

SHONGALOO WATER SYSTEM, INC.

Annual Financial Statements

December 31, 2023

SHONGALOO WATER SYSTEM, INC.
As of and for the Year Ended December 31, 2023
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors
Shongaloo Water System, Inc.
Shongaloo, Louisiana

We have reviewed the accompanying financial statements of the Shongaloo Water System, Inc. (a non-profit 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. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility 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; 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

Our 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 American Institute of Certified Public Accountants, and the standards applicable to review engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Shongaloo Water System, Inc., and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are 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.

Supplementary Information

The accompanying Schedule of Compensation, Benefits and Other Payments to Agency Head are presented for purpose of additional analysis and are not a required part of the basic financial statements. This information is the representation of management. We have reviewed the information and, based on our review, we are not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Wise, Martin E. Cole, LLC

Minden, LA
June 30, 2024

FINANCIAL STATEMENTS

Shongaloo Water System, Inc.
Statement of Financial Position
December 31, 2023

| | |
|--------------------------------------|-----------------------|
| Assets | |
| Current assets: | |
| Cash | \$ 130 |
| Accounts receivable | <u>296,000</u> |
| Total current assets | <u>296,130</u> |
| Construction in progress | <u>296,000</u> |
| Total assets | <u>\$ 592,130</u> |
| Liabilities and net assets | |
| Liabilities | |
| Current liabilities: | |
| Accounts payable | \$ <u>296,000</u> |
| Total current liabilities | <u>296,000</u> |
| Net assets | |
| Unrestricted | <u>296,130</u> |
| Total net assets | <u>296,130</u> |
| Total liabilities and net assets | <u>\$ 592,130</u> |

See accompanying notes and accountants' report.

Shongaloo Water System, Inc.
Statement of Activities
Years Ended December 31, 2023

OPERATING EXPENSES

| | |
|--------------------------|------------|
| Office and bank charges | \$ 370 |
| Total operating expenses | <u>370</u> |
| Operating income (loss) | (370) |

NONOPERATING REVENUES

| | |
|--|-------------------|
| Contribution from Shongaloo Water System, Inc. | 500 |
| Grant - Water Sector Program | <u>296,000</u> |
| Total nonoperating revenues | <u>296,500</u> |
| Increase in unrestricted net assets | 296,130 |
| Net assets, beginning of year | <u>-</u> |
| Net assets, end of year | <u>\$ 296,130</u> |

See accompanying notes and accountants' report.

Shongaloo Water System, Inc.
Statement of Cash Flow
Year Ended December 31, 2023

| | |
|--|------------------|
| Cash flows from operating activities: | |
| Change in net assets | \$ 296,130 |
| Adjustments to reconcile change in net assets to net cash from operating activities: | |
| (Increase) decrease in accounts receivable | (296,000) |
| Increase (decrease) in accounts payable | <u>296,000</u> |
| Net cash provided by operating activities | <u>296,130</u> |
| Cash flow from investing activities: | |
| Purchase of construction in progress | <u>(296,000)</u> |
| Net cash provided (used) by investing activities | <u>(296,000)</u> |
| Net increase (decrease) in cash and equivalents | 130 |
| Cash and equivalents, beginning of year | <u>-</u> |
| Cash and equivalents, end of year | <u>\$ 130</u> |

See accompanying notes and accountants' report.

SHONGALOO WATER SYSTEM, INC.
Notes to the Financial Statements
As of and For the Year Ended December 31, 2023

INTRODUCTION

The Shongaloo Water System, Inc. (System) was organized on July 30, 1969. The System provides water to residents of Shongaloo, Louisiana. The board of directors consists of seven members. All members' terms run through January 2028. The System serves approximately 478 active customers. The system currently operates with three wells. In April, 2023, the System entered into a cooperative endeavor agreement with the State of Louisiana to receive Water Sector Program funding of up to \$10,420,000 for the purpose of consolidating 3 water systems.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Method of accounting

The accompanying financial statements of the System are prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (GAAP).

B. Financial statement presentation

The System has adopted FASB Accounting Standard Codification 958-205 "Not for Profit Organizations." Under FASB ASC 958-205, the System is required to report information on its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. In addition, the System is required to present a statement of cash flows.

The financial statements include only information pertaining to the public funds received through the Water Sector Program and not the Water System as a whole.

C. Cash and cash equivalents

Cash and cash equivalents include amounts in time deposits and those investments with original maturities of 180 days or less. For purposes of the statement of cash flows, cash includes amounts in demand deposits, interest-bearing deposits, and money market accounts.

D. Receivables

Receivables consist of all revenue earned at year-end and not yet received. Major receivable balances for the System are related to grant funding through the Water Sector Program. As of December 31, 2023, all receivables were expected to be collected; therefore, there was no allowance for doubtful accounts.

SHONGALOO WATER SYSTEM, INC.
Notes to the Financial Statements
As of and For the Year Ended December 31, 2023

E. Property and equipment

Buildings, water system distribution lines, improvements, and equipment are valued at cost if purchased or fair market value if donated. It is the policy of the System to capitalize expenditures for items of \$1,000 or more. Major outlays for equipment and water system improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of fixed assets or materially extend useful lives are not capitalized.

All capital assets, other than land, are depreciated using the straight-line method over the following estimated useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|-------------------------------------|----------------------------|
| Water distribution system and wells | 25-40 years |
| Buildings and improvements | 40 years |
| Land improvements | 10-40 years |
| Machinery and equipment | 5-10 years |

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

2. CASH AND CASH EQUIVALENTS

At December 31, 2023, the System had \$130 in bank deposits, with a book balance of \$130. These deposits were secured by FDIC insurance.

3. ACCOUNTS RECEIVABLE

As of December 31, 2023, the System recognized \$296,000 in receivables from Water Sector Program grant.

SHONGALOO WATER SYSTEM, INC.
Notes to the Financial Statements
As of and For the Year Ended December 31, 2023

4. PROPERTY AND EQUIPMENT

Capital assets and depreciation activity as of and for the year ended December 31, 2023 for the System is as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---------------------------------------|------------------------------|------------------|------------------|---------------------------|
| Capital assets, not being depreciated | | | | |
| Construction in progress | \$ - | \$ 296,000 | \$ - | \$ 296,000 |

5. ACCOUNTS AND OTHER PAYABLES

The System had accounts payables of \$296,000 at December 31, 2023.

6. CONTINGENT LIABILITIES

At December 31, 2023, there was no litigation pending against the System.

7. CONCENTRATIONS

The System's grant revenues and receivables are derived primarily from a Water Sector Program grant award with the State of Louisiana.

8. SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 30, 2024. This date represents the date the financial statements were available to be issued.

OTHER REPORT

WISE, MARTIN & COLE, L.L.C.
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**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Shongaloo Water System, Inc.
and the Louisiana Legislative Auditor

We have performed the procedures enumerated below on the Shongaloo Water System Inc.'s compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2023, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The System's management is responsible for its financial records and compliance with applicable laws and regulations.

The System 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 System's compliance with the laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2023. Additionally, the Louisiana Legislative Auditor has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This 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.

Management provided us with the list of grant award expenditures.

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

Selected disbursements agreed to the amount and payee in the supporting documentation.

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

Selected disbursements were properly coded to the correct fund and general ledger account.

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

The System procedures indicates that President must approve the disbursements. Inspection of selected disbursement indicated approval from President.

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

Selected disbursement complied with requirements of activities allowed.

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.

Not applicable – 2023 is the initial year of the program. Program did not close in 2023.

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.

Not applicable – entity not subject to open meetings law.

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.

Management provided budget submit to the Water Sector Program.

State Audit Law

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

Agency provided for a timely report.

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).

Not applicable – no contracts entered into during 2023.

Prior-Year Comments

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

Not applicable – 2023 is the initial year of reporting to the Louisiana Legislative Auditor.

We were engaged by the System to perform this agreed-upon procedures engagement and conducted our 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. We were 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 System’s compliance with the foregoing matters. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the System and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on the 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.

Wise Martin & Cole LLC

Minden, LA
June 30, 2024

Attachments:
Signed Louisiana Attestation Questionnaire

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Quasi-public Agencies)

6/30/24 (Date Transmitted)
Wise, Martin & Cole CPA (CPA Firm Name)
601 Main Street (CPA Firm Address)
Minden, LA 71055 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of 6-30-24 (date) 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 []

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

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 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.

| | | | |
|----------------------------|-----------|----------------|------|
| <u>Regan Suzanne Evers</u> | Secretary | <u>6/30/24</u> | Date |
| <u>Regan Suzanne Evers</u> | Treasurer | <u>6/30/24</u> | Date |
| <u>John Stealy</u> | President | <u>6-30-24</u> | Date |

SUPPLEMENTARY INFORMATION

SHONGALOO WATER SYSTEM, INC.
SHONGALOO, LOUISIANA

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

Agency Head: John Stanley, President

Total salary and other benefits \$ -

SCHEDULES FOR LOUISIANA LEGISLATIVE AUDITOR

SHONGALOO WATER SYSTEM, INC.
Shongaloo, Louisiana

Schedule of Prior Year Findings
As of and for the year ended December 31, 2023

There are no findings required to be reported in the prior year.

SHONGALOO WATER SYSTEM, INC.
Shongaloo, Louisiana

Schedule of Current Year Findings
As of and for the year ended December 31, 2023

There were no findings required to be reported for the year ended December 31, 2023.