

**COLYELL COMMUNITY WATER ASSOCIATION, INC.
LIVINGSTON, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

As of and for the Year Ended December 31, 2021



**Hebert Johnson
& Associates, Inc.**
Certified Public Accountants

A Professional Accounting Corporation

Colyell Community Water Association, Inc.
Livingston, Louisiana

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December 31, 2021

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A P R O F E S S I O N A L A C C O U N T I N G C O R P O R A T I O N

Independent Auditor's Report

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

Opinion

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, 2021, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Colyell Community Waterworks Association, Inc. as of December 31, 2021, 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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Colyell Community water Association, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Colyell Community Water Association, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with general accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatements of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of Colyell Community Water Association, Inc. internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Colyell Community Water Association, Inc's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope of timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on pages 15 through 21 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 related 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 states in all material respects in relation to the financial statements as a whole.

Other Information

In accordance with *Government auditing Standards*, we have also issued our report dated June 6, 2022, on our consideration of Colyell Community Water Association, Inc.'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 the effectiveness of Colyell Community Water Association, Inc.'s internal control over financing reporting on compliance. That report is a consideration of Colyell Community Water Association, Inc.'s internal control over financial reporting and compliance.

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
June 6, 2022

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

Statement A

**Statement of Financial Position
December 31, 2021**

Assets

Current Assets:

Cash and Cash Equivalents	\$ 91,082
Accounts Receivable, Net	4,001
Unbilled Sales	51,751
FEMA Receivable	27,763
Inventory	1,200
Prepaid Expenses	9,207
Down Payment on Generator	25,803
Total Current Assets	210,807

Restricted Assets

Cash and Cash Equivalents	174,582
Investments:	
Member Deposits	52,140
Total Restricted Assets	226,722

Property, Plant and Equipment:

Land	27,033
Property and Equipment, Net	1,470,531
Total Property, Plant and Equipment	1,497,564

Total Assets	\$ 1,935,093
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Liabilities and Net Assets

Current Liabilities:

Accounts Payable	\$ 5,476
Notes Payable-Current Portion	116,100
Total Current Liabilities	121,576

Noncurrent Liabilities:

Member's Deposits	56,293
Notes Payable-Long Term	420,856
Total Noncurrent Liabilities	477,149
Total Liabilities	598,725

Net Assets:

Without Donor Restrictions	1,336,368
Total Net Assets	1,336,368
Total Liabilities and Net Assets	\$ 1,935,093

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, 2021**

	Without Donor Restrictions
Operating Revenues:	
Water Sales	\$ 425,995
Penalties	18,724
Connections	18,168
DHH Fees	14,657
Miscellaneous	563
Total Operating Revenues	478,107
Operating Expenses:	
Accounting & Legal	17,485
Advertising	436
Amortization	678
Bad Debt	1,694
Bank Charges	2,484
Computer & Internet	2,955
Contract Labor	3,950
Depreciation	92,102
Dues and Subscriptions	395
Fuel	6,521
Insurance	17,136
Janitorial Expense	125
Miscellaneous	4,068
Office Expenses	5,597
Payroll Taxes	11,762
Postage and Shipping	5,388
Professional Fees	650
Repairs and Maintenance	20,293
Rental Equipment	4,449
Safe Drinking Water	14,844
Salaries	150,362
Software	3,275
Supplies	33,918
Taxes & Licenses	599
Telephone and Utilities	26,265
Total Operating Expenses	427,431
Operating Income	50,676
Nonoperating Revenue and (Expenses):	
Grant Revenue	50,000
FEMA Reimbursement	27,763
Gain on Sale of Asset	600
Interest Income	21
Interest Expense and Fees	(23,603)
Total Nonoperating Revenues (Expenses)	54,781
Change in Net Assets	105,457
Net Assets, Beginning	1,230,911
Net Assets, Ending	\$ 1,336,368

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, 2021**

Cash Flow From Operating Activities:

Change in Net Assets	\$ 50,676
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	92,102
Changes in Current Assets and Liabilities:	
(Increase) Decrease in Receivables, Net	(27,475)
(Increase) Decrease in Prepaid Expense	(25,163)
Increase (Decrease) in Accounts Payable	(21,358)
Increase (Decrease) in Payroll Liabilities	(4,492)
Increase (Decrease) in Member's Deposits	543
Net Cash Provided by Operating Activities	<u>64,833</u>

Cash Flow From Investing Activities:

Increase in Investment in Certificates of Deposit	21
Grant Revenue	50,000
FEMA Reimbursements	27,763
Gain on Sale of Fixed Asset	600
Purchase of Fixed Assets	<u>(28,252)</u>
Net Cash Used by Investing Activities	<u>50,132</u>

Cash Flows From Capital and Related Financing Activities:

Payment of Principal	(111,022)
Payment of Interest	<u>(23,603)</u>
Net Cash Used in Capital and Related Financing Activities	<u>(134,625)</u>

Net Decrease in Cash and Cash Equivalents (19,660)

Cash and Cash Equivalents, Beginning of Year 285,324
Cash and Cash Equivalents, End of Year \$ 265,664

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

Cash and Cash Equivalents, Unrestricted	\$ 91,082
Cash and Cash Equivalents, Restricted	174,582
Total Cash and Cash Equivalents	<u>\$ 265,664</u>

Supplemental Disclosure of Cash Flow Information:

Cash paid during the year for interest and admin fees were \$ 23,603

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, 2021

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, 2021, Colyell provided service to a total of 1,115 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

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") 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. 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

Colyell Community Water Association, Inc.
Livingston, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2021

exceptions, the Association is no longer subject to federal income tax examinations by tax authorities for years before 2018. Any interest and penalties assessed by income taxing authorities, if any, are not significant and would be included in the Statement of Activities.

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, 2021

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, 2021, was \$52,140.

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, 2021, all accounts were insured by the FDIC.

2. Financial Assets and Liquidity Resources

As of December 31, 2021, 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:

Financial Assets:

Cash & Cash Equivalents	\$ 91,082
Accounts Receivable, Net	4,001
Total Financial Assets Available within One Year	<u>95,083</u>

Total Financial Assets and Liquidity Resources

Available within One Year	\$ <u><u>95,083</u></u>
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**Colyell Community Water Association, Inc.
Livingston, Louisiana**

**Notes to the Financial Statements
For the Year Ended December 31, 2021**

3. Restricted Assets

At December 31, 2021, the Association had restricted assets as follows:

Debt Service Sinking Account	\$ 94,306
Debt Service Reserve Account	33,001
Capital Additions and Contingencies Account	25,000
Customer Deposit Account	22,275
Customer Deposit Certificate of Deposit	52,140
	\$ 226,722

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, 2021:

	Beginning	Ending
Accounts Receivable	\$ 6,788	\$ 6,501
Allowance for Uncollectible Accounts	(2,500)	(2,500)
Net Accounts Receivable	\$ 4,288	\$ 4,001

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, 2022, billing and one half of the February 1, 2022 billing. Accrued unbilled sales totaled \$51,751 at December 31, 2021

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

**Notes to the Financial Statements
For the Year Ended December 31, 2021**

5. Property, Plant and Equipment

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

	Balance December 31, 2020	Additions	Deletions	Balance December 31, 2021
Capital Assets:				
Land	\$ 27,033	\$ -	\$ -	\$ 27,033
Computers & Software	7,096	-	(2,995)	4,101
Vehicles	13,243	24,197	(6,485)	30,955
Equipment	67,541	4,054	-	71,595
Furniture	554	-	-	554
Water System	2,756,852	-	-	2,756,852
Fence	13,015	-	-	13,015
Building	51,725	-	-	51,725
Total Capital Assets	<u>2,937,059</u>	<u>28,251</u>	<u>(9,480)</u>	<u>2,955,830</u>
Less Accumulated Depreciation	<u>(1,375,644)</u>	<u>(92,102)</u>	<u>9,480</u>	<u>(1,458,266)</u>
Total Capital Assets, Net	<u>\$ 1,561,415</u>	<u>\$ (63,851)</u>	<u>\$ -</u>	<u>\$ 1,497,564</u>

Depreciation expense for the year ended December 31, 2021, was \$92,102.

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 \$4,744 as required by FASB ASC 835-30.

Description/Purpose	Original Amount	Interest Rate	Final Maturity	Balance December 31, 2021
2002 Expansion of Water System	\$ 948,600	3.45%	July 1, 2023	\$ 130,700
2009 Expansion of Water System	\$ 899,732	3.45%	July 1, 2028	\$ 411,000

Colyell Community Water Association, Inc.
Livingston, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2021

Changes in Long-Term Debt: Long-term debt liability activity for the year ended December 31, 2021, are as follows:

	Balance December 31, 2020			Balance December 31, 2021			Due Within One Year
	Additions	Reductions		Additions	Reductions		
2002 Loan	\$ 192,400	-	\$ 61,700	\$ 130,700	-	-	\$ 64,100
2009 Loan	461,000	-	50,000	411,000	-	-	52,000
	<u>\$ 653,400</u>	<u>\$ -</u>	<u>\$ 111,700</u>	<u>\$ 541,700</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 116,100</u>

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

Year Ending December 31,	Principal	Interest	0.5% Admin. Fee	Total
2022	64,100	4,509	654	69,263
2023	66,600	2,298	333	69,231
	<u>\$ 130,700</u>	<u>\$ 6,807</u>	<u>\$ 987</u>	<u>\$ 138,494</u>

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

Year Ending December 31,	Principal	Interest	0.5% Admin. Fee	Total
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	59,000	8,590	1,245	68,835
2026	61,000	6,555	950	68,505
2027-2028	129,000	6,728	975	136,703
	<u>\$ 411,000</u>	<u>\$ 58,960</u>	<u>\$ 8,545</u>	<u>\$ 478,505</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:

Colyell Community Water Association, Inc.
Livingston, Louisiana

Notes to the Financial Statements
For the Year Ended December 31, 2021

- 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, 2021.

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.

At December 31, 2021, Members' Deposits amounted to \$55,750. The Association has deposited funds in a separate restricted certificate of deposit account of \$52,140 and a restricted bank account of \$22,275 at December 31, 2021.

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

At December 31, 2021, 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, 2020.

11. Subsequent Events

The Association evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through June 6, 2022, 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, 2020

Schedule of Water Rates and Customers

	<u>Customers</u>	<u>Gallons</u>	<u>Rate</u>
Residential	1,093	0-2,000 Gallons Over 2,000 Gallons	\$17 \$3.50 per 1,000 gallons
Commercial	22 <u>1,115</u>	0-10,000 Gallons Over 10,000 Gallons	\$30 \$3.50 per 1,000 gallons

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

Water Sales	\$ 425,995
Total Operating Revenues	\$ 478,107
Average Monthly Billing Per Customer	
Water Sales Average Monthly Billing Per User	\$ 31.84
Total Operating Revenue Average Monthly Billing Per User	\$ 35.73

Schedule of Insurance Policies

<u>Insurance Company</u>	<u>Coverage</u>	<u>Period</u>
Louisiana Workers Compensation Corporation	Workers' Compensation	07/28/21 - 07/28/22
C N A	Surety Bond	03/22/21 - 03/22/22
The Burlington Insurance Company	General Liability	11/14/21 - 11/14/22
Farm Bureau	Fire Policy	07/08/21 - 07/08/22
Farm Bureau	Vehicle Policy	12/04/21 - 06/04/22
Farm Bureau	Vehicle Policy	11/03/21 - 05/03/22
Farm Bureau	Equipment Utility Trailor	11/13/21 - 05/13/22
Farm Bureau	Equipment Back Hoe	06/18/21 - 06/18/22
The Burlington Insurance Company	Directors and Officers Liability	05/24/21 - 05/24/22

**Colyell Community Water Association, Inc.
Livingston, Louisiana
For the Year Ended December 31, 2021**

Schedule of Compensation Paid to Board Members

Board Member	2021
Hulon Taylor	\$ 700
Charles McCon	\$ 700
Carlton Toby McCon	\$ 350
Daniel Piper	\$ 700
Otis Taylor	\$ 350
Kenneth Roshto	\$ 500
William Ricky Wheat	\$ 400

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

Manager: Carlton Edwards

Purpose	Amount
Salary	\$ 17,398
Travel	1,479
Reimbursements	-
Total Payments	\$ 18,877

Manager: Michelle T. Sanders

Purpose	Amount
Salary	\$ 26,213
Travel	2,634
Reimbursements	1,101
Total Payments	\$ 29,948

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

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A P R O F E S S I O N A L A C C O U N T I N G C O R P O R A T I O N

**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, 2021, 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 June 6, 2022.

Report on 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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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 or significant deficiencies may exist that were not identified.

Report on 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,

Chris Johnson

Hebert Johnson & Associates, Inc.
A Professional Accounting Corporation
Albany, Louisiana
June 6, 2022

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

**Schedule of Current Year Audit Findings and Responses
For the Year Ended December 31, 2021**

We have audited the basic financial statements of Colyell Community Water Association, Inc. as of and for the year ended December 31, 2021 and have issued our report thereon dated June 6, 2022. 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, 2021 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

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

**Schedule of Prior Year Audit Findings and Responses
For the Year Ended December 31, 2021**

Compliance

2020-1 Loan Covenant Requirements

Criteria:

The Company must maintain user fees 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.

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.

Cause:

Although water sales did increase in 2020, the Association's expenses also increased with the growing customer base.

Effect:

The Association is not in compliance with bond covenants.

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.

Management's Response:

Management concurs with the recommendation. They will continue to monitor revenues and expenses and increase water rates` if necessary to be in compliance with the loan covenants. With the growing customer base management expects to be in compliance next year. The Association is expected to pay off the 2002 Loan in 2023. Responsible Party Carlton Edwards (225) 698-3739.

Action Taken: Fully Resolved

The Association's governing body and management applied to Louisiana Department of Health (LDH) to increase its rates and charges throughout its service area within Livingston Parish Louisiana. The rate increase was approved and went into effect January 1, 2022.