

**SOUTH CARROLL UTILITY DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2024**

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For the Year Ended December 31, 2024**

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INTRODUCTORY SECTION

**South Carroll Utility District
Board of Commissioners and Management
December 31, 2024**

Randall Roark	Chairman
Ricky Pritchard	Treasurer
Cody Roberts	Secretary
Chad Edwards	System Operator/ General Manager

FINANCIAL SECTION

The MG Group, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Tullahoma, Tennessee

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
South Carroll Utility District
Huntingdon, Tennessee 38344

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of the business-type activities of the South Carroll Utility District (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise South Carroll Utility 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 of the South Carroll Utility District, as of December 31, 2024, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and

515 NW Atlantic Street, Tullahoma, Tennessee 37388

Phone (931) 393-3307

Fax (931) 563-5585

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 South Carroll Utility 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 South Carroll Utility 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 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section, the Schedule of Utility Rate Structure and Number of Customers, the

Schedule of Long-Term Debt, Principal and Interest Requirements by Fiscal Year, and the Schedule of Changes in Long-Term Debt by Individual Issue, 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 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 February 24, 2025, on our consideration of South Carroll Utility 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 South Carroll Utility 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 South Carroll Utility District's internal control over financial reporting and compliance.

MG Group, P.C.

Tullahoma, Tennessee
February 24, 2025

**SOUTH CARROLL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

As management of South Carroll Utility District (the District), we offer readers of the District's audited financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2024.

OVERVIEW OF THE AUDITED FINANCIAL STATEMENTS

The financial statements presented in this report consist of the statement of net position, the statement of revenues, expenses and changes in net position, and the statement of cash flows. The statement of net position provides information about the nature and amounts of investments in resources (assets) and the obligations to creditors (liabilities). It also provides the basis for assessing the liquidity and financial flexibility of the District. The current year's revenues and expenses are accounted for in the statement of revenues, expenses, and changes in net position. This statement reports the revenues and expenses during the time period indicated and can be used to determine whether the District has successfully recovered all its costs through user fees and other charges. The primary purpose of the statement of cash flows is to provide information about the District's cash receipts and cash payments. This statement reports cash receipts, cash payments, and net changes in cash resulting from activities related to operations, capital, and related financing, investing, and noncash capital and related financing activities.

STATEMENT OF NET POSITION

The District's total net position in 2024 increased by \$65,581 or 5.47% due to increased water sales.

Total assets increased \$41,950 or 2.75% due to increases in current assets. Current assets increased by \$54,884 or 8.06% mainly due to increases in cash offset and account receivable. Cash increased \$51,454 or 7.95% due to an increase in customer payments. Accounts receivable increased \$3,430 or 11.46%. Capital assets decreased \$12,934 or 1.53% due to an increase in depreciation from prior year.

Total liabilities decreased by \$23,631 or 7.25% due to a decrease in long-term liabilities of \$26,016 or 8.96%. Current liabilities increased \$2,385 or 6.73% due to increases in current portion of long-term debt. Long-term debt decreased as a result of payments of \$24,750 and reclassifications from long-term debt to short-term debt of \$1,266.

**SOUTH CARROLL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

A summary of financial position follows:

	<u>For The Years Ended December 31</u>		<u>2024</u>	
	<u>2024</u>	<u>2023</u>	<u>Change</u>	<u>Percent Change</u>
Assets:				
Current and other assets	\$ 736,093	\$ 681,209	\$ 54,884	8.06%
Non-current assets	830,251	843,185	(12,934)	-1.53%
Total assets	<u>1,566,344</u>	<u>1,524,394</u>	<u>41,950</u>	<u>2.75%</u>
Liabilities:				
Current liabilities	37,800	35,415	2,385	6.73%
Non-current liabilities	264,447	290,463	(26,016)	-8.96%
Total liabilities	<u>302,247</u>	<u>325,878</u>	<u>(23,631)</u>	<u>-7.25%</u>
Net Position:				
Net Investment in capital assets	539,791	527,974	11,817	2.24%
Restricted for debt service	39,948	24,748	15,200	61.42%
Unrestricted	684,358	645,794	38,564	5.97%
Total net position	<u>1,264,097</u>	<u>1,198,516</u>	<u>65,581</u>	<u>5.47%</u>
	<u>\$ 1,566,344</u>	<u>\$ 1,524,394</u>	<u>\$ 41,950</u>	<u>2.75%</u>

A summary of changes in net position follows:

	<u>Changes in Net Position</u>		<u>2024</u>	
	<u>For The Years Ended December 31</u>		<u>Change</u>	<u>Percent Change</u>
	<u>2024</u>	<u>2023</u>		
Operating revenues	\$ 496,822	\$ 292,441	\$ 204,381	69.89%
Non-operating revenues	15,939	1,816	14,123	777.70%
Total revenues	<u>512,761</u>	<u>294,257</u>	<u>218,504</u>	<u>74.26%</u>
Depreciation	41,771	38,799	2,972	7.66%
Operating expenses	390,211	189,217	200,994	106.22%
Non-operating expenses	15,197	16,402	(1,205)	-7.35%
Total expenses	<u>447,179</u>	<u>244,418</u>	<u>202,761</u>	<u>82.96%</u>
Change in net position	65,582	49,839	15,743	31.59%
Beginning net position	1,198,516	1,148,677	49,839	4.34%
Ending net position	<u>\$ 1,264,098</u>	<u>\$ 1,198,516</u>	<u>\$ 65,582</u>	<u>5.47%</u>

**SOUTH CARROLL UTILITY DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

STATEMENT OF CASH FLOWS

The District's rate structure is designed to collect sufficient revenues to pay debt service and recover operating and maintenance expenses. In 2024, the District accomplished this objective.

CAPITAL ASSETS

Capital assets, net of depreciation, were \$830,251 on December 31, 2024, compared to \$843,186 in the prior year. Depreciation expense for 2024 was \$41,771.

RESTRICTED ASSETS

Restricted assets were \$39,948 at December 31, 2024. This District's restricted assets consists of cash accounts restricted for debt use, a decrease of \$386 from last year.

LONG-TERM LIABILITIES

The District paid principal payments of \$24,750 in 2024. As of December 31, 2024, the District had total long-term debt outstanding of \$290,461.

ECONOMIC FACTORS AND FUTURE NEEDS

The District and Management of the District consider many factors when setting the fiscal year 2024 budget, user fees, and charges. One of the factors is making enough money to meet our indebtedness, meet all state and federal requirements, and provide our customers with safe, affordable drinking water.

OVERALL ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

The District's overall financial position in 2024 increased by \$65,582 as compared to the prior year. The District continually strives to improve its financial position.

REQUEST FOR INFORMATION

This report is designed to provide our customers, debt holders, and other interested parties with a general overview of the financial position of the District and to indicate accountability for the revenues received. Questions about this report or requests for additional information should be directed to Chad Edwards at PO Box 28, Clarksburg, Tennessee 38324.

South Carroll Utility District
Statement of Net Position
December 31, 2024

ASSETS

Current Assets:	
Cash and cash equivalents	\$ 658,258
Restricted cash and cash equivalents	39,948
Accounts receivable, net	33,352
Prepaid expenses	4,535
Total current assets	736,093
Noncurrent Assets:	
Capital assets not being depreciated:	
Land	2,250
Capital assets being depreciated:	
Plant	1,783,916
Equipment	46,061
Structures and improvements	322,297
Less: accumulated depreciation	(1,324,273)
Net capital assets	830,251
Total assets	\$ 1,566,344

LIABILITIES

Current Liabilities:	
Accrued interest payable	\$ 259
Payroll liabilities payable	293
Sales tax payable	2,266
Sewer collections payable	8,968
Current portion of bonds payable	26,014
Total current liabilities	37,800
Noncurrent Liabilities:	
Long-term debt:	
Bonds payable after one year	264,447
Total non-current liabilities	264,447

NET POSITION

Net investment in capital assets	539,791
Restricted for debt service	39,948
Unrestricted	684,358
Total net position	\$ 1,264,097

The accompanying notes are an integral part of these financial statements

South Carroll Utility District
Statement of Revenues, Expenses and Changes in Net Position
For Year Ended December 31, 2024

Operating revenues:	
Water sales	\$ 283,638
Late charges	3,554
New tap and service fees	11,650
Reconnection fees	900
Water loss control study	194,480
Miscellaneous	<u>2,600</u>
Total operating revenues	<u>496,822</u>
Operating expenses:	
Advertising and promotion	744
Commissioner fees	1,800
Depreciation	41,771
Dues and subscriptions	2,620
Insurance and bonding	3,975
Maintenance contract	13,005
Materials and supplies	15,396
Miscellaneous	9,165
Office supplies	9,935
Wages	21,927
Professional fees	6,914
Repairs and maintenance	48,434
System operator contract service	42,000
Utilities	19,816
Water loss control study	<u>194,480</u>
Total operating expenses	<u>431,982</u>
Operating income	64,840
Non-operating revenues (expenses):	
Interest income	15,939
Interest expense	<u>(15,197)</u>
Total non-operating revenues (expenses)	742
Change in net position	<u>65,582</u>
Net position - beginning	1,198,516
Net position - ending	<u><u>\$ 1,264,098</u></u>

The accompanying notes are an integral part of these financial statements

South Carroll Utility District
Statement of Cash Flows
For Year Ended December 31, 2024

Cash flows from operating activities:	
Cash received from customers	\$ 302,342
Cash payments to employees	(21,927)
Cash payments for goods and services	(176,116)
Net cash provided/(used) by operating activities	104,299
Cash flows from capital and related financing activities:	
Principal repayments on long-term debt	(24,750)
Interest paid	(15,197)
Net cash provided/(used) by capital and related financing activities	(39,947)
Cash flows from investing activities:	
Purchase of capital assets	(28,837)
Interest income	15,939
Net cash provided/(used) by investing activities	(12,898)
Net increase in cash and cash equivalents	51,454
Cash and cash equivalents, beginning of year	646,752
Cash and cash equivalents, end of year	\$ 698,206
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 64,840
Depreciation	41,771
Changes in assets and liabilities:	
Decrease (increase) in accounts receivable	(3,430)
Increase (decrease) in sales tax payable	240
Increase (decrease) in sewer collections payable	878
Net cash provided by operating activities	\$ 104,299

The accompanying notes are an integral part of these financial statements

South Carroll Utility District
Notes to Financial Statements
December 31, 2024

NOTE 1 - THE REPORTING ENTITY

The Clarksburg Utility District was created under the Tennessee Utility District Act of 1937 as a tax-exempt special district for supplying water services to its customers. The District began operations in 1966 and is governed by a three-member Board of Commissioners. In 2020, the District requested and was approved for a legal changing of its name to South Carroll Utility District.

All corporate powers of the District are vested in and exercised by the Board of Commissioners. The District's operations alone constitute the reporting entity since the Board is not financially accountable for any other entities and the District has no relationships with any other entities where the nature and significance of the relationships would require inclusion in the financial statements of the District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Measurement Focus, Basis of Accounting, and Basis of Presentation

The District distinguishes operating revenues and expenses from non-operating items. The principal operating revenues of the District are charges to customers for water and sewer services. Operating expenses for the District include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Cash Equivalents

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.

Receivables

Accounts receivable are the result of ordinary transactions in the normal course of business. The District has established an allowance for doubtful accounts based on amounts determined uncollectible by analysis of all past due customers. Water revenues are recognized on the accrual basis as earned. The District board adopts and adjusts a formal rate structure for services that is

South Carroll Utility District
Notes to Financial Statements
December 31, 2024

designed to meet operational costs, capital improvement and replacements, debt service, and rational reserves.

Inventories

Supplies and materials are recorded as expenses at the time items are purchased and are not inventoried at year-end due to a lack of materiality.

Capital Assets

Fixed assets are capitalized at the time of purchase at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are defined by the District as assets with an initial, individual cost of more than \$500.00 and an estimated useful life in excess of two years. Expenditures for maintenance and repairs, which do not improve or extend the life of the asset, are charged to expenses as incurred. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The capital assets of the District are depreciated using the straight-line method over estimated useful lives, which range from 5 to 50 years.

Management Estimates

The preparation of the 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 reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

Customer Meter Deposits

In the past, meter deposits were held by the District in various amounts. This policy has changed and a non-refundable application fee is now required for initial services.

Compensated Absences

The District does not have a policy allowing employees to accumulate unpaid vacation or sick leave benefits. Therefore, no liability for compensated absences is reported in the financial statements.

South Carroll Utility District
Notes to Financial Statements
December 31, 2024

Equity Classification

The District classifies net position into three components; (1) net investment in capital assets, (2) restricted, and (3) unrestricted. These classifications are defined as follows:

- 1) Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation for investment in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- 2) Restricted - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- 3) Unrestricted - This component of net position consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

Revenues and Expenses

Operating revenues and expenses consist of those revenues and expenses that result from the ongoing principal operations of the District. Operating revenues consist primarily of charges for services. Non-operating revenues and expenses consist of those revenues and expenses that are related to financing and investing types of activities and result from non-exchange transactions or ancillary activities.

When an expense is incurred for purposes for which there are both restricted and unrestricted net position available, it is the District’s policy to apply those expenses to restricted net position to the extent such are available and then to unrestricted net position.

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) until then.

South Carroll Utility District
Notes to Financial Statements
December 31, 2024

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an 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.

For the year ended December 31, 2024, the District has neither a deferred inflow nor an outflow of resources.

Statement of Cash Flows

For purposes of the statement of cash flows, the District considers all currency, demand deposits, money market accounts and certificates of deposit with banks or other financial institutions to be cash equivalents.

Budget

The District's Board of Commissioners reviews and adopts an annual operating budget prepared by management. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States of America and that basis is consistent with the basis used in preparing the District's financial statements.

Major Customers

There were no sales to a single customer that exceeded 10% of total operating revenues.

NOTE 3 - CASH AND CASH EQUIVALENTS

The District is authorized to invest funds in financial institutions and direct obligations of the Federal Government. During the year ended December 31, 2024, the District invested funds that were not immediately needed in certificates of deposit and savings accounts.

Custodial credit risk for deposits is the risk that in the event of a bank failure, the District's deposits may not be returned or the District will not be able to recover collateral securities in the possession of an outside party. The district's policy requires that deposits be either: (i) secured and collateralized by the institutions at 105% of the value of the deposits placed in the institutions less the amount protected by federal depositor insurance, or (ii) that deposits be placed in financial institutions that participate in the bank collateral pool administered by the Treasurer of the State of Tennessee.

South Carroll Utility District
Notes to Financial Statements
December 31, 2024

Institutions participating in the collateral pool determine the aggregated balance of their public funds amounts. The amounts of collateral required to secure these public deposits must be at least 105% of the average daily balance of public deposits held. On December 31, 2024, no deposits were exposed to custodial risk.

NOTE 4 - CAPITAL ASSETS

A summary of capital asset activity and changes in accumulated depreciation for the year ended December 31, 2024 follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets not being depreciated				
Land	\$ 2,250	\$ -	\$ -	\$ 2,250
Total capital assets not being depreciated	<u>2,250</u>	<u>-</u>	<u>-</u>	<u>2,250</u>
Capital assets being depreciated				
Plant	1,756,966	26,950	-	1,783,916
Equipment	44,174	1,887	-	46,061
Structures and improvements	322,297	-	-	322,297
Total capital assets being depreciated	<u>2,123,437</u>	<u>28,837</u>	<u>-</u>	<u>2,152,274</u>
Less: accumulated depreciation	<u>(1,282,501)</u>	<u>(41,771)</u>	<u>-</u>	<u>(1,324,272)</u>
Total capital assets being depreciated, net	<u>840,936</u>	<u>(12,934)</u>	<u>-</u>	<u>828,002</u>
Capital assets, net	<u>\$ 843,186</u>	<u>\$ (12,934)</u>	<u>\$ -</u>	<u>\$ 830,252</u>

Depreciation expense incurred during the year was \$41,771.

NOTE 5 - LONG-TERM DEBT

Long-term debt at December 31, 2024 consisted of the following:

On March 1995, the District sold a Waterworks Revenue Bond to the USDA Rural Development. The bond bears interest at the rate of 5.00 percent per year, payable in consecutive monthly installments of principal and interest in the amount of \$3,329 each. At December 31, 2024, the bonds outstanding balance was \$290,461.

According to TCA 7-82-505, any default on the bond issue could result in the appointment of a receiver to administer the District.

South Carroll Utility District
Notes to Financial Statements
December 31, 2024

A summary of long-term debt activity for the year ended December 31, 2024 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Waterworks Revenue Bonds, 1995	\$ 315,211	\$ -	\$ 24,750	\$ 290,461
	\$ 315,211	\$ -	\$ 24,750	\$ 290,461

Principal and interest payment for long-term debt are as follows:

Years Ending December 31	Principal	Interest
2025	26,014	13,934
2026	27,345	12,603
2027	28,744	11,204
2028	30,215	9,733
2029	31,761	8,187
2030-2034	146,382	15,657
	\$ 290,461	\$ 71,318

NOTE 6 - LONG-TERM OBLIGATIONS

The following is a summary of changes in long-term obligations for the year ended December 31, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Waterworks Revenue Bonds, 1995	\$ 315,211	\$ -	\$ 24,750	\$ 290,461	26,014
Compensated absences	-	-	-	-	-
	\$ 315,211	\$ -	\$ 24,750	\$ 290,461	\$ 26,014

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss relating to theft, and damage to, and destruction of assets. Furthermore, there is exposure to risks of loss relating to natural disasters, errors and omissions, and torts. To insure against casualty risks, the District purchases insurance coverage through an independent insurance agency. Settled claims have not exceeded the commercial coverage in the past three fiscal years.

**South Carroll Utility District
Notes to Financial Statements
December 31, 2024**

NOTE 8 - COMMITMENTS AND CONTINGENCIES

As of the date of this report, no contingent liabilities exist for the District.

NOTE 9 - SEWER BILLING INCOME AND SEWER COLLECTIONS PAYABLE

South Carroll Utility District receives a fixed fee of \$150 per month for billing of sewer service on behalf of the City of Clarksburg. Sewer collections payable shown on the statement of net position represents payments that have been billed to customers, but not yet remitted to the City.

NOTE 10 - DONATED IN-KIND REVENUE

In 2024, the Carroll County Government provided the Utility with a Water Loss Control Study to guide in planning and funding decisions. The amount spent was \$194,480.

NOTE 11 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 24, 2025, which is the date the financial statements were available to be issued. No subsequent events has occurred that require reporting.

SUPPLEMENTARY INFORMATION

South Carroll Utility District
Schedule of Utility Rates Structure and Number of Customers
For Year Ended December 31, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Water Rates:											
Minimum to 2,500 gallons	\$ 23.00	\$ 23.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00	\$ 21.00
All above 2,500 gallons per 1,000 gallons	7.00	7.00	6.50	6.50	6.50	6.50	6.50	6.50	6.00	6.00	5.00
Number of customers at year end	609	604	607	604	604	597	591	587	580	569	583
Fee Schedule:											
Tap Fee	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 700.00	\$ 650.00	\$ 650.00	\$ 600.00	\$ 600.00
Reconnect Fee	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00
Transfer Fee	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00	25.00

South Carroll Utility District
Schedule of Long-Term Debt, Principal and Interest Requirements by Fiscal Year
December 31, 2024

1995 Revenue Bond

Year	Principal	Interest	Total Requirements
2025	26,014	13,934	39,948
2026	27,345	12,603	39,948
2027	28,744	11,204	39,948
2028	30,215	9,733	39,948
2029	31,761	8,187	39,948
2030	33,386	6,562	39,948
2031	35,094	4,854	39,948
2032	36,889	3,059	39,948
2033	38,778	1,172	39,950
2034	2,235	10	2,245
	\$ 290,461	\$ 71,318	\$ 361,779

South Carroll Utility District
Schedule of Changes in Long-Term Debt by Individual Issue
For the Year Ended December 31, 2024

Description of Indebtedness	Original Amount Of Issue	Interest Rate	Date Of Issue	Last Maturity Date	Outstanding 12/31/2023	Issued During Period	Paid And/Or Matured During Period	Outstanding 12/31/2024
USDA Waterworks Revenue Bonds, 1995	\$ 678,000	5.000%	1995	2034	\$ 315,211	-	24,750	\$ 290,461
					<u>\$ 315,211</u>	<u>-</u>	<u>24,750</u>	<u>\$ 290,461</u>

**INTERNAL CONTROL AND
COMPLIANCE SECTION**

The MG Group, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

Tullahoma, Tennessee

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

To the Board of Commissioners
South Carroll Utility District
Huntingdon, 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 of South Carroll Utility District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise South Carroll Utility District's basic financial statements and have issued our report thereon dated February 24, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Carroll Utility 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 South Carroll Utility District's internal control. Accordingly, we do not express an opinion on the effectiveness of South Carroll Utility 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did not identify any deficiencies in internal control that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether South Carroll Utility 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 matter that are required to be reported under *Government Auditing Standards*.

515 NW Atlantic Street, Tullahoma, Tennessee 37388

Phone (931) 393-3307

Fax (931) 563-5585

Purpose of This Report

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

MG Group, P.C.

Tullahoma, Tennessee

February 24, 2025

**South Carroll Utility District
Summary Schedule of Prior Year Findings
Year Ended December 31, 2024**

There Were No Prior-Year Findings