

**KANIS & DENNY ROADS SUBURBAN  
WATER IMPROVEMENT DISTRICT NO. 349  
OF PULASKI COUNTY, ARKANSAS**

**AUDITED FINANCIAL STATEMENTS**

**JUNE 30, 2023**



**KANIS & DENNY ROADS SUBURBAN WATER IMPROVEMENT  
DISTRICT NO. 349 OF PULASKI COUNTY, ARKANSAS**

**JUNE 30, 2023**

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## **Independent Auditor's Report**

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To the Board of Commissioners  
Kanis & Denny Roads Suburban Water Improvement  
District No. 349 of Pulaski County, Arkansas  
Little Rock, Arkansas

### **Opinion**

We have audited the accompanying financial statements of the governmental activities and each major fund of the Kanis & Denny Roads Suburban Water Improvement District No. 349 of Pulaski County, Arkansas, as of and for the year ended June 30, 2023, 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 our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Kanis & Denny Roads Suburban Water Improvement District No. 349 of Pulaski County, Arkansas as of June 30, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit 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 Kanis & Denny Roads Suburban Water Improvement District No. 349 of Pulaski County, Arkansas, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 control 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 the Kanis & Denny Roads Suburban Water Improvement District No. 349 of Pulaski County, Arkansas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### **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, 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 the Kanis & Denny Roads Suburban Water Improvement District No. 349 of Pulaski County, Arkansas' 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 the Kanis & Denny Roads Suburban Water Improvement District No. 349 of Pulaski County, Arkansas' 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.

### **Required Supplementary Information**

Management has omitted the 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 statement in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

A handwritten signature in black ink that reads "Przybysz & Associates". The signature is written in a cursive, flowing style.

**Przybysz & Associates, CPAs, P.C.**  
**Fort Smith, Arkansas**  
**April 9, 2024**

## ***FINANCIAL STATEMENTS***

# KANIS & DENNY ROADS SUBURBAN WATER IMPROVEMENT DISTRICT NO. 349 OF PULASKI COUNTY, ARKANSAS

## STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET

AS OF JUNE 30, 2023

	General	Adjustments	Statement of Net Position
<b>Assets</b>			
Cash and cash equivalents	\$ 197,243	\$ -	\$ 197,243
Restricted cash	67,622	-	67,622
Capital assets, net of accumulated depreciation	-	-	-
<b>Total Assets</b>	<b>\$ 264,865</b>	<b>-</b>	<b>264,865</b>
<b>Liabilities</b>			
Accrued interest	\$ 8,288	-	8,288
Long term liabilities:			
Due within one year	-	120,000	120,000
Due after one year	-	855,000	855,000
<b>Total Liabilities</b>	<b>8,288</b>	<b>975,000</b>	<b>983,288</b>
<b>Fund Balances/Net Position</b>			
Fund balances:			
Reserved for debt service	67,500	(67,500)	-
Unreserved			
Undesignated	189,077	(189,077)	-
<b>Total fund balances</b>	<b>256,577</b>	<b>(256,577)</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 264,865</b>		
<b>Net position:</b>			
Restricted		59,334	59,334
Unrestricted (deficit)		(777,757)	(777,757)
<b>Total Net Position</b>		<b>(718,423)</b>	<b>(718,423)</b>
<b>Total Liabilities and Net Position</b>	<b>\$</b>	<b>-</b>	<b>\$ 264,865</b>

See accompanying notes to financial statements.

**KANIS & DENNY ROADS SUBURBAN WATER IMPROVEMENT  
DISTRICT NO. 349 OF PULASKI COUNTY, ARKANSAS**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION  
OF GOVERNMENTAL ACTIVITIES**

<b>AS OF JUNE 30, 2023</b>		
<b>Total Governmental Fund Balances</b>	<b>\$</b>	<b>256,577</b>
<b>Amounts reported in governmental activities in the statement of net position are different because:</b>		
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds payable		(975,000)
<b>Net Assets of Governmental Activities</b>	<b>\$</b>	<b>(718,423)</b>

See accompanying notes to financial statements.



# KANIS & DENNY ROADS SUBURBAN WATER IMPROVEMENT DISTRICT NO. 349 OF PULASKI COUNTY, ARKANSAS

## STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2023

	General	Adjustments	Statement of Activities
<b>General Revenues</b>			
Assessment income	\$ 209,637	\$ -	\$ 209,637
Interest income	7,549	-	7,549
<b>Total General Revenues</b>	217,186	-	217,186
<b>Expenditures/Expenses</b>			
Professional fees	5,800	-	5,800
Hydrant maintenance	2,295	-	2,295
Other expenses	-	-	-
Bank charges	1,250	-	1,250
Debt service:			
Principal	170,000	(170,000)	-
Interest expense	17,496	-	17,496
<b>Total Expenditures/Expenses</b>	196,841	(170,000)	26,841
<b>Excess of Revenues Over (Under) Expenditures</b>	20,345	170,000	190,345
<b>Change in Fund Balance/Net Position</b>	20,345	170,000	190,345
<b>Fund Balance/Net Position Beginning of Year</b>	235,414	(1,144,182)	(908,768)
<b>Fund Balance/Net Position End of Year</b>	\$ 255,759	\$ (974,182)	\$ (718,423)

See accompanying notes to financial statements.

# KANIS & DENNY ROADS SUBURBAN WATER IMPROVEMENT DISTRICT NO. 349 OF PULASKI COUNTY, ARKANSAS

## RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

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FOR THE YEAR ENDED JUNE 30, 2023

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Net Change in Governmental Fund Balances	\$	20,345
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**Amounts reported for the governmental activities in the statement of  
activities are different because:**

Repayment of debt principal is an expenditure in the governmental funds,  
but the repayment reduces long-term liabilities in the Statement  
of Net Assets. This is the amount by which long-term liabilities were  
reduced.

170,000

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Change in Net Assets of Governmental Activities	\$	190,345
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See accompanying notes to financial statements.

# KANIS & DENNY ROADS SUBURBAN WATER IMPROVEMENT DISTRICT NO. 349 OF PULASKI COUNTY, ARKANSAS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

### 1. Summary of Significant Accounting Policies

#### a. Financial Reporting Entity - Basis of Presentation

Kanis & Denny Roads Suburban Water Improvement District NO. 349 of Pulaski County, Arkansas (the District) was formed under Arkansas Acts 1941, No. 41 of the acts of the General Assembly of the State of Arkansas on February 8, 2000. The District is composed of approximately 286 parcels of land that are taxed based on an assessed valuation as determined by the District.

For financial reporting purposes, the general-purpose financial statements of the District include all of the funds relevant to the operations of the District.

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant accounting policies established in GAAP and used by the District are discussed below.

The financial statements include:

Financial statements prepared using full accrual accounting for all of the District's activities, including infrastructure.

A change in the fund financial statements to focus on the major funds.

#### b. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial level. Both levels of statements categorize primary activities as governmental. Governmental activities are normally supported by taxes and intergovernmental revenues.

Government-wide financial statements report information about the reporting government as a whole. These statements focus on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not included among program revenues are reported instead as general revenues.

# KANIS & DENNY ROADS SUBURBAN WATER IMPROVEMENT DISTRICT NO. 349 OF PULASKI COUNTY, ARKANSAS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

### 1. Summary of Significant Accounting Policies (Continued)

#### b. Basic Financial Statements (continued)

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. Currently, the Organization has only a governmental fund.

#### c. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial 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 the related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Organization considers revenues to be available if they are collected within 60 days after the year end. Expenditures are recorded when the related fund liability is incurred.

Taxes and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports one major governmental fund. The general fund of the District is the District's primary operating fund. It accounts for all financial resources of the government.

#### d. Assets, Liabilities and Net Assets or Equity

##### Cash and Cash Equivalents

Cash equivalents are defined as short term highly liquid investments that are readily convertible to known amounts of cash and have maturities that present insignificant risk of changes in value because of changes in interest rates.

# KANIS & DENNY ROADS SUBURBAN WATER IMPROVEMENT DISTRICT NO. 349 OF PULASKI COUNTY, ARKANSAS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

### 1. Summary of Significant Accounting Policies (Continued)

#### d. Assets, Liabilities and Net Assets or Equity (continued)

##### **Capital Assets**

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$500 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated assets are recorded at estimated fair market value as of the date of the donation.

The costs of normal maintenance and repairs that do not add to the value or capacity of the asset or materiality extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

The water system is being depreciated using the straight-line method over forty years.

##### **Income Taxes**

The District is exempt from income taxes as a governmental agency.

##### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. This will affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

### 2. Cash Deposits

At June 30, 2023, the District had deposits in two financial institutions which were entirely FDIC/SIPC insured.

Restricted cash consists of the portion of the bond fund restricted to payments on debt principal under the arbitrage requirements.

# KANIS & DENNY ROADS SUBURBAN WATER IMPROVEMENT DISTRICT NO. 349 OF PULASKI COUNTY, ARKANSAS

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

### 3. Assessment Revenue

The District is composed of approximately 286 active parcels of land that are taxed based on an assessed valuation as determined by the district. The office of Pulaski County Assessor books and bills the assessments in March of each year for the current year with the tax being due on receipt of the bill. Assessments collected by the County are transferred to the District less commissions of 1.5% of actual collections for the Collector, 1.5% of the collectible charge for the Assessor and .125% of advanced remittances and the net due for the Treasurer.

### 4. Long-Term Debt

Long-term debt of the District consists of the following:

2020 Series refunding bonds - payments are made on March 1 and September 1 of each year, and include interest of 1.70%. The bonds are secured by revenues of the District and are scheduled to mature March 1, 2032.

	\$	975,000
Total debt		975,000
Less current maturity		120,000
Total long-term debt	\$	855,000

Activity of the long-term debt consists of the following:

As Of	July 1, 2022	Debt Additions	Debt Retirements	June 30, 2023
2020 Series Refunding Bonds	\$ 1,145,000	\$ -	\$ 170,000	\$ 975,000
<b>Total</b>	\$ 1,145,000	\$ -	\$ 170,000	\$ 975,000

Debt is scheduled to be repaid as follows:

As of June 30,	Principal	Interest	Total
2024	\$ 120,000	\$ 16,575	\$ 136,575
2025	125,000	14,535	139,535
2026	125,000	12,410	137,410
2027	130,000	10,285	140,285
2028-2032	475,000	8,075	483,075
<b>Total</b>	\$ 975,000	\$ 61,880	\$ 1,036,880

# **KANIS & DENNY ROADS SUBURBAN WATER IMPROVEMENT DISTRICT NO. 349 OF PULASKI COUNTY, ARKANSAS**

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

### **6. Subsequent Events**

The District has evaluated events and transactions for subsequent events that would impact the financial statements for the year ended June 30, 2023 through April 9, 2024, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.