

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Annual Financial Statements

As of and for the Year Ended
December 31, 2021

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Annual Financial Statements
As of and for the Year Ended December 31, 2021

C O N T E N T S

Statement Page No.

Independent Auditor's Report

2

Required Supplemental Information:

Management's Discussion and Analysis

7

Basic Financial Statements:

Enterprise Fund Financial Statements:

Statement of Net Position

A 11

Statement of Revenue, Expenses, and
Changes in Fund Net Position

B 12

Statement of Cash Flows

C 13

Notes to the Financial Statements

14

Schedule Page No.

Other Supplemental Information:

Schedule of Compensation, Benefits and
Other Payments to Agency Head and
Board of Commissioners

1 24

Schedule of Prior Year Audit Findings

2 25

**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***

27

**Schedule of Current Year Findings and Management's
Planned Corrective Action**

29

**Independent Accountant's Report on
Applying Agreed-Upon Procedures**

31

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Independent Auditor's Report

BOARD OF COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Prairie Road Water District (the "District"), a component unit of Ouachita Parish, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Prairie Road Water District, as of December 31, 2021, and the changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide* issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Prairie Road Water District and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

BOARD OF COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana
Independent Auditor's Report
December 31, 2021

In preparing financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Prairie Road Water District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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 and *Government 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 and *Government Auditing Standards*, I:

- 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 Prairie Road Water District'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.

BOARD OF COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana
Independent Auditor's Report
December 31, 2021

- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Prairie Road Water District's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged 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 have identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 9 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Prairie Road Water District's basic financial statements. The Schedule of Compensation, Benefits, and Other Payments to Agency Head and Board of Commissioners and the Schedule of Prior Year Audit Findings are presented for the purposes of additional analysis and are not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of Compensation, Benefits, and Other Payments to Agency Head and Board of Commissioners and the Schedule of Prior Year Audit Findings are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

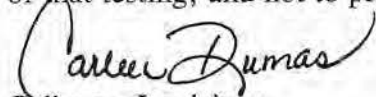
BOARD OF COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana
Independent Auditor's Report
December 31, 2021

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 1, 2022, on my consideration of Prairie Road Water District's internal control over financial reporting and on my tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Prairie Road Water District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Louisiana Legislative Auditor, I have issued a report dated May 24, 2022, on the results of my statewide agreed-upon procedures performed 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*. The purpose of that report is solely to describe the scope of testing performed on those control and compliance areas identified in the Louisiana Legislative Auditor's statewide agreed-upon procedures, and the results of that testing, and not to provide an opinion on control or compliance.



Calhoun, Louisiana
June 1, 2022

REQUIRED SUPPLEMENTAL INFORMATION

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2021

Our discussion and analysis of Prairie Road Water District's (hereafter referred to as the District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2021. Please read it in conjunction with the District's financial statements that begin on page 11.

BASIC FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of :

- a. Management's discussion and analysis (MD&A)
- b. Statement of net position
- c. Statement of revenues, expenses, and changes in net position
- d. Statement of cash flows
- e. Notes to the financial statements
- f. RSI other than MD&A, if applicable

The Prairie Road Water District is a special-purpose government engaged only in business-type activities.

Enterprise Fund Financial Statements

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenue and expenses are taken into account regardless of when cash is received or paid.

These two statements report the District's *net position* and the changes in them. Net position - the difference between assets (what the District owns) and liabilities (what the District owes) is a way to measure the financial position of the District. Over time, increases or decreases in the District's net position are an indicator of whether the District's financial position is improving or deteriorating.

The Statement of Cash Flows provides information on the changes in cash during the year. This statement reports the net cash provided or used by operating activities, capital and related financing activities, and investing activities.

PRAIRIE ROAD WATER DISTRICT
 Monroe, Louisiana
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended December 31, 2021

**COMPARATIVE ANALYSIS OF
 FINANCIAL DATA**

The District's net position increased by \$243,146 for 2021 primarily due to a capital contribution from the Ouachita Parish Police Jury in the amount of \$215,700. Operating revenue increased \$6,753 while operating expenses decreased 20,416 due to the net effect of a decrease in chlorine and chemicals and an increase in repairs expense. The following presents an analysis of net position and changes in net position of the District's business-type activities:

	<u>2021</u>	<u>2020</u>
Assets		
Current assets	\$199,525	\$368,031
Restricted cash	151,314	19,325
Capital assets	<u>1,373,228</u>	<u>1,167,953</u>
Total assets	<u>1,724,067</u>	<u>1,555,309</u>
Liabilities		
Current liabilities	60,603	148,089
Liabilities payable from restricted assets	97,098	NONE
Long-term liabilities	<u>386,000</u>	<u>470,000</u>
Total liabilities	<u>543,701</u>	<u>618,089</u>
Net Position		
Net investment in capital assets	903,228	697,953
Restricted for debt service	54,216	19,325
Unrestricted	<u>222,922</u>	<u>219,942</u>
Total net position	<u>\$1,180,366</u>	<u>\$937,220</u>
	<u>2021</u>	<u>2020</u>
Operating revenue	\$503,921	\$497,168
Operating expenses	456,266	476,682
Non-operating revenue (expenses)	(20,209)	(35,201)
Special item - capital contribution	215,700	
Change in net position	243,146	(14,715)
Net position - beginning	<u>937,220</u>	<u>951,935</u>
Net position - ending	<u>\$1,180,366</u>	<u>\$937,220</u>

OVERALL FINANCIAL POSITION

The District's increase in net position was \$243,146. Unrestricted net position (those assets available to finance the daily operations of the District) was \$222,922 at year end, which was an increase of \$2,980 from the prior year. At year end, the amount restricted for debt service was \$54,216, and the net investment in capital assets was \$903,228, which was an increase of \$205,275.

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2021

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the District had capital assets (net of accumulated depreciation) totaling \$1,373,228. Capital assets include land, water system, office building, parking lot, vehicles, and equipment costing \$1,000 or more. The District purchased a new vehicle during 2021 and also made major improvements to an elevated water tank. The Ouachita Parish Police Jury contributed to the cost of the improvements. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At the end of the year, the District had \$470,000 in outstanding long-term debt. Interest expense for the year was \$20,298. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

Operating revenue and expenses for 2022 are expected to be approximately the same as 2021 amounts. However, in April 2022, the District was awarded \$270,000 in Water Sector Program funds from the State of Louisiana, Office of Community Development, to make system improvements. In August 2021, the Ouachita Parish Police Jury allocated and committed \$450,000 to the District in American Rescue Plan Act funds as matching funds for the Water Sector Program project.

BASIC FINANCIAL STATEMENTS

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

STATEMENT OF NET POSITION
December 31, 2021

ASSETS

Current assets:

Cash	\$96,990
Accounts receivable	69,737
Inventory	32,798
Total current assets	199,525

Noncurrent assets:

Restricted cash	151,314
Property, plant and equipment (net of accumulated depreciation)	1,373,228
Total noncurrent assets	1,524,542
Total assets	1,724,067

LIABILITIES

Current liabilities:

Accounts payable	9,850
Payroll taxes payable	1,108
Customer deposits	49,645
Total current liabilities	60,603

Liabilities payable from restricted assets:

Accrued interest payable	13,098
Current portion of revenue bonds payable	84,000
Total liabilities payable from restricted assets	97,098

Noncurrent liabilities - long-term debt - revenue bonds payable

	386,000
Total liabilities	543,701

NET POSITION

Net investment in capital assets	903,228
Restricted for debt service	54,216
Unrestricted	222,922
Total net position	\$1,180,366

See accompanying notes.

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended December 31, 2021

OPERATING REVENUE	
Water sales	\$481,341
Connection and reconnection fees	15,430
Other fees	2,023
Sewer collection fees	4,617
Other revenue	510
Total operating revenue	<u>503,921</u>
OPERATING EXPENSES	
Accounting and audit	4,651
Bank and credit card fees	1,801
Billing services	5,637
Chlorine and chemicals	20,536
Commissioners fees	3,540
Consulting fees	7,000
Depreciation	72,951
Dues and fees	3,309
Equipment rental	2,669
Fuel	5,476
Insurance	15,169
Lab services	350
Repairs	60,889
Office supplies and expense	12,934
Payroll taxes	12,067
Postage	275
Publication expense	154
Safe drinking water fee	10,271
Salaries and wages	151,512
Sales tax	3,082
Supplies and parts	18,823
Taxes, licenses, and permits	300
Training, travel, and mileage	3,644
Utilities and telephone	39,226
Total operating expenses	<u>456,266</u>
OPERATING INCOME	<u>47,655</u>
NON-OPERATING REVENUE (EXPENSES)	
Interest income	89
Interest expense	<u>(20,298)</u>
Total non-operating revenue (expenses)	(20,209)
SPECIAL ITEM - Capital contribution from Ouachita Parish Police Jury	<u>215,700</u>
CHANGE IN NET POSITION	243,146
NET POSITION - BEGINNING	<u>937,220</u>
NET POSITION - ENDING	<u><u>\$1,180,366</u></u>

See accompanying notes.

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$504,962
Customer deposit receipts (net of refunds)	2,555
Payments to suppliers	(316,279)
Payments to employees and commissioners	(155,052)
Net cash provided by operating activities	<u>36,186</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Interest paid on capital debt	(7,200)
Purchase and construction of capital assets	(62,527)
Net cash used by capital and related financing activities	<u>(69,727)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	89
Increase in restricted cash	(131,989)
Net cash used by investing activities	<u>(131,900)</u>
NET DECREASE IN CASH	(165,441)
CASH AT BEGINNING OF YEAR	<u>262,431</u>
CASH AT END OF YEAR	<u>\$96,990</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	<u>\$47,655</u>
Adjustments:	
Depreciation	72,951
Decrease in accounts receivable	1,041
Decrease in inventory	2,025
Decrease in accounts payable	(89,829)
Decrease in taxes payable	(212)
Increase in customer deposits	2,555
Total adjustments	<u>(11,469)</u>
Net cash provided by operating activities	<u>\$36,186</u>

In addition to the above capital and related financing activities, the District received a capital contribution from the Ouachita Parish Police Jury in the amount of \$215,700 that did not result in cash receipts or payments.

See accompanying notes.

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2021

INTRODUCTION

Prairie Road Water District (the "District") was created by the Ouachita Parish Police Jury on May 8, 1972, as authorized by Louisiana Revised Statute 33:3811 for the purpose of supplying safe drinking water to the population of the District. The District is governed by a five member board appointed by the police jury to serve indefinite terms of office. The District's commissioners are paid \$60 for each meeting they attend. The District has four employees and serves approximately 901 customers.

GASB Statement No. 14, *The Reporting Entity*, and No. 39, *Determining Whether Certain Organizations Are Component Units - an amendment of GASB Statement No. 14* established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of these Statements, the District is considered a component unit of Ouachita Parish. As a component unit, the accompanying financial statements may be included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statements

Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, provides that special-purpose governments engaged only in business-type activities should present only the financial statements required for enterprise funds. For these governments, basic financial statements and required supplemental information (RSI) consist of :

1. Management's discussion and analysis (MD&A)
2. Statement of net position
3. Statement of revenues, expenses, and changes in net position
4. Statement of cash flows
5. Notes to the financial statements
6. RSI other than MD&A, if applicable

The District is a special-purpose government engaged only in business-type activities.

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

**B. Measurement Focus, Basis of Accounting, and
Financial Statement Presentation**

Enterprise fund statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Enterprise funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenue of the District is water sales, connection and reconnection fees, other fees and revenue, and sewer collection fees. Operating expenses for enterprise funds include the costs of the services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

C. Deposits

Cash includes petty cash and amounts in interest-bearing demand deposits. State law and the District's investment policy limits the District's credit risk by restricting the District's investments to collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

D. Receivables

Receivables for water sales are generally shown net of an allowance for uncollectible accounts. These statements contain no provision for uncollectible accounts. Past due amounts are written off and turned over to a collection agency when they are considered uncollectible by management. Customer accounts are considered past due when they are two months in arrears.

E. Inventory

Inventories consist of parts and supplies, valued at cost, using the first-in, first-out-method. Inventories are recorded using the "purchase method" whereby supplies are charged as expenses when acquired. Inventory on hand at the end of the year is reported as an asset.

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

F. Restricted Assets

Amounts that are required by loan resolutions to be set aside in reserve accounts are classified as restricted assets on the balance sheet because their use is limited. It is the District's policy to first expend restricted assets when an expense is incurred for which both restricted and unrestricted assets are available.

G. Property, Plant, and Equipment

Property, plant, and equipment, which includes land, the water system and improvements, buildings, parking lot, vehicles, and equipment, are reported in the enterprise fund financial statements. All of the District's property, plant, and equipment are capitalized at historical cost. The District maintains a threshold level of \$1,000 or more for capitalizing capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Capital contributions of constructed assets are recorded at cost when the project is completed and the asset is put into service by the District.

Capital assets, except land, are depreciated using the straight-line method over the following useful lives:

	<u>Estimated Lives</u>
Infrastructure - Water system	25 years
Buildings	25 years
Parking lot	20 years
Vehicles and equipment	5 years

H. Compensated Absences

The District's full-time employees earn from 5 to 15 days of vacation leave per year depending upon length of service. New employees must work one year before they are entitled to vacation time. Vacation must be taken in the calendar year earned. Full-time employees earn 4 days of sick leave per year after 90 days continuous employment. Sick leave may not be accumulated. In addition, full-time employees earn 1 paid birthday per calendar year, after 90 days continuous employment.

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

I. Long-term Obligations

Long-term debt such as revenue bonds payable is reported as a liability on the statement of net position.

J. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, disclosures, and revenue and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2021, the District has petty cash, cash, and restricted cash in interest bearing checking accounts totaling \$248,304. 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. At December 31, 2021, the District has \$250,414 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$19,540 of pledged securities held by an unaffiliated bank in the name of the fiscal agent bank.

3. ACCOUNTS RECEIVABLE

At December 31, 2021, the District has receivables of \$69,737 as follows:

Billed water sales	\$52,829
Unbilled water sales	16,560
Sewer collection fee	<u>348</u>
Total receivables	<u>\$69,737</u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2021, is as follows:

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

	Balance at January 1, 2021	Increases	Decreases	Balance at December 31, 2021
Capital assets not being depreciated:				
Land	\$25,791			\$25,791
Capital assets being depreciated:				
Water system	2,040,076	\$237,000		2,277,076
Buildings	134,469			134,469
Parking lot	20,650			20,650
Vehicles and equipment	43,838	41,227		85,065
Total capital assets being depreciated	2,239,033	278,227	NONE	2,517,260
Less accumulated depreciation for:				
Water system	1,004,743	63,841		1,068,584
Buildings	45,628	2,684		48,312
Parking lot	12,900	1,032		13,932
Vehicles and equipment	33,601	5,394		38,995
Total accumulated depreciation	1,096,872	72,951	NONE	1,169,823
Total assets being depreciated, net	1,142,161	205,276	NONE	1,347,437
Total assets, net	<u>\$1,167,952</u>	<u>\$205,276</u>	<u>NONE</u>	<u>\$1,373,228</u>

Depreciation expense of \$72,951 for the year ended December 31, 2021, was reported on the statement of revenue, expenses, and changes in net position.

5. REVENUE BONDS PAYABLE

The following is a summary of revenue bonds payable transactions for the year ended December 31, 2021:

	Direct Borrowings- Revenue Bonds
Balance at January 1, 2021	\$470,000
Additions	NONE
Reductions	<u>NONE</u>

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

	Direct Borrowings- Revenue Bonds
	<u>\$470,000</u>
Balance at December 31, 2021	

The principal payment due January 1, 2021, was paid prior to December 31, 2020; therefore, there was no principal payment due in 2021.

The following is a summary of the current (due in one year or less) and long-term (due in more than one year) portions of long-term obligations as of December 31, 2021:

Current portion	\$84,000
Long-term portion	<u>386,000</u>
Total	<u>\$470,000</u>

All outstanding debt at December 31, 2021, in the amount of \$470,000 are revenue bonds payable with maturities from 2022 until 2027 and interest rates from 2.90% to 3.35%. The interest payable in the next fiscal year is \$13,098. The Series 2014 Water Revenue Refunding Bonds were purchased by Origin Bank and the Series 2015 Water Revenue Bonds were purchased jointly by Origin Bank and the Louisiana Public Facilities Authority. Both series of revenue bonds are secured by a pledge of the income and revenue of the District after the payment of all reasonable and necessary expenses of operating and maintaining the water system. The owners of the revenue bonds have the right to appoint a third party to take possession of the water system and operate, maintain, manage, and control the water system in the event that the District should default on the payment of interest on or principal of the bonds as they become due, or fail to fund the reserve accounts as established in the bond resolutions. The individual debt is as follows:

	\$450,000	\$426,000
	Water Revenue Bonds	Water Revenue Refunding Bonds
Original issue date	04/02/15	01/07/14
Interest rate	2.90%	3.35%
Final payment due	01/01/27	01/01/26
Interest to maturity	\$26,723	\$12,981
Principal outstanding	\$299,000	\$171,000
Funding source	Water revenue	Water revenue

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

The principal and interest payments are due as follows:

Year Ending December 31,	Principal Payments	Interest Payments	Total
2022	\$84,000	\$13,098	\$97,098
2023	86,000	10,464	96,464
2024	87,000	7,783	94,783
2025	92,000	5,005	97,005
2026	67,000	2,571	69,571
2027	54,000	783	54,783
Total	\$470,000	\$39,704	\$509,704

6. RESTRICTED CASH

The bond resolutions for the 2014 Water Revenue Refunding Bonds and the 2015 Water Revenue Bonds discussed in Note 5 above, require the District to set aside certain amounts in reserve accounts. At December 31, 2021, the District had a total of \$151,314 set aside for the loan reserve accounts that are reported as restricted cash in the accompanying financial statements.

**7. TRANSFER AND COLLECTION AGREEMENT WITH
GREATER OUACHITA WATER COMPANY**

On November 9, 2011, Greater Ouachita Water Company transferred the water well and water distribution system in Huntington Park and Prairie Ridge Park Subdivisions to the District. As consideration for this transfer, the District agreed to maintain and operate the water systems in these subdivisions and provide water service to all customers located there. The District also entered into a sewer billing and collection agreement with Greater Ouachita Water Company for the sewerage system in these subdivisions. The contract will automatically renew from year to year unless cancelled by either party upon giving the other party 120 days notice prior to the end of any one year term. The District is paid 10% of the total amount collected from sewer customers which totaled \$4,617 for 2021.

**8. SPECIAL ITEM - CAPITAL CONTRIBUTION
FROM OUACHITA PARISH POLICE JURY**

During 2021, the District entered into a construction contract with Water Tank Services, LLC, to rehabilitate one of the District's elevated water tanks at a cost of \$226,000. The Ouachita Parish Police Jury (the "Police Jury") agreed to fund a portion of the project through state grant funds that it was to receive. The Police Jury received and disbursed \$215,700 in state grant funds to the contractor on behalf of the District. The District was responsible for \$10,300 of the construction costs and \$11,000 of the engineering costs in connection with the project.

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

9. 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 coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

10. SUBSEQUENT EVENTS

On May 2, 2022, the Louisiana Department of Health (LDH) issued an administrative order citing the District with certain violations of state primary drinking water regulations during the period March 14, 2019 through October 31, 2021, and ordered the District to take certain remedial actions to comply with all applicable rules, regulations, and standards, including but not limited to, the regulations contained within the Louisiana State Sanitary Code. State law provides that if the District fails to comply with any provision of the administrative order, LDH may assess a penalty up to a maximum of \$917 per day, for each day the District is not in compliance. Additionally, if LDH finds it necessary to refer the matter for civil action, the court may impose a civil penalty not to exceed \$3,000 per day for each day of violation and for each act of violation. In April 2022, the District was awarded Water Sector Program funds from the State of Louisiana, Office of Community Development, in the amount of \$270,000 to provide funding for water system improvements.

SUPPLEMENTAL INFORMATION SCHEDULES

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2021

**SCHEDULE OF COMPENSATION, BENEFITS, AND
OTHER PAYMENTS TO AGENCY HEAD
AND BOARD OF COMMISSIONERS**

The schedule of compensation, benefits, and other payments to agency head and board of commissioners is presented in compliance with Louisiana Revised Statute 24:513 A (3) and House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:3819, the commissioners receive \$60 for each board meeting they attend.

PRIOR YEAR AUDIT FINDINGS

The follow-up and corrective action taken on all prior year audit findings is presented in Schedule 2.

PRAIRIE ROAD WATER DISTRICT
Monroe, LouisianaSCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD AND BOARD OF COMMISSIONERS
For the Year Ended December 31, 2021**BOARD COMPENSATION**

Agency Head - Herbert Munholland - President	\$600
Ted Davidson	660
James Johnson	720
William Whitfield	780
Isaac White	<u>780</u>
Total	<u>\$3,540</u>

PRAIRIE ROAD WATER DISTRICT
Monroe, LouisianaSCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended December 31, 2021

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Status of Finding</u>
2020-001	2005	Inadequate Segregation of Accounting Duties	Unresolved - see 2021-001 in current year findings.

Independent Auditor's Report
Required by *Government Auditing Standards*

The following independent auditor's report on internal control over financial reporting and on compliance and other matters is presented in compliance with the requirements of *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

**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 COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

I have audited, in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor, the financial statements of Prairie Road Water District (the "District"), a component unit of Ouachita Parish, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Prairie Road Water District's basic financial statements and have issued my report thereon dated June 1, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered Prairie Road Water District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, I do not express an opinion on the effectiveness of the District's internal control.

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

BOARD OF COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana
Internal Control Over Financial Reporting
and on Compliance and Other Matters, etc.
December 31, 2021

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did identify a certain deficiency in internal control, described in the accompanying Schedule of Current Year Findings and Management's Planned Corrective Action as 2021-001 that I consider to be a material weakness.

Report on Compliance and Other Matters

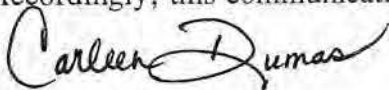
As part of obtaining reasonable assurance about whether Prairie Road Water District's financial statements are free from material misstatement, I performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the finding identified in my audit that is described in the accompanying Schedule of Current Year Findings and Management's Planned Corrective Action. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Calhoun, Louisiana
June 1, 2022

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Schedule of Current Year Findings and
Management's Planned Corrective Action
For the Year Ended December 31, 2021

Section I - Summary of Auditor's Reports

Financial Statements

1. Type of auditor's report issued - Unmodified.
2. Internal control over financial reporting:

Material weakness(es) identified? - Yes
Significant deficiency(ies) identified? - No
3. Noncompliance material to financial statements noted? - No

Section II - Financial Statement Findings

2021-001. Inadequate Segregation of Accounting Duties

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.

Condition: The accounting duties of billing, collecting, depositing and posting customer payments to customers accounts may be performed by any of the office employees of the District. Although it was noted that more than one employee balances the cash receipts at the end of each day, all other duties may be performed by any office employee creating a situation whereby the duties are not adequately segregated.

Cause: Limited number of employees due to the small size of the District.

Effect: Errors or irregularities may not be detected within a timely period.

Recommendation: None.

BOARD OF COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana
Schedule of Current Year Findings and
Management's Planned Corrective Action

**Management's Planned
Corrective Action:**

It is not economically feasible to correct this deficiency based on the size of the District and its limited revenues.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

369 DONALDSON ROAD • CALHOUN, LOUISIANA 71225 • TELEPHONE 318/644-5726

**Independent Accountant's Report
On Applying Agreed-Upon Procedures**

BOARD OF COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

LOUISIANA LEGISLATIVE AUDITOR:

I have performed the procedures enumerated below on the control and compliance (C/C) areas identified in the Louisiana Legislative Auditor's (LLA's) Statewide Agreed-Upon Procedures (SAUPs), for the fiscal period January 1, 2021 through December 31, 2021. Prairie Road Water District's (the "District") management is responsible for those C/C areas identified in the SAUPs.

The District 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, 2021 through December 31, 2021. 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 associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories if applicable to public funds and the entity's operations:
 - a) **Budgeting**, including preparing, adopting, monitoring, and amending the budget
 - b) **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.

BOARD OF COMMISSIONERS
Prairie Road Water District
Monroe, Louisiana
LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
Applying Agreed-Upon Procedures
December 31, 2021

- c) ***Disbursements***, including processing, reviewing, and approving.
- d) ***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).
- e) ***Payroll/Personnel***, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked, and (3) approval process for employee(s) rate of pay or approval and maintenance of pay rate schedules.
- f) ***Contracting***, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- g) ***Credit Cards (and debit cards, fuel cards, P-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 (determining the reasonableness of fuel card purchases).
- h) ***Travel and expense reimbursement***, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- i) ***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 that all employees and officials were notified of any changes to the entity's ethics policy.
- j) ***Debt Service***, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

BOARD OF COMMISSIONERS
Prairie Road Water District
Monroe, Louisiana
LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
Applying Agreed-Upon Procedures
December 31, 2021

- k) *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.
- l) *Sexual Harassment*, including R.S. 42:342-344 requirements for (1) agency responsibilities and prohibitions, (2) annual employee training, and (3) annual reporting.

Results of procedure: The District's only written policies and procedures address the payroll/personnel category and only the payroll processing subcategory.

Board or Finance Committee

- 2. 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:
 - a) 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.
 - b) For those entities reporting on the governmental accounting model, observe that the minutes referenced or included monthly budget-to-actual comparisons on the general fund, quarterly budget-to-actual, at a minimum, on proprietary funds, and semi-annual budget-to-actual, at a minimum, on all special revenue funds.
 - c) 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.

BOARD OF COMMISSIONERS
Prairie Road Water District
Monroe, Louisiana
LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
Applying Agreed-Upon Procedures
December 31, 2021

Results of procedure: The minutes referenced the review of monthly financial statements but the financial statements did not include budget-to-actual comparisons for the District's proprietary fund.

No other exceptions were found as a result of this procedure.

Bank Reconciliations

3. 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 bank reconciliation for each selected account, and observe that:
- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
 - b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and
 - c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

Results of procedure: All five of the selected bank accounts had bank reconciliations that included evidence that they were prepared within 2 months of the related statement closing date.

There was no evidence that the selected bank reconciliations were reviewed by someone that does not handle cash, post ledgers, or issue checks but it was noted in the minutes of the board meetings that bank statements are reviewed by the board on a monthly basis.

BOARD OF COMMISSIONERS
Prairie Road Water District
Monroe, Louisiana
LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
Applying Agreed-Upon Procedures
December 31, 2021

There was no evidence of management researching reconciling items that had been outstanding for more than 12 months of the statement closing date.

Collections

4. 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).

Results of procedure: No exceptions were found as a result of this procedure.

5. 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 (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, 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:
 - a) Employees that are responsible for cash collections do not share cash drawers/registers.
 - b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.
 - c) Each employee responsible for collecting cash is not 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.
 - d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Results of procedure: The General Manager and the Secretary, who are both responsible for cash collections, share the same cash register.

BOARD OF COMMISSIONERS
Prairie Road Water District
Monroe, Louisiana
LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
Applying Agreed-Upon Procedures
December 31, 2021

The General Manager and the Secretary, who are both responsible for cash collections, also prepare bank deposits; however, the General Manager reviews all supporting documentation prepared by the Secretary prior to recording deposits into the general ledger.

The General Manager and the Secretary, who are responsible for cash collections, both post collections to the customer account software; however, the General Manager reviews all supporting documentation prepared by the Secretary prior to recording deposits into the general ledger. The General Manager can post collections to the customer account software as well as to the general ledger without another employee verifying the documentation.

6. 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 enforced during the fiscal period.

Results of procedure: No exceptions were found as a result of this procedure.

7. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (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). Obtain supporting documentation for each of the 10 deposits and:
 - a) Observe that receipts are sequentially pre-numbered.
 - b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
 - c) Trace the deposit slip total to the actual bank deposit per bank statement.
 - d) 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).

BOARD OF COMMISSIONERS
Prairie Road Water District
Monroe, Louisiana
LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
Applying Agreed-Upon Procedures
December 31, 2021

- e) Trace the actual deposit per the bank statement to the general ledger.

Results of procedure: No exceptions were found as a result of this procedure.

Non-Payroll Disbursements (excluding credit card purchases/ payments, travel reimbursements, and petty cash purchases)

- 8. 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).

Results of procedure: No exceptions were found as a result of this procedure.

- 9. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
- b) At least two employees are involved in processing and approving payments to vendors.
- c) 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.
- d) Either the employee/official responsible for signing checks mails the payments or gives the signed checks to an employee to mail who is not responsible for processing payments.

Results of procedure: The General Manager and Operator may make a purchase without prior approval.

The General Manager who is responsible for processing payments is also responsible for adding/modifying vendor files.

BOARD OF COMMISSIONERS
Prairie Road Water District
Monroe, Louisiana
LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
Applying Agreed-Upon Procedures
December 31, 2021

The General Manager who is responsible for processing payments is also responsible for mailing the checks to vendors.

No other exceptions were found as a result of this procedure.

10. For each location selected under #8 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:
- a) Observe that the disbursement matched the related original itemized invoice and that supporting documentation indicates that deliverables included on the invoice were received by the entity.
 - b) Observe that the disbursement documentation included evidence (e.g. initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

Results of procedure: Two of the five selected disbursements did not include documentation that the deliverables were received by the District.

One of the five selected disbursements did not include evidence of approval by a board member.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

11. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-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.

Results of procedure: No exceptions were found as a result of this procedure.

12. 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:

BOARD OF COMMISSIONERS
Prairie Road Water District
Monroe, Louisiana
LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
Applying Agreed-Upon Procedures
December 31, 2021

- a) Observe that there is evidence that the monthly statement or combined statement and supporting documentation (e.g., original receipts for credit/debit card purchases, exception reports for excessive fuel card usage) was reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. [Note: equiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]]
- b) Observe that finance charges and late fees were not assessed on the selected statements.

Results of procedure: No exceptions were found as a result of this procedure.

13. Using the monthly statements or combined statements selected under #12 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 (i.e. each card should have 10 transactions subject to testing). 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 note whether management had a compensating control to address missing receipts, such as a "missing receipt statement" that is subject to increased scrutiny.

Results of procedure: No exceptions were found as a result of this procedure.

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

14. 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, 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:
 - a) If reimbursed using a per diem, observe that the reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).

BOARD OF COMMISSIONERS
Prairie Road Water District
Monroe, Louisiana
LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
Applying Agreed-Upon Procedures
December 31, 2021

- b) If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- c) 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 policy (procedure #1h).
- d) Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

Results of procedure: Two meal charges were not supported by itemized receipts that identified what was purchased nor was there documentation of the business/public purpose on the receipts.

No other exceptions were found as a result of this procedure.

Contracts

- 15. 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. 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:
 - a) Observe that the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - b) Observe that the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - c) 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 was approval documented).

BOARD OF COMMISSIONERS
Prairie Road Water District
Monroe, Louisiana
LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
Applying Agreed-Upon Procedures
December 31, 2021

- d) 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.

Results of procedure: No exceptions were found as a result of this procedure,

Payroll and Personnel

16. 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.

Results of procedure: No exceptions were found as a result of this procedure.

17. Randomly select one pay period during the fiscal period. For the 5 employees or officials selected under #16 above, obtain attendance records and leave documentation for the pay period, and:
 - a) Observe that all selected employees or officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, officials are not eligible to earn leave and do not document their attendance and leave. However, if the official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)
 - b) Observe that supervisors approved the attendance and leave of the selected employees or officials.
 - c) Observe that any leave accrued or taken during the pay period is reflected in the entity's cumulative leave records.
 - d) Observe that the rate paid to the employees or officials agree to the authorized salary/pay rate found within the personnel file.

Results of procedure: No exceptions were found as a result of this procedure.

BOARD OF COMMISSIONERS
Prairie Road Water District
Monroe, Louisiana
LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
Applying Agreed-Upon Procedures
December 31, 2021

18. Obtain a list 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, 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 or officials' cumulative leave records, agree the pay rates to the employee or officials' authorized pay rates in the employee or official's personnel files, and agree the termination payment to entity policy.

Results of procedure: No exceptions were found as a result of this procedure.

19. 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, etc.) have been paid, and any associated forms have been filed, by required deadlines.

Results of procedure: No exceptions were found as a result of this procedure.

Ethics

20. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, obtain ethics documentation from management, and:
- a) Observe that the documentation demonstrates each employee/official completed one hour of ethics training during the fiscal period.
 - b) Observe that the entity maintains documentation which demonstrates each employee and official were notified of any changes to the entity's ethics policy during the fiscal period, as applicable.

Results of procedure: Two of the four employees completed one hour of ethics training during the fiscal period.

The District did not have a written ethics policy during the fiscal period.

BOARD OF COMMISSIONERS
Prairie Road Water District
Monroe, Louisiana
LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
Applying Agreed-Upon Procedures
December 31, 2021

Debt Service

21. 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.

Results of procedure: No exceptions were found as a result of this procedure.

22. 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 the debt covenants (including contingency funds, short-lived asset funds, or other funds required by debt covenants).

Results of procedure: No exceptions were found as a result of this procedure.

Fraud Notice

23. Obtain a listing of misappropriations of public funds or 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.

Results of procedure: No exceptions were found as a result of this procedure.

24. 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.

Results of procedure: The required notice has not been posted at the District's office. The District does not have a website.

Information Technology Disaster Recovery/Business Continuity

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

BOARD OF COMMISSIONERS
Prairie Road Water District
Monroe, Louisiana
LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
Applying Agreed-Upon Procedures
December 31, 2021

- a) Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, inquire of personnel responsible for backing up critical data) and observe that such backup occurred within the past week. If backups are stored on a physical medium (e.g., tapes, CDs), observe evidence that backups are encrypted before being transported.
- b) Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if no written documentation, 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.

Results of procedure: We performed the procedure and discussed the results with management.

Sexual Harassment

26. Using the 5 randomly selected employees/officials from procedure #16 under "Payroll and Personnel" above, 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.

Results of procedure: Two of the four employees completed at least one hour of sexual harassment training during the calendar year.

27. 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).

Results of procedure: The District did not have a written sexual harassment policy during the fiscal period.

BOARD OF COMMISSIONERS
Prairie Road Water District
Monroe, Louisiana
LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
Applying Agreed-Upon Procedures
December 31, 2021

28. 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 it includes the applicable requirements of R.S. 42:344:
- a) Number and percentage of public servants in the agency who have completed the training requirements;
 - b) Number of sexual harassment complaints received by the agency;
 - c) Number of complaints which resulted in a finding that sexual harassment occurred;
 - d) Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - e) Amount of time it took to resolve each complaint.

Results of procedure: The District did not prepare a sexual harassment report for the year ended December 31, 2021.

Management's Response

The District was unaware of the requirement to have written policies and procedures over the categories/subcategories listed under Procedure 1. The District will adopt written policies and procedures that address all of the listed categories/subcategories prior to January 1, 2023.

The monthly financial statements provided to the board will include budget to actual comparisons.

A member of the board will review and initial each monthly bank reconciliation.

The General Manager will research and clear reconciling items that are more than 12 months old from the bank statement date.

It is not economically feasible to have adequate segregation of duties over collections due to the size of the District and its limited revenues.

BOARD OF COMMISSIONERS
Prairie Road Water District
Monroe, Louisiana
LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
Applying Agreed-Upon Procedures
December 31, 2021

It is not economically feasible to have adequate segregation of duties over non-payroll disbursements due to the size of the District and its limited revenues.

Employees who make purchases will be responsible for signing the invoice or receiving report indicating that the items included on the invoice were received by the District.

The exception for Procedure 10 (b) was oversight. All invoices are required to be reviewed and initialed by a board member.

All travel expense reimbursements will be supported by itemized receipts and documentation of the business/public purpose.

For 2022 and the years thereafter, all of the employees and all of the board members will complete one hour of ethics training during the year.

The District will adopt a written ethics policy prior to January 1, 2023.

The District will post the notice concerning the reporting of misappropriation, fraud, waste, or public abuse of funds at the District's office.

The District was unaware of the requirement for all employees and board members to complete one hour of sexual harassment training during the year. For 2022 and the years thereafter, all of the employees and all of the board members will complete one hour of sexual harassment training during the year.

The District was unaware of the requirement to prepare an annual sexual harassment report. For 2022 and the years thereafter, the District will prepare an annual sexual harassment report that will be dated on or before February 1, and will include the applicable requirements of R. S. 42:344.

I was engaged by the District to perform this agreed-upon procedures engagement and conducted my engagement in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. I was not engaged to and did not conduct an examination or review engagement, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, I do not express such an opinion or conclusion. Had I performed additional procedures, other matters might have come to my attention that would have been reported to you.

BOARD OF COMMISSIONERS
Prairie Road Water District
Monroe, Louisiana
LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
Applying Agreed-Upon Procedures
December 31, 2021

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

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.



Calhoun, Louisiana
May 24, 2022