Columbia Power & Water Systems

Enterprise Funds of the City of Columbia, Tennessee

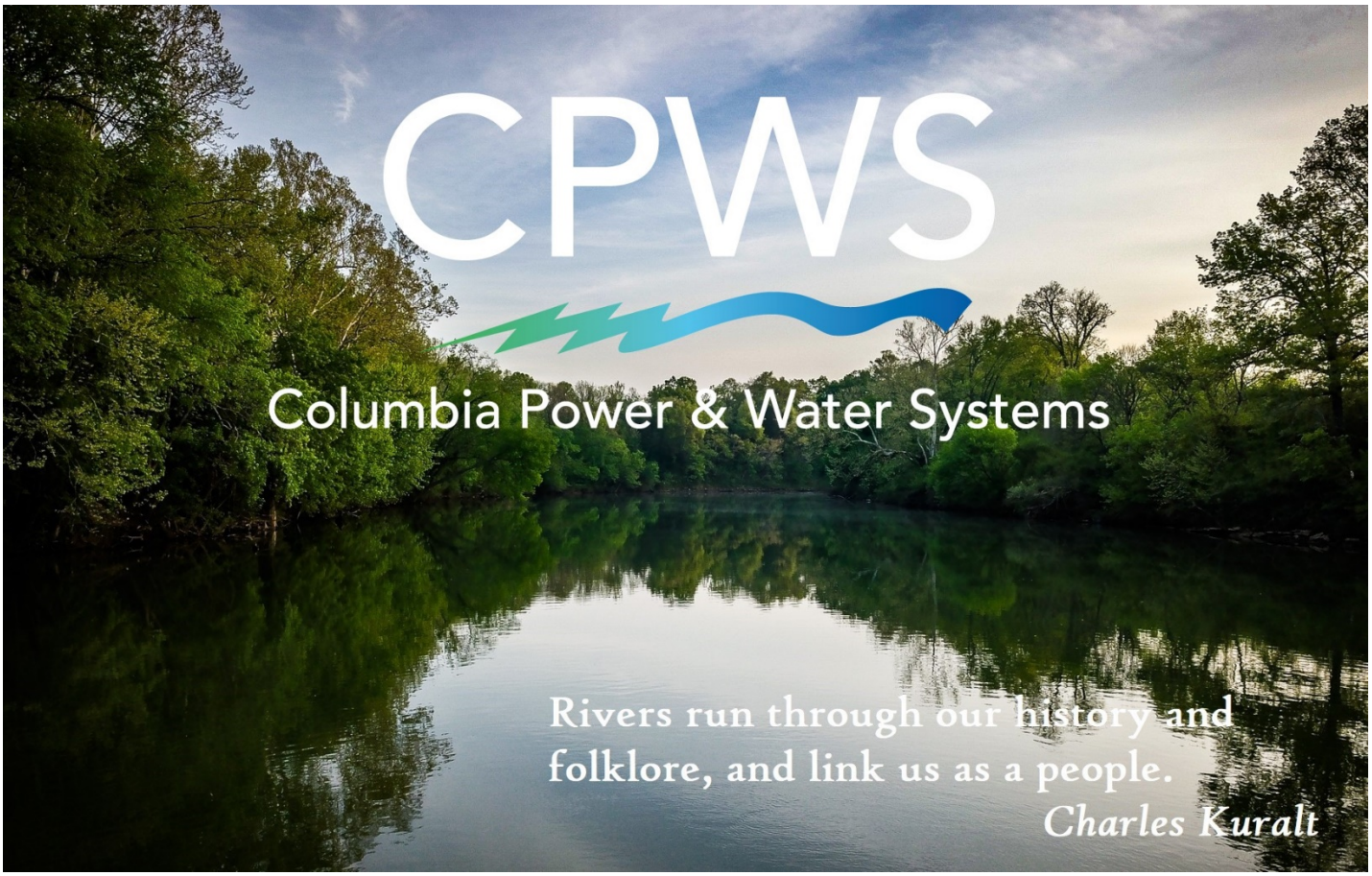


Photo Courtesy of RossJaynes.com

Comprehensive Annual Financial Report

For Fiscal Years Ended June 30, 2018 and June 30, 2017

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

Comprehensive Annual Financial Report
for the Fiscal Years Ended June 30, 2018 and June 30, 2017

Prepared by: CPWS Financial and Accounting Staff

A Message from the Executive Director

The river of life can certainly take many twists and turns. This time last year, I never imagined that my personal journey would take me from West to Middle Tennessee – literally crossing one famous Tennessee river to reach another.

Earlier this year, I took a leap of faith and accepted the position of Columbia Power & Water Systems' Executive Director after five years as general manager at Trenton Light & Water. Prior to that, I served over two decades with Jackson Energy Authority in various leadership roles. However, I found myself looking for a new adventure with new challenges.

With two grown daughters already out of the nest, my very supportive wife, Alice, and I decided our journey was not quite ready to wind down – so we uprooted and moved east to Columbia, Tennessee.

Before I transitioned into my new role at CPWS, I didn't quite grasp what an incredible team would be waiting for me. I had heard of CPWS' reputation among the Tennessee Valley Authority's central district utilities – but the reality I faced upon my arrival was far more impressive than anything I could imagine.

Well-honed policies and procedures that protect the rate payer; a safe, reliable and award-winning power system; a growing water operation with plans already in place for the future; a booming broadband business that continues to reach milestones; and a top-notch team that makes it all happen – these are just a few of the attributes that make CPWS a great utility. The question I ask myself daily, "how can I possibly improve an established, well-run operation like CPWS?" While we are great today, what are we doing to plan for tomorrow? We will start by re-focusing on three basic elements – caring for our customers, leadership and employee development, and improving CPWS' core business functions. The summation of these three vital components is to support the community during expected economic growth, while reinforcing its quality of life.

Customer Service

After meeting with CPWS' versatile workforce, it was clear that each employee has a passion for excellent customer service that mirrors my own. Customer expectations change daily, along with industry regulations – from new technology that strengthens our day-to-day operations to improvements in how we deliver our services. However, I firmly believe that personally connecting with our customers remains important – that includes the friendly faces that greet you at the door, ensuring our Customer Care representatives are well-trained, and continuing CPWS' outreach in the community.

Leadership and Employee Development

Meeting CPWS employees for the first time in February, I was immediately impressed by the talented people here and their extraordinary work ethic. I have been fortunate to work with some great leadership over the years and learned a long time ago that empowering your workforce brings out their very best. Having met extensively with CPWS directors and managers over the last seven months, it is evident to me the team I was fortunate to inherit knows no bounds when striving for excellence.

To paraphrase the Chinese philosopher, Lao Tzŭ, "to lead people, walk beside them." I've been impressed with not only the quality of leaders that make up CPWS – but also their desire to grow and learn. CPWS has a long-standing tradition of encouraging ongoing professional development, training and education. This investment ensures the future leaders of CPWS are set up for success. The Board of Public Utilities is also committed to honing their knowledge and has logged more than 130 hours of continuing education hours over the last three years.

With several team members already entrenched in the Malcolm Baldrige Excellence framework and the Tennessee Center for Performance Excellence (TNCPE) – two well-respected institutions I have worked with and admire – we have kicked off a new strategic planning process using these same tools and best practices that will help ensure CPWS' success over the next five years.

Core Business Functions

To best serve our customers, we must first understand their needs then plan accordingly to meet them. To do that, we are soliciting stakeholder input as part of our new strategic planning effort that will help guide our work for the next 3 to 5 years.

During this effort, we will see new customer expectations, opportunities to leverage the latest technology, the need to respond to community growth, and some improvements CPWS will make so we can remain focused on what we do best – providing quality service at low rates.

We will do this by reviewing, revising, and documenting the work we do, how we do it, and why we do it. The objective is to maximize efficiency and productivity so that employees continue to be productive and enjoy their work, and each CPWS customer continues to get quality, timely and cost-effective service.

Economic and Community Growth

Alice and I have been equally impressed with the sense of community throughout Maury County and we are appreciative of the warm welcome we have received. Maury County is certainly growing and vibrant – but again, how are we preparing for tomorrow?

Regional water supply needs will be a big part of CPWS' strategic plan over the next several years. As part of our commitment to future generations, a multifaceted effort has been in place since 2015 to address the city's long-term water needs. This includes upgrading our existing water treatment plant, while building a second plant to keep up with growth. With efforts already under way, CPWS is working hard to ensure future generations continue to have clean, plentiful water.

Our power, water, and broadband operations continue to invest in maintaining and improving the reliability of our systems. During FY 2017-18, CPWS invested $9.3 million in infrastructure. Capital expenditures budgeted for FY 2019 total $11.7 million across all divisions. Even with a balanced budget this fiscal year and no plans to use excess operating funds – CPWS' ongoing commitment to the community's growing economy is evident.

CPWS remains well-positioned to facilitate the community's rapid growth, while supporting the economic health and infrastructure in our area. Every decision we make is focused on balancing the needs of our customers and providing safe, reliable services at the lowest possible rates. We do our daily jobs with the mindset that we want to protect public interest; educate customers to make informed choices; foster new technologies in an environmentally sound manner; and further economic development.

While these last few months have been quite the whirlwind – my family and I are thrilled to be part of such a wonderful region in Middle Tennessee. I am honored to serve as CPWS' executive director and lead our team in strengthening the relationship with our customers and building a stronger, more vibrant community for all citizens.

We have provided service to the area for nearly 80 years, and our success is tied to those we serve. The achievements and recognitions outlined in the FY 2017-18 Annual Report are a true testament to the talented and hardworking employees who are dedicated to putting people first.

Sincerely,

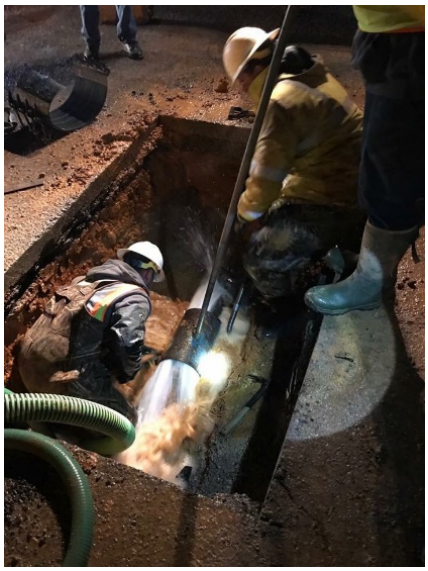
Scott Dahlstrom
Executive Director

Community Involvement

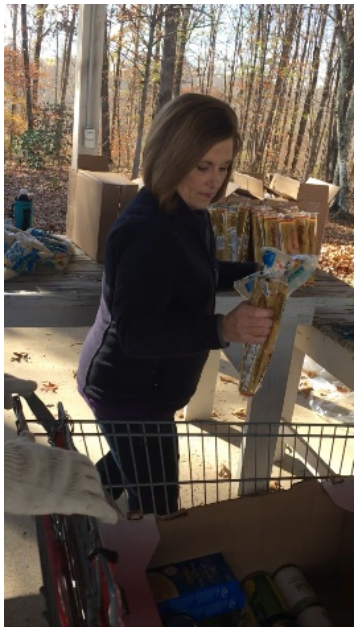
Columbia Power & Water Systems continues to be recognized in the community for its long-term commitment and service to the citizens Columbia, Tennessee – not only due to the services we deliver each day but also through the thousands of volunteer hours our employees spend to make our towns and county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

While CPWS focuses on consistent delivery of the community's critical services – the more we connect with the people we serve, the better able we are to meet their needs. CPWS employees participate in a variety of community projects from membership in local service clubs, supporting their churches or children's schools to volunteer efforts with local non-profits. This past fiscal year, CPWS donated, raised or provided in-kind support totaling more than $75,000 to the people of Maury County. Below is a snapshot of CPWS' volunteer and community efforts:

- Arts in Action – 2017 Mule Town Music Fest.
- Boys and Girls Clubs of Maury County – Great Futures Lunch.
- Columbia Children's Museum – Co-sponsor interactive exhibit with TVA.
- Columbia Firefighters Association – Annual donation and participation in yearly concert.
- Columbia Parks & Recreation's Muletown BBQ Fest and Mid-State Classic Tournament.
- Habitat for Humanity of Williamson and Maury Counties.
- James K. Polk Home – Board participation and the Polk Academy History Summer Camp.
- Kiwanis Club's Annual Chili Cookoff.
- Leadership Maury Program – CPWS is an active sponsor, with a number of graduates of the Leadership Maury program on staff.
- Maury Regional Medical Center Foundation – Community partner.
- Maury County Chamber and Economic Alliance – CPWS is an active member and financial partner of Maury Alliance.
- Maury County Public Schools – Career Days, safety demonstrations, CHS Pride TV, CHS water station project, and CHS Band Boosters.
- Rotary Club – Pancake Breakfast and Scholarship Concert.
- Stuff the Bus – Community partner and employee participation, supporting children in need.
- The Family Center Crisis Assistance – Annual canned food drive and holiday donation.
- The United Way of Maury County – Annual employee fund-raising drive to collect money for various local charities.
- Youth Educational Foundation – Community partnership.



CPWS



EXIT

Welcome to
CPWS

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Introductory Section

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Columbia Power & Water Systems

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October 12, 2018

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

On behalf of the Columbia Power and Water Systems (the "Systems" or "CPWS"), we respectfully submit this comprehensive annual financial report for the year ended June 30, 2018, as required by state statutes. State statutes require that all governmental units publish a complete set of financial statements presented in conformity with accounting principles generally accepted in the United States of America (GAAP) and audited in accordance with auditing standards generally accepted in the United States of America by a firm of licensed certified public accountants.

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

Reporting Entity and Services Provided

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

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

Economic Conditions and Outlook

The Systems did see a significant change in the number of customers from fiscal year 2017 to 2018. The Power System experienced an increase of 830 customers, or 3.0%. The Water System increased customers by 590, or 2.7%. Furthermore, the Power System had an increase of 3.3% in the total megawatts sold to customers in 2018 versus 2017. This is primarily due to the increase in degree days and the increase in total customers. The total gallons sold for the Water System increased from 2,705,002 thousand gallons in 2017 to 2,749,536 thousand gallons in 2018.

The Systems are experiencing price increases in purchased power, water treatment costs, and materials and supplies used in plant construction. While the Systems have implemented cost control measures, it is expected these cost increases will impact retail rates for our customers.

Major Initiatives

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

The Water System is wrapping up its proactive initiatives to create a master plan for supply, treatment and distribution services. These plans could potentially reduce long-term operating expenses, increase hydraulic and treatment capacity of the water treatment plant, and increase the reliability of current equipment. The project will also identify necessary rehabilitation and replacement projects for aging equipment and structures.

Long-term Financial Planning

The Board of Public Utilities has several capital improvement projects during the fiscal year 2019 budget review. It is the Board's intention to fund the capital expenditures within the budget through cash generated from operations.

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

- Fiber extensions along several power line circuits
- Addition of a radio tower for the digital radio system
- Improvements to hydraulic and treatment capacity of the existing water treatment plant
- Completion of a West Water Treatment Plant pilot study
- Conceptual planning for a west water treatment plant

- Rehabilitation of water pump stations
- Miscellaneous water main improvements
- Continuation of upgrading the Broadband Division's equipment.

Financial Information

Rates and Charges

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

Debt Administration

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

Risk Management

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

Management's Discussion and Analysis

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

Independent Audit

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

Awards – Certificate of Achievement

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to CPWS for its comprehensive annual financial report (CAFR) for the year ended June 30, 2017. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must

satisfy both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

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

Respectfully submitted,

Kelley McCall
Director of Finance and Administration

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Columbia Power and Water Systems

Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2017

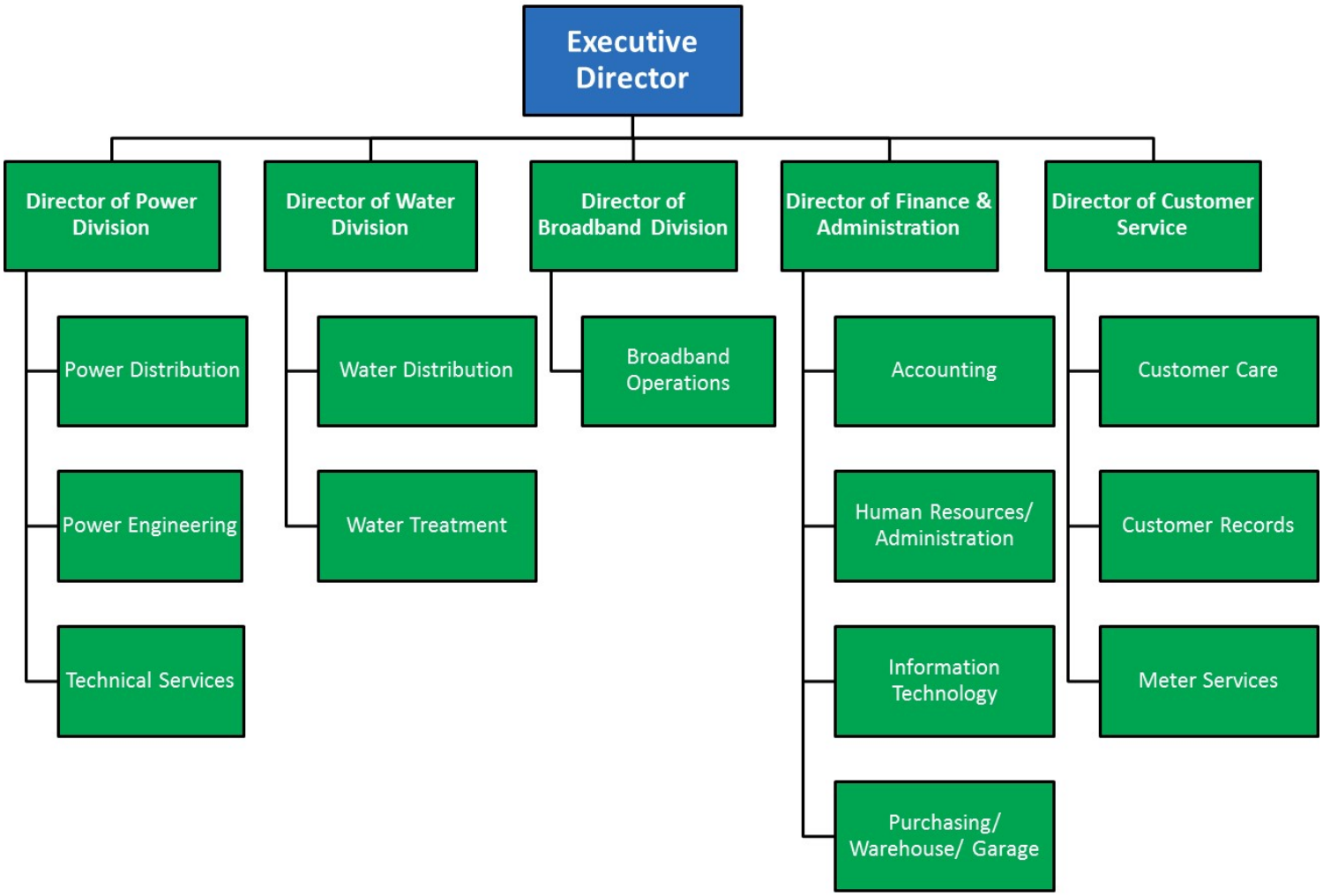
Christopher P. Morrill

Executive Director/CEO

Organizational Chart

Columbia Power & Water Systems

June 30, 2018



Board of Public Utilities

CPWS operates under the Board of Public Utilities of the City of Columbia, Tennessee. There are five members of the Board, one of which must be a City Council member. Members of the Board are appointed by the Mayor and ratified by the City Council. The Board of Public Utilities of the City of Columbia, Tennessee for FY 2018:

Front Row, Left to Right:

- Mike Greene, City Council Representative (2016-2020)
- Teresa Beck, Chairman (2015-2019)
- Eddie Campbell, Vice Chairman (2014-2018)

Back Row, Left to Right:

- Trent Ogilvie, Board Member (2018-2021)
- Walker Vining, Board Member (2016-2020)
- Daniel Murphy, Board Counsel (at the will of the Board)

Management Team

(Front Row, L to R): Doug Burgess, Director of Power Operations; Scott Dahlstrom, Executive Director; Cameron McCanless, Director of Customer Service
(Second Row, L to R): Jonathan Hardin, Director of Water Operations; Glenn Jernigan, Director of Broadband Operations; Kelley McCall, Director of Finance and Administration.

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

Mission: CPWS provides reliable, value-based solutions supplying our customers' power, water, and broadband needs.

Vision: We will continuously improve our organization and provide robust infrastructure for the betterment of our customers.

Values: Provide an exceptional customer experience; deliver reliable service; operate with integrity; maintain financial accountability; commit to continuous improvement; develop and support productive employees; foster collaboration and trust; and be a proactive community partner.

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Financial Section

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Columbia Power and Water Systems (the Systems), enterprise funds of the City of Columbia, Tennessee, as of and for the years ended June 30, 2018 and 2017 and the related notes to the financial statements, as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Columbia Power and Water Systems, as of June 30, 2018 and 2017 and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1, the financial statements present only the Columbia Power & Water Systems and do not purport to, and do not, present fairly the financial position of City of Columbia, Tennessee, as of June 30, 2018 and 2017, the changes in its financial position or, where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

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

Change in Accounting Principle

As described in Note 11 to the financial statements, in 2018, the City adopted new accounting guidance, *GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 25 and Net OPEB Liability related schedules on pages 57 through 59 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The financial schedule section is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting

and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 12, 2018 on our consideration of Columbia Power and Water Systems' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Columbia Power and Water Systems' internal control over financial reporting and compliance.

Jackson, Tennessee
October 12, 2018

This discussion and analysis of the Columbia Power and Water Systems' financial performance provides an overview of the Systems' financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the financial statements, which follow this section.

REQUIRED FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

FINANCIAL ANALYSIS - POWER

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

The Statements of Net Position show an increase of $6.4 million, or 7.2%, in Total Assets during fiscal year 2018 and a decrease of $2.1 million, or 2.3%, in Total Assets during fiscal year 2017. During the current fiscal year, current assets increased $4.3 million primarily because of an increase in cash and cash equivalents as of June 30, 2018 compared to June 30, 2017. The increase in cash and cash equivalents is a result of increased operating revenues associated with an increase in energy and broadband services. In addition, Utility Plant in Service experienced an increase of $4.7 million due to miscellaneous plant improvements that took place during FY 2018 and increased $4.3 million in FY 2017, while accumulated depreciation increased by $3.4 million in FY 2018 and increased by $2.3 million during FY 2017. Construction in progress at June 30, 2018 was $2.4 million compared to $1.4 million at June 30, 2017 and $2.2 million at June 30, 2016.

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

COLUMBIA POWER SYSTEM
STATEMENTS OF NET POSITION (in thousands)

	June 30,		
	2018	2017*	2016
ASSETS			
CURRENT ASSETS	$ 31,125	$ 26,810	$ 29,881
UTILITY PLANT	64,018	61,825	60,667
OTHER NONCURRENT ASSETS	360	479	675
TOTAL ASSETS	$ 95,503	$ 89,114	$ 91,223
DEFERRED OUTFLOWS	$ 174	$ 203	$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 95,677	$ 89,317	$ 91,223
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
CURRENT LIABILITIES	$ 14,515	$ 13,150	$ 13,251
LONG-TERM DEBT	7,610	8,348	14,118
OTHER NONCURRENT LIABILITIES	2,317	2,607	390
TOTAL LIABILITIES	$ 24,442	$ 24,105	$ 27,759
DEFERRED INFLOWS	$ 33	$ -	$ -
NET POSITION			
Net investment in capital assets	57,009	54,149	47,025
Restricted for debt service	510	452	1,297
Unrestricted	13,683	10,611	15,142
TOTAL NET POSITION AS RESTATED*	71,202	65,212	63,464
TOTAL LIABILITIES, NET POSITION, AND DEFERRED OUTFLOWS	$ 95,677	$ 89,317	$ 91,223

Net position increased $6.0 million or 9.2% in 2018 and increased $1.7 million or 2.8% in 2017. The statement indicates that the largest portion of the System's net position represents its investment in capital assets, $57.0 million or 77.9% of total net position. An additional $510,000 of net position is restricted for the debt service of the Broadband Division. Another significant portion of the System's net position is $13.7 million in unrestricted net position, which may be used to meet ongoing obligations of the System. During the current fiscal year, the System's net investment in capital assets increased $2.9 million or 5.3% while unrestricted net position increased $3.1 million or 29.0%. The overall financial position of the System was stable during the fiscal year. Net position for the Broadband Division increased during the fiscal year due to aggressive pricing and substantial cost elimination. The division also had positive operating income for the eleventh straight year.

The Statements of Revenues, Expenses, and Changes in Net Position indicate that Operating Revenue increased $3.7 million during the fiscal year from $74.4 million in fiscal year 2017 to $78.0 million in fiscal year 2018. This change equals a 4.9% increase from 2017 to 2018, compared to a 7.7% increase from 2016 to 2017. The 2018 change reflects an increase of $2.9 million in electric sales revenues and an increase of $762,000 in broadband sales.

Weather plays an important role in determining electric sales revenue. The impact of weather is calculated by comparing degree days from one year to the next. Degree days represent the difference between 65° and the average temperature each day. Temperatures above 65° are considered cooling degree days and temperatures below 65° are considered heating degree days. In fiscal year 2018, there were 5,276 degree days compared to 4,870 degree days in fiscal year 2017, which is an increase of 8.3%. There was a 45.9% increase in heating degree days and a 29.3% decrease in cooling degree days.

Megawatt hours (mWh) sold increased 3.3% during the current year, from 631,677 mWh in fiscal year 2017 to 650,868 mWh in fiscal year 2018. The number of customers increased during the fiscal year from 27,544 in 2017 to 28,374 in 2018. This increase was primarily within the residential and small commercial customer classes.

Total Operating Expenses increased $2.0 million, or 2.9% in fiscal year 2018 and increased $4.4 million, or 6.8% in fiscal year 2017. The fiscal year 2018 change reflects an increase of $1.8 million, or 3.5%, in energy purchased because of the increase in energy sold. The Power System purchases all its power from TVA under an all requirements contract. The contract requires at least five years' prior written notice for termination by either party. Furthermore, the Broadband Division had an increase of $200,402 in programming expenses due to the substantial increases in programming costs.

Broadband revenues increased $762,000 during the current fiscal year and broadband operating expenses increased $256,000, resulting in positive operating income of $1.5 million for the broadband division. The number of broadband customers increased during the current year from 6,411 at June 30, 2017 to 6,510 at June 30, 2018, an increase of 1.5%. This customer increase was a result of significant capital upgrades to the systems and competitive marketing.

Interest income for the Power System increased approximately $41,000 primarily due to slight changes in interest rates and larger cash balances. The Broadband Division paid $60,000 on its line of credit with the Power System during FY 2018.

Capital Contributions – Utility Plant are recorded in accordance with Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. As a result, capital contributions received from developers, builders, etc. for electric system extensions are recorded as revenue. Capital contributions of $301,000 were received during the fiscal year as compared to $454,000 in fiscal year 2017.

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

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

	2018	2017*	2016
REVENUES			
OPERATING REVENUES			
Energy sales	$ 68,452	$ 65,600	$ 61,100
Broadband sales	8,074	7,312	6,663
Other	1,500	1,452	1,269
TOTAL OPERATING REVENUES	78,026	74,364	69,032
OPERATING EXPENSES			
Energy and programming purchased	56,775	54,742	51,218
Distribution expense	5,518	5,604	5,558
Other operating expense	8,496	10,528	7,644
TOTAL OPERATING EXPENSES	70,789	70,874	64,420
OPERATING INCOME	7,237	3,490	4,612
NONOPERATING REVENUES (EXPENSES)			
Interest and miscellaneous income	85	44	26
Interest and amortization expense	(165)	(671)	(454)
OPEB expense	144	-	-
TOTAL NONOPERATING EXPENSES - NET	64	(627)	(428)
INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	7,301	2,863	4,184
Transfers out - payments in lieu of taxes	(1,612)	(1,570)	(1,621)
Capital contributions - utility plant	301	455	265
TOTAL TRANSFERS AND CONTRIBUTIONS	(1,311)	(1,115)	(1,356)
INCREASE IN NET POSITION	5,990	1,748	2,828
NET POSITION - BEGINNING OF YEAR AS RESTATED*	65,212	63,464	60,636
NET POSITION - END OF YEAR AS RESTATED*	$ 71,202	$ 65,212	$ 63,464

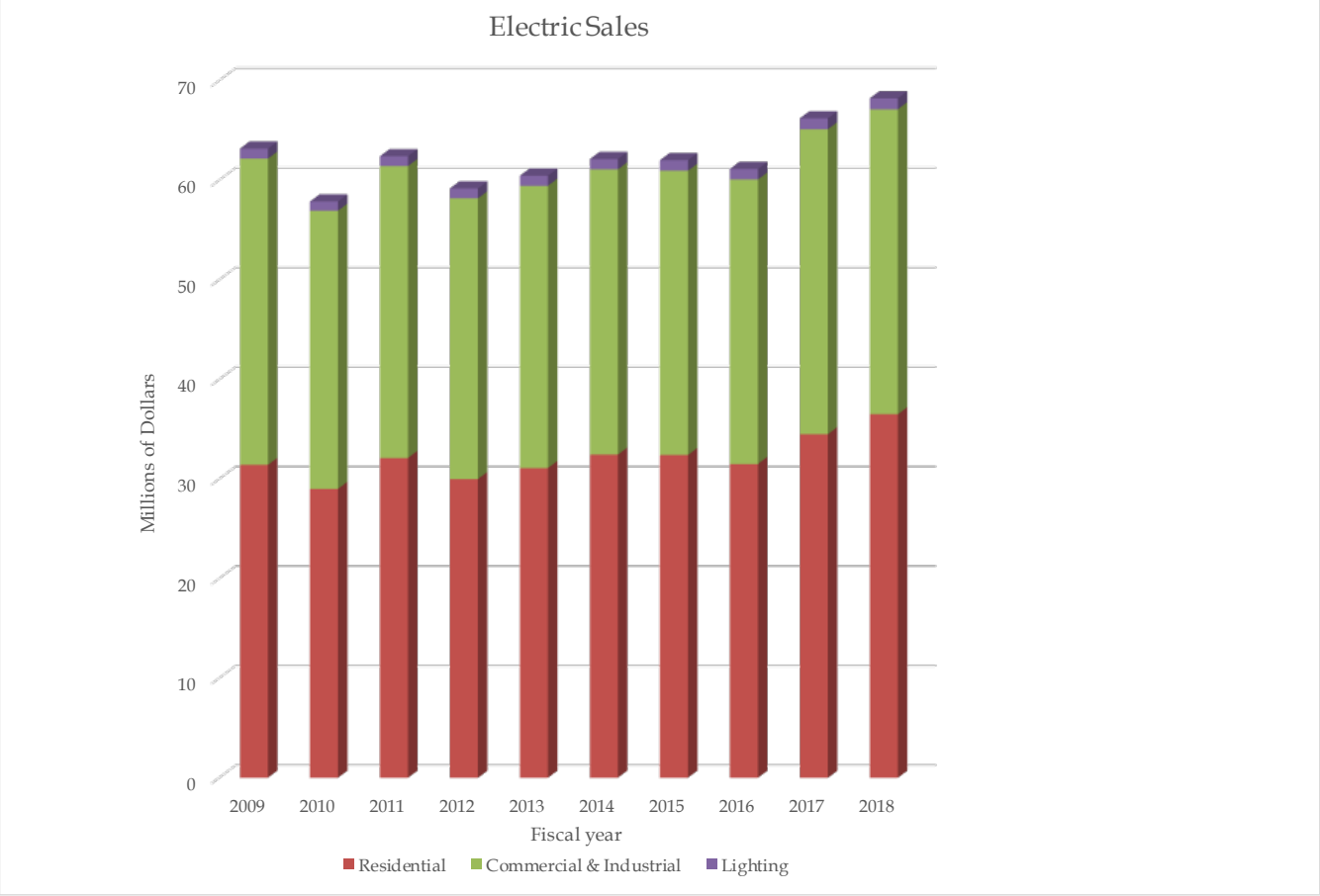
The Statements of Cash Flows indicate a net increase of $3.4 million in cash and cash equivalents during fiscal year 2018 and a net decrease of $2.5 million in cash and cash equivalents during the fiscal year 2017. Cash from operating activities for the fiscal year was $10.1 million. Cash flows from capital and related financing activities of negative $6.7 million included $5.2 million used for capital additions and $1.2 million used to pay debt principal payments. Cash flows from operating activities included cash used for payments in lieu of taxes of $1.6 million.

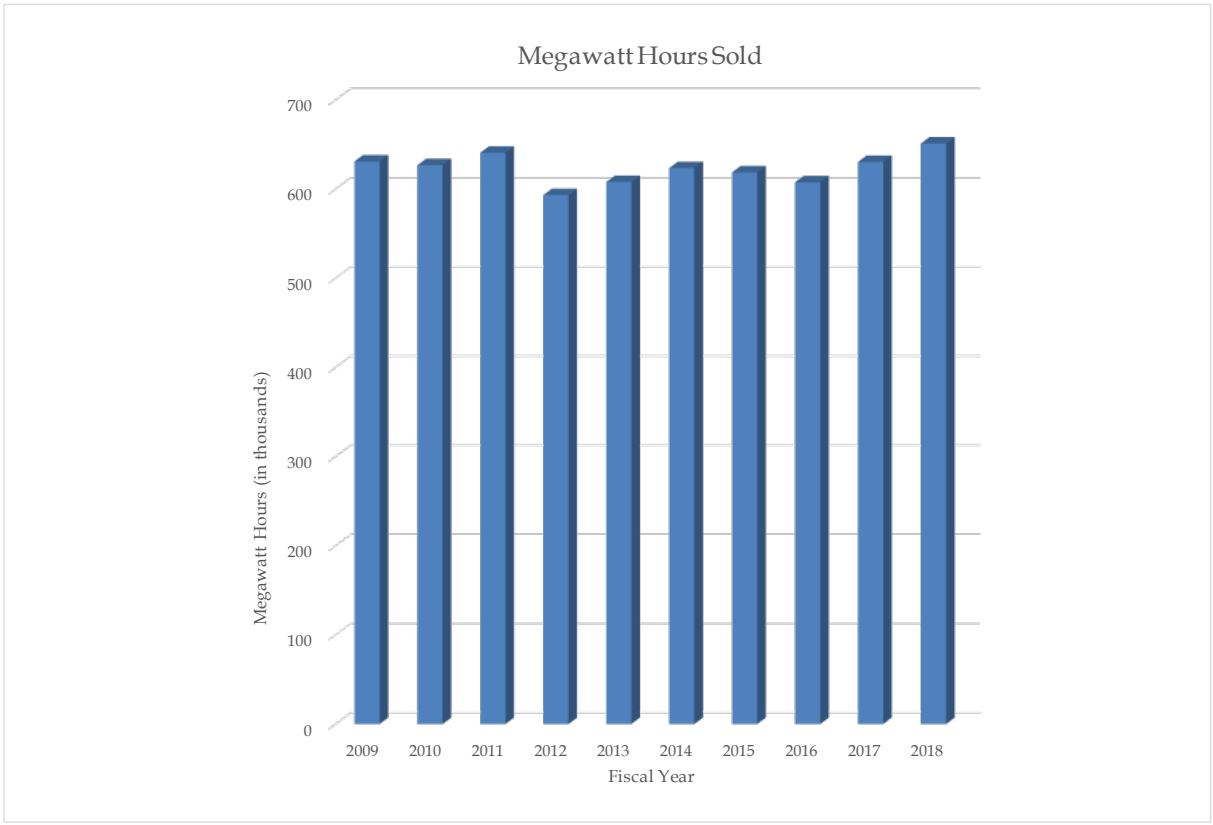
Below are condensed Statements of Cash Flows for the last three fiscal years:

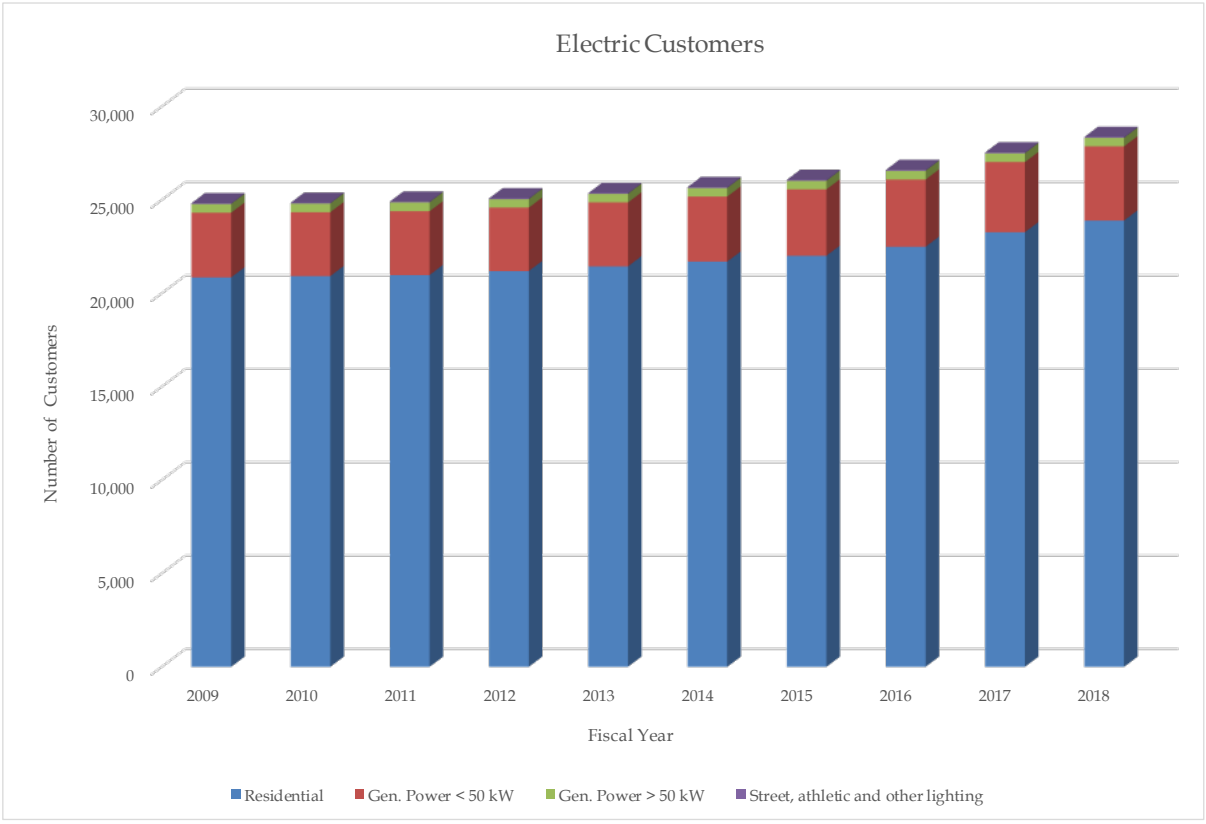
COLUMBIA POWER SYSTEM
STATEMENTS OF CASH FLOWS (in thousands)

	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES	$ 10,050	$ 8,329	$ 9,000
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	(7)	(7)	(1)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(6,737)	(11,166)	(4,924)
CASH FLOWS FROM INVESTING ACTIVITIES	85	349	26
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,391	(2,495)	4,101
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	15,246	17,741	13,640
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 18,637	$ 15,246	$ 17,741

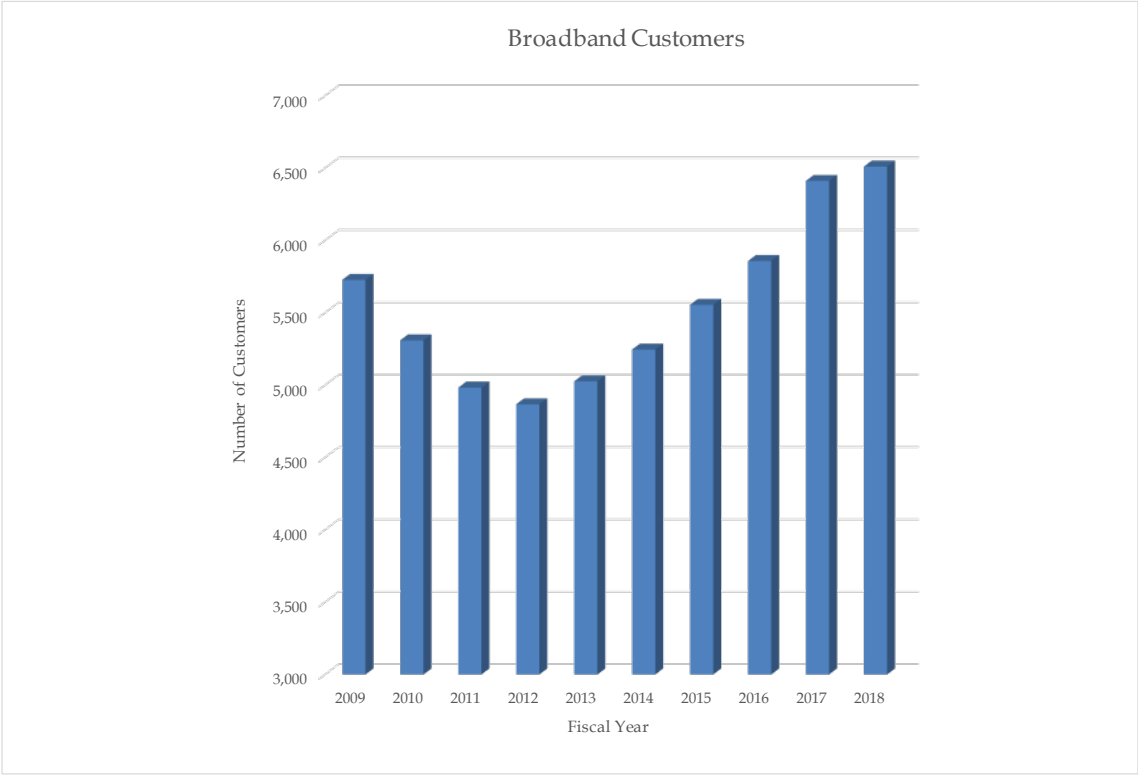
FINANCIAL HIGHLIGHTS – POWER SYSTEM

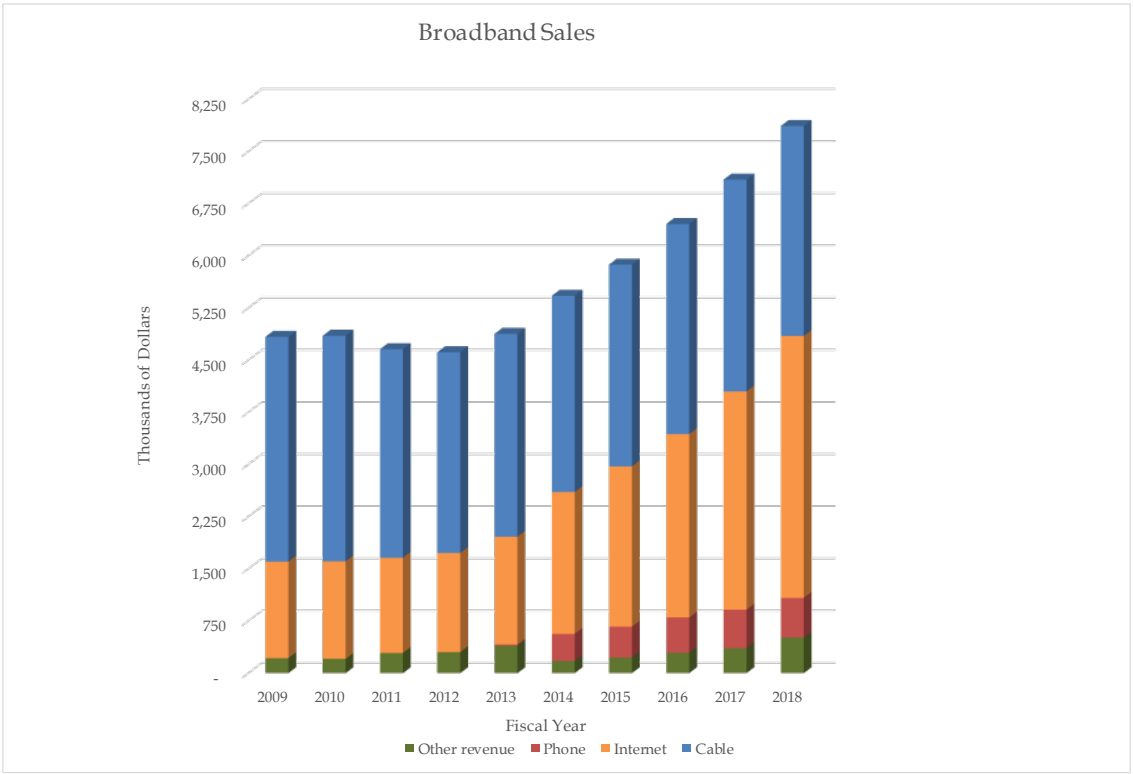



Megawatt Hours Sold
Megawatt Hours (in thousands)
700
600
500
400
300
200
100
0
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
Fiscal Year


Electric Customers
Number of Customers
30,000
25,000
20,000
15,000
10,000
5,000
0
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
Fiscal Year
Residential
Gen. Power < 50 kW
Gen. Power > 50 kW
Street, athletic and other lighting

Broadband


Broadband Customers
Number of Customers
7,000
6,500
6,000
5,500
5,000
4,500
4,000
3,500
3,000
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
Fiscal Year


Broadband Sales
Thousands of Dollars
8,250
7,500
6,750
6,000
5,250
4,500
3,750
3,000
2,250
1,500
750
-
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
Fiscal Year
Other revenue
Phone
Internet
Cable

FINANCIAL ANALYSIS – WATER

The Statements of Net Position show an increase of $2.3 million, or 3.0%, in Total Assets during fiscal year 2018, as compared to an increase of $1.3 million, or 1.7%, in Total Assets during fiscal year 2017. Current Assets decreased $339,000 during fiscal year 2018. The cost of Utility Plant, net of accumulated depreciation, increased $2.6 million during the current year.

Net position increased $3.6 million or 6.2% in 2018 and increased $1.2 million or 2.2% in 2017. The largest portion of the System's net position represents its investment in capital assets, $44.1 million or 70.5% of total net position. Unrestricted net position, which may be used to meet the ongoing operations of the System, decreased $107,000 or 0.7%. Restricted net position increased $26,000 during the fiscal year.

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

COLUMBIA WATER SYSTEM
STATEMENTS OF NET POSITION (in thousands)

	2018	June 30, 2017*	2016
ASSETS			
CURRENT ASSETS	$ 20,305	$ 20,644	$ 20,083
UTILITY PLANT	58,617	56,061	55,559
OTHER NONCURRENT ASSETS	498	424	183
TOTAL ASSETS	$ 79,420	$ 77,129	$ 75,825
DEFERRED OUTFLOWS	$ 94	$ 109	$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 79,514	$ 77,238	$ 75,825
LIABILITIES, DEFERRED INFLOWS AND NET POSITION			
CURRENT LIABILITIES	$ 2,826	$ 2,848	$ 2,759
LONG-TERM DEBT	14,081	15,281	16,442
OTHER NONCURRENT LIABILITIES	1,131	1,242	-
TOTAL LIABILITIES	$ 18,038	$ 19,371	$ 19,201
DEFERRED INFLOWS	$ 18	$ -	$ -
NET POSITION			
Net investment in capital assets	$ 44,064	$ 40,392	$ 38,811
Restricted	2,431	2,405	2,382
Unrestricted	14,963	15,070	15,431
TOTAL NET POSITION	$ 61,458	$ 57,867	$ 56,624
TOTAL LIABILITIES, DEFERRED INFLOWS, AND NET POSITION	$ 79,514	$ 77,238	$ 75,825

The Statements of Revenues, Expenses, and Changes in Net Position indicate that water sales increased $1.2 million during fiscal year 2018 and $923,000 during fiscal year 2017. The increase is primarily the result of a 15.0% rate increase that took place in October 2017. Operating expenses decreased approximately $1.1 million

during the current fiscal year, including an increase of $342,000 in production expense. Interest income increased $13,000 due to the higher interest rates during fiscal year 2018 when compared to fiscal year 2017.

COLUMBIA WATER SYSTEM

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (in thousands)

	2018	2017*	2016
REVENUES			
OPERATING REVENUES			
Water sales	$ 11,701	$ 10,472	$ 9,549
Other revenue	1,127	929	624
TOTAL OPERATING REVENUES	12,828	11,401	10,173
OPERATING EXPENSES			
Production expense	2,639	2,297	2,057
Distribution expense	1,790	1,682	1,688
Other operating expenses	4,832	6,431	4,566
TOTAL OPERATING EXPENSES	9,261	10,410	8,311
OPERATING INCOME	3,567	991	1,862
NONOPERATING REVENUES (EXPENSES)			
Interest income	42	29	21
Interest and amortization expense	(593)	(664)	(720)
TOTAL NONOPERATING EXPENSES - NET	(551)	(635)	(699)
INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	3,016	356	1,163
Transfers out - payments in lieu of taxes	(162)	(154)	(174)
Capital contributions - utility plant	737	1,041	221
TOTAL TRANSFERS AND CONTRIBUTIONS	575	887	47
INCREASE IN NET POSITION	3,591	1,243	1,210
NET POSITION - BEGINNING OF YEAR AS RESTATED*	57,867	56,624	55,414
NET POSITION - END OF YEAR AS RESTATED*	$ 61,458	$ 57,867	$ 56,624

Capital Contributions – Utility Plant is recorded in accordance with Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions.* As a result, capital contributions of water plant deeded to the System by developers, builders, etc. for water system extensions are recorded as revenue. Capital contributions of $737,000 million were received during the fiscal year.

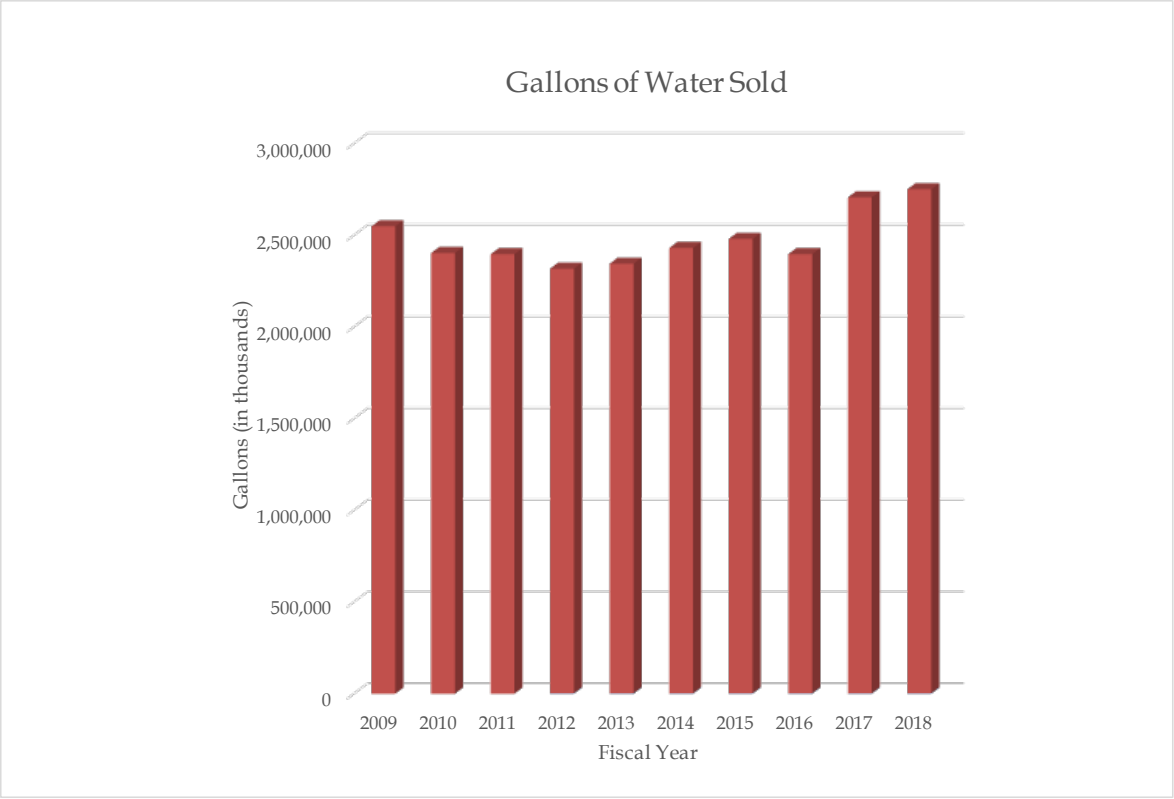
The Statements of Cash Flows indicate a net decrease of $625,000 in cash and cash equivalents during the fiscal year 2018 versus a net increase of $623,000 in cash and cash equivalents during fiscal year 2017. Cash provided from operating activities was $5.1 million, and $5.8 million was used for capital additions and related financing activities. Cash flows from capital and related financing activities included $5.2 million for additions to utility plant, and $1.2 million for bond principal. Cash flows used in investing activities was $42,000.

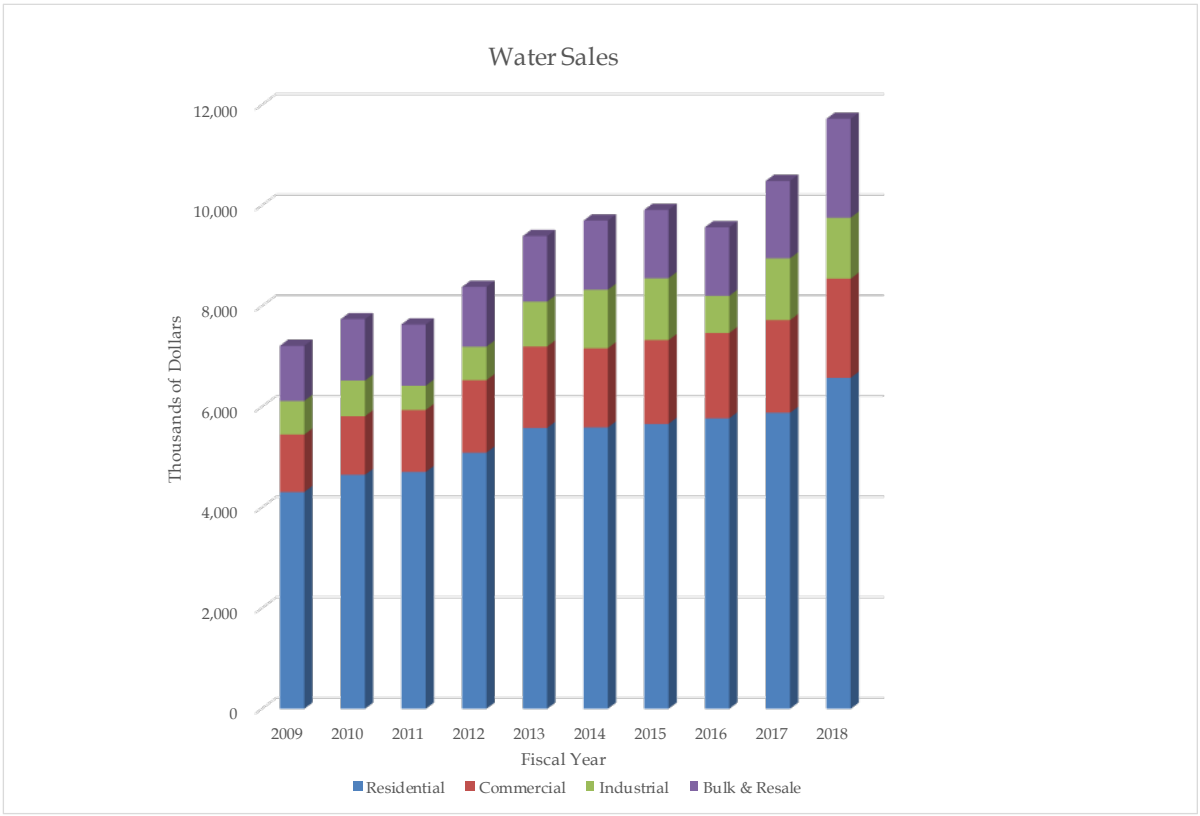
Below are condensed Statements of Cash Flows for the last three fiscal years:

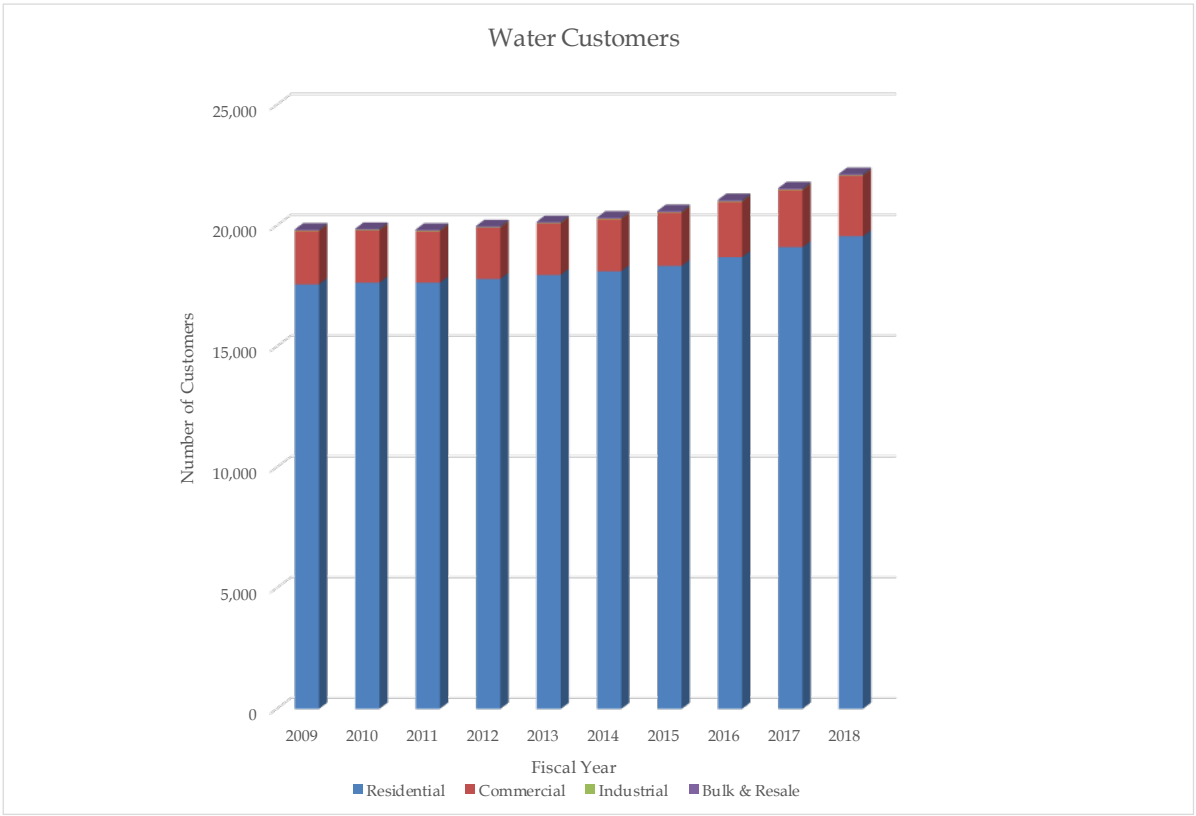
COLUMBIA WATER SYSTEM
STATEMENTS OF CASH FLOWS (in thousands)

	2018	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES	$ 5,095	$ 4,328	$ 3,953
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	-	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(5,762)	(3,733)	(3,760)
CASH FLOWS FROM INVESTING ACTIVITIES	42	28	21
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(625)	623	214
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	17,067	16,444	16,230
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 16,442	$ 17,067	$ 16,444

FINANCIAL HIGHLIGHTS – WATER SYSTEM




Water Sales
12,000
10,000
8,000
6,000
4,000
2,000
0
Thousands of Dollars
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
Fiscal Year
Residential
Commercial
Industrial
Bulk & Resale


Water Customers
25,000
20,000
15,000
10,000
5,000
0
Number of Customers
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
Fiscal Year
Residential
Commercial
Industrial
Bulk & Resale

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. Columbia Power and Water Systems' net investment in capital assets as of June 30, 2018 was $64.0 million in power system utility plant and $58.6 million in water system utility plant (net of accumulated depreciation). The power system utility plant includes $57.7 million in electric utility plant and $6.3 million in broadband utility plant (net of accumulated depreciation). The increase in the Systems' capital assets during the current fiscal year was $4.7 million in the power system and $5.0 million in the water system, before accumulated depreciation. Additional information on the Systems' capital assets can be found in Note 4 of the financial statements.

Long-term debt. At the end of the current fiscal year, the Systems had total outstanding long-term debt of $7.6 million in the power system and $14.1 million in the water system. The long-term debt in the power system is composed of Broadband Revenue and Tax Bonds outstanding of $6.9 million. The water system long-term debt is composed primarily of Water Revenue Bonds outstanding of $14.1 million. See Note 7 of the financial statements for additional information on the Systems' long-term debt.

PRIOR PERIOD ADJUSTMENT

The implementation of GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* required a prior period adjustment to record Net OPEB liabilities of $2.1 million and $1.1 million for Power and Water respectfully. See Note 11 of the financial statements for additional information on this prior period adjustment.

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COLUMBIA POWER AND WATER SYSTEMS
STATEMENTS OF NET POSITION
JUNE 30, 2018 AND 2017

ASSETS AND DEFERRED OUTFLOWS	Power		Water	
	2018	2017	**2018**	2017
Assets				
Current Assets				
Cash and cash equivalents	**$ 14,361,775**	$ 11,171,628	**$ 14,829,362**	$ 15,508,917
Investments	**2,344,495**	2,344,495	**250,000**	250,000
Restricted cash, cash equivalents and investments:				
Cash and cash equivalents:				
Customer deposits	**3,722,431**	3,578,688	**450,902**	418,841
Debt service	**552,942**	495,906	**1,162,025**	1,139,362
Investments - debt service	**-**	-	**1,319,619**	1,319,619
Accounts receivable:				
Customers, less allowance for uncollectibles of $160,690 and $140,492 in Power for 2018 and 2017	**5,257,308**	4,767,301	**-**	-
Other	**3,667,412**	3,373,392	**5,654**	2,666
Inventories	**1,195,108**	1,054,537	**401,673**	331,582
Prepaid expenses	**23,727**	23,790	**-**	-
Due from other funds	**-**	-	**1,885,971**	1,672,734
Total current assets	**31,125,198**	26,809,737	**20,305,206**	20,643,721
Noncurrent Assets				
Utility Plant				
Plant in service	**115,469,265**	110,764,541	**94,425,858**	89,423,489
Less accumulated depreciation	**(53,816,384)**	(50,388,928)	**(36,454,249)**	(34,391,768)
	61,652,881	60,375,613	**57,971,609**	55,031,721
Construction in progress	**2,364,950**	1,449,509	**645,745**	1,029,440
Net utility plant	**64,017,831**	61,825,122	**58,617,354**	56,061,161
Other Assets				
Energy conservation loans receivable	**210,733**	287,675	**-**	-
Accounts receivable - long-term	**9,299**	6,186	**-**	-
Unamortized bond issue expense	**105,244**	121,031	**149,976**	166,376
Unamortized software cost	**34,800**	64,461	**348,129**	257,263
Total other assets	**360,076**	479,353	**498,105**	423,639
Total noncurrent assets	**64,377,907**	62,304,475	**59,115,459**	56,484,800
Total assets	**95,503,105**	89,114,212	**79,420,665**	77,128,521
Deferred Outflows of Resources				
Deferred outflows - OPEB subsequent contributions	**173,886**	203,262	**93,631**	109,449
Total deferred outflows of resources	**173,886**	203,262	**93,631**	109,449
Total assets and deferred outflows	**$ 95,676,991**	$ 89,317,474	**$ 79,514,296**	$ 77,237,970

LIABILITIES, NET POSITION AND DEFERRED INFLOWS	Power		Water	
	2018	2017	**2018**	2017
Liabilities				
Current Liabilities				
Payable from unrestricted current assets:				
Accounts payable	**$ 5,892,650**	$ 5,572,421	**$ 174,717**	$ 275,466
Accrued liabilities	**416,380**	394,682	**217,913**	226,503
Current portion of compensated absences	**192,737**	195,316	**76,955**	66,801
Unearned revenue	**1,040,813**	504,956	**-**	-
Due to other funds	**1,885,971**	1,672,734	**-**	-
Due to the City of Columbia	**284,068**	276,970	**730,258**	721,371
Total payable from unrestricted current assets	**9,712,619**	8,617,079	**1,199,843**	1,290,141
Payable from restricted current assets:				
Customer deposits	**3,722,431**	3,578,688	**450,902**	418,841
Accrued bond interest	**43,202**	44,064	**51,076**	54,232
Current portion of long-term debt	**1,036,701**	910,643	**1,125,000**	1,085,000
Total payable from restricted current assets	**4,802,334**	4,533,395	**1,626,978**	1,558,073
Total current liabilities	**14,514,953**	13,150,474	**2,826,821**	2,848,214
Noncurrent Liabilities				
Long-Term Debt				
Compensated absences, less current portion above	**1,637,825**	1,582,028	**652,454**	696,824
Capital lease payable	**116,712**	10,057	**-**	-
Bonds payable, less current portion above	**5,855,778**	6,755,650	**13,428,379**	14,583,544
Total long-term debt	**7,610,315**	8,347,735	**14,080,833**	15,280,368
Other Noncurrent Liabilities				
Net OPEB liability	**2,100,196**	2,307,195	**1,130,875**	1,242,335
TVA advances for conservation loans	**216,194**	300,042	**-**	-
Total noncurrent liabilities	**2,316,390**	2,607,237	**1,130,875**	1,242,335
Total liabilities	**24,441,658**	24,105,446	**18,038,529**	19,370,917
Deferred Inflows of Resources				
Deferred inflows - OPEB investment gains	**33,422**	-	**17,996**	-
Total deferred inflows of resources	**33,422**	-	**17,996**	-
Net position				
Net investment in capital assets	**57,008,640**	54,148,772	**44,063,975**	40,392,617
Restricted for debt service	**509,740**	451,842	**2,430,568**	2,404,749
Unrestricted	**13,683,531**	10,611,414	**14,963,228**	15,069,687
Total net position	**71,201,911**	65,212,028	**61,457,771**	57,867,053
Total liabilities, deferred inflows and net position	**$ 95,676,991**	$ 89,317,474	**$ 79,514,296**	$ 77,237,970

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

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COLUMBIA POWER AND WATER SYSTEMS
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Power		Water	
	2018	2017 Restated	**2018**	2017 Restated
Operating Revenue				
Energy sales	**$ 68,452,156**	$ 65,600,283	**$ -**	$ -
Broadband sales	**8,073,944**	7,312,077	**-**	-
Water sales	**-**	-	**11,701,127**	10,472,194
Forfeited discounts	**608,828**	593,425	**84,234**	76,943
Rent from electric property	**423,516**	407,351	**-**	-
Tap fees	**-**	-	**862,015**	663,650
Miscellaneous revenue	**467,732**	451,389	**180,558**	188,015
Total operating revenue	**78,026,176**	74,364,525	**12,827,934**	11,400,802
Operating Expenses				
Energy purchased	**53,574,375**	51,742,277	**-**	-
Programming purchased	**3,200,430**	3,000,028	**-**	-
Production	**-**	-	**2,639,351**	2,297,355
Distribution	**5,518,146**	5,604,457	**1,789,720**	1,682,351
Customer accounts	**1,111,162**	1,149,124	**770,390**	804,378
Customer services	**192,679**	153,776	**-**	-
General and administrative	**3,134,704**	5,363,945	**1,983,535**	3,341,712
Depreciation	**4,057,543**	3,859,993	**2,078,337**	2,283,793
Total operating expenses	**70,789,039**	70,873,600	**9,261,333**	10,409,589
Operating Income	**7,237,137**	3,490,925	**3,566,601**	991,213
Nonoperating Revenues (Expenses)				
Interest income	**84,867**	43,571	**42,560**	28,574
Interest expense	**(119,838)**	(617,245)	**(627,162)**	(665,110)
OPEB expense	**144,201**	-	**77,646**	-
Amortization of software costs	**(29,661)**	(29,985)	**(56,013)**	(10,564)
Amortization of bond issue expense	**(15,787)**	(23,529)	**11,853**	11,853
Total nonoperating revenues (expenses)	**63,782**	(627,188)	**(551,116)**	(635,247)
Income before transfers and capital contributions	**7,300,919**	2,863,737	**3,015,485**	355,966
Transfers out - payments in lieu of taxes	**(1,611,977)**	(1,570,097)	**(161,613)**	(153,912)
Capital contributions - utility plant	**300,941**	454,651	**736,846**	1,040,684
Total transfers and capital contributions - net	**(1,311,036)**	(1,115,446)	**575,233**	886,772
Change in net position	**5,989,883**	1,748,291	**3,590,718**	1,242,738
Net position, beginning of year as restated	**65,212,028**	63,463,737	**57,867,053**	56,624,315
Net position, end of year as restated	**$ 71,201,911**	$ 65,212,028	**$ 61,457,771**	$ 57,867,053

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

COLUMBIA POWER AND WATER SYSTEMS
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	Power		Water	
	2018	2017	**2018**	2017
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	**$ 76,873,093**	$ 73,867,373	**$ 12,246,386**	$ 9,731,696
Payments to suppliers and others	**(59,079,778)**	(57,566,246)	**(4,081,763)**	(2,350,724)
Payments to employees	**(7,171,394)**	(7,581,745)	**(4,033,775)**	(3,827,163)
Payments in lieu of taxes	**(1,611,977)**	(1,570,097)	**(161,613)**	(153,912)
Other receipts	**1,040,191**	1,179,539	**1,125,167**	928,417
Net cash provided by operating activities	**10,050,135**	**8,328,824**	**5,094,402**	**4,328,314**
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Conservation loans made	**(14,088)**	(34,285)	**-**	-
Collections on conservation loans	**91,030**	117,374	**-**	-
TVA advances made	**-**	34,285	**-**	-
Payments on TVA advances for conservation loans	**(83,848)**	(124,504)	**-**	-
Net cash provided by (used in) noncapital financing activities	**(6,906)**	**(7,130)**	**-**	**-**
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Debt principal payments	**(1,161,761)**	(5,731,569)	**(1,085,000)**	(1,050,000)
Interest paid	**(140,572)**	(1,001,959)	**(632,230)**	(670,197)
Additions to utility plant	**(5,190,865)**	(4,166,715)	**(4,064,637)**	(2,023,903)
Net (cost to remove) salvage on utility plant	**(243,972)**	(320,972)	**20,074**	11,143
Net cash provided by (used in) capital and related financing activities	**(6,737,170)**	**(11,166,059)**	**(5,761,793)**	**(3,732,957)**
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	**84,867**	43,571	**42,560**	27,897
Sale of investments	**6,639,238**	5,300,000	**2,889,238**	2,889,238
Purchase of investments	**(6,639,238)**	(4,994,495)	**(2,889,238)**	(2,889,238)
Net cash provided by (used in) investing activities	**84,867**	**349,076**	**42,560**	**27,897**
Net increase (decrease) in cash and cash equivalents	**3,390,926**	(2,495,289)	**(624,831)**	**623,254**
Cash and cash equivalents at beginning of year	**15,246,222**	17,741,511	**17,067,120**	16,443,866
Cash and cash equivalents at end of year	**$ 18,637,148**	**$ 15,246,222**	**$ 16,442,289**	**$ 17,067,120**

	Power		Water	
	2018	2017	**2018**	2017
Reconciliation of operating income to net cash provided by operating activities:				
Operating income	**$ 7,237,137**	$ 5,594,858	**$ 3,566,601**	$ 2,124,099
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	**4,057,543**	3,859,993	**2,078,337**	2,283,793
Payments in lieu of taxes	**(1,611,977)**	(1,570,097)	**(161,613)**	(153,912)
(Increase) decrease in:				
Accounts receivable - customers	**(490,007)**	6,440	**-**	-
Accounts receivable - others	**(297,133)**	386,958	**(2,988)**	(311)
Due from other funds	**-**	-	**(213,237)**	(3,931)
Inventories	**(140,571)**	(117,697)	**(70,091)**	67,799
Prepaid expenses	**63**	(112)	**-**	12
(Decrease) increase in:				
Accounts payable	**320,229**	187,113	**(100,749)**	99,148
Unearned revenue	**535,857**	153,903	**-**	-
Accrued liabilities	**21,698**	(194,389)	**(8,590)**	(51,813)
Compensated absences	**53,218**	(84,824)	**(34,216)**	(58,640)
Due to other funds	**213,237**	3,931	**-**	-
Due to City of Columbia	**7,098**	6,734	**8,887**	13,045
Customer deposits	**143,743**	116,002	**32,061**	9,025
Total adjustments	**2,812,998**	**2,753,955**	**1,527,801**	**2,204,215**
Net cash provided by operating activities	**$ 10,050,135**	**$ 8,348,813**	**$ 5,094,402**	**$ 4,328,314**
Schedule of noncash financing and investing activities:				
Capital contributions - utility plant	**$ 300,941**	$ 454,651	**$ 736,846**	$ 1,040,684
Capital lease initiation	**$ 514,474**	$ 76,274	**$ -**	$ -
Software amortization	**$ (29,611)**	$ (29,985)	**$ (56,013)**	$ (10,564)
Net OPEB expense	**$ 144,201**	$ -	**$ -**	$ -
Depreciation and amortization expense capitalized as part of costs to construct utility plant	**$ 331,754**	$ 259,218	**$ 41,090**	$ 48,898

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

OPEB PLAN FOR EMPLOYEES OF COLUMBIA POWER AND WATER SYSTEMS
STATEMENT OF FIDUCIARY NET POSITION
JUNE 30, 2018 AND 2017

ASSETS

	2018	2017
Cash	**$ 102,791**	$ 114,431
Investments		
Mutual funds - fixed income	**1,907,388**	1,717,608
Mutual funds - equities	**1,276,205**	1,194,247
Accrued income	**5,111**	3,445
Total investments	**3,188,704**	2,915,300
Net position available for benefits	**$ 3,291,495**	$ 3,029,731
LIABILITIES AND NET POSITION		
Lliabilities	**$ -**	$ -
Net position restricted for OPEB benefits	**$ 3,291,495**	$ 3,029,731

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

OPEB PLAN FOR EMPLOYEES OF COLUMBIA POWER AND WATER SYSTEMS

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Additions		
Contributions		
Employer	**$ 267,517**	$ 312,711
Investment income		
Interest income	**-**	554
Dividends	**60,137**	53,532
Realized gains	**98,613**	57,499
Unrealized gains/(losses)	**(5,451)**	90,352
Total investment income	**153,299**	201,937
Total additions	**420,816**	514,648
Deductions		
Benefit payments	**143,220**	152,576
Fees and expenses	**15,832**	12,918
Total deductions	**159,052**	165,494
Net increase in fiduciary net postions	**261,764**	349,154
Net position restricted for OPEB benefits, beginning of year	**3,029,731**	2,680,577
Net position restricted for OPEB benefits, end of year	**$ 3,291,495**	$ 3,029,731

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

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

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

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

Operation

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Systems' financial statements are reported using the economic resource measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America for governmental proprietary and fiduciary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. The accounting policies of the System conform to applicable generally accepted accounting principles as defined by the Governmental Accounting Standards Board (GASB). Operating revenues and expenses generally result from providing power, broadband, and water services in connection with the Systems' ongoing operations. Operating expenses include the cost of personnel and contractual services, supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Inter-fund transactions

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unbilled Revenues

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

Cash equivalents and investments

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

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

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

Restricted assets

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

Inventories

Inventories consist primarily of materials and supplies and are valued at the lower of average cost or market.

Estimates

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

Utility plant

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Bond discount and issuance costs

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

Interest capitalization

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

Compensated absences

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

Unearned revenue

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

Impact of Recently Issued Accounting Pronouncements

In June 2015, the GASB issued Statement No. 74 – *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* effective for financial statements for periods beginning after June 15, 2016. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement replaces Statements No. 43, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans.* It also includes requirements for defined contribution OPEB plans that replace the requirements for those OPEB plans in Statement No. 25*, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans,* as amended, Statement 43, and Statement No. 50, *Pension Disclosures.* The scope of this Statement includes OPEB plans – defined benefit and defined contribution –

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

administered through trusts that meet the following criteria: 1) Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable, 2) OPEB plan assets provide OPEB to plan members in accordance with the benefit terms, and 3) OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, and the OPEB plan administrator. If the plan is a defined benefit OPEB plan, plan assets also are legally protected from creditors of the plan members.

In June 2015, the GASB issued Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* effective for financial statements for periods beginning after June 15, 2017. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) regarding providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions,* as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans,* for OPEB. The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local government employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service. Note disclosure and required supplementary information requirements about defined benefit OPEB also are addressed.

Net Position Flow Assumption

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

Events Occurring After Reporting Date

The Systems have evaluated events and transactions that occurred between June 30, 2018, and September 26, 2018, the date the financial statements were available to be issued, for possible recognition or disclosure in the financial statements.

Restatement of Beginning Net Position – GASB 75 Implementation

As of July 1, 2016, a restatement of beginning net position was made for net OPEB liability due to the System implementing GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – an amendment of GASB Statement No. 45.* The implementation of GASB Statement No. 75 resulted in the Power System restating net position by ($2,103,933) and the Water System restating net position by ($1,132,886). The net effect of this restatement of beginning net position resulted in a decrease in the July 1, 2016 net position in the amounts of ($2,103,933) and ($1,132,886) for Power and Water respectively.

NOTE 2 - ELECTRICAL POWER CONTRACT

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

NOTE 3 - CASH AND INVESTMENTS

The Systems' had the following investments:

Power:

Fiscal Year	Investment Type	Amortized Cost	Weighted Average Maturity (Months)
2018	Certificates of deposit	$ 2,344,495	7.62
2017	Certificates of deposit	$ 2,344,495	5.00

Water:

Fiscal Year	Investment Type	Amortized Cost	Weighted Average Maturity (Months)
2018	Certificates of deposit	$ 1,569,619	9.37
2017	Certificates of deposit	$ 1,569,619	5.92

Custodial credit risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. The Systems do not have a written deposit policy for custodial credit risk. All of the Systems' deposits and investments were covered by federal depository insurance or by the bank collateral pool administered by the Treasurer of the State of Tennessee, at June 30, 2018 and 2017.

Investment-Fiduciary Fund

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

The following is the asset allocation as of June 30, 2018 and 2017:

	2018		2017	
	Market Value	Percentage of Total	Market Value	Percentage of Total
Cash Equivalents	$ 102,791	3.13%	$ 114,431	3.78%
Equities	1,276,204	38.83%	1,194,247	39.46%
Fixed Income	1,907,388	58.04%	1,717,608	56.76%
Total	$ 3,286,383	100.00%	$ 3,026,286	100.00%

NOTE 3 - CASH AND INVESTMENTS (continued)

The following investments represent more than 5% of the fiduciary net position and are not issued or explicitly guaranteed by the U.S. government at June 30, 2018 and 2017:

	2018	2017
Dodge & Cox Income Fund #147	$ 379,281	$ 363,351
Federated Total Return Bond Fund Is	375,664	361,949
Federated Total Return Government Bond Fund Class I #647	356,662	336,521
Vanguard GNMA Admiral Fund	366,349	346,782

For the year ended June 30, 2018 and 2017, the annual money-weighted rate of return on OPEB plan investments, net of OPEB investment expense, was 7.35. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The Plan categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan has the following recurring fair value measurements as of June 30, 2018:

		Fair Value Measurement Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities	$ 1,276,204	$ 1,276,204	$ -	$ -
Equity securities	1,907,388	1,907,388	-	-
Total investments measured at fair value	$ 3,183,592	$ 3,183,592	$ -	$ -

The Plan had the following recurring fair value measurements as of June 30, 2017:

		Fair Value Measurement Using		
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by fair value level				
Debt securities	$ 1,717,608	$ 1,717,608	$ -	$ -
Equity securities	1,194,247	1,194,247	-	-
Total investments measured at fair value	$ 2,911,855	$ 2,911,855	$ -	$ -

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

NOTE 4 - UTILITY PLANT AND DEPRECIATION

Power System

Below is a schedule of changes in major classes of the electric and broadband plant for the year ended June 30, 2018:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and land rights	$ 408,984	$ -	$ -	$ 408,984
Construction work in progress	1,449,509	915,441	-	2,364,950
	1,858,493	915,441	-	2,773,934
Capital assets, being depreciated:				
Structures and improvements	23,677,095	349,481	-	24,026,576
Transmission and distribution plant	74,788,382	4,493,814	(618,489)	78,663,707
Machinery and equipment	11,890,080	576,121	(96,203)	12,369,998
	110,355,557	5,419,416	(714,692)	115,060,281
Less accumulated depreciation for:				
Structures and improvements	(10,947,011)	(797,084)	-	(11,744,095)
Transmission and distribution plant	(30,136,553)	(2,710,499)	886,119	(31,960,933)
Machinery and equipment	(9,305,364)	(878,535)	72,543	(10,111,356)
	(50,388,928)	(4,386,118)	958,662	(53,816,384)
Total capital assets, being depreciated, net	59,966,629	1,033,298	243,970	61,243,897
Power capital assets, net	$ 61,825,122	$ 1,948,739	$ 243,970	$ 64,017,831

Below is a schedule of changes in major classes of the electric and broadband plant for the year ended June 30, 2017:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and land rights	$ 408,984	$ -	$ -	$ 408,984
Construction work in progress	2,211,136	-	(761,627)	1,449,509
	2,620,120	-	(761,627)	1,858,493
Capital assets, being depreciated:				
Structures and improvements	23,342,937	533,580	(199,422)	23,677,095
Transmission and distribution plant	71,477,893	4,370,834	(1,060,345)	74,788,382
Machinery and equipment	11,270,551	810,893	(191,364)	11,890,080
	106,091,381	5,715,307	(1,451,131)	110,355,557
Less accumulated depreciation for:				
Structures and improvements	(10,345,538)	(780,895)	179,422	(10,947,011)
Transmission and distribution plant	(29,013,868)	(2,549,364)	1,426,679	(30,136,553)
Machinery and equipment	(8,685,592)	(788,952)	169,180	(9,305,364)
	(48,044,998)	(4,119,211)	1,775,281	(50,388,928)
Total capital assets, being depreciated, net	58,046,383	1,596,096	324,150	59,966,629
Power capital assets, net	$ 60,666,503	$ 1,596,096	$ (437,477)	$ 61,825,122

Depreciation expense amounted to $4,389,297 in 2018 ($4,119,211 in 2017), of which $331,754 ($259,218 in 2017) was depreciation on equipment used to construct utility plant and capitalized as part of total construction costs.

NOTE 4 - UTILITY PLANT AND DEPRECIATION (continued)

Water System

Below is a schedule of changes in major classes of the water plant for the year ended June 30, 2018:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and land rights	$ 744,399	$ 1,620,000	$ -	$ 2,364,399
Construction work in progress	1,029,440	-	(383,695)	645,745
	1,773,839	1,620,000	(383,695)	3,010,144
Capital assets, being depreciated:				
Structures and improvements	32,653,854	982,979	-	33,636,833
Production and distribution plant	52,847,275	2,328,062	(50,903)	55,124,434
Machinery and equipment	3,177,961	148,349	(26,118)	3,300,192
	88,679,090	3,459,390	(77,021)	92,061,459
Less accumulated depreciation for:				
Structures and improvements	(10,442,820)	(777,498)	-	(11,220,318)
Production and distribution plant	(21,115,879)	(1,221,206)	36,670	(22,300,415)
Machinery and equipment	(2,833,069)	(120,724)	20,277	(2,933,516)
	(34,391,768)	(2,119,428)	56,947	(36,454,249)
Total capital assets, being depreciated, net	54,287,322	1,339,962	(20,074)	55,607,210
Water capital assets, net	$ 56,061,161	$ 2,959,962	$ (403,769)	$ 58,617,354

Below is a schedule of changes in major classes of the water plant for the year ended June 30, 2017:

	Ending Balance	Additions	Retirements	Ending Balance
Capital assets, not being depreciated:				
Land and land rights	$ 744,399	$ -	$ -	$ 744,399
Construction work in progress	738,026	291,414	-	1,029,440
	1,482,425	291,414	-	1,773,839
Capital assets, being depreciated:				
Structures and improvements	31,631,720	1,342,953	(320,819)	32,653,854
Production and distribution plant	51,721,444	1,126,546	(715)	52,847,275
Machinery and equipment	3,108,913	84,745	(15,697)	3,177,961
	86,462,077	2,554,244	(337,231)	88,679,090
Less accumulated depreciation for:				
Structures and improvements	(10,057,105)	(701,484)	315,769	(10,442,820)
Production and distribution plant	(19,608,222)	(1,502,315)	(5,342)	(21,115,879)
Machinery and equipment	(2,719,838)	(128,892)	15,661	(2,833,069)
	(32,385,165)	(2,332,691)	326,088	(34,391,768)
Total capital assets, being depreciated, net	54,076,912	221,553	(11,143)	54,287,322
Water capital assets, net	$ 55,559,337	$ 512,967	$ (11,143)	$ 56,061,161

Depreciation expense amounted to $2,119,427 in 2018 ($2,332,691 in 2017), of which $41,090 ($48,898 in 2017) was depreciation on equipment used to construct utility plant and capitalized as part of total construction costs.

NOTE 5 - ENERGY CONSERVATION PROGRAMS

The Power System participates with TVA in its energy conservation loan program. Under this program, eligible customers may obtain low interest loans to finance energy conservation improvements to their homes, including the installation of a heat pump and insulation improvements. Advances from TVA are reported under other liabilities. Conservation loans receivable from customers under the program are reported under other assets. Advances are to be repaid from customer loan collections. Any uncollectible loans are the responsibility of TVA.

NOTE 6 - INTERFUND TRANSACTIONS

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

Power System:		2018		2017
Interfund Payables				
Columbia Water System:				
Water - current billings	$	1,887,884	$	1,700,973
Other		(1,913)		(28,239)
		1,885,971		1,672,734
City of Columbia - sanitation billings		284,068		276,970
	$	2,170,039	$	1,949,704

Water System:		2018		2017
Interfund Receivables				
Columbia Power System:				
Water billings - less allowance for uncollectibles of $22,987 and $21,565 at June 30, 2018 and 2017, respectively	$	1,887,884	$	1,700,973
Other		(1,913)		(28,239)
	$	1,885,971	$	1,672,734
Interfund Payables				
City of Columbia - sewer billings	$	730,258	$	721,371

In accordance with Tennessee Code Annotated 7-52-603(b), a short-term demand note was executed between the Broadband division and the Power division with a limit of $2.5 million. This note was approved by TVA as required by the Power Contract between the City of Columbia and TVA. The note is interest-bearing at the highest earned interest rate of invested electric plant funds at that time and does not require an annual principal payment. The balance of the loan as of June 30, 2018 is $1,053,524.

The Power System transferred $1,238,925 to the City of Columbia and $373,052 to other government entities in 2018 and $1,207,698 to the City of Columbia and $362,399 to other government entities in 2017 as a payment in lieu of tax. The Water System transferred $161,613 in 2018 and $153,912 in 2017 as a payment in lieu of taxes to the City of Columbia.

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

NOTE 7 - LONG-TERM DEBT

Power System

Changes in long-term debt for the Power System consisted of the following for the year ended June 30, 2018:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due within One Year
Broadband Capital Lease, 2015 Ford F450, monthly installments of $3,391 with interest rate of 4.1%	$ 7,090	$ -	$ (7,090)	$ -	$ -
Broadband Capital Lease, 2016 Ford F450, monthly installments of $3,310 with interest rate of 4.1%	48,609	-	(38,551)	10,058	10,058
Broadband Capital Lease, 2017 Ford F450, monthly installments of $3,565 with interest rate of 6.35%	-	80,205	(32,369)	47,836	40,774
Broadband Capital Lease, Cisco Equipment, monthly installments of $1,075 with interest rate of 3.70%	-	434,269	(218,751)	215,518	105,869
Broadband Revenue and Tax Refunding Bonds, Series 2014/2015; 1.790%	7,385,000	-	(865,000)	6,520,000	880,000
	7,440,699	514,474	(1,161,761)	6,793,412	1,036,701
Less unamortized loss on refunding	(20,567)	-	13,548	(7,019)	
Plus unamortized bond premium	256,218	-	(33,420)	222,798	
	7,676,350	514,474	(1,181,633)	7,009,191	
Compensated absences	$ 1,777,344	$ (380,947)	$ 434,165	$ 1,830,562	$ 192,737
	$ 9,453,694	$ 133,527	$ (747,468)	$ 8,839,753	$ 1,229,438
Less current portion	$ (1,105,959)			$ (1,229,438)	
	$ 8,347,735			$ 7,610,315	

NOTE 7 - LONG-TERM DEBT (continued)

Changes in long-term debt for the Power System consisted of the following for the year ended June 30, 2017:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due within One Year
Electric Revenue Bonds, Series 2008; 4.00% to 5.125%	$ 5,120,000	$ -	$ (5,120,000)	$ -	$ -
Broadband Capital Lease, 2015 Ford F450, monthly installments of $3,391 with interest rate of 4.1%	45,995	-	(38,905)	$ 7,090	7,090
Broadband Capital Lease, 2016 Ford F450, monthly installments of $3,310 with interest rate of 4.1%	-	76,274	(27,665)	$ 48,609	38,553
Broadband Revenue and Tax Refunding Bonds, Series 2014/2015; 1.790%	8,240,000	-	(855,000)	7,385,000	865,000
	13,405,995	76,274	(6,041,570)	7,440,699	910,643
Less unamortized loss on refunding	(40,254)	-	19,687	(20,567)	
Plus unamortized bond premium	289,637	-	(33,419)	256,218	
Less unamortized bond discount	(6,763)	-	6,763	-	
	13,648,615	76,274	(6,048,539)	7,676,350	
Compensated absences	1,862,168	360,955	(445,779)	1,777,344	195,316
	15,510,783	$ 437,229	$ (6,494,318)	9,453,694	$ 1,105,959
Less current portion	(1,392,546)			(1,105,959)	
	$ 14,118,237			$ 8,347,735	

NOTE 7 - LONG-TERM DEBT (continued)

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2019	1,036,701	129,800	1,166,501
2020	1,016,711	105,628	1,122,339
2021	910,000	84,846	994,846
2022	930,000	68,557	998,557
2023	950,000	51,910	1,001,910
2024 - 2025	1,950,000	52,537	2,002,537
	$ 6,793,412	$ 493,278	$ 7,286,690

Water System

Changes in long-term debt for the Water System consisted of the following for the year ended June 30, 2018:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due within One Year
Revenue Bonds, Series 2006; 4.00%	$ 3,625,000	$ -	$ (300,000)	$ 3,325,000	$ 315,000
Revenue Bonds, Series 2008; 4.00% to 5.125%	3,110,000	-	(385,000)	2,725,000	400,000
Revenue Bonds, Series 2012; 2.00% to 5.00%	8,495,000	-	(400,000)	8,095,000	410,000
	15,230,000	-	(1,085,000)	14,145,000	1,125,000
Plus unamortized bond premium	441,480	-	(30,622)	410,858	
Less unamortized bond discount	(2,936)	-	457	(2,479)	
	15,668,544	-	(1,115,165)	14,553,379	
Compensated absences	763,625	200,847	(235,063)	729,409	76,955
	16,432,169	$ 200,847	$ (1,350,228)	15,282,788	$ 1,201,955
Less current portion	(1,151,801)			(1,201,955)	
	$ 15,280,368			$ 14,080,833	

NOTE 7 - LONG-TERM DEBT (continued)

Changes in long-term debt for the Water System consisted of the following for the year ended June 30, 2017:

	Beginning Balance	Additions	Retirements	Ending Balance	Amount Due within One Year
Revenue Bonds, Series 2006; 4.00%	$ 3,915,000	$ -	$ (290,000)	$ 3,625,000	$ 300,000
Revenue Bonds, Series 2008; 4.00% to 5.125%	3,480,000	-	(370,000)	3,110,000	385,000
Revenue Bonds, Series 2012; 2.00% to 5.00%	8,885,000	-	(390,000)	8,495,000	400,000
	16,280,000	-	(1,050,000)	15,230,000	1,085,000
Plus unamortized bond premium	472,102	-	(30,622)	441,480	
Less unamortized bond discount	(3,393)	-	457	(2,936)	
	16,748,709	-	(1,080,165)	15,668,544	
Compensated absences	822,265	157,453	(216,093)	763,625	66,801
	17,570,974	$ 157,453	$ (1,296,258)	16,432,169	$ 1,151,801
Less current portion	(1,129,077)			(1,151,801)	
	$ 16,441,897			$ 15,280,368	

Due Fiscal Year Ending June 30,	Principal	Interest	Total
2019	1,125,000	591,656	1,716,656
2020	1,165,000	547,894	1,712,894
2021	1,215,000	501,056	1,716,056
2022	1,265,000	450,819	1,715,819
2023	1,320,000	397,494	1,717,494
2024-2028	4,170,000	1,114,304	5,284,304
2029-2033	3,155,000	592,375	3,747,375
2034-2037	730,000	18,250	748,250
	$ 14,145,000	$ 4,213,848	$ 18,358,848

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

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

NOTE 7 - LONG-TERM DEBT (continued)

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

NOTE 8 – RETIREMENT PLAN

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

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

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

Power:

	Total Payroll	Covered Payroll	Employee Contributions	% of Covered Payroll	Employer Contributions	% of Covered Payroll
2018	$ 6,062,753	$ 5,718,454	$ 506,838	8.9%	$ 457,476	8.0%
2017	$ 6,107,610	$ 5,421,688	$ 458,852	8.5%	$ 433,735	8.0%

Water:

	Total Payroll	Covered Payroll	Employee Contributions	% of Covered Payroll	Employer Contributions	% of Covered Payroll
2018	$ 2,942,908	$ 2,649,075	$ 245,102	9.3%	$ 211,926	8.0%
2017	$ 2,869,397	$ 2,603,289	$ 242,427	9.3%	$ 208,263	8.0%

NOTE 9 – RISK MANAGEMENT

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

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

NOTE 9 – RISK MANAGEMENT (continued)

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

	Beginning Balance	Fiscal Year Claims and Changes in Estimates	Claim Payments	Ending Balance	Amount Due Within One Year
Power:					
2018	$ 48,000	$ 1,025,660	$ (1,025,660)	$ 48,000	$ 48,000
2017	48,500	1,123,828	(1,124,328)	48,000	48,000
Water:					
2018	$ 20,000	$ 510,847	$ (510,847)	$ 20,000	$ 20,000
2017	21,500	445,287	(446,787)	20,000	20,000

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

NOTE 10 – POST-EMPLOYMENT BENEFITS

During the year ended June 30, 2018, the Systems implemented the provisions of GASB Statement No. 75 titled *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* which replaced GASB Statement No. 45 - *Accounting and Financial Reporting for Employers for Post-Employment Benefits Other Than Pensions.* The provisions were applied prospectively with respect to the Systems' Other Post-Employment Benefits (OPEB) Plan. The total liability recognized under these new requirements during fiscal year 2018 totaled $2,100,196 and $1,130,875 for Power and Water, respectively. The deferred outflows recognized under these new requirements during fiscal year 2018 totaled $173,886 and $93,631 for Power and Water, respectively. The deferred inflows recognized under these new requirements during fiscal year 2018 totaled $33,422 and $17,996 for Power and Water, respectively.

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

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

NOTE 10 – POST-EMPLOYMENT BENEFITS (continued)

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

2018

System	Annual Required Contribution	Percentage Contributed
Power	$173,886	100%
Water	$93,631	100%

2017

System	Annual Required Contribution	Percentage Contributed
Power	$200,135	100%
Water	$112,576	100%

2016

System	Annual Required Contribution	Percentage Contributed
Power	$252,298	100%
Water	$141,918	100%

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

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

Actuarial valuation date: June 30, 2017

Actuarial cost method: Entry age, normal method

Amortization method: Level dollar amount

Remaining amortization period: 30 years, closed

The actuarial assumptions included 5.0 percent long-term investment rate of return. The assumptions include a health care cost trend rate increase equal to 7.5 percent in the first year of valuation and 5.0 percent thereafter.

The ARC that resulted from the valuation ranges from $313,000 to $394,000, depending on the level of funding by the Systems. The unfunded accrued liability is estimated to be $3.2 million for fiscal year 2018. The results of this valuation must be viewed as an estimate of the actual results that will occur in the future. In addition, certain assumptions have been made that will affect the results of the valuation.

NOTE 10 – POST-EMPLOYMENT BENEFITS (continued)

Schedule of funding progress for the year is shown below:

Fiscal Year	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) Entry Age	Unfunded Actuarial Accrued Liability (UAAL)	Funded Percentage	Covered Payroll	Unfunded Actuarial Accrued Liability as a Percent of Covered Payroll
	(a)	(b)	(b-a)	(a/b)	(c)	(b-a)/c
2018	$3,029,731	$ 6,260,802	$3,231,071	48.39%	$ 1,007,268	320.8%
2017	$2,680,577	$ 6,230,107	$3,549,530	43.03%	$ 1,007,268	352.4%
2016	$2,509,846	$ 7,330,989	$4,821,143	34.24%	$ 1,491,931	323.1%

Plan Membership
As of June 30, 2018:

Number of Participants	
Actives (with medical coverage)	12
Retirees (with medical coverage)	24
Disabled (with medical coverage)	9
Beneficiaries (with medical coverage)	-
Total Participants	45

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

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

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

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

Investment policy
See Note 3 – Cash and Investments for the Fiduciary Fund disclosure that details the investments related to the OPEB trust at year-end on page 36.

NOTE 10 – POST-EMPLOYMENT BENEFITS (continued)

Determination of Net OPEB Liability
The components of the Net OPEB Liability at June 30, 2018 were as follows:

Total OPEB Liability	$ 6,260,802
Plan Fiduciary Net Position	(3,029,731)
Net OPEB Liability	$ 3,231,071
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	48.39%

Actuarial assumptions
The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Salary increases	0.00 percent, average, including inflation
Investment rate of return	5.0 percent, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates	7.5 percent for 2017, decreasing 0.5 percent per year to an ultimate rate of 5 percent over a five-year period.

Mortality rates were based on the RP-2014 Mortality Table for Males or Females, as appropriate, with generational mortality improvement to current year under Projection Scale MP-2016.

The actuarial assumptions used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period ending June 30, 2017.

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

Sensitivity of Net OPEB Liability to Changes in the Healthcare Cost Trend Rate
The following represents the Net OPEB Liability calculated using the stated health care cost trend assumption, as well as what the OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage-point lower or 1-percentage point higher than the assumed trend rate:

NOTE 10 – POST-EMPLOYMENT BENEFITS (continued)

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 4.00%	Current 5.00%	1% Increase 6.00%
Net OPEB Liability	$ 4,071,774	$ 3,231,071	$ 2,539,270

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

For the year ended June 30, 2018, the System recognized OPEB expense of $45,670. At June 30, 2018, the System reported deferred outflows of related to OPEB liability from the following sources:

	June 30, 2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual earnings	$ -	$ 51,418
Change of assumptions	-	-
Total	$ -	$ 51,418

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows as of the fiscal year ending June 30, 2018:

Year ending June 30,	Amortized
2019	(12,855)
2020	(12,855)
2021	(12,855)
2022	(12,853)
2023	-

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

NOTE 11 – PRIOR PERIOD ADJUSTMENT

GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. In accordance with implementation of this statement, prior period adjustments are required in the Power and Water funds to properly state OPEB liabilities to their actuarial value. The cumulative effects of these changes are as follows:

Power:

	As previously reported	Effect of change	As restated
Net position as of July 1, 2017:	$ 67,315,961	(2,103,933)	$ 65,212,028
Operating revenue	78,026,176		78,026,176
Operating expenses	(70,789,039)		(70,789,039)
Nonoperating income (expense) - net	63,782		63,782
Total transfers and contributions	(1,311,036)		(1,311,036)
Increase in net position	5,989,883		5,989,883
Net position as of June 30, 2018:	$ 73,305,844		$ 71,201,911

Water:

	As previously reported	Effect of change	As restated
Net position as of July 1, 2017:	$ 58,999,939	(1,132,886)	$ 57,867,053
Operating revenue	12,827,934		12,827,934
Operating expenses	(9,183,688)		(9,183,688)
Nonoperating income (expense) - net	(628,761)		(628,761)
Total transfers and contributions	575,233		575,233
Increase in net position	3,590,718		3,590,718
Net position as of June 30, 2018:	$ 62,590,657		$ 61,457,771

NOTE 12 – SEGMENT INFORMATION

CONDENSED STATEMENT OF NET POSITION

	ELECTRIC	BROADBAND
ASSETS		
Utility plant	$ 57,767,028	$ 6,250,803
Current assets	28,972,667	2,819,740
Other assets	1,308,356	105,244
TOTAL ASSETS	$ 88,048,051	$ 9,175,787
DEFERRED OUTFLOWS	$ 173,886	$ -
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 88,221,937	$ 9,175,787
LIABILITIES		
Current liabilities	$ 9,836,160	$ 543,668
Current liabilities payable from restricted assets	3,639,291	1,163,043
Long-term debt	1,511,843	6,098,472
Other noncurrent liabilities	2,316,390	1,053,524
TOTAL LIABILITIES	$ 17,303,684	$ 8,858,707
DEFERRED INFLOWS	$ 33,422	$ -
NET POSITION		
Net investment in capital assets	$ 57,767,028	$ (758,388)
Restricted for debt service	-	509,740
Unrestricted	13,117,803	565,728
TOTAL NET POSITION (DEFICIT)	$ 70,884,831	$ 317,080
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 88,221,937	$ 9,175,787

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

	ELECTRIC	BROADBAND
Operating revenues	$ 69,965,113	$ 8,532,296
Operating expenses	64,275,373	6,984,899
OPERATING INCOME	5,689,740	1,547,397
Nonoperating revenue (expense)	207,528	(143,746)
INCOME BEFORE TRANSFERS AND CONTRIBUTIONS	5,897,268	1,403,651
Transfers out - payments in lieu of taxes	(1,611,977)	-
Capital contributions - utility plant	300,941	-
TRANSFERS AND CONTRIBUTIONS - (NET)	(1,311,036)	-
INCREASE IN NET POSITION	4,586,232	1,403,651
BEGINNING NET POSITION (DEFICIT)	66,298,599	(1,086,571)
ENDING NET POSITION (DEFICIT)	$ 70,884,831	$ 317,080

CONDENSED STATEMENT OF CASH FLOWS

	ELECTRIC	BROADBAND
Net cash provided by (used in) operating activities	$ 7,512,393	$ 2,537,742
Net cash provided by (used in) noncapital financing activities	(6,906)	-
Net cash provided by (used in) capital and related financing activities	(5,083,078)	(1,667,701)
Net cash provided by (used in) investing activities	96,188	2,288
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,518,597	872,329
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	14,216,488	1,029,734
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 16,735,085	$ 1,902,063

Required Supplementary Information

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

	2017	2016*	2015*	2014*	2013*	2012*	2011*	2010*	2009*
Total OPEB Liability									
Service cost	$ 13,473	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	304,550	-	-	-	-	-	-	-	-
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(134,752)	-	-	-	-	-	-	-	-
Changes of assumptions	-	-	-	-	-	-	-	-	-
Benefits Payments/Refunds	(152,576)	-	-	-	-	-	-	-	-
Net Change in Total OPEB Liability	30,695	-	-	-	-	-	-	-	-
Total OPEB Liability - beginning	6,230,107	-	-	-	-	-	-	-	-
Total OPEB Liability - ending (a)	$ 6,260,802	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Plan Fiduciary Net Position									
Contributions - employer	$ 312,711	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions - employee	-	-	-	-	-	-	-	-	-
Net investment income	201,937	-	-	-	-	-	-	-	-
Benefit Payments/Refunds	(152,576)	-	-	-	-	-	-	-	-
Administrative expenses	(12,918)	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	$ 349,154	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Plan Fiduciary Net Position - beginning	2,680,577	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - ending (b)	$ 3,029,731	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Net OPEB Liability - ending (a) - (b)	$ 3,231,071	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Plan Fiduciary Net Position as a % of the Total OPEB Liability	**48.4%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**	**0%**
Covered - employee payroll	**$ 1,007,268**								
Net OPEB Liability as a % of covered employee payroll	**320.8%**								

*GASB Statement No. 74 was implemented as of June 30, 2017. Information from 2009 - 2016 is not available and this schedule will be presented on a prospective basis.

See Independent Auditor's Report.

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

Fiscal Year Ended	Employer Contributions		Difference of Required to Actual Contributions	Covered Employee Payroll	Percentage of Actual Contributions to Covered Payroll
	Required	Actual			
2018	267,517	267,517	-	1,007,268	26.6%
2017	312,711	312,711	-	1,007,268	31.0%
2016	394,216	394,216	-	1,491,931	26.4%
2015	395,729	395,729	-	1,491,931	26.5%
2014	582,093	582,093	-	1,720,553	33.8%
2013	600,364	600,364	-	1,720,553	34.9%
2012	632,267	632,267	-	1,748,876	36.2%
2011	631,403	631,403	-	1,748,876	36.1%
2010	660,911	660,911	-	1,665,320	39.7%
2009	663,107	663,107	-	1,665,320	39.8%

See Independent Auditor's Report.

COLUMBIA POWER AND WATER SYSTEMS
SCHEDULE OF INVESTMENT RETURNS
FOR THE LAST TEN FISCAL YEARS

Fiscal Year Ended	Annual money-weighted rate of return, net of investment expense
2018	1.46%
2017	1.52%
2016	1.44%
2015*	0.00%
2014*	0.00%
2013*	0.00%
2012*	0.00%
2011*	0.00%
2010*	0.00%
2009*	0.00%

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

Information from 2009 - 2015 is not available and this schedule will be presented on a prospective basis.

See Independent Auditor's Report.

Financial Schedules Section

COLUMBIA POWER AND WATER SYSTEMS
COMBINING SCHEDULE OF NET POSITION - POWER SYSTEM
JUNE 30, 2018

ASSETS AND DEFERRED OUTFLOWS

	ELECTRIC	BROADBAND	ELIMINATIONS	COMBINED
Assets				
Current Assets				
Cash and cash equivalents	$ 13,095,794	$ 1,265,981	$ -	$ 14,361,775
Investments	2,344,495	-	-	2,344,495
Restricted cash, cash equivalents and investments:				
Cash and cash equivalents:				
Customer deposits	3,639,291	83,140	-	3,722,431
Debt service	-	552,942	-	552,942
Accounts receivable:				
Customers, less allowance for uncollectibles of $68,019				
for Power at June 30, 2018	5,257,308	-	-	5,257,308
Other	3,665,933	1,479	-	3,667,412
Inventories	953,656	241,452	-	1,195,108
Prepaid expenses	6,756	16,971	-	23,727
Intrafund receivable	9,434	657,775	(667,209)	-
Total current assets	28,972,667	2,819,740	(667,209)	31,125,198
Noncurrent Assets				
Utility Plant				
Cost of utility plant in service	95,449,709	20,019,556	-	115,469,265
Less accumulated depreciation	(39,928,924)	(13,887,460)	-	(53,816,384)
	55,520,785	6,132,096	-	61,652,881
Construction in progress	2,246,243	118,707	-	2,364,950
Net utility plant	57,767,028	6,250,803	-	64,017,831
Other Assets				
Energy conservation loans receivable	210,733	-	-	210,733
Intrafund receivable	1,053,524	-	(1,053,524)	-
Accounts receivable - long-term	9,299	-	-	9,299
Unamortized bond issue expense	-	105,244	-	105,244
Unamortized software cost	34,800	-	-	34,800
Total other assets	1,308,356	105,244	(1,053,524)	360,076
Total noncurrent assets	59,075,384	6,356,047	(1,053,524)	64,377,907
Total assets	88,048,051	9,175,787	(1,720,733)	95,503,105
Deferred Outflows of Resources				
Deferred outflows - OPEB subsequent contributions	173,886	-	-	173,886
Total deferred outflows of resources	173,886	-	-	173,886
Total assets and deferred outflows	88,221,937	9,175,787	(1,720,733)	95,676,991

LIABILITIES, NET POSITION AND DEFERRED INFLOWS

	ELECTRIC	BROADBAND	ELIMINATIONS	COMBINED
Liabilities				
Current Liabilities				
Payable from unrestricted current assets:				
Accounts payable	$ 5,550,235	$ 342,415	$ -	$ 5,892,650
Accrued liabilities	245,646	170,734	-	416,380
Current portion of compensated absences	171,652	21,085	-	192,737
Unearned revenue	1,040,813	-	-	1,040,813
Intrafund payable	657,775	9,434	(667,209)	-
Due to other funds	1,885,971	-	-	1,885,971
Due to the City of Columbia	284,068	-	-	284,068
Total payable from unrestricted current assets	9,836,160	543,668	(667,209)	9,712,619
Payable from restricted current assets:				
Customer deposits	3,639,291	83,140	-	3,722,431
Accrued bond interest	-	43,202	-	43,202
Current portion of long-term debt	-	1,036,701	-	1,036,701
Total payable from restricted current assets	3,639,291	1,163,043	-	4,802,334
Total current liabilities	13,475,451	1,706,711	(667,209)	14,514,953
Noncurrent Liabilities				
Long-Term Debt				
Compensated absences, less current portion above	1,511,843	125,982	-	1,637,825
Capital lease payable	-	116,712	-	116,712
Bonds payable, less current portion above	-	5,855,778	-	5,855,778
Total long-term debt	1,511,843	6,098,472	-	7,610,315
Other Noncurrent Liabilities				
Intrafund payable	-	1,053,524	(1,053,524)	-
Net OPEB liability	2,100,196	-	-	2,100,196
TVA advances for conservation loans	216,194	-	-	216,194
Total other noncurrent liabilities	2,316,390	1,053,524	(1,053,524)	2,316,390
Total noncurrent liabilities	3,828,233	7,151,996	(1,053,524)	9,926,705
Total liabilities	17,303,684	8,858,707	(1,720,733)	24,441,658
Deferred Inflows of Resources				
Deferred inflows - OPEB investment gains	33,422	-	-	33,422
Total Deferred Inflows of Resources	33,422	-	-	33,422
Net position				
Net investment in capital assets	57,767,028	(758,388)	-	57,008,640
Restricted for debt service	-	509,740	-	509,740
Unrestricted	13,117,803	565,728	-	13,683,531
Total net position	70,884,831	317,080	-	71,201,911
Total liabilities, deferred inflows and net position	$ 88,221,937	$ 9,175,787	$ (1,720,733)	$ 95,676,991

See Independent Auditor's Report.

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COLUMBIA POWER AND WATER SYSTEMS

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

FOR THE YEAR ENDED JUNE 30, 2018

	ELECTRIC	BROADBAND	ELIMINATIONS	COMBINED
Operating Revenue				
Energy sales	$ 68,452,156	$ -	$ -	$ 68,452,156
Broadband sales	-	8,413,822	(339,878)	8,073,944
Forfeited discounts	509,794	99,034	-	608,828
Rent from electric property	525,263	-	(101,747)	423,516
Miscellaneous revenue	477,900	19,440	(29,608)	467,732
Total operating revenue	69,965,113	8,532,296	(471,233)	78,026,176
Operating Expenses				
Energy purchased	53,574,375	-	-	53,574,375
Programming purchased	-	3,200,430	-	3,200,430
Distribution	3,929,238	1,879,888	(290,980)	5,518,146
Customer accounts	1,024,822	233,581	(147,241)	1,111,162
Customer services	129,637	63,042	-	192,679
General and administrative	2,500,197	667,519	(33,012)	3,134,704
Depreciation	3,117,104	940,439	-	4,057,543
Total operating expenses	64,275,373	6,984,899	(471,233)	70,789,039
Operating Income	5,689,740	1,547,397	-	7,237,137
Nonoperating Revenues (Expenses)				
Interest income	96,188	2,288	(13,609)	84,867
Interest expense	(3,200)	(130,247)	13,609	(119,838)
OPEB expense	144,201	-	-	144,201
Amortization of software costs	(29,661)	-	-	(29,661)
Amortization of bond issue expense	-	(15,787)	-	(15,787)
Total nonoperating revenues (expenses) - net	207,528	(143,746)	-	63,782
Income before transfers and capital contributions	5,897,268	1,403,651	-	7,300,919
Transfers out - payments in lieu of taxes	(1,611,977)	-	-	(1,611,977)
Capital contributions - utility plant	300,941	-	-	300,941
Total transfers and capital contributions - net	(1,311,036)	-	-	(1,311,036)
Change in net position	4,586,232	1,403,651	-	5,989,883
Net position (deficit), beginning of year as restated	66,298,599	(1,086,571)	-	65,212,028
Net position (deficit), end of year as restated	$ 70,884,831	$ 317,080	$ -	$ 71,201,911

See Independent Auditor's Report.

COLUMBIA POWER AND WATER SYSTEMS
COMBINING SCHEDULE OF CASH FLOWS - POWER SYSTEM
FOR THE YEAR ENDED JUNE 30, 2018

	ELECTRIC	BROADBAND	ELIMINATIONS	COMBINED
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	$ 68,337,288	$ 8,535,805	$ -	$ 76,873,093
Payments to suppliers and others	(54,703,086)	(4,904,390)	527,698	(59,079,778)
Payments to employees	(5,958,621)	(1,212,773)	-	(7,171,394)
Payments in lieu of taxes	(1,611,977)	-	-	(1,611,977)
Other receipts	1,448,789	119,100	(527,698)	1,040,191
Net cash provided by operating activities	7,512,393	2,537,742	-	10,050,135
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Conservation loans made	(14,088)	-	-	(14,088)
Collections on conservation loans	91,030	-	-	91,030
Payments on TVA advances for conservation loans	(83,848)	-	-	(83,848)
Net cash provided by (used in) noncapital financing activities	(6,906)	-	-	(6,906)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Debt principal payments	-	(1,161,761)	-	(1,161,761)
Interest paid	(3,200)	(150,981)	13,609	(140,572)
Additions to utility plant	(4,835,899)	(354,966)	-	(5,190,865)
Net (cost to remove) salvage on utility plant	(243,979)	7	-	(243,972)
Net cash provided by (used in) capital and related financing activities	(5,083,078)	(1,667,701)	13,609	(6,737,170)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Interest on investments	96,188	2,288	(13,609)	84,867
Sale of investments	6,639,238	-	-	6,639,238
Purchase of investments	(6,639,238)	-	-	(6,639,238)
Net cash provided by (used in) investing activities	96,188	2,288	(13,609)	84,867
Net increase (decrease) in cash and cash equivalents	2,518,597	872,329	-	3,390,926
Cash and cash equivalents at beginning of year	14,216,488	1,029,734	-	15,246,222
Cash and cash equivalents at end of year	$ 16,735,085	$ 1,902,063	$ -	$ 18,637,148

	ELECTRIC	BROADBAND	ELIMINATIONS	COMBINED
Reconciliation of operating income (loss)				
to net cash provided by operating activities:				
Operating income (loss)	$ 5,689,740	$ 1,547,397	$ -	$ 7,237,137
Adjustments to reconcile operating income (loss)				
to net cash provided by operating activities:				
Depreciation and amortization	3,117,104	940,439	-	4,057,543
Payments in lieu of taxes	(1,611,977)	-	-	(1,611,977)
(Increase) decrease in:				
Accounts receivable - customers	(490,007)	-	-	(490,007)
Accounts receivable - others	(436,441)	139,308	-	(297,133)
Intrafund receivable	73,786	(17,324)	(56,462)	-
Inventories	(119,368)	(21,203)	-	(140,571)
Prepaid expenses	63	-	-	63
(Decrease) increase in:				
Accounts payable	272,087	48,142	-	320,229
Unearned revenue	535,857	-	-	535,857
Accrued liabilities	16,729	4,969	-	21,698
Compensated absences	83,530	(30,312)	-	53,218
Intrafund payable	17,324	(73,786)	56,462	-
Due to other funds	213,237	-	-	213,237
Due to City of Columbia	7,098	-	-	7,098
Customer deposits	143,631	112	-	143,743
Total adjustments	1,822,653	990,345	-	2,812,998
Net cash provided by operating activities	$ 7,512,393	$ 2,537,742	$ -	$ 10,050,135
Schedule of noncash financing and				
investing activities:				
Capital contributions - utility plant	$ 300,941	$ -	$ -	$ 300,941
Capital lease initiation	$ -	$ 514,474	$ -	$ 514,474
Software amortization	$ (29,611)	$ -	$ -	$ (29,611)
Net OPEB expense	$ 144,201	$ -	$ -	$ 144,201
Depreciation and amortization expense				
capitalized as part of costs				
to construct utility plant	$ 233,691	$ 98,063	$ -	$ 331,754

See Independent Auditor's Report.

COLUMBIA POWER AND WATER SYSTEMS
COMBINING SCHEDULE OF OPERATING EXPENSES - POWER SYSTEM
FOR THE YEAR ENDED JUNE 30, 2018 (WITH COMBINED TOTALS FOR 2017)

	ELECTRIC	BROADBAND	ELIMINATIONS	COMBINED 2018	COMBINED 2017
Distribution					
Operations					
Supervision and engineering	$ 21,779	$ -	$ -	$ 21,779	$ 23,659
Station expense	120,038	92,173	-	212,211	163,690
Service on customers' premises	-	428,114	-	428,114	524,177
Overhead line expense	487,258	319,999	-	807,257	809,149
Underground line expense	122,159	-	-	122,159	-
Street and security lighting	184,237	-	-	184,237	160,067
Meter expense	223,973	-	-	223,973	178,847
Rent	148,053	84,620	(68,735)	163,938	147,016
Building and Transportation	653,473	820,574	(222,245)	1,251,802	1,293,763
	1,960,970	1,745,480	(290,980)	3,415,470	3,300,368
Maintenance					
Station equipment	117,357	-	-	117,357	43,022
Overhead lines	1,384,405	134,408	-	1,518,813	1,601,205
Underground lines	9,652	-	-	9,652	33,797
Line transformers	139,916	-	-	139,916	279,336
Street and security lighting	15,997	-	-	15,997	32,499
	1,667,327	134,408	-	1,801,735	1,989,859
Loss on disallowance of plant	300,941	-	-	300,941	314,230
Total distribution expense	$ 3,929,238	$ 1,879,888	$ (290,980)	$ 5,518,146	$ 5,604,457
Customer accounts					
Supervision	$ 81,773	$ 15,166	$ -	$ 96,939	$ 144,088
Meter services	351,839	-	(147,241)	204,598	157,626
Customer records and collection	591,210	218,415	-	809,625	847,410
Total customer accounts expense	$ 1,024,822	$ 233,581	$ (147,241)	$ 1,111,162	$ 1,149,124
Customer service					
Supervision	$ 1,671	$ -	$ -	$ 1,671	$ 700
Customer assistance	58,890	50,963	-	109,853	76,475
Sales expense	69,076	12,079	-	81,155	76,601
Total customer service expense	$ 129,637	$ 63,042	$ -	$ 192,679	$ 153,776

	ELECTRIC	BROADBAND	ELIMINATIONS	COMBINED 2018	COMBINED 2017
General and Administrative					
Salaries	$ 422,548	$ 97,649	$ -	$ 520,197	$ 532,171
Advertising	-	1,327	-	1,327	1,150
Office supplies and expense	249,734	57,487	-	307,221	242,309
Outside services	149,892	106,186	-	256,078	412,614
Property insurance	65,252	7,083	-	72,335	80,226
Injuries and damages	116,495	15,533	-	132,028	132,070
Employee benefits	1,422,931	221,516	-	1,644,447	3,689,264
Maintenance	124,720	59,359	-	184,079	256,802
Rent	-	33,012	(33,012)	-	-
Taxes	-	56,167	-	56,167	58,269
Miscellaneous	80,878	12,200	-	93,078	89,478
	2,632,450	667,519	(33,012)	3,266,957	5,494,353
Less electricity for own use	(132,253)	-	-	(132,253)	(130,408)
Total general and administrative expense	$ 2,500,197	$ 667,519	$ (33,012)	$ 3,134,704	$ 5,363,945

See Independent Auditor's Report.

COLUMBIA POWER AND WATER SYSTEMS
SCHEDULE OF OPERATING EXPENSES - WATER SYSTEM
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
Production		
Pumping		
Purchased power	$ 39,947	$ 39,384
Supervision and engineering	79	15,201
Labor	472,366	392,380
Supplies and expenses	836,901	675,678
Maintenance	118,476	82,061
	1,467,769	1,204,704
Purification		
Supervision and engineering	79	15,202
Labor	399,926	382,761
Supplies and expenses	761,843	642,120
Maintenance	9,734	52,568
	1,171,582	1,092,651
Total production expense	$ 2,639,351	$ 2,297,355
Distribution		
Operations		
Supervision and engineering	$ 18,149	$ 60,805
Office expense	51,324	166,242
Operation of distribution lines	334,188	155,235
Removing and resetting meters	14,142	12,429
Service on customers' premises	11,430	76,760
New taps expense	862,015	663,650
	1,291,248	1,135,121
Maintenance		
Distribution lines	269,187	284,759
Services	93,986	164,975
Meters	95,157	48,346
Hydrants	1,493	24,304
Structures and improvements	15,412	20,636
Pumping equipment	490	3,034
Lagoons	22,747	1,176
	498,472	547,230
Total distribution expense	$ 1,789,720	$ 1,682,351

	2018	2017
Customer Accounts		
Supervision	$ 64,296	$ 125,480
Meter reading	273,273	236,695
Collection	508,665	486,965
Sewer department billing and accounting	(98,418)	(96,714)
Customer assistance	22,574	51,952
Total customer accounts expense	$ 770,390	$ 804,378
General and Administrative		
Salaries	$ 248,284	$ 259,174
Office supplies and expense	120,135	127,380
Outside services	318,671	491,999
Property insurance	104,684	117,214
Injuries and damages	58,277	65,228
Employee benefits	974,397	2,126,353
Miscellaneous	63,695	60,209
Maintenance	94,065	93,005
General advertising	1,327	1,150
Total general and administrative expense	$ 1,983,535	$ 3,341,712

See Independent Auditor's Report.

COLUMBIA POWER AND WATER SYSTEMS
SCHEDULE OF DEBT REQUIREMENTS - POWER SYSTEM
FOR THE YEAR ENDED JUNE 30, 2018

Bonds and Interest Payable During the Year Ending June 30,	4.10% Broadband Capital Lease Monthly Installments		6.35% Broadband Capital Lease Monthly Installments		3.70% Broadband Capital Lease Monthly Installments		1.79% 2014/15 Broadband Telecommunications Network Revenue & Tax Refunding Bonds		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	10,058	115	40,774	2,012	105,869	10,965	880,000	116,708	1,036,701	129,800
2020	-	-	7,062	69	109,649	4,603	900,000	100,956	1,016,711	105,628
2021	-	-	-	-	-	-	910,000	84,846	910,000	84,846
2022	-	-	-	-	-	-	930,000	68,557	930,000	68,557
2023	-	-	-	-	-	-	950,000	51,910	950,000	51,910
2024	-	-	-	-	-	-	965,000	34,905	965,000	34,905
2025	-	-	-	-	-	-	985,000	17,632	985,000	17,632
	$ 10,058	$ 115	$ 47,836	$ 2,081	$ 215,518	$ 15,568	$ 6,520,000	$ 475,514	$ 6,793,412	$ 493,278

See Independent Auditor's Report.

COLUMBIA POWER AND WATER SYSTEMS
SCHEDULE OF DEBT REQUIREMENTS - WATER SYSTEM
FOR THE YEAR ENDED JUNE 30, 2018

Bonds and Interest Payable During the Year Ending June 30,	4.00% 2006 Waterworks System Revenue Bonds		4.00% - 5.125% 2008 Waterworks System Revenue Bonds		2.00% - 5.00% 2012 Waterworks System Revenue Bonds		Total Requirements	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2019	315,000	126,700	400,000	124,731	410,000	340,225	1,125,000	591,656
2020	325,000	113,900	420,000	106,219	420,000	327,775	1,165,000	547,894
2021	340,000	100,600	440,000	85,506	435,000	314,950	1,215,000	501,056
2022	355,000	86,700	460,000	63,006	450,000	301,113	1,265,000	450,819
2023	365,000	72,300	490,000	38,950	465,000	286,244	1,320,000	397,494
2024	380,000	57,400	515,000	13,197	480,000	270,888	1,375,000	341,485
2025	400,000	41,800	-	-	495,000	255,044	895,000	296,844
2026	415,000	25,500	-	-	515,000	234,125	930,000	259,625
2027	430,000	8,600	-	-	540,000	207,750	970,000	216,350
2028	-	-	-	-	570,000	180,000	570,000	180,000
2029	-	-	-	-	600,000	150,750	600,000	150,750
2030	-	-	-	-	630,000	120,000	630,000	120,000
2031	-	-	-	-	660,000	87,750	660,000	87,750
2032	-	-	-	-	695,000	53,875	695,000	53,875
2033	-	-	-	-	730,000	18,250	730,000	18,250
	$ 3,325,000	$ 633,500	$ 2,725,000	$ 431,609	$ 8,095,000	$ 3,148,739	$ 14,145,000	$ 4,213,848

See Independent Auditor's Report.

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Statistical Section

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

- Financial Trends – These schedules contain trend information to help the reader understand how the Systems' financial performance and well-being have changed over time.

- Revenue Capacity – These schedules contain information to help the reader assess the Systems' most significant revenue sources.

- Debt Capacity – These schedules present information to help the reader assess the affordability of the Systems' current levels of outstanding debt and the Systems' ability to issue additional debt in the future.

- Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the Systems' financial activities take place.

- Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the Systems' financial report relates to the services the Systems provides and the activities it performs.

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

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

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

Fiscal year	2018	2017*	2016	2015	2014	2013	2012	2011	2010	2009*
Power System:										
Electric:										
Net Investment in Capital Assets	$ 57,767,028	$ 55,503,313	$ 49,168,987	$ 48,713,894	$ 48,023,481	$ 44,877,725	$ 43,322,642	$ 42,277,404	$ 41,440,335	$ 40,299,120
Restricted	-	-	912,509	904,223	891,285	882,743	1,344,722	1,327,116	1,354,643	1,334,787
Unrestricted	13,117,803	10,795,286	15,483,549	14,037,918	13,596,516	14,534,472	13,893,030	12,513,088	10,372,434	8,183,235
Total Electric net position	$ 70,884,831	$ 66,298,599	$ 65,565,045	$ 63,656,035	$ 62,511,282	$ 60,294,940	$ 58,560,394	$ 56,117,608	$ 53,167,412	$ 49,817,142
Broadband:										
Net Investment in Capital Assets	$ (758,388)	$ (1,354,541)	$ (2,144,009)	$ (2,833,924)	$ (3,198,131)	$ (3,596,426)	$ (4,286,591)	$ (4,425,872)	$ (4,628,170)	$ (4,394,210)
Restricted	509,740	451,842	383,941	307,233	239,290	232,150	223,101	215,127	204,740	194,256
Unrestricted	565,728	(183,872)	(341,240)	(493,208)	(912,467)	(870,245)	(427,885)	(569,988)	(602,138)	(799,356)
Total Broadband net position (deficit)	$ 317,080	$ (1,086,571)	$ (2,101,308)	$ (3,019,899)	$ (3,871,308)	$ (4,234,521)	$ (4,491,375)	$ (4,780,733)	$ (5,025,568)	$ (4,999,310)
Total Power System:										
Net Investment in Capital Assets	$ 57,008,640	$ 54,148,772	$ 47,024,978	$ 45,879,970	$ 44,825,350	$ 41,281,299	$ 39,036,051	$ 37,851,532	$ 36,812,165	$ 35,904,910
Restricted	509,740	451,842	1,296,450	1,211,456	1,130,575	1,114,893	1,567,823	1,542,243	1,559,383	1,529,043
Unrestricted	13,683,531	10,611,414	15,142,309	13,544,710	12,684,049	13,664,227	13,465,145	11,943,100	9,770,296	7,383,879
Total Power System net position	$ 71,201,911	$ 65,212,028	$ 63,463,737	$ 60,636,136	$ 58,639,974	$ 56,060,419	$ 54,069,019	$ 51,336,875	$ 48,141,844	$ 44,817,832
Water System:										
Net Investment in Capital Assets	$ 44,063,975	$ 40,392,617	$ 38,810,628	$ 37,690,081	$ 39,548,366	$ 39,415,304	$ 29,710,129	$ 38,223,677	$ 36,926,774	$ 36,599,986
Restricted	2,430,568	2,404,749	2,382,363	2,389,257	2,368,251	2,352,828	11,070,444	2,024,387	1,988,051	1,946,050
Unrestricted	14,963,228	15,069,687	15,431,324	15,335,756	10,828,708	8,352,842	7,028,572	5,976,549	6,194,077	4,836,657
Total Water System net position	$ 61,457,771	$ 57,867,053	$ 56,624,315	$ 55,415,094	$ 52,745,325	$ 50,120,974	$ 47,809,145	$ 46,224,613	$ 45,108,902	$ 43,382,693

* Net Position for the Power and Water Company was restated for fiscal year 2009 and for fiscal year 2017

COLUMBIA POWER AND WATER SYSTEMS

SCHEDULE OF CHANGES IN NET POSITION (UNAUDITED)

FOR THE LAST TEN FISCAL YEARS

FISCAL YEAR	OPERATING REVENUES	OPERATING EXPENSES	OPERATING INCOME	TOTAL NONOPERATING REVENUES/ (EXPENSES)	INCOME/(LOSS) BEFORE CAPITAL CONTRIBUTIONS	PAYMENTS IN LIEU OF TAXES***	CAPITAL CONTRIBUTIONS	CHANGE IN NET POSITION
Power System:								
Electric								
2018	$ 69,965,113	$ 64,275,373	$ 5,689,740	$ 207,528	$ 5,897,268	$ (1,611,977)	$ 300,941	$ 4,586,232
2017*	67,053,129	62,488,401	4,564,728	(471,374)	4,093,354	(1,570,097)	314,230	2,837,487
2016	62,383,386	58,852,042	3,531,344	(260,129)	3,271,215	(1,621,124)	258,919	1,909,010
2015	63,349,434	60,500,726	2,848,708	(270,133)	2,578,575	(1,617,577)	183,755	1,144,753
2014	63,344,330	59,510,764	3,833,566	(260,558)	3,573,008	(1,536,271)	179,605	2,216,342
2013	61,517,897	58,176,236	3,341,661	(311,207)	3,030,454	(1,513,482)	217,574	1,734,546
2012	60,866,329	57,140,892	3,725,437	(335,517)	3,389,920	(1,494,884)	547,750	2,442,786
2011	62,431,310	58,304,456	4,126,854	(57,871)	4,068,983	(1,414,139)	295,352	2,950,196
2010	59,257,663	54,933,928	4,323,735	(32,275)	4,291,460	(1,199,247)	258,057	3,350,270
2009*	64,381,234	60,117,086	4,264,148	59,310	4,323,458	(1,130,830)	482,175	3,674,803
Broadband:								
2018	$ 8,532,296	$ 6,984,899	$ 1,547,397	$ (143,746)	$ 1,403,651	$ -	$ -	$ 1,403,651
2017	7,758,917	6,728,787	1,030,130	(155,814)	874,316	-	140,421	1,014,737
2016	7,099,240	6,018,583	1,080,657	(167,790)	912,867	-	5,724	918,591
2015	6,544,200	5,282,500	1,261,700	(416,291)	845,409	-	6,000	851,409
2014	5,858,290	4,991,185	867,105	(505,527)	361,578	-	1,635	363,213
2013	5,304,576	4,522,779	781,797	(533,269)	248,528	-	8,326	256,854
2012	5,072,962	4,311,263	761,699	(565,801)	195,898	-	93,460	289,358
2011	5,061,142	4,272,901	788,241	(591,028)	197,213	-	47,622	244,835
2010	5,235,263	4,645,534	589,729	(615,987)	(26,258)	-	-	(26,258)
2009	5,183,484	4,846,784	336,700	(653,679)	(316,979)	-	1,000	(315,979)
Total Power System:								
2018	$ 78,497,409	$ 71,260,272	$ 7,237,137	$ 63,782	$ 7,300,919	$ (1,611,977)	$ 300,941	$ 5,989,883
2017*	74,812,046	69,217,188	5,594,858	(627,188)	4,967,670	(1,570,097)	454,651	3,852,224
2016	69,482,626	64,870,625	4,612,001	(427,919)	4,184,082	(1,621,124)	264,643	2,827,601
2015	69,893,634	65,783,226	4,110,408	(686,424)	3,423,984	(1,617,577)	189,755	1,996,162
2014	69,202,620	64,501,949	4,700,671	(766,085)	3,934,586	(1,536,271)	181,240	2,579,555
2013	66,822,473	62,699,015	4,123,458	(844,476)	3,278,982	(1,513,482)	225,900	1,991,400
2012	65,939,291	61,452,155	4,487,136	(901,318)	3,585,818	(1,494,884)	641,210	2,732,144
2011	67,492,452	62,577,357	4,915,095	(648,899)	4,266,196	(1,414,139)	342,974	3,195,031
2010	64,492,926	59,579,462	4,913,464	(648,262)	4,265,202	(1,199,247)	258,057	3,324,012
2009*	69,564,719	64,963,870	4,600,848	(594,369)	4,006,479	(1,130,830)	483,175	3,358,824
Water:								
2018	$ 12,827,934	$ 9,261,333	$ 3,566,601	$ (551,116)	$ 3,015,485	$ (161,613)	$ 736,846	$ 3,590,718
2017*	11,400,802	10,409,589	991,213	(635,247)	355,966	(153,912)	1,040,684	1,242,738
2016	10,172,069	8,310,864	1,861,205	(699,257)	1,161,948	(173,949)	221,222	1,209,221
2015	10,485,022	7,442,777	3,042,245	(324,732)	2,717,513	(171,086)	123,342	2,669,769
2014	10,294,575	7,319,637	2,974,938	(348,656)	2,626,282	(165,825)	163,892	2,624,349
2013	9,850,520	7,094,585	2,755,935	(389,681)	2,366,254	(138,100)	83,675	2,311,829
2012	8,749,454	6,648,873	2,100,581	(465,555)	1,635,026	(133,911)	83,417	1,584,532
2011	8,026,103	6,353,066	1,673,037	(503,517)	1,169,520	(130,029)	76,220	1,115,711
2010	8,188,314	6,038,939	2,149,375	(453,822)	1,695,553	(111,175)	141,831	1,726,209
2009	7,681,074	6,112,142	1,568,932	(260,998)	1,307,934	(98,277)	653,007	1,862,664

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

* Net Position for the Power and Water Company was restated for fiscal year 2009 and for fiscal year 2017

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

Class of service	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009*
Power System:										
Electric:										
Residential	$ 36,879,062	$ 33,952,599	$ 31,536,465	$ 32,622,370	$ 32,520,610	$ 31,035,273	$ 30,294,030	$ 31,535,953	$ 29,005,582	$ 31,425,391
Commercial	7,952,690	7,688,306	7,225,340	7,276,140	7,365,051	7,207,496	7,045,763	7,242,163	6,943,941	7,447,382
Industrial	22,664,663	22,926,480	21,345,232	21,264,278	21,266,224	21,080,064	21,420,645	21,508,237	21,323,608	23,306,090
Street and athletic	707,976	700,120	681,497	671,633	655,125	638,323	622,946	594,094	565,110	597,805
Outdoor lighting	391,387	393,982	381,890	385,172	380,348	378,049	381,172	371,077	371,417	398,085
Other revenue	1,512,957	1,452,846	1,283,491	1,191,622	1,241,411	1,245,465	1,232,837	1,259,546	1,209,642	1,297,987
Less: Bad debt expense	(143,622)	(61,204)	(70,529)	(61,781)	(84,439)	(66,773)	(131,064)	(79,760)	(161,637)	(91,505)
Total Electric	$ 69,965,113	$ 67,053,129	$ 62,383,386	$ 63,349,434	$ 63,344,330	$ 61,517,897	$ 60,866,329	$ 62,431,310	$ 59,257,663	$ 64,381,235
Broadband:										
Residential - Cable	$ 3,018,525	$ 3,044,294	$ 3,019,343	$ 2,901,244	$ 2,821,441	$ 2,916,713	$ 2,884,890	$ 2,997,430	$ 3,243,600	$ 3,231,712
Residential - Internet	3,117,255	2,531,518	2,093,852	1,827,726	1,591,116	1,097,119	997,290	1,011,106	1,029,866	1,027,396
Commercial - Internet	648,354	606,386	541,893	476,496	448,386	452,364	428,351	357,597	370,256	358,863
Other sales and rentals	776,970	636,889	574,299	500,922	287,459	213,044	182,684	187,228	206,093	215,868
Sales promotions and credits	(264,950)	(276,502)	(280,554)	(277,655)	(311,218)	(24,692)	-	59	-	-
Other revenue	1,271,691	1,247,403	1,179,050	1,141,156	1,052,189	677,735	623,351	557,810	431,517	397,881
Less: Bad debt expense	(35,549)	(31,071)	(28,643)	(25,689)	(31,083)	(27,707)	(43,604)	(50,088)	(46,069)	(48,236)
Total Broadband	$ 8,532,296	$ 7,758,917	$ 7,099,240	$ 6,544,200	$ 5,858,290	$ 5,304,576	$ 5,072,962	$ 5,061,142	$ 5,235,263	$ 5,183,484
Total Power System:	$ 78,497,409	$ 74,812,046	$ 69,482,626	$ 69,893,634	$ 69,202,620	$ 66,822,473	$ 65,939,291	$ 67,492,452	$ 64,492,926	$ 69,564,719
Water System:										
Residential	$ 6,576,926	$ 5,882,998	$ 5,772,514	$ 5,661,954	$ 5,590,073	$ 5,581,360	$ 5,088,632	$ 4,704,856	$ 4,649,388	$ 4,305,909
Commercial	1,971,221	1,839,499	1,695,255	1,664,177	1,574,058	1,618,488	1,441,112	1,231,903	1,164,946	1,144,246
Industrial	1,210,666	1,227,644	738,503	1,229,140	1,164,401	890,145	667,463	482,162	707,617	667,164
Public and private fire protection	127,339	123,188	124,688	121,167	117,918	115,955	113,211	110,364	106,132	97,637
Sales for resale	1,834,789	1,409,414	1,233,655	1,229,234	1,248,902	1,184,755	1,066,415	1,102,769	1,112,615	994,666
Bulk and flat rates	3,699	7,047	4,376	8,157	5,496	1,812	5,802	4,703	1,401	3,030
Tap fees	862,016	663,650	386,491	288,967	299,200	190,367	132,644	151,902	219,531	194,002
Other revenue	264,784	264,958	237,238	301,979	313,602	286,987	259,539	260,993	258,367	292,191
Less: Bad debt expense	(23,506)	(17,596)	(20,651)	(19,753)	(19,075)	(19,349)	(25,364)	(23,549)	(31,683)	(17,771)
Total Water System:	$ 12,827,934	$ 11,400,802	$ 10,172,069	$ 10,485,022	$ 10,294,575	$ 9,850,520	$ 8,749,454	$ 8,026,103	$ 8,188,314	$ 7,681,074

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

*Revenues for the Power Company were restated for fiscal year 2009.

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

Operating Expenses	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009*
Power System:										
Electric:										
Energy purchased	$ 53,574,375	$ 51,742,277	$ 48,443,340	$ 49,939,550	$ 49,528,358	$ 47,684,258	$ 47,357,144	$ 49,515,236	$ 46,598,852	$ 51,988,751
Distribution	3,929,238	4,003,385	4,200,724	4,331,389	4,101,091	4,617,624	4,046,427	3,564,636	3,472,033	3,436,178
Customer accounts	1,024,822	1,001,205	846,413	845,365	741,645	857,730	769,445	789,352	733,144	707,198
Customer services	129,637	58,482	48,115	102,763	100,949	121,697	99,312	119,548	158,034	114,651
General and administrative	2,500,197	2,626,567	2,413,613	2,449,823	2,372,647	2,274,961	2,343,713	2,093,013	1,911,695	1,916,611
Depreciation	3,117,104	3,056,485	2,899,837	2,831,836	2,666,074	2,619,966	2,524,851	2,222,671	2,060,170	1,953,697
Total Electric	$ 64,275,373	$ 62,488,401	$ 58,852,042	$ 60,500,726	$ 59,510,764	$ 58,176,236	$ 57,140,892	$ 58,304,456	$ 54,933,928	$ 60,117,086
Broadband:										
Programming purchased	$ 3,200,430	$ 3,000,028	$ 2,774,718	$ 2,479,337	$ 2,097,744	$ 1,777,159	$ 1,711,928	$ 1,677,043	$ 1,751,533	$ 1,712,389
Distribution	1,879,888	1,876,027	1,632,137	1,364,090	1,409,657	1,155,361	1,100,234	1,045,736	1,016,034	1,124,344
Customer accounts	233,581	290,224	233,213	207,645	180,887	200,452	170,239	166,907	146,476	164,546
Customer services	63,042	95,294	50,862	54,416	64,243	64,238	27,135	25,685	20,955	28,806
General and administrative	667,519	663,706	589,039	506,155	528,281	656,064	599,656	583,735	607,124	563,943
Depreciation	940,439	803,508	738,614	670,857	710,373	669,505	702,071	773,795	1,103,412	1,252,756
Total Broadband	$ 6,984,899	$ 6,728,787	$ 6,018,583	$ 5,282,500	$ 4,991,185	$ 4,522,779	$ 4,311,263	$ 4,272,901	$ 4,645,534	$ 4,846,784
Total Power System:	$ 71,260,272	$ 69,217,188	$ 64,870,625	$ 65,783,226	$ 64,501,949	$ 62,699,015	$ 61,452,155	$ 62,577,357	$ 59,579,462	$ 64,963,870
Water System:										
Production	$ 2,639,351	$ 2,297,355	$ 2,056,983	$ 1,836,756	$ 1,806,252	$ 1,766,100	$ 1,711,651	$ 1,630,428	$ 1,679,408	$ 1,733,334
Distribution	1,789,720	1,682,351	1,687,993	1,229,167	1,260,111	1,323,688	1,143,072	1,152,617	1,017,858	990,963
Customer accounts	770,390	804,378	656,863	591,435	461,264	578,925	519,755	538,757	557,299	555,321
General and administrative	1,983,535	2,208,826	1,723,277	1,553,670	1,656,916	1,458,982	1,471,830	1,487,258	1,299,818	1,417,344
Depreciation	2,078,337	2,283,793	2,185,748	2,231,749	2,135,094	1,966,890	1,802,565	1,544,006	1,484,556	1,415,180
Total Water System:	$ 9,261,333	$ 9,276,703	$ 8,310,864	$ 7,442,777	$ 7,319,637	$ 7,094,585	$ 6,648,873	$ 6,353,066	$ 6,038,939	$ 6,112,142

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

*Operating Expenses for the Power Company have been restated for fiscal year 2009. See note 11 for explanation.

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

FISCAL YEAR	INTEREST EXPENSE	INTEREST/ MISCELLANEOUS REVENUE	OPEB EXPENSES	AMORTIZATION EXPENSES	TOTAL NONOPERATING REVENUES/ (EXPENSES)
Power System:					
Electric:					
2018	$ (3,200)	$ 96,188	$ 144,201	$ (29,661)	$ 207,528
2017	(483,882)	50,235	-	(37,727)	(471,374)
2015	(261,997)	22,439	-	(30,575)	(270,133)
2014	(274,889)	27,506	-	(13,175)	(260,558)
2013	(313,794)	33,338	-	(30,751)	(311,207)
2012	(388,340)	70,128	-	(17,305)	(335,517)
2011	(410,613)	369,942	-	(17,200)	(57,871)
2010	(165,854)	147,243	-	(13,664)	(32,275)
2009	(170,960)	240,646	-	(10,376)	59,310
Broadband:					
2018	$ (130,247)	$ 2,288	$ -	$ (15,787)	$ (143,746)
2017	(141,446)	1,419	-	(15,787)	(155,814)
2016	(152,809)	805	-	(15,786)	(167,790)
2015	(403,738)	596	-	(13,149)	(416,291)
2014	(495,789)	773	-	(10,511)	(505,527)
2013	(524,121)	1,363	-	(10,511)	(533,269)
2012	(557,165)	2,349	-	(10,985)	(565,801)
2011	(583,650)	3,557	-	(10,935)	(591,028)
2010	(610,916)	5,440	-	(10,511)	(615,987)
2009	(656,127)	12,959	-	(10,511)	(653,679)
Total Power System:					
2018	$ (133,447)	$ 98,476	$ 144,201	$ (45,448)	$ 63,782
2017	(625,328)	51,654	-	(53,514)	(627,188)
2016	(402,490)	29,632	-	(55,061)	(437,923)
2015	(665,735)	23,035	-	(43,724)	(676,849)
2014	(770,678)	28,279	-	(23,686)	(816,734)
2013	(837,915)	34,701	-	(41,262)	(868,786)
2012	(945,505)	72,477	-	(28,290)	(623,672)
2011	(994,263)	373,499	-	(28,135)	(623,303)
2010	(994,263)	373,499	-	(28,135)	(556,677)
2009	(776,770)	152,683	-	(24,175)	(653,679)
Water System:					
2018	$ (627,162)	$ 42,560	$ 77,646	$ (44,160)	$ (551,116)
2017	(665,110)	28,574	-	1,289	(635,247)
2016	(732,200)	21,090	-	11,853	(699,257)
2015	(355,145)	18,560	-	11,853	(324,732)
2014	(381,238)	20,729	-	11,853	(348,656)
2013	(428,282)	29,019	-	9,582	(389,681)
2012	(482,357)	32,110	-	(15,308)	(465,555)
2011	(535,972)	53,350	-	(20,895)	(503,517)
2010	(507,886)	72,110	-	(18,046)	(453,822)
2009	(385,101)	139,451	-	(15,348)	(260,998)

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

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

Electric:

	Fiscal Year 2018			Fiscal Year 2009		
Customer Type	Gross Revenue		%	Customer Type	Gross Revenue	%
Residential	$	36,879,062	53%	Residential	$ 31,425,391	49%
Commercial		7,952,690	12%	Commercial	7,447,382	12%
Industrial		22,664,663	33%	Industrial	23,306,090	37%
Street and athletic		707,976	1%	Street and athletic	597,805	1%
Outdoor Lighting		391,387	1%	Outdoor Lighting	398,085	1%
Total energy sales before bad debt expense	$	68,595,778	100%	Total energy sales before bad debt expense	$ 63,174,753	100%

Water:

	Fiscal Year 2018			Fiscal Year 2009		
Customer Type	Gross Revenue		%	Customer Type	Gross Revenue	%
Residential	$	6,576,926	55%	Residential	$ 4,305,909	59%
Commercial		1,971,221	17%	Commercial	1,144,246	16%
Industrial		1,210,666	10%	Industrial	667,164	9%
Public and private fire protection		127,339	1%	Public and private fire protection	97,637	1%
Sales for resale		1,834,789	16%	Sales for resale	994,666	14%
Bulk and flat rates		3,699	0%	Bulk and flat rates	3,030	1%
Total water sales before bad debt expense	$	11,724,640	100%	Total water sales before bad debt expense	$ 7,212,652	100%

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
PURCHASED POWER - (Megawatt Hours)										
Purchased from TVA	679,209	648,040	631,370	644,051	644,562	625,683	619,588	676,273	697,476	655,757
CONSUMPTION - (Megawatt Hours)										
Residential	339,384	319,155	308,015	322,819	326,092	312,490	300,088	333,753	318,246	314,312
Gen. Power < 50 kW	67,479	64,917	63,150	63,486	64,792	63,696	61,433	65,856	63,890	64,097
Gen. Power > 50 kW	232,915	235,567	225,555	221,771	222,185	221,632	221,766	231,510	234,980	243,435
Street and athletic and other	8,342	10,608	10,680	10,434	10,255	9,960	9,712	9,570	9,561	8,945
Internal use	2,748	1,430	1,454	1,572	1,517	1,391	1,276	1,344	1,305	1,160
Total consumption	650,868	631,677	608,854	620,082	624,841	609,169	594,275	642,033	627,982	631,949
Line losses and megawatt hours unaccounted for	28,341	16,363	22,516	23,969	19,721	16,514	25,313	34,240	69,494	23,808
Percentage of line losses and megawatt hours unaccounted for to purchased power	4.17%	2.52%	3.57%	3.72%	3.06%	2.64%	4.09%	5.06%	9.96%	3.63%
ACTIVE SERVICE (number of customers)										
Residential	23,897	23,270	22,496	22,015	21,699	21,443	21,189	20,976	20,924	20,852
Gen. Power < 50 kW	3,969	3,755	3,595	3,547	3,483	3,425	3,400	3,419	3,421	3,462
Gen. Power > 50 kW	459	470	466	461	455	455	453	474	464	468
Street, athletic and other lighting	49	49	49	49	49	43	42	41	41	40
Total number of customers	28,374	27,544	26,606	26,072	25,686	25,366	25,084	24,910	24,850	24,822
Outdoor lighting services	2,091	2,105	2,125	2,102	2,098	2,101	2,091	2,098	2,098	2,092
Additions to Electric Plant, excluding construction in progress	$ 3,922,068	$ 4,854,125	$ 2,445,703	$ 3,425,219	$ 4,563,025	$ 2,537,440	$ 3,636,099	$ 8,414,220	$ 4,884,152	$ 3,102,682
Net utility plant	$ 57,767,028	$ 55,503,313	$ 54,282,224	$ 54,126,218	$ 53,640,998	$ 50,760,952	$ 51,050,442	$ 50,466,540	$ 47,876,023	$ 43,817,737
Miles of distribution line	891.85	875.44	866.00	860.91	856.28	853.72	849.76	844.82	842.83	837.98
Operating Expenses/Revenues*	87.41%	88.63%	89.69%	91.03%	89.74%	90.31%	89.73%	89.83%	89.74%	89.83%
Capitalized payroll	$ 2,020,291	$ 2,065,359	$ 1,875,998	$ 1,605,464	$ 1,545,747	$ 1,351,112	$ 1,361,672	$ 1,545,619	$ 1,516,055	$ 1,465,206
Total payroll expense	$ 5,054,032	$ 5,178,601	$ 5,005,214	$ 4,709,979	$ 4,661,245	$ 3,477,637	$ 4,306,813	$ 4,245,463	$ 4,017,911	$ 3,880,370
Cooling degree days**	1,720	2,433	2,004	1,772	1,804	1,762	1,989	2,038	1,707	1,806
Heating degree days**	3,556	2,437	2,787	3,763	3,932	3,532	2,832	7,629	3,947	3,654
Total degree days	5,276	4,870	4,791	5,535	5,736	5,294	4,821	9,667	5,654	5,460
% change from previous year	8.34%	1.65%	-13.44%	-3.50%	8.35%	9.81%	-50.13%	70.98%	3.55%	-0.38%

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

* Does not include depreciation expense

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
PRODUCTION - (Thousands of gallons)										
Produced	3,173,933	3,234,048	2,950,018	2,933,983	2,810,195	2,709,291	2,724,123	2,770,698	2,878,760	3,026,239
CONSUMPTION - (Thousands of gallons)										
Residential	1,244,992	1,216,084	1,190,908	1,163,564	1,150,624	1,152,513	1,160,200	1,207,874	1,184,646	1,241,518
Commercial	507,951	540,254	473,599	463,060	437,765	454,484	455,758	453,425	417,288	460,547
Industrial	306,935	364,747	225,908	347,496	329,087	250,859	219,026	217,889	324,601	341,069
Bulk and resale	689,658	583,917	505,436	504,514	511,834	485,227	481,435	518,081	477,048	506,225
Fire protection and internal use	4,882	29,862	21,413	24,823	27,764	23,535	25,034	27,399	32,672	33,449
Total consumption	2,754,418	2,734,864	2,417,264	2,503,457	2,457,074	2,366,618	2,341,453	2,424,668	2,436,255	2,582,808
Gallons unaccounted for	419,515	499,184	532,754	430,526	353,121	342,673	382,670	346,030	442,505	443,431
Percentage of gallons unaccounted for to production	13.22%	15.44%	18.06%	14.67%	12.57%	12.65%	14.05%	12.49%	15.37%	14.65%
ACTIVE SERVICE (number of customers)										
Residential***	19,560	19,111	18,699	18,335	18,111	17,960	17,795	17,640	17,643	17,569
Commercial	2,506	2,362	2,285	2,200	2,152	2,129	2,116	2,125	2,161	2,205
Industrial	24	24	25	25	25	26	25	25	24	25
Bulk and resale	56	59	58	53	50	43	47	49	44	46
Total number of customers	22,146	21,556	21,067	20,613	20,338	20,158	19,983	19,839	19,872	19,845
Fire protection services****	558	526	515	508	488	476	450	430	398	372
Additions to Water plant, excluding construction in progress	$ 5,002,369	$ 2,217,013	$ 2,403,112	$ 708,978	$ -	$ 5,606,062	$ 2,068,485	$ 2,126,549	$ 4,670,344	$ 4,271,173
Net utility plant	$ 58,617,354	$ 56,061,161	$ 55,559,337	$ 55,478,955	$ 56,413,879	$ 54,530,556	$ 50,508,849	$ 49,735,285	$ 49,552,248	$ 48,518,056
Miles of water main	544	544	536	536	535	535	535	535	535	533
Average daily production (MGD)	8.70	8.86	8.08	8.04	7.70	7.42	7.46	7.59	7.89	8.29
Maximum daily production (MGD)	10.33	11.93	11.31	10.44	10.30	11.90	12.05	11.65	12.16	12.56
Operating Expenses/Revenues*	55.99%	61.34%	60.22%	49.70%	50.36%	52.06%	55.39%	59.92%	55.62%	61.15%
Total payroll expense	$ 2,942,908	$ 2,869,397	$ 2,525,737	$ 2,344,023	$ 2,245,304	$ 2,072,209	$ 2,015,681	$ 1,984,673	$ 1,900,532	$ 1,937,152
Annual precipitation (inches)**	51.16	49.08	47.88	53.57	48.66	39.34	32.61	48.58	37.12	48.44

Note> Information is compiled from internally generated statistical reports.

* Does not include depreciation expense

**Data from NOAA website - calendar year basis

***Effective July 1, 2008, a change was made to the water rate schedule which reclassified multi-family units served by a single water meter from commercial to residential.

****During fiscal year 2009, fire protection customer classes were divided between customers with sprinkler systems and customers with fire hydrants. This resulted in a significant increase in customer count because some customers have both services.

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

	2018****	2017****	2016****	2015****	2014****	2013****	2012****	2011****	2010****	2009****
RESIDENTIAL RATE										
Customer charge per month	$ 17.08	$ 17.08	$ 14.61	$ 12.76	$ 12.76	$ 12.76	$ 12.76	$ 12.76	$ 9.65	$ 9.65
Energy charge per kWh per month	0.07109	0.07458	0.07300	0.07022	0.06837	0.0668	0.06481	0.06309	0.08238	0.07642
GENERAL POWER RATE***										
PART A (DEMAND 0 - 5,000 kW)										
1. Up to 50 kW and/or 15,000 kWh										
Customer charge per month	$ 20.42	$ 20.42	$ 20.42	$ 18.65	$ 18.65	$ 18.65	$ 18.65	$ 18.65	$ 18.65	$ 18.65
Energy charge per kWh per month	0.08178	0.08515	0.08350	0.08237	0.08095	0.07927	0.07731	0.07546	0.09451	0.08774
2. From 51 kW to 1,000 kW and/or more than 15,000 kWh										
Customer charge per month	$ 65.76	$ 65.76	$ 65.76	$ 34.19	$ 34.19	$ 34.19	$ 34.19	$ 34.19	$ 34.19	$ 34.19
Demand charge:										
Next 50 kW per month*	$ 13.80	$ 13.55	$ 13.30	$ 13.30	$ 13.02	$ 12.76	$ 12.76	$ 12.46	$ 14.05	$ 13.13
Energy charge:										
First 15,000 kWh per month	0.08597	0.08932	0.08765	0.08577	0.08401	0.08233	0.08037	0.07852	0.09757	0.0908
Additional kWh per month	0.03934	0.04257	0.04171	0.03983	0.03896	0.03812	0.03619	0.03529	0.04946	0.04564
3. Demand greater than 1,000 kW										
Customer charge per month	$ 314.22	$ 314.22	$ 314.22	$ 130.54	$ 130.54	$ 130.54	$ 130.54	$ 130.54	$ 130.54	$ 130.54
Demand charge:										
First 1,000 kW per month*	$ 13.36	$ 13.11	$ 12.86	$ 12.84	$ 12.84	$ 12.58	$ 12.58	$ 12.28	$ 14.49	$ 13.51
Additional kW per month*	$ 12.07	$ 11.82	$ 11.57	$ 11.57	$ 11.55	$ 11.29	$ 11.29	$ 10.99	$ 15.35	$ 14.20
Energy charge:										
All kWh per month	0.04100	0.04419	0.04330	0.04284	0.04279	0.04188	0.03995	0.03897	0.05057	0.04675
PART B (DEMAND 5,001 - 15,000 kW)**										
Customer charge per month	N/A	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,500.00	$ 1,500.00
Demand charge:										
Per kW per month*	N/A	$ 19.92	$ 19.48	$ 22.70	$ 22.16	$ 21.63	$ 21.63	$ 21.03	$ 15.40	$ 14.21
Energy charge:										
All kWh per month	N/A	0.03018	0.02949	0.0268	0.02614	0.02549	0.02549	0.02476		
First 620 kWh per kW per month									0.04132	0.03791
Additional kWh per month									0.03372	0.03094
PART C (DEMAND 15,001 - 25,000 kW)**										
Customer charge per month	N/A	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,500.00	$ 1,500.00
Demand charge:										
Per kW per month*	N/A	$ 19.41	$ 18.87	$ 22.19	$ 21.65	$ 21.12	$ 21.12	$ 20.52	$ 14.89	$ 13.70
Energy charge:										
All kWh per month	N/A	0.02958	0.02891	0.02693	0.02627	0.02562	0.02562	0.02488		
First 620 kWh per kW per month									0.04132	0.03791
Additional kWh per month									0.03372	0.03094
PART D (DEMAND > 25,001 kW)**										
Customer charge per month	N/A	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,850.00	$ 1,500.00	$ 1,500.00
Demand charge:										
Per kW per month*	N/A	$ 19.30	$ 18.86	$ 25.84	$ 25.20	$ 24.58	$ 24.58	$ 23.87	$ 18.24	$ 16.77
Energy charge:										
Per kW per month	N/A	0.02723	0.02661	0.01949	0.01902	0.01856	0.01856	0.01803	0.03314	0.0304
OUTDOOR LIGHTING										
Street, Parks, and Athletic Fields										
Customer charge	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50	$ 2.50
Each kWh	0.04164	0.04896	0.04818	0.04528	0.04348	0.04274	0.04075	0.03997	0.05926	0.05534
Plus investment charge										
Security Lighting										
Energy charge:										
All kWh	0.04164	0.04896	0.04818	0.04528	0.04348	0.04274	0.04075	0.03997	0.05926	0.05534

* Establishes minimum bill requirements

** Minimum bill or contract demand minimum is applicable, facilities rental, and reactive demand charges.

*** Seasonal customers add $.0133 (1.33 cents) to first 15,000 kWh and $4.00 per kW to billed demand charges.

**** Base rates shown. Rates will adjust monthly for TVA Fuel Cost Adjustment.

Note> Electric rates require approval by the Tennessee Valley Authority.

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Standard Cable Rates:										
Analog										
Basic	$ 24.00	$ 24.00	$ 23.50	$ 23.50	$ 23.50	$ 23.50	$ 22.00	$ 21.00	$ 19.95	$ 18.95
Expanded Basic	49.00	49.00	41.50	41.50	36.50	36.50	58.00	55.00	53.95	49.99
Digital										
Digital Gateway	84.95	80.00	77.00	77.00	71.00	71.00	62.00	59.00	56.00	51.50
Digital Gateway Plus	n/a	n/a	n/a	n/a	n/a	77.00	68.00	63.00	61.00	55.75
Premium Services (price varies based on service selected)	16.50	16.50	16.50	16.50	16.50	4.25 - 30.00	4.25 - 29.00	4.25 - 29.00	4.25 - 29.00	6.50 - 28.75
Internet*:										
Residential:										
PowerNet Basic/Budget Xpress	n/a	n/a	n/a	n/a	n/a	n/a	$ 30.95	$ 30.95	$ 29.95	$ 29.95
PowerNet 2.0/Xpress Net Level I	n/a	n/a	n/a	n/a	n/a	n/a	35.95	35.95	34.95	34.95
PowerNet 3.0	n/a	n/a	n/a	n/a	n/a	30.95	n/a	n/a	n/a	n/a
PowerNet 5.0	n/a	n/a	n/a	n/a	n/a	35.95	n/a	n/a	n/a	n/a
PowerNet 6.0/Xpress Net Level II	n/a	n/a	n/a	n/a	n/a	n/a	40.95	40.95	39.95	39.95
PowerNet 6.0/Xpress Net Level III	n/a	n/a	n/a	n/a	n/a	n/a	40.95	40.95	39.95	39.95
Xpress Net Level IV	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
PowerNet 10.0	n/a	n/a	n/a	n/a	n/a	n/a	48.50	48.50	47.50	47.50
PowerNet 14.0	n/a	n/a	n/a	n/a	n/a	n/a	58.95	58.95	57.95	57.95
PowerNet 20.0	n/a	n/a	n/a	41.00	41.00	41.00	n/a	n/a	n/a	n/a
PowerNet 25.0	n/a	n/a	41.00	n/a	n/a	48.50	70.95	n/a	n/a	n/a
PowerNet 35.0	n/a	n/a	n/a	n/a	56.00	56.00	n/a	n/a	n/a	n/a
PowerNet 50.0	n/a	n/a	50.00	50.00	66.00	66.00	82.95	n/a	n/a	n/a
PowerNet 75.0	n/a	n/a	n/a	n/a	n/a	n/a	94.95	n/a	n/a	n/a
PowerNet 100.0	50.00	50.00	n/a	n/a	n/a	n/a	106.95	n/a	n/a	n/a
Commercial:										
PowerNet Business Basic/Limited Commercial	n/a	n/a	n/a	n/a	n/a	$ 39.95	$ 39.95	$ 39.95	$ 39.95	$ 39.95
PowerNet Business 4.0/Business Economy	n/a	n/a	n/a	n/a	n/a	n/a	59.95	59.95	74.95	74.95
PowerNet Business 6.0/Business Deluxe Service	n/a	n/a	n/a	n/a	n/a	n/a	79.95	79.95	99.95	99.95
PowerNet Business 10.0/Business Elite Service	n/a	n/a	n/a	50.00	50.00	50.00	89.95	89.95	109.95	109.95
PowerNet Business 14.0/Business Corporate Service	n/a	n/a	n/a	n/a	n/a	n/a	99.95	99.95	199.95	199.95
PowerNet Business 25.0	n/a	n/a	70.00	70.00	70.00	70.00	129.95	n/a	n/a	n/a
PowerNet Business 50.0	125.00	125.00	125.00	125.00	125.00	125.00	159.99	n/a	n/a	n/a
PowerNet Business 75.0	n/a	n/a	n/a	n/a	n/a	n/a	179.99	n/a	n/a	n/a
PowerNet Business 100.0	n/a	n/a	n/a	n/a	n/a	n/a	199.95	n/a	n/a	n/a
SUBSCRIBER COUNTS BY SERVICE										
Cable:										
Basic	3,975	4,380	4,434	4,434	4,368	4,323	4,165	4,471	4,821	5,304
Expanded Basic	3,498	3,853	3,882	3,815	3,755	3,651	3,516	3,774	4,140	4,611
Digital	1,394	1,513	1,432	1,385	1,250	1,063	960	943	1,058	1,216
Premium	332	402	453	512	769	895	1,086	981	1,243	1,585
Phone:										
Residential & Commercial	1,532	1,562	1,436	1,333	1,002	489.00	n/a	n/a	n/a	n/a
Internet:										
Residential	4,956	4,647	3,980	3,595	3,205	2,881	2,549	2,546	2,602	2,722
Commercial	369	370	320	264	242	196	226	212	205	209
Other	60	61	54	53	23	22	21	17	17	17
TOTAL SYSTEM SUBSCRIBER COUNT	6,510	6,411	5,858	5,555	5,245	5,026	4,867	4,982	5,309	5,727

Note> Information is compiled from internally generated statistics.

*During fiscal years 2007 - 2010, residential customers with CPWS cable service received a $5.00 discount on internet service.
During fiscal years 2011-2016, residential customers with CPWS cable service reveived a $6.00 discount on internet service. Rates shown are not discounted.

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

	2018		2015-2017		2014		2013		2012	
	SCHEDULE A	SCHEDULE B	SCHEDULE A	SCHEDULE B	SCHEDULE A	SCHEDULE B	SCHEDULE A	SCHEDULE B	SCHEDULE A	SCHEDULE B
RESIDENTIAL RATE	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS
Customer charge (minimum bill)	$ 10.50	$ 15.50	$ 9.50	$ 14.00	$ 9.50	$ 14.00	$ 9.50	$ 14.00	$ 9.00	$ 13.50
Commodity charge (per 1,000 gallons)										
0 - 5,000 gallons	2.85	3.75	2.40	3.15	2.40	3.15	2.40	3.15	2.15	2.80
5,001 - 50,000 gallons	3.15	4.10	2.70	3.50	2.70	3.50	2.70	3.50	2.40	3.10
50,001 - 500,000 gallons	3.15	4.10	2.70	3.50	2.70	3.50	2.70	3.50	2.40	3.10
500,001 - 1,000,000 gallons	3.15	4.10	2.70	3.50	2.70	3.50	2.70	3.50	2.40	3.10
Over 1,000,000 gallons	3.15	4.10	2.70	3.50	2.70	3.50	2.70	3.50	2.40	3.10
Multi-Unit Charge	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00	4.00
COMMERCIAL										
Customer charge (minimum bill)	$ 14.50	$ 20.00	$ 13.00	$ 18.00	$ 13.00	$ 18.00	$ 13.00	$ 18.00	$ 12.50	$ 17.60
Commodity charge (per 1,000 gallons)										
0 - 5,000 gallons	2.85	3.75	2.40	3.15	2.40	3.15	2.40	3.15	2.15	2.80
5,001 - 50,000 gallons	3.15	4.10	2.70	3.50	2.70	3.50	2.70	3.50	2.40	3.10
50,001 - 500,000 gallons	3.15	4.10	2.70	3.50	2.70	3.50	2.70	3.50	2.40	3.10
500,001 - 1,000,000 gallons	3.15	4.10	2.70	3.50	2.70	3.50	2.70	3.50	2.40	3.10
Over 1,000,000 gallons	3.15	4.40	2.70	3.50	2.70	3.50	2.70	3.50	2.40	3.10
Multi-Unit Charge	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50	5.50
INDUSTRIAL										
Customer charge (minimum bill)	$ 68.00	$ 68.00	$ 59.00	$ 59.00	$ 59.00	$ 59.00	$ 59.00	$ 59.00	$ 58.50	$ 58.50
Commodity charge (per 1,000 gallons)										
0 - 5,000 gallons	2.85	3.75	2.40	3.15	2.40	3.15	2.40	3.15	2.15	2.80
5,001 - 50,000 gallons	3.15	4.10	2.70	3.50	2.70	3.50	2.70	3.50	2.40	3.10
50,001 - 500,000 gallons	3.15	4.10	2.70	3.50	2.70	3.50	2.70	3.50	2.40	3.10
500,001 - 1,000,000 gallons	3.15	4.10	2.70	3.50	2.70	3.50	2.70	3.50	2.40	3.10
Over 1,000,000 gallons	3.15	4.10	2.70	3.50	2.70	3.50	2.70	3.50	2.40	3.10
SALES FOR RESALE										
Per 1,000 gallons	n/a	2.75	n/a	2.45	n/a	2.45	n/a	2.45	n/a	2.30
PRIVATE FIRE PROTECTION (UNMETERED)										
Customer charge (minimum bill)	$ 7.66	$ 7.66	$ 7.66	$ 7.66	$ 7.66	$ 7.66	$ 7.66	$ 7.66	$ 7.66	$ 7.66
Commodity charge (per sprinkler head)	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06	0.06
Fire hydrant	$ 9.19	$ 9.19	$ 9.19	$ 9.19	$ 9.19	$ 9.19	$ 9.19	$ 9.19	$ 9.19	$ 9.19
Connection charge	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost
PUBLIC FIRE PROTECTION (UNMETERED)										
Hydrants installed prior to 1/1/89 by CWS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Hydrants installed after 1/1/89 by CWS	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Connection charge	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost	Actual cost

	2011 - 2010		2009	
	SCHEDULE A	SCHEDULE B	SCHEDULE A	SCHEDULE B
RESIDENTIAL RATE	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS	INSIDE CITY LIMITS	OUTSIDE CITY LIMITS
Customer charge (minimum bill)	$ 8.25	$ 12.75	$ 7.45	$ 11.50
Commodity charge (per 1,000 gallons)				
0 - 5,000 gallons	1.95	2.53	1.76	2.28
5,001 - 50,000 gallons	1.95	2.53	1.76	2.28
50,001 - 500,000 gallons	1.95	2.53	1.76	2.28
500,001 - 1,000,000 gallons	1.79	2.09	1.61	1.88
Over 1,000,000 gallons	1.79	2.09	1.61	1.88
Multi-Unit Charge	4.00	4.00	4.00	4.00
COMMERCIAL				
Customer charge (minimum bill)	$ 11.50	$ 16.60	$ 10.35	$ 14.95
Commodity charge (per 1,000 gallons)				
0 - 5,000 gallons	1.95	2.53	1.76	2.28
5,001 - 50,000 gallons	1.95	2.53	1.76	2.28
50,001 - 500,000 gallons	1.95	2.53	1.76	2.28
500,001 - 1,000,000 gallons	1.79	2.09	1.61	1.88
Over 1,000,000 gallons	1.79	2.09	1.61	1.88
Multi-Unit Charge	n/a	n/a	n/a	n/a
INDUSTRIAL				
Customer charge (minimum bill)	$ 57.50	$ 57.50	$ 51.75	$ 51.75
Commodity charge (per 1,000 gallons)				
0 - 5,000 gallons	1.95	2.53	1.76	2.28
5,001 - 50,000 gallons	1.95	2.53	1.76	2.28
50,001 - 500,000 gallons	1.95	2.53	1.76	2.28
500,001 - 1,000,000 gallons	1.79	2.09	1.61	1.88
Over 1,000,000 gallons	1.79	2.09	1.61	1.88
SALES FOR RESALE				
Per 1000 gallons	n/a	n/a	n/a	n/a
PRIVATE FIRE PROTECTION (UNMETERED)				
Customer charge (minimum bill)	$ 7.66	$ 7.66	$ 6.90	$ 6.90
Commodity charge (per sprinkler head)	0.06	0.06	0.06	0.06
Fire hydrant	$ 9.19	$ 9.19	$ 8.28	$ 8.28
Connection charge	Actual cost	Actual cost	Actual cost	Actual cost
PUBLIC FIRE PROTECTION (UNMETERED)				
Hydrants installed prior to 1/1/89 by CWS	$ -	$ -	$ -	
Hydrants installed after 1/1/89 by CWS	$ -	$ -	$ -	
Connection charge	Actual cost	Actual cost	Actual cost	

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

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

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

POWER:

FISCAL YEAR	GROSS REVENUES*	OPERATING EXPENSES**	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS PRINCIPAL	INTEREST	TOTAL	COVERAGE
2018	$ 78,111,043	$ 66,731,496	$ 11,379,547	$ 1,203,905	$ 388,901	$ 1,592,806	7.14 Times
2017	74,408,096	64,909,674	9,498,422	1,203,905	388,901	1,592,806	5.96
2016	69,058,081	60,781,902	8,276,179	1,140,000	414,147	1,554,147	5.33
2015	69,420,558	61,787,608	7,632,950	970,000	736,646	1,706,646	4.47
2014	68,732,856	60,631,566	8,101,290	940,000	771,953	1,711,953	4.73
2013	66,362,113	58,918,258	7,443,855	1,135,000	890,660	2,025,660	3.67
2012	65,536,546	57,760,097	7,776,449	1,095,000	935,080	2,030,080	3.83
2011	67,469,514	59,195,879	8,273,635	1,105,000	977,769	2,082,769	3.97
2010	64,334,844	56,125,014	8,209,830	1,070,000	1,017,307	2,087,307	3.93
2009***	66,490,788	58,473,747	8,017,041	1,025,000	753,526	1,778,526	4.51

WATER:

FISCAL YEAR	GROSS REVENUES*	OPERATING EXPENSES**	NET REVENUE AVAILABLE FOR DEBT SERVICE	DEBT SERVICE REQUIREMENTS PRINCIPAL	INTEREST	TOTAL	COVERAGE
2018	$ 12,870,494	$ 7,182,996	$ 5,687,498	$ 1,050,000	$ 669,838	$ 1,719,838	3.31 Times
2017	11,429,376	6,992,910	4,436,466	1,050,000	669,838	1,719,838	2.58
2016	10,193,159	6,125,116	4,068,043	1,010,000	705,288	1,715,288	2.37
2015	10,503,582	5,211,028	5,292,554	975,000	737,488	1,712,488	3.09
2014	10,315,304	5,184,543	5,130,761	950,000	768,638	1,718,638	2.99
2013	9,879,539	5,127,695	4,751,844	1,245,000	870,191	2,115,191	2.25
2012	8,781,564	4,846,308	3,935,256	1,185,000	484,456	1,669,456	2.36
2011	8,079,453	4,809,060	3,270,393	1,130,000	542,287	1,672,287	1.96
2010	8,260,424	4,554,383	3,706,041	1,070,000	598,318	1,668,318	2.22
2009	7,820,525	4,696,962	3,123,563	1,010,000	444,750	1,454,750	2.15

* Includes interest income. FY 2007 - 2010 is net of bad debt expense.

** Does not include depreciation and amortization expense

*** Gross revenues and operating expenses were restated for fiscal year 2009.

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

POWER:

FISCAL YEAR	REVENUE BONDS	PER CUSTOMER	AS A SHARE OF PERSONAL INCOME
2018	$ -	$ -	0.00%
2017	-	-	0.00%
2016	5,113,237	192.18	0.52%
2015	5,112,324	196.08	0.59%
2014	5,411,412	210.68	0.64%
2013	5,695,500	224.53	0.71%
2012	7,347,009	292.90	0.97%
2011	7,840,563	314.76	1.11%
2010	8,313,392	334.54	1.14%
2009	8,816,947	355.21	1.28%

BROADBAND:

FISCAL YEAR	REVENUE AND TAX BONDS	PER CUSTOMER	AS A SHARE OF PERSONAL INCOME
2018	$ 6,892,479	$ 1,176.59	3.08%
2017	7,666,293	1,308.69	3.45%
2016	8,528,288	1,455.84	3.97%
2015	8,497,351	1,529.68	4.57%
2014	9,230,039	1,759.78	5.31%
2013	9,912,828	1,972.31	6.26%
2012	10,570,971	2,171.97	7.21%
2011	11,199,824	2,248.06	7.91%
2010	11,804,632	2,223.51	7.56%
2009	12,380,601	2,161.80	7.77%

WATER:

FISCAL YEAR	REVENUE BONDS	PER CUSTOMER	AS A SHARE OF PERSONAL INCOME
2018	$ 14,553,379	$ 657.16	1.72%
2017	15,668,544	726.88	1.92%
2016	16,748,709	795.02	2.17%
2015	16,778,874	813.99	2.43%
2014	17,819,039	876.15	2.64%
2013	18,824,204	933.83	2.96%
2012	19,804,359	991.06	3.29%
2011	10,483,756	528.44	1.86%
2010	11,670,177	587.27	2.00%
2009	12,801,599	645.08	2.32%

Note:

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

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

FISCAL YEAR	POPULATION[A]		PERSONAL INCOME[B]	PER CAPITA INCOME[C]	UNEMPLOYMENT RATE[D]
2018	89,981	[1]	$ 3,437,904	$ 38,207	3.8%
2017	87,757	[1]	3,330,115	37,947	2.7%
2016	85,515	[1]	3,133,783	36,646	4.0%
2015	83,761	[1]	2,802,978	33,464	5.8%
2014	80,956	[3]	2,682,396	33,134	7.5%
2013	80,956	[3]	2,549,952	31,498	9.6%
2012	80,956	[3]	2,437,909	30,114	10.0%
2011	84,302	[3]	2,395,441	28,415	13.9%
2010	81,938	[3]	2,411,435	29,430	15.2%
2009	79,966	[3]	2,223,774	27,809	17.3%

Sources:

A[1] Based on Bureau of Economic Analysis - Columbia, TN Micropolitan, which is composed of Maury County, TN

A[2] Estimated based on 2% increase over previous year. Previous three years had an approximately 2% increase.

A[3] Based on Middle Tennessee Industrial Development Association Community Data Profile

B Computed using population multiplied by per capita income (shown in thousands)

C Source - U.S. Department of Commerce - Bureau of Economic Analysis (as of end of previous calendar year), rate reflected is for Maury County.

D Source - Tennessee Department of Labor and Workforce Development. Represents Maury County as a whole. Current year is estimated per the State of TN.

COLUMBIA POWER AND WATER SYSTEMS

PRINCIPAL EMPLOYERS (UNAUDITED)

CURRENT YEAR AND NINE YEARS AGO

	2018		
Employer	Number of Employees	Rank	Percentage of Total County Employment
GM Spring Hill Manufacturing	3,028	1	6.61%
Maury Regional Medical Center	2,610	2	5.69%
Maury County Public Schools	1,696	3	3.70%
Tennessee Farm Bureau	760	4	1.66%
Magna Seating of America, Inc.	530	5	1.16%
Maury County Government	480	6	1.05%
IBEX Global	455	7	0.99%
IB Tech	438	8	0.96%
City of Columbia	365	9	0.80%
Comprehensive Logistics	303	10	0.66%
	10,665		23.28%

	2009		
Employer	Number of Employees	Rank	Percentage of Total County Employment
Maury Regional Hospital	2,100	1	6.04%
Maury County Public Schools	1,609	2	4.63%
Tennessee Farm Bureau & Affiliates	700	3	2.01%
Wal-Mart	466	4	1.34%
Maury County Government	441	5	1.27%
City of Columbia	400	6	1.15%
First Farmers and Merchants Bank	305	7	0.88%
Columbia State Community College	250	8	0.72%
King's Daughters School	165	9	0.47%
Columbia Power and Water Systems	112	10	0.32%
	6,548		18.83%

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

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
SHARED										
General Administration	4	3	4	4	4	5	6	5	4	4
Accounting	5	4	4	4	-	-	-	-	-	-
General Office	-	-	-	-	4	4	4	4	4	4
Customer Records	6	6	6	7	-	-	-	-	-	-
Billing and Collecting	-	-	-	-	12	11	12	10	12	13
Call Center	-	-	-	-	3	3	4	4	4	-
Customer Service	12	13	12	12	-	-	-	-	-	-
Information Systems	3	3	3	3	3	3	2	2	2	2
Meter Services	5	5	4	4	4	4	6	6	6	6
Marketing	-	-	-	-	-	-	-	-	-	-
Purchasing and Stores	4	4	4	4	4	4	4	4	4	4
Maintenance	2	2	3	3	3	3	3	3	3	3
POWER										
Technical Services	7	7	6	6	6	5	4	4	4	4
Engineering	9	9	8	9	7	7	6	6	6	6
Power Distribution	31	31	33	31	31	32	32	32	32	31
POWER - BROADBAND										
Broadband Operations	11	10	8	9	8	7	7	7	7	11
WATER										
Water Distribution	14	16	16	15	12	12	12	12	12	12
Water Meter Shop	-	-	-	-	2	2	2	2	2	2
Water Production	13	14	13	11	10	10	10	10	10	10
TOTAL NUMBER OF EMPLOYEES	126	127	124	122	113	112	111	112	112	112

Note> Information is compiled from internally generated payroll reports.

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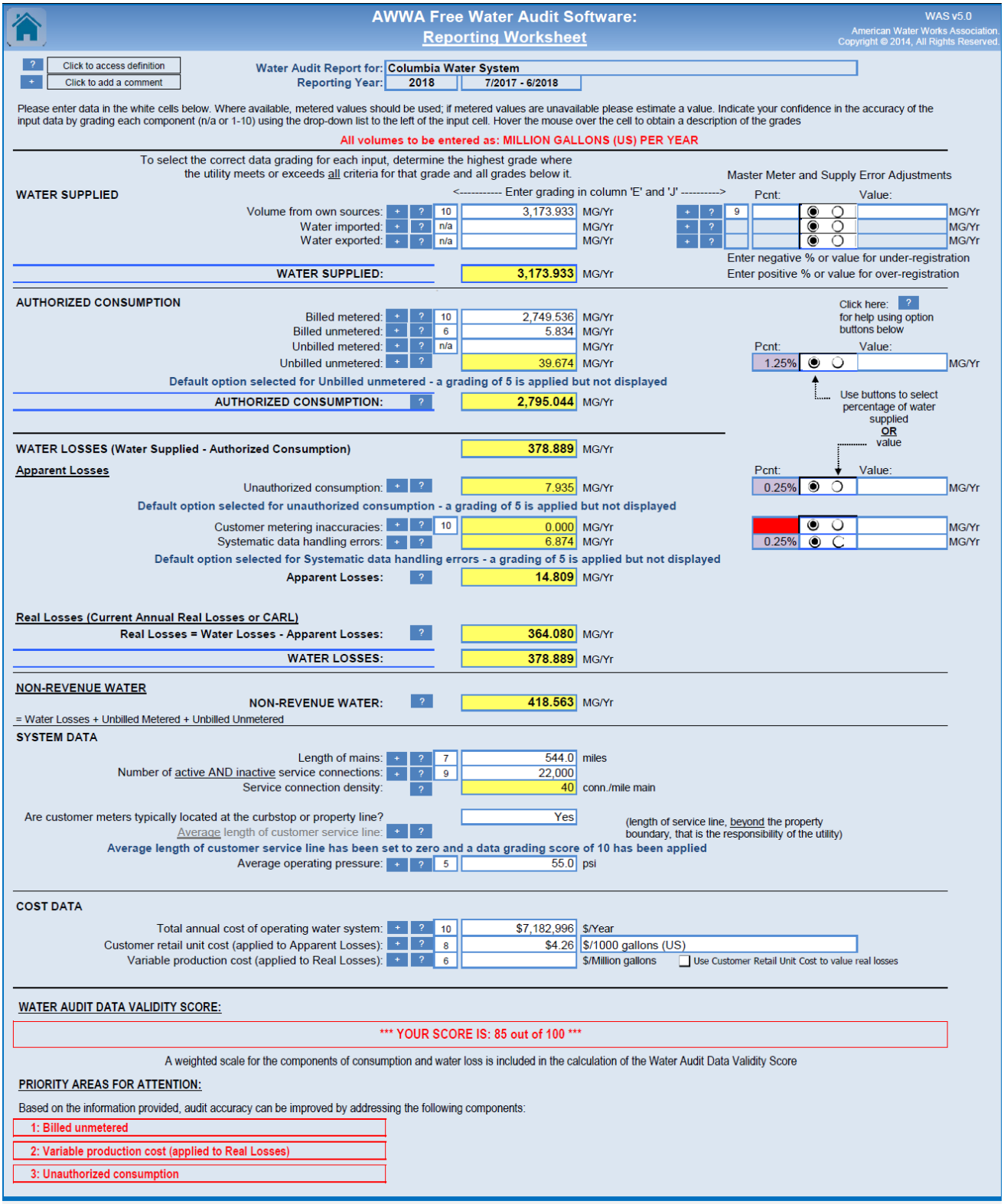
COLUMBIA POWER AND WATER SYSTEMS
SCHEDULE OF UNACCOUNTED FOR WATER (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018



AWWA Free Water Audit Software: Reporting Worksheet

WAS v5.0

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

? Click to access definition
+ Click to add a comment

Water Audit Report for: Columbia Water System
Reporting Year: 2018 7/2017 - 6/2018

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.

<---------- Enter grading in column 'E' and 'J' ----------> Master Meter and Supply Error Adjustments

WATER SUPPLIED

					Pcnt:	Value:	
Volume from own sources:	10	3,173.933	MG/Yr	9			MG/Yr
Water imported:	n/a		MG/Yr				MG/Yr
Water exported:	n/a		MG/Yr				MG/Yr
WATER SUPPLIED:		**3,173.933**	MG/Yr				

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

AUTHORIZED CONSUMPTION

Click here: ? for help using option buttons below

				Pcnt:	Value:	
Billed metered:	10	2,749.536	MG/Yr			
Billed unmetered:	6	5.834	MG/Yr			
Unbilled metered:	n/a		MG/Yr			
Unbilled unmetered:		39.674	MG/Yr	1.25%		MG/Yr

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

Use buttons to select percentage of water supplied OR value

AUTHORIZED CONSUMPTION:		**2,795.044**	MG/Yr			
WATER LOSSES (Water Supplied - Authorized Consumption)		**378.889**	MG/Yr			
Apparent Losses				Pcnt:	Value:	
Unauthorized consumption:		7.935	MG/Yr	0.25%		MG/Yr

Default option selected for unauthorized consumption - a grading of 5 is applied but not displayed

Customer metering inaccuracies:	10	0.000	MG/Yr			MG/Yr
Systematic data handling errors:		6.874	MG/Yr	0.25%		MG/Yr

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

Apparent Losses:		**14.809**	MG/Yr
Real Losses (Current Annual Real Losses or CARL)			
Real Losses = Water Losses - Apparent Losses:		**364.080**	MG/Yr
WATER LOSSES:		**378.889**	MG/Yr

NON-REVENUE WATER

NON-REVENUE WATER:		**418.563**	MG/Yr

= Water Losses + Unbilled Metered + Unbilled Unmetered

SYSTEM DATA

Length of mains:	7	544.0	miles	
Number of active AND inactive service connections:	9	22,000		
Service connection density:		40	conn./mile main	
Are customer meters typically located at the curbstop or property line?		Yes		(length of service line, beyond the property boundary, that is the responsibility of the utility)
Average length of customer service line:				

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

Average operating pressure:	5	55.0	psi	

COST DATA

Total annual cost of operating water system:	10	$7,182,996	$/Year	
Customer retail unit cost (applied to Apparent Losses):	8	$4.26	$/1000 gallons (US)	
Variable production cost (applied to Real Losses):	6		$/Million gallons	☐ Use Customer Retail Unit Cost to value real losses

WATER AUDIT DATA VALIDITY SCORE:

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

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

PRIORITY AREAS FOR ATTENTION:

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

1: Billed unmetered
2: Variable production cost (applied to Real Losses)
3: Unauthorized consumption

COLUMBIA POWER AND WATER SYSTEMS
SCHEDULE OF UNACCOUNTED FOR WATER (UNAUDITED) - continued
FOR THE YEAR ENDED JUNE 30, 2018

AWWA Free Water Audit Software:
System Attributes and Performance Indicators

WAS v5.0
American Water Works Association.
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Water Audit Report for: Columbia Water System
Reporting Year: 2018 7/2017 - 6/2018

*** YOUR WATER AUDIT DATA VALIDITY SCORE IS: 85 out of 100 ***

System Attributes:

	Apparent Losses:	14.809	MG/Yr
+	Real Losses:	364.080	MG/Yr
=	**Water Losses:**	378.889	MG/Yr
?	Unavoidable Annual Real Losses (UARL):	125.33	MG/Yr
	Annual cost of Apparent Losses:	$63,085	
	Annual cost of Real Losses:		Valued at **Variable Production Cost**

Return to Reporting Worksheet to change this assumpiton

Performance Indicators:

Financial:	Non-revenue water as percent by volume of Water Supplied:	13.2%	
	Non-revenue water as percent by cost of operating system:	0.9%	Real Losses valued at Variable Production Cost
Operational Efficiency:	Apparent Losses per service connection per day:	1.84	gallons/connection/day
	Real Losses per service connection per day:	45.34	gallons/connection/day
	Real Losses per length of main per day*:	N/A	
	Real Losses per service connection per day per psi pressure:	0.82	gallons/connection/day/psi
	From Above, Real Losses = Current Annual Real Losses (CARL):	364.08	million gallons/year
?	Infrastructure Leakage Index (ILI) [CARL/UARL]:	2.90	

* This performance indicator applies for systems with a low service connection density of less than 32 service connections/mile of pipeline

COLUMBIA POWER AND WATER SYSTEMS
SCHEDULE OF INSURANCE COVERAGE (UNAUDITED)
FOR THE YEAR ENDED JUNE 30, 2018

TYPE OF COVERAGE	BOTH SYSTEMS
Property Insurance	106,371,987
Earthquake property damage	20,000,000
Flood property damage	20,000,000
First party pollution property damage	1,000,000
Extra expense coverage property damage	50,000
Dam	3,797,087
Boiler and machinery	50,000,000
Accounts receivable, valuable papers and records	500,000
Cyber liability	1,000,000
Comprehensive liability:	
General liability (each occurrence/aggregate limit)	250,000/750,000
Public entity employee benefits liability	750,000
Automobile bodily injury	1,000,000
Automobile property damage	1,000,000
Uninsured motorist	100,000
Worker's compensation	Statutory
Directors and officers personal liability	1,000,000
Commercial umbrella liability policy (each occurrence/aggregate limit)	2,000,000/2,000,000
Crime	
Forgery or alteration coverage	500,000
Theft, disappearance & destruction coverage	500,000

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

Other Report Section

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Columbia Power and Water Systems (the Systems), an enterprise fund of the City of Columbia, Tennessee, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the Systems' basic financial statements, and have issued our report thereon dated October 12, 2018.

Internal Control Over Financial Reporting

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

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

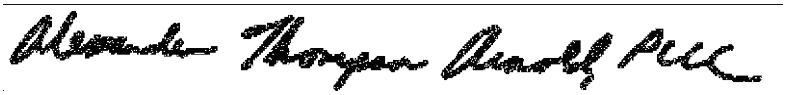
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during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

Compliance and Other Matters

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

Purpose of this Report

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



Jackson, Tennessee
October 12, 2018

COLUMBIA POWER AND WATER SYSTEMS
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018

FINANCIAL STATEMENT FINDINGS:

There were no prior year findings reported.