

**COUNTY-WIDE UTILITY DISTRICT
OF CROCKETT COUNTY, TENNESSEE**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022**

**COUNTY-WIDE UTILITY DISTRICT
OF CROCKETT COUNTY, TENNESSEE
FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022
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INTRODUCTORY SECTION

**COUNTY-WIDE UTILITY DISTRICT
OF CROCKETT COUNTY, TENNESSEE
DIRECTORY**
June 30, 2023

BOARD MEMBERS

Kevin White
Jimmy Webb
Joe Spraggins
Clint Hutchison
Harold Nance

MANAGEMENT TEAM

Michael Johnson, General Manager
Gwen Powell, Office Manager

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

ATA, PLLC
Jackson, Tennessee

FINANCIAL SECTION



Independent Auditor's Report

Board of Commissioners
County-Wide Utility District of Crockett County, Tennessee
Alamo, Tennessee

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the County-Wide Utility District of Crockett County, Tennessee (the District), as of and for the years ended June 30, 2023 and 2022, 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 County-Wide Utility District, of Crockett County, Tennessee, as of June 30, 2023 and 2022, 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 (GAAS) 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 Responsibility 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 GAAS 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 GAAS 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, the schedule of changes in net pension liability (asset) of the public employee plan- Tennessee Consolidated Retirement System, schedule of contributions based on participation in the public employee pension plan- Tennessee Consolidated Retirement System and notes to required supplementary information- Tennessee Consolidated Retirement plan as listed in the table of contents 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 audits 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 operating income and expenses, schedule of long-term debt, schedule of changes in long-term debt by individual issuance, schedule of expenditures of federal awards, and water rates in force are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of operating income and expenses, schedule of long-term debt, schedule of changes in long-term debt by individual issuance, schedule of expenditures of federal awards, and water rates in force 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 section but does not include the basic financial statements and our auditor's report thereon. Our opinion on the basic financial statements does not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audits 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 January 17, 2024, 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 System'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 System's internal control over financial reporting and compliance.

ATA, PLLC

Jackson, Tennessee
January 17, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County-Wide Utility District of Crockett County, Tennessee (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2023 and 2022. All amounts, unless otherwise indicated, are expressed in actual dollars.

FINANCIAL HIGHLIGHTS

Management believes the District's financial condition is strong. The District is well within its more stringent financial policies and guidelines set by the Board and management. The following are key financial highlights.

- Total assets and deferred outflows of resources at year-end were \$10.65 million and exceeded liabilities and deferred inflows of resources in the amount of \$6.39 million (i.e. net position).
- Operating revenues were \$2.19 million, an increase from the year ended June 30, 2022, in the amount of \$175 thousand or 8.71%.
- Operating expenses were \$1.91 million, an increase from the year ended June 30, 2022, in the amount of \$233 thousand or 13.92%.
- The operating income for the 2023 year was \$276 thousand as compared to \$334 thousand during year ended June 30, 2022.
- Ratios of operating income (loss) to total operating revenue were 12.63% and 16.63% for 2023 and 2022, respectively.

OVERVIEW OF THE FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the 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 strategic plan, bond resolutions and other management tools were used for this analysis. The Financial Statements and Supplementary Information are made up of four sections: 1) the introductory section, 2) the financial section, 3) the supplementary and other information section, 4) and the internal control and compliance section. The introductory section includes the District's directory. The financial section includes the MD&A, the independent auditor's report, the financial statements with accompanying notes, and the required supplementary information. The supplementary and other information section includes selected financial and operational information. The internal control and compliance section includes the report on internal control and compliance. These sections make up the financial report presented here.

REQUIRED FINANCIAL STATEMENTS

A Proprietary Fund is used to account for the operations of the District, which is financed and operated in a manner similar to private business enterprises where the intent is that, the cost of providing services to the general public on a continuing basis be financed or recovered primarily through user charges. The financial statements report information about the District, using accounting methods similar to those used by private sector companies. These statements offer short- and long-term financial information about its activities.

The *Statement of Net Position* includes all of the District's assets, liabilities and deferred inflows/outflows of resources with the difference reported as net position. It also provides the basis for computing rate of

MANAGEMENT'S DISCUSSION AND ANALYSIS

return, evaluating the capital structure of the District, and assessing the liquidity and financial flexibility of the District.

The *Statement of Revenues, Expenses, and Changes in Net Position* present 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 measures the success of the District's operations and can be used to determine whether the District has successfully recovered all of its costs. This statement also measures the District's profitability and credit worthiness.

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

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.

FINANCIAL ANALYSIS

One of the most important questions asked about the District's finances is "Is the District, as a whole, better off or worse off as a result of the year's activities?" The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position report information about the District's activities in a way that will help answer this question. These two statements report the net position of the District, and the changes in the net position. Net position is one way to measure the financial health or financial position of the District. Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating. However, you will need to also consider other non-financial factors such as changes in economic conditions, customer growth, and legislative mandates.

The District's total net position increased by \$187 thousand and \$361 thousand for the fiscal years ended June 30, 2023 and 2022. The analysis below focuses on the District's net position (Table 1) and changes in net position (Table 2) during the year.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 1A
CONDENSED STATEMENTS OF NET POSITION

	June 30, 2023		June 30, 2022		Increase (Decrease)	
	\$		\$		\$	%
Current assets	2,365,795		2,563,142		(197,347)	-7.70%
Non-current assets	8,199,109		8,080,162		118,947	1.47%
Total assets	10,564,904		10,643,304		(78,400)	-0.74%
Deferred outflows of resources	88,553		113,071		(24,518)	-21.68%
Current liabilities	197,342		173,667		23,675	13.63%
Non-current liabilities	4,022,171		4,145,324		(123,153)	-2.97%
Total liabilities	4,219,513		4,318,991		(99,478)	-2.30%
Deferred inflows of resources	44,004		234,370		(190,366)	-81.22%
Net investment in capital assets	3,521,747		3,093,334		428,413	13.85%
Restricted for debt service	486,497		531,837		(45,340)	-8.53%
Restricted for pension asset	85,358		230,450		(145,092)	-62.96%
Unrestricted	2,296,338		2,347,393		(51,055)	-2.17%
Total net position	\$ 6,389,940		\$ 6,203,014		\$ 186,926	3.01%

Table 1B
CONDENSED STATEMENTS OF NET POSITION

	June 30, 2022		June 30, 2021		Increase (Decrease)	
	\$		\$		\$	%
Current assets	2,563,142		2,397,954		165,188	6.89%
Non-current assets	8,080,162		7,857,717		222,445	2.83%
Total assets	10,643,304		10,255,671		387,633	3.78%
Deferred outflows of resources	113,071		70,974		42,097	59.31%
Current liabilities	173,667		194,837		(21,170)	-10.87%
Non-current liabilities	4,145,324		4,269,214		(123,890)	-2.90%
Total liabilities	4,318,991		4,464,051		(145,060)	-3.25%
Deferred inflows of resources	234,370		20,954		213,416	1018.50%
Net investment in capital assets	3,093,334		3,037,479		55,855	1.84%
Restricted for debt service	531,837		480,614		51,223	10.66%
Restricted for pension asset	230,450		-		230,450	100.00%
Unrestricted	2,347,393		2,323,547		23,846	1.03%
Total net position	\$ 6,203,014		\$ 5,841,640		\$ 361,374	6.19%

MANAGEMENT'S DISCUSSION AND ANALYSIS

The decrease in total assets from 2022 to 2023 is primarily due to a decrease in cash which was spent mainly on capital asset additions. Noncurrent liabilities decreased by \$123 thousand from 2022 to 2023 primarily due to principal payments on outstanding debt. The \$190 thousand decrease in deferred inflows is primary due to a down year in the investments from market fluctuation. Net position increased by 3.01% due to the above-mentioned reasons. The increase in total assets from 2021 to 2022 is primarily due to additions to plant during the year and increase in cash. Net position increased by 6.19% from 2021 to 2022 due to the aforementioned reason.

Changes in the District's net position can be determined by reviewing the following condensed Statement of Revenues, Expenses, and Changes in Net Position for the years ended June 30, 2023 and 2022.

Table 2A
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Year Ended June 30, 2023	Year Ended June 30, 2022	Increase (Decrease)	
			\$	%
Operating revenues	\$ 2,186,746	\$ 2,011,599	\$ 175,147	8.71%
Non-operating revenues	9,390	6,436	2,954	45.90%
Total revenues	<u>2,196,136</u>	<u>2,018,035</u>	<u>178,101</u>	<u>8.83%</u>
Production and distribution	798,074	693,843	104,231	15.02%
Billing and collecting	18,737	15,481	3,256	21.03%
General and administrative	766,331	650,423	115,908	17.82%
Provision for depreciation	327,492	317,416	10,076	3.17%
Non-operating expenses	109,842	113,470	(3,628)	-3.20%
Total expenses	<u>2,020,476</u>	<u>1,790,633</u>	<u>229,843</u>	<u>12.84%</u>
Change in net position before capital contributions	175,660	227,402	(51,742)	-22.75%
Capital contributions- grants	11,266	133,972	(122,706)	-91.59%
Change in net position	186,926	361,374	(174,448)	-48.27%
Beginning net position	6,203,014	5,841,640	361,374	6.19%
Ending net position	<u>\$ 6,389,940</u>	<u>\$ 6,203,014</u>	<u>\$ 186,926</u>	<u>3.01%</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 2B

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

	Year Ended June 30, 2022	Year Ended June 30, 2021	Increase (Decrease)	
			\$	%
Operating revenues	\$ 2,011,599	\$ 1,887,025	\$ 124,574	6.60%
Non-operating revenues	6,436	12,802	(6,366)	-49.73%
Total revenues	<u>2,018,035</u>	<u>1,899,827</u>	<u>118,208</u>	6.22%
Production and distribution	693,843	634,872	58,971	9.29%
Billing and collecting	15,481	13,238	2,243	16.94%
General and administrative	650,423	647,041	3,382	0.52%
Provision for depreciation	317,416	303,219	14,197	4.68%
Non-operating expenses	113,470	118,794	(5,324)	-4.48%
Total expenses	<u>1,790,633</u>	<u>1,717,164</u>	<u>73,469</u>	4.28%
Change in net position before capital contributions	227,402	182,663	44,739	24.49%
Capital contributions- grants	133,972	305,341	(171,369)	-56.12%
Change in net position	<u>361,374</u>	<u>488,004</u>	<u>(126,630)</u>	-25.95%
Beginning net position	5,841,640	5,353,636	488,004	9.12%
Ending net position	<u>\$ 6,203,014</u>	<u>\$ 5,841,640</u>	<u>\$ 361,374</u>	6.19%

Operating revenues showed a 8.71% increase from 2022 to 2023 primarily due to increased sales. Total expenses showed a 13.92% increase from 2022 to 2023 due to increases in operations expenses. Capital contributions- grants decreased 91.59% from 2022 to 2023 primarily due to receiving less grant funding for system expansion and rehabilitation. Operating revenues showed a 6.60% increase from 2021 to 2022 primarily due to increased sales. Total expenses showed a 4.28% increase from 2021 to 2022 due to increases in operations expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal years ended June 30, 2023 and 2022 the District had \$7.63 million and \$7.32 million (net of accumulated depreciation) invested in a broad range of utility capital assets. This investment includes land, distribution systems and their related equipment, Buildings, and various types of equipment. Based on the uses of the aforementioned assets, they are classified for financial purposes as land, distribution systems, and buildings and equipment.

The following table summarizes the District's capital assets, net of accumulated depreciation, and changes therein, for the years ended June 30, 2023 and 2022. These changes are due primarily to system expansion and rehabilitation which are nearing completion and are presented in detail in Note 2E to the financial statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Table 3A

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

			Increase (Decrease)	
	June 30, 2023	June 30, 2022	\$	%
Land	\$ 62,887	\$ 62,887	\$ -	0.00%
Distribution systems	7,322,824	6,987,460	335,364	4.80%
Buildings and equipment	241,543	267,528	(25,985)	-9.71%
Total capital assets	<u>\$ 7,627,254</u>	<u>\$ 7,317,875</u>	<u>\$ 309,379</u>	4.23%

Table 3B

CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION

			Increase (Decrease)	
	June 30, 2022	June 30, 2021	\$	%
Land	\$ 62,887	\$ 62,887	\$ -	0.00%
Distribution systems	6,987,460	7,047,006	(59,546)	-0.84%
Buildings and equipment	267,528	267,210	318	0.12%
Total capital assets	<u>\$ 7,317,875</u>	<u>\$ 7,377,103</u>	<u>\$ (59,228)</u>	-0.80%

Debt Administration

During 2021, County Wide issued \$765 thousand of Series 2019 Revenue Bond. The District has outstanding bonds payable of \$4.11 million and \$4.22 million for the years ended June 30, 2023 and 2022. Principal payments are due in the upcoming fiscal year in the amount of \$123,153 with interest payments totaling \$105,723 also due. Details relating to the outstanding debt can be found in Note 2F. The District was approved for an USDA loan/grant during the fiscal year 2016 which is included in the total above. The loan portion is \$2,759,000 and the grant portion is \$1,060,000. As of June 30, 2019, the District had fully drawn down the debt portion of the USDA loan. During the current year, the District received \$133,972 from the grant funding which funded investment in capital assets. The District began making payments on the USDA loan in December 2018. Total principal payments made in fiscal year 2023 were \$119,034 with interest payments totaling \$109,842.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District will continue to function under the current operations. Management will do everything possible to keep the customer costs as low as possible and continue to maintain the District's financial position. The District is in the process of evaluating and executing several plans for the upgrade and expansion of existing plant and infrastructure in the upcoming fiscal years.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any information provided in this report or requests for any additional information should be directed to the General Manager of County-Wide Utility District of Crockett County, Tennessee, 67 Cavalier Drive, Alamo, TN 38001.

COUNTY-WIDE UTILITY DISTRICT OF CROCKETT COUNTY, TENNESSEE
STATEMENTS OF NET POSITION
June 30, 2023 and 2022

ASSETS

Current assets:

	2023	2022
Cash	\$ 2,174,586	\$ 2,386,014
Accounts receivable - customers (net of allowances)	191,209	177,128
Total current assets	2,365,795	2,563,142

Noncurrent assets:

Cash - restricted	484,872	530,212
Net pension asset	85,358	230,450
Deposits	1,625	1,625
Total restricted accounts	571,855	762,287

Capital assets:

Land	62,887	62,887
Distribution systems	14,012,441	13,405,469
Building and equipment	1,279,931	1,250,031
Less: Accumulated depreciation	(7,728,005)	(7,400,512)
Total capital assets	7,627,254	7,317,875
Total noncurrent assets	8,199,109	8,080,162

Total assets

	10,564,904	10,643,304
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Deferred outflows of resources:

Deferred outflows of resources related to pension	\$ 88,553	\$ 113,071
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The accompanying notes are an integral part of the financial statements

COUNTY-WIDE UTILITY DISTRICT OF CROCKETT COUNTY, TENNESSEE
STATEMENTS OF NET POSITION
June 30, 2023 and 2022

LIABILITIES

Current liabilities:

	2023	2022
Accounts payable	\$ 39,661	\$ 27,369
Accrued expenses	34,528	27,264
Current portion of bonds payable	123,153	119,034
Total current liabilities	197,342	173,667

Noncurrent liabilities:

Compensated absences	39,817	39,817
Bonds payable	3,982,354	4,105,507
Total noncurrent liabilities	4,022,171	4,145,324
 Total liabilities	 4,219,513	 4,318,991

Deferred inflows of resources

Deferred inflows of resources related to pension	44,004	234,370
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NET POSITION

Net investment in capital assets	3,521,747	3,093,334
Restricted for debt services	486,497	531,837
Restricted for pension asset	85,358	230,450
Unrestricted	2,296,338	2,347,393
Total net position	\$ 6,389,940	\$ 6,203,014

The accompanying notes are an integral part of the financial statements

COUNTY-WIDE UTILITY DISTRICT OF CROCKETT COUNTY, TENNESSEE
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

For the Years Ended June 30, 2023 and 2022

Operating revenues:	<u>2023</u>	<u>2022</u>
Charges for sales and services	\$ 1,973,648	\$ 1,729,056
Other operating revenue	213,098	282,543
Total operating revenues	<u>2,186,746</u>	<u>2,011,599</u>
Operating expenses:		
Production and distribution	798,074	693,843
Billing and collecting	18,737	15,481
General and administrative	766,331	650,423
Provision for depreciation	<u>327,492</u>	<u>317,416</u>
Total operating expenses	<u>1,910,634</u>	<u>1,677,163</u>
Operating income (loss)	<u>276,112</u>	<u>334,436</u>
Nonoperating revenues (expenses):		
Interest income	9,390	6,436
Interest expense	<u>(109,842)</u>	<u>(113,470)</u>
Total nonoperating revenues (expenses)	<u>(100,452)</u>	<u>(107,034)</u>
Change in net position before capital contributions	175,660	227,402
Capital contributions- grants	<u>11,266</u>	<u>133,972</u>
Change in net position	186,926	361,374
Total net position - beginning	<u>6,203,014</u>	<u>5,841,640</u>
Total net position - ending	<u><u>\$ 6,389,940</u></u>	<u><u>\$ 6,203,014</u></u>

The accompanying notes are an integral part of the financial statements

COUNTY-WIDE UTILITY DISTRICT OF CROCKETT COUNTY, TENNESSEE
STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Cash received from consumers	\$ 2,172,665	\$ 1,995,229
Cash paid to suppliers of goods and services	(1,040,086)	(906,741)
Cash paid to employees for services	(544,257)	(542,115)
Net cash provided by (used in) operating activities	588,322	546,373
Cash flows from investing activities:		
Interest received	9,390	6,436
Net cash provided by (used in) investing activities	9,390	6,436
Cash flows from capital and related financing activities:		
Purchase of capital assets	(636,871)	(258,187)
Capital contributions- grants	11,266	164,694
Principal paid on long-term debt	(119,034)	(115,083)
Interest paid on long-term debt	(109,841)	(113,470)
Net cash provided by (used in) capital related financing activities:	(854,480)	(322,046)
Increase (decrease) in cash and cash equivalents	(256,768)	230,763
Cash and cash equivalents - beginning	2,916,226	2,685,463
Cash and cash equivalents - ending	\$ 2,659,458	\$ 2,916,226
Cash and cash equivalents:		
Restricted cash	\$ 484,872	\$ 530,212
Unrestricted cash	2,174,586	2,386,014
Total cash and cash equivalents	\$ 2,659,458	\$ 2,916,226

The accompanying notes are an integral part of the financial statements

COUNTY-WIDE UTILITY DISTRICT OF CROCKETT COUNTY, TENNESSEE
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2023 and 2022

	2023	2022
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	\$ 276,112	\$ 334,436
Adjustments to reconcile net income to net cash provided by operating activities:		
Provision for depreciation	327,492	317,416
Changes in assets and liabilities:		
Accounts receivable	(14,081)	(16,370)
Pension-related accounts	(20,756)	(63,987)
Accounts payable	12,291	(30,721)
Accrued expenses	7,264	5,599
Net cash provided by (used in) operating activities	\$ 588,322	\$ 546,373

The accompanying notes are an integral part of the financial statements

**COUNTY-WIDE UTILITY DISTRICT
OF CROCKETT COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS**
June 30, 2023 and 2022

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The County-Wide Utility District of Crockett County, Tennessee is organized under the laws of the State of Tennessee and is governed by a five-member board of commissioners. The sole function of the District is the distribution of water within its boundaries. The financial reporting entity consists solely of the County-Wide Utility District of Crockett County, Tennessee. No component units are included in the financial statements and the District is not included as a component unit of any other reporting entity.

The financial statements of the County-Wide Utility District of Crockett County, Tennessee have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to the governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below.

The County-Wide Utility District of Crockett County, Tennessee's general purpose financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name),
- The District holds the corporate powers of the organization,
- The District appoints a voting majority of the organization's board,
- The District is able to impose its will on the organization,
- The organization has the potential to impose a financial benefit/burden on the District, and
- There is fiscal dependency by the organization on the District.

Based on the aforementioned criteria, the County-Wide Utility District of Crockett County, Tennessee has no component units.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Proprietary fund financial statements include a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows.

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

Proprietary funds are accounted for using the "economic resources" measurement focus and the accrual basis of accounting. Accordingly, all assets, deferred outflows of resources, liabilities (whether current or noncurrent), and deferred inflows of resources are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position present increases (revenues) and decreases (expenses) in total net position. Under the accrual basis of accounting,

**COUNTY-WIDE UTILITY DISTRICT
OF CROCKETT COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022**

revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred, regardless of the timing of related cash flows.

Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operations. All other expenses are non-operating expenses.

C. Assets, Liabilities, and Deferred Outflows/Inflows of Resources and Net Position

Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the District to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations guaranteed by the U.S. government or its agencies, repurchase agreements and the state's investment pool.

Accounts Receivable

Trade receivables result from unpaid billings for water service to customers and from unpaid billings related to work performed for or materials sold to certain entities. The District uses the direct write off method to account for any bad debts.

Inventories and Prepaid Items

The District does not maintain any inventories that are material in amount. All purchases of expendable supplies are considered consumed at the time of purchase. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

Restricted Assets

Certain cash accounts and investments are classified as restricted assets on the statement of net position because they are maintained in separate bank accounts and their use is limited by applicable bond covenants. The District elects to use restricted assets before unrestricted assets when the situation arises when either can be used.

Capital Assets

The District's capitalization threshold is \$1,000 and a useful life of at least two years is reported at historical cost. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	50 years
Water distribution plant	20-50 years
Machinery and equipment	10-30 years
Vehicles	10 years

**COUNTY-WIDE UTILITY DISTRICT
OF CROCKETT COUNTY, TENNESSEE
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June 30, 2023 and 2022**

Compensated Absences

The District's policy allows employees to accumulate sick leave and annual leave based on length of service. Sick leave is not vested and is not payable upon termination. Accumulated annual leave is vested and payable to employees upon termination. Employees may accumulate up to 30 days of vacation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the District's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from the Districts' 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Utility currently has one item that qualifies for reporting in this category as of June 30, 2023, deferred outflows of resources related to pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Utility has one item that qualifies for reporting in this category as of June 30, 2023, deferred inflows of resources related to pension.

Net Position Flow Assumption

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

**COUNTY-WIDE UTILITY DISTRICT
OF CROCKETT COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022**

Net Position

Equity is classified as net position and displayed in the following three components:

- Net investment in capital assets - Consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds that are attributable to the acquisition, construction, or improvement of those assets; debt related to unspent proceeds or other restricted cash and investments is excluded from the determination.
- Restricted for debt service – Consists of restricted cash and investments for debt service obligations.
- Restricted for pension asset – Consist of restricted cash and investments for pension obligations
- Unrestricted - All other net position that do not meet the description of the above categories.

Impact of Recently Issued Accounting Pronouncements- GASB 96

In May of 2020, the Governmental Accounting Standards Board issued GASB Statement No. 96 related to Subscription-Based Information Technology Arrangements. This Statement improves accounting and financial reporting by state and local governments for SBITAs and is effective for fiscal years beginning after June 15, 2022. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain SBITA assets and liabilities for SBITA that previously were recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for SBITA accounting based on the foundational principle that SBITA are financings of the right to use an underlying subscription based asset. This implementation resulted in no impact on the current year or prior year financial statements.

NOTE 2 – DETAILED NOTES

A. Deposits and Investments

Custodial Credit Risk

In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. For an investment, this is the risk that, in the event of a failure of the counterpart, the District will not be able to recover the value of its investments or the collateral securities that are in the possession of an outside party.

The District's policies limit deposits and investments to those instruments allowed by applicable state laws and described in Note 1. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the District's agent in the District's name, or by the treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations, and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2023 and 2022, all bank deposits were fully collateralized or insured.

**COUNTY-WIDE UTILITY DISTRICT
OF CROCKETT COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022**

B. Receivables

Receivables as of the fiscal years ended June 30, 2023 and 2022 were made up of the following:

	<u>2023</u>	<u>2022</u>
Billed service for utility customers	\$ 298,079	\$ 276,540
Less: Allowance for doubtful accounts	<u>(106,870)</u>	<u>(99,412)</u>
Net total accounts receivable - customers	<u>\$ 191,209</u>	<u>\$ 177,128</u>

C. Restricted Assets

Restricted assets as of the fiscal years ended June 30, 2023 and 2022 were made up of the following:

	<u>2023</u>	<u>2022</u>
Cash - restricted	\$ 484,872	\$ 530,212
Net pension asset	85,358	230,450
Deposits	<u>1,625</u>	<u>1,625</u>
	<u>\$ 571,855</u>	<u>\$ 762,287</u>

D. Net Position

Net position represents the difference between assets, liabilities and deferred inflows/outflows of resources. The net position amounts were as follows:

	<u>2023</u>	<u>2022</u>
Net investment in capital assets		
Net property, plant and equipment in services	\$ 7,627,254	\$ 7,317,875
Less: Debt as disclosed in Note 2F	<u>(4,105,507)</u>	<u>(4,224,541)</u>
	<u>3,521,747</u>	<u>3,093,334</u>
Restricted for debt services and pension asset	<u>571,855</u>	<u>762,287</u>
Unrestricted	<u>2,296,338</u>	<u>2,347,393</u>
Total net position	<u>\$ 6,389,940</u>	<u>\$ 6,203,014</u>

E. Capital Assets

Capital asset activity during 2023 and 2022 was as follows:

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Description	Balance at June 30, 2022	Additions	Disposals	Balance at June 30, 2023
Capital assets, not being depreciated				
Land	\$ 62,887	\$ -	\$ -	\$ 62,887
Total capital assets not being depreciated	<u>62,887</u>	<u>-</u>	<u>-</u>	<u>62,887</u>
Capital assets, being depreciated				
Distribution systems	13,405,469	606,972	-	14,012,441
Building and equipment	1,250,031	29,900	-	1,279,931
	<u>14,655,500</u>	<u>636,872</u>	<u>-</u>	<u>15,292,372</u>
Less accumulated depreciation for:				
Distribution systems	6,418,009	271,608	-	6,689,617
Building and equipment	982,503	55,885	-	1,038,388
	<u>7,400,512</u>	<u>327,493</u>	<u>-</u>	<u>7,728,005</u>
Total capital assets, being depreciated, net	<u>7,254,988</u>	<u>309,379</u>	<u>-</u>	<u>7,564,367</u>
Total capital assets, net	<u>\$ 7,317,875</u>	<u>\$ 309,379</u>	<u>\$ -</u>	<u>\$ 7,627,254</u>
Description	Balance at December 31, 2021	Additions	Disposals	Balance at June 30, 2022
Capital assets, not being depreciated				
Land	\$ 62,887	\$ -	\$ -	\$ 62,887
Total capital assets not being depreciated	<u>62,887</u>	<u>-</u>	<u>-</u>	<u>62,887</u>
Capital assets, being depreciated				
Distribution systems	13,193,727	211,742	-	13,405,469
Building and equipment	1,240,732	46,446	37,147	1,250,031
	<u>14,434,459</u>	<u>258,188</u>	<u>37,147</u>	<u>14,655,500</u>
Less accumulated depreciation for:				
Distribution systems	6,146,721	271,288	-	6,418,009
Building and equipment	973,522	46,128	37,147	982,503
	<u>7,120,243</u>	<u>317,416</u>	<u>37,147</u>	<u>7,400,512</u>
Total capital assets, being depreciated, net	<u>7,314,216</u>	<u>(59,228)</u>	<u>-</u>	<u>7,254,988</u>
Total capital assets, net	<u>\$ 7,377,103</u>	<u>\$ (59,228)</u>	<u>\$ 37,147</u>	<u>\$ 7,317,875</u>

Depreciation expense amounted to \$327,493 and \$317,416 for the fiscal years ended June 30, 2023 and 2022.

F. Long-term Debt

Long-term debt is made up of the following:

**COUNTY-WIDE UTILITY DISTRICT
OF CROCKETT COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022**

	June 30,	
	2023	2022
Revenue Bonds:		
Water System Revenue Bonds, Series 1990, amount financed \$684,364 amortized over 35.08 years, interest at 5.75% due monthly through 2030	\$ 246,867	\$ 277,164
Water System Revenue Bonds, Series 2004, amount financed \$872,000 amortized over 37.83 years, interest at 4.3750% due monthly through 2042	605,372	625,583
Water System Revenue Bonds, Series 2015, amount financed \$2,759,000 amortized over 40 years, interest at 2.219% due monthly through 2055	2,522,690	2,576,316
Water System Revenue Bonds, Series 2019, amount financed \$765,000 amortized over 39 years, interest at 1.50% due monthly through 2060	730,578	745,478
Total Revenue Bonds	<u>\$4,105,507</u>	<u>\$ 4,224,541</u>
Total current portion of Revenue Bonds	<u>\$ 123,153</u>	<u>\$ 119,034</u>
Total long-term portion of Revenue Bonds	<u>\$3,982,354</u>	<u>\$ 4,105,507</u>

The following is a summary of long-term debt transactions for the years ended June 30, 2023 and 2022.

		Beginning			Ending	Due Within
		Balance	Additions	Reductions	Balance	One Year
2023	Bonds payable	\$4,224,541	\$ -	\$ 119,034	\$4,105,507	\$ 123,153
	Compensated absences	39,817	-	-	39,817	-
		<u>\$4,264,358</u>	<u>\$ -</u>	<u>\$ 119,034</u>	<u>\$4,145,324</u>	<u>\$ 123,153</u>
2022	Bonds Payable	\$4,339,624	\$ -	\$ 115,083	\$4,224,541	\$ 119,034
	Compensated Absences	39,817	-	-	39,817	-
		<u>\$4,379,441</u>	<u>\$ -</u>	<u>\$ 115,083</u>	<u>\$4,264,358</u>	<u>\$ 119,034</u>

The scheduled annual requirements for long-term debt at June 30, 2023, including interest is \$5,661,329 is as follows:

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Year Ended June 30,	Total Principal	Total Interest	Total
2024	\$ 123,153	\$ 105,723	\$ 228,876
2025	127,447	101,429	228,876
2026	131,928	96,948	228,876
2027	136,602	92,274	228,876
2028	141,481	87,395	228,876
2029-2033	614,297	372,322	986,619
2034-2038	627,119	290,041	917,160
2039-2043	665,060	198,647	863,707
2044-2048	551,902	129,278	681,180
2049-2053	612,459	68,721	681,180
2054-2058	334,367	12,557	346,924
2059-2060	39,692	487	40,179
	<u>\$ 4,105,507</u>	<u>\$ 1,555,822</u>	<u>\$5,661,329</u>

As of June 30, 2019, the District had drawn all of \$2,759,000 of Waterworks revenue bonds, Series 2015. Bonds will be repaid monthly over a period not to exceed 40 years and an interest rate not to exceed 2.75%. Payment on the bonds began December 2018. Funding was made by USDA to a special construction account for the District to make draws on until completion of the project.

All significant debt covenants and restrictions as set forth in the bond agreements were complied with.

There are no unused lines of credit for the Utility at June 30, 2023.

NOTE 3 – PENSION PLAN

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

Benefits provided: Tennessee Code Annotated Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 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 and vested. Members vest with five years of service credit. Service related disability benefits are

**COUNTY-WIDE UTILITY DISTRICT
OF CROCKETT COUNTY, TENNESSEE
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June 30, 2023 and 2022**

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 (COLAs) after retirement. A COLA is granted each July for annuitants retired prior to the 2nd Of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at 3 percent, 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, 2022 and 2021, the following employees were covered by the benefit terms.

	2022	2021
Inactive employees or beneficiaries currently receiving benefits	5	6
Inactive employees entitled to but not yet receiving benefits	2	1
Active employees	8	8
	15	15

Contributions: Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. County Wide Utility District System makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the plan years ended June 30, 2023 and 2022, the employer contributions for County Wide Utility District were \$22,917 and \$19,403 based on a rate of 4.64 and 4.28 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept County Wide Utility District’s state shared taxes if required employer contributions are not remitted. The employer’s ADC and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

County Wide Utility District's net pension liability (asset) was measured as of June 30, 2022 and 2021, and the total pension liability (asset) used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial assumptions: The total pension liability as of June 30, 2022 and 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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Actuarial Assumptions 2022

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

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

The actuarial assumptions used in the June 30, 2022 and 2021 actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016 through June 30, 2020 and the period July 1, 2012 through June 30, 2016 respectively. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

Changes of assumptions. In 2022, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions.

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 and June 30, 2016 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 expected future real rates of return (expected returns, net of pension plan investment expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

**COUNTY-WIDE UTILITY DISTRICT
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Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
US Equity	4.88	31%
Developed Market International Equity	5.37	14%
Emerging Market International Equity	6.09	4%
Private Equity and Strategic Lending	6.57	20%
US Fixed Income	1.20	20%
Real Estate	4.38	10%
Short-term Securities	-	1%
Total		100%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent for 2022 and 7.25 percent for 2021 based on a blending of the three factors described above.

Discount rate: The discount rate used to measure the total pension liability was 6.75 percent for 2022 and 7.25 percent for 2021. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current rate and that contributions from 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 plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset):

**COUNTY-WIDE UTILITY DISTRICT
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	Increase/Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2021	\$ 1,634,067	\$ 1,864,517	\$ (230,450)
Changes for the year:			
Service cost	39,822	-	39,822
Interest cost	111,227	-	111,227
Difference between expected and actual experience	(35,776)	-	(35,776)
Changes in Assumptions	-	-	-
Employer contributions	-	19,403	(19,403)
Employee contributions	-	22,667	(22,667)
Net investment income	-	(71,123)	71,123
Benefit payments	(52,154)	(52,154)	-
Administrative expense	-	(766)	766
Other charges	-	-	-
Net changes:	<u>63,119</u>	<u>(81,973)</u>	<u>145,092</u>
Balance at June 30, 2022	<u>\$ 1,697,186</u>	<u>\$ 1,782,544</u>	<u>\$ (85,358)</u>

	Increase/Decrease		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
Balance at June 30, 2020	\$ 1,500,154	\$ 1,495,298	\$ 4,856
Changes for the year:			
Service cost	23,236	-	23,236
Interest cost	108,465	-	108,465
Difference between expected and actual experience	(25,637)	-	(25,637)
Changes in assumptions	82,500	-	82,500
Employer contributions	-	18,786	(18,786)
Employee contributions	-	21,946	(21,946)
Net investment income	-	383,853	(383,853)
Benefit payments	(54,651)	(54,651)	-
Administrative expense	-	(715)	715
Other charges	-	-	-
Net changes:	<u>133,913</u>	<u>369,219</u>	<u>(235,306)</u>
Balance at June 30, 2021	<u>\$ 1,634,067</u>	<u>\$ 1,864,517</u>	<u>\$ (230,450)</u>

Sensitivity of the net pension liability (asset) to changes in the discount rate: The following presents the net pension liability (asset) of County Wide Utility District calculated using the discount rate of 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a

**COUNTY-WIDE UTILITY DISTRICT
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NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022**

discount rate that is 1-percentage-point lower (5.75 percent) or 1-percentage-point higher (7.75 percent) than the current rate:

Sensitivity of Net Pension Liability

June 30, 2023	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
County Wide Utility District's Net pension liability (asset)	155,457	(85,358)	(286,089)
June 30, 2022	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
County Wide Utility District's Net pension liability (asset)	6,066	(230,450)	(426,376)

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

Pension expense and Negative Pension expense: For the plan year ended June 30, 2023, County Wide Utility District recognized pension expense of \$2,161. For the plan year ended June 30, 2022, County Wide Utility District recognized pension expense of (\$44,517).

Deferred outflows of resources and deferred inflows of resources. For the plan year ended June 30, 2023 and 2022, County Wide reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**COUNTY-WIDE UTILITY DISTRICT
OF CROCKETT COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022**

Deferred outflows/inflows of resources

	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 11,876	\$ 44,004
Net difference between projected and actual earnings in investments	4,260	-
Changes in assumptions	49,500	-
Contributions subsequent to the measurement date of June 30, 2022	22,917	-
	\$ 88,553	\$ 44,004
	Deferred Outflows	Deferred Inflows
Difference between expected and actual experience	\$ 20,733	\$ 29,182
Net difference between projected and actual earnings in investments	-	205,188
Changes in assumptions	72,935	-
Contributions subsequent to the measurement date of June 30, 2021	19,403	-
	\$ 113,071	\$ 234,370

The amount shown above for “contributions subsequent to the measurement date of June 30, 2022 and 2021,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

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

Plan Year ended June 30,

2024	280
2025	839
2026	(11,655)
2027	32,167
2028	-
Thereafter	-

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

Payable to the Pension Plan: At June 30, 2023 and 2022, County Wide Utility District reported a payable of \$0 and \$0 for the outstanding amount of contributions to the pension plan required at the years ended June 30, 2023 and 2022.

**COUNTY-WIDE UTILITY DISTRICT
OF CROCKETT COUNTY, TENNESSEE
NOTES TO FINANCIAL STATEMENTS
June 30, 2023 and 2022**

NOTE 4 – OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During the years ended June 30, 2023 and 2022, the District purchased commercial insurance for all the above risks. Settled claims have not exceeded this commercial coverage in any of the past three years and there has been no significant reduction in the amount of coverage provided.

B. Subsequent Event

Management has evaluated subsequent events through January 17, 2024, the date in which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION SECTION

**COUNTY-WIDE UTILITY DISTRICT OF CROCKETT COUNTY, TENNESSEE
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND
RELATED RATIOS BASED ON PARTICIPATION IN THE PUBLIC
EMPLOYEE PENSION PLAN- TENNESSEE CONSOLIDATED
RETIREMENT SYSTEM**

June 30,

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability (asset)								
Service cost	\$ 39,822	\$ 23,236	\$ 33,623	\$ 36,269	\$ 36,119	\$ 34,059	\$ 32,590	\$ 31,032
Interest	111,227	108,465	102,469	101,147	104,099	97,054	91,870	88,650
Changes in benefit terms	-	-	-	-	-	-	-	-
Differences between actual & expected experience	(35,776)	(25,637)	11,030	22,392	(43,360)	17,509	(7,078)	(17,030)
Change of assumptions	-	82,500	-	-	-	41,620	-	-
Benefit payments, including refunds of employee contributions	(52,154)	(54,651)	(53,422)	(224,431)	(51,026)	(49,977)	(49,482)	(73,069)
Net change in total pension liability	63,119	133,913	93,700	(64,623)	45,832	140,265	67,900	29,583
Total pension liability - beginning	1,634,067	1,500,154	1,406,454	1,471,077	1,425,245	1,284,980	1,217,080	1,187,497
Total pension liability - ending (a)	<u>1,697,186</u>	<u>1,634,067</u>	<u>1,500,154</u>	<u>1,406,454</u>	<u>1,471,077</u>	<u>1,425,245</u>	<u>1,284,980</u>	<u>1,217,080</u>
Plan fiduciary net position								
Contributions - employer	19,403	18,786	18,341	20,032	11,818	10,725	10,116	9,691
Contributions - employee	22,667	21,946	21,427	20,910	20,660	20,947	19,757	18,927
Net investment income	(71,123)	383,853	71,003	106,082	116,992	145,406	33,662	38,893
Benefit payments, including refunds of employee contributions	(52,154)	(54,651)	(53,422)	(224,431)	(51,026)	(49,977)	(49,482)	(73,069)
Administrative expense	(766)	(715)	(709)	(712)	(760)	(679)	(605)	(406)
Net change in plan fiduciary net position - beginning	(81,973)	369,219	56,640	(78,119)	97,684	126,422	13,448	(5,964)
Plan fiduciary net position - beginning	1,864,517	1,495,298	1,438,658	1,516,777	1,419,093	1,292,671	1,279,223	1,285,187
Plan fiduciary net position - ending (b)	<u>1,782,544</u>	<u>1,864,517</u>	<u>1,495,298</u>	<u>1,438,658</u>	<u>1,516,777</u>	<u>1,419,093</u>	<u>1,292,671</u>	<u>1,279,223</u>
Net pension liability (asset) - ending (a) - (b)	\$ (85,358)	\$ (230,450)	\$ 4,856	\$ (32,204)	\$ (45,700)	\$ 6,152	\$ (7,691)	\$ (62,143)
Plan fiduciary net position as a percentage of total pension liability	105.03%	114.10%	99.68%	102.29%	103.11%	99.57%	100.60%	105.11%
Covered - employee payroll	\$ 453,331	\$ 438,921	\$ 428,541	\$ 418,205	\$ 413,206	\$ 418,943	\$ 395,147	\$ 378,546
Net pension liability (asset) as a percentage of covered - payroll	-18.83%	-52.50%	1.13%	-7.70%	-11.06%	1.47%	-1.95%	-16.42%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

Changes of assumptions. In 2021, amounts reported as changes of assumptions resulted from changes to the inflation rate, investment rate of return, cost-of-living

See independent auditor's report.

COUNTY-WIDE UTILITY DISTRICT OF CROCKETT COUNTY, TENNESSEE
SCHEDULE OF CONTRIBUTIONS BASED ON PARTICIPATION IN THE PUBLIC
EMPLOYEE PENSION PLAN- TENNESSEE CONSOLIDATED
RETIREMENT SYSTEM

For the Year Ended June 30,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 22,917	\$ 19,403	\$ 18,786	\$ 18,341	\$ 20,032	\$ 11,818	\$ 10,725	\$ 10,116
Contributions in relation to the actuarially determined contribution	<u>22,917</u>	<u>19,403</u>	<u>18,786</u>	<u>18,341</u>	<u>20,032</u>	<u>11,818</u>	<u>10,725</u>	<u>10,116</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 493,890	\$ 453,331	\$ 438,921	\$ 428,541	\$ 418,205	\$ 413,206	\$ 418,943	\$ 395,147
Contributions as a percentage of covered - employee payroll	4.64%	4.28%	4.28%	4.28%	4.79%	2.86%	2.56%	2.56%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively.
Years will be added to this schedule in the future fiscal years until 10 years of information is available.

See independent auditor's report.

COUNTY-WIDE UTILITY DISTRICT OF CROCKETT COUNTY, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
For the Year Ended June 30, 2023

Valuation Date	Actuarially determined contribution rates for fiscal year 2022 were calculated based on the June 30, 2022 actuarial valuation.
Actuarial cost method	Entry Age Normal
Amortization Method	level dollar, closed (not to exceed 20 years)
Remaining Amortization	Varies by year
Asset valuation	10-year smoothed within a 20 percent corridor to market value
Inflation	2.25 percent
Salary Increases	Graded salary ranges from 8.72 to 3.44 percent based on age, including inflation, averaging 4.00 percent
Investment Rate of Return	6.75 percent, net of investment expense, including inflation
Retirement age	Pattern of retirement determined by experience study
Mortality	Customized table based on actual experience including an adjustment for some anticipated improvement
Cost of Living Adjustments	2.125 percent

Changes of assumptions. In 2022, the following assumptions were changed: decreased inflation rate from 2.50 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions.

See independent auditor's report.

SUPPLEMENTARY AND OTHER INFORMATION SECTION

COUNTY-WIDE UTILITY DISTRICT OF CROCKETT COUNTY, TENNESSEE
SCHEDULES OF OPERATING INCOME AND EXPENSES

For the Years Ended June 30, 2023 and 2022

Operating revenues:	<u>2023</u>	<u>2022</u>
Gross water sales	\$ 1,981,106	\$ 1,737,961
Less: Bad debt expense	(7,458)	(8,905)
Net water sales	<u>1,973,648</u>	<u>1,729,056</u>
Fees:		
Forfeited discounts	29,318	25,739
Franchise fees	49,440	54,180
Service charges and other	<u>134,340</u>	<u>202,624</u>
	<u>213,098</u>	<u>282,543</u>
Total operating revenues	<u>\$ 2,186,746</u>	<u>\$ 2,011,599</u>
Operating expenses:		
Production and distribution		
Salaries	\$ 302,723	\$ 275,340
Electricity and pumping expense	109,103	89,685
Systems repairs and maintenance	268,752	245,285
Equipment expenses	54,073	46,618
Chemicals and lab expense	<u>63,423</u>	<u>36,915</u>
	<u>798,074</u>	<u>693,843</u>
Billing and collecting		
Billing	<u>18,737</u>	<u>15,481</u>
	<u>18,737</u>	<u>15,481</u>
General and administrative		
Salaries	220,778	202,788
Legal, accounting, and engineering	10,160	15,460
Insurance	74,079	60,634
Office expense	24,232	16,094
Utilities and telephone	20,809	22,687
Payroll taxes	39,927	36,521
Group insurance	269,627	245,887
Retirement	1,918	(44,655)
Other expenses	<u>104,801</u>	<u>95,007</u>
	<u>766,331</u>	<u>650,423</u>
Provision for depreciation	<u>327,492</u>	<u>317,416</u>
Total operating expense	<u>\$ 1,910,634</u>	<u>\$ 1,677,163</u>

See independent auditor's report.

COUNTY-WIDE UTILITY DISTRICT OF CROCKETT COUNTY, TENNESSEE
SCHEDULE OF LONG-TERM DEBT
June 30, 2023

Year Ended December 30,	Bonds Payable Series 1990		USDA Revenue Bond Series 2015		Bonds Payable Series 2004		Bonds Payable Series 2019		Total		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Total	
2024	\$ 32,086	\$ 13,358	\$ 54,828	\$ 55,428	\$ 21,114	\$ 26,082	\$ 15,125	\$ 10,855	\$ 123,153	\$ 105,723	\$ 228,876	
2025	33,980	11,464	56,057	54,199	22,057	25,139	15,353	10,627	127,447	101,429	228,876	
2026	35,987	9,457	57,314	52,942	23,042	24,154	15,585	10,395	131,928	96,948	228,876	
2027	38,111	7,333	58,599	51,657	24,071	23,125	15,821	10,159	136,602	92,274	228,876	
2028	40,361	5,083	59,913	50,343	25,147	22,049	16,060	9,920	141,481	87,395	228,876	
2029	42,744	2,700	61,256	49,000	26,270	20,926	16,302	9,678	146,572	82,304	228,876	
2030	23,598	417	62,629	47,627	27,443	19,753	16,549	9,431	130,219	77,228	207,447	
2031	-	-	64,033	46,223	28,669	18,527	16,798	9,182	109,500	73,932	183,432	
2032	-	-	65,469	44,787	29,950	17,246	17,052	8,928	112,471	70,961	183,432	
2033	-	-	66,937	43,319	31,288	15,908	17,310	8,670	115,535	67,897	183,432	
2034	-	-	68,437	41,819	32,685	14,511	17,571	8,409	118,693	64,739	183,432	
2035	-	-	69,972	40,284	34,145	13,051	17,837	8,143	121,954	61,478	183,432	
2036	-	-	71,540	38,716	35,670	11,526	18,106	7,874	125,316	58,116	183,432	
2037	-	-	73,144	37,112	37,264	9,932	18,379	7,601	128,787	54,645	183,432	
2038	-	-	74,784	35,472	38,928	8,268	18,657	7,323	132,369	51,063	183,432	
2039	-	-	76,461	33,795	40,667	6,529	18,939	7,041	136,067	47,365	183,432	
2040	-	-	78,175	32,081	42,484	4,713	19,225	6,755	139,884	43,549	183,433	
2041	-	-	79,927	30,329	44,381	2,815	19,515	6,465	143,823	39,609	183,432	
2042	-	-	81,719	28,537	40,097	841	19,810	6,170	141,626	35,548	177,174	
2043	-	-	83,551	26,705	-	-	20,109	5,871	103,660	32,576	136,236	
2044	-	-	85,424	24,832	-	-	20,413	5,567	105,837	30,399	136,236	
2045	-	-	87,340	22,916	-	-	20,721	5,259	108,061	28,175	136,236	
2046	-	-	89,298	20,958	-	-	21,034	4,946	110,332	25,904	136,236	
2047	-	-	91,300	18,956	-	-	21,352	4,628	112,652	23,584	136,236	
2048	-	-	93,346	16,910	-	-	21,674	4,306	115,020	21,216	136,236	
2049	-	-	95,439	14,817	-	-	22,002	3,978	117,441	18,795	136,236	
2050	-	-	97,579	12,677	-	-	22,334	3,646	119,913	16,323	136,236	
2051	-	-	99,766	10,490	-	-	22,671	3,309	122,437	13,799	136,236	
2052	-	-	102,003	8,253	-	-	23,014	2,966	125,017	11,219	136,236	
2053	-	-	104,290	5,966	-	-	23,361	2,619	127,651	8,585	136,236	
2054	-	-	106,628	3,628	-	-	23,714	2,266	130,342	5,894	136,236	
2055	-	-	105,532	1,236	-	-	24,072	1,908	129,604	3,144	132,748	
2056	-	-	-	-	-	-	24,436	1,544	24,436	1,544	25,980	
2057	-	-	-	-	-	-	24,805	1,175	24,805	1,175	25,980	
2058	-	-	-	-	-	-	25,180	800	25,180	800	25,980	
2059	-	-	-	-	-	-	25,560	420	25,560	420	25,980	
2060	-	-	-	-	-	-	14,132	67	14,132	67	14,199	
	<u>\$ 246,867</u>	<u>\$ 49,812</u>	<u>\$ 2,522,690</u>	<u>\$ 1,002,014</u>	<u>\$ 605,372</u>	<u>\$ 285,095</u>	<u>\$ 730,578</u>	<u>\$ 218,901</u>	<u>\$ 4,105,507</u>	<u>\$ 1,555,822</u>	<u>\$ 5,661,329</u>	

See independent auditor's report.

COUNTY-WIDE UTILITY DISTRICT OF CROCKETT COUNTY, TENNESSEE
SCHEDULE OF CHANGES IN LONG-TERM DEBT BY INDIVIDUAL ISSUE
June 30, 2023

Description of Indebtness	Original amount of issue	Interest rate	Date of issue	Last maturity date	Outstanding 7/01/2022	Issued during period	Paid and/or matured during period	Refunded during period	Outstanding 6/30/2023
Bonds Payable									
Payable through Water System									
Water System Revenue Bonds, Series 1990	684,364	5.75%	December 31, 1994	January 31, 2030	277,164	-	30,297	-	246,867
Water System Revenue Bonds, Series 2004	872,000	4.38%	June 8, 2004	May 8, 2042	625,583	-	20,211	-	605,372
Water System Revenue Bonds, Series 2015	2,759,000	2.22%	October 21, 2015	June 8, 2055	2,576,316	-	53,626	-	2,522,690
Water System Revenue Bonds, Series 2019	<u>765,000</u>	1.50%	July 30, 2019	January 12, 2060	<u>745,478</u>	-	<u>14,900</u>	-	<u>730,578</u>
Total Bonds Payable	<u>\$ 5,080,364</u>				<u>\$ 4,224,541</u>	<u>\$ -</u>	<u>\$ 119,034</u>	<u>\$ -</u>	<u>\$ 4,105,507</u>

See independent auditor's report.

COUNTY-WIDE UTILITY DISTRICT OF CROCKETT COUNTY, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2023

	CFDA Number	Expenditures/ Amount Earned/ Amount Issued
United States Department of Agriculture Rural Utilities Service Water and Waste Disposal Systems for Rural Communities Grant	10.760	\$ <u>11,266</u>
Total Grants with Contracts		\$ <u><u>11,266</u></u>

Note 1: Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The District has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 2: The USDA Water and Waste Disposal Systems Program for Rural Communities is administered by the Countywide Utility District and balances and transactions relating to these programs are included in the District's basic financial statements. The balance of the loan outstanding as of June 30, 2023 is \$730,578.

COUNTY-WIDE UTILITY DISTRICT OF CROCKETT COUNTY, TENNESSEE
WATER RATES IN FORCE
 June 30, 2023 and 2022

All customers:			
Minimum bill	\$	23.68	
Water usage	\$	4.80	per 1,000 gallons
		As of June 30,	
		2023	2022
Number of customers		3,428	3,424

See independent auditor's report.

INTERNAL CONTROL AND COMPLIANCE SECTION



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
County-Wide Utility District of Crockett County, Tennessee
Alamo, Tennessee

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the County-Wide Utility District of Crockett County, Tennessee (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 17, 2024.

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 opinion 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and recommendations as items 2023-001 and 2023-002 that we consider to be material weakness.

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 financial statements. 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*.

In addition, we noted other matters involving internal control that we communicated to management of the District in a separate letter dated January 17, 2024.

District's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the District's responses to the findings identified in our audit and described in the accompanying Schedule of Findings and Recommendations. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

ATA, PLLC

Jackson, Tennessee
January 17, 2024

**COUNTY-WIDE UTILITY DISTRICT
OF CROCKETT COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND RECOMMENDATIONS
June 30, 2023**

FINANCIAL STATEMENT FINDINGS

2023-001 Segregation of Duties (Material Weakness)

Condition: The District lacks adequate staff to implement the desired level of segregation of duties. One member of the District personnel performs disbursement and payroll functions, reconciles the bank statements, and assists with bill payment collections.

Criteria: Generally accepted accounting principles require that accounting functions be adequately segregated to ensure that the internal accounting controls are effective.

Cause: Due to lack of adequate staff, the District is not able to implement the desired level of segregation of duties.

Effect: The risk of errors and fraud occurring and not being detected in a timely manner increases when accounting functions are not adequately segregated.

Recommendation: We realize that the staff size will not allow the District to completely segregate the duties to the optimum level desired. However, the accounting functions should be segregated as much as possible. Management needs to be aware that this weakness exists in the system of internal accounting controls.

Response: We will segregate bookkeeping and accounting duties to the fullest extent possible; however, again, management is aware of this situation and feels that the cost of hiring additional personnel with the required expertise would exceed the benefit and that the current level of exposure to risk is acceptable.

2023-002 Reconciliation of Statement of Net Position Accounts (Material Weakness)

Condition: Certain Statement of Net Position accounts (Cash, Accounts Receivable, Accounts Payable, and Debt) are not being completely reconciled on a timely basis.

Criteria: Generally accepted accounting principles require that Statement of Net Position accounts be periodically, timely, and completely reconciled as part of maintaining adequate internal accounting controls.

Cause: The District is not reconciling certain Statement of Net Position accounts on a timely basis.

Effect: The risk of errors and irregularities occurring and not being detected in a timely manner increases when Statement of Net Position accounts are not adequately reconciled.

Recommendation: We recommend that all Statement of Net Position accounts be reconciled completely on a monthly basis.

Response: We will reconcile all Statement of Net Position accounts (Cash, Accounts Receivable, Accounts Payable, and Debt) completely on a monthly basis.

**COUNTY-WIDE UTILITY DISTRICT
OF CROCKETT COUNTY, TENNESSEE
SCHEDULE OF PRIOR YEAR FINDINGS**
June 30, 2023

FINANCIAL STATEMENT FINDINGS

Prior Year Finding Number	Finding Title	Status/ Current Year Finding Number
2022-001	Segregation of Duties (Original Finding # 2011-001)	2023-001 (Repeated)
2022-002	Reconciliation of Statement of Net Position Accounts (Original Finding # 2015-003)	2023-002 (Repeated)

MANAGEMENT'S CORRECTIVE ACTION PLAN



COUNTY WIDE UTILITY DISTRICT
P.O. Box 357 • 70 S. Cavalier Drive
Alamo, Tennessee 38001
731-696-2908
www.countywideutility.com

The County Wide Utility District respectfully submits the following corrective action plan for the year ended June 30, 2023.

Name and address of independent public accounting firm:
ATA, PLLC
227 Oil Well Road
Jackson, TN 38305

Audit period:
June 30, 2023

County Wide Utility District contact person responsible for implementation:
Michael Johnson, General Manager 731-696-2908

Cognizant agency:
United States Department of Agriculture

The findings from the June 30, 2023 schedule of findings and recommendations are discussed below. The findings are numbered consistently with the number assigned in the schedule.

Finding required to be reported in accordance with governmental auditing standards.

2023-001 – Segregation of Duties (Material weakness)

Action planned: We will segregate bookkeeping and accounting duties to the fullest extent possible; however, again, management is aware of this situation and feels that the cost of hiring additional personnel with the required expertise would exceed the benefit and that the current level of exposure to risk is acceptable.

Anticipated completion date: January 17, 2024

2023-002 Reconciliation of Statement of Net Position Accounts (Material weakness)

Action planned: We will reconcile all Statement of Net Position accounts completely on a monthly basis.

Anticipated completion date: January 17, 2024

Signature: *Michael Johnson*

Signature: *Shelley Powell*

Title: General Manager

Title: Office Manager