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**PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana**

Annual Financial Statements

**As of and for the Year Ended
December 31, 2003**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 9-15-04

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Annual Financial Statements

As of and for the Year Ended December 31, 2003

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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**

I have audited the accompanying financial statements of the business-type activities of Prairie Road Water District, a component unit of the Ouachita Parish Police Jury, as of December 31, 2003, and for the year then ended, which comprise the district's basic financial statements as listed in the table of contents. *These financial statements are the responsibility of the district's management. 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of Prairie Road Water District, as of December 31, 2003, and the changes in financial position and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

BOARD OF COMMISSIONERS
PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana
Independent Auditor's Report
December 31, 2003

The management's discussion and analysis on pages 5 through 7, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion on it.

My audit was conducted for the purpose of forming an opinion on the financial statements that comprise the Prairie Road Water District's basic financial statements. The Schedule of Compensation Paid Commissioners and the Status of Prior Audit Findings listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, I have also issued a report dated September 9, 2004, on my consideration of Prairie Road Water District's internal control over financial reporting and my tests of the district's compliance with certain provisions of laws, regulations, and contracts. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.



Calhoun, Louisiana
September 9, 2004

REQUIRED SUPPLEMENTAL INFORMATION

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2003

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, 2003. Please read it in conjunction with the District's financial statements that begin on page 9.

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 assets
- c. Statement of revenues, expenses, and changes in net assets
- 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 Assets and the Statement of Revenues, Expenses and Changes in Net Assets 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 assets* and the changes in them. Net assets - 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 assets 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, 2003

**COMPARATIVE ANALYSIS OF
FINANCIAL DATA**

The District's total net assets decreased by \$1,537 during 2003. Operating revenues decreased \$8,541 due to a decrease in the water usage during 2003. Operating expenses decreased \$4,125. The district's restricted assets decreased \$69,751 due to the payoff of long-term revenue bonds during 2003. The following presents an analysis of net assets and changes in net assets of the District's business-type activities:

| | BUSINESS-TYPE ACTIVITIES | |
|--|-------------------------------------|-----------------|
| | <u>2003</u> | <u>2002</u> |
| Assets | | |
| Current assets | \$61,501 | \$91,825 |
| Restricted assets | 70,306 | 140,057 |
| Capital assets | <u>148,211</u> | <u>166,967</u> |
| Total assets | <u>280,018</u> | <u>398,849</u> |
| Liabilities | | |
| Current liabilities | 29,358 | 136,651 |
| Long-term liabilities | <u>170,000</u> | <u>180,000</u> |
| Total liabilities | <u>199,358</u> | <u>316,651</u> |
| Net Assets | | |
| Invested in capital assets, net of related debt | (31,789) | (109,885) |
| Restricted for debt service | 70,306 | 140,057 |
| Unrestricted | <u>42,143</u> | <u>52,026</u> |
| Total net assets) | <u>80,660</u> | <u>82,198</u> |
| | | |
| Operating revenues | 253,820 | 262,361 |
| Operating expenses | 242,861 | 246,986 |
| Non-operating revenues (expenses) | (12,496) | (14,681) |
| Cumulative effect of change in accounting estimate | | (245,734) |
| Change in net assets | (1,537) | (245,040) |
| Net assets - beginning | <u>82,197</u> | <u>327,237</u> |
| Net assets - ending | <u>\$80,660</u> | <u>\$82,197</u> |

OVERALL FINANCIAL POSITION

The District's net loss for the year was \$1,537. Unrestricted net assets (those assets available to finance the daily operations of the district) were \$42,143 at year end. The amount of net assets restricted for debt service was \$70,306. The amount invested in capital assets, net of related debt was (\$31,789) at year end.

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2003

CAPITAL ASSETS AND DEBT

Capital Assets

At the end of the year, the District had capital assets (net of accumulated depreciation) totaling \$148,211. Capital assets include the water system, buildings, and vehicles and equipment, costing \$1,000 or more. The District purchased one piece of maintenance equipment costing \$2,199 during 2003. Additional information about the District's capital assets is presented in Note 4 to the financial statements.

Debt

At year end the District had \$180,000 in revenue bonds payable outstanding. The District was able to pay off all of the 1983 revenue bonds during 2003. This principal payoff was \$77,852. Interest expense for the year was \$12,946. Additional information about the District's debt is presented in Note 5 to the financial statements.

ECONOMIC FACTORS

The District anticipates an increase in maintenance and salaries expenses for 2004 due to the move to the new office building during 2004. The District's revenues have been approximately the same as its expenses for the past three years indicating the need for the district to consider a water rate increase in the near future.

BASIC FINANCIAL STATEMENTS

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

STATEMENT OF NET ASSETS
December 31, 2003

ASSETS

Current assets:

| | |
|---|---------------|
| Cash | \$36,680 |
| Accounts receivable - water sales (net) | 18,332 |
| Inventory | 6,489 |
| Total current assets | <u>61,501</u> |

Noncurrent assets:

| | |
|---|----------------|
| Restricted cash | 70,306 |
| Property, plant and equipment (net of accumulated depreciation) | 148,211 |
| Total noncurrent assets | <u>218,517</u> |
| Total assets | <u>280,018</u> |

LIABILITIES

Current liabilities:

| | |
|-----------------------------------|---------------|
| Accounts payable | 3,519 |
| Payroll taxes payable | 3,045 |
| Sales taxes payable | 691 |
| Accrued interest payable | 844 |
| Current portion of long-term debt | 10,000 |
| Customer deposits | 11,259 |
| Total current liabilities | <u>29,358</u> |

Noncurrent liabilities:

| | |
|--|----------------|
| Long-term debt - revenue bonds payable | <u>170,000</u> |
| Total liabilities | <u>199,358</u> |

NET ASSETS

| | |
|---|-----------------|
| Invested in capital assets, net of related debt | (31,789) |
| Restricted for debt service | 70,306 |
| Unrestricted | 42,143 |
| Total net assets | <u>\$80,660</u> |

The accompanying notes are an integral part of this statement.

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET ASSETS
For the Year Ended December 31, 2003

| | |
|--|-----------------|
| OPERATING REVENUES | |
| Water sales | \$243,395 |
| Connection and reconnection fees | 5,573 |
| Late charges | 4,206 |
| Other revenue | 646 |
| Total operating revenues | <u>253,820</u> |
| OPERATING EXPENSES | |
| Bad debt expense | 620 |
| Chlorine and chemicals | 10,763 |
| Commissioners fees | 700 |
| Depreciation | 20,955 |
| Equipment rental | 2,449 |
| Gas and oil | 2,915 |
| Insurance | 14,338 |
| Maintenance and repairs | 16,294 |
| Office supplies and expense | 6,133 |
| Payroll taxes | 8,671 |
| Postage | 4,243 |
| Professional fees | 4,799 |
| Salaries and wages | 104,479 |
| Supplies and parts | 16,112 |
| Utilities, telephone and pager | 23,303 |
| Other operating expenses | 6,087 |
| Total operating expenses | <u>242,861</u> |
| OPERATING INCOME | <u>10,959</u> |
| NON-OPERATING REVENUES (EXPENSES) | |
| Interest income | 450 |
| Interest expense | (12,946) |
| Total non-operating revenues (expenses) | <u>(12,496)</u> |
| CHANGE IN NET ASSETS | (1,537) |
| NET ASSETS - BEGINNING | <u>82,197</u> |
| NET ASSETS - ENDING | <u>\$80,660</u> |

The accompanying notes are an integral part of this statement.

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2003

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|---------------|
| Receipts from customers | \$253,715 |
| Customer deposit receipts, net | 569 |
| Payments to suppliers | (123,582) |
| Payments to employees, laborers, and commissioners | (105,885) |
| Net cash provided by operating activities | <u>24,817</u> |

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

| | |
|---|-----------------|
| Interest paid on capital debt | (25,104) |
| Principal paid on capital debt | (96,852) |
| Purchase of equipment | (2,199) |
| Decrease in restricted cash | 69,751 |
| Net cash used by capital and related financing activities | <u>(54,404)</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|-----------------|------------|
| Interest income | <u>450</u> |
|-----------------|------------|

NET DECREASE IN CASH (29,137)

CASH AT BEGINNING OF YEAR 65,817

CASH AT END OF YEAR \$36,680

Reconciliation of Operating Income to Net Cash Provided by Operating Activities

| | |
|---|-----------------|
| Operating Income | <u>\$10,959</u> |
| Adjustments: | |
| Depreciation | 20,955 |
| Decrease in accounts receivable | 1,372 |
| Increase in inventory | (186) |
| Decrease in accounts payable | (4,991) |
| Decrease in taxes payable | (3,861) |
| Increase in customer deposits | 569 |
| Total adjustments | <u>13,858</u> |
| Net cash provided by operating activities | <u>\$24,817</u> |

The accompanying notes are an integral part of this statement.

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

Notes to the Financial Statements
As of and for the Year Ended December 31, 2003

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 entitled to \$50 for each meeting if they meet every other month, \$25 for each regular monthly meeting and \$25 for each special board meeting they attend. The district has three full-time employees and three part-time employees. The district serves approximately 810 customers.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Prairie Road Water District is considered a component unit of the Ouachita Parish Police Jury. As a component unit, the accompanying financial statements maybe 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 assets
3. Statement of revenues, expenses, and changes in net assets
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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the enterprise fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Prairie Road Water District has elected not to follow subsequent private-sector guidance.

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, late charges, and other miscellaneous operating revenues. 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 and non-interest-bearing demand deposits. State law and the district's investment policy allows the district to invest in collateralized certificates of deposits, government-backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government-backed securities.

D. Receivables

Receivables for water sales are generally shown net of an allowance for uncollectible amounts. The financial statements contain no provision for uncollectible accounts because the district is of the opinion that such an allowance would be immaterial in relation to the financial statements taken as a whole.

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

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

Certain resources set aside for the repayment of revenue bonds are classified as restricted assets on the balance sheet because their use is limited by the debt agreement.

G. Capital Assets

Capital assets, which include the water system, buildings, and 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.

All capital assets are depreciated using the straight-line method over the following useful lives:

| | <u>Estimated Lives</u> |
|-------------------------------|----------------------------|
| Infrastructure - Water system | 25 years |
| Buildings | 25 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. Vacation must be taken in the calendar year earned. Full-time employees earn 5 days of sick leave per year after 90 days continuous employment. Sick leave may not be accumulated. In addition, full-time employees earn 1 fun day per calendar year, after 90 days continuous employment.

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

I. Long-term Obligations

Long-term debt such as revenue bonds payable are reported as liabilities on the statement of net assets.

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, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. DEPOSITS IN FINANCIAL INSTITUTIONS

At December 31, 2003, the district has cash (book balances) as follows:

| | |
|--|------------------|
| Petty cash | \$200 |
| Interest bearing checking account | 36,480 |
| Non-interest bearing checking accounts | <u>70,306</u> |
| Total | <u>\$106,986</u> |

These deposits are stated at cost, which approximates market. Under state law, these deposits, or the resulting bank balances, must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. At December 31, 2003, the Prairie Road Water District has \$109,460 in deposits (collected bank balances). These deposits are secured from risk by \$109,460 of federal deposit insurance.

3. ACCOUNTS RECEIVABLE

At December 31, 2003, the district has net receivables of \$18,332 as follows:

| | |
|--------------------------------------|-----------------|
| Water sales | \$18,332 |
| Allowance for uncollectible accounts | <u>NONE</u> |
| Net receivables | <u>\$18,332</u> |

4. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended December 31, 2003, is as follows:

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

| | <u>Balance at January 1, 2003</u> | <u>Increases</u> | <u>Decreases</u> | <u>Balance at December 31, 2003</u> |
|--|---|-------------------|------------------|---|
| Capital assets being depreciated: | | | | |
| Water system | \$813,268 | | | \$813,268 |
| Buildings | 38,568 | | | 38,568 |
| Vehicles and equipment | 26,417 | \$2,199 | | 28,616 |
| Total capital assets being depreciated | <u>878,253</u> | <u>2,199</u> | <u>NONE</u> | <u>880,452</u> |
| Less accumulated depreciation for: | | | | |
| Water system | 661,458 | 19,314 | | 680,772 |
| Buildings | 23,411 | 1,531 | | 24,942 |
| Vehicles and equipment | 26,417 | 110 | | 26,527 |
| Total accumulated depreciation | <u>711,286</u> | <u>20,955</u> | <u>NONE</u> | <u>732,241</u> |
| Total assets being depreciated, net | <u>\$166,967</u> | <u>(\$18,756)</u> | <u>NONE</u> | <u>\$148,211</u> |

Depreciation expense of \$20,955 for the year ended December 31, 2003 was reported on the statement of revenues, expenses, and changes in net assets.

5. LONG-TERM OBLIGATIONS

The following is a summary of long-term debt (revenue bonds payable) transactions for the year ended December 31, 2003:

| | |
|--|------------------|
| Revenue bonds payable at January 1, 2003 | \$276,852 |
| Additions | NONE |
| Reductions | <u>(96,852)</u> |
| Revenue bonds payable at December 31, 2003 | <u>\$180,000</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, 2003:

| | |
|-------------------|----------------|
| Current portion | \$10,000 |
| Long-term portion | <u>170,000</u> |

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

Total \$180,000

All outstanding debt at December 31, 2003, in the amount of \$180,000 is revenue bonds payable with maturities from 2004 until 2012 and an interest rate of 5.625%. Loan principal and interest payable in the next fiscal year are \$10,000 and \$10,125, respectively. The individual bond is as follows:

| | |
|-----------------------|------------------|
| | <u>\$325,000</u> |
| | <u>Bonds</u> |
| Original issue date | 12/01/72 |
| Interest rate | 5.625% |
| Final payment due | 12/1/12 |
| Interest to maturity | \$62,378 |
| Principal outstanding | \$180,000 |
| Funding source | Water revenue |

The bonds are due as follows:

| <u>Year Ending December 31,</u> | <u>Principal Payments</u> | <u>Interest Payments</u> | <u>Total</u> |
|---------------------------------|-------------------------------|------------------------------|------------------|
| 2004 | \$10,000 | \$10,125 | \$20,125 |
| 2005 | 12,000 | 9,563 | 21,563 |
| 2006 | 12,000 | 8,883 | 20,883 |
| 2007 | 15,000 | 8,213 | 23,213 |
| 2008 | 15,000 | 7,369 | 22,369 |
| 2009 - 2012 | <u>116,000</u> | <u>18,225</u> | <u>134,225</u> |
| Total | <u>\$180,000</u> | <u>\$62,378</u> | <u>\$242,378</u> |

6. RESTRICTED NET ASSETS

The bond covenant for the 1972 water revenue bonds discussed in note 5 above, requires the district to establish the following reserve accounts:

- A. A "Revenue Bond and Interest Sinking Fund". The district must transfer into this fund each month, one-twelfth of the next maturing installment of principal and interest on the outstanding bonds. The fund is used to pay interest on the bonds and to retire the bonds as they mature.

PRAIRIE ROAD WATER DISTRICT
Notes to the Financial Statements

- B. A "Revenue Bond Reserve Fund". The district must transfer into this fund \$183 each month until \$22,000 has been accumulated in this fund. Such amounts may be used solely for the payment of principal and interest which would otherwise be in default.

- C. A "Replacement and Extension Fund". The district must transfer \$92 per month into this fund until \$5,500 has been accumulated. Money in this fund is to be used for the purpose of paying the cost of unusual or extraordinary maintenance, repairs, replacements and extensions of the system and to eliminate deficiencies in the Revenue Bond and Interest Sinking Fund and the Revenue Bond Reserve Fund.

At December 31, 2003 the district has \$70,306, in restricted accounts to meet reserve requirements. These deposits are reported as restricted cash on the district's statement of net assets.

7. RISK MANAGEMENT

The district purchases commercial insurance to reduce the risk of loss resulting from property damage or liability claims. There have been no significant reductions in insurance coverage from coverage in the prior year. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

8. SUBSEQUENT EVENTS

On February 12, 2004, the Board of Commissioners of the Prairie Road Water District adopted a resolution to issue \$120,000 of Certificates of Indebtedness to provide the funding for the purchase of an office building and warehouse. The Certificates of Indebtedness bear interest from 3% to 5% and will be repaid over a period of ten years. The first interest payment is due June 1, 2004. On February 26, 2004, the water district purchased the building at a cost of \$115,000.

SUPPLEMENTAL INFORMATION SCHEDULES

**PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana**

**SUPPLEMENTAL INFORMATION SCHEDULES
As of and For the Year Ended December 31, 2003**

COMPENSATION PAID COMMISSIONERS

The schedule of compensation paid to commissioners is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. As provided by Louisiana Revised Statute 33:3819, the commissioners receive \$25 for each regular board meeting they attend if the board meets monthly. If the board meets every other month, the commissioners are paid \$50 for each meeting they attend. If a special meeting is called the commissioners are paid \$25 for each special board meeting they attend.

PRIOR AUDIT FINDINGS

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

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

SCHEDULE OF COMPENSATION PAID COMMISSIONERS
For the Year Ended December 31, 2003

| | |
|-----------------|--------------|
| Dorth Blade | \$150 |
| James Johnson | 150 |
| Tommy Price | 200 |
| Talmadge Stutts | <u>200</u> |
| Total | <u>\$700</u> |

PRAIRIE ROAD WATER DISTRICT
 Monroe, Louisiana

STATUS OF PRIOR AUDIT FINDINGS
 For the Year Ended December 31, 2003

| <u>Reference Number</u> | <u>Fiscal Year Finding Initially Occurred</u> | <u>Description of Finding</u> | <u>Corrective Action Taken</u> | <u>Planned Corrective Action</u> |
|-------------------------|---|---|--------------------------------|----------------------------------|
| 2002-1 | 2001 | Need to Fund Reserve Requirements in Accordance with Loan Resolutions | Yes | N/A |

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

The following independent auditor's report on compliance and internal control over financial reporting are 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 Compliance and on
Internal Control Over Financial Reporting
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 the financial statements of the business-type activities of Prairie Road Water District, a component unit of the Ouachita Parish Police Jury, as of December 31, 2003, and for the year then ended, and have issued my report thereon dated September 9, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether Prairie Road Water District's financial statements are free of material misstatement, I performed tests of the district's compliance with certain provisions of laws, regulations, and contracts, 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2003-1.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Prairie Road Water District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does

**BOARD OF COMMISSIONERS
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Internal Control, etc.,
December 31, 2003**

not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information of the board of commissioners and management of Prairie Road Water District, and other interested state and federal agencies and is not intended to be and should not be used by anyone other than these specified parties.



Calhoun, Louisiana
September 9, 2004

PRAIRIE ROAD WATER DISTRICT
Monroe, Louisiana

CURRENT YEAR FINDINGS AND
CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2003

I have audited the financial statements of the business-type activities of Prairie Road Water District, as of and for the year ended December 31, 2003, and have issued my report thereon dated September 9, 2004. 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 audit of the financial statements as of December 31, 2003 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

A. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weakness [] Yes [X] No
Reportable Conditions [] Yes [X] No

Compliance

Compliance Material to Financial Statement [X] Yes [] No

Section II - Financial Statement Findings

**2003-1. Need to Complete Audit Within
Time Frame Mandated by State Law**

Criteria: Louisiana Revised Statute 24:513(5)(a) requires that the water district have its audit completed within six months of the close of the district's fiscal year.

Condition: For the year ended December 31, 2003, the district's audit was not completed within six months of the close of its fiscal year.

PRAIRIE ROAD WATER DISTRICT
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Schedule of Findings
For the Year Ended December 31, 2003

Effect: Not determined.

Recommendation: I recommend that for all future fiscal years, the district have its audit completed by June 30th of the following year.

Management's Response: The delay in completing our audit was caused by our moving into a new office building in 2004 and sickness of key employees. For all future years, the audit will be completed by June 30th of the following year.