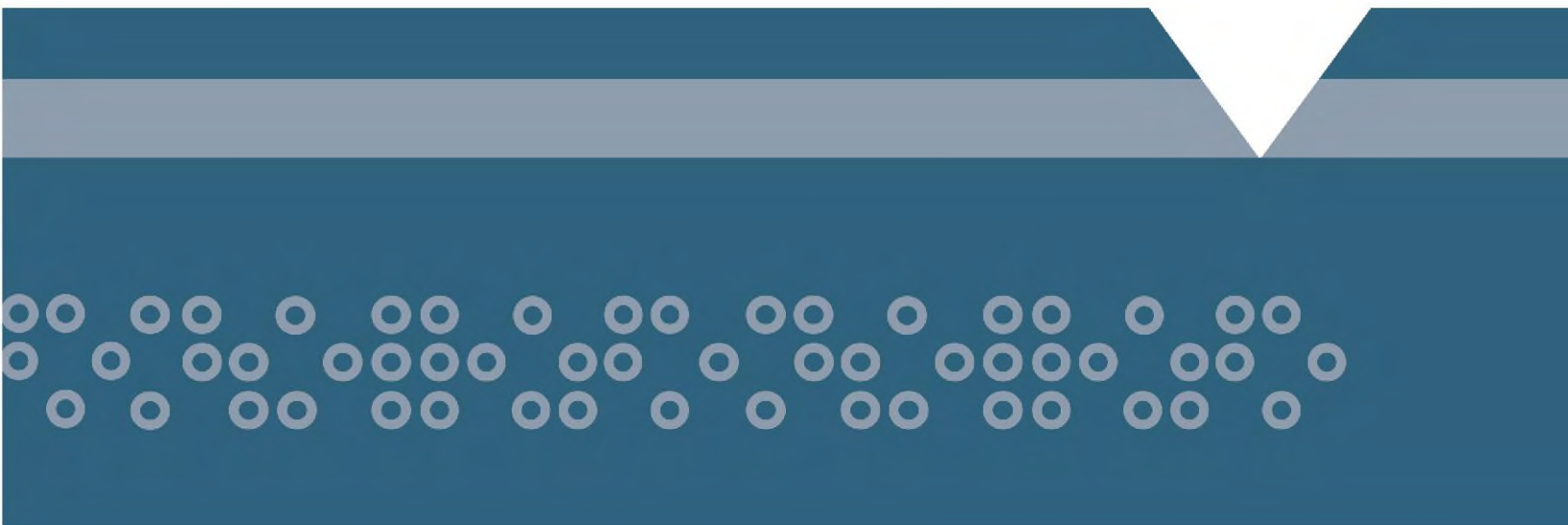


Rocky Branch Waterworks District
Farmerville, Louisiana

December 31, 2025



**ROCKY BRANCH WATERWORKS DISTRICT
COMPONENT UNIT FINANCIAL STATEMENTS
FARMERVILLE, LOUISIANA
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PREMIER PLAZA
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Board of Commissioners
Rocky Branch Waterworks District
Farmerville, Louisiana

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

We 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, 2025, and the related notes to 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's financial data and making inquiries of the District's 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, we 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

Our 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, and the standards applicable to review engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are 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. We believe that the results of our procedures provide a reasonable basis for our conclusion.

We are required to be independent of the Rocky Branch Waterworks District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our review.

Accountant's Conclusion

Based on our review, we are 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. The information is the responsibility of management. We have reviewed the information and, based on our review, we are 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. We have not audited the information and, accordingly, do not express an opinion on such information.

Other Information

The accompanying schedules of compensation paid to board members and compensation, reimbursements, benefits, and other payments to the 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 and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. We have reviewed the information and, based on our review, we are 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. We have not audited the supplementary information and, accordingly, do not express an opinion on such information.

Heard, McElroy & Vestal, LLC

Monroe, LA
August 5, 2026

REQUIRED SUPPLEMENTARY INFORMATION

ROCKY BRANCH WATERWORKS DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025

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, 2025. Please read it in conjunction with the basic financial statements.

FINANCIAL HIGHLIGHTS

The District has a net position of \$1,262,214 at year end which represents an increase from the prior year of \$33,843.

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 Revenues, Expenses, and Changes in Net Position

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 the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These statements report on the District's net position and changes in them. The District's net position (the difference between assets and liabilities) measures 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 position is reported in three categories: Invested in Capital Assets, Restricted, and Unrestricted. The increases and decreases in net position are an indicator of whether the District's financial position is improving or deteriorating.

The *Statement of Revenues, Expenses, and Changes in Net Position* 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 the current year's revenues and expenses are recorded when the underlying economic transaction has taken place.

The *Notes to 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 \$33,843 and decreased by \$38,235 during the years ended December 31, 2025 and 2024, respectively. The increase in 2025 was mainly due to a decrease in repairs and maintenance after an unusually high year.

ROCKY BRANCH WATERWORKS DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025

Statement of Net Position

The following table reflects the condensed statement of net position:

	<u>2025</u>	<u>2024</u>
<u>Assets</u>		
Current & restricted assets	\$ 943,219	\$ 893,092
Capital assets	<u>927,170</u>	<u>976,150</u>
Total Assets	<u>\$ 1,870,389</u>	<u>\$ 1,869,242</u>
<u>Liabilities</u>		
Current liabilities	\$ 80,775	\$ 76,471
Long-term liabilities	<u>527,400</u>	<u>564,400</u>
Total Liabilities	<u>608,175</u>	<u>640,871</u>
<u>Net Position</u>		
Invested in capital assets, net of debt	362,770	375,750
Restricted	206,509	199,816
Unrestricted	<u>692,935</u>	<u>652,805</u>
Total net position	<u>1,262,214</u>	<u>1,228,371</u>
 Total Liabilities and Net Position	 <u>\$ 1,870,389</u>	 <u>\$ 1,869,242</u>

Net position (assets less liabilities) may serve over time as a useful indicator of financial position. The District's assets exceeded liabilities by \$1,262,214 and \$1,228,371 at December 31, 2025 and 2024, respectively.

Statement of Revenues, Expenses, and Changes in Net Position

The following table shows the revenues and expenses for the years ended December 31, 2025, and 2024:

	<u>2025</u>	<u>2024</u>
Charges for services and water revenues	\$ 241,918	\$ 248,459
Operating expenses	<u>223,680</u>	<u>306,905</u>
Operating income (loss)	18,238	(58,446)
Non-operating income (expense)	<u>15,605</u>	<u>20,211</u>
Change in net position	33,843	(38,235)
 Net Position at Beginning of Year	 <u>1,228,371</u>	 <u>1,266,606</u>
 Net Position at End of Year	 <u>\$ 1,262,214</u>	 <u>\$ 1,228,371</u>

**ROCKY BRANCH WATERWORKS DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025**

Capital Assets and Debt Administration

The District's investment in Capital assets amounted to \$927,170 and \$976,150 (net of depreciation) as of December 31, 2025, and 2024. This investment includes land, buildings and improvements, equipment, and water distribution system.

The District recognized \$50,226 and \$55,777 in depreciation expense for the years ended December 31, 2025, and 2024.

Debt

At year end, the District had outstanding debt of \$564,400.

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 considering the current economic volatility, the District must continue to monitor its limited resources to meet 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
STATEMENT OF NET POSITION
PROPRIETARY FUND
DECEMBER 31, 2025

ASSETS

Current assets

Cash and cash equivalents	\$ 157,855
Investments	577,009
Receivables	<u>1,846</u>
Total current assets	736,710

Restricted assets

Cash and cash equivalents	206,509
---------------------------	---------

Non-current assets

Land	4,500
Capital assets, net of accumulated depreciation	<u>922,670</u>
Total noncurrent assets	<u>927,170</u>

TOTAL ASSETS

\$ 1,870,389

LIABILITIES

Current liabilities

Accounts payable	\$ 7,022
Customer deposits refundable	36,753
Current portion of notes payable	<u>37,000</u>
Total current liabilities	80,775

Long term liabilities

Notes payable	<u>527,400</u>
---------------	----------------

Total liabilities

608,175

NET POSITION

Investment in capital assets, net of related debt	362,770
Restricted for construction, customer deposits, depreciation, and contingencies	206,509
Unrestricted	<u>692,935</u>

Total net position

1,262,214

TOTAL LIABILITIES AND NET POSITION

\$ 1,870,389

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

ROCKY BRANCH WATERWORKS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2025

Operating revenues	
Charges for services	\$ 241,918
Operating expenses	
Advertising	170
Contracted services	4,538
Depreciation	50,226
Fees	17,440
Insurance	8,068
Office	3,234
Payroll tax expenses	4,999
Dues and subscriptions	5,458
Postage	4,011
Professional fees	1,900
Repairs and maintenance	25,928
Salaries and wages	48,420
Supplies	26,572
Utilities	21,116
Mowing	1,600
Total operating expenses	<u>223,680</u>
Operating income	18,238
Non-operating income (expense)	
Interest income	29,874
Interest expense	<u>(14,269)</u>
Total Non-operating Income (expense)	<u>15,605</u>
Change in net position	33,843
Net position - beginning	<u>1,228,371</u>
Net position - ending	<u><u>\$ 1,262,214</u></u>

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

ROCKY BRANCH WATERWORKS DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

Cash flows from operating activities	
Cash received from customers	\$ 241,985
Cash payments to employees for services	(48,420)
Cash payments to suppliers for goods and services	(95,107)
Cash payments to others for services, taxes, etc.	(28,015)
Net cash provided by operating activities	<u>70,443</u>
Cash flows from capital and related financing activities	
Increase in refundable deposits	1,392
Principal payments on debt	(37,000)
Interest payments on debt	(14,269)
Net cash flows used in noncapital financing activities	<u>(49,877)</u>
Cash flows from investing activities	
Cash paid for investments	(26,968)
Cash paid for capital asset additions	(1,246)
Interest collected on deposits and investments	29,874
Net cash flows provided by capital and related financing activities	<u>1,660</u>
Net increase in cash and cash equivalents	22,226
Cash and cash equivalents, beginning of the year	<u>341,138</u>
Cash and cash equivalents, at end of year	<u><u>\$ 363,364</u></u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ 18,238
Adjustments to reconcile net income to net cash provided by	
Operating activities	
Depreciation expense	50,226
Change in accounts receivable	67
Change in accounts payable	1,912
Total adjustments	<u>52,205</u>
Net cash provided by operating activities	<u><u>\$ 70,443</u></u>
Note:	
Cash and Cash Equivalents	\$ 157,855
Restricted Cash:	
Customer Deposit Fund	36,753
Reserve Fund	33,295
Depreciation and Contingency Fund	81,643
Bond Sinking Fund	54,818
Total Cash and Cash Equivalents	<u><u>\$ 364,364</u></u>

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

ROCKY BRANCH WATERWORKS DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 three 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 the 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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District's financial statements are prepared using the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America as applicable to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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 by the flow of economic resources measurement focus. With this measurement focus, all 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 of 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
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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 backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments

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

Accounts Receivable

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

Restricted Assets

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

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 more than 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 donation. 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. 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.

Compensated Absences

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

ROCKY BRANCH WATERWORKS DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

Long-Term Obligations

Long-term liabilities are recognized within the Proprietary Fund.

Net Position

GASB Statement No. 34 requires classification of net assets in 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 are 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 is not included in the calculation of net investment in capital assets. Instead, that portion of the debt or deferred inflow of resources is 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.

Deferred Outflows of Resources and Deferred Inflows of Resources

In some instances, GASB requires a government to delay the recognition of decreases in net position as expenditures or increases in net position as revenues until a future 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, 2025.

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.

ROCKY BRANCH WATERWORKS DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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 requires the financial institution to pledge its own securities to cover any amount more than Federal Depository Insurance coverage. Accordingly, the District had no custodial credit risk related to its deposits on December 31, 2025.

The District has cash and cash equivalents (book balances), savings, and investments in certificates of deposit totaling \$941,373 at December 31, 2025 as follows:

Cash and cash equivalents	\$ 157,855
Cash and cash equivalents - restricted	206,509
Investments - certificates of deposit	577,009
Total	<u>\$ 941,373</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 always 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) on December 31, 2025, are secured as follows:

Bank balances	\$ 944,808
FDIC insurance	444,401
Pledged collateral	500,407
Uninsured amount	<u>\$ -</u>

3. ACCOUNTS RECEIVABLE

As of December 31, 2025, the District's accounts receivable included a total of \$1,846 from water sales. The District considers all accounts to be collectible, and as a result, there is no allowance for uncollectible accounts recognized at December 31, 2025.

ROCKY BRANCH WATERWORKS DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

4. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Assets:				
Land	\$ 4,500	\$ -	\$ -	\$ 4,500
Depreciable Assets:				
Software	1,562	-	-	1,562
Computer	-	1,246	-	1,246
Generator	43,175	-	-	43,175
Water system	1,836,418	-	-	1,836,418
Building improvements	59,983	-	-	59,983
N. Standpipe improvement	145,000	-	-	145,000
Total Capital Assets Being Depreciated	2,086,138	1,246	-	2,087,384
Less accumulated depreciation	(1,114,488)	(50,226)	-	(1,164,714)
Total Capital Assets Being Depreciated, net	971,650	(48,980)	-	922,670
Total Capital Assets, net	<u>\$ 976,150</u>	<u>\$ (48,980)</u>	<u>\$ -</u>	<u>\$ 927,170</u>

Depreciation expense was \$50,226 in 2025.

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 on these improvements. LDH gave principal forgiveness of \$192,600 so the total amount of principal repayment is \$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 \$564,400 on December 31, 2025. Principal due on the loan is scheduled to be paid as follows:

Fiscal Year Ended Year ending December 31,	Principal Payments	Interest Payments
2026	\$ 37,000	\$ 10,645
2027	38,000	9,914
2028	39,000	9,163
2029	40,000	8,393
2030	41,000	7,603
2031-2035	223,000	25,398
2036-2038	146,400	4,310
Total	<u>\$ 564,400</u>	<u>\$ 75,426</u>

ROCKY BRANCH WATERWORKS DISTRICT
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2025

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, 2025:

Customer deposits	\$ 36,753
Debt sinking fund	54,818
Debt service reserve fund	33,295
Depreciation and contingencies fund	81,643
Total	<u>\$206,509</u>

7. 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.

8. LITIGATION AND CLAIMS

The District was not involved in any litigation at December 31, 2025, nor is it aware of any unasserted claims.

9. SUBSEQUENT EVENTS

Subsequent events have been evaluated through August 5, 2026, 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.

REQUIRED SUPPLEMENTARY INFORMATION

ROCKY BRANCH WATERWORKS DISTRICT
SCHEDULE OF COMPENSATION PAID TO BOARD MEMBERS
FOR THE YEAR ENDED DECEMBER 31, 2025

The following schedule of compensation paid to Board Members is presented to comply with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

Phillip Smith, President	\$ 360
Jill A. Hodge, Vice President	360
Allen D. Pace	360
Caleb Franklin	180
Kennith Beal	360
TOTAL PER DIEM	<u>\$ 1,620</u>

See independent accountant's review report

ROCKY BRANCH WATERWORKS DISTRICT
SCHEDULE OF COMPENSATION, REIMBURSEMENTS, BENEFITS, AND OTHER PAYMENTS
TO AGENCY HEAD
FOR THE YEAR ENDED DECEMBER 31, 2025

Agency Head Name: Phillip Smith, President

<u>Purpose</u>	<u>Amount</u>
Meeting Fees, Per Diem	\$ 360

See independent accountant's review report

OTHER REPORTS

ROCKY BRANCH WATERWORKS DISTRICT
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE YEAR ENDED DECEMBER 31, 2025

2025-01: Inadequate Segregation of Accounting Duties

CONDITION: The District has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

CRITERIA: Proper internal controls require that accounting duties be performed by separate individuals so that one individual could not perpetrate and conceal errors or irregularities without them being detected by another individual who was performing his or her assigned duties.

CAUSE: The small size and limited revenues of the District

EFFECT: Lack of segregation of accounting duties increases the risk that errors or irregularities would not be detected or corrected in a timely manner.

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: The District feels that the cost of hiring more staff far exceeds its benefits.

2025-02: Compliance with Annual Filing Deadline

CONDITION: The review report was submitted after the statutory due date.

CRITERIA: Louisiana Revised Statute 24:513 requires that all local auditees submit their reviewed financial statements to the Louisiana Legislative Auditor (LLA) no later than six months after their fiscal year end.

CAUSE: The District did not file its report for December 31, 2025 within the time allowed to submit it to the Louisiana Legislative Auditor.

EFFECT: The Village is not in compliance with state statute which could prevent the entity from receiving state and federal funds and delay the resolution of any compliance issues and findings identified by the review.

RECOMMENDATION: The District should work with its outside accounting firm to get the financial information ready earlier so that it can be submitted to the Legislative Auditor in a timely manner.

MANAGEMENT'S RESPONSE: In the future the District will work with its contracted accounting firm to make sure that all financial information is available earlier in the year.

ROCKY BRANCH WATERWORKS DISTRICT
STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2025

2024-01: Inadequate Segregation of Accounting Duties

CONDITION: The District has too few personnel involved in the accounting system to have adequate separation of duties for internal control.

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.

CURRENT STATUS: The Finding was repeated as Finding 2025-01

2024-02: Compliance with Annual Filing Deadline

CONDITION: The review report was submitted after the statutory due date.

RECOMMENDATION: The District should work with its outside accounting firm to get the financial information ready earlier so that it can be submitted to the Legislative Auditor in a timely manner.

CURRENT STATUS: The Finding was repeated as Finding 2025-02



PREMIER PLAZA
1900 N. 18TH STREET, SUITE 300 | MONROE, LOUISIANA 71201
318.388.3108 (P) | 318.429.2124 (F)

Board of Commissioners
Rocky Branch Waterworks District
Farmerville, Louisiana

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We 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, 2025, 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, we 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 \$60,000, 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 \$60,000 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 R.S. 42:1101-1124 (the ethics law).**

Management provided the requested information.

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

Management provided the requested information.

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

No names appeared on both lists provided in #3 and #2.

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.

No names appeared on both lists.

Budgeting

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

Management provided the requested information.

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.

Adoption of the budget was evident in the minutes book.

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.

Budget to actual did not exceed 5% or more.

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.

No exceptions noted.

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

No exceptions noted.

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

No exceptions noted.

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 meeting agendas were posted as required by R.S. 42:11 through 42:28.

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.**

We 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.**

Scanned board meeting minutes and payroll disbursements noting there were no payments constituting 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 review report was submitted after the due date.

- 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).**

Inquired of management. No applicable contracts were entered into.

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.**

Our prior year report that covered the period ended December 31, 2024, included an exception for an untimely report and this exception was not corrected in the year ended December 31, 2025. Our prior year report that covered the period ended December 31, 2024, included an exception concerning missing documentation for disbursements and this exception was corrected in the year ended December 31, 2025.

We were engaged by the District 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 the standards applicable to attestation engagements contained in Government Auditing Standards, issued by the United States Comptroller General. 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 the District's compliance with the foregoing matters. 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 District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our 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.

Heard, McElroy & Vestal, LLC

Monroe, LA
August 5, 2026

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

Dear Chief Executive Officer:

Attached is the Louisiana Attestation Questionnaire that is to be completed by you or your staff. This questionnaire is a required part of the review/attestation engagement of Louisiana governmental agencies. The completed and signed questionnaire must be presented to and adopted by the governing body, if any, of your organization by means of a formal resolution in an open meeting. Independently elected government officials should sign the document, in lieu of such a resolution.

The completed and signed attestation questionnaire and a copy of the adoption instrument, if appropriate, **must be given to the independent certified public accountant at the beginning of the engagement.** The CPA will, during the course of his/her engagement, perform certain agreed-upon procedures to the responses in the questionnaire. It is not necessary to return the questionnaire to the Legislative Auditor's office.

Certain portions of the questionnaire may not be applicable to your organization. In such cases, it is appropriate to mark the representation "not applicable." However, you must respond to each applicable representation. A 'yes' answer indicates that you have complied with the applicable law or regulation. A 'no' answer to any representation indicates a possible violation of law or regulation and, as such, should be fully explained. These matters will be reviewed by the CPA during the course of his/her engagement. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Michael J. Waguespack, CPA
Louisiana Legislative Auditor

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

6/19/2026 (Date Transmitted)

Heard, McElroy & Vestal, LLC (CPA Firm Name)

1900 North 18th Street, Suite 300 (CPA Firm Address)

Monroe, LA 71201 (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, 2025 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.

Gill Hodge Secretary 6/30/26 Date

Gill Hodge Treasurer 6/30/26 Date

Phillip Smith President 6/30/26 Date

ROCKY BRANCH WATERWORKS DISTRICT