

POINT WILHITE WATER SYSTEM, INC.
Downsville, Louisiana

Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 2023

POINT WILHITE WATER SYSTEM, INC.
Downsville, Louisiana

Financial Statements
With Independent Auditor's Report
As of and for the Year Ended
December 31, 2023

C O N T E N T S

	Statement	Page No.
Independent Auditor's Report		2
Financial Statements:		
Statement of Financial Position	A	6
Statement of Activities	B	7
Statement of Cash Flows	C	8
Notes to the Financial Statements		9
	Schedule	Page No.
Supplemental Information:		
Schedule of Insurance Policies in Force	1	20
Schedule of Compensation, Benefits, and Other Payments to Agency Head	2	21
Independent Auditor's Reports Required by <i>Government Auditing Standards:</i>		
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>		23
Schedule of Current Year Findings and Management's Planned Corrective Action		25

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

BOARD OF DIRECTORS
POINT WILHITE WATER SYSTEM, INC.
Downsville, Louisiana

Opinion

I have audited the accompanying financial statements of Point Wilhite Water System, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Point Wilhite Water System, Inc., as of December 31, 2023, 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.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; 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* issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Point Wilhite Water System, Inc., and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities Of Management for the Financial Statements

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

BOARD OF DIRECTORS
POINT WILHITE WATER SYSTEM, INC.
Downsville, Louisiana
Independent Auditor's Report

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Point Wilhite Water System, Inc.'s, ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Point Wilhite Water System, Inc.'s, internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Point Wilhite Water System, Inc.'s, ability to continue as a going concern for a reasonable period of time.

BOARD OF DIRECTORS
POINT WILHITE WATER SYSTEM, INC.
Downsville, Louisiana
Independent Auditor's Report

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Insurance Policies in Force and Schedule of Compensation, Benefits, and Other Payments to Agency Head are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Insurance Policies in Force and Schedule of Compensation, Benefits, and Other Payments to Agency Head are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated July 8, 2024, on my consideration of Point Wilhite 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 solely 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 Point Wilhite Water System, Inc.'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 Point Wilhite Water System, Inc.'s internal control over financial reporting and compliance.



Calhoun, Louisiana
July 8, 2024

FINANCIAL STATEMENTS

POINT WILHITE WATER SYSTEM, INC.
Downsville, Louisiana

STATEMENT OF FINANCIAL POSITION
December 31, 2023

ASSETS

Current assets:

Cash	\$329,236
Accounts receivable (net of allowance for credit losses)	<u>57,146</u>
Total current assets	386,382

Assets with contractual restrictions/board designations:

Cash	320,684
Investments - certificates of deposit	42,969

Other assets

1,200

Property, plant, and equipment (net of accumulated depreciation)

2,371,500

TOTAL ASSETS

\$3,122,735**LIABILITIES AND NET ASSETS**

Current liabilities:

Accounts payable	\$17,799
Accrued interest and administrative fees payable	17,507
Current portion of loans payable	121,205
Customer meter deposits payable	<u>73,700</u>
Total current liabilities	<u>230,211</u>

Long-term liabilities:

Loans payable	<u>1,135,422</u>
Total liabilities	1,365,633

Net assets without donor restrictions

1,757,102

TOTAL LIABILITIES AND NET ASSETS

\$3,122,735

See accompanying notes and independent auditor's report.

POINT WILHITE WATER SYSTEM, INC.
Downsville, Louisiana

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

Operating Revenue:	
Water sales	\$499,568
Meter installations	10,600
Total operating revenue	<u>510,168</u>
Operating Expenses:	
Advertising	144
Bad debt expense	5,970
Bank charges	665
Business licenses and permits	9,032
Contract labor	33,951
Depreciation	105,858
Dues and subscriptions	375
Insurance	8,197
Licenses and fees	795
Office supplies	687
Outside services	10,498
Postage	202
Professional fees	8,231
Repairs and maintenance	170,780
Sales and property tax expense	443
Utilities and telephone expense	29,824
Total operating expenses	<u>385,652</u>
Operating Income	<u>124,516</u>
Non-Operating Revenue (Expenses):	
Interest income	12,018
Federal grant revenue	191,514
Interest expense	(42,209)
Administrative loan fees	(5,774)
Total non-operating revenue (expenses)	<u>155,549</u>
Increase in Net Assets	280,065
Net Assets at Beginning of Year	<u>1,477,037</u>
Net Assets at End of Year	<u>\$1,757,102</u>

See accompanying notes and independent auditor's report.

POINT WILHITE WATER SYSTEM, INC.
Downsville, Louisiana

STATEMENT OF CASH FLOWS
For the Years Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	<u>\$280,065</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Depreciation expense	105,858
Bad debt expense	5,970
Decrease in accounts receivable	23,501
Increase in accounts payable	548
Increase in customer deposits payable	3,450
Interest income	(12,018)
Federal grant revenue	(191,514)
Interest expense	42,209
Administrative loan fees	<u>5,774</u>
Total adjustments	<u>(16,222)</u>
Net cash provided by operating activities	<u>263,843</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Principal on long-term debt	(116,901)
Interest on long-term debt	(43,677)
Administrative fees on long-term debt	(5,997)
Federal grant revenue	191,514
Purchase of capital assets	<u>(191,514)</u>
Net cash used by financing activities	<u>(166,575)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	12,018
Increase in investments	<u>(638)</u>
Net cash provided by investing activities	<u>11,380</u>

NET INCREASE IN CASH

108,648

CASH AT BEGINNING OF YEAR541,272**CASH AT END OF YEAR**\$649,920**Reconciliation of cash per statement of cash flows to
cash per statement of financial position:**

Cash	\$329,236
Cash with contractual restrictions/board designations	<u>320,684</u>
Total cash	<u><u>\$649,920</u></u>

See accompanying notes and independent auditor's report.

POINT WILHITE WATER SYSTEM, INC.
Downsville, Louisiana

NOTES TO THE FINANCIAL STATEMENTS
As of and for the Year Ended December 31, 2023

1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

A. NATURE OF ACTIVITIES

Point Wilhite Water System, Inc. (the “water system”), is a nonprofit organization domiciled in Downsville, Louisiana, and organized under the provisions of Louisiana Revised Statutes 12:201-269. The water system is governed by a five member board of directors who are members of the water system and who are elected by members of the water system. The water system provides water to members residing within the territorial boundaries of the water system. The water system has approximately 850 active members and no employees.

B. INVESTMENTS

At December 31, 2023, the water system’s investments consist of a nonnegotiable certificate of deposit with an original maturity that exceeds 90 days that is reported in the accompanying financial statements at cost.

C. RECEIVABLES

Accounts receivable consist of amounts due from members for water service provided prior to year end. Receivables are reported at the net amount expected to be collected by using an allowance for credit losses. On January 1, 2023, the water system adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2016-13 *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments* (ASC 326). This standard changed the water system’s method of recognizing bad debt expense from the incurred loss method to the current expected loss method. ASC 326 requires that the estimate of credit losses on trade receivables be based not only on historical experience but also on current conditions and reasonable forecasts of future events. In accordance with ASC 326, the water system’s estimate of the allowance for credit losses is based on the accounts included in receivables at year end that have been disconnected for nonpayment. Nonpayment of customer accounts within ten days from the due date are subject to a 10% late penalty. Accounts not paid within ninety days from the due date are disconnected. Past due accounts are written off when they are considered uncollectible by management.

D. PROPERTY, PLANT AND EQUIPMENT

Major improvements to the water system, construction in progress, buildings, and equipment purchases with a cost of \$1,000 or more are capitalized by the water system. Property, plant, and equipment is recorded at actual cost. Depreciation of all exhaustible property, plant, and equipment is charged as an expense against operations. Depreciation is computed using the straight-line method over estimated useful lives of 25 to 50 years for the water production and distribution system and 5 years for buildings. Depreciation expense for the year ended December 31, 2023 was \$105,858.

E. FEDERAL GRANT FUNDS

The accounting and reporting of grants is determined by the underlying substance of the transaction. A grant may be accounted for as contribution, an exchange transaction, or a combination of the two. If it is determined to be a contribution, a grant may be considered a conditional or an unconditional grant.

The water system has adopted FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The ASU provides clarified guidance on evaluating whether grant funds should be accounted for as a contribution or an exchange transaction based on whether the grantor is receiving value in return for the resources transferred to the grantee. Grant funds are considered contributions if the grantor does not receive commensurate value in exchange for the assets transferred. ASU 2018-08 also provides guidance to determine whether grants funds that are accounted for as contributions are considered conditional or unconditional. Grant funds are considered conditional if the grantee must overcome one or more barriers before it is entitled to the funds and a right of return to the grantor exists for funds transferred. For conditional grants, revenue is recognized in the period the condition or conditions are met. For grants that are considered unconditional, revenue is recognized in the period the grant funds are received.

For the year ended December 31, 2023, the water system received American Rescue Plan Act of 2021 (“ARPA”) funding through the Union Parish Police Jury (the “Police Jury”). The Police Jury agreed to provide \$343,007 for the water system’s meter project. The ARPA funding is accounted for as a contribution and is considered conditional because the funds must be used solely for the purpose specified in the water system’s application for funding and are disbursed to the water system as project costs are incurred.

POINT WILHITE WATER SYSTEM, INC.
Notes to the Financial Statements

F. INCOME TAX STATUS

The water system is a not-for-profit organization that is exempt from federal income taxes under Section 501 c (12) of the Internal Revenue Code.

The water system's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ended 2020, 2021, and 2022 are subject to examination by the IRS, generally for three years after they were filed.

G. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

H. INTEREST COSTS

The following provides disclosure on interest costs for the year ended December 31, 2023:

Total interest cost expensed	\$42,209
Total interest cost capitalized	<u>NONE</u>
Total interest costs incurred	<u>\$42,209</u>

I. FUNCTIONAL ALLOCATION OF EXPENSES

The water system's only activity is to provide water service to its members. All costs incurred by the water system are incurred for the purpose of providing water service; therefore, it is not feasible to allocate expenses between program services and support services.

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2023, the water system has cash and investments - certificates of deposit (book balances) as follows:

Checking accounts	\$648,765
Savings account	1,155
Certificate of deposit	<u>42,969</u>

POINT WILHITE WATER SYSTEM, INC.
Notes to the Financial Statements

Total \$692,889

At December 31, 2023, the water system has \$903,836 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 federal deposit insurance and \$370,222 in pledged securities held by an unaffiliated bank in the name of the water system. The remaining balance of \$283,614 is unsecured at December 31, 2023.

3. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR CREDIT LOSSES

Accounts receivable at December 31, 2023 consist of the following:

Billed water sales	\$53,305
Unbilled water sales	19,550
Less - allowance for credit losses	<u>(15,709)</u>
Net	<u>\$57,146</u>

The water system's estimate of the allowance for credit losses at December 31, 2023 is as follows:

Allowance for credit losses at January 1, 2023	
after the adoption of ASU 2016-13	\$6,856
Current period provision for expected credit losses	<u>8,853</u>
Allowance for credit losses at December 31, 2023	<u>\$15,709</u>

For the year ended December 31, 2023, the total amount billed for water services was \$506,909. The average monthly billing per customer was \$45.30. The water system had 850 active customers at December 31, 2023. Residential customers are billed \$27.25 (plus \$1 safe drinking water fee) for the first 2,000 gallons of water used plus \$9 per thousand gallons for consumption over 2,000 gallons. Commercial customers are billed \$55 for the first 2,000 gallons of water used plus \$9 per thousand gallons for consumption over 2,000 gallons. New customers are charged a \$150 refundable meter deposit fee and a \$1,000 meter installation fee. Customers are charged a \$25 reconnect fee when service is disconnected for nonpayment.

4. REVENUE FROM CONTRACTS WITH CUSTOMERS

The water system adopted Financial Accounting Standards Board's ("FASB") Accounting Standards Update ("ASU") 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively Accounting Standards Codification ("ASC") 606) which creates a single framework for recognizing revenue from contracts with customers that fall within its scope. The

POINT WILHITE WATER SYSTEM, INC.

Notes to the Financial Statements

water system's revenue from contracts with customers within the scope of ASC 606 is reported as water sales and meter installations on the Statement of Activities. Water sales are recognized in the period the gallons of water are produced and delivered to the customer. The customer is billed monthly for the number of gallons of water delivered during the previous month and payment is due by the 10th of the following month. The receivable for water sales at the beginning and the end of the year was \$93,474 and \$72,855, respectively. Meter installation fees are recognized when the customer signs the water users agreement and pays the fee.

5. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the water system's financial assets as of December 31, 2023, reduced by amounts not available for general use because of contractual restrictions or board designations within one year of the balance sheet date:

Financial assets at December 31, 2023	\$750,035
Less those unavailable for general expenditure within one year, due to:	
Contractual restrictions - debt service	(284,859)
Board designations - debt service	(78,794)
Board designations - customer meter deposits	<u>(73,050)</u>
Financial assets available to meet cash needs for general expenditure, within one year	<u>\$313,332</u>

6. PROPERTY, PLANT, AND EQUIPMENT

A summary of property, plant, and equipment at December 31, 2023 follows:

	Balance at January 1, 2023	Increases	Decreases	Balance at December 31, 2023
Water system	\$3,672,355			\$3,672,355
Buildings	4,906			4,906
Land	4,100			4,100
Construction in progress	NONE	\$191,514		191,514
Total capital assets	<u>3,681,361</u>	<u>191,514</u>	NONE	<u>3,872,875</u>
Less accumulated depreciation for:				
Water system	1,390,611	\$105,858		1,496,469
Buildings	4,906			4,906
Land	NONE			NONE
Construction in progress	<u>NONE</u>			<u>NONE</u>

POINT WILHITE WATER SYSTEM, INC.

Notes to the Financial Statements

	Balance at January 1, 2023	Increases	Decreases	Balance at December 31, 2023
Total accumulated depreciation	1,395,517	105,858	NONE	1,501,375
Total assets, net	<u>\$2,285,844</u>	<u>\$85,656</u>	<u>NONE</u>	<u>\$2,371,500</u>

Construction in progress at December 31, 2023, consists of the cost of meters that were purchased during 2023 as part of the water system's new meter project.

7. LOANS PAYABLE

At December 31, 2023, there is a total of \$1,256,627, remaining on the principal balances of three loans. The original amounts of the loans totaled \$2,794,200. One of the loans was obtained from the United States Department of Agriculture (USDA) - Rural Development and two were obtained from the Louisiana Department of Health (LDH) Drinking Water Revolving Loan Fund. The loans are secured by mortgages of certain properties owned by the water system that are described within the related instruments of mortgage and the pledge of revenue. Proceeds from the loans were used to fund a portion of the cost of the construction and acquisition of the water system's property, plant, and equipment.

The following is a summary of loans payable transactions for the year ended December 31, 2023:

Loans payable at January 1	\$1,373,529
Additions	NONE
Reductions	(116,902)
Loans payable at December 31	<u>\$1,256,627</u>

Loans payable at December 31, 2023 are comprised of the following individual loans:

1992 \$259,200 Promissory Note due to USDA Rural Development in monthly installments of \$1,369 through 2032; interest at 5.625 percent.	\$110,627
2008 \$925,000 Promissory Note due to LDH in twenty annual installments of principal based on percentages specified in the note and semi-annual installments of interest at 3.45 percent through 2028.	324,000

POINT WILHITE WATER SYSTEM, INC.
Notes to the Financial Statements

2015 \$1,610,000 Promissory Note due to LDH in twenty annual installments of principal based on percentages specified in the note and semi-annual installments of interest at 3.45 percent through 2036. The agreement provides for 30% principal forgiveness on each principal drawdown so that the maximum amount of principal repayment will be \$1,127,000.

	<u>\$822,000</u>
Total	<u><u>\$1,256,627</u></u>

The annual requirements to amortize all loans outstanding at December 31, 2023 are as follows:

Year	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$121,205	\$45,315	\$166,520
2025	125,779	40,537	166,316
2026	131,386	35,560	166,946
2027	136,026	30,380	166,406
2028	141,703	24,997	166,700
2029 - 2033	378,528	74,360	452,888
2034 - 2036	<u>222,000</u>	<u>11,627</u>	<u>233,627</u>
Total	<u><u>\$1,256,627</u></u>	<u><u>\$262,776</u></u>	<u><u>\$1,519,403</u></u>

8. CONCENTRATION OF INDEBTEDNESS

As discussed in Note 7 above, 92% of the water system's debt is with the Louisiana Department of Health. The water system's facilities and all of its revenue are pledged as collateral for this debt.

**9. ASSETS WITH CONTRACTUAL RESTRICTIONS/
BOARD DESIGNATIONS**

The loan agreement with the United States Department of Agriculture - Rural Development for the loans discussed in Note 7 above, requires the water system to set aside an amount equal to the annual installment of principal and interest due on all outstanding loans. At December 31, 2023, the water system was required to have \$16,428 set aside in reserve accounts. The water system had \$42,969 in reserve fund certificates of deposit at December 31, 2023.

The water system has designated \$73,050 of the amount in its Operating and Maintenance bank account as funds set aside for the refunding of customer meter deposits. The customer meter deposit liability at December 31, 2023, was \$73,700.

POINT WILHITE WATER SYSTEM, INC.
Notes to the Financial Statements

The loan agreements with the Louisiana Department of Health (LDH) discussed in Note 7 above, require the water system to establish and maintain the following accounts:

2008 Debt Service Fund - monthly payments equal to 1/6th of the interest and administrative fee due on the next interest payment date and 1/12th of the principal due on any principal payment date that occurs within the next ensuing twelve months. Funds are to be used to pay principal, interest and administrative fees falling due.

2008 Debt Service Reserve Fund - monthly or annual payments until a maximum of \$34,000 has been accumulated within a period not to exceed five years from the date of the loan. Funds are to be used to pay principal and interest on loan as to which there would otherwise be default.

2015 Debt Service Fund - monthly payments equal to 1/6th of the interest and administrative fee due on the next interest payment date and 1/12th of the principal due on any principal payment date that occurs within the next ensuing twelve months. Funds are to be used to pay principal, interest and administrative fees falling due.

2015 Debt Service Reserve Fund - monthly or annual payments until a maximum of \$39,500 has been accumulated within a period not to exceed five years from the date of the loan. Funds are to be used to pay principal and interest on loan as to which there would otherwise be default.

Contingencies Fund - monthly payments equal to 5% of the gross revenues of the preceding month after making payments required by the accounts described above. Such payments are to continue until a maximum of \$75,000 has been accumulated. Funds are to be used for extensions, additions, improvements, renewals, and replacements necessary to properly operate the water system and may also be used to pay principal and interest on the loan when there is not sufficient funds in the debt service and debt service reserve funds; however, the amount in the fund may not be less than \$7,500.

The following is a summary of the transactions in the accounts during the year ended December 31, 2023:

	Balance January 1, 2023	Deposits	Withdrawals	Balance December 31, 2023
2008 Debt Service Fund	\$75,396	\$73,920	(\$71,943)	\$77,373
2008 Debt Service Reserve Fund	34,000			34,000
2015 Debt Service Fund	77,839	80,286	(78,204)	79,921
2015 Debt Service Reserve Fund	39,500			39,500
Contingencies Fund	62,819	27,071		89,890

POINT WILHITE WATER SYSTEM, INC.
Notes to the Financial Statements

Balance January 1, 2023	Deposits	Withdrawals	Balance December 31, 2023
<u>\$289,554</u>	<u>\$181,277</u>	<u>(\$150,147)</u>	<u>\$320,684</u>

10. RELATED PARTY TRANSACTION

During 2023, the water system contracted for maintenance services with the brother in law of a former board member who is now a secretary for the water system. For the year ended December 31, 2023, the water system paid this individual \$97,378. The amount due this individual at December 31, 2023 was \$7,975.

11. CONTINGENCIES

On December 21, 2020, the Louisiana Department of Health (LDH) issued an administrative order citing the water system with certain violations of state drinking water regulations during the period January 1, 2018 through December 31, 2019, and ordered the water system to take certain remedial actions to comply with all applicable state rules, regulations, and standards. State law provides that if the water system fails to comply with any provision of the administrative order, LDH may assess a penalty up to a maximum of \$650 per day, for each day the water system is not in compliance. Additionally, if LDH finds it necessary to refer the matter for civil action, the court may impose a civil penalty not to exceed \$3,000 per day for each day of violation and for each act of violation. The water system has taken steps to remedy the violations, but as of December 31, 2023, LDH has not officially cleared the administrative order.

During the year ended December 31, 2023, the water system expended \$191,514 in ARPA grant funds passed through the Union Parish Police Jury (the "Police Jury"). The Police Jury agreed to provide \$343,007 for the water system's meter project. These expenses are subject to audit and adjustment by grantor agencies; therefore, to the extent that the water system has not complied with the rules and regulations governing the grant funds, refunds of any money received may be required. In the opinion of the water system's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grant funds; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

12. SUBSEQUENT EVENTS

The water system has evaluated subsequent events through July 8, 2024, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

POINT WILHITE WATER SYSTEM, INC.
Downsville, Louisiana

SUPPLEMENTAL INFORMATION
As of and For the Year Ended December 31, 2023

SCHEDULE OF INSURANCE POLICES IN FORCE

The Schedule of Insurance Policies in force is presented in compliance with the loan agreements with the Louisiana Department of Health Drinking Water Revolving Loan Fund.

**COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD**

The Schedule of Compensation, Benefits, and Other Payments to Agency Head is presented in compliance with Louisiana Revised Statute 24:513 A (3).

POINT WILHITE WATER SYSTEM, INC.
Downsville, Louisiana

Schedule of Insurance Policies in Force
For the Year Ended December 31, 2023

Insurer	Amount of Coverage	Risks Covered	In Effect
Midvale Indemnity Company	\$1,600,000	Property	02/25/2023 - 02/25/2024
Midvale Indemnity Company	\$3,000,000	General Liability	02/25/2023 - 02/25/2024
Midvale Indemnity Company	\$5,000- \$100,000	Commercial Crime	02/25/2023 - 02/25/2024
Midvale Indemnity Company	\$3,000,000	Public Officials and Management Liability	02/25/2023 - 02/25/2024

POINT WILHITE WATER SYSTEM, INC.
Downsville, Louisiana

Schedule of Compensation, Benefits, and
Other Payments to Agency Head
For the Year Ended December 31, 2023

Agency Head - Ben Bridges - President

NONE

Independent Auditor's Report
Required by *Government Auditing Standards*

The following independent auditor's report on internal control over financial reporting and on compliance and other matters is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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**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 *Government Auditing Standards***

BOARD OF DIRECTORS
POINT WILHITE WATER SYSTEM, INC.
Downsville, Louisiana

I have audited, in accordance with auditing standards generally accepted in the United States of America; 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*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor, the financial statements of Point Wilhite Water System, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2023, and the related statements of activities and cash flows for the year ended then ended, and the related notes to the financial statements, and have issued my report thereon dated July 8, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Point Wilhite Water System, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Point Wilhite Water System, Inc.'s internal control. Accordingly, I do not express an opinion on the effectiveness of Point Wilhite Water System, Inc.'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a 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.

BOARD OF DIRECTORS
Point Wilhite Water System, INC.
Downsville, Louisiana
Independent Auditor's Report on
Internal Control Over Financial
Reporting and on Compliance
and Other Matters, etc.
December 31, 2023

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 identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

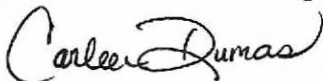
As part of obtaining reasonable assurance about whether Point Wilhite Water System, Inc.'s financial statements are free from material misstatement, I performed tests of Point Wilhite Water System, Inc.'s compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* the *Louisiana Governmental Audit Guide* and which is described in the accompanying Schedule of Current Year Findings and Management's Planned Corrective Action as item 2023-001.

Point Wilhite Water System, Inc.'s Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on Point Wilhite Water System, Inc.'s response to the finding identified in my audit and described in the accompanying Schedule of Current Year Findings and Management's Planned Corrective Action. Point Wilhite Water System, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

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 Point Wilhite Water System Inc.'s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Point Wilhite Water System, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Calhoun, Louisiana
July 8, 2024

POINT WILHITE WATER SYSTEM, INC.
Downsville, Louisiana

Schedule of Current Year Findings and
Management's Planned Corrective Action
For the Year Ended December 31, 2023

Section I - Summary of Auditor's Reports

Financial Statements

1. Type of auditor's report issued - Unmodified.
2. Internal control over financial reporting:
Material weakness(es) identified? - No
3. Noncompliance material to financial statements noted? - Yes

Section II - Financial Statement Findings

2023-001. Failure to Submit Annual Financial Statements to Louisiana Legislative Auditor within Six Months of the Close of the Fiscal Year

Criteria: Louisiana Revised Statute 24:513 requires non-profit organizations that receive and expend local or state assistance in any fiscal year to submit its financial statements to the Louisiana Legislative Auditor (LLA) within six months of the close of its fiscal year.

Condition: During the year ended December 31, 2023, the water system received and expended \$191,514 in federal grant funds that were passed through the Union Parish Police Jury.

Cause: The water system contracted with a certified public accountant to have its financial statements audited for the year ended December 31, 2023. Due to the accountant's workload, the audit could not be completed and submitted to the LLA before June 30, 2024.

Effect: Non-compliance with Louisiana Revised Statute 24:513.

Recommendation: None.

Management's Planned Corrective Action: None.