

**Prison District No. 1 of the Sixth
Judicial District of Louisiana
Lake Providence, Louisiana**

**Annual Financial Report
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.

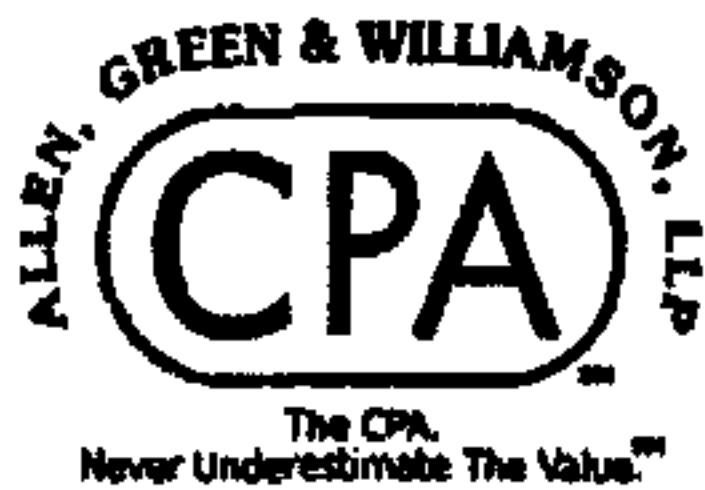
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**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

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

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Independent Auditors' Report

Board Members

Prison District No. 1 of the Sixth
Judicial District of Louisiana
Lake Providence, Louisiana

We have audited the accompanying general-purpose financial statements of the Prison District No. 1 of the Sixth Judicial District of Louisiana (the District) a component unit of the East Carroll Parish Police Jury, as of and for the year ended December 31, 2003, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our 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 of America. Those standards require that we 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 component unit financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the District, as of December 31, 2003, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America. In accordance with Government Auditing Standards, we have also issued a report dated June 22, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts, and grants. 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 our audit.

The accompanying financial statements have been prepared assuming that the District will continue as a going concern. As discussed in Note 10 to the financial statements, the District closed effective December 30, 2003, and all inmates were transferred to other facilities. These conditions raise substantial doubt about its ability to continue as a going concern.

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

Also, the accompanying other information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

allen, green & williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana
June 22, 2004

**PRISON DISTRICT NO. 1 OF THE SIXTH
JUDICIAL DISTRICT OF LOUISIANA**

**ALL FUND TYPES AND ACCOUNT GROUPS
Combined Balance Sheet
December 31, 2003**

Statement A

	GOVERNMENTAL FUNDS			**ACCOUNT**	TOTAL (MEMORANDUM ONLY)
			FIDUCIARY	**GROUP**	
	GENERAL	SPECIAL REVENUE	TRUST AND AGENCY	GENERAL FIXED ASSETS	
ASSETS AND OTHER DEBITS					
Assets					
Cash and cash equivalents	\$ 17,829	\$ 9,098	\$ 0	\$ 0	\$ 26,927
Investments	41,810	0	0	0	41,810
Accounts receivable	0	0	0	0	0
Due from other funds	0	0	0	0	0
Inventory	0	0	0	0	0
Prepaid items	0	0	0	0	0
Land, buildings and equipment	0	0	0	1,042,964	1,042,964
TOTAL ASSETS AND OTHER DEBITS	59,639	9,098	0	1,042,964	1,111,701
LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts payable	0	0	0	0	0
Payroll deductions payable	8,310	0	0	0	8,310
Due to other funds	0	0	0	0	0
Deposits due others	0	0	0	0	0
Total Liabilities	8,310	0	0	0	8,310
Fund Equity:					
Investment in general fixed assets	0	0	0	1,042,964	1,042,964
Fund Balances:					
Reserved for inventory	0	0	0	0	0
Unreserved and undesignated fund balance/deficit	51,329	9,098	0	0	60,427
Total Equity and Other Credits	51,329	9,098	0	1,042,964	1,103,391
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS	\$ 59,639	\$ 9,098	\$ 0	\$ 1,042,964	\$ 1,111,701

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PRISON DISTRICT NO. 1 OF THE SIXTH
JUDICIAL DISTRICT OF LOUISIANA**

**ALL GOVERNMENTAL FUNDS
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances/Deficit
For the Year Ended December 31, 2003**

Statement B

	<u>GENERAL FUND</u>	<u>SPECIAL REVENUE FUNDS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
REVENUES			
Local sources:			
Fees, charges, and commissions for services	\$ 998,942	\$ 0	\$ 998,942
Use of money and property	5,053	0	5,053
Other revenues	<u>1,609</u>	<u>0</u>	<u>1,609</u>
Total Revenues	<u>1,005,604</u>	<u>0</u>	<u>1,005,604</u>
EXPENDITURES			
Current:			
General government:			
Personal services and related benefits	719,559	0	719,559
Operating services	494,488	11,637	506,125
Material and supplies	56,567	0	56,567
Travel and other	159	0	159
Capital outlay	24,460	0	24,460
Intergovernmental	<u>185,592</u>	<u>0</u>	<u>185,592</u>
Total Expenditures	<u>1,480,825</u>	<u>11,637</u>	<u>1,492,462</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	(475,221)	(11,637)	(486,858)
FUND BALANCES AT BEGINNING OF YEAR	<u>526,550</u>	<u>20,735</u>	<u>547,285</u>
FUND BALANCES/DEFICIT AT END OF YEAR	<u>\$ 51,329</u>	<u>\$ 9,098</u>	<u>\$ 60,427</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PRISON DISTRICT NO. 1 OF THE SIXTH
JUDICIAL DISTRICT OF LOUISIANA**

**GOVERNMENTAL FUNDS - GENERAL FUND
Combined Statement of Revenues, Expenditures, and Changes
in Fund Balances - Budget Basis and Actual
For the Year Ended December 31, 2003**

Statement C

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Local sources:			
Fees, charges, and commissions for services	\$ 1,111,257	\$ 1,099,943	\$ (11,314)
Use of money and property	6,000	5,901	(99)
Other revenues	14,614	15,631	1,017
Total Revenues	<u>1,131,871</u>	<u>1,121,475</u>	<u>(10,396)</u>
EXPENDITURES			
Current:			
General government:			
Personal services and related benefits	763,170	705,587	57,583
Operating services	526,800	494,488	32,312
Material and supplies	78,250	76,936	1,314
Travel and other	300	307	(7)
Capital outlay	15,300	24,460	(9,160)
Intergovernmental	185,300	185,592	(292)
Total Expenditures	<u>1,569,120</u>	<u>1,487,370</u>	<u>81,750</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(437,249)</u>	<u>(365,895)</u>	<u>71,354</u>
OTHER FINANCING SOURCES (USES)			
Operating transfers out	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(437,249)</u>	<u>(365,895)</u>	<u>71,354</u>
FUND BALANCES AT BEGINNING OF YEAR	<u>437,249</u>	<u>457,580</u>	<u>20,331</u>
FUND BALANCES AT END OF YEAR	<u>\$ 0</u>	<u>\$ 91,685</u>	<u>\$ 91,685</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2003**

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**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2003**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES The accompanying financial statements of the Prison District No. 1 of the Sixth Judicial District of Louisiana have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

A. REPORTING ENTITY Prison District No. 1 of the Sixth Judicial District of Louisiana was created by the East Carroll Parish Police Jury, as authorized by Louisiana Revised Statute 15:801 et. seq., on February 12, 1930, by ordinance number 1296. The District is governed by a three-member board appointed by the East Carroll Parish Police Jury. Board members receive compensation as provided for by law. The District is responsible for maintaining and operating a prison facility within the limits of East Carroll Parish. The prison houses both state and parish prisoners.

As the governing authority of the parish, for reporting purposes, the East Carroll Parish Police Jury is the financial reporting entity for the Prison District No. 1 of the Sixth Judicial District of Louisiana. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) 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 Statement No. 14 established criteria for determining which component units should be considered part of the East Carroll Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. 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.

Because the police jury created the District, and appoints the board of governors of the District, and has the ability to impose its will on the District, the District was determined to be a component unit of the East Carroll 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 East Carroll Parish financial reporting entity.

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2003**

B. FUNDS AND ACCOUNT GROUPS The accounts of the District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The funds of the District are classified in two categories: governmental and fiduciary. The governmental category is divided into separate fund types. The fund and account group classifications and a description of each existing fund type follow:

Governmental Funds Governmental funds are used to account for the District's general government activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds include:

General fund – the general operating fund of the District. It accounts for all activities except those required to be accounted for in other funds.

Commissary special revenue fund – is used to account for the sales of concession and personal items to the inmates of the prison. Funds derived from this fund are used solely for the benefit of the inmates.

Fiduciary Fund

Inmate trust account agency fund – is used to account for monies held for the inmates during their term of incarceration. It is custodial in nature (i.e., assets equal liabilities) and does not involve measurement of operations.

Account Groups The *general fixed assets account group* is use to account for fixed assets not accounted for in proprietary or trust funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available.") "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred, except for unmatured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

**Prison District No. 1 of the Sixth
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**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2003**

With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The governmental funds use the following practices in recording revenues and expenditures:

Revenues Revenues for prisoner care and other fees, charges, and commissions for services are recorded when the District is entitled to the funds.

Interest income on demand and time deposits are recorded when the interest has been earned and the amount is determinable.

Based on the above criteria, fees, charges, and commissions for services have been treated as susceptible to accrual.

Expenditures Expenditures are generally recognized under the modified accrual basis when the related fund liability is incurred.

D. BUDGETS A preliminary budget for the ensuing year is prepared by the District's secretary prior to December 31 of each year and is made available for public inspection at least fifteen days prior to the beginning of each fiscal year. The proposed budget is prepared on the cash basis of accounting. The budget is established and controlled by the board of governors at the object level of expenditure. Encumbrance accounting is not used by the District. Appropriations lapse at year-end and must be reappropriated for the following year to be expended. All changes in the budget must be approved by the board of governors.

Formal budgetary integration (within the accounting records) is employed as a management control device during the year. Budgeted amounts included in the accompanying financial statements include the original adopted budget amounts and all subsequent amendments.

E. CASH AND CASH EQUIVALENTS Cash includes amounts in demand deposits and interest-bearing demand deposits, and time deposit accounts. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

F. INVESTMENTS Investments are limited by R.S. 33:2955 and the District's investment policy. If the original maturities of investments exceed 90 days they are classified as investments; however, if the original maturities are 90 days or less, they are classified as cash equivalents.

The investments are reflected at fair value except for the following which are required/permitted as per GASB Statement No. 31:

1. Investments in *nonparticipating* interest-earning contracts, such as nonnegotiable certificates of deposit with redemption terms that do not consider market rates, are reported using a cost-based measure.

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2003**

2. The District reported at amortized cost money market investments and participating interest-earning investment contracts that have a remaining maturity at time of purchase of one year or less.

Definitions:

Interest-earning investment contracts include time deposits with financial institutions (such as certificates of deposit), repurchase agreements, and guaranteed investment contracts.

Money market investments are short-term, highly liquid debt instruments that include U. S. Treasury obligations.

The District participates in the Louisiana Asset Management Pool, Inc., (LAMP) which is an external investment pool that is not SEC-registered. Because the LAMP is an arrangement sponsored by a type of governmental entity, it is exempt by statute from regulation by the SEC.

The investment objective of the LAMP is the preservation of capital and the maintenance of liquidity and, to the extent consistent with such objective, current yield.

The LAMP was established as a cooperative endeavor to enable public entities of the state of Louisiana to aggregate funds for investment. This pooling is intended to improve administrative efficiency and increase investment yield. The Board of Directors of LAMP provides certain management and administrative services to LAMP and, through a competitive bidding process, selects a custodial bank and an investment advisor. The custodial bank holds the assets of LAMP and the investment decisions are made by the investment advisor. Both the custodial bank and the investment advisor are subject to the review and oversight of LAMP.

An audit of LAMP is conducted annually by an independent certified public accountant. The Legislative Auditor of the state of Louisiana has full access to the records of the LAMP.

The LAMP may invest in U. S. Government Securities. The LAMP is designed to comply with restriction on investment by municipalities, parishes, and other types of political subdivisions imposed under Louisiana Revised Statute 33:2955.

The LAMP seeks to maintain a stable net asset value of \$1.00 per unit, but there can be no assurance that the LAMP will be able to achieve this objective. The LAMP's portfolio securities are valued at market value even though the amortized cost method is permitted by Rule 2a-7 of the Investment Company Act of 1940, as amended, which governs money market mutual funds (although the LAMP is not a money market fund and has no obligation to conform to this rule). The LAMP generally complies with other aspects of that rule, including the requirements that all portfolio securities acquired by the LAMP must have, at the time of purchase, a maximum remaining maturity of 397 days and meet certain additional quality standards and that the LAMP maintain a dollar-weighted average portfolio maturity of not more than 90 days.

The fair value of the position in the pool is the same as the value of the pool shares.

G. INVENTORY All purchased inventory items are valued at cost using the first-in, first-out (FIFO) method.

**Prison District No. 1 of the Sixth
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**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2003**

H. FIXED ASSETS General fixed assets are not capitalized in the fund used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures (capital outlay) in the governmental fund and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at historical cost. No depreciation has been provided on general fixed assets. Approximately 8% of general fixed assets are valued at actual historical cost while the remaining 92% are valued at estimated cost, based on the actual historical cost of like items. The cost of normal maintenance and repairs that do not add to the value of fixed assets or materially extend their useful lives are not capitalized.

I. COMPENSATED ABSENCES All full-time employees of the District earn vacation leave at rates varying from ten to 20 days per year, depending on length of service. Vacation leave is maintained on a fiscal year basis and cannot be accumulated. In addition, all employees receive sick leave as needed at the discretion of the District board of governors. The cost of leave privileges is recognized as a current-year expenditure within the various funds when leave is actually taken.

J. SHORT-TERM INTERFUND ASSETS/LIABILITIES During the course of operations, numerous transactions occur between individual funds for services rendered. These receivables and payables are classified as due to other funds or due from other funds on the combined balance sheet.

K. FUND EQUITY Reserves represent those portions of fund equity that are not appropriable for expenditures or that are legally segregated for a specific purpose. Designated fund balances represent tentative management plans for future use of financial resources and are subject to change.

L. USE OF 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statement and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

M. MEMORANDUM ONLY - TOTAL COLUMNS The total columns on the general-purpose financial statements are captioned as "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present information that reflects financial position, results of operations or cash flows in accordance with accounting principles generally accepted in the United States of America. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2 - DEPOSITS AND INVESTMENTS 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 year-end, the District's carrying amount of deposits was \$68,737 (which includes \$40,001 of time deposits reported as investments) and the bank balance was \$84,631. Of the bank balance, \$84,631 was covered by federal depository insurance.

**Prison District No. 1 of the Sixth
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**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2003**

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Investments are categorized into these three categories of credit risk:

1. Insured or registered, or securities held by the District or its agent in the District's name.
2. Uninsured and unregistered, with securities held by the counter party's trust department or agent in the District's name.
3. Uninsured and unregistered, with securities held by the counter party, or by its trust department or agent but not in the District's name.

At year end, the District investment balances were as follows:

<u>Type of investment</u>	<u>Carrying Amount Fair Value</u>
Investments not subject to categorization:	
External investment pool (LAMP)	<u>\$1,809</u>

NOTE 3 - FIXED ASSETS The changes in general fixed assets are as follows:

	<u>Balance Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Ending</u>
Land and improvements	\$ 120,990	\$ 0	\$0	\$ 120,990
Buildings	589,496	0	0	589,496
Furniture and equipment	320,688	11,790	0	332,478
Total	<u>\$1,031,174</u>	<u>\$11,790</u>	<u>\$0</u>	<u>\$1,042,964</u>

NOTE 4 - RETIREMENT SYSTEMS Substantially all employees of the District are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two district plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the District are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3% of their final average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to 1% of final average salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980, plus 3% of final-average salary for each salary for each year of service credited after the revision date. Final average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees

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**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2003**

who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefits accrued to their date of termination. The system also provides death and disability benefits. Benefits are established or amended by state statute.

Under Plan A, members are required by state statute to contribute 9.50% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 7.75% of annual covered payroll. Contributions to the system also include one-fourth of 1% (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active member of each plan. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contributions to the System under Plan A for the years ending December 31, 2003, 2002, and 2001 were \$43,100, \$50,793, and \$54,621, respectively, equal to the required contributions for each year.

The system issues an annual publicly available report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System of Louisiana, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

NOTE 5 - OTHER POSTEMPLOYMENT BENEFITS The District provides certain continuing health care and life insurance benefits for its retired employees. Substantially all of the District's employees become eligible for these benefits if they reach normal retirement age while working for the District. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by the employee and by the District. The District recognizes the cost of providing these benefits for the retirees as an expenditure when paid during the year. The District had expenditures of \$846 for one retiree.

NOTE 6 - COMPENSATED ABSENCES At December 31, 2003, the District had no employee leave benefits requiring recognition in accordance with GASB Codification Section C60.

NOTE 7 - CHANGES IN DEPOSITS DUE OTHERS A summary of changes in inmate trust account agency fund deposits due others is as follows:

Balance, beginning of the year	\$5,027
Additions	0
Deletions	<u>5,027</u>
Balance, end of the year	<u>\$ 0</u>

NOTE 8 - RISK MANAGEMENT The District is fully insured for workers' compensation. The District is also at risk for property damage liability and theft which are covered by insurance policies.

NOTE 9 - COMMITMENTS AND CONTINGENCIES At December 31, 2003, the District was not involved in any litigation. It is the opinion of management and legal counsel for the District that potential claims against the District not covered by insurance would not materially affect the financial statements.

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Notes to the General-Purpose Financial Statements
As of and for the Year Ended December 31, 2003**

NOTE 10 - SUBSEQUENT EVENTS The Prison closed effective December 30, 2003, and all inmates were transferred to other facilities. At year end the District had unemployment payable of \$11,669 that was paid March 29, 2004. Unemployment expense for the first quarter of 2004 was \$46,793 which will be paid by the District and the remainder will be paid by the Police Jury general fund.

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

SUPPLEMENTAL INFORMATION

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Compensation Paid Board Members
For the Year Ended December 31, 2003**

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.

The board members serve without compensation. A \$50 per month per board member reimbursement is made to the general fund of the East Carroll Parish Police Jury.

Darrin Dixon, President

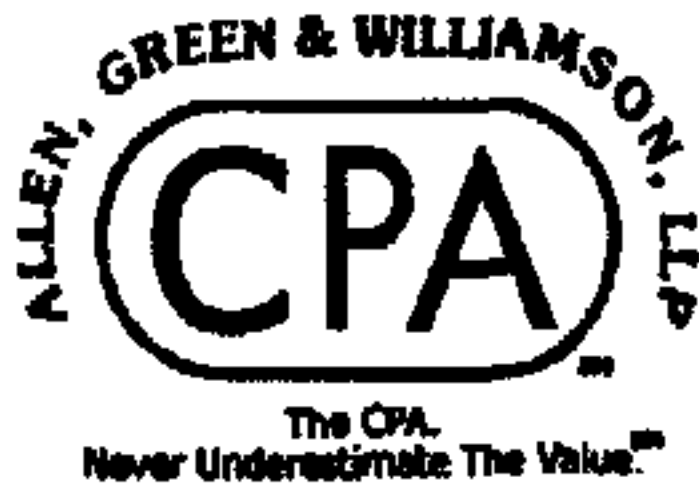
Joseph G. Jackson

Jim Bryant

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**OTHER REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

The following is a report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards, issued by the Comptroller General of the United States. The section of the report on compliance is based solely on the audit of the general-purpose financial statements and presents, where applicable, compliance matters that would be material to the general-purpose financial statements. The section of the report on internal control over financial reporting is, likewise, based solely on the audit of the general-purpose financial statements and includes, where appropriate, any reportable conditions and/or material weaknesses.



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1963 - 2000

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 Members

**Prison District No. 1 of the Sixth
Judicial District of Louisiana
Lake Providence, Louisiana**

We have audited the general-purpose financial statements of Prison District No. 1 of the Sixth Judicial District of Louisiana, a component unit of the East Carroll Parish Police Jury, as of and for the year ended December 31, 2003, and have issued our report thereon dated June 22, 2004. We conducted our 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 of America.

Compliance

As part of obtaining reasonable assurance about whether the District's general-purpose financial statements are free of material misstatement, we 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 those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our 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 our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving internal control over financial reporting and its operation that we consider to be a reportable condition as described in finding 03-F1 in the accompanying Schedule of Findings and Questioned Costs. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements.

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 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness.

This report is intended solely for the information and use of the Board members and management and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of these reports may be limited, under Louisiana Revised Statute 24:513 this report is distributed by the Office of the Louisiana Legislative Auditor as a public document.

Allen, Green & Williamson, LLP

ALLEN, GREEN & WILLIAMSON, LLP

Monroe, Louisiana

June 22, 2004

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

Other Information

The information in the following section is management's actions or intentions concerning prior- and current-year audit findings. This information has been prepared by the management of the District. Management accepts full responsibility for the accuracy of the information. This information has not been audited by the auditors, and accordingly, no opinion is expressed.

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Schedule of Finding
For the Year Ended December 31, 2003**

Reference # and title: 03-F1 Undocumented Vendor Expenses

Entity-wide or program/department specific: This finding is entity-wide.

Criteria or specific requirement: Expenses should be documented with original invoices or other documentation to provide support for the expenses.

Condition found: The following was noted from a test of vendor disbursements:

One exception noted where a purchase order was not used.

Three exceptions noted where the charge was not supported by proper documentation.

Possible asserted effect (cause and effect):

Cause: Unknown

Effect: Some payments are being made without proper documentation.

Recommendations to prevent future occurrences: Expenses should be documented with original invoices and purchase orders should be used.

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Summary Schedule of Prior Audit Finding
December 31, 2003**

Finding reference number: 02-F1 Undocumented Vendor Expenses

Initially occurred: December 31, 2002

Condition: Expenses should be documented with original invoices or other documentation to provide support for the expenses. Documentation should be canceled to aid in prevention of duplicate payment.

The following was noted from a test of vendor disbursements:

One exception noted where documentation was not canceled to aid in prevention of duplicate payment.
Eight exceptions noted where the charge was not supported by proper documentation.
Nine invoices were not paid timely.

Corrective action taken: See current year finding 03-F1.

**Prison District No. 1 of the Sixth
Judicial District of Louisiana**

**Corrective Action Plan for Current-Year Finding
For the Year Ended December 31, 2003**

Reference # and title: 03-F1 Undocumented Vendor Expenses

Condition: Expenses should be documented with original invoices to provide support for the expenses.

The following was noted from a test of vendor disbursements:

One exception noted where a purchase order was not used.

Three exceptions noted where the charge was not supported by proper documentation.

Corrective action planned: All vendor expenses will be documented with original invoices by establishing a file for all incoming invoices. These invoices will be forwarded to the Jury office for payment on a weekly basis.

Anticipated completion date: December 31, 2004

Person responsible for corrective action:

Mr. Darrin L. Dixon, President Telephone: (318) 559-2256
Prison District #1 of the Sixth Judicial Fax: (318) 559-1502
District of Louisiana
400 First Street
Lake Providence, LA 71254