

TREMONT WATER DISTRICT
Choudrant, Louisiana

Annual Financial Statements

As of and for the Year Ended
June 30, 2022

TREMONT WATER DISTRICT
Choudrant, Louisiana

Annual Financial Statements

As of and for the Year Ended June 30, 2022

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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Accountant's Compilation Report

BOARD OF COMMISSIONERS
TREMONT WATER DISTRICT
Choudrant, Louisiana

Management is responsible for the accompanying financial statements of Tremont Water District (the "District"), a component unit of Lincoln Parish Policy Jury, as of and for the year ended June 30, 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 is presented for purpose 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 and for placing the basic financial statements in an appropriate operational, economic, or historical context.

I am not independent with respect to Tremont Water District for the year ended June 30, 2022.

Carleen Dumas

Calhoun, Louisiana
September 15, 2022

BASIC FINANCIAL STATEMENTS

TREMONT WATER DISTRICT
Choudrant, Louisiana

STATEMENT OF NET POSITION
June 30, 2022

ASSETS

Current assets:

Cash	\$228,506
Investment - certificate of deposit	12,922
Accounts receivable - water sales	18,446
Total current assets	259,874

Noncurrent assets:

Restricted assets:

Cash - contingency account	9,176
Investment - reserve account	8,000
Property, plant and equipment (net of accumulated depreciation)	7,789
Total noncurrent assets	24,965
Total assets	284,839

LIABILITIES

Current liabilities:

Accounts payable	9,000
Accrued interest payable	244
Refundable customer deposits	18,213
Revenue bonds payable - current	3,882
Total current liabilities	31,339

Long-term liabilities - revenue bonds payable

Total liabilities	75,229
	106,568

NET POSITION

Net investment in capital assets (deficit)	(71,322)
Restricted for debt service	17,176
Unrestricted	232,417
Total net position	\$178,271

See accompanying notes and accountant's compilation report.

Statement B**TREMONT WATER DISTRICT
Choudrant, Louisiana****STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended June 30, 2022****OPERATING REVENUE**

Water sales	\$138,511
Membership fees	1,875
Meter installations	6,000
Total operating revenue	<u>146,386</u>

OPERATING EXPENSES

Office expense	3,328
Bank charges	48
Advertising	191
Accounting	1,220
Contract labor	25,241
Materials and supplies	3,350
Water purchase	59,899
Utilities	65
Depreciation	14,570
Safe drinking water fee	2,009
Sales tax	109
Repairs	5,210
Insurance	100
Total operating expenses	<u>115,340</u>

OPERATING INCOME31,046**NON-OPERATING REVENUE (Expenses)**

Interest earned on deposits	229
Interest expense	(3,943)
Total non-operating revenue (expenses)	<u>(3,714)</u>

CHANGE IN NET POSITION

27,332

NET POSITION - BEGINNING150,939**NET POSITION - ENDING**\$178,271

See accompanying notes and accountant's compilation report.

TREMONT WATER DISTRICT
Choudrant, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$141,388
Customer deposit receipts, net	1,600
Payments to suppliers	<u>(98,902)</u>
Net cash provided by operating activities	<u>44,086</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on capital debt	(3,639)
Interest paid on capital debt	<u>(3,954)</u>
Net cash used by capital and related financing activities	<u>(7,593)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest earnings on bank deposits	229
Increase in investments	(101)
Increase in restricted cash	<u>(388)</u>
Net cash used by investing activities	<u>(260)</u>

NET INCREASE IN CASH

36,233

CASH AT BEGINNING OF YEAR192,273**CASH AT END OF YEAR**\$228,506**Reconciliation of Operating Income to Net Cash**

Provided by Operating Activities	
Operating Income	<u>\$31,046</u>
Adjustments:	
Depreciation	14,570
Increase in accounts receivable	(4,998)
Increase in accounts payable	1,868
Increase in refundable customer deposits	<u>1,600</u>
Total adjustments	<u>13,040</u>
Net cash provided by operating activities	<u><u>\$44,086</u></u>

See accountant's compilation report and accompanying notes.

TREMONT WATER DISTRICT
Choudrant, Louisiana

Notes to the Financial Statements
As of and for the Year Ended June 30, 2022

INTRODUCTION

Tremont Water District (the "District") was created by the Lincoln Parish Police Jury on October 8, 1991, as authorized by Louisiana Revised Statute 33:3811 for the purpose of supplying safe drinking water to the population of the District. The District was altered and enlarged by the Lincoln Parish Police Jury on August 22, 1995. All existing water distribution lines in the service area were abandoned and efforts to officially organize the Tremont Waterworks District were begun in April 1996. On August 5, 1997 the construction of the water system was substantially completed and the water system began providing water service to residents in the District. The District is governed by a five member board appointed by the police jury to serve indefinite terms of office. The District has no employees and serves approximately 182 customers.

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 these Statements, the District is considered a component unit of the Lincoln 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

See accountant's compilation report.

TREMONT WATER DISTRICT
Notes to the Financial Statements

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

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

Enterprise fund financial statements are reported using the economic resources measurement and the accrual basis of accounting. Revenue is recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of the related cash flows.

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 the District is water sales, membership fees, and meter installations. Operating expenses include the costs of the services, administrative expenses, 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 June 30, 2022, the District's investments consist of nonnegotiable certificates of deposit with original maturities that exceed 90 days that are reported in the accompanying financial statements at cost.

D. Accounts Receivable

Amounts due from private individuals, organizations, or other governments for water sales are reported as accounts receivable. Receivables are generally shown net of an allowance for uncollectible accounts. These financial statements contain no provision for uncollectible accounts. The District is of the opinion that such allowance would be immaterial in relation to the financial statements taken as a whole. Past due accounts are written off when they are considered uncollectible by management.

See accountant's compilation report.

TREMONT WATER DISTRICT
Notes to the Financial Statements

E. Restricted Assets

Certain resources that are set aside in compliance with the revenue bond covenant are classified as restricted assets on the balance sheet because their use is limited. When both restricted and unrestricted resources are available for use, the District’s policy is to use unrestricted resources first, then restricted resources as they are needed. Restricted assets are classified as noncurrent if they are for liquidation of long-term debt.

F. Property, Plant, and Equipment

Property, plant, and equipment, which includes the original water system and improvements is reported in the financial statements at historical cost. Donated assets are recorded at the estimated fair market value on the date of donation. The District maintains a threshold level of \$500 or more for capitalizing property, plant, and equipment. 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.

Property, plant, and equipment is depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Infrastructure - water system	25 years

G. 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 certain reported amounts of assets and liabilities, disclosures, and revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At June 30, 2022, the District has cash and investments (book balances) as follows. The deposits are stated at cost, which approximates fair market value:

Interest bearing checking accounts	\$228,506
Interest bearing savings account	9,176
Investments - certificates of deposit	<u>20,922</u>

See accountant’s compilation report.

TREMONT WATER DISTRICT
Notes to the Financial Statements

Total	<u>\$258,604</u>
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Custodial credit risk is limited by the requirement under state law that the District's deposits be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At June 30, 2022, the District has \$258,603 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 in federal deposit insurance with \$8,603 in unsecured deposits at June 30, 2022.

3. ACCOUNTS RECEIVABLE

At June 30, 2022, the District has net receivables of \$18,446 as follows:

Water sales	\$18,446
Allowance for uncollectible accounts	<u>NONE</u>
Net receivables	<u>\$18,446</u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2022, is as follows:

	Balance at July 1, 2021	Increases	Decreases	Balance at June 30, 2022
Capital assets being depreciated:				
Water system	\$364,238			\$364,238
Less accumulated depreciation for:				
Water system	<u>341,879</u>	<u>\$14,570</u>		<u>356,449</u>
Total assets being depreciated, net	<u>\$22,359</u>	<u>(\$14,570)</u>	<u>NONE</u>	<u>\$7,789</u>

Depreciation expense of \$14,570 for the year ended June 30, 2022, is reported in the statement of revenue, expenses, and changes in net position.

5. LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 2022:

See accountant's compilation report.

TREMONT WATER DISTRICT
Notes to the Financial Statements

	Direct Borrowing - Revenue Bonds Payable
	<u> </u>
Long-term debt payable at July 1, 2021	\$82,750
Additions	NONE
Reductions	<u>(3,639)</u>
Long-term debt payable at June 30, 2022	<u><u>\$79,111</u></u>

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) portions of long-term debt as of June 30, 2022:

	Direct Borrowing - Revenue Bonds Payable
	<u> </u>
Current portion	\$3,882
Long-term portion	<u>75,229</u>
Total	<u><u>\$79,111</u></u>

All debt at June 30, 2022, in the amount of \$79,111 consists of one outstanding issue of long-term revenue bonds dated March 7, 1997, in the amount of \$131,000 to provide financing for the construction of the water system. The loan bears interest at 4.875 percent. The principal and interest is being repaid in monthly installments of \$633. Bond principal and interest payable in the next fiscal year are \$3,882 and \$3,711, respectively. The final payment is due February 20, 2037. Interest expense for the year ended June 30, 2022, is \$3,943. The interest to maturity is approximately \$30,314. The District's revenue bonds loan agreement contains provisions that in an event of default in the payments of any principal and accrued interest on the bonds or in the performance of any covenant or agreement contained in the instruments incident to making or insuring the loan, the entire principal amount outstanding and accrued interest may be declared immediately due and payable. The bonds are secured by the pledge of revenues.

The bonds are due as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2023	\$3,882	\$3,711	\$7,593
2024	4,075	3,518	7,593
2025	4,278	3,315	7,593

See accountant's compilation report.

TREMONT WATER DISTRICT
Notes to the Financial Statements

Year Ending June 30,	Principal Payments	Interest Payments	Total
2026	\$4,492	\$3,101	\$7,593
2027	4,716	2,877	7,593
2028-2032	27,349	10,615	37,964
2032-2037	30,319	3,177	33,496
Total	\$79,111	\$30,314	\$109,425

6. RISK MANAGEMENT

The District purchased a surety bond to reduce the risk of loss resulting from loss of public funds. 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.

7. AGREEMENT WITH THE VILLAGE OF CHOUDRANT

On September 17, 1996, the District entered into a water purchase contract with the Village of Choudrant. The contract provides that the District will purchase treated water from the Village of Choudrant at a cost of \$1 per 1000 gallons of water. The contract is for a period of forty years. The water rate to be paid by the District is subject to modification at the end of each year. During the year ended June 30, 2008, the Village of Choudrant imposed a \$10 per meter fee plus an increase to \$3 per 1000 gallons of water after the first 2000 gallons used. During the year ended June 30, 2022, the District paid the Village of Choudrant \$59,899 for water purchases.

See accountant's compilation report.

SUPPLEMENTAL INFORMATION SCHEDULE

See accountant's compilation report.

TREMONT WATER DISTRICT
Choudrant, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULE
As of and For the Year Ended June 30, 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.

See accountant's compilation report.

TREMONT WATER DISTRICT
Choudrant, Louisiana

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

For the Year Ended June 30, 2022

BOARD COMPENSATION

Agency Head - Wayne McNabb - President	NONE
Bill Harper	NONE
John McLain, Sr.	NONE
Brenda Debose	NONE
Jack Walters	<u>NONE</u>
Total	<u><u>NONE</u></u>