

RIVER ROAD WATER WORKS, LLC

*Financial Statements
For the Year Ended December 31, 2024*

RIVER ROAD WATER WORKS, LLC
FINANCIAL REPORT
FOR THE YEARS ENDED DECEMBER 31, 2024

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
River Road Water Works, LLC
Monroe, Louisiana

Opinion

We have audited the accompanying financial statements of the River Road Water Works, LLC (a nonprofit organization) which comprise the statement of financial position as of December 31, 2024, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the River Road Water Works, LLC as of December 31, 2024, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the River Road Water Works, LLC and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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 and the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 River Road Water Works, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the River Road Water Works, LLC's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of compensation, benefits and other payments to the Agency Head or Chief Executive Officer is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 15, 2025, on our consideration of the River Road Water Works, LLC's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the River Road Water Works, LLC's internal control over financial reporting and compliance.

David M. Hard, CPA (APAC)

West Monroe, Louisiana
April 15, 2025

RIVER ROAD WATER WORKS, LLC
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 672,241
Customer Fees Receivable, net of allowance \$4,358	12,066
Prepaid Insurance	<u>1,757</u>
Total Current Assets	686,064
Property and Equipment:	
Land	29,116
Vehicles	61,678
Water Facility	3,944,579
Equipment	46,913
Less: Accumulated Depreciation	<u>(2,534,155)</u>
Net Property and Equipment	<u>1,548,131</u>
<u>TOTAL ASSETS</u>	<u>\$ 2,234,195</u>

LIABILITIES AND NET ASSETS

Current Liabilities:	
Accounts Payable	\$ 14,537
Payroll Tax Liability	6,165
Member Deposits	73,814
Notes Payable - Short Term	37,485
Notes Payable - Long-Term	<u>713,542</u>
Total Current Liabilities	845,543
Net Assets:	
Without Donor Restrictions	<u>1,388,652</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 2,234,195</u>

The accompanying notes are an integral part of this financial statement.

RIVER ROAD WATER WORKS, LLC
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024

PUBLIC SUPPORT, GRANT REVENUE
AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS

Water Payments	\$ 722,961
Insurance Proceeds	8,897
Grants	801,667
Interest Income	<u>7,736</u>

TOTAL PUBLIC SUPPORT, GRANT REVENUE
AND OTHER SUPPORT WITHOUT DONOR RESTRICTIONS 1,541,261

EXPENSES

Operating Expense	45,615
Interest Expense	33,156
Insurance Expense	21,883
Legal & Professional	246
Bank Fees	392
Auto & Transport	22,604
Production Expense	274,423
Electricity	33,302
Safe Drinking Water Program	13,338
Payroll Expense	197,225
Depreciation Expense	<u>83,306</u>

TOTAL EXPENSES 725,490

INCREASE IN NET ASSETS
WITHOUT DONOR RESTRICTIONS 815,771

NET ASSETS AT BEGINNING OF YEAR (RESTATED) 572,881

NET ASSETS AT END OF YEAR \$ 1,388,652

The accompanying notes are an integral part of these financial statements.

RIVER ROAD WATER WORKS, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

<u>Cash Flows from Operating Activities:</u>	
Increase (Decrease) in Net Assets	\$ 815,771
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:	
Changes in Assets and Liabilities:	
Depreciation	83,306
Increase in Accounts Receivable	(7,702)
Decrease in Prepaid Insurance	1,257
Decrease in Accounts Payable	(1,028)
Decrease in Payroll Tax Liability	(356)
Increase in Member Deposits	2,728
Net Cash Provided (Used) by Operating Activities	<u>893,976</u>
<u>Cash Flows from Investing Activities:</u>	
Vehicles	-
Water Facility	(717,281)
Net Cash Used by Investing Activities	<u>(717,281)</u>
<u>Cash Flows from Financing Activities:</u>	
Payments on Notes Payable	(15,252)
Net Cash Provided (Used) from Financing Activities	<u>(15,252)</u>
<u>Increase in Cash and Cash Equivalents</u>	161,443
<u>Cash at Beginning of Year</u>	<u>510,798</u>
<u>CASH AND CASH EQUIVALENTS, END OF YEAR</u>	<u><u>\$ 672,241</u></u>

SUPPLEMENTAL DISCLOSURE

Cash payments for interest during the year ended December 31, 2024 totaled \$33,156.

The accompanying notes are an integral part of this financial statement.

RIVER ROAD WATER WORKS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

River Road Water Works, LLC (the System) is a nonprofit corporation organized under the laws of the State of Louisiana to provide water to residents of the River Road community. The system is governed by a board of directors elected by the membership. The directors receive no pay or fees for their services to the system. The corporation is exempt from federal income taxes under Section 501(c)(2) of nonprofit tax laws.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect 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.

Basis of Presentation

The financial statements of the System have been prepared on the accrual basis of accounting as applicable. The accounting and reporting methods used for the water system are those used to account for operations that are financed and operated in a manner similar to a private business enterprise, 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 through user charges. The more significant accounting policies of the System are described below.

Cash and Cash Equivalents

For purposes of the statement of cash flows, cash and cash equivalents represent cash and all highly liquid debt instruments purchased with original maturities of three months or less.

Property and Equipment

Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Generally, an asset is capitalized at \$5,000 or more. Depreciation is provided over the estimated useful lives of the respective assets using the straight-line method:

Furniture, Equipment & Vehicles	5-7 years
Water System Facilities	10-20 Years

RIVER ROAD WATER WORKS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Public Support and Revenue

Unreimbursed expenses are recorded as income and as grants receivable when requests for reimbursement are submitted to the grant agency.

Contributions of donated non-cash assets are recorded at their fair value in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values.

Liquidity

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to the nearness of their maturity and resulting use of cash.

Fair Value of Financial Instruments

ASC section 820 *Fair Value Measurements and Disclosures* and ASC section 825 *Financial Instruments* require all entities to disclose the fair value of financial instruments for which it is practicable to estimate fair value.

Accounting Pronouncement Adopted

During 2018, the System adopted Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which finalizes Proposed ASU No. 2015-230, by the same name and topic, and simplifies and improves the manner in which a not-for-profit (NFP) classifies its net assets, as well as the information that it presents in financial statements and notes concerning liquidity, financial performance, and cash flows. In particular, ASU No. 2016-14 amends the requirements for financial statements and notes in Topic 958, *Not-for-Profit Entities*, and requires an NFP to, among other things, (1) present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the currently required three classes; (2) present on the face of the statement of activities the amount of the change in each of the two classes of net assets referenced above, rather than that of the currently required three classes; (3) continue to present on the face of the statement of cash flows the net amount for operating cash flows, using either the direct or the indirect method of reporting, but no longer require the presentation or disclosure of the indirect method (reconciliation) if using the direct method.

RIVER ROAD WATER WORKS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Accounting Pronouncement Adopted (Continued)

Net assets previously reported as temporarily restricted and permanently restricted are now reported as net assets with donor restrictions. Likewise, net assets previously reported as unrestricted are now reported as net assets without donor restrictions.

Contributions

In accordance with FASB ASC 958-205, *Not-For-Profit Entities – Revenue Recognition*, contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending upon the existence of donor-imposed restrictions. The System has elected to recognize restricted contributions which are released from the restriction in the same year as *unrestricted contributions*.

Not-For-Profit Accounting

The System reports information regarding its financial position and activities according to two classes of net assets; net assets without donor restrictions and net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. The System does not have any net assets with donor restrictions at June 30, 2024.

The net assets are composed of the following:

Net Assets Without Donor Restrictions – Net assets and revenue available and used for current operations and expenditures for current programs. These net assets are not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor or grantor imposed restrictions. Some restrictions are temporary in nature, such as those that will be met with the passage of time or occurrence of other events. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled or both.

Fair Value of Financial Instruments

The carrying amount of cash and cash equivalents, accrued interest receivable, and bequests receivable approximates fair value because of the short maturity of these financial instruments. The carrying value, which is the fair value of investments and funds held in trust by others, is based upon quoted market values. In the limited cases where such values are not available, historical cost is used as an estimate of market value.

RIVER ROAD WATER WORKS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 1 - Nature of Activities and Summary of Significant Accounting Policies (Continued)

Income Taxes

The System is a nonprofit corporation exempted from federal income taxes under Sec. 501(c)(12) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made; however, should the Organization engage in activities unrelated to its exempt purpose, taxable income could result. The Organization had no material unrelated business income for the year ended December 31, 2024. The earliest income tax year that is subject to examination is 2020.

Note 2 - Cash and Cash Equivalents

The System maintains its cash balance in a local financial institution. At December 31, 2024, the bank balances were \$672,241.

Note 3 - Accounts Receivable

Accounts receivable consisted of customer fees of \$16,424, with an allowance for bad debts of \$4,358, making the net receivables \$12,066 at December 31, 2024.

Note 4 - Property and Equipment

A summary of furniture, equipment and accumulated depreciation at December 31, 2024 is as follows:

Land	\$ 29,116
Equipment	46,913
Water Facilities	3,944,579
Vehicles	61,678
Accumulated Depreciation	(2,534,155)
Net Property and Equipment	<u>\$1,548,131</u>

Depreciation expense for the year ended December 31, 2024 was \$83,305.

Note 5 - Financial Instruments

Fair Values

The System's financial instruments consist of cash, receivables and accounts payable. The carrying values of these instruments approximate their fair values.

RIVER ROAD WATER WORKS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 5 - Financial Instruments (continued)

Concentrations of Credit Risk

The System has concentrated credit risk for cash by maintaining deposits in one bank. At December 31, 2024, cash balance (bank balance) exceeded the federally insured limit by approximately \$172,241. The System has not experienced any loss on such deposits.

Collateralization Policy

The System does not require collateral to support financial instruments subject to credit risk unless otherwise disclosed.

Note 6 - Liquidity and Availability of Resources

The System's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

Cash and Cash Equivalents	\$ 614,241
Fees Receivable, net	<u>12,066</u>
Total	<u>\$ 626,307</u>

None of the financial assets is subject to donor restrictions or contractual restrictions that make them unavailable within one year.

Note 7 - Water Sector Grant

During the year, the System received a Water Sector Phase 2 grant (ARPA funding) from the State of Louisiana in the amount of \$3,500,000. The total amount received during 2024 was \$708,661.

Note 8 - Subsequent Events

In accordance with ASC 855, the System evaluated subsequent events through April 15, 2025, the date these financial statements were available to be issued.

Note 9 - Prior Period Adjustment

During the year, a prior period adjustment was made to beginning net assets for a vehicle that was recorded twice, resulting in a decrease in net assets of \$31,334.

Beginning Net Assets, before adjustment	\$ 604,215
Prior Period Adjustment	(<u>31,334</u>)
Beginning Net Assets, after adjustment	<u>\$ 572,881</u>

RIVER ROAD WATER WORKS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Note 10 - Long Term Debt

On January 26, 2022, River Road Water Works, LLC received a loan for \$823,000 for upgrades to the water system facilities and equipment. The loan is for 15 years at an interest rate of 2% for the first 2 years, then increases to 5% for the next 13 years.

The following is the System's five-year debt requirements, including interest:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 37,485	\$ 36,663
2026	39,367	34,781
2027	41,381	32,768
2028	43,490	30,658
2029	45,729	28,420
2030-2034	266,192	104,548
2035-2037	<u>277,383</u>	<u>22,420</u>
Totals	<u>\$ 751,027</u>	<u>\$ 290,258</u>

SUPPLEMENTAL INFORMATION

RIVER ROAD WATER WORKS, LLC
SCHEDULE OF COMPENSATION, BENEFITS AND OTHER PAYMENTS TO
AGENCY HEAD OR CHIEF EXECUTIVE OFFICER
FOR THE YEAR ENDED DECEMBER 31, 2024

No members of the Board of Directors receive compensation, benefits or other payments.

**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**

Board of Directors
River Road Water Works, LLC

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the River Road Water Works, LLC (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated April 15, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the System's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, we do not express an opinion on the effectiveness of the System'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

David M. Sant, CPA (APAC)

West Monroe, Louisiana
April 15, 2025

RIVER ROAD WATER WORKS, LLC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

To the Board of Directors
River Road Water Works, LLC
Rayville, Louisiana

We have audited the financial statements of River Road Water Works, LLC as of and for the year ended December 31, 2024, and have issued my report thereon dated April 15, 2025. 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. Our audit of the financial statements as of December 31, 2024, resulted in an unqualified opinion.

Section I- Summary of Auditor's Results

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

Internal Control

Material Weakness _____ yes X no

Significant Deficiencies not considered to be

Material Weaknesses _____ yes X no

Compliance

Compliance Material to Financial Statements _____ yes X no

B. Federal Awards

Material Weakness Identified _____ yes X no

Significant Deficiencies not considered to be

Material Weaknesses _____ yes X no

Type of Opinion on Compliance For Major Programs (No Major Programs)

Unqualified _____ Qualified _____

Disclaimer _____ Adverse _____

Are their findings required to be reported in accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? N/A

C. Identification of Major Programs: N/A

Name of Federal Program (or cluster)

CFDA Number(s)

Dollar threshold used to distinguish between Type A and Type B Programs. N/A

Is the auditee a "low-risk" auditee, as defined by the Uniform Guidance? N/A

RIVER ROAD WATER WORKS, LLC
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

Section II- Financial Statement Findings

There were no findings in this section.

Section III- Federal Award Findings and Questioned Costs

There were no findings in this section.

RIVER ROAD WATER WORKS, LLC
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2024

Internal Control and Compliance Material to the Financial Statements

This section not applicable.

Internal Control and Compliance Material to Federal Awards

This section not applicable.

Management Letter

This section not applicable.

INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES

To the River Road Water Works, LLC and the Louisiana Legislative Auditor:

We have performed the procedures enumerated below, which were agreed to by the River Road Water Works, LLC (the not for profit Entity) and the Louisiana Legislative Auditor (LLA), on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period January 1, 2024 through December 31, 2024. The Entity's management is responsible for those C/C areas identified in the SAUPs.

River Road Water Works, LLC has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of the engagement, which is to perform specified procedures on the C/C areas identified in LLA's SAUPs for the fiscal period January 1, 2024 through December 31, 2024. Additionally, LLA has agreed to and acknowledged that the procedures performed are appropriate for its purposes. This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and related exceptions obtained are described in the attachment to this report.

We were engaged by the River Road Water Works, LLC to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were 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 those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

We are required to be independent of the River Road Water Works, LLC and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

This report is intended solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, 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 LLA as a public document.

David M. Hartt, CPA (APAC)

West Monroe, Louisiana
April 15, 2025

1) Written Policies and Procedures

- A. Obtain and inspect the entity's written policies and procedures and observe whether they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
- i. **Budgeting**, including preparing, adopting, monitoring, and amending the budget.
 - ii. **Purchasing**, including (1) how purchases are initiated, (2) how vendors are added to the vendor list, (3) the preparation and approval process of purchase requisitions and purchase orders, (4) controls to ensure compliance with the Public Bid Law, and (5) documentation required to be maintained for all bids and price quotes.
 - iii. **Disbursements**, including processing, reviewing, and approving.
 - iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
 - v. **Payroll/Personnel**, including (1) payroll processing, (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee rates of pay or approval and maintenance of pay rate schedules.
 - vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - vii. **Travel and Expense Reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - viii. **Credit Cards (and debit cards, fuel cards, purchase cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).
 - ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained to demonstrate that all employees and officials were notified of any changes to the entity's ethics policy.

- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.
- xii. **Prevention of Sexual Harassment**, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

No exceptions were noted in the above procedures.

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and
 - i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, review the minutes from all regularly scheduled board/finance committee meetings held during the fiscal year and observe whether the minutes from at least one meeting each month referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual comparisons, at a minimum, on all proprietary funds, and semi-annual budget-to-actual comparisons, at a minimum, on all special revenue funds. *Alternatively, for those entities reporting on the not-for-profit accounting model, observe that the minutes referenced or included financial activity relating to public funds if those public funds comprised more than 10% of the entity's collections during the fiscal period.*
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

No exceptions were noted in the above procedures.

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for each selected account, and observe that:
 - i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated or electronically logged);
 - ii. Bank reconciliations include written evidence that a member of management or a board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation within 1 month of the date the reconciliation was prepared (e.g., initialed and dated or electronically logged); and
 - iii. Management has documentation reflecting it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

There is no evidence that a member of management or a board member reviewed the bank reconciliations.

4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (e.g., 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if there are no written policies or procedures, then inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that

- i. Employees responsible for cash collections do not share cash drawers/registers;
 - ii. Each employee responsible for collecting cash is not also responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g., pre-numbered receipts) to the deposit;
 - iii. *Each employee responsible for collecting cash is not also responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit; and*
 - iv. The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or custodial fund additions, is (are) not also responsible for collecting cash, *unless another employee/official verifies the reconciliation.*
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was in force during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternatively, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and
- i. Observe that receipts are sequentially pre-numbered.
 - ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - iii. Trace the deposit slip total to the actual deposit per the bank statement.
 - iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
 - v. Trace the actual deposit per the bank statement to the general ledger.

The employee collecting cash does make the deposit, is responsible for posting collections to the general ledger, and is responsible for reconciling cash collections.

5) Non-Payroll Disbursements (excluding card purchases, travel reimbursements, and petty cash purchases)

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, then inquire of employees about their job duties), and observe that job duties are properly segregated such that
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order or making the purchase;
 - ii. At least two employees are involved in processing and approving payments to vendors;
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files;
 - iv. Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments; and
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.

[Note: Findings related to controls that constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality) should not be reported.]

- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction, and
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and
 - ii. Observe whether the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under procedure #5B above, as applicable.

- D. Using the entity's main operating account and the month selected in Bank Reconciliations procedure #3A, randomly select 5 non-payroll-related electronic disbursements (or all electronic disbursements if less than 5) and observe that each electronic disbursement was (a) approved by only those persons authorized to disburse funds (e.g., sign checks) per the entity's policy, and (b) approved by the required number of authorized signers per the entity's policy. *Note: If no electronic payments were made from the main operating account during the month selected the practitioner should select an alternative month and/or account for testing that does include electronic disbursements.*

Requisition or purchase orders are not used in purchasing and there is no approval on the invoices. There is only one employee in charge of all areas of the accounting function. This employee can add vendors to the computer system, does not have signatory authority, and does not initiate the purchase. No signature stamp is used.

6) Credit Cards/Debit Cards/Fuel Cards/Purchase Cards (Cards)

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards) for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.
- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe whether there is evidence that the monthly statement or combined statement and supporting documentation (e.g., itemized receipts for credit/debit card purchases, exception reports for excessive fuel card usage) were reviewed and approved, in writing (or electronically approved) by someone other than the authorized card holder (those instances requiring such approval that may constrain the legal authority of certain public officials, such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under procedure #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (e.g., each card should have 10 transactions subject to inspection)
- D. For each transaction, observe that it is supported by (1) an original itemized receipt that identifies precisely what was purchased, (2) written documentation of the business/public purpose, and (3) documentation of the

individuals participating in meals (for meal charges only). For missing receipts, the practitioner should describe the nature of the transaction and observe whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

There is no evidence that the monthly statement was reviewed and approved in writing by someone other than the card holder.

7) Travel and Travel-Related Expense Reimbursements (excluding card transactions)

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management's representation that the listing or general ledger is complete. Randomly select 5 reimbursements and obtain the related expense reimbursement forms/prepaid expense documentation of each selected reimbursement, as well as the supporting documentation. For each of the 5 reimbursements selected
 - i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana (doa.la.gov/doa/ost/ppm-49-travel-guide/) or the U.S. General Services Administration (www.gsa.gov);
 - ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased;
 - iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures procedure #1A(vii); and
 - iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were noted in the above procedures.

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. *Alternatively, the practitioner may use an equivalent selection source, such as an active vendor list.* Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract, and

- i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law;
- ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g., Lawrason Act, Home Rule Charter);
- iii. If the contract was amended (e.g., change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g., if approval is required for any amendment, the documented approval); and
- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

No exceptions were noted in the above procedures.

9) Payroll and Personnel

- A. Obtain a listing of employees and officials employed during the fiscal period and management's representation that the listing is complete. Randomly select 5 employees or officials, obtain related paid salaries and personnel files, and agree paid salaries to authorized salaries/pay rates in the personnel files.
- B. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under procedure #9A above, obtain attendance records and leave documentation for the pay period, and
 - i. Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory);
 - ii. Observe whether supervisors approved the attendance and leave of the selected employees or officials;
 - iii. Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records; and
 - iv. Observe the rate paid to the employees or officials agrees to the authorized salary/pay rate found within the personnel file.
- C. Obtain a listing of those employees or officials that received termination payments during the fiscal period and management's representation that the list is complete. Randomly select two employees or officials and obtain related documentation of the hours and pay rates used in management's termination payment calculations and the entity's policy on termination payments. Agree the hours to the employee's or official's cumulative leave records, agree the

pay rates to the employee's or official's authorized pay rates in the employee's or official's personnel files, and agree the termination payment to entity policy.

- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g., payroll taxes, retirement contributions, health insurance premiums, garnishments, workers' compensation premiums) have been paid, and any associated forms have been filed, by required deadlines.

No exceptions were noted in the above procedures.

10) Ethics

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A obtain ethics documentation from management, and
 - i. Observe whether the documentation demonstrates that each employee/official completed one hour of ethics training during the calendar year as required by R.S. 42:1170; and
 - ii. Observe whether the entity maintains documentation which demonstrates that each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.
- B. Inquire and/or observe whether the agency has appointed an ethics designee as required by R.S. 42:1170.

This section not applicable to this entity.

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt covenants, obtain supporting documentation for the reserve balance and payments, and agree actual reserve balances and payments to those required by debt covenants (including contingency funds, short-lived asset funds, or other funds required by the debt covenants).

Procedures related to debt service are not required since the District has obtained no new debt.

12) Fraud Notice

- A. Obtain a listing of misappropriations of public funds and assets during the fiscal period and management's representation that the listing is complete. Select all misappropriations on the listing, obtain supporting documentation, and observe that the entity reported the misappropriation(s) to the legislative auditor and the district attorney of the parish in which the entity is domiciled as required by R.S. 24:523.
- B. Observe that the entity has posted, on its premises and website, the notice required by R.S. 24:523.1 concerning the reporting of misappropriation, fraud, waste, or abuse of public funds.

No exceptions noted in the above procedures.

13) Information Technology Disaster Recovery/Business Continuity

Perform the following procedures, **verbally discuss the results with management, and report "We performed the procedure and discussed the results with management":**

- A. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if there is no written documentation, then inquire of personnel responsible for backing up critical data) and observe evidence that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and (c) was encrypted.
- B. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
- C. Obtain a listing of the entity's computers currently in use and their related locations, and management's representation that the listing is complete. Randomly select 5 computers and observe while management demonstrates that the selected computers have current and active antivirus software and that the operating system and accounting system software in use are currently supported by the vendor.
- D. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in Payroll and Personnel procedure #9C. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- E. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain cybersecurity training documentation from management,

and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R.S. 42:1267. The requirements are as follows:

- Hired before June 9, 2020 - completed the training; and
- Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment.

We performed the procedures and discussed the results with management.

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A, obtain sexual harassment training documentation from management, and observe that the documentation demonstrates each employee/official completed at least one hour of sexual harassment training during the calendar year as required by R.S. 42:343.
- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that the report includes the applicable requirements of R.S. 42:344:
 - i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

This section not applicable to this entity.