

# **MILLSAP WATER SUPPLY CORPORATION**

**Annual Financial Statements  
For the Years Ended November 30, 2023 and 2022**

**MILLSAP WATER SUPPLY CORPORATION**  
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**MILLSAP WATER SUPPLY CORPORATION**  
**Principal Officials**  
**For the Year Ended November 30, 2023**

<u>Name</u>	<u>Office</u>
Jamie French	President
Jason Schrick	Vice President
Fred Griffin	Secretary/Treasurer
Steven Chuhaloff	Board Member
Craig Barber	Board Member
Jason Mathews	Board Member
Nancie Kathrens	Board Member
Dawne Steen	Office Manager/Bookkeeper
Seth Herring	Operator

**FINANCIAL SECTION**



**SNOW GARRETT WILLIAMS**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Millsap Water Supply Corporation

**Opinion**

We have audited the accompanying financial statements of Millsap Water Supply Corporation (a nonprofit organization), which comprise the balance sheets as of November 30, 2023 and 2022, and the related statements of revenue and expenses, net assets and members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Millsap Water Supply Corporation as of November 30, 2023 and 2022, and the changes in its net assets, members' equity, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Millsap Water Supply Corporation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**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 controls 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 Millsap Water Supply Corporation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **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 therefore is not a guarantee that an audit conducted in accordance with generally accepted 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, 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 Millsap Water Supply Corporation'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 Millsap Water Supply Corporation'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.

*Snow Garrett Williams*

Snow Garrett Williams  
January 11, 2024

**MILLSAP WATER SUPPLY CORPORATION**  
**Balance Sheets**  
**For the Years Ended November 30, 2023 and 2022**

ASSETS	2023	2022
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 551,016	\$ 423,974
Accounts receivable	93,947	69,583
Inventory	78,618	41,229
<b>TOTAL CURRENT ASSETS</b>	<b>723,581</b>	<b>534,786</b>
<b>PROPERTY AND EQUIPMENT, AT COST</b>		
Land	15,471	15,471
Easements	5,900	5,900
Buildings	118,285	118,285
Building improvements	101,226	101,226
Construction in progress	14,327	4,727
Water distribution system	2,036,938	1,541,200
Vehicle	34,993	34,993
Equipment	5,282	5,282
Office equipment	12,438	12,438
<b>Total Property and Equipment</b>	<b>2,344,860</b>	<b>1,839,522</b>
Less: Accumulated depreciation	(1,161,710)	(1,089,854)
<b>NET PROPERTY AND EQUIPMENT</b>	<b>1,183,150</b>	<b>749,668</b>
<b>OTHER ASSETS</b>		
Utility deposit	50	50
<b>TOTAL OTHER ASSETS</b>	<b>50</b>	<b>50</b>
<b>TOTAL ASSETS</b>	<b>\$ 1,906,781</b>	<b>\$ 1,284,504</b>

The accompanying notes are an integral part of these financial statements.

**MILLSAP WATER SUPPLY CORPORATION**  
**Balance Sheets**  
**For the Years Ended November 30, 2023 and 2022**

LIABILITIES, NET ASSETS, AND MEMBERS' EQUITY	2023	2022
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 48,033	\$ 28,973
Payroll taxes payable	2,486	3,509
<b>TOTAL CURRENT LIABILITIES</b>	<b>50,519</b>	<b>32,482</b>
<b>NET ASSETS AND MEMBERS' EQUITY</b>		
Without Restrictions:		
Net assets	1,173,535	587,274
Memberships	267,399	249,420
Donated capital	415,328	415,328
<b>TOTAL NET ASSETS AND MEMBERS' EQUITY</b>	<b>1,856,262</b>	<b>1,252,022</b>
<b>TOTAL LIABILITIES, NET ASSETS, AND MEMBERS' EQUITY</b>	<b>\$ 1,906,781</b>	<b>\$1,284,504</b>

The accompanying notes are an integral part of these financial statements.



**MILLSAP WATER SUPPLY CORPORATION**  
**Statements of Revenues and Expenses**  
**For the Years Ended November 30, 2023 and 2022**

<u>WITHOUT RESTRICTIONS</u>	2023	2022
<b>REVENUES</b>		
Water revenue	\$ 688,361	\$ 623,056
Connect and installation fees	10,137	29,988
Late payment charges	12,150	11,300
<b>TOTAL REVENUES</b>	<b>710,648</b>	<b>664,344</b>
<b>COST OF GOODS SOLD</b>		
Water purchases	243,367	242,699
Direct labor	36,174	55,133
Contract labor	53,574	50,945
Equipment rental	120	120
Utilities	4,943	4,739
Plant supplies and chemicals	1,363	717
Lab costs	1,788	1,864
<b>TOTAL COST OF GOODS SOLD</b>	<b>341,329</b>	<b>356,217</b>
<b>GROSS PROFIT</b>	<b>\$ 369,319</b>	<b>\$ 308,127</b>

The accompanying notes are an integral part of these financial statements.

**MILLSAP WATER SUPPLY CORPORATION**  
**Statements of Revenues and Expenses**  
**For the Years Ended November 30, 2023 and 2022**

	2023	2022
OPERATING EXPENSES		
Accounting	\$ 15,525	\$ 14,725
Advertising	630	462
Bad debt	728	-
Depreciation	71,856	48,344
Dues and subscriptions	1,245	695
Fuel	4,203	3,696
Insurance	22,127	20,244
Legal fees	2,733	-
Licenses and fees	4,489	4,939
Miscellaneous expenses	3,553	8,208
Office salaries	68,697	57,136
Office supplies	11,585	9,552
Other taxes	5,029	4,462
Payroll taxes	11,447	11,748
Postage	6,448	4,183
Rent expense	991	747
Repairs and maintenance	37,482	59,389
Telephone and utilities (office)	7,952	7,543
Training	230	846
Travel	1,177	120
TOTAL OPERATING EXPENSES	278,127	257,039
NET OPERATING INCOME	91,192	51,088
OTHER REVENUE		
Interest revenues	484	194
Miscellaneous revenues	1,597	22,894
TOTAL OTHER REVENUE	2,081	23,088
INCOME BEFORE DEVELOPER CONTRIBUTIONS	93,273	74,176
DEVELOPER CONTRIBUTIONS	492,988	71,000
INCREASE IN NET ASSETS	\$ 586,261	\$ 145,176

The accompanying notes are an integral part of these financial statements.

**MILLSAP WATER SUPPLY CORPORATION**  
**Statements of Net Assets and Members' Equity**  
**For the Years Ended November 30, 2023 and 2022**

2023	Without Restrictions			Total
	Net Assets	Memberships	Donated Capital	
Beginning Balance	\$ 587,274	\$ 249,420	\$ 415,328	\$ 1,252,022
Net Increase	586,261	-	-	586,261
Memberships (Net)	-	17,979	-	17,979
Ending Balance	<u>\$ 1,173,535</u>	<u>\$ 267,399</u>	<u>\$ 415,328</u>	<u>\$ 1,856,262</u>

2022	Without Restrictions			Total
	Net Assets	Memberships	Donated Capital	
Beginning Balance	\$ 442,098	\$ 190,809	\$ 415,328	\$ 1,048,235
Net Increase	145,176	-	-	145,176
Memberships (Net)	-	58,611	-	58,611
Ending Balance	<u>\$ 587,274</u>	<u>\$ 249,420</u>	<u>\$ 415,328</u>	<u>\$ 1,252,022</u>

The accompanying notes are an integral part of these financial statements.

**MILLSAP WATER SUPPLY CORPORATION**  
**Statements of Cash Flows**  
**For the Years Ended November 30, 2023 and 2022**

	2023	2022
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Operating Income	\$ 91,192	\$ 51,088
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	71,856	48,344
(Increase)/decrease in:		
Accounts receivable	(24,364)	(2,862)
Inventory	(37,389)	12,596
Increase/(decrease) in:		
Accounts payable	19,060	6,416
Payroll taxes payable	(1,023)	510
<b>Net Cash Provided by Operating Activities</b>	<b>119,332</b>	<b>116,092</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchases of property and equipment	(12,350)	(131,973)
Interest income	484	194
Miscellaneous receipts	1,597	22,894
<b>Net Cash Used in Investing Activities</b>	<b>(10,269)</b>	<b>(108,885)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Developer contributions	-	71,000
Net membership additions	17,979	58,611
<b>Net Cash Provided by Financing Activities</b>	<b>17,979</b>	<b>129,611</b>
<b>NET INCREASE IN CASH</b>	<b>127,042</b>	<b>136,818</b>
Cash and Cash Equivalents		
Beginning of the Year	423,974	287,156
<b>CASH AND CASH EQUIVALENTS</b>		
End of the Year	<b>\$ 551,016</b>	<b>\$ 423,974</b>
<b>NON-CASH CAPITAL AND RELATED INVESTING AND FINANCING ACTIVITIES:</b>		
Capital contribution of property and equipment	<b>\$ 492,988</b>	<b>\$ -</b>

The accompanying notes are an integral part of these financial statements.

**MILLSAP WATER SUPPLY CORPORATION**  
**Notes to Financial Statements**  
**November 30, 2023 and 2022**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Millsap Water Supply Corporation is a nonprofit organization comprised of members of the community purchasing a membership. The governing body is a Board of Directors elected at large from the members; officers are elected among the Board Members. The purpose of the Corporation is to provide rural water service to its members at as low a cost as possible.

**Financial Statement Presentation**

The Corporation prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under this method of accounting, all revenues are recognized when earned and expenses are recognized in the period in which the liabilities are incurred. Expenses are reported in the financial statements according to their natural classification under a single function of operating expenses related to the sale of water. As mentioned above, the Corporation is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without restrictions: Net assets that are not subject to restrictions and may be expended for any purpose in performing the primary objectives of the Corporation. These net assets may be used at the discretion of the Corporation's management and the Board of Directors.

Net assets with restrictions: Net assets subject to stipulations imposed by others including contracts, grants, and legal documents such as bond documents. Some restrictions are temporary in nature; those restrictions will be met by actions of the Corporation or by the passage of time. Other restrictions are perpetual in nature, whereby the funds are maintained in perpetuity.

There were no restrictions on the Corporation's net assets and members' equity for the fiscal years ended November 30, 2023, and 2022.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash and cash equivalents include all unrestricted cash and highly liquid investments with an original maturity of three months or less when purchased.

**Inventory**

Inventory consists of materials and supplies used for repairs and is recorded at cost, which approximates market, using the last-in, first-out method.

**MILLSAP WATER SUPPLY CORPORATION**  
**Notes to Financial Statements**  
**November 30, 2023 and 2022**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Property and Equipment**

Property and equipment that have a useful life of one year or more, and that cost over \$1,000, are capitalized and stated at cost. Donated property and equipment are recorded at estimated fair value at the date the assets are placed in service. Depreciation expense is calculated on a straight-line basis over the estimated useful lives of the assets.

The estimated useful lives of the major classes of assets are as follows:

Buildings	39 years
Building Improvements	10 years
Water System	20-50 years
Machinery and Equipment	5-10 years
Office Equipment	5-10 years

Maintenance and repairs are charged to expense as incurred. When property and equipment are retired or disposed of, the cost is removed from the asset accounts, and the related depreciation reserve is adjusted with the difference being charged to income.

**Accounts Receivable and Bad Debts**

Accounts receivable consist of receivables related to water services. Accounts receivable includes an accrual for unbilled revenue earned during the month of November. The Corporation writes off bad debts to income when it is determined that an account is uncollectible. It is management's opinion that substantially all receivables at November 30, 2023 and 2022 are collectible. Accordingly, no allowance for bad debts is required.

**Income Taxes**

The Corporation is qualified as an exempt organization for federal income tax purposes under Internal Revenue Code Section 501(c)(12) and has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of Section 509(a) of the Code.

Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return, only when it is determined that the income tax position will more-likely-than-not be sustained upon examination of taxing authorities. The Corporation has analyzed tax positions taken for filing with the Internal Revenue Service. The Corporation believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Corporation's financial condition, results of operations, or cash flows. Accordingly, the Corporation has not recorded any reserves or related accruals for interest and penalties for uncertain income tax positions at November 30, 2023 and 2022.

**MILLSAP WATER SUPPLY CORPORATION**  
**Notes to Financial Statements**  
**November 30, 2023 and 2022**

**NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Use of 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 and disclosures. Accordingly, actual results could differ from those estimates.

**Reclassifications**

Certain reclassifications have been made to the 2022 financial statement presentation to correspond to the current year's format. Net assets and members' equity and changes in net assets and members' equity are unchanged due to these reclassifications.

**NOTE 2 - DEPOSITS, SECURITIES, AND INVESTMENTS**

The Corporation maintains its cash in bank deposit accounts at high-credit quality financial institutions. The balances at the financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The bank accounts, at times, may exceed federally insured limits. On November 30, 2023, and 2022, the Corporation had uninsured cash balances of \$169,725 and \$28,764.

**NOTE 3 - AVAILABILITY AND LIQUIDITY**

The Corporation's financial assets reported as current assets at November 30, 2023 and 2022 of \$723,581 and \$534,786, respectively, are available to meet the Corporation's general expenses over the next year from the balance sheet date. The Corporation's goal is generally to maintain liquidity and provide timely working funds that are sufficient to cover anticipated expenses over the next twelve months.

**MILLSAP WATER SUPPLY CORPORATION**  
**Notes to Financial Statements**  
**November 30, 2023 and 2022**

**NOTE 4 - CHANGES IN PROPERTY AND EQUIPMENT**

Property and equipment activity for the year ended November 30, 2023, was as follows:

	Balance 12/1/2022	Additions	Deletions	Balance 11/30/2023
Land	\$ 15,471	\$ -	\$ -	\$ 15,471
Easements	5,900	-	-	5,900
Buildings	118,285	-	-	118,285
Building improvements	101,226	-	-	101,226
Construction in progress	4,727	9,600	-	14,327
Water distribution system	1,541,200	495,738	-	2,036,938
Vehicle	34,993	-	-	34,993
Equipment	5,282	-	-	5,282
Office equipment	12,438	-	-	12,438
Totals	<u>\$ 1,839,522</u>	<u>\$ 505,338</u>	<u>\$ -</u>	<u>\$ 2,344,860</u>

Property and equipment activity for the year ended November 30, 2022, was as follows:

	Balance 12/1/2021	Additions	Deletions	Balance 11/30/2022
Land	\$ 15,471	\$ -	\$ -	\$ 15,471
Easements	5,900	-	-	5,900
Buildings	118,285	-	-	118,285
Building improvements	101,226	-	-	101,226
Construction in Progress	4,727	-	-	4,727
Water distribution system	1,409,227	131,973	-	1,541,200
Vehicle	34,993	-	-	34,993
Equipment	5,282	-	-	5,282
Office equipment	12,438	-	-	12,438
Totals	<u>\$ 1,707,549</u>	<u>\$ 131,973</u>	<u>\$ -</u>	<u>\$ 1,839,522</u>

**NOTE 6 - SUBSEQUENT EVENTS**

The Corporation has evaluated subsequent events through January 11, 2024, the date the financial statements were available to be issued and noted nothing significant requiring disclosure.



