

COLYELL COMMUNITY WATER ASSOCIATION, INC.
LIVINGSTON, LOUISIANA

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2019



PHIL HEBERT
CERTIFIED PUBLIC ACCOUNTANT
A PROFESSIONAL ACCOUNTING CORPORATION

**Colyell Community Water Association, Inc.
Livingston, Louisiana**

Table of Contents
December 31, 2019

	<u>Statement</u>	<u>Page</u>
Independent Auditor’s Report		2
Statement of Financial Position	A	4
Statement of Activities	B	5
Statement of Cash Flows.....	C	6
Notes to the Financial Statements.....		7
Supplementary Information:		
Schedule of Water Rates and Customers		16
Schedule of Aggregate Dollar Billed for Services and Average Monthly Billing Per User		16
Schedule of Insurance Policies		16
Schedule of Compensation Paid to Board Members		17
Schedule of Compensation, Benefits, and Other Payments to Agency Head.....		17
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>		19
Schedule of Prior Year Findings.....		21
Schedule of Current Year Audit Findings and Responses		22

CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

MEMBER

American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants



18435 HIGHWAY 22, STE. 2
P.O. BOX 1151
PONCHATOULA, LA 70454
(985) 386-5740 • FAX (985) 386-5742

29644 SOUTH MONTPELIER AVE., STE. B
P.O. BOX 520
ALBANY, LA 70711
(225) 209-6627 • FAX (225) 209-6625

Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

Independent Auditor's Report

To the Board of Directors
Colyell Community Water Association, Inc.
Livingston, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of Colyell Community Water Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and cash flows for the year 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 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. 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.

Colyell Community Water Association, Inc.

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 Colyell Community Water Association, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary schedules listed in the table of contents are 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2020, on our consideration of the Association'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 Colyell Community Water Association's internal control over financial reporting and compliance.

Phil Hebert

Phil Hebert, CPA
A Professional Accounting Corporation
May 5, 2020

**Colyell Community Water Association, Inc.
Livingston, Louisiana**

Statement A

**Statement of Financial Position
December 31, 2019**

Assets

Current Assets:

Cash and Cash Equivalents	\$	96,703
Investments		104,085
Accounts Receivable, Net		6,380
Unbilled Sales		50,909
Inventory		1,200
Prepaid Expenses		11,547
Total Current Assets		270,824

Restricted Assets

Cash and Cash Equivalents		269,958
Investments:		
Member Deposits		52,042
Total Restricted Assets		322,000

Property, Plant and Equipment:

Land		27,033
Construction in Progress		46,662
Property and Equipment, Net		1,358,194
Total Property, Plant and Equipment		1,431,889

Total Assets	\$	2,024,713
---------------------	-----------	------------------

Liabilities and Net Assets

Current Liabilities:

Accounts Payable	\$	7,068
Payroll Taxes Payable		4,333
Construction Payable		3,375
Retainage Payable		1,050
Accrued Interest		15,024
Refundable Advance		58,526
Notes Payable-Current Portion		107,300
Total Current Liabilities		196,676

Noncurrent Liabilities:

Member's Deposits		54,354
Notes Payable-Long Term		647,300
Total Noncurrent Liabilities		701,654
Total Liabilities		898,330

Net Assets:

Without Donor Restrictions		1,126,383
Total Net Assets		1,126,383
Total Liabilities and Net Assets	\$	2,024,713

The accompanying notes are an integral part of this statement.

**Colyell Community Water Association, Inc.
Livingston, Louisiana**

Statement B

**Statement of Activities
For the Year Ended December 31, 2019**

	Without Donor Restrictions
Operating Revenues:	
Water Sales	\$ 384,199
Penalties	18,465
Connections	13,833
DHH Fees	13,971
Miscellaneous	4,461
Total Operating Revenues	434,929
Operating Expenses:	
Advertising	335
Bank Charges	2,347
Contract Labor	5,363
Depreciation	80,837
Dues and Subscriptions	300
Fuel	8,007
Insurance	15,942
Miscellaneous	238
Office Expenses	6,954
Payroll Taxes	9,623
Postage	4,813
Professional Fees	17,948
Repairs and Maintenance	17,069
Safe Drinking Water	13,272
Salaries	122,227
Software	2,295
Supplies	14,175
Telephone and Utilities	24,404
Total Operating Expenses	346,149
Operating Income	88,780
Nonoperating Revenue and (Expenses):	
FEMA Grant Revenue	38,461
Interest Income	508
Interest Expense and Fees	(32,763)
Total Nonoperating Revenues (Expenses)	6,206
Change in Net Assets	94,986
Net Assets, Beginning	1,031,397
Net Assets, Ending	\$ 1,126,383

The accompanying notes are an integral part of this statement.

**Colyell Community Water Association, Inc.
Livingston, Louisiana**

Statement C

**Statement of Cash Flows
For the Year Ended December 31, 2019**

Cash Flow From Operating Activities:

Change in Net Assets	\$ 94,986
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	80,837
Changes in Current Assets and Liabilities:	
(Increase) Decrease in Receivables, Net	10,681
(Increase) Decrease in Unbilled Sales	-
(Increase) Decrease in Prepaid Expense	(1,161)
Increase (Decrease) in Accounts Payable	(5,384)
Increase (Decrease) in Payroll Liabilities	1,427
Increase (Decrease) in Refundable Advances	58,526
Increase (Decrease) in Construction payable	(5,738)
Increase (Decrease) in Retainage Payable	1,050
Increase (Decrease) in Accrued Interest	(2,036)
Increase (Decrease) in Member's Deposits	1,287
Net Cash Provided by Operating Activities	<u>234,475</u>

Cash Flow From Investing Activities:

Increase in Investment in Certificates of Deposit	(274)
Purchase of Fixed Assets	<u>(51,243)</u>
Net Cash Used by Investing Activities	<u>(51,517)</u>

Cash Flows From Capital and Related Financing Activities:

Principal Paid on Debt	(103,100)
Amortization	<u>678</u>
Net Cash Used in Capital and Related Financing Activities	<u>(102,422)</u>

Net Increase in Cash and Cash Equivalents 80,536

Cash and Cash Equivalents, Beginning of Year	<u>286,125</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 366,661</u></u>

Reconciliation of Cash and Cash Equivalents to Statement of Financial Position:

Cash and Cash Equivalents, Unrestricted	\$ 96,703
Cash and Cash Equivalents, Restricted	<u>269,958</u>
Total Cash and Cash Equivalents	<u><u>\$ 366,661</u></u>

Supplemental Disclosure of Cash Flow Information:

Cash paid during the year for interest and admin fees were \$34,101

The accompanying notes are an integral part of this statement.

Colyell Community Water Association, Inc.
Livingston, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2019

Business Organization

Colyell Community Water Association, Inc. (“the Association”) was incorporated on May 21, 1973, as a nonprofit corporation. The Association was organized to provide water distribution services to residents of the Colyell Community in Livingston Parish. At December 31, 2019, Colyell provided service to a total of 1,086 Customers.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The Association is required to report information regarding the financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

B. Basis Accounting

The financial statements of Colyell Community Water Association, Inc. are maintained on an accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities. This method recognizes revenues when earned, and expenses when incurred.

C. Water Sales

Revenue from contracts with members for monthly water sales is reported at the amount that reflects the consideration to which the Association expects to be entitled in exchange for providing water to its customers. Revenue is recognized as performance obligations are satisfied, which is on a monthly basis, as billed. Generally, the Association bills members on the 1st day of each month and amounts being due by the 14th of each month.

D. Accounts Receivable

Accounts Receivable are stated at unpaid balances, less an allowance for doubtful accounts.

E. Income Taxes

The Association files income tax returns in the U.S. federal jurisdiction. The Association is a non-profit association formed under Section 501(C) 12 of the Internal Revenue Code. With few exceptions, the Association is no longer subject to federal income tax examinations by tax authorities for years before 2017. Any interest and penalties assessed by income taxing authorities, if any, are not significant and would be included in the Statement of Activities.

Colyell Community Water Association, Inc.
Livingston, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2019

F. Property, Plant and Equipment

Property, plant and equipment are stated at cost and do not purport to represent replacement or realizable values. The cost of depreciable property, plant and equipment is charged to earnings over the estimated useful lives of the assets. Expenditures for maintenance and repairs are charged to expenses as incurred; expenditures for renewals and betterments of \$500 or more are generally capitalized. When properties are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. Depreciation of all depreciable property, plant and equipment is computed using the straight-line method over the following lives:

<u>Description</u>	<u>Estimated Lives</u>
Water System	10 - 40 Years
Equipment	5 - 10 Years
Land	Not applicable

G. Compensated Absences

Because of the immateriality of estimating compensating absences, the water system has not attempted to accrue a liability for them.

H. Statement of Cash Flows

For the purposes of the statement of cash flows, Colyell Community Water Association, Inc. considers all bank accounts and certificates of deposit with an initial maturity of ninety days or less when purchased to be cash equivalents for purposes of reporting cash flows.

I. Restricted Assets

Certain resources set aside for the repayment of the notes payable and a capital addition and contingency account, are classified as restricted assets because their use is limited by applicable bond covenants.

J. Use of Estimates

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

Colyell Community Water Association, Inc.
Livingston, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2019

K. Inventory

Inventories are stated at the lower of cost or market determined by the first-in, first-out method. Inventories consist of chemicals and water supplies.

L. Investments

The Association maintains investments in certificates of deposit with an initial maturity of more than 90 days. The fair value of the certificates of deposit at December 31, 2019 was \$156,127.

M. Concentration of Credit Risk

Financial instruments that potentially subject the Association to concentration of credit risk consist principally of cash deposits. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000. At December 31, 2019, all accounts were insured by the FDIC.

N. New Accounting Pronouncement

In May 2014, the Financial Accounting Standards Board ("FASB") issued ASU 2014-09, Revenue from Contracts with Customers, or Accounting Standards Codification Topic 606 ("ASC 606"), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition ("ASC 605"). This literature is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The accounting guidance also requires additional disclosure regarding the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts including significant judgments and changes in judgments, as well as assets recognized from costs incurred to obtain or fulfill a contract. On January 1, 2019, the Organization adopted ASC 606. Analysis of the various provisions of this standard resulted in no significant changes in the way the Association recognizes revenue.

2. Financial Assets and Liquidity Resources

As of December 31, 2019, financial assets and liquidity resources available within one year for general expenses such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, were as follows:

**Colyell Community Water Association, Inc.
Livingston, Louisiana**

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

Financial Assets:

Cash & Cash Equivalents	\$ 96,703
Investments	104,085
Accounts Receivable, Net	6,380
Total Financial Assets Available within One Year	<u>207,168</u>

Total Financial Assets and Liquidity Resources Available within One Year	<u><u>\$ 207,168</u></u>
--	---------------------------------

3. Restricted Assets

At December 31, 2019, the Association had restricted assets as follows:

Debt Service Sinking Account	\$ 103,206
Debt Service Reserve Account	35,592
Capital Additions and Contingencies Account	5,590
FEMA Account	105,189
Customer Deposit Account	20,381
Customer Deposit Certificate of Deposit	52,042
	<u>\$ 322,000</u>

The Association is required to have separate bank accounts for the Debt Service Sinking, Debt Service Reserve, and the Capital Additions and Contingencies Account.

4. Receivables

The following is a summary of receivables at December 31, 2019:

	<u>Beginning</u>	<u>Ending</u>
Accounts Receivable	\$ 11,359	\$ 8,880
Allowance for Uncollectible Accounts	(2,500)	(2,500)
Net Accounts Receivable	<u>\$ 8,859</u>	<u>\$ 6,380</u>

Estimated unbilled sales are recognized at the end of each fiscal year on a pro-rata basis. The estimated amount is equal to one hundred percent of the January 1, 2020 billing and one half of the February 1, 2020 billing. Accrued unbilled sales totaled \$50,909 at December 31, 2019.

Colyell Community Water Association, Inc.
Livingston, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2019

5. Property, Plant and Equipment

A summary of the changes in property, plant and equipment follows:

	Balance December 31, 2018	Additions	Deletions	Balance December 31, 2019
Capital Assets:				
Land	\$ 27,033	\$ -	\$ -	\$ 27,033
Construction in Progress	9,113	37,549	-	46,662
Water System and Equipment	2,592,081	13,694	-	2,605,775
Building	61,207	-	(9,500)	51,707
Total Capital Assets	2,689,434	51,243	(9,500)	2,731,177
Less Accumulated Depreciation	(1,227,951)	(80,837)	9,500	(1,299,288)
Total Capital Assets, Net	\$ 1,461,483	\$ (29,594)	\$ -	\$ 1,431,889

Depreciation expense for the year ended December 31, 2019 was \$80,837. Construction in Progress consists of engineering fees for the improvements to the water well that was damaged in August 2016 flood. The Association received all of its funding from FEMA in the amount of \$105,188 to be used for the improvements to the damaged water well. The amount that has not been spent is \$58,526 which is listed as a refundable advance on the Statement of Financial Position.

6. Notes Payable

The Association has entered into two loan agreements with the State of Louisiana for construction costs and upgrades to the Association's water system. The Association has pledged revenues derived from these assets to pay the debt service of these loans. On June 27, 2002, the Association borrowed \$948,600 and on March 1, 2009, the Association borrowed \$899,732. These loans are collateralized by the receivables, land and water system improvements of the Association. The Association reduces the long-term portion of the debt on the statement of financial position by the unamortized debt issuance cost of \$6,100 as required by FASB ASC 835-30.

**Colyell Community Water Association, Inc.
Livingston, Louisiana**

**Notes to the Financial Statements
For the Year Ended December 31, 2019**

<u>Description/Purpose</u>	<u>Original Amount</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Balance December 31, 2019</u>
2002 Expansion of Water System	\$ 948,600	3.45%	July 1, 2023	\$ 251,700
2009 Expansion of Water System	\$ 899,732	3.45%	July 1, 2028	\$ 509,000

Changes in Long-Term Debt: Long-term debt liability activity for the year ended December 31, 2019 are as follows:

	<u>Balance December 31.</u>			<u>Balance December 31, Due Within</u>	
	<u>2018</u>	<u>Additions</u>	<u>Reductions</u>	<u>2019</u>	<u>One Year</u>
2002 Loan	\$ 308,800	\$ -	\$ 57,100	\$ 251,700	\$ 59,300
2009 Loan	555,000	-	46,000	509,000	48,000
	<u>\$ 863,800</u>	<u>\$ -</u>	<u>\$ 103,100</u>	<u>\$ 760,700</u>	<u>\$ 107,300</u>

The debt service requirements to maturity for the 2002 DHH loan are as follows:

<u>Year Ending December 31,</u>	<u>0.5% Admin. Fee</u>				<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Fee</u>		
2020	\$ 59,300	\$ 8,684	\$ 1,259	\$ 69,243	
2021	61,700	6,638	962	69,300	
2022	64,100	4,509	654	69,263	
2023	66,600	2,298	333	69,231	
	<u>\$ 251,700</u>	<u>\$ 22,129</u>	<u>\$ 3,208</u>	<u>\$ 277,037</u>	

The debt service requirements to maturity for the 2009 DHH loan are as follows:

Colyell Community Water Association, Inc.
Livingston, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2019

Year Ending December 31,	Principal	Interest	0.5% Admin. Fee	Total
2020	\$ 48,000	\$ 17,560	\$ 2,545	\$ 68,105
2021	50,000	15,905	2,305	68,210
2022	52,000	14,180	2,055	68,235
2023	54,000	12,385	1,795	68,180
2024	56,000	10,522	1,525	68,047
2025-2028	249,000	21,873	3,170	274,043
	<u>\$ 509,000</u>	<u>\$ 92,425</u>	<u>\$ 13,395</u>	<u>\$ 614,820</u>

Compliance with Loan Covenants

So long as the Note is outstanding, the Company through its Board of Directors obligates itself to fix, establish, maintain, levy and collect such rates, rents or other charges for services and facilities of the System and all parts thereof and to revise the same from time to time whenever necessary to always provide user fees in each fiscal year sufficient to meet all requirements of the Loan Documents and at least to:

- a) pay the reasonable and necessary expenses of operating and maintaining the system in such Fiscal Year;
- b) pay all the principal and interest maturing on any prior lien obligations in each Fiscal Year;
- c) pay all the principal and interest and the Administrative Fee maturing on the Note in each Fiscal Year and make all required deposits to the funds and accounts to the extent that such payments are not provided for from other sources of pledged revenues;
- d) provide an additional amount equal to at least one hundred twenty-five percent (125%) of the principal and interest maturing on the Note in each Fiscal Year;

The Association did provide an additional amount equal to at least one hundred twenty-five percent of the principal and interest maturing on the Note for December 31, 2019.

7. Members' Deposits

Members' deposits are paid by customers upon application for utility services and are returnable to them upon termination of service. The Association has established a separate bank account for member deposits.

Colyell Community Water Association, Inc.
Livingston, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2019

At December 31, 2019 Members' Deposits amounted to \$54,354. The Association has deposited funds in a separate restricted certificate of deposit account of \$52,042 and a restricted bank account of \$20,381 at December 31, 2019.

9. Compensated Absences, Pension Plan, and Other Postemployment Benefits

At December 31, 2019, the Association has no plan or provision for compensated absences, pension plan or other post-employment benefits.

10. Risk Management

The Association is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets and errors and omissions. To handle such risk of loss, the Association maintains commercial liability and surety bond insurance policies. There were no significant reductions in insurance coverage during the year ending December 31, 2019.

11. Subsequent Events

The Association evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through May 5, 2020 the date the financial statements were available to be issued and determined that no events occurred that require disclosure.

Supplementary Information

**Colyell Community Water Association, Inc.
Livingston, Louisiana
For the Year Ended December 31, 2019**

Schedule of Water Rates and Customers

	<u>Customers</u>	<u>Gallons</u>	<u>Rate</u>
Residential	1,080	0-2,000 Gallons	\$17
		Over 2,000 Gallons	\$3.50 per 1,000 gallons
Commercial	6	0-10,000 Gallons	\$25
	<u>1,086</u>	Over 10,000 Gallons	\$3.50 per 1,000 gallons

**Schedule of Aggregate Dollar Billed For Services and
Average Monthly Billing Per User**

Water Sales	\$ 384,199
Total Operating Revenues	\$ 434,929
Average Monthly Billing Per Customer	
Water Sales Average Monthly Billing Per User	\$ 29.81
Total Operating Revenue Average Monthly Billing Per User	\$ 33.75

Schedule of Insurance Policies

<u>Insurance Company</u>	<u>Coverage</u>	<u>Period</u>
Louisiana Workers Compensation Corporation	Workers' Compensation	07/28/19 - 07/28/20
C N A	Surety Bond	03/22/19 - 03/22/20
First Financial Company	General Liability	11/14/19 - 11/14/20
Farm Bureau	Fire Policy	07/08/19 - 07/08/20
Farm Bureau	Vehicle Policy	12/04/19 - 06/04/20
Farm Bureau	Vehicle Policy	11/03/19 - 05/03/20
Farm Bureau	Equipment Utility Trailor	11/13/19 - 05/13/20
Farm Bureau	Equipment Back Hoe	06/18/19 - 06/18/20
The Burlington Insurance Company	Directors and Officers Liability	05/24/19 - 05/24/20

**Colyell Community Water Association, Inc.
Livingston, Louisiana
For the Year Ended December 31, 2019**

Schedule of Compensation Paid to Board Members

Board Member	2019
Hulon Taylor	\$ 850
Charles McCon	\$ 843
Calton Watts	\$ -
Daniel Piper	\$ 1,400
Otis Taylor	\$ 400
Luvawn Andrews	\$ 700
Carlton Toby McCon	\$ 700

**Schedule of Compensation, Benefits and Other
Payments to Agency Head**

Manager: Carlton Edwards

Purpose	Amount
Salary	\$ 34,716
Travel	-
Reimbursements	-
Total Payments	<u>\$ 34,716</u>

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

CHARLES P. HEBERT, CPA

CHRISTOPHER S. JOHNSON, CPA, MBA

MEMBER

American Institute of Certified Public Accountants
Society of Louisiana Certified Public Accountants



18435 HIGHWAY 22, STE. 2
P.O. BOX 1151
PONCHATOULA, LA 70454
(985) 386-5740 • FAX (985) 386-5742

29644 SOUTH MONTEPELIER AVE., STE. B
P.O. BOX 520
ALBANY, LA 70711
(225) 209-6627 • FAX (225) 209-6625

Phil Hebert, CPA

A PROFESSIONAL ACCOUNTING CORPORATION

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
Colyell Community Water Association, Inc.
Livingston, LA

We have audited, 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, the financial statements of Colyell Community Water Association, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and cash flows for the year ended, and the related notes to the financial statements, and have issued our report thereon dated May 5, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Colyell Community Water Association, Inc.'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 Colyell Community Water Association, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Colyell Community Water Association, Inc.'s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Colyell Community Water Association, Inc.

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 Colyell Community Water Association, Inc.'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 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

This report is intended solely for the information and use of management, the Board of Directors, and the Office of the Legislative Auditor, State of Louisiana, and federal awarding agencies and pass through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Phil Hebert

Phil Hebert, CPA
A Professional Accounting Corporation
May 5, 2020

**Colyell Community Water Association, Inc.
Livingston, Louisiana**

**Schedule of Prior Year Audit Findings
For the Year Ended December 31, 2019**

Section I Internal Control and Compliance Material to the Financial Statements

2018-1 Loan Covenant Requirements

Condition:

Utility rates were not sufficient to provide an amount equal to at least one hundred twenty-five percent of the principal and interest maturing on the note for each Fiscal Year after paying the necessary expenses of operating and maintaining the water system.

Recommendation:

We recommend management monitor revenues and expenses for the current year and increase water service rates for customers if necessary to be in compliance with loan covenants.

Resolved:

Fully

Colyell Community Water Association, Inc.
Livingston, Louisiana

Schedule of Current Year Audit Findings and Responses
For the Year Ended December 31, 2019

We have audited the basic financial statements of Colyell Community Water Association, Inc. as of and for the year ended December 31, 2019 and have issued our report thereon dated May 5, 2020. 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 Governmental Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of December 31, 2019 resulted in an unmodified opinion.

Section I. Summary of Auditor's Report

a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness, No Significant Deficiencies, No

Compliance

Compliance Material to Financial Statements, No

b. Federal Awards

Not Applicable

Was a management letter issued? No