

KELLY WATER DISTRICT
Kelly, Louisiana

Annual Financial Statements

As of and for the Year Ended
October 31, 2022

KELLY WATER DISTRICT
Kelly, Louisiana

Annual Financial Statements

As of and for the Year Ended October 31, 2022

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Accountant's Compilation Report

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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Accountant's Compilation Report

BOARD OF COMMISSIONERS
KELLY WATER DISTRICT
Kelly, Louisiana

Management is responsible for the accompanying financial statements of the business-type activities of Kelly Water District (the "District"), a component unit of Caldwell Parish Police Jury, as of and for the year ended October 31, 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 accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the American Institute of Certified Public Accountants. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, I do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to agency head and board of commissioners and the schedule of prior year findings are presented for purposes of additional analysis and is not a required part of the basic financial statements. The information is the representation of management. The information was subject to my compilation engagement, but I have not audited or reviewed the supplementary information, and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such information.

Management has omitted Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

I am not independent with respect to Kelly Water District for the year ended October 31, 2022.

Carleen Dumas

Calhoun, Louisiana
February 1, 2023

BASIC FINANCIAL STATEMENTS

Statement A**KELLY WATER DISTRICT**
Kelly, Louisiana**STATEMENT OF NET POSITION**
October 31, 2022**ASSETS**

Current assets:

Cash	\$281,698
Investments	444,369
Receivables (net of allowance for uncollectible accounts)	<u>15,147</u>
Total current assets	741,214

Noncurrent assets:

Property, plant and equipment (net of accumulated depreciation)	<u>143,805</u>
Total assets	<u>885,019</u>

LIABILITIES

Current liabilities:

Accounts payable	11,220
Payroll taxes payable	126
Customer deposits	<u>35,580</u>
Total current liabilities	<u>46,926</u>

NET POSITION

Net investment in capital assets	143,805
Unrestricted	<u>694,288</u>
Total net position	<u>\$838,093</u>

See accompanying notes and accountant's compilation report.

Statement B**KELLY WATER DISTRICT
Kelly, Louisiana****STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended October 31, 2022**

OPERATING REVENUE	
Water sales	\$121,813
Connection and reconnection fees	2,080
Total operating revenue	<u>123,893</u>
OPERATING EXPENSES	
Office	11,591
Repairs and maintenance	66,901
Utilities	11,112
Insurance	9,139
Salaries	55,112
Payroll taxes	4,598
Depreciation	19,040
Safe drinking water fee	3,909
Supplies	1,476
Other operating expenses	1,986
Total operating expenses	<u>184,864</u>
OPERATING INCOME (Loss)	<u>(60,971)</u>
NON-OPERATING REVENUE	
Interest earned on deposits	4,913
Property taxes	42,890
Total non-operating revenue	<u>47,803</u>
CHANGE IN NET POSITION	(13,168)
NET POSITION - BEGINNING	<u>851,261</u>
NET POSITION - ENDING	<u>\$838,093</u>

See accompanying notes and accountant's compilation report.

KELLY WATER DISTRICT
Kelly, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended October 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$118,078
Customer deposit receipts, net	1,351
Payroll tax refunds	3,981
Payments to suppliers	(107,779)
Payments to employees	<u>(55,112)</u>
Net cash used by operating activities	<u>(39,481)</u>

**CASH FLOWS FROM NON-CAPITAL
FINANCING ACTIVITIES**

Property tax receipts	<u>42,890</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest earned on deposits	4,913
Increase in investments	<u>(4,532)</u>
Net cash provided by investing activities	<u>381</u>

NET INCREASE IN CASH

3,790

CASH AT BEGINNING OF YEAR277,908**CASH AT END OF YEAR**\$281,698**Reconciliation of Operating Income (Loss) to Net Cash**

Used by Operating Activities	
Operating Loss	<u>(\$60,971)</u>
Adjustments:	
Depreciation	19,040
Increase in accounts receivable	(3,646)
Increase in customer deposits	1,351
Decrease in amount due from Internal Revenue Service	1,938
Decrease in amount due from La Department of Revenue	195
Increase in accounts and taxes payable	<u>2,612</u>
Total adjustments	<u>21,490</u>
Net cash used by operating activities	<u><u>(\$39,481)</u></u>

See accompanying notes and accountant's compilation report.

KELLY WATER DISTRICT
Kelly, Louisiana

Notes to the Financial Statements
As of and for the Year Ended October 31, 2022

INTRODUCTION

Kelly Water District (the "District") was created by the Caldwell Parish Police Jury in 1972, as authorized by Louisiana Revised Statute 33:3811 for the purpose of supplying safe drinking water to the population of the District. The District is governed by a five member board appointed by the police jury who serve for indefinite terms in office without the benefit of compensation. The District serves approximately 446 customers and has two employees.

GASB Statement No. 14, *The Financial Reporting Entity* and No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Kelly Water District is considered a component unit of the Caldwell Parish Police Jury. As a component unit, the accompanying financial statements maybe included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statements

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of :

- (1) Management's discussion and analysis (MD&A)
- (2) Statement of net position
- (3) Statement of revenue, expenses, and changes in net position
- (4) Statement of cash flows
- (5) Notes to the financial statements
- (6) RSI other than MD&A, if applicable

The Kelly Water District is a special-purpose government engaged only in business-type activities.

See accountant's compilation report.

KELLY WATER DISTRICT
Notes to the Financial Statements

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

Enterprise fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

Enterprise funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenue of Kelly Water District are water sales, connection and reconnection fees, and other miscellaneous operating revenue. Operating expenses for enterprise funds include the costs of the services, administration, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

C. Deposits and Investments

Cash includes amounts in interest-bearing demand deposits. State law limits the District's credit risk by restricting the District's investments to collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities. If the original maturities of investments exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents. At October 31, 2022, the District's investments consist of nonnegotiable certificates of deposits with original maturities that exceed 90 days and are reported in the accompanying financial statements at cost.

D. Receivables

Amounts due from customers for water service provided prior to year end and overpayments of payroll taxes are reported as receivables. Receivables for water sales are shown net of an allowance for uncollectible amounts. The allowance is an estimate based on the amount of receivables that are not expected to be collected. Past due accounts are written off when they are considered uncollectible by management.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The District is authorized to levy a maximum tax of 10 mills annually on property within the boundaries of the District for maintenance and operation of the District. On December 10, 2016, the voters in the District approved a renewal of the 10 mills property tax. The tax was levied beginning with the year 2018 and will be levied

See accountant's compilation report.

KELLY WATER DISTRICT
 Notes to the Financial Statements

until 2027. The property taxes are collected by the Caldwell Parish Sheriff and remitted to the District on a monthly basis. The Louisiana Industrial Ad Valorem Tax Exemption program (Louisiana Administrative Code, Title 13, Chapter 5) is a state incentive program which abates, up to ten years, local ad valorem taxes on a manufacturer’s new investment and annual capitalized additions related to the manufacturing site. Applications to exempt qualified property for five years are approved by the Louisiana Economic Development’s Board of Commerce and Industry. The exemption may be renewed for an additional five years. For the year ended October 31, 2022, there were no such exemptions in effect that reduced the District’s property tax revenue.

E. Capital Assets

Capital assets, which include the original water system and major improvements, buildings, and equipment are reported in the enterprise fund financial statements. All of the District’s capital assets are capitalized at historical cost except for donated capital assets which are recorded at fair market value on the date of donation. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset’s life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

All capital assets are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Infrastructure - water system and improvements	25 years
Buildings	25 years
Equipment	5-10 years

F. 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 reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

See accountant’s compilation report.

KELLY WATER DISTRICT
Notes to the Financial Statements

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At October 31, 2022, the District has cash and investments (book balances) as follows:

Interest bearing checking account	\$8,259
Interest bearing savings accounts	273,439
Investments - certificates of deposit	<u>444,369</u>
Total	<u>\$726,067</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. At October 31, 2022, the District has \$726,772 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$486,202 of pledged securities held in the name of the District by unaffiliated banks that are mutually acceptable to both parties.

3. RECEIVABLES

At October 31, 2022, the District has net receivables of \$15,147, as follows:

Water sales	\$15,698
Allowance for uncollectible accounts	(1,327)
Overpayment of payroll taxes	<u>776</u>
Net receivables	<u>\$15,147</u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended October 31, 2022, is as follows:

	Balance at November 1, <u>2021</u>	<u>Increases</u>	<u>Decreases</u>	Balance at October 31, <u>2022</u>
Capital assets being depreciated:				
Water system and improvements	\$758,362			\$758,362
Buildings	23,363			23,363

See accountant's compilation report.

KELLY WATER DISTRICT
Notes to the Financial Statements

	Balance at November 1, 2021	Increases	Decreases	Balance at October 31, 2022
Equipment	<u>\$82,230</u>			<u>\$82,230</u>
Total capital assets being depreciated	<u>863,955</u>	NONE	NONE	<u>863,955</u>
Less accumulated depreciation for:				
Water system and improvements	643,343	14,020		657,363
Buildings	15,370	935		16,305
Equipment	<u>42,397</u>	<u>4,085</u>		<u>46,482</u>
Total accumulated depreciation	<u>701,110</u>	<u>19,040</u>	NONE	<u>720,150</u>
Total assets being depreciated, net	<u><u>\$162,845</u></u>	<u><u>(\$19,040)</u></u>	<u><u>NONE</u></u>	<u><u>\$143,805</u></u>

Depreciation expense of \$19,040 for the year ended October 31, 2022 was reported in the enterprise fund statement of revenue, expenses, and changes in net position.

5. RISK MANAGEMENT

The District purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

6. SUBSEQUENT EVENTS

The District has evaluated subsequent events through February 1, 2023, the date which the financial statements were available to be issued.

See accountant's compilation report.

SUPPLEMENTAL INFORMATION SCHEDULES

See accountant's compilation report.

KELLY WATER DISTRICT
Kelly, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended October 31, 2022

**SCHEDULE OF COMPENSATION, BENEFITS,
AND OTHER PAYMENTS TO AGENCY HEAD
AND BOARD OF COMMISSIONERS**

The Schedule of Compensation, Benefits, and Other Payments to Agency Head and Board of Commissioners is presented in compliance with Louisiana Revised Statute 24:513 A (3) and House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. The board of commissioners serve without benefit of compensation.

SCHEDULE OF PRIOR YEAR FINDINGS

The follow-up and corrective action taken on all prior year findings is presented in Schedule 2.

KELLY WATER DISTRICT
Kelly, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD AND
BOARD OF COMMISSIONERS

For the Year Ended October 31, 2022

BOARD COMPENSATION

Agency Head - Bill Bridwell - President	NONE
Hazel Preston-Davis	NONE
Eddie Dunn	NONE
Tim Clark	NONE
Eddie Westbrooks	<u>NONE</u>
Total	<u>NONE</u>

KELLY WATER DISTRICT
 Kelly, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS
 For the Year Ended October 31, 2022

Finding Number	Fiscal Year Finding Initially Occurred	Description of Finding	Status of Finding
2021-001	2021	Payroll Withholding Taxes and Sales Taxes Were Not Remitted in Accordance with Federal and State Law	Resolved.

See accountant's compilation report.