

ROCKY BRANCH WATERWORKS DISTRICT
FARMERVILLE, LOUISIANA

Component Unit Financial Statements
For the Year Ended December 31, 2021



ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF THE UNION PARISH POLICY JURY

FOR THE YEAR ENDED DECEMBER 31, 2021

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INDEPENDENT ACCOUNTANT'S REVIEW REPORT

Board of Commissioners
Rocky Branch Waterworks District
Farmerville, Louisiana

I have reviewed the accompanying component unit financial statements of Rocky Branch Waterworks District (the District), a component unit of the Union Parish Police Jury, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's component unit financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, I do not express such an opinion.

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.

Accountant's Responsibility

My responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require me to perform procedures to obtain limited assurance as a basis for reporting whether I am aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. I believe that the results of my procedures provide a reasonable basis for my conclusion.

I am required to be independent of the Rocky Branch Waterworks District and to meet my other ethical responsibilities, in accordance with accounting principles generally accepted in the United States of America.

Accountant's Conclusion

Based on my review, I am not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.



Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a required part of the component unit financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the component unit financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. I have not audited or reviewed the required supplementary information and I do not express an opinion, a conclusion, nor provide any assurance on it.

Other Information

The accompanying schedules of compensation paid to board members and compensation, reimbursements, benefits, and other payments to agency head on pages 15 and 16, respectively, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. I have reviewed the information and, based on my review, I am not aware of any material modifications that should be made to the information in order for it to be in accordance with accounting principles generally accepted in the United States of America. I have not audited the supplementary information and, accordingly, do not express an opinion on such information.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, I have issued a report date June 29, 2022, on the results of our agreed-upon procedures.

Maxwell CPA, LLC
Monroe, Louisiana
June 29, 2022

**REQUIRED SUPPLEMENTAL INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF THE UNION PARISH POLICE JURY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Our discussion and analysis of Rocky Branch Waterworks District (the District), provides an overview of the District's activities for the year ended December 31, 2021. Please read it in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

The District has net position of \$1,076,930 at year end which represents an increase from the prior year of \$23,377.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Revenues, Expenses, and Changes in Net Position provide information about the activities of the District as a whole.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The District operates as an enterprise fund, presenting its financial statements using the accrual basis of accounting, which is similar to the accounting used by most private-sector entities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These statements report the District's net position and changes in them. The District's net position (the difference between assets and liabilities) measure the District's financial position. Increases or decreases in the District's net position are an indicator of whether its financial position is improving or not.

The *Statement of Net Position* includes all of the District's assets and liabilities, with the difference between them reported as net assets. Net assets are reported in three categories: Invested in Capital Assets, Restricted for Debt Service, and Unrestricted. The increases and decreases in net assets are an indicator or whether the District's financial position is improving or deteriorating.

The *Statement of Activities* presents information showing how the District's net position changed during the year, as well as whether it recovered its cost through fees and other revenues. All of the current year revenues and expenses are recorded when the underlying economic transaction has taken place.

The *Notes to the Financial Statements* provide a description of the accounting policies used to prepare the financial statements and presents material disclosures as required by generally accepted accounting principles.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's net position increased by \$23,377 and decreased by \$2,315 during the years ended December 31, 2021 and 2020, respectively. The increase in 2021 was mainly due to a decrease in repairs and maintenance to the system during 2021.

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF THE UNION PARISH POLICE JURY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Statement of Net Position

The following table reflects the condensed net assets:

	<u>2021</u>	<u>2020</u>
<u>Assets</u>		
Current and Restricted Assets	\$ 875,512	\$ 808,293
Capital Assets	<u>947,391</u>	<u>1,018,854</u>
Total Assets	<u><u>1,822,903</u></u>	<u><u>1,827,147</u></u>
<u>Liabilities</u>		
Current Liabilities	75,573	67,694
Long-Term Liabilities	<u>670,400</u>	<u>705,900</u>
Total Liabilities	<u><u>745,973</u></u>	<u><u>773,594</u></u>
<u>Net Position</u>		
Invested in Capital Assets, Net of Debt	241,991	280,454
Unrestricted	654,804	593,969
Restricted	<u>180,135</u>	<u>179,130</u>
Total Net Position	<u><u>1,076,930</u></u>	<u><u>1,053,553</u></u>
<u>Total Liabilities and Net Position</u>	<u><u>\$ 1,822,903</u></u>	<u><u>\$ 1,827,147</u></u>

Net position (assets less liabilities) may serve over time as a useful indicator of financial position. The District's assets exceeded liabilities by \$1,076,930 and \$1,053,553 at December 31, 2021 and 2020, respectively.

Statement of Activities

The following table shows the revenues and expenses for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Charges for Service and Water Revenues	\$ 250,225	\$ 241,616
Operating Expenses	<u>217,862</u>	<u>226,600</u>
Operating Income (Loss)	32,363	15,016
Non-Operating Revenues (Expenses)	<u>(8,986)</u>	<u>(17,331)</u>
Change in Net Position	23,377	(2,315)
<u>Net Position at Beginning of Year</u>	<u>1,053,553</u>	<u>1,055,868</u>
<u>Net Position at End of Year</u>	<u><u>\$ 1,076,930</u></u>	<u><u>\$ 1,053,553</u></u>

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF THE UNION PARISH POLICE JURY
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2021

Capital Assets and Debt Administration

The District's investment in Capital assets amounted to \$947,391 and \$1,018,854 (net of depreciation) as of December 31, 2021 and 2020. This investment includes land, buildings and improvements, equipment and water distribution system.

The District recognized \$71,463 and \$74,603 in depreciation expense for the years ended December 31, 2021 and 2020.

Debt

At year end, the District had outstanding debt of \$705,400.

Economic Factors and Future Rates

The District's revenues are derived mainly from water and connection fees. The District is not aware of any significant increases or decreases in those revenue sources or associated expenditures but in light of the current economic volatility, the District must continue to monitor its limited resources to fit the needs of the citizens of Union Parish and be aware of other funding opportunities that may present themselves.

Request for Information

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact the District's office, 705 Hodge Road, Farmerville, LA 71241.

COMPONENT UNIT FINANCIAL STATEMENTS

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF THE UNION PARISH POLICE JURY
STATEMENT OF NET POSITION
DECEMBER 31, 2021

ASSETS

<u>Current Assets</u>	
Cash and Cash Equivalents	\$ 470,683
Investments	223,334
Restricted Assets:	
Cash & Cash Equivalents	180,135
Receivable, Net	1,360
Total Current Assets	<u>875,512</u>
 <u>Noncurrent Assets</u>	
Capital Assets, Net of Accumulated Depreciation	942,891
Land	4,500
Total Capital Assets, Net of Accumulated Depreciation	<u>947,391</u>
 <u>TOTAL ASSETS</u>	 <u><u>\$ 1,822,903</u></u>

LIABILITIES AND NET POSITION

<u>Current Liabilities</u>	
Accounts Payable	\$ 10,034
Customer Meter Deposits Payable	30,539
Notes Payable - Current	34,000
Total Current Liabilities	<u>74,573</u>
 <u>Long-Term Liabilities</u>	
Notes Payable	<u>671,400</u>
 <u>Total Liabilities</u>	 745,973
 <u>Net Position</u>	
Net Investment in Capital Assets	241,991
Restricted for Construction, Deposits, Depreciation and Contingencies	180,135
Unrestricted	654,804
Total Net Position	<u>1,076,930</u>
 <u>TOTAL LIABILITIES AND NET POSITION</u>	 <u><u>\$ 1,822,903</u></u>

See independent accountant's review report and notes to financial statements.

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF THE UNION PARISH POLICE JURY
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Operating Revenues</u>	
Charges for Services	\$ 250,225
<u>Operating Expenses</u>	
Advertising	168
Contract Labor	19,580
Depreciation	71,463
Dues	1,920
Fees	7,749
Insurance	7,021
Office	1,183
Payroll Tax Expenses	3,665
Postage	2,419
Professional Fees	3,675
Repairs and Maintenance	14,044
Salaries and Wages	42,210
Supplies	23,826
Training	600
Utilities	16,694
Mowing	1,645
Total Operating Expenses	<u>217,862</u>
<u>Operating Income</u>	32,363
<u>Non-Operating Revenues (Expenses)</u>	
Interest Income	691
Other Income - PPP Loan Forgiveness	8,010
Interest Expense	<u>(17,687)</u>
Total Non-Operating Revenues (Expenses)	(8,986)
<u>Change in Net Position</u>	23,377
<u>Net Position at Beginning of Year</u>	<u>1,053,553</u>
<u>NET POSITION AT END OF YEAR</u>	<u><u>\$ 1,076,930</u></u>

See independent accountant's review report and notes to financial statements.

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF THE UNION PARISH POLICE JURY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

<u>Cash Flows From Operating Activities</u>	
Cash Received from Customers	\$ 250,842
Cash Payments to Employees for Services	(42,210)
Cash Payments to Suppliers for Goods and Services	(79,209)
Cash Payments to Others for Services, Taxes, etc.	(20,359)
Net Cash Provided by Operating Activities	<u>109,064</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Increase (Decrease) in Refundable Deposits	758
Principal Paid on Long-Term Financing	(33,000)
Payroll Protection Program Loan Forgiveness	8,010
Payments for Interest on Long-Term Financing	(17,687)
Net Cash Used by Capital and Related Financing Activities	<u>(41,919)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Deposits	<u>221</u>
<u>Net Increase in Cash and Cash Equivalents</u>	67,366
<u>Cash and Cash Equivalents at Beginning of Year</u>	<u>583,452</u>
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u><u>\$ 650,818</u></u>
<u>Reconciliation of Net Operating Income (Loss) to Net Cash Provided by Operating Activities</u>	
Operating Income	\$ 32,363
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities:	
Depreciation	71,463
Net Changes in Assets and Liabilities:	
(Increase) Decrease in Receivables	617
Increase (Decrease) in Payables	4,621
Net Cash Provided (Used) by Operating Activities	<u><u>\$ 109,064</u></u>
<u>Note:</u>	
Cash and Cash Equivalents	\$ 470,683
Restricted Cash:	
Customer Deposit Fund	23,503
Reserve Fund	30,704
Depreciation and Contingency Fund	75,290
Bond Sinking Fund	50,638
Total Cash and Cash Equivalents	<u><u>\$ 650,818</u></u>

See independent accountant's review report and notes to financial statements.

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF UNION PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Introduction

Rocky Branch Waterworks District (the District), was created by the Union Parish Policy Jury, as authorized by Louisiana Revised Statute 33:3811. The District is governed by a five-member board of commissioners who are residents of and own real estate in the District. The board is appointed by the police jury and is compensated for its responsibility of providing water service to users within the boundaries of the District. The District serves approximately 400 residential and 50 commercial customers. The District has two employees.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, the District is considered a component unit of the Union Parish Police Jury. As a component unit, the accompanying financial statements are included within the reporting of the primary government, either blended into those financial statements or separately reported as discrete component units.

Note 1 - Summary of Significant Accounting Policies

A. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District's financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The District applies all Governmental Accounting Standards Board (GASB) pronouncements as well as the Financial Accounting Standards Board (FASB) statements and interpretations.

The District is a special purpose government engaged only in business type activities. All activities of the District are accounted for in a single proprietary (enterprise) fund. Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise, where the intent of the governing authority is that the cost (expense, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized at the time liabilities are incurred.

The term measurement focus denotes what is being measured and reported in the District's operating statement. Financial operations of the District are accounted for on the flow of economic resources measurement focus. With this measurement focus, all of the assets and liabilities available to the District for the purpose of providing services to the public, are measured on the balance sheet. The activity statement includes all costs of providing goods and services during the period.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations, primarily the provision of water to rural areas of Union Parish. Operating expenses for enterprise funds include the costs of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF UNION PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

B. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the District to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

C. Investments

Investments are limited by Louisiana R.S. 33:2955 and the District's investment policy. If the original maturities of investment exceed ninety days, they are classified as investments; however, if the original maturities are ninety days or less, they are classified as cash equivalents.

D. Accounts Receivable

Receivables for water sales are shown net of an allowance for uncollectible accounts. The allowance is an estimate based on the number of receivables that are past due and historical collection rates.

E. Prepaid Items

Payments made to vendors that will benefit periods beyond the end of the current calendar year are recorded as prepaid items. Prepaid items consist primarily of prepaid insurance premiums.

F. Restricted Assets

Certain assets are restricted to set aside funds for customer deposit accounts, construction, depreciation, and contingencies.

G. Capital Assets

Capital Assets of the District are defined as assets with an initial cost of more than \$1,000, and an estimated useful life in excess of one year. Capital assets are recorded at either historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donations. Depreciation of all exhaustible fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

<u>Description</u>	<u>Estimated Lives</u>
Equipment and Furniture	5-15 Years
Furniture and Fixtures	10-15 Years
Water System	20-40 Years

Expenditures for repairs and maintenance are expensed as incurred; significant betterments are capitalized.

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF UNION PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

G. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

H. Compensated Absences

The District does not have formal vacation, sick leave, and retirement plan policies.

I. Long-Term Obligations

Long-term liabilities are recognized within the Enterprise Fund. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

J. Net Position

GASB Statement No. 34 required classification of net assets into three separate components. GASB Statement No. 63 revised the terminology by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure at net position, rather than net assets. GASB No. 63 requires the following components of net position:

Net investment in capital assets – This component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds or deferred inflows of resources at the end of the reporting period, the portion of the debt or deferred inflows of resources attributable to the unspent amount should not be included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources should be included in the same net position component (restricted or unrestricted) as the unspent amount.

Restricted – This component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the assets result from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

Unrestricted – This component of net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF UNION PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 1 - Summary of Significant Accounting Policies (continued)

K. Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, GASB required a government to delay the recognition of decreases in net position as expenditures or increases in net position as revenues until a further period. In these circumstances, deferred outflows of resources or deferred inflows of resources result from the delayed recognition of expenditures or revenues, respectively. There are no deferred outflows or deferred inflows as of December 31, 2021.

L. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Cash and Cash Equivalents

Custodial Credit Risk – deposits. The custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. The District’s policy to ensure there is no exposure to this risk is to require the financial institution to pledge its own securities to cover any amount in excess of Federal Depository Insurance Coverage. Accordingly, the District had no custodial credit risk related to its deposits at December 31, 2021.

The District has cash and cash equivalents (book balances), savings, and investments in certificates of deposit totaling \$874,152 at December 31, 2021 as follows:

Cash and Cash Equivalents	\$ 470,683
Cash and Cash Equivalents - Restricted	180,135
Investments – Certificates of Deposit	<u>223,334</u>
TOTAL	<u>\$ 874,152</u>

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 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. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually accepted to both parties. Cash and cash equivalents (bank balances) at December 31, 2021, are secured as follows:

Bank Balances	\$ 874,152
FDIC Insurance	500,000
Pledged Collateral	<u>374,152</u>
Uninsured Amount	<u>\$ _____</u>

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF UNION PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 3 - Accounts Receivable

At December 31, 2021 the District's accounts receivable consisted of the following:

Water Sales	\$ 1,360
Less: Allowance for uncollectible accounts	<u> -</u>
Net Receivables	<u>\$ 1,360</u>

Note 4 - Capital Assets

Capital asset activity for the year ended December 31, 2021 is as follows:

	<u>January 1,</u> <u>2021</u>	<u>Additions</u>	<u>Deletions</u>	<u>December 31,</u> <u>2021</u>
Non-Depreciable Assets:				
Land	\$ 4,500	\$ -	\$ -	\$ 4,500
Depreciable Assets:				
Software	1,562	-	-	1,562
Water System	1,836,418	-	-	1,836,418
Building Improvements	<u>59,983</u>	<u> -</u>	<u> -</u>	<u>59,983</u>
Totals at Historical Cost	1,902,463	-	-	1,902,463
Less Accumulated Depreciation:	<u>(883,609)</u>	<u>(71,463)</u>	<u> -</u>	<u>(955,072)</u>
Capital Assets, Net	<u>\$ 1,018,854</u>	<u>\$ (71,463)</u>	<u>\$ -</u>	<u>\$ 947,391</u>

Depreciation expense was \$71,463 in 2021.

Note 5 - Notes Payable

In 2018 the District entered into a loan agreement with the Louisiana Department of Health (LDH) Drinking Water Revolving Loan Fund (DWRLF) for the purpose of improving the water system. The District was approved to spend up to \$963,000 for these improvements. LDH gave principal forgiveness of \$192,600 so the amount of principal repayment will be \$770,400. The note bears interest at 1.95%, payable in semi-annual payments each year. The District also pays a .50% administrative fee to LDH on the outstanding principal amount of the note, payable on each interest payment date. The balance of the loan was \$705,400 on December 31, 2021. Principal due on the loan is scheduled to be paid as follows:

<u>Fiscal Year Ended</u> <u>December 31,</u>	<u>Amount</u>
2022	34,000
2023	35,000
2024	36,000
2025	37,000
2026	38,000
Thereafter	<u>525,400</u>
TOTAL	<u>\$ 705,400</u>

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF UNION PARISH POLICE JURY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021

Note 6 - Restricted Assets and Loan Agreement Reserve Requirements

The loan agreement with Louisiana Department of Health (DWRLF) requires that the water system establish and maintain a debt sinking fund, debt service reserve fund and a depreciation and contingencies fund.

Restricted assets consisted of the following at December 31, 2021:

Customer Deposits	\$ 23,503
Debt Sinking Fund	50,638
Debt Service Reserve Fund	30,704
Depreciation and Contingencies Fund	<u>75,290</u>
TOTAL	<u>\$ 180,135</u>

Note 7 - Contingencies

During the year ended December 31, 2019, the water system expended \$868,377 in federal loan funds from the Environmental Protection Agency passed through the Louisiana Department of Health, Office of Public Health. These expenditures are subject to audit and adjustment by federal and state agencies; therefore, to the extent that the water system had not complied with the rules and regulations governing the loan funds, refunds of any money received may be required. In the opinion of the water system's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the loan funds; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Note 8 - Risk Management

The District purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from the prior year.

Note 9 - Litigation and Claims

The District was not involved in any litigation at December 31, 2021, nor is it aware of any unasserted claims.

Note 10 - Subsequent Events

Subsequent events have been evaluated through June 29, 2022, the date that the financial statements were available to be issued. All subsequent events determined to be relevant and material to the financial statements have been appropriately recorded or disclosed.

SUPPLEMENTAL INFORMATION

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF UNION PARISH POLICE JURY
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 1

The following schedule of compensation paid to board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Phillip Smith, President	\$ 120
Jill A. Hodge, Vice President	120
Jerry Farrar	120
J.C. Ainsworth	120
Allen D Pace	<u>120</u>
TOTAL PER DIEM	<u><u>\$ 600</u></u>

See independent accountant's review report.

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF THE UNION PARISH POLICE JURY
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2021

Schedule 2

Agency Head Name: Phillip Smith, President

<u>Purpose</u>	<u>Amount</u>
Per Diem	\$ 120

See independent accountant's review report.

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF UNION PARISH POLICE JURY
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2021

2021-01 Inadequate Segregation of Accounting Duties

Criteria:

Duties should be distributed among employees.

Condition:

Inadequate segregation of duties.

Cause:

The district has only one person for handling the duties of the office personnel. Office duties are a part-time job.

Potential Effect:

Internal control is weakened by the limited staff.

Recommendation:

Establish guidelines for the Board of Directors on a rotating basis to closely monitor reports for billings, payments, and credits issued by the water system. Furthermore, bank statements and bank reconciliations should be reviewed by the board each month.

Management's Response and Corrective Action Plan:

The water system has an accounting workload that can be easily managed by one person. It is not economically feasible to correct this deficiency based on the size of the water system. However, the board will begin reviewing and monitoring reports, bank statements and bank reconciliations as suggested.

ROCKY BRANCH WATERWORKS DISTRICT
A COMPONENT UNIT OF UNION PARISH POLICE JURY
SUMMARY STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2021

2020-01 Inadequate Segregation of Accounting Duties

Condition Found:

Inadequate segregation of duties.

Effect:

Internal control is weakened by the limited staff.

Recommendation to Prevent Future Occurrences:

Hire more employees and redistribute duties.

Current Status:

The Finding was repeated as finding 2021-01.



**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Commissioners
Rocky Branch Waterworks District
Farmerville, Louisiana

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the Rocky Branch Waterworks District (the District) and the Louisiana Legislative Auditor, on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended December 31, 2021, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. The District is responsible for its financial records and compliance with applicable laws and regulations. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, I make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Public Bid Law

- 1. Obtain documentation for all expenditures made during the year for material and supplies exceeding \$30,000, and public works exceeding \$250,000. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1755 (the state procurement code) or R.S.38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.**

The District had no expenditures for materials and supplies exceeding \$30,000 and no expenditures exceeding \$250,000 for public works.

Code of Ethics for Public Officials and Public Employees

- 2. Obtain a list of the immediate family members of each board member as defined by RS 42:1101-1124 (the ethics law).**

Management provided me with the requested information.



3. Obtain a list of all employees paid during the fiscal year.

Management provided me with the requested information.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

None of the employees included on the list of employees provided by management in agreed-upon procedure #3 appeared on the list provided by management in agreed-upon procedure #2 as immediate family members.

5. Obtain a list of all disbursements made during the year; and a list of outside business interest of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information. None of the businesses of board members, employees, and board members' and employees' immediate families appeared as vendors on the list of disbursements.

Budgeting

6. Obtain a copy of the legally adopted budget and all amendments.

Management provided me with a copy of the original budget. There were no amendments in 2021.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minutes book, and report whether there are any exceptions.

I traced adoption of the original budget to the minutes.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues failed to meet budgeted revenues by 5% or more or if actual expenditures exceed budgeted amounts by 5% or more.

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. Revenues did not fail to meet budgeted revenues by 5% or more and expenditures for the year did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

9. Obtain the list of all disbursements made during the year. Randomly select six disbursements and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and:

- a. Report whether the six disbursements agree to the amount and payee in the supporting documentation.

I examined supporting documentation for each of the selected disbursements and found that payment was for the proper amount and made to the correct payee with the exception of two invoices. These two disbursements did not have an invoice to support the payments.

b. Report whether the six disbursements were coded to the correct fund and general ledger account.

All of the disbursements were properly coded in the general ledger with the exception of the two that did not have invoices to support the payments.

c. Report whether the six disbursements were approved in accordance with management's policies and procedures.

The disbursements were approved by the Board of Commissioners by their acceptance of the treasurer's report presented at each meeting.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions.

Management represented that the District is only required to post a notice of each meeting and the accompanying agenda at the meeting site. Although management has asserted that such documents were properly posted, no evidence was provided to support management's assertion other than copies of the notices and agendas.

Debt

11. Obtain bank deposit slips for the fiscal year and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions.

I scanned copies of all bank deposit slips for the fiscal year and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

I scanned payroll disbursements and read the council meeting minutes of the District's board for the fiscal year. I found no payments or approval for payments to employees that would constitute bonuses, advances, or gifts.

State Audit Law

13. Report whether the agency provided for a timely report in accordance with R.S. 24:513.

The District's report was submitted by the due date of June 30, 2022.

14. Inquire of management and report whether the agency entered into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

N/A

Prior-Year Comments

15. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved.

The prior year financial statements included a finding for inadequate segregation of accounting duties listed as finding 2020-01. That finding was repeated in this year's schedule of findings as 2021-01.

I was engaged by the District to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in Government Auditing Standards, issued by the United States Comptroller General. I was not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's compliance with the foregoing matters. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

I am required to be independent of the District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements related to my agreed-upon procedures engagement.

The purpose of this report is solely to describe the scope of testing performed on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Maxwell CPA, LLC

Monroe, Louisiana
June 29, 2022

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

6/29/22 (Date Transmitted)

Maxwell CPA, LLC (CPA Firm Name)

8649 Hwy 165 N, STE 2 (CPA Firm Address)

Monroe, LA 71203 (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of December 31, 2021 (date) and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you.

Public Bid Law

It is true that we have complied with the state procurement code (R.S. 39:1551 – 39:1755); the public bid law (R.S. 38:2211-2296), and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes No [] N/A []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of R.S. 42:1101-1124.

Yes No [] N/A []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of R.S. 42:1119.

Yes No [] N/A []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes No [] N/A []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes No [] N/A []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes No [] N/A []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes No [] N/A []

We did not enter into any contracts that utilized state funds as defined in R.S. 39:72.1 A. (2); and that were subject to the public bid law (R.S. 38:2211, et seq.), while the agency was not in compliance with R.S. 24:513 (the audit law).

Yes No [] N/A []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes No [] N/A []

We have complied with R.S. 24:515.2 regarding reporting of pre- and post- adjudication court costs, fines and fees assessed or imposed; the amounts collected; the amounts outstanding; the amounts retained; the amounts disbursed, and the amounts received from disbursements.

Yes No [] N/A []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes No [] N/A []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and R.S. 39:1410.60-1410.65.

Yes No [] N/A []

Advances and Bonuses

It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, R.S. 14:138, and AG opinion 79-729.

Yes No [] N/A []

Prior-Year Comments

We have resolved all prior-year recommendations and/or comments.

Yes No [] N/A []

General

We acknowledge that we are responsible for the Agency's compliance with the foregoing laws and regulations and the internal controls over compliance with such laws and regulations.

Yes No [] N/A []

We acknowledge that we are responsible for determining that the procedures performed are appropriate for the purposes of this engagement.

Yes No [] N/A []

We have evaluated our compliance with these laws and regulations prior to making these representations.

Yes No [] N/A []

We have provided you with all relevant information and access under the terms of our agreement.

Yes No [] N/A []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations.

Yes No [] N/A []

We are not aware of any material misstatements in the information we have provided to you.

Yes No [] N/A []

We have disclosed to you any communications from regulatory agencies, internal auditors, other independent practitioners or consultants, and others concerning noncompliance with the foregoing laws and regulations, including communications received during the period under examination; and will

disclose to you any such communication received between the end of the period under examination and the date of your report.

Yes No [] N/A []

We will disclose to you, the Legislative Auditor, and the applicable state grantor agency/agencies all known noncompliance and other events subsequent to the date of this representation and the date of your report that could have a material effect on our compliance with laws and regulations and the internal controls with such laws and regulations, or would require adjustment or modification to the results of the agreed-upon procedures.

Yes No [] N/A []

The previous responses have been made to the best of our belief and knowledge.

<u><i>[Signature]</i></u>	Secretary	<u>6-28-2022</u>	Date
	Treasurer		Date
<u><i>Phillip Smith</i></u>	President	<u>6-29-2022</u>	Date