

**TANNEHILL  
WATER SYSTEM, INC.**

FINANCIAL REPORT  
DECEMBER 31, 2019

SHANNA JONES, CPA  
WINNFIELD, LOUISIANA

TANNEHILL WATER SYSTEM, INC.  
WINNFIELD, LOUISIANA

FINANCIAL REPORT  
DECEMBER 31, 2019

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# *Shanna Jones, CPA*

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Winnfield, LA 71483  
792-8544*

## INDEPENDENT ACCOUNTANT'S COMPILATION REPORT

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

Management is responsible for the accompanying financial statements of Tannehill Water System, Inc. (a Non-Profit Corporation), which comprise the statement of financial position as of December 31, 2019, 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 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  
February 4, 2020

**TANNEHILL WATER SYSTEM, INC.**  
**WINNFIELD, LA**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

**ASSETS:**

**Current Assets:**

|                         |    |         |
|-------------------------|----|---------|
| Cash & Cash Equivalents | \$ | 91,872  |
| Accounts Receivable     |    | 8,240   |
| Prepaid Expense         |    | 4,860   |
| Total Current Assets    |    | 104,972 |

**Non-Current Assets:**

|                          |  |         |
|--------------------------|--|---------|
| Restricted Cash          |  | 62,426  |
| Capital Assets (Net)     |  | 820,253 |
| Total Non-Current Assets |  | 882,679 |

|              |    |         |
|--------------|----|---------|
| Total Assets | \$ | 987,651 |
|--------------|----|---------|

**LIABILITIES:**

**Current Liabilities:**

|                               |    |        |
|-------------------------------|----|--------|
| Accounts Payable              | \$ | 57,895 |
| Payroll & Related Liabilities |    | 6,582  |
| Current portion—Note payable  |    | 16,000 |
| Total Current Liabilities     |    | 80,477 |

**Non-Current Liabilities:**

|   |  |         |
|---|--|---------|
| Long Term Debt, net of current portions |  | 701,176 |
| Total Liabilities                       |  | 781,653 |

**NET ASSETS:**

|                            |  |         |
|----------------------------|--|---------|
| Without Donor Restrictions |  | 205,998 |
| With Donor Restrictions    |  | -       |
| Total Net Assets           |  | 205,998 |

|                                  |    |         |
|----------------------------------|----|---------|
| Total Liabilities and Net Assets | \$ | 987,651 |
|----------------------------------|----|---------|

See accompanying notes and independent accountant's compilation report.

**TANNEHILL WATER SYSTEM, INC.**  
**WINNFIELD, LA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|  | <u>Without Donor<br/>Restrictions</u> | <u>With Donor<br/>Restrictions</u> | <u>Total</u>      |
|--|---------------------------------------|------------------------------------|-------------------|
| Changes in Net Assets:                 |                                       |                                    |                   |
| REVENUES:                              |                                       |                                    |                   |
| Water Sales                            | \$ 315,293                            |                                    | \$ 315,293        |
| Other Related Fees                     | 3,003                                 |                                    | 3,003             |
| Grant Income                           | -                                     | 41,100                             | 41,100            |
| Miscellaneous                          | 1,280                                 |                                    | 1,280             |
| Interest Earned                        | 114                                   |                                    | 114               |
| Net Assets Released from Restrictions: |                                       |                                    |                   |
| Satisfaction of Restrictions           | <u>41,100</u>                         | <u>( 41,100)</u>                   | <u>-</u>          |
| <br>Total Revenues                     | <br>360,790                           | <br>-                              | <br>360,790       |
| <br>EXPENSES:                          |                                       |                                    |                   |
| Program:                               |                                       |                                    |                   |
| Program Services                       | 243,398                               |                                    | 243,398           |
| <br>Supporting:                        |                                       |                                    |                   |
| Management & General                   | <u>55,214</u>                         |                                    | <u>55,214</u>     |
| <br>Total Expenses                     | <br>298,612                           | <br>-                              | <br>298,612       |
| <br>Change in Net Assets               | <br>62,178                            | <br>-                              | <br>62,066        |
| Net Assets January 1, 2019             | <u>143,820</u>                        | <u>-</u>                           | <u>143,820</u>    |
| Net Assets December 31, 2019           | <u>\$ 205,998</u>                     | <u>\$ -</u>                        | <u>\$ 205,886</u> |

See accompanying notes and independent accountant's compilation report.

**TANNEHILL WATER SYSTEM, INC.**  
**WINNFIELD, LA**  
**STATEMENT OF FUNCTION EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

Without Donor Restrictions:

|                       | <u>Program<br/>Services</u> | <u>Support<br/>Services</u>         |                       |
|-----------------------|-----------------------------|-------------------------------------|-----------------------|
|                       | <u>Water</u>                | <u>Management<br/>&amp; General</u> | <u>Total</u>          |
| Advertising—Legal     |                             | \$ 1,359                            | \$ 1,359              |
| Accounting            |                             | 2,900                               | 2,900                 |
| Automobile Expense    | \$ 6,000                    | 3,900                               | 9,900                 |
| Contract Labor        | 54,335                      | 3,259                               | 57,594                |
| Depreciation          | 54,165                      | -                                   | 54,165                |
| Dues & Subscriptions  | 8,836                       | 913                                 | 9,749                 |
| Insurance             | -                           | 3,702                               | 3,702                 |
| Meeting Expenses      | -                           | 2,437                               | 2,437                 |
| Office Supplies       | -                           | 4,720                               | 4,720                 |
| Payroll               | 23,858                      | 21,885                              | 45,743                |
| Postage               |                             | 1,184                               | 1,184                 |
| Repairs & Maintenance | 54,748                      | -                                   | 54,748                |
| System Supplies       | 12,212                      | -                                   | 12,212                |
| Taxes & Licenses      | 1,825                       | 1,544                               | 3,369                 |
| Telephone & Internet  | -                           | 6,731                               | 6,731                 |
| Utilities             | 27,419                      | -                                   | 27,419                |
| Loss on Asset         |                             | <u>680</u>                          | <u>680</u>            |
| <br>Total Expenses    | <br><u>\$ 243,398</u>       | <br><u>\$ 55,214</u>                | <br><u>\$ 298,612</u> |

See accompanying notes and independent accountant's compilation report.

**TANNEHILL WATER SYSTEM, INC.**  
**WINNFIELD, LA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2019**

|   |                          |
|---|--------------------------|
| <b>Cash Flows from Operating Activities:</b>                  |                          |
| Change in Net Assets  | \$ 62,178                |
| Adjustments to Reconcile Changes in Net Assets to             |                          |
| Net Cash Provided by/(Used In) Operating Activities:          |                          |
| Depreciation  | 54,165                   |
| (Gain)/Loss on Disposal of Asset                              | 680                      |
| Changes in Assets & Liabilities:                              |                          |
| (Increase)/Decrease in Accounts Receivable, Net               | ( 1,460)                 |
| (Increase)/Decrease in Prepaid Expense                        | ( 4,860)                 |
| Increase/(Decrease) in Accounts Payable                       | 48,160                   |
| Increase/(Decrease) in Payroll Related Payable                | <u>3,850</u>             |
| Net Cash Provided by/(Used In) Operating Activities           | <u>162,713</u>           |
| <b>Cash Flows from Investing Activities:</b>                  |                          |
| Purchases of Assets   | ( 95,955)                |
| (Increase)/Decrease in Construction in Progress               | <u>( 65,143)</u>         |
| Net Cash Provided by/(Used In) Investing Activities           | <u>( 161,098)</u>        |
| <b>Cash Flows from Financing Activities:</b>                  |                          |
| Notes Payable   | <u>42,640</u>            |
| Net Cash Provided By/(Used In) Financing Activities           | <u>42,640</u>            |
| <b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents</b> | <b>44,255</b>            |
| <b>Cash &amp; Cash Equivalents—Beginning of Year</b>          | <b><u>110,043</u></b>    |
| <b>Cash &amp; Cash Equivalents—End of Year</b>                | <b><u>\$ 154,298</u></b> |
|   |                          |
| Cash & Cash Equivalents—Beginning of Year                     |                          |
| Unrestricted Cash   | \$ 110,043               |
| Restricted Cash   | <u>-</u>                 |
| Total Cash & Cash Equivalents—Beginning of Year               | <u>\$ 110,043</u>        |
|   |                          |
| Cash & Cash Equivalents—End of Year                           |                          |
| Unrestricted Cash   | \$ 91,872                |
| Restricted Cash   | <u>62,426</u>            |
| Total Cash & Cash Equivalents—End of Year                     | <u>\$ 154,298</u>        |

See accompanying notes and independent accountant's compilation report.

## NOTES TO FINANCIAL STATEMENTS



**TANNEHILL WATER SYSTEM, INC.**  
WINNFIELD, LA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

**NOTE 1—INTRODUCTION**

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

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

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

Basis of Presentation

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

Measurement Focus and Basis of Accounting

The Tannehill Water System, Inc. uses the 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 by grants and by the loan promisor.

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:

**TANNEHILL WATER SYSTEM, INC.**  
WINNFIELD, LA  
NOTES TO FINANCIAL STATEMENTS  
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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 no funds in Net Assets with Donor Restrictions. All \$205,998 of Net Assets were made up Net Assets without Donor Restrictions.

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

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

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

Leases—There were no leases in effect during the year ended December 31, 2019.

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

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

Estimates—The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

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

**TANNEHILL WATER SYSTEM, INC.**  
**WINNFIELD, LA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019**

**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.

At December 31, 2019, the carrying amount of the Tannehill Water System Inc.'s cash and cash equivalents totaled \$154,298. 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 \$171,498; the Water System was fully insured by FDIC at fiscal year-end.

**NOTE 4—ACCOUNTS RECEIVABLE**

Accounts receivable at December 31, 2019, consisted of \$9,856 due from water customers. The Water System services approximately 640 residential and commercial customers. At December 31, 2019, \$1,616 of accounts were considered uncollectible and therefore a provision for these uncollectible accounts was made at this time.

**NOTE 5—CAPITAL ASSETS**

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

|                                 | <u>Balance</u>    | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u>    |
|---------------------------------|-------------------|------------------|------------------|-------------------|
|                                 | <u>01/01/19</u>   |                  |                  | <u>12/31/19</u>   |
| Capital Assets:                 |                   |                  |                  |                   |
| NonDepreciable                  |                   |                  |                  |                   |
| Land                            | \$ 22,390         | \$ -             | \$ -             | \$ 22,390         |
| Construction in Progress        | 18,597            | 83,740           | 18,597           | 83,740            |
| Depreciable                     |                   |                  |                  |                   |
| Equipment & Furniture           | 434,660           | 95,955           | 1,360            | 529,255           |
| Water Distribution System/Wells | <u>1,298,809</u>  | <u>-</u>         | <u>-</u>         | <u>1,298,809</u>  |
| Subtotal of Assets              | 1,774,456         | 179,695          | 19,957           | 1,934,194         |
| Less: Accumulated Depreciation  |                   |                  |                  |                   |
| Equipment & Furniture           | 277,559           | 27,569           | 680              | 304,448           |
| Water Distribution System/Wells | <u>782,897</u>    | <u>26,596</u>    | <u>-</u>         | <u>809,493</u>    |
| Subtotal of Accum. Depreciation | 1,060,456         | 54,165           | 680              | 1,113,941         |
| Net Capital Assets              | <u>\$ 714,000</u> |                  |                  | <u>\$ 820,253</u> |

**TANNEHILL WATER SYSTEM, INC.**  
**WINNFIELD, LA**  
**NOTES TO FINANCIAL STATEMENTS**  
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In Construction in Progress are system improvements that must coincide. There is \$42,640 associated with the LDH Loan, see note 6, and \$41,100 associated with the LA Facility Planning & Control Grant, see note 8.

Depreciation expense for the year ended December 31, 2019 totaled \$54,165.

**NOTE 6—NOTES PAYABLE**

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

| <u>Lender</u>      | <u>Original<br/>Amount</u> | <u>Balance Due<br/>12/31/19</u> | <u>Interest<br/>Rate</u>      |
|--------------------|----------------------------|---------------------------------|-------------------------------|
| LA Dept. of Health | \$ 400,000*                | \$ 42,640                       | 1.95% (plus .5% SRF Admn Fee) |
| State of Louisiana | 49,725                     | 49,725                          | 0%                            |
| State of Louisiana | 624,811                    | 624,811                         | 0%                            |

The LA Dept. of Health note payable is approximately 20 year term note secured by water system assets maturing in September of 2039. \*This loan has proceeds provided to the company in installments as requisitioned by the company for the project rather than providing the full \$400,000 approved in the beginning of the loan. The loan will start being repaid to LDH before the project is complete. Of the \$25,337 amount payable on this loan for the coming year, approximately \$16,000 is principal with the remaining portion interest and administrative fees. The state passes this money from federal monies associated with CFDA 66.468, Capitalization Grants for Drinking Water State Revolving Fund.

|                              |                  |
|------------------------------|------------------|
| LDH Loan Balance 01/01/19    | \$ -             |
| Proceeds                     | 42,640           |
| Repayments                   | -                |
| Interest Payments            | -                |
| Balance of LDH Loan 12/31/19 | <u>\$ 42,640</u> |

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

**NOTE 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 grant. These monies are released from restriction when the loan is repaid or monies are used for approved purchases associated with the grant. During the fiscal year ended December 31, 2019 \$12,593 in cash was

**TANNEHILL WATER SYSTEM, INC.**  
WINNFIELD, LA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019

restricted for the Debt Service Reserve Fund and approximately \$8,545 was for Debt Service Fund which were both related to the LDHH Safe Drinking Water Revolving Loan. Other cash restricted was \$41,100 received at the end of December 2019 and disbursed early January 2020 for work performed during the fiscal year ended December 31, 2019 related to the FP&C Grant. Cash used to open the FP&C account remained at \$188 as restricted cash.

**NOTE 8—GRANT**

The Tannehill Water System received \$41,100 in grants from the Louisiana Facility Planning and Control in the current fiscal year for water system improvement. This is an ongoing project with additional grant money expected in the following year.

**NOTE 9—DONATED SERVICES, MATERIALS, AND FACILITIES**

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

**NOTE 10—LITIGATION**

The Tannehill Water System, Inc. was not involved in any litigation at December 31, 2019.

**NOTE 11—RELATED PARTY DISCLOSURES**

The water system has a member listed as an officer paid for bookkeeping services. The secretary, Linda Bamburg, is paid as an employee and received a W-2 in the amount of \$20,166. I have included the \$1,720 owed to the bookkeeper at December 31, 2019, in accounts payable.

**NOTE 12—COMPENSATION OF BOARD DIRECTORS**

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

**NOTE 13—OTHER DISCLOSURES**

Management has evaluated events through February 4, 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 water system improvements related to the LDH loans and LA FP&C grants were still in progress.

SUPPLEMENTARY INFORMATION

**TANNEHILL WATER SYSTEM, INC.**  
WINNFIELD, LA  
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 Tannehill Water System, Inc. would be its Board Members: Jacque Derr—President, Bert Wilson—Vice President, and Members at Large: Tammy Griffin and Barbara Austin.

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.