

**TANNEHILL  
WATER SYSTEM, INC.**

FINANCIAL REPORT  
DECEMBER 31, 2022

SHANNA JONES, CPA  
WINNFIELD, LOUISIANA

**TANNEHILL WATER SYSTEM, INC.**  
**WINNFIELD, LOUISIANA**

**FINANCIAL REPORT**  
**DECEMBER 31, 2022**

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*Shanna Jones, CPA*

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INDEPENDENT ACCOUNTANT’S REPORT

To the Board of Directors of  
Tannehill Water System, Inc.  
P.O. Box 1029  
Winnfield, LA 71483

Management is responsible for the accompanying financial statements of Tannehill Water System, Inc. (a Louisiana nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements in accordance with accounting principles generally accepted in the United States of America. I have performed a compilation engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. I did not audit or review the financial statements nor was I required to perform any procedures to verify the accuracy or completeness of the information provided by management. I do not express an opinion, a conclusion, nor provide any assurance on these financial statements.

***Other Matter***

***Supplementary Information***

Act 462 of 2015, which amends Act 706 of the Louisiana 2014 Legislative Session requires a Schedule of Compensation, Reimbursements, Benefits and Other Payments to Agency Head, Political Subdivision Head or Chief Executive Officer (the “Schedule of Compensation”) supplement the financial statements. I have applied certain limited procedures to the required supplementary information presented on page 13, in accordance with accounting principles generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to my inquiries, the financial statements, and other knowledge I obtained during my compilation of the financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

*Shanna Jones*

Shanna Jones, CPA  
Winnfield, Louisiana  
April 3, 2023

**TANNEHILL WATER SYSTEM, INC.**  
**WINNFIELD, LA**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2022**

**ASSETS:**

Current Assets:

Cash & Cash Equivalents	\$ 146,277
Accounts Receivable, Net	26,631
Prepaid Expense	<u>9,624</u>
Total Current Assets	182,532

Non-Current Assets:

Restricted Cash	21,033
Capital Assets (Net)	<u>1,670,316</u>
Total Non-Current Assets	<u>1,691,349</u>

Total Assets	<u><u>\$ 1,873,881</u></u>
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**LIABILITIES:**

Current Liabilities:

Accounts Payable	\$ 21,021
Payroll & Related Liabilities	6,684
Current portion—Note payable	<u>17,000</u>
Total Current Liabilities	44,705

Non-Current Liabilities:

Long Term Debt, net of current portions	<u>1,010,536</u>
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Total Liabilities	<u>1,055,241</u>
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**NET ASSETS:**

Without Donor Restrictions	818,640
With Donor Restrictions	<u>-</u>
Total Net Assets	<u>818,640</u>

Total Liabilities and Net Assets	<u><u>\$ 1,873,881</u></u>
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See accompanying notes and accountant's compilation report.

**TANNEHILL WATER SYSTEM, INC.**  
**WINNFIELD, LA**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Changes in Net Assets:			
REVENUES:			
Water Sales	\$ 350,990		\$ 350,990
Other Related Fees	1,044		1,044
Interest Earned	<u>13</u>		<u>13</u>
Total Revenues	352,047	-	352,047
EXPENSES:			
Program:			
Program Services	250,655		250,655
Supporting:			
Management & General	<u>102,240</u>		<u>102,240</u>
Total Expenses	352,895	-	352,895
Change in Net Assets	( 848)	-	( 848)
Net Assets January 1, 2022	<u>819,488</u>	<u>-</u>	<u>819,488</u>
Net Assets December 31, 2022	<u>\$ 818,640</u>	<u>\$ -</u>	<u>\$ 818,640</u>

See accompanying notes and accountant's compilation report.

**TANNEHILL WATER SYSTEM, INC.**  
**WINNFIELD, LA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

Without Donor Restrictions:

	<u>Program Services</u>	<u>Support Services</u>	
	<u>Water</u>	<u>Management &amp; General</u>	<u>Total</u>
Accounting		\$ 10,500	\$ 10,500
Automobile Expense	\$ 6,000	-	6,000
Contract Labor	42,808	9,602	52,410
Depreciation	80,427	-	80,427
Dues & Subscriptions	-	9,654	9,654
Insurance	-	27,754	27,754
Interest	9,065	-	9,065
Meeting Expenses	-	1,178	1,178
Office Supplies	-	7,680	7,680
Payroll	22,494	25,000	47,494
Postage	-	897	897
Repairs & Maintenance	32,515	-	32,515
System Supplies	15,851	-	15,851
Taxes & Licenses	1,720	2,065	3,785
Telephone & Internet	-	4,942	4,942
Utilities	39,775	2,095	41,870
Loss on Asset	-	873	873
<b>Total Expenses</b>	<b><u>\$ 250,655</u></b>	<b><u>\$ 102,240</u></b>	<b><u>\$ 352,895</u></b>

See accompanying notes and accountant's compilation report.

**TANNEHILL WATER SYSTEM, INC.**  
**WINNFIELD, LA**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2022**

**Cash Flows from Operating Activities:**

Change in Net Assets	\$ ( 848)
Adjustments to Reconcile Changes in Net Assets to	
Net Cash Provided by/(Used In) Operating Activities:	
Depreciation	80,427
(Gain)/Loss on Disposal of Asset	873
Changes in Assets & Liabilities:	
(Increase)/Decrease in Accounts Receivable, Net	( 16,319)
(Increase)/Decrease in Prepaid Expense	211
Increase/(Decrease) in Accounts Payable	11,472
Increase/(Decrease) in Payroll Related Payable	<u>( 34)</u>
Net Cash Provided by/(Used In) Operating Activities	<u>75,782</u>

**Cash Flows from Investing Activities:**

Purchases of Assets	( 1,536)
(Increase)/Decrease in Construction in Progress	<u>( 34,600)</u>
Net Cash Provided by/(Used In) Investing Activities	<u>( 36,136)</u>

**Cash Flows from Capital & Related Financing Activities:**

Repayments	<u>( 17,000)</u>
Net Cash Provided By/(Used In) Financing Activities	<u>( 17,000)</u>

**Net Increase/(Decrease) in Cash & Cash Equivalents** 22,646

**Cash & Cash Equivalents—Beginning of Year** 144,664

**Cash & Cash Equivalents—End of Year** \$ 167,310

Cash & Cash Equivalents—Beginning of Year	
Unrestricted Cash	\$ 116,543
Restricted Cash	<u>28,121</u>
Total Cash & Cash Equivalents—Beginning of Year	<u><u>\$ 144,664</u></u>

Cash & Cash Equivalents—End of Year	
Unrestricted Cash	\$ 146,277
Restricted Cash	<u>21,033</u>
Total Cash & Cash Equivalents—End of Year	<u><u>\$ 167,310</u></u>

See accompanying notes and accountant's compilation report.

## NOTES TO FINANCIAL STATEMENTS

**TANNEHILL WATER SYSTEM, INC.**  
WINNFIELD, LA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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 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. Both revenues and expenditures are limited to being received within 60 days of fiscal year end for accrual. 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.

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

**TANNEHILL WATER SYSTEM, INC.**  
WINNFIELD, LA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

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).

As of December 31, 2022, the Water System had no funds in Net Assets with Donor Restrictions. All \$818,640 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, 2022.

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.

**TANNEHILL WATER SYSTEM, INC.**  
**WINNFIELD, LA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

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.

**NOTE 3—CASH AND CASH EQUIVALENTS**

As of December 31, 2022, the carrying amount of the Tannehill Water System Inc.’s cash and cash equivalents totaled \$167,310. As of December 31, 2022, the Water System bank balances totaled \$171,578; the Water System was fully insured by FDIC at fiscal year-end.

**NOTE 4—ACCOUNTS RECEIVABLE**

Accounts receivable as of December 31, 2022, consisted of \$42,163 due from water customers. The Water System services approximately 650 residential and commercial customers. As of December 31, 2022, \$15,532 of accounts were considered likely to be uncollectible and therefore a provision for these uncollectible accounts was made at this time.

**NOTE 6—LIQUIDITY OF FINANCIAL ASSETS**

The following reflects the Water System’s financial assets as of the December 31, 2022, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the Statement of Financial Position date, December 31, 2022.

Total Current Assets, 12/31/22	\$ 182,532
Less those unavailable for general expenditures within one year, due to:	
Prepays	<u>( 9,624)</u>
Financial Assets available to meet cash needs for General Expenditures within one year	<u>\$ 172,908</u>

**NOTE 5—CAPITAL ASSETS**

Capital asset balances and activity for the year ended December 31, 2022 are as follows:

	<u>Balance</u> <u>01/01/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/22</u>
Capital Assets:				
NonDepreciable				
Land	\$ 22,390	\$ -	\$ -	\$ 22,390
Construction in Progress	<u>-</u>	<u>34,600</u>	<u>-</u>	<u>34,600</u>
Subtotal of Non-Depreciable Assets	22,390	34,600	-	56,990

**TANNEHILL WATER SYSTEM, INC.**  
**WINNFIELD, LA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

	<u>Balance</u> <u>01/01/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/22</u>
Capital Assets:				
Depreciable				
Equipment & Furniture	536,603	1,536	1,690	536,449
Water Distribution System/Wells	<u>2,397,004</u>	<u>-</u>	<u>-</u>	<u>2,397,004</u>
Subtotal of Depreciable Assets	2,933,607	1,536	1,690	2,933,453
Subtotal of Assets	2,955,997	36,136	1,690	2,990,443
Less: Accumulated Depreciation				
Equipment & Furniture	371,335	31,866	817	402,384
Water Distribution System/Wells	<u>869,182</u>	<u>48,561</u>	<u>-</u>	<u>917,743</u>
Subtotal of Accum. Depreciation	1,240,517	80,427	817	1,320,127
Net Capital Assets	<u>\$1,715,480</u>			<u>\$1,670,316</u>

Depreciation expense for the year ended December 31, 2022 totaled \$80,427.

**NOTE 6—NOTES PAYABLE**

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

<u>Lender</u>	<u>Original</u> <u>Amount</u>	<u>Balance Due</u> <u>12/31/22</u>	<u>Current due</u> <u>in 2023</u>	<u>Interest</u> <u>Rate</u>
LA Dept. of Health	\$ 400,000*	\$ 353,000	\$ 17,000	1.95% (plus .5% SRF Admn Fee)
State of Louisiana	49,725	49,725	-	0%
State of Louisiana	624,811	<u>624,811</u>	<u>-</u>	0%
Total Notes Payable		\$ 1,027,536	\$ 17,000	

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 has started being repaid to LDH before the project is complete. Of the estimated \$25,649 amount payable on this loan for the coming year, approximately \$17,000 is principal with the remaining portion interest and administrative fees. The state passes this money from (EPA) federal monies associated with CFDA 66.468, Capitalization Grants for Drinking Water Revolving Fund.

LDH Loan Balance 01/01/22	\$ 370,000
Repayments of Principal	<u>( 17,000)</u>
Balance of LDH Loan 12/31/22	<u>\$ 353,000</u>

**TANNEHILL WATER SYSTEM, INC.**  
**WINNFIELD, LA**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

Interest Payments \$ 9,065

The annual requirements for the LDH debt outstanding as of December 31, 2022, including interest (and administrative fees, which are included with interest in the interest column) payments of \$82,835 are as follows:

YEAR ENDING DECEMBER 31	PRINCIPLE	INTEREST	TOTAL PAYMENTS
2023	\$ 17,000	\$ 8,649	\$ 25,649
2024	17,000	8,232	25,232
2025	18,000	7,816	25,816
2026	18,000	7,374	25,374
2027	19,000	6,934	25,934
2028 - 2032	101,000	27,513	128,513
2033 - 2037	114,000	14,504	128,504
2038 - 2039	49,000	1,813	50,813
<b>TOTALS</b>	<u>\$ 353,000</u>	<u>\$ 82,835</u>	<u>\$ 435,835</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. These monies are released from restriction when the loan is repaid. As of the fiscal year ended December 31, 2022, \$12,500 in cash was restricted through the life of the loan for the Debt Service Reserve Fund and for Debt Service Fund approximately \$8,533 was restricted for semi-annual payment of the EPA/LDHH Safe Drinking Water Revolving Loan. Cash in the accounts restricted was greater than the required reserve/restrictions.

**NOTE 8—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.

**TANNEHILL WATER SYSTEM, INC.**  
WINNFIELD, LA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022

NOTE 9—LITIGATION

The Tannehill Water System, Inc. was not involved in any litigation as of December 31, 2022.

NOTE 10—RELATED PARTY DISCLOSURES

The water system had a member listed as a Director paid for consulting in assisting/training the new employee performing bookkeeping services. This director was paid as contract labor and received a 1099NEC for \$2,100.

NOTE 11—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 12—OTHER DISCLOSURES

Management has evaluated events through April 3, 2023, the date which the financial statements were available for issue. There were no items noted to be reported as subsequent events, other than water system construction improvements were expected to be funded with ARPA monies flowing through the state and parish. The water system is in the process of funding the engineering for this construction, which has been reported in construction in progress.

OTHER  
SUPPLEMENTARY INFORMATION

**TANNEHILL WATER SYSTEM, INC.**  
WINNFIELD, LA  
SCHEDULE OF COMPENSATION  
FOR THE YEAR ENDED DECEMBER 31, 2022

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 which for the fiscal year ended December 31, 2022 were: Jacque Derr—President, Bert Wilson—Vice President, and Members at Large: Tammy Griffin, Cranford Jordan, Linda Bamburg (resigned 1/31/22) and Greg Thompson.

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

See accountant's compilation report.