

KELLY WATER DISTRICT
Kelly, Louisiana

Annual Financial Statements

As of and for the Year Ended
October 31, 2019

KELLY WATER DISTRICT
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Annual Financial Statements

As of and for the Year Ended October 31, 2019

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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, 2019, 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 is 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.



Calhoun, Louisiana
May 6, 2020

BASIC FINANCIAL STATEMENTS

KELLY WATER DISTRICT
Kelly, LouisianaSTATEMENT OF NET POSITION
October 31, 2019**ASSETS**

Current assets:

Cash	\$277,291
Investments	423,999
Accounts receivable - water sales (net of allowance for doubtful accounts)	<u>10,676</u>
Total current assets	<u>711,966</u>

Noncurrent assets:

Property, plant and equipment (net of accumulated depreciation)	<u>152,921</u>
Total assets	<u>864,887</u>

LIABILITIES

Current liabilities:

Accounts payable	3,060
Payroll taxes payable	142
Customer deposits	<u>31,479</u>
Total current liabilities	<u>34,681</u>

NET POSITION

Net investment in capital assets	152,921
Unrestricted	<u>677,285</u>
Total net position	<u>\$830,206</u>

See accompanying notes and accountant's compilation report.

KELLY WATER DISTRICT
Kelly, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION

For the Year Ended October 31, 2019

OPERATING REVENUES	
Water sales	\$109,731
Connection and reconnect fees	1,160
Total operating revenues	<u>110,891</u>
OPERATING EXPENSES	
Office expense	9,905
Repairs and maintenance	32,629
Utilities	7,802
Insurance	6,578
Salaries	55,037
Payroll taxes	3,032
Depreciation	14,965
Safe drinking water fee	8,351
Supplies	741
Other operating expenses	712
Total operating expenses	<u>139,752</u>
OPERATING INCOME (Loss)	<u>(28,861)</u>
NON-OPERATING REVENUES	
Interest earned on deposits	7,539
Property taxes	41,016
Total non-operating revenues	<u>48,555</u>
CHANGE IN NET POSITION	19,694
NET POSITION - BEGINNING	<u>810,512</u>
NET POSITION - ENDING	<u><u>\$830,206</u></u>

See accompanying notes and accountant's compilation report.

KELLY WATER DISTRICT
Kelly, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended October 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$109,299
Customer deposit receipts, net	1,549
Payments to suppliers	(63,875)
Payments to employees	(55,037)
Net cash used by operating activities	<u>(8,064)</u>

CASH FLOWS FROM CAPITAL**FINANCING ACTIVITIES**

Purchase of capital assets	<u>(5,350)</u>
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CASH FLOWS FROM NON-CAPITAL**FINANCING ACTIVITIES**

Property tax receipts	<u>41,016</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings on bank deposits	7,539
Increase in investments	(7,027)
Net cash provided by investing activities	<u>512</u>

NET INCREASE IN CASH 28,114

CASH AT BEGINNING OF YEAR 249,177

CASH AT END OF YEAR \$277,291

Reconciliation of Operating Income (Loss) to Net Cash**Used by Operating Activities**

Operating Loss	<u>(\$28,861)</u>
Adjustments:	
Depreciation	14,965
Increase in accounts receivable	(432)
Increase in customer deposits	1,549
Decrease in amount due from IRS	2,307
Increase in accounts and taxes payable	2,408
Total adjustments	<u>20,797</u>
Net cash used by operating activities	<u><u>(\$8,064)</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, 2019

INTRODUCTION

Kelly Water 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 of office without the benefit of compensation. The district serves approximately 417 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 revenues, 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.

**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. Revenues are 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 revenues in the year for which they are levied.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the Kelly Water District are water sales, connection and reconnection fees, and other miscellaneous operating revenues. Operating expenses for enterprise funds include the costs of the services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues 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, 2019, the district's investments consist of nonnegotiable certificates of deposits with original maturities that exceed 90 days that are reported in the accompanying financial statements at cost.

D. Receivables

Amounts due from customers for water service provided prior to year end are reported as accounts receivable. 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

See accountant's compilation report.

KELLY WATER DISTRICT
 Notes to the Financial Statements

property tax. The tax will be levied beginning with the year 2018 and ending with the year 2027.

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 Kelly Water 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. Interest incurred during the construction phase of capital assets, if any, is included as part of the capitalized value of the assets 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 revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At October 31, 2019, the district has cash and investments (book balances) as follows:

Interest bearing checking account	\$9,502
Interest bearing savings accounts	267,789
Investments - certificates of deposit	<u>423,999</u>

See accountant's compilation report.

KELLY WATER DISTRICT
Notes to the Financial Statements

Total \$701,290

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, 2019, the Kelly Water District has \$702,438 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$457,253 of pledged securities held in the name of Kelly Water District by an unaffiliated bank and a Federal Home Loan Bank that are mutually acceptable to both parties (GASB Category 2).

3. ACCOUNTS RECEIVABLE

At October 31, 2019, the district has net receivables of \$10,676 as follows:

Water sales	\$12,003
Allowance for uncollectible accounts	<u>(1,327)</u>
Net receivables	<u>\$10,676</u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended October 31, 2019, is as follows:

	Balance at November 1, <u>2018</u>	<u>Increases</u>	<u>Decreases</u>	Balance at October 31, <u>2019</u>
Capital assets being depreciated:				
Water system and improvements	\$758,362			\$758,362
Buildings	18,013	\$5,350		23,363
Equipment	41,376			41,376
Total capital assets being depreciated	<u>817,751</u>	<u>5,350</u>	<u>NONE</u>	<u>823,101</u>
Less accumulated depreciation for:				
Water system and improvements	601,284	14,020		615,304

See accountant's compilation report.

KELLY WATER DISTRICT
Notes to the Financial Statements

	Balance at November 1, 2018	Increases	Decreases	Balance at October 31, 2019
Buildings	\$12,655	\$845		\$13,500
Equipment	41,276	100		41,376
Total accumulated depreciation	655,215	14,965	NONE	670,180
Total assets being depreciated, net	<u>\$162,536</u>	<u>(\$9,615)</u>	<u>NONE</u>	<u>\$152,921</u>

Depreciation expense of \$14,965 for the year ended October 31, 2019 was reported in the enterprise fund statement of revenues, 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

Kelly Water District has evaluated subsequent events through May 6, 2020, the date which the financial statements were available to be issued.

See accountant's compilation report.

SUPPLEMENTAL INFORMATION SCHEDULE

See accountant's compilation report.

KELLY WATER DISTRICT
Kelly, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended October 31, 2019

**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.

See accountant's compilation report.

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, 2019

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>

See accountant's compilation report.