

MIRE-BRANCH WATER CORPORATION

Mire, Louisiana

Financial Report

Years Ended June 30, 2021 and 2020

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INDEPENDENT AUDITOR'S REPORT

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The Board of Directors
Mire-Branch Water Corporation
Mire, Louisiana

We have audited the accompanying financial statements of the Mire-Branch Water Corporation, (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021 and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements. The financial statements of the Mire-Branch Water Corporation as of and for the year ended June 30, 2020, were audited by other auditors whose report dated October 13, 2020, expressed an unmodified opinion on those 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 the 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. 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 error or fraud. 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 of 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, 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.

Other Matter

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements of the Mire-Branch Water Corporation as a whole. The supplementary information on pages 17 and 18 is presented for purposes of additional analysis and is not a required part of the financial statements.

The supplementary information has not been subjected to the auditing procedures applied in the audits of the financial statements and, accordingly, we do not express or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 8, 2021, on our consideration of Mire-Branch Water Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 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 Mire-Branch Water Corporation's internal control over financial reporting and compliance.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
October 8, 2021

FINANCIAL STATEMENTS

Mire-Branch Water Corporation
Mire, Louisiana

Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Current assets:		
Cash	\$ 138,456	\$ 237,947
Less: restricted portion	(31,288)	(29,559)
Certificates of deposit	337,518	334,757
Unrestricted cash and certificates of deposit	444,686	543,145
Accounts receivable, net	117,697	114,617
Grants receivable	20,712	-
Interest receivable	2,464	2,530
Prepaid expenses	9,358	8,998
Total current assets	594,917	669,290
Restricted assets:		
Cash - meter deposits	31,288	29,559
Interest-bearing deposits - short lived asset replacement account	112,912	82,911
Certificates of deposit - debt service	261,455	256,936
Total restricted assets	405,655	369,406
Property, plant and equipment, net	3,001,218	3,136,343
Other assets	191	191
Total assets	\$4,001,981	\$4,175,230
LIABILITIES AND NET ASSETS		
Liabilities:		
Current liabilities (payable from current assets):		
Accounts payable	\$ 34,911	\$ 151,994
Sales tax payable	170	133
Payroll taxes payable	1,640	1,402
Memberships - refundable	170,350	99,100
Total current liabilities (payable from current assets)	207,071	252,629
Current liabilities (payable from restricted assets):		
Renters' deposits	31,288	29,559
Current portion of long-term debt	118,874	115,141
Accrued interest payable	2,688	2,949
Total current liabilities (payable from restricted assets)	152,850	147,649
Total current liabilities	359,921	400,278
Long-term liabilities:		
Notes payable	3,000,144	3,108,459
Less: current portion of long-term debt	(118,874)	(115,141)
Total long-term liabilities	2,881,270	2,993,318
Total liabilities	3,241,191	3,393,596
Net assets:		
Without donor restrictions	760,790	781,634
Total liabilities and net assets	\$4,001,981	\$4,175,230

The accompanying notes are an integral part of these statements.

Mire-Branch Water Corporation
Mire, Louisiana

Statements of Activities
June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Revenues:		
Water sales	\$1,135,822	\$1,073,453
Connection charges	63,807	68,314
Grant income	20,712	46,900
Other income	<u>40,407</u>	<u>34,158</u>
Total revenues	<u>1,260,748</u>	<u>1,222,825</u>
Expenses:		
Water system -		
Advertising	403	390
Bad debts	-	1,656
Insurance expense	70,140	65,364
Utilities and telephone	65,442	71,345
Legal and accounting	19,257	16,830
License and fees	21,450	18,456
Salaries	259,851	233,316
Payroll taxes	20,235	21,446
Printing and postage	19,957	17,222
Repairs	193,242	200,259
Auto and truck	3,000	-
Small tools and supplies	93,942	84,759
Office expense	43,103	33,420
Uniforms	4,531	4,238
Miscellaneous expense	8,603	18,189
Depreciation expense	<u>289,374</u>	<u>280,692</u>
Total expenses	<u>1,112,530</u>	<u>1,067,582</u>
Operating income	<u>148,218</u>	<u>155,243</u>
Other increases (decreases) in net assets:		
Interest income	7,371	7,073
Interest expense	<u>(104,983)</u>	<u>(113,456)</u>
Total other increases (decreases) in net assets	<u>(97,612)</u>	<u>(106,383)</u>
Change in net assets without donor restrictions	50,606	48,860
Net assets, without donor restrictions, beginning of year	781,634	732,774
Reclassification of refundable membership deposits	<u>(71,450)</u>	<u>-</u>
Net assets, without donor restrictions, end of year	<u>\$ 760,790</u>	<u>\$ 781,634</u>

The accompanying notes are an integral part of these statements.

Mire-Branch Water Corporation
Mire, Louisiana

Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Operating income	\$ 148,218	\$ 155,243
Adjustments to reconcile operating income to net cash flows provided by operating activities -		
Depreciation	289,374	280,692
(Increase) decrease in assets -		
Accounts receivable	(3,080)	14,188
Grants receivable	(20,712)	-
Prepaid expenses	(360)	(684)
Increase (decrease) in liabilities -		
Accounts payable	(117,083)	119,907
Accrued expenses and other payables	<u>275</u>	<u>(2,331)</u>
Net cash provided by operating activities	<u>296,632</u>	<u>567,015</u>
Cash flows from investing activities:		
Interest reinvested in and purchases of certificates of deposit	(7,280)	(105,190)
Interest earned	7,437	5,384
Purchase of property, plant and equipment	<u>(154,249)</u>	<u>(112,492)</u>
Net cash used by investing activities	<u>(154,092)</u>	<u>(212,298)</u>
Cash flows from financing activities:		
Principal payments on notes payable	(108,315)	(99,241)
Interest paid on notes payable	(105,244)	(116,111)
Decrease in memberships - refundable	(200)	(1,500)
Increase in renters' deposits	<u>1,729</u>	<u>2,381</u>
Net cash used by financing activities	<u>(212,030)</u>	<u>(214,471)</u>
Net increase (decrease) in cash and cash equivalents	(69,490)	140,246
Cash and cash equivalents, beginning of period	<u>320,858</u>	<u>180,612</u>
Cash and cash equivalents, end of period	<u>\$ 251,368</u>	<u>\$ 320,858</u>

The accompanying notes are an integral part of these statements.

MIRE-BRANCH WATER CORPORATION
Mire, Louisiana

Notes to Financial Statements

(1) Nature of Organization and Significant Accounting Policies

A. Organization and Purpose

The Mire-Branch Water Corporation, Mire, Louisiana (Corporation) is a nonprofit organization, which is exempt from federal 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 area.

B. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to donor-imposed stipulations.

Net assets with donor restrictions - Net assets subject to donor-imposed stipulations that will be met, either (1) expire by incurring expenses satisfying the restricted purpose (purpose restricted), and/or the passage of time or other events (time restricted), or (2) will never expire (perpetual in nature). When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

C. Cash and Interest-bearing Deposits

For purposes of the statements of financial position, cash and interest-bearing deposits are comprised of demand and savings accounts. For purposes of the statements of cash flows, "cash and cash equivalents" include all demand and savings accounts and certificates of deposit with an original maturity of 90 days or less.

D. Certificates of Deposit

Certificates of deposit are classified separate from cash and interest-bearing deposits if their original maturities exceed 90 days. Certificates of deposit are stated at cost.

MIRE-BRANCH WATER CORPORATION
Mire, Louisiana

Notes to Financial Statements (Continued)

E. Prepaid Items

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses. At June 30, 2021 and 2020, prepaid expenses consisted of prepaid insurance.

F. Property, Plant and Equipment

Property, plant, and equipment (including infrastructure assets) are recorded at cost, if purchased, or at estimated fair market value if donated. Donations of property and equipment are recorded as contributions at their estimated fair value. Depreciation is provided over the estimated useful lives of the respective assets on a straight-line basis and charged to the operations. The estimated useful lives 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 for the years ended June 30, 2021 and 2020.

G. Revenue and Expense Recognition

Revenue from water sales, connection charges, and other income are billed and recorded on a monthly basis (when the performance obligation is met). Grant income is recorded when the related expense is incurred. Expenses are recognized in the period incurred in accordance with the accrual basis of accounting.

H. Income Taxes

The Corporation qualifies as a tax-exempt organization under Section 501(c)(12) of the Internal Revenue Code and classified by the Internal Revenue Service (IRS) as a private foundation. Accounting principles generally accepted in the United States of America require the management to evaluate tax positions taken and recognize a tax liability (or asset) if the Corporation has undertaken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Corporation, and has concluded that as of June 30, 2021 and 2020, respectively, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Corporation is subject to routine audit by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Organization's Form 990, *Return of Organization Exempt from Income Tax*, for the years ending 2020, 2019, and 2018 are subject to examination by the IRS, generally three years after they are filed.

MIRE-BRANCH WATER CORPORATION
Mire, Louisiana

Notes to Financial Statements (Continued)

I. Functional Expenses

Expenses are summarized and categorized based on their functional classification. Expenses are readily identifiable to the Corporation's single function and are charged directly to that function.

J. Vacation, Sick Leave and Compensated Absences

The 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; therefore, no liability has been recorded at June 30, 2021, and 2020.

K. Retirement Plan

In 2007, the 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. The 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, 2021 and 2020 amounted to \$7,496 and \$7,756, respectively.

L. Advertising Costs

Advertising costs are expensed as incurred. The advertising expense for the year ended June 30, 2021 and 2020 amounted to \$403 and \$390, respectively.

M. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted 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 these estimates.

MIRE-BRANCH WATER CORPORATION
Mire, Louisiana

Notes to Financial Statements (Continued)

(2) Liquidity and Availability of Financial Assets

As of June 30, 2021 and 2020, respectively the Corporation had \$970,502 and \$1,029,698 of financial assets available within one year of the statement of financial position date to meet cash needs for expenses. As part of the Corporation's liquidity management, it invests excess cash in certificates of deposit.

(3) Cash and Cash Equivalents

Under state law, the Corporation may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The Corporation may invest in certificates and time deposits of the state banks organized under Louisiana law and national banks having principal offices in Louisiana. At June 30, 2021 and 2020, the Corporation had cash and cash equivalents (book balances) totaling \$251,368 and \$320,858 respectively, as follows:

	<u>2021</u>	<u>2020</u>
Petty cash	\$ 725	\$ 725
General checking account	137,731	237,222
Short lived asset replacement	<u>112,912</u>	<u>82,911</u>
Bank balances	<u>\$251,368</u>	<u>\$320,858</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Corporation's deposits may not be recovered or will not be able to recover collateral securities that are in the possession of an outside party. The Corporation does not have a policy for custodial credit risk, however, under state law; these deposits (or the resulting bank balances) must be secured by federal deposit insurance or similar federal security, or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank.

The bank balances of cash, interest-bearing deposits and certificates of deposit were \$891,544 and \$908,550 and the carrying amounts were \$849,616 and \$911,826 at June 30, 2021, and 2020 respectively. Total bank balances of cash and certificates of deposit in the amount of \$17,045 and \$0 were not secured by federal deposit insurance or pledged securities at June 30, 2021 and 2020 respectively. The Corporation does not have a policy for custodial credit risk.

MIRE-BRANCH WATER CORPORATION
Mire, Louisiana

Notes to Financial Statements (Continued)

(4) Accounts Receivable

The Corporation's accounts receivable consists of uncollected billed and unbilled utility services. An aging schedule of billed accounts receivable and total unbilled receivables as of June 30, 2021 and 2020 is as follows:

	2021	2020
0-30 days	\$ 75,187	\$ 82,643
31-60 days	361	103
over 60 days	23,863	19,055
Uncollected billed receivable	99,411	101,801
Less: Allowance for doubtful accounts	(22,617)	(22,495)
Unbilled receivable	40,903	35,311
Accounts receivable, net	\$ 117,697	\$ 114,617

(5) 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.

The total funds held in the Reserve Account for USDA loans amount to \$261,455 and \$256,936 at June 30, 2021 and 2020, 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 \$31,288 and \$29,559 at June 30, 2021 and 2020, respectively.

MIRE-BRANCH WATER CORPORATION
Mire, Louisiana

Notes to Financial Statements (Continued)

(6) Property, Plant and Equipment

A summary of property, plant and equipment at June 30, 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Land	\$ 54,315	\$ 40,985
Water system	5,340,280	5,340,280
Buildings and improvements	744,673	722,680
Furniture and fixtures	16,710	16,084
Equipment	<u>1,431,160</u>	<u>1,319,437</u>
Total property, plant and equipment	7,587,138	7,439,466
Less: Accumulated depreciation	<u>(4,585,920)</u>	<u>(4,303,123)</u>
Net property, plant and equipment	<u>\$ 3,001,218</u>	<u>\$ 3,136,343</u>

Property, plant, and equipment are pledged as collateral on all loans from USDA – Rural Development. Depreciation expense for the years ended June 30, 2021 and 2020 was \$289,374 and \$280,692, respectively.

(7) Changes in Long-Term Debt

The following is a summary of debt transactions of the Corporation for the years ended June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Long-term debt at July 1	\$ 3,108,459	\$ 3,207,700
Debt incurred	-	-
Debt retired	<u>(108,315)</u>	<u>(99,241)</u>
Long-term debt at June 30	<u>\$ 3,000,144</u>	<u>\$ 3,108,459</u>

MIRE-BRANCH WATER CORPORATION
Mire, Louisiana

Notes to Financial Statements (Continued)

Long-term debt at June 30, 2021 and 2020 is comprised of the following:

	2021	2020
\$330,725 note payable to CoBank dated October 2, 2019, due in monthly installments of \$4,375, including interest at 2.984%.	\$ 259,706	\$ 302,795
\$79,363 note payable to CoBank dated October 2, 2019, due in monthly installments of \$637, including interest at 3.209%.	71,115	76,125
\$135,061 note payable to CoBank dated October 2, 2019, due in monthly installments of \$942, including interest at 3.345%.	124,276	130,832
\$1,284,323 note payable to CoBank dated October 2, 2019, due in monthly installments of \$6,774, including interest at 3.664%.	1,234,264	1,264,760
\$1,284,323 note payable to USDA dated May 18, 2015, due in monthly installments of \$4,416, including interest at 2.75%.	1,156,468	1,177,296
\$165,400 note payable to USDA dated May 18, 2015, due in monthly installments of \$649, including interest at 3.55%.	154,315	156,651
Total notes payable	3,000,144	3,108,459
Less: current portion	(118,874)	(115,141)
Long-term debt	\$ 2,881,270	\$ 2,993,318

The annual requirements to amortize notes payable are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 118,874	\$ 94,644	\$ 213,518
2023	122,728	90,790	213,518
2024	126,713	86,806	213,519
2025	130,825	82,694	213,519
2026	135,074	78,445	213,519
2027-2031	482,807	340,951	823,758
2032-2036	501,459	258,824	760,283
2037-2041	537,126	173,254	710,380
2042-2046	389,640	84,007	473,647
2047-2051	256,634	47,266	303,900
2052-2055	198,264	10,154	208,418
Totals	\$3,000,144	\$1,347,835	\$ 4,347,979

MIRE-BRANCH WATER CORPORATION
Mire, Louisiana

Notes to Financial Statements (Continued)

(8) Safe Drinking Water Fee

The safe drinking water fee has been offset against the revenue in the financial statements for June 30, 2021 and 2020. The amounts of the safe drinking water fee paid for June 30, 2021 and 2020 were \$35,041 and \$32,673, respectively.

(9) Commitments and Contingencies

There is no litigation pending against the Corporation, which required accrual at June 30, 2021 and 2020.

(10) Compensation of Board Members

A detail of the per diem paid to the President of the board and board members for the years ended June 30, 2021 and 2020 follows:

Name	2021		2020	
	Per Diem	Travel Allowance	Per Diem	Travel Allowance
Ken Arceneaux	\$ 2,300	\$ -	\$ 3,900	\$ 438
Brian Savoie	3,100	-	3,700	363
Danny Richard	3,500	-	3,900	363
Martin Guillory	3,900	-	3,900	-
Keith Faul	1,700	-	3,700	-
Chris Savoy	3,700	-	-	-
Paul Guidry	1,600	-	-	-
James Alleman	1,600	-	3,500	431
	<u>\$ 21,400</u>	<u>\$ -</u>	<u>\$ 22,600</u>	<u>\$ 1,595</u>

As of June 30, 2021, the Board of Directors and officers of the Corporation indicating the expiration of their terms of office on the Board were as follows:

Name	Office	Term Expiration
Ken Arceneaux	Outgoing president	10/01/2020
Brian Savoie	First vice-president	10/01/2021
Danny Richard	Second vice-president	10/01/2022
Martin Guillory	Outgoing third vice-president/Incoming president	10/01/2021
Keith Faul	Outgoing treasurer	10/01/2020
Chris Savoy	Recording secretary	10/01/2022
Paul Guidry	Incoming third vice-president	10/01/2023
James Alleman	Incoming treasurer	10/01/2023

MIRE-BRANCH WATER CORPORATION
Mire, Louisiana

Notes to Financial Statements (Continued)

(11) Change in Accounting Policy

During the fiscal year ended June 30, 2021, the Corporation reclassified \$71,450 of non-refundable membership deposits, which were a component of the net assets without donor restrictions, to refundable membership fees, which are included in the current liabilities payable from current assets. This reclassification had no effect on the change in net assets without donor restrictions for the fiscal year ended June 30, 2021.

(12) Uncertainties Arising During and After Financial Statement Date

As a result of the spread of the COVID-19 coronavirus, economic uncertainties have arisen which may have and may continue to impact the Corporation's ongoing operations. The extent and severity of the potential impact on future operations is unknown at this time.

(13) Subsequent Event Review

The Corporation has evaluated subsequent events through October 8, 2021, the date which the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

Mire-Branch Water Corporation
Mire, Louisiana

Schedule of Number of Utility Customers
(Unaudited)
June 30, 2021

Records maintained by the Mire-Branch Water Corporation, Inc. indicated the following number of customers were being serviced during the month of June 30, 2021:

Water (residential)	2,841
Water (commercial)	13
Water (piggyback)	<u>87</u>
Total	<u>2,941</u>

The water rates of the Mire-Branch Water Corporation as of June 30, 2021 are as follows:

Residential rates:

\$16.00 for the first 2,000 gallons
\$4.00 per 1,000 gallons thereafter

Commercial rates:

\$35.00 for the first 10,000 gallons
\$4.00 per 1,000 gallons thereafter

Piggyback:

\$32.00 for the first 4,000 gallons
\$4.00 per 1,000 gallons thereafter

Mire-Branch Water Corporation
Mire, Louisiana

Schedule of Insurance in Force
(Unaudited)
June 30, 2021

Insurance Coverage	Risk Covered	Insurance Agency	Amount of Coverage	Expiration of Policy
Property	Commercial	American Alternative Insurance Corp.	\$1,974,628	08/15/2021
General Liability	Bodily Injury & Property Damage	American Alternative Insurance Corp.	1,000,000	
			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		
		3,000,000		
Damage to Rented Premises		1,000,000		
		10,000		
Workmen's Compensation	Professional	Louisiana Construction & Industry SIF	01/20/2021	
			08/15/2021	
Directors' and Officers' Liability		Travelers Casualty & Surety	2,000,000	05/26/2022
Surety Bond	Blanket Policy Covering All Employees	Travelers Casualty & Surety	500,000	05/26/2022
Aggregate Limit of Liability	Cyber Liability Policy	BCS Insurance Co. AJ Gallagher MRS, Inc.	1,000,000	08/15/2021

INTERNAL CONTROL, COMPLIANCE

AND

OTHER MATTERS

KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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 Mire-Branch Water Corporation (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, 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 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Mire-Branch Water Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mire-Branch Water Corporation's internal control. Accordingly, we do not express such 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 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 weakness or significant deficiencies. We did identify one deficiency in internal control described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2021-001 that we consider to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 grants 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying summary schedule of current and prior year audit findings and management's corrective action plan as item 2021-002.

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. Although the intended use of this report may be limited, under Louisiana Revised Statute 24:513, the report is distributed by the Legislative Auditor as a public document.

Kolder, Slaven & Company, LLC
Certified Public Accountants

Lafayette, Louisiana
October 8, 2021

MIRE-BRANCH WATER CORPORATION
Mire, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2021

Part I. Current Year Audit Findings and Management's Corrective Action Plan

A. Internal Control Findings –

2021-001: Inadequate Segregation of Duties Within Accounting Functions

CONDITION: The Corporation did not have adequate segregation of functions within the accounting system.

CRITERIA: The Corporation should have a control policy according to which no person should be given responsibility for more than one related function.

CAUSE: Due to the size of the Corporation, there are a small number of available employees.

EFFECT: The Corporation has employees that are performing more than one related function.

RECOMMENDATION: The Corporation should establish and monitor mitigating controls over functions that are not completely segregated.

MANAGEMENT'S CORRECTION ACTION PLAN: Due to the size of the operations and the cost-benefit of additional personnel, it may not be feasible to achieve complete segregation of duties.

B. Compliance Findings –

2021-002: Uninsured and Uncollateralized Deposits

CONDITION: Louisiana Revised Statute 39:1218-1229 requires that bank balances be secured by federal deposit insurance or collateralized by the financial institution with designated securities as defined by R. S. 39:1221.

CRITERIA: The Corporation had uninsured and uncollateralized bank balances as of the end of their fiscal year.

CAUSE: The Corporation's financial institution did not maintain adequate pledged securities for the increase in cash balances as of the end of their fiscal year.

EFFECT: The Corporation has uninsured and uncollateralized bank balances in the amount of \$17,045 as of the end of their fiscal year.

RECOMMENDATION: The Corporation should coordinate with the appropriate financial institution to ensure any deposits in excess of federal deposit insurance are properly collateralized.

MANAGEMENT'S CORRECTION ACTION PLAN: Management will coordinate with the appropriate financial institution to ensure any deposits in excess of federal deposit insurance are properly collateralized.

MIRE-BRANCH WATER CORPORATION
Mire, Louisiana

Summary Schedule of Current and Prior Year Audit Findings
and Management's Corrective Action Plan
Year Ended June 30, 2021

Part II. Current Year Audit Findings and Management's Corrective Action Plan

A. Internal Control Findings –

No findings noted.

B. Compliance Findings –

No findings noted.

C. Management letter

2020-001: Inadequate Segregation of Duties Within Accounting Functions