

**EBARB WATERWORKS DISTRICT NO. 1  
ZWOLLE, LOUISIANA**

**ANNUAL FINANCIAL REPORT  
DECEMBER 31, 2020**

Ebarb Waterworks District No. 1  
Zwolle, Louisiana

Financial Report  
December 31, 2020

TABLE OF CONTENTS

	<u>Page</u>
Required Supplemental Information	
Management's Discussion & Analysis	1-3
Independent Auditor's Report	4-6
Financial Statements:	
Proprietary Fund-Enterprise Fund	
Statement of Net Position	8
Statement of Revenues, Expenses and Changes in Net Position	9
Statement of Cash Flows	10
Notes to Financial Statements	12-19
Other Required Supplementary Information	
Schedule of Compensation Paid to Agency Head	21
Summary of Utility Service Customers	22
Schedule of Insurance in Force	23
List of Governing Body Positions and Terms	24
Rate List	25
Other Reports	
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 <i>Government Auditing Standards</i>	27-28
Schedule of Audit Results	29

# EBARB WATERWORKS DISTRICT NO. 1

## ZWOLLE, LOUISIANA 71449

### MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Ebarb Waterworks District No. 1's (hereafter referred to as the District) annual financial report presents an overview and analysis of the District's financial activities for the year ended December 31, 2020. Certain comparative information with the previous year is presented to provide an overview of the District's operations.

#### Financial Highlights

The Basic Financial Statements of the District report information about the District using Governmental Accounting Standards Board's (GASB) accounting principles. The Statement of Net Position (page 8) includes all of the District's assets and liabilities and provides information about the nature and amount of investments in resources (assets) and the obligations to District creditors (liabilities). All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses and Changes in Net Position (page 9). This statement measures improvements in the District's operations over the past year and can be used to determine whether the District has been able to recover all of its costs through its water service revenue and other revenue sources. The final required financial statement is the Statement of Cash Flows (page 10). The primary purpose of this statement is to provide information about the District's cash from operations, investing and financing activities, and to provide answers to such questions as "where did cash come from?", "what was cash used for?" and "what was the change in cash balance during the reporting period?"

#### Financial Analysis of Ebarb Waterworks District No. 1

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position report information about the District's activities. These two statements report the net position of the District and changes in them. The District's net position, the difference between assets and liabilities, is one way to measure the District's financial health, or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating.

### Sources of Revenue

Charges for water service totaled \$1,892,930 or 96% of total revenue of the District for the year ended December 31, 2020.

### Expenses

The majority of the District's total expenses is for payroll cost, depreciation, and water purchases. Salaries totaled \$229,922 which is 14% of total operating expenses. Depreciation totaled \$235,123 which is 15% of total operating expenses. Water Purchases totaled \$363,603 which is 23% of total operating expenses.

### Capital Assets

The District's capital assets consist of the distribution system and related equipment, along with land.

### Long-Term Debt

The District issued bonds for the purpose of improving the waterworks system. The payments on these bonds and the applicable bond covenants are made on a timely basis.

### Economic Factors

The District's major revenue source is from water sales. The District does not anticipate any significant changes for future years.

### Contacting the Waterworks District's President

This financial report is designed to provide our citizens, customers and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or requests for additional information, contact the Mr. P.M. Woods, President, P.O. Box 1366, Zwolle, LA 71486.

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

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INDEPENDENT AUDITOR'S REPORT

Mr. P.M. Woods  
and Members of the Board  
Ebarb Waterworks District No. 1  
Zwolle, Louisiana 71486

**Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and major fund information of Ebarb Waterworks District No. 1 (District), a component unit of the Sabine Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and major fund information of the District as of December 31, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 1 through 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer, Summary of Utility Service Customers, Schedule of Insurance in Force, List of Governing Body Positions and Terms, and Rate List are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements.

The information included in the Schedule of Compensation, Benefits and Other Payments to Agency Head or Chief Executive Officer 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

The information included in the Summary of Utility Service Customers, Schedule of Insurance in Force, List of Governing Body Positions and Terms, and Rate List is presented for purposes of additional analysis and is required by the United States Department of Agriculture. We have applied certain limited procedures to the supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated May 28, 2021, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 the District's internal control over financial reporting and compliance.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

May 28, 2021

PROPRIETARY FUND-ENTERPRISE FUND  
FINANCIAL STATEMENTS

## Condensed Statement of Net Position

	2020	2019
Current and Other Assets	\$ 1,060,775	\$ 761,722
Capital Assets, net	<u>2,751,468</u>	<u>2,533,560</u>
 Total Assets	 <u>\$ 3,812,243</u>	 <u>\$ 3,295,282</u>
 Current and Other Liabilities	 \$ 736,252	 \$ 363,716
Noncurrent Liabilities	<u>2,331,857</u>	<u>2,519,305</u>
 Total Current Liabilities	 <u>\$ 3,068,109</u>	 <u>\$ 2,883,021</u>
 Net Position:		
Net Investment in Capital Assets	\$ 176,141	\$ -
Restricted for Debt Service	285,456	243,783
Unrestricted	<u>282,537</u>	<u>168,478</u>
 Total Liabilities & Net Position	 <u>\$ 744,134</u>	 <u>\$ 412,261</u>

## Condensed Statement of Activities

	2020	2021
Operating Revenues	\$ 1,892,930	\$ 1,650,003
Operating Expenses	<u>1,560,788</u>	<u>1,416,390</u>
Operating Income (Loss)	\$ 332,142	\$ 233,613
Nonoperating Revenues (expenses)	<u>(269)</u>	<u>(119,749)</u>
Change in Net Position	<u>\$ 331,873</u>	<u>\$ 113,864</u>

Ebarb Waterworks District No. 1  
Statement of Net Position  
December 31, 2020

## ASSETS:

## Current Assets:

Cash & Cash Equivalents	S	172,294
Revenue Receivable		366,205
Prepaid Expenses		<u>6,018</u>

Total Current Assets S 544,517

## Non-current Assets:

Restricted Cash & Cash Equivalents	S	516,258
Capital Assets, net		<u>2,751,468</u>

Total Non-current Assets S 3,267,726

Total Assets S 3,812,243

## LIABILITIES:

## Current Liabilities:

Accounts Payable	S	265,154
Accrued Expenses		6,953
Current portion of long-term debt		382,673
Current portion of capital lease obligation		<u>81,472</u>

Total Current Liabilities S 736,252

## Non-current Liabilities

Payable from Restricted Assets- Customers' Meter Deposits	S	220,675
Capital Lease Obligation		577,685
Notes Payable		<u>1,533,497</u>

Total Non-current Liabilities 2,331,857

Total Liabilities S 3,068,109

## NET POSITION:

Net Investment in Capital Assets	S	176,141
Restricted for Debt Service		285,456
Unrestricted		<u>282,537</u>

Total Net Position S 744,134

Ebarb Waterworks District No. 1  
Statement of Revenues, Expenses, and Changes in Fund Balance  
December 31, 2020

OPERATING REVENUES:	
Charges for Services	<u>\$ 1,892,930</u>
OPERATING EXPENSES:	
Personnel Services	\$ 229,922
Operations & Maintenance	1,095,743
Depreciation	<u>235,123</u>
Total Operating Expenses	<u>\$ 1,560,788</u>
Operating Income (Loss)	332,142
Non-Operating Revenues:	
Interest Income	\$ 121
Intergovernmental Income	88,670
Miscellaneous Income	40
Interest Expense	(109,357)
Gain (Loss) on asset disposition	<u>20,257</u>
Total Non-Operating Revenues (expenses)	<u>\$ (269)</u>
Change in Net Position	\$ 331,873
Total Net Position at Beginning of Year	<u>412,261</u>
Total Net Position at End of Year	<u>\$ 744,134</u>

See accompanying notes and independent auditor's report.

Ebarb Waterworks District No. 1  
Statement of Cash Flows  
December 31, 2020

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 1,680,828
Cash Paid to Suppliers	(900,289)
Cash Paid to Employees	<u>(229,922)</u>
Net Cash Provided (Used) By Operating Activities	\$ 550,617
Cash Flows from Capital and Related Financing Activities:	
Intergovernmental Revenue	88,670
Acquisition of Capital Assets	(453,031)
Miscellaneous Income	40
Gain on Sale of Capital Assets	20,257
Proceeds from Debt	256,537
Principal Paid on Capital Debt	(301,442)
Interest Paid on Capital Debt	<u>(109,357)</u>
Net Cash Provided (Used) By Capital and Related Financing Activities	\$ <u>(498,326)</u>
Cash Flows from Investing Activities:	
Interest and Dividends	<u>121</u>
Net Increase in Cash & Cash Equivalents	\$ 52,412
Cash and Cash Equivalents at Beginning of Year	<u>636,140</u>
Cash and Cash Equivalents at End of Year	\$ <u>688,552</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 332,142
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	235,123
Changes in Assets and Liabilities:	
(Increase) Decrease in Accounts and Other Receivables	(246,641)
Increase (Decrease) in Accounts and Other Payables	196,093
Increase (Decrease) in Customer Deposits	<u>33,900</u>
Net Cash Provided (Used) by Operating Activities	\$ <u>550,617</u>
Cash & Cash Equivalents-	
Operating Account	\$ 172,294
Bond Covenant Accounts	285,456
Customers' Meter Deposits	<u>230,802</u>
Total	\$ <u>688,552</u>

See accompanying notes and independent auditor's report.

## NOTES TO FINANCIAL STATEMENTS

Ebarb Waterworks District No. 1  
Notes to Financial Statements  
December 31, 2020

## INTRODUCTION

Ebarb Waterworks District No. 1 (District), a political subdivision of the Sabine Parish Police Jury, was created by Louisiana Revised Statute 33:3811 and adopted by the Police Jury on March 16, 1977. The District's purpose is to provide water service to any user within the geographical boundaries of the District. The District is operated by a board that consists of up to five commissioners appointed by the Police Jury.

### 1. Summary of Significant Accounting Policies:

#### A. Basis of Presentation-

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### B. Reporting Entity-

As the governing authority of the parish, for reporting purposes, the Sabine Parish Police Jury is the financial reporting entity for Ebarb. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Sabine Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the Police Jury to impose its will on that organization and/or
  - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Police Jury.
2. Organizations for which the Sabine Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Sabine Parish Police Jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Ebarb Waterworks District No. 1  
Notes to Financial Statements  
December 31, 2020

Because the Sabine Parish Police Jury appoints the organization's governing body, and the ability of the Sabine Parish Police Jury to impose its will on the District, the District was determined to be a component unit of the Sabine Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the fund maintained by the District and do not present information on the Sabine Parish Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting-

The District uses one fund to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Ebarb Waterworks District No. 1, uses an enterprise fund type of the proprietary fund category to account for operations that are financed and operated in a manner similar to a private business enterprise where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Operating expenses for the proprietary funds include the cost of personal and contractual services, supplies and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

D. Basis of Accounting-

The accounting and financial treatment applied to a fund is determined by its measurement focus. Proprietary funds are accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund are included on the statement of net position. The proprietary fund uses the accrual basis of accounting; revenues are recognized when earned, and expenses are recognized at the time the related liabilities are incurred.

E. Cash and Cash Equivalents-

The District has deposits in highly liquid investment vehicles such as certificates of deposit. Since all of the District's cash is readily available, these deposits are listed in the financial statements as "Cash & Cash Equivalents". Under State law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. The District may also purchase investments in securities backed by the full faith and credit of the United States Government. For the purpose of the Statement of Cash Flows, "cash and cash equivalents" include all demand and savings accounts.

Ebarb Waterworks District No. 1  
Notes to Financial Statements  
December 31, 2020

F. Compensated Absences-

Full-time employees of Ebarb Waterworks District No. 1 earn annual leave at various rates depending on the number of years in service. Leave cannot be accumulated or carried over from one year to the next. Therefore, no liability for compensated absences has been recorded in the accompanying financial statements.

G. Capital Assets-

The capital assets of Ebarb Waterworks District No. 1 enterprise fund are carried at historical costs and are included on the Statement of Net Position, along with accumulated depreciation. 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. Depreciation of all exhaustible capital assets used by the enterprise fund operation is charged as an expense against operations. Depreciation has been computed using the straight-line method over the estimated useful lives of the assets, which is generally 10 to 40 years for buildings and building improvements, 7 to 40 years for the distribution system, 5 years for automobiles, and 5 to 10 years for machinery and equipment.

H. Estimates-

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures and expenses during the reporting period. Actual results could differ from those estimates.

I. Net Position-

In the government-wide statements, equity is classified as net position and displayed in three components:

- a. Net investment in capital assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position - Consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - All other net resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, management applies unrestricted net position first, unless a determination is made to use restricted net position. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expenses.

Ebarb Waterworks District No. 1  
Notes to Financial Statements  
December 31, 2020

J. Accounts Receivable-

All receivables are recognized based on the monthly amounts billed for water consumption of District customers. Uncollectible revenues are generally balances owed by inactive customers. Uncollectible accounts are written off at the end of each year. As such, all outstanding receivables at the end of the year are deemed to be collectible and as such an allowance has not been recognized.

K. Restricted Assets-

Based upon certain bond covenants the District is required to establish and maintain prescribed amounts of resources (consisting of cash and cash equivalents) in special funds that can be used only to service outstanding debt. The requirements are as follows:

- a) Each month, there will be set aside into a fund called the "Water System Revenue Bond and Interest Sinking Fund" an amount constituting 1/12 of the total principal and interest maturing in the ensuing year. Such amounts shall be fully sufficient to assure the prompt payment of principal and interest installments as they become due, and may be used only for such payments.
- b) Each month, there shall be set aside into a "Water System Reserve Fund" a sum at least equal to five percent (5%) of the annual debt payments until such time as there has been accumulated in said fund a sum equal to the highest combined principal and interest amount falling due in any year. Such money is to be maintained solely for the purpose of paying the principal and interest on bonds payable from the Sinking Fund as to which there would otherwise be default.
- c) Funds will also be set aside into a "Depreciation and Contingency Fund". Money in this fund shall be used to pay the principal and interest on bonds for which there is not sufficient money in the Sinking or Reserve Fund.

The District requires a customer deposit upon initial account opening for use of the District owned water meter at each residence or business. The District must hold the deposits in a separate bank account until the customer's account is closed and at that time the deposit is returned to the customer.

2. Cash and Cash Equivalents:

The cash and cash equivalents of the District are subject to the following risk:

*Custodial Credit Risk:* Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the District will not be able to recover its deposits. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent bank has failed to pay deposited funds upon demand. Further, Louisiana Revised Statute 39:1224 states that securities held by a third party shall be deemed to be held in the District's name.

Ebarb Waterworks District No. 1  
Notes to Financial Statements  
December 31, 2020

At December 31, 2020, the District had cash and cash equivalents (collected bank balances) totaling \$692,544. Cash and cash equivalents are stated at cost, which approximates market.

The deposits at December 31, 2020, were secured as follows:

Cash and Cash Equivalents	\$692,544
FDIC	(498,695)
Pledged Securities	(193,849)
Amount Uninsured	<u>\$ 0</u>

4. Compensation of Board Members:

A detail of compensation paid to individual board members for the year ended December 31, 2020 follows:

P.M. Woods	\$2,229
Peter Nugent	1,184
Donald Garcie	2,008
Robert Conyer	1,667
Danny Lopez	<u>1,449</u>
Total	<u>\$8,537</u>

Ebarb Waterworks District No. 1  
Notes to Financial Statements  
December 31, 2020

5. Capital Assets:

Capital assets and depreciation activity as of and for the year ended December 31, 2020, is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not depreciated				
Land	\$ 89,518	\$ -	\$ -	\$ 89,518
Construction in Progress	-	341,694	-	\$ 341,694
Total Capital Assets, not depreciated	<u>\$ 89,518</u>	<u>\$ 341,694</u>	<u>\$ -</u>	<u>\$ 431,212</u>
Capital Assets, depreciated				
Building & Building Improvemnts	\$ 49,946		\$ -	49,946
Plant & Distribution System	5,103,626	7,025	-	5,110,651
Service Vehicles	91,961	82,175	(34,555)	139,581
Machinery & Equipment	218,167	22,137	-	240,304
Total Capital Assets, depreciated	<u>\$ 5,463,700</u>	<u>\$ 111,337</u>	<u>\$ (34,555)</u>	<u>\$ 5,540,482</u>
Total Capital Assets	<u>\$ 5,553,218</u>	<u>\$ 453,031</u>	<u>\$ (34,555)</u>	<u>\$ 5,971,694</u>
Accumulated Depreciation:				
Building & Building Improvemnts	\$ 34,360	\$ 2,946	\$ -	\$ 37,306
Plant & Distribution System	2,776,895	193,932	-	2,970,827
Service Vehicles	83,288	14,907	(34,555)	63,640
Machinery & Equipment	125,115	23,338	-	148,453
Total Accumulated Depreciation	<u>\$ 3,019,658</u>	<u>\$ 235,123</u>	<u>\$ (34,555)</u>	<u>\$ 3,220,226</u>
Total Capital Assets, Net	<u>\$ 2,533,560</u>	<u>\$ 217,908</u>	<u>\$ -</u>	<u>\$ 2,751,468</u>

Depreciation expense of \$235,123 was recorded for the year ended December 31, 2020.

6. Long-Term Debt:

The following is a summary of the long-term debt obligations of Ebarb Waterworks District No. 1 for the year ended December 31, 2020.

	Balance 1/1/2020	Additions	Reductions	Balance 12/31/2020
Revenue Bonds-1982	\$ 51,861	\$ 0	\$ 48,214	\$ 3,647
Revenue Bonds-1990	1,221,391	0	108,187	1,113,204
Revenue Bonds-1993	419,168	0	28,804	390,364
Revenue Bonds-2006	108,133	0	2,217	105,916
Drinking Water Revolving Loan	0	206,897	0	206,897
Sabine State Bank-2014	23,356	0	8,368	14,988
Sabine State Bank-2016	9,137	0	9,137	0
Sabine State Bank-2017	45,408	0	8,072	37,336
Sabine State Bank-2017	9,722	0	9,722	0
Sabine State Bank-2020	<u>0</u>	<u>49,640</u>	<u>5,822</u>	<u>43,818</u>
Total	<u>\$1,888,176</u>	<u>\$256,537</u>	<u>\$228,543</u>	<u>\$1,916,170</u>

Ebarb Waterworks District No. 1  
Notes to Financial Statements  
December 31, 2020

The following is a summary schedule by years of future payments under the above debt:

<u>Year ending</u> <u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 382,673	\$ 74,221	\$ 456,894
2022	177,170	65,952	243,122
2023	179,176	57,717	236,893
2024	187,602	49,189	236,791
2025	178,024	40,725	218,749
2026-2030	715,469	85,929	801,398
2031-2035	33,881	15,115	48,996
2036-2040	23,337	10,141	33,478
2041-2045	29,031	4,192	33,223
2046-2050	9,807	27	9,834
Total	<u>\$ 1,916,170</u>	<u>\$ 403,208</u>	<u>\$ 2,319,378</u>

The terms of the individual debt issues of the District are as follows:

	<u>Interest</u> <u>Rate</u>	<u>Maturity</u> <u>Date</u>	<u>Amount</u> <u>Issued</u>
Revenue Bonds-1992	4.50%	2021	\$ 569,804
Revenue Bonds-1990	4.50%	2029	2,194,968
Revenue Bonds-1993	4.50%	2032	778,650
Revenue Bonds-2006	4.38%	2046	129,000
Drinking Water Revolving Loan	1.95%	2039	206,897
Sabine State Bank-2014	5.60%	2022	61,032
Sabine State Bank-2016	5.50%	2020	31,080
Sabine State Bank-2017	5.75%	2024	60,247
Sabine State Bank-2017	5.75%	2022	20,012
Sabine State Bank-2020	6.00%	2025	49,640
Total			<u>\$ 4,101,330</u>

7. Lease Obligations:

During October 2018, the District entered into two leases as follows:

- a) Five year copier lease, requiring payments of amounting to \$16,575 over the life of the lease;
- b) Ten year lease of electronic water meters, requiring payments amounting to \$964,879 over the life of the lease.

Ebarb Waterworks District No. 1  
Notes to Financial Statements  
December 31, 2020

The following is a schedule of future minimum lease payments and the present value of the net future minimum lease payments as of December 31, 2020:

Year Ending December 31,	Amount
2021	\$ 105,603
2022	96,487
2023	96,487
2024	96,487
2025	96,487
2026-2030	<u>273,253</u>
Total minimum payments required	\$ 764,804
Less amounts representing interest	<u>(105,657)</u>
Present value of minimum lease payments	659,147
Less current portion	<u>(81,472)</u>
Long-term portion	<u>\$ 577,675</u>

8. Concentration of Water Supply

During 2020, the District obtained approximately 84% of water sold from other water districts within the parish.

9. Contingencies

The District is periodically the subject of litigation by a variety of plaintiffs. The District's management believes that such amounts claimed by these plaintiffs, net of the applicable insurance coverage, are immaterial.

The District provides water and sewer services to customers in Sabine Parish, and these services are heavily regulated by DHH and DEQ. Drinking water and sewer treatment discharges are subject to strict guidelines relating to quality. Failure to meet these requirements could subject the District to penalties.

On March 13, 2020, President Trump declared a national emergency relating to the COVID-19 virus. As of the date of this report, the pandemic is ongoing. The District is closely monitoring for its financial statements for possible impacts.

10. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured loss to the District.

11. Subsequent Events:

Management has evaluated events through May 28, 2021 the date which the financial statements were available for issue. There were no items to be reported as subsequent events.

OTHER REQUIRED  
SUPPLEMENTARY INFORMATION

Ebarb Waterworks District No. 1  
Schedule of Compensation, Benefits, and Other Payment to  
Agency Head or Chief Executive Officer  
For the Year Ended December 31, 2020

Agency Head: P.M. Woods

	<u>Purpose</u>	<u>Amount</u>
Per Diem		\$ 2,229
Travel		<u>-</u>
Total		<u>\$ 2,229</u>

See independent auditor's report.

Ebarb Waterworks District No. 1  
Summary of Utility Service Customers  
For the Year Ended December 31, 2020

<u>Type of Customers</u>	<u>Number of Customers</u>
Residential	2,823
Non-Residential	<u>91</u>
Total	<u><u>2,914</u></u>

See independent auditor's report.

Ebarb Waterworks District No. 1  
 Schedule of Insurance in Force  
 December 31, 2020

<u>Insurer</u>	<u>Expiration Date</u>	<u>Coverage</u>	<u>Limits</u>
Louisiana Worker's Compensation Corp	January 1, 2021	Worker's Compensation	
		Bodily Injury by Accident	\$1,000,000 each accident
		Bodily Injury by Disease	\$1,000,000 policy limit
		Bodily Injury by Disease	\$1,000,000 each employee
American Alternative Insurance Corp.	February 8, 2021	Commerican General Liability Deductible	\$3,000,000 \$1,000
		Property Deductible	\$3,447,544 \$0
		Automobile Liability Deductible	\$1,000,000 \$500
		Errors and Ommission Deductible	\$1,000,000 \$0

Ebarb Waterworks District No. 1  
List of Governing Body Positions and Terms  
December 31, 2020

<u>Name</u>	<u>Position</u>	<u>Address</u>	<u>Telephone Number</u>
P.M. Woods	President	P.O. Box 93, Zwolle, La 71486	(318) 645-9721
Peter Nugent	Vice President	1269 Parkside Drive, Zwolle, La 71486	(318) 645-7791
Donald Garcie	Secretary/Treasurer	101 Rock Hill Ln, Noble, La 71462	(318) 645-9212
Robert Conyer	Member	895 Village Drive, Zwolle, La 71486	(318) 256-0091
Danny Lopez	Member	520 Garcie Road, Zwolle, La 71486	(318) 645-6012

Ebarb Waterworks District No. 1  
Rate List  
December 31, 2020

<u>Rate List</u>	<u>Amount</u>
Security deposit	\$ 200.00
Security deposit - renters	300.00
Late Charge	10% of current charges
New Meter Box (customer installed)	55.00
New Meter Box (ewd#1 installed)	65.00
Move Water Meter (10 feet or less)	200.00
Impact Fee	250.00
Road Bore Fee	1,550.00
Short Tap Fee	1,150.00
One Inch Meter (meter itself)	800.00
DHH Fee	1.00/month
Lock Replacement	20.00
Transfer Fee	75.00
Replace Cut-off Valve	50.00
Replace Water Meter	50.00
NSF Check	25.00
Pull Meter	75.00
Reconnect for Nonpayment	50.00
Service Call	50.00
Base Rate Residential	25.50/1,000 gallons
after 1st 1,000 gallons	6.75/1,000 gallon
Base Rate Commercial	62.50/10,000 gallons
after 1st 1,000 gallons	12.05/1,000 gallons
Bulk Water Rate	12.05/1,000 gallons
Base Rate Non-Residential	25.50/1,000 gallons
after 1st 1,000 gallons	6.75/1,000 gallon

## OTHER REPORTS

**T | C | B | T**  
**THOMAS, CUNNINGHAM, BROADWAY & TODTENBIER**  
*Certified Public Accountants*

Eddie G. Johnson, CPA - A Professional Corporation (1927-1996)

Mark D. Thomas, CPA - A Professional Corporation  
Roger M. Cunningham, CPA - A Professional Corporation  
Jessica H. Broadway, CPA - A Professional Corporation  
Ryan E. Todtenbier, CPA - A Professional Corporation

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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*

Mr. P.M. Woods, President  
and Members of the Board  
Ebarb Waterworks District No. 1  
Zwolle, Louisiana 71486

We have audited, in accordance with the auditing standards generally accepted in the United States of America and 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*, the financial statements of the business-type activities and major fund as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Ebarb Waterworks District No. 1's (District) basic financial statements and have issued our report thereon dated May 28, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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.

Our 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 our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*.

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

*Thomas, Cunningham, Broadway & Todtenbier, CPA's*

Thomas, Cunningham, Broadway & Todtenbier, CPA's  
Natchitoches, Louisiana

May 28, 2021

Ebarb Waterworks District No. 1  
Schedule of Audit Results  
Year Ended December 31, 2020

I. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of Ebarb Waterworks District No. 1.
2. The audit disclosed no material weaknesses that are required to be reported under *Government Auditing Standards*.
3. The audit disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

II. Current Year Findings in Accordance with *Government Auditing Standards*

There were no current year findings.

III. Prior Year Audit Findings in Accordance with *Government Auditing Standards*

*2019-001 Noncompliance with Debt Covenants*

*Condition* – Debt Covenant accounts did not have the required balance.

*Status* – This condition is cleared as of December 31, 2020.