

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Annual Financial Statements

As of and for the Year Ended
December 31, 2019

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Annual Financial Statements
As of and for the Year Ended December 31, 2019

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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

Report on the Financial Statements

I have audited the accompanying financial statements of Prairie Road Water District (the "District"), a component unit of the Ouachita Parish Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. 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*. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

BOARD OF COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana
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December 31, 2019

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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, 2019, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 8 be presented to supplement the basic financial statements. Such information, 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.

Other 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.

The Schedule of Compensation, Benefits, and Other Payments to Agency Head and Board of Commissioners and the Schedule of Prior Year Audit Findings are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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

BOARD OF COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
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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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 16, 2020, 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 the 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
June 16, 2020

REQUIRED SUPPLEMENTAL INFORMATION

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

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, 2019. Please read it in conjunction with the District's financial statements that begin on page 10.

BASIC FINANCIAL STATEMENTS

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

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

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

Enterprise Fund Financial Statements

The Statement of Net Position and the Statement of Revenues, Expenses and Changes in Net Position provide information in a way that shows the change in the District's financial condition resulting from the current year's activities. These statements include all assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most businesses. All of the current year's revenues 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, 2019

**COMPARATIVE ANALYSIS OF
FINANCIAL DATA**

The District's net position increased by \$30,851 for 2019. Operating revenues increased \$19,680 due to a rate increase that went into effect on October 1, 2018. Operating expenses decreased \$26,740 due to the purchase of new carbon filters during 2018. The following presents an analysis of net position and changes in net position of the District's business-type activities:

	BUSINESS-TYPE ACTIVITIES	
	2019	2018
Assets		
Current assets	\$252,080	\$218,230
Restricted cash	28,689	23,915
Capital assets	<u>1,312,880</u>	<u>1,384,678</u>
Total assets	<u>1,593,649</u>	<u>1,626,823</u>
Liabilities		
Current liabilities	76,714	74,739
Liabilities payable from restricted assets	14,000	
Long-term liabilities	<u>551,000</u>	<u>631,000</u>
Total liabilities	<u>641,714</u>	<u>705,739</u>
Net Position		
Net investment in capital assets	738,880	730,678
Restricted for debt service	14,689	23,915
Unrestricted	<u>198,366</u>	<u>166,491</u>
Total net position	<u>\$951,935</u>	<u>\$921,084</u>

	BUSINESS-TYPE ACTIVITIES	
	2019	2018
Operating revenues	\$482,280	\$462,600
Operating expenses	435,699	462,439
Non-operating revenue (expenses)	(15,730)	(21,992)
Change in net position	30,851	(21,831)
Net position - beginning	<u>921,084</u>	<u>942,915</u>
Net position - ending	<u>\$951,935</u>	<u>\$921,084</u>

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2019

OVERALL FINANCIAL POSITION

The District's decrease in net position was \$30,851. Unrestricted net position (those assets available to finance the daily operations of the district) was \$198,366 at year end. The amount restricted for debt service was \$14,689, and the net investment in capital assets was \$738,880 at year end.

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the District had capital assets (net of accumulated depreciation) totaling \$1,312,880. Capital assets include land, water system, office building, parking lot, vehicles, and equipment costing \$1,000 or more. The District sold an office building during 2019 and there were no additions to capital assets. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At year end the District had \$588,000 in outstanding long-term debt. Interest expense for the year was \$20,083. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

Operating revenues and expenses for 2020 are expected to be approximately the same as 2019 amounts. However, the District received \$60,000 during 2020 from the sale of surplus property.

BASIC FINANCIAL STATEMENTS

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

STATEMENT OF NET POSITION
December 31, 2019

ASSETS

Current assets:

Cash	\$150,446
Accounts receivable (net)	69,699
Inventory	<u>31,935</u>
Total current assets	<u>252,080</u>

Noncurrent assets:

Restricted cash	28,689
Property, plant and equipment (net of accumulated depreciation)	<u>1,312,880</u>
Total noncurrent assets	<u>1,341,569</u>
Total assets	<u>1,593,649</u>

LIABILITIES

Current liabilities:

Accounts payable	8,945
Payroll taxes payable	4,027
Accrued interest payable	77
Current portion of long-term debt	23,000
Customer deposits	<u>40,665</u>
Total current liabilities	76,714

Liabilities payable from restricted assets:

Current portion of loan payable	14,000
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Noncurrent liabilities - long-term debt - revenue bonds payable

<u>551,000</u>
<u>641,714</u>

Total liabilities

NET POSITION

Net investment in capital assets	738,880
Restricted for debt service	14,689
Unrestricted	<u>198,366</u>
Total net position	<u>\$951,935</u>

See accompanying notes.

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended December 31, 2019

OPERATING REVENUES

Water sales	\$459,065
Connection and reconnection fees	16,491
Other fees	668
Sewer collection fees	5,090
Other revenue	966
Total operating revenues	<u>482,280</u>

OPERATING EXPENSES

Accounting and audit	5,087
Attorney fees	2,683
Bad debt expense	6,390
Bank and credit card fees	3,219
Billing services	4,804
Chlorine and chemicals	13,137
Commissioners fees	3,540
Depreciation	71,798
Dues and fees	3,810
Equipment rental	1,121
Fuel	3,694
Insurance	15,328
Lab services	3,750
Repairs	57,460
Office supplies and expense	10,102
Payroll taxes	12,897
Postage	550
Publication expense	276
Safe drinking water fee	10,414
Salaries and wages	162,666
Sales tax	2,069
Supplies and parts	8,157
Travel and mileage	2,251
Utilities and telephone	29,648
Training	786
Miscellaneous	62
Total operating expenses	<u>435,699</u>
OPERATING INCOME	<u>46,581</u>

NON-OPERATING REVENUE (EXPENSES)

Interest income	303
Gain on sale of property	4,050
Interest expense	(20,083)
Total non-operating revenue (expenses)	<u>(15,730)</u>

CHANGE IN NET POSITION**NET POSITION - BEGINNING****NET POSITION - ENDING**

30,851
<u>921,084</u>
<u><u>\$951,935</u></u>

See accompanying notes.

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$481,367
Customer deposit receipts, net	1,045
Payments to suppliers	(198,068)
Payments to employees and commissioners	(166,206)
Net cash provided by operating activities	<u>118,138</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Interest paid on capital debt	(20,159)
Principal paid on capital debt	(66,000)
Proceeds from sale of capital assets	4,050
Net cash used by capital and related financing activities	<u>(82,109)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest income	303
Increase in restricted cash	(4,774)
Net cash provided by investing activities	<u>(4,471)</u>

NET INCREASE IN CASH**CASH AT BEGINNING OF YEAR****CASH AT END OF YEAR**

31,558
<u>118,888</u>
<u>\$150,446</u>

Reconciliation of Operating Income to Net Cash**Provided by Operating Activities**

Operating Income	\$46,581
Adjustments:	
Depreciation	71,798
Bad debt expense	6,390
Increase in accounts receivable	(913)
Increase in inventory	(7,769)
Increase in accounts payable	396
Increase in taxes payable	610
Increase in customer deposits	1,045
Total adjustments	<u>71,557</u>
Net cash provided by operating activities	<u>\$118,138</u>

See accompanying notes.

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2019

INTRODUCTION

Prairie Road Water 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. Prairie Road Water District commissioners are paid \$60 for each meeting they attend. The district has five employees. The district serves approximately 890 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 Prairie Road Water District is considered a component unit of Ouachita Parish. As a component unit, the accompanying financial statements may be included within the reporting of the primary government, either blended into those financial statements or separately reported as a discrete component unit.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Financial Statements

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

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

The Prairie Road Water 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operation. The operating revenues of the Prairie Road Water District are water sales, connection and reconnection fees, other fees, and sewer collection fees. Operating expenses for enterprise funds include the costs of the services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues 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 shown net of an allowance for uncollectible amounts. The allowance is based on past due accounts at December 31, 2019. Customer accounts are considered past due when they are two months in arrears. Past due amounts are written off 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.

F. Restricted Assets

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

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

G. Capital Assets

Capital assets, which include land, the water system and improvements, buildings, parking lot, vehicles, and equipment, are reported in the enterprise fund financial statements. All of the district's capital assets are capitalized at historical cost. The Prairie Road Water 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 assets, except land, are depreciated using the straight-line method over the following useful lives:

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

H. Compensated Absences

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

I. Long-term Obligations

Long-term debt such as revenue bonds payable and loans payable are reported as liabilities 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

K. Interest Costs

The following provides disclosure on interest costs for the year ended December 31, 2019:

Total interest cost expensed	\$20,083
Total interest cost capitalized	<u>NONE</u>
Total interest costs incurred	<u>\$20,083</u>

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2019, the district has petty cash, cash, and restricted cash in interest bearing checking accounts totaling \$179,135. 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, 2019, the Prairie Road Water District has \$178,862 in deposits (collected bank balances). These deposits are secured from risk by \$250,000 of federal deposit insurance and \$175,037 of pledged securities held by an unaffiliated bank in the name of the fiscal agent bank.

3. ACCOUNTS RECEIVABLE

At December 31, 2019, the district has net receivables of \$69,699 as follows:

Billed water sales	\$65,584
Unbilled water sales	16,348
Sewer collection fee	384
Allowance for uncollectible accounts	<u>(12,617)</u>
Net receivables	<u>\$69,699</u>

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2019, is as follows:

	Balance at January 1, 2019	Increases	Decreases	Balance at December 31, 2019
Capital assets not being depreciated:				
Land	<u>\$25,791</u>			<u>\$25,791</u>
Capital assets being depreciated:				

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

	Balance at January 1, 2019	Increases	Decreases	Balance at December 31, 2019
Water system	\$2,137,192			\$2,137,192
Buildings	172,753		(\$38,284)	134,469
Parking lot	20,650			20,650
Vehicles and equipment	43,838			43,838
Total capital assets being depreciated	2,374,433	NONE	(38,284)	2,336,149
Less accumulated depreciation for:				
Water system	895,761	\$66,146		961,907
Buildings	78,544	2,684	(38,284)	42,944
Parking lot	10,836	1,032		11,868
Vehicles and equipment	30,405	1,936		32,341
Total accumulated depreciation	1,015,546	71,798	(38,284)	1,049,060
Total assets being depreciated, net	1,358,887	(71,798)	NONE	1,287,089
Total assets, net	<u>\$1,384,678</u>	<u>(\$71,798)</u>	<u>NONE</u>	<u>\$1,312,880</u>

Depreciation expense of \$71,798 for the year ended December 31, 2019 was reported on the statement of revenues, expenses, and changes in net position.

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt transactions for the year ended December 31, 2019:

Direct Borrowings.....		
	Revenue Bonds	Certificate of Indebtedness	Total
Balance at January 1, 2019	\$608,000	\$46,000	\$654,000
Additions			NONE
Reductions	(43,000)	(23,000)	(66,000)
Balance at December 31, 2019	<u>\$565,000</u>	<u>\$23,000</u>	<u>\$588,000</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 obligations as of December 31, 2019:

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

Current portion	\$37,000
Long-term portion	<u>551,000</u>
Total	<u>\$588,000</u>

All outstanding debt at December 31, 2019, in the amount of \$588,000 are revenue bonds payable and certificates of indebtedness with maturities from 2020 until 2027 and an interest rates from 2.90% to 4%. Loan principal and interest payable in the next fiscal year are \$37,000 and \$9,375 respectively. 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. The Series 2011 Certificate of Indebtedness was also purchased by Origin Bank. Both series of revenue bonds and the certificate of indebtedness are secured by a pledge of the income and revenues of the District after the payment of all reasonable and necessary expenses of operating and maintaining the water system. The owners of the revenue bonds have the right to appoint a third party to take possession of the water system and operate, maintain, manage, and control the water system in the event that the District should default on the payment of interest on or principal of the bonds as they become due, or fail to fund the reserve accounts as established in the bond resolutions. The individual debt is as follows:

	\$450,000	\$426,000	\$165,000
	Water	Water	Certificates
	Revenue	Revenue	of
	Bonds	Refunding	Indebtedness
	Bonds	Bonds	
Original issue date	04/02/15	01/07/14	02/24/11
Interest rate	2.90%	3.35%	4.00%
Final payment due	01/01/27	01/01/26	12/01/20
Interest to maturity	\$41,035	\$22,780	\$920
Principal outstanding	\$358,000	\$207,000	\$23,000
Funding source	Water	Water	Water
	revenue	revenue	revenue

The principal and interest payments are due as follows:

Year Ending December 31,	Principal	Interest	Total
	Payments	Payments	
2020	\$37,000	\$9,375	\$46,375
2021	81,000	15,655	96,655
2022	84,000	13,098	97,098
2023	86,000	10,465	96,465
2024	87,000	7,783	94,783
2025-2027	<u>213,000</u>	<u>8,359</u>	<u>221,359</u>

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
Total	<u>\$588,000</u>	<u>\$64,735</u>	<u>\$652,735</u>

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, 2019, the District had a total of \$28,689 set aside for the loan reserve accounts that are reported as restricted cash in the accompanying financial statements.

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

On November 9, 2011, Greater Ouachita Water Company transferred the water well and water distribution system in Huntington Park and Prairie Ridge Park Subdivisions to Prairie Road Water District. As consideration for this transfer, Prairie Road Water District must maintain and operate the water systems in these subdivisions and provide water service to all customers located there. Prairie Road Water District also entered into a sewer billing and collection agreement with Greater Ouachita Water Company for the sewage system in these subdivisions. Prairie Road Water District began performing sewer billing and collection services beginning November 15, 2011. 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. Prairie Road Water District was paid 10% of the total amount collected from sewer customers which totaled \$5,090 for 2019.

8. 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.

9. SUBSEQUENT EVENTS

On December 11, 2018, the Board of Commissioners adopted a resolution regarding the sale of surplus property to Greater Ouachita Water Company. The sale involves approximately 5,000 linear feet of pipe serving as a water main along Highway 15 from Garrett Road to Moore Road. In February 2020, the District signed an Act of Sale and Grant of Right to Use in favor of Greater Ouachita Water Company and received a payment of \$60,000.

Prairie Road Water District has evaluated subsequent events through June 16, 2020, 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, 2019

**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

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

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, 2019

BOARD COMPENSATION

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

PRAIRIE ROAD WATER DISTRICT
Monroe, LouisianaSCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the Year Ended December 31, 2019

<u>Reference Number</u>	<u>Fiscal Year Finding Initially Occurred</u>	<u>Description of Finding</u>	<u>Status of Finding</u>
2018-001	2005	Inadequate Segregation of Accounting Duties	Unresolved - see 2019-001 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 Police Jury, as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise Prairie Road Water District's basic financial statements and have issued my report thereon dated June 16, 2020.

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) to determine the 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 of 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
Independent Auditor's Report
on Compliance and on
Internal Control, etc.,
December 31, 2019

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 have not been identified. I did identify a certain deficiency in internal control, described in the accompanying Schedule of Current Year Findings and Management's Planned Corrective Action as 2019-001 that I consider to be material weakness.

Compliance and Other Matters

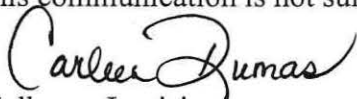
As part of obtaining reasonable assurance about whether Prairie Road Water District's financial statements are free from material misstatement, I performed tests of the District's compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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

Prairie Road Water District's response to the finding identified in my audit is described in the accompanying Schedule of Current Year Findings and Management's Planned Corrective Action. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on it.

Purpose of this Report

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



Calhoun, Louisiana
June 16, 2020

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Schedule of Current Year Findings and
Management's Planned Corrective Action
For the Year Ended December 31, 2019

Section I - Summary of Auditor's Reports

Financial Statements

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

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

Section II - Financial Statement Findings

2019-001. 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.