

**PLEASANT HILL-CROSSROADS  
WATER SYSTEM, INC.**

FINANCIAL REPORT  
DECEMBER 31, 2019

SHANNA JONES, CPA  
WINNFIELD, LOUISIANA

**PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.**  
**JOYCE, LOUISIANA**

**FINANCIAL REPORT**  
**DECEMBER 31, 2019**

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# *Shanna Jones, CPA*

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Pleasant Hill-Crossroads Water System, Inc.

### **Report on the Financial Statements**

I have audited the accompanying financial statements of Pleasant Hill-Crossroads Water System, Inc., (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2019 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements 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 organization's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### ***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pleasant Hill-Crossroads Water System, Inc., as of December 31, 2019, and

the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matter***

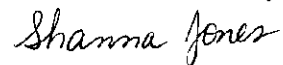
**Supplementary Information**

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 16, in accordance with auditing standards 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 audit of the financial statements. In my opinion, the Schedule of Compensation, Benefits and Other Payments is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

As allowed by Louisiana R.S. 24:513, the Louisiana Legislative Auditor has required governmental entities with public funds of \$500,000 or more to have certain agreed-upon procedures performed as included in the *Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures* (SAUPs). The Water System's management is responsible for those control and compliance (C/C) areas identified in the SAUPs, see pages 22-31. The agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Governmental Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report presented on pages 32-34. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, I have also issued my report dated April 23, 2020, on my consideration of the Pleasant Hill-Crossroads Water System, Inc.'s internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pleasant Hill-Crossroads Water System, Inc.'s internal control over financial reporting and compliance.



Shanna Jones, CPA  
Winnfield, Louisiana  
April 23, 2020

**PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.**  
**JOYCE, LA**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

**ASSETS:**

**Current Assets:**

Cash & Cash Equivalents	\$ 125,690
Investments	30,683
Accounts Receivable	8,425
Interest Receivable	275
Prepaid Expense	<u>5,351</u>
Total Current Assets	170,424

**Non-Current Assets:**

Cash—Customer Deposits, Membership	16,017
Investment—Restricted portion CDs	34,344
Capital Assets (Net)	<u>1,737,420</u>
Total Non-Current Assets	<u>1,787,781</u>

Total Assets	<u><u>\$ 1,958,205</u></u>
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**LIABILITIES:**

**Current Liabilities:**

Accounts Payable	\$ 980
Current Portions of Long Term Debt	17,430
Retainage Payable	47,853
Customer Deposits	<u>16,017</u>
Total Current Liabilities	82,280

**Non-Current Liabilities:**

URAF Liability	148,024
Long Term Debt, net of current portions	<u>439,575</u>
Total Non-Current Liabilities	587,599

Total Liabilities	<u>669,879</u>
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**NET ASSETS:**

Without Donor Restrictions	1,288,326
With Donor Restrictions	<u>-</u>

Total Net Assets	<u>1,288,326</u>
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Total Liabilities and Net Assets	<u><u>\$ 1,958,205</u></u>
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The accompanying notes are an integral part of the basic financial statements.

**PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.**  
**JOYCE, LA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in Net Activities:			
REVENUES:			
Water Sales	\$ 105,185		\$ 105,185
Other Related Fees	7,029		7,029
Grant Income	-	\$ 634,796	634,796
Gain/(Loss) on Disposal of Asset	( 2,377)	-	( 2,377)
Interest Earned	<u>601</u>	<u>-</u>	<u>601</u>
Total Revenues	110,438	634,796	745,234
NET ASSETS RELEASED FROM RESTRICTIONS:			
Grant funds used for capital assets	<u>634,796</u>	<u>( 634,796)</u>	<u>-</u>
EXPENSES:			
Program:			
Program Services	93,352		93,352
Supporting:			
Management & General	<u>26,322</u>	<u>-</u>	<u>26,322</u>
Total Expenses	119,674	-	119,674
Change in Net Assets	625,560	-	625,560
Net Assets January 1, 2019-restated	<u>662,766</u>	<u>-</u>	<u>662,766</u>
Net Assets December 31, 2019	<u>\$ 1,288,326</u>	<u>\$ -</u>	<u>\$ 1,288,326</u>

The accompanying notes are an integral part of the basic financial statements.

**PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.**  
**JOYCE, LA**  
**STATEMENT OF FUNCTION EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Without Donor Restrictions:

	Program Services	Support Services	
	Water	Management & General	Total
Advertising		\$ 390	\$ 390
Accounting		10,625	10,625
Contract Labor	\$ 14,311		14,311
Depreciation	44,249		44,249
Dues & Subscriptions		400	400
Insurance		3,988	3,988
Interest Expense	17,084		17,084
Office Supplies		2,404	2,404
Postage		1,859	1,859
Rent		152	152
Repairs & Maintenance	8,240		8,240
System Supplies	2,600		2,600
Taxes & Licenses	272		272
Telephone & Internet		6,504	6,504
Utilities	6,596		6,596
Total Expenses	<u>\$ 93,352</u>	<u>\$ 26,322</u>	<u>\$ 119,674</u>

The accompanying notes are an integral part of the basic financial statements.

**PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.**  
**JOYCE, LA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

**Cash Flows from Operating Activities:**

Change in Net Assets	\$ 625,560
Adjustments to Reconcile Changes in Net Assets to	
Net Cash Provided by/(Used In) Operating Activities:	
Depreciation	44,249
Loss of Disposal of Asset	2,377
Changes in Assets & Liabilities:	
(Increase)/Decrease in Accounts Receivable, Net	1,486
(Increase)/Decrease in Prepaid Expense	( 4,055)
Increase/(Decrease) in Accounts Payable	( 1,206)
Increase/(Decrease) in Retainage Payable	32,447
Increase/(Decrease) in Customer Deposits	321
Net Cash Provided by/(Used In) Operating Activities	<u>701,179</u>

**Cash Flows from Investing Activities:**

Interest Earned on Accounts	( 601)
(Increase)/Decrease in Construction in Progress	( 667,244)
Net Cash Provided by/(Used In) Investing Activities	<u>( 667,845)</u>

**Cash Flows from Financing Activities:**

Proceeds from contributions restricted for:	
Investment in Water System Assets	3,018
Other Financing Activities:	
Notes Payable on Principal Payments	( 19,621)
Net Cash Provided By/(Used In) Financing Activities	<u>( 16,603)</u>

**Net Increase/(Decrease) in Cash & Cash Equivalents** 16,731

**Cash & Cash Equivalents—Beginning of Year** 124,976

**Cash & Cash Equivalents—End of Year** \$ 141,707

Cash & Cash Equivalents—Beginning of Year	
Unrestricted Cash	\$ 109,280
Restricted Cash	<u>15,696</u>
Total Cash & Cash Equivalents—Beginning of Year	<u>\$ 124,976</u>

Cash & Cash Equivalents—End of Year	
Unrestricted Cash	\$ 125,690
Restricted Cash	<u>16,017</u>
Total Cash & Cash Equivalents—End of Year	<u>\$ 141,707</u>

The accompanying notes are an integral part of the basic financial statements.



## NOTES TO FINANCIAL STATEMENTS

**PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 1—INTRODUCTION**

The Pleasant Hill-Crossroads 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 on January 1, 1988. 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 (1) vote only regardless of the number of membership certificates held.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the Pleasant Hill-Crossroads 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

In 2018, The Pleasant Hill-Crossroads Water System, Inc. adopted the provisions of FASB Accounting Standards Codification 958-205. Under the new Accounting Standards Update 2016-14, the Pleasant Hill-Crossroads 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 Pleasant Hill-Crossroads Water System, Inc. is required to present a statement of cash flows.

Net assets with donor restrictions as of January 1, 2019 is restated by \$(18,052) to total \$0. This amount has been reclassified to net assets without donor restrictions. Upon further guidance, restrictions for loan/debt service are not qualified as with donor restrictions as the lenders are not grantor/donors.

Measurement Focus and Basis of Accounting

The Pleasant Hill-Crossroads 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 fund 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.

Investments—Investments are stated at cost. Interest bearing deposits and time deposits of more than 90 days are considered investments.

**PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

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, 2019 the Water System had only Net Assets without Donor Restrictions of \$1,288,326.

Capital Assets—The Pleasant Hill-Crossroads 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	5-15 years
Water Wells	25-40 years
Water Distribution System	40 years
Major Water Dist. Sys. Repairs materially ext. life	10 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, 2019.

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

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

Budget—The Pleasant Hill-Crossroads 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,

**PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes—The Pleasant Hill-Crossroads 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**

At December 31, 2019, the carrying amount of the Pleasant Hill Crossroads Water System Inc.'s cash and cash equivalents totaled \$141,707. 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. At December 31, 2019, the Water System bank balances totaled \$143,581; the Water System was fully insured by FDIC at fiscal year-end.

**NOTE 4— INVESTMENTS**

At the same financial institution, the Water System had time deposits with maturities of greater than 90 days. At December 31, 2019 the bank balances of those certificates totaled \$65,027. As the combined total of Investments and Cash did not exceed the \$250,000 FDIC insurance limit, the Water System was fully secured.

**NOTE 5—ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2019, consisted of \$8,425 in billings to water customers. The Water System services approximately 280 residential and commercial customers. All receivables are considered to be collectible and therefore no allowance for doubtful accounts is recorded.

**NOTE 6—INTEREST RECEIVABLE**

Interest receivable at December 31, 2019, consisted of \$275 due from certificates of deposit with maturities within 60 days of year end.

**NOTE 7—PREPAID EXPENSES**

Prepaid expenses at December 31, 2019 totaled \$5,351 which consisted of \$4,153 prepaid insurance, \$380 prepaid permits and licenses, \$417 in computer expenses, \$300 dues and \$101 rent.

**PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 8—CAPITAL ASSETS**

Capital asset balances and activity for the year ended December 31, 2019 are as follows:

	Balance 01/01/19	Additions	Deletions	Balance 12/31/19
Capital Assets:				
NonDepreciable				
Land	\$ 2,000	\$ -	\$ -	\$ 2,000
Construction in Progress	397,089	667,244	-	1,064,333
Depreciable				
Equipment & Furniture	13,252	-	5,641	7,611
Water Wells	440,341	-	-	440,341
Water Distribution System	892,934	-	-	892,934
Subtotal of Assets	1,745,616	667,244	5,641	2,407,219
Less: Accumulated Depreciation				
Equipment & Furniture	5,733	1,522	3,264	3,991
Water Wells	153,755	16,894	-	170,649
Water Distribution System	469,326	25,833	-	495,159
Subtotal of Accum. Depreciation	628,814	44,249	3,264	669,799
Net Capital Assets	<u>\$1,116,802</u>			<u>\$1,737,420</u>

Depreciation expense for the year ended December 31, 2019 totaled \$44,249.

**NOTE 9—NOTES PAYABLE**

The Pleasant Hill-Crossroads Water System, Inc. had the following notes payable:

	Balance Due 12/31/19	Current Portion
\$252,500 promissory note payable (91-01) to USDA-Rural Development dated December 27, 1988, due in monthly installments of \$1,475, including interest at 6.375%, final maturity at December 27, 2028.	\$ 116,241	\$ 10,591
\$303,000 promissory note payable (91-03) to USDA-Rural Development dated December 15, 2017, due in monthly installments of \$1,058, including interest at 2.75%, final maturity at December 15, 2057.	295,500	4,628

**PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

	<u>Balance Due</u> <u>12/31/19</u>	<u>Current</u> <u>Portion</u>
\$85,000 promissory note payable (91-05) to USDA-Rural Development dated December 15, 2017, due in monthly installments of \$258, including interest at 2.0%, final maturity at December 15, 2057. (Funds borrowed: \$44,462 in 2018; \$3,018 in 2019; leaving \$37,520 available).	45,264	2,211

The annual debt service requirements for the above USDA-RD promissory notes are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 17,430	\$ 16,062	\$ 33,492
2021	18,313	15,179	33,492
2022	19,223	14,269	33,492
2023	20,194	13,298	33,492
2024	21,224	12,268	33,492
2025-2030	96,616	53,144	149,760
2031-2035	46,254	32,706	78,960
2036-2040	43,917	35,043	78,960
2041-2045	42,376	21,104	63,480
2046-2050	48,615	14,865	63,480
2051-2055	55,771	7,709	63,480
2056-2057	27,072	1,494	28,566

**NOTE 10—URAF LIABILITY**

The Water System entered into funding arrangements with the State of Louisiana, Utility Relocation Assistance Fund (URAF). Under this program the Water System received funding for two different projects as follows:

	<u>Balance</u>	<u>Interest Rate</u>
Agreement #9474		
State Project #022-03-0039 (Const)		
State Project #022-03-0045 (R/W)		
New Bridges, Rte: US 84 Winn Parish	\$ 75,049	0%
Agreement #8768		
State Project #022-03-0035 (Const)		
State Project #022-03-0040 (R/W)		
New Bridge, Rte: US 84 Winn Parish	<u>72,975</u>	0%
Total URAF Liability	\$ 148,024	

These liabilities are for line relocations that were billed to the Water System for the work done by the state in prior years. The Water System is in discussion with the State of Louisiana regarding them.

**PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 11—RESERVES/RESTRICTIONS**

The water system collects deposits from their water customers. These collections are kept in a separate bank account and classified as restricted cash. As of December 31, 2019, this amount totaled \$16,017.

The USDA notes require certain reserves. The USDA Loan 91-01 requires \$18,000 of reserves. The USDA Loans 91-03 and 91-05 have terms showing the following reserves required. Debt Service Reserve in the amount of \$25.80 per month until \$3,096 has accumulated to remain restricted for the life of the loan. Short-Lived Asset Reserve in the amount of \$13,700 annually for the life of the loan to pay for repairs and/or replacement of major system assets. According to documentation from USDA these reserves go into effect once payments on the loans begin. As payments began in November of 2018, Pleasant Hill-Crossroads Water System, Inc. has certificates of deposit for amounts greater than the apparent required reserves for the fiscal year, the restricted portion is labeled Investment—Restricted portion CDs on the Statement of Financial Position. Additional reserved funds will be required in the subsequent fiscal years.

**NOTE 12—GRANT FROM USDA, CFDA 10.760**

In relation to the loans from USDA for the water treatment plant, grant monies are being utilized. During the fiscal year ended December 31, 2019, the Pleasant Hill-Crossroads Water System, Inc. received and spent \$634,796 in grant monies for the construction of this plant. The funds are recorded as payable and expended as approved by the Water System and USDA for work as it is performed.

**NOTE 13—EXPENDITURES RELATED TO USDA, CFDA 10.760**

For the fiscal year, Pleasant Hill-Crossroads Water System, Inc. expended the following federal monies:

USDA Grant monies	\$ 634,796
Loan draw USDA Note 91-05	3,018
Retainage Payable -2019 payables	32,447
Retainage Payable -2018 payables (still outstanding)	15,406
Loan balance 12/31/18 USDA Note 91-05	<u>44,462</u>
Total expenditures related to USDA CFDA 10.760	\$ 730,129

**NOTE 14—DONATED SERVICES, MATERIALS, AND FACILITIES**

The Pleasant Hill-Crossroads Water System, Inc. received no donated services or materials in the operation of the system in the current fiscal year other than previously mentioned grant. The water system does not use any donated facilities.

**PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**NOTE 15—LITIGATION**

The Pleasant Hill-Crossroads Water System, Inc. was not involved in any litigation at December 31, 2019.

**NOTE 16—RELATED PARTY DISCLOSURES**

During the fiscal year ended December 31, 2019, no related party transactions were noted.

**NOTE 17—OTHER DISCLOSURES**

Management has evaluated events through April 23, 2020, 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 treatment plant related to the USDA loans/grants were still in progress.



OTHER  
SUPPLEMENTARY INFORMATION

**PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.**  
**SCHEDULE OF COMPENSATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

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 Pleasant Hill-Crossroads Water System, Inc. would be its Board Members: Willie Doherty—President, Lane Capps—Vice President, Lanell Jordan—Secretary, Letha Sanders and Keith Massey.

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 report.

## COMPLIANCE AND OTHER MATTERS

*Shanna Jones, CPA*

*795 Big Creek Rd  
Winnfield, LA 71483  
792-8544*

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENTAL AUDITING STANDARDS*

To the Board of Directors of  
Pleasant Hill-Crossroads Water System, Inc.  
PO Box 3  
Joyce, LA 71440

I have audited the accompanying financial statements of Pleasant Hill-Crossroads Water System, Inc., (a nonprofit corporation), which comprise the statement of financial position as of December 31, 2019 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued my report thereon dated April 23, 2020. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the U.S. and the *Louisiana Governmental Audit Guide*.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Pleasant Hill-Crossroads Water System, Inc. (the "Water System")'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Water System's internal control. Accordingly, I do not express an opinion on the effectiveness of the Pleasant Hill-Crossroads Water System's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Pleasant Hill-Crossroads Water System's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not

(Continued)

identify any deficiencies in internal control that I consider to be material weaknesses. I did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Responses as item 2019-001 that I consider to be significant deficiencies.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Pleasant Hill-Crossroads Water System's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Responses as item 2019-001.

### **Pleasant Hill-Crossroads Water System's Response to Findings**

Pleasant Hill-Crossroads Water System's response to the findings identified in my audit is described in the accompanying Schedule of Findings and Responses. Pleasant Hill-Crossroads Water System's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. This report is intended for the information and use of the Louisiana Legislative Auditor, management of the Pleasant Hill-Crossroads Water System and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana R.S. 24:513 this report is a matter of public record and its distribution is not limited.



Shanna Jones, CPA  
Winnfield, Louisiana  
April 23, 2020

(Concluded)

**PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.**  
**SCHEDULE OF AUDIT FINDINGS & RESPONSES**  
**YEAR ENDED DECEMBER 31, 2019**

**A. SUMMARY OF AUDIT RESULTS**

1. The Independent Auditor's Report expresses an unmodified opinion on the financial statements of the Pleasant Hill-Crossroads Water System, Inc.
2. There was one significant deficiency noted during the audit of the financial statements.
3. One instance of noncompliance material to the financial statements of the Pleasant Hill-Crossroads Water System, Inc., was disclosed during the audit.

**B. FINANCIAL STATEMENTS AUDIT**

**Significant Deficiency**

**2019-001 ADJUSTMENTS TO EXPENDITURES**

Criteria

Generally accepted accounting principles require that program costs include all costs incurred as of the year end reported in the expenditures of federal awards.

Condition

Expenditures in the financial statements did not include costs totaling \$32,447 because the current year's retainage payable on the construction contract had not been recorded. An audit adjustment was made to reclassify the amount increasing payables and federal expenditures of construction in progress for the year.

Cause

The cause of the condition is unknown.

Effect

The Water System's statement of financial position was misstated by this amount.

Questioned Costs

I did not identify any questioned costs.

Perspective

Total expenditures of the project expended during the audit year was \$730,129.

First Year

2018

Recommendation

I recommend that the Water System ensure that procedures are implemented to ensure that all project costs and payments are captured in the accounting records in the correct period.

Views of Responsible Officials

The retainage expenditures were inadvertently omitted. We will more closely monitor accounting to ensure proper timing.

## STATEWIDE AGREED-UPON PROCEDURES

# *Shanna Jones, CPA*

795 Big Creek Rd  
Winnfield, LA 71483  
792-8544

## INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING LOUISIANA LEGISLATIVE AUDITOR'S STATEWIDE AGREED-UPON PROCEDURES

To the Board of Directors of  
Pleasant Hill-Crossroads Water System, Inc.  
and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below, which were agreed to by the management of the Pleasant Hill-Crossroads Water System, Inc. (the "Water System"), and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the Water System's compliance with certain laws and regulations during the fiscal year ended December 31, 2019, included in the *Louisiana Legislative Auditor – Statewide Agreed-Upon Procedures* (SAUPs). The Water System's management is responsible for those control and compliance (C/C) areas identified in the SAUPs.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Governmental Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

### WRITTEN POLICIES AND PROCEDURES

1. Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget

Entity is nonprofit and not required to adopt a budget (except for related to grant expenditures).

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

No exceptions noted.

- c) **Disbursements**, including processing, reviewing, and approving

No exceptions noted.



- d) ***Receipts/Collections***, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

No exceptions noted.

- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

No exceptions noted although entity has no employees.

- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process

No exceptions noted.

- g) ***Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)***, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage

N/A, client does not utilize as noted in their written procedures.

- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers

No exceptions noted.

- i) ***Ethics***, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

No exceptions noted, except signature verification omitted.

- j) ***Debt Service***, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

No exceptions noted.

- k) ***Disaster Recovery/Business Continuity***, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

Not noted in written procedures for current year.

## BOARD OR FINANCE COMMITTEE, if applicable

2. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:

- a) Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.

No exception noted.

- b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund and major special revenue funds, as well as monthly financial statements (or budget-to-actual comparisons, if budgeted) for major proprietary funds.

Nonprofit not required to budget, noted monthly financials approved in minutes.

- c) For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

N/A.

## BANK RECONCILIATIONS

3. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations initialed and noted as approved in minutes of meetings.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

No exception noted.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

No exception noted.

## COLLECTIONS (excluding EFTs)

4. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

Management provided listing and representation.

5. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Management stated no cash.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Bookkeeper collects checks and inputs to water system and accounting system, deposits in bank. Mitigated by customers who would notify if payments not posted against bills.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Bank statements and reconciliations are initialed and reviewed by board member.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

No exception noted.

6. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Bonding invoice notates client.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Water bills appear sequentially prenumbered. Other items collected and remitted to System, such as customer deposits, appear to have alternative supporting documentation.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

No exception noted.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

No exception noted.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

No exceptions noted.

- e) Trace the actual deposit per the bank statement to the general ledger.

No exception noted.

### NON-PAYROLL DISBURSEMENTS

(excluding card purchases/payments, travel reimbursements, and petty cash purchases)

- 8. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

Obtained listing and representation letter.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Policy states secretary/bookkeeper may initiate small purchases; however invoice must support the purchase.

- b) At least two employees are involved in processing and approving payments to vendors.

Invoice, initialed by board member as approval, given to bookkeeper for check processing. Board member also signs checks.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

It does not appear that the person responsible for processing payments is prohibited from adding vendors. However, supporting invoice was noted for each payment.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Board members have signing authority and do not record purchases. Bookkeeper mails.

10. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

a) Observe that the disbursement matched the related original invoice/billing statement.

No exception noted.

b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Noted Board member's approval.

#### CREDIT CARDS/DEBIT CARDS/FUEL CARDS/P-CARDS

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Obtained representation letter no credit cards utilized for entity.

12. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement), obtain supporting documentation, and:

a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]

N/A.

b) Observe that finance charges and late fees were not assessed on the selected statements.

N/A.

13. Using the monthly statements or combined statements selected under #12 above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to testing). For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

N/A

## TRAVEL AND EXPENSE REIMBURSEMENT (excluding card transactions)

14. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements, obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected:

Obtained management's representation and listing.

- a) If reimbursed using a per diem, agree the reimbursement rate to those rates established either by the State of Louisiana or the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)).

No employees; rates appear to be reimbursed based on per diem or contract cost.

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.

Reimbursed based on per diem or contract cost.

- c) Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by written policy (procedure #1h).

Support documents public purpose.

- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

Documentation of expenses appear reviewed and approved by someone other than person receiving reimbursement.

## CONTRACTS

15. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternately, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and:

Obtained management representation and listing.

- a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law or Louisiana Procurement Code (e.g., solicited quotes or bids, advertised), if required by law.

No exceptions noted.

- b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).

No exceptions noted.

- c) If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment.

No exceptions noted.

- d) Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions noted.

#### PAYROLL AND PERSONNEL

- 16. Obtain a listing of employees/elected officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees/officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.

Obtained representation, no employees as all contract labor.

- 17. Randomly select one pay period during the fiscal period. For the 5 employees/officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:

- a) Observe that all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

N/A.

- b) Observe that supervisors approved the attendance and leave of the selected employees/officials.

N/A.

- c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.

N/A.

- 18. Obtain a listing of those employees/officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees/officials, obtain related documentation of the hours and pay rates used in management's termination payment calculations, agree the hours to the employee/officials' cumulative leave records, and agree the pay rates to the employee/officials' authorized pay rates in the employee/officials' personnel files.

Obtained representation, N/A.

- 19. Obtain management's representation that employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines.

Obtained representation, N/A.

## ETHICS

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above obtain ethics documentation from management, and:

- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.

No exception noted.

- b) Observe that the documentation demonstrates each employee/official attested through signature verification that he or she has read the entity's ethics policy during the fiscal period.

This area does not appear to have been added to written procedures or performed.

## DEBT SERVICE

21. Obtain a listing of bonds/notes issued during the fiscal period and management's representation that the listing is complete. Select all bonds/notes on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each bond/note issued.

Notes issued prior year. Per USDA nonprofit exempt from State Bond Commission approval.

22. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

No exceptions noted.

## OTHER

23. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Obtained management's representation that no misappropriations of public funds or assets noted.

24. Observe that the entity has posted on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

Noted fraud hotline notice posted on premises.

I was not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.



The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

A handwritten signature in cursive script that reads "Shanna Jones".

Shanna Jones, CPA  
Winnfield, Louisiana  
April 23, 2020

# Pleasant Hill-Crossroads Water System, Inc.

PO Box 3  
Joyce, LA 71440

April 23, 2020

Shanna Jones, CPA  
795 Big Creek Rd  
Winnfield, LA 71483

In connection with your engagement to apply agreed-upon procedures to certain control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period January 1, 2019 through December 31, 2019, we confirm to the best of our knowledge and belief, the following representations made to you during your engagement.

1. We are responsible for the C/C areas identified in the SAUPs, including written policies and procedures; board or finance committee; bank reconciliations; collections; non-payroll disbursements; credit/debit/fuel/purchasing cards; travel and travel-related expense reimbursement; contracts; payroll and personnel; ethics; debt service; and other areas, as applicable.

Yes ☒ No ☐

2. For the fiscal period January 1, 2019 through December 31, 2019, the C/C areas were administered in accordance with the best practice criteria presented in the SAUPs.

Yes ☒ No ☐

3. We are responsible for selecting the criteria and procedures and for determining that such criteria and procedures are appropriate for our purposes.

Yes ☒ No ☐

4. We have disclosed to you all known matters contradicting the results of the procedures performed in C/C areas.

Yes ☒ No ☐

5. We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others affecting the C/C areas, including communications received between December 31, 2019, and April 23, 2020.

Yes ☒ No ☐

6. We have provided you with access to all records that we believe are relevant to the C/C areas and the agreed-upon procedures.

Yes ☒ No ☐

7. We represent that the listing of bank accounts provided to you is complete. We also represent that we have identified and disclosed to you our main operating account.
- Yes ☒ No ☐
8. We represent that the listing of deposit sites for the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
9. We represent that the listing of collection locations for the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
10. We represent that the listing of locations that process payments for the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
11. We represent that the non-payroll disbursement transaction population for each location that processes payments for the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
12. We represent that the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards, that we provided to you is complete.
- Do not have cards N/A Yes ☐ No ☐
13. We represent that the listing of all travel and travel-related expense reimbursements during the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
14. We represent that the listing of all agreements/contracts (or active vendors) for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period that we provided to you is complete.
- Yes ☒ No ☐
15. We represent that the listing of employees/elected officials employed during the fiscal period that we provided to you is complete.
- Yes ☒ No ☐

16. We represent that the listing of employees/officials that received termination payments during the fiscal period that we provided to you is complete.

Yes ☒ No ☐

17. We represent that the employer and employee portions of payroll taxes, retirement contributions, health insurance premiums, and workers' compensation premiums have been paid, and associated forms have been filed, by required deadlines during the fiscal period.

Yes ☒ No ☐

18. We represent that the listing of bonds/notes issued during the fiscal period that we provided to you is complete.

Yes ☒ No ☐

19. We represent that the listing of bonds/notes outstanding at the end of the fiscal period that we provided to you is complete.

Yes ☒ No ☐

20. We represent that the listing of misappropriations of public funds and assets during the fiscal period that we provided to you is complete.

Yes ☒ No ☐

21. We have disclosed to you other data you deemed necessary to complete SAUPs.

Yes ☒ No ☐

22. We have responded fully to all inquiries made by you during the engagement.

Yes ☒ No ☐

23. We are not aware of any events that have occurred subsequent to December 31, 2019, that would require adjustment to or modification of the results of the agreed-upon procedures.

Yes ☒ No ☐

**The previous responses have been made to the best of our belief and knowledge.**

Signature William Roherty Date 4/23/20

Title President