

**ATLANTA
WATER SYSTEM, INC.**

FINANCIAL REPORT
DECEMBER 31, 2022

SHANNA JONES, CPA
WINNFIELD, LOUISIANA

ATLANTA WATER SYSTEM, INC.
ATLANTA, LOUISIANA

FINANCIAL REPORT
DECEMBER 31, 2022

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Shanna Jones, CPA

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Atlanta Water System, Inc.
Atlanta, Louisiana

I have reviewed the accompanying financial statements of Atlanta Water System, Inc. (a Non-Profit Corporation), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities, function of expenses, and cash flows for the year then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of entity 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.

I am required to be independent of Atlanta Water System, Inc. and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my review.

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.

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 (“Schedule of Compensation”) be presented for purposes of additional analysis and is not a required part of the basic 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 supplementary information has been subjected to the review procedures applied in my review of the basic financial statements. I am not aware of any material modifications that should be made to the supplementary information I have not audited the supplementary information on page 16 and do not express an opinion on such information.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, I have issued a report dated March 4, 2023, on the results of the agreed-upon procedures on pages 18 through 22. Pages 23 through 25 present the Louisiana Attestation Questionnaire.

Shanna Jones

Shanna Jones, CPA
Winnfield, Louisiana
March 4, 2023

ATLANTA WATER SYSTEM, INC.
ATLANTA, LA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2022

ASSETS:

Current Assets:

Cash & Cash Equivalents	\$ 264,651
Accounts Receivable	15,350
Grant Receivable	3,000
Interest Receivable	269
Prepaid Expense	<u>6,622</u>
Total Current Assets	289,892

Non-Current Assets:

Restricted Cash	11,299
Investments	119,276
Restricted Investment	39,691
Capital Assets (Net)	1,221,275
Utility Deposits	<u>130</u>
Total Non-Current Assets	<u>1,391,671</u>

Total Assets \$ 1,681,563

LIABILITIES:

Current Liabilities:

Accounts Payable	\$ 3,207
Sales Tax Payable	211
Customer Deposit Liabilities	<u>16,691</u>
Total Current Liabilities	20,109

Safe Water Drinking Loan 900,415

Total Liabilities 920,524

NET ASSETS:

Without Donor Restrictions	761,039
With Donor Restrictions	<u>-</u>
Total Net Assets	<u>761,039</u>

Total Liabilities and Net Assets \$ 1,681,563

See accompanying notes and independent accountant's review report.

ATLANTA WATER SYSTEM, INC.
ATLANTA, 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	\$ 170,004		\$ 170,004
Other Related Fees	8,577		8,577
Grant and Appropriations	-	173,743	173,743
Miscellaneous	4,859		4,859
Interest Earned	<u>859</u>		<u>859</u>
Total Revenues	184,299	173,743	358,042
NET ASSETS RELEASED FROM RESTRICTIONS:			
Grant funds used	<u>173,743</u>	<u>(173,743)</u>	<u>-</u>
EXPENSES:			
Program:			
Program Services	100,642		100,642
Supporting:			
Management & General	<u>49,944</u>		<u>49,944</u>
Total Expenses	150,586	-	150,586
Change in Net Assets	207,456	-	207,456
Net Assets January 1, 2022	<u>553,583</u>	<u>-</u>	<u>553,583</u>
Net Assets December 31, 2022	<u>\$ 761,039</u>	<u>\$ -</u>	<u>\$ 761,039</u>

See accompanying notes and independent accountant's review report.

ATLANTA WATER SYSTEM, INC.
ATLANTA, 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 & General</u>	<u>Total</u>
Advertising—Legal		\$ 219	219
Accounting		12,600	12,600
Contract Labor	\$ 38,789	-	38,789
Depreciation	26,788	-	26,788
Dues & Subscriptions	-	3,898	3,898
Insurance	-	10,025	10,025
Interest	11,384	-	11,384
Office Supplies	-	1,786	1,786
Per diem (Board)	-	7,320	7,320
Postage	-	2,109	2,109
Rent	-	6,700	6,700
Repairs & Maintenance	3,039	500	3,539
System Supplies	11,087	-	11,087
Taxes, Licenses & Permits	-	1,750	1,750
Telephone	-	3,037	3,037
Utilities	<u>9,555</u>	<u>-</u>	<u>9,555</u>
 Total Expenses	 <u>\$ 100,642</u>	 <u>\$ 49,944</u>	 <u>\$ 150,586</u>

See accompanying notes and independent accountant's review report.

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

Cash Flows from Operating Activities:	
Change in Net Assets	\$ 207,456
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by/(Used In) Operating Activities:	
Depreciation	26,788
Changes in Assets & Liabilities:	
(Increase)/Decrease in Accounts Receivable, Net	(3,014)
(Increase)/Decrease in Interest Receivable	(188)
(Increase)/Decrease in Prepaid Expense	(526)
Increase/(Decrease) in Accounts Payable	(844,448)
Increase/(Decrease) in Sales Tax Payable	165
Increase/(Decrease) in Retainage Payable	(94,000)
Increase/(Decrease) in Customer Deposit Liabilities	<u>1,500</u>
Net Cash Provided by/(Used In) Operating Activities	<u>(706,267)</u>
Cash Flows from Investing Activities:	
Purchases of Assets	(1,154,109)
(Increase)/Decrease in Construction in Progress	1,071,283
Interest Earned on Accounts	<u>(397)</u>
Net Cash Provided by/(Used In) Investing Activities	<u>(83,223)</u>
Cash Flows from Capital & Related Financing Activities:	
Proceeds from Debt	990,132
Capital Financing Grant/Forgiven State Portion of Loan	(173,743)
Principal Payments on Loan	<u>(19,000)</u>
Net Cash Provided By/(Used In) Financing Activities	<u>797,389</u>
Net Increase/(Decrease) in Cash & Cash Equivalents	7,899
Cash & Cash Equivalents—Beginning of Year	<u>268,051</u>
Cash & Cash Equivalents—End of Year	<u>\$ 275,950</u>
Cash & Cash Equivalents—Beginning of Year	
Unrestricted Cash	\$ 256,867
Restricted Cash	<u>11,184</u>
Total Cash & Cash Equivalents—Beginning of Year	<u>\$ 268,051</u>
Cash & Cash Equivalents—End of Year	
Unrestricted Cash	\$ 264,651
Restricted Cash	<u>11,299</u>
Total Cash & Cash Equivalents—End of Year	<u>\$ 275,950</u>

See accompanying notes and independent accountant's review report.

NOTES TO FINANCIAL STATEMENTS

ATLANTA WATER SYSTEM, INC.
ATLANTA, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1—INTRODUCTION

The Atlanta 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 1972. 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 Atlanta 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 Atlanta Water System, Inc. has adopted the provisions of FASB Accounting Standards Codification 958-205. Under the new Accounting Standards Update 2016-14, the Atlanta 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 Atlanta Water System, Inc. is required to present a statement of cash flows.

Measurement Focus and Basis of Accounting

The Atlanta Water System, Inc. uses the full accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. Revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related liability is incurred. Purchases of various operating supplies are regarded as expenditures at the time purchased.

Assets Liabilities and Equity

Cash and Cash Equivalents—The Water System's cash and cash equivalents are considered to be cash in demand deposits, interest bearing deposits and time deposits of less than 90 days as applicable.

Restricted Cash and Cash Equivalents—The Water System has cash in demand deposits and interest bearing deposits that is restricted by loans and others by customer deposits. The Water System collects deposits from their water customers.

ATLANTA WATER SYSTEM, INC.
ATLANTA, 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).

At December 31, 2022 the Water System had no funds in Net Assets with Donor Restrictions. All \$761,039 of Net Assets were made up Net Assets without Donor Restrictions.

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

Capital Assets—The Atlanta 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:

Office Equipment	5 – 7 years
Equipment	7–20 years
Water Distribution System/Line Extension	40 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, other than annual right of way for \$50 per year.

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

Budget—The Atlanta 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

ATLANTA WATER SYSTEM, INC.
ATLANTA, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes—The Atlanta 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 Atlanta Water System Inc.’s cash and cash equivalents totaled \$275,950. The water system is a nonprofit corporation and not subject to the state law which requires governmental entities to secure these deposits (or the resulting bank balances) by federal deposit insurance or the pledge of securities owned by the fiscal agent banks, therefore there is no finding for amounts in excess of FDIC coverage. Cash in the amount of \$11,299 is restricted for Debt Service, see Note 9.

NOTE 4—INVESTMENTS

As of December 31, 2022, the carrying amount of the Atlanta Water System Inc.’s investments were in certificates of deposit (“CDs”) over 90 days and totaled \$158,967. A portion of these CDs was restricted: for customer deposits \$16,691 and for Debt Service Reserve Fund \$23,000.

NOTE 5—ACCOUNTS RECEIVABLE

Accounts receivable as of December 31, 2022, consisted of \$15,350 due from water customers. The Water System services approximately 270 residential and commercial customers. As of December 31, 2022, all accounts were considered collectible and therefore no provision for uncollectible accounts was made at this time. All water revenue receivables are pledged to secure the LDH loan discussed in Note 8.

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	\$ 289,892
Less those unavailable for general expenditures within one year, due to:	
Contractual or donor-imposed restrictions:	(3,000)
Prepays	<u>(6,622)</u>
Financial Assets available to meet cash needs for General Expenditures within one year	<u>\$ 280,270</u>

ATLANTA WATER SYSTEM, INC.
ATLANTA, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 7—CAPITAL ASSETS

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

	Balance			Balance
	<u>01/01/22</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/22</u>
Capital Assets:				
Non-Depreciable				
Land	\$ 4,999	\$ -	\$ -	\$ 4,999
Construction in Progress	<u>1,071,283</u>	<u>50,132</u>	<u>1,121,415</u>	<u>-</u>
Subtotal of Non-Depreciable Assets	1,076,282	50,132	1,121,415	4,999
Depreciable				
Office Equipment	1,938	-	-	1,938
Equipment	122,577	5,549	-	128,126
Water Distribution System	<u>334,634</u>	<u>1,148,560</u>	<u>-</u>	<u>1,483,194</u>
Subtotal of Depreciable Assets	<u>459,149</u>	<u>1,154,109</u>	<u>-</u>	<u>1,613,258</u>
Subtotal of Assets	1,535,431	1,204,241	1,121,415	1,618,257
Less: Accumulated Depreciation				
Office Equipment	1,764	105	-	1,869
Equipment	33,796	5,261	-	39,057
Water Distribution System	<u>334,634</u>	<u>21,422</u>	<u>-</u>	<u>356,056</u>
Subtotal of Accum. Deprec.	<u>370,194</u>	<u>26,788</u>	<u>-</u>	<u>396,982</u>
Net Capital Assets	<u>\$1,165,237</u>			<u>\$1,221,275</u>

Depreciation expense for the year ended December 31, 2022 totaled \$26,788.

NOTE 8—NOTE PAYABLE

The Atlanta Water System, Inc. had the following note payable:

<u>Lender</u>	<u>Original</u>	<u>Balance Due</u>	<u>Interest</u>
	<u>Amount</u>	<u>12/31/22</u>	<u>Rate</u>
LA Dept. of Health	\$1,150,000*	\$ 900,415	1.95% (plus .5% SRF Admn Fee)

The LA Dept. of Health (LDH) note payable is approximately 30-year term note secured by water system net revenues and maturing in October of 2039. The loan was approved under Capitalization Grants for Drinking Water Revolving Fund, CFDA 66.468. A portion of these fund pass from EPA (federal monies) through LDH to the Water System while the state also utilizes a portion of their own monies. In addition, the state forgives 20% of each installment up to \$200,000 according to the promissory note. The Water System began making semiannual payments to LDH before the project was complete as required.

ATLANTA WATER SYSTEM, INC.
ATLANTA, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

While the project was scheduled to be completed earlier in 2021, a waiver/change order due to COVID and supply chain issues was obtained to extend the period of performance. The work was performed in 2021, with exception of a portion of the retainage (\$50,132) performed in 2022, and accrued as accounts (\$846,000) and retainage (\$94,000) payable during 2021. A certificate of substantial completion was issued in October 2021. However, the contractor's applications for payment were approved subsequent to prior year end and therefore were not included in the loan balance until 2022. (The construction in progress now completed was closed into assets in 2022, see Note 7.) It should also be noted that in the prior year audit report, in addition to the \$28,666 federal expenditures made in 2021, 80% of accounts payable (\$676,800) and retainage payable (\$75,200) was included in the Schedule of Federal Expenditures. However, when confirming federal versus state amounts with LDH during 2022, only \$676,844 of that amount was stated to be federally funded.

LDH Loan Balance 01/01/22	\$ 103,026
Proceeds	990,132
State Forgiven Portion-2022	(173,743)
Repayments of Principal	<u>(19,000)</u>
Balance of LDH Loan 12/31/22	<u>\$ 900,415</u>
Interest and Administrative Fee Payments-2022	\$ 11,384

The final debt service schedule of repayments has not been issued as according to LDH, the Water System had \$28,585 remaining available to draw. As a result the current portion has not been broken from long term portion of the loan. The original estimated debt service principal due for the coming year ended December 31, 2023 was \$23,000; however the amount of the loan is lower and therefore the estimate may not be accurate.

NOTE 9—RESERVES/RESTRICTIONS

Under FASB ASU 2016-14 only net assets restricted by donors is grouped as restricted in equity. However, cash set aside for customer deposits and separate bank accounts required by the LDH loan described in Note 6, are presented as restricted assets. These monies are released from restriction when the loan is repaid, or a customer leaves the system. In addition, grants are received for specific purposes and those monies are released from the restrictions as it is paid for the specified expenditures. See Note 8 for grant disclosures.

As described in Note 6, LDH has a promissory note to the Water System. This note requires the following Debt Service Reserves. Debt Service Fund was required to begin June 20, 2020 in which 1/12 of the year's debt service amounts were to be transferred from the Operating Account. This money is to be utilized to make the semi-annual note payments. Overages in the account can be placed back into the Operating account or used to reduce the amount of transfers. As of December 31, 2022, the amount required to be in this cash reserve was \$11,299. The other Debt Service Reserve Fund required to be set up is to maintain a balance of \$23,000, which is approximately

ATLANTA WATER SYSTEM, INC.
ATLANTA, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

one-half of the highest annual principal and interest payment, restricted for debt service payments when no other funds are available. This restriction ends when the final payment has been made on the loan, i.e., the promissory note has been paid in full. The Water System has elected to utilize investment in certificates of deposit to cover this reserve. The Water System had amounts in excess of these requirements in the related accounts. Only the required amounts are listed as restricted on the face of the statements.

In addition to the restrictions/requirements listed above, the loan agreement includes a rate covenant to ensure that net revenues of the System are sufficient to cover the annual debt service requirements. Net revenues are defined as gross revenues after reasonable and necessary cost of operating and maintain they system. Atlanta Water System's annual net revenues must be 125% of the largest amount of annual debt service on the loan. This is estimated to be approximately \$57,500. For the fiscal year ended December 31, 2022, the Water System appears to be in compliance with this rate covenant.

Also included in restricted investment is approximately \$16,691 related to the deposits the Water System collected from their water customers. These utility deposits are classified as restricted because their use is limited.

NOTE 10—GRANTS FROM STATE OF LOUISIANA

As stated in Note 6 the state LDH forgives 20% of the EPA loan with each draw of the loan, up to \$200,000. For the fiscal year ended December 31, 2022, \$173,743 of the loan was reclassified to grant income related to this state forgiveness. There was also \$3,000 still receivable related to a 1920 CWEF grant reimbursement for a prior year water expenditure.

NOTE 11—DONATED SERVICES, MATERIALS, AND FACILITIES

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

NOTE 12—LITIGATION

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

NOTE 13—RELATED PARTY DISCLOSURES

The water system has a board member, who was compensated for maintenance work performed on the system in the amount of \$320 during the fiscal year ended December 31, 2022. In addition, a relative of a board member, also performed maintenance work and was compensated in the amount of \$16,940 during the fiscal year ended December 31, 2022.

ATLANTA WATER SYSTEM, INC.
ATLANTA, LA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 14—COMPENSATION OF BOARD DIRECTORS

The members of the Board of Directors of the Atlanta Water System receive \$50 per meeting in compensation for their services as directors. For the fiscal year ended December 31, 2022, the following board members received the \$150 each for their services: W.C. McCarty, Jr. and Missy Sorter; \$100 was received by Jerry Collins, Patrick Howell and Shannan Chevallier. In addition the President of the board is compensated \$560/month for his duties as such, which totaled \$6,720 for the year.

NOTE 15—OTHER DISCLOSURES

Management has evaluated events through March 24, 2023, the date which the financial statements were available for issue. There were no items noted to be reported as subsequent events, other than the previously disclosed \$28,585 available on the LDH loan and that a buy/sell agreement was signed to enable the Water System to purchase another water system contingent upon funding.

SUPPLEMENTARY INFORMATION

ATLANTA WATER SYSTEM, INC.
ATLANTA, 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 Atlanta Water System, Inc. would be its Board Members: W.C. McCarty—President, Missy Sorter, Patrick Howell, Jerry Collins and Shannan Chevallier.

For a non-profit entity, only payments made from public funds are required to be included. Public funds are defined as those made from the State or Federal. As no payments were noted to be made with public funds no disclosure is required.

See Independent Accountant's Review 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
Atlanta Water System, Inc.
and the Louisiana Legislative Auditor:

I have performed the procedures enumerated below on the Atlanta Water System, Inc. (the "Water System")'s compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2022 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 Atlanta Water System, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the Water System's compliance with the laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the year ended December 31, 2022. Additionally, the Louisiana Legislative Auditor has agreed to and acknowledged that the procedures performed are appropriate for its purposes. The report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

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 Atlanta Water System, Inc. represented to me there were no expenditures made for federal grant/loan awards received during the fiscal year ended December 31, 2022 other than the \$44 listed below as \$676,800 of federal portion of loan was accrued for expenditures made during the prior fiscal year ended December 31, 2021.

Federal, State, or Local Grant Name	Grant Year	CFDA No. (AL) (if applicable)	Amount
EPA Drinking Water State Revolving Loan Fund Cluster (LDH Loan # 1127001-01)	2022	66.468	\$ 44
Total Expenditures			\$ 44

The Atlanta Water System, Inc. provided me with the follow list of expenditures made and included in the state portion of the loan during the fiscal year ended December 31, 2022:

Federal, State, or Local Grant Name	Grant Year	CFDA No. (AL) (if applicable)	Amount
LDH Loan number 1127001-01	2022		\$ 50,088
Total Expenditures			\$ 50,088

The Atlanta Water System, Inc. represented to me there were no other expenditures made for state loan awards received during the fiscal year ended December 31, 2022 as \$263,200 of the state portion of the loan was accrued for expenditures made during the prior fiscal year ended December 31, 2021.

Related to this LDH loan, are proceeds from the loan allowed to be forgiven by the state of 20% up to \$200,000. During the fiscal year ended December 31, 2022, LDH and the Water System represented to me that \$173,743 was reclassified from loan/note payable to grant income.

In addition, it is important to note that this LDH loan has not closed out as LDH represented funds of \$28,584.68 were available for draw.

- 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.

There were less than 30 disbursements for the fiscal year; therefore all federal or state related disbursements were selected for testing.

- 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.

- 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 consulting/contract services. Those coded to expenses have been reclassified to the water system asset.

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

The Water System represented 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.

- 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. No exceptions were noted.

Eligibility

I compared documentation for each of the selected disbursements with program compliance requirements related to eligibility. 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.

LDH represented that loan proceeds were still available and therefore no actual close out reports were sent. The amounts reported as loan proceeds and forgiven grant portion tied from the client's records to LDH's DWRLF Funds Ledger of activity for DHH Loan number 1127001-01.

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. Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meetings Law" available on the Legislative Auditor's website at [https://app.la.state.la.us/llala.nsf/BAADB2991272084786257AB8006EE827/\\$FILE/Open%20Meetings%20Law%20FAQ.pdf](https://app.la.state.la.us/llala.nsf/BAADB2991272084786257AB8006EE827/$FILE/Open%20Meetings%20Law%20FAQ.pdf), to determine whether a non-profit agency is subject to the open meetings law.

Management represented that they contacted the Legislative Auditor's office regarding meetings and quorum and that the Water System sent the required notice to its members and published the notice in the official journal regarding their open meeting.

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 the budget was submitted to the applicable agency without exception.

State Audit Law

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

The agency's prior year report was submitted to the Legislative Auditor before the statutory due date of June 30, 2022. The current year report will be submitted before the statutory due date of June 30, 2023.

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).

Atlanta 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 nor were they not in compliance with the audit 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, 2021, I reported that the Water System's had one deficiency in internal control over major federal award program which was deemed to be a material weakness and required to be reported in accordance with 2 CFR section 200.516(a) on the major program tested EPA's Drinking Water State Revolving Loan Fund Cluster, CFDA 66.468. This finding was related to written policies and procedures specifically procurement and purchasing not appearing to sufficiently address all elements required. Management represented that this condition had been resolved before issuance of the prior year report; and I concur.

I was engaged by the Atlanta Water System, Inc. to perform this agreed-upon procedures engagement and conducted my engagement 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 engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the Water System'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.

I am required to be independent of the agency and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to the agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on the Water System'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

Shanna Jones, CPA
Winnfield, Louisiana
March 4, 2023

Atlanta Water System, Inc.

PO Box 965
Winnfield, LA 71483

February 28, 2023

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, 2022 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 [] N/A []

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 [] N/A []

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

Yes No [] N/A []

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 [] N/A []

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). **Note: Please refer to Attorney General Opinion No. 13-0043 and the guidance in the publication "Open Meeting FAQs," available on the Legislative Auditor's website to determine whether a non-profit agency is subject to the open meetings law.**

Yes No [] N/A []

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 [] N/A []

Reporting

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

Yes No [] N/A []

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 [] N/A []

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 [] N/A []

Prior-Year Comments

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

Yes No [] N/A []

General

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No [] N/A []

We acknowledge that we are responsible for determining that that the procedures performed are appropriate for the purposes of this engagement.

Yes No [] N/A []

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

Yes No [] N/A []

We have provided you with all relevant information and access under the terms of our agreement.

Yes No [] N/A []

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 [] N/A []

We are not aware of any material misstatements in the information we have provided to you.

Yes No [] N/A []

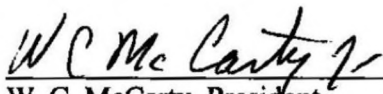
We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws and regulations, including communications received during the period under examination; and will disclose to you any such communication received between the end of the period under examination and the date of your report.

Yes] No [] N/A []

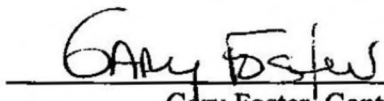
We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes] No [] N/A []

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



W. C. McCarty, President
Atlanta Water System, Inc.



Gary Foster, Contract Secretary
Atlanta Water System, Inc.