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EAST RICHLAND WATERWORKS DISTRICT
Dohi, Louisiana

**GENERAL PURPOSE FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 2003**

WITH SUPPLEMENTAL INFORMATION SCHEDULES

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 7-28-04

EAST RICHLAND WATERWORKS DISTRICT
Della, Louisiana

GENERAL PURPOSE FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 2005

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EAST HIGHLAND WATERWORKS DISTRICT
Dillon, Louisiana

GENERAL PURPOSE FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 2005

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INDEPENDENT AUDITORS' REPORT

**BOARD OF COMMISSIONERS
EAST RICHLAND WATER WORKS DISTRICT
RICHLAND PARISH, LOUISIANA**

I have audited the general purpose financial statements of East Richland Waterworks District, a component unit of the Richland Parish Police Jury, as of and for the years ended December 31, 2003 and 2002. These general purpose financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose 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 general purpose financial statements referred to above present fairly, in all material respects, the financial position of East Richland Waterworks District as of and for the years ended December 31, 2003 and 2002, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, I have also issued my report dated June 16, 2004 on my consideration of East Richland Waterworks District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Board of Commissioners
East Richland Waterworks District
Richland Parish, Louisiana

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of East Richland Waterworks District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.


RONNIE T. SCHMITT, C.P.A.

Monroe, Louisiana
June 16, 2004

EAST RICHLAND WATERWORKS DISTRICT
Dink, Louisiana

STATEMENT B

GENERAL PURPOSE FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 2002

BALANCE SHEET

	2002	2001
ASSETS		
Current assets:		
Cash	\$ 42,921	\$40,413
Investments	42,848	43,277
Accounts receivable - net of allowance of \$3,813 in 2002 and \$3,099 in 2001	19,282	15,413
Other receivables	887	908
Prepaid expenses	336	282
Total current assets	106,174	99,893
Restricted assets - cash	15,180	34,870
Property, plant, and equipment (net of accumulated depreciation)	289,273	288,251
 TOTAL ASSETS	 \$310,627	 \$143,014
 LIABILITIES AND FUND EQUITY		
Current liabilities:		
Accounts payable	\$ 18,041	\$ 18,837
Accrued salaries and other expenses	4,510	1,474
Interest payable on long-term debt	1,035	1,377
Customer deposits	19,849	13,715
Current maturities of long-term debt	5,494	5,288
Total current liabilities	49,929	40,771
Bonds payable	32,087	31,338
 Total liabilities	 82,016	 72,109
Fund equity:		
Retained earnings	233,043	134,208
 Total Fund equity	 233,043	 134,208
 TOTAL LIABILITIES AND FUND EQUITY	 \$310,627	 \$143,014

The accompanying notes are an integral part of this statement.

EAST RICHLAND WATERWORKS DISTRICT
Belle, Louisiana

STATEMENT B

GENERAL PURPOSE FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 2003

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS

	<u>2003</u>	<u>2002</u>
OPERATING REVENUES		
Water sales	\$169,793	\$154,748
Other fees and charges	2,214	1,791
Total operating revenues	172,007	156,539
OPERATING EXPENSES		
Administrative	2,903	2,798
Bad debt expense	183	1,830
Depreciation	19,949	18,878
Division fees	2,688	2,889
Insurance	2,157	1,566
Management fees	28,443	21,838
Other expense	1,482	1,799
Professional fees	4,583	3,910
Repairs and maintenance	11,772	2,863
Salaries and wages	12,286	8,177
Taxes and licenses	2,113	811
Utilities	2,449	2,882
Water purchases	35,129	79,514
Total operating expenses	139,996	138,313
OPERATING INCOME	2,041	7,246
NON-OPERATING REVENUES (EXPENSES)		
Gain on sale of assets	-	-
Interest income	823	1,398
Interest expense	(4,822)	(4,218)
Total non-operating revenues (expenses)	(3,204)	(2,820)
NET INCOME (LOSS)	(1,090)	4,426
RETAINED EARNINGS (DEFICIT) AT BEGINNING OF YEAR	214,288	212,762
RETAINED EARNINGS (DEFICIT) AT END OF YEAR	\$ 213,098	\$218,288

The accompanying notes are an integral part of this statement.

EAST RICHLAND WATERWORKS DISTRICT
 DeRid, Louisiana

STATEMENT C

GENERAL PURPOSE FINANCIAL STATEMENTS
 WITH INDEPENDENT AUDITORS' REPORT
 AS OF AND FOR THE TWO YEARS ENDED
 DECEMBER 31, 2003

STATEMENT OF CASH FLOWS

	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and grants	\$173,738	\$201,044
Cash paid to suppliers and employees	(143,494)	(173,499)
Cash paid to others for services, taxes, etc.	(36,129)	(15,813)
Net cash provided by operating activities	14,115	11,732
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Proceeds from sale of assets	0	0
Acquisition and construction of fixed assets	(2,990)	0
Principal on long-term bonds	(9,721)	(9,999)
Interest on long-term bonds	(5,169)	(5,187)
Net cash used for capital financing activities	(17,880)	(15,186)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on deposits	693	1,236
Purchase long-term certificate of deposit	(169)	(1,694)
Transfers to reserve accounts	—	(458)
Net cash (used for) provided by investing activities	124	(916)
NET INCREASE (DECREASE) IN CASH	1,359	16,230
CASH AT BEGINNING OF YEAR	26,413	28,843
CASH AT END OF YEAR	\$27,772	\$45,073

The accompanying notes are an integral part of this statement.

EAST RICHLAND WATERWORKS DISTRICT
Deftt, Louisiana

STATEMENT C

GENERAL PURPOSE FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 2005

STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	2005	2004
Operating income	\$ 2,841	\$7,368
Adjustments to reconcile operating income to net cash provided by operating activities:		
Bad debt expense	183	1,819
Depreciation	16,945	16,879
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(4,411)	1,855
(Increase) decrease in prepaid expenses	8	(33)
Increase (decrease) in accounts payable	(796)	812
Increase (decrease) in accrued expenses	2,093	-
Increase (decrease) in salaries payable	542	(3,687)
Increase in customer deposits	3,189	1,258
Total adjustments	12,182	12,621
Net cash provided by operating activities	\$ 15,023	\$ 19,989

The accompanying notes are an integral part of this statement.

EAST RICHLAND WATERWORKS DISTRICT
BdBA, Louisiana

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

East Richland Waterworks District (the District) was created by the Richland Parish Police Jury, as authorized by Chapter 8 of Title 33 of the Louisiana Revised Statutes of 1950. The District is governed by a five-member board appointed by the police jury. The District is responsible for maintaining and operating the water distribution system within the boundaries of the district. At December 31, 2003, the District had 618 residential customers.

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the East Richland Waterworks District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the parish, for reporting purposes, the Richland Parish Police Jury is the financial reporting entity for the parish. The financial reporting entity consists of (1) the primary government (police jury), (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria determining which component units should be considered part of the Richland Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial responsibility. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

EAST RICHLAND WATERWORKS DISTRICT
Baldwin, Louisiana

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Because the police jury appoints the commissioners of the District and provides water service to residents within Richland Parish, the District was determined to be a component unit of the Richland Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The East Richland Waterworks District is organized and operated on a fund basis whereby a self-balancing set of accounts (Enterprise Fund) is maintained that comprises its assets, liabilities, fund equity, revenues and expenses. The operations are financed and operated in a manner similar to a private business enterprise, where the intent of the governing body is that the cost (expenses, including depreciation) of providing services on a continuing basis be financed or recovered primarily through user charges.

B. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Enterprise Fund is accounted for on a flow of economic resources measurement focus and a determination of net income and capital maintenance. With this measurement focus, all assets and all liabilities associated with the operation of this fund is included on the balance sheet. The Enterprise Fund is reported in the accompanying financial statements on the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The District applies all GASB pronouncements as well as the Financial Accounting Standards Board pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements. The Enterprise Fund uses the following practices in recording certain revenues and expenses:

Revenues

Fees for water services are recorded when billed to the customer. Customers are billed on a monthly basis. Interest income is accrued as it is earned.

Expenses

Operating expenses are accrued as the expenditure is incurred. Depreciation is recorded annually. Interest expense is accrued as it is incurred.

EAST HIGHLAND WATERWORKS DISTRICT
Bossier, Louisiana

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 2003

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

E. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

F. INVESTMENTS

Investments are limited by Louisiana Revised Statute (R.S.) 33:2935 and the District's investment policy. If the original maturities exceed 90 days, they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

G. RESTRICTED ASSETS

Certain proceeds of the Enterprise Fund revenue bonds, as well as certain revenues set aside for their payment, are classified as restricted assets on the balance sheet because their use is limited by bond covenants.

H. FIXED ASSETS AND LONG-TERM DEBT

Fixed assets of the District are included on the balance sheet of the proprietary fund. Interest costs incurred during construction is not material and is not capitalized. Depreciation of all depreciable fixed assets is charged as an expense against operations. Depreciation is computed using the straight-line method over a 40-year estimated useful life for water lines and over the estimated useful life of other equipment. Long-term liabilities are recognized within the Enterprise Fund.

I. VACATION AND SICK LEAVE

The District's three part-time employees receive no vacation and sick leave each year.

J. USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates made by management.

EAST RICHLAND WATERWORKS DISTRICT
Bella, Louisiana

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 2003

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

At December 31, 2003, the District has cash and cash equivalents (bank balances), savings, and investments in certificates of deposits as follows:

	2003	2002
Demand deposits	\$42,931	\$40,413
Savings	35,108	34,973
Time deposits	42,845	41,321
total	\$120,884	\$116,707

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. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the District has \$121,058 in deposits (indicated bank balances) at two local banks. These deposits are secured from risk by \$113,968 of federal deposit insurance and \$208,188 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GNASB Category 7).

NOTE 3 - INVESTMENTS

At December 31, 2003 and 2002, the District's investment balances were in certificates of deposit. The investments are carried at cost, which approximates market value.

NOTE 4 - FIXED ASSETS

A summary of fixed assets is as follows:

	Cost	Accumulated Depreciation	Net
December 31, 2003			
Water lines	\$ 498,866	\$210,690	\$ 288,176
Equipment	11,237	8,349	2,888
Total	\$ 510,103	\$ 219,039	\$ 291,064

EAST RICHLAND WATERWORKS DISTRICT
Orlè, Louisiana

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 2003

NOTE 4 - FIXED ASSETS, continued

December 31, 2003	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net</u>
Water lines	\$ 406,066	\$186,488	\$ 209,577
Equipment	1,170	1,298	714
Total	\$ 416,436	\$ 187,785	\$ 208,651

Depreciation expense amounted to \$18,940 and \$18,676 for the years ended December 31, 2003 and 2002.

NOTE 4 - PENSION PLAN

The District's three part-time employees are members of the Social Security System. In addition to employee contributions withheld at 7.65 per cent of gross salary, the District contributes an equal amount to the Social Security System. The District does not guarantee the benefits granted by the Social Security System.

NOTE 5 - LONG-TERM DEBT

The following is a summary of long-term debt transactions for the years ended December 31, 2003:

	<u>2003</u>	<u>2002</u>
Bonds payable at January 1,	\$ 81,818	\$ 86,314
Additions	-	-
Principal reductions	(4,723)	(4,698)
Bonds payable at December 31,	\$ 77,095	\$ 81,616

The bonds bear interest at a rate of 5%. The water revenue bond is secured by a pledge of the water revenues of the system.

The bonds are scheduled to mature as follows:

	<u>Principal</u>	<u>Interest</u>
2004	4,694	4,399
2005	4,719	4,175
2006	4,853	3,939
2007	1,200	1,691
2008	1,460	1,839
Years thereafter	51,253	16,262
	<u>\$21,899</u>	<u>\$36,435</u>

EAST RICHLAND WATERWORKS DISTRICT
Irish, Louisiana

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 2003

NOTE 4 - LITIGATION AND CLAIMS

The District was not involved in any litigation at December 31, 2003, nor is it aware of any unasserted claims.

NOTE 7 - FEDERAL PROGRAMS AND RESTRICTED CASH

During the year ended December 31, 1977, the District received two loans from Federal Home Administration (FHSA 18-118) in the combined amount of \$268,000. During the year ended December 31, 1993 one of the loans was repaid in its entirety. The remaining loan is included in long-term debt on the accompanying balance sheet. The loan agreement requires the establishment of the following accounts by the District to meet the reserve requirements of all loans:

- A. A "Revenue Bond Reserve Fund." The District must transfer into this fund, each month an amount equal to 5% of the annual debt service requirement until a sum equal to the highest annual debt service in any one year is an deposit in the fund. The deposits in the fund are to be used solely for the payment of principal and interest in the event sufficient deposits are not available in the District's funds.
- B. A "Depreciation for Contingency Fund." The District must transfer \$30 into this fund each month. The deposits in this fund may be used by the District for unusual or extraordinary maintenance, repairs, replacements and extensions and for the costs of improvements to the system which will either enhance its revenue-producing capacity or provide a higher degree of service. The deposits may also be used to pay principal and interest when insufficient amounts are available in either of the above funds.

The following is a summary of transactions in the reserve accounts for the years ended December 31, 2003:

	Bond Reserve	Depreciation Contingency
Balance at December 31, 2001	\$ 16,536	\$ 17,799
Additions:		
Deposits	-	456
Interest earnings	88	94
Balance at December 31, 2002	16,624	18,349
Additions:		
Deposits	-	-
Interest earnings	82	88
Balance at December 31, 2003	\$ 16,706	\$ 18,437

EAST RICHLAND WATERWORKS DISTRICT
Orlè, Louisiana

NOTES TO FINANCIAL STATEMENTS
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 2003

NOTE 8 - RISK MANAGEMENT

In the ordinary course of business the district is at risk for property damage, liability and theft. The district provides insurance coverage through commercial insurance companies.

NOTE 9 - ECONOMIC DEPENDENCE and CREDIT CONCENTRATION

The District supplies water to residents in East Richland Parish. The district purchases all of its water supply from the Town of Orle.

The district's customers are concentrated in East Richland Parish. The balance of receivables due from these customers is \$11,073.

NOTE 10 - NEW REPORTING STANDARD

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructuring much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The District is required to implement this standard for the fiscal year ending December 31, 2004. The District has not yet determined the full impact that adoption of GASB Statement 34 will have on the financial statements.

EAST RICHLAND WATERWORKS DISTRICT
Dulak, Louisiana

GENERAL PURPOSE FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 2003

SUPPLEMENTAL INFORMATION SCHEDULES

EAST RICHLAND WATERWORKS DISTRICT
 ERIW, Louisiana

SCHEDULE I

GENERAL PURPOSE FINANCIAL STATEMENTS
 WITH INDEPENDENT AUDITORS' REPORT
 AS OF AND FOR THE TWO YEARS ENDED
 DECEMBER 31, 2003

SCHEDULE OF WATER RATES

January 1, 2003 through November 30, 2003:

<u>Classification</u>	<u>Tariff</u>	<u>Rate</u>
Residential	Monthly minimum for 2,000 gallons	\$ 10.00
	2,000 - 5,000 gallons	10.00 + 2,251,800
	5,000 - 10,000 gallons	10.00 + 2,001,800
	10,000 gallons and up	10.00 + 1,851,800
Two-line Residential	Monthly minimum for 2,000 gallons	\$ 10.00
	2,000 - 5,000 gallons	10.00 + 2,251,800
	5,000 - 10,000 gallons	10.00 + 2,001,800
	10,000 gallons and up	10.00 + 1,851,800
Commercial	0 - 15,000 gallons	\$25.50
	15,000 gallons and up	35.50 + 1,851,800
Beyond Mazon Contract	For 1,000 gallons	\$ 1.50

December 1, 2003 through December 31, 2003:

Residential	Monthly minimum for 2,000 gallons	\$ 12.00
	2,000 gallons and up	12.00 + 3,851,800
Two-line Residential	Monthly minimum for 4,000 gallons	\$ 24.00
	4,000 gallons and up	24.00 + 3,251,800
Commercial	0 - 15,000 gallons	\$35.50
	15,000 gallons and up	35.50 + 3,851,800
Beyond Mazon Contract	For 1,000 gallons	\$ 2.11
Government	Monthly minimum for 5,000 gallons	\$ 77.25
	5,000 gallons and up	77.25 + 3,851,800

EAST RICHLAND WATERWORKS DISTRICT
Iberville, Louisiana

SCHEDULE 3

GENERAL PURPOSE FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
AS OF AND FOR THE TWO YEARS ENDED
DECEMBER 31, 2003

SCHEDULE OF INSURANCE COVERAGE

Type of Coverage	Name of Insurer	Policy Number	Amount of Coverage	Expiration Date
Liability	Northland Insurance Co.	CP127900	\$200,000	February 10, 2004
Fire	Northland Insurance Co.	CP127900	\$ 30,000	February 10, 2004
Medical Payments	Northland Insurance Co.	CP127900	\$ 5,000	February 10, 2004
Fidelity Bond	Western Surety	16101200	\$ 90,000	September 05, 2004

EAST RICHLAND WATERWORKS DISTRICT
DeBla, Louisiana

GENERAL PURPOSE FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITORS' REPORT
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DECEMBER 31, 2003

SUPPLEMENTAL INFORMATION SCHEDULE
FOR THE TWO YEARS ENDED DECEMBER 31, 2003

COMPENSATION PAID BOARD MEMBERS

The schedule of compensation paid board members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature.

	2002	2003
Donald Green	\$500	\$500
Charles E. Hiers	500	500
Richard King	500	500
Clarence McCall	500	500
	\$2,000	\$2,000

Frank T. Robinson, CPA

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER
FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**BOARD OF COMMISSIONERS
EAST RICHLAND WATERWORKS DISTRICT
RICHLAND PARISH, LOUISIANA**

I have audited the general purpose financial statements of the East Richland Waterworks District of the Parish of Richland, State of Louisiana, a component unit of Richland Parish Police Jury, for the year ended December 31, 2003, and have issued my report thereon dated June 16, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether East Richland Waterworks District's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I found certain matters involving the internal control over financial reporting and its operation that I consider to be reportable conditions. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgment, could adversely affect the district's ability to record, process, summarize and report financial data consistent with the assertions of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs.

Board of Commissioners
East Richland Waterworks District
Richland Parish, Louisiana

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in accounts that would be material in relation to the general purpose 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. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition 2003-1 is considered to be material weakness.

This report is intended solely for the information and use of management and others within the organization, the Legislative Auditor of the State of Louisiana, and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties.



Monte T. Robinson, CPA

Monroe, Louisiana
June 16, 2004

EAST HIGHLAND WATERWORKS DISTRICT
RICHLAND PARISH, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2005

Section I. Summary of Auditor's Reports

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

Internal Control

Material Weakness Yes No

Reportable Conditions Yes No

Compliance

Compliance Material to Financial Statements Yes No

b. Not applicable

c. Not applicable

Section II. Financial Statement Findings

Reportable Conditions

2005-1 Inadequate Segregation of Duties

Farm's Home Administration

CONDITION: Inadequate segregation of duties exists in that personnel performs incompatible functions, those that allow an error or irregularity that is material to the financial statements to occur and remain undetected.

CAUSE: Limited number of employees

CRITERIA: A fundamental concept in a good system of internal control is the segregation of duties.

EFFECT OF CONDITION: Errors could occur and not be detected in a timely manner.

RECOMMENDATION: Management should review the practicality of achieving adequate segregation of duties.

MANAGEMENT'S CORRECTIVE ACTION PLAN: Due to a limited number of personnel, the cost of correcting the weakness would exceed the benefits derived. **Responsible Person:** Claude Hosen

Compliance Findings

None

**EAST RICHLAND WATERWORKS DISTRICT
RICHLAND PARISH, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2002**

Section III. Federal Award Findings and Questioned Costs

Not applicable

EAST RICHLAND WATERWORKS DISTRICT
RICHLAND PARISH, LOUISIANA

SCHEDULE OF PRIOR YEAR FINDINGS

REPORTABLE CONDITIONS

201-1. Inadequate Separation of Duties

Status: See Reportable Condition 201-1

INSTANCES OF NONCOMPLIANCE - Not applicable