

**KISATCHIE-DELTA REGIONAL PLANNING  
AND DEVELOPMENT DISTRICT, INC.**

**ANNUAL FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2003**

# Table Of Contents

<b>INDEPENDENT AUDITORS' REPORT</b> .....	1-2
<b>GENERAL PURPOSE FINANCIAL STATEMENTS</b>	
Combined Balance Sheet - All Fund Types and Account Groups .....	3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance -All Governmental Fund Types .....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual - General and Special Revenue Fund Types .....	5
Notes to Financial Statements.....	6-14
<b>SUPPLEMENTAL INFORMATION</b>	
<u>Special Revenue Funds:</u>	
Combining Balance Sheet .....	15
Combining Statement of Revenues, Expenditures, and Changes in Fund Balance .....	16
Combining Statement of Current Expenditures.....	17
<u>Kisatchie-Delta Loan Programs:</u>	
Combining Statement of Revenues and Expenditures.....	18-19
<u>Other Reports:</u>	
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 .....	20-21
Schedule Of Findings and Questioned Costs.....	22
Management's Corrective Action Plan .....	23
Schedule of Prior Year Findings and Questioned Cost .....	24

# **Rozier, Harrington & McKay**

## **Certified Public Accountants**

1407 Peterman Drive • Alexandria, Louisiana 71301

**John S. Rozier, IV, CPA**  
**M. Dale Harrington, CPA**  
**Mark S. McKay, CPA**  
**Lee W. Willis, CPA**  
**Steven E. Kimball, CPA**

**MAILING ADDRESS**  
**Post Office Box 12178**  
**Alexandria, Louisiana 71315-2178**  
**Telephone (318) 442-1608**  
**Telecopier (318) 487-2027**

August 1, 2003

### **INDEPENDENT AUDITORS' REPORT**

Kisatchie Delta Regional Planning and  
Development District, Inc.  
Alexandria, Louisiana

We have audited the accompanying general purpose financial statements of the Kisatchie Delta Regional Planning and Development District, Inc. as of and for the year ended June 30, 2003. These general purpose financial statements are the responsibility of Kisatchie Delta'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 the *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 above present fairly, in all material respects, the financial position of the Kisatchie Delta Regional Planning and Development District, Inc. as of June 30, 2003 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated August 1, 2003 on our consideration of the Kisatchie Delta's internal control over financial reporting and our tests of its compliance with certain provisions 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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying supplemental information schedules listed in the table

**-Members-**

American Institute of Certified Public Accountants • Society of Louisiana, CPAs

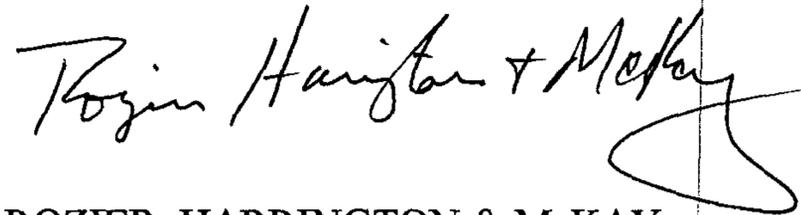
**INDEPENDENT AUDITORS' REPORT**

**AUGUST 1, 2003**

**PAGE 2**

---

of contents are presented for the purpose of additional analysis and are not a required part of the general purpose financial statements of the Kisatchie Delta Regional Planning and Development District, Inc. 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 presented in all material respects in relation to the general purpose financial statements taken as a whole.



**ROZIER, HARRINGTON & MCKAY**  
Certified Public Accountants

# KISATCHIE-DELTA

## REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

Combined Balance Sheet  
All fund types and account groups  
June 30, 2003

	Governmental Funds		Account Groups		Total (Memorandum Only)
	General	Special Revenue	General Fixed Assets	General Long-term Debt	
<u>Assets</u>					
Cash and cash equivalents	\$ 128,947	\$ 480,851	\$ -	\$ -	\$ 609,798
Accounts Receivable	2,718	18,331	-	-	21,049
Other current assets	2,384	-	-	-	2,384
Loans receivable, net of allowance for loan losses	-	640,145	-	-	640,145
Interfund receivables	-	89,205	-	-	89,205
General fixed assets	-	-	1,553,494	-	1,553,494
Amount to be provided for retirement of long-term debt	-	-	-	1,550,547	1,550,547
<b>Total assets</b>	<b>\$ 134,049</b>	<b>\$ 1,228,532</b>	<b>\$ 1,553,494</b>	<b>\$ 1,550,547</b>	<b>\$ 4,466,622</b>
<u>Liabilities and fund equity</u>					
<u>Liabilities:</u>					
Accounts and other payables	\$ 4,031	\$ 6,671	\$ -	\$ -	\$ 10,702
Deferred revenue	-	25,000	-	-	25,000
Accrued leave	-	-	-	8,838	8,838
Interfund payables	53,250	35,955	-	-	89,205
Note payable - Farmers Home Administration	-	-	-	1,541,709	1,541,709
<b>Total liabilities</b>	<b>57,281</b>	<b>67,626</b>	<b>-</b>	<b>1,550,547</b>	<b>1,675,454</b>
<u>Fund equity:</u>					
Investment in general fixed assets	-	-	1,553,494	-	1,553,494
Fund Balance:	76,768	1,160,906	-	-	1,237,674
<b>Total fund equity</b>	<b>76,768</b>	<b>1,160,906</b>	<b>1,553,494</b>	<b>-</b>	<b>2,791,168</b>
<b>Total liabilities and fund equity</b>	<b>\$ 134,049</b>	<b>\$ 1,228,532</b>	<b>\$ 1,553,494</b>	<b>\$ 1,550,547</b>	<b>\$ 4,466,622</b>

The accompanying notes are an integral part of the financial statements.

# KISATCHIE-DELTA

## REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC. Combined Statement of Revenues, Expenditures and Changes in Fund Balance All Governmental Fund Types For the year ended June 30, 2003

	General	Special Revenue	Total (Memorandum Only)
<b>Revenues:</b>			
Grants - Federal	\$ -	\$ 96,175	\$ 96,175
State funds	-	9,250	9,250
Local funds	-	36,582	36,582
Membership dues	38,974	-	38,974
Administrative services	27,526	-	27,526
Interest and fees from loans	37,811	70,109	107,920
Miscellaneous	18,319	8,826	27,145
<b>Total revenues</b>	<b>122,630</b>	<b>220,942</b>	<b>343,572</b>
<b>Expenditures:</b>			
Current:			
Administrative services	51,015	-	51,015
Business loans	60,370	-	60,370
General	33,782	201,588	235,370
Provision for loan losses	-	171,516	171,516
Debt service			
Principal	-	66,181	66,181
Interest	-	16,080	16,080
<b>Total expenditures</b>	<b>145,167</b>	<b>455,365</b>	<b>600,532</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(22,537)</b>	<b>(234,423)</b>	<b>(256,960)</b>
<b>Other Financing Sources (Uses):</b>			
Operating transfers in (out)	1,345	(1,345)	-
<b>Total other financing sources (uses)</b>	<b>1,345</b>	<b>(1,345)</b>	<b>-</b>
<b>Excess (deficiency) of revenues and other resources over (under) expenditures and other uses</b>	<b>(21,192)</b>	<b>(235,768)</b>	<b>(256,960)</b>
<b>Fund balance - beginning of year</b>	<b>97,960</b>	<b>1,396,674</b>	<b>1,494,634</b>
<b>Fund balance - end of year</b>	<b>\$ 76,768</b>	<b>\$ 1,160,906</b>	<b>\$ 1,237,674</b>

*The accompanying notes are an integral part of the financial statements*



# Kisatchie-Delta

## Regional Planning and Development District

### Notes to Financial Statements

June 30, 2003

#### **NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Kisatchie-Delta Regional Planning and Development District, Inc. is a non-profit organization organized under the Laws of the State of Louisiana. The District represents a portion of Central Louisiana that includes eight (8) parishes. Kisatchie-Delta is governed by a Board of Directors and members of the Board are appointed by the governing bodies of various political subdivisions that lie within the boundaries of the District.

Kisatchie-Delta was organized in order to promote economic development and alleviate unemployment. Its activities are financed by Federal and State grants, as well as support from local governmental units. Since Kisatchie-Delta is financed by governmental sources and, since its Board of Directors is appointed by various local governments, Kisatchie-Delta is considered to be a quasi-governmental unit for financial reporting purposes. The accompanying financial statements were prepared in conformity with generally accepted accounting principles for governmental units.

The following is a summary of certain significant accounting policies and practices:

#### **Financial Reporting Entity**

Kisatchie-Delta is considered a legally separate stand-alone government as defined by Statement No. 14 of the Governmental Accounting Standards Board. The reporting entity is composed of the funds and account groups that are under the direct control of the Board of Directors. Kisatchie-Delta is not financially accountable for any organizations that maintain separate legal standing; therefore, it has no component units.

#### **Fund Accounting**

The accounts of Kisatchie-Delta are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenue, expenses, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The following fund types and account groups are used by the District:

#### **Governmental Funds**

**General Fund** - The General Fund is the general operating fund of Kisatchie-Delta. It is used to account for all financial resources except those required to be accounted for in another fund.

**Special Revenue Funds** - The Special Revenue Funds are used to account for the proceeds of specific revenue sources restricted to expenditures for specified purposes.

# Kisatchie-Delta

## Regional Planning and Development District

### Notes to Financial Statements

June 30, 2003

#### **Account Groups**

**Fixed Assets and Long-term Liabilities** - Fixed assets used in governmental fund type operations are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the Governmental Fund Types when purchased. No depreciation has been provided on general fixed assets.

All fixed assets are stated at historical cost or estimated historical cost if actual historical cost is not available. This cost includes interest incurred during construction. Donated fixed assets (if any) are stated at their estimated fair value on the date donated. There are no material amounts of donated assets and the District has no infrastructure fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group.

#### **Basis Of Accounting**

Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied. All governmental funds are accounted for using the modified accrual basis of accounting. Revenues are recognized when they become measurable and available as net current assets. Revenue is considered available if it is collected within 60 days. Expenditures are recognized when the related fund liability is incurred, except for principal and interest on long-term debt, which is recognized in the period payment becomes due.

#### **Budgets**

Budgets for the various programs are prepared by Kisatchie-Delta's Executive Director. The original budget and subsequent amendments are approved by the Board of Directors.

#### **Accumulated Unpaid Vacation**

The District's employees earn from one to one and a half hours of vacation pay for every twenty hours worked depending upon their length of service. Vacation time not taken may be carried forward to subsequent periods; but upon termination, no more than thirty days of accrued vacation will be paid to the employee.

Earned vacation has been charged to the funds based on the same allocation as regular salary. The District's liability for accumulated vacation has been recorded in the general long-term debt group of accounts.

#### **Total Columns On Combined Statements - Overview**

Total columns on the combined statements - overview are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present

# **Kisatchie-Delta**

## **Regional Planning and Development District**

### **Notes to Financial Statements**

June 30, 2003

financial position, results of operations, or changes in fund balance in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

#### **Interfund Receivables And Payables**

Amounts of cash held or disbursed by the General Fund on behalf of other funds are recorded as Interfund Payables and Receivables. These Interfund Payables and Receivables are not eliminated when combined financial statements are prepared.

#### **Loans And Allowance For Loan Losses**

Loans are reported at the amount of unpaid principal reduced by an allowance for loan losses. The allowance for loan losses is based on an amount that management believes will be adequate to absorb potential losses on existing loans. The allowance is established through a provision for loan losses charged to expenditures. Loans are charged against the allowance for loan losses when management believes that the collectability of principal is unlikely.

#### **Cash And Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and money market 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.

#### **Use Of Estimates**

The preparation of financial statement in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Encumbrance Accounting**

Purchase orders, contracts, and other commitments to engage in future expenditures are referred to as encumbrances. Since encumbrances do not represent liabilities or current expenditures, encumbrances are not reported in the accompanying financial statements.

#### **NOTE 2 - INTERFUND RECEIVABLE AND PAYABLES**

The interfund receivables and payables at June 30, 2003 are as follows:

# Kisatchie-Delta

## Regional Planning and Development District

### Notes to Financial Statements June 30, 2003

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund, Net	\$ ----	\$ 53,250
Special Revenue Funds:		
Economic Development Administration	41,707	----
Intermediary Relending	----	21,428
Federal Procurement	3,056	----
Enterprise Zone	----	11,289
Avoyelles Flood Plan	11,206	----
Reapportionment	33,236	----
RBEG	----	1,173
Hazard Mitigation	----	2,065
Total	\$ 89,205	\$ 89,205

### **NOTE 3 - GENERAL FIXED ASSETS**

A summary of the changes in General Fixed Assets for the year are as follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Disposals</u>	<u>End of Year</u>
Building and Land	\$ 1,514,338	\$ ----	\$ ----	\$ 1,514,338
Office Furniture and Equipment	35,706	3,450	----	39,156
Total	\$ 1,550,044	\$ 3,450	\$ ----	\$ 1,553,494

In June 1983, as an economic development incentive, Kisatchie Delta and South Alexandria Community Development Corporation jointly purchased land and constructed an industrial building complex at a total cost of \$1,514,338. The funding for this project was provided by a grant from the Economic Development Administration (EDA), a state matching grant, and loan proceeds from a local bank. Upon completion of the project, the industrial complex was leased to a manufacturing enterprise; however, the terms of the original lease were modified in 1992 by a mutual agreement between Kisatchie-Delta and the lessee. The terms of the lease, as amended, are summarized as follows:

- The rental provisions require the lessee to pay directly to the bank an amount equal to the monthly principal and interest on the bank note incurred in connection with the project. Rental payments were discontinued when the loan was paid in full.
- The primary term of the lease has elapsed; however, the lessee has exercised renewal options that extend the lease term into the fiscal year ended June 30, 2013.

# Kisatchie-Delta

## Regional Planning and Development District

### Notes to Financial Statements

June 30, 2003

- At the termination of the primary term or during the extended term, the lessee has an option to purchase the improvements constructed on the leased premises. In order to exercise this option, the lessee must provide consideration in the form of a cash payment in favor of the EDA. The EDA is entitled to the cash payment as compensation for the financial assistance that it provided in connection with the project.
- If the lessee acquires the improvements, it has an option to purchase the land upon which the improvements are located for the amount of \$1.

An agreement with EDA requires that Kisatchie Delta and South Alexandria Development Corporation retain ownership title to all real property during the useful life of the project. Title to the property is jointly held; however, due to the nature of Kisatchie-Delta's oversight and financial responsibilities management has elected to present the entire cost of the project in the accompanying statements.

#### **NOTE 4 - INTERMEDIARY RELENDING PROGRAM**

Kisatchie-Delta has been selected to participate in the Intermediary Relending Program sponsored by the United States Department of Agriculture, Farmers Home Administration. As an intermediary, Kisatchie-Delta may borrow up to \$2,000,000 from the Farmers Home Administration at an interest rate of one percent (1%). Funds borrowed from the Farmers Home Administration were used to create a portfolio of revolving loans to eligible borrowers within the Kisatchie-Delta District.

As of June 30, 2003, the loan portfolio consist of ten (11) loans that are secured by a variety of collateral that includes real estate, equipment and inventories. The amount currently outstanding is presented as follows:

Loans Receivable	\$ 1,035,009
Allowance for Loan Losses	(394,864)
<hr/>	
Loans (net)	\$ 640,145

An analysis of activity effecting the allowance for loan losses for the year ended June 30, 2003 is presented as follows:

<u>Allowance For Loan Losses:</u>	
Balance, Beginning of the Year	\$ 222,117
Provision for Bad Debts	171,516
Loans Charged Off	----
Recoveries	1,231
<hr/>	
Balance, End of the Year	\$ 394,864

# Kisatchie-Delta

## Regional Planning and Development District

### Notes to Financial Statements

June 30, 2003

#### NOTE 5 - LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 2003

	<u>Accrued Leave Liability</u>	<u>Farmers Home Administration</u>	<u>Total</u>
Beginning of Year	\$ 9,172	\$ 1,607,891	\$ 1,617,063
Additions	----	----	----
Long-term Debt Retired	334	66,182	66,516
<b>End of Year</b>	<b>\$ 8,838</b>	<b>\$ 1,541,709</b>	<b>\$ 1,550,547</b>

Notes payable at June 30, 2003 are comprised of the following general obligations:

A \$2,000,000 line of credit granted by the Farmer's Home Administration at 1% for the purpose of financing Kisatchie-Delta's participation in the Intermediary Relending Program. Interest is due in semi-annual installments beginning July 8, 1994. Principal and interest will be paid in a series of equal installments beginning February 8, 1997 and continuing for a period of thirty (30) years. The note is secured by Kisatchie-Delta's intermediary loan portfolio.

	\$ 1,541,709
<b>Total General Obligations</b>	<b>\$ 1,541,709</b>

Payment of principal and interest on outstanding general obligations is as follows:

<u>Year Ended June 30<sup>th</sup></u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2004	\$ 66,843	\$ 15,417	\$ 82,260
2005	67,511	14,749	82,260
2006	68,186	14,074	82,260
2007	68,868	13,392	82,260
2008	69,557	12,703	82,260
2009 – 2013	358,359	52,941	411,300
2014 – 2018	376,638	34,662	411,300
2019 – 2023	395,851	15,449	411,300
2024 – 2028	69,896	698	70,594
<b>Total</b>	<b>\$ 1,541,709</b>	<b>\$ 174,085</b>	<b>\$ 1,715,794</b>

# Kisatchie-Delta

## Regional Planning and Development District

Notes to Financial Statements  
June 30, 2003

### NOTE 6 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2003 are presented as follows:

	<u>General</u>	<u>Special Revenue</u>
Grant contracts	\$ ----	\$ 12,668
Service fees	----	5,663
Interest and loan fees	2,718	----
<u>Total</u>	<u>\$ 2,718</u>	<u>\$ 18,331</u>

### NOTE 7 - COMPENSATION OF BOARD MEMBERS

During the year, no compensation was paid to any member of the District's Board of Directors.

### NOTE 8 - CASH

At June 30, 2003 the District's cash balances totaled \$609,798 (Book Balance) and \$619,522 (Bank Balance). Deposits are secured from risk by \$159,623 in Federal Deposit Insurance and pledged securities (uncollateralized, GASB Category 3) with a market value of \$591,473. Even though the pledged securities are considered uncollateralized (Category 3) under the provision of GASB Statement 3, State Law imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten (10) days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

### NOTE 9 - RISK MANAGEMENT:

Kisatchie-Delta is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks of loss are covered by a comprehensive commercial insurance policy and workers compensation insurance. Claims resulting from these risks have historically not exceeded insurance coverage.

### NOTE 10 - FUND BALANCES

At June 30, 2003, the following funds reported deficit balances:

Enterprise Zone	\$ 2,323
RBEF	548
<u>Total Deficits</u>	<u>\$ 2,871</u>

# Kisatchie-Delta

## Regional Planning and Development District

Notes to Financial Statements  
June 30, 2003

The General Fund will provide operating transfers to eliminate any deficit that cannot be eliminated through ordinary operations.

### **NOTE 11 – EXPENDITURES EXCEEDING APPROPRIATION**

Expenditures have exceeded amounts appropriated by the budget. Details regarding the excess expenditures are provided as follows:

- Based on a review of the IRP loan portfolio, the necessary provision for loan losses exceeded the budget appropriation for loan losses.
- The general fund budget did not provide sufficient appropriation for certain administrative activities.

### **NOTE 12 – CONTINGENCY**

As discussed in Note 3, Kisatchie-Delta and South Alexandria Community Development Corporation jointly own property which includes an industrial facility. The property is reported in the general fixed assets account group at its original cost which is presented as follows:

Land (Approximately 12 acres)	\$ 115,556
Improvements	1,398,782
Total Cost	\$ 1,514,338

As discussed in Note 3, the property was constructed with funds provided by a grant from the Economic Development Administration (EDA), a state matching grant, and loan proceeds from a local bank. Furthermore, at the conclusion of construction, the property was leased to a manufacturing enterprise. Options provided to the lessee by the lease agreement are discussed as follows:

#### **Option to Purchase Improvements:**

At the termination of the primary term or during the extended term, the lessee has an option to purchase the improvements constructed on the leased premises. In order to exercise this option, the lessee must provide consideration in the form of a cash payment in favor of the EDA. The EDA is entitled to the cash payment as compensation for the financial assistance that it provided in connection with the project. The amount of the payment is based on the federal share (approximately 70%) of the projects fair market value at the inception of the lease. The EDA is also entitled to receive an additional one percent (1%) for each year that has elapsed since inception of the lease.

#### **Option to Purchase Land:**

At the termination of the primary term or during the extended term, the lessee has an option to purchase the land upon which the improvements are located for a payment in the amount of one dollar (\$1). Kisatchie Delta intended for this option to be available only if the lessee exercised its option to purchase the improvements as

# **Kisatchie-Delta**

## **Regional Planning and Development District**

### Notes to Financial Statements June 30, 2003

described above; however, due to a typographical error in the lease document, this condition is not clearly imposed by the lease agreement.

The lessee has exercised its option to purchase the land. Since, the lessee has expressed no interest in acquiring the improvements, Kisatchie-Delta has agreed to transfer the land only if the EDA approves the transaction. A request for approval was submitted to the EDA and the EDA responded by denying the request. On May 2, 2000, the lessee was advised of the denial and lessee has offered no response.

Legal counsel has addressed this matter and determined that an evaluation of the likelihood of an unfavorable outcome and estimate of a range of potential loss is nearly impossible; however, it is possible that this matter could be litigated to an adverse conclusion. Potential consequences of an adverse conclusion are summarized as follows:

- If Kisatchie-Delta is compelled to transfer title to the land its rights to the improvements will be impaired.
- Transferring title under these circumstances would violate Kisatchie-Delta's contract with the EDA and certain regulations associated with Federal financial assistance.
- Transferring title to the land would mostly likely have an adverse effect on the EDA's ability to collect cash payments in connection with the improvements. If the EDA elects to pursue recovery from Kisatchie-Delta, this matter could result in substantial liability exposure.
- Kisatchie-Delta and South Alexandria Community Development Corporation have entered into a property management agreement with the EDA. Under the terms of the agreement, Kisatchie-Delta and South Alexandria Community Development Corporation are required to retain title to the real property for the useful life of the improvements. Since the agreement defines the useful life as a period of forty (40) year, transferring title to the lessee may represent a violation of the property management agreement.

# KISATCHIE-DELTA

## REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

Combining Balance Sheet  
Special Revenue Funds  
June 30, 2003

	EDA	Intermediary Relending	Federal Procurement	Enterprise Zone	Scenic Byways	Workforce Development	Avoyelles Flood Plan	Reappor- tionment	RBEG	Hazard Mitigation	Total
Cash and cash equivalents	\$ -	\$ 480,851	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 480,851
Accounts Receivable	2,049	-	1,369	9,250	-	-	-	2,250	692	2,721	18,331
Loans receivable, net of allowance for loan losses	-	640,145	-	-	-	-	-	-	-	-	640,145
Interfund receivables	41,707	-	3,056	-	-	-	11,206	33,236	-	-	89,205
<b>Total assets</b>	<b>\$ 43,756</b>	<b>\$ 1,120,996</b>	<b>\$ 4,425</b>	<b>\$ 9,250</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,206</b>	<b>\$ 35,486</b>	<b>\$ 692</b>	<b>\$ 2,721</b>	<b>\$ 1,228,532</b>

### Assets

Cash and cash equivalents  
Accounts Receivable  
Loans receivable, net of allowance for  
loan losses  
Interfund receivables

### Total assets

### Liabilities and Fund Equity

#### Liabilities:

Accounts and other payables	\$ 2,126	\$ 3,551	\$ -	\$ 284	\$ -	\$ -	\$ -	\$ 355	\$ 67	\$ 288	\$ 6,671
Deferred revenue	25,000	-	-	-	-	-	-	-	-	-	25,000
Interfund payables	-	21,428	-	11,289	-	-	-	-	1,173	2,065	35,955
<b>Total liabilities</b>	<b>27,126</b>	<b>24,979</b>	<b>-</b>	<b>11,573</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>355</b>	<b>1,240</b>	<b>2,353</b>	<b>67,626</b>

#### Fund Equity:

Fund balance	16,630	1,096,017	4,425	(2,323)	-	-	11,206	35,131	(548)	368	1,160,906
<b>Total liabilities and fund equity</b>	<b>\$ 43,756</b>	<b>\$ 1,120,996</b>	<b>\$ 4,425</b>	<b>\$ 9,250</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,206</b>	<b>\$ 35,486</b>	<b>\$ 692</b>	<b>\$ 2,721</b>	<b>\$ 1,228,532</b>

# KISATCHIE-DELTA

## REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

Special Revenue Funds

June 30, 2003

	EDA	Intermediary Relending	Federal Procurement	Enterprise Zone	Scenic Byways	Workforce Development	Avoyelles			Hazard Mitigation	Total
							Flood Plan	Reappor- tionment	RBEG		
<b>Revenues:</b>											
Grants - Federal	\$ 50,000	\$ -	\$ 44,238	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,937	\$ -	\$ 96,175
State Funds	-	-	-	9,250	-	-	-	-	-	-	9,250
Local Funds	18,000	-	3,360	-	-	-	-	12,500	-	2,722	36,582
Interest & loan fees	-	70,109	-	-	-	-	-	-	-	-	70,109
Other income	8,256	570	-	-	-	-	-	-	-	-	8,826
<b>Total revenues</b>	<u>76,256</u>	<u>70,679</u>	<u>47,598</u>	<u>9,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>12,500</u>	<u>1,937</u>	<u>2,722</u>	<u>220,942</u>
<b>Expenditures:</b>											
Current	78,691	55,770	46,982	10,370	-	-	-	5,201	2,220	2,354	201,588
Provision for loan losses	-	171,516	-	-	-	-	-	-	-	-	171,516
Debt service - principle	-	66,181	-	-	-	-	-	-	-	-	66,181
Debt service - interest	-	16,080	-	-	-	-	-	-	-	-	16,080
<b>Total expenditures</b>	<u>78,691</u>	<u>309,547</u>	<u>46,982</u>	<u>10,370</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,201</u>	<u>2,220</u>	<u>2,354</u>	<u>455,365</u>
<b>Excess (deficiency) of revenues over expenditures</b>	<u>(2,435)</u>	<u>(238,868)</u>	<u>616</u>	<u>(1,120)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,299</u>	<u>(283)</u>	<u>368</u>	<u>(234,423)</u>
<b>Other Financing Sources (Uses):</b>											
Transfers in (out)	-	-	-	-	1,972	-	-	-	-	-	(1,345)
<b>Total other financing sources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,972</u>	<u>(3,317)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,345)</u>
<b>Excess (deficiency) of revenues and other resources over (under) expenditures and other uses</b>	<u>(2,435)</u>	<u>(238,868)</u>	<u>616</u>	<u>(1,120)</u>	<u>1,972</u>	<u>(3,317)</u>	<u>-</u>	<u>7,299</u>	<u>(283)</u>	<u>368</u>	<u>(235,768)</u>
<b>Fund balance - beginning of year</b>	<u>19,065</u>	<u>1,334,885</u>	<u>3,809</u>	<u>(1,203)</u>	<u>(1,972)</u>	<u>3,317</u>	<u>11,206</u>	<u>27,832</u>	<u>(265)</u>	<u>-</u>	<u>1,396,674</u>
<b>Fund balance - end of year</b>	<u>\$ 16,630</u>	<u>\$ 1,096,017</u>	<u>\$ 4,425</u>	<u>\$ (2,323)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,206</u>	<u>\$ 35,131</u>	<u>\$ (548)</u>	<u>\$ 368</u>	<u>\$ 1,160,906</u>

# KISATCHEE-DELTA

## REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

### Combining Statement of Current Expenditures

#### Special Revenue Funds

June 30, 2003

	EDA	Intermediary Relending	Federal Procurement	Enterprise Zone	Reappor- tionment	RBEG	Hazard Mitigation	Total
<b>Current expenditures</b>								
Administrative services	\$ -	\$ 10,602	\$ 7,140	\$ 1,388	\$ 1,875	\$ 290	\$ 408	\$ 21,703
Advertising	-	42	-	-	-	-	-	42
Copier cost	791	95	158	67	207	20	40	1,378
Dues and subscriptions	447	478	75	29	-	-	-	1,029
Fringe benefits	14,981	4,873	2,489	2,498	179	262	449	25,731
Insurance and bonding	672	1,144	494	91	197	67	-	2,665
Professional fees	2,111	9,101	-	286	355	-	193	12,046
Miscellaneous	-	147	-	-	420	-	-	567
Occupancy / Space Cost	3,791	4,914	2,091	470	-	-	157	11,423
Postage	374	88	683	39	174	1	13	1,372
Salaries	43,451	23,410	31,379	5,235	727	1,014	941	106,157
Supplies	1,240	185	367	34	883	-	-	2,709
Telephone	1,196	388	527	131	43	1	-	2,286
Travel	9,637	303	1,579	102	141	565	153	12,480
<b>Total current expenditures</b>	<b>\$ 78,691</b>	<b>\$ 55,770</b>	<b>\$ 46,982</b>	<b>\$ 10,370</b>	<b>\$ 5,201</b>	<b>\$ 2,220</b>	<b>\$ 2,354</b>	<b>\$ 201,588</b>

## KISATCHIE-DELTA LOAN PROGRAMS

Kisatchie-Delta participates in a variety of loan programs that stimulate the economy by providing credit to small businesses. With the exception of the Intermediary Relending Program, all activity associated with loan programs is reported in Kisatchie-Delta's general fund. The accompanying statement of revenue and expenditures presents each loan program along with totals for each fund type.

# KISATCHIE-DELTA

## REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

### Combining Statement of Revenues and Expenditures

#### Kisatchie-Delta Loan Programs

June 30, 2003

	Tri-District Development Corporation	SBA 504	Rapides Finance Authority	Total General Fund	Intermediary Relending	Total (All Loan Programs)
<b>Revenues:</b>						
Interest & loan fees	\$ 19,475	\$ 17,990	\$ 346	\$ 37,811	\$ 70,679	\$ 108,490
<b>Total revenues</b>	<u>19,475</u>	<u>17,990</u>	<u>346</u>	<u>37,811</u>	<u>70,679</u>	<u>108,490</u>
<b>Expenditures:</b>						
Current	29,564	30,473	333	60,370	55,770	116,140
Provision for loan losses	-	-	-	-	171,516	171,516
Debt service - principle	-	-	-	-	66,181	66,181
Debt service - interest	-	-	-	-	16,080	16,080
<b>Total expenditures</b>	<u>29,564</u>	<u>30,473</u>	<u>333</u>	<u>60,370</u>	<u>309,547</u>	<u>369,917</u>
<b>Excess (deficiency) of revenues and other resources over (under) expenditures and other uses</b>	<u>\$ (10,089)</u>	<u>\$ (12,483)</u>	<u>\$ 13</u>	<u>\$ (22,559)</u>	<u>\$ (238,868)</u>	<u>\$ (261,427)</u>

# **Rozier, Harrington & McKay**

## **Certified Public Accountants**

1407 Peterman Drive • Alexandria, Louisiana 71301

*John S. Rozier, IV, CPA*  
*M. Dale Harrington, CPA*  
*Mark S. McKay, CPA*  
*Lee W. Willis, CPA*  
*Steven E. Kimball, CPA*

**MAILING ADDRESS**  
Post Office Box 12178  
Alexandria, Louisiana 71315-2178  
Telephone (318) 442-1608  
Telecopier (318) 487-2027

August 1, 2003

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

Kisatchie-Delta Regional Planning  
and Development District  
Alexandria, Louisiana

We have audited the general purpose financial statements of the Kisatchie-Delta Regional Planning and Development District, as of and for the year ended June 30, 2003 and have issued our report thereon dated August 1, 2003. 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.

### Compliance

As part of obtaining reasonable assurance about whether the Kisatchie-Delta's 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 Kisatchie-Delta'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. 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 material weaknesses. 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 general purpose financial statements being audited may occur

### **-Members-**

American Institute of Certified Public Accountants • Society of Louisiana, CPAs

***KISATCHIE-DELTA REGIONAL PLANNING AND DEVELOPMENT DISTRICT***

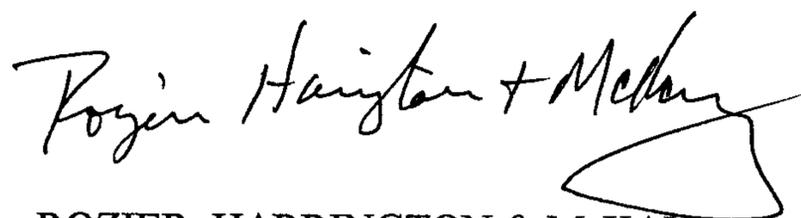
*AUGUST 1, 2003*

*PAGE 2*

---

and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management. However, this report is a matter of public record and its distribution is not limited.



ROZIER, HARRINGTON & MCKAY  
Certified Public Accountants

**KISATCHIE-DELTA**  
**REGIONAL PLANNING AND DEVELOPMENT DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COST**  
**FOR THE YEAR ENDED JUNE 30, 2003**

We were engaged to audit the financial statements of Kisatchie-Delta Regional Planning and Development District as of and for the year ended June 30, 2003, and have issued our report thereon dated August 1, 2003. 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. Our report expresses an unqualified opinion on the financial statements for the year ending June 30, 2003.

**SECTION I - SUMMARY OF AUDITOR'S RESULTS:**

a. The report on internal control and compliance material to the financial statements reported the following items:

- Internal Control – There were no reportable conditions
- Compliance – No noncompliance that is material to the financial statements.

b. Federal Awards:

- N/A, Federal Awards received during the year ended June 30, 2003 were not sufficient in amount to require a single audit.

c. Identification of Major Programs:

- N/A

**SECTION II - FINDINGS RELATING TO THE FINANCIAL STATEMENTS WHICH ARE REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED GOVERNMENTAL AUDITING STANDARDS:**

- None

**SECTION III - FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS WHICH SHALL INCLUDE AUDIT FINDINGS AS DEFINED BY OMB CIRCULAR A-133:**

- None

**KISATCHIE-DELTA**  
**REGIONAL PLANNING AND DEVELOPMENT DISTRICT**  
**MANAGEMENT'S CORRECTIVE ACTION PLAN**  
**FOR THE YEAR ENDED JUNE 30, 2003**

<b>SECTION I</b>		
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>		
No findings were reported in the schedule of findings and questioned costs.	Response - N/A	
<b>SECTION II</b>		
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>		
No findings were reported in the schedule of findings and questions cost.	Response - N/A	
<b>SECTION III</b>		
<b>MANAGEMENT LETTER</b>		
No findings were reported in the schedule of findings and questions cost.	Response - N/A	

**KISATCHIE-DELTA**  
**REGIONAL PLANNING AND DEVELOPMENT DISTRICT**  
**SCHEDULE OF PRIOR YEAR FINDINGS**  
**FOR THE YEAR ENDED JUNE 30, 2003**

<b>SECTION I</b>		
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.</b>		
No findings of this nature were reported as a result of the previous audit.	Response – N/A	
<b>SECTION II</b>		
<b>INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS</b>		
No findings of this nature were reported as a result of the previous audit.	Response – N/A	
<b>SECTION III</b>		
<b>MANAGEMENT LETTER</b>		
No findings of this nature were reported as a result of the previous audit.	Response – N/A	