

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

FINANCIAL REPORT
DECEMBER 31, 2020

SHANNA JONES, CPA
WINNFIELD, LOUISIANA

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

FINANCIAL REPORT
DECEMBER 31, 2020

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Shanna Jones, CPA

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

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

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

Report on the Financial Statements

I have reviewed 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, 2020 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

Other Matter

Supplementary Information

Act 706 of the Louisiana 2014 Legislative Session as amended by Act 462 of the 2015 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. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the supplementary information presented on page 16 and, accordingly, do not express an opinion on such information.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Shanna Jones, CPA
Winnfield, Louisiana
May 11, 2021

PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.
JOYCE, LA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

ASSETS:

Current Assets:

Cash & Cash Equivalents	\$	165,783
Investments		17,410
Accounts Receivable		9,055
Interest Receivable		143
Prepaid Expense		<u>5,525</u>
Total Current Assets		197,916

Non-Current Assets:

Cash—Customer Deposits, Membership		16,692
Investment—Restricted portion CDs		48,354
Capital Assets (Net)		<u>1,925,551</u>
Total Non-Current Assets		<u>1,990,597</u>

Total Assets	\$	<u><u>2,188,513</u></u>
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LIABILITIES:

Current Liabilities:

Accounts Payable	\$	166
Current Portions of Long Term Debt		17,590
Customer Deposits		<u>16,692</u>
Total Current Liabilities		34,448

Non-Current Liabilities:

URAF Liability		148,024
Long Term Debt, net of current portions		<u>457,822</u>
Total Non-Current Liabilities		605,846

Total Liabilities		<u>640,294</u>
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NET ASSETS:

Without Donor Restrictions		1,548,219
With Donor Restrictions		<u>-</u>

Total Net Assets		<u>1,548,219</u>
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Total Liabilities and Net Assets	\$	<u><u>2,188,513</u></u>
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See accompanying notes and independent accountant's review report.

PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.
JOYCE, LA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in Net Activities:			
REVENUES:			
Water Sales	\$ 115,103		\$ 115,103
Other Related Fees	8,156		8,156
Grant Income	-	\$ 268,091	268,091
Interest Earned	<u>604</u>	<u>-</u>	<u>604</u>
Total Revenues	123,863	268,091	391,954
NET ASSETS RELEASED FROM RESTRICTIONS:			
Grant funds used for capital assets	<u>268,091</u>	<u>(268,091)</u>	<u>-</u>
EXPENSES:			
Program:			
Program Services	104,232		104,232
Supporting:			
Management & General	<u>27,829</u>	<u>-</u>	<u>27,829</u>
Total Expenses	132,061	-	132,061
Change in Net Assets	259,893	-	259,893
Net Assets January 1, 2020	<u>1,288,326</u>	<u>-</u>	<u>1,288,326</u>
Net Assets December 31, 2020	<u>\$ 1,548,219</u>	<u>\$ -</u>	<u>\$ 1,548,219</u>

See accompanying notes and independent accountant's review report.

PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.
JOYCE, LA
STATEMENT OF FUNCTION EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

Without Donor Restrictions:

	<u>Program Services</u>	<u>Support Services</u>	
	<u>Water</u>	<u>Management & General</u>	<u>Total</u>
Advertising		\$ 344	\$ 344
Accounting		14,500	14,500
Contract Labor	\$ 16,115		16,115
Depreciation	55,146		55,146
Dues & Subscriptions		400	400
Insurance		4,262	4,262
Interest Expense	16,600		16,600
Office Supplies		3,131	3,131
Postage		1,490	1,490
Rent		152	152
Repairs & Maintenance	6,914		6,914
System Supplies	2,800		2,800
Taxes & Licenses		404	404
Telephone & Internet		3,146	3,146
Utilities	<u>6,657</u>		<u>6,657</u>
Total Expenses	<u>\$ 104,232</u>	<u>\$ 27,829</u>	<u>\$ 132,061</u>

See accompanying notes and independent accountant's review report.

PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.
JOYCE, LA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

Cash Flows from Operating Activities:	
Change in Net Assets	\$ 259,893
Adjustments to Reconcile Changes in Net Assets to	
Net Cash Provided by/(Used In) Operating Activities:	
Depreciation	55,146
Changes in Assets & Liabilities:	
(Increase)/Decrease in Accounts Receivable, Net	(630)
(Increase)/Decrease in Prepaid Expense	(174)
Increase/(Decrease) in Accounts Payable	(815)
Increase/(Decrease) in Retainage Payable	(47,853)
Increase/(Decrease) in Customer Deposits	<u>675</u>
Net Cash Provided by/(Used In) Operating Activities	<u>266,242</u>
Cash Flows from Investing Activities:	
Interest Earned on Accounts	(604)
(Increase)/Decrease in Construction in Progress	1,064,333
Purchase Assets	<u>(1,307,610)</u>
Net Cash Provided by/(Used In) Investing Activities	<u>(243,881)</u>
Cash Flows from Financing Activities:	
Proceeds from contributions restricted for:	
Investment in Water System Assets	35,298
Other Financing Activities:	
Notes Payable – Principal Payments	<u>(16,891)</u>
Net Cash Provided By/(Used In) Financing Activities	<u>18,407</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	40,768
Cash & Cash Equivalents—Beginning of Year	<u>141,707</u>
Cash & Cash Equivalents—End of Year	<u>\$ 182,475</u>
Cash & Cash Equivalents—Beginning of Year	
Unrestricted Cash	\$ 125,690
Restricted Cash	<u>16,017</u>
Total Cash & Cash Equivalents—Beginning of Year	<u>\$ 141,707</u>
Cash & Cash Equivalents—End of Year	
Unrestricted Cash	\$ 165,783
Restricted Cash	<u>16,692</u>
Total Cash & Cash Equivalents—End of Year	<u>\$ 182,475</u>

See accompanying notes and independent accountant's review report.

NOTES TO FINANCIAL STATEMENTS

PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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.

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.

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:

PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

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

As of December 31, 2020 the Water System had only Net Assets without Donor Restrictions of \$1,548,219.

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, 2020.

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

PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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

As of December 31, 2020, the carrying amount of the Pleasant Hill Crossroads Water System Inc.'s cash and cash equivalents totaled \$182,475. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent banks. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agents. These securities are held in the name of the pledging fiscal agent banks in a holding or custodial bank that is mutually acceptable to both parties. As of December 31, 2020, the Water System bank balances totaled \$189,434. FDIC states demand deposits be calculated separately from savings and certificates of deposit; therefore, the Water System's cash 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. As of December 31, 2020 the bank balances of those certificates totaled \$65,764 which did not exceed the \$250,000 FDIC insurance limit.

NOTE 5—ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2020, consisted of \$9,055 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. All receivables and future sales of water are pledged as collateral against USDA loans.

NOTE 6—INTEREST RECEIVABLE

Interest receivable as of December 31, 2020, consisted of \$143 due from certificates of deposit with maturities within 60 days of year end.

NOTE 7—PREPAID EXPENSES

Prepaid expenses as of December 31, 2020 totaled \$5,525 which consisted of \$4,327 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, 2020

NOTE 8—CAPITAL ASSETS

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

	Balance 01/01/20	Additions	Deletions	Balance 12/31/20
Capital Assets:				
NonDepreciable				
Land	\$ 2,000	\$ -	\$ -	\$ 2,000
Construction in Progress	1,064,333	216,132	1,280,465	-
Depreciable				
Equipment & Furniture	7,611	27,145	-	34,756
Water Wells	440,341	-	-	440,341
Water Distribution System	<u>892,934</u>	<u>1,280,465</u>	<u>-</u>	<u>2,173,399</u>
Subtotal of Assets	2,407,219	1,523,742	1,280,465	2,650,496
Less: Accumulated Depreciation				
Equipment & Furniture	3,991	1,748	-	5,739
Water Wells	170,649	16,894	-	187,543
Water Distribution System	<u>495,159</u>	<u>36,504</u>	<u>-</u>	<u>531,663</u>
Subtotal of Accum. Depreciation	669,799	55,146	-	724,945
Net Capital Assets	<u>\$1,737,420</u>			<u>\$1,925,551</u>

Depreciation expense for the year ended December 31, 2020 totaled \$55,146. The water treatment plant added to the Water Distribution System during the fiscal year is mortgaged by the notes payable to USDA listed in Note 9.

NOTE 9—NOTES PAYABLE

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

	Balance Due <u>12/31/20</u>	Current <u>Portion</u>
\$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.	\$ 105,645	\$ 11,300
\$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.	290,872	4,757

PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

	Balance Due 12/31/20	Current Portion
\$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; \$35,298 in 2020).	78,895	1,533

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

	Principal	Interest	Total
2021	\$ 17,590	\$ 15,902	\$ 33,492
2022	18,485	15,007	33,492
2023	19,441	14,051	33,492
2024	20,456	13,036	33,492
2025	21,529	11,963	33,492
2026-2030	78,928	53,132	132,060
2031-2035	42,835	36,125	78,960
2036-2040	48,730	30,230	78,960
2041-2045	55,451	23,509	78,960
2046-2050	63,114	15,846	78,960
2051-2055	71,851	7,109	78,960
2056-2057	17,002	1,964	18,966

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:

	Balance	Interest Rate
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 states they are in discussion with the State of Louisiana regarding them.

PLEASANT HILL-CROSSROADS WATER SYSTEM, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020

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, 2020, this amount totaled \$16,692.

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. During 2019/2020 additional certificates of deposit were classified as restricted and included in the financial statements as such. 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, 2020, the Pleasant Hill-Crossroads Water System, Inc. received and spent \$268,091 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	\$ 268,091
Loan draw USDA Note 91-05	35,298
Loan balance 12/31/19 USDA Note 91-05	<u>44,264</u>
Total expenditures related to USDA CFDA 10.760	\$ 347,653

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, 2020

NOTE 15—LITIGATION

The Pleasant Hill-Crossroads Water System, Inc. was not involved in any litigation as of December 31, 2020.

NOTE 16—RELATED PARTY DISCLOSURES

During the fiscal year ended December 31, 2020, no related party transactions were noted.

NOTE 17—OTHER DISCLOSURES

Management has evaluated events through May 11, 2021, the date which the financial statements were available for issue. There were no items noted to be reported as subsequent events, other than construction on the 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, 2020

In accordance with Act 462 of 2015 which amends Act 706 of the 2014 Legislative Session, payments to Agency Head or Chief Executive Officer must be disclosed. Included in the Disclosure Requirements are any reimbursements of travel or per diem, payments of salary, or payments to retirement or health insurance, providing of a vehicle, etc. for the Agency Head. The Agency Head of the Pleasant Hill-Crossroads Water System, Inc. would be its Board Members: Willie Doherty—President, Lane Capps—Vice President, Lanell Jordan—Secretary, and Letha Sanders.

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.

AGREED-UPON PROCEDURES

Shanna Jones, CPA

795 Big Creek Rd
Winnfield, LA 71483
792-8544

Independent Accountant's Report on Applying 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, (the specified parties), on the Water System's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2020, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The Water System's management is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, I make no representation regarding the sufficiency of the procedures enumerated 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:

Federal, State, and Local Awards

1. Obtain the list of federal, state, and local government grant award expenditures for the fiscal year, by grant and grant year, from the Agency's management.

The Pleasant Hill-Crossroads Water System, Inc. provided me with the following list of expenditures made for federal grant awards received during the fiscal year ended December 31, 2020:

Federal, State, or Local Grant Name	Grant Year	CFDA No. (if applicable)	Amount
USDA, Rural Development	2020	10.760	97,220
USDA, Rural Development	2020	10.760	170,871
USDA Loan 91-05 current year proceeds	2020	10.760	35,298
USDA Loan 91-05 prior year balance	2019	10.760	44,264
Total Expenditures			347,653

The Water System represented that they received no state or local government grant awards during the fiscal year ended December 31, 2020.

2. For each federal, state, and local grant award, randomly select six disbursements from each grant administered during the fiscal year, provided that no more than 30 disbursements are selected.
3. Obtain documentation for the disbursements selected in Procedure 2. Compare the selected disbursements to supporting documentation, and report whether the disbursements agree to the amount and payee in the supporting documentation.

Each of the selected disbursements agreed to the amount and payee in the supporting documentation.

4. Report whether the selected disbursements were coded to the correct fund and general ledger account.

Some of the disbursements were coded correctly and some coded to contractor fee expense. Those coded to expense have been reclassified to the water treatment plant asset.

5. Report whether the selected disbursements were approved in accordance with the Agency's policies and procedures.

The Water System's minutes state that the board approved for the President sign approval as he deems proper. Documentation supporting each of the selected disbursements included the signature of the President.

6. For each selected disbursement made for federal grant awards, obtain the *Compliance Supplement* for the applicable federal program. For each disbursement made for a state or local grant award, or for a federal program not included in the *Compliance Supplement*, obtain the grant agreement. Compare the documentation for each disbursement to the program compliance requirements or the requirements of the grant agreement relating to activities allowed or unallowed, eligibility, and reporting; and report whether the disbursements comply with these requirements.

Activities allowed or unallowed

I compared documentation for each of the selected disbursements with program compliance requirements related to services allowed or not allowed. One expenditure was for a generator that did not appear to be part of the original project. This may have been purchased with loan proceeds. No other exceptions were noted.

Eligibility

I compared documentation for each of the selected disbursements with program compliance requirements related to eligibility. One expenditure was for a generator that did not appear to be part of the original project. This may have been purchased with loan proceeds. No exceptions were noted.

Reporting

I compared documentation for each of the selected disbursements with program compliance requirements related to reporting. No exceptions were noted.

7. Obtain the close-out reports, if required, for any program selected in Procedure 2 that was closed out during the fiscal year. Compare the close-out reports, if applicable, with the Agency's financial records; and report whether the amounts in the close-out reports agree with the Agency's financial records.

The selected disbursements included two federal grant awards that according to an email from USDA were completed during the fiscal year. No actual close out reports were noted by either Pleasant Hill Crossroads Water System, Inc. nor USDA. The amounts reported as grants tied from the Client's records to 2020 Form 1099-Gs, and the loan proceeds and prior year principal balance tied to USDA's Form RD-1951-9 Annual Statement of Loan Account.

Open Meetings

8. Obtain evidence from management that agendas for meetings recorded in the minute book were posted as required by Louisiana Revised Statute 42:11 through 42:28 (the open meetings law), and report whether there are any exceptions.

Management represented that the Water System is only required to post a notice of each meeting and the accompanying agenda on the door of the Agency's office building. Although management has asserted that such documents were properly posted, no evidence was provided to support management's assertion other than an unmarked copy of the notices and agenda. Also due to the governor's executive stay at home orders related to COVID, management stated meetings ceased during the year.

Budget

9. For each grant exceeding five thousand dollars, obtain the comprehensive grant budgets that the agency provided to the applicable federal, state or local grantor agency. Report whether the budgets for federal, state and local grants included the purpose and duration of the grants; and whether budgets for state grants also included specific goals, objectives, and measures of performance.

The Water System provided documentation that budgets were submitted to the applicable federal grantor agency.

State Audit Law

10. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The agency's report was submitted to the Legislative Auditor before the statutory due date of June 30, 2020.

11. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

The Pleasant Hill-Crossroads Water System, Inc.'s management represented that the Water System did not enter into any contracts during the fiscal year that were subject to the public bid law.

Prior-Year Comments

12. Obtain and report management's representation as to whether any prior year suggestions, exceptions, recommendations, and/or comments have been resolved.

In the audit engagement for the fiscal year ended December 31, 2019, I reported that the Water System's statement of financial position was misstated by \$32,447, which was the amount of omitted expenditures and retainage payable related to the construction contract. Generally accepted accounting principles require that program costs include all costs incurred as of the year end reported in the expenditures of federal awards. An audit adjustment was made to reclassify the amount increasing payables and federal expenditures of construction in progress for the year. Management represented that this condition had been resolved; and I concur.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. 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 the Pleasant Hill-Crossroads Water System, Inc.'s compliance with the foregoing matters. 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 the Pleasant Hill-Crossroads Water System, Inc.'s compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, 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.



Shanna Jones, CPA
Winnfield, Louisiana
May 11, 2021

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 the control and compliance matters identified below, as of December 31, 2020 and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Federal, State, and Local Awards

We have detailed for you the amount of federal, state, and local award expenditures for the fiscal year, by grant and grant year.

Yes [] No []

All transactions relating to federal, state, and local grants have been properly recorded within our accounting records and reported to the appropriate state, federal, and local grantor officials.

Yes [] No []

The reports filed with federal, state, and local agencies are properly supported by books of original entry and supporting documentation.

Yes [] No []

We have complied with all applicable specific requirements of all federal, state, and local programs we administer, to include matters contained in the OMB Compliance Supplement, matters contained in the grant awards, eligibility requirements, activities allowed and unallowed, and reporting and budget requirements.

Yes [] No []

Open Meetings

Our meetings, as they relate to public funds, have been posted as an open meeting as required by R.S. 42:11 through 42:28 (the open meetings law).

Yes [] No []

Budget

For each federal, state, and local grant we have filed with the appropriate grantor agency a comprehensive budget for those grants that included the purpose and duration, and for state grants included specific goals and objectives and measures of performance.

Yes [] No []

Reporting

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes [] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes [] No []

General

We are responsible for our compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes [] No []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes [] No []

We have made available to you all records that we believe are relevant to the foregoing agreed-upon procedures.

Yes [] No []

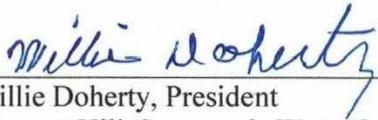
We have provided you with any communications from regulatory agencies, internal auditors, other independent practitioners or consultants or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of your report.

Yes [] No []

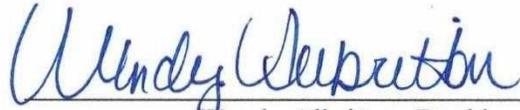
We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies any known noncompliance that may occur up to the date of your report.

Yes [] No []

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



Willie Doherty, President
Pleasant Hill-Crossroads Water System, Inc.



Wendy Albritton, Bookkeeper
Pleasant Hill-Crossroads Water System, Inc.