

**ATLANTA  
WATER SYSTEM, INC.**

FINANCIAL REPORT  
DECEMBER 31, 2020

SHANNA JONES, CPA  
WINNFIELD, LOUISIANA

ATLANTA WATER SYSTEM, INC.  
ATLANTA, LOUISIANA

FINANCIAL REPORT  
DECEMBER 31, 2020

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# *Shanna Jones, CPA*

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## ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of Atlanta Water System, Inc. (a Louisiana Non-Profit Corporation), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, function of 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 supplement the financial statements. I have applied certain limited procedures to the required supplementary information presented on page 13, 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  
March 25, 2021

**ATLANTA WATER SYSTEM, INC.**  
**ATLANTA, LA**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2020**

**ASSETS:**

**Current Assets:**

Cash & Cash Equivalents	\$	142,551
Investments		135,095
Accounts Receivable		2,244
Interest Receivable		201
Prepaid Expense		<u>3,250</u>
Total Current Assets		283,341

**Non-Current Assets:**

Restricted Cash		22,907
Restricted Investment		23,000
Capital Assets (Net)		164,226
Utility Deposits		<u>130</u>
Total Non-Current Assets		<u>210,263</u>

Total Assets	\$	<u><u>493,604</u></u>
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**LIABILITIES:**

**Current Liabilities:**

Accounts Payable	\$	841
Sales Tax Payable		111
Customer Deposit Liabilities		<u>11,588</u>
Total Current Liabilities		12,540

Safe Water Drinking Loan		<u>95,450</u>
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Total Liabilities		107,990
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**NET ASSETS:**

Without Donor Restrictions		385,614
With Donor Restrictions		<u>-</u>
Total Net Assets		<u>385,614</u>

Total Liabilities and Net Assets	\$	<u><u>493,604</u></u>
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See accompanying notes and accountant's compilation report.

**ATLANTA WATER SYSTEM, INC.**  
**ATLANTA, LA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in Net Assets:			
REVENUES:			
Water Sales	\$ 165,206		\$ 165,206
Other Related Fees	4,406		4,406
Grant Income	-	-	-
Miscellaneous	18,123		18,123
Interest Earned	<u>1,560</u>		<u>1,560</u>
Total Revenues	189,295	-	189,295
EXPENSES:			
Program:			
Program Services	72,762		72,762
Supporting:			
Management & General	<u>46,979</u>		<u>46,979</u>
Total Expenses	119,741	-	119,741
Change in Net Assets	69,554	-	69,554
Net Assets January 1, 2020	<u>316,060</u>	<u>-</u>	<u>316,060</u>
Net Assets December 31, 2020	<u>\$ 385,614</u>	<u>\$ -</u>	<u>\$ 385,614</u>

See accompanying notes and accountant's compilation report.

**ATLANTA WATER SYSTEM, INC.**  
**ATLANTA, LA**  
**STATEMENT OF FUNCTION EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

Without Donor Restrictions:

	<u>Program Services</u>	<u>Support Services</u>	
	<u>Water</u>	<u>Management &amp; General</u>	<u>Total</u>
Advertising—Legal		\$ 324	324
Accounting		650	650
Contract Labor	\$ 48,738	11,361	60,099
Depreciation	105	-	105
Dues & Subscriptions	300	500	800
Insurance	-	9,130	9,130
Interest	842	-	842
Office Supplies	-	2,267	2,267
Per diem	-	200	200
Postage	-	1,858	1,858
Professional Fees	-	4,293	4,293
Rent	-	5,950	5,950
Repairs & Maintenance	1,728	-	1,728
System Supplies	4,478	-	4,478
Taxes, Licenses & Permits	8,648	959	9,607
Telephone	-	9,487	9,487
Utilities	<u>7,923</u>	<u>-</u>	<u>7,923</u>
Total Expenses	<u>\$ 72,762</u>	<u>\$ 46,979</u>	<u>\$ 119,741</u>

See accompanying notes and accountant's compilation report.

**ATLANTA WATER SYSTEM, INC.**  
**ATLANTA, LA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Cash Flows from Operating Activities:</b>	
Change in Net Assets	\$ 69,554
Adjustments to Reconcile Changes in Net Assets to	
Net Cash Provided by/(Used In) Operating Activities:	
Depreciation	105
Changes in Assets & Liabilities:	
(Increase)/Decrease in Accounts Receivable, Net	( 865)
(Increase)/Decrease in Interest Receivable	( 201)
(Increase)/Decrease in Prepaid Expense	1,397
Increase/(Decrease) in Accounts Payable	841
Increase/(Decrease) in Sales Tax Payable	83
Increase/(Decrease) in Customer Deposit Liabilities	<u>( 241)</u>
Net Cash Provided by/(Used In) Operating Activities	<u>70,673</u>
<b>Cash Flows from Investing Activities:</b>	
Purchases of Assets	( 68,496)
(Increase)/Decrease in Construction in Progress	( 80,450)
Interest Earned on Accounts	<u>( 1,184)</u>
Net Cash Provided by/(Used In) Investing Activities	<u>( 150,130)</u>
<b>Cash Flows from Financing Activities:</b>	
Proceeds from Debt	<u>95,450</u>
Net Cash Provided By/(Used In) Financing Activities	<u>95,450</u>
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b>	<b>15,993</b>
<b>Cash &amp; Cash Equivalents—Beginning of Year</b>	<b><u>149,465</u></b>
<b>Cash &amp; Cash Equivalents—End of Year</b>	<b><u>\$ 165,458</u></b>
Cash & Cash Equivalents—Beginning of Year	
Unrestricted Cash	\$ 149,465
Restricted Cash	<u>-</u>
Total Cash & Cash Equivalents—Beginning of Year	<u>\$ 149,465</u>
Cash & Cash Equivalents—End of Year	
Unrestricted Cash	\$ 142,551
Restricted Cash	<u>22,907</u>
Total Cash & Cash Equivalents—End of Year	<u>\$ 165,458</u>

See accompanying notes and accountant's compilation report.

## NOTES TO FINANCIAL STATEMENTS



**ATLANTA WATER SYSTEM, INC.**  
ATLANTA, LA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1—INTRODUCTION

The Atlanta 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 1972. 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 Atlanta 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 Atlanta Water System, Inc. has adopted the provisions of FASB Accounting Standards Codification 958-205. Under the new Accounting Standards Update 2016-14, the Atlanta 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 Atlanta Water System, Inc. is required to present a statement of cash flows.

Measurement Focus and Basis of Accounting

The Atlanta Water System, Inc. uses the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related liability is incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.

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 is restricted loans and others by customer deposits. The Water System collects deposits from their water customers.

**ATLANTA WATER SYSTEM, INC.**  
ATLANTA, LA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

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).

At December 31, 2020 the Water System had no funds in Net Assets with Donor Restrictions. All \$385,614 of Net Assets were made up Net Assets without Donor Restrictions.

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

Capital Assets—The Atlanta 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:

Office Equipment	5 – 7 years
Equipment	7–20 years
Water Distribution System/Line Extension	40 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, 2020, other than annual right of way for \$50 per year.

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

Budget—The Atlanta 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

**ATLANTA WATER SYSTEM, INC.**  
**ATLANTA, LA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

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.

Income Taxes—The Atlanta 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**

Under state law, the Water System may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana Law and national banks having their principal offices in Louisiana.

As of December 31, 2020, the carrying amount of the Atlanta Water System Inc.'s cash and cash equivalents totaled \$165,458. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent banks. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agents. These securities are held in the name of the pledging fiscal agent banks in a holding or custodial bank that is mutually acceptable to both parties. As of December 31, 2020, the Water System bank balances totaled \$166,581; the Water System was fully insured by FDIC at fiscal year-end.

**NOTE 4—ACCOUNTS RECEIVABLE**

Accounts receivable as of December 31, 2020, consisted of \$2,244 due from water customers. The Water System services approximately 266 residential and commercial customers. As of December 31, 2020, all accounts were considered collectible and therefore no provision for uncollectible accounts was made at this time.

**NOTE 5—CAPITAL ASSETS**

Capital asset balances and activity for the year ended December 31, 2020 are as follows:

	Balance			Balance
	<u>01/01/20</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/20</u>
Capital Assets:				
Non-Depreciable				
Land		\$ 4,999	\$ -	\$ 4,999
Construction in Progress	\$ 15,000	80,450	-	95,450
Depreciable				
Office Equipment	1,938	-	-	1,938
Equipment	30,350	63,497	-	93,847
Water Distribution System	<u>334,634</u>	<u>-</u>	<u>-</u>	<u>334,634</u>
Subtotal of Assets	381,922	148,946	-	530,868

**ATLANTA WATER SYSTEM, INC.**  
**ATLANTA, LA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

Less: Accumulated Depreciation				
Office Equipment	1,553	105	-	1,658
Equipment	30,350	-	-	30,350
Water Distribution System	<u>334,634</u>	<u>-</u>	<u>-</u>	<u>334,634</u>
Subtotal of Accum. Deprec.	366,537	105	-	366,642
 Net Capital Assets	 <u>\$ 15,385</u>			 <u>\$ 164,226</u>

Depreciation expense for the year ended December 31, 2020 totaled \$105.

**NOTE 6—NOTE PAYABLE**

The Atlanta Water System received \$95,450 in loan proceeds from the EPA passed through the LA Department of Health Drinking Water Revolving Loan Fund in the current fiscal year for engineering and related to water system improvements. These federal funds are under CFDA No. 66.468. This is an ongoing project with additional proceeds expected in the following year. The original completion date was February 2021 but due to COVID and related restrictions a waiver and change order for time is being requested. The promissory note was signed for \$1,150,000 with \$200,000 as forgivable. It is disbursed as funds are needed for the water system improvement project. The loan will be repaid semi-annually at 1.95% plus a .5% administrative fee over thirty years.

**NOTE 7—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 and customer deposits. These monies are released from restriction when the loan is repaid, or a customer leaves the system.

As mentioned in Note 6, EPA has a promissory note to the Water System. This note requires the following Debt Service Reserves. Debt Service Fund was required to begin June 20, 2020 in which 1/12 of the year's debt service amounts were to be transferred from the Operating Account. This money is to be utilized to make the semi-annual note payments. As of December 31, 2020, the amount required to be in this reserve was 11,319. The other Debt Service Reserve Fund required to be set up is to maintain a balance of \$23,000, which is approximately one-half of the highest annual principal and interest payment, restricted for debt service payments when no other funds are available. This restriction ends when the final payment has been made on the loan, i.e., the promissory note has been paid in full. The Water System has elected to utilize investment in certificates of deposit to cover this reserve.

Also included in restricted cash is approximately \$11,588 related to the deposits the Water System collected from their water customers. These utility deposits are classified as restricted because their use is limited.

**ATLANTA WATER SYSTEM, INC.**  
ATLANTA, LA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020

**NOTE 8—DONATED SERVICES, MATERIALS, AND FACILITIES**

The Atlanta Water System, Inc. received no donated services or materials in the operation of the system in the current fiscal year. The water system does not use any donated facilities.

**NOTE 9—LITIGATION**

The Atlanta Water System, Inc. was not involved in any litigation as of December 31, 2020.

**NOTE 10—RELATED PARTY DISCLOSURES**

The water system has a board member, W.C. McCarty, who was compensated for maintenance work performed on the system in the amount of \$20,020 during the fiscal year ended December 31, 2020. David Chevallier, a relative of board member Shannan Chevallier, also performed maintenance work and was compensated in the amount of \$17,240 during the fiscal year ended December 31, 2020.

**NOTE 11—COMPENSATION OF BOARD DIRECTORS**

The members of the Board of Directors of the Atlanta Water System receive \$50 per meeting in compensation for their services as directors. Due to COVID restrictions placed by the state governmental and health departments there were limited meetings. The following board members received the \$50 each for their services in the fiscal year ended December 31, 2020: W.C. McCarty, Missy Sorter, Patrick Howell and Shannan Chevallier.

**NOTE 12—OTHER DISCLOSURES**

Management has evaluated events through March 25, 2021, the date which the financial statements were available for issue. There were no items noted to be reported as subsequent events, other than construction on the water system improvements related to the EPA loan was still in progress.

OTHER  
SUPPLEMENTARY INFORMATION

**ATLANTA WATER SYSTEM, INC.**  
ATLANTA, LA  
SCHEDULE OF COMPENSATION  
FOR THE YEAR ENDED DECEMBER 31, 2020

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 Atlanta Water System, Inc. would be its Board Members: W.C. McCarty—President, Missy Sorter, Patrick Howell, Jerry Collins and Shannan Chevallier.

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. As no payments were noted to be made with public funds no disclosure is required.

See accountant's compilation report.