

N.E.W. CARROLL WATER ASSOCIATION, INC.
Kilbourne, Louisiana

Financial Statements
With Accountant's Compilation Report
As of and for the Year Ended
December 31, 2023

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Kilbourne, Louisiana

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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Accountant's Compilation Report

BOARD OF DIRECTORS
N.E.W. CARROLL WATER ASSOCIATION, INC.
Kilbourne, Louisiana

Management is responsible for the accompanying financial statements of N.E.W. Water Association, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements 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 AICPA. 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. I do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

Supplementary Information

The accompanying schedule of compensation, benefits, and other payments to agency head 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.

I am not independent with respect to N.E.W. Water Association, Inc., for the year ended December 31, 2023.

Carleen Dumas

Calhoun, Louisiana
April 19, 2024

FINANCIAL STATEMENTS

N.E.W. CARROLL WATER ASSOCIATION, INC.
Kilbourne, Louisiana

STATEMENT OF FINANCIAL POSITION
December 31, 2023

ASSETS

Current assets:

Cash	\$222,634
Investment - certificate of deposit	251,668
Receivables - water sales	35,105
Receivable with contractual restrictions - federal grant	<u>20,000</u>
Total current assets	529,407
Property, plant, and equipment (net of accumulated depreciation)	<u>443,269</u>

TOTAL ASSETS

\$972,676**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable	\$9,022
Customer deposits	<u>131,372</u>
Total current liabilities	140,394
Net assets without donor restrictions	<u>832,282</u>

TOTAL LIABILITIES AND NET ASSETS

\$972,676

See accompanying notes and accountant's compilation report.

Statement B

N.E.W. CARROLL WATER ASSOCIATION, INC.
Kilbourne, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

Operating Revenue:	
Water sales	\$538,671
Installation fees	2,700
Connection, transfer and reconnect fees	4,440
Sewer collection fee	6,000
Other operating revenue	2,633
Total operating revenue	<u>554,444</u>
Operating Expenses:	
Salaries	173,784
Payroll taxes	13,573
Contract labor	14,080
Accounting	987
Postage	5,049
Utilities and telephone	75,495
Insurance	19,262
Fuel expense	11,189
Supplies	68,219
Repairs	57,062
Office supplies and expense	3,182
Chemicals and salt	150,110
Dues and fees	19,847
Tower expense	17,341
Depreciation	23,862
Other operating expenses	9,522
Total operating expenses	<u>662,564</u>
Operating Income (Loss)	<u>(108,120)</u>
Non-Operating Revenue:	
Interest income	1,718
Federal grant revenue	190,450
Total non-operating revenue	<u>192,168</u>
Increase in Net Assets	84,048
Net Assets at Beginning of Year - Restated	<u>748,234</u>
Net Assets at End of Year	<u><u>\$832,282</u></u>

See accompanying notes and accountant's compilation report.

N.E.W. CARROLL WATER ASSOCIATION, INC.
Kilbourne, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Increase in net assets	<u>\$84,048</u>
Adjustments to reconcile increase in net assets to net cash used by operating activities:	
Depreciation expense	23,862
Increase in accounts receivable	(3,044)
Decrease in accounts and taxes payable	(22,762)
Increase in customer deposits	7,715
Interest income	(1,718)
Federal grant revenue	<u>(190,450)</u>
Total adjustments	<u>(186,397)</u>
Net cash used by operating activities	<u>(102,349)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Construction of capital assets	(209,400)
Federal grant revenue	<u>170,450</u>
Net cash used by financing activities	<u>(38,950)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	1,718
Increase in investments	<u>(659)</u>
Net cash provided by investing activities	<u>1,059</u>
NET DECREASE IN CASH	(140,240)
CASH AT BEGINNING OF YEAR	<u>362,874</u>
CASH AT END OF YEAR	<u><u>\$222,634</u></u>

See accompanying notes and accountant's compilation report.

N.E.W. CARROLL WATER ASSOCIATION, INC.
Kilbourne, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF ACTIVITIES

N.E.W. Carroll Water Association, Inc. (the “water system”), is a nonprofit organization domiciled in Kilbourne, Louisiana, and organized under the provisions of Louisiana Revised Statutes 12:201-269. The water system is governed by a seven member board of directors who are members of the water system and who are elected by members of the water system. On March 6, 1972, the West Carroll Parish Police Jury, in accordance with Louisiana Revised Statute 33:4361, granted the water system a franchise to provide water to members residing within the territorial boundaries of the water system, which are defined by the aforementioned franchise. The water system has approximately 1,177 members and 4 employees.

B. INVESTMENTS

At December 31, 2023, the water system’s investments consists of cash equivalents and a certificate of deposit invested with Regions Investment Solutions. The investment is reported at market value in the accompanying financial statements which approximates cost. Unrealized gains/losses are reported as interest income in the accompanying financial statements. The investments are not considered a deposit at Regions Bank, are not insured from risk by federal deposit insurance or national credit union share insurance, and may lose value.

C. RECEIVABLES

Accounts receivable consist of amounts due from active members for water service provided prior to year end and a receivable for a federal grant reimbursement for costs incurred prior to year end. Receivables are generally reported at the net amount expected to be collected by using an allowance for credit losses. On January 1, 2023, the water system adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13 *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments* (Accounting Standards Codification (“ASC”) 326). This standard changes the method of recognizing credit losses from the incurred loss method to the current expected loss method. ASC 326 requires that the estimate of credit losses on trade receivables be based not only on historical experience but also on current conditions and reasonable forecasts of future events. The water system is of the opinion that an allowance for credit losses at December 31, 2023, is immaterial to the financial statements taken as a whole; therefore, no allowance for credit losses has been reported in the

See accountant’s compilation report.

N.E.W. CARROLL WATER ASSOCIATION, INC.
Notes to the Financial Statements

accompanying financial statements. Non-payment within ten days after the due date results in the customer being disconnected from water service. Past due accounts are written off when they are considered uncollectible by management.

D. PROPERTY, PLANT, AND EQUIPMENT

Major improvements to the water system and equipment that cost \$1,000 or more and are expected to have a useful life of at least five years are capitalized by the water system. Property, plant, and equipment are recorded at actual cost. Depreciation is computed using the straight-line method over estimated useful lives of 20 to 40 years for the water production and distribution systems and 5 to 10 years for equipment. Depreciation expense for the year ended December 31, 2023 was \$23,862.

E. FEDERAL GRANT FUNDS

The accounting and reporting of grants is determined by the underlying substance of the transaction. A grant may be accounted for as contribution, an exchange transaction, or a combination of the two. If it is determined to be a contribution, a grant may be considered a conditional or an unconditional grant.

The water system has adopted FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides clarified guidance on evaluating whether grant funds should be accounted for as a contribution or an exchange transaction based on whether the grantor is receiving value in return for the resources transferred to the grantee. Grant funds are considered contributions if the grantor does not receive commensurate value in exchange for the assets transferred. ASU 2018-08 also provides guidance to determine whether grants funds that are accounted for as contributions are considered conditional or unconditional. Grant funds are considered conditional if the grantee must overcome one or more barriers before it is entitled to the funds and a right of return to the grantor exists for funds transferred. For conditional grants, revenue is recognized in the period the condition or conditions are met. For grants that are considered unconditional, revenue is recognized in the period the grant funds are received.

For the year ended December 31, 2023, the water system received American Rescue Plan Act of 2021 (“ARPA”) funding under a beneficiary agreement with the West Carroll Parish Police Jury (the “Police Jury”). The agreement with the Police Jury provides \$200,000 in funding from the Police Jury’s ARPA allocation for the purchase of automated water meters and the related digital reading equipment. The ARPA funding is accounted for as a contribution and is considered conditional because the funds must be used solely for the purpose specified in the agreement and are disbursed to the water system as project costs are incurred.

See accountant’s compilation report.

N.E.W. CARROLL WATER ASSOCIATION, INC.
Notes to the Financial Statements

F. INCOME TAX STATUS

The water system is a not-for-profit organization that is exempt from federal income taxes under Section 501 (c) (12) of the Internal Revenue Code.

The water system's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended 2020, 2021, and 2022 are subject to examination by the IRS, generally for three years after they were filed.

G. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. FUNCTIONAL ALLOCATION OF EXPENSES

The water system's only activity is to provide water service to its members. All costs incurred by the water system are incurred for the purpose of providing water service; therefore, it is not feasible to allocate expenses between program services and support services.

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2023, the water system has cash in interest bearing and non-interest bearing checking accounts totaling \$222,634. These deposits are stated at cost, which approximates market. These deposits are fully secured from risk by federal deposit insurance.

3. RECEIVABLES

Receivables at December 31, 2023 consist of the following:

Water sales	\$35,105
Federal grant revenue	20,000
Less - allowance for uncollectible accounts - water sales	<u>NONE</u>
Net	<u>\$55,105</u>

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

The water system adopted Financial Accounting Standards Board's ("FASB") Accounting

See accountant's compilation report.

N.E.W. CARROLL WATER ASSOCIATION, INC.
Notes to the Financial Statements

Standards Update (“ASU”) 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively Accounting Standards Codification (“ASC”) 606) which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The water system’s revenue from contracts with customers within the scope of ASC 606 is reported as water sales, installation fees, and connection, reconnect, and transfer fees on the Statement of Activities. Water sales are recognized in the period the gallons of water are produced and delivered to the customer. The customer is billed each month for the number of gallons of water delivered during the billing cycle and payment is due the following month. The receivable for water fees was \$32,061 at the beginning of the year and \$35,105 at the end of the year. All other fees are recognized when the customer pays the fee.

5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the water system’s financial assets as of December 31, 2023, reduced by amounts not available for general use because of contractual restrictions within one year of the balance sheet date:

Financial assets at December 31, 2023	\$529,407
Less those unavailable for general expenditure within one year, due to:	
Contractual restrictions - automated water meters project	<u>(20,000)</u>
Financial assets available to meet cash needs for general expenditure, within one year	<u><u>\$509,407</u></u>

6. PROPERTY, PLANT, AND EQUIPMENT

A summary of property, plant, and equipment at December 31, 2023 follows:

Production and distribution system	\$2,450,313
Office building	19,500
Equipment	77,443
Land	<u>12,050</u>
	2,559,306
Less accumulated depreciation	<u>(2,116,037)</u>
Net	<u><u>\$443,269</u></u>

7. RESTATEMENT OF BEGINNING NET ASSETS

Net assets at the beginning of the year were restated as follows:	
Net assets at December 31, 2022, as previously reported	\$757,508

See accountant’s compilation report.

N.E.W. CARROLL WATER ASSOCIATION, INC.
Notes to the Financial Statements

Adjustment for correction of an error - customer meter deposits liability understated	<u>(\$9,274)</u>
Net assets at January 1, 2023, restated	<u><u>\$748,234</u></u>

8. CONTINGENCIES

As discussed in Note 1E, the water system expended \$190,450 in ARPA grant funds under a beneficiary agreement with the West Carroll Parish Police Jury during the year ended December 31, 2023. These expenses are subject to audit and adjustment by grantor agencies; therefore, to the extent that the water system has not complied with the rules and regulations governing the grant funds, refunds of any money received may be required. In the opinion of the water system's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grant funds; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

9. SUBSEQUENT EVENTS

The water system has evaluated subsequent events through April 19, 2024, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

See accountant's compilation report.

N.E.W. CARROLL WATER ASSOCIATION, INC.
Kilbourne, Louisiana

Supplemental Information
As of and For the Year Ended December 31, 2023

**COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD**

The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented in compliance with Louisiana Revised Statute 24:513 A (3).

Schedule 1

N.E.W. CARROLL WATER ASSOCIATION, INC.
Kilbourne, Louisiana

Schedule of Compensation, Benefits, and
Other Payments to Agency Head
For the Year Ended December 31, 2023

Agency Head - James Stephens - President

NONE

See accountant's compilation report.