated completion date: June 30, 2025

2024 – 002 FINANCIAL STATEMENTS MATERIALLY MISSTATED BEFORE AUDIT – GENERAL FUND, STATE STREET AID FUND, SANITATION FUND, AND WATER AND SEWER FUND

Responsible party: Mayor and City Recorder

Corrective action planned: We will record all financial information accurately and will strive improve our accounting and financial reporting.

Anticipated completion date: June 30, 2025

2024 – 003 NUMEROUS MISCLASSIFICATIONS BETWEEN LINE ITEMS

Responsible party: Mayor and City Recorder

Corrective action planned: We will record all financial information accurately and will strive improve our accounting and financial reporting.

Anticipated completion date: June 30, 2025

2024 – 004 EXPENDITURES EXCEEDED BUDGET APPROPRIATIONS – GENERAL FUND

Responsible party: Mayor and City Recorder

Corrective action planned: We will make efforts to spend within the budget and consider making amendments to the budget as needed.

Anticipated completion date: June 30, 2025

Signed: Curtis Lane

Title: Mayor

Signed: Pamela J. Parckma

Title: Recorder

**CITY OF GRAND JUNCTION,
TENNESSEE**

ANNUAL FINANCIAL REPORT

JUNE 30, 2023

CITY OF GRAND JUNCTION, TENNESSEE

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2023

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CITY OF GRAND JUNCTION, TENNESSEE

ROSTER OF PUBLICLY ELECTED OFFICIALS AND MANAGEMENT OFFICIALS

JUNE 30, 2023

PUBLICLY ELECTED OFFICIALS

Curtis Lane	Mayor
Ben Allen	Vice-Mayor
Robert Webb	Alderman
Frank Bell	Alderman
Courtney Breeden	Alderman
Vince McCalip	Alderman
Steve Luellen	Alderman

MANAGEMENT OFFICIALS

Lorie Rice	City Recorder/CMFO



Independent Auditor's Report

To the Mayor and City Council
City of Grand Junction, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Grand Junction, Tennessee, (the City) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability (asset) and related ratios based on participation in the public employee pension plan of TCRS, schedule of contributions based on participation in the public employee pension plan of TCRS on pages 5–8 and 37–39 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The other supplemental information as listed in the table of contents, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information as listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the combining and individual nonmajor fund financial statements and schedules but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance.


May 21, 2024

**CITY OF GRAND JUNCTION, TENNESSEE
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

Our discussion and analysis of the City of Grand Junction, Tennessee, will offer readers of the City's financial statements a narrative overview and review of the financial activities of the City for the fiscal year ended June 30, 2023. Readers are encouraged to consider the information presented here in conjunction with the City's financial statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of the City as a whole and present a longer-term view of the City's finances. Fund financial statements start on page 11. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the City's operations in more detail than the government-wide statements by providing information about the City's most significant funds. The remaining statements provide financial information about activities for which the City acts as a trustee or agent for the benefit of those outside of the government.

Reporting the City as a Whole

The Statement of Net Position and the Statement of Activities

Our analysis of the City as a whole begins on page 9. The following is one of the most important questions asked about the City's finances, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Activities report information about the City as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The *statement of net position* presents financial information on all of the City's assets, liabilities, deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal 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 related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows of future fiscal periods.

In the Statement of Net Position and the Statement of Activities, we divide the City into two kinds of activities:

- Governmental activities – Most of the City's basic services are reported here, including the general administration, police, fire, public works, health, welfare, and recreation. Property taxes, local sales taxes, and state shared revenue finance most of these activities.
- Business-type activities – The City charges a fee to customers to help cover all or most of the costs of certain services it provides. The City's water and sewer operations are reported here.

Reporting the City's Most Significant Funds

Our analysis of the City's major funds begins on page 11. The fund financial statements begin on page 11 and provide detailed information about the most significant funds (not the City as a whole). Some funds are required to be established by State law. The City's two kinds of funds – governmental and proprietary – use different accounting approaches.

- *Governmental Funds* – Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the

City's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation at the bottom of the fund financial statements.

- *Proprietary Funds* – When the City charges customers for the services it provides – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the City's enterprise funds (a component of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 – 36.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligations to provide pension benefits to its employees which can be found on pages 37-39.

The combining statements referred to earlier in connection with non-major governmental funds are presented following the required supplementary information on pensions. Supplementary information can be found on pages 40 – 50 of this report.

THE CITY AS A WHOLE

For the year ended June 30, 2023 net position changed as follows:

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 534,560	\$ 435,323	\$ 298,665	\$ 264,529	\$ 833,225	\$ 699,852
Capital Assets	1,820,210	1,849,164	841,100	805,399	2,661,310	2,654,563
Total Assets	2,354,770	2,284,487	1,139,765	1,069,928	3,494,535	3,354,415
Total deferred outflows of resources	7,017	3,168	9,387	3,719	16,404	6,887
Long term liabilities	140,671	154,757	218,042	229,059	358,713	383,816
Other liabilities	4,083	1,727	59,118	6,843	63,201	8,570
Total Liabilities	144,754	156,484	277,160	235,902	421,914	392,386
Total deferred inflows of resources	83,904	67,306	8,554	8,694	92,458	76,000
Net Position						
Net investment in capital assets	1,680,960	1,621,205	623,058	576,104	2,304,018	2,197,309
Restricted	37,220	38,036	-	-	37,220	38,036
Unrestricted	414,949	404,624	240,380	252,947	655,329	657,571
Total Net Position	\$ 2,133,129	\$ 2,063,865	\$ 863,438	\$ 829,051	\$ 2,996,567	\$ 2,892,916

The City's combined net position increased by \$103,651 or 3.58% during the fiscal year. Of that total increase, business-type activities net position increased by \$34,387 or 4.15%. The City's governmental activities net position increased by \$69,264 or 3.36%.

Governmental Activities

Revenues for the City's governmental activities decreased by 38.07% (\$326,834) while total expenses increased by 6.18% (\$30,452).

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different than a typical Statement of Revenues, Expenses, and Changes in Fund Balance. You will notice that expenses are listed in the first column with revenues from that particular program reported to the right. The result is a Net (Expense)/Revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the City's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

Business-type Activities

The changes in net position of business-type activities are described below:

- The City's Water and Sewer Fund had an increase of \$34,387 compared to a decrease in the prior year of \$19,674. This change was due to increased revenues and decreased expenses.

The following schedule presents a summary of the City's operations for the fiscal year ended June 30, 2023 with comparative totals for year ended June 30, 2022.

	Governmental Activities		Business-type Activities		TOTAL	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program Revenues:						
Fees, fines and charges for services	\$ 66,621	\$ 103,303	\$ 314,819	\$ 271,733	\$ 381,440	\$ 375,036
Operating grants and contributions	87,893	19,512	-	-	87,893	19,512
Capital grants and contributions	-	460,227	-	-	-	460,227
General Revenues:						
Property taxes	59,618	73,322	-	-	59,618	73,322
Sales taxes	201,216	124,426	-	-	201,216	124,426
Public service	9,401	-	-	-	9,401	-
Investment earnings	474	502	808	426	1,282	928
Insurance recovery	42,330	-	-	-	42,330	-
Miscellaneous	64,037	77,132	-	-	64,037	77,132
Total revenues	<u>531,590</u>	<u>858,424</u>	<u>315,627</u>	<u>272,159</u>	<u>847,217</u>	<u>1,130,583</u>
Expenses:						
General government and administration	162,743	260,419	-	-	162,743	260,419
Public safety	176,696	149,000	-	-	176,696	149,000
Public works	70,806	47,557	-	-	70,806	47,557
Health, welfare and recreation	45,189	35,802	-	-	45,189	35,802
Interest	6,892	-	-	-	6,892	-
Water and Sewer	-	-	281,240	291,833	281,240	291,833
Total expenses	<u>462,326</u>	<u>492,778</u>	<u>281,240</u>	<u>291,833</u>	<u>743,566</u>	<u>784,611</u>
Change in net position	69,264	404,624	34,387	(19,674)	103,651	345,972
Net position - beginning	2,063,865	1,659,241	829,051	848,725	2,892,916	2,507,966
Net position - ending	<u>\$ 2,133,129</u>	<u>\$ 2,063,865</u>	<u>\$ 863,438</u>	<u>\$ 829,051</u>	<u>\$ 2,996,567</u>	<u>\$ 2,892,916</u>

THE CITY'S FUNDS

As the City completed the year, its governmental funds (as presented in the balance sheet on page 11) reported a combined fund balance of \$450,820, which is a 20.51% increase from the last year's total of \$374,100.

General Fund Budgetary Highlights

Over the course of the year, the City had various revisions to the budget.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of June 2023, the City had \$2,661,310 invested in a broad range of capital assets, including fire equipment, buildings, parks facilities, water and sewer lines, and equipment, and various other equipment. Additional information on capital assets is in Note 3.C.

Debt

At year-end, the City had \$360,382 in outstanding long-term debt compared to \$384,691 last year.

ECONOMIC FACTORS

The City expects higher revenues and operating costs in 2023-2024 as compared to 2022-2023.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional information, contact Lorie Rice at City Hall in Grand Junction, Tennessee.

Lorie Rice
City Recorder

CITY OF GRAND JUNCTION TENNESSEE
GOVERNMENT-WIDE STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 399,163	\$ 155,809	\$ 554,972
Investments	16,961	112,635	129,596
Receivables:			
Property taxes	79,657	-	79,657
Grants	-	1,467	1,467
Accounts receivable, net of allowance	-	18,901	18,901
Prepaid	11,959	8,121	20,080
Internal balances	(1,732)	1,732	-
Due from other governments	28,552	-	28,552
Capital assets not being depreciated:			
Land	5,000	80,270	85,270
Construction in progress	-	74,811	74,811
Capital assets net of accumulated depreciation:			
Buildings	1,264,664	46,097	1,310,761
Improvements	47,342	-	47,342
Other	47,789	-	47,789
Equipment	455,415	42,419	497,834
Distribution plant	-	597,503	597,503
Total assets	<u>2,354,770</u>	<u>1,139,765</u>	<u>3,494,535</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows from pensions	7,017	9,387	16,404
	<u>7,017</u>	<u>9,387</u>	<u>16,404</u>
LIABILITIES			
Accounts payable	4,083	54,062	58,145
Customer deposits	-	3,387	3,387
Noncurrent liabilities:			
Long-term debt due within one year	16,124	11,513	27,637
Long-term debt due in more than one year	123,126	206,529	329,655
Net pension liability	1,421	1,669	3,090
Total liabilities	<u>144,754</u>	<u>277,160</u>	<u>421,914</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows from pensions	7,286	8,554	15,840
Unavailable revenues - property taxes	76,618	-	76,618
	<u>83,904</u>	<u>8,554</u>	<u>92,458</u>
NET POSITION			
Net investment in capital assets	1,680,960	623,058	2,304,018
Restricted for:			
State Street Aid	17,835	-	17,835
Police Drug Fund	5,385	-	5,385
Sanitation	14,000	-	14,000
Unrestricted	414,949	240,380	655,329
TOTAL NET POSITION	<u>\$ 2,133,129</u>	<u>\$ 863,438</u>	<u>\$ 2,996,567</u>

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

CITY OF GRAND JUNCTION TENNESSEE
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

Program Activities	Expenses	PROGRAM REVENUES			NET (EXPENSES) REVENUE AND CHANGES IN NET POSITION			
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Governmental activities:								
General Government	\$ 162,743	\$ 501	\$ 40,205	\$ -	\$ (122,037)	\$ -	\$ (122,037)	
Public Safety	176,696	40,761	34,936	-	(100,999)	-	(100,999)	
Public Works	70,806	25,359	12,752	-	(32,695)	-	(32,695)	
Health, Welfare and Recreation	45,189	-	-	-	(45,189)	-	(45,189)	
Interest expense	6,892	-	-	-	(6,892)	-	(6,892)	
Business-type activities:								
Water and Sewer Fund	281,240	314,819	-	-	-	33,579	33,579	
Total business-type activities	281,240	314,819	-	-	-	-	33,579	
Total government	\$ 743,566	\$ 381,440	\$ 87,893	\$ -	(307,812)	33,579	(274,233)	
General revenues:								
Taxes:								
Property						59,618	-	59,618
Sales						201,216	-	201,216
Public service						9,401	-	9,401
Investment earnings						474	808	1,282
Insurance recovery						42,330	-	42,330
Miscellaneous						64,037	-	64,037
Total general revenues and transfers						377,076	808	377,884
Change in net position						69,264	34,387	103,651
Net position- beginning						2,063,865	829,051	2,892,916
Net position - ending						\$ 2,133,129	\$ 863,438	\$ 2,996,567

**CITY OF GRAND JUNCTION TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2023**

	General	Other Governmental Funds	Total
ASSETS			
Cash and cash equivalents	\$ 364,027	\$ 35,136	\$ 399,163
Investments	16,961	-	16,961
Prepaid insurance	11,959	-	11,959
Taxes receivable (net of allowance of \$2,000)	79,657	-	79,657
Due from other funds	-	76	76
Due from other governments	26,544	2,008	28,552
Total assets	<u>\$ 499,148</u>	<u>\$ 37,220</u>	<u>\$ 536,368</u>
LIABILITIES			
Accounts payable	\$ 4,083	-	\$ 4,083
Accrued expenses	-	-	-
Due to other funds	1,808	-	1,808
Unearned revenues - other	-	-	-
Total liabilities	<u>5,891</u>	<u>-</u>	<u>5,891</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenues - property taxes	<u>79,657</u>	<u>-</u>	<u>79,657</u>
FUND BALANCE			
Restricted			
State street aid fund	-	17,835	17,835
Sanitation fund	-	14,000	14,000
Drug fund	-	5,385	5,385
Unassigned			
General fund	413,600	-	413,600
Total fund balances	<u>413,600</u>	<u>37,220</u>	<u>450,820</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 499,148</u>	<u>\$ 37,220</u>	<u>\$ 536,368</u>

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

CITY OF GRAND JUNCTION TENNESSEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET
POSITION
JUNE 30, 2023

Total fund balance - total governmental funds	\$	450,820

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		1,820,210

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources		7,017
Less: deferred inflows of resources		(7,286)

Net pension liabilities of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		(1,421)

Some property tax will not be collected for several months after the City's fiscal year end, they are not considered "available" revenues in the governmental funds.		3,039

Note payable reported on the government wide		(139,250)

Net position of governmental activities	\$	2,133,129

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

CITY OF GRAND JUNCTION TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues			
Taxes			
Property taxes	\$ 68,065	\$ -	\$ 68,065
Penalty and interest	-	-	-
Sales	105,730	-	105,730
Beer	40,660	-	40,660
Franchise	9,401	-	9,401
Intergovernmental revenues	134,031	12,752	146,783
Licenses and permits	501	-	501
Charges for services	8,410	25,359	33,769
Fines, forfeits, and penalties	32,351	-	32,351
Other revenues	37,360	38	37,398
Total revenues	<u>436,509</u>	<u>38,149</u>	<u>474,658</u>
Expenditures			
Current:			
General government	130,161	-	130,161
Public safety	136,038	-	136,038
Public works	26,274	38,965	65,239
Health, welfare, and recreation	43,692	-	43,692
Debt service:			
Principal	15,416	-	15,416
Interest	6,892	-	6,892
Capital outlay	42,830	-	42,830
Total expenditures	<u>401,303</u>	<u>38,965</u>	<u>440,268</u>
Excess (deficiency) of revenues over (under) expenditures	<u>35,206</u>	<u>(816)</u>	<u>34,390</u>
Other financing sources			
Insurance recoveries	42,330	-	42,330
Total other financing sources	<u>42,330</u>	<u>-</u>	<u>42,330</u>
Net change in fund balances	77,536	(816)	76,720
Fund balance at beginning of year	<u>336,064</u>	<u>38,036</u>	<u>374,100</u>
Fund balance at end of year	<u><u>\$ 413,600</u></u>	<u><u>\$ 37,220</u></u>	<u><u>\$ 450,820</u></u>

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

CITY OF GRAND JUNCTION TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

Net change in fund balances - total governmental funds	\$ 76,720
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the government-wide statement of activities and changes in net position, the cost of those assets is allocated over their useful lives as depreciation expense. This is the amount recorded in the current period.	42,830
Depreciation expense on capital assets is reported in the government-wide statement of activities and changes in net position, but they do not require the use of current financial resources. Therefore, depreciation expense is not reported as expenditure in governmental funds.	(93,274)
Effect of GASB 68 on retirement expense; reported on governmental funds but not on government-wide for 2022-2023 year	12,970
The repayment of principal of long-term debt consumes the current financial resources of governmental funds but has no effect on net position.	15,416
Some revenues reported in the statement of activities do not require the use of current resources and, therefore, are not reported as revenues in the government funds	<u>14,602</u>
Change in net position of governmental activities	<u><u>\$ 69,264</u></u>

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

CITY OF GRAND JUNCTION, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
Revenues				
Taxes				
Property taxes - current	\$ 61,000	\$ 61,000	\$ 68,065	\$ 7,065
Local sales tax	80,000	80,000	105,730	25,730
Local beer tax	47,000	47,000	40,660	(6,340)
In lieu of tax	5,000	5,000	4,663	(337)
Cable TV Franchise tax	4,900	4,900	4,738	(162)
Total taxes	197,900	197,900	223,856	25,956
Intergovernmental				
State of Tennessee				
- Sales tax allocation	38,000	38,000	43,724	5,724
- Beer tax allocation	500	500	154	(346)
- Petroleum special	650	650	671	21
- Telecommunications sales tax	-	-	600	600
- TVA replacement tax	3,800	3,800	4,064	264
- Excise tax	5,000	5,000	8,992	3,992
- Sports betting tax	500	500	685	185
- Fire Grant	120,000	170,000	34,936	(135,064)
Federal government				
- ARPA	-	-	40,205	40,205
Total intergovernmental revenues	168,450	218,450	134,031	(84,419)
Licenses and permits				
Other permits	500	500	501	1
Total licenses and permits	500	500	501	1
Charges for services				
Fire calls	7,000	7,000	8,410	1,410
Total charges for services	7,000	7,000	8,410	1,410
City court fines and costs	53,000	53,000	32,351	(20,649)
Other revenues				
Interest income	300	300	436	136
Library	6,000	6,000	7,054	1,054
Events	1,800	1,800	1,595	(205)
Admin fees	18,000	18,000	14,500	(3,500)
Donations	2,000	2,000	1,900	(100)
Miscellaneous income	2,000	2,000	11,875	9,875
Total other revenue	30,100	30,100	37,360	7,260
Total revenues	456,950	506,950	436,509	(70,441)

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

CITY OF GRAND JUNCTION, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget Positive (Negative)
Expenditures				
General Government				
Salaries	\$ 61,000	\$ 61,000	\$ 56,878	\$ 4,122
Salaries - judge	1,800	1,800	1,800	-
Christmas bonus	360	360	480	(120)
OASI (Employer's Share)	5,500	5,500	5,625	(125)
Hospital & health insurance	9,800	9,800	9,076	724
Retirement - current	3,500	3,500	4,179	(679)
Litigation tax	3,000	3,000	3,051	(51)
Postage	400	400	489	(89)
Board per diem	6,000	6,000	6,270	(270)
Events	2,000	2,000	2,028	(28)
Advertising & dues	1,500	1,500	2,254	(754)
Office supplies & materials	1,500	1,500	1,976	(476)
Travel	600	600	820	(220)
Insurance	2,500	2,500	1,998	502
Professional services	6,000	21,000	20,234	766
Utilities	5,000	5,000	5,199	(199)
Repair and maintenance	3,000	3,000	4,094	(1,094)
Miscellaneous	1,500	1,500	3,710	(2,210)
Notes payments - safe room	18,176	18,176	12,169	6,007
Notes interest - safe room	-	-	6,007	(6,007)
Notes payments - library	4,200	4,200	3,247	953
Notes interest - library	-	-	885	(885)
Capital outlay	190,000	234,200	42,830	191,370
Total general government	327,336	386,536	195,299	191,237
Public safety				
Police department				
Salary	68,000	68,000	37,433	30,567
OASI (Employer's Share)	5,200	5,200	3,042	2,158
Retirement - current	1,000	1,000	-	1,000
Benefits	480	480	880	(400)
Office supplies & materials	2,000	2,000	1,206	794
Gas, oil, and diesel	7,000	7,000	4,336	2,664
Insurance	7,600	7,600	3,727	3,873
Utilities	5,500	5,500	4,011	1,489
Repair and maintenance	2,500	2,500	1,988	512
Miscellaneous	-	-	400	(400)
Total police department	99,280	99,280	57,023	42,257
Fire department				
Salaries	13,000	13,000	15,155	(2,155)
OASI (Employer's Share)	1,000	1,000	1,906	(906)
Insurance	5,300	5,300	4,833	467
Gas, oil, diesel	600	600	401	199
Operating supplies	2,000	2,000	51,455	(49,455)
Utilities	1,800	1,800	1,647	153
Repair and maintenance	2,000	2,000	-	2,000
Miscellaneous	500	500	940	(440)
Safe room	-	3,000	2,678	322
Total fire department	26,200	29,200	79,015	(49,815)
Total public safety	125,480	128,480	136,038	(7,558)

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

CITY OF GRAND JUNCTION, TENNESSEE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (continued)
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amount	Final Budget
				Positive
				(Negative)
Expenditures (continued)				
Public works				
Highways and streets				
Repair and maintenance - roads and street	-	-	3,770	(3,770)
Grounds maintenance	20,790	24,790	22,343	2,447
Miscellaneous	250	250	161	89
Total public works	<u>21,040</u>	<u>25,040</u>	<u>26,274</u>	<u>(1,234)</u>
Health, welfare and recreation				
Library				
Salaries	17,000	17,000	15,497	1,503
OASI (Employer's Benefits)	1,300	1,300	1,647	(347)
Software license	1,225	1,225	1,226	(1)
Utilities	3,000	3,000	4,282	(1,282)
Office supplies & materials	250	250	10,277	(10,027)
Repair and maintenance - services	-	-	180	(180)
Miscellaneous	2,400	2,400	1,940	460
Insurance	1,700	1,700	2,175	(475)
Total library	<u>26,875</u>	<u>26,875</u>	<u>37,224</u>	<u>(10,349)</u>
Recreation				
Utilities	4,500	4,500	3,680	820
Insurance	-	-	421	(421)
Total recreation	<u>4,500</u>	<u>4,500</u>	<u>4,101</u>	<u>399</u>
Community Center				
Utilities	1,500	1,500	1,698	(198)
Insurance	-	-	669	(669)
Total community center	<u>1,500</u>	<u>1,500</u>	<u>2,367</u>	<u>(867)</u>
Total health, welfare and recreation	<u>32,875</u>	<u>32,875</u>	<u>43,692</u>	<u>(10,817)</u>
Total expenditures	<u>506,731</u>	<u>572,931</u>	<u>401,303</u>	<u>171,628</u>
Excess (deficiency) of revenues				
 over (under) expenditures	<u>(49,781)</u>	<u>(65,981)</u>	<u>35,206</u>	<u>101,187</u>
Other financing sources				
Insurance recoveries	-	42,330	42,330	-
Total other financing sources (uses)	<u>-</u>	<u>42,330</u>	<u>42,330</u>	<u>-</u>
Net change in fund balance	<u>(49,781)</u>	<u>(23,651)</u>	<u>77,536</u>	<u>101,187</u>
Fund balance at beginning of year	<u>336,064</u>	<u>336,064</u>	<u>336,064</u>	<u>-</u>
Fund balance at end of year	<u>\$ 286,283</u>	<u>\$ 312,413</u>	<u>\$ 413,600</u>	<u>\$ 101,187</u>

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

CITY OF GRAND JUNCTION, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2023

	WATER AND SEWER FUND
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 155,809
Certificates of deposit	112,635
Due from other funds	1,732
Grant receivable	1,467
Accounts receivable, net of allowance	18,901
Prepaid expenses	8,121
TOTAL CURRENT ASSETS	298,665
PROPERTY, PLANT AND EQUIPMENT	
Land	80,270
Buildings	66,467
Equipment	202,349
Distribution plant	1,864,292
Construction in progress	74,811
TOTAL CAPITAL ASSETS	2,288,189
Less accumulated depreciation	(1,447,089)
NET PROPERTY, PLANT AND EQUIPMENT	841,100
TOTAL ASSETS	1,139,765
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	9,387
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	54,062
Customer deposits	3,387
Net pension liability	1,669
Current portion of long-term debt	11,513
TOTAL CURRENT LIABILITIES	70,631
LONG-TERM LIABILITIES	
Bonds and notes payable (net of unamortized premium)	206,529
TOTAL LONG-TERM LIABILITIES	206,529
TOTAL LIABILITIES	277,160
DEFERRED INFLOWS OF RESOURCES	
Pensions	8,554
NET POSITION	
Net investment in capital assets	623,058
Unrestricted net position	240,380
TOTAL NET POSITION	\$ 863,438

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

CITY OF GRAND JUNCTION, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	<u>WATER AND SEWER FUND</u>
OPERATING REVENUES	
Metered sales	\$ 272,665
Meter fees	8,621
Penalty revenue	8,740
Miscellaneous revenue	1,138
TOTAL OPERATING REVENUES	<u>291,164</u>
OPERATING EXPENSES	
Salaries, wages, and payroll taxes	122,629
Administrative fee	16,000
Advertising and dues	887
Fuel	3,789
Pension expense	5,881
Utilities	26,849
Repair and maintenance	30,306
Office supplies	7,022
Insurance	9,066
Professional services	9,817
Depreciation	38,911
TOTAL OPERATING EXPENSES	<u>271,157</u>
OPERATING INCOME (LOSS)	<u>20,007</u>
NONOPERATING REVENUES (EXPENSES)	
Interest income	808
Interest expense	(10,083)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(9,275)</u>
TRANSFERS AND CAPITAL CONTRIBUTIONS	
CDBG grant revenue	23,655
TOTAL TRANSFERS AND CAPITAL CONTRIBUTIONS	<u>23,655</u>
CHANGE IN NET POSITION	34,387
NET POSITION - BEGINNING OF YEAR, ORIGINAL	<u>829,051</u>
NET POSITION - END OF YEAR	<u><u>\$ 863,438</u></u>

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

CITY OF GRAND JUNCTION, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2023

	<u>WATER AND SEWER FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 307,675
Cash payments to suppliers for goods and services	(66,657)
Cash payments to employees for services	(127,248)
Cash payments to other funds for services	(1,732)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>112,038</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and construction of capital assets	(74,811)
Retirement of bonds and notes payable	(11,013)
Interest paid on long-term debt	(10,083)
NET CASH USED FOR CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(95,907)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Reinvestment of certificate of deposit	(39)
Interest on cash and investments	808
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>769</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	16,900
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>138,909</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 155,809</u></u>
RECONCILIATION OF INCOME FROM OPERATIONS TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Income from operating activities	\$ 43,662
Adjustments to reconcile income from operations to net cash	
Depreciation and amortization	38,911
Changes in pension related deferred outflows and inflows of resources	(4,619)
Changes in Assets and Liabilities:	
(Increase) decrease in accounts receivable	(5,677)
(Increase) decrease in other receivables	(1,467)
(Increase) decrease in due from other funds	(1,732)
(Increase) decrease in prepaid expenses	(8,121)
Increase (decrease) in accounts payable	51,081
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ 112,038</u></u>

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

CITY OF GRAND JUNCTION, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this Note.

1. A. FINANCIAL REPORTING ENTITY

The City's financial reporting entity comprises the following:

Primary Government:	City of Grand Junction
Blended Component Units:	None

In determining the financial reporting entity, the City complies with the provisions as set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards.

Blended Component Units

Blended component units are separate legal entities that meet the component unit criteria described in the codification as listed above and whose governing body is the same or substantially the same as the City Council or the component unit provides services entirely to the City. These component units' funds are blended into those of the City's by appropriate activity type to compose the primary government presentation. Currently, the City has no blended component units.

Discretely Presented Component Units

Discretely presented component units are separate legal entities that meet the component unit criteria described above but do not meet the criteria for blending. Currently, the City has no discretely presented component units.

1.B. BASIS OF PRESENTATION

Government-wide Financial Statements:

The Statement of Net Position and Statement of Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's utility functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF GRAND JUNCTION, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

Governmental Funds

General Fund

The General Fund is the primary operating fund of the City and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds.

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for certain purposes.

Proprietary Fund

Enterprise Funds

Enterprise funds are used to account for business-like activities provided to the general public. These activities are financed primarily by user charges and the measurement of financial activity focuses on net income measurement similar to the private sector.

Major and Nonmajor Funds

The funds are further classified as major or nonmajor as follows:

Fund	Brief Description
<i>Major:</i> Governmental: General	See above for description.
Proprietary: Water and Sewer	Accounts for the water and sewer operations.

**CITY OF GRAND JUNCTION, TENNESSEE
NOTES TO BASIC FINANCIAL STATEMENTS
JUNE 30, 2023**

Nonmajor:

Special Revenue Funds:

State Street Aid	Accounts for the state gas tax revenue and the expenditures legally restricted to street maintenance.
Police Drug Fund	Accounts for revenues and expenditures on drug fines and enforcement costs.
Sanitation	Accounts for the solid waste collection revenue and expenditures related to disposal services.

1.C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates timing transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital lease are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when the cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

The City does not allocate indirect costs.

CITY OF GRAND JUNCTION, TENNESSEE
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Budgetary Information

Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for all governmental funds.

The City adopts its budget in accordance with the State's legal requirement, which is the level of classification detail at which expenditures may not legally exceed appropriations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to May 1, the City Manager submits to the Board of Commission a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- The proposed budget is published in the local newspaper with invitations for the public to attend the budget hearings.
- Prior to July 1, the budget is legally adopted by the City Manager and Board of Commission through adoption of the appropriation ordinance upon two readings.
- The City Manager is responsible for controlling expenditures of the various agencies of the City government within the appropriated amounts. No expenditures shall be made in excess of the appropriations.

Budgeted amounts of the revenues and expenditures presented for the General and Special Revenue Funds are shown as originally adopted and after final amendments by the Board of Aldermen. Budget appropriations lapse at year end. A comparison of the budget with statements of actual revenues and expenditures, including budget variances, of the all funds are presented as fund financial statements.

1.D. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and Investments

For the purpose of the Statement of Net Position, "cash and cash equivalents" includes all demand, savings accounts, and certificates of deposits of the City. For the purpose of the proprietary fund Statement of Cash Flows, "cash and cash equivalents" includes all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less.

All investments are certificates of deposits held at local banks and are not considered to be marketable. Additional cash and investment disclosures are presented in Notes 2.B. and 3.A.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds within governmental activities are eliminated in the Statement of Net Position. See Note 3.G for details of interfund transactions, including receivables and payables at year-end.

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Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include property taxes, sales taxes, and grants. Business-type activities report utility sales as their major receivables.

Inventories and Prepaid Expense

Natural gas storage inventory is accounted for on the weighted average method. Inventory of supplies is accounted for on the first in first out method. Prepaid expenses are maintained on the consumptive method of accounting.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost as follows: \$5,000 with a life greater than three years is recorded as capital outlay in the department for which it was purchased.

In the case of the initial capitalization of general infrastructure assets (i.e., those reported by governmental activities), the government chose to include all such items regardless of their acquisition date or amount. The government was able to estimate the historical cost for the initial reporting of some assets. As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are capitalized and reported at historical cost.

The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at their estimated fair value at the date of donation.

Land and construction in progress are not depreciated. The other property, plant, equipment and infrastructure of the primary government are depreciated using the straight-line method over the following estimated useful lives in years:

<u>Capital asset classes</u>	<u>Lives</u>
Infrastructure	10 - 20
Buildings	10 - 50
Utility Plant in Service	33 - 40
Furniture and Equipment	5 - 15

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the proprietary Statement of Net Position. These items are for pension changes in experience, changes in pension proportionate share of contributions, as well as employer contributions made to the pension plan after the measurement date.

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In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the proprietary Statement of Net Position. These items are from the following sources: current and delinquent property taxes, rent, pension changes in experience, and changes in pension investment earnings. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

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

Net position is displayed in three components:

- a. Net investment in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Board of Aldermen is the government's highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing board has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Nonspendable fund balance is associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).

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Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

The City has not yet adopted an order of fund balance spending policy. It considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Long-term Debt

The accounting treatment of long-term debt depends on whether the assets are used in governmental fund operations or proprietary fund operations, and whether they are reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental and business-type resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of notes payable, general obligation bonds, and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources, and payment of principal and interest are reported as expenditures. The accounting for proprietary funds is the same in the fund statements as it is in the government-wide statements.

1.E. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the City's net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

1.F. REVENUES, EXPENDITURES, AND EXPENSES

Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Sales Tax

The City presently levies a two and three-quarters percent sales tax on taxable sales within the City. The sales tax is collected by the Tennessee Department of Revenue, and 0.875 percent is remitted to the City in the month following receipt by the Department of Revenue. The Department of Revenue receives the sales tax approximately one month after collection by vendors. The sales tax is recorded in the General Fund. Sales tax remitted to the City in July and August has been accrued and is included under the caption "Due from other governments."

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Property Tax

Property taxes are levied annually on the first of January. The taxes are due and payable from the following October through February in the year succeeding the tax levy. An unperfected lien attaches by statute to property on March 1 for unpaid taxes from the prior year's levy. Taxes uncollected for one year past the due date are submitted to the Chancery Court for collection. Tax liens become perfected at the time the court enters judgment. In the fund financial statements, property taxes are recorded as revenue in the period levied to the extent that they are collected within 60 days of year-end.

Operating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenues that are not generated from the daily operations are defined as non-operating.

Expenditures/ Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

Governmental funds – by Character:	Current (further classified by function)
	Debt Service
	Capital Outlay

Proprietary Fund – By Operating and Nonoperating

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers. For the purposes of the Statement of Activities, all interfund transfers between individual governmental funds have been eliminated.

NOTE 2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

By its nature as a local government unit, the City and its component units are subject to various federal, state, and local laws and contractual regulations. An analysis of the City's compliance with significant laws and regulations and demonstration of its stewardship over City resources follows.

2.A. FUND ACCOUNTING REQUIREMENTS

Fund	Required By
Police Drug Fund	State Law

2.B. DEPOSITS AND INVESTMENTS LAWS AND REGULATIONS

In accordance with State law, all uninsured deposits of municipal funds in financial institutions must be secured with acceptable collateral valued at the lower of market or par. Acceptable collateral includes certain U.S.

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Government or Government Agency securities, certain State of Tennessee or political subdivision debt obligations, or surety bonds. As required by 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the City must have a written collateral agreement approved by the board of directors or loan committee.

The City's investment policies are governed by State statute. Permissible investments include direct obligations of the U.S. Government and agency securities, certificates of deposit, and savings accounts. Collateral is required for demand deposits, certificates of deposits, and repurchase agreements at 105% of all amounts not covered by federal deposit insurance.

2.C. REVENUE RESTRICTIONS

The City has various restrictions placed over certain revenue sources from state or local requirements. The primary restricted revenue sources include:

Revenue Source	Legal Restrictions of Use
Sales Tax	Portion to fund city school program
Gasoline Excise Tax	Street Purposes
Grants	Grant Program Expenditures

2.D. FUND EQUITY RESTRICTIONS

Deficit Prohibition

Tennessee statutes prohibit the creation of a deficit fund balance in any individual fund. The City complied with this statute in all material respects for the year ended June 30, 2023.

2.E. BUDGET APPROPRIATIONS

The City's State Street Aid Fund and Sanitation Fund expenditures exceeded appropriations for the year ended June 30, 2023.

NOTE 3. DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS

3.A. CASH AND INVESTMENTS

Deposits

The City's policies regarding deposits of cash are discussed in Note 1.D.

For deposits, custodial credit risk is the risk that, in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a policy regarding custodial credit risks for deposits.

As of June 30, 2023, the City's bank balances were not exposed to custodial credit risk due to being entirely covered by depository insurance (a combination of federal depository insurance with the excess covered by the State's Bank Collateral Pool or additional pledged securities).

3.B. ACCOUNTS RECEIVABLE

Accounts receivable of the business-type activities consists of utilities receivable. Due to adequate collections, the town feels there is no need for an allowance account.

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3.C. CAPITAL ASSETS

Depreciation expense was charged to governmental activities as follows:

Governmental Function	
General government	\$ 45,552
Public safety	40,658
Public works	5,567
Health, recreation and welfare	<u>1,497</u>
Total depreciation expense	<u>\$93,274</u>

Capital asset activity for the year ended June 30, 2023, was as follows:

	Balance 7/1/22	Additions/ Completions	Retirements/ Adjustments	Balance 6/30/23
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 5,000	\$ -	\$ -	\$ 5,000
Total Capital assets not being depreciated	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Capital assets being depreciated				
Buildings	1,448,678	-	-	1,448,678
Equipment	603,077	42,830	-	645,907
Other	68,270	-	-	68,270
Street Improvements	<u>111,342</u>	<u>-</u>	<u>-</u>	<u>111,342</u>
Total Capital assets being depreciated	<u>2,231,367</u>	<u>42,830</u>	<u>-</u>	<u>2,274,197</u>
Less accumulated depreciation for:				
Buildings	(147,797)	(36,217)	-	(184,014)
Equipment	(141,733)	(48,759)	-	(190,492)
Other	(17,750)	(2,731)	-	(20,481)
Street Improvements	<u>(58,433)</u>	<u>(5,567)</u>	<u>-</u>	<u>(64,000)</u>
Total accumulated depreciation	<u>(365,713)</u>	<u>(93,274)</u>	<u>-</u>	<u>(458,987)</u>
Total capital assets, being depreciated, net				<u>1,815,210</u>
Governmental activities capital assets, net				<u>\$ 1,820,210</u>
Business-type activities:				
Capital assets not being depreciated				
Land	\$ 80,270	\$ -	\$ -	\$ 80,270
Construction in Progress	-	74,811	-	74,811
Total Capital assets not being depreciated	<u>80,270</u>	<u>74,811</u>	<u>-</u>	<u>155,081</u>
Capital assets being depreciated				
Buildings	66,467	-	-	66,467
Equipment	202,349	-	-	202,349
Plant	<u>1,864,292</u>	<u>-</u>	<u>-</u>	<u>1,864,292</u>
Total Capital assets being depreciated	<u>2,133,108</u>	<u>-</u>	<u>-</u>	<u>2,133,108</u>
Less accumulated depreciation for:				
Buildings	(18,685)	(1,685)	-	(20,370)
Equipment	(154,811)	(5,119)	-	(159,930)
Plant	<u>(1,234,682)</u>	<u>(32,107)</u>	<u>-</u>	<u>(1,266,789)</u>
Total accumulated depreciation	<u>(1,408,178)</u>	<u>(38,911)</u>	<u>-</u>	<u>(1,447,089)</u>
Total capital assets, being depreciated, net				<u>686,019</u>
Business-type activities capital assets, net				<u>\$ 841,100</u>

3.D. Pensions

General Information about the Pension Plan

Plan description. Employees of Grand Junction are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <http://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

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Benefits provided. Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 60 and vested or pursuant to the rule of 80 in which the member's age and service credit total 80. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Employees covered by benefit terms. At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	0
Inactive employees entitled to but not yet receiving benefits	2
Active employees	<u>3</u> <u>5</u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute 5 percent of salary. Grand Junction makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, employer contributions for Grand Junction were \$6,450 based on a rate of 4.05 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Grand Junction's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contribution (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Grand Junction's net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions. The total pension liability as of June 30, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

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

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

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

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

Discount rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from Grand Junction will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) -(b)
Balance at 6/30/21	\$ 75,588	\$ 74,709	\$ 879
Changes for the year:			
Service cost	18,910		18,910
Interest	6,231		6,231
Differences between expected and actual experience	(9,156)		(9,156)
Changes in assumptions	-		-
Contributions- employer		9,308	(9,308)
Contributions- employees		7,983	(7,983)
Net investment income		(3,098)	3,098
Benefit payments, including refunds of employee contributions	(4,371)	(4,371)	-
Administrative expense		(419)	419
Net changes	<u>11,614</u>	<u>9,403</u>	<u>2,211</u>
Balance at 6/30/22	<u>\$ 87,202</u>	<u>\$ 84,112</u>	<u>\$ 3,090</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net position liability (asset) of Grand Junction calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
Grand Junction's net pension liability (asset)	\$ 18,828	\$ 3,090	\$ (9,774)

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

Pension expense (negative pension expense). For the year ended June 30, 2023, Grand Junction recognized pension expense (negative pension expense) of \$10,890.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2023, Grand Junction reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,192	\$ 15,840
Net difference between projected and actual earnings on pension plan investments	1,195	-
Changed in assumptions	3,869	-
Contributions subsequent to the measurement date of June 30, 2022	9,148	(not applicable)
	<u>\$ 16,404</u>	<u>\$ 15,840</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2022," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30:

2024	(\$1,210)
2025	(\$1,202)
2026	(\$1,373)
2027	\$623
2028	(\$1,090)
Thereafter	(\$4,336)

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

Payable to the Pension Plan

At June 30, 2023, Grand Junction reported a payable of \$0 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2023.

3.F. LONG-TERM LIABILITIES

The City's long-term liabilities are segregated between the amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

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Governmental Activities

Direct Borrowings & Direct Placement

Bank of Fayette due in March 2031, bearing an interest rate of 4.85% \$ 117,060

Bank of Fayette due in June 2025, bearing an interest rate of 3.69% 22,190

Other liabilities

Net pension liability 1,421

Total Governmental Activities \$ 140,671

Business-type Activities

Revenue and Tax Bonds

USDA Rural Development Loan, dated March 19, 2006, 4.50% interest rate,
with maturity date of June 30, 2036 \$ 218,042

Other liabilities

Net pension liability 1,669

Total Business-type Activities \$ 219,711

Changes in Long-Term Liabilities

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

	Balance 7/1/2022	Issues or Additions	Retirements	Balance 6/30/2023	Due within one year
<u>Governmental Type Activities</u>					
Bank of Fayette Note	\$ 154,757	\$ -	\$ 15,507	\$ 139,250	\$ 16,124
Net Pension Liability	404	1,017	-	1,421	-
Total governmental activities	155,161	1,017	15,507	140,671	16,124
<u>Business Type Activities</u>					
Revenue and Tax Bonds	229,055	-	11,013	218,042	11,513
Net Pension Liability	475	1,194	-	1,669	-
Total business-type activities	229,530	1,194	11,013	219,711	11,513
Total government	\$ 384,691	\$ 2,211	\$ 26,520	\$ 360,382	\$ 27,637

Annual Requirements to Retire Debt Outstanding

The annual aggregate maturities for each note payable for the years subsequent to June 30, 2023, are as follows:

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Year Ending June 30,	<u>Direct Borrowings & Direct Placement</u> Govnermental-type Activities		<u>Revenue and Tax Bonds</u> Business-type Activities	
	Principal	Interest	Principal	Interest
2024	\$ 16,124	\$ 6,183	\$ 11,513	\$ 9,578
2025	16,900	5,407	12,042	9,049
2026	17,696	4,611	12,595	8,496
2027	18,529	3,777	13,174	7,917
2028	19,072	2,912	13,779	7,312
2029-2033	50,929	3,362	78,991	26,462
2034-2038	-	-	75,948	7,073
Total	<u>\$ 139,250</u>	<u>\$ 26,252</u>	<u>\$ 218,042</u>	<u>\$ 75,887</u>

3.G. INTERFUND TRANSACTIONS AND BALANCES

Interfund Receivables and Payables

Transactions between the General and Water and Sewer Fund and State Street Aid are also from water bills and state shared revenue.

DUE TO:	<u>Water</u>	<u>State Street Aid</u>	<u>Totals</u>
DUE FROM:			
General	\$ 1,732	\$ 76	\$ 1,808
Totals	<u>\$ 1,732</u>	<u>\$ 76</u>	<u>\$ 1,808</u>

NOTE 4. OTHER NOTES

4.A. RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is carried for employees bonds and certain property destruction and employee health and accident claims. The City also participates in the Tennessee Municipal League Risk Management Pool, a public entity risk pool, for errors and omissions, automobile liability and physical damage, workers compensation, and employees' liability. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the three past fiscal years. The Tennessee Municipal League Risk Management Pool has been self-sustaining through member premiums. Members consist of local jurisdiction municipalities and utility districts in the state. Members are responsible for a pro-rata portion of claims which exceed the Pool's reserves. No additional assessments have ever been made by the Pool to its members as a result of losses experienced.

4.B. COMMITMENTS AND CONTINGENCIES

The City is a defendant in a lawsuits brought against it. The City cannot predict the outcome of these cases and it is possible losses could be incurred.

CITY OF GRAND JUNCTION TENNESSEE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
LAST FISCAL YEAR ENDING JUNE 30

	2018	2019	2020	2021	2022
Total pension liability					
Service Cost	\$ -	\$ 19,283	\$ 12,205	\$ 16,219	\$ 18,910
Interest	-	3,063	3,433	5,005	6,231
Changes in benefit terms	22,971	-	-	-	-
Differences between actual & expected experience	-	(10,175)	3,509	(1,614)	(9,156)
Change of assumptions	-	-	-	4,643	-
Benefit payments, including refunds of employee contributions	-	-	-	(2,954)	(4,371)
Net change in total pension liability	22,971	12,171	19,147	21,299	11,614
Total pension liability - beginning	-	22,971	35,142	54,289	75,588
Total pension liability - ending (a)	\$ 22,971	\$ 35,142	\$ 54,289	\$ 75,588	\$ 87,202
 Plan fiduciary net position					
Contributions - employer	\$ 4,738	\$ 6,734	\$ 7,947	\$ 9,343	\$ 9,308
Contributions - employee	6,968	9,903	7,776	8,013	7,983
Net investment income	472	1,487	1,847	13,881	(3,098)
Benefit payments, including refunds of employee contributions	-	-	-	(2,954)	(4,371)
Administrative expenses	(335)	(399)	(354)	(358)	(419)
Net change in plan fiduciary net position	11,843	17,725	17,216	27,925	9,403
Plan fiduciary net position - beginning	-	11,843	29,568	46,784	74,709
Plan fiduciary net position - ending (b)	\$ 11,843	\$ 29,568	\$ 46,784	\$ 74,709	\$ 84,112
 Net Pension Liability (asset) - ending (a) - (b)	\$ 11,128	\$ 5,574	\$ 7,505	\$ 879	\$ 3,090
 Plan fiduciary net position as a percentage of total pension liability	51.56%	84.14%	86.18%	98.84%	96.46%
 Covered payroll	\$ 139,360	\$ 198,067	\$ 155,514	\$ 160,261	\$ 159,662
 Net pension liability (asset) as a percentage of covered payroll	7.99%	2.81%	4.83%	0.55%	1.94%

Notes to Schedule:

Changes of assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

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

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

CITY OF GRAND JUNCTION TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS
LAST FISCAL YEAR ENDING JUNE 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Actuarially determined contribution	\$ 4,738	\$ 6,734	\$ 7,947	\$ 9,343	\$ 7,999	\$ 6,450
Contributions in relation to the actuarially determined contribution	<u>4,738</u>	<u>6,734</u>	<u>7,947</u>	<u>9,343</u>	<u>9,308</u>	<u>9,148</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (1,309)</u>	<u>\$ (2,698)</u>
 Covered-employee payroll	 \$ 139,360	 \$ 198,067	 \$ 155,514	 \$ 160,261	 \$ 159,662	 \$ 159,136
Contributions as a percentage to covered-employee payroll	3.40%	3.40%	5.11%	5.83%	5.83%	5.75%

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

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

**CITY OF GRAND JUNCTION TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2023**

Notes to Tennessee Consolidated Retirement System (TCRS) Schedule

Valuation date: Actuarially determined contribution rates for 2023 were calculated based on the June 30, 2021 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75%, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.125%

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

**CITY OF GRAND JUNCTION, TENNESSEE
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2023**

	State Street Aid Fund	Police Drug Fund	Sanitation Fund	Total Other Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 15,751	\$ 5,385	\$ 14,000	\$ 35,136
Due from general fund	76	-	-	76
Due from other governments	2,008	-	-	2,008
TOTAL ASSETS	<u>\$ 17,835</u>	<u>\$ 5,385</u>	<u>\$ 14,000</u>	<u>\$ 37,220</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to general fund	-	-	-	-
Unearned revenues	-	-	-	-
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Non-spendable				
Prepays	-	-	-	-
Restricted				
State street aid	17,835	-	-	17,835
Drug fund	-	5,385	-	5,385
Sanitation	-	-	14,000	14,000
TOTAL FUND BALANCES	<u>17,835</u>	<u>5,385</u>	<u>14,000</u>	<u>37,220</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 17,835</u>	<u>\$ 5,385</u>	<u>\$ 14,000</u>	<u>\$ 37,220</u>

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

CITY OF GRAND JUNCTION, TENNESSEE
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2023

	State Street Aid Fund	Police Drug Fund	Sanitation Fund	Total Other Governmental Funds
Revenues:				
Charges for services	\$ -	\$ -	\$ 25,359	\$ 25,359
Intergovernmental revenues	12,752	-	-	12,752
Other revenue	23	-	15	38
Total Revenues	<u>12,775</u>	<u>-</u>	<u>25,374</u>	<u>38,149</u>
Expenditures:				
Current:				
Public works	13,785	-	25,180	38,965
Public safety	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>13,785</u>	<u>-</u>	<u>25,180</u>	<u>38,965</u>
Excess (deficiency) or revenues over (under) expenditures	<u>(1,010)</u>	<u>-</u>	<u>194</u>	<u>(816)</u>
Other financing sources				
Sale of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(1,010)	-	194	(816)
Fund balances at beginning of year	<u>18,845</u>	<u>5,385</u>	<u>13,806</u>	<u>38,036</u>
Fund balances at end of year	<u><u>\$ 17,835</u></u>	<u><u>\$ 5,385</u></u>	<u><u>\$ 14,000</u></u>	<u><u>\$ 37,220</u></u>

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

CITY OF GRAND JUNCTION, TENNESSEE
STATE STREET AID FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget -</u>
				<u>Positive</u>
				<u>(Negative)</u>
Revenues:				
Intergovernmental:				
State gasoline and motor fuel tax	\$ 12,000	\$ 12,000	\$ 6,543	\$ (5,457)
Gas 3 cent tax	-	-	1,888	1,888
State gas 1989 tax	-	-	1,022	1,022
2017 gas tax	-	-	3,299	3,299
Other revenues:				
Interest income	-	-	23	23
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>12,775</u>	<u>775</u>
 Expenditures:				
Public works				
Street lighting	8,500	8,500	4,645	3,855
Repairs and maintenance	3,000	3,000	9,140	(6,140)
Total Expenditures	<u>11,500</u>	<u>11,500</u>	<u>13,785</u>	<u>(2,285)</u>
 Excess (deficiency) of revenues over (under) expenditures	<u>500</u>	<u>500</u>	<u>(1,010)</u>	<u>(1,510)</u>
 Other financing sources				
Transfers in	-	-	-	-
 Net Change in Fund Balances	<u>500</u>	<u>500</u>	<u>(1,010)</u>	<u>(1,510)</u>
 Fund Balance at Beginning of Year	<u>18,845</u>	<u>18,845</u>	<u>18,845</u>	<u>-</u>
 Fund Balance at End of Year	<u>\$ 19,345</u>	<u>\$ 19,345</u>	<u>\$ 17,835</u>	<u>\$ (1,510)</u>

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

CITY OF GRAND JUNCTION TENNESSEE
POLICE DRUG FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Revenues:				
Fines, forfeitures, and penalties:				
Fines and tickets	\$ 500	\$ 500	\$ -	\$ (500)
Other revenues:				
Interest income	-	-	-	-
Total Revenues	<u>500</u>	<u>500</u>	<u>-</u>	<u>(500)</u>
Expenditures:				
Public Safety:				
Repairs and supplies	500	500	-	500
Total Expenditures	<u>500</u>	<u>500</u>	<u>-</u>	<u>500</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources				
Sale of capital assets	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance at Beginning of Year	<u>5,385</u>	<u>5,385</u>	<u>5,385</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 5,385</u>	<u>\$ 5,385</u>	<u>\$ 5,385</u>	<u>\$ -</u>

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

CITY OF GRAND JUNCTION, TENNESSEE
SANITATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL
YEAR ENDED JUNE 30, 2023

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget- Positive (Negative)</u>
Revenues:				
Charges for Services:				
Collection charges	\$ 15,500	\$ 24,100	\$ 25,359	\$ 1,259
Other revenues:				
Interest income	15	15	15	-
TOTAL REVENUES	<u>15,515</u>	<u>24,115</u>	<u>25,374</u>	<u>1,259</u>
Expenditures				
Public Works:				
Garbage pick-up	15,500	24,114	25,180	(1,066)
Total expenditures	<u>15,500</u>	<u>24,114</u>	<u>25,180</u>	<u>(1,066)</u>
Revenues over (under) expenditures	15	1	194	193
Fund balance at beginning of year	<u>13,806</u>	<u>13,806</u>	<u>13,806</u>	<u>-</u>
Fund balance at end of year	<u>\$ 13,821</u>	<u>\$ 13,807</u>	<u>\$ 14,000</u>	<u>\$ 193</u>

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

CITY OF GRAND JUNCTION TENNESSEE
SCHEDULE OF CHANGES IN PROPERTY TAXES RECEIVABLE
JUNE 30, 2023

Tax Year	Assessed Value	Tax Rate	Tax Levy	Beginning Balances	Additions	Collections	Adjustments	Ending Balance
2023	\$ 10,214,617	\$ 0.750	\$ 76,618	\$ -	\$ 76,618	\$ -	\$ -	76,618
2022	7,966,578	0.750	59,759	59,759	-	56,687	-	3,072
2021	7,849,517	0.750	-	12,129	-	11,378	-	751
2020	7,838,627	0.750	-	284	-	-	-	284
2019	7,296,172	0.750	-	707	-	-	-	707
2018	7,202,252	0.750	-	-	-	-	-	-
2017	6,787,783	0.750	-	-	-	-	-	-
2016	6,519,821	0.750	-	-	-	-	-	-
2015	6,510,279	0.750	-	-	-	-	-	-
2014	6,474,771	0.750	-	225	-	-	-	225
2013	6,668,511	0.750	-	-	-	-	-	-
Prior	6,259,216	0.740	-	141	-	-	(141)	-
				<u>\$ 73,245</u>	<u>\$ 76,618</u>	<u>\$ 68,065</u>	<u>\$ (141)</u>	<u>\$ 81,657</u>

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

**CITY OF GRAND JUNCTION TENNESSEE
SCHEDULE OF LONG-TERM DEBT REQUIREMENTS
GENERAL AND WATER AND SEWER FUND
JUNE 30, 2023**

Year Ended June 30,	Bonds Payable		Notes Payable	
	USDA, Water & Sewer Revenue & Tax Bond Series 2006		General Fund Bank of Fayette County	
	Principal	Interest	Principal	Interest
2024	\$ 11,513	\$ 9,578	\$ 16,124	\$ 6,183
2025	12,042	9,049	16,900	5,407
2026	12,595	8,496	17,696	4,611
2027	13,174	7,917	18,529	3,777
2028	13,779	7,312	19,072	2,912
2029	14,412	6,679	20,318	1,989
2030	15,074	6,017	17,075	1,101
2031	15,766	5,324	13,536	272
2032	16,491	4,600	-	-
2033	17,248	3,842	-	-
2034	18,041	3,050	-	-
2035	18,869	2,221	-	-
2036	19,736	1,354	-	-
2037	19,302	448	-	-
	<u>\$ 218,042</u>	<u>\$ 75,887</u>	<u>\$ 139,250</u>	<u>\$ 26,252</u>

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

CITY OF GRAND JUNCTION, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
JUNE 30, 2023

Description of Indebtedness	Original Amount Of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7/1/2022	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding 6/30/2023
Governmental-Type Activities									
NOTES PAYABLE									
Payable through Grand Junction General Fund									
Bank of Fayette County - Safe Room	\$ 165,000	4.85%	3/19/2019	3/19/2031	\$ 129,307	\$ -	\$ 12,247	\$ -	\$ 117,060
Bank of Fayette County - Library	\$ 40,000	3.69%	6/28/2017	6/28/2025	25,450		3,260		22,190
TOTAL NOTES PAYABLE - Payable through General Fund					<u>\$ 154,757</u>	<u>\$ -</u>	<u>\$ 15,507</u>	<u>\$ -</u>	<u>\$ 139,250</u>
Business-Type Activities									
BONDS PAYABLE									
Payable through Grand Junction Water and Sewer Fund									
Water and Sewer Revenue and Tax Bonds, Series 2006	\$ 383,000	4.50%	3/19/2006	6/30/2036	\$ 229,055	\$ -	\$ 11,013	\$ -	\$ 218,042
TOTAL BONDS PAYABLE - Payable through Grand Junction Water and Sewer Fund					<u>\$ 229,055</u>	<u>\$ -</u>	<u>\$ 11,013</u>	<u>\$ -</u>	<u>\$ 218,042</u>

CITY OF GRAND JUNCTION, TENNESSEE
SCHEDULE OF OUTSTANDING DELINQUENT TAXES FILED WITH CHANCERY COURT
JUNE 30, 2023

<u>Tax Year</u>	<u>Outstanding Balance</u>
2021	\$ 751
2020	284
2019	707
2018	-
2017	-
2016	-
2015	-
2014	<u>225</u>
Total	<u><u>\$ 1,967</u></u>

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

**CITY OF GRAND JUNCTION, TENNESSEE
SCHEDULE OF UTILITY RATES IN FORCE
JUNE 30, 2023**

WATER AND SEWER RATES

INSIDE CITY LIMITS	<u>Water</u>	<u>Sewer</u>
0-2000 gallons	\$ 19.20 minimum	100% of water bill
Per 100 gallons	\$.35 per 100	
 OUTSIDE CITY LIMITS	 <u>Water with Sewer</u>	 <u>Water without Sewer</u>
0-2000 gallons	\$ 29.98 minimum	\$ 37.08 minimum
Per 100 gallons	\$.55 per 100	\$.58 per 100

NUMBER OF CUSTOMERS AT YEAR END	<u><u>468</u></u>	<u><u>194</u></u>

SANITATION RATES

Residential	\$14.50
Commercial	\$24.50

NUMBER OF CUSTOMERS AT YEAR END	<u><u>145</u></u>

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

CITY OF GRAND JUNCTION, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass- Through Grantor/ Program Title	Assistance Listing Number	Contract Number	Expenditures
Federal Awards			
Department of Economic and Community Development			
Community Development Block Grant Program (Rural Development) - Sewer System Improvements	14.228	N/A	\$ 74,811
Total Department of Economic and Community Development			<u>74,811</u>
Department of Treasury			
American Rescue Plan Act Grant	21.027	N/A	40,205
Total Department of Treasury			<u>40,205</u>
Total Federal Awards			<u>115,016</u>
State Awards			
Volunteer Firefighter Equipment and Training Grant Program	N/A	73026-24	16,459
Total State Awards			<u>16,459</u>
Total Federal and State Awards			<u>\$ 131,475</u>

Basis of Presentation

Note 1: The accompanying schedule of Expenditures of Federal Awards and State Financial Assistance summarizes the expenditures of the City under programs of the federal and state governments for the year ended June 30, 2023. The schedule is presented using the modified accrual basis of accounting.

Note 2: Indirect Cost Rate: The City of Grand Junction has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

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



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

To the Mayor and City Council
City of Grand Junction, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Grand Junction, Tennessee (the City), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, as listed in the table of contents, and have issued our report thereon dated May 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing 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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

2023 – 001 INADEQUATE SEGREGATION OF DUTIES

Condition: The operating structure of the City does not provide adequate segregation of duties between persons with access to assets and those responsible for reconciling records and recording transactions.

Criteria: Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal controls are effective.

Cause: Lack of accounting staff.

Effect: The risk of errors or irregularities occurring and not being detected in a timely manner increases when accounting functions are not adequately segregated.

Management's Response: The City concurs with this finding. The board and management will review and document its review of the financial transactions incurred by the City.

2023 – 002 FINANCIAL STATEMENTS MATERIALLY MISSTATED BEFORE AUDIT – GENERAL FUND, STATE STREET AID FUND, SANITATION FUND, AND WATER AND SEWER FUND

Condition: The financial statements were materially misstated before audit adjustments on the General Fund, State Street Aid Fund, Sanitation Fund, and Water and Sewer Fund due to not properly accounting for balance sheet accounts.

Criteria: Generally accepted accounting principles require that accounting transactions be posted properly.

Cause: Oversight of City personnel.

Effect: Material adjustments were required because the City's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records.

Management's Response: The City concurs with this finding.

2023 – 003 NUMEROUS MISCLASSIFICATIONS BETWEEN LINE ITEMS

Condition: On the general ledger, we noted numerous misclassifications between line items such as state shared revenue items.

Criteria: Generally accepted accounting principles require that accounting transactions be posted properly.

Cause: Oversight of City personnel.

Effect: Financial statements provided to management are incorrect.

Management's Response: The City concurs with this finding.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

2023 – 004 EXPENDITURES EXCEEDED BUDGET APPROPRIATIONS – STATE STREET AID FUND AND SANITATION FUND

Condition: The expenditures exceeded budget appropriations on the and State Street Aid Fund and Sanitation Fund.

Criteria: The City is in violation with *Tennessee Code Annotated* (TCA) 6-56-203, which states all funds expended should be within appropriations.

Cause: Oversight of City personnel.

Effect: Noncompliance with State guidelines.

Management's Response: The City concurs with this finding.

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on The City's responses to the findings identified in our audit and described above. The Town's responses were not subject to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Ashwin : Associates, PLLC

May 21, 2024

CITY OF GRAND JUNCTION, TENNESSEE
SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2023

Financial Statement Findings

Prior Year Finding Number	Finding Title	Status/Current Year Finding Number
NONE		

City of Grand Junction

150 Tippah St.
P. O. Box 129
Grand Junction, TN 38039

(731) 764-2871

FAX (731) 764-6222

MANAGEMENT'S CORRECTIVE ACTION PLAN JUNE 30, 2023

Curtis Lane, Mayor

2023 – 001 INADEQUATE SEGREGATION OF DUTIES

Responsible party: Mayor and City Recorder

Corrective action planned: The board and management will review and document its review of the financial transactions incurred by the City.

Anticipated completion date: June 30, 2024

2023 – 002 FINANCIAL STATEMENTS MATERIALLY MISSTATED BEFORE AUDIT – GENERAL FUND, STATE STREET AID FUND, SANITATION FUND, AND WATER AND SEWER FUND

Responsible party: Mayor and City Recorder

Corrective action planned: We will record all financial information accurately and will strive improve our accounting and financial reporting.

Anticipated completion date: June 30, 2024

2023 – 003 NUMEROUS MISCLASSIFICATIONS BETWEEN LINE ITEMS

Responsible party: Mayor and City Recorder

Corrective action planned: We will record all financial information accurately and will strive improve our accounting and financial reporting.

Anticipated completion date: June 30, 2024

2023 – 004 EXPENDITURES EXCEEDED BUDGET APPROPRIATIONS – STATE STREET AID FUND AND SANITATION FUND

Responsible party: Mayor and City Recorder

Corrective action planned: We will make efforts to spend within the budget and consider making amendments to the budget as needed.

Anticipated completion date
June 30, 2024

Signed: Curtis Lane

Title: Mayor

Signed: Shirley R. Lane

Title: Recorder

City of Grand Junction is an equal opportunity provider and employer.

CITY OF GRAND JUNCTION, TENNESSEE

**REPORT ON FINANCIAL STATEMENTS
AND ADDITIONAL INFORMATION**

YEAR ENDED JUNE 30, 2021

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CITY OF GRAND JUNCTION, TENNESSEE
CITY OFFICIALS
JUNE 30, 2021

ELECTED

CURTIS LANE	MAYOR
JAMES HOLDER	VICE-MAYOR
FRANK BELL	
COURTNEY BREEDEN	ALDERMAN
ISAIHA HUNT	ALDERMAN
VINCE MCCALIP	ALDERMAN
ADRIAN SMITH	ALDERMAN

APPOINTED

LORIE RICE	RECORDER/CMFO

ROBERT A. DOLL, JR.

CERTIFIED PUBLIC ACCOUNTANT

PO BOX 475

SOMERVILLE, TN. 38068

(901) 465-9300

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Board of Aldermen
City of Grand Junction, Tennessee

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business type activities, and each major fund of the City of Grand Junction, Tennessee as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's 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

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

An audit includes performing procedures to obtain 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 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, I express no such opinion. An

audit also includes evaluating the appropriateness of accounting policies used and reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, and each major fund of the City of Grand Junction, Tennessee as of June 30, 2021, and the respective changes in financial position and, where applicable, the cash flows thereof and the respective budgetary comparison for the General Fund, State Street Aid Fund, Sanitation Fund, and Drug Fund 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, the Schedule of Net Pension Liability(Assets), the Schedule of Contributions to the Employee Pension Plan, and the Schedule of Changes in Total Liability and Related Ratios, be presented to supplement the basis financial statements. Such information, although not a part of the basis 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during the audit of the basis financial statements. I do not express an opinion or provide any assurances on the information because of the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurances.

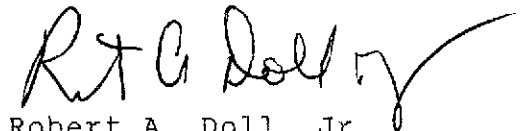
Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Grand Junction's basic financial statements. The Introductory Section and the Supplementary Information (except for the Schedule of Unaccounted for Water) have 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 auditing procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Introductory Section and the Supplementary Information (except for the Schedule of Unaccounted for Water) are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Schedule of Unaccounted for Water has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, I do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated December 28, 2021 on my consideration of the City's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants agreements and other matters. The purpose of that report is solely to describe the scope of my 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 Town's internal control over financial reporting and compliance.



Robert A. Doll, Jr.
Certified Public Accountant

December 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Grand Junction, Tennessee we offer readers of the City of Grand Junction, Tennessee's financial statements this narrative overview and analysis of the financial activities of the City of Grand Junction for the fiscal year ended June 30, 2021. Comparative analysis of key elements of total governmental funds and total enterprise funds has been provided.

FINANACIAL HIGHLIGHTS

- The assets of the City's governmental activities exceeded liabilities at the close of the most recent fiscal year by \$1,622,845 (net position). Of this amount, \$469,157 (unrestricted net position) may be used to meet the government's ongoing obligation to citizens and creditors.
- As of the close of the fiscal year, the City's governmental funds reported combined ending fund balances of \$463,956. This was an increase of \$119,084 from the prior year's fund balance.
- As of the close of the fiscal year, the City's proprietary fund (Water & Sewer) reported a net position of \$849,181,. This was a decrease of \$12,935 from the prior year's net position.
- Governmental fund revenues were under the final budgeted amounts by \$ 30,944. Expenditures were \$19,066 under budget.
- The Water & Sewer Fund had a net operating loss of \$3,070.

OVERVIEW OF THE FINANACIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of the following components:

- 1) Government-wide financial statements
- 2) Fund financial statements
- 3) Notes to the financial statements

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

- *The Statement of Net Position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.
- *The Statement of Activities* presents information showing how the City's net position changed during the most recent fiscal 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes)

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include General Government, Street Aid, Sanitation and Drug Fund... The City has one business-type activity, Water & Sewer. The government-wide financial statements can be found on pages 7-8 of this report.

Fund Financial Statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds- Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the focus is on near-term inflows and outflows of spendable resources, as well as balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Balance Sheet -Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balances- provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements and reconciliations can be found on pages 9-11 of this report.

The City maintains four individual governmental funds. Information is presented separately in the Balance Sheet - Governmental Funds and in the Statement of Revenues, Expenditures, and Changes in Fund Balances- Government Funds for all funds which are considered to be major funds and in the aggregate for non-major funds. All funds of the City are considered major...

Proprietary Funds- Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The City maintains one proprietary fund, Water & Sewer.

Notes To The Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19-29 of the report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position - As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Grand Junction, assets exceeded liabilities by \$2,507,966 at the close of the most recent fiscal year. The City's capital position represents 68% of its net position. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

At the end of the current fiscal year, the City is able to report positive balances in both categories of net position.

City of Grand Junction, Tennessee **Condensed Statement of Net Position**

	<u>2021</u>	<u>2020</u>
Current and Other Assets	\$ 775,465	\$ 647,314
Capital Assets	<u>2,410,521</u>	<u>1,647,210</u>
Total Assets	<u>\$ 3,185,986</u>	<u>\$ 2,294,524</u>
Net Position Invested		
In Capital Assets	\$ 1,763,052	\$ 1,214,025
Restricted	31,440	18,830
Unrestricted	<u>713,930</u>	<u>555,685</u>
Total Net Position	<u>\$ 2,508,422</u>	<u>\$ 1,788,540</u>

City of Grand Junction, Tennessee
Changes in Net Position

	<u>2021</u>	<u>2020</u>
Revenues:		
Charges for Services	\$ 368,699	\$ 386,079
Grants & Donations	637,307	66,962
Property Taxes	62,523	61,567
Sales tax	117,005	97,124
Beer tax	45,292	42,437
Other Taxes	8,648	7,917
Other Sources	<u>89,511</u>	<u>5,687</u>
	<u>1,328,985</u>	<u>667,478</u>
Expenses:		
General Government	133,999	134,778
Police Department	106,747	95,399
Fire Department	22,980	26,998
Library	23,589	37,795
Streets & Highways	27,684	40,247
Sanitation	12,555	16,055
Water & Sewer Services	274,492	293,957
Other	<u>7,649</u>	<u>8,779</u>
	<u>609,045</u>	<u>654,008</u>
Increase/Decrease in Net Position	\$ <u>719,940</u>	\$ <u>13,470</u>

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets – At the end of Fiscal Year 2021, the City had invested \$2,410,521, net of accumulated depreciation in a variety of capital assets. Additional information on the City's capital assets can be found on page 25 of this report.

Debt Administration- At the end of fiscal year 2021, the City had \$ 609,057 of long-term debt. Additional information on the City's long-term debt can be found on page 25 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES The current seventy- five cents property tax rate will not change for fiscal year 2022.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of Grand Junction's finances for citizens, taxpayers, customers, investors, creditors and all others with an interest in the City's finances. Questions concerning any information provided in this report or requests for any additional information should be directed to the Office of the City Recorder, City of Grand Junction, and P.O. Box 129, Grand Junction, Tennessee 38039.

CITY OF GRAND JUNCTION, TENNESSEE
STATEMENT OF NET POSITION
JUNE 30, 2021

ASSETS

	Total
Cash in bank and on hand	\$ 560,053
Certificates of deposit	129,432
Receivables:	
Water and sewer fees, net of \$ 1,000 allowance for uncollectables	15,254
Property taxes, net of \$ 2,000 allowance for uncollectables	61,276
Other	9,450
Capital assets, net of accumulated depreciation	2,410,521
Total Assets	<u>3,185,886</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pensions	<u>3,705</u>

LIABILITIES

Accounts payable	4,926
Meter deposits payable	3,387
Net pension liability	7,505
Note payable	200,000
Long-term liabilities due within one year	25,239
Long-term liabilities due beyond one year	383,618
Total Liabilities	<u>624,875</u>

DEFERRED INFLOWS OF RESOURCES

Deferred revenue - 2021 property taxes	58,879
Deferred inflows related to pensions	<u>8,139</u>
	<u>67,018</u>

NET POSITION

Net investment in capital assets	1,763,052
Restricted for:	
State Street Aid	14,936
Sanitation	11,022
Drug	5,482
Unrestricted	<u>713,930</u>
Total Net Position	<u>\$ 2,508,422</u>

	Governmental Activities	Business Activities
	\$ 438,518	\$ 121,535
	16,897	112,535
		15,254
	61,276	
	9,450	
	<u>1,566,526</u>	<u>843,995</u>
	<u>2,092,667</u>	<u>1,093,319</u>
	<u>3,705</u>	
	3,306	1,620
	2,627	3,387
	200,000	4,878
	14,715	10,524
	<u>154,755</u>	<u>228,063</u>
	<u>375,403</u>	<u>249,472</u>
	58,879	
	<u>2,849</u>	<u>5,290</u>
	<u>61,728</u>	<u>5,290</u>
	1,158,644	604,408
	14,936	
	11,022	
	5,482	
	<u>469,157</u>	<u>244,773</u>
	<u>\$ 1,822,845</u>	<u>\$ 849,181</u>

See accompanying notes to financial statements.

CITY GRAND JUNCTION, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	Total Governmental Funds	General Fund	Street Aid Fund	Sanitation Fund	Drug Fund
ASSETS					
Cash- checking and on hand	\$ 438,519	\$ 408,951	\$ 12,095	\$ 11,990	\$ 5,482
Certificates of deposit	16,897	16,897			
Due from(to) other city funds		(1,773)	1,773		
Accounts receivable	9,450	8,304	1,088	78	
Property taxes receivables, net of \$ 2,000 allowance for uncollectable	51,276	51,276			
	<u>\$ 526,141</u>	<u>\$ 493,655</u>	<u>\$ 14,936</u>	<u>\$ 12,068</u>	<u>\$ 5,482</u>
LIABILITIES					
Accounts payable	\$ 3,306	\$ 2,260		\$ 1,046	
DEFERRED INFLOW OF RESOURCES					
Deferred revenue- 2021 property taxes	58,879	58,879			
FUND BALANCES					
Restricted					
Street Aid Fund	14,936		14,936	11,022	\$ 5,482
Sanitation Fund	11,022				
Drug Fund	5,482				
Unassigned		432,516			
General Fund	463,956	432,516	14,936	11,022	5,482
	<u>\$ 526,141</u>	<u>\$ 493,655</u>	<u>\$ 14,936</u>	<u>\$ 12,068</u>	<u>\$ 5,482</u>

See accompanying notes to financial statements.

CITY OF GRAND JUNCTION, TENNESSEE
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2021

Total Governmental Funds Balances	\$ 463,956
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.	1,528,114
Long-term liabilities, including notes payable are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(369,470)
Net pension liability is not recorded on governmental fund balance sheet but is for government-wide purposes	(7,505)
Amounts reported as deferred resources related to pensions will be recorded and recognized in future years.	<u>(4,434)</u>
Total Net Position- Governmental Funds	<u>\$ 1,659,241</u>

See accompanying notes to financial statements

CITY OF GRAND JUNCTION, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2021

	General Fund	Street Aid Fund	Sanitation Fund	Drug Fund	Total
REVENUES:					
Taxes	\$ 190,106	\$	\$	\$ 2,808	\$ 190,106
Fines and tickets-net	47,688				50,496
Intergovernmental	44,007	11,679			55,686
Service fees	9,900		15,169		25,069
Miscellaneous	<u>746,250</u>		<u>16</u>		<u>746,266</u>
	<u>1,037,951</u>	<u>11,679</u>	<u>15,169</u>	<u>2,808</u>	<u>1,067,622</u>
EXPENDITURES:					
Police department	97,600				100,264
General government	965,513			2,664	965,513
Library	23,589				23,589
Streets and highways	14,716	7,400			14,716
Fire department	16,826				24,226
Sanitation			12,555		12,555
Other	<u>7,642</u>				<u>7,642</u>
	<u>1,125,893</u>	<u>7,400</u>	<u>12,555</u>	<u>2,664</u>	<u>1,148,512</u>
	<u>(87,942)</u>	<u>4,279</u>	<u>2,613</u>	<u>144</u>	<u>(80,906)</u>
EXCESS REVENUES (EXPENDITURES)	<u>200,000</u>				<u>200,000</u>
OTHER FINANCING SOURCES(USES):					
Proceeds from bank loan					
NET CHANGE IN FUND BALANCE	112,058	4,279	2,613	144	119,094
FUND BALANCE, July 1, 2020	<u>320,458</u>	<u>10,657</u>	<u>8,409</u>	<u>5,338</u>	<u>344,862</u>
FUND BALANCE, June 30, 2021	<u>\$ 432,516</u>	<u>\$ 14,936</u>	<u>\$ 11,022</u>	<u>\$ 5,482</u>	<u>\$ 463,956</u>

See accompanying notes to financial statements.

CITY OF GRAND JUNCTION, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021

Net Change in Fund Balances- Total
Governmental Funds \$(80,906)

Amounts Reported for Governmental Activities
in the Statement of Activities are
different because:

Governmental Funds report capital outlays
as expenditures. In the Statement of
Activities the cost is allocated over the
estimated useful lives and reported as
depreciation. 831,514

Proceeds from and repayment of the
principal of long-term debt consume
the current financial resources of
governmental funds but have no effect
on net position. 18,189

Change in Net Position Governmental Activities \$ 732,419

See accompanying notes to financial statements

CITY OF GRAND JUNCTION, TENNESSEE
STATEMENT OF NET POSITION
PROPRIETARY FUND- WATER & SEWER
JUNE 30, 2021

ASSETS

Current Assets:	
Cash- checking and on hand	\$ 121,535
Certificates of deposit	112,535
Customer fees, net of \$ 1,000 allowance for uncollectables	<u>15,254</u>
Total Current Assets	<u>249,324</u>
Plants in service	2,213,377
Less accumulated depreciation	<u>(1,369,382)</u>
Total Plants in Service	<u>843,995</u>
	<u>\$ 1,093,319</u>

LIABILITIES AND NET POSITION

Current Liabilities:	
Accounts payable	\$ 1,620
Customer deposits	3,387
Notes payable- Current Portion	<u>10,524</u>
Total Current Liabilities	<u>15,531</u>
Notes Payable- Long-term Portion	<u>229,063</u>
Total Liabilities	<u>244,594</u>
Net Position:	
Net invested in capital assets	604,408
Unrestricted	<u>244,317</u>
Total Net Position	<u>848,725</u>
	<u>\$ 1,093,319</u>

See accompanying notes to financial statements.

CITY OF GRAND JUNCTION, TENNESSEE
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
PROPRIETARY FUND- WATER AND SEWER
YEAR ENDED JUNE 30, 2021

OPERATING REVENUES:

Water charges	\$ 178,973
Sewer charges	63,571
Miscellaneous	<u>17,849</u>
	<u>260,393</u>

OPERATING EXPENSES:

Salaries and related expenses	120,655
Depreciation	39,089
Repairs and maintenance	33,496
Utilities	27,251
Administrative fee	18,000
Insurance	12,417
Professional and technical fees	7,767
Office and miscellaneous	<u>4,788</u>
	<u>263,463</u>

Operating income (loss)	<u>(3,070)</u>

NON-OPERATING INCOME (EXPENSES):

Interest income	1,164
Interest expense	<u>(11,029)</u>

NET (LOSS)	<u>(12,935)</u>

CHANGE IN NET POSITION	(12,935)

NET POSITION, July 1, 2020	<u>861,660</u>

NET POSITION, June 30, 2021	<u><u>\$ 848,725</u></u>

See accompanying notes to financial statements.

CITY OF GRAND JUNCTION, TENNESSEE
STATEMENT OF CASH FLOWS
PROPRIETARY FUND- WATER AND SEWER
YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES:

Cash received from customers	\$ 262,395	
Cash paid to employees for services	(120,655)	
Cash payments to suppliers for goods and services	<u>(104,015)</u>	

Net cash provided by operating activities		\$ 37,725

CASH FLOWS FROM CAPITAL AND RELATED
FINANCING ACTIVITIES:

Debt service	(21,096)	
Addition to plant in service	<u>(7,000)</u>	(28,906)

CASH FLOWS FROM INVESTING ACTIVITIES:

Interest on investments		<u>1,164</u>

NET INCREASE IN CASH AND CASH EQUIVALENTS		10,793

CASH AND CASH EQUIVALENTS, beginning of year		<u>110,742</u>

CASH AND CASH EQUIVALENTS, end of year		<u>\$ 121,535*</u>

RECONCILIATION OF OPERATING INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:

Operating income (loss)		\$ (3,070)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Decrease in accounts receivable	\$ 1,999	
Depreciation	39,089	
Decrease in accounts payable	<u>(293)</u>	<u>40,795</u>

NET CASH PROVIDED BY OPERATING ACTIVITIES		<u>\$ 37,725</u>

* Cash and cash equivalents consist of cash on hand
and in checking accounts.

See accompanying notes to financial statements

CITY OF GRAND JUNCTION, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2021

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual</u>	<u>Over (Under) Final Budget</u>
REVENUES:				
Taxes:				
Sales	\$ 65,000	\$ 65,000	\$ 82,445	\$ 17,445
Property	55,000	55,000	62,523	7,523
Beer	<u>45,600</u>	<u>45,600</u>	<u>45,138</u>	<u>(462)</u>
	<u>165,600</u>	<u>165,600</u>	<u>190,106</u>	<u>24,506</u>
Fines and tickets-net	<u>52,750</u>	<u>52,750</u>	<u>47,688</u>	<u>(5,062)</u>
Intergovernmental:				
Sales tax	36,000	36,000	34,560	(1,440)
Excise tax	3,600	3,600	4,933	1,333
TVA in lieu of tax	3,000	3,000	3,715	715
Petroleum special	650	650	645	(5)
Income tax	2,400	2,400		(2,400)
Beer tax	<u>5,000</u>	<u>5,000</u>	<u>154</u>	<u>(4,846)</u>
	<u>50,650</u>	<u>50,650</u>	<u>44,007</u>	<u>(6,643)</u>
Service Fees:				
Fire calls	<u>10,000</u>	<u>10,000</u>	<u>9,900</u>	<u>(100)</u>
Miscellaneous:				
Grants	35,958	823,561	612,770	(210,791)
Sales of Property			59,875	59,875
Insurance claim			27,637	27,637
Library	7,000	7,000	19,578	12,578
Administrative fees	18,000	18,000	18,000	
Permits	4,200	4,200	5,164	964
Donations	2,000	2,000	2,213	213
Interest earnings	300	300	634	334
Other	<u>1,000</u>	<u>1,000</u>	<u>379</u>	<u>(621)</u>
	<u>68,458</u>	<u>856,061</u>	<u>746,250</u>	<u>(109,811)</u>
TOTAL REVENUES	<u>347,458</u>	<u>1,135,061</u>	<u>1,037,951</u>	<u>(97,110)</u>

CITY OF GRAND JUNCTION, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2021
(CONTINUED)

	<u>Budgeted Original</u>	<u>Budgeted Final</u>	<u>Actual</u>	Over (Under) Final <u>Budget</u>
EXPENDITURES:				
Police Department:				
Salaries & related cost	\$ 75,080	\$ 75,080	\$ 76,196	\$ 1,116
Insurance	10,500	10,500	6,263	(4,237)
Utilities	6,200	6,200	4,069	(2,131)
Fuel	4,500	4,500	5,848	1,348
Repairs & supplies	4,000	4,000	3,005	(995)
Court costs	1,800	1,800	1,800	
Office & miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>419</u>	<u>(581)</u>
	<u>103,080</u>	<u>103,080</u>	<u>97,600</u>	<u>(5,480)</u>
General:				
Capital outlay	40,958	1,002,650	831,514	(171,136)
Salaries & related cost	74,500	74,500	73,911	(589)
Repairs & supplies	3,000	3,000	17,636	14,636
Debt service	18,176	18,176	18,520	344
Utilities	4,200	4,200	4,766	566
Board per diem	6,000	6,000	6,310	310
Professional fees	1,000	1,000	8,263	7,263
Insurance	1,900	1,900	1,943	43
Advertising & dues	1,000	1,000	1,549	549
Travel	500	500	356	(144)
Office & miscellaneous	<u>3,765</u>	<u>3,765</u>	<u>746</u>	<u>(1,926)</u>
	<u>154,999</u>	<u>1,116,691</u>	<u>965,513</u>	<u>(151,178)</u>
Library:				
Salaries & related cost	17,510	17,510	10,191	(7,319)
Debt service	4,200	4,200	3,787	(413)
Utilities	3,000	3,000	2,875	(125)
Repairs & supplies	450	450	4,123	3,673
Insurance	1,304	1,304	712	(592)
Professional fees	1,150	1,150	1,226	76
Training	100	100		(100)
Miscellaneous	<u>455</u>	<u>455</u>	<u>675</u>	<u>220</u>
	<u>28,169</u>	<u>28,169</u>	<u>(23,589)</u>	<u>(4,580)</u>

CITY OF GRAND JUNCTION, TENNESSEE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND BALANCE- BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED JUNE 30, 2021
(CONTINUED)

	Budgeted Original	Budgeted Final	Actual	Over (Under) Final Budget
EXPENDITURES (CONTINUED):				
Fire Department:				
Salaries & related costs	\$ 14,100	\$ 14,100	\$ 11,351	\$ (2,749)
Insurance	3,600	2,600	2,282	(318)
Repairs & maintenance	5,000	5,000	578	(4,422)
Utilities	1,900	1,900	1,789	(111)
Fuel	500	500	180	(320)
Capial outlay	5,000	5,000		(5,000)
Office & miscellaneous	1,000	1,000	646	(354)
	<u>30,100</u>	<u>30,100</u>	<u>16,826</u>	<u>(13,274)</u>
Streets and Highways:				
Salaries & related costs	550	550	505	(45)
Maintenance	18,000	18,000	13,593	(4,407)
Fuel	100	100		(100)
Miscellaneous	500	500	618	118
	<u>19,150</u>	<u>19,150</u>	<u>14,716</u>	<u>(4,434)</u>
Other:				
Recreation	4,500	4,500	5,230	730
Senior citizens	1,800	1,800	1,424	(376)
Events-net	1,000	1,000	547	(453)
Community center	1,500	1,500	448	(1,052)
	<u>8,800</u>	<u>8,800</u>	<u>7,649</u>	<u>(1,151)</u>
TOTAL EXPENDITURES	<u>344,298</u>	<u>1,305,990</u>	<u>1,125,893</u>	<u>(180,097)</u>
EXCESS REVENUES (EXPENDITURES)	<u>3,160</u>	<u>(170,919)</u>	<u>(87,942)</u>	<u>82,977</u>
OTHER FINANCING SOURCES (USES):				
Proceeds from bank loans			200,000	200,000
NET CHANGE IN FUND BALANCE	3,160	29,071	112,058	82,987
FUND BALANCE, July 1, 2020	<u>320,458</u>	<u>320,458</u>	<u>320,458</u>	
FUND BALANCE, June 30, 2021	<u>\$ 323,618</u>	<u>\$ 349,529</u>	<u>\$ 432,516</u>	<u>\$ 82,987</u>

See accompanying notes to financial statements.

CITY OF GRAND JUNCTION, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE- BUDGET AND ACTUAL
STREET AID, SANITATION AND DRUG FUNDS
YEAR ENDED JUNE 30, 2021

	Street Aid Fund			Sanitation Fund			Drug Fund			Over (Under) Final Budget
	Budgeted Original/ Final	Actual	Over (Under) Final Budget	Budgeted Original/ Final	Actual	Over (Under) Final Budget	Budgeted Original/ Final	Actual	Over (Under) Final Budget	
REVENUES:										
Gasoline and motor fuel tax	\$ 9,500	\$ 5,997	\$ (3,503)							
GAS 2017 Improvements		3,015	3,015							
Gas 3 cents		1,732	1,732							
Gas 1989		935	935							
Service fees										
Fines and tickets										
Interest earned	10		(10)	15	15,152	(1,748)	500	2,800	2,808	8
	9,510	11,679	2,169	16,915	15,168	(1,747)	500	2,800	2,808	8
EXPENDITURES:										
Street lights	8,000	7,400	(600)							
Repairs and supplies	1,000		(1,000)							
Contracted services										
Miscellaneous	510		(510)							
	9,510	7,400	(2,110)	16,000	12,555	(3,445)	500	2,700	2,664	(36)
EXCESS REVENUES (EXPENDITURES)				915	2,613	1,698		100	144	44
NET CHANGE IN FUND BALANCE		4,279	4,279	915	2,613	1,698		100	144	44
FUND BALANCE, July 1, 2020	10,657	10,657		8,409	8,409		5,338	5,338	5,338	
FUND BALANCE, June 30, 2021	\$ 10,657	\$ 14,936	\$ 4,279	\$ 9,324	\$ 11,022	\$ 1,698	\$ 5,338	\$ 5,438	\$ 5,482	\$ 44

See accompanying notes to financial statements.

CITY OF GRAND JUNCTION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Entity

The financial statements of the City of Grand Junction have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

The financial statements of the City consist only of the funds of the City. The City has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the City. There are no blended or discrete component units.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants (including fines and fees) who purchase, use, or directly benefit from goods, services, or privileges provided by given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF GRAND JUNCTION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. Debt services expenditures are recorded only when payment is due.

Property taxes, state shared revenues, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period using the criteria specified in the paragraph above. All other revenue items are considered to be measurable and available only when cash is received.

The major governmental funds of the City are the General Fund, Street Aid Fund, Sanitation Fund and Drug Fund. The General Fund is the primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for in another fund. The Street Aid Fund accounts for all revenue and expenses from the City's share of state gasoline taxes. State law requires these receipts be kept in a separate fund and used for the construction and maintenance of city streets and certain related street expenses. The Sanitation Fund accounts for all revenues and expenses related to the collection and disposal of solid waste. The Drug Fund accounts for revenues and expenses related to drug enforcement. The only major proprietary fund is the Water & Sewer Fund. It accounts for the water & sewer services provided to customers of the system.

CITY OF GRAND JUNCTION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

Amounts reported as program revenues include (1) charges to customers or applicants (including fines and fees) for goods, services or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions. General revenues include all taxes and internally dedicated resources. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal revenue of the Water & Sewer Fund are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

Budget Compliance and Accountability

The City operates through the use of a formal operating budget which is adopted by the Mayor and Board of Aldermen at the beginning of the fiscal year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles. Amendments to the budget are proposed and adopted as needed to reflect certain events or changes in operating conditions. All annual appropriations lapse at fiscal year end.

Inventory

Inventories of supplies and materials for all funds of the City are considered by management to not be material. No inventories are reflected on the financial statements.

Receivables and Payables

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's utility and various other functions of the government. Elimination of these charges would distort direct costs and program revenues reported.

CITY OF GRAND JUNCTION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." The amounts owed represent errors in deposits and/or expenses paid. The liabilities are not considered long term.

All trade receivables and property taxes receivables are shown net of an allowance for uncollectible.

Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$ 5,000 and an estimated useful life in excess of three years. All capital assets are valued at historical cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest is expensed when paid and thus not a part of the capitalized cost.

Depreciation has been provided over estimated useful lives using the straight-line method. Estimated useful lives are as follows:

Buildings and improvements	40 years
Equipment	5-15 years
Distribution system	33-40 years
Street Improvements	20 years

Compensated Absences

Employees earn up to 15 days of vacation each year depending on length of service. At June 30 of each year, employees are divested of all accumulated vacation in excess of 24 days. Employees earn 12 days sick leave each year with an accumulated maximum of 90 days. Leave expenditures are recognized when paid and are not accrued. In management's opinion the omission of such accrual does not materially affect the financial statements.

Long-term Obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets.

CITY OF GRAND JUNCTION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Issuance costs are expensed as debt service.

Fund balances reporting

The Governmental Accounting Standards Board (GASB) issued Statement No. 54, Fund Reporting and Governmental Fund Type Definitions. This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. The different types as identified in GASB 54 used by the City of Grand Junction are:

Restricted- Includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Unassigned- Includes the residual classification for the government's general fund and all spendable amounts not contained in any other classification.

When an expenditure is available in either classification, the restricted fund balance is depleted before unassigned.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's participation in the Public Employee Retirement Plan of the Tennessee Consolidated System (TCRS), and additions/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by the TCRS for Public Employee Retirement Plan. For this purpose, benefits (including refunds of employment contributions) are recognized when due and payable in accordance with the benefit terms of the Public Retirement Plan of TCRS. Investments are reported at fair value.

NOTE 2- CASH AND INVESTMENTS

The City's deposits at year end were fully covered by federal depository insurance or collateralized with securities held by its agent in the City's name. Investments, are stated at cost and consisted of certificates of deposit maturing in one year or less. Interest rate was .30%.

CITY OF GRAND JUNCTION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 3- PROPERTY TAXES

The City's property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the City's legal boundaries. All City taxes on real estate are declared to be a lien on such realty from January 1 of the year assessments are made. Since the enforceable legal claim is not until the next fiscal year, these taxes are deferred. Assessed values are established by the State of Tennessee. Taxes are levied at a rate of \$.75 per \$ 100. The City bills and collects its own current property taxes. Delinquent taxes are turned over to the county for collection.

NOTE 4- CAPITAL ASSETS

Changes in capital assets for the year were as follows:

	Balance <u>6/30/20</u>	<u>Additions</u>	<u>Reductions</u>	Balance <u>6/30/21</u>
Governmental Activities:				
Not depreciated:				
Land	\$ 5,000	\$	\$	\$ 5,000
Depreciated:				
Buildings	617,164	831,514		1,448,678
Equipment	235,620			235,620
Street Improvements	111,342			111,342
Other	<u>68,270</u>			<u>68,270</u>
	1,032,396	831,514		1,864,420
Less Accum. Depr. (266,270)	<u>(266,270)</u>	<u>(54,524)</u>		<u>(320,524)</u>
	<u>766,126</u>	<u>776,990</u>		<u>1,543,896</u>
	<u>\$ 808,714</u>	<u>\$ 776,990</u>	<u>\$</u>	<u>\$ 1,548,896</u>
Business-Type Activities:				
Not depreciated:				
Land	\$ 80,270	\$	\$	\$ 80,270
Depreciated:				
Building	66,467			66,467
Systems	1,864,292			1,864,292
Equipment	<u>195,349</u>	<u>7,000</u>		<u>202,349</u>
	2,133,108	7,000		2,133,108
Less Accum. Depr.	<u>(1,330,293)</u>	<u>(39,089)</u>		<u>(1,369,382)</u>
	<u>795,815</u>	<u>(32,089)</u>		<u>763,726</u>
	<u>\$ 876,085</u>	<u>\$ (32,089)</u>	<u>\$</u>	<u>\$ 843,996</u>

CITY OF GRAND JUNCTION
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

Depreciation was charged to governmental functions as follows:

General government	\$ 10,662
Streets & highways	5,567
Fire department	6,155
Police department	6,483
Library	<u>1,497</u>
	<u>\$ 36,364</u>

NOTE 5- NOTE PAYABLE

On March 12, 2021, the City borrowed \$ 200,000 to pay for a Safe Room Project. The loan is due March 9, 2022 including interest at 4%. The loan will be repaid upon receipt of a YEMA/FEMA approved grant.

NOTE 6- LONG TERM DEBT

Governmental Activities: On March 19, 2019, the City borrowed \$ 165,000 to pay off a street improvement loan and renovate a safe room and farmers market facility. The twelve year loan requires monthly payments of \$ 1,515 which includes interest at the rate of 4.85% per annum. On June 28, 2017, the City borrowed \$ 40,000 for improvements to the library. The eight year loan requires payments of \$ 344 which includes interest at the rate of 3.69% per annum. Both loans are unsecured.

Future debt services requirements are as follows:

<u>Fiscal Year</u>	<u>Street Improvement</u>		<u>Library Improvements</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 11,586	\$ 6,582	\$ 3,127	\$ 1,001
2023	12,160	6,008	3,245	883
2024	12,763	5,405	3,356	762
2025	13,397	4,771	3,495	636
2026	14,061	4,104	3,625	468
2027-2031	<u>76,926</u>	<u>9,355</u>	<u>11,729</u>	<u>715</u>
	<u>\$ 140,893</u>	<u>\$ 36,220</u>	<u>\$ 28,577</u>	<u>\$ 4,465</u>

Business Activities- The Water & Sewer Fund has a 4.50% rural development loan outstanding that matures in 2036. Proceeds were used for capital improvements to the utility systems and secured by a pledge of income. Required monthly payments are \$ 1,758.

CITY OF GRAND JUNCTION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

Future debt service requirements are as follows:

<u>Fiscal Year</u>	<u>Annual Payment</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 21,096	\$ 10,524	\$ 10,572
2023	21,096	11,007	10,089
2024	21,096	11,513	9,583
2025	21,096	12,042	9,054
2026	21,096	12,595	8,501
2027-31	105,480	69,033	33,277
2032-36	105,480	82,619	15,095
2037	<u>19,781</u>	<u>19,318</u>	<u>463</u>
	<u>\$ 336,221</u>	<u>\$ 239,587</u>	<u>\$ 96,634</u>

NOTE 7- INTERFUND TRANSFERS

There were no interfund transfers during the year ended June 30, 2021

NOTE 8- UTILITY CUSTOMERS AND RATES

At June 30, 2021, there were 441 Water and Sewer customers using the systems. The billing rates were as follows:

<u>Service</u>	<u>Inside City</u>	<u>Outside City w/Sewer</u>	<u>Outside City wo/Sewer</u>	<u>Usage</u>
Water	\$ 16.90 .31	\$ 25.49 .46	\$ 28.55 .52	First 2,000 gallons Per 100 gallons
Sewer				100% of Water bill

NOTE 9- RISK MANAGEMENT

The City of Grand Junction is exposed to various risks of losses related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The City joined the Tennessee Municipal League Risk pool, which is a public entity risk pool established in 1979 by the Tennessee Municipal League. The City pays annual premiums to the Pool for its general, auto, property, errors and omissions and dishonesty policies. The City's premiums are calculated based on its claim history. Settled claims have not exceeded coverage provided by the Pool in any of the past three years.

CITY OF GRAND JUNCTION, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

NOTE 10- GENERAL INFORMATION ABOUT PENSION PLAN

Plan Description

Employees of the City are provided a defined benefit plan through the Public Employee Retirement Plan, an agent multiple-employer plan administered by the TCRS. The TCRS was created by state statute under Tennessee Code Annotated, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans for TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits Provided

Tennessee Code Annotated, Title 8, Chapter 34-37, establishes the benefit terms and can be amended only by Tn. General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at the age of 65 with 5 years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 60 and vested or pursuant to the rule of 80 in which the member's age and service credit total 80. Members vest with 5 years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-related disability are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered By Benefit Terms

At the measurement date of June 30, 2020, there were four active employees covered in the plan and two inactive employees entitled to but not yet receiving benefits.

CITY OF GRAND JUNCTION, TENNESSEE
NOTES TO FINANCIAL FINANCIAL STATEMENTS
(CONTINUED)

Contributions

Contributions are employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly.. Employees contribute 5% of salary. The City makes employer contributions at the rate set by the TCRS Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2021, the City contributions were \$12,640. By law, employer contributions are required to be paid. The TCRS can intercept the City's shared revenues, if not paid. The employer's ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration and amortized, as well as an amortized portion of any unfunded liability.

Net Pension Liability(Asset)

The City's net pension asset was measured as of June 30, 2020, and the total pension asset used to calculate was determined by an actuarial valuation as of that date.

The total pension liability as of June 30, 2020 actuarial valuation was determined using the following accurial assumptions, applied to all periods included in the measurement- 2.5% inflation, graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4%, and 7.25%, net of pension plan investment expnses, including inflation .

Mortality rates were based on actual experience adjusted for some anticipated improvement.

The acutarial assumptions used in the June 30, 2020 acturial valuation wre based on the results of an acturial experience study performed for the period July 1, 2012 through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future exprience.

The long term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016 actuarial experience study. A blend of future capital market projections and historical market returns were used in a building-block method in which a best-estimate of expcted future real estate rates of return is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighting the expected future real estate rates of return by the inflation of 2.5%.

NOTES TO FINANCIAL STATEMENTS
(CONTINUED)

The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Long Term Expected Real Estate Return</u>	<u>Target Allocation</u>
U.S. Equity	5.69%	31%
Developed Market International Equity	5.29%	14%
Emerging Market International Equity	6.36%	4%
Private Equity and Strategic Lending	5.79%	20%
U.S. Fixed Income	2.01%	21%
Real Estate	4.32%	10%
Short Term Securities	0.00%	1%

The long term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25% based upon a blending of the factors described above.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of each flows used to determine the discount rate assumed the contributions from the City will be at the current rate and that contributions from the City will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based upon those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
	(a)	(b)	(a) - (b)
Balance at 6/30/19	<u>\$35,142</u>	<u>\$29,568</u>	<u>\$5,574</u>
Changes for the year:			
Service cost	12,205		12,205
Interest	3,433		3,433
Changes of benefit terms	-		-
Differences between expected and actual experience	3,509		3,509
Changes in Assumptions	-		-
Contributions-employer		7,947	(7,947)
Contributions-employees		7,776	(7,776)
Net investment income		1,847	(1,847)
Benefit payments, including refunds of employee contributions	-	-	-
Administrative expense		(354)	354
Other changes		-	-
Net changes	<u>19,147</u>	<u>17,216</u>	<u>1,931</u>
Balance at 6/30/20	<u>\$54,289</u>	<u>\$46,784</u>	<u>\$7,505</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate. The following presents the net pension liability (asset) of GRAND JUNCTION CITY OF calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
GRAND JUNCTION CITY OF's net pension liability (asset)	<u>\$17,244</u>	<u>\$7,505</u>	<u>(\$339)</u>

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

Pension expense (negative pension expense). For the year ended June 30, 2021, GRAND JUNCTION CITY OF recognized pension expense (negative pension expense) of \$5,087.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2021, GRAND JUNCTION CITY OF reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$3,070	\$8,139
Net difference between projected and actual earnings on pension plan investments	635	-
Changes in Assumptions	-	-
Contributions subsequent to the measurement date of June 30, 2020	<u>12,640</u>	
Total	<u>\$ 16,345</u>	<u>\$8,139</u>

The amount shown above for "Contributions subsequent to the measurement date of June 30, 2020," will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Year Ended June 30:

2022	(\$428)
2023	(\$428)
2024	(\$416)
2025	(\$408)
2026	(\$579)
Thereafter	(\$2,176)

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

Schedules of Required Supplementary Information

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios*

Based on Participation in the Public Employee Pension Plan of the TCRS

Last Fiscal Year ending June 30

	<u>2020</u>
Total pension liability	
Service cost	\$12,205
Interest	3,433
Changes in benefit terms	-
Differences between actual & expected experience	3,509
Change of assumptions	-
Benefit payments, including refunds of employee contributions	-
Net change in total pension liability	<u>19,147</u>
Total pension liability-beginning	<u>35,142</u>
Total pension liability-ending (a)	<u><u>\$54,289</u></u>
Plan fiduciary net position	
Contributions-employer	\$7,947
Contributions-employee	7,776
Net investment income	1,847
Benefit payments, including refunds of employee contributions	-
Administrative expense	(354)
Other	-
Net change in plan fiduciary net position	<u>17,216</u>
Plan fiduciary net position-beginning	<u>29,568</u>
Plan fiduciary net position-ending (b)	<u><u>\$46,784</u></u>
Net Pension Liability (asset)-ending (a) - (b)	<u><u>\$7,505</u></u>

Schedules of Required Supplementary Information

Schedule of Changes in Net Pension Liability (Asset) and Related Ratios (Cont.)*

Based on Participation in the Public Employee Pension Plan of the TCRS

Last Fiscal Year ending June 30

	2020
Plan fiduciary net position as a percentage of total pension liability	86.18%
Covered payroll	\$155,514
Net pension liability (asset) as a percentage of covered payroll	4.83%

Notes to Schedule:

Changes of assumptions. In 2017, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

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

Schedule of Contributions*

Based on Participation in the Public Employee Pension Plan of the TCRS

Last Fiscal Year ending June 30

	2020	2021
Actuarially determined contribution	\$7,947	\$9,343
Contributions in relation to the actuarially determined contribution	7,947	\$ 9,343
Contribution deficiency (excess)	-	-
Covered payroll	\$155,514	\$ 160,261
Contributions as a percentage of covered payroll	5.11%	5.83%

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

Notes to Schedule

Valuation date: Actuarially determined contribution rates for fiscal year 2021 were calculated based on the June 30, 2019 actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal
Amortization method	Level dollar, closed (not to exceed 20 years)
Remaining amortization period	Varies by Year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.5 percent
Salary increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	7.25 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.25 percent

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3.00 percent to 2.50 percent; decreased the investment rate of return from 7.50 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.50 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4.00 percent; and modified mortality assumptions.

.CITY OF GRAND JUNCTION, TENNESSEE
SCHEDULE OF PROPERTY TAXES RECEIVABLE
JUNE 30, 2021

<u>Year of Levy</u>	<u>Tax Rate</u>	<u>Assessed Value</u>	<u>Receivable</u>
2020	\$.75	\$ 7,838,627	\$ 3,142
2019	.75	7,296,172	707
2018	.75	7,202,252	
2017	.75	6,787,783	
2016	.75	6,519,821	
2015	.75	6,510,279	
2014	.75	6,474,771	225
2013	.75	6,668,511	
2012	.74	6,355,228	
2011	.74	6,290,324	101
2010	.74	6,259,216	<u>222</u>
			4,397
2021- Unlevied Taxes			<u>58,814</u>
			<u>\$ 63,211</u>

NOTE: All unpaid taxes beyond the current year of levy are turned over to the county for collection.

CITY OF GRAND JUNCTION, TENNESSEE
STATEMENT OF CHANGES IN LEVIED PROPERTY TAXES RECEIVABLE

LEVIED PROPERTY TAXES RECEIVABLE, July 1, 2020		\$ 10,585
ADD:		
2020 Levy		<u>58,814</u>
		69,399
LESS:		
Collections- prior years levies	\$ 9,330	
Collections- 2020 levy	<u>55,672</u>	<u>65,002</u>
LEVIED PROPERTY TAXES RECEIVABLE, June 30, 2021		<u>\$ 4,397</u>

CITY OF GRAND JUNCTION, TENNESSEE
 SCHEDULE OF CHANGES IN LONG-TERM
 DEBT BY ISSUE
YEAR ENDED JUNE 30, 2021

	<u>Streets & Buildings Improvements</u>	<u>Library Improvements</u>	<u>Water & Sewer Improvements</u>
Original Issue	\$ 165,000	\$ 40,000	\$ 383,000
Interest Rate	4.85%	3.69%	4.5%
Date of Issue	3/19/19	6/28/17	3/19/06
Maturity Date	3/19/31	6/28/25	6/30/36
Outstanding 7/1/20	\$ 151,932	\$ 31,592	\$ 249,651
Issued During Period	\$ 0	\$ 0	\$ 0
Paid During Period	\$ 11,039	\$ 3,015	\$ 10,064
Outstanding 6/30/21	\$ 140,893	\$ 28,577	\$ 239,587

CITY OF GRAND JUNCTION, TENNESSEE
 SCHEDULE OF EXPENDITURES OF FEDERAL/
 STATE FINANCIAL ASSISTANCE
YEAR ENDED JUNE 30, 2021

FINANCIAL ASSISTANCE

TEMA/FEMA:	
General Fund	\$ 612,770

The Schedule of Expenditures of Financial Assistance summarizes the expenditures of the City of Grand Junction under programs of the federal/state governments for the year ended June 30, 2021. The schedule is presented using the modified accrual basis of accounting.

AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0

American Water Works Association
Copyright © 2017 American National

Click to access definition
Click to add a comment

Water Audit Report for: **Grand Junction Water System (0000267)**

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.

Master Meter and Supply Error Adjustments

WATER SUPPLIED

Volume from own sources: 9 43.804 MG/yr
Water imported: n/a 0.000 MG/yr
Water exported: n/a 0.000 MG/yr

Point: 7 Value: -6.00% MG/yr
MG/yr
MG/yr

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

WATER SUPPLIED: 46.600 MG/yr

AUTHORIZED CONSUMPTION

Billed metered: 9 19.797 MG/yr
Billed unmetered: 7 0.116 MG/yr
Unbilled metered: 9 0.046 MG/yr
Unbilled unmetered: 5 0.583 MG/yr

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

AUTHORIZED CONSUMPTION: 20.542 MG/yr

Click here for help using option buttons below

Point: 1.25% Value: MG/yr

Use buttons to select percentage of water supplied OR value

WATER LOSSES (Water Supplied - Authorized Consumption)

Apparent Losses

Unauthorized consumption: 5 0.117 MG/yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies: 7 0.614 MG/yr
Systematic data handling errors: 5 0.049 MG/yr

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

Apparent Losses: 0.780 MG/yr

Point: 0.25% Value: MG/yr

3.00% 0.25% MG/yr

Real Losses (Current Annual Real Losses or CARL)

Real Losses = Water Losses - Apparent Losses: 25.279 MG/yr

WATER LOSSES: 26.059 MG/yr

NON-REVENUE WATER

NON-REVENUE WATER: 26.687 MG/yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains: 5 30.0 miles
Number of active AND inactive service connections: 7 525
Service connection density: 18 conn./mile main

Are customer meters typically located at the curbstop or property line?

Average length of customer service line: 5

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

Average operating pressure: 7 60.0 psi

(length of service line, beyond the property boundary, that is the responsibility of the utility)

COST DATA

Total annual cost of operating water system: 9 \$209,673 \$/Year
Customer retail unit cost (applied to Apparent Losses): 9 \$6.60 \$/1000 gallons (US)
Variable production cost (applied to Real Losses): 9 \$761.04 \$/Million gallons ☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE

**** YOUR SCORE IS: 62 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: Volume from own sources
- 2: Unauthorized consumption
- 3: Systematic data handling errors

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: **Grand Junction Water System (0000267)**
Reporting Year: **2021** **7/2020 - 6/2021**

***** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 82 out of 100 *****

System Attributes:

Apparent Losses	0.780	MG/Yr
+ Real Losses	25.279	MG/Yr
= Water Losses:	26.059	MG/Yr
Unavoidable Annual Real Losses (UARL):	See limits in definition	MG/Yr
Annual cost of Apparent Losses:	\$5,146	
Annual cost of Real Losses:	\$19,238	
	Valued at Variable Production Cost	
	Return to Reporting Worksheet to change this assumption	

Performance Indicators:

Non-revenue water as percent by volume of Water Supplied: **57.3%**
Non-revenue water as percent by cost of operating system: **11.9%**

Financial:

Operational Efficiency:

Apparent Losses per service connection per day	4.07	gallons/connection/day
Real Losses per service connection per day	N/A	gallons/connection/day
Real Losses per length of main per day*	2,308.57	gallons/mile/day
Real Losses per service connection per day per psi pressure	N/A	gallons/connection/day/psi

From Above, Real Losses = Current Annual Real Losses (CARL): **25.28** million gallons/year

Infrastructure Leakage Index (ILI) [CARL/UARL]:

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline.

ROBERT A. DOLL, JR.
CERTIFIED PUBLIC ACCOUNTANT
PO BOX 475
SOMERVILLE, TN, 38068
(901) 465-9300

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

Honorable Mayor and Board of Aldermen
City of Grand Junction, Tennessee

I have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Governmental Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, business type activities and each major fund of the City of Grand Junction, Tennessee, as of and for the year ended June 30, 2021, and the related notes to financial statements, which collectively comprise the City's basic financial statements and have issued my report thereon dated December 28, 2021.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the City of Grand Junction's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, I do not express an opinion on the effectiveness of the City'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City'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.

My consideration of the internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material deficiencies or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during my audit I

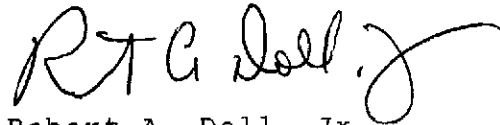
did not identify any deficiencies in internal control that I consider to be material weaknesses or significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Grand Junction's financial statements are free of material misstatement, I 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 my audit and, accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of the audit performed in accordance with Government Auditing Standards in considering the City of Grand Junction's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Robert A. Doll, Jr.
Certified Public Accountant

December 28, 2021

CITY OF GRAND JUNCTION, TENNESSEE
SCHEDULE OF DISPOSITION OF PRIOR YEAR FINDINGS
JUNE 30, 2021

There were no prior year findings.

EXHIBIT 20

Grand Junction Customers by Class

[CONFIDENTIAL]

EXHIBIT 21

Grand Junction's Income Forecast Financial Statements

INCOME STATEMENT

Months at Initial Rate	12	12	0
Months at Step Rate	0	0	12
Months at Final Rate	0	0	0

	Year 1	Year 2	Year 3
OPERATING REVENUE			
Metered service revenue	\$ -	\$ -	\$ -
Flat rate service revenue	\$ 109,365	\$ 109,365	\$ 234,373
Re-connect fees	\$ 2,302	\$ 2,302	\$ 4,934
Returned check charge	\$ 1,151	\$ 1,151	\$ 2,467
Late payment charge	\$ 2,302	\$ 2,302	\$ 4,934
Total Operating Revenue	\$ 115,121	\$ 115,121	\$ 246,708
OPERATING EXPENSES			
Outside labor expenses (non-employees)	\$ 63,300	\$ 63,300	\$ 63,300
Administrative and office expense	\$ 17,186	\$ 17,186	\$ 17,186
Maintenance and repair expense	\$ 1,800	\$ 1,800	\$ 1,800
Electric power expense (exclude office)	\$ 6,000	\$ 6,000	\$ 6,000
Chemicals expense	\$ 1,800	\$ 1,800	\$ 1,800
Other operating expense	\$ 2,400	\$ 2,400	\$ 2,400
Total Operating Expenses	\$ 92,486	\$ 92,486	\$ 92,486
Annual Depreciation Expense	\$ 9,660	\$ 9,660	\$ 9,660
Total Expenses	\$ 102,146	\$ 102,146	\$ 102,146
INCOME TAXES			
Total Income Taxes	\$ 3,568	\$ 3,568	\$ 39,755
Net income (Loss)	\$ 9,407	\$ 9,407	\$ 104,807

Capital Budget

	Year 1	Year 2	Year 3
Acquisition	\$ 60,000		
Improvements	\$ 85,000		
Reinvestment of Depreciation	\$ 9,660	\$ 9,660	\$ 9,660

ASSUMPTIONS

Acq Date	
Step Rate Date	\$ -
Final Rate Date	\$ -
Water Connections	231
Water Initial Rate	\$ 41.53
Water Step Rate	\$ 89.00
Water Final Rate	\$ -
Wastewater Connections	-
Wastewater Initial Rate	\$ -
Wastewater Step Rate	\$ -
Wastewater Final Rate	\$ -
Debt Percent	50.0%
Delinquent Account Percent	0.8%
State Tax Rate	6.5%
Federal Tax Rate	21.0%
Depreciation Rate	3.5%
Interest Rate	0.0%
Loan Term Length	240
Loan Origination	1.0%
Insurance Premium	0.0%
Acquisition Cost	\$ 60,000
L&E Cost	\$ 68,500
CAPEX Cost	\$ 16,500
Outside Labor Expense	\$ 5,275
Customer Service	\$ 200
Repairs	\$ 150
Power	\$ 500
Chemicals	\$ 150
Purchased Water	\$ 8,654
Purchased Wastewater	\$ -
Testing Fees	\$ -
Administrative Expense	\$ 1,432

EXHIBIT 22

Anticipated Capital Budget for the System

GRAND JUNCTION / TOWN OF SAULSBURY (TN) - WATER

INITIAL IMPROVEMENTS

WATER SYSTEM IMPROVEMENTS

	NARC Category	Description	Unit	Quantity	Unit Price	Total Price
	General Plant	Install Hi-Tide Remote Monitoring System	EA	1	\$15,000.00	\$15,000.00
	General Plant	Duplicate Master Meter w/ Hi-Tide SCADA Connection	EA	1	\$15,000.00	\$15,000.00
TOTAL INITIAL IMPROVEMENTS CAPITAL ESTIMATE						\$30,000.00

SECONDARY IMPROVEMENTS

WATER SYSTEM IMPROVEMENTS

	NARC Category	Description	Unit	Quantity	Unit Price	Total Price
	Water Distribution	Distribution System Improvements	LS	1	\$50,000.00	\$50,000.00
	Services, Meters, & Fire Hydrants	Add EMR's @ Each Existing Service	EA	170	\$600.00	\$102,000.00
TOTAL SECONDARY IMPROVEMENTS CAPITAL ESTIMATE						\$152,000.00

TOTAL ESTIMATED CONSTRUCTION COST	\$182,000.00

EXHIBIT 23

Regulatory, Transaction and Closing Costs, Valuation Schedule, Proposed Acquisition Adjustment Computation, and Pro Forma Accounting Entries

Limestone Utility Operating Company
Acquisition Estimates

System: Saulsbury

Date of Annual Report Used 3/15/26
In-Service Date 1/0/00
Purchase Price 60,000.00
Estimated Closing cost 5,000.00

<u>Acct Name</u>	<u>Acct #</u>	<u>Plant Balance</u>	<u>Dep %</u>	<u>AccDep-03/15/2026</u>	<u>Life</u>	<u>Dep Exp</u>	<u>AccDep-01/00/1900</u>	<u>NBV-01/00/1900</u>
Transmission & Distribution Mains	331002	60,000.00	2.0%	0.00	50	-	0.00	0.00
Total		60,000.00		0.00		0.00	0.00	0.00

Journal Entry to transfer In-Service assets post acquisition

<u>Acct Name</u>	<u>Acct #</u>	<u>Debit</u>	<u>Credit</u>	<u>Note</u>
Utility Plant Purchased	106000		65,000.00	Total closing consideration
Land and Land Rights	303000	5,000.00		Estimated Closing Cost
Transmission & Distribution Mains	331002	60,000.00		Estimated Asset Purchase
		65,000.00	65,000.00	

EXHIBIT 24

Statement Regarding Valuation Methodology

Valuation Methodology

Although no determination of the methodology used to set revenue requirement is being sought in this docket, Limestone intends to propose using a Rate Base rate of return methodology to recover costs of post-acquisition capital improvements and regulatory, transaction, and closing costs. As described in the testimony of Todd Thomas, Limestone may petition the Commission to increase rates or change certain operating regulations if it is determined that the revenue requirement for the system at hand increases in the future. Also described in the testimony of Todd Thomas, Limestone may also seek authority to consolidate rates of the systems it proposes to acquire in this case with those of other wastewater systems it operates in Tennessee.

EXHIBIT 26

Draft Customer Notification Letter

Customer Notification Letter Draft

April xx, 2026

Dear Current Customer of Saulsbury – Grand Junction Water System,

Limestone Water Utility Operating Company, LLC. (Limestone Water) and Saulsbury Water system (Saulsbury) have filed a joint application with the Tennessee Public Utility Commission (TPUC or Commission) seeking Commission authorization for Saulsbury to sell to Limestone Water its sewer system assets. Saulsbury is currently serving approximately 166 connections in Hardeman County.

If the proposal is approved by the TPUC, Limestone Water will be subject to the jurisdiction of the TPUC in the following additional service areas:

- The City of Saulsbury

Limestone Water has proposed to the Commission that Limestone Water would adopt the existing base water rates currently charged by Saulsbury, so the base rates would remain the same. Other existing Saulsbury rates and charges and those same and additional rates and charges proposed by Limestone Water if the acquisition is approved are outlined below:

GRAND JUNCTION - SAULSBURY

Late Payment 5%
Disconnection \$40.00
Reconnection \$40.00
Returned Check \$20.00

LIMESTONE WATER

Late Fee 5%
Disconnect Fee \$15.00
Reconnect Fee \$15.00
Returned Check \$20.00

After completing the proposed acquisition of these service areas, Limestone Water plans to construct numerous improvements to the systems to address degradation due to age and environmental compliance issues.

Those wishing to comment should contact the TN Public Utility Commission at:

502 Deaderick Street
4th Floor
Nashville, TN 37243
(800) 342-8359 675-747-2904
contact.tpuc@tn.gov

Refer to TPUC Docket Number _____ in all correspondence.

If you have questions, please contact Limestone Water at 314-736-4672 or the above public office of the Tennessee Public Utility Commission.

Sincerely,

Aaron Silas
Limestone Utility Operating Company, LLC

EXHIBIT 27

Pre- and Post-Acquisition Rates and Charges Table

Limestone Utility Operating Company
Exhibit: Pre & Post Acq Rates and Charges
System: Grand Junction (Saulsbury)

Limestone Water UOC

	Aqua Utilities Service Area	Charter Woods HOA Service Area	Cartwright Creek Grassland Service Area	Cartwright Creek Arrington Service Area	Cartwright Creek Hildaway Service Area	DSH & Associates, LLC Service Area	Rivestone Estates Service Area	Sunset Coves Service Area	Grand Junction (Saulsbury)
Monthly Recurring Charge - Pre Acquisition									
Minimum Charge - Water	\$19.65	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$41.53
	\$3.05 per 1,000 gallons	N/A	N/A	N/A	N/A	N/A		N/A	Includes 2,000 gallons 2,001+ Gallons (per thousand gallons) \$6.50
Usage Rate - Water							N/A		
Minimum Charge - Sewer	\$19.65	\$29	\$42.00	\$55.25	\$55.25	\$43.37	\$58.11	N/A	N/A
Usage Rate - Sewer	\$3.05 per 1,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Monthly Capital Recover Surcharge	N/A	N/A	\$7.50	\$7.50	\$7.50	N/A	N/A	N/A	N/A
Monthly Recurring Charge - Post Acquisition									
Minimum Charge - Water	\$19.65	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$41.53
	\$3.05 per 1,000 gallons	N/A	N/A	N/A	N/A	N/A		N/A	Includes 2,000 gallons 2,001+ Gallons (per thousand gallons) \$6.50
Usage Rate - Water							N/A		
Minimum Charge - Sewer	\$19.65	\$29	\$42.00	\$55.25	\$55.25	\$43.37	\$58.11	\$43.37	N/A
Usage Rate - Sewer	\$3.05 per 1,000 gallons	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Monthly Capital Recover Surcharge	N/A	N/A	\$7.50	\$7.50	\$7.50	N/A	N/A	N/A	N/A
Non-Recurring Charges - Pre Acquisition									
Service Connection Charge	\$1,425	N/A	N/A	N/A	N/A	N/A	\$60.00	N/A	\$40.00
Late Fee	N/A	N/A	5%	5%	5%	5%	5%	N/A	N/A
Reconnect Charge - Seasonal	\$120	N/A	\$15	\$15	\$15	\$40	\$15.00	N/A	N/A
Reconnect Charge - Nonpayment	\$15	N/A	\$15	\$15	\$15	\$40	\$15.00	N/A	N/A
Reconnect Charge - Before 8am & after 5PM, Saturdays/Sundays, or less than 24 hours in advance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Returned Check Charge	\$20	N/A	\$25	\$25	\$25	\$25	\$20.00	N/A	N/A
Disconnection Charge	N/A	N/A	\$10	\$10	\$10	\$40	\$10.00	N/A	\$40.00
Construction Inspection Fees	N/A	N/A	\$250	\$250	\$250	N/A	N/A	N/A	N/A
Construction Reinspection Fee	N/A	N/A	\$50	\$50	\$50	N/A	N/A	N/A	N/A
STEP System Installation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tap Fee	N/A	N/A	\$10,000	\$10,000	\$10,000	\$3,750/lot	N/A	N/A	\$600.00
Access Fee	N/A	N/A	N/A	N/A	N/A	\$120/yr	\$160/yr	N/A	N/A
Security Deposit	N/A	N/A	N/A	N/A	N/A	N/A	\$60.00	N/A	N/A
Meter Fee - Non-Refundable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$75.00
Non-Recurring Charges - Post Acquisition									
Service Connection Charge	\$1,425	N/A	N/A	N/A	N/A	N/A	\$60.00	N/A	\$40.00
Late Fee	N/A	N/A	5%	5%	5%	5%	5%	N/A	N/A
Reconnect Charge - Seasonal	\$120	N/A	\$15	\$15	\$15	\$40	\$15.00	N/A	N/A
Reconnect Charge - Nonpayment	\$15	N/A	\$15	\$15	\$15	\$40	\$15.00	N/A	N/A
Reconnect Charge - Before 8am & after 5PM, Saturdays/Sundays, or less than 24 hours in advance	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Returned Check Charge	\$20	N/A	\$25	\$25	\$25	\$25	\$20.00	N/A	N/A
Disconnection Charge	N/A	N/A	\$10	\$10	\$10	\$40	\$10.00	N/A	\$40.00
Construction Inspection Fees	N/A	N/A	\$250	\$250	\$250	N/A	N/A	N/A	N/A
Construction Reinspection Fee	N/A	N/A	\$50	\$50	\$50	N/A	N/A	N/A	N/A
STEP System Installation	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Tap Fee	N/A	N/A	\$10,000	\$10,000	\$10,000	\$3,750/lot	N/A	N/A	\$600.00
Access Fee	N/A	N/A	N/A	N/A	N/A	\$120/yr	N/A	N/A	N/A
Security Deposit	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Meter Fee - Non-Refundable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$75.00
Monthly Recurring Charge - Pre Acquisition Commercial									
Minimum Charge - Water	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$41.53
	N/A	N/A	N/A	N/A	N/A	N/A		N/A	Includes 2,000 gallons 2,001+ Gallons (per thousand gallons) \$6.50
Usage Rate - Water							N/A		
Minimum Charge - Sewer	N/A	N/A	\$37.00	\$37.00	\$37.00	\$68.37	Calculated on an Individual Cost	N/A	N/A
	N/A	N/A	\$8.75 per 1,000 gal	\$8.75 per 1,000 gal	\$8.75 per 1,000 gal	\$15 per 100 gallons	Based on Expected Design Flow	N/A	N/A
Usage Rate - Sewer	N/A	N/A							
Usage Rate - Sewer (Tier 2)	N/A	N/A	N/A	N/A	N/A	\$156.79 per 1,000 gal over 1,000 gal	N/A	N/A	N/A
Monthly Recurring Charge - Post Acquisition Commercial									
Minimum Charge - Water	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$41.53
	N/A	N/A	N/A	N/A	N/A	N/A		N/A	Includes 2,000 gallons 2,001+ Gallons (per thousand gallons) \$6.50
Usage Rate - Water							N/A		
Minimum Charge - Sewer	N/A	N/A	\$37.00	\$37.00	\$37.00	\$68.37	Calculated on an Individual Cost	N/A	N/A
	N/A	N/A	\$8.75 per 1,000 gal	\$8.75 per 1,000 gal	\$8.75 per 1,000 gal	\$15 per 100 gallons	Based on Expected Design Flow	N/A	N/A
Usage Rate - Sewer	N/A	N/A							
Usage Rate - Sewer (Tier 2)	N/A	N/A	N/A	N/A	N/A	\$156.79 per 1,000 gal over 1,000 gal	N/A	N/A	N/A
Non-Recurring Charges - Pre Acquisition Commercial									
Service Connection Charge	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$40.00
Late Fee	N/A	N/A	5%	5%	5%	5%	5%	N/A	N/A
Reconnect Charge - Seasonal	N/A	N/A	\$15	\$15	\$15	N/A	\$15.00	N/A	N/A
Reconnect Charge - Nonpayment	N/A	N/A	\$15	\$15	\$15	N/A	\$15.00	N/A	N/A
Returned Check Charge	N/A	N/A	\$25	\$25	\$25	N/A	\$20.00	N/A	N/A
Disconnection Charge	N/A	N/A	\$10	\$10	\$10	N/A	\$10.00	N/A	\$40.00
Construction Inspection Fees	N/A	N/A	\$250	\$250	\$250	N/A	N/A	N/A	N/A
Construction Reinspection Fee	N/A	N/A	\$50	\$50	\$50	N/A	N/A	N/A	N/A
Tap Fee	N/A	N/A	\$10,000	\$10,000	\$10,000	N/A	N/A	N/A	\$1,200.00
STEP System Installation	N/A	N/A	N/A	N/A	N/A		N/A	N/A	N/A
Financial Security Surcharge	N/A	N/A	N/A	N/A	N/A	Calculated on an Individual Cost	\$2.87 per month	N/A	N/A
Meter Fee - Non-Refundable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$75.00
Non-Recurring Charges - Post Acquisition Commercial									
Service Connection Charge	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$40.00
Late Fee	N/A	N/A	5%	5%	5%	N/A	5%	N/A	N/A
Reconnect Charge - Seasonal	N/A	N/A	\$15	\$15	\$15	N/A	\$15.00	N/A	N/A
Reconnect Charge - Nonpayment	N/A	N/A	\$15	\$15	\$15	N/A	\$15.00	N/A	N/A
Returned Check Charge	N/A	N/A	\$25	\$25	\$25	N/A	\$20.00	N/A	N/A
Disconnection Charge	N/A	N/A	\$10	\$10	\$10	N/A	\$10.00	N/A	\$40.00
Construction Inspection Fees	N/A	N/A	\$250	\$250	\$250	N/A	N/A	N/A	N/A
Construction Reinspection Fee	N/A	N/A	\$50	\$50	\$50	N/A	N/A	N/A	N/A
Tap Fee	N/A	N/A	\$10,000	\$10,000	\$10,000	N/A	N/A	N/A	\$1,200.00
STEP System Installation	N/A	N/A	N/A	N/A	N/A		N/A	N/A	N/A
Financial Security Surcharge	N/A	N/A	N/A	N/A	N/A	Calculated on an Individual Cost	\$2.87 per month	N/A	N/A
Meter Fee - Non-Refundable	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	\$75.00

EXHIBIT 29

Limestone's Notices of Violations or Administrative Action

Limestone Water – Exhibit 29

- (a) Limestone entered into a Consent Order with Tennessee Department of Environment and Conservation (TDEC) on February 13, 2023, resolving issues at the Grasslands sewage treatment plant related to permit exceedances and facility operation and maintenance.
- (b) Candlewood Lakes Drinking Water System. 2025.02.05 – Settlement Agreement (still active).
- (c) Shiloh Falls Wastewater System. 2025.03.27 – Compliance Evaluation Inspection & Notice of Violation – saturation and runoff. 2025.04.15 – Limestone Response to NOV.
- (d) Grassland Wastewater System (Cartwright Creek). 2023.02.13 - WPC22-0086 – TDEC Consent Order (still active). 2025.07.25 – Notice of Violation – Release of Sewage. Note: Multiple Citizen Complaints – screen shots of complaints filed with TDEC provided in collective exhibit. 2025.08.01 – Limestone Response to NOV.
- (e) Hideaway Wastewater System (Cartwright Creek). 2024.11.07 – Notice of BOD Exceedance.
- (f) Laurel Creek. 2025.07.02 – Final Inspection Letter – Plans not followed. Need corrected as-built plan filed.

EXHIBIT 30

Proposed Protective Order

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

IN RE:)
)
JOINT APPLICATION OF LIMESTONE)
WATER UTILITY OPERATING)
COMPANY, LLC, AND THE CITY OF)
GRAND JUNCTION, FOR APPROVAL)
OF THE ACQUISITION OF AND TO)
OPERATE THE SAULSBURY)
DISTRIBUTION WATER SYSTEM, AND)
TO TRANSFER OR ISSUE A)
CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY)

DOCKET NO. 26-_____

PROTECTIVE ORDER

To expedite the flow of filings, discovery, exhibits and other materials, and to facilitate the prompt resolution of disputes regarding confidentiality of the material, adequately protect material entitled to be kept confidential and to ensure that protection is afforded only to material so entitled, the Hearing Officer, as appointed by the Tennessee Public Utilities Commission ("TPUC"), hereby orders the following:

1. For the purpose of this Protective Order (the "Order"), proprietary or confidential information, hereinafter referred to as "CONFIDENTIAL INFORMATION" shall mean documents and information in whatever form which the producing party, in good faith, deems to contain or constitute trade secrets, confidential commercial information, confidential research, development, financial statements, confidential data of third parties, or other commercially sensitive information, and which has been specifically designated by the producing party. A "Producing Party" is defined as the party creating the confidential information as well as the party

having actual physical possession of information produced pursuant to this Order. All summaries, notes, extracts, compilations or other direct or indirect reproduction from or of any protected materials shall be entitled to protection under this Order. Documents containing CONFIDENTIAL INFORMATION shall be specifically marked as “CONFIDENTIAL” on the cover and each page of the document. Any document so designated shall be handled in accordance with this Order. The provisions of any document containing CONFIDENTIAL INFORMATION may be challenged under Paragraph 12 of this Order.

2. Any individual or company subject to this Order, including producing parties or persons reviewing CONFIDENTIAL INFORMATION, shall act in good faith in discharging their obligations hereunder. Parties permitted to intervene in this matter after the date of entry of this Protective Order shall be subject to the terms and conditions of this Protective Order and will be allowed access to CONFIDENTIAL INFORMATION under the conditions prescribed herein.

3. CONFIDENTIAL INFORMATION shall be used only for the purposes of this proceeding, and shall be expressly limited and disclosed only to the following persons:

- (a) Counsel of record for the parties and other legal counsel for the parties in this case and associates, secretaries and paralegals actively engaged in assisting counsel of record in this proceeding;
- (b) TPUC Directors and members of the staff of the TPUC;
- (c) Officers, directors, or employees of the parties, including employees of intervenors and the Office of the Tennessee Attorney General; provided, however, that CONFIDENTIAL INFORMATION shall be shown only to those persons having a need to know;
- (d) Representatives of the parties who need to know because they are actively engaged in assisting counsel of record in preparing for this proceeding; and
- (e) Outside consultants and expert witnesses (and their Staff) employed or retained by the parties or their counsel, who need access to CONFIDENTIAL INFORMATION solely for evaluation, testing, testimony, preparation for trial or other services related to this docket, provided that to the extent that any party seeks to disclose CONFIDENTIAL

INFORMATION to any outside consultant or expert witness, the party shall give five (5) days written notice to the Producing Party of intention to disclose CONFIDENTIAL INFORMATION. During such notice period, the Producing Party may move to prevent or limit disclosure for cause, in which case no disclosure shall be made until the TPUC or the Hearing Officer rules on the motion. Any such motion shall be filed within three (3) days after service of the notice. Any response shall be filed within three (3) days after service of the Motion. A Pre-Hearing Conference may be called to confer with the parties on the Motions to Limit Disclosure. All service shall be by hand delivery, facsimile or email. All filings by email in this docket shall be followed up by delivering a hard copy of the filing to the Docket Manager of the TPUC.

4. Notwithstanding the provisions in Paragraph 3 above, under no circumstances shall any CONFIDENTIAL INFORMATION be disclosed to or discussed with anyone associated with the marketing of products, goods, or services that may be in competition with the products, goods or services of the Producing Party. Counsel for the parties are expressly prohibited from disclosing CONFIDENTIAL INFORMATION produced by another party to their respective clients, except for in-house counsel and persons who need to know in order to assist counsel of record with preparation of this case.

5. (a) Prior to disclosure of CONFIDENTIAL INFORMATION to any employee or associate counsel for a party, the counsel representing the party who is to receive the CONFIDENTIAL INFORMATION shall provide a copy of this Order to the recipient employee or associate counsel, who shall be bound by the terms of this Order. Prior to disclosure of CONFIDENTIAL INFORMATION to any outside consultant or expert witness employed or retained by a party, counsel shall provide a copy of this Order to such outside consultant or expert witness, who shall sign the Nondisclosure Statement in the form of that attached to this Order attesting that he or she has read a copy of this Order, that he or she understands and agrees to be bound by the terms of this Order, and that he or she understands that unauthorized disclosure of documents labeled “CONFIDENTIAL” constitutes a violation of this Order. The Nondisclosure

Statement shall be signed in the presence of and be notarized by a notary public. Counsel of record for each party shall provide the Producing Party a copy of each such Nondisclosure Statement and shall keep the Nondisclosure Statements executed by the parties' experts or consultants on file in their respective offices.

(b) Disclosure of CONFIDENTIAL INFORMATION other than as provided for in this Protective Order shall not be made to any person or entity except with the express written consent of the Producing Party or upon further order of the TPUC or of any court of competent jurisdiction.

6. If any party or non-party subject to this Order inadvertently fails to designate documents as CONFIDENTIAL in accordance with the provisions of this Order when producing the documents this failure shall not constitute a waiver of confidentiality, provided the party or non-party who has produced the document shall notify the recipient of the document in writing within five (5) days of discovery of such inadvertent failure to designate the document as CONFIDENTIAL. At that time, the recipients will immediately treat the subject document as CONFIDENTIAL. In no event shall the TPUC, or any party to this Order, be liable for any claims or damages resulting from the disclosure of a document provided while not so labeled as "CONFIDENTIAL." An inadvertent failure to designate a document as CONFIDENTIAL, shall not, in any way, affect the TPUC's determination as to whether the document is entitled to CONFIDENTIAL status.

7. If any party or non-party subject to this Order inadvertently fails to designate documents as CONFIDENTIAL in accordance with the provisions of this Order when producing such documents and the failure is not discovered in time to provide a five (5) day notification to the recipient of the confidential nature of the documents referenced in the paragraph above, the

failure shall not constitute a waiver of confidentiality and a party by written motion or by oral motion at a Pre-Hearing Conference or at the Hearing on the Merits may request designation of the documents as CONFIDENTIAL, and if the motion is granted by the Hearing Officer or the Commission, the recipients shall immediately treat the subject documents as CONFIDENTIAL. The Tennessee Public Utilities Commission or the Hearing Officer may also, at his or her discretion, either before or during the Pre-Hearing Conference or Hearing on the Merits of the case, allow information to be designated CONFIDENTIAL and treated as such in accordance with the terms of this Order.

8. Any papers filed in this proceeding that contain, quote, paraphrase, compile or otherwise disclose documents covered by the terms of this Order, or any information contained therein, shall be filed and maintained in the TPUC Docket Room in sealed envelopes marked CONFIDENTIAL and labeled to reflect the style of this proceeding, the docket number, the contents of the envelope sufficient to identify its subject matter and this Protective Order. The envelopes shall be maintained in a locked filing cabinet. The envelopes shall not be opened or their contents reviewed by anyone except upon order of the TPUC or the Hearing Officer after due notice to counsel of record. The filing party shall also include with the filing a public version of the papers with any CONFIDENTIAL INFORMATION redacted. The public version shall reflect the style of the proceeding, the docket number, the contents of the envelope sufficient to identify its subject matter and shall reference this Protective Order. Notwithstanding the foregoing, the Directors and the Staff of the TPUC may review any paper filed as CONFIDENTIAL without obtaining an order of the TPUC or the Hearing Officer provided the Directors and Staff maintain the confidentiality of the paper in accordance with the terms of this Order.

9. Documents, information and testimony designated as CONFIDENTIAL or PROTECTED SECURITY MATERIALS (as defined in Paragraph 20) in accordance with this Order, may be used in testimony at the Hearing of this proceeding and offered into evidence or used in any hearing related to this action in a manner that protects the confidentiality of the information, subject to the Tennessee Rules of Evidence and to such future orders as the TPUC or the Hearing Officer may enter. Any party intending to use documents, information, or testimony designated CONFIDENTIAL or PROTECTED SECURITY MATERIALS shall inform the Producing Party and the TPUC or the Hearing Officer prior to the Hearing on the Merits of the case, of the proposed use; and shall advise the TPUC or the Hearing Officer and the Producing Party before use of the information during witness examinations so that appropriate measures can be taken by the TPUC or the Hearing Officer to protect the confidential nature of the information.

10. Except for documents filed in the TPUC Docket Room, all documents covered by the terms of this Order that are disclosed to the requesting party shall be maintained separately in files marked CONFIDENTIAL and labeled with reference to this Order at the offices of the requesting party's counsel of record, kept in a secure place and returned to the Producing Party pursuant to Paragraph 17 of this Order.

11. Nothing herein shall be construed as preventing any party from continuing to use and disclose any information (a) that is in the public domain, or (b) that subsequently becomes part of the public domain through no act of the party, or (c) that is disclosed to it by a third party, where said disclosure does not itself violate any contractual or legal obligation, or (d) that is independently developed by a party, or (e) that is known or used by it prior to this proceeding. The burden of establishing the existence of (a) through (e) shall be upon the party attempting to use or disclose the information.

12. Any party may contest the designation of any document or information as CONFIDENTIAL or PROTECTED SECURITY MATERIALS by filing a Motion with the TPUC or Hearing Officer as appropriate, for a ruling that the documents, information or testimony should not be so treated. Upon the filing of such a motion, the designating party shall bear the burden of supporting its designation of the documents or information at issue as CONFIDENTIAL INFORMATION. All documents, information and testimony designated as CONFIDENTIAL or PROTECTED SECURITY MATERIALS, however, shall be maintained as such until the TPUC or the Hearing Officer orders otherwise. A Motion to contest must be filed not later than fifteen (15) days prior to the Hearing on the Merits. Any Reply seeking to protect the status of CONFIDENTIAL INFORMATION or PROTECTED SECURITY MATERIALS must be received not later than ten (10) days prior to the Hearing on the Merits and shall be presented to the Commission at the Hearing on the Merits for a ruling.

13. Nothing in this Order shall prevent any party from asserting any objection to discovery other than an objection based upon grounds of confidentiality.

14. Non-party witnesses shall be entitled to invoke the provisions of this Order by designating information disclosed or documents produced for use in this action as CONFIDENTIAL, in which event the provisions of this Order shall govern the disclosure of information or documents provided by the non-party witness. A designation of information as CONFIDENTIAL by a non-party witness may be challenged under Paragraph 12 of this Order.

15. No person authorized under the terms herein to receive access to documents, information, or testimony designated as CONFIDENTIAL shall be granted access until such person has complied with the requirements set forth in Paragraph 5 of this Order.

16. Any person to whom disclosure or inspection is made in violation of this Order shall be bound by the terms of this Order.

17. Upon entry of a final order in this proceeding and conclusion of any appeals resulting from such an order, except as to the Attorney General and TPUC, all the filings, exhibits and other materials and information designated CONFIDENTIAL or PROTECTED SECURITY MATERIALS and all copies thereof shall be returned to counsel of the Producing Party within fifteen (15) days. Notwithstanding any provision herein to the contrary, the requirement of this paragraph shall become operative immediately upon any intervenor who withdraws or otherwise ceases to be a party to the case, even though the case itself may continue to be pending. Subject to the requirements of Paragraph 8 above, the TPUC shall retain copies of information designated as CONFIDENTIAL or PROTECTED SECURITY MATERIALS as may be necessary to maintain the record of this case intact. Counsel who received the filings, exhibits and other materials, designated as CONFIDENTIAL or PROTECTED SECURITY MATERIALS shall certify to counsel for the Producing Party that all the filings, exhibits and other materials, plus all copies or extracts, notes or memorandums from the filings, exhibits and other materials, and all copies of the extracts from the filings, exhibits and other materials thereof have been delivered to counsel for the Producing Party or destroyed and that with respect to any electronic copies of CONFIDENTIAL INFORMATION or PROTECTED SECURITY MATERIALS received or mentioned by the receiving party, all reasonable efforts have been undertaken to eliminate said information. If any electronic CONFIDENTIAL INFORMATION or PROTECTED SECURITY MATERIALS cannot be eliminated through the use of reasonable efforts, any such remaining materials shall be subject to the continuing restrictions contained in paragraph eighteen (18) of this Order.

18. After termination of this proceeding, the provisions of this Order relating to the confidential nature of CONFIDENTIAL INFORMATION or PROTECTED SECURITY MATERIALS, information and testimony shall continue to be binding upon parties herein and their officers, employers, employees, agents, and/or others unless this Order is vacated or modified or is supplanted by an order of the court or courts before which is pending a challenge to any order entered in this proceeding.

19. Nothing herein shall prevent entry of a subsequent order, upon an appropriate showing, requiring that any documents, information or testimony designated as CONFIDENTIAL shall receive protection other than that provided herein.

20. In addition to the other provisions of this Order, Limestone Water Utility Operating Company, LLC (“the Company”) may designate and label as “PROTECTED SECURITY MATERIALS” documents and information related to security measures undertaken to protect public health and safety. The Company shall provide access to PROTECTED SECURITY MATERIALS to TPUC Directors and members of the staff of the TPUC and further only to authorized representatives of the Intervenors in this docket.

21. The Company shall provide access to an authorized representative to PROTECTED SECURITY MATERIALS only after such authorized representative has executed a Nondisclosure Statement in the form of that attached to this Order and provided a copy to the Company. Except, with consent of the Company: (i) access shall be at the offices of the Company or its counsel of record and under supervision of the Company; (ii) PROTECTED SECURITY MATERIALS shall not be removed from the offices of the Company or its counsel; (iii) no copies shall be provided to an authorized representative except as provided herein. Authorized representatives may make notes or memoranda from a review of the PROTECTED SECURITY MATERIALS and may

remove such notes and memoranda. In all other respects such notes and memoranda shall remain PROTECTED SECURITY MATERIALS and subject to the provisions hereof. PROTECTED SECURITY MATERIALS shall be used only to assist TPUC staff or any other party to prepare for and to try this proceeding and shall not be used for any other purpose in this or any other jurisdiction.

22. Except as provided in this Order, the contents of PROTECTED SECURITY MATERIALS to which the TPUC staff or other party is given access, and any notes, memoranda, or any form or information or opinions regarding or derived from the PROTECTED SECURITY MATERIALS shall not be disclosed to anyone other than an authorized representative in accordance with the Order, except that an authorized representative may disclose his or her conclusions or findings solely within, and for the purposes of, this proceeding and in accordance with this Order. PROTECTED SECURITY MATERIALS shall not otherwise be published, disclosed or divulged except as expressly provided herein. The TPUC Directors, TPUC staff and any other party shall treat all notes memoranda or opinions regarding or derived from the PROTECTED SECURITY MATERIALS as confidential and shall keep them in a secure location with access limited to an authorized representative, and the contents of PROTECTED SECURITY MATERIALS and any information derived from them shall be considered highly confidential, and shall not be deemed public records. The TPUC staff, any party, Hearing Officer, or the TPUC Directors may discuss any position or conclusion regarding security expenditures and testimony in briefs, orders, pleadings, or hearings in this proceeding without disclosing protected information to the public in accordance with this Order.

23. The Attorney General and his staff have authority to enter into Nondisclosure Agreements pursuant to Tenn. Code Ann. § 65-4-118 which are consistent with state and federal law, regulations and rules.

24. The Attorney General and his staff agree to keep CONFIDENTIAL INFORMATION in a secure place and will not permit them to be seen by any person who is not an employee of the State of Tennessee, the Office of Attorney General and Reporter, or a person who has not signed a Nondisclosure Agreement.

25. The Attorney General and his staff may make copies of CONFIDENTIAL INFORMATION or any portion thereof. To the extent permitted by state and federal law, regulations and rules, all notes utilizing supporting information shall be subject to the terms of this Order to the extent factual assertions are derived from the supporting information.

26. To the extent permitted by state law, the Attorney General will provide timely notice of filing or disclosure in the discharge of the duties of the Office of the Attorney General and Reporter, pursuant to Tenn. Code Ann. § 10-7-504(a)(5)(C) or any other law, regulation or rule, so that the Company may take action relating to disclosure.

27. CONFIDENTIAL INFORMATION is subject to this Protective Order, which is entered pursuant to the Tennessee Rules of Civil Procedure. If any person or entity subject to this Protective Order receives a request or subpoena seeking the disclosure or production of information labeled as “CONFIDENTIAL INFORMATION” by a party, such person or entity shall give prompt written notice to the TPUC Hearing Officer and the party within not more than five (5) days of receiving such a request, subpoena or order and: (i) shall respond to the request, subpoena or order, in writing, stating that the CONFIDENTIAL INFORMATION is protected pursuant to this Protective Order; and (ii) shall not disclose or produce such CONFIDENTIAL

INFORMATION unless and until subsequently ordered to do so by a court of competent jurisdiction. This Protective Order shall operate as an exception to the Tennessee Public Records Act, as set forth in the language of Tenn. Code Ann. § 10-7- 503(a) “. . . unless otherwise provided by state law.” (See, e.g., Ballard v. Herzke, 924 S.W.2d 652 (Tenn. 1996); Arnold v. City of Chattanooga, 19 S.W.3d 779 (Tenn. Ct. App. 1999) (holding that “state law” includes the Tennessee Rules of Civil Procedure)). Because this Protective Order is issued pursuant to the Tennessee Rules of Civil Procedure, this Order creates an exception to any obligations of the Attorney General, including attorneys and members of theirs, as to the Public Records Act and other open records statutes as to CONFIDENTIAL INFORMATION. In the event that any court of competent jurisdiction determines in the course of a lawsuit brought as a result of a person’s or entity’s fulfillment of the obligations contained in this paragraph that information designated as “CONFIDENTIAL INFORMATION” by a party is not CONFIDENTIAL INFORMATION as defined in paragraph 1 of this Protective Order, then the party designating the information as “CONFIDENTIAL INFORMATION” shall be responsible for all costs associated with or assessed in the lawsuit. This Protective Order acknowledges the role and responsibilities of the Attorney General and the Attorney General’s staff, as set forth in Title 8, Chapter 6 of the Tennessee Statutes, beyond the duties associated with the Consumer Advocate and Protection Division, as prescribed in Tenn. Code Ann. § 65-4-118. This Protective Order is not intended to conflict with the Attorney General’s role and responsibilities, especially the investigative functions, as set forth in Title 8, Chapter 6. For there to be compliance with this Protective Order, any CONFIDENTIAL INFORMATION shared outside of the Consumer Advocate and Protection Division must be provided the full and complete protection afforded other confidential or protected information in the control and custody of the Attorney General.

28. The designation of any information, documents or things in accordance with this Order as constituting or containing confidential or proprietary information the Attorney General's, or their respective staff's, treatment of such material as confidential or proprietary in compliance with this Order is not an admission or agreement by the Attorney General, or their respective staff, that the material constitutes or contains confidential commercial information or trade secret information and shall not be deemed to be either a waiver of the right to challenge such designation or an acceptance of such designation. The Company agrees to designate information, documents or things provided to the Attorney General as confidential commercial information or trade secret if it has a good faith basis for the claim. The Company will upon request of the Attorney General, or their respective staff, provide a written explanation of the details, including statutory authority, that support its confidential commercial information or trade secret claim within five (5) days of a written request. The Company also specifically agrees that it will not designate any documents as CONFIDENTIAL INFORMATION or label such documents as "CONFIDENTIAL" if the documents:

- (a) have been distributed to the public, consumers or others, provided that proprietary customer information provided by the Company to its customers or their marketers may be designated as CONFIDENTIAL INFORMATION; or
- (b) are not maintained by the Company as confidential commercial information or trade secrets or are not maintained by the Company as proprietary customer information.

29. Nothing in this Order shall prevent the Attorney General from using the CONFIDENTIAL INFORMATION received for investigative purposes in the discharge of the

duties of the Office of the Attorney General and Reporter. Additionally, nothing in this Order shall prevent the Attorney General from informing state officials and third parties of the fact of an investigation, as needed, to conduct the investigation. Without limiting the scope of this paragraph, nothing in this Order shall prevent the Attorney General from contacting consumers whose names were provided by the Company or from discussing with any consumer any materials that he or she allegedly received from the Company or confirming that a consumer actually received the materials, to the extent that the Attorney General or his staff does so in a manner that complies with the provisions of this Order.

30. The terms of the foregoing paragraphs 23 through 29 do not apply to PROTECTED SECURITY MATERIALS as set forth in paragraphs 20-22 of this Order. PROTECTED SECURITY MATERIALS shall be treated in accordance with paragraphs 20-22.

31. All information, documents and things designated as CONFIDENTIAL INFORMATION or PROTECTED SECURITY MATERIALS and produced in accordance with this Order may be disclosed in testimony or offered into evidence at any TPUC or court hearing, trial, motion or proceeding of this matter, subject to the provisions of this Order, including paragraph 9, and the applicable Rules of Evidence. The party who produced the information, documents and things designated as CONFIDENTIAL INFORMATION or PROTECTED SECURITY MATERIALS agrees to stipulate to the authentication of such information, documents and things in any such proceeding.

32. Nothing in this Order is intended to restrict or alter federal or state laws, regulations or rules.

33. Any person who has signed a Nondisclosure Statement or is otherwise bound by the terms of this Order shall continue to be bound by this Order and/or Nondisclosure Statement even if no longer employed or engaged by the TPUC or Intervenors.

IT IS HEREBY ORDERED.

Hearing Officer

**BEFORE THE TENNESSEE PUBLIC UTILITY COMMISSION
NASHVILLE, TENNESSEE**

IN RE:)
)
JOINT APPLICATION OF LIMESTONE)
WATER UTILITY OPERATING)
COMPANY, LLC, AND THE CITY OF)
GRAND JUNCTION, FOR APPROVAL)
OF THE ACQUISITION OF AND TO)
OPERATE THE SAULSBURY)
DISTRIBUTION WATER SYSTEM, AND)
TO TRANSFER OR ISSUE A)
CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY)

DOCKET NO. 26-_____

NONDISCLOSURE STATEMENT

I have reviewed the Protective Order entered in the above-captioned matter and agree to abide and be bound by its terms. I understand that unauthorized disclosure of information or documents labeled "CONFIDENTIAL" or "PROTECTED SECURITY MATERIALS" will be a violation of the Protective Order.

DATE

NAME

STATE OF _____)

COUNTY OF _____)

Personally appeared before me, _____, a Notary Public,
_____, with whom I am personally acquainted, who
acknowledged that he/she executed the within instrument for the purposes therein contained.

WITNESS my hand, at office, this _____ day of _____, 2026.

NOTARY PUBLIC

My Commission Expires:_____

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served via U.S. Mail or electronic mail upon:

City of Grand Junction
Attn: Mayor Curtis Lane
150 Tippah Street
Grand Junction, TN 38039
grandjunction@bellsouth.net

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This the 23rd day of April 2026.



Melvin J. Malone