

**EAST ALLEN PARISH  
WATERWORKS DISTRICT**

Oberlin, Louisiana

Financial Report

Year Ended December 31, 2020

## TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1 - 2
BASIC FINANCIAL STATEMENTS	
Proprietary Fund Type - Enterprise Fund:	
Statement of net position	4
Statement of revenues, expenses and changes in net position	5
Statement of cash flows	6 - 7
Notes to basic financial statements	8 - 18
INTERNAL CONTROL, COMPLIANCE, AND OTHER MATTERS	
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>	20 - 21
Schedule of current and prior year audit findings and management's corrective action plan	22 - 25

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Brad E. Kolder, CPA, JD\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Christine C. Doucet, CPA  
Wanda F. Arcement, CPA, CVA  
Bryan K. Joubert, CPA  
Matthew E. Margaglio, CPA  
Casey L. Ardoin, CPA, CFE

Victor R. Slaven, CPA\* - retired 2020

\* A Professional Accounting Corporation

183 S. Beadle Rd.  
Lafayette, LA 70508  
Phone (337) 232-4141

11929 Bricksome Ave.  
Baton Rouge, LA 70816  
Phone (225) 293-8300

1428 Metro Dr.  
Alexandria, LA 71301  
Phone (318) 442-4421

450 E. Main St.  
New Iberia, LA 70560  
Phone (337) 367-9204

200 S. Main St.  
Abbeville, LA 70510  
Phone (337) 893-7944

1201 David Dr.  
Morgan City, LA 70380  
Phone (985) 384-2020

434 E. Main St.  
Ville Platte, LA 70586  
Phone (337) 363-2792

332 W. Sixth Ave.  
Oberlin, LA 70655  
Phone (337) 639-4737

WWW.KCSRCPAS.COM

## INDEPENDENT AUDITOR'S REPORT

The Board of Commissioners  
East Allen Parish Waterworks District  
Oberlin, Louisiana

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the East Allen Parish Waterworks District (the District), a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions 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.

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

### ***Opinions***

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

### ***Other Matters***

#### ***Required Supplementary Information***

The District has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 7, 2021, on our consideration of the East Allen Parish Waterworks District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the East Allen Parish Waterworks District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

***Kolder, Slaven & Company, LLC***

Certified Public Accountants

Oberlin, Louisiana  
June 7, 2021

## **BASIC FINANCIAL STATEMENTS**

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Statement of Net Position  
December 31, 2020

ASSETS

Current assets:	
Cash and interest-bearing deposits	\$ 194,972
Certificates of deposit	182,922
Accounts receivable, net of allowance	38,182
Accrued interest	<u>142</u>
Total current assets	<u>416,218</u>
Noncurrent assets:	
Restricted assets:	
Cash and interest-bearing deposits -	
Revenue bond and interest sinking account	136,393
Revenue bond reserve account	31,414
Revenue bond contingency account	100,739
Customer deposits	<u>24,205</u>
Total restricted assets	<u>292,751</u>
Capital assets:	
Land	22,937
Other capital assets, net of accumulated depreciation	<u>1,928,729</u>
Total capital assets	<u>1,951,666</u>
Total assets	<u>2,660,635</u>

DEFERRED OUTFLOWS OF RESOURCES

Organization costs, net of accumulated amortization of \$25,339	<u>4,111</u>
---	--------------

LIABILITIES

Current liabilities (payable from current assets):	
Accounts payable	10,037
Accrued liabilities	<u>3,979</u>
Total current liabilities (payable from current assets)	<u>14,016</u>
Current liabilities (payable from restricted assets):	
Customer deposits	8,607
Revenue bonds payable	<u>48,000</u>
Total current liabilities (payable from restricted assets)	<u>56,607</u>
Total current liabilities	<u>70,623</u>
Noncurrent liabilities:	
Compensated absences payable	16,905
Revenue bonds payable	<u>444,239</u>
Total noncurrent liabilities	<u>461,144</u>
Total liabilities	<u>531,767</u>

NET POSITION

Net investment in capital assets	1,459,427
Restricted for debt service	268,546
Unrestricted	<u>405,006</u>
Total net position	<u>\$ 2,132,979</u>

The accompanying notes are an integral part of the basic financial statements.

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Statement of Revenues, Expenses and  
Changes in Net Position  
For the Year Ended December 31, 2020

Operating revenues:	
Charges for services -	
Water sales	\$ 502,790
Penalties	20,490
Miscellaneous	13,932
Total operating revenues	<u>537,212</u>
Operating expenses:	
Salaries	239,653
Payroll taxes	3,449
Insurance	53,700
Office expenses	11,731
Telephone and utilities	39,910
Uniforms	1,914
Amortization	736
Depreciation	124,223
Safe drinking water fee	11,554
Professional fees	13,130
Bad debt expense	963
Maintenance and repairs	36,714
Truck expenses	8,007
Retirement expenses	14,860
Miscellaneous expenses	7,995
Total operating expenses	<u>568,539</u>
Operating loss	<u>(31,327)</u>
Nonoperating revenues (expenses):	
Interest income	2,874
Miscellaneous income	3,422
Interest expense and other fiscal charges	<u>(18,569)</u>
Total nonoperating revenues (expenses)	<u>(12,273)</u>
Change in net position	(43,600)
Net position, beginning	<u>2,176,579</u>
Net position, ending	<u>\$2,132,979</u>

The accompanying notes are an integral part of the basic financial statements.

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Statement of Cash Flows  
For the Year Ended December 31, 2020

Cash flows from operating activities:	
Receipts from customers	\$ 499,097
Other receipts	34,422
Payments to suppliers	(183,279)
Payments to employees	<u>(258,223)</u>
Net cash provided by operating activities	<u>92,017</u>
Cash flows from noncapital financing activities:	
Net decrease in meter deposits	<u>1,632</u>
Cash flows from capital and related financing activities:	
Interest paid on revenue bonds	(18,569)
Principal paid on revenue bonds	(46,000)
Net acquisition of capital assets	<u>(9,262)</u>
Net cash used by capital and related financing activities	<u>(73,831)</u>
Cash flows from investing activities:	
Net purchases of certificates of deposits	(2,458)
Interest received on interest-bearing deposits	2,978
Workers compensation insurance dividend	<u>3,422</u>
Net cash provided by investing activities	<u>3,942</u>
Net increase in cash and cash equivalents	23,760
Cash and cash equivalents, beginning of period	<u>463,963</u>
Cash and cash equivalents, end of period	<u>\$ 487,723</u>
Supplemental information:	
Interest paid	<u>\$ 18,569</u>

(continued)



EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Statement of Cash Flows (Continued)  
For the Year Ended December 31, 2020

Reconciliation of operating loss to net cash  
provided by operating activities:

Operating loss	\$ (31,327)
Adjustments to reconcile operating loss to net cash provided by operating activities:	
Depreciation	124,223
Amortization	736
Changes in assets and liabilities -	
Accounts receivables, net	(3,693)
Accounts and other payables	2,339
Accrued expenses	571
Compensated absences payable	<u>(832)</u>
Net cash provided by operating activities	<u>\$ 92,017</u>

Reconciliation of cash and cash equivalents per  
statement of cash flows to the statement of net position:

Cash and cash equivalents, beginning of period -	
Cash and interest-bearing deposits	\$ 120,486
Cash and interest-bearing deposits, restricted	<u>343,477</u>
Total cash and cash equivalents	<u>463,963</u>
Cash and cash equivalents, end of period -	
Cash and interest-bearing deposits	194,972
Cash and interest-bearing deposits, restricted	<u>292,751</u>
Total cash and cash equivalents	<u>487,723</u>
Net increase	<u>\$ 23,760</u>

The accompanying notes are an integral part of the basic financial statements.

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Basic Financial Statements

(1) Summary of Significant Accounting Policies

The financial statements of East Allen Parish Waterworks District (the “District”) have been prepared in conformity with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant of the District’s accounting policies are described below.

A. Financial Reporting Entity

The East Allen Parish Waterworks District, which is a component unit of the Allen Parish Police Jury, was created under the provisions of Louisiana Revised Statutes 33:3811, for the purpose of providing water to the rural areas of east Allen Parish. The District is governed by a board of commissioners composed of seven members appointed by the Allen Parish Police Jury.

The financial reporting entity for East Allen Parish Waterworks District consists of the Allen Parish Police Jury (Police Jury), which, as governing authority of the parish, has oversight responsibility over other governmental units (component units) within the parish. Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification) established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Oversight responsibility by the Police Jury is determined on the basis of the following criteria: appointment of governing board, designation of management, ability to significantly influence operations, accountability for fiscal matters, scope of public service. Because the Police Jury created the District and appoints its board of commissioners, the District was determined to be a component unit of the Allen Parish Police Jury, the governing body of the parish and the governmental body with oversight responsibility. The accompanying financial statements present information only on the fund maintained by the District and do not present information on the Police Jury, the general government services provided by that governmental unit, or the other governmental units that comprise the governmental reporting entity.

B. Basis of Presentation

The accompanying basic financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental entities and as a governmental entity provides certain disclosures required by the Governmental Accounting Standards Board.

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

C. Fund Accounting

The accounts of the District are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The District maintains only one fund, and it is described below:

Proprietary Fund –

Enterprise Fund

The Enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

D. Measurement Focus/Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus

The enterprise fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.

Basis of Accounting

The proprietary fund statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when the liability is incurred, or economic asset used. Revenues, expenses, gains, losses, assets, deferred outflows of resources, liabilities, and deferred inflows of resources resulting from exchange and exchange-like transactions are recognized in accordance with the requirements of GASB Statement No. 33 “Accounting and Financial Reporting for Nonexchange Transactions.”

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

E. Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Equity

Cash and cash equivalents

For purposes of the statement of net position, cash and cash equivalents include all demand, savings accounts, and certificates of deposit of the District. For the purposes of the statement of cash flows, cash and cash equivalents include all demand and savings accounts, and certificates of deposit or short-term investments with an original maturity of three months or less when purchased.

Receivables

Receivables consist of all revenues earned at year-end and not yet received. Enterprise fund activities report customer's utility service receivables as their major receivables. This receivable is reported net of an allowance for doubtful accounts, if any.

Capital Assets

Capital assets include property, plant, equipment, and infrastructure assets. They are reported at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their acquisition value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Depreciation of all exhaustible fixed assets used by the proprietary fund is charged as an expense against its operations. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Utility System and Improvements	25-50 years
Equipment	5 years

Long-term Debt

All long-term debt to be repaid from business-type resources is reported as liabilities. The long-term debt consists of bonds payable.

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

Compensated Absences

Vacation leave is earned on a calendar year basis at an amount dependent upon years of service. Accumulated vacation time is payable at termination of employment. Sick leave is earned at the rate of 4 hours each pay period. Sick leave can be accumulated but is not payable at termination of employment. Employees are also allowed to accumulate up to 80 hours of comp time for overtime hours worked. Compensated absence liabilities are computed using the regular pay rates in effect at the statement of net position date plus an additional amount for compensation-related payments such as social security and medicare taxes using rates in effect at that date. All compensated absences liabilities are accrued when incurred. Compensated absences payable at December 31, 2020 totaled \$16,905.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position and or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate section represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category, the deferred outflow of resources attributable to organization costs, net of accumulated amortization. The District reported deferred outflows of resources of \$4,111 at December 31, 2020.

In addition to liabilities, the statement of net position and or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate section represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then. The District has no deferred inflows of resources.

Equity Classifications

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowing that are attributable to the acquisition, construction, or improvements of those assets.

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

- b. Restricted net position consists of net position with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or law through constitutional provisions or enabling legislation. It is the District's policy to use restricted net position prior to the use of unrestricted net position when both restricted and unrestricted net position are available for an expense which has been. At December 31, 2020, the District reported \$268,546 of restricted net position, none of which was restricted by enabling legislation.
- c. Unrestricted net position consists of all other assets, deferred outflows or resources, liabilities, and deferred inflows of resources that do not meet the definition of "restricted" or "net investment in capital assets."

F. Revenues and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds generally are those that result from providing services and producing and delivering goods and/or services in connection with a proprietary fund's principle ongoing operations. The principal operating revenues of the District's enterprise fund are charges to customers for sales and services. The District also recognizes as operating revenue the portion of new installation and tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

Nonoperating revenues are funds primarily provided by investing activities, such as financial institution interest income, gains on disposal of assets, and insurance recoveries on property loss. Nonoperating expenses are those expenses not directly related to the production of revenue and include items such as interest expense and losses on disposal of assets.

G. Bad Debts

Through the establishment of an allowance account, uncollectible amounts due from customers' utility receivables are recognized as bad debts at the time information becomes available, which would indicate the uncollectibility of the particular receivable. The allowance for uncollectible customer utility receivables at December 31, 2020 was \$12,838.

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

H. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and revenues and expenses during the reporting period. Estimates and assumptions are reviewed periodically, and the effects of revisions are reflected in the financial statements in the period they are determined to be necessary. Actual results could differ from those estimates.

(2) Cash and Cash Equivalents

Under state law, the District 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 District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2020, the District had cash and interest-bearing deposits (book balances) totaling \$670,645 as follows:

Demand deposits	\$ 194,972
Interest-bearing accounts	292,751
Certificates of deposit	<u>182,922</u>
	<u>\$670,645</u>

Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the District's deposits may not be recovered or the collateral securities that are in the possession of an outside party will not be recovered. These deposits are stated at cost, which approximates market. 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. These securities are held in the name of District or the pledging fiscal agent bank by a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at December 31, 2020 are secured as follows:

Bank balances	<u>\$ 673,499</u>
At December 31, 2020, the deposits are secured as follows:	
Federal deposit insurance	\$ 432,922
Pledged securities	<u>240,577</u>
Total	<u>\$ 673,499</u>

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

Deposits in the amount of \$240,577 were exposed to custodial credit risk. These deposits are uninsured and collateralized with securities held by the pledging institution's trust department or agent, but not in the District's name. The District does not have a policy for custodial credit risk.

(3) Restricted Assets - Proprietary Fund Type

Restricted assets consisted of the following at December 31, 2020:

Revenue bond and interest sinking account	\$136,393
Revenue bond reserve account	31,414
Revenue bond contingency account	100,739
Customer deposits	<u>24,205</u>
Total restricted assets	<u>\$292,751</u>

(4) Capital Assets

A summary of the District's capital assets at December 31, 2020 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 22,937	\$ -	\$ -	\$ 22,937
Capital assets being depreciated:				
Buildings	331,162	-	-	331,162
Furniture, fixtures and equipment	211,146	1,669	13,758	199,057
Capital improvements	67,570	3,893	-	71,463
Water system	<u>4,044,425</u>	<u>3,700</u>	<u>-</u>	<u>4,048,125</u>
Total capital assets being depreciated	<u>4,654,303</u>	<u>9,262</u>	<u>13,758</u>	<u>4,649,807</u>
Less: Accumulated depreciation for				
Buildings	328,522	802	-	329,324
Furniture, fixtures and equipment	162,898	10,721	13,758	159,861
Water system	<u>2,119,193</u>	<u>112,700</u>	<u>-</u>	<u>2,231,893</u>
Total accumulated depreciation	<u>2,610,613</u>	<u>124,223</u>	<u>13,758</u>	<u>2,721,078</u>
Total capital assets being depreciated, net	<u>2,043,690</u>	<u>(114,961)</u>	<u>-</u>	<u>1,928,729</u>
Total capital assets, net	<u>\$2,066,627</u>	<u>\$ (114,961)</u>	<u>\$ -</u>	<u>\$ 1,951,666</u>

Depreciation expense was charged to busines-type activities in the amount of \$124,223.



EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

(5) Changes in Long-Term Debt

The following is a summary of debt transactions of the District for the year ended December 31, 2020:

	<u>LDHH Drinking Water Revolving Loan Series 2010B</u>
Long-term debt payable at December 31, 2019	\$ 538,239
Long-term debt issued	-
Long-term debt retired	<u>(46,000)</u>
Long-term debt payable at December 31, 2020	\$ 492,239
Less: Portion of Long-term debt due within one year	<u>(48,000)</u>
Portion of Long-term debt due in more than one year	<u>\$ 444,239</u>

Long-term debt payable at December 31, 2020 is comprised of the following individual issue:

Utility Drinking Water Revolving Loan Bonds:

\$900,000 Drinking Water Revolving Loan, Series 2010 B, payable over 20 years; interest at 2.95 percent. \$492,239

The annual requirements to amortize all debt outstanding at December 31, 2020 is as follows:

Year ended December 31,	Principal	Interest	Total
2021	\$ 48,000	\$ 16,982	\$ 64,982
2022	49,000	15,326	64,326
2023	51,000	13,636	64,636
2024	53,000	11,876	64,876
2025	54,000	59,048	113,048
2026 - 2029	<u>237,239</u>	<u>20,837</u>	<u>258,076</u>
Total	<u>\$492,239</u>	<u>\$137,705</u>	<u>\$ 629,944</u>

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

(6) Flow of Funds; Restrictions on Use - Utility Revenues

Under the terms of the bond indenture on the \$900,000 drinking water revolving loan utility bonds, Series 2010B, all income and revenues (hereinafter referred to as revenue) of every nature, earned or derived from operations of the Water Utility System are pledged and dedicated to the retirement of said bonds and are to be set aside into the following special funds.

Each month there will be set aside into a "Revenue Bond Debt Service Fund" an amount sufficient to accumulate the amount needed to assure the prompt payment of the principal and interest installments as they become due, by transferring from the operating account on or before the 20<sup>th</sup> day of each month of each year, a sum equal to 1/6<sup>th</sup> of the interest and administrative fee, if any, falling due on the Bonds on the next interest payment date and a sum equal to 1/12<sup>th</sup> of the principal falling due on the Bonds on any principal payment date that occurs within the next ensuing twelve months, together with such additional proportionate monthly sum as may be required to pay said principal, interest and administrative fee as the same become due. Payments to the paying agent must be made not less than three days prior to each interest payment date to pay promptly the principal, interest, and administrative fee of the bonds.

Funds will also be set aside into a "Revenue Bond Debt Service Reserve Fund" to be retained solely for the purpose of paying the principal of and interest on the bonds payable from the "Revenue Bond Debt Service Fund" as to which there would otherwise be default. Payments into this fund must be made monthly or annually, until a sum equal to at least one-half of the highest principal and interest requirements, \$30,986, and accumulated within five years from the delivery date of the bonds.

Funds will also be set aside into a "Depreciation and Contingency Fund" to care for extensions, additions, improvements, renewals, and replacements necessary to properly operate the system, by transferring from the operating account on or before the 20<sup>th</sup> day of each month of each year, a sum equal to five percent of the net revenues for the preceding month until there has been accumulated the sum of \$100,000, whereupon such payments may cease and need be resumed thereafter only if the total amount of money on deposit is reduced below the sum of \$100,000, in which event such payments shall be resumed and continue until said maximum amount is again accumulated. The "Depreciation and Contingency Fund" may also be used to pay the principal and interest on the bonds for the payment of which there is not sufficient money in the Debt Service and Reserve Funds. A minimum of \$10,000 must be maintained in the "Depreciation and Contingency Fund".

All of the revenues received in any fiscal year and that are not required to be paid into any of the above noted funds in such fiscal year shall be regarded as surplus and may be used for any lawful purpose.

The East Allen Parish Waterworks District was in compliance with all significant limitations and restrictions in the bond indenture at December 31, 2020.

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

(7) Retirement Commitments

East Allen Parish Waterworks District employees contribute to a group deferred nonparticipating tax-sheltered annuity policy. The District pays 70 percent, and each employee pays 30 percent of the monthly premium. Monthly premiums are based on each employee's age, length of employment, and salary. The District's contribution to this plan during the fiscal years ended December 31, 2020, 2019, and 2018 amounted to \$14,860, \$10,328, and \$9,292, respectively. Neither the District nor its employees are obligated to make contributions, and the District has no further liability to the annuity plan. Data concerning the actuarial status of the plan is not available.

(8) Risk Management

The District is exposed to risks of loss in the areas of general liability, property hazards, and worker's compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance during the year, nor have settlements exceeded coverage for the past three years.

(9) Pending Litigation

There is no litigation pending against the East Allen Parish Waterworks District at December 31, 2020.

(10) Compensation, Benefits, and Other Payments to Supervisor

A detail of compensation, benefits, and other payments paid to Supervisor Sherwin Carrier for the year ended December 31, 2020 follows:

<u>Purpose</u>	<u>Amount</u>
Salary	\$ 77,133
Benefits - retirement	3,544
Benefits - insurance	1,375
Conference travel	355
Uniforms	110
	<u>\$ 82,517</u>

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Notes to Basic Financial Statements (Continued)

(11) Compensation of Board Members

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

Thomas McClelland, President	\$ 1,200
Board members:	
Clinton Robinson	1,200
Gloria Carrier	1,200
Philip Bertrand	1,000
Nicholas Grundy	900
Avery Victorian	1,100
Brian Manuel - thru August 2020	800
Steven Manuel - as of September 2020	<u>400</u>
	<u>\$ 7,800</u>

(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 District's ongoing operations. The extent and severity of the potential impact on future operations is unknown at this time.

**INTERNAL CONTROL, COMPLIANCE**

**AND**

**OTHER MATTERS**

# KOLDER, SLAVEN & COMPANY, LLC

CERTIFIED PUBLIC ACCOUNTANTS

C. Burton Kolder, CPA\*  
Brad E. Kolder, CPA, JD\*  
Gerald A. Thibodeaux, Jr., CPA\*  
Robert S. Carter, CPA\*  
Arthur R. Mixon, CPA\*  
Stephen J. Anderson, CPA\*  
Christine C. Doucet, CPA  
Wanda F. Arcement, CPA, CVA  
Bryan K. Joubert, CPA  
Matthew E. Margaglio, CPA  
Casey L. Ardoin, CPA, CFE

183 S. Beadle Rd.  
Lafayette, LA 70508  
Phone (337) 232-4141

11929 Bricksome Ave.  
Baton Rouge, LA 70816  
Phone (225) 293-8300

1428 Metro Dr.  
Alexandria, LA 71301  
Phone (318) 442-4421

450 E. Main St.  
New Iberia, LA 70560  
Phone (337) 367-9204

200 S. Main St.  
Abbeville, LA 70510  
Phone (337) 893-7944

1201 David Dr.  
Morgan City, LA 70380  
Phone (985) 384-2020

434 E. Main St.  
Ville Platte, LA 70586  
Phone (337) 363-2792

332 W. Sixth Ave.  
Oberlin, LA 70655  
Phone (337) 639-4737

Victor R. Slaven, CPA\* - retired 2020

\* 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*

WWW.KCSRCPAS.COM

The Board of Commissioners  
East Allen Parish Waterworks District  
Oberlin, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the East Allen Parish Waterworks District (the District), a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 7, 2021.

## Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of current and prior year audit findings and management's corrective action plan as 2020-001, 2020-002, and 2020-003 that we consider to be significant deficiencies.

## **Compliance and Other Matters**

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

## **East Allen Parish Waterworks District's Response to Findings**

East Allen Parish Waterworks District's response to the findings identified in our audit is described in the accompanying schedule of current and prior year audit findings and management's corrective action plan. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Slaven & Company, LLC***  
Certified Public Accountants

Oberlin, Louisiana  
June 7, 2021

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan  
Year Ended December 31, 2020

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

A. Internal Control Over Financial Reporting

2020-001 Inadequate Segregation of Accounting Functions

Fiscal year finding initially occurred: 1988

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

CRITERIA: AU-C§315.04, *Understanding the Entity and its Environment and Assessing the Risks of Material Misstatement*, defines internal control as follows:

“Internal control is a process, effected by those charged with governance, management, and other personnel, designed to provide reasonable assurance about the achievement of objectives with regard to reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations.”

CAUSE: The cause of the condition is the fact that the District does not have a sufficient number of staff performing administrative and financial duties so as to provide adequate segregation of accounting and financial duties.

EFFECT: Failure to adequately segregate accounting and financial functions increases the risk that errors and/or irregularities including fraud and/or defalcations may occur and not be prevented and/or detected.

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District has determined that it is not cost effective to achieve complete segregation of duties within the accounting department.



EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2020

2020-002      Utility bill collections

Fiscal year finding initially occurred: 2018

CONDITION: During a test of utility accounts of the District's customers, it was noted that some accounts are not being paid in full or timely, and the customers, including District officials, continue to receive service in violation of the District's utility cut-off policy.

CRITERIA: The utility cut-off policy requires the District assess a penalty fee if the bill is not paid by the 10<sup>th</sup> of the month and then terminate services to customers who have not paid by the 20<sup>th</sup> of the month when a delinquent balance remains.

CAUSE: The District has not properly followed its written policies and procedures regarding past due accounts and the proper cut-off procedures to disconnect services relating to nonpayment by customers.

EFFECT: Failure to follow written policies and procedure increases the risk of not having continuity of operations and the risk of long outstanding collections of utilities.

RECOMMENDATION: Management should consistently comply with its written policies and procedures in the future and cut-off utility services of customers, including District officials, who do not pay within the time limit stated in the policy.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District will establish policies and procedures to ensure that the District's cutoff policy is consistently adhered to.

2020-003      Reconciliation of Customer Meter Deposits

Fiscal year finding initially occurred: 2020

CONDITION: The District does not have complete and accurate records for customer meter deposits, and the meter deposit bank account balances are not reconciled monthly to a detailed listing of customers' meter deposits.

CRITERIA: Not reconciling the meter deposit bank account balances to a detailed listing of customers' meter deposits is a fraud risk factor. A detailed listing of customers' meter deposits should be reconciled monthly to the related general ledger bank account balances and customer deposit liability.

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2020

CAUSE: The cause of the condition is the result of a failure to design or implement policies and procedures to achieve adequate internal control.

EFFECT: Errors or irregularities could be made in the recording of deposits and refunds without being detected in a timely manner.

RECOMMENDATION: It is recommended that the District implement procedures to ensure that an accurate listing of customer meter deposits is maintained and reconciled monthly to the meter deposit bank accounts and deposit liability.

MANAGEMENT'S CORRECTIVE ACTION PLAN: The District will establish policies and procedures to ensure that an accurate listing of customer meter deposits is maintained and reconciled monthly to the meter deposit bank accounts and deposit liability.

B. Compliance

There were no compliance findings.

EAST ALLEN PARISH WATERWORKS DISTRICT  
Oberlin, Louisiana

Schedule of Current and Prior Year Audit Findings  
and Management's Corrective Action Plan (Continued)  
Year Ended December 31, 2020

Part II: Prior Year Findings:

A. Internal Control Over Financial Reporting

2019-001 Inadequate Segregation of duties

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

RECOMMENDATION: Management should evaluate the cost vs. benefit of complete segregation and whenever possible, reassign incompatible duties among different employees to ensure that a single employee does not have a control of more than one of the following responsibilities: (1) authorization; (2) custody; (3) recording keeping; and (4) reconciliation..

CURRENT STATUS: Unresolved. See item 2020-001.

2019-002 Utility bill collections

Fiscal year finding initially occurred: 2018

CONDITION: During a test of utility accounts of the District's customers, it was noted that some accounts are not being paid in full or timely, and the customers, including District officials, continue to receive service in violation of the District's utility cut-off policy.

RECOMMENDATION: Management should consistently comply with its written policies and procedures in the future and cut-off utility services of customers, including District officials, who do not pay within the time limit stated in the policy.

CURRENT STATUS: Unresolved. See item 2020-002.

B. Compliance

There were no compliance findings.