

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Annual Financial Statements

As of and for the Year Ended
December 31, 2022

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Annual Financial Statements
As of and for the Year Ended December 31, 2022

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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, 2022, 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, 2022, 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
Independent Auditor's Report
December 31, 2022

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, 2022

- 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, 2022

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated May 19, 2023, 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.



Calhoun, Louisiana
May 19, 2023

REQUIRED SUPPLEMENTAL INFORMATION

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

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, 2022. 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, 2022

**COMPARATIVE ANALYSIS OF
 FINANCIAL DATA**

The District's net position increased by \$20,494 for 2022. Operating revenue decreased \$26,722 while operating expenses decreased \$5,357. The following presents an analysis of net position and changes in net position of the District's business-type activities:

	<u>2022</u>	<u>2021</u>
Assets		
Current assets	\$181,707	\$199,525
Restricted cash	157,385	151,314
Capital assets	<u>1,311,392</u>	<u>1,373,228</u>
Total assets	<u>1,650,484</u>	<u>1,724,067</u>
Liabilities		
Current liabilities	57,726	60,603
Liabilities payable from restricted assets	91,898	97,098
Long-term liabilities	<u>300,000</u>	<u>386,000</u>
Total liabilities	<u>449,624</u>	<u>543,701</u>
Net Position		
Net investment in capital assets	925,392	903,228
Restricted	65,487	54,216
Unrestricted	<u>209,981</u>	<u>222,922</u>
Total net position	<u>\$1,200,860</u>	<u>\$1,180,366</u>
	<u>2022</u>	<u>2021</u>
Operating revenue	\$477,199	\$503,921
Operating expenses	450,909	456,266
Non-operating revenue (expenses)	(5,796)	(20,209)
Special item - capital contribution		215,700
Change in net position	20,494	243,146
Net position - beginning	<u>1,180,366</u>	<u>937,220</u>
Net position - ending	<u>\$1,200,860</u>	<u>\$1,180,366</u>

OVERALL FINANCIAL POSITION

The District's increase in net position for 2022 was \$20,494. Unrestricted net position (those assets available to finance the daily operations of the District) was \$209,981 at year end, which was a decrease of \$12,941 from the prior year. At year end, the amount restricted for debt service was \$7,437, the amount restricted for construction was \$58,050, and the net investment in capital assets was \$925,392.

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2022

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the District has capital assets (net of accumulated depreciation) totaling \$1,311,392. Capital assets include land, construction in progress, water system, office building, parking lot, vehicles, and equipment costing \$1,000 or more. Construction in progress includes \$22,450 in engineering 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 \$386,000 in outstanding long-term debt. Interest expense for the year was \$5,899. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

Operating revenue for 2023 is expected to increase due to a water rate increase that went into effect in April 2023. Operating expenses are expected to increase due to increases in the cost of supplies as well as the purchase of carbon during 2023. The District expects to complete the ongoing ground storage tank replacement project during 2023. The District expects to receive \$270,000 in Water Sector Program funding through the State of Louisiana, Office of Community Development and \$450,000 in Coronavirus State and Local Fiscal Recovery Funds through the Ouachita Parish Police Jury as matching funds for the project. The total cost of the project is \$796,500.

BASIC FINANCIAL STATEMENTS

Statement A

PRAIRIE ROAD WATER DISTRICT
Monroe, LouisianaSTATEMENT OF NET POSITION
December 31, 2022**ASSETS**

Current assets:

Cash	\$67,724
Accounts receivable	67,516
Inventory	46,467
Total current assets	<u>181,707</u>

Noncurrent assets:

Restricted cash	157,385
Property, plant and equipment (net of accumulated depreciation)	<u>1,311,392</u>
Total noncurrent assets	<u>1,468,777</u>
Total assets	<u>1,650,484</u>

LIABILITIES

Current liabilities:

Accounts payable	11,375
Payroll taxes payable	1,071
Customer deposits	45,280
Total current liabilities	<u>57,726</u>

Liabilities payable from restricted assets:

Accrued interest payable	5,898
Current portion of revenue bonds payable	<u>86,000</u>
Total liabilities payable from restricted assets	91,898

Noncurrent liabilities - long-term debt - revenue bonds payable

	<u>300,000</u>
Total liabilities	<u>449,624</u>

NET POSITION

Net investment in capital assets	925,392
Restricted for debt service	7,437
Restricted for construction	58,050
Unrestricted	209,981
Total net position	<u>\$1,200,860</u>

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, 2022

OPERATING REVENUE

Water sales	\$451,181
Connection and reconnection fees	17,415
Other fees	920
Sewer collection fees	5,350
Other revenue	2,333
Total operating revenue	477,199

OPERATING EXPENSES

Accounting and audit	6,709
Bank and credit card fees	1,903
Billing services	5,088
Chlorine and chemicals	22,047
Commissioners fees	4,080
Depreciation	84,286
Dues and fees	4,413
Equipment rental	3,347
Fuel	8,010
Insurance	19,748
Lab services	300
Repairs	51,934
Office supplies and expense	7,838
Payroll taxes	11,345
Postage	481
Publication expense	2,693
Safe drinking water fee	11,252
Salaries and wages	146,218
Sales tax	2,938
Supplies and parts	11,376
Taxes, licenses, and permits	291
Training, travel, and mileage	2,082
Utilities and telephone	42,530
Total operating expenses	450,909

OPERATING INCOME

26,290

NON-OPERATING REVENUE (EXPENSES)

Interest income	103
Interest expense	(5,899)
Total non-operating revenue (expenses)	(5,796)

CHANGE IN NET POSITION

20,494

NET POSITION - BEGINNING

1,180,366

NET POSITION - ENDING

\$1,200,860

See accompanying notes and independent auditor's report.

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$475,054
Payments to suppliers	(228,505)
Payments to employees and commissioners	(150,298)
Net cash provided by operating activities	<u>96,251</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on capital debt	(84,000)
Interest paid on capital debt	(13,099)
Construction of capital assets	(22,450)
Net cash used by capital and related financing activities	<u>(119,549)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest income	103
Increase in restricted cash	(6,071)
Net cash used by investing activities	<u>(5,968)</u>
NET DECREASE IN CASH	(29,266)
CASH AT BEGINNING OF YEAR	<u>96,990</u>
CASH AT END OF YEAR	<u><u>\$67,724</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	<u>\$26,290</u>
Adjustments:	
Depreciation	84,286
Decrease in accounts receivable	2,221
Increase in inventory	(13,669)
Decrease in accounts payable	1,525
Decrease in taxes payable	(37)
Decrease in customer deposits	(4,365)
Total adjustments	<u>69,961</u>
Net cash provided by operating activities	<u><u>\$96,251</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, 2022

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 895 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. 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 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 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, 2022, the District has petty cash, cash, and restricted cash in interest bearing checking accounts totaling \$225,109. 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, 2022, the District has \$229,782 in deposits (collected bank balances) that are fully secured from risk by federal deposit insurance.

3. ACCOUNTS RECEIVABLE

At December 31, 2022, the District has receivables of \$67,516 as follows:

Billed water sales	\$49,470
Unbilled water sales	17,717
Sewer collection fee	<u>329</u>
Total receivables	<u><u>\$67,516</u></u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2022, is as follows:

	Balance at January 1, 2022	Increases	Decreases	Balance at December 31, 2022
	<u>2022</u>	<u>Increases</u>	<u>Decreases</u>	<u>2022</u>
Capital assets not being depreciated:				

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

	Balance at January 1, 2022	Increases	Decreases	Balance at December 31, 2022
Land	\$25,791			\$25,791
Construction in progress	NONE	\$22,450		22,450
	<u>25,791</u>	<u>22,450</u>	<u>NONE</u>	<u>\$48,241</u>
Capital assets being depreciated:				
Water system	2,277,076			2,277,076
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>NONE</u>	<u>NONE</u>	<u>2,517,260</u>
Less accumulated depreciation for:				
Water system	1,068,584	71,741		1,140,325
Buildings	48,312	2,684		50,996
Parking lot	13,932	1,032		14,964
Vehicles and equipment	38,995	8,829		47,824
Total accumulated depreciation	<u>1,169,823</u>	<u>84,286</u>	<u>NONE</u>	<u>1,254,109</u>
Total assets being depreciated, net	<u>1,347,437</u>	<u>(84,286)</u>	<u>NONE</u>	<u>1,263,151</u>
Total assets, net	<u>\$1,373,228</u>	<u>(\$61,836)</u>	<u>NONE</u>	<u>\$1,311,392</u>

Construction in progress consists of \$22,450 in engineering costs incurred during 2022 in connection with an ongoing water system improvement project. Depreciation expense of \$84,286 for the year ended December 31, 2022, 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, 2022:

	Direct Borrowings- Revenue Bonds
Balance at January 1, 2022	<u>\$470,000</u>

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

	Direct Borrowings- Revenue Bonds
Additions	NONE
Reductions	<u>(\$84,000)</u>
Balance at December 31, 2022	<u><u>\$386,000</u></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 obligations as of December 31, 2022:

Current portion	\$86,000
Long-term portion	<u>300,000</u>
Total	<u><u>\$386,000</u></u>

All outstanding debt at December 31, 2022, in the amount of \$386,000 is revenue bonds payable with maturities from 2023 until 2027 and interest rates from 2.90% to 3.35%. The interest payable in the next fiscal year is \$10,464. 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	\$18,734	\$7,872
Principal outstanding	\$252,000	\$134,000
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
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	\$386,000	\$26,606	\$412,606

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. In addition, the agreement with the State of Louisiana, Office of Community Development in connection with the Water Sector Program (WSP) funding for the ground storage tank replacement project, required the District to set aside \$76,500 to be used as matching funds. At December 31, 2022, the District had a total of \$157,385 set aside for the loan reserve accounts and the WSP matching funds 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 \$4,350 for 2022.

8. COMMITMENTS UNDER CONTRACTS

During 2022, the District entered into a cooperative endeavor agreement with the State of Louisiana, Office of Community Development (OCD) for \$270,000 in Water Sector Program (WSP) funding in connection with its ground storage tank replacement project. In addition, the District entered into a separate cooperative endeavor agreement with the Ouachita Parish Police Jury for the use of \$450,000 in Coronavirus State and Local Fiscal Recovery Funds as matching funds for the WSP project.

PRAIRIE ROAD WATER DISTRICT

Notes to the Financial Statements

The total cost of the project is estimated to be \$796,500. During 2022, the District entered into a construction contract totaling \$671,500 in connection with the project. In addition, the water system has a \$76,500 engineering contract for the project. As of December 31, 2022, 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.

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.

SUPPLEMENTAL INFORMATION SCHEDULES

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2022

**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, 2022**BOARD COMPENSATION**

Agency Head - Herbert Munholland - President	\$720
Ted Davidson	720
James Johnson	840
William Whitfield	900
Isaac White	<u>900</u>
Total	<u>\$4,080</u>

PRAIRIE ROAD WATER DISTRICT
 Monroe, Louisiana

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
 For the Year Ended December 31, 2022

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Status of Finding</u>
2021-001	2005	Inadequate Segregation of Accounting Duties	Unresolved - see 2022-001 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, 2022, 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 May 19, 2023.

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.

My consideration of internal control was for the limited purpose described in the preceding paragraph 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. However, as described in the accompanying Schedule of Current Year Findings and Management's Planned Corrective Action, I identified certain deficiencies in internal control that I consider to be material weaknesses and significant deficiencies.

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

BOARD OF COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana
Internal Control Over Financial Reporting
and on Compliance and Other Matters, etc.
December 31, 2022

of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. I consider the deficiency described in the accompanying Schedule of Current Year Findings and Management's Planned Corrective Action as item 2022-001 to be a material weakness.

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. I consider the deficiency described in the accompanying Schedule of Current Year Findings and Management's Planned Corrective Action as item 2022-002 to be a significant deficiency.

Report on Compliance and Other Matters

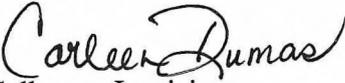
As part of obtaining reasonable assurance about whether Prairie Road Water District's financial statements are free from material misstatement, I performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 findings identified in my audit that are 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
May 19, 2023

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Schedule of Current Year Findings and
Management's Planned Corrective Action
For the Year Ended December 31, 2022

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? - Yes
3. Noncompliance material to financial statements noted? - No

Section II - Financial Statement Findings

2022-001. 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.

2022-002. Inadequate Controls Over Employees' Vacation and Sick Leave Records

Criteria: Proper internal controls over employees' vacation and sick leave should include leave records that accurately report the amount of vacation and sick leave an employee is entitled to during the year.

Condition: Employees are granted vacation and sick leave based on their years of service on January 1 of each year. The District's vacation and sick leave policies state that vacation and sick leave must be used in the calendar year granted and may not be accumulated and carried over to the following year. The vacation and sick leave records for 2022 included incorrect balances on January 1 for four employees. As a result, one of the employees used 36½ more vacation hours than earned for the year and 6½ more sick hours than earned for the year.

Cause: Incorrect accounting records over vacation and sick leave.

Effect: An employee used more vacation and sick leave hours than they were entitled to.

Recommendation: The accounting records maintained in Quickbooks for vacation and sick leave earned and used should be corrected to reflect that vacation and sick leave hours are reset on January 1 of each year to the hours the employee is entitled to for the current calendar year only.

**Management's Planned
Corrective Action:**

The information on vacation and sick leave recorded in Quickbooks was incorrect. The Quickbooks records showed that the employee had 161 hours of accrued vacation and 18 hours of accrued sick leave on January 1. The employee was relying on this information and this is why the overage on hours taken occurred. Management will correct the Quickbooks information and also keep manual records of all vacation and sick leave taken by employees.