

**ATLANTA
WATER SYSTEM, INC.**

FINANCIAL REPORT
DECEMBER 31, 2024

SHANNA JONES, CPA
WINNFIELD, LOUISIANA

ATLANTA WATER SYSTEM, INC.
ATLANTA, 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
Atlanta Water System, Inc.
P.O. Box 965
Winnfield, LA 71483

Management is responsible for the accompanying financial statements of Atlanta 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 supplement the financial statements. I have applied certain limited procedures to the required supplementary information presented on page 15, 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 22, 2025

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

ASSETS:

Current Assets:

| | |
|-------------------------|--------------|
| Cash & Cash Equivalents | \$ 279,182 |
| Accounts Receivable | 13,219 |
| Grant Receivable | 3,000 |
| Interest Receivable | 950 |
| Prepaid Expense | <u>8,024</u> |
| Total Current Assets | 304,375 |

Non-Current Assets:

| | |
|--------------------------|------------------|
| Restricted Cash | 11,124 |
| Investments | 165,514 |
| Restricted Investment | 42,241 |
| Capital Assets (Net) | 1,185,074 |
| Utility Deposits | <u>130</u> |
| Total Non-Current Assets | <u>1,404,083</u> |

| | |
|--------------|----------------------------|
| Total Assets | <u><u>\$ 1,708,458</u></u> |
|--------------|----------------------------|

LIABILITIES:

Current Liabilities:

| | |
|------------------------------|---------------|
| Accounts Payable | \$ 526 |
| Sales Tax Payable | 33 |
| Customer Deposit Liabilities | <u>19,241</u> |
| Total Current Liabilities | 19,800 |

| | |
|--------------------------|----------------|
| Safe Water Drinking Loan | <u>854,415</u> |
|--------------------------|----------------|

| | |
|-------------------|---------|
| Total Liabilities | 874,215 |
|-------------------|---------|

NET ASSETS:

| | |
|----------------------------|----------------|
| Without Donor Restrictions | 834,243 |
| With Donor Restrictions | <u>-</u> |
| Total Net Assets | <u>834,243</u> |

| | |
|----------------------------------|----------------------------|
| Total Liabilities and Net Assets | <u><u>\$ 1,708,458</u></u> |
|----------------------------------|----------------------------|

See accompanying notes and accountant's compilation report.

ATLANTA WATER SYSTEM, INC.
ATLANTA, 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 | \$ 169,245 | | \$ 169,245 |
| Other Related Fees | 7,487 | | 7,487 |
| ARPA Funds | - | 24,880 | 24,880 |
| Miscellaneous | 4,164 | | 4,164 |
| Interest & Dividends | <u>11,392</u> | | <u>11,392</u> |
| Total Revenues | 192,288 | 24,880 | 217,168 |
| NET ASSETS RELEASED FROM RESTRICTIONS: | | | |
| ARPA funds used | <u>24,880</u> | <u>(24,880)</u> | <u>-</u> |
| EXPENSES: | | | |
| Program | | | |
| Program Services | 105,378 | | 105,378 |
| Supporting: | | | |
| Management & General | <u>68,969</u> | | <u>68,969</u> |
| Total Expenses | 174,347 | - | 174,347 |
| Change in Net Assets | 42,821 | - | 42,821 |
| Net Assets January 1, 2024 | <u>791,422</u> | <u>-</u> | <u>791,422</u> |
| Net Assets December 31, 2024 | <u>\$ 834,243</u> | <u>\$ -</u> | <u>\$ 834,243</u> |

See accompanying notes and accountant's compilation report.

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

Without Donor Restrictions:

| | Program Services | Support Services | |
|---------------------------|---------------------|-------------------------|-------------------|
| | Water | Management & General | Total |
| Accounting | | \$ 2,050 | 2,050 |
| Contract Labor | \$ 20,388 | 31,516 | 51,904 |
| Depreciation | 40,203 | - | 40,203 |
| Dues & Subscriptions | - | 1,280 | 1,280 |
| Insurance | - | 12,128 | 12,128 |
| Interest | 21,497 | - | 21,497 |
| Office Supplies | - | 1,900 | 1,900 |
| Per diem | - | 7,120 | 7,120 |
| Postage | - | 2,623 | 2,623 |
| Rent | 200 | 7,200 | 7,400 |
| System Supplies | 8,935 | - | 8,935 |
| Taxes, Licenses & Permits | 5,766 | 469 | 6,235 |
| Telephone | - | 2,683 | 2,683 |
| Utilities | 8,389 | - | 8,389 |
| Total Expenses | <u>\$ 105,378</u> | <u>\$ 68,969</u> | <u>\$ 174,347</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, 2024

Cash Flows from Operating Activities:

| | |
|--|---------------|
| Change in Net Assets | \$ 42,821 |
| Adjustments to Reconcile Changes in Net Assets to | |
| Net Cash Provided by/(Used In) Operating Activities: | |
| Depreciation | 40,203 |
| Changes in Assets & Liabilities: | |
| (Increase)/Decrease in Accounts Receivable, Net | (4,061) |
| (Increase)/Decrease in Interest Receivable | (950) |
| (Increase)/Decrease in Prepaid Expense | (1,403) |
| Increase/(Decrease) in Accounts Payable | 526 |
| Increase/(Decrease) in Sales Tax Payable | 2 |
| Increase/(Decrease) in Customer Deposit Liabilities | <u>2,701</u> |
| Net Cash Provided by/(Used In) Operating Activities | <u>79,839</u> |

Cash Flows from Investing Activities:

| | |
|---|------------------|
| Purchases of Assets | (43,596) |
| Interest Earned on Accounts | <u>(47,190)</u> |
| Net Cash Provided by/(Used In) Investing Activities | <u>(90,786)</u> |

Cash Flows from Capital & Related Financing Activities:

| | |
|---|------------------|
| Principal Payments on Loan | <u>(23,000)</u> |
| Net Cash Provided By/(Used In) Financing Activities | <u>(23,000)</u> |

Net Increase/(Decrease) in Cash & Cash Equivalents (33,947)

Cash & Cash Equivalents—Beginning of Year 324,253

Cash & Cash Equivalents—End of Year \$ 290,306

| | |
|---|--------------------------|
| Cash & Cash Equivalents—Beginning of Year | |
| Unrestricted Cash | \$ 312,988 |
| Restricted Cash | <u>11,265</u> |
| Total Cash & Cash Equivalents—Beginning of Year | <u><u>\$ 324,253</u></u> |

| | |
|---|--------------------------|
| Cash & Cash Equivalents—End of Year | |
| Unrestricted Cash | \$ 279,182 |
| Restricted Cash | <u>11,124</u> |
| Total Cash & Cash Equivalents—End of Year | <u><u>\$ 290,306</u></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, 2024

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 full accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. 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 by 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, 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).

At December 31, 2024 the Water System had no funds in Net Assets with Donor Restrictions. All \$834,243 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, 2024, 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, 2024

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

As of December 31, 2024, the book value of the Atlanta Water System Inc.'s cash is \$290,306. The bank value of cash and cash equivalents was \$292,119. 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 \$11,124 is restricted for Debt Service, see Note 9.

NOTE 4—INVESTMENTS

As of December 31, 2024, the carrying amount of the Atlanta Water System Inc.'s investments were in certificates of deposit ("CDs") over 90 days and totaled \$207,755. A portion of these CDs was restricted: for customer deposits \$19,241 and for Debt Service Reserve Fund \$23,000.

NOTE 5—ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2024, consisted of \$13,219 due from water customers. The Water System services approximately 270 residential and commercial customers. As of December 31, 2024, all accounts were considered collectible and therefore no provision for uncollectible accounts was made at this time. All water revenue receivables are pledged to secure the LDH loan discussed in Note 8.

NOTE 6—LIQUIDITY OF FINANCIAL ASSETS

The following reflects the Water System's financial assets as of the 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 | \$ 304,375 |
| Less those unavailable for general expenditures | |
| within one year, due to: | |
| Contractual or donor-imposed restrictions: | (3,000) |
| Prepays | <u>(8,024)</u> |
| Financial Assets available to meet cash needs for | |
| General Expenditures within one year | <u>\$ 293,351</u> |

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

NOTE 7—CAPITAL ASSETS

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

| | Balance 01/01/24 | Additions | Deletions | Balance 12/31/24 |
|--------------------------------|---------------------|---------------|-----------|---------------------|
| Capital Assets: | | | | |
| Non-Depreciable | | | | |
| Land | \$ 4,999 | \$ - | \$ - | \$ 4,999 |
| Depreciable | | | | |
| Office Equipment | 1,938 | - | - | 1,938 |
| Equipment | 122,577 | 43,596 | - | 166,173 |
| Water Distribution System | 1,483,194 | - | - | 1,483,194 |
| Subtotal of Depreciable Assets | <u>1,607,709</u> | <u>43,596</u> | <u>-</u> | <u>1,651,305</u> |
| Subtotal of Assets | 1,612,708 | 43,596 | - | 1,656,304 |
| Less: Accumulated Depreciation | | | | |
| Office Equipment | 1,938 | - | - | 1,938 |
| Equipment | 44,319 | 11,489 | - | 55,808 |
| Water Distribution System | 384,770 | 28,714 | - | 413,484 |
| Subtotal of Accum. Deprec. | <u>431,027</u> | <u>40,203</u> | <u>-</u> | <u>471,230</u> |
| Net Capital Assets | <u>\$1,181,681</u> | | | <u>\$1,185,074</u> |

Depreciation expense for the year ended December 31, 2024 totaled \$40,203.

NOTE 8—NOTE PAYABLE

The Atlanta Water System, Inc. had the following note payable:

| <u>Lender</u> | <u>Original Amount</u> | <u>Balance Due 12/31/24</u> | <u>Interest Rate</u> |
|--------------------|----------------------------|---------------------------------|----------------------------------|
| LA Dept. of Health | \$1,150,000* | \$ 854,415 | 1.95% (plus .5% SRF Admn Fee) |

The LA Dept. of Health (LDH) note payable is approximately 30-year term note secured by water system net revenues and maturing in October of 2039. The loan was approved under Capitalization Grants for Drinking Water Revolving Fund, CFDA 66.468. A portion of these fund pass from EPA (federal monies) through LDH to the Water System while the state also utilizes a portion of their own monies. In addition, the state forgives 20% of each installment up to \$200,000 according to the promissory note. The Water System began making semiannual payments to LDH before the project was complete as required.

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

While the project was scheduled to be completed earlier in 2021, a waiver/change order due to COVID and supply chain issues was obtained to extend the period of performance. A certificate of substantial completion was issued in October 2021.

| | |
|------------------------------|-------------------|
| LDH Loan Balance 01/01/24 | \$ 877,415 |
| Repayments of Principal | <u>(23,000)</u> |
| Balance of LDH Loan 12/31/24 | <u>\$ 854,415</u> |

| | |
|---|-----------|
| Interest and Administrative Fee Payments-2024 | \$ 21,497 |
|---|-----------|

The final debt service schedule of repayments has not been issued as according to LDH, the Water System had \$28,585 remaining available to draw. As a result the current portion has not been broken from long term portion of the loan. The original estimated debt service principal due for the coming year ended December 31, 2025 was \$24,000; however the amount of the loan is lower and therefore the estimate may not be accurate.

NOTE 9—RESERVES/RESTRICTIONS

Under FASB ASU 2016-14 only net assets restricted by donors are grouped as restricted in equity. However, cash set aside for customer deposits and separate bank accounts required by the LDH loan described in Notes 3 and 4, are presented as restricted assets. These monies are released from restriction when the loan is repaid, or a customer leaves the system.

As described in Note 8, LDH 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. Overages in the account can be placed back into the Operating account or used to reduce the amount of transfers. As of December 31, 2024, the amount required to be in this cash reserve was \$11,124. 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. The Water System had amounts in excess of these requirements in the related accounts. Only the required amounts are listed as restricted on the face of the statements.

In addition to the restrictions/requirements listed above, the loan agreement includes a rate covenant to ensure that net revenues of the System are sufficient to cover the annual debt service requirements. Net revenues are defined as gross revenues after reasonable and necessary cost of operating and maintain they system. Atlanta Water System's annual net revenues must be 125% of the largest amount of annual debt service on the loan. This is estimated to be approximately

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

\$57,500. For the fiscal year ended December 31, 2024, the Water System appears to be in compliance with this rate covenant.

Also included in restricted investment is approximately \$19,241 related to the deposits the Water System collected from their water customers. These utility deposits are classified as restricted because their use is limited.

NOTE 10—GRANTS FROM STATE OF LOUISIANA

As of December 31, 2024, \$3,000 was still receivable related to a 1920 CWEF grant reimbursement for a prior year water expenditure.

NOTE 11—ARPA FUNDS

Congress passed the American Rescue Plan Act (ARPA) which allowed governmental entities to file for and receive funds related to a loss of revenues as a result of COVID. These entities could calculate the lost revenues based on a formula from U.S. Treasury or elect to receive a standard allowance calculated by the US Treasury. These funds are subject to restrictions on uses and timing subject to CFDA 21.027. During 2024, the Water System received ARPA funds flowing through the Winn Parish Police Jury in the amount of \$24,880. These funds were expended on Water Well Software.

NOTE 12—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 13—LITIGATION

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

NOTE 14—RELATED PARTY DISCLOSURES

The water system has a board member, who was compensated for maintenance work performed on the system in the amount of \$1,138 during the fiscal year ended December 31, 2024. In addition, relatives of board members, also performed contract/maintenance work and were compensated in the amounts of \$450 and \$19,250 during the fiscal year ended December 31, 2024.

NOTE 15—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. For the fiscal year ended December 31, 2024, the following board members received \$150 each for their services: W.C. McCarty, Jr. and Shannan

ATLANTA WATER SYSTEM, INC.
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NOTES TO FINANCIAL STATEMENTS
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Chevallier, \$50 was received by Missy Sorter and Patrick Howell, no money was received by Jerry Collins. In addition the President of the board is compensated \$560/month for his duties as such, which totaled \$6,720 for the year.

NOTE 16—OTHER DISCLOSURES

Management has evaluated events through April 22, 2025, the date which the financial statements were available for issue. There were no items noted to be reported as subsequent events, other than the following. As previously disclosed, \$28,585 is available on the LDH loan. The Atlanta Water System, Inc. has been approved for funding to improve as they are merging Wheeling Water System into their system. Finally, the Water System approved rate increase to cover rising costs and stay in compliance with their loan requirements.

SUPPLEMENTARY INFORMATION

ATLANTA WATER SYSTEM, INC.
ATLANTA, 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 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 independent accountant's compilation report.