WEST KNOX UTILITY DISTRICT OF KNOX COUNTY, TENNESSEE

Annual Comprehensive Financial Report

For the Years Ended
June 30, 2025 and 2024

Providing reliable water and sewer services with financial transparency and accountability.

West Knox Utility District
2328 Lovell Road • P.O. Box 51370
Knoxville, TN 37950

PUGH & COMPANY, P.C.
315 NORTH CEDAR BLUFF ROAD, SUITE 200
KNOXVILLE, TENNESSEE 37923
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Mr. Jim Reese, General Manager
West Knox Utility District
Knoxville, Tennessee

The accompanying financial statements (Annual Comprehensive Financial Report) of the West Knoxville Utility District as of and for the years ended June 30, 2025 and 2024, were not subject to an audit, review, or compilation engagement by us and, accordingly, we do not express an opinion or conclusion, nor provide any assurance on them.

Pugh & Company, P.C.
Certified Public Accountants
Knoxville, Tennessee
December 16, 2025

WEST KNOX UTILITY DISTRICT

Knoxville, Tennessee

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Years Ended June 30, 2025 and 2024

Prepared By:

Yhuliana Lopez, Comptroller

WEST KNOX UTILITY DISTRICT

For the Years Ended June 30, 2025 and 2024

TABLE OF CONTENTS

WEST KNOX UTILITY DISTRICT

For the Years Ended June 30, 2025 and 2024

TABLE OF CONTENTS (Continued)

INTRODUCTORY SECTION

Jim Reese, P.E.
General Manager
Tracy Nuchols
Assistant General Manager

December 16, 2025

Board of Commissioners of
West Knox Utility District
Knoxville, Tennessee

State law and the Comptroller of the Treasury, State of Tennessee, requires that every political subdivision or municipal corporation publish within six months of the close of each fiscal year-end, a complete set of audited financial statements. This Annual Comprehensive Financial Report (ACFR) of West Knox Utility District (the District) is published to fulfill these requirements for the fiscal years ended June 30, 2025 and 2024.

Internal Controls

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of material misstatements.

Independent Audit

Parsons and Wright, CPA's has issued an unmodified opinion on the District's financial statements for the years ended June 30, 2025 and 2024. As stated in the independent auditor's report, the audits were conducted in accordance with generally accepted auditing standards and *Government Auditing Standards*, issued by the Comptroller General of the United States. The independent auditor's report is located at the front of the financial section of this report.

Management's Discussion and Analysis (MD&A)

Generally accepted accounting principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the financial statements in the form of MD&A. This Letter of Transmittal is designed to complement MD&A and should be read in conjunction with it. The District's MD&A can be found immediately following the independent auditor's report.

Profile of the District

The District was created under the authority of Title 7, Chapter 82 of the 1937 Utility District Law of the State of Tennessee. The District began operations on October 18, 1954. The purpose of the District is to "acquire, construct, improve, extend, operate, and maintain a wastewater and water treatment system." The District serves 34,286 water and 28,923 wastewater customer billing units in the northwestern portion of Knox County. The District's primary source of water is drawn from the Clinch River that forms Melton Hill Lake which borders Knox and Anderson counties.

The District is governed by a Board of Commissioners composed of three citizens who reside in or are customers of the District. Board members are appointed by the Knox County Mayor for a term of four years.

The District's capital assets consist of two water treatment plants, one wastewater treatment facility, two office buildings and related maintenance facilities, and five water reservoir tanks. The collection system, consisting of mains, laterals and pump stations, is owned and maintained by the District.

The District receives no ongoing financial support from Knox County, Tennessee and has no taxing authority. The District's water and wastewater revenues are derived from charges based upon metered water consumption of customers. The water and wastewater rates are established by the District's Board of Commissioners.

Budgeting

The District adopts flexible annual operating and capital budgets. Budgets are adopted on a basis consistent with GAAP. The current operating budget details the District's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. The capital budget details the plan to receive and expend cash basis capital contributions, grants, borrowings and certain revenues for capital projects (see the major initiatives section). During 2025 and 2024 there were no significant budget amendments. The District's budgets are projections and are not legally binding.

Financial Overview

During 2025, the District's operating income was $8.2 million, which was approximately $1.2 million more than 2024 or 17.9%. Operating income increased mainly due to a $916,000 increase in connection fees. The District's pledged revenue bond coverage ratio increased to 2.00 in 2025 vs. 1.74 in 2024.

Local Economy

The District is located within the Knoxville Metropolitan Statistical Area (MSA) which includes Anderson, Blount, Campbell, Grainger, Knox, Loudon, Morgan, Roane and Union Counties. The Knoxville MSA is also the trade center for several counties in East Tennessee, and parts of Kentucky, Virginia and North Carolina.

For June 30, 2024, the unemployment rates according to the U.S. Bureau of Labor Statistics for Knox County, State of Tennessee and the U.S. were 3.5%, 3.9% and 4.3%, respectively.

Median household per capita income in calendar year 2023 for Knox County, State of Tennessee and the U.S. was $67,323, $62,229, and $69,810, respectively.

The Knoxville MSA has several large employers including the Tennessee Valley Authority, U.S. Department of Energy contractors, Arconic, several hospitals, Clayton Homes, Denso, the University of Tennessee, and several regional shopping malls and centers.

Long-Term Financial Planning

The District has projected a 1% to 3% annual increase in the number of customers over the next five years. The District is currently making several capital improvements including several water line improvements and extensions.

The financing of the District's capital improvements is by internally generated cash flows and the issuance of long-term debt. The District's debt coverage ratio has consistently been in excess of the required bond covenants.

Major Initiatives

Multiple water and wastewater projects and initiatives were completed or started during the fiscal year. A summary of these projects and initiatives is as follows:

- The District completed and submitted its annual Capacity Management Operations and Maintenance (CMOM) program annual report for the sanitary sewer system to both TDEC and the EPA.
- The District certified and submitted its annual Consumer Confidence Report (Water Quality Report) to TDEC.
- District staff updated its water plant source water protection plan.
- Utility Mapping System and Asset Management: The District has three full time GIS staff members that are focused on implementing, updating, and tracking all our infrastructure assets to give the best possible information to any and all stakeholders within our organization.

  The District renewed its contractual agreement with ESRI to support the improvement of its GIS System. This renewal extends the support through fiscal year 2025. The Agreement includes, but is not limited to, an organizational ESRI license structure for certain programs/software and personalized support for implementation of applications designed to maximize the growth and efficiency of the GIS System.

  The District continues to implement GIS connectivity to its ELEMENTS asset management software. The ELEMENTS Asset Management/GIS interface allows the District to plan, assign, complete, and document its work more efficiently and accurately.
- American Rescue Plan Act (ARPA) Grant Funding: On June 12, 2023, the District signed a memorandum of understanding and agreement with Knox County that provides $10,060,000 of the County's grant award to WKUD for use in water and wastewater projects. Four projects were designated to make use of the funds:
  - Pellissippi Sewer Pump Station Replacement. This project will completely rebuild the existing Pellissippi St wastewater pump station while increasing capacity for a growing area of the District. GRW Engineering was contracted to complete plans and specifications. Hurst Excavating, LLC was awarded the project at a contract price of $2,103,000 with $2,000,000 funded from the ARPA grant. The notice to proceed was dated November 25, 2024. Construction is ongoing and anticipated to be complete in Spring of 2026.
  - Beaver Ridge Road Waterline Replacement. This project will replace existing waterlines that have experienced multiple breaks and will upsize lines to meet the recommendations of the District's master plan for the water distribution system. Fulghum MacIndoe and Associates (now Ardurra) was contracted to complete plans and specifications. Merkel Bros. Construction, Inc. was awarded the project at a contract price of $1,542,425 with the ARPA grant covering the entire construction cost. The notice to proceed was dated May 12, 2025. Construction is ongoing and anticipated to be complete in Fall of 2025.
  - Waterline and Sewerline Relocations and Improvements associated with the Knox County Schaad Road Hwy Improvement Project (two separate projects). The water project included approximately 15,000 linear feet of line ranging from 6-inch to 30-inch while the sewer project included approximately 3,000 linear feet of gravity line ranging from 8-inch to 12-inch. Charles Blalock & Sons, Inc. was awarded the road improvements project and WKUD entered into a Utility Construction and Relocation Agreement with Knox County to construct the District's portion of the project under the County's Contract with Charles Blalock & Sons. This agreement was in the amount of $5,906,782.00 and is reimbursable through the ARPA grant. Construction is complete and reimbursements from the grant have started.
- On November 3, 2023, Knox County was awarded a TDEC competitive State Water Infrastructure Grant (SWIG) in the amount of $546,800 to remove the old Coward Mill Dam on Beaver Creek. The District wrote a letter of support to TDEC for the grant as its removal will greatly reduce the amount of inflow and infiltration (I/I) that enters its collection system when water backs up behind the dam during large rain events. The I/I reduction will reduce the volume of extraneous water that the District will need to pump and treat and will reduce the frequency and duration of overflows of the District's system thereby improving the water quality of Beaver Creek. Knox County is overseeing the design, permitting, bidding, and construction of the dam removal project.
- Covered Bridge Pump Station and Force Main Upgrades: This project increases the capacity of the existing station and reroutes the discharge force main away from the Hardin Valley School Pump Station to the District's 30-inch force main located near the Hickory Creek Roundabout. This rerouting will enhance flow capacity at both the Covered Bridge Station and the Hardin Valley School Station. A design agreement was executed with GRW in August 2024. The design phase has been completed, and the project has been bid. It is currently pending contract award. Construction is anticipated to begin in the fall of 2025.

- Hickory Creek Water Line: The District entered into a cost-sharing agreement with a developer to install a new 12-inch water line along Hickory Creek Road, between Graybeal Road and the development site. The developer is responsible for the design of the water line and initiated this process in spring 2023 with an engineering consultant. The project design is now complete and all required permits have been obtained. Construction is expected to proceed in multiple phases, but the schedule is currently on hold. The project is awaiting the acquisition of necessary easements. A contractor has already been procured and construction will begin once easement acquisition is finalized. The developer is currently pursuing the transfer of their cost share responsibilities to Knox County. It is anticipated that the project will begin construction late Fall 2025.

- Berrywood Booster Pump Station Upgrades: This project involves the replacement of an outdated water pump station serving the Berrywood Development. The upgrade will include the installation of modern pumps, advanced controls, and updated communication systems to ensure reliable and efficient operation. The booster pumps are essential for maintaining the required water pressure throughout the development. To support accurate pump selection, the District is in the process of acquiring pressure loggers that attach to fire hydrants. These devices will record pressure fluctuations, allowing our engineers to evaluate system demands and select pumps that meet operational requirements. This project is expected to be constructed in Spring 2026.

- Exterior Water Tank Repairs and Modifications – Pellissippi and Westop Water Tanks: In October 2023, comprehensive condition assessments were completed on all eight of the District's water tanks. These inspections were conducted by CTI Engineering and utilized a combination of manned entry and robotic camera technology to evaluate both internal and external tank conditions. Routine cleanings were performed concurrently with the inspections. The findings identified several immediate, though minor, maintenance needs. These items are being incorporated into the first phase of a planned two-phase maintenance program. Phase 1 is focused on addressing the external concerns from the report findings and is anticipated to be completed by Fall 2025.

- Walbrook Drive Water Line Replacement Project: The District is planning to replace approximately 400 linear feet of an existing 8-inch cast iron water line with a new 8-inch ductile iron water line. The existing pipeline is located within a greenway area and has experienced multiple outages due to leaks stemming from its deteriorated condition. As part of this project, existing valves will be relocated to a more accessible location to facilitate easier identification and maintenance. The improvements will enhance reliability for an existing apartment facility currently served by this line. Construction is anticipated to begin in Spring 2026.

- Interior Water Tank Repairs and Modifications on Water Tanks: In October 2023, comprehensive condition assessments were completed on all eight of the District's water tanks. These inspections were conducted by CTI Engineering and utilized a combination of manned entry and robotic camera technology to evaluate both internal and external tank conditions. Routine cleanings were performed concurrently with the inspections. The findings identified several immediate, though minor, maintenance needs. These items are being incorporated into the second phase of a planned two-phase maintenance program. Phase 2 is focused on addressing the internal concerns from the report findings and is anticipated to be completed by Winter 2025 – Spring 2026.

- Water Treatment Plant Improvements: The District is currently engaging professional engineering services to evaluate and assist with a series of planned improvement projects at both water treatment facilities. These efforts are focused on addressing aging infrastructure, enhancing operational reliability, and proactively mitigating the risk of equipment failure. Several components at the plants have reached a stage where preventative maintenance and strategic upgrades are necessary to extend asset life and ensure uninterrupted service delivery. By identifying and addressing these needs in advance, the District aims to minimize costly emergency repairs and maintain compliance with regulatory standards while continuing to deliver safe, high-quality drinking water to its customers.

- Water Plant Master Meter Testing: On November 11, 2024, the main magnetic flow meters at both water treatment plants were tested by Kazmier and Associates to verify operation within acceptable accuracy tolerances. Under stable flow conditions, the difference between WKUD's SCADA readings and the strap-on ultrasonic flow meter results were -0.86% at the Williams Bend Plant and -8.02% at the Daugherty Plant. WKUD plans to retest the magnetic flow meters in Fall 2025.

- Flow Monitoring and Other System Rehab: The District continues to maintain a flow monitoring network to provide data on the effectiveness of the current sewer rehabilitation work and to assist in prioritizing the areas that need to be investigated and rehabilitated.

- Coward Mill Rd: This project consists of two phases of a Knox County Rd improvement project related the new elementary school on Coward Mill Rd. Phase 1 improves the road from Cherahala Blvd to the school, while Phase 2 improves the road from the school to Beaver Creek. Both phases involve the relocation of approximately 4,100 linear feet of 8-inch water main, 1,000 linear feet of 2-inch water main. Phase 1 began construction in fall of 2022 and was completed in of spring of 2023. Phase 2 construction began in spring of 2024 and was completed in spring of 2025.

- Ongoing CCTV Inspections and Pipe Repairs: WKUD continues to advance its ongoing CCTV and flushing program, which is essential to identifying areas requiring sewer cleaning, rehabilitation, or repair. The District's internal crews are certified through NASSCO's MACP, PACP, and LACP programs and follow nationally recognized standards for condition assessment.

  Approximately 20% of the District's gravity sewer system is inspected and cleaned each year as part of this proactive maintenance strategy. To support these efforts and enhance both reliability and effectiveness, WKUD recently invested in a new CCTV van ($359,557.44). This upgrade allows the District to stay current with the latest inspection technologies, improve data accuracy, and provide operators with advanced tools to better assess pipe conditions. The investment ensures WKUD remains equipped to make informed decisions regarding infrastructure needs, reduce system failures, and support long-term system health.

- The District continues to monitor leaks and line breaks within the water distribution system and prioritizes the replacement of segments with a history of recurring issues. While a replacement project was previously designed for the Fitzgerald Road area, initial reluctance from the property owners temporarily delayed progress. However, the Fitzgerald Road replacement project was ultimately installed and completed in the spring of 2025.

  Since then, WKUD Engineering Staff have designed several additional water line replacement projects to improve system reliability. Greenbrook/Heatherbrook: Currently under construction by the WKUD water crew, with anticipated completion in fall 2025. Troutman Lane: In replacement queue, with construction planned for fiscal year 2026. Bert Newman: Also in the replacement queue, with construction planned for fiscal year 2026.

  These proactive projects reflect the District's commitment to maintaining the integrity and performance of the water distribution system.

- Chemical root control was applied to collection system pipe segments that had root intrusion identified during CCTV inspections. 8,480 linear feet of collection lines and associated manholes were treated in September of 2024.

- The District continues to relocate infrastructure when required due to Knox County and TDOT road projects. Marietta Church Roundabout, and the Harrell Rd/Emory Rd Intersection are such upcoming road projects. Design work and easement acquisition are complete on both projects. Construction will be performed under the contract and schedule of Knox County or TDOT.

  In addition, Knox County is in the preliminary design phase for the Sam Lee Road Roundabout. WKUD has raised concerns about a proposed road alignment that conflicts with the 24-inch water transmission main supplying the Pellissippi Water Tank. This main is a critical component of the District's water system. WKUD and Knox County are actively collaborating to resolve this conflict and ensure there is no disruption to service.

- The District initiated a pilot study in January 2024 to evaluate odor and corrosion control strategies for its wastewater collection system. This study was conducted in partnership with Kazmier and Associates and Tradeworks Environmental. The pilot was completed in Spring 2025, resulting in the implementation of the Ydro Process. This process is now being applied at recommended dosage rates within the sewer system to prevent the formation of hydrogen sulfide (H_2S) and sulfuric acid (H_2SO_4), both of which contribute to odor issues and infrastructure corrosion.

- Sludge Disposal at Melton Hill WWTP: Due to ongoing challenges with inefficient solids handling, the District engaged Jacobs Engineering Group Inc. to conduct a performance evaluation of the existing PWTech Screw Presses at the Melton Hill WWTP. Based on the findings, Jacobs recommended replacing the current equipment with two Alfa Laval 2.0M belt filter presses to improve operational efficiency and solids dewatering performance.

  C2RL Engineering Inc. was subsequently contracted to prepare the construction plans and specifications. Following the bid process, J. Cumby Construction was awarded the contract for the installation at a total cost of $1,824,000. A Notice of Award was issued on May 27, 2025. The project is expected to reach substantial completion within 90 calendar days of the forthcoming Notice to Proceed.

- The District entered into an agreement with LJA Engineering to design a waterline replacement for the Solway/Burchfield Heights area. This area has a history of excessive water pressure and frequent main breaks. The project includes the replacement of approximately 23,000 feet of water line and the installation of two mainline pressure reducing valves to help modulate pressure and improve system reliability.

  The design has been completed, and the project is currently pending bid opening. WKUD will present the certified bid tabulation to the Board of Commissioners during the August 2025 Board Meeting. If approved, WKUD will issue a notice of award, with construction anticipated to begin in late Fall 2025 and be completed by Fall 2026.

- Residential Water Meter Replacement: The District replaced approximately 20,000 of its oldest residential water meters that were declining in accuracy and experiencing battery failures on automated meter reading encoder receiver transmitters (ERTs). The District contracted with Pedal Valves, Inc to replace approximately 15,000 meters and ERTs during the first phase of this project. A second phase was continued by District staff and replaced approximately 5,000 meters and ERTs.
- Review of Proposed Developments: WKUD continues to receive and review utility portions of proposed developments (commercial and residential) within their service area and evaluate the adequacy of existing water and sewer facilities to continue meeting the increasing demands on the system. The following development projects are in progress with the District:

2024-2025 Approved Development Completed (Currently ready for meters):

- Enchem Paint – 1 lot
- Beacon Park – 47 lots
- Ardmore at Prosperity Crossing Apartments – 290 units
- Cruz Landing – 62 lots
- Maya Hills – 55 lots
- TN Orthopedic Clinic – 1 lot
- Karns Landing – 16 lots
- Emory Green Ph. 2 – 30 lots
- The Reserve at Meadow Creek – 18 lots
- Brownvue Road – 10 lots
- Novare Group – 272 units
- Silver Creek at Hardin Valley – 273 units
- Steele Landing – 91 lots
- Willlow Place Apartments Ph. 3 & 4 – 61 units

Approved Developments Expected to Complete in 2025-2026

- Morning Ridge – 57 lots
- Gallaher Ferry – 74 lots
- The Meadows – 81 lots
- Prosperity Crossing – 25 lots
- Winding Meadow – 52 lots
- The Haven Ph. 2 – 115 lots
- Cardinal Landing – 38 lots
- Everett Woods Townhomes 2C – 59 lots
- Catatoga Ph. 2 – 113 lots
- Vanosdale – 5 lots
- Scenic View – 84 units
- Century Park V – 1 lot
- Retreat at Hardin Valley – 222 units
- Knox County Regional Forensics Center – 1 unit
- Evergreen Court – 85 units
- 1145 Midtown Commons Way – 118 units
- Enchem Paint Plant – 1 lot
- Humberto Rodriguez – 8 units
- Hawks Ridge – 29 lots
- Poplar Farms – 143 lots
- 3239 George Light – 33 lots
- Children’s Lighthouse Daycare – 1 lot
- Weigels 5981 Schaad Rd – 1 lot
- Wild Space Brewing – 1 lot
- Foundry at Hardin Valley – 27 lots
- Greg Dee at George Light– 3 lots
- Beacon Park – 47 lots
- Harvest Glen Way Triplexes – 18 units

As demonstrated in the project descriptions above, the District has undertaken necessary projects requiring major capital investments that provide adequate water distribution and sewer collection capacity, while continuing to maintain its system by identifying and making necessary repairs. The District continually analyzes and improves its water distribution and sewer collection systems to provide water and sewer services that meet or exceed regulatory requirements.

Credit Ratings

In June 2024, the District continued to maintain its sound public finance credit rating by receiving a Standard and Poor's (S&P) credit rating of "AA+".

Awards

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting. The District received this award for the 21st consecutive year for the FYE June 30, 2024. To be awarded a Certificate of Achievement the District must publish an easily readable and efficiently organized ACFR. 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 annual comprehensive 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 ACFR results from the combined efforts of the staff of the Finance Department and technical assistance provided by Pugh CPAs, our external accountants. Those involved have our sincere appreciation for the individual and collective contributions made in preparation of the report. Thank you very much for your professional dedication.

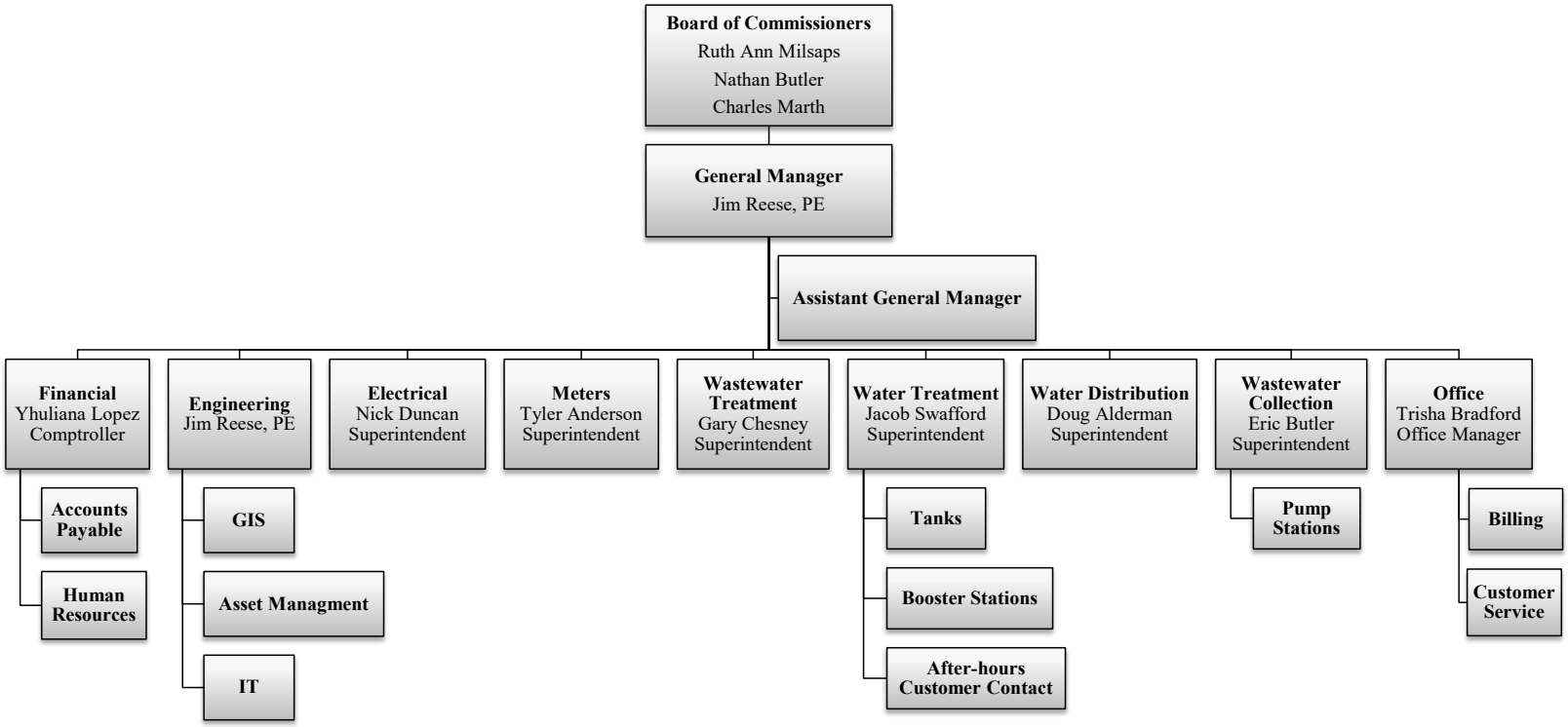
Recognition and appreciation are also extended to the Board for its continued guidance of the operation of the District in a financially responsible and progressive manner.

Respectfully submitted,

Jim Reese
General Manager

Yhuliana Lopez
Comptroller

West Knox Utility District
Organizational Chart
June 30, 2025



WEST KNOX UTILITY DISTRICT

ROSTER OF DISTRICT OFFICIALS AND OTHERS

June 30, 2025

Board of Commissioners	**Expiration of Term**
Ruth Ann Milsaps, President	December 31, 2028
Nathan Butler, DVM, Vice President	December 31, 2025
Charles Marth, Secretary	December 31, 2027

Management

Jim Reese, PE General Manager

Yhuliana Lopez, Comptroller

General and Bond Counsel

John Owings, Attorney at Law
Owings, Wilson & Coleman
Knoxville, Tennessee

Independent Auditors

Parsons & Wright, CPAs
Kingston, Tennessee

Consulting Engineer

GRW Engineers, Inc.
Nashville, Tennessee

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

West Knox Utility District
Tennessee

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

PARSONS & WRIGHT
CERTIFIED PUBLIC ACCOUNTANTS

Joe Savage
Rebecca Hutsell

Stephen J. Parsons - Retired
Earl O. Wright - 1988 - 2002
William R. Scandlyn - 1988 - 1999

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
The West Knox Utility District of Knox County
Knoxville, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of West Knox Utility District of Knox County (the "District"), as of and for the years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the District, as of June 30, 2025 and 2024, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery,

intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages xiv through xxii and the Schedules of Changes in the District's Net Pension Liability and Related Ratios, the Schedules of District's Pension Contributions, the Schedules of Investment Returns, and the Schedules of Changes in the District's Net Pension Liability and Related Ratios Based on Participation in the Public Employee Pension Plan of TCRS on pages 41 through 44, and the Schedule of Changes in OPEB Liability and Related Ratios, Schedule of OPEB Contributions, and Schedule of OPEB Investment Returns (Losses) pages 45-47 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

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

Parsons& Wright

Parsons & Wright
Certified Public Accountants
Kingston, Tennessee

December 16, 2025

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section presents management's analysis of West Knox Utility District's (the District) financial condition and results of operations for the years ended June 30, 2025, 2024 and 2023. This information should be read in conjunction with the accompanying financial statements and the additional information we have furnished in our letter of transmittal on pages i to vii.

FINANCIAL HIGHLIGHTS

- During 2025, 2024 and 2023, the District pumped 2.53, 2.52, and 2.41 billion gallons of water, which represents an increase (decrease) of 0.4%, 4.7%, 6.3%, from the previous year. During 2025, 2024 and 2023 the District treated 1.46, 1.41 and 1.39 billion gallons of wastewater, representing an increase (decrease) of 3.8%, 1.4% and (0.8)%, respectively, from the previous years.

- Total assets and deferred outflows at year-end 2025, 2024 and 2023 were $305.0, $295.9 and $288.6 million and exceeded liabilities and deferred inflows by $148.5, $133.8 and $124.3 million. Of the total net position, $52.5, $45.3, and $44.7 million was unrestricted and was available to support operations. During 2025, 2024 and 2023 net position increased by $14.7, $9.5, and $4.0 million.

- Operating revenues were $39.1, $34.8, and $32.6 million during 2025, 2024 and 2023, an increase of $4.2, $2.2, and $1.4 million, respectively, from the previous years.

- Operating expenses before depreciation increased (decreased) by $2.9, $1.5, and $1.3 million during 2025, 2024 and 2023, respectively.

- Operating income for 2025, 2024 and 2023 was $8.2, $6.9 and $6.4 million, representing a 17.8%, 8.9% and (1.5)% increase (decrease) from previous years. The change in net position before capital contributions was $4.8, $3.1, and $1.4 million for 2025, 2024 and 2023, respectively.

- The ratios of operating income to total operating revenues were 20.9% for 2025, 19.9% for 2024 and 19.5% for 2023.

- Debt service coverage ratio for the District's revenue bonds was 2.00 for 2025, 1.74 for 2024 and 1.62 for 2023, exceeding the 1.60 required by various bond and note covenants.

- Capital contributions were $9.8, $6.4, and $2.5 million for 2025, 2024 and 2023, respectively.

- In an effort to replace aging infrastructure, and to accommodate growth, the District has embarked on several water and wastewater projects. The amount of construction in progress was $8.6, $9.6 and $6.6 million at year-end 2025, 2024 and 2023, respectively. The remaining contractual commitments were $4.8 million, $812,000, and 3.4 million at June 30, 2025, 2024 and 2023, respectively.

- Customer growth in water billing units in the District increased (decreased) by 5.0%, 3.2% and 1.8% during 2025, 2024 and 2023, respectively, and have increased 29.1% over the last ten years.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A represents management's examination and analysis of the District's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the District's budget, bond resolutions and other management tools are used for this analysis.

The financial statements report information about the District using full accrual accounting methods as utilized by similar business activities in the private sector. However, rate-regulated accounting principles applicable to private sector utilities are not used by government utilities.

The proprietary fund financial statements include a statement of net position; a statement of revenues, expenses, and changes in net position; a statement of cash flows; and notes to the financial statements. The statement of net position presents the financial position of the District on the accrual basis of accounting. While the statement of net position provides information about the nature and amount of resources and obligations at year-end, the statement of revenues, expenses, and changes in net position presents the results of the business activities over the course of the fiscal year and information as to how the net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the District's recovery of its costs. The District's rates are based on a cost of service rate study that is updated annually. Rate setting policies use different methods of cost recovery not fully provided for by generally accepted accounting standards. The primary objectives of the rate model are to improve equity among customer classes and to ensure that capital costs are allocated on the basis of long-term capacity needs, ensuring that growth pays for growth. The statement of cash flows presents changes in cash and cash equivalents, resulting from operational, financing, and investing activities. This statement presents cash receipts and cash disbursement information, without consideration of the earnings event, when an obligation arises, or depreciation of capital assets.

The pension and OPEB trust funds financial statements are used to account for the resources held in trust for the benefit of the participants in the District's single employer pension plan (the WKUD DB Plan) and the District's single employer OPEB plan. These resources are not available to support the District's operations. The accounting for the pension and OPEB trust funds is much like that used for the proprietary fund discussed above.

The notes to the financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the District's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS

The following comparative condensed proprietary fund financial statements and other selected information provides key financial data and indicators for management, monitoring, and planning.

Condensed Statements of Net Position
(In Thousands of Dollars)
As of June 30, 2025, 2024 and 2023

	2025	As Restated 2024	As Restated 2023
ASSETS AND DEFERRED OUTFLOWS			
Current Assets	$ 59,815	$ 53,493	$ 51,753
Capital Assets:			
Producing - Net	234,827	229,430	227,076
Construction in Progress	8,579	9,593	6,552
Other	312	1,106	1,076
Total Assets	303,534	293,622	286,456
Deferred Outflows of Resources	1,513	2,281	2,124
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 305,047	$ 295,903	$ 288,580
LIABILITIES AND DEFERRED INFLOWS			
Current Liabilities	$ 7,964	$ 7,944	$ 6,838
Non-Current Liabilities	148,301	153,852	157,052
Total Liabilities	156,265	161,797	163,890
Deferred Inflows of Resources	291	292	384
NET POSITION			
Net Investment in Capital Assets	96,036	87,768	78,943
Restricted	0	767	710
Unrestricted	52,456	45,280	44,653
Total Net Position	148,491	133,815	124,306
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 305,047	$ 295,903	$ 288,580

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS (Continued)

Condensed Statements of Revenues, Expenses, and Changes in Net Position
(In Thousands of Dollars)
For the Years Ended June 30, 2025, 2024 and 2023

	2025	As Restated 2024	As Restated 2023
Operating Revenues			
Water, Net	$ 14,713	$ 12,786	$ 12,289
Wastewater	20,098	18,990	18,271
Connection Fees	2,971	2,054	1,186
Low Pressure Pump Sales	121	115	77
Customer Forfeited Discounts	325	286	325
Service Fees	227	145	128
Wastewater Inspection Fees	51	26	11
Miscellaneous	559	432	363
Total Operating Revenues	39,065	34,835	32,649
Operating Expenses			
Water Purification and Supply	2,023	1,843	1,849
Wastewater Collection and Treatment	5,760	5,119	4,935
Water Treatment and Distribution	6,507	5,278	4,791
Capacity Management Operations Maintenance (CMOM)	2,241	1,911	1,560
Shop and General Maintenance	557	486	503
Customer Accounting	531	500	450
Administrative and General	4,123	3,986	3,570
Depreciation	9,168	8,796	8,636
Total Operating Expenses	30,910	27,918	26,294
Operating Income	8,155	6,918	6,355
Non-Operating Revenues (Expenses)	(3,323)	(3,828)	(4,913)
Increase (Decrease) in Net Position Before Capital Contributions	4,831	3,089	1,442
Capital Contributions	9,846	6,419	2,518
Change in Net Position	14,677	9,509	3,961
Net Position, Beginning of Year	133,814	124,306	120,345
Net Position, End of Year	$ 148,491	$ 133,814	$ 124,306

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

OTHER SELECTED INFORMATION

	2025	As Restated 2024	As Restated 2023
Employees at Year-End	105	93	90
Average Employees	99	92	86
Customers (Billing Units) at Year End:			
Water	34,286	32,651	31,639
Wastewater	28,923	27,355	26,450
Water (Millions of Gallons)			
Pumped	2,531	2,520	2,407
Sold and Consumed	2,073	2,080	1,910
Wastewater Treated (Millions of Gallons)	1,465	1,411	1,391
Per Average Employee:			
Operating Revenues	$ 394,594	$ 380,715	$ 381,859
Operating Expenses	312,225	305,111	307,534
Average Realized Rates per 1,000 Gallons of Water Sold:			
Water	$ 7.14	$ 6.19	$ 6.47
Wastewater	9.69	9.13	9.56
Ratio of Operating Revenues to:			
Operating Expenses	1.26	1.25	1.24
Operating Expenses - Net of Depreciation	1.80	1.82	1.85
Total Assets	0.13	0.12	0.11
Net Position	0.26	0.26	0.26
Debt Related Ratios:			
Long-Term Liabilities to Net Position	1.00	1.15	1.26
Long-Term Liabilities to Total Assets and Deferred Outflows	0.49	0.52	0.54
Operating Coverage	2.00	1.74	1.62

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GENERAL TRENDS AND SIGNIFICANT EVENTS

PROPRIETARY FUND FINANCIAL CONDITION

Total assets and deferred outflows at year-end 2025, 2024 and 2023 were $305.0, $295.9, and $288.6 million and exceeded liabilities and deferred inflows by $148.5, $133.8, and $124.3 million. Of the total net position, $52.5, $45.3 and $44.7 million was unrestricted and was available to support operations. During 2025, 2024 and 2023, net position increased by $14.7, $9.5, and $4.0 million.

Net accounts receivable at year-end 2025, 2024 and 2023 were $5.0, $4.7 and $4.1 million, which increased (decreased) by 7.0%, 12.6%, and 7.5% than the previous years. At 2025 year-end, 80.6% of billed accounts receivable were current within 30 days. The District's bad debt expense for 2025, 2024 and 2023 was $94, $90, and $72 thousand. Changes in year-end net accounts receivable are impacted by the timing of customer route billings and changes in billing rates.

PROPRIETARY FUND RESULTS OF OPERATIONS

Operating Revenues

Revenues from operations fall into three broad categories: water service, wastewater service and ancillary charges. Ancillary charges include connection fees, account set up and penalty fees, and charges for miscellaneous billed services. Operating revenues were $39.1, $34.8, and $32.6 million during 2025, 2024 and 2023, an increase (decrease) of $4.2, $2.2, and $1.4 million, respectively from the previous years.

The average realized rate from water sales was $7.14 per thousand gallons in 2025, $6.19 in 2024, and $6.47 in 2023. The average realized rate from wastewater revenues per thousand gallons of water sold was $9.69 in 2025, $9.13 in 2024, and $9.56 in 2023.

Expenses

Operating expenses, excluding depreciation, increased (decreased) by $2.6, $1.5, and $1.3 million in 2025, 2024 and 2023, respectively. This was a result of significant increases (decreases) in:

	2025	As Restated 2024	As Restated 2023
Salaries and Benefits	$ 1,522,416	$ 1,003,167	$ 1,089,045
Power Purchased	(138,797)	408,075	71,426
Repairs and Maintenance - Vehicles & Shop	71,670	(16,967)	48,993
Chemicals	88,057	19,344	127,616
Legal Services	56,283	(53,921)	(38,575)
Insurance	57,900	(1,672)	41,398
Water Treatment Supplies	(2,938)	37,238	(9,149)
Treatment of Wastewater	39,369	(62,488)	(7,749)
Sludge Disposal	59,609	54,242	113,771
Information Technology	(15,820)	146,436	63,221
Professional Services	(62,686)	576	(11,551)
Repairs and Maintenance - Electrical	115,432	206,062	(24,835)
Low-Pressure Pumps	(34,944)	49,766	(749,634)
Other	865,523	(327,031)	617,295
Total	$ 2,621,074	$ 1,462,827	$ 1,331,272

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GENERAL TRENDS AND SIGNIFICANT EVENTS (Continued)

Over the period covering fiscal years 2023 through 2025, the District experienced significant fluctuations in operating expenses, driven by workforce growth, inflationary pressures, rising supply costs, and strategic investments in infrastructure and technology.

In 2025 and 2024, operating expenses rose by $2,621,074. Salaries and benefits increased by $1,522,416, reflecting ongoing efforts to maintain competitive wages, address inflation, and support workforce growth. Repairs and maintenance – electrical increased by $115,432 due to heightened maintenance needs at plants, pump stations, and booster stations. Sludge disposal costs increased by $59,609, and chemicals expenses rose by $88,057 due to higher usage and supply costs. Legal services and insurance expenses increased by $56,283 and $57,900, respectively. Other expenses increased by $865,523, reflecting various operational adjustments. These increases were partially offset by decreases in power purchased ($138,797), Low-Pressure Pumps ($34,944), professional services ($62,686), and information technology ($15,820), reflecting operational efficiencies and reclassifications.

During 2024 and 2023, operating expenses increased by $1,462,827. Salaries and benefits rose by $1,003,167, supporting workforce retention and inflationary adjustments. Power purchased expenses increased by $408,075, driven in part by a retroactive billing adjustment for the water treatment plant. Information technology costs rose $146,436 due to investments in upgrading and acquiring new computer and network equipment to improve operational efficiency. Repairs and maintenance – electrical increased by $206,062, while sludge disposal costs rose by $54,242 due to higher disposal fees. Chemicals expenses increased modestly by $19,344, reflecting inflationary pressures and increased demand. Conversely, legal services expenses decreased by $53,921, treatment of wastewater decreased by $62,488, and repairs and maintenance – vehicles & shop decreased by $16,967. Minor fluctuations occurred in other categories, such as insurance ($1,672) and water treatment supplies $37,238.

For 2023 and 2022, operating expenses increased by $1,331,272. Salaries and benefits rose by $1,089,045 to support workforce growth, competitive wages, and inflationary adjustments. Chemicals expenses increased by $127,616 due to supply chain pressures and higher demand for water and wastewater treatment processes. Sludge disposal costs rose by $113,771, reflecting ongoing regional trends affecting waste management. Information technology expenses increased by $63,221 to support infrastructure upgrades across facilities. Repairs and maintenance – vehicles & shop rose by $48,993, while repairs and maintenance – electrical decreased by $24,835. Power purchase expenses increased modestly by $71,426 due to higher energy rates. Low-Pressure Pump expenses decreased significantly by $749,634, primarily due to reclassification and inventory adjustments. Legal services decreased by $38,575, and other expenses increased by $617,295, reflecting a combination of operational and administrative adjustments.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

GENERAL TRENDS AND SIGNIFICANT EVENTS (Continued)

PROPRIETARY FUND CAPITAL ASSETS

The District continues its water and wastewater line replacement, relocation, and extension program to address aging infrastructure, accommodate growth, and support road-related relocations of water and sewer lines.

During 2025, 2024 and 2023, the District increased its capital assets before depreciation by $13.3, $14.2, and $6.4 million, respectively. This increase is due to the following:

	2025	2024	2023
Water Line Extensions and Improvements	$ 4,369,190	$ 3,608,509	$ 1,337,869
Water Plant Upgrades	1,603,528	153,279	428,491
Wastewater Lines	6,629,905	3,234,343	940,816
Wastewater Plant Improvements	752,606	3,528,179	463,708
Office, Vehicles and Equipment	1,187,848	622,976	1,115,729
Land and Easements	22,376	3,250	190,949
Disposals	(278,506)	(9,780)	0
	14,286,947	11,140,756	4,477,562
Construction in Progress - Net	(1,013,982)	3,041,786	1,947,208
Total	$ 13,272,965	$ 14,182,542	$ 6,424,770

During 2025 and 2024, the District increased its capital assets before depreciation by $13.3 million. Major investments included $4.4 million in water line extensions and improvements, $1.6 million in water plant upgrades, $6.6 million in wastewater line projects, and $752,606 in wastewater plant improvements. Office, vehicles, and equipment investments totaled $1.2 million, and land and easements increased by $22,376. Construction in progress decreased by $1,013,982, reflecting ongoing project completions. Key FY 2025 projects completed and in progress included: Pellissippi Sewer Pump Station Replacement, Beaver Ridge Road Waterline Replacement, Schaad Road waterline and sewer line relocations, Covered Bridge Pump Station and Force Main Upgrades, Hickory Creek Water Line, exterior water tank repairs and modifications at the Pellissippi and Westop Water Tanks, flow monitoring and other system rehabilitation projects, Coward Mill Road relocation, Sludge Dewatering, and Berrywood Booster Pump Station Upgrades.

During 2024 and 2023, the District made significant investments in infrastructure, with $3.6 million allocated to water line extensions and improvements, reflecting the ongoing expansion of the water distribution system to meet growing demand and address aging infrastructure. The investment in wastewater lines increased by $3.2 million, supporting efforts to replace and enhance the wastewater system, while wastewater plant improvements saw a $3.5 million increase to improve efficiency in processes and facility upgrades. Additionally, the District allocated $153,279 for water plant upgrades, and $622,976 for office, vehicles, and equipment, covering office assets and fleet upgrades. Construction in progress - net rose by $3.0 million, indicating ongoing infrastructure development. The District also completed several key projects in 2024 and 2023, including a stormwater improvement project at the wastewater treatment plant, and a wastewater pipeline creek crossing replacement in the Devanshire neighborhood. Furthermore, water main replacements were completed in the Goose Landing neighborhood and on Troutman Lane, alongside the extension of an 8-inch water main on Corridor Place.

In 2023 and 2022, the District increased its capital assets before depreciation by $6.4 million. Water line extensions and improvements totaled $1.3 million, while water plant upgrades were $428,491. Wastewater lines and plant improvements accounted for $940,816 and $463,708, respectively. Investments in office, vehicles, and equipment totaled $1.1 million, and land and easements increased by $190,949. Construction in progress rose by $1,947,208, reflecting ongoing projects. Important FY 2023 projects included Flying J Phase 2 Pump Station and Sewer Line Replacement, Gray Hendrix Water Line Replacement, Hickory Creek Roundabout Water Line Relocation, Coward Mill Water and Sewer Line Relocations, and Schaad Road Water and Sewer Line Improvements

Depreciation expense of the District's system increased (decreased) by $372, $161 and $178 thousand in 2025, 2024 and 2023, respectively.

The District's capital asset activity for 2025 and 2024 is described in Notes 4 and 5 to the financial statements.

PROPRIETARY FUND DEBT

At year-end 2025, 2024 and 2023, the District had $147.2, $151.3, and $155.2 million in long and short-term debt, a decrease of $(4.1), $(3.9) and $(3.6) million. During 2025, 2024 and 2023, the District paid principal of $3.9, $3.7, and $3.4 million, respectively.

The long-term debt to total asset and deferred outflows ratio was 0.49, 0.52, and 0.54 in 2025, 2024 and 2023 respectively.

More detailed information about the District's long-term debt is described in Note 6 to the financial statements.

ECONOMIC FACTORS AND FISCAL YEAR 2026

The District's operating budget for FY 2026 has projected revenues of $48.1 and expenses of $38.4, with an estimated increase of $9.6 million in net position. The District does not anticipate issuing any further revenue bonds to provide for the financing of capital projects.

CONTACTING THE DISTRICT

This annual comprehensive financial report is designed to provide our customers, creditors and regulatory agencies with a general overview of the District's finances. If you have any questions about this report or need additional information, you may contact the District at:

Jim Reese, General Manager
West Knox Utility District
2328 Lovell Road
Knoxville, TN 37932
865-690-2521
www.wkud.com

WEST KNOX UTILITY DISTRICT

PROPRIETARY FUND STATEMENTS OF NET POSITION

As of June 30,	2025	As Restated 2024
ASSETS AND DEFERRED OUTFLOWS		
CURRENT ASSETS		
Cash and Cash Equivalents	$ 23,557,581	$ 29,240,578
Cash and Cash Equivalents - Restricted	51,116	0
Investments, at Fair Value	25,161,695	19,145,219
Accounts Receivable - (Net of Allowance for Uncollectible Accounts of $0 for 2025 and 2024)	4,982,182	4,658,303
Grants Receivable	5,782,613	0
Other Receivables	0	202,643
Inventory - Materials	173,880	158,612
Prepaid Expenses	106,214	87,755
Total Current Assets	59,815,281	53,493,110
NON-CURRENT ASSETS		
Capital Assets - Net	243,406,537	239,023,099
Other Assets		
Net Pension Asset - TCRS Pension Plan	0	767,035
Regulatory Asset - Debt Issuance Costs	311,352	338,196
Other Deposits	560	560
Total Other Assets	311,912	1,105,791
Total Non-Current Assets	243,718,449	240,128,890
TOTAL ASSETS	303,533,730	293,622,000
DEFERRED OUTFLOWS OF RESOURCES		
Pension Plans	1,336,685	2,060,001
Other Postemployment Benefits	18,683	34,152
Deferred Bond Refunding Loss	157,835	187,060
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,513,203	2,281,213
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 305,046,933	$ 295,903,213

WEST KNOX UTILITY DISTRICT

PROPRIETARY FUND STATEMENTS OF NET POSITION (Continued)

As of June 30,	2025	As Restated 2024
LIABILITIES, DEFERRED INFLOWS AND NET POSITION		
CURRENT LIABILITIES		
Accounts Payable	$ 1,010,043	$ 1,085,243
Accounts and Retainage Payable - Construction	664,388	468,883
Payroll and Related Liabilities	727,847	643,715
Other Accrued Liabilities	1,178,250	1,510,300
Accrued Revenue Bond Interest Payable	363,281	371,257
Revenue Bonds - Current Portion	4,020,000	3,865,000
Total Current Liabilities	7,963,809	7,944,398
NON-CURRENT LIABILITIES		
Revenue Bonds - Net of Current Portion	143,206,851	147,446,947
Net Pension Liability - Defined Benefit Plan	5,019,622	6,275,317
Net Other Postemployment Benefits (OPEB) Liability	74,234	129,994
Total Non-Current Liabilities	148,300,707	153,852,258
TOTAL LIABILITIES	156,264,516	161,796,656
DEFERRED INFLOWS OF RESOURCES		
Pension Plans	240,048	257,364
Other Postemployment Benefits	50,955	34,605
TOTAL DEFERRED INFLOWS OF RESOURCES	291,003	291,969
NET POSITION		
Net Investment in Capital Assets	96,035,601	87,767,525
Restricted:		
Pensions	0	767,035
Unrestricted	52,455,813	45,280,028
TOTAL NET POSITION	148,491,414	133,814,588
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION	$ 305,046,933	$ 295,903,213

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

WEST KNOX UTILITY DISTRICT

PROPRIETARY FUND STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

For the Years Ended June 30,	2025	As Restated 2024
OPERATING REVENUES		
Water, Net	$ 14,712,585	$ 12,785,861
Wastewater	20,097,753	18,989,971
Connection Fees	2,971,316	2,054,478
Low Pressure Pump Fees	121,064	115,085
Customer Forfeited Discounts	325,056	286,355
Service Fees	226,590	145,245
Wastewater Inspection Fees	51,220	26,165
Miscellaneous	559,246	432,218
Total Operating Revenues	39,064,830	34,835,378
OPERATING EXPENSES		
Water Purification and Supply	2,023,391	1,842,694
Wastewater Collection and Treatment	5,760,224	5,119,021
Water Treatment and Distribution	6,506,784	5,277,589
Wastewater Capacity Management Operations Maintenance (CMOM)	2,241,330	1,910,944
Shop and General Maintenance	557,210	485,540
Customer Accounting	530,760	499,777
Administrative and General	4,122,523	3,985,582
Depreciation - Water System	2,751,036	2,664,482
Depreciation - Wastewater System	5,795,382	5,562,773
Depreciation - Other	621,615	569,210
Total Operating Expenses	30,910,255	27,917,612
OPERATING INCOME	8,154,575	6,917,766

WEST KNOX UTILITY DISTRICT

PROPRIETARY FUND STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION (Continued)

For the Years Ended June 30,	2025	As Restated 2024
NON-OPERATING REVENUES (EXPENSES)		
Investment Income, Net	2,283,815	1,868,015
Contributions in Aid of Construction	6,071,031	0
Interest Expense	(5,645,356)	(6,031,571)
Write-down of Plant for Costs Recovered through Contributions	(6,071,031)	0
Gain (Loss) on Sale of Easement	0	335,100
Gain (Loss) on Sales or Disposals of Capital Assets	38,132	50
Total Non-Operating Revenues (Expenses), Net	(3,323,409)	(3,828,406)
INCREASE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS	4,831,166	3,089,360
CAPITAL CONTRIBUTIONS	9,845,660	6,419,370
CHANGE IN NET POSITION	14,676,826	9,508,730
NET POSITION, BEGINNING OF YEAR, AS PREVIOUSLY REPORTED	133,814,588	124,349,787
PRIOR PERIOD ADJUSTMENT - SEE NOTE 13	0	(43,929)
NET POSITION, BEGINNING OF YEAR, AS RESTATED	133,814,588	124,305,858
NET POSITION, END OF YEAR	$ 148,491,414	$ 133,814,588

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

WEST KNOX UTILITY DISTRICT

PROPRIETARY FUND STATEMENTS OF CASH FLOWS

For the Years Ended June 30,	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers and Users	$ 38,839,027	$ 34,374,959
Payments to Employees	(10,887,254)	(9,047,161)
Payments to Suppliers	(11,116,490)	(9,231,386)
Net Cash Provided by Operating Activities	16,835,283	16,096,412
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Cash Received from Developers, Individuals, and Grantors for Capital Purposes	288,418	0
Acquisition and Construction of Capital Assets	(9,581,337)	(7,328,885)
Proceeds from Sale of Easement	0	335,100
Proceeds from Sales of Capital Assets	38,132	50
Interest Paid on Bonds Payable	(5,614,716)	(6,393,980)
Principal Paid on Bonds Payable	(3,865,000)	(3,705,000)
Net Cash Used in Capital and Related Financing Activities	(18,734,503)	(17,092,715)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Income Received	2,015,986	1,498,498
Purchases of Investments	(14,148,647)	(12,724,079)
Proceeds from Sales and Maturities of Investments	8,400,000	12,425,000
Net Cash Provided by (Used in) Investing Activities	(3,732,661)	1,199,419
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,631,881)	203,116
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	29,240,578	29,037,462
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 23,608,697	$ 29,240,578
Cash and Cash Equivalents at End of Year Consist of:		
Unrestricted Cash and Cash Equivalents	$ 23,557,581	$ 29,240,578
Restricted Cash and Cash Equivalents	51,116	0
Total	$ 23,608,697	$ 29,240,578

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

WEST KNOX UTILITY DISTRICT

PROPRIETARY FUND STATEMENTS OF CASH FLOWS (Continued)

For the Years Ended June 30,	2025	As Restated 2024
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income	$ 8,154,575	$ 6,917,766
Adjustments to Reconcile Operating Income to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	9,168,033	8,796,465
Bad Debt Expense	94,427	90,009
Changes in:		
Accounts Receivable	(418,306)	(610,749)
Other Current Assets	(33,727)	(145,421)
Accounts and Retainage Payable	(75,200)	(46,821)
Payroll and Related Liabilities	84,132	50,562
Other Accrued Liabilities	(332,050)	490,447
Net Pension Asset and Liability	(488,660)	824,524
Net Other Postemployment Benefits (OPEB) Liability	(55,760)	8,680
Deferred Outflows and Inflows for Pension Plans	706,000	(275,812)
Deferred Outflows and Inflows for OPEB	31,819	(3,238)
NET CASH PROVIDED BY OPERATING ACTIVITIES	$ 16,835,283	$ 16,096,412
Noncash Investing, Capital and Financing Activities:		
Gain on Investments	$ 267,829	$ 369,517
Net Amortization of Bond Premiums	220,096	225,205
Amortization of Deferred Cost of Defeased Bonds	(29,225)	(30,450)
Amortization of Regulatory Asset - Debt Issuance Costs	(26,844)	(27,235)
Developers Contributions of Capital Assets	9,845,660	6,419,370

WEST KNOX UTILITY DISTRICT

STATEMENTS OF FIDUCIARY NET POSITION - PENSION AND OPEB TRUST FUNDS

As of June 30,	2025	2024
ASSETS		
Investments, at Fair Value		
Cash and Cash Equivalents	$ 163,312	$ 1,111,642
Mutual Funds:		
Domestic Equity	5,100,033	4,096,358
International Equity	2,997,240	2,366,268
Fixed Income	4,522,100	4,072,552
Real Estate	633,736	626,736
Market Neutral & Alternative	395,350	246,534
Total Investments	13,811,771	12,520,090
TOTAL ASSETS	$ 13,811,771	$ 12,520,090
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts Payable	$ 0	$ 0
NET POSITION		
Restricted for Pension	13,770,007	12,505,039
Restricted for OPEB	41,764	15,051
TOTAL NET POSITION	13,811,771	12,520,090
TOTAL LIABILITIES AND NET POSITION	$ 13,811,771	$ 12,520,090

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

WEST KNOX UTILITY DISTRICT

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION - PENSION AND OPEB TRUST FUNDS

For the Years Ended June 30,	2025	2024
ADDITIONS		
Employer Contributions	$ 1,729,916	$ 720,000
Net Investment Earnings	1,354,641	1,065,985
Other	11,000	0
Total Additions	3,095,557	1,785,985
DEDUCTIONS		
Benefit Payments	1,796,745	454,453
Administrative Expenses	7,131	5,679
Total Deductions	1,803,876	460,132
CHANGE IN NET POSITION	1,291,681	1,325,853
TOTAL NET POSITION, BEGINNING OF YEAR	12,520,090	11,194,237
TOTAL NET POSITION, END OF YEAR	$ 13,811,771	$ 12,520,090

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

WEST KNOX UTILITY DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

June 30, 2025 and 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

West Knox Utility District (WKUD or the District) was established on October 18, 1954 under the authority of Title 7, Chapter 82 of the 1937 Utility District Law of the State of Tennessee.

The WKUD Board of Commissioners are appointed by the Knox County Mayor for a term of four years. Knox County does not have any fiscal or budgetary control over WKUD. The operations of WKUD are funded by water and wastewater rates established by the Board of Commissioners.

Basis of Accounting and Presentation - The District's financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

All operating activities (other than fiduciary fund activities related to the defined benefit pension and other postretirement benefits plans) of the District are accounted for within a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the cost (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

The District makes a distinction between operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with its principal ongoing operations. The principal operating revenues of the District are water and wastewater charges to customers. Operating expenses consist of salaries, benefits, utilities, operating contracts for maintenance, insurance, and depreciation on capital assets. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

The accounting and financial reporting treatment applied to the District is determined by its measurement focus. The transactions of the District are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations are included on the statement of net position. Net position (i.e., total assets plus deferred outflows, net of total liabilities plus deferred inflows) are segregated into net investment in capital assets; restricted for capital assets activity and debt service; and unrestricted components.

The fiduciary funds are used to account for resources held in trust for the benefit of participants in the District's pension and other post-employment benefits (OPEB) plans. These resources are not included in the District's proprietary fund financial statements because they are not available to support the operations of the District. The accounting used for the fiduciary funds are essentially the same as that used for the proprietary fund, using the same measurement focus and basis of accounting. The WKUD Board of Commissioners provides fiduciary responsibility for the administration and investment of the plans reported as the pension trust fund and OPEB trust fund.

Budgeting - The District adopts flexible annual operating and capital budgets. Budgets are adopted on a basis consistent with generally accepted accounting principles. The current operating budget details the District's plans to earn and expend funds for charges incurred for operation, maintenance, certain interest and general functions, and other charges for the fiscal year. The capital budget details the plan to receive and expend cash basis capital contributions, grants, borrowings and certain revenues for capital projects. The District's budgets are not legally binding. During the year, management is authorized to transfer budgeted amounts between line items within the District's departments.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash Equivalents, Deposits and Investments - Cash and cash equivalents, for purposes of the statement of cash flows, include restricted and unrestricted cash on hand or on deposit, certificates of deposit, and debt security investments with a maturity at purchase of three months or less.

Investments are reported at their estimated fair value (see Note 3). Realized gains and (losses) from the sale of investments are calculated separately from the change in the fair value. Realized gains or (losses) in the current period include unrealized amounts from prior periods. Purchases and sales of securities are recorded on the trade-date basis. Interest income is recorded on the accrual basis.

Investments - Fiduciary Funds - The pension and OPEB trust funds' investments are stated at their estimated fair value (see Note 3). Investment income includes realized gains (losses) from the sale of investments, unrealized gains (losses) in the change in market values, and interest and dividend income earned during the year. Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis and dividends are recorded on the ex-dividend date.

Restricted Assets - Restricted assets represent cash and investments maintained in accordance with bond resolutions, loan agreements, grant awards, and other resolutions and formal actions of the District or by agreement for the purpose of funding certain debt service payments, depreciation and contingency activities, and improvements and extensions to the system. Restricted assets are generally not available for current operating expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Receivables, Revenues and Unbilled Revenues - Revenues are billed monthly to customers on a cyclical meter reading basis. Recognition has been given to unbilled revenue in the financial statements.

Accounts receivable are stated at the amount management expects to collect from outstanding balances. The District provides for estimated uncollectible receivables through a reduction of gross water revenues and a credit to an allowance based on its assessment of the current status of individual accounts and historical write-off experience. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Operating revenues consist of water and wastewater revenues net of allowance for uncollectibles, and forfeited discounts, inspection fees and various service fees. Connection (tap) fees are recorded as revenue to the extent of expenses incurred in connecting a customer to the system. Connection fees in excess of costs, if any, are recorded as cash capital contributions.

Non-operating revenue consists of investment income. Investment income is interest earned, the accretion of interest on zero coupon debt instruments and the change in the fair value of investment securities.

Expenses - Operating expenses consist of the cost of water and wastewater collection, treatment, storage and distribution. Other operating expenses include customer billing, collections, administrative and general and depreciation of capital assets.

Non-operating expenses consist of interest on long-term liabilities, and the loss on the disposal or impairment of capital assets.

Inventories - Material and supply inventories are stated at cost using the first-in, first-out method. Incidental supplies and chemicals are not included in inventory.

Debt Issuance Costs - In accordance with regulatory accounting, the District records debt issuance costs as a noncurrent asset. Amortization of these amounts is recorded over the life of the applicable debt as amortization expense.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets - Property, plant and equipment in service and construction in progress are recorded at cost if purchased or constructed. Assets acquired through contributions from developers or other customers are capitalized at their estimated acquisition value, if available, or at engineers' estimated acquisition value or cost to construct at the date of the contribution. Utility systems acquired from other governmental service providers are recorded at the purchase price, limited to acquisition value.

Maintenance and repairs that do not significantly extend the value or life of property, plant, or equipment are expensed as incurred. The District defines capital assets as an asset with an initial individual cost, or a project with a cumulative cost, of more than $5,000 and an estimated useful life in excess of one year.

Assets are depreciated on the straight-line method. Depreciation is calculated using the following estimated useful lives:

	Years
Source of Supply Equipment	15-50
Water Treatment Plant	40-50
Wastewater Treatment Plant	40-50
Transmission and Distribution Systems	40-50
Equipment	5-20
Structures and Improvements	10-50
Office Furniture, Equipment and Vehicles	5-20

Long-Term Obligations and Costs - Long-term obligations are reported at face value, net of applicable premiums and discounts. Premiums and discounts, and gains or losses on advance refundings and defeasances are deferred and amortized over the life of the related bonds.

Accrued Compensated Absences - Accrued compensated absences consist of unpaid accumulated vacation leave. In accordance with the provisions of GASB Statement No. 101, *Compensated Absences*, compensated absences are recognized as a liability when the obligation is attributable to services already rendered, the payment is probable, and the amount can be reasonably estimated. This includes leave that is expected to be used in future periods and leave that will be paid out upon termination or retirement. The liability is measured using current pay rates as of the financial statement date, including any applicable salary-related costs.

Pension Plans - For purposes of measuring the District's net pension liability, pension expense, deferred outflow of resources and deferred inflows of resources related to the single-employer pension plan, management determines these amounts using the same basis as they are reported in the pension trust fund financial statements. Benefit payments are recognized by the Plan when due and payable in accordance with the benefit terms and the Plan reports its investments at estimated fair value. The Plan's financial statements are presented in the accompanying financial statements as a pension trust fund.

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

Presentation of Certain Taxes - The District collects various taxes from customers and remits these amounts to applicable taxing authorities. The District's accounting policy is to exclude these taxes from revenues and cost of operations.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions in Aid of Construction and Capital Contributions - Contributions in aid of construction are cash collections from customers, grantors, or others for a particular purpose, generally the construction of new facilities to serve new customers in excess of the investment the District is willing to make for a particular incremental revenue source. The District reduces the plant account balances to which contributions relate by the actual amount of the contribution and recognizes the contributions as non-operating revenue in accordance with Statement 62.

Capital contributions represent contributions of utility plant infrastructure constructed by developers and others in industrial parks and other developments and transferred to the District upon completion of construction and the initiation of utility service. In accordance with GASB Statement 33, *Accounting and Financial Reporting for Nonexchange Transactions*, such contributions are recognized as revenues and capital assets upon receipt.

Deferred Outflows/Inflows of Resources - In addition to assets, the statements of net position report a separate section for deferred outflows of resources, which represent a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense) until then. In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources which represent an acquisition of net assets that applies to future periods and so will not be realized as an inflow of resources (revenue) until then.

Net Position - Proprietary Fund - Net position comprises the various net earnings from operating and non-operating revenues, expenses, and contributions of capital. Net position is classified in the following three components: net investment in capital assets; restricted for capital assets activity, debt service, and pensions; and unrestricted net position. Net investment in capital assets consists of all capital assets, net of accumulated depreciation and deferred outflows of resources and deferred inflows of resources and is reduced by outstanding debt that is attributable to the acquisition, construction, and improvement of those assets; debt or deferred inflow of resources attributable to unspent proceeds or other restricted cash and investments are excluded from the determination. Restricted for capital assets activity, debt service and pensions consist of net positions for which constraints are placed thereon by external parties, such as lenders, grantors, contributors, laws, regulations, and enabling legislation, including self-imposed legal mandates. The net position restricted for pensions is restricted due to state statutes, and the plan assets which are in trust, are to be used only for the benefit of retirees and beneficiaries and are protected from the District's creditors. The unrestricted component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Net Position - Fiduciary Funds - Net fiduciary position consists of results from net investment income (loss), employer contributions, benefits paid, and administrative expenses of the District's defined benefit pension and OPEB plans (pension and OPEB trust funds). Fiduciary net position is classified as follows: restricted for pension and restricted for OPEB.

Net Position Flow Assumption - Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted - net position and unrestricted - net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the District's policy to consider restricted - net position to have been depleted before unrestricted - net position is applied.

Estimates - The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the statement of net position and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense, the allowance for doubtful accounts and certain claims and judgment liabilities, among other amounts. Actual results may differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Accounting Standards - The District implemented the provisions of GASB Statement No. 101, *Compensated Absences*, during the 2025 fiscal year. This statement established updated recognition and measurement guidance for liabilities related to compensated absences. Under GASB Statement No. 101, liabilities for compensated absences are recognized when leave is attributable to services already rendered, payment is probable, and the amount can be reasonable estimated. This included both accumulated leave expected to be used in future periods and leave payable upon an employee's separation from service. The liability is measured using current pay rates as of the financial statement date, including any applicable salary-related costs. The Statement's effect on the financial statements is more fully explained in Note 13.

The District implemented the provisions of GASB Statement No. 102, *Certain Risk Disclosures*, during the 2025 fiscal year. This statement provides users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The pronouncement did not have a significant impact on the District's financial statements.

Pending Accounting Pronouncements - In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The pronouncement is effective for fiscal years beginning after June 15, 2025. The District is currently evaluating the impact of the adoption of Statement No. 103 on its financial statements.

Reclassifications - Certain items in the 2024 financial statements and related footnotes have been reclassified to conform with the presentation of the 2025 financial statements and related footnotes.

Subsequent Events - Management has evaluated subsequent events through December 16, 2025, which is the date the financial statements were available to be issued, and has determined that there are no subsequent events that require disclosure.

NOTE 2 - DEPOSITS AND INVESTMENTS

At June 30, 2025 and 2024, the District had the following deposits and investments:

	Proprietary Fund				Fiduciary Funds			
	2025		2024		2025		2024	
	Fair Value	Weighted Average Maturity (Years)	Fair Value	Weighted Average Maturity (Years)	Fair Value	Weighted Average Maturity (Years)	Fair Value	Weighted Average Maturity (Years)
Deposits:								
Cash & Cash Equivalents	$ 19,589,527	N/A	$ 20,753,076	N/A	$ 163,312	N/A	$ 1,111,642	N/A
Certificates of Deposit	4,019,170	0.7	8,487,502	1.0	0	N/A	0	N/A
Total Deposits	23,608,697		29,240,578		163,312		1,111,642	
Investments:								
Federal Agency Debt Securities	10,229,074	1.1	8,789,270	0.8	0	N/A	0	N/A
U.S. Treasuries	14,932,621	1.0	10,355,949	1.1	0	N/A	0	N/A
Mutual Funds	0	N/A	0	N/A	13,648,459	N/A	11,408,448	N/A
Total Investments	25,161,695		19,145,219		13,648,459		11,408,448	
Total	$ 48,770,392		$ 48,385,797		$ 13,811,771		$ 12,520,090	

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

A summary of the deposits and investments on the proprietary fund balance sheets at June 30, 2025 and 2024 is as follows:

	2025	2024
Current Assets:		
Cash and Cash Equivalents	$ 23,557,581	$ 29,240,578
Cash and Cash Equivalents - Restricted	51,116	0
Investments, at Fair Value	25,161,695	19,145,219
Total	$ 48,770,392	$ 48,385,797

As of June 30, 2025 and 2024, the District's investments were in the following:

	Proprietary Fund		Fiduciary Funds	
	2025	2024	2025	2024
Federal Agency Debt Securities	40.7%	45.9%	0.0%	0.0%
U.S. Treasuries	59.3%	54.1%	0.0%	0.0%
Mutual Funds	0.0%	0.0%	100.0%	100.0%
Total	100.0%	100.0%	100.0%	100.0%

Deposits - Custodial Credit Risk

Tennessee Code Annotated (TCA) Section 7-82-108 and bond covenants restrict the types of depositories available to the District. The District is limited to demand or certificates of deposits with state or national chartered banks, or credit unions located in the United States. The District's deposits, with a carrying amount of $22,759,146 and $28,855,948 at June 30, 2025 and 2024, respectively, were covered by FDIC insurance, government securities, or the bank collateral pool administered by the Treasurer of the State of Tennessee. The bank may use one of three different pledged security levels (90%, 100% or 105%) depending on the specific bank holding the deposit. Participating banks determine the aggregate balance of their public fund accounts for the District. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the State Treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each individual account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are insured and classified as Category 1, under GASB Statement No. 40, for purposes of custodial credit risk disclosure.

Investments, at Fair Value

The District's proprietary fund investments at June 30, 2025 and 2024, with a carrying amount of $25,161,695 and $19,145,219, respectively, are in U.S. government and federal agency debt securities which are registered in the District's name. The carrying value of investments is presented at fair value.

Investment Income, Net

Investment income, net, for the proprietary fund for 2025 and 2024 consisted of the following:

	2025	2024
Interest Income	$ 2,015,986	$ 1,498,498
Realized and Unrealized Gains (Losses) - Net	267,829	369,517
Total Net Investment Income	$ 2,283,815	$ 1,868,015

NOTE 2 - DEPOSITS AND INVESTMENTS (Continued)

Investment Policies - Proprietary Fund

State statute (T.C.A. § 7-82-108) authorizes the District to invest in obligations of the federal government, federal agency securities, State of Tennessee, state local government investment pool (SLGIP), state and municipal bonds, certificates of deposit and other time deposits and repurchase agreements. The District may also invest in collateralized certificates of deposit or repurchase agreements by banks pledging specific debt securities or those which participate in the state collateral pool.

Custodial Credit Risk: The District's investment policy requires that investment securities be registered in the name of West Knox Utility District.

Credit Risk: The District's investment policy and state law limits investments in non-federal obligations to issuers that are rated in the two highest rating categories by a nationally recognized rating agency of such obligations. Ratings were obtained from either Moody's or Standard & Poor's.

At June 30, 2025 and 2024, the District's investments in marketable debt securities were rated as follows:

	2025		2024	
	Fair Value	Moody's	Fair Value	Moody's
Federal Agency Debt Securities	$ 10,229,074	Aa1	$ 8,789,270	Aaa
U.S. Treasuries	14,932,621	Aa1	10,355,949	Aaa
Total	$ 25,161,695		$ 19,145,219	

Interest Rate Risk: The District's Investment Policy limits its holdings to obligations having a final maturity on the date of investment of not to exceed forty-eight (48) months, or which may be tendered by the holder to the issuer thereof, or an agent of the issuer, at not less than forty-eight (48) month intervals. Investments are made based upon prevailing market conditions with the intent to hold the instrument until maturity. If the performance of the portfolio can be improved upon by the sale of an investment prior to maturity, the policy allows for the implementation of this strategy.

Investment Policies - Fiduciary Funds

See Note 7-A for information concerning the investment policies for the West Knox Utility District Defined Benefit Plan. See Note 8 for information concerning the investment policies for the District's postretirement medical insurance plan.

NOTE 3 - FAIR VALUE OF INVESTMENTS

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the input to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets (Level 1 measurements) and the lowest to unobservable inputs (Level 3 measurements). The three levels of fair value hierarchy are described below:

Level 1: Quoted prices in active markets for identical assets or liabilities.

Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Investments whose values are based upon quoted market prices in active markets, and are therefore classified within Level 1, primarily include certain U.S. Government Obligations, federal agency debt securities and mutual funds. These investments are traded daily in public markets in the United States and other foreign countries. The fair value of these investments is based on the last reported sales price on the last day of the fiscal year.

NOTE 3 - FAIR VALUE OF INVESTMENTS (Continued)

Investments that trade in markets that are not considered to be actively traded on a daily basis, but are valued based on quoted market prices, dealer and broker quotations, bid prices, or alternative pricing sources using observable inputs, are classified within Level 2. These include certain federal agency debt securities, interest rate swaps and state and municipal bonds.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 investments include private equity funds, real estate investments, limited partnerships, certain mortgage and asset backed and common and collective trust funds that are primarily invested in real estate. The fair value of these investments is determined by estimates provided by independent pricing sources in asset classes, non-binding bid prices from industry vendors and managers, and the net asset value on the last day of the fiscal year. During 2025 and 2024, the District did not have any Level 3 investments.

The District and its Pension Trust Funds have the following recurring fair value measurements as of June 30, 2025 and 2024:

Debt Securities - This category includes U.S. Treasuries, Federal Agency Debt and State and Municipal bonds. Values are based on actively traded individual debt securities at the quoted market prices for identical assets in active markets. For non-actively traded individual debt securities are valued using pricing models that maximize the use of observable inputs for similar securities which includes the yield currently available on comparable securities of issuers with similar maturities and credit ratings. Debt securities are classified as a Level 1 or 2 in the fair value hierarchy.

Mutual Funds - Valued at the daily closing price as reported by the fund. Mutual funds held by the District's Pension Trust Fund are open-end mutual funds that are registered with the U.S. Securities and Exchange Commission (SEC). These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Pension Trust Funds are deemed to be actively traded and are classified as a Level 1 in the fair value hierarchy.

The following table summarizes the assets and liabilities of the Proprietary and Pension and OPEB Trust Funds for which fair values are determined on a recurring basis as of June 30, 2025 and 2024:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
June 30, 2025				
Investments				
Proprietary Fund				
Federal Agency Debt Securities	$ 0	$ 10,229,074	$ 0	$ 10,229,074
U.S. Treasuries	14,932,621	0	0	14,932,621
Total Proprietary Fund	14,932,621	10,229,074	0	25,161,695
Pension and OPEB Trust Funds				
Mutual Funds	13,648,459	0	0	13,648,459
Total Investments, at Fair Value	$ 28,581,080	$ 10,229,074	$ 0	$ 38,810,154
June 30, 2024				
Investments				
Proprietary Fund				
Federal Agency Debt Securities	$ 0	$ 8,789,270	$ 0	$ 8,789,270
U.S. Treasuries	10,355,949	0	0	10,355,949
Total Proprietary Fund	10,355,949	8,789,270	0	19,145,219
Pension and OPEB Trust Funds				
Mutual Funds	11,408,448	0	0	11,408,448
Total Investments, at Fair Value	$ 21,764,397	$ 8,789,270	$ 0	$ 30,553,667

NOTE 4 - CAPITAL ASSETS

A summary of capital asset activity and changes in accumulated depreciation for the year ended June 30, 2025 is as follows:

	Balance 07/01/24	Additions	Deletions Retirements Transfers	Balance 06/30/25
Capital Assets Not Being Depreciated				
Water System:				
Land and Easements	$ 408,587	$ 22,376	$ 0	$ 430,963
Construction in Progress	3,289,481	7,340,191	(3,037,026)	7,592,646
Wastewater System:				
Land and Easements	4,413,745	0	0	4,413,745
Construction in Progress	6,303,944	976,924	(6,294,867)	986,001
Office Property and Equipment:				
Land and Easements	244,189	0	0	244,189
Construction in Progress	0	796	0	796
Total Capital Assets Not Being Depreciated	14,659,946	8,340,287	(9,331,893)	13,668,340
Capital Assets Being Depreciated				
Water System:				
Mains, Lines and Equipment	74,838,907	4,369,190	0	79,208,097
Treatment Facilities	37,962,703	1,603,528	0	39,566,231
Wastewater System:				
Collection Lines and Equipment	132,607,100	6,629,905	0	139,237,005
Treatment Facilities	87,554,217	752,606	0	88,306,823
General & Office Property and Equipment	10,670,982	1,187,848	(278,506)	11,580,324
Total Capital Assets Being Depreciated	343,633,909	14,543,077	(278,506)	357,898,480
Less Accumulated Depreciation				
Water System:				
Mains, Lines and Equipment	(33,415,108)	(1,760,573)	0	(35,175,681)
Treatment Facilities	(17,013,128)	(990,463)	0	(18,003,591)
Wastewater System:				
Collection Lines and Equipment	(41,699,130)	(3,125,562)	0	(44,824,692)
Treatment Facilities	(21,079,755)	(2,669,820)	0	(23,749,575)
General & Office Property and Equipment	(6,063,635)	(621,615)	278,506	(6,406,744)
Total Accumulated Depreciation	(119,270,756)	(9,168,033)	278,506	(128,160,283)
Total Capital Assets Being Depreciated, Net	224,363,153	5,375,044	0	229,738,197
Total Capital Assets	$ 239,023,099	$ 13,715,331	$ (9,331,893)	$ 243,406,537

Depreciation expense was $9,168,033 for 2025.

NOTE 4 - CAPITAL ASSETS (Continued)

A summary of capital asset activity and changes in accumulated depreciation for the year ended June 30, 2024 is as follows:

	Balance 07/01/23	Additions	Deletions Retirements Transfers	Balance 06/30/24
Capital Assets Not Being Depreciated				
Water System:				
Land and Easements	$ 408,587	$ 0	$ 0	$ 408,587
Construction in Progress	100,128	3,940,570	(751,217)	3,289,481
Wastewater System:				
Land and Easements	4,410,495	3,250	0	4,413,745
Construction in Progress	6,451,511	2,931,488	(3,079,055)	6,303,944
Office Property and Equipment:				
Land and Easements	244,189	0	0	244,189
Total Capital Assets Not Being Depreciated	11,614,910	6,875,308	(3,830,272)	14,659,946
Capital Assets Being Depreciated				
Water System:				
Mains, Lines and Equipment	71,230,398	3,608,509	0	74,838,907
Treatment Facilities	37,809,424	153,279	0	37,962,703
Wastewater System:				
Collection Lines and Equipment	129,372,757	3,234,343	0	132,607,100
Treatment Facilities	84,026,038	3,528,179	0	87,554,217
General & Office Property and Equipment	10,057,786	622,976	(9,780)	10,670,982
Total Capital Assets Being Depreciated	332,496,403	11,147,286	(9,780)	343,633,909
Less Accumulated Depreciation				
Water System:				
Mains, Lines and Equipment	(31,725,626)	(1,689,482)	0	(33,415,108)
Treatment Facilities	(16,038,128)	(975,000)	0	(17,013,128)
Wastewater System:				
Collection Lines and Equipment	(38,656,911)	(3,042,219)	0	(41,699,130)
Treatment Facilities	(18,559,201)	(2,520,554)	0	(21,079,755)
General & Office Property and Equipment	(5,504,205)	(569,210)	9,780	(6,063,635)
Total Accumulated Depreciation	(110,484,071)	(8,796,465)	9,780	(119,270,756)
Total Capital Assets Being Depreciated, Net	222,012,332	2,350,821	0	224,363,153
Total Capital Assets	$ 233,627,242	$ 9,226,129	$ (3,830,272)	$ 239,023,099

Depreciation expense was $8,796,465 for 2024.

NOTE 5 - CONSTRUCTION IN PROGRESS

Construction in progress including the remaining contractual commitments at June 30, 2025 and 2024 consists of:

Project	2025 Actual To Date	2025 Remaining Contractual Commitments	2024 Actual To Date	2024 Remaining Contractual Commitments
Ball Camp Road Water and Sewer Lines Relocation - Engineering	$ 686,495	$ 283,116	$ 5,765,153	$ 812,064
Sludge Dewatering	153,698	1,780,300	0	0
Highgate Sewer Line Interceptor	0	0	407,950	0
Beaver Ridge Water Line - Daughtery WTP	115,328	736,943	107,708	0
Meter Change Out Project	7,248,008	0	2,985,757	0
Pellissippi Sewer Lift Station Upgrade	145,808	1,980,985	130,841	0
Solway-Burchfield Heights Water	229,310	0	196,016	0
Other Small Projects	796	0	0	0
Total	$ 8,579,443	$ 4,781,344	$ 9,593,425	$ 812,064

NOTE 6 - REVENUE BONDS

Overview

Revenue bonds at June 30, 2025 and 2024 consisted of the following:

	2025	2024
Revenue Bonds:		
Water and Sewer Revenue Refunding Bonds, Series 2022, $25,435,000 Issued March 31, 2022	$ 24,650,000	$ 24,965,000
Local Government Public Improvement Revenue Bonds, Series V-F-1, $15,000,000 Issued June 28, 2019	13,870,000	14,170,000
Water and Sewer Revenue Bonds, Series 2019, $20,000,000 Issued June 28, 2019	18,295,000	18,755,000
Water and Sewer Revenue Bonds, Series 2018, $8,535,000 Issued November 1, 2018	7,725,000	7,940,000
Water and Sewer Revenue Bonds, Series 2016, $27,015,000 Issued December 22, 2016	23,370,000	23,850,000
Local Government Public Improvement Revenue Bonds, Series 2016 V-E-1, $25,000,000 Issued December 23, 2016	19,860,000	20,485,000
Water and Sewer System Revenue Bonds Build America Bonds (BABS), Series 2010, $35,000,000 Issued November 30, 2010	17,325,000	17,325,000
Public Building Authority of Sevier County, Tennessee Loan Agreement Series 2009 V-B-1, $35,425,000 Issued August 1, 2009	19,410,000	20,880,000
Total Revenue Bonds	144,505,000	148,370,000
Add: Unamortized Premium	2,721,851	2,941,947
	147,226,851	151,311,947
Less: Current Portion	(4,020,000)	(3,865,000)
Total	$ 143,206,851	$ 147,446,947

NOTE 6 - REVENUE BONDS (Continued)

Overview (Continued)

The District has pledged all its revenues to secure the revenue bonds until all outstanding debt has been repaid. In addition, the bondholders have statutory mortgage liens upon the District as created by T.C.A. § 7-82-101 that remain in effect until the various bond issues are paid in full. The revenue bond covenants require a minimum debt service coverage ratio of 1.60; for the years ended June 30, 2025 and 2024 the ratio was 2.00 and 1.74, respectively.

Interest expense for 2025 and 2024 consisted of the following:

	2025	2024
Interest Paid	$ 5,817,359	$ 6,191,337
Change in Accrued Interest Payable	(7,976)	7,754
Amortization of Bond Issuance Costs	26,844	27,235
Amortization of Bond Premiums	(220,096)	(225,205)
Amortization of Deferred Cost of Refunding	29,225	30,450
Total	$ 5,645,356	$ 6,031,571

Activity

Long-term debt activity during 2025 and 2024 was as follows:

	2025				
	Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Revenue Bonds	$ 148,370,000	$ 0	$ (3,865,000)	$ 144,505,000	$ 4,020,000
Other Revenue Bond Items:					
Add: Bond Premiums	2,941,947	0	(220,096)	2,721,851	214,678
Total	$ 151,311,947	$ 0	$ (4,085,096)	$ 147,226,851	$ 4,234,678

	2024				
	Balance July 1, 2023	Additions	Reductions	Balance June 30, 2024	Due Within One Year
Revenue Bonds	$ 152,075,000	$ 0	$ (3,705,000)	$ 148,370,000	$ 3,865,000
Other Revenue Bond Items:					
Add: Bond Premiums	3,167,152	0	(225,205)	2,941,947	220,096
Total	$ 155,242,152	$ 0	$ (3,930,205)	$ 151,311,947	$ 4,085,096

NOTE 6 - REVENUE BONDS (Continued)

Debt Service

The annual debt service requirements for revenue bonds as of June 30, 2025 are as follows:

	Revenue Bonds				
Fiscal Years Ending June 30,	Principal	Coupon Interest	BABS Treasury Rebate	Net Interest	Total
2026	$ 4,020,000	$ 6,011,349	$ (400,268)	$ 5,611,081	$ 9,631,081
2027	4,205,000	5,834,089	(400,268)	5,433,821	9,638,821
2028	4,375,000	5,650,801	(400,268)	5,250,533	9,625,533
2029	4,545,000	5,471,862	(400,268)	5,071,594	9,616,594
2030	4,720,000	5,286,613	(400,268)	4,886,345	9,606,345
2031-2035	26,725,000	23,458,230	(2,001,340)	21,456,890	48,181,890
2036-2040	32,305,000	18,131,300	(2,001,340)	16,129,960	48,434,960
2041-2045	41,095,000	10,610,475	(1,238,928)	9,371,547	50,466,547
2046-2050	15,900,000	2,386,463	0	2,386,463	18,286,463
2051-2054	6,615,000	631,500	0	631,500	7,246,500
Total	$ 144,505,000	$ 83,472,682	$ (7,242,948)	$ 76,229,734	$ 220,734,734

Water and Sewer Revenue Refunding Bonds - Series 2022

The District has issued $25,435,000 in non-taxable water and sewer revenue refunding bonds, Series 2022. The bonds were to provide refunding of the Series 2015 bonds and a portion of the Series 2010 bonds under the debt agreement dated March 31, 2022. Interest payments are made semi-annually at an average interest rate of 4.48% beginning December 1, 2022. The annual loan principal payments of between $165,000 to $3,465,000 begin June 1, 2023 and continue through June 1, 2045. The refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt totaling $65,232. This difference is reported in the accompanying financial statements as a deferred bond refunding loss and is being charged to operations through the year 2045 using the proportionate-to-stated interest requirements method. Although the reacquisition price exceeded the net carrying amount of the old debt, the District reduced its aggregate debt service payments by $5,497,573. The amount of the reacquisition price recorded as part of the bond interest expense was $4,158 and $4,219 for 2025 and 2024.

Local Government Public Improvement Revenue Bonds - Series V-F-1

The Public Building Authority of Sevier County, Tennessee issued $15,000,000 in Local Government Public Improvement Bonds, Series V-F-1. The bonds are to provide the District financing for certain water and sewer improvement projects under a loan agreement dated June 28, 2019. Interest payments are made semi-annually beginning December 1, 2019. This loan had a variable rate based upon an index rate agreement dated June 28, 2019 that calculated monthly interest of not more than 69% of the London Interbank Offered Rate (LIBOR) plus not more than 49 basis points. This agreement was amended as of April 1, 2023 to calculate monthly interest of 79% of the Secured Overnight Financing Rate (SOFR) plus 49 basis points. This debt issue was unrated. The variable interest rate as of June 30, 2025 and 2024 was 3.96% and 4.70%. The annual loan principal payments of between $230,000 to $1,745,000 begin June 1, 2022 to June 1, 2038 and continue from June 1, 2047 through June 1, 2054.

Water and Sewer Revenue Bonds - Series 2019

The District has issued $20,000,000 in non-taxable water and sewer revenue bonds, Series 2019. The funds are to provide the District financing for certain water and sewer improvement projects under the debt agreement dated June 28, 2019. Interest payments are made semi-annually at an average interest rate of 4.12% beginning June 1, 2019. The annual loan principal payments of between $395,000 to $1,050,000 begin June 1, 2022 and continue through June 1, 2049.

NOTE 6 - REVENUE BONDS (Continued)

Debt Service (Continued)

Water and Sewer Revenue Bonds - Series 2018

The District has issued $8,535,000 in non-taxable water and sewer revenue bonds, Series 2018. The funds are to provide the District financing for certain water and sewer improvement projects under the debt agreement dated November 1, 2018. Interest payments are made semi-annually at an average interest rate of 3.68% beginning June 1, 2019. The annual loan principal payments of between $190,000 to $495,000 begin June 1, 2022 and continue through June 1, 2048.

Water and Sewer Revenue Bonds - Series 2016

The District has issued $27,015,000 in non-taxable water and sewer revenue bonds, Series 2016. The funds are to provide the District financing for certain water and sewer improvement projects under the debt agreement dated December 22, 2016. Interest payments are made semi-annually at an average interest rate of 4.16% beginning June 1, 2017. The annual loan principal payments of between $240,000 to $2,045,000 begin June 1, 2020 and continue through June 1, 2046.

Local Government Improvement Revenue Bonds - Series 2016 V-E-1

The Public Building Authority of Sevier County, Tennessee issued $25,000,000 in Local Government Public Improvement Bonds, Series 2016 V-E-1. The bonds are to provide the District financing for certain water and sewer improvement projects under a loan agreement dated December 23, 2016. Interest payments are made monthly beginning June 1, 2017. This loan had a variable rate based upon an index rate agreement dated December 23, 2016 that calculated monthly interest of 70% of the London Interbank Offered Rate (LIBOR) plus 55 basis points. This agreement was amended as of December 1, 2021 to calculate monthly interest at 100% of the Securities Industry & Financial Markets Association Index (SIFMA Index) plus 51 basis points. This debt issue was unrated. The average variable interest rate as of June 30, 2025 and 2024 was 3.16% and 3.45%. The annual loan principal payments of between $95,000 to $5,890,000 began June 1, 2018 and continue through June 1, 2046.

Revenue Bonds - Build America Bonds (BABS) - Series 2010

The District has issued $35,000,000 in taxable water and sewer revenue bonds, Series 2010 (Federally Taxable – Build America Bonds – Direct Subsidy). The funds are to provide the District financing for certain water and sewer improvement projects under the agreement dated November 30, 2010. Interest payments are made semi-annually at a gross interest rate of 6.83%, or at a net rate of 4.44% after subsidies. The annual loan principal payments of between $250,000 to $3,800,000 begin June 1, 2021 and continues through June 1, 2045. Beginning in fiscal year 2026 there is a mandatory redemption of bonds with various maturity dates. The District receives a direct subsidy of 35% from the United States Government that reduces its interest costs. The District has no assurance that the United States Government will continue to make the direct subsidy payments at a gross interest rate of 6.83% or that the United States Congress will not attempt to reduce the amount of the direct subsidy payments. Interest subsidies received by the District during 2025 and 2024 were $400,268 and $400,268, respectively. During FY 2025 and 2024, due to the U.S. Congressional budget sequestration, the interest rate subsidy was reduced by 5.7%. These bonds were partially refunded during the year ended June 30, 2022.

NOTE 6 - REVENUE BONDS (Continued)

Debt Service (Continued)

Loan Payable to Public Building Authority of Sevier County - Series 2009 V-B-1

The Public Building Authority of Sevier County, Tennessee issued $35,425,000 in Local Government Public Improvement Bonds, Series 2009 V-B-1. The bonds are to provide refunding of Series 1997 I-A-1, 2000 II-D-2, and 2005 IV-C-1 Bonds. Interest payments are made the first of each month. Monthly payments include a reimbursement to the letter of credit provider. One monthly payment each quarter includes additional interest and swap payments and fees, in addition to the LOC reimbursement. The loan was amended as of April 1, 2023 to calculate monthly interest based on a weekly variable rate determined by Truist Bank. The average variable interest rate as of June 30, 2025 and 2024 was 3.14% and 3.34%. The annual loan principal payments of between $795,000 to $2,395,000 began June 1, 2010 and are due on June 1 of each year through 2035. The current refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt totaling $634,946. This difference is reported in the accompanying financial statements as a deferred bond refunding loss and is being charged to operations through the year 2035 using the proportionate-to-stated interest requirements method. Although the reacquisition price exceeded the net carrying amount of the old debt, the District reduced its aggregate debt service payments by $1,237,925. No economic gain or loss was obtained since the transaction exchanged old variable rate debt with new variable rate debt. The amount of the reacquisition price recorded as part of the bond interest expense was $25,067 and $26,231 for 2025 and 2024.

NOTE 7 - RETIREMENT PLANS

A. Single-Employer Pension Plan - West Knox Utility District Defined Benefit Plan

General Information about the Defined Benefit Pension Plan

Plan Description - The District's single-employer defined benefit pension plan, West Knox Utility District Defined Benefit Pension Plan (the DB Plan), provides pension benefits for all full-time employees of the District who have been employed for at least 6 months and are at least 21 years old. The Plan is a single-employer noncontributory retirement plan and assets are held in trust with Commercial Bank and Trust Company. The DB Plan is administered by USI Consulting Group.

Benefits Provided - The DB Plan provides retirement, disability and death benefits. Retirement benefits are calculated as 2.25% per year of service (limited to 100%) times the highest average of 36 consecutive months of compensation. The Plan provides participants with a life annuity with ten years certain, with several other options for retirement benefit payments, including several annuity choices or a lump sum payment. Vesting begins at 20% per year after one year of service. An employee becomes fully vested after five years of service and normal retirement age is 65.

Article V.A. of the DB Plan document also includes a provision for supplemental retirement accounts for certain designated personnel. Designated personnel are determined by the Board of Commissioners. Contribution credits are added to the balance of the supplemental retirement account equal to 10% of the participant's annual rate of salary. Interest is also credited to the balance of the supplemental retirement account at an annual rate of 5%. The account balance can be paid out in the form of a lump sum or under any other form of benefit permitted by the Plan. If a participant terminates employment prior to their early retirement date, the supplemental retirement account is forfeited.

The District's Board of Commissioners has the authority to amend or change the Plan and its benefit terms. The Plan does not issue separate financial statements.

NOTE 7 - RETIREMENT PLANS (Continued)

A. Single-Employer Pension Plan - West Knox Utility District Defined Benefit Plan (Continued)

General Information about the Defined Benefit Pension Plan (Continued)

The District's Board of Commissioners amended the Plan on November 21, 2013 to provide another option that can be chosen, whereby the beneficiary of a participant who dies after annuity benefit payments under the Plan begin will be entitled to a death benefit equal to the excess, if any, of the lump sum value of the participant's total accrued benefit compared to the total amount of benefit payments made to the participant prior to their death. However, the District's Board of Commissioners amended the Plan on October 25, 2018 to limit the optional lump sum form of benefit payment to 33-1/3% of the vested accrued benefit accrued after October 25, 2018. This amendment also modified the Actuarial Equivalent used to calculate the present value of the lump sum portion of a benefit payment. The lump sum value will now be based on the applicable interest rate or 4%, whichever produces the lower distribution amount. Effective January 1, 2018, the District's Board of Commissioners froze the plan to new participants. New employees hired by the District after December 31, 2017 are required to participate in the defined contribution retirement plan (see section D).

Employees Covered by Benefit Terms - At June 30, 2025 and 2024, the following number of employees were covered by the benefit terms:

	2025	2024
Inactive Employees, or Beneficiaries, Currently Receiving Benefits	14	12
Inactive Employees, Entitled to, but not yet Receiving Benefits	19	19
Active Employees	43	44
Total	76	75

Contributions - The Board of Commissioners establishes contribution amounts based on an actuarially determined rate recommended by an independent actuary. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability for past service costs. For the years ended June 30, 2025 and 2024, the District's contributions were approximately 59% and 21%, respectively, of annual covered payroll.

NOTE 7 - RETIREMENT PLANS (Continued)

A. Single-Employer Pension Plan - West Knox Utility District Defined Benefit Plan (Continued)

Plan Financial Statements

The District's Statements of Fiduciary Net Position contain the following amounts for the DB Plan as of June 30:

	2025	2024
ASSETS		
Investments, at Fair Value		
Cash and Cash Equivalents	$ 160,885	$ 1,111,498
Mutual Funds:		
Domestic Equity	5,081,600	4,089,485
International Equity	2,995,551	2,365,639
Fixed Income	4,504,938	4,065,970
Real Estate	631,683	625,913
Market Neutral & Alternative	395,350	246,534
Total Investments	13,770,007	12,505,039
TOTAL ASSETS	$ 13,770,007	$ 12,505,039
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts Payable	$ 0	$ 0
NET POSITION		
Restricted for Pension	13,770,007	12,505,039
TOTAL LIABILITIES AND NET POSITION	$ 13,770,007	$ 12,505,039

The District's Statements of Changes in Fiduciary Net Position contain the following amounts for the DB Plan for the years ended June 30:

	2025	2024
ADDITIONS		
Employer Contributions	$ 1,709,916	$ 720,000
Net Investment Earnings (Loss)	1,352,470	1,065,255
Total Additions	3,062,386	1,785,255
DEDUCTIONS		
Benefit Payments	1,796,745	454,453
Administrative Expenses	673	0
Total Deductions	1,797,418	454,453
CHANGE IN NET POSITION	1,264,968	1,330,802
NET POSITION, BEGINNING OF YEAR	12,505,039	11,174,237
NET POSITION, END OF YEAR	$ 13,770,007	$ 12,505,039

NOTE 7 - RETIREMENT PLANS (Continued)

A. Single-Employer Pension Plan - West Knox Utility District Defined Benefit Plan (Continued)

Net Pension Liability

The District's net pension liability was measured as of June 30, 2025 and 2024, and the total pension liability used to calculate the net pension liability was determined by actuarial valuations as of July 1, 2024 and 2023.

Actuarial Assumptions - The total pension liability in the July 1, 2024 and 2023 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method: Individual Entry Age Normal
Amortization Method: Level Dollar Amount
Remaining Amortization Period: 19 Years (2024), 20 (2023)
Asset Valuation Method: Actuarial Value of Plan Assets
Asset Smoothing Method: Investment gains and losses will be recognized and phased-in over 5 years. There is also a 20% corridor around the fair value of assets
Investment Rate of Return: 7.20% (2024) and 7.25% (2023) per Annum
Discount Rate: 7.00% (2024 and 2023)
Salary Increases: 4.00% per Annum
Lump Sums: 50% Election Rate
Retirement Age: 33.33% retire at the initial attainment of unreduced Early Retirement (Rule of 90) eligibility, the remaining retire at Normal Retirement age
Cost of Living Increase: 0.00%
Mortality: RP-2014 Blue Collar Mortality Table with Scale MP-2021 (2024) and PRI-2012 Blue Collar Mortality Table with Scale MP-2021 (2023) projected on a fully generational basis

The actuarial assumptions used in the July 1, 2024 and 2023 valuations were based on the results of actual experience with the plan for the period July 1, 2018 through June 30, 2023.

Investment Policies and Strategies - The Plan's trustees have adopted an investment policy to ensure that sufficient investment income can be generated to accumulate resources to pay benefits. The long-term expected rate of return on pension plan investments was determined using a modified building blocks methodology in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding an assumed inflation rate of 2.44% per annum for the years ending June 30, 2025 and 2024. The target allocation and best estimates of average long-term expected real rates of return for each major asset class as of June 30, 2025 and 2024 are summarized in the following table:

		Average Long-Term Expected Real Rate of Return	
Asset Class	Target Allocation	2025	2024
Domestic Equity	33%	6.28%	6.57%
International Equity	14%	7.42%	7.72%
Fixed Income	39%	2.59%	2.49%
Market Neutral/Alternative	7%	3.98%	3.97%
Real Estate	5%	4.82%	4.89%
Cash & Other	2%	0.98%	0.74%
Total	100%		

Rates of Return (Loss) - The annual money-weighted rates of return (losses) on the Plan's investments, net of investment expenses for the fiscal years 2025 and 2024 was 10.99% and 9.44%, respectively.

NOTE 7 - RETIREMENT PLANS (Continued)

A. Single-Employer Pension Plan - West Knox Utility District Defined Benefit Plan (Continued)

Net Pension Liability (Continued)

Discount Rate - The discount rate used to measure the total pension liability for fiscal years 2025 and 2024 was 7.00%. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Tennessee State Law for Local Government Sponsored Defined Benefit Plans - In May 2014, the Tennessee General Assembly passed "The Public Employee Defined Benefit Financial Security Act of 2014", Tennessee Code Section 9-3-501, which requires the District to make annual employer contributions equal to 100% of its actuarially determined contributions (ADC), use the entry age normal cost method, limit future pension benefit improvements if the net pension plan funded ratio is less than 60% and other requirements beginning in fiscal year 2016 with various provisions phased in through FY 2020.

Changes in the net pension liability for the measurement periods ending June 30, 2025 and 2024 are shown below:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
For the Fiscal Year Ended June 30, 2025	(a)	(b)	(a) - (b)
Balances at June 30, 2024	$ 18,780,356	$ 12,505,039	$ 6,275,317
Changes for the Year:			
Service Cost	233,523	0	233,523
Interest	1,269,149	0	1,269,149
Difference between Expected and Actual Experience	300,013	0	300,013
Changes of Assumptions	3,333	0	3,333
Contributions - Employer	0	1,709,916	(1,709,916)
Net Investment Income (Loss)	0	1,352,470	(1,352,470)
Benefit Payments	(1,796,745)	(1,796,745)	0
Administrative Expenses	0	(673)	673
Net Changes	9,273	1,264,968	(1,255,695)
Balances at June 30, 2025	$ 18,789,629	$ 13,770,007	$ 5,019,622
For the Fiscal Year Ended June 30, 2024			
Balances at June 30, 2023	$ 16,567,803	$ 11,174,237	$ 5,393,566
Changes for the Year:			
Service Cost	224,498	0	224,498
Interest	1,201,256	0	1,201,256
Difference between Expected and Actual Experience	644,702	0	644,702
Changes of Assumptions	596,550	0	596,550
Contributions - Employer	0	720,000	(720,000)
Net Investment Income (Loss)	0	1,065,255	(1,065,255)
Benefit Payments	(454,453)	(454,453)	0
Net Changes	2,212,553	1,330,802	881,751
Balances at June 30, 2024	$ 18,780,356	$ 12,505,039	$ 6,275,317

The DB Plan's fiduciary net position as a percentage of the total pension liability was 73.29% and 66.59% for the years ended June 30, 2025 and 2024, respectively.

NOTE 7 - RETIREMENT PLANS (Continued)

A. Single-Employer Pension Plan - West Knox Utility District Defined Benefit Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of the District as of June 30, 2025 and 2024, calculated using the discount rate of 7.00%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Net Pension Liability	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
2025	$ 7,249,779	$ 5,019,622	$ 3,136,500

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
2024	$ 8,409,122	$ 6,275,317	$ 4,474,470

Pension Expense and Deferred Outflows of Resources and Deferred Inflow of Resources Related to Plan

For the years ended June 30, 2025 and 2024, the District recognized pension expense of $1,154,493 and $1,330,162, respectively for the Plan. At June 30, 2025 and 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows Resources	Deferred Outflows of Resources	Deferred Inflows Resources
Differences Between Expected and Actual Experience	$ 934,732	$ 79,534	$ 1,068,003	$ 111,475
Changes of Assumptions	401,953	97,310	600,785	145,889
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	63,204	385,485	0
Total	$ 1,336,685	$ 240,048	$ 2,054,273	$ 257,364

Amounts reported as deferred outflows of resources and deferred inflow of resources related to the Plan will be recognized in pension expense as follows:

For the Years Ended June 30,	
2026	$ 801,723
2027	189,678
2028	156,081
2028	(50,845)
Total	$ 1,096,637

Payable to Pension Plan

At June 30, 2025 and 2024, there was no employer contribution payable.

Trend Information

The schedule of changes in the District's net position liability and related ratios, schedule of the District's pension contributions and schedule of investment returns, as presented in required supplementary information (RSI) following the notes to financial statements, will present multi-year trend information in the future about whether the Plan's fiduciary net position is increasing or decreasing over time relative to the total pension liability and net pension liability and whether the District's contributions and investment returns are in accordance with the actuarially determined amounts.

NOTE 7 - RETIREMENT PLANS (Continued)

B. Agent Multiple-Employer Defined Benefit Pension Plan - Tennessee Consolidated Retirement System (TCRS)

Plan Description - Former employees of the District who retired prior to July 1, 1991 are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. TCRS was created by state statute under Tennessee Code Annotate (TCA) Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of TCRS. TCRS issues a publicly available financial report that can be obtained at https://treasury.tn.gov/Retirement/Boards-and-Governance/Reportingand-Investment-Policies. Effective July 1, 1991, this plan was closed to new participants and the District's eligible full-time employees were enrolled in the District's single-employer defined benefit plan. The District withdrew from TCRS on July 1, 1991. Active employees of the District as of that date transferred their account balances to the West Knox Utility District Defined Benefit Plan (see section A).

Benefits Provided - TCA Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by state statute. Members are eligible to retire with an unreduced benefit at age 60 with 5 years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available at age 55 for members who are vested. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced 10 percent and include projected service credits. A variety of death benefits are available under various eligibility criteria.

Member and beneficiary annuitants are entitled to automatic cost of living adjustments (COLA's) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd of July in the previous year. A COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3%, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Employees Covered by Benefit Terms - At the measurement date of June 30, 2024 and 2023, the following employees were covered by the benefit terms:

	2024	2023
Inactive Employees, or Beneficiaries, Currently Receiving Benefits	0	0
Inactive Employees, Entitled to, but not yet Receiving Benefits	0	0
Active Employees	0	0
Total	0	0

Contributions - Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. The District makes employer contributions at the rate set by the TCRS Board of Trustees as determined by an actuarial valuation. Based upon the District withdrawing from TCRS as of July 1, 1991, the employer contributions were fully funded at that time and no contributions are expected in the near term.

NOTE 7 - RETIREMENT PLANS (Continued)

B. Agent Multiple-Employer Defined Benefit Pension Plan - TCRS (Continued)

The District's net pension liability (asset) was measured as of June 30, 2024 and 2023, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of those dates.

Actuarial Assumptions - The total pension liability as of the June 30, 2024 and 2023 actuarial valuations were determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded salary ranges from 8.72% to 3.44% based on age, including inflation, averaging 4.00%
Investment Rate of Return	6.75% net of pension plan investment expenses, including inflation
Cost-of-Living Adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2024 and 2023 actuarial valuations were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2020 actuarial experience study. A blend of future capital market projections and historical market returns was used in a building-block method in which a best-estimate of future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. The best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25% for 2024 and 2023. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Average Long-Term Expected Real Rate of Return
U.S. Equity	31%	4.88%
Developed Market International Equity	14%	5.37%
Emerging Market International Equity	4%	6.09%
Private Equity and Strategic Lending	20%	6.57%
U.S. Fixed Income	20%	1.20%
Real Estate	10%	4.38%
Short-Term Securities	1%	0.00%
Total	100%	

NOTE 7 - RETIREMENT PLANS (Continued)

B. Agent Multiple-Employer Defined Benefit Pension Plan - TCRS (Continued)

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75% for 2024 and 2023 based on a blending of the factors described above.

Discount Rate - The discount rate used to measure the total pension liability was 6.75% for 2024 and 2023. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that employer contributions from the District will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plans' fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Net Pension Liability (Asset)

Changes in the net pension liability (asset) for the measurement periods ending June 30, 2024 and 2023 are shown below:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
For the Fiscal Year Ended June 30, 2025			
Balances at June 30, 2023	$ 0	$ 767,035	$ (767,035)
Changes for the Year			
Interest	(28,415)	0	(28,415)
Difference between Expected and Actual Experience	870,330	0	870,330
Net Investment Income	0	74,880	(74,880)
Distributions	(841,915)	(841,915)	0
Net Changes	0	(767,035)	767,035
Balances at June 30, 2024	$ 0	$ 0	$ 0
For the Fiscal Year Ended June 30, 2024			
Balances at June 30, 2022	$ 12,445	$ 722,253	$ (709,808)
Changes for the Year			
Interest	721	0	721
Difference between Expected and Actual Experience	(9,627)	0	(9,627)
Net Investment Income	0	48,427	(48,427)
Benefit Payments	(3,539)	(3,539)	0
Administrative Expenses	0	(106)	106
Net Changes	(12,445)	44,782	(57,227)
Balances at June 30, 2023	$ 0	$ 767,035	$ (767,035)

NOTE 7 - RETIREMENT PLANS (Continued)

B. Agent Multiple-Employer Defined Benefit Pension Plan - TCRS (Continued)

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate - The following presents the net pension liability (asset) of the District calculated using the discount rate of 6.75% for 2024 and 2023, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the discount rate:

Net Pension Liability (Asset)	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
June 30, 2024	$ 0	$ 0	$ 0

	1% Decrease (5.75%)	Discount Rate (6.75%)	1% Increase (7.75%)
June 30, 2023	$ (767,035)	$ (767,035)	$ (767,035)

Pension Income and Deferred Inflows of Resources

For the years ended June 30, 2025 and 2024, the District recognized (negative) pension expense of $804,454 and $(61,449) for the TCRS Plan. For the years ended June 30, 2025 and 2024, the District reported deferred outflows of resources and deferred inflows of resources as follows:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	$ 0	$ 0	$ 5,728	$ 0

Payable to the Pension Plan

Since the District has fully funded this Plan in prior years, as of June 30, 2025 and 2024, there is no employer contribution payable.

Required Supplementary Information

The District has presented as required supplementary information (RSI) following the notes to the financial statements, multiyear trend information about whether the net pension liability (asset) assets is increasing or decreasing over time relative to the plan's fiduciary net position and if the District has made its actuarial determined contributions as required by the TCRS.

NOTE 7 - RETIREMENT PLANS (Continued)

C. Aggregate Defined Benefit Pension Plans Note Disclosures

The aggregate defined benefit plan disclosures for the two pension plans as of and for the years ended June 30, 2025 and 2024 are as follows:

Plan	Net Pension Liability (Asset)	Deferred Outflows	Deferred Inflows	Pension Expense (Reduction)
2025				
WKUD Defined Benefit Plan	$ 5,019,622	$ 1,336,685	$ 240,048	$ 1,154,493
TCRS Defined Benefit Plan	0	0	0	804,454
Total	$ 5,019,622	$ 1,336,685	$ 240,048	$ 1,958,947
2024				
WKUD Defined Benefit Plan	$ 6,275,317	$ 2,054,273	$ 257,364	$ 1,330,162
TCRS Defined Benefit Plan	(767,035)	5,728	0	(61,449)
Total	$ 5,508,282	$ 2,060,001	$ 257,364	$ 1,268,713

D. Single-Employer Defined Contribution Plan

On January 1, 2018, the District's Board of Commissioners established the West Knox Utility District Defined Contribution Retirement Plan (the DC Plan), a single-employer defined contribution retirement plan for full-time employees who are automatically enrolled in the Plan after a 90-day probationary period and are over the age of 21. The DC Plan requires a mandatory employee contribution of 3% of annual compensation and the District will make a mandatory non-elective employer contribution of 12% of employees' annual compensation. Participants are immediately vested in the employee contributions and related investment earnings. Participants vest in the employer contributions at 25% per year and are 100% vested after completing four years of credited service. The Plan's investments are in trust at Charles Schwab. Forfeited non-vested amounts are used to reduce employer contributions, or to pay Plan expenses. Plan expenses were $327,686 and $228,421 as of June 30, 2025 and 2024, respectively. During 2025 and 2024 forfeitures were $51,174 and $28,163, respectively. As of June 30, 2025 and 2024 there were 64 and 42 active participants, respectively.

E. Single-Employer Deferred Compensation Plan

On January 1, 2018, the District's Board of Commissioners established the West Knox Utility District 457(b) Deferred Compensation Plan (the 457 Plan), a single-employer defined contribution retirement plan for full-time employees who are eligible to enroll in the Plan after a 90-day probationary period and are over the age of 21. The 457 Plan is funded 100% by employee deferral contributions subject to annual IRS limits. The Plan's investments are in trust at Wells Fargo Bank. As of June 30, 2025 and 2024 and there were 42 and 33 active participants, respectively.

F. Other

The defined benefit pension plans and the defined contribution plans are sponsored by a governmental entity; therefore, these plans are not subject to the statutory provisions of the Employee Retirement and Income Security Act of 1974 (ERISA). In addition, the two defined benefit plans are not covered by the Pension Benefit Guaranty Corporation, a U.S. Government Agency.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

General Information About the OPEB Plan

Plan Description - In addition to the retirement benefits described in Note 7, the District's Board of Commissioners approved a single-employer postretirement medical insurance plan for employees. The Plan was originally funded on a pay-as-you-go basis and there were no assets accumulating in a trust that meet the criteria of paragraph 4 of GASB Statement No. 75. However, beginning in June 2023 the District began accumulating assets held in trust with Commercial Bank and Trust Company.

Benefits Provided - The District offers the Plan to provide partial payment of health insurance premiums through COBRA for eligible retirees age 62 and over and their dependents for a maximum length of 36 months or until the retiree reaches age 65. Dependents are eligible only during the period that the retiree is eligible. The District pays the following percentages of the premium based on years of service: 0% for 0-15 years of service, 50% for 15-20 years of service, and 75% for 20 plus years of service. Insurance coverage is the only postemployment benefit provided to retirees.

Employees Covered by Benefit Terms - At the actuarial valuation date of July 1, 2024, the following employees of the District were covered by the benefit terms of the Plan:

Inactive Employees, or Beneficiaries, Currently Receiving Benefits	2
Inactive Employees, Entitled to, but not yet Receiving Benefits	0
Active Employees	71
Total	73

Contributions – The District has adopted a written funding policy, dated May 25, 2023, which requires an annual employer contribution to equal, or exceed, the actuarially determined contribution (ADC) as calculated by an actuary. The District's OPEB employer contributions to the Plan for fiscal years ended June 30, 2025 and 2024 were $16,850 and $8,387, respectively.

Plan Financial Statements

The District's Statements of Fiduciary Net Position contain the following amounts for the OPEB Plan as of June 30:

	2025	2024
ASSETS		
Investments, at Fair Value		
Cash and Cash Equivalents	$ 2,427	$ 144
Mutual Funds:		
Domestic Equity	18,433	6,873
International Equity	1,689	629
Fixed Income	17,162	6,582
Real Estate	2,053	823
Total Investments	41,764	15,051
TOTAL ASSETS	$ 41,764	$ 15,051
LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts Payable	$ 0	$ 0
NET POSITION		
Restricted for OPEB	41,764	15,051
TOTAL LIABILITIES AND NET POSITION	$ 41,764	$ 15,051

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Plan Financial Statements (Continued)

The District's Statements of Changes in Fiduciary Net Position contain the following amounts for the OPEB Plan for the years ended June 30:

	2025	2024
ADDITIONS		
Employer Contributions	$ 20,000	$ 0
Net Investment Earnings	2,171	730
Other	11,000	0
Total Additions	33,171	730
DEDUCTIONS		
Administrative Expenses	6,458	5,679
Total Deductions	6,458	5,679
CHANGE IN NET POSITION	26,713	(4,949)
NET POSITION, BEGINNING OF YEAR	15,051	20,000
NET POSITION, END OF YEAR	$ 41,764	$ 15,051

Total OPEB Liability

Actuarial Assumptions - The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	6.50% in 2025 (3.93% in 2024)
Annual Payroll Increase	2.50%
Healthcare Cost Trend Rates	7.0% declining to an ultimate trend rate of 5.0% in 2029 (6.0% in 2024)

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. The entry age normal actuarial cost method is used in this valuation. Under this method, the actuarial present value of projected benefits of each individual included in the actuarial valuation is allocated on a level basis over future earnings of the individual between entry age and assumed exit ages.

The actuarial demographic assumptions used in the July 1, 2024 actuarial valuation were based on the results of past experience. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 headcount-weighted fully generational table with projection Scale MP-2021.

Discount Rate - The discount rate used to measure the total OPEB liability as of June 30, 2025 was 6.50% (3.93% as of June 30, 2024). This rate reflects the interest rate derived from yields on 20-year, tax-exempt general obligation municipal bonds, prevailing on the measurement date, with an average rating of AA/Aa as shown on the Bond Buyer's 20-Year Municipal GO index.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

Expected Investment Rates of Return – The long-term expected rate of return on OPEB plan investments will consider the assumed asset allocation of the plan's portfolio, and the long-term expected real rates of return for each major asset class. The best estimates of real rates of return and the target asset allocation for each major asset class as of June 30, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equity - Large Cap	22%	5.81%
U.S. Equity - Small/Mid Cap	16%	7.06%
Non-U.S. Equity - Developed	4%	6.64%
U.S. Corporate Bonds - Core	36%	2.60%
U.S. Corporate Bonds - High Yield	10%	4.42%
U.S. Treasuries	7%	1.00%
Real Estate	5%	4.94%
Total	100%	

Changes in the Total OPEB Liability

	Increase (Decrease)			
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Non-Trust Contributions (c)	Net OPEB Liability (Asset) (a) - (b) - (c)
Balances at June 30, 2023	$ 141,314	$ 20,000	$ 0	$ 121,314
Changes for the Year				
Service Cost	9,840	0	0	9,840
Interest	5,365	0	0	5,365
Investment Income	0	730	0	(730)
Changes in Assumptions	(3,087)	0	0	(3,087)
Contributions - Employer	0	0	8,387	(8,387)
Benefit Payments	(8,387)	0	(8,387)	0
Administrative Expenses	0	(5,679)	0	5,679
Net Changes	3,731	(4,949)	0	8,680
Balances at June 30, 2024	$ 145,045	$ 15,051	$ 0	$ 129,994
Changes for the Year				
Service Cost	8,600	0	0	8,600
Interest	5,728	0	0	5,728
Differences between Expected and Actual Experience	(361)	0	0	(361)
Investment Income	0	2,171	0	(2,171)
Changes in Assumptions	(26,164)	0	0	(26,164)
Contributions - Employer	0	20,000	16,850	(36,850)
Benefit Payments	(16,850)	0	(16,850)	0
Administrative Expenses	0	(6,458)	0	6,458
Other	0	11,000	0	(11,000)
Net Changes	(29,047)	26,713	0	(55,760)
Balances at June 30, 2025	$ 115,998	$ 41,764	$ 0	$ 74,234

The OPEB Plan's fiduciary net position as a percentage of the total pension liability was 36.00% and 10.38% for the years ended June 30, 2025 and 2024, respectively.

Changes in Assumptions - The discount rate was changed from 3.93% as of June 30, 2024 to 6.5% as of June 30, 2025. This change in assumption decreased the total OPEB liability.

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

***Changes in the Total OPEB Liability* (Continued)**

Sensitivity of Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability related to the Plan, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the discount rate.

Total OPEB Liability	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
2025	$ 84,060	$ 74,234	$ 65,251

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
2024	$ 141,242	$ 129,994	$ 119,409

Sensitivity of Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability related to the Plan, as well as what the total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the healthcare cost trend rate.

Total OPEB Liability	1% Decrease (6.00% decreasing to 4.00%)	Healthcare Cost Trend Rates (7.00% decreasing to 5.00%)	1% Increase (8% decreasing to 6.00%)
2025	$ 64,484	$ 74,234	$ 85,396

	1% Decrease (5.00% decreasing to 4.00%)	Healthcare Cost Trend Rates (6.00% decreasing to 5.00%)	1% Increase (7.00% decreasing to 6.00%)
2024	$ 116,458	$ 129,994	$ 145,530

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

OPEB Expense - The District recognized OPEB expense of $12,909 and $13,829 for fiscal years ended June 30, 2025 and 2024, respectively.

Deferred Outflows of Resources and Deferred Inflows of Resources - For the fiscal years ended June 30, 2025 and 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB benefits from the following sources:

	2025		2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 10,541	$ 14,639	$ 15,515	$ 18,185
Changes in Assumptions	8,142	34,827	14,094	16,420
Net Difference Between Projected and Actual Earnings on OPEB Investments	0	1,489	4,543	0
Total	$ 18,683	$ 50,955	$ 34,152	$ 34,605

NOTE 8 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)

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

For the Years ended June 30,	
2026	$ (2,601)
2027	(2,861)
2028	(10,116)
2029	(9,039)
2030	(4,296)
Thereafter	(3,359)
Total	$ (32,272)

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

NOTE 9 - NET POSITION

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources. The net position for 2025 and 2024 is as follows:

	2025	As Restated 2024
Net Investment in Capital Assets:		
Net Capital Assets	$ 243,406,537	$ 239,023,099
Less: Revenue Bonds - Net of Discounts, Premiums, and Deferred Refunding Losses	(146,757,664)	(150,786,691)
Less: Reclassification from Restricted for Capital Assets Activity	(613,272)	(468,883)
	96,035,601	87,767,525
Restricted for Capital Assets Activity:		
Restricted Cash and Cash Equivalents	51,116	0
Less: Accounts Payable for Capital Assets	(664,388)	(468,883)
Reclassified to Net Investment in Capital Assets	613,272	468,883
	0	0
Restricted for Pensions	0	767,035
Unrestricted	52,455,813	45,280,028
Total Net Position	$ 148,491,414	$ 133,814,588

NOTE 10 - NET WATER REVENUES

Net water revenues earned during 2025 and 2024 were as follows:

	2025	2024
Gross Water Revenues	$ 14,807,012	$ 12,875,870
Less: Provision for Bad Debt Expense	(94,427)	(90,009)
Net Water Revenues	$ 14,712,585	$ 12,785,861

NOTE 11 - RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. The District carries commercial insurance for general liability, fidelity, property & casualty and workers compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 12 - ECONOMIC CONCENTRATION

The majority of the District's customers reside in the northwestern portion of Knox County, Tennessee and a significant number of the District's customers are employed with various federal government contractors located in Oak Ridge, Tennessee. These contractors operate several U.S. Department of Energy (DOE) facilities and have contracts that are vital to scientific research and development, national defense and hazardous waste management. DOE operations are contingent upon annual U.S. congressional appropriations.

The District's ten largest customers approximate 8.5% and 6.7% of water and wastewater net revenues for 2025 and 2024, respectively. These customers are primarily rental properties, various corporations and a hospital.

NOTE 13 - RESTATEMENT

During 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. As a result of adopting GASB Statement No. 101, the District has restated its financial statements for the year ending June 30, 2024. The cumulative effect of applying this standard has been reported as a restatement of beginning net position as of July 1, 2023.

The following financial statement line items were affected by the restatement:

	As Originally Reported 2024	Effect of Change	As Restated 2024
BALANCE SHEET			
Current Assets	$ 53,493,110	$ 0	$ 53,493,110
Noncurrent Assets	240,128,890	0	240,128,890
Deferred Outflows of Resources	2,281,213	0	2,281,213
Total Assets and Deferred Outflows of Resources	$ 295,903,213	$ 0	$ 295,903,213
Current Liabilities	$ 7,893,790	$ 50,608	$ 7,944,398
Noncurrent Liabilities	153,852,258	0	153,852,258
Deferred Inflows of Resources	291,969	0	291,969
Net Position	133,865,196	(50,608)	133,814,588
Total Liabilities, Deferred Inflows, and Net Position	$ 295,903,213	$ 0	$ 295,903,213
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
Operating Revenues	$ 34,835,378	$ 0	$ 34,835,378
Operating Expenses	(27,910,933)	(6,679)	(27,917,612)
Operating Income	6,924,445	(6,679)	6,917,766
Nonoperating Revenues (Expenses)	(3,828,406)	0	(3,828,406)
Capital Contributions	6,419,370	0	6,419,370
Change in Net Position	9,515,409	(6,679)	9,508,730
Net Position - Beginning of Year	124,349,787	(43,929)	124,305,858
Net Position - End of Year	$ 133,865,196	$ (50,608)	$ 133,814,588

REQUIRED SUPPLEMENTARY INFORMATION

WEST KNOX UTILITY DISTRICT

PENSION TRUST FUND

SCHEDULES OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS
SINGLE-EMPLOYER PLAN - WKUD DEFINED BENEFIT PLAN

For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 233,523	$ 224,498	$ 245,776	$ 240,109	$ 252,529	$ 274,169	$ 253,077	$ 225,046	$ 303,182	$ 286,353
Interest	1,269,149	1,201,256	1,156,739	1,076,388	1,015,234	940,408	919,228	898,067	867,851	946,685
Changes of Benefit Terms	0	0	0	0	0	0	(951,309)	0	0	0
Differences between Expected and Actual Experience	300,013	644,702	(175,357)	621,177	106,057	473,338	5,350	580,975	376,284	(1,532,910)
Changes in Assumptions	3,333	596,550	3,567	(268,964)	75,181	(31,637)	382,654	195,120	0	0
Benefit Payments	(1,796,745)	(454,453)	(731,524)	(406,360)	(773,362)	(437,617)	(261,129)	(1,898,086)	(1,280,675)	(344,348)
Net Change in Total Pension Liability	9,273	2,212,553	499,201	1,262,350	675,639	1,218,661	347,871	1,122	266,642	(644,220)
Total Pension Liability - Beginning	18,780,356	16,567,803	16,068,602	14,806,252	14,130,613	12,911,952	12,564,081	12,562,959	12,296,317	12,940,537
Total Pension Liability - Ending (a)	$ 18,789,629	$ 18,780,356	$ 16,567,803	$ 16,068,602	$ 14,806,252	$ 14,130,613	$ 12,911,952	$ 12,564,081	$ 12,562,959	$ 12,296,317
Plan Fiduciary Net Position										
Contributions - Employer	$ 1,709,916	$ 720,000	$ 648,000	$ 648,000	$ 702,000	$ 1,098,000	$ 720,000	$ 1,080,000	$ 1,170,000	$ 990,000
Net Investment Income (Loss)	1,352,470	1,065,255	890,658	(1,755,632)	2,591,046	25,099	410,204	562,525	732,379	(70,346)
Benefit Payments	(1,796,745)	(454,453)	(731,524)	(406,360)	(773,362)	(437,617)	(261,129)	(1,898,086)	(1,280,675)	(344,348)
Administrative Expense	(673)	0	648	0	278	(23)	(3,067)	(8,142)	(7,286)	(2,323)
Net Change in Plan Fiduciary Net Position	1,264,968	1,330,802	807,782	(1,513,992)	2,519,962	685,459	866,008	(263,703)	614,418	572,983
Plan Fiduciary Net Position - Beginning	12,505,039	11,174,237	10,366,455	11,880,447	9,360,485	8,675,026	7,809,018	8,072,721	7,458,303	6,885,320
Plan Fiduciary Net Position - Ending (b)	$ 13,770,007	$ 12,505,039	$ 11,174,237	$ 10,366,455	$ 11,880,447	$ 9,360,485	$ 8,675,026	$ 7,809,018	$ 8,072,721	$ 7,458,303
Net Pension Liability - Ending (a) - (b)	$ 5,019,622	$ 6,275,317	$ 5,393,566	$ 5,702,147	$ 2,925,805	$ 4,770,128	$ 4,236,926	$ 4,755,063	$ 4,490,238	$ 4,838,014
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.29%	66.59%	67.45%	64.51%	80.24%	66.24%	67.19%	62.15%	64.26%	60.65%
Covered Payroll	$ 2,906,222	$ 3,355,321	$ 3,206,211	$ 3,117,787	$ 3,312,452	$ 3,312,845	$ 3,255,578	$ 3,294,366	$ 2,950,106	$ 2,694,442
Net Pension Liability as a Percentage of Covered Payroll	172.72%	187.03%	168.22%	182.89%	88.33%	143.99%	130.14%	144.34%	152.21%	179.56%

Notes:

A. This plan was frozen to employees hired after December 31, 2017.

B. *Changes in Assumptions:* In 2025, amounts reported as changes in assumptions resulted from changes to the investment rate of return and mortality. In 2024, amounts reported as changes in assumptions resulted from changes to the discount rate. In 2023, amounts reported as changes in assumptions resulted from changes to the amortization method, the asset valuation method, and retirement age. In 2022, amounts reported as changes in assumptions resulted from changes to mortality. In 2021, amounts reported as changes in assumptions resulted from changes to mortality. In 2020, amounts reported as changes in assumptions resulted from changes to mortality. In 2019, amounts reported as changes in assumptions resulted from changes to mortality. In 2018, amounts reported as changes in assumptions resulted from changes to mortality.

WEST KNOX UTILITY DISTRICT

PENSION TRUST FUND

SCHEDULES OF THE DISTRICT'S PENSION CONTRIBUTIONS
SINGLE-EMPLOYER PLAN - WKUD DEFINED BENEFIT PLAN

For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution (ADC)	$ 822,772	$ 683,337	$ 519,793	$ 422,596	$ 588,358	$ 584,736	$ 629,455	$ 599,266	$ 603,158	$ 804,412
Contributions in Relation to the Actuarially Determined Contribution	1,709,916	720,000	648,000	648,000	702,000	1,098,000	720,000	1,080,000	1,170,000	990,000
Contribution Deficiency (Excess)	$ (887,144)	$ (36,663)	$ (128,207)	$ (225,404)	$ (113,642)	$ (513,264)	$ (90,545)	$ (480,734)	$ (566,842)	$ (185,588)
Covered Payroll	$ 2,906,222	$ 3,355,321	$ 3,206,211	$ 3,117,787	$ 3,312,452	$ 3,312,845	$ 3,255,578	$ 3,294,366	$ 2,950,106	$ 2,694,442
Contributions as a Percentage of Covered Payroll	58.84%	21.46%	20.21%	20.78%	21.19%	33.14%	22.12%	32.78%	39.66%	36.74%

Actuarial Methods & Assumptions:

Valuation Date: July 1, 2024

Actuarial determined contribution rates are calculated as of June 30, 2025

Methods and Assumptions used to calculate the Actuarially Determined Contribution:

Actuarial Cost Method: Individual Entry Age Normal

Amortization Method: Level Dollar Amount. Unfunded Accrued Liability amortized over 30 years starting July 1, 2014. Gains/losses due to assumption changes are amortized over 30 years. Actuarial gains/losses are amortized over 10 years.

Asset Valuation Method: Actuarial Value of Plan Assets

Asset Smoothing Method: Investment gains and losses will be recognized and phased-in over 5 years. There is also a 20% corridor around the fair value of assets

Inflation: 0.0%

Salary Increases: 4.0% Average, including inflation

Investment Rate of Return: 7.00%

Retirement Age: 33.33% Retire at the initial attainment of unreduced early retirement (Rule of 90) eligibility, the remaining retirement at normal retirement age

Mortality: RP-2014 Blue Collar Mortality Table with Scale MP-2021 projected on a fully generational basis

WEST KNOX UTILITY DISTRICT

PENSION TRUST FUND

SCHEDULES OF INVESTMENT RETURNS (LOSSES)
SINGLE-EMPLOYER PLAN - WKUD DEFINED BENEFIT PLAN

For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Annual Money-Weighted Rate of Return (Loss), Net of Investment Expenses	10.99%	9.44%	8.54%	(14.64%)	27.99%	0.28%	5.09%	6.80%	10.35%	(0.98%)

WEST KNOX UTILITY DISTRICT

SCHEDULES OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC EMPLOYEE PENSION PLAN OF TCRS

For the Years Ended June 30,

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Interest	$ (28,415)	$ 721	$ 1,408	$ 2,859	$ 2,870	$ 3,021	$ 3,204	$ 3,129	$ 3,297	$ 5,507
Differences between Expected and Actual Experience	870,330	(9,627)	(6,890)	(10,842)	10,638	10,424	9,637	10,118	9,507	(19,190)
Change of Assumptions	0	0	0	(1,804)	0	0	0	4,405	0	0
Distributions	(841,915)	0	0	0	0	0	0	0	0	0
Benefit Payments	0	(3,539)	(5,875)	(11,702)	(15,609)	(15,447)	(15,269)	(15,091)	(15,006)	(16,556)
Net Change in Total Pension Liability	0	(12,445)	(11,357)	(21,489)	(2,101)	(2,002)	(2,428)	2,561	(2,202)	(30,239)
Total Pension Liability - Beginning	0	12,445	23,802	45,291	47,392	49,394	51,822	49,261	51,463	81,702
Total Pension Liability - Ending (a)	$ 0	$ 0	$ 12,445	$ 23,802	$ 45,291	$ 47,392	$ 49,394	$ 51,822	$ 49,261	$ 51,463
Plan Fiduciary Net Position										
Net Investment Income	$ 74,880	$ 48,427	$ (28,847)	$ 156,431	$ 29,302	$ 42,014	$ 44,425	$ 56,014	$ 13,161	$ 15,299
Distributions	(841,915)	0	0	0	0	0	0	0	0	0
Benefit Payments	0	(3,539)	(5,875)	(11,702)	(15,609)	(15,447)	(15,269)	(15,091)	(15,006)	(16,556)
Administrative Expense	0	(106)	0	0	0	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	(767,035)	44,782	(34,722)	144,729	13,693	26,567	29,156	40,923	(1,845)	(1,257)
Plan Fiduciary Net Position - Beginning	767,035	722,253	756,975	612,246	598,553	571,986	542,830	501,907	503,752	505,009
Plan Fiduciary Net Position - Ending (b)	$ 0	$ 767,035	$ 722,253	$ 756,975	$ 612,246	$ 598,553	$ 571,986	$ 542,830	$ 501,907	$ 503,752
Net Pension Liability (Asset) - Ending (a) - (b)	$ 0	$ (767,035)	$ (709,808)	$ (733,173)	$ (566,955)	$ (551,161)	$ (522,592)	$ (491,008)	$ (452,646)	$ (452,289)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	N/A	N/A	5803.56%	3180.30%	1351.80%	1262.98%	1158.01%	1047.49%	1018.87%	978.86%
Covered Payroll	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes:

A. In 2024, all remaining plan assets were distributed from this plan to the District's Single-Employer Pension and OPEB plan.

B. This plan is frozen and no active District employees participate in this plan. All active District employees participate in the West Knox Utility District Defined Benefit Plan, which was frozen as of December 31, 2017.

C. Schedule of District's Pension Contributions is not applicable for TCRS plan. This plan has been fully funded by the District since July 1, 1991; there were no actuarially determined contributions calculated for the years presented.

D. The amount presented for each fiscal year is based upon the measurement period which is the TCRS prior fiscal year end.

E. *Changes in Assumptions:* In 2017, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, salary growth and mortality improvements.

F. *Changes in Assumptions:* In 2021, amounts reported as changes in assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living adjustment, and mortality improvements.

WEST KNOX UTILITY DISTRICT

SCHEDULES OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS

For the Years Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	$ 8,600	$ 9,840	$ 9,774	$ 17,829	$ 17,254	$ 9,723	$ 8,937	$ 8,178
Interest	5,728	5,365	4,944	5,061	4,795	4,384	4,384	5,124
Changes in Benefit Terms	0	0	(54,606)	0	0	0	0	0
Differences between Expected and Actual Experience	(361)	0	(25,299)	0	35,411	0	(39,774)	0
Change in Assumptions	(26,164)	(3,087)	(1,160)	(22,968)	26,482	13,388	9,266	(2,966)
Benefit Payments	(16,850)	(8,387)	(4,247)	(8,950)	(3,295)	(5,436)	(5,610)	(8,415)
Net Change in Total OPEB Liability	(29,047)	3,731	(70,594)	(9,028)	80,647	22,059	(22,797)	1,921
Total OPEB Liability - Beginning	145,045	141,314	211,908	220,936	140,289	118,230	141,027	139,106
Total OPEB Liability - Ending	$ 115,998	$ 145,045	$ 141,314	$ 211,908	$ 220,936	$ 140,289	$ 118,230	$ 141,027
Plan Fiduciary Net Position								
Contributions - Employer	$ 20,000	$ 0	$ 20,000					
Expected Investment Income	2,171	730	0					
Other	11,000	0	0					
Administration Expenses	(6,458)	(5,679)	0					
Net Change in Plan Fiduciary Net Position	26,713	(4,949)	20,000					
Total Plan Fiduciary Net Position - Beginning	15,051	20,000	0					
Total Plan Fiduciary Net Position - Ending	$ 41,764	$ 15,051	$ 20,000					
Net OPEB Liability - Ending	$ 74,234	$ 129,994	$ 121,314					
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	36.00%	10.38%	14.15%					
Covered-Employee Payroll	N/A	N/A	N/A	$ 4,511,417	$ 4,401,382	$ 4,022,603	$ 3,924,491	$ 3,063,597
Net OPEB Liability as a Percentage of Covered-Employee Payroll	N/A	N/A	N/A	4.70%	5.02%	3.49%	3.01%	4.60%

Note: Prior to 2023, there were no assets accumulating in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB plan. This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

WEST KNOX UTILITY DISTRICT

SCHEDULES OF OPEB CONTRIBUTIONS

For the Years Ended June 30,

	2025	2024	2023
Actuarially Determined Contribution (ADC)	$ 11,660	$ 13,011	$ 12,502
Contributions in Relation to the Actuarially Determined Contribution	(36,850)	(8,387)	(24,247)
Contribution Deficiency / (Excess)	$ (25,190)	$ 4,624	$ (11,745)
Covered Payroll	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A

Notes Prior to 2023, there were no assets accumulating in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB plan. This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

Actuarial Methods & Assumptions:

Valuation Dates: 7/1/2024

Actuarial determined contribution rates are calculated as of June 30, 2025.

Methods and Assumptions used to calculate the Actuarially Determined Contribution:

Actuarial Cost Method:	Individual Entry Age Normal
Amortization Method:	Level percentage of payroll
Asset Valuation Method:	Fair value of assets
Asset Smoothing Method:	N/A
Inflation:	2.5%
Salary Increases:	3.5%
Investment Rate of Return:	6.50%
Average Assumed Retirement Age:	60
Mortality:	PUB-2010 headcount-weighted fully generational table with projection Scale MP-2021

WEST KNOX UTILITY DISTRICT

SCHEDULES OF OPEB INVESTMENT RETURNS (LOSSES)

For the Years Ended June 30,

	2025	2024	2023
Annual Money-Weighted Rate of Return (Loss), Net of Investment Expenses	6.50%	6.57%	N/A

Notes: Prior to 2023, there were no assets accumulating in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 related to this OPEB plan. This schedule is intended to display ten years of information. Additional years will be displayed as they become available.

SUPPLEMENTARY INFORMATION SECTION

WEST KNOX UTILITY DISTRICT

COMBINING STATEMENTS OF FIDUCIARY NET POSITION
PENSION AND OPEB TRUST FUNDS

June 30, 2025

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Investments, at Fair Value			
Cash and Cash Equivalents	$ 160,885	$ 2,427	$ 163,312
Mutual Funds:			
Domestic Equity	5,081,600	18,433	5,100,033
International Equity	2,995,551	1,689	2,997,240
Fixed Income	4,504,938	17,162	4,522,100
Real Estate	631,683	2,053	633,736
Market Neutral & Alternative	395,350	0	395,350
Total Investments	13,770,007	41,764	13,811,771
TOTAL ASSETS	$ 13,770,007	$ 41,764	$ 13,811,771
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts Payable	$ 0	$ 0	$ 0
NET POSITION			
Restricted for Pension	13,770,007	0	13,770,007
Restricted for OPEB	0	41,764	41,764
TOTAL NET POSITION	13,770,007	41,764	13,811,771
TOTAL LIABILITIES AND NET POSITION	$ 13,770,007	$ 41,764	$ 13,811,771

WEST KNOX UTILITY DISTRICT

COMBINING STATEMENTS OF FIDUCIARY NET POSITION
PENSION AND OPEB TRUST FUNDS

June 30, 2024

	Pension Trust Fund	OPEB Trust Fund	Total
ASSETS			
Investments, at Fair Value			
Cash and Cash Equivalents	$ 1,111,498	$ 144	$ 1,111,642
Mutual Funds:			
Domestic Equity	4,089,485	6,873	4,096,358
International Equity	2,365,639	629	2,366,268
Fixed Income	4,065,970	6,582	4,072,552
Real Estate	625,913	823	626,736
Market Neutral & Alternative	246,534	0	246,534
Total Investments	12,505,039	15,051	12,520,090
TOTAL ASSETS	$ 12,505,039	$ 15,051	$ 12,520,090
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts Payable	$ 0	$ 0	$ 0
NET POSITION			
Restricted for Pension	12,505,039	0	12,505,039
Restricted for OPEB	0	15,051	15,051
TOTAL NET POSITION	12,505,039	15,051	12,520,090
TOTAL LIABILITIES AND NET POSITION	$ 12,505,039	$ 15,051	$ 12,520,090

WEST KNOX UTILITY DISTRICT

COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OPEB TRUST FUNDS

For the Year Ended June 30, 2025

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Employer Contributions	$ 1,709,916	$ 20,000	$ 1,729,916
Net Investment Earnings	1,352,470	2,171	1,354,641
Other	0	11,000	11,000
Total Additions	3,062,386	33,171	3,095,557
DEDUCTIONS			
Benefit Payments	1,796,745	0	1,796,745
Administrative Expenses	673	6,458	7,131
Total Deductions	1,797,418	6,458	1,803,876
CHANGE IN NET POSITION	1,264,968	26,713	1,291,681
TOTAL NET POSITION RESTRICTED FOR PENSION & OPEB, BEGINNING OF YEAR	12,505,039	15,051	12,520,090
TOTAL NET POSITION RESTRICTED FOR PENSION & OPEB, END OF YEAR	$ 13,770,007	$ 41,764	$ 13,811,771

WEST KNOX UTILITY DISTRICT

COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
PENSION AND OPEB TRUST FUNDS

For the Year Ended June 30, 2024

	Pension Trust Fund	OPEB Trust Fund	Total
ADDITIONS			
Employer Contributions	$ 720,000	$ 0	$ 720,000
Net Investment Earnings	1,065,255	730	1,065,985
Total Additions	1,785,255	730	1,785,985
DEDUCTIONS			
Benefit Payments	454,453	0	454,453
Administrative Expenses	0	5,679	5,679
Total Deductions	454,453	5,679	460,132
CHANGE IN NET POSITION	1,330,802	(4,949)	1,325,853
TOTAL NET POSITION RESTRICTED FOR PENSION & OPEB, BEGINNING OF YEAR	11,174,237	20,000	11,194,237
TOTAL NET POSITION RESTRICTED FOR PENSION & OPEB, END OF YEAR	$ 12,505,039	$ 15,051	$ 12,520,090

WEST KNOX UTILITY DISTRICT

SCHEDULE OF DEBT SERVICE REQUIREMENTS

June 30, 2025

Fiscal Year Ending June 30,	$35,425,000 Public Improvement Revenue Bonds Series 2009-V-B-1		$35,000,000 Water and Sewer Revenue Bonds (BABS) - Series 2010		$25,000,000 Local Government Improvement Revenue Bonds Series 2016 V-E-1		$27,015,000 Water and Sewer Revenue Bonds Series 2016		$8,535,000 Water and Sewer Revenue Bonds Series 2018	
	Principal	Interest (a)	Principal	Interest (b)	Principal	Interest (c)	Principal	Interest	Principal	Interest
2026	$ 1,545,000	$ 824,925	$ 0	$ 812,482	$ 615,000	$ 794,400	$ 510,000	$ 958,681	$ 225,000	$ 289,218
2027	1,620,000	759,263	0	812,482	605,000	769,800	565,000	933,182	235,000	280,219
2028	1,700,000	690,413	0	812,482	630,000	745,600	595,000	904,931	240,000	273,169
2029	1,785,000	618,162	0	812,482	585,000	720,400	690,000	887,081	245,000	265,969
2030	1,875,000	542,300	0	812,482	560,000	697,000	760,000	866,381	255,000	258,619
2031	1,970,000	462,612	0	812,482	590,000	674,600	755,000	841,681	260,000	250,650
2032	2,070,000	378,888	0	812,482	535,000	651,000	745,000	816,200	270,000	242,200
2033	2,170,000	290,913	0	812,482	520,000	629,600	815,000	790,125	280,000	233,088
2034	2,280,000	198,687	0	812,482	530,000	608,800	860,000	761,600	290,000	223,287
2035	2,395,000	101,787	0	812,482	525,000	587,600	905,000	730,425	300,000	213,138
2036	0	0	0	812,482	525,000	566,600	945,000	696,488	310,000	202,637
2037	0	0	0	812,482	500,000	545,600	1,035,000	661,050	320,000	191,400
2038	0	0	0	812,482	565,000	525,600	1,040,000	609,300	335,000	179,800
2039	0	0	0	812,482	1,250,000	503,000	1,045,000	557,300	345,000	166,400
2040	0	0	0	812,482	1,360,000	453,000	1,040,000	505,050	360,000	152,600
2041	0	0	3,150,000	812,482	1,450,000	398,600	1,045,000	453,050	375,000	138,200
2042	0	0	3,275,000	664,757	535,000	340,600	2,045,000	400,800	390,000	123,200
2043	0	0	3,475,000	511,171	590,000	319,200	2,025,000	319,000	405,000	107,600
2044	0	0	3,625,000	348,206	685,000	295,600	2,005,000	238,000	420,000	91,400
2045	0	0	3,800,000	178,206	815,000	268,200	1,985,000	157,800	440,000	74,600
2046	0	0	0	0	5,890,000	235,600	1,960,000	78,400	455,000	57,000
2047	0	0	0	0	0	0	0	0	475,000	38,800
2048	0	0	0	0	0	0	0	0	495,000	19,800
Total	$ 19,410,000	$ 4,867,950	$ 17,325,000	$ 14,702,052	$ 19,860,000	$ 11,330,400	$ 23,370,000	$ 13,166,525	$ 7,725,000	$ 4,072,994

Notes: (a) Variable rate - the interest assumes a long-term rate of 4.25%.
(b) The interest related to the BABS is net of the 35% subsidy payment from the U.S. Government.
(c) Variable rate - the interest assumes a long-term rate of 4.0%.

WEST KNOX UTILITY DISTRICT

SCHEDULE OF DEBT SERVICE REQUIREMENTS (Continued)

June 30, 2025

Fiscal Year Ending June 30,	$20,000,000 Water and Sewer Revenue Bonds Series 2019		$15,000,000 Local Government Improvement Revenue Bonds Series V-F-1		$25,435,000 Water and Sewer Revenue Bonds Series 2022		Total	Total	Total Debt
	Principal	Interest	Principal	Interest (d)	Principal	Interest	Principal	Interest	Service
2026	$ 480,000	$ 602,200	$ 300,000	$ 520,125	$ 345,000	$ 809,050	$ 4,020,000	$ 5,611,081	$ 9,631,081
2027	505,000	578,200	325,000	508,875	350,000	791,800	4,205,000	5,433,821	9,638,821
2028	530,000	552,950	325,000	496,688	355,000	774,300	4,375,000	5,250,533	9,625,533
2029	555,000	526,450	325,000	484,500	360,000	756,550	4,545,000	5,071,594	9,616,594
2030	585,000	498,700	325,000	472,313	360,000	738,550	4,720,000	4,886,345	9,606,345
2031	610,000	475,300	375,000	460,125	390,000	720,550	4,950,000	4,698,000	9,648,000
2032	630,000	450,900	375,000	446,062	515,000	701,050	5,140,000	4,498,782	9,638,782
2033	650,000	432,000	375,000	432,000	525,000	675,300	5,335,000	4,295,508	9,630,508
2034	670,000	412,500	375,000	417,937	525,000	654,300	5,530,000	4,089,593	9,619,593
2035	690,000	392,400	400,000	403,875	555,000	633,300	5,770,000	3,875,007	9,645,007
2036	710,000	371,700	400,000	388,875	3,080,000	611,100	5,970,000	3,649,882	9,619,882
2037	730,000	350,400	400,000	373,875	3,165,000	518,700	6,150,000	3,453,507	9,603,507
2038	755,000	328,500	400,000	358,875	3,275,000	423,750	6,370,000	3,238,307	9,608,307
2039	775,000	305,850	0	343,875	3,375,000	325,500	6,790,000	3,014,407	9,804,407
2040	800,000	282,600	0	343,875	3,465,000	224,250	7,025,000	2,773,857	9,798,857
2041	825,000	258,600	0	343,875	685,000	120,300	7,530,000	2,525,107	10,055,107
2042	850,000	233,850	0	343,875	760,000	99,750	7,855,000	2,206,832	10,061,832
2043	875,000	208,350	0	343,875	805,000	76,950	8,175,000	1,886,146	10,061,146
2044	1,000,000	182,100	0	343,875	870,000	52,800	8,605,000	1,551,981	10,156,981
2045	1,000,000	152,100	0	343,875	890,000	26,700	8,930,000	1,201,481	10,131,481
2046	1,000,000	122,100	0	343,875	0	0	9,305,000	836,975	10,141,975
2047	1,000,000	92,100	275,000	343,875	0	0	1,750,000	474,775	2,224,775
2048	1,020,000	62,100	275,000	333,563	0	0	1,790,000	415,463	2,205,463
2049	1,050,000	31,500	500,000	323,250	0	0	1,550,000	354,750	1,904,750
2050	0	0	1,505,000	304,500	0	0	1,505,000	304,500	1,809,500
2051	0	0	1,565,000	248,063	0	0	1,565,000	248,063	1,813,063
2052	0	0	1,620,000	189,375	0	0	1,620,000	189,375	1,809,375
2053	0	0	1,685,000	128,625	0	0	1,685,000	128,625	1,813,625
2054	0	0	1,745,000	65,437	0	0	1,745,000	65,437	1,810,437
Total	$ 18,295,000	$ 7,903,450	$ 13,870,000	$ 10,451,813	$ 24,650,000	$ 9,734,550	$ 144,505,000	$ 76,229,734	$ 220,734,734

Notes: (d) Variable rate - the interest assumes a long-term rate of 3.75%.

WEST KNOX UTILITY DISTRICT

SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE

June 30, 2025

	Original Amount of Issue	Interest Rate	Date of Issue	Final Maturity Date	Outstanding July 1, 2024	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2025
Bonds Payable									
V-B-1 Local Gov't Public Improvement Revenue Bonds	$ 35,425,000	Variable %	8/1/2009	6/1/2035	$ 20,880,000	$ 0	$ 1,470,000	$ 0	$ 19,410,000
2010 Water and Sewer Revenue Bonds	35,000,000	4.15 - 7.00	11/30/2010	6/1/2045	17,325,000	0	0	0	17,325,000
2016 Water and Sewer Revenue Refunding & Improvement Bonds	27,015,000	3.00 - 5.00	12/22/2016	6/1/2046	23,850,000	0	480,000	0	23,370,000
V-E-1 Local Gov't Public Improvement Revenue Bonds	25,000,000	Variable	12/23/2016	6/1/2046	20,485,000	0	625,000	0	19,860,000
2018 Water and Sewer Revenue Bonds	8,535,000	3.00 - 4.00	11/1/2018	6/1/2048	7,940,000	0	215,000	0	7,725,000
2019 Water and Sewer Revenue Bonds	20,000,000	3.00 - 5.00	6/28/2019	6/1/2049	18,755,000	0	460,000	0	18,295,000
V-F-1 Local Gov't Public Improvement Revenue Bonds	15,000,000	Variable	6/28/2019	6/1/2054	14,170,000	0	300,000	0	13,870,000
2022 Water and Sewer Revenue Refunding Bonds	25,435,000	3.00 - 5.00	3/31/2022	6/1/2045	24,965,000	0	315,000	0	24,650,000
Total Bonds Payable					148,370,000	0	3,865,000	0	144,505,000
Total					$ 148,370,000	$ 0	$ 3,865,000	$ 0	$ 144,505,000

WEST KNOX UTILITY DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE

June 30, 2025

Federal Agency/Pass-Through Agency/State Grantor Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
Federal Awards:			
U.S. Department of the Treasury:			
Pass-Through Program From:			
Knox County			
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	21.027	22-846	$ 6,071,031
			$ 6,071,031

NOTE 1 - BASIS OF PRESENTATION

The schedule of expenditures of federal awards and state financial assistance (the "Schedule") includes the federal and state grant activity of the West Knox Utility District (the "District) and is presented on the modified accrual basis of accounting. The information in this Schedule is presented in accordance with the requirements of Subpart F of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal* Awards (Uniform Guidance).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principals contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Any negative amounts shown in the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 - INDIRECT COST RATE

The District has elected to not use the 10% de minimus indirect cost rate as allowed under Uniform Guidance.

WEST KNOX UTILITY DISTRICT

SCHEDULES OF WATER RATES AND STATISTICS

June 30, 2025 and 2024

1. As of June 30, 2025 and 2024, the District serviced water and wastewater customers as shown below. Hotels, motels and apartments are billed on a commercial, per unit basis.

	Water Customers	Billing Units	Wastewater Customers	Billing Units
2025				
Residential	29,086	29,086	24,161	24,161
Commercial	1,150	1,150	712	712
Multi-Space Units	41	4,050	41	4,050
Total	30,277	34,286	24,914	28,923
2024				
Residential	28,220	28,220	23,355	23,355
Commercial	1,133	1,133	702	702
Multi-Space Units	40	3,298	40	3,298
Total	29,393	32,651	24,097	27,355

2. Monthly Water Rate Schedule - (Effective July 1, 2024)

	2025	2024
(a) Residential Water Rate:		
Customer Charge	$16.15 minimum bill	$14.00 minimum bill
	$4.24 per 1,000 Gal.	$4.00 per 1,000 Gal.
(b) Commercial, Municipal, Public Schools, Hospital Service Rate:		
Customer Charge	Based upon Meter Size	Based upon Meter Size
	$4.24 per 1,000 Gal.	$4.00 per 1,000 Gal.
(c) Hotel, Motel, Multi-Family Master Meter per Unit or Space:		
Customer Charge	$6.11 minimum bill	$6.11 minimum bill
	$4.24 per 1,000 Gal.	$4.00 per 1,000 Gal.

3. Monthly Wastewater Rate Schedule - (Effective July 1, 2024)

	2025	2024
(a) Residential Rate:		
Customer Charge	$27.77 minimum bill	$26.77 minimum bill
1st	13,000 Gal. - $7.64 per 1,000 Gal.	13,000 Gal. - $7.64 per 1,000 Gal.
All over	13,000 Gal. - No Charge	13,000 Gal. - No Charge
(b) Commercial, Municipal, Public Schools, Hospital Rate:		
Customer Charge	Based upon Meter Size	Based upon Meter Size
	$7.64 per 1,000 Gal.	$7.64 per 1,000 Gal.
(c) Hotel, Motel, Multi-Family Master Meter per Unit or Space:		
Customer Charge	$16.92 minimum bill	$16.92 minimum bill
	$7.64 per 1,000 Gal.	$7.64 per 1,000 Gal.
(d) Industrial Rate determined on an individual basis.		

	2025	2024
4. Wastewater Treated (In Thousands of Gallons)	1,464,680	1,411,430

STATISTICAL SECTION

This part of the District's Annual Comprehensive Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the District's overall financial health.

Contents **Pages**

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

WEST KNOX UTILITY DISTRICT

NET POSITION BY COMPONENT

Last Ten Fiscal Years

Fiscal Year	Net Investment in Capital Assets	Restricted			As Restated Unrestricted	Total
		Capital Activity	Debt Service	Pensions		
2025	$ 96,035,601	0	0	0	$ 52,455,813	$ 148,491,414
2024	87,767,525	0	0	767,035	45,280,028	133,814,588
2023	78,943,215	0	0	709,808	44,652,835	124,305,858
2022	75,008,020	0	0	733,173	44,604,019	120,345,212
2021	70,727,388	0	0	566,955	41,605,410	112,899,753
2020	73,636,934	0	0	551,161	34,147,827	108,335,922
2019	87,057,438	0	0	522,592	16,879,118	104,459,148
2018	73,657,081	0	0	491,008	25,773,016	99,921,105
2017	70,455,998	0	0	452,646	22,648,421	93,557,065
2016	75,637,610	0	67,346	452,289	11,131,345	87,288,590

WEST KNOX UTILITY DISTRICT

CHANGES IN NET POSITION

Last Ten Fiscal Years

	2025	As Restated 2024	As Restated 2023	2022	2021
Operating Revenues					
Water, Net	$ 14,712,585	$ 12,785,861	$ 12,288,730	$ 11,300,941	$ 10,748,092
Wastewater	20,097,753	18,989,971	18,270,556	16,985,622	16,159,287
Connection Fees	2,971,316	2,054,478	1,186,351	1,588,684	1,998,500
Low Pressure Pump Fees	121,064	115,085	77,097	591,000	1,419,000
Customer Forfeited Discounts	325,056	286,355	324,845	297,445	310,671
Service Fees	226,590	145,245	127,666	179,070	162,207
Wastewater Inspection Fees	51,220	26,165	10,925	20,375	23,910
Miscellaneous	559,246	432,218	362,739	274,634	291,548
Total Operating Revenues	39,064,830	34,835,378	32,648,909	31,237,771	31,113,215
Operating Expenses:					
Water Purification & Supply	2,023,391	1,842,694	1,848,768	1,558,296	1,364,413
Wastewater Collection & Treatment	5,760,224	5,119,021	4,935,166	5,349,306	5,353,888
Water Treatment & Distribution	6,506,784	5,277,589	4,791,382	3,885,100	3,927,958
Wastewater CMOM Program	2,241,330	1,910,944	1,560,381	1,364,990	1,142,385
Shop & General Maintenance	557,210	485,540	502,507	453,514	342,125
Customer Accounting	530,760	499,777	449,788	426,850	431,720
Administrative & General	4,122,523	3,985,582	3,570,328	3,288,992	3,213,556
Depreciation	9,168,033	8,796,465	8,635,823	8,458,253	8,191,238
Total Operating Expenses	30,910,255	27,917,612	26,294,143	24,785,301	23,967,283
Operating Income	8,154,575	6,917,766	6,354,766	6,452,470	7,145,932
Non-Operating Revenues (Expenses):					
Investment Income, Net	2,283,815	1,868,015	537,554	(507,170)	169,735
Interest Expense	(5,645,356)	(6,031,571)	(5,734,643)	(5,140,744)	(4,968,442)
Change in Fair Value of Derivative - Interest Rate Swap	0	0	270,240	1,192,911	1,000,407
Other	38,132	335,150	14,304	9,493	(8,087)
Total Non-Operating Revenues (Expenses), Net	(3,323,409)	(3,828,406)	(4,912,545)	(4,445,510)	(3,806,387)
Increase (Decrease) in Net Position Before Capital Contributions	4,831,166	3,089,360	1,442,221	2,006,960	3,339,545
Capital Contributions	9,845,660	6,419,370	2,518,425	5,438,499	1,224,286
Change in Net Position	$ 14,676,826	$ 9,508,730	$ 3,960,646	$ 7,445,459	$ 4,563,831

WEST KNOX UTILITY DISTRICT

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years

	2020	2019	2018	2017	2016
Operating Revenues					
Water, Net	$ 10,789,576	$ 9,487,077	$ 9,195,039	$ 9,609,490	$ 9,089,180
Wastewater	16,180,046	14,253,528	13,051,070	13,303,536	12,123,653
Connection Fees	1,481,283	983,807	1,180,754	950,074	945,437
Low Pressure Pump Fees	789,450	375,000	171,150	107,100	30,600
Customer Forfeited Discounts	288,068	352,785	507,151	340,649	297,708
Service Fees	140,700	146,565	158,336	130,075	129,075
Wastewater Inspection Fees	17,580	12,035	15,900	11,675	14,225
Miscellaneous	229,841	466,135	352,573	303,529	282,617
Total Operating Revenues	29,916,544	26,076,932	24,631,973	24,756,128	22,912,495
Operating Expenses:					
Water Purification & Supply	1,473,656	1,171,594	1,366,020	1,206,442	1,164,483
Wastewater Collection & Treatment	4,752,955	3,578,095	3,837,316	3,172,119	3,036,124
Water Treatment & Distribution	3,936,095	3,451,334	2,939,754	3,287,313	2,879,875
Wastewater CMOM Program	1,257,520	1,247,631	1,414,184	1,591,203	1,560,603
Shop & General Maintenance	302,950	278,583	327,055	422,083	389,611
Customer Accounting	358,761	157,447	136,472	136,867	131,648
Administrative & General	3,092,193	2,659,965	2,925,821	2,313,634	2,102,988
Depreciation	5,756,766	5,861,519	5,878,528	5,604,703	5,375,093
Total Operating Expenses	20,930,896	18,406,168	18,825,150	17,734,364	16,640,425
Operating Income	8,985,648	7,670,764	5,806,823	7,021,764	6,272,070
Non-Operating Revenues (Expenses):					
Investment Income, Net	1,052,950	1,149,793	781,765	73,202	187,435
Interest Expense	(5,636,465)	(4,917,374)	(4,134,864)	(3,644,922)	(2,642,317)
Change in Fair Value of Derivative - Interest Rate Swap	(668,570)	(444,607)	578,958	993,190	(905,655)
Debt Issuance Expense	0	(712,442)	0	(468,987)	(245,259)
Other	(2,733,429)	(143,946)	32,207	11,478	26,286
Total Non-Operating Revenues (Expenses), Net	(7,985,514)	(5,068,576)	(2,741,934)	(3,036,039)	(3,579,510)
Increase (Decrease) in Net Position Before Capital Contributions	1,000,134	2,602,188	3,064,889	3,985,725	2,692,560
Capital Contributions	2,876,640	1,935,855	3,442,615	2,282,750	1,957,324
Change in Net Position	$ 3,876,774	$ 4,538,043	$ 6,507,504	$ 6,268,475	$ 4,649,884

WEST KNOX UTILITY DISTRICT

CUSTOMER STATISTICS AND RATES

Last Ten Fiscal Years

Fiscal Year	Customer Billing Units		Water		Wastewater	
	Water	Wastewater	Minimum Bill	Rates per 1,000 Gallons	Minimum Bill	Rates per 1,000 Gallons
2025	34,286	28,923	$ 16.15	$ 4.24	$ 27.77	$ 7.64
2024	32,651	27,355	14.00	4.00	26.77	7.64
2023	31,639	26,450	14.00	4.00	26.77	7.64
2022	31,085	26,007	13.65	3.75	24.27	7.54
2021	30,489	25,454	13.05	3.71	23.27	7.54
2020	29,535	24,690	13.05	3.71	23.27	7.54
2019	28,832	23,378	13.05	3.46	23.27	6.79
2018	29,170	23,162	13.05	3.46	23.27	6.79
2017	28,335	22,484	13.05	3.46	22.27	6.34
2016	26,555	21,819	13.05	3.46	22.27	5.84

Notes: (a) Rates are based upon a single family residence.
(b) The water and wastewater rates are per 1,000 gallons.

WEST KNOX UTILITY DISTRICT

WATER PRODUCED, SOLD AND CONSUMED

Last Ten Fiscal Years

Fiscal Year	Gallons of Water (In Thousands)			Percent Lost
	Water Pumped	Water Sold and Consumed	Water Unbilled	
2025	2,530,700	2,073,392	457,308	18.07
2024	2,519,993	2,080,246	439,747	17.45
2023	2,406,528	1,910,152	496,376	20.63
2022	2,264,013	1,827,203	436,810	19.29
2021	2,205,230	1,810,067	395,163	17.92
2020	2,341,407	1,800,779	540,628	23.09
2019	2,072,034	1,704,155	367,879	17.75
2018	1,769,765	1,572,336	197,429	11.16
2017	1,900,844	1,671,373	229,471	12.07
2016	2,418,193	1,787,642	630,551	26.08

WEST KNOX UTILITY DISTRICT

ANNUAL TAP SALES

Last Ten Fiscal Years

Fiscal Year	Water Meter Taps Sold	Wastewater Taps Sold	Total Taps
2025	1,922	1,681	3,603
2024	1,118	1,053	2,171
2023	596	514	1,110
2022	920	811	1,731
2021	1,060	941	2,001
2020	771	653	1,424
2019	497	444	941
2018	779	717	1,496
2017	561	465	1,026
2016	621	575	1,196

WEST KNOX UTILITY DISTRICT

NUMBER OF WATER AND SEWER CUSTOMERS BY TYPE

Last Ten Fiscal Years

Fiscal Year	Residential	Commercial	Hotel/Motel/ Multi-Family Master Meter	Total
Water				
2025	29,086	1,150	41	30,277
2024	28,220	1,133	40	29,393
2023	27,244	1,098	39	28,381
2022	26,677	1,070	40	27,787
2021	25,966	1,045	41	27,052
2020	25,029	1,025	40	26,094
2019	24,203	1,018	40	25,261
2018	24,781	1,129	40	25,950
2017	24,067	878	62	25,007
2016	22,341	1,028	60	23,429
Wastewater				
2025	24,161	712	41	24,914
2024	23,355	702	40	24,097
2023	22,474	679	39	23,192
2022	22,002	668	40	22,710
2021	21,320	656	40	22,016
2020	20,534	675	40	21,249
2019	19,774	671	40	20,485
2018	19,132	645	58	19,835
2017	18,501	613	59	19,173
2016	18,041	592	58	18,691

WEST KNOX UTILITY DISTRICT

WATER AND WASTEWATER RATES (*)

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Water Rates										
Base Rate										
Residential	$16.15	$14.00	$14.00	$13.65	$13.05	$13.05	$13.05	$13.05	$13.05	$13.05
Commercial	(b)	(b)	(b)	21.00	21.00	21.00	21.00	21.00	21.00	16.00
Hotel/Motel/Multi-Family Master Meter (per unit)	6.11	6.11	6.11	6.11	6.11	6.11	6.11	6.11	6.11	6.11
Usage Rates										
(Per 1,000 Gallons)										
Residential	$4.24	$4.00	$4.00	$3.75	$3.71	$3.71	$3.46	$3.46	$3.46	$3.46
Commercial	4.24	4.00	4.00	3.75	3.71	3.71	3.46	3.46	3.46	3.46
Hotel/Motel/Multi-Family Master Meter (per unit)	4.24	4.00	4.00	3.75	3.71	3.71	3.46	3.46	3.46	3.46
Wastewater Rates										
Base Rate										
Residential	$27.77	$26.77	$26.77	$24.27	$23.27	$23.27	$23.27	$23.27	$22.27	$22.27
Commercial	(b)	(b)	(b)	(b)	(b)	(b)	(b)	(b)	30.80	30.80
Hotel/Motel/Multi-Family Master Meter (per unit)	16.92	16.92	16.92	16.92	16.92	16.92	16.92	16.92	16.92	16.92
Usage Rates										
(Per 1,000 Gallons)										
Residential										
0 to 13,000	$7.64	$7.64	$7.64	$7.54	$7.54	$7.54	$6.79	$6.79	$6.34	$5.84
Commercial	$7.64	$7.64	$7.64	$7.54	$7.54	$7.54	$6.79	$6.79	$6.34	$5.84
Hotel/Motel/Multi-Family Master Meter (per unit)	$7.64	$7.64	$7.64	$7.54	$7.54	$7.54	$6.79	$6.79	$6.34	$5.84

***Notes:** (a) Rates must be approved by the Board of Commissioners.
(b) Commercial water and wastewater rates will be based on meter size.

WEST KNOX UTILITY DISTRICT

TEN LARGEST CUSTOMERS

Current Fiscal Year and Nine Years Ago

Customer	Type of Business	FY 2025 (a) Total Annual Sales	FY 2025 Percentage of Total Sales	FY 2016 (a) Total Annual Sales	FY 2016 Percentage of Total Sales
Parkwest Medical Center	Medical	$ 722,021	2.07 %	$ 361,604	1.70 %
Goldelm at Metropolitan	Rental Real Estate	303,564	0.87	260,975	1.23
Woodlands West Apartments	Rental Real Estate	295,866	0.85	288,629	1.36
Country Club Apartments	Rental Real Estate	778,768	2.24	180,561	0.85
Knox County Board of Education	School System	202,125	0.58	N/A	N/A
Brendon Park Apartments	Rental Real Estate	83,950	0.24	177,482	0.84
Knoxville Ephant Group	Hospitality	191,989	0.55	136,476	0.64
Goldelm at Cedar Bluff	Rental Real Estate	141,429	0.41	149,829	0.71
Blue Beacon Truck Wash	Semi-Truck Wash	122,751	0.35	N/A	N/A
Pellissippi ST Community College	School / College	112,418	0.32	N/A	N/A
Warren House Apartments	Rental Real Estate	N/A	N/A	113,154	0.53
Hampton Inn	Hospitality	N/A	N/A	78,999	0.37
Tennessee Veterans Home	Medical	N/A	N/A	64,199	0.30
Total		$ 2,954,881	8.49 %	$ 1,811,908	8.54 %

Note: (a) Sales include only water and wastewater net revenues.
(b) Goldelm at Metropolitan Apartments was formerly known as Sunchase Apartments.
(c) Goldelm at Cedar Bluff Apartments was formerly known as Cedar Bluff Apartments.

WEST KNOX UTILITY DISTRICT

OUTSTANDING DEBT PER CUSTOMER

Last Ten Fiscal Years

Fiscal Year	Revenue Bonds	Notes Payable	Total (a)	Number of Customers (b)	Outstanding Debt per Customer
2025	$ 147,226,851	$ 0	$ 147,226,851	34,286	$ 4,294
2024	151,311,947	0	151,311,947	32,651	4,634
2023	155,242,152	0	155,242,152	31,639	4,907
2022	158,926,843	0	158,926,843	31,225	5,090
2021	161,983,335	0	161,983,335	30,489	5,313
2020	164,599,862	0	164,599,862	29,535	5,573
2019	166,901,181	0	166,901,181	28,832	5,789
2018	123,567,102	1,350,000	124,917,102	29,170	4,282
2017	126,239,820	1,350,000	127,589,820	28,335	4,503
2016	75,401,917	3,039,906	78,441,823	26,555	2,954

Notes: (a) Outstanding debt is net of unamortized bond premiums and discounts.

(b) Number of customers is based upon water customer billing units.

(c) No debt to personal income ratio is shown because personal income for the District's service area is not available.

WEST KNOX UTILITY DISTRICT

PLEDGED REVENUE COVERAGE

Last Ten Fiscal Years

Fiscal Year	(a) Gross Revenues	As Restated (b) Operating Expenses	Net Revenues Available for Debt Service	Debt Service Requirements Principal	(c) Interest Paid	Total	Coverage Ratio
2025	$ 41,080,816	$ 21,742,222	$ 19,338,594	$ 3,865,000	$ 5,817,359	$ 9,682,359	2.00
2024	36,333,876	19,121,147	17,212,729	3,705,000	6,191,337	9,896,337	1.74
2023	33,109,684	17,658,320	15,451,364	3,435,000	6,114,297	9,549,297	1.62
2022	31,381,602	16,327,048	15,054,554	3,435,000	5,067,110	8,502,110	1.77
2021	31,597,591	15,776,045	15,821,546	2,510,000	5,052,033	7,562,033	2.09
2020	30,667,721	15,174,130	15,493,591	2,195,000	5,713,590	7,908,590	1.96
2019	26,844,371	12,544,649	14,299,722	1,245,000	4,959,903	6,204,903	2.30
2018	25,540,856	12,946,622	12,594,234	2,625,000	4,144,916	6,769,916	1.86
2017	25,184,812	12,129,661	13,055,151	2,166,232	3,503,196	5,669,428	2.30
2016	23,032,159	11,265,332	11,766,827	1,017,926	2,536,212	3,554,138	3.31

Notes: (a) Includes operating revenues and interest income received.
(b) Does not include depreciation expense.
(c) Interest includes interest paid, paying agent's fees and service charges net of capitalized construction period interest.
(d) Does not include notes payable.

WEST KNOX UTILITY DISTRICT

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Calendar Years

Calendar Year	Population (c)	Personal Income (Thousands of Dollars) (d)	Per Capita Personal Income	Unemployment Rate (e)	
				County	State
2024	506,764	N/A	N/A	3.5%	3.9%
2023	500,669	33,706,390	67,323	3.2%	3.7%
2022	494,574	31,402,606	63,494	3.5%	4.0%
2021	486,677	29,168,574	59,934	4.1%	5.3%
2020	475,609	25,988,024	54,642	7.7%	9.9%
2019	469,363	24,342,690	51,863	3.5%	3.9%
2018	464,819	23,142,739	49,789	3.6%	4.1%
2017	459,396	22,243,142	48,418	2.9%	3.3%
2016	456,132	21,121,133	46,305	3.7%	3.6%
2015	451,324	20,241,530	44,849	4.8%	5.6%

Notes: (a) N/A = Data not available.
(b) Demographic and economic information is for Knox County, Tennessee. This information for the District's service area is not available.
(c) Population – U.S. Bureau of the Census.
(d) Income – Bureau of Economic Analysis, U.S. Department of Commerce.
(e) Unemployment Rates – Tennessee Department of Labor and Workforce Development for June.

WEST KNOX UTILITY DISTRICT

PRINCIPAL EMPLOYERS

Current Calendar Year and Nine Years Ago

		2024		2015	
Employer (a)	Industry	Number of Employees	% of Total Knox County Workforce	Number of Employees	% of Total Knox County Workforce
U.S. DOE - Oak Ridge	Government	16,975	6.67 %	11,986	5.23 %
Covenant Health	Health Care	12,231	4.80	10,304	4.49
University of Tennessee	Education	11,671	4.58	6,609	2.88
Knox County Schools	Education	10,070	3.96	7,241	3.16
Walmart	Retail	5,863	2.30	5,951	2.60
University Health System	Health Care	5,387	2.12	4,941	2.16
Clayton Homes	Manufacturing	5,104	2.01	N/A	N/A
DENSO Manufacturing TN	Automotive Manufacturing	5,000	1.96	3,800	1.66
K-VA-T Food Stores/Food City	Retail Grocery	4,366	1.72	3,913	1.71
State of Tennessee	Government	3,811	1.50	3,153	1.38
Tennova Healthcare	Health Care	N/A	N/A	3,997	1.74
Total		80,478	31.62 %	61,895	27.01 %

Notes: (a) Only Knox County presented.

Source: Knoxville Chamber

WEST KNOX UTILITY DISTRICT

NUMBER OF EMPLOYEES BY ACTIVITY

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
WATER										
Water Plant Operations	10	10	9	8	8	8	8	9	9	10
Water Plant Sample Technician	1	0	0	0	0	0	0	0	0	0
Water Plant Maintenance	2	2	2	2	2	4	3	2	2	2
Water Systems Maintenance	27	21	20	18	19	18	19	17	17	16
WATER SUBTOTAL	40	33	31	28	29	30	30	28	28	28
SEWER										
Sewer Plant Operations	4	4	4	4	4	4	3	3	3	3
Sewer Plant Maintenance	11	12	12	11	11	10	9	8	10	9
Sewer Systems Maintenance (CMOM)	18	14	12	10	10	11	13	13	10	11
SEWER SUBTOTAL	33	30	28	25	25	25	25	24	23	23
ENGINEERING/ INSPECTION/ELECTRICAL										
Engineering	8	8	9	5	6	6	6	5	1	1
Inspections	2	2	2	2	2	2	2	2	2	2
Electrical	4	3	3	5	5	2	2	2	2	2
ENG/INSP/ELEC SUBTOTAL	14	13	14	12	13	10	10	9	5	5
ADMINISTRATION										
Billing/Customer Service	9	8	8	7	8	8	8	7	8	8
Meter Reading	4	4	4	4	4	4	4	3	3	3
Human Resources	1	1	1	1	1	1	1	1	1	1
Finance & Accounting	2	2	2	2	2	2	2	1	1	1
Executive Administration	2	2	2	2	2	2	2	2	2	2
ADMINISTRATION SUBTOTAL	18	17	17	16	17	17	17	14	15	15
TOTAL EMPLOYEES	105	93	90	81	84	82	82	75	71	71

Source: The District's payroll records.

WEST KNOX UTILITY DISTRICT

ANNUAL WASTEWATER PLANT FLOWS AND CAPACITY
IN MILLIONS OF GALLONS

Last Ten Fiscal Years

Fiscal Year	Annual Wastewater Plant Flow	Annual Design Flow	Unused Plant Capacity	Percent of Plant Utilization
2025	1,464.68	2,190.00	725.32	66.9 %
2024	1,411.43	2,190.00	778.57	64.4
2023	1,391.26	2,190.00	798.74	63.5
2022	1,401.85	2,190.00	788.15	64.0
2021	1,446.19	2,190.00	743.81	66.0
2020	1,580.57	2,190.00	609.43	72.2
2019	1,404.76	1,460.00	55.24	96.2
2018	1,373.12	1,460.00	86.88	94.0
2017	1,387.87	1,460.00	72.13	95.1
2016	1,489.60	1,460.00	(29.60)	102.0

Note: Flows expressed in millions of gallons.
Source: Monthly operating reports to the Tennessee Department of Environment and Conservation.

WEST KNOX UTILITY DISTRICT

OPERATING AND CAPITAL INDICATORS

Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Area in Square Miles:	72	72	72	72	72	72	72	72	72	72
Water System:										
Miles of Water Mains	432	422	419	416	414	408	398	394	396	389
Number of Treatment Plants	2	2	2	2	2	2	2	2	2	2
Number of Water Customers	30,277	29,393	28,381	27,787	27,052	26,094	25,261	25,950	25,007	23,429
Number of Fire Hydrants	1,788	1,717	1,678	1,650	1,601	1,473	1,473	1,473	1,435	1,373
Daily Average Water Treated in Gallons	7.21 million	7.12 million	6.83 million	6.49 million	6.33 million	6.41 million	6.05 million	5.9 million	5.9 million	5.9 million
Maximum Daily Capacity of Plants in Gallons	18.00 million	18.00 million	18.00 million	18.00 million	18.00 million	18.00 million	18.00 million	18.00 million	18.00 million	18.00 million
Wastewater System:										
Miles of Sanitary Sewers	351	335	328	323	313	312	295	292	296	289
Number of Treatment Plants	1	1	1	1	1	1	1	1	1	1
Number of Service Connections	24,914	24,097	23,192	22,710	22,016	21,249	20,485	19,835	19,173	18,691
Daily Average Treatment in Gallons	4.01 million	3.87 million	3.81 million	3.84 million	3.96 million	4.33 million	3.85 million	3.77 million	3.80 million	4.08 million
Maximum Daily Capacity of Treatment Plant in Gallons	6 million	6 million	6 million	6 million	6 million	6 million	4 million	4 million	4 million	4 million

Source: Various water and wastewater monthly operational reports and engineering records.

INTERNAL CONTROL, COMPLIANCE
AND SINGLE AUDIT SECTION

PARSONS & WRIGHT

CERTIFIED PUBLIC ACCOUNTANTS

Joe Savage
Rebecca Hutsell

Stephen J. Parsons - Retired
Earl O. Wright - 1988 - 2002
William R. Scandlyn - 1988 - 1999

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

Board of Commissioners
The West Knox Utility District of Knox County
Knoxville, 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 business-type activities and fiduciary activities of West Knox Utility District of Knox County ("the District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 16, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Parsons& Wright

Parsons & Wright
Certified Public Accountants
Kingston, Tennessee

December 16, 2025

PARSONS & WRIGHT

CERTIFIED PUBLIC ACCOUNTANTS

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Earl O. Wright - 1988 - 2002

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
West Knox Utility District
Knoxville, Tennessee

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited West Knox Utility District's ("the District") compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards,

Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Parsons & Wright

Parsons & Wright
Certified Public Accountants
Kingston, Tennessee

December 16, 2025

Section 1 – Summary of Auditor's Results

Financial Statements

Type of Auditor's Report Issued:	Unmodified

Internal Control Over Financial Reporting:

• Material Weakness(es) Identified?	None Reported
• Significant Deficiency(ies) Identified?	None Reported
Noncompliance Material to Financial Statements Noted?	None Reported

Federal Awards

Internal Control Over Major Federal Programs:

• Material Weakness(es) Identified?	None Reported
• Significant Deficiency(ies) Identified?	None Reported
Type of Auditor's Report Issued on Compliance for Major Federal Programs:	Unmodified
Any Audit Findings Disclosed that are Required to be Reported in Accordance with 2 CFR Section 200.516(a)?	None Reported

Identification of Major Program:

ALN 21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar Threshold to Distinguish Between Type A and Type B Programs: $750,000.

Auditee Qualified as Low-Risk Auditee?	No

Section 2 – Financial Statement Findings

There were no financial statement findings reported during the 2025 audit.

Section 3 – Summary of Auditor's Results

There were no federal award findings or questioned costs reported during the 2025 audit.

See accompanying independent auditor's report.

WEST KNOX UTILITY DISTRICT

SCHEDULE OF DISPOSITION OF PRIOR YEAR AUDIT FINDINGS

For the Year Ended June 30, 2025

There were no prior year findings to report.