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

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 1999

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 1-26-00

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ROZIER, HARRINGTON & MCKAY

CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE
ALEXANDRIA, LOUISIANA 71301

John S. Rozier, IV, C.P.A.
M. Dale Harrington, C.P.A.
Mark S. McKay, C.P.A.
Lee W. Willis, C.P.A.

Lawrence E. Mayeaux, C.P.A.

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

September 16, 1999

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, 1999. 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 generally accepted auditing standards 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.

Governmental accounting standards require disclosure of certain matters regarding the year 2000 issue. Due to the unprecedented nature of the year 2000 issue, management believes that its effects and the success of remediation efforts will not be fully determinable before the year 2000. Since the effects of the year 2000 issue and the success of remediation efforts cannot be readily determined at the present time, management has elected to omit the required disclosures from the accompanying financial statements.

In our opinion; except for the omission of disclosures regarding the year 2000 issue as discussed in the previous paragraph, 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, 1999 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

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

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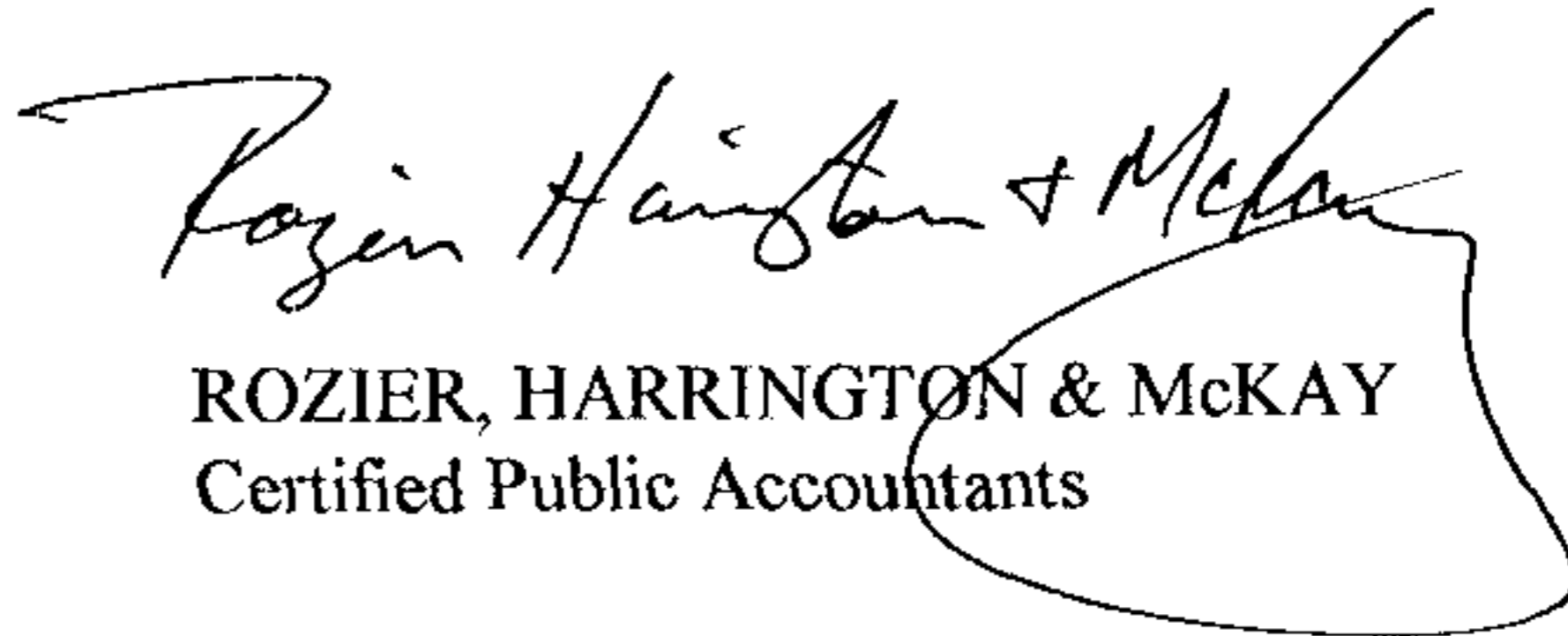
INDEPENDENT AUDITORS' REPORT

SEPTEMBER 16, 1999

PAGE 2

table 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.

In accordance with Government Auditing Standards, we have also issued our report dated September 16, 1999 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.


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, 1999

	Governmental Funds		Account Groups			Total (Memorandum Only)
	General	Special Revenue	General Fixed Assets	General Long-term Debt	General	
<u>Assets</u>						
Cash and cash equivalents	\$ 73,740	\$ 713,420	\$ -	\$ -	\$ -	\$ 787,160
Accounts Receivable	2,298	55,846	-	-	-	58,144
Other current assets	1,182	-	-	-	-	1,182
Loans receivable, net of allowance for loan losses	-	991,620	-	-	-	991,620
Interfund receivables	5,189	12,191	-	-	-	17,380
General fixed assets	-	-	1,551,247	-	-	1,551,247
Amount to be provided for retirement of long-term debt	-	-	-	1,797,121	-	1,797,121
Total assets	\$ 82,409	\$ 1,773,077	\$ 1,551,247	\$ 1,797,121	\$ -	\$ 5,203,854
<u>Liabilities and fund equity</u>						
<u>Liabilities:</u>						
Accounts and other payables	\$ 1,871	\$ 48,211	\$ -	\$ -	\$ -	\$ 50,082
Accrued leave	-	-	-	12,012	-	12,012
Interfund payables	-	17,380	-	-	-	17,380
Note payable - Hibernia Bank	-	-	-	6,476	-	6,476
Note payable - Farmers Home Administration	-	-	-	1,778,633	-	1,778,633
Total liabilities	1,871	65,591	-	1,797,121	-	1,864,583
<u>Fund equity:</u>						
Investment in general fixed assets	-	-	1,551,247	-	-	1,551,247
Fund Balance:	80,538	1,707,486	-	-	-	1,788,024
Total fund equity	80,538	1,707,486	1,551,247	-	-	3,339,271
Total liabilities and fund equity	\$ 82,409	\$ 1,773,077	\$ 1,551,247	\$ 1,797,121	\$ -	\$ 5,203,854

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, 1999

	General	Special Revenue	Total (Memorandum Only)
Revenues:			
Grants - Federal	\$ -	\$ 94,290	\$ 94,290
Grants - State	-	201,058	201,058
Local match	-	69,400	69,400
Membership dues	38,505	-	38,505
Rental income	81,675	-	81,675
Administrative services	70,961	-	70,961
Interest and fees from loans	35,054	112,584	147,638
Miscellaneous	8,199	12,037	20,236
Total revenues	234,394	489,369	723,763
Expenditures:			
Current:			
Administrative services	70,540	-	70,540
Business loans	43,843	-	43,843
General	21,224	448,997	470,221
Provision for loan losses	-	60,172	60,172
Debt service			
Principal	81,280	65,468	146,748
Interest	5,629	16,792	22,421
Total expenditures	222,516	591,429	813,945
Excess (deficiency) of revenues over expenditures	11,878	(102,060)	(90,182)
Other Financing Sources (Uses):			
Proceeds from debt	-	191,063	191,063
Operating transfers in (out)	(15,660)	15,660	-
Total other financing sources (uses)	(15,660)	206,723	191,063
Excess (deficiency) of revenues and other resources over (under) expenditures and other uses	(3,782)	104,663	100,881
Fund balance - beginning of year	84,320	1,602,823	1,687,143
Fund balance - end of year	\$ 80,538	\$ 1,707,486	\$ 1,788,024

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 - Budget (GAAP Basis) and Actual

All Governmental Fund Types

For the year ended June 30, 1999

	General Fund			Special Revenue Funds			Total (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Grants - Federal	\$ -	\$ -	\$ -	\$ 96,750	\$ 94,290	\$ (2,460)	\$ 96,750	\$ 94,290	\$ (2,460)
Grants - State	-	-	-	203,550	201,058	(2,492)	203,550	201,058	(2,492)
Local match	-	-	-	41,295	69,400	28,105	41,295	69,400	28,105
Membership dues	38,500	38,505	5	-	-	-	38,500	38,505	5
Rental income	-	81,675	81,675	-	-	-	-	81,675	81,675
Administrative services	70,346	70,961	615	-	-	-	70,346	70,961	615
Interest and loan fees	35,052	35,054	2	121,200	112,584	(8,616)	156,252	147,638	(8,614)
Miscellaneous	5,146	8,199	3,053	23,500	12,037	(11,463)	28,646	20,236	(8,410)
Total revenues	149,044	234,394	85,350	486,295	489,369	3,074	635,339	723,763	88,424
Expenditures:									
Current:									
Administrative services	70,346	70,540	(194)	-	-	-	70,346	70,540	(194)
Business loans	42,431	43,843	(1,412)	-	-	-	42,431	43,843	(1,412)
General	22,545	21,224	1,321	441,542	448,997	(7,455)	464,087	470,221	(6,134)
Provision for loan losses	-	-	-	37,800	60,172	(22,372)	37,800	60,172	(22,372)
Debt service									
Principal	4,600	81,280	(76,680)	-	65,468	(65,468)	4,600	146,748	(142,148)
Interest	546	5,629	(5,083)	16,793	16,792	1	17,339	22,421	(5,082)
Total expenditures	140,468	222,516	(82,048)	496,135	591,429	(95,294)	636,603	813,945	(177,342)
Excess (deficiency) of revenues over expenditures	8,576	11,878	3,302	(9,840)	(102,060)	(92,220)	(1,264)	(90,182)	(88,918)
Other Financing Sources (Uses):									
Proceeds from debt	-	-	-	-	191,063	191,063	-	191,063	191,063
Transfers in (out)	-	(15,660)	(15,660)	-	15,660	15,660	-	-	-
Total other financing sources (uses)	-	(15,660)	(15,660)	-	206,723	206,723	-	191,063	191,063
Excess (deficiency) of revenues and other resources over (under) expenditures and other uses	8,576	(3,782)	(12,358)	(9,840)	104,663	114,503	(1,264)	100,881	102,145
Fund balance - beginning of year	84,320	84,320	-	1,602,823	1,602,823	-	1,687,143	1,687,143	-
Fund balance - end of year	\$ 92,896	\$ 80,538	\$ (12,358)	\$ 1,592,983	\$ 1,707,486	\$ 114,503	\$ 1,685,879	\$ 1,788,024	\$ 102,145

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

Kisatchie-Delta

Regional Planning and Development District

Notes to Financial Statements

June 30, 1999

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, 1999

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. 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, 1999

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, 1999 are as follows:

Kisatchie-Delta

Regional Planning and Development District

Notes to Financial Statements

June 30, 1999

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund, Net	\$ 5,189	\$ ----
Special Revenue Funds:		
Vernon Technical Assistance	----	2,672
Economic Development Administration	4,925	----
Intermediary Relending	7,027	----
Enterprise Zones	239	----
Retirement	----	1,874
Federal Procurement	----	3,373
Avoyelles Reapportionment	----	3,276
Solid Waste	----	322
Energy	----	2,782
Scenic Byways	----	2,396
Vernon Procurement	----	685
Total	\$ 17,380	\$ 17,380

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	38,482	----	1,573	36,909
Total	\$ 1,552,820	\$ ----	\$ 1,573	\$ 1,551,247

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 local bank. Upon completion of the project, the industrial complex was leased to 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:

Kisatchie-Delta

Regional Planning and Development District

Notes to Financial Statements June 30, 1999

- 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. Since the note has been paid in full, no further rental payments are due.
- 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.
- At the termination of the 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.
- At the termination of the of the primary term or during the extended term, the lessee has an option to purchase the land upon which the improvements are located; however, uncertainty exist regarding the circumstances under which this option may be exercised. See Note 12 for further details regarding this option.

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

Kistachie-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 will be used to create a portfolio of revolving loans to eligible borrowers within the Kisatchie-Delta District.

As of June 30, 1999, the loan portfolio consist of eighteen (18) 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	\$ 1,103,710
Allowance for Loan Losses	(112,090)
<hr/>	
Loans (net)	\$ 991,620

An analysis of activity effecting the allowance for loan losses for the year ended June 30, 1999 is presented as follows:

Kisatchie-Delta

Regional Planning and Development District

Notes to Financial Statements

June 30, 1999

<u>Allowance For Loan Losses:</u>	
Balance, Beginning of the Year	\$ 74,015
Provision for Bad Debts	60,172
Loans Charged Off	(35,470)
Recoveries	13,373
<hr/>	
Balance, End of the Year	\$ 112,090

NOTE 5 - LONG-TERM DEBT

The following is a summary of long-term debt transactions for the year ended June 30, 1999

	<u>Accrued Leave Liability</u>	<u>Hibernia Bank</u>	<u>Farmers Home Administration</u>	<u>Total</u>
Beginning of Year	\$ 16,650	\$ 83,118	\$ 1,653,038	\$ 1,752,806
Additions	----	----	191,063	191,063
Long-term Debt Retired	4,638	76,642	65,468	146,748
<hr/>				
End of Year	\$ 12,012	\$ 6,476	\$ 1,778,633	\$ 1,797,121

Notes payable at June 30, 1999 are comprised of the following general obligations:

A \$457,029 prime plus 1.5% note, payable to Hibernia Bank in monthly installments ranging from \$2,374 to \$6,689 plus interest, secured by a mortgage on land and buildings leased to a manufacturing enterprise, due July, 1999. \$ 6,476

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 five (5) 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. 1,778,633

<u>Total General Obligations</u>	<u>\$ 1,785,109</u>
----------------------------------	---------------------

Repayment of principal on outstanding general obligations is as follows:

Kisatchie-Delta

Regional Planning and Development District

Notes to Financial Statements

June 30, 1999

<u>Year ending June 30:</u>	<u>Hibernia Bank</u>	<u>Farmers Home Administration</u>	<u>Total</u>
1999	\$ 6,476	\$ 64,473	\$ 70,949
2000	----	65,118	65,118
2001	----	65,770	65,770
2002	----	66,427	66,427
2003	----	67,092	67,092
Thereafter	----	1,449,753	1,449,753
<u>Total</u>	<u>\$ 6,476</u>	<u>\$ 1,778,633</u>	<u>\$ 1,785,109</u>

NOTE 6 - ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 1999 are presented as follows:

	<u>General</u>	<u>Special Revenue</u>
State funds	\$ ----	\$ 44,526
Interest and loan fees	2,298	8,924
Other	----	2,396
<u>Total</u>	<u>\$ 2,298</u>	<u>\$ 55,846</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, 1999 the District's cash balances totaled \$787,160 (Book Balance) and \$800,625 (Bank Balance). Deposits are secured from risk by \$217,713 in Federal Deposit Insurance and pledged securities (uncollateralized, GASB Category 3) with a market value of \$723,310. 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 risk of

Kisatchie-Delta

Regional Planning and Development District

Notes to Financial Statements

June 30, 1999

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, 1999, the following funds reported deficit balances:

	<u>Deficit</u>
Vernon Technical Assistance	\$ 2,672
Federal Procurement	3,290
Enterprise Zone	1,795
Avoyelles Reapportionment	3,646
Scenic Byways	2,420
Vernon Procurement	758
Solid Waste	322
<hr/>	
<u>Total</u>	<u>\$ 14,903</u>

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 exceed amounts appropriated by the amended budget. Details regarding the excess expenditures are provided as follows:

- Generally accepted accounting standards require governmental funds to report principal paid on long-term debt as an expenditure; however, the amended budget did not provide an appropriation for scheduled principal payments on long-term debt.
- Based on a review of the IRP loan portfolio, the necessary provision for loan losses exceeded the budget appropriation for loan losses.

NOTE 12 – CONTINGENCY

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

Kisatchie-Delta

Regional Planning and Development District

Notes to Financial Statements June 30, 1999

Land (Approximate 12 acres)	\$ 115,556
Improvements	1,398,782
<hr/>	
Total Cost	\$ 1,514,338

The property described above has been leased to a manufacturing enterprise. A portion of the lease agreement which addresses the lessee's option to purchase the land is presented as follows:

It is further agreed that lessee also has the option to purchase the land consisting of 12 acres, more or less, on which the improvements are located, at the termination of the primary term or during the extended lease term for a cash consideration of \$1.00.

The lessee has notified Kisatchie-Delta of its intent to exercise the option described above and the lessee has remitted payment in the amount of \$1. Since the lease agreement was negotiated by a previous administration, the current management of Kisatchie-Delta has not had an opportunity to thoroughly consider or interpret options granted to the lessee. Accordingly, management has referred this matter to legal counsel. Some issues that may require resolution are identified as follows:

- If Kisatchie-Delta is compelled to transfer title to the land its rights to the improvements may be impaired; however, the extent of any impairment has not been determined.
- The lease agreement includes a provision allowing the lessee to purchase the improvements by making a cash payment to EDA. If Kisatchie-Delta is compelled to transfer title to the land, the ability of the EDA to collect cash payments from the lessee could be adversely effected. Participating in a transaction that adversely effects the EDA could result in liability exposure for Kisatchie-Delta.
- 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.

Legal counsel is addressing these matters but the ultimate resolution of the matters cannot be predicted at the present time.

SPECIAL REVENUE FUNDS

To account for the proceeds of specific revenue sources that are restricted to expenditure for specified purposes.

VERNON TECHNICAL ASSISTANCE - Account for resources restricted for the purpose of preparing economic adjustment strategy for areas affected by realignment of Fort Polk.

ECONOMIC DEVELOPMENT ADMINISTRATION (EDA) - Accounts for the receipt and disbursement of a U.S. Department of Commerce Grant restricted for economic development within the District's geographic region.

INTERMEDIARY RELENDING PROGRAM - Account for resources which are restricted for the purpose of establishing a revolving loan portfolio to benefit the rural portion of the Kisatchie-Delta District.

EMPOWERMENT ZONES- Account for restricted resources which will be used in an effort to obtain designation as an empowerment zone for a portion of Kisatchie-Delta District.

KENT HOUSE - Accounts for the receipt and disbursement of state and private donations restricted for maintaining and operating the Kent House Plantation.

FEDERAL PROCUREMENT - Accounts for the receipt and disbursement of funds restricted for assisting local businesses in procuring federal contracts, and placement of eligible JTPA Participants.

WEST LOUISIANA RETIREMENT - Accounts for the receipt and disbursement of funds restricted for the purpose of promoting the district to retirees.

AVOYELLES REAPPORTIONMENT - Account for receipt and disbursement of funds in connection with the reapportionment of Avoyelles Parish.

ENTERPRISE ZONES - Accounts for funds restricted for the purpose of implementing changes that effect Enterprise Zones within the District.

SOLID WASTE - Accounts for resources restricted for the purpose of developing solid waste disposal options.

VERNON PROCUREMENT - Account for receipt and disbursement of funds in connection with the reapportionment of Vernon Parish.

SCENIC BYWAYS - Account for resources that are restricted for the purpose of developing a scenic byways corridor management plan.

ENERGY - Account for resources that are restricted for the purpose of promoting energy conservation and efficiency.

KISATCHIE-DELTA
REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.
 Combining Balance Sheet
 Special Revenue Funds
 June 30, 1999

	Vernon Technical Assistance	EDA	Intermediary Relending	Empowerment Zones	Kent House	Federal Procurement	West Louisiana Retirement	Avoyelles Reapportionment	Enterprise Zone	Solid Waste	Vernon Reapportionment	Scenic Byways	Energy	Total
Cash and cash equivalents	\$ -	\$ -	\$ 713,420	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 713,420
Accounts Receivable	-	-	8,924	-	-	83	24,346	-	2,313	-	-	-	20,180	55,846
Loans receivable, net of allowable for loan losses	-	-	991,620	-	-	-	-	-	-	-	-	-	-	991,620
Interfund receivables	-	4,925	7,027	-	-	-	-	-	239	-	-	-	-	12,191
Total assets	\$ -	\$ 4,925	\$ 1,720,991	\$ -	\$ -	\$ 83	\$ 24,346	\$ -	\$ 2,552	\$ -	\$ -	\$ -	\$ 20,180	\$ 1,773,077

Assets

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

Liabilities and Fund Equity

Liabilities:

Accounts and other payables
 Interfund payables

\$ -	\$ 1,301	\$ 2,954	\$ -	\$ -	\$ -	\$ -	\$ 22,472	\$ 370	\$ 4,347	\$ -	\$ 73	\$ 24	\$ 16,670	\$ 48,211
2,672	-	-	-	-	-	3,373	1,874	3,276	-	322	685	2,396	2,782	17,380
2,672	1,301	2,954	-	-	-	3,373	24,346	3,646	4,347	322	758	2,420	19,452	65,591
(2,672)	3,624	1,718,037	-	-	-	(3,290)	-	(3,646)	(1,795)	(322)	(758)	(2,420)	728	1,707,486
\$ -	\$ 4,925	\$ 1,720,991	\$ -	\$ -	\$ -	\$ 83	\$ 24,346	\$ -	\$ 2,552	\$ -	\$ -	\$ -	\$ 20,180	\$ 1,773,077

Fund Equity:

Fund balance

Total liabilities and fund equity

KISATCHEE-DELTA

REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC. Combining Statement of Revenues, Expenditures, and Changes in Fund Balance Special Revenue Funds June 30, 1999

	Vernon Technical Assistance	EDA	Intermediary Relending	Empowerment Zones	Kent House	Federal Procurement	West Louisiana Retirement	Avoyelles Reappor- tionment	Enterprise Zone	Solid Waste	Vernon Reappor- tionment	Scenic Byways	Energy	Total
Revenues:														
Grants - Federal	\$ -	\$ 51,000	\$ -	\$ -	\$ -	\$ 43,290	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 94,290
Grants - State	-	-	-	-	-	-	100,000	-	9,250	-	-	-	91,808	201,058
Local match	-	17,004	-	-	-	3,939	28,100	14,563	-	-	5,794	-	-	69,400
Interest & loan fees	-	-	112,584	-	-	-	-	-	-	-	-	-	-	112,584
Other income	-	643	11,394	-	-	-	-	-	-	-	-	-	-	12,037
Total revenues	-	68,647	123,978	-	-	47,229	128,100	14,563	9,250	-	5,794	-	91,808	489,369
Expenditures:														
Current	1,680	63,609	76,319	-	-	49,470	126,985	18,466	12,416	-	6,552	2,420	91,080	448,997
Provision for loan losses (net of recoveries)	-	-	60,172	-	-	-	-	-	-	-	-	-	-	60,172
Debt service - principle	-	-	65,468	-	-	-	-	-	-	-	-	-	-	65,468
Debt service - interest	-	-	16,792	-	-	-	-	-	-	-	-	-	-	16,792
Total expenditures	1,680	63,609	218,751	-	-	49,470	126,985	18,466	12,416	-	6,552	2,420	91,080	591,429
Excess (deficiency) of revenues over expenditures	(1,680)	5,038	(94,773)	-	-	(2,241)	1,115	(3,903)	(3,166)	-	(758)	(2,420)	728	(102,060)
Other Financing Sources (Uses):														
Proceeds of loans	-	-	191,063	-	-	-	-	-	-	-	-	-	-	191,063
Transfers in (out)	-	-	-	9,776	9,065	-	-	-	(3,181)	-	-	-	-	15,660
Total other financing sources	-	-	191,063	9,776	9,065	-	-	-	(3,181)	-	-	-	-	206,723
Excess (deficiency) of revenues and other resources over (under) expenditures and other uses	(1,680)	5,038	96,290	9,776	9,065	(2,241)	1,115	(3,903)	(6,347)	-	(758)	(2,420)	728	104,663
Fund balance - beginning of year	(992)	(1,414)	1,621,747	(9,776)	(9,065)	(1,049)	(1,115)	257	4,552	(322)	-	-	-	1,602,823
Fund balance - end of year	\$ (2,672)	\$ 3,624	\$ 1,718,037	\$ -	\$ -	\$ (3,290)	\$ -	\$ (3,646)	\$ (1,795)	\$ (322)	\$ (758)	\$ (2,420)	\$ 728	\$ 1,707,486

KISATCHIE-DELTA

REGIONAL PLANNING AND DEVELOPMENT DISTRICT, INC.

Combining Statement of Current Expenditures
Special Revenue Funds
June 30, 1999

	Vernon Technical Assistance	EDA	Intermediary Relending	Federal Procurement	West Louisiana Retirement	Avoyelles Reappor- tionment	Enterprise Zone	Vernon Reappor- tionment	Scenic Byways	Energy	Total
Current expenditures											
Administrative services	-	-	12,510	6,863	24,302	2,184	1,388	869	-	15,422	63,538
Advertising	-	-	1,124	-	-	67	-	17	100	-	1,308
Bad debt	1,680	-	-	-	-	-	-	-	-	-	1,680
Conferences and meetings	-	683	-	-	-	-	-	-	-	-	683
Copier cost	-	599	425	144	165	401	120	58	26	81	2,019
Dues and subscriptions	-	1,490	918	310	571	18	29	14	58	142	3,550
Equipment maintenance	-	-	-	-	-	162	-	162	-	-	324
Equipment purchase and leases	-	677	1,420	61	26	410	4,249	16	6	28	6,893
Fringe benefits	-	9,272	8,540	3,672	2,978	2,256	1,007	678	358	-	28,761
Insurance and bonding	-	664	851	76	1,563	54	81	31	164	1,095	4,579
Legal and professional	-	991	7,153	-	79,991	364	121	73	-	73,327	162,020
Occupancy	-	3,655	3,449	2,717	1,167	671	439	257	79	425	12,859
Miscellaneous	-	-	42	-	-	-	-	-	-	-	42
Postage	-	218	232	484	219	183	38	21	11	111	1,517
Printing and publications	-	-	25	-	-	-	-	-	-	-	25
Salaries	-	37,844	36,517	32,208	12,164	10,121	4,028	3,299	1,395	-	137,576
Supplies	-	820	799	150	1,361	985	821	699	68	229	5,932
Telephone	-	856	562	530	273	163	95	35	22	146	2,682
Travel	-	5,840	1,752	2,255	2,205	427	-	323	133	74	13,009
Total current expenditures	\$ 1,680	\$ 63,609	\$ 76,319	\$ 49,470	\$ 126,985	\$ 18,466	\$ 12,416	\$ 6,552	\$ 2,420	\$ 91,080	\$ 448,997

ROZIER, HARRINGTON & MCKAY
CERTIFIED PUBLIC ACCOUNTANTS

1407 PETERMAN DRIVE
ALEXANDRIA, LOUISIANA 71301

John S. Rozier, IV, C.P.A.
M. Dale Harrington, C.P.A.
Mark S. McKay, C.P.A.
Lee W. Willis, C.P.A.
Lawrence F. Mayeaux, C.P.A.

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

September 16, 1999

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, 1999 and have issued our report thereon dated September 16, 1999. We conducted our audit in accordance with generally accepted auditing standards 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 and not be detected within a timely period by employees in the normal course of performing their

KISATCHIE-DELTA REGIONAL PLANNING AND DEVELOPMENT DISTRICT

SEPTEMBER 16, 1999

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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 PLANING AND DEVELOPMENT DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COST
FOR THE YEAR ENDED JUNE 30, 1999

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, 1999, and have issued our report thereon dated September 16, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our report expresses a qualified of opinion on the financial statements for the year ending June 30, 1999.

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, 1999 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 PLANING AND DEVELOPMENT DISTRICT
MANAGEMENT'S CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 1999

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

KISATCHIE-DELTA
REGIONAL PLANING AND DEVELOPMENT DISTRICT
SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 1999

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