

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Annual Financial Statements

As of and for the Year Ended
December 31, 2023

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Annual Financial Statements
As of and for the Year Ended December 31, 2023

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M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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Independent Auditor's Report

BOARD OF COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

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, 2023, 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, 2023, and the changes in financial position and its cash flows 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
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December 31, 2023

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
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December 31, 2023

- 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 my 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 an opinion 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.

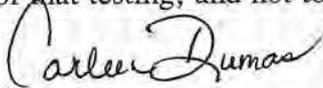
BOARD OF COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana
Independent Auditor's Report
December 31, 2023

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated April 17, 2024, 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 April 12, 2024, 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
April 17, 2024

REQUIRED SUPPLEMENTAL INFORMATION

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

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, 2023. 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 Revenue, Expenses, and Changes in Net Position provides 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, 2023

**COMPARATIVE ANALYSIS OF
 FINANCIAL DATA**

The District's net position increased by \$659,237 for 2023 due to \$671,893 in American Rescue Plan Act of 2021 ("ARPA") funding under cooperative endeavor agreements with the State of Louisiana, Division of Administration through the Office of Community Development (DOA-OCD) and the Ouachita Parish Police Jury. The grant funds were used as partial funding for the ongoing ground storage tank replacement project. Operating revenue increased \$119,948 due to a rate increase that went into effect in April 2023. Operating expenses increased \$150,512 due to the purchase of carbon. The following presents an analysis of net position and changes in net position of the District's business-type activities:

	<u>2023</u>	<u>2022</u>
Assets		
Current assets	\$264,884	\$181,707
Restricted cash	141,266	157,385
Capital assets	<u>1,936,072</u>	<u>1,311,392</u>
Total assets	<u>2,342,222</u>	<u>1,650,484</u>
Liabilities		
Current liabilities	177,560	57,726
Liabilities payable from restricted assets	91,566	91,898
Long-term liabilities	<u>213,000</u>	<u>300,000</u>
Total liabilities	<u>482,126</u>	<u>449,624</u>
Net Position		
Net investment in capital assets	1,636,072	925,392
Restricted	49,700	65,487
Unrestricted	<u>174,324</u>	<u>209,981</u>
Total net position	<u>\$1,860,096</u>	<u>\$1,200,860</u>
	<u>2023</u>	<u>2022</u>
Operating revenue	\$597,147	\$477,199
Operating expenses	601,421	450,909
Non-operating revenue (expenses)	663,511	(5,796)
Change in net position	659,237	20,494
Net position - beginning	<u>1,200,859</u>	<u>1,180,366</u>
Net position - ending	<u>\$1,860,096</u>	<u>\$1,200,860</u>

OVERALL FINANCIAL POSITION

The District's increase in net position for 2023 was \$659,237. Unrestricted net position (those assets available to finance the daily operations of the District) was \$174,324 at year end, which was a decrease of \$35,657 from the prior year. At year end, the amount restricted for debt service was \$1,142, the amount restricted for capital improvements was \$48,558, and the net investment in capital assets was \$1,636,072.

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2023

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the District has capital assets (net of accumulated depreciation) totaling \$1,936,072. Capital assets include land, construction in progress, water system, office building, parking lot, vehicles, and equipment costing \$1,000 or more. The District purchased a generator during 2023, at a cost of \$72,245. Construction in progress includes \$22,450 in engineering costs and \$637,925 in construction costs incurred in connection with the ongoing ground storage tank replacement project. 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 has \$300,000 in outstanding long-term debt. Interest expense for the year was \$9,132. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

Operating revenue for 2024 is expected to increase due to a water rate increase that went into effect in April 2023. Operating expenses are expected to decrease due to carbon replacements that occurred during 2023. The District expects to complete the ongoing ground storage tank replacement project during 2024.

BASIC FINANCIAL STATEMENTS

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

STATEMENT OF NET POSITION
December 31, 2023

ASSETS

Current assets:

Cash	\$138,724
Accounts receivable	83,179
Inventory	42,981
Total current assets	264,884

Noncurrent assets:

Restricted cash	141,266
Property, plant and equipment (net of accumulated depreciation)	1,936,072
Total noncurrent assets	2,077,338
Total assets	2,342,222

LIABILITIES

Current liabilities:

Accounts payable	61,758
Payroll taxes payable	1,619
Contracts payable	61,878
Customer deposits	52,305
Total current liabilities	177,560

Liabilities payable from restricted assets:

Accrued interest payable	4,566
Current portion of revenue bonds payable	87,000
Total liabilities payable from restricted assets	91,566

Noncurrent liabilities: - long-term debt - revenue bonds payable

	213,000
Total liabilities	482,126

NET POSITION

Net investment in capital assets	1,636,072
Restricted for debt service	1,142
Restricted for capital improvements	48,558
Unrestricted	174,324
Total net position	\$1,860,096

See accompanying notes and independent auditor's report.

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

STATEMENT OF REVENUE, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended December 31, 2023

OPERATING REVENUE	
Water sales	\$564,462
Connection and reconnection fees	22,835
Other fees	4,434
Sewer collection fees	4,816
Other revenue	600
Total operating revenue	<u>597,147</u>
OPERATING EXPENSES	
Accounting and audit	6,475
Bank and credit card fees	2,061
Billing services	4,649
Chlorine and chemicals	150,255
Commissioners fees	4,380
Depreciation	85,490
Dues and fees	6,102
Equipment rental	1,890
Fuel	8,429
Insurance	19,139
Miscellaneous	456
Repairs	52,722
Office supplies and expense	8,826
Payroll taxes	11,493
Postage	2,113
Publication expense	2,762
Safe drinking water fee	10,730
Salaries	149,771
Sales tax	2,367
Supplies and parts	30,493
Travel and mileage	2,540
Utilities and telephone	38,278
Total operating expenses	<u>601,421</u>
OPERATING INCOME (Loss)	<u>(4,274)</u>
NON-OPERATING REVENUE (EXPENSES)	
Interest income	750
Grant revenue	671,893
Interest expense	(9,132)
Total non-operating revenue (expenses)	<u>663,511</u>
CHANGE IN NET POSITION	659,237
NET POSITION - BEGINNING	<u>1,200,859</u>
NET POSITION - ENDING	<u><u>\$1,860,096</u></u>

See accompanying notes and independent auditor's report.

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$581,484
Customer deposit receipts	7,025
Payments to suppliers	(245,486)
Payments to employees and commissioners	<u>(154,151)</u>
Net cash provided by operating activities	<u>188,872</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Principal paid on capital debt	(86,000)
Interest paid on capital debt	(10,464)
Grant proceeds	671,893
Purchase/construction of capital assets	<u>(710,170)</u>
Net cash used by capital and related financing activities	<u>(134,741)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	750
Decrease in restricted cash	<u>16,119</u>
Net cash provided by investing activities	<u>16,869</u>

NET INCREASE IN CASH

71,000

CASH AT BEGINNING OF YEAR67,724**CASH AT END OF YEAR**\$138,724**Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities**

Operating Income (Loss)	<u>(\$4,274)</u>
Adjustments:	
Depreciation	85,490
Increase in accounts receivable	(15,663)
Decrease in inventory	3,486
Increase in accounts payable	50,382
Increase in contracts payable	61,878
Increase in taxes payable	548
Increase in customer deposits	<u>7,025</u>
Total adjustments	<u>193,146</u>
Net cash provided by operating activities	<u><u>\$188,872</u></u>

See accompanying notes and independent auditor's report.

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2023

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 \$100 for each meeting they attend. The District has four employees and serves approximately 880 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 revenue, 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 consists of 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. The District is of the opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole. Payment is due on or before the 15th of the month following the month of service. Non-payment within 15 days of the due date will result in service disconnection. Past due amounts are written off and turned over to a collection agency when they are considered uncollectible by management.

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 or grant agreements 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, construction in progress, 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 and construction in progress, 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 - 15 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 Debt

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, 2023, the District has petty cash, cash, and restricted cash in interest bearing checking accounts totaling \$279,990. 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, 2023, the District has \$286,340 in deposits (collected bank balances). These deposits are fully secured from risk by \$250,000 in federal deposit insurance and \$486,508 of pledged securities held by an unaffiliated bank in the name of the fiscal agent bank.

3. ACCOUNTS RECEIVABLE

At December 31, 2023, the District has receivables of \$83,179 as follows:

Billed water sales	\$63,341
Unbilled water sales	19,496
Sewer collection fee	<u>342</u>
Total receivables	<u>\$83,179</u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2023, is as follows:

	Balance at January 1, 2023	Increases	Decreases	Balance at December 31, 2023
Capital assets not being depreciated:				

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

	Balance at January 1, 2023	Increases	Decreases	Balance at December 31, 2023
Land	\$25,791			\$25,791
Construction in progress	22,450	\$637,925		660,375
	<u>48,241</u>	<u>637,925</u>	<u>NONE</u>	<u>686,166</u>
Capital assets being depreciated:				
Water system	2,277,076	72,245		2,349,321
Buildings	134,469			134,469
Parking lot	20,650			20,650
Vehicles and equipment	85,065			85,065
Total capital assets being depreciated	<u>2,517,260</u>	<u>72,245</u>	<u>NONE</u>	<u>2,589,505</u>
Less accumulated depreciation for:				
Water system	1,140,325	73,346		1,213,671
Buildings	50,996	2,684		53,680
Parking lot	14,964	1,032		15,996
Vehicles and equipment	47,824	8,428		56,252
Total accumulated depreciation	<u>1,254,109</u>	<u>85,490</u>	<u>NONE</u>	<u>1,339,599</u>
Total assets being depreciated, net	<u>1,263,151</u>	<u>(13,245)</u>	<u>NONE</u>	<u>1,249,906</u>
Total assets, net	<u>\$1,311,392</u>	<u>\$624,680</u>	<u>NONE</u>	<u>\$1,936,072</u>

Construction in progress consists of costs incurred in connection with the ongoing ground storage tank replacement project. Depreciation expense of \$85,490 for the year ended December 31, 2023, was reported on the statement of revenue, expenses, and changes in net position.

5. LONG-TERM DEBT

The following is a summary of revenue bonds payable transactions for the year ended December 31, 2023:

	Direct Borrowings- Revenue Bonds
Balance at January 1, 2023	\$386,000
Additions	NONE

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

	Direct Borrowings- Revenue Bonds
Reductions	<u>(\$86,000)</u>
Balance at December 31, 2023	<u>\$300,000</u>

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 debt as of December 31, 2023:

Current portion	\$87,000
Long-term portion	<u>213,000</u>
Total	<u>\$300,000</u>

All outstanding debt at December 31, 2023, in the amount of \$300,000 is revenue bonds payable with maturities from 2024 until 2027 and interest rates from 2.90% to 3.35%. The interest payable in the next fiscal year is \$7,783. 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:

	\$383,000	\$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	\$12,122	\$4,020
Principal outstanding	\$204,000	\$96,000
Funding source	Water revenue	Water revenue

The principal and interest payments are due as follows:

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

Year Ending December 31,	Principal Payments	Interest Payments	Total
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	\$300,000	\$16,142	\$316,142

On October 24, 2023, the District obtained a \$100,000 line of credit from Origin Bank for a term of twelve months. Interest accrues on the unpaid principal at variable interest rates with an initial variable interest rate 8.25%. The District is required to make monthly payments of any accrued and unpaid interest. The unpaid principal balance is due and payable on October 24, 2024. As of December 31, 2023, the District has not received any advances under the agreement.

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, 2023, the District has a total of \$107,298 set aside for the loan reserve accounts that are reported as restricted cash in the accompanying financial statements.

During 2023, the District received a total of \$671,893 in American Rescue Plan Act of 2021 (“ARPA”) funding under cooperative endeavor agreements with the State of Louisiana, Division of Administration through the Office of Community Development (DOA-OCD) and with the Ouachita Parish Police Jury. At December 31, 2023, unexpended grant funds in the amount of \$33,968 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 automatically renews 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 \$4,816 for 2023.

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

8. COMMITMENTS UNDER CONTRACTS

During 2022, the District entered into a construction contract totaling \$741,300 in connection with its ground storage tank replacement project funded primarily by ARPA funding under cooperative endeavor agreements with the State of Louisiana, DOA-OCD and the Ouachita Parish Police Jury discussed in Note 6 above. During the year ended December 31, 2023, the District incurred and paid \$637,925 in costs under the construction contract that is reported as construction in progress in the accompanying financial statements. In addition, the water system has a \$76,500 engineering contract for the project. As of December 31, 2023, the District has incurred a total of \$22,450 in engineering costs associated with the project that is reported as construction in progress in the accompanying financial statements.

In April 2023, the District entered into an agreement with Calgon Carbon Corporation to provide turn-key carbon exchange services to the District at the Miller Road well site. The agreement provides for 24 monthly payments of \$3,513 beginning July 1, 2023. The agreement contains an early payout option which allows the District to make a lump sum payment of \$40,800 after making the 12th monthly payment. The amount reported as contracts payable in the accompanying financial statements was recorded under the net method of recording purchase discounts; therefore the amount initially recorded as contracts payable was \$82,956. The District made contract payments totaling \$21,078 during the year ended December 31, 2023.

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. CONTINGENCIES

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. The District responded to LDH with its plans to remedy the violations which includes the ground storage tank replacement project. The administrative order has not been officially cleared by LDH as of December 31, 2023.

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

As discussed in Note 6 above, the District expended a total of \$637,925 in ARPA funding under cooperative endeavor agreements with the State of Louisiana DOA-OCD and with the Ouachita Parish Police Jury. These expenses are subject to audit and adjustment by grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grant funds, refunds of any money received may be required. In the opinion of the District's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the grant funds; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

11. SUBSEQUENT EVENTS

The District has evaluated subsequent events through April 17, 2024, the date which the financial statements were available to be issued.

SUPPLEMENTAL INFORMATION SCHEDULES

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2023

**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 \$100 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, Louisiana

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER
PAYMENTS TO AGENCY HEAD AND BOARD OF COMMISSIONERS
For the Year Ended December 31, 2023

BOARD COMPENSATION

Agency Head - Herbert Munholland - President	\$760
George Courteau	400
Ted Davidson	460
James Johnson	920
William Whitfield	920
Isaac White	920
Total	<u>\$4,380</u>

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended December 31, 2023

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Status of Finding</u>
2022-001	2005	Inadequate Segregation of Accounting Duties	Unresolved - see 2023-001 in current year findings.
2022-002	2022	Inadequate Control over Employees' Vacation and Sick Leave Records	Resolved.

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

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**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, 2023, 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 April 17, 2024.

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, 2023

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 identified a certain deficiency in internal control, described in the accompanying Schedule of Current Year Findings and Management's Planned Corrective Action as item 2023-001, that I consider to be a material weakness.

Report on Compliance and Other Matters

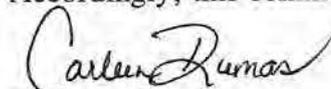
As part of obtaining reasonable assurance about whether Prairie Road Water District's financial statements are free from material misstatement, I performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Current Year Findings and Management's Planned Corrective Action as item 2023-002.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in my audit and 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
April 17, 2024

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Schedule of Current Year Findings and
Management's Planned Corrective Action
For the Year Ended December 31, 2023

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
3. Noncompliance material to financial statements noted? - Yes

Section II - Financial Statement Findings

2023-001. 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.

**2023-002. Failure to Obtain State Bond Commission Approval
Prior to Incurring Debt**

Criteria: LRS 39:1410.60 provides that no waterworks district shall have the authority to borrow money or incur debt without the consent and approval of the State Bond Commission. This provision applies to purchases made in the ordinary course of business on terms of credit that exceed ninety days.

Condition: On April 26, 2023, the District entered into an agreement to purchase carbon that provides for 24 monthly payments of \$3,513 beginning July 1, 2023. On October 24, 2023, the District obtained a \$100,000 line of credit with a loan term of 12 months from Origin Bank. The District did not obtain the approval of the State Bond Commission before entering into either of these agreements.

Cause: Management of the District was unaware of the requirement to obtain State Bond Commission approval prior to making a purchase on terms of credit exceeding ninety days or when obtaining a line of credit from the bank.

Effect: Non-compliance with LRS 39:1410.60.

Recommendation: The District should not enter into any purchase agreement with terms of credit that exceed ninety days nor incur any indebtedness without the consent and approval of the State Bond Commission.

**Management's Planned
Corrective Action:**

We were unaware of the requirement to obtain State Bond Commission approval for the purchase of the carbon and misunderstood about the need to obtain State Bond Commission approval for the line of credit from the bank. In the future, we will obtain State Bond Commission approval before incurring any debt with terms that exceed ninety days.

M. Carleen Dumas
CERTIFIED PUBLIC ACCOUNTANT

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**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, 2023 through December 31, 2023. 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, 2023 through December 31, 2023. 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:

1) Written Policies and Procedures

- A. 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:
- i. ***Budgeting***, including preparing, adopting, monitoring, and amending the budget
 - ii. ***Purchasing***, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the Public Bid Law; and (5) documentation required to be maintained for all bids and price quotes.

BOARD OF COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
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LOUISIANA LEGISLATIVE AUDITOR
Independent Accountants Report on
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December 31, 2023

- iii. **Disbursements**, including processing, reviewing, and approving.
- iv. **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).
- v. **Payroll/Personnel**, including (1) payroll processing, 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.
- vi. **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process
- vii. **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
- viii. **Credit Cards (and debit cards, fuel cards, 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).
- ix. **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute (R.S.) 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) a requirement that documentation is maintained that all employees and officials were notified of any changes to the entity's ethics policy.
- x. **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.
- xi. **Information Technology Disaster Recovery/Business Continuity**, including (1) identification of critical data and frequency of data backups, (2) storage of backups in a separate physical location isolated from the network, (3) periodic testing/verification that backups can be restored, (4) use of antivirus software on all systems, (5) timely application

BOARD OF COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
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of all available system and software patches/updates, and (6) identification of personnel, processes, and tools needed to recover operations after a critical event.

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

Results of procedure: The written policy for receipts/collections did not include the District's current procedures.

The written policy for payroll/personnel did not include the subcategories for reviewing and approving time and attendance records and the approval process for employee rate of pay.

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

2) Board or Finance Committee

- A. Obtain and inspect the board/finance committee minutes for the fiscal period, as well as the board's enabling legislation, charter, bylaws, or equivalent document in effect during the fiscal period, and:
- i. Observe that the board/finance committee met with a quorum at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, bylaws, or other equivalent document.
 - ii. For those entities reporting on the governmental accounting model, 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.
 - iii. For governmental entities, obtain the prior year audit report and observe the unassigned fund balance in the general fund. If the general fund had a negative ending unassigned fund balance in the prior year audit report, observe that the minutes for at least one meeting during the fiscal period referenced or included a formal plan to eliminate the negative unassigned fund balance in the general fund.

BOARD OF COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
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LOUISIANA LEGISLATIVE AUDITOR
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- iv. Observe whether the board/finance committee received written updates of the progress of resolving audit finding(s), according to management's corrective action plan at each meeting until the findings are considered fully resolved.

Results of procedure: Monthly profit and loss statements were presented for the Enterprise Fund but quarterly budget-to-actual comparisons were not presented.

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

3) Bank Reconciliations

- A. Obtain a listing of entity bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and bank reconciliation for each selected account, and observe that:

- i. Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);
- ii. 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
- iii. 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: One out of the five bank reconciliations selected included checks that had been outstanding for more than 12 months and there was no evidence of management researching the items.

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

BOARD OF COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
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4) Collections (excluding electronic funds transfers)

- A. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).
- B. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (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:
 - i. Employees that are responsible for cash collections do not share cash drawers/registers.
 - ii. 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.
 - iii. 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.
 - iv. 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.
- C. Obtain from management a copy of the bond or insurance policy for theft covering all employees who have access to cash. Observe that the bond or insurance policy for theft was enforced during the fiscal period.
- D. Randomly select two deposit dates for each of the 5 bank accounts selected for Bank Reconciliations procedure #3A (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). Obtain supporting documentation for each of the 10 deposits and:

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- i. Observe that receipts are sequentially pre-numbered.
- ii. Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.
- iii. Trace the deposit slip total to the actual bank deposit per bank statement.
- iv. Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100 and the cash is stored securely in a locked safe or drawer).
- v. Trace the actual deposit per the bank statement to the general ledger.

Results of procedure:

The two employees who are responsible for cash collections share the same cash drawer.

The employee who is primarily responsible for cash collections also prepares the bank deposit; however, another employee is responsible for reconciling the collection documentation to the deposit.

The employee who is primarily responsible for cash collections can post collections to the subsidiary ledgers; however, another employee is responsible for reconciling subsidiary ledgers to the deposits and posting to the general ledger.

The employee responsible for reconciling cash collections to the general ledger and subsidiary ledgers may also collect cash without another employee verifying the reconciliation.

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

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

- A. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).
- B. For each location selected under procedure #5A above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to 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:
 - i. At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.
 - ii. At least two employees are involved in processing and approving payments to vendors.
 - iii. The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.
 - iv. Either the employee/official responsible for signing checks mails the payments or gives the signed checks to an employee to mail who is not responsible for processing payments.
 - v. Only employees/officials authorized to sign checks approve the electronic disbursement (release) of funds, whether through automated clearinghouse (ACH), electronic funds transfer (EFT), wire transfer, or some other electronic means.
- C. For each location selected under procedure #5A above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:
 - i. Observe whether the disbursement, whether by paper or electronic means, matched the related original itemized invoice and supporting documentation indicates that deliverables included on the invoice were received by the entity, and

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

Results of procedure:

The involvement of at least two employees is not a requirement for making a purchase.

The employee responsible for processing payments is also responsible for adding/modifying vendor files.

The employee responsible for processing payments is also responsible for mailing the checks to vendors.

One selected disbursement was not supported by an itemized invoice or other supporting documentation.

Two of the selected electronic disbursements did not have documented approval from an authorized check signer.

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

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

- A. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and purchase cards (cards), for the fiscal period, including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

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- B. Using the listing prepared by management, randomly select 5 cards (or all cards if less than 5) that were used during the fiscal period. Randomly select one monthly statement or combined statement for each card (for a debit card, randomly select one monthly bank statement). Obtain supporting documentation, and
- i. Observe 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) were reviewed and approved, in writing (or electronically approved), by someone other than the authorized card holder. (those instances requiring such approval that may constrain the legal authority of certain public officials such as the mayor of a Lawrason Act municipality, should not be reported); and
 - ii. Observe that finance charges and late fees were not assessed on the selected statements.
- C. Using the monthly statements or combined statements selected under #6B above, excluding fuel cards, randomly select 10 transactions (or all transactions if less than 10) from each statement, and obtain supporting documentation for the transactions (i.e. each card should have 10 transactions subject to inspection). 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.

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

- A. Obtain from management a listing of all travel and travel-related expense reimbursements during the fiscal period and management’s representation that the listing or general ledger is complete. Randomly select 5 reimbursements, 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:

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- i. If reimbursed using a per diem, observe that the approved reimbursement rate is no more than those rates established either by the State of Louisiana or the U.S. General Services Administration (www.gsa.gov).
- ii. If reimbursed using actual costs, observe that the reimbursement is supported by an original itemized receipt that identifies precisely what was purchased.
- iii. Observe that each reimbursement is supported by documentation of the business/public purpose (for meal charges, observe that the documentation includes the names of those individuals participating) and other documentation required by Written Policies and Procedures (procedure #1A(vii)).
- iv. Observe that each reimbursement was reviewed and approved, in writing, by someone other than the person receiving the reimbursement.

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

8) Contracts

- A. Obtain from management a listing of all agreements/contracts for professional services, materials and supplies, leases, and construction activities that were initiated or renewed during the fiscal period. Obtain management's representation that the listing is complete. Randomly select 5 contracts (or all contracts if less than 5) from the listing, excluding the practitioner's contract and:
 - i. Observe whether the contract was bid in accordance with the Louisiana Public Bid Law (e.g., solicited quotes or bids, advertised), if required by law.
 - ii. Observe whether the contract was approved by the governing body/board, if required by policy or law (e.g. Lawrason Act, Home Rule Charter).
 - iii. If the contract was amended (e.g. change order), observe that the original contract terms provided for such an amendment and that amendments were made in compliance with the contract terms (e.g. if approval is required for any amendment, the documented approval).

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- iv. Randomly select one payment from the fiscal period for each of the 5 contracts, obtain the supporting invoice, agree the invoice to the contract terms, and observe that the invoice and related payment agreed to the terms and conditions of the contract.

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

9. Payroll and Personnel

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

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- D. Obtain management's representation that employer and employee portions of third-party payroll related amounts (e.g. payroll taxes, retirement contributions, health insurance premiums, garnishments, workers compensation premiums, 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.

10) Ethics

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

Results of procedure: Only two employees/officials completed the required ethics training during 2023.

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

11) Debt Service

- A. Obtain a listing of bonds/notes and other debt instruments issued during the fiscal period and management's representation that the listing is complete. Select all debt instruments on the listing, obtain supporting documentation, and observe that State Bond Commission approval was obtained for each debt instrument issued as required by Article VII, Section 8 of the Louisiana Constitution.
- B. Obtain a listing of bonds/notes outstanding at the end of the fiscal period and management's representation that the listing is complete. Randomly select one bond/note, inspect debt

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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: State Bond Commission approval was not obtained for the District's line of credit obtained from Origin Bank.

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

12) Fraud Notice

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

Results of procedure: The required notice was not posted on the premises nor on the District's website.

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

13) Information Technology Disaster Recovery/Business Continuity

- A. Perform the following procedures, verbally discuss the results with management, and report "We performed the procedure and discussed the results with management."
 - i. Obtain and inspect the entity's most recent documentation that it has backed up its critical data (if no written documentation, then inquire of personnel responsible for backing up critical data) and observe that such backup (a) occurred within the past week, (b) was not stored on the government's local server or network, and © was encrypted.

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- ii. Obtain and inspect the entity's most recent documentation that it has tested/verified that its backups can be restored (if there is no written documentation, then inquire of personnel responsible for testing/verifying backup restoration) and observe evidence that the test/verification was successfully performed within the past 3 months.
 - iii. 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.
- B. Randomly select 5 terminated employees (or all terminated employees if less than 5) using the list of terminated employees obtained in procedure #9C above. Observe evidence that the selected terminated employees have been removed or disabled from the network.
- C. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A above, obtain cybersecurity training documentation from management, and observe that the documentation demonstrates that the following employees/officials with access to the agency's information technology assets have completed cybersecurity training as required by R. S. 42:1267: The requirements are as follows:
- Hired before June 9, 2020 - completed the training
 - Hired on or after June 9, 2020 - completed the training within 30 days of initial service or employment

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

14) Prevention of Sexual Harassment

- A. Using the 5 randomly selected employees/officials from Payroll and Personnel procedure #9A 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 as required by R.S. 42:343.

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- B. Observe that the entity has posted its sexual harassment policy and complaint procedure on its website (or in a conspicuous location on the entity's premises if the entity does not have a website).
- C. Obtain the entity's annual sexual harassment report for the current fiscal period, observe that the report was dated on or before February 1, and observe that it includes the applicable requirements of R.S. 42:344:
- i. Number and percentage of public servants in the agency who have completed the training requirements;
 - ii. Number of sexual harassment complaints received by the agency;
 - iii. Number of complaints which resulted in a finding that sexual harassment occurred;
 - iv. Number of complaints in which the finding of sexual harassment resulted in discipline or corrective action; and
 - v. Amount of time it took to resolve each complaint.

Results of procedure: No employees or officials completed at least one hour of sexual harassment training during 2023.

The District's sexual harassment policy has not been posted on the District's website.

No annual sexual harassment report was prepared for the year ended December 31, 2023.

Management's Response We will consider the results of the statewide agreed-upon procedures report and take action as deemed necessary and feasible.

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

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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.

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
April 12, 2024