

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
ANNUAL FINANCIAL REPORTS
JUNE 30, 2020 AND 2019

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 A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS
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 John Newton Stout, CPA - 1936-2005
 Chizal S. Fontenot, CPA - 1955-2012
 Russell J. Stelly, CPA - 1942 - 2019

Retired

Harold Dupre, CPA - 1996
 Dwight Ledoux, CPA - 1998
 Joel Lanclos, Jr., CPA - 2003
 G. Kenneth Pavy, II, CPA - 2020

Van L. Auld, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
 Mire-Branch Water Corporation
 Mire, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of the Mire-Branch Water Corporation (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, statements of functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

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 audits 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. 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Mire-Branch Water Corporation, as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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To the Board of Directors
Mire-Branch Water Corporation
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Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of directors' and officers' compensation is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

The schedule of insurance in force, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 13, 2020 on our consideration of the Mire-Branch Water Corporation'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 solely 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 the effectiveness of Mire-Branch Water Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Mire-Branch Water Corporation's internal control over financial reporting and compliance.



Opelousas, Louisiana
October 13, 2020

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
<u>CURRENT ASSETS</u>		
Petty cash	\$ 725	\$ 725
Rayne State Bank		
Cash - general account	237,222	127,010
Portion restricted for renters' deposits	(29,559)	(27,178)
Farmers State Bank		
Certificates of deposit	83,787	82,996
Accrued interest receivable	28	20
Rayne State Bank		
Certificates of deposit	152,165	51,598
Accrued interest receivable	1,029	201
Home Bank		
Certificates of deposit	98,805	97,342
Accrued interest receivable	32	90
Accounts receivable, net	114,617	128,805
Prepaid insurance	8,998	8,314
<u>Total current assets</u>	<u>667,849</u>	<u>469,923</u>
<u>RESTRICTED ASSETS</u>		
Bank of Commerce		
Reserve account		
Certificates of deposit	256,936	254,567
Accrued interest receivable	1,441	530
Rayne State Bank		
Reserve account		
Cash - short lived asset replacement account	82,911	52,877
Renters' deposits	29,559	27,178
<u>Total restricted assets</u>	<u>370,847</u>	<u>335,152</u>
<u>PROPERTY, PLANT, AND EQUIPMENT</u>		
Water system	5,340,280	5,284,702
Furniture and fixtures	16,084	16,084
Building and improvements	722,680	717,006
Equipment	1,319,437	1,255,197
Construction in progress	-	13,000
	<u>7,398,481</u>	<u>7,285,989</u>
Less: Allowance for depreciation	<u>(4,303,123)</u>	<u>(4,022,431)</u>
	3,095,358	3,263,558
Land	40,985	40,985
<u>Total property, plant, and equipment</u>	<u>3,136,343</u>	<u>3,304,543</u>

Continued on next page.

The accompanying notes are an integral part of these financial statements.

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
STATEMENTS OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>OTHER ASSETS</u>		
Utility deposits	\$ 191	\$ 191
<u>Total other assets</u>	<u>191</u>	<u>191</u>
<u>Total assets</u>	<u>4,175,230</u>	<u>4,109,809</u>
<u>LIABILITIES AND NET ASSETS</u>		
<u>CURRENT LIABILITIES</u> (from current assets)		
Accounts payable	\$ 151,994	\$ 32,087
Sales tax payable	133	179
Payroll taxes payable	1,402	3,687
Accrued interest payable	2,949	5,604
Current portion of long-term debt	115,141	99,763
Memberships - refundable	99,100	100,600
<u>Total current liabilities</u>	<u>370,719</u>	<u>241,920</u>
<u>CURRENT LIABILITIES</u> (from restricted assets)		
Renters' deposits	<u>29,559</u>	<u>27,178</u>
<u>Total restricted liabilities</u>	<u>29,559</u>	<u>27,178</u>
<u>LONG-TERM LIABILITIES</u>		
Mortgage notes payable	3,108,459	3,207,700
Less: Current portion of long-term debt	<u>(115,141)</u>	<u>(99,763)</u>
<u>Total long-term liabilities</u>	<u>2,993,318</u>	<u>3,107,937</u>
<u>Total liabilities</u>	<u>3,393,596</u>	<u>3,377,035</u>
<u>NET ASSETS</u>		
Without Donor Restrictions	<u>781,634</u>	<u>732,774</u>
<u>Total net assets</u>	<u>781,634</u>	<u>732,774</u>
<u>Total liabilities and net assets</u>	<u>4,175,230</u>	<u>4,109,809</u>

The accompanying notes are an integral part of these financial statements.

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>WITHOUT DONOR RESTRICTIONS</u>	
	<u>2020</u>	<u>2019</u>
<u>REVENUES AND OTHER SUPPORT</u>		
Charges for sales and services		
Water sales	\$ 1,073,453	\$ 1,093,539
Connection, reconnection and installation fees	68,314	53,615
Late fees	16,023	22,079
Other fees	11,185	1,599
Interest revenue	7,073	2,685
Membership fees	6,950	4,700
Grant income	46,900	-
<u>Total revenues and other support without donor restrictions</u>	<u>1,229,898</u>	<u>1,178,217</u>
<u>EXPENSES</u>		
Program services	1,076,168	974,520
Management and general	104,870	92,868
<u>Total expenses</u>	<u>1,181,038</u>	<u>1,067,388</u>
<u>CHANGE IN NET ASSETS</u>	<u>48,860</u>	<u>110,829</u>
<u>NET ASSETS</u> , beginning of year	<u>732,774</u>	<u>621,945</u>
<u>NET ASSETS</u> , end of year	<u>781,634</u>	<u>732,774</u>

The accompanying notes are an integral part of these financial statements.

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2020		Total
	Program Services	Management and General	
Personal services			
Salaries	\$ 177,644	\$ 25,316	\$ 202,960
Officers Compensation	-	22,600	22,600
Payroll taxes	19,509	1,937	21,446
SEP IRA contributions	6,490	1,266	7,756
Supplies			
Office supplies	48,110	2,532	50,642
Maintenance supplies	88,997	-	88,997
Other			
Advertising	390	-	390
Repairs and maintenance	200,259	-	200,259
Insurance	52,291	13,073	65,364
Professional fees	-	16,830	16,830
Telephone	10,748	1,194	11,942
Utilities	53,463	5,940	59,403
Fees	18,456	-	18,456
Travel allowances	4,875	791	5,666
Miscellaneous	1,956	-	1,956
Conference and registration fee	-	2,223	2,223
Scholarships	-	10,000	10,000
Depreciation	279,524	1,168	280,692
Interest expense	113,456	-	113,456
	<u>1,076,168</u>	<u>104,870</u>	<u>1,181,038</u>
<u>Total functional expenses</u>			

Continued on next page.

The accompanying notes are an integral part of this statement.

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	2019		
	<u>Program Services</u>	<u>Management and General</u>	<u>Total</u>
Personal services			
Salaries	\$ 188,924	\$ 18,093	\$ 207,017
Officers Compensation	-	22,600	22,600
Payroll taxes	13,990	3,024	17,014
SEP IRA contributions	7,594	796	8,390
Supplies			
Office supplies	54,809	2,885	57,694
Maintenance supplies	97,142	-	97,142
Other			
Advertising	551	-	551
Repairs and maintenance	79,320	-	79,320
Insurance	41,258	10,314	51,572
Professional fees	-	17,543	17,543
Telephone	7,699	855	8,554
Utilities	50,288	5,588	55,876
Fees	12,213	-	12,213
Travel allowances	3,907	2,358	6,265
Miscellaneous	4,271	-	4,271
Conference and registration fee	-	3,012	3,012
Scholarships	-	4,000	4,000
Depreciation	275,848	1,800	277,648
Interest expense	136,706	-	136,706
	<u>974,520</u>	<u>92,868</u>	<u>1,067,388</u>
<u>Total functional expenses</u>	<u>974,520</u>	<u>92,868</u>	<u>1,067,388</u>

The accompanying notes are an integral part of this statement.

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash received from customers	\$ 1,237,848	\$ 1,169,594
Cash paid to suppliers	(442,107)	(428,970)
Cash paid to employees for service	(227,845)	(229,204)
Interest earned on investments	5,384	2,570
Interest paid on loans	(116,111)	(137,314)
<u>Net cash provided by operating activities</u>	<u>457,169</u>	<u>376,676</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
Purchase of property, plant, and equipment	(112,492)	(143,269)
Principal payment on loans	(99,241)	(98,937)
<u>Net cash used by financing activities</u>	<u>(211,733)</u>	<u>(242,206)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Interest reinvested in and purchases of certificates of deposit	(5,190)	(2,487)
Purchase of certificates of deposit	(100,000)	-
<u>Net cash used by investing activities</u>	<u>(105,190)</u>	<u>(2,487)</u>
<u>NET INCREASE IN CASH AND CASH EQUIVALENTS</u>	140,246	131,983
<u>CASH AND CASH EQUIVALENTS, beginning of year</u>	<u>180,612</u>	<u>48,629</u>
<u>CASH AND CASH EQUIVALENTS, end of year</u>	<u>320,858</u>	<u>180,612</u>
<u>RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</u>		
Increase (decrease) in net assets	\$ 48,860	\$ 110,829
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	280,692	277,648
Changes in assets and liabilities		
(Increase) decrease in accounts receivable, net	14,188	(6,244)
(Increase) decrease in prepaid insurance	(684)	(2,553)
(Increase) decrease in accrued interest receivable	(1,689)	(115)
Increase (decrease) in accrued interest payable	(2,655)	(608)
Increase (decrease) in accounts payable	119,907	(3,000)
Increase (decrease) in renters' deposits	2,381	1,579
Increase (decrease) in sales tax payable	(46)	(73)
Increase (decrease) in payroll taxes payable	(2,285)	413
Increase (decrease) in memberships - refundable	(1,500)	(1,200)
<u>Net cash provided by operating activities</u>	<u>457,169</u>	<u>376,676</u>

The accompanying notes are an integral part of these financial statements.

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. SCOPE OF ENTITY

The Mire-Branch Water Corporation, Mire, Louisiana, is a nonprofit organization, which is exempt from federal income tax under Internal Revenue Code Section 501(c) (12). The basic entity being reported on is the Mire-Branch Water Corporation. The financial report includes all funds over which the Corporation exercises oversight responsibility.

The Mire-Branch Water Corporation was issued a charter by the State of Louisiana and a franchise from the Acadia Parish Police Jury on September 10, 1985. The Corporation's purpose is to provide a water system for the Mire-Branch community and the surrounding territory.

B. BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred. Unbilled and billed utility receivables are recorded at year-end.

Purchases of operating supplies are regarded as expenses at the time purchased and inventories of such supplies, if any, are not recorded as assets at the close of the fiscal year, unless material.

C. CASH AND INVESTMENTS

Investments are recorded at cost, which approximates market.

D. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment (including infrastructure assets) are recorded at cost and depreciation is computed under the straight-line method and the modified accelerated cost recovery method. The service lives by type of asset are as follows:

Water system	7-40 years
Furniture and fixtures	5-7 years
Building and improvements	5-39 years
Equipment	5-10 years

Interest costs during construction are capitalized. The amount of interest capitalized was \$0 and \$0 for the years ended June 30, 2020 and 2019, respectively.

E. BUDGET ACCOUNTING

Formal budgetary integration is not employed as a management control device for the Mire-Branch Water Corporation.

F. STATEMENTS OF CASH FLOWS

For purposes of reporting cash flows, the Corporation considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

G. BAD DEBTS

Uncollectible amounts due for customer's utility receivables are recognized as bad debts through the adjustment of an allowance account to the balance of individual accounts deemed uncollectible at the end of each fiscal year. Balances on all inactive accounts and balances on active accounts that are over ninety days past due are considered uncollectible.

H. ENCUMBRANCES

The Mire-Branch Water Corporation does not employ the encumbrance system of accounting.

I. VACATION AND SICK LEAVE

The Mire-Branch Water Corporation allows full-time employees five working days for vacation and five working days for sick leave after one year of employment. One additional day is added every year of employment until twenty days of vacation is accumulated, which is the maximum days allowed per year. Unused vacation may not be accumulated or carried over to the next calendar year. Sick leave can be carried forward up to a maximum of ninety days, but is forfeited upon termination of employment. However, sick leave may be paid out upon retirement at current hourly salary to an employee or employees who have been with the company for more than twenty consecutive years. The amount of compensated absences is immaterial at June 30, 2020 and 2019, therefore, no accrual is set up.

J. ESTIMATES

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

K. INCOME TAXES

Mire-Branch Water Corporation is a nonprofit organization exempt from income taxes under the Internal Revenue Code Section 501(c) (12) and similar provisions of the State Code. Therefore, no provisions for income taxes have been made. The Corporation files an annual information tax return with the IRS (Form 990). These tax returns are subject to examination by the taxing authority for a period of three years from the date filed. As of June 30, 2020 the tax years ending after June 30, 2016 remain subject to examination.

L. RETIREMENT PLAN

In 2007, Mire Branch Water Corporation established a Simplified Employee Pension Plan for full-time employees, which is a defined contribution plan. Anyone who is a full-time employee and has been there for one year is eligible to participate in the Plan. Mire-Branch Water Corporation contributes five percent of each participating employee's monthly salary to the Plan. All contributions made under this plan are fully vested and non-forfeitable. The plan may not be amended except to modify entries inserted in blanks or boxes provide in general requirements, timing of salary reductions elections, procedures for withdrawals and transfers by the designated financial institution, and the plan effective date. Retirement Plan expenses for the years ended June 30, 2020 and 2019 amounted to \$7,756 and \$8,390, respectively.

M. ADVERTISING COSTS

Advertising costs are expensed as incurred. The advertising expense for the year ended June 30, 2020 and 2019 amounted to \$ 390 and \$ 551, respectively.

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

N. COST ALLOCATION

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include compensation and benefits, supplies, insurance, professional fees, and other which are allocated in the basis of estimates of time and effort as well as depreciation and amortization and occupancy

O. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following represents Mire-Branch's financial assets as of the balance sheets date. There are no donor-imposed restrictions.

	<u>2020</u>	<u>2019</u>
Financial assets at year-end	\$ 1,029,698	\$ 796,761
Less those unavailable for general expenditures within one year - donor imposed restrictions	<u>-</u>	<u>-</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>1,029,698</u>	<u>796,761</u>

As part of Mire-Branch's liquidity management, it invests excess cash in certificates of deposits.

NOTE (2) - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at each balance sheet date are made up of the following accounts:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Petty cash	\$ 725	\$ 725
Short lived asset replacement	82,911	52,877
General account - checking	<u>237,222</u>	<u>127,010</u>
	<u>320,858</u>	<u>180,612</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, Mire-Branch Water Corporation's deposits may not be recovered or will not be able to recover the collateral securities that are in the possession of an outside party. These deposits should be secured by federal deposit insurance or similar federal security or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The bank balances of cash and certificates of deposit were \$908,550 and \$679,465 and the carrying amounts were \$911,826 and \$666,390 at June 30, 2020 and 2019, respectively. As of June 30, 2020 and 2019, respectively, the total bank balances were insured or secured with pledged securities or FDIC and therefore not exposed to custodial credit risk.

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE (3) - ACCOUNTS RECEIVABLE

The Mire-Branch Water Corporation's accounts receivable consist of uncollected billed and unbilled utility services. An accounts receivable aging schedule is as follows:

<u>Days</u>	<u>June 30, 2020</u>		<u>June 30, 2019</u>	
	<u>Amounts</u>	<u>Number of Accounts</u>	<u>Amounts</u>	<u>Number of Accounts</u>
0-30 - Current	\$ 82,643		\$ 98,078	
31-60	103		103	
61 and older	<u>19,055</u>		<u>19,055</u>	
Total	101,801		117,236	
Unbilled receivables	<u>35,311</u>		<u>32,172</u>	
	137,112	2,905	149,408	2,860
Less: Allowance for doubtful accounts	<u>(22,495)</u>		<u>(20,603)</u>	
<u>Total</u>	<u>114,617</u>		<u>128,805</u>	

The total number of current users is 2,905. Of this number, 2,891 are residential and 14 are commercial. All commercial users have a meter larger than the residential size. The present water rates are as follows:

Residential:

One meter per user	
2,000 gallons minimum	\$ 16.00
Over 2,000 gallons (per thousand)	4.00
Piggyback (multiple households)	
4,000 gallons minimum	32.00
Over 4,000 gallons (per thousand)	4.00

Commercial:

10,000 gallons minimum	35.00
Over 10,000 gallons (per thousand)	4.00

NOTE (4) - RESTRICTED ASSETS

Under the terms of the Loan Resolution Security Agreement dated September 16, 1987, with the United States Department of Agriculture - Rural Development, all funds received shall be pledged for the purpose of the following funds and shall be set aside into the following separate accounts:

All revenue received shall be set aside in an account to be designated as the General Account. The General Account shall be used to make the monthly debt service payments plus operating and maintenance expenses.

From the remaining funds in the General Account there shall be set aside into an account designated as the Reserve Account the sum of \$1,952 each month until there is accumulated in that account the sum of \$234,192 after which deposits may be suspended, except to replace withdrawals.

In May 2016, the Corporation signed two promissory notes with Rural Development that requires the Corporation to establish and maintain a debt service reserve fund equal to 10% of the monthly payment each month over the life of the loan until you accumulate one annual installment. Such payments began in May 2016.

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE (4) - RESTRICTED ASSETS – Continued

The total funds held in the Reserve Account for USDA loans amount to \$256,936 and \$254,567 at June 30, 2020 and June 30, 2019, respectively.

The renters' deposits account represents refundable fifty-dollar deposits collected from customers requesting service connection to rental property. The renters' deposits were included in the general checking account in the amount of \$29,559 and \$27,178 at June 30, 2020 and June 30, 2019, respectively.

NOTE (5) - PROPERTY, PLANT, AND EQUIPMENT

The following is a summary of property, plant, and equipment at June 30, 2020:

<u>Description of Property</u>	<u>Life in Years</u>	<u>Basis</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation Expense</u>
Non-Depreciable Assets:					
Land		\$ 40,985	\$ -	\$ 40,985	\$ -
Depreciable Assets:					
Water system	7-40 years	5,340,280	3,445,938	1,894,342	140,266
Furniture and fixtures	5-7 years	16,084	14,418	1,666	1,168
Building and improvements	5-39 years	722,680	158,958	563,722	18,133
Equipment	5-10 years	<u>1,319,437</u>	<u>683,809</u>	<u>635,628</u>	<u>121,125</u>
Total		<u><u>7,439,466</u></u>	<u><u>4,303,123</u></u>	<u><u>3,136,343</u></u>	<u><u>280,692</u></u>

The following is a summary of property, plant, and equipment at June 30, 2019:

<u>Description of Property</u>	<u>Life in Years</u>	<u>Basis</u>	<u>Accumulated Depreciation</u>	<u>Net</u>	<u>Depreciation Expense</u>
Non-Depreciable Assets:					
Land		\$ 40,985	\$ -	\$ 40,985	\$ -
Construction in Progress		13,000	-	13,000	-
Depreciable Assets:					
Water system	7-40 years	5,284,702	3,305,672	1,979,030	145,240
Furniture and fixtures	5-7 years	16,083	13,250	2,833	1,180
Building and improvements	5-39 years	717,007	140,825	576,182	18,040
Equipment	5-10 years	<u>1,255,197</u>	<u>562,684</u>	<u>692,513</u>	<u>113,188</u>
Total		<u><u>7,326,974</u></u>	<u><u>4,022,431</u></u>	<u><u>3,304,543</u></u>	<u><u>277,648</u></u>

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE (6) - NOTES PAYABLE

Seven installment promissory notes were authorized to be issued by the Board of Directors. All seven notes are secured by a mortgage to Rural Development. The following is a summary of notes payable:

	<u>USDA</u>	
Balance, June 30, 2018	\$ 3,306,637	
Additions	-	
Reductions	<u>(98,937)</u>	
Balance, June 30, 2019	3,207,700	
Additions	-	
Reductions	<u>(99,241)</u>	
Balance, June 30, 2020	<u><u>3,108,459</u></u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
<u>COBANK LOANS</u>		
#1 \$330,725 note payable - dated October 2, 2019, with A 2.984% interest, payable in monthly installments of \$4,375 over 85 months	\$ 302,795	\$ 343,422
#2 \$79,363 note payable - dated October 2, 2019, with 3.209% interest, payable in monthly installments of \$637 over 156 months	76,125	80,718
#3 \$135,061 note payable - dated October 2, 2019 with 3.345% interest, payable in monthly installments of \$942 over 190 months	130,832	136,501
#4 \$1,284,323 note payable – dated October 2, 2019, with 3.664% interest, payable in monthly installments of \$6,774 over 304 months	1,264,760	1,072,178
#11 \$269,000 note payable – dated September 8, 2004, with 4.25% interest, payable in monthly installments of \$1,179 over 480 months	-	218,360
<u>USDA LOANS</u>		
#12 \$1,265,200 note payable - dated May 18, 2015, with 2.75% interest, payable in monthly installments of \$4,416 over 480 months	1,177,296	1,197,608
#13 \$165,400 note payable - dated May 18, 2015, with 3.50% interest, payable in monthly installments of \$649 over 480 months	<u>156,651</u>	<u>158,913</u>
<u>Total – Long-term notes payable</u>	<u><u>3,108,459</u></u>	<u><u>3,207,700</u></u>

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020 AND 2019

NOTE (6) - NOTES PAYABLE - Continued

The annual requirements to amortize notes payable are as follows:

<u>Years Ended June 30,</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2021	\$ 98,378	\$ 115,141	\$ 213,519
2022	94,645	118,874	213,519
2023	90,789	122,729	213,518
2024	86,807	126,712	213,519
2025	82,694	130,825	213,519
2026-2030	357,520	517,765	875,285
2031-2035	275,666	506,657	782,323
2036-2040	190,978	515,559	706,537
2041-2045	97,637	452,254	549,891
2046-2050	54,446	249,454	303,900
2051-2055	16,653	252,489	269,142
<u>Total</u>	<u>1,446,213</u>	<u>3,108,459</u>	<u>4,554,672</u>

NOTE (7) - SAFE DRINKING WATER FEE

The safe drinking water fee has been offset against the revenue in the financial statements for June 30, 2020 and 2019. The amounts of the safe drinking water fee paid for June 30, 2020 and 2019 were \$32,673 and \$32,473, respectively.

NOTE (8) - SUBSEQUENT EVENTS

Subsequent events were evaluated through October 13, 2020, which is the date the financial statements were available to be issued. As of October 13, 2020, there were no subsequent events noted.

NOTE (9) - UNCERTAINTIES

In March 2020, the World Health Organization declared the outbreak of novel coronavirus disease ("COVID-19") as a pandemic. Given the uncertainty of the situation, the duration of any business disruption and related financial impact cannot be reasonably estimated at this time.

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)
JUNE 30, 2020

Insurer	Coverage	Risk Covered	Coverage Limits	Co-Insurance	Policy Period	
					From	To
American Alternative Insurance Corp.	Property General Liability	Commercial	\$ 1,687,920	None	8/15/2019	8/15/2020
		Bodily Injury	1,000,000			
		& Property Damage	1,000,000			
			3,000,000			
		Personal Injury	1,000,000			
			3,000,000			
		Professional Liability	1,000,000			
			3,000,000			
	Employee Benefits Liability	1,000,000				
		3,000,000				
	Damage to Rented Premises	1,000,000				
	Medical Expense	10,000				
Louisiana Construction & Industry SIF	Workmen's compensation	Professional		None	1/1/2020	1/1/2021
Travelers Casualty & Surety	Directors' and Officers' Liability		2,000,000	None	5/26/2019	5/26/2022
Travelers Casualty & Surety	Surety Bond	Blanket Policy Covering All Employees	500,000	None	5/26/2019	5/26/2022
BCS Insurance Co. AJ Gallagher RMS, Inc.	Aggregate Limit of Liability		1,000,000	None	8/15/2019	8/15/2020

See Independent Auditor's Report.

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
SCHEDULE OF DIRECTORS' AND OFFICERS' COMPENSATION
AS OF JUNE 30, 2020

<u>Name</u>	<u>Term Expires</u>	<u>Title</u>	<u>Travel Allowance</u>	<u>Per Diem</u>
Ken Arceneaux	10/20	President	\$ 438	\$ 3,900
Brian Savoie	10/21	First Vice-President	363	3,700
Danny Richard	10/22	Second Vice-President	363	3,900
Martin Guillory	10/21	Third Vice-President	-	3,900
Keith Faul	10/20	Treasurer	-	3,700
Chris Savoy	10/22	Recording Secretary	431	3,500
			<u>1,595</u>	<u>22,600</u>

See Independent Auditor's Report.

James L. Nicholson, Jr., CPA
 Michael A. Roy, CPA
 Lisa Trouille Manuel, CPA
 Dana D. Quebedeaux, CPA



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John S. Dowling, CPA - 1904-1984
 John Newton Stout, CPA - 1936-2005
 Chizal S. Fontenot, CPA - 1955-2012
 Russell J. Stelly, CPA - 1942 - 2019

Retired

Harold Dupre, CPA - 1996
 Dwight Ledoux, CPA - 1998
 Joel Lanclos, Jr., CPA - 2003
 G. Kenneth Pavy, II, CPA - 2020

Van L. Auld, CPA

**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**

To the Board of Directors
 Mire-Branch Water Corporation
 Mire, Louisiana

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, the financial statements of the Mire-Branch Water Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mire-Branch Water Corporation's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mire-Branch Water Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 the 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.

To the Board of Directors
Mire-Branch Water Corporation
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mire-Branch Water Corporation'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 financial statements. 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 instances of noncompliance or other matters that are 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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "John S. Darling & Company". The signature is written in black ink and is positioned above the printed name and date.

Opelousas, Louisiana
October 13, 2020

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED JUNE 30, 2020

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Mire-Branch Water Corporation.
2. No significant deficiencies and no material weaknesses relating to the audit of the financial statements are reported in the 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.
3. No instances of noncompliance relating to the audit of the financial statements are reported in the 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.
4. A management letter was issued for Mire-Branch Water Corporation.
5. There was no single audit required under 2CFR 200.516(a) (Uniform Guidance).

B. 2020 FINDINGS - FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONS COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

Not applicable.

MIRE-BRANCH WATER CORPORATION
MIRE, LOUISIANA
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

Section I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS

None

Section II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS

None

Section III - MANAGEMENT LETTER

2019-1 Inadequate Segregation of Duties Within Accounting Functions – Repeat comment