

**TANNEHILL
WATER SYSTEM, INC.**

**FINANCIAL REPORT
DECEMBER 31, 2024**

**SHANNA JONES, CPA
WINNFIELD, LOUISIANA**

TANNEHILL WATER SYSTEM, INC.
WINNFIELD, LOUISIANA

FINANCIAL REPORT
DECEMBER 31, 2024

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Shanna Jones, CPA

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INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

To the Board of Directors of
Tannehill Water System, Inc.

Management is responsible for the accompanying financial statements of Tannehill Water System, Inc. (a Non-Profit Corporation), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses, 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.

Other Matter

Supplementary Information

Act 462 of 2015, which amends Act 706 of the Louisiana 2014 Legislative Session requires a Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head or Chief Executive Officer, "Schedule of Compensation", supplement the financial statements. I have applied certain limited procedures to the required supplementary information presented on page 14, in accordance with accounting principles generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the financial statements, and other knowledge I obtained during my compilation of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Shanna Jones

Shanna Jones, CPA
Winnfield, Louisiana
April 28, 2025

TANNEHILL WATER SYSTEM, INC.
WINNFIELD, LA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS

Current Assets.

Cash & Cash Equivalents	\$ 248,608
Accounts Receivable, Net	36,348
Prepaid Expense	<u>11,915</u>
Total Current Assets	296,871

Non-Current Assets.

Restricted Cash	27,297
Capital Assets (Net)	<u>2,273,821</u>
Total Non-Current Assets	<u>2,301,118</u>

Total Assets	<u><u>\$ 2,597,989</u></u>
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LIABILITIES:

Current Liabilities.

Accounts Payable	\$ 94,385
Payroll & Related Liabilities	7,223
Current portion—Note payable	<u>18,000</u>
Total Current Liabilities	119,608

Non-Current Liabilities:

Long Term Debt, net of current portions	<u>975,536</u>
Total Liabilities	<u>1,095,144</u>

NET ASSETS:

Without Donor Restrictions	1,502,845
With Donor Restrictions	<u>-</u>
Total Net Assets	<u>1,502,845</u>

Total Liabilities and Net Assets	<u><u>\$ 2,597,989</u></u>
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See accompanying notes and independent accountant's compilation report.

TANNEHILL WATER SYSTEM, INC.
WINNFIELD, LA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in Net Assets:			
REVENUES:			
Water Sales	\$ 397,699		\$ 397,699
Other Related Fees	6,285		6,285
Grant and Appropriations	-	8	8
Interest Earned	<u>20</u>		<u>20</u>
Total Revenues	404,004	8	404,012
NET ASSETS RELEASED FROM RESTRICTIONS:			
Grant funds used for capital assets	<u>8</u>	<u>(8)</u>	<u>-</u>
EXPENSES:			
Program:			
Program Services	249,858		249,858
Supporting:			
Management & General	<u>86,460</u>		<u>86,460</u>
Total Expenses	336,318	-	336,318
Change in Net Assets	67,694	-	67,694
Net Assets January 1, 2024	<u>1,435,151</u>	<u>-</u>	<u>1,435,151</u>
Net Assets December 31, 2024	<u>\$ 1,502,845</u>	<u>\$ -</u>	<u>\$ 1,502,845</u>

See accompanying notes and independent accountant's compilation report.

TANNEHILL WATER SYSTEM, INC.
WINNFIELD, LA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024

Without Donor Restrictions:

	Program Services	Support Services	
	Water	Management & General	Total
Accounting		\$ 12,000	\$ 12,000
Automobile Expense	\$ 6,000	-	6,000
Contract Labor	42,642	8,900	51,542
Depreciation	93,199	-	93,199
Dues & Subscriptions	-	12,772	12,772
Insurance	-	12,798	12,798
Interest	8,232	-	8,232
Meeting Expenses	-	393	393
Office Supplies	-	4,882	4,882
Payroll	22,494	25,000	47,494
Postage	-	1,019	1,019
Repairs & Maintenance	22,796	-	22,796
System Supplies	16,261	-	16,261
Taxes & Licenses	1,720	1,985	3,705
Telephone & Internet	-	3,189	3,189
Utilities	36,514	3,522	40,036
Total Expenses	<u>\$ 249,858</u>	<u>\$ 86,460</u>	<u>\$ 336,318</u>

See accompanying notes and independent accountant's compilation report.

TANNEHILL WATER SYSTEM, INC.
WINNFIELD, LA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

Cash Flows from Operating Activities:

Change in Net Assets	\$ 67,694
Adjustments to Reconcile Changes in Net Assets to	
Net Cash Provided by/(Used In) Operating Activities:	
Depreciation	93,199
Changes in Assets & Liabilities:	
(Increase)/Decrease in Accounts Receivable, Net	(15,781)
(Increase)/Decrease in Grant Receivable, Net	66,680
(Increase)/Decrease in Prepaid Expense	(348)
Increase/(Decrease) in Accounts Payable	26,060
Increase/(Decrease) in Payroll Related Payable	549
Increase/(Decrease) in Retainage Payable	<u>(30,729)</u>
Net Cash Provided by/(Used In) Operating Activities	<u>207,324</u>

Cash Flows from Investing Activities:

Purchases of Assets	(27,808)
(Increase)/Decrease in Construction in Progress	<u>(90,858)</u>
Net Cash Provided by/(Used In) Investing Activities	<u>(118,666)</u>

Cash Flows from Capital & Related Financing Activities:

Repayments	<u>(17,000)</u>
Net Cash Provided By/(Used In) Financing Activities	<u>(17,000)</u>

Net Increase/(Decrease) in Cash & Cash Equivalents 71,658

Cash & Cash Equivalents—Beginning of Year 204,247

Cash & Cash Equivalents—End of Year \$ 275,905

Cash & Cash Equivalents—Beginning of Year	
Unrestricted Cash	\$ 143,600
Restricted Cash	<u>60,647</u>
Total Cash & Cash Equivalents—Beginning of Year	<u><u>\$ 204,247</u></u>

Cash & Cash Equivalents—End of Year	
Unrestricted Cash	\$ 248,608
Restricted Cash	<u>27,297</u>
Total Cash & Cash Equivalents—End of Year	<u><u>\$ 275,905</u></u>

See accompanying notes and independent accountant's compilation report.

NOTES TO FINANCIAL STATEMENTS

TANNEHILL WATER SYSTEM, INC.
WINNFIELD, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1—INTRODUCTION

The Tannehill Water System, Inc. was formed as a non-profit corporation on a non-stock basis under the provisions of Title 12, Sections 201-209, of the Louisiana Revised Statutes in 1977. The Corporation was formed for the mutual benefit of its members to construct, maintain, and operate a private water system providing a supply of water to its membership. Persons who are owners or part owners or have a substantial possessory interest in property desired to be served by the corporation's water system, shall be admitted as members. The voting power and property rights and interest of each member whose fees are fully paid and who is in good standing shall be equal and each member shall be entitled to one vote only regardless of the number of membership certificates held.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Tannehill Water System, Inc. conform to generally accepted accounting principles as applicable to nonprofit organizations. Such accounting and reporting policies also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the *Louisiana Governmental Audit Guide*.

Basis of Presentation

The Tannehill Water System, Inc. has adopted the provisions of FASB Accounting Standards Codification 958-205. Under the new Accounting Standards Update 2016-14, the Tannehill Water System, Inc. is required to report information regarding its financial position and activities according to two classes of net assets, with donor restrictions and without donor restrictions. In addition, the Tannehill Water System, Inc. is required to present a statement of cash flows.

Measurement Focus and Basis of Accounting

The Tannehill Water System, Inc. uses the accrual basis of accounting and accordingly reflects all significant receivables, payables and other liabilities. Revenues are recognized when they become measurable and available as net current assets. Expenses are generally recognized when the related liability is incurred. Purchases of various operating supplies are regarded as expenses at the time purchased. Expenses are further categorized by program verses supporting the program function, which is producing water for customers.

Assets, Liabilities, and Equity

Cash and Cash Equivalents—The Water System's cash and cash equivalents are considered to be cash in demand deposits, interest bearing deposits and time deposits of less than 90 days as applicable.

Restricted Cash and Cash Equivalents—The Water System has cash in demand deposits and interest bearing deposits that are restricted by the loan promisor.

Inventories—The Water System does not maintain inventories. Supplies are purchased on an as needed basis and are used normally within the year purchased.

TANNEHILL WATER SYSTEM, INC.
WINNFIELD, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Equity Classifications— Under FASB Accounting Standards Update 2016-14, financial position is classified as net assets and displayed in two components as applicable. The components are as follows:

Net Assets with Donor Restrictions — The part of net assets of a not-for-profit entity that is subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

Net Assets without Donor Restrictions — The part of net assets of a not-for-profit entity that is not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

As of December 31, 2024, the Water System had no funds in Net Assets with Donor Restrictions. All \$1,502,845 of Net Assets were made up Net Assets without Donor Restrictions.

Capital Assets—The Tannehill Water System, Inc. has depreciable fixed assets that are depreciated over the estimated useful life of the related asset. Depreciation is computed on the straight-line basis. The assets estimated useful lives are as follows:

Furniture, computers, office equipment	5-10 years
Major Water Dist. Sys. Repairs/Equipment materially ext. life	8-20 years
Water Well	20 years
Water Distribution System	40-50 years

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized. When plant and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation are relieved, and any gain or loss is included in activities.

Leases—There were no leases in effect during the year ended December 31, 2024.

Compensated Absences—There are no full-time employees, therefore no entry is made to record compensated absences.

Budget—The Tannehill Water System, Inc. is not required to adopt a budget, except for specific grant usage. Accordingly, no budget comparisons have been presented.

Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require 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.

TANNEHILL WATER SYSTEM, INC.
WINNFIELD, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

Income Taxes—The Tannehill Water System, Inc. is exempt from federal income taxes under Section 501(a) of the Internal Revenue Code. Therefore, no provision for federal income taxes has been made in the accompanying financial statements.

NOTE 3—CASH AND CASH EQUIVALENTS

As of December 31, 2024, the carrying amount of the Tannehill Water System Inc.'s cash and cash equivalents totaled \$275,905. As of December 31, 2024, the Water System bank balances totaled \$276,262, the Water System was not fully insured by FDIC at fiscal year-end. The water system is a nonprofit corporation and not subject to the state law which requires governmental entities to secure these deposits (or the resulting bank balances) by federal deposit insurance or the pledge of securities owned by the fiscal agent banks, therefore there is no finding for amounts in excess of FDIC coverage. Cash in the amount of \$27,297 is restricted for Debt Service, see Note 9.

NOTE 4—ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2024, consisted of \$45,809 due from water customers. The Water System services approximately 650 residential and commercial customers. As of December 31, 2024, \$9,461 of accounts were considered likely to be uncollectible and therefore a provision for these uncollectible accounts was made at this time.

NOTE 5—LIQUIDITY OF FINANCIAL ASSETS

The following reflects the Water System's financial assets as of December 31, 2024, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date, December 31, 2024.

Total Current Assets, 12/31/24	\$ 296,871
Less those unavailable for general expenditures within one year, due to:	
Prepays	<u>(11,915)</u>
Financial Assets available to meet cash needs for	
General Expenditures within one year	<u>\$ 284,956</u>

NOTE 6—CAPITAL ASSETS

Capital asset balances and activity for the year ended December 31, 2024 are as follows.

	Balance			Balance
Capital Assets:	<u>01/01/24</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/24</u>
NonDepreciable				
Land	\$ 22,390	\$ -	\$ -	\$ 22,390
Construction in Progress	<u>-</u>	<u>90,858</u>	<u>-</u>	<u>90,858</u>
Subtotal of Non-Depreciable Assets	22,390	90,858	-	113,248

TANNEHILL WATER SYSTEM, INC.
WINNFIELD, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

	<u>Balance</u> <u>01/01/24</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/24</u>
Capital Assets:				
Depreciable				
Equipment & Furniture	536,450	27,808	116,291	447,967
Water Distribution System/Wells	<u>3,087,587</u>	<u>-</u>	<u>-</u>	<u>3,087,587</u>
Subtotal of Depreciable Assets	3,624,037	27,808	116,291	3,535,554
Subtotal of Assets	3,646,427	118,666	116,291	3,648,802
Less: Accumulated Depreciation				
Equipment & Furniture	431,769	27,374	116,291	342,852
Water Distribution System/Wells	<u>966,304</u>	<u>65,825</u>	<u>-</u>	<u>1,032,129</u>
Subtotal of Accum. Depreciation	1,398,073	93,199	116,291	1,374,981
Net Capital Assets	<u>\$2,248,354</u>			<u>\$2,273,821</u>

Included in Construction in progress are fees for work performed by the engineer and attorneys on the second phase of LDH Drinking Water Revolving Loan Fund project. These fees appear properly included in accounts payable as of December 31, 2024, although the loan closed in January 2025.

Depreciation expense for the year ended December 31, 2024 totaled \$93,199.

NOTE 7—NOTES PAYABLE

The Tannehill Water System, Inc. had the following notes payable:

<u>Lender</u>	<u>Original</u> <u>Amount</u>	<u>Balance Due</u> <u>12/31/24</u>	<u>Current due</u> <u>in 2025</u>	<u>Interest</u> <u>Rate</u>
LA Dept. of Health	\$ 400,000*	\$ 319,000	\$ 18,000	1.95% (plus .5% SRF Admn Fee)
State of Louisiana	49,725	49,725	-	0%
State of Louisiana	624,811	<u>624,811</u>	<u>-</u>	0%
Total Notes Payable		\$ 993,536	\$ 18,000	

The LA Dept. of Health note payable is approximately 20-year term note secured by water system assets maturing in September of 2039. *This loan had proceeds provided to the company in installments as requisitioned by the company for the project rather than providing the full \$400,000 approved in the beginning of the loan. The loan started being repaid to LDH before project phase one was completed. Of the estimated \$25,816 amount payable on this loan for the coming year, approximately \$18,000 is principal with the remaining portion interest and administrative fees. The state passed this money from (EPA) federal monies associated with CFDA 66.468, Capitalization Grants for Drinking Water Revolving Fund.

TANNEHILL WATER SYSTEM, INC.
WINNFIELD, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

LDH Loan Balance 01/01/24	\$ 336,000
Repayments of Principal	<u>(17,000)</u>
Balance of LDH Loan 12/31/24	<u>\$ 319,000</u>

Interest Payments	\$ 8,232
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The annual requirements for the LDH debt outstanding as of December 31, 2024, including interest (and administrative fees, which are included with interest in the interest column) payments of \$66,254 are as follows:

YEAR ENDING DECEMBER 31	PRINCIPLE	INTEREST	TOTAL PAYMENTS
2025	\$ 18,000	\$ 7,816	\$ 25,816
2026	18,000	7,674	25,674
2027	19,000	6,934	25,934
2028	19,000	6,468	25,468
2029	20,000	6,002	26,002
2030 - 2034	106,000	22,491	128,491
2038 - 2039	<u>119,000</u>	<u>8,869</u>	<u>127,869</u>
TOTALS	<u>\$ 319,000</u>	<u>\$ 66,254</u>	<u>\$ 385,254</u>

The State of Louisiana notes payable are for relocations related to Highway 167 that were billed to the Water System for the work done by the state in 1985 \$49,725 and 2009 \$624,811. These amounts are reflected as long-term payables, as the State has notified the water system not to begin making payments until they either forgive the loans or require payments to be made.

NOTE 8—STATE OF LOUISIANA AND WPPJ ARPA

The Tannehill Water System received \$612,566 in ARPA (American Rescue Plan Act) funds flowing through the State of Louisiana Water Sector Program Project and the Winn Parish Police Jury (WPPJ) during the prior fiscal year for a water system improvement. This was comprised of funds received from Louisiana and WPPJ in the amounts of \$387,566 and \$225,000 respectively and was classified as grant income based on the categorization of the receiving entities. The remaining match required of THWS was \$81,250 was required and paid in prior years. The project was deemed substantially complete during the prior fiscal year end and the total water improvement project of \$690,583 was closed into water system improvement assets. An additional \$8 included in the expenditures was inadvertently omitted from grant revenue during the prior year and is included in the current year.

TANNEHILL WATER SYSTEM, INC.
WINNFIELD, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 9—RESERVES/RESTRICTIONS

Under FASB ASU 2016-14 only net assets restricted by donors is grouped as restricted in equity; however, some cash was required to be reserved/restricted by the loan. These monies are released from restriction when the loan is repaid, or the cash is used for approved purchases. As of the fiscal year ended December 31, 2024, \$12,500 in cash was restricted through the life of the loan for the Debt Service Reserve Fund and for Debt Service Fund approximately \$8,589 was restricted for semi-annual payment of the EPA/LDHH Safe Drinking Water Revolving Loan. Cash in the accounts restricted was greater than the required reserve/restrictions.

NOTE 10—DONATED SERVICES, MATERIALS, AND FACILITIES

The Tannehill Water System, Inc. received no donated services or materials in the operation of the system in the current fiscal year, other than the grant funds from the cooperative endeavor agreements with the State of Louisiana and the Winn Parish Police Jury described in Notes 8 and 12. The water system does not use any donated facilities.

NOTE 11—LITIGATION

The Tannehill Water System, Inc. was not involved in any litigation as of December 31, 2024.

NOTE 12—RELATED PARTY DISCLOSURES/COOPERATIVE ENDEAVORS

During prior years, the water system entered into cooperative endeavor agreements with the State of Louisiana, Division of Administration and Winn Parish Police Jury to utilize ARPA funds for the purpose of water infrastructure projects, the Water Sector Program. The state dedicated \$385,000 then an additional \$9,316 while the parish dedicated \$225,000, all of which were ARPA funds that flowed from the federal government. See Note 8 above.

NOTE 13—COMPENSATION OF BOARD DIRECTORS

The members of the Board of Directors of the Tannehill Water System receive free usage of water for their services.

NOTE 14—OTHER DISCLOSURES

Management has evaluated events through April 28, 2025, the date which the financial statements were available for issue. There were no items noted to be reported as subsequent events, other than as mentioned in Note 6, phase two of the LDH DWRLF project is in progress and the related loan closing occurred in January 2025.

OTHER
SUPPLEMENTARY INFORMATION

TANNEHILL WATER SYSTEM, INC.
WINNFIELD, LA
SCHEDULE OF COMPENSATION
FOR THE YEAR ENDED DECEMBER 31, 2024

In accordance with Act 462 of 2015 which amends Act 706 of the 2014 Legislative Session, payments to Agency Head or Chief Executive Officer must be disclosed. Included in the Disclosure Requirements are any reimbursements of travel or per diem, payments of salary, or payments to retirement or health insurance, providing of a vehicle, etc. for the Agency Head. The Agency Head of the Tannehill Water System, Inc. would be its Board Members which for the fiscal year ended December 31, 2024 were: Jacque Derr—President, Bert Wilson—Vice President, and Members at Large: Tammy Griffin, Cranford Jordan, and Greg Thompson.

For a non-profit entity, only payments made from public funds are required to be included. Public funds are defined as those made from the State or Federal entities. As no payments were noted to be made with public funds no disclosure is required.

See independent accountant's compilation report.