

**WARD 9 RECREATION DISTRICT
RAPIDES PARISH, LOUISIANA**

**ANNUAL FINANCIAL REPORT
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. This report is available for public inspection at the Parish Clerks office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

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February 3, 2004

Independent Audited Report

To the Board of Commissioners
Ward 9 Recreation District
Rapides Parish, Louisiana

We have audited the accompanying basic financial statements of the governmental activities and each major fund of the Ward 9 Recreation District, Rapides Parish, Louisiana, as of and for the year ended December 31, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the Ward 9 Recreation District's management. Our responsibility is to express an opinion on these basic 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Ward 9 Recreation District, as of December 31, 2003, and the respective changes in financial position thereof for the year then ended in conformity with accepted accounting principles generally accepted in the United States of America.

The management's discussion and analysis and budgetary comparison information listed in the accompanying table of contents are not a required part of the financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued a report dated February 3, 2004, on our assessment of the Recreation District'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 our audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

ROZIER, HARRINGTON & MCKAY
Certified Public Accountants

Members:

American Institute of Certified Public Accountants • Society of Louisiana CPAs

Ward 9 Recreation District

Rapides Parish, Louisiana

Management's Discussion And Analysis

December 31, 2002

This section of the Ward 9 Recreation District's annual financial report presents our discussion and analysis of the District's financial performance. The District began operating on or around August 1, 2001. Operations to date have consisted primarily of organizational activities, which are described as follows:

- Securing property taxes to support operations and maintenance, and to service debt necessary to finance the construction of recreation facilities. The necessary property taxes were approved by the voters of the District on November 11, 2001.
- Securing financing necessary to finance the construction of recreation facilities. This was accomplished by collecting \$4,700,000 from the issuance of general obligation bonds that were dated April 1, 2002.
- Negotiating with property owners to obtain access to property that will be utilized for recreational facilities.
- Designing and completing plans for the construction of the District's facilities.
- Awarding contracts and beginning the initial phase of construction of the District's facilities.

OVERVIEW OF FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements. These two types of financial statements present the District's financial position and results of operations from differing perspectives, which are described as follows:

Government-wide Financial Statements

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. These reports all revenues and expenses regardless of when cash is received or paid. Furthermore, the government-wide statements include all of the District's assets and all of the District's liabilities (including long-term debt). Expenses incurred in connection with the operation and maintenance of the District's recreational facilities are reported on governmental activities. The governmental activities are financed by taxes, proceeds from debt, and investment income.

Fund Financial Statements

Fund financial statements provide detailed information regarding the District's most significant activities and are not intended to provide information for the District as a whole. Funds are accounting devices that are used to account for specific sources of funds. The District's funds are all classified as governmental funds. These funds are used to account for essentially the same functions that are reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, the governmental fund use a modified accrual basis of accounting that provides a short-term view of the District's finances. Assets reported by governmental funds are limited to amounts that are available for current needs. In addition, liabilities are limited to amounts that are expected to be paid from currently available assets.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District began operations on August 1, 2001 and its initial financial report covered the thirteen month period from August 1, 2001 through December 31, 2001. A comparative analysis of government-wide data for the initial thirteen month period is compared to the data for the current year as follows:

Net Assets

A condensed version of the government-wide Statement of Net Assets is presented as follows:

Ward 9 Recreation District **Rapides Parish, Louisiana**

Management's Discussion And Analysis **December 31, 2002**

	<u>December 31,</u>	
	<u>2002</u>	<u>2001</u>
<u>Assets</u>		
Current and Other Assets	\$ 4,225,693	\$ 4,841,786
Capital Assets	1,786,433	243,724
Total Assets	6,012,126	5,085,510
<u>Liabilities</u>		
Current and Other Liabilities	718,177	744,196
Long-term Liabilities	5,298,000	4,341,000
Total Liabilities	6,016,177	5,085,196
<u>Net Assets</u>		
Restricted	787,118	589,928
Unrestricted	524,821	553,186
Total Net Assets	\$ 1,311,939	\$ 1,143,114

At the present time, amounts borrowed to construct recreational facilities has exceeded amounts expended on construction. Accordingly, there is no balance reported for net assets invested in capital assets, net of related debt. The largest portion of the District's net assets (50.7%) are restricted for debt service (40.3%) and investment in capital assets (11.2%). The remaining unrestricted net assets (38.1%) may be used to meet the District's ongoing obligations to citizens and creditors.

Changes in Net Assets

A condensed version of the government-wide Statement of Changes in Net Assets is presented as follows:

	<u>For the Period Ended</u>	
	<u>December 31,</u>	
	<u>2002</u>	<u>2001</u>
<u>Expenses</u>		
Culture and Recreation		
Insurance	1,780	1,831
Legal and Professional	12,471	6,026
Interest	297,885	319,511
Other	5,292	15,458
Total Expenses	317,428	342,826
<u>Program Revenues</u>		
Charges for Services	---	---
Operating Grants and Contributions	20,000	5,000
Capital Grants and Contributions	---	---
Total Program Revenues	20,000	5,000

Ward 9 Recreation District Rapides Parish, Louisiana

Management's Discussion And Analysis December 31, 2000

	For the Period Ended December 31,	
	2000	2001
General Revenues:		
Property Taxes	640,760	700,540
Investment Income	54,379	104,640
Other	—	—
Total General Revenues	695,139	805,180
Change in Net Assets	477,710	612,114
Net Assets Beginning	612,114	—
Net Assets Ending	\$1,279,849	\$ 612,114

As presented above, the District's net assets have increased. The increase is attributable to the collection of taxes for the operation and maintenance of recreation facilities that are currently being constructed. Since the recreation facilities are not complete, the actual assets incurred are very limited. In addition, the District has also earned income from the temporary investment of local proceeds that will be used to complete construction of the recreation facilities. Furthermore, rates for debt service have been increased in order to provide funds for additional securities that will issue in March, 2001.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

For the year ended December 31, 2000, the only differences between amounts reported by the District's funds and activities reported in the government-wide financial statements are attributable to excluding capital assets and long-term debt that appear in the government-wide presentation.

GENERAL FUND BUDGET HIGHLIGHTS

The general fund is the only fund required by law to adopt a budget. A summary of the general fund budget compared to actual amounts is presented as follows:

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Total Revenues	\$ 270,500	\$ 261,500	\$ 277,064	\$ 15,564
Total Expenditures	104,500	101,500	15,029	76,471
Excess (deficiency) of revenues over expenditures	\$ 166,000	\$ 160,000	\$ 231,035	\$ 82,310

There were no significant differences between the original and the final budget. Revisions were limited to minor adjustments necessary to address matters that arose after the original budget was adopted.

CAPITAL ASSET ADMINISTRATION

Capital asset activity for the year ended December 31, 2000 is limited to completing activities associated with planning, engineering, designing and other preliminary arrangements associated with the construction of the District's recreation facilities. In addition, a contract in the amount of \$2,157,210 has been awarded for the initial phase of construction.

Ward 9 Recreation District

Rapides Parish, Louisiana

Management's Discussion And Analysis

December 31, 2003

which consist primarily of earthwork, drainage and erosion control. As December 31, 2003, the initial phase of construction was 70% complete.

DEBT ADMINISTRATION

For the year ended December 31, 2003, no new debt was incurred. Activity associated the District's existing debt is presented as follows:

	Certificate of Indebtedness Series 2001	General Obligation Bonds Series 2002
Beginning Balance – January 1, 2003	\$ 20,000	\$ 4,300,000
Retirements	20,000	65,000
Ending Balance – December 31, 2003	<u>\$ —</u>	<u>\$ 4,235,000</u>

FACTORS EXPECTED TO AFFECT FUTURE OPERATIONS

In order to permit future operations, it will be necessary for the District to complete the construction of its recreational facilities. Milestones that the District expects to accomplish within the next year are described as follows:

- Complete Phase I of construction, which includes earthwork, drainage and erosion control.
- Award contracts for the remaining Phase of construction including irrigation, plumbing, electrical distribution, lighting, fencing, building, sidewalks, bleachers, parking and remaining improvements necessary to initiate operation of a recreation facility.
- Establish staff necessary to conduct recreation activities.
- Acquire equipment necessary to operate and maintain the recreation facility.

Another matter that is expected to have an impact on future operations involves a tax protest by one of the District's major taxpayers. In addition, the taxpayer has filed suit seeking the removal of its property from the boundaries of the District. Management will attempt to resolve the litigation as soon as possible in order to clarify the following issues:

- It will be necessary to resolve the litigation in order to determine how much tax revenue will be available to support future operations and maintenance.
- Resolving litigation will be necessary in order to determine future millages necessary to service long-term debt.

There is that an subject is stated in connection with the lawsuit as summarized as follows:

	Operations and Maintenance	Debt Service
Amount Protested in Previous Years	\$ 68,601	\$ 118,217
Amount Protested from the Current Year	19,879	186,674
Total Paid Under Protest	<u>\$ 118,280</u>	<u>\$ 314,891</u>

Ward 9 Recreation District
Rapides Parish, Louisiana

Statement of Net Assets
December 31, 2003

	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 109,808
Receivables (net)	245,533
Restricted Assets:	
Cash and Cash Equivalents	4,198,438
Receivables (net)	565,825
Capital Assets - Construction in Process	<u>3,706,418</u>
Total Assets	<u>8,826,126</u>
LIABILITIES	
Accounts Payable	811
Liabilities Payable From Restricted Assets:	
Accounts Payable	348,119
Accrued Interest Payable from Restricted Assets	105,247
Long-term Debt Payable from Restricted Assets:	
Due Within One Year	235,000
Due in More than One Year	<u>5,085,000</u>
Total Liabilities	<u>6,090,277</u>
NET ASSETS	
Restricted for:	
Investment in Capital Assets	353,049
Debt Service	502,279
Unrestricted	<u>474,921</u>
Total Net Assets (Deficit)	<u>\$ 2,735,849</u>

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

Ward 9 Recreation District
Rapides Parish, Louisiana

Statement of Activities
For the Year Ended December 31, 2003

	<u>Governmental Activities</u>
Expenses:	
Culture and Recreation	\$ 25,501
Interest on Long-Term Debt	<u>397,869</u>
Total Expenses	323,374
Program Revenues:	
Charges for Services	-
Operating Grants and Contributions	20,000
Capital Grants and Contributions	<u>-</u>
Net Expenses	<u>303,374</u>
General Revenues:	
Property Taxes	846,785
Investment Income	84,274
Other	<u>-</u>
Total General Revenues	<u>931,059</u>
Change in Net Assets	627,685
Net Assets - Beginning	<u>612,114</u>
Net Assets - Ending	<u>\$ 1,239,849</u>

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

Ward 9 Recreation District
Rapides Parish, Louisiana

Balance Sheet - Governmental Funds
December 31, 2003

Assets	General	Capital Project	Debt Service	Total Governmental Funds
Cash and Cash Equivalents	\$ 218,899	\$ 4,157,519	\$ 48,917	\$ 4,425,335
Receivables	345,513	1,888	158,737	506,138
Due From Other Funds	19,000	-	17,872	36,872
Total assets	\$ 673,412	\$ 4,160,295	\$ 175,526	\$ 5,039,263
Liabilities and Fund Balance				
Liabilities				
Accounts Payable	\$ 911	\$ 348,119	\$ -	\$ 349,030
Accrued Interest Payable	-	-	105,247	105,247
Due to Other Funds	-	17,872	18,000	35,872
Total Liabilities	\$ 911	\$ 366,991	\$ 123,247	\$ 651,149
Fund Balance				
Unreserved	454,121	3,797,036	502,279	4,753,436
Total Fund Balances	454,121	3,797,036	502,279	4,753,436
Total Liabilities and Fund Balance	\$ 455,032	\$ 4,164,027	\$ 625,526	\$ 5,239,585

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets**

Total Fund Balance - Governmental Funds	\$ 4,753,436
Amounts reported for governmental activities in the statement of net assets are different because:	
Long-term liabilities are not due and payable in the current period and therefore they are not reported in the Governmental Fund Balance Sheet	(511,000)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,089,000
Net Assets of Governmental Activities	\$ 4,242,436

The accompanying information is integral part of the financial statements.

Ward 9 Recreation District
Houma Parish, Louisiana

Statement of Revenue, Expenditures and Changes in
Fund Balance - Governmental Funds
For the Year Ended December 31, 2003

	General	Capital Project	Debt Service	Total Governmental Funds
Revenue:				
Property Taxes	\$ 277,348	\$ -	\$ 589,416	\$ 866,764
Investment Income	15	83,208	1,821	84,234
Other	30,808	-	-	30,808
Total revenue	317,969	83,208	591,237	991,219
Expenditures:				
Culture and Recreation	34,423	-	1,898	36,321
Capital Expenditures	-	2,404,709	-	2,404,709
Debt Service				
Interest	606	-	287,197	293,803
Principal	-	-	85,800	85,800
Total expenditures	35,029	2,404,709	289,095	2,829,031
Net Change in Fund Balance	282,940	(2,321,501)	302,142	(1,891,994)
Fund Balance - Beginning of Year	271,384	5,189,117	271,887	6,652,388
Fund Balance - End of Year	\$ 554,324	\$ 2,867,616	\$ 574,029	\$ 4,795,969

Reconciliation of the Statement of Revenue, Expenditures, and Changes in
Fund Balance of Governmental Funds to the Statement of Activities

Net change in fund balance of Governmental Funds	\$ 1,891,994
Amount reported by governmental activities in the statement of activities are different because:	
Depreciated fixed (principal) is an expenditure in the governmental funds, but the equipment related long-term liabilities in the statement of net assets	63,800
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of these assets is allocated over estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the governmental funds	2,444,709
Change in net assets of governmental activities	2,500,503

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

Ward 9 Recreation District **Rapides Parish, Louisiana**

Notes To Financial Statements **December 31, 2003**

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Ward 9 Recreation District (the District) was established by the Rapides Parish Police Jury for the purpose of acquiring, operating and maintaining recreation facilities. The District is governed by a Board of Commissioners appointed by the Rapides Parish Police Jury.

The accompanying policies conform to generally accepted accounting principles for governmental units.

Financial Reporting Entity

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

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the reporting entity to impose its will on the organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the reporting entity.
2. Organizations for which the reporting entity does not appoint a voting majority but are fiscally dependent on the reporting entity.
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.

Based on the previous criteria, the District is a component unit of the Rapides Parish Police Jury. The accompanying component unit financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government service provided by that governmental unit, or other governmental units that comprise the financial reporting entity.

Basic Financial Statements

The District's operations are classified as governmental activities. Governmental activities involve government services that are normally supported by taxes and intergovernmental revenues. The basic financial statements include both government-wide and fund financial statements. The government-wide and fund financial statements present the District's financial position and results of operations from differing perspectives which are described as follows:

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. The effect of interfund activity is eliminated from these financial statements. Performance, government-wide financial statements exclude any fiduciary activities which are reported in the fund financial statements.

Program revenues reported in the Statement of Activities consist of amounts that are directly associated with a governmental service. Program revenues include charges for services, fees, contributions associated with a particular function and most grants.

Ward 9 Recreation District **Rapides Parish, Louisiana**

Notes To Financial Statements **December 31, 2003**

Fund Financial Statements

Funds are separate accounting entities that are designed to assist with demonstrating legal compliance and segregating transactions by activity. Major individual funds are reported as separate columns in the fund financial statements. The District's major funds are described as follows:

- **General Fund** - The general fund is the primary operating fund and is used to account for all governmental activities that are not required to be presented elsewhere.
- **Capital Project Fund** - The capital project fund is used to account for construction activity that is financed from the proceeds of issuing general obligation bonds and interest earned on the temporary investment of bond proceeds.
- **Debt Service Fund** - It is used to account for the collection of special taxes that are assessed for the purpose of paying principal and interest on the District's general obligation bonds.

Basis Of Accounting and Measurement Basis

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting refers to the timing of the measurements made, regardless of the measurement basis applied. The basis of accounting and measurement basis used for various financial statement presentations are described as follows:

Financial Statement Presentation	Basis of Accounting	Measurement Basis
Government-Wide Financial Statements	Accrual Basis	Economic Resources
Fund Financial Statements	Modified Accrual Basis	Current Financial Resources

Under the accrual basis of accounting and the economic resources measurement basis, revenues are recorded when earned and expenses are recorded when a liability is incurred.

Under the modified accrual basis of account and the current financial resources measure basis revenue is recognized when it is considered measurable and available. Revenue is considered available if it is collected within 90 days of year end. In addition, expenses are generally recorded when a liability has been incurred. Furthermore, when the current financial resources measure basis is used, revenues recorded as assets exclude capital assets and the acquisition of capital assets is treated as an expenditure. In addition, long-term debts are excluded from amounts reported as liabilities. Proceeds from issuing long-term debt is reported as an other financing source and repayment of long-term debt is reported as an expenditure.

Use Of Estimates

The preparation of financial statements 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.

Budget Practices

The District prepares an annual budget for the its general fund. This budget is submitted to the Board of Commissioners and an approved budget is adopted before the beginning of each year. If necessary, amended budgets are prepared prior to the conclusion of each fiscal year. The amended budgets are prepared and approved in the same manner as the original budget.

The general fund budget presents revenue and expenditures on a basis which is consistent with generally accepted accounting principles. No annual budget is required for the District's remaining funds.

Ward 9 Recreation District

Rapides Parish, Louisiana

Notes To Financial Statements

December 31, 2003

Capital Assets

Capital assets are carried at historical cost. At the present time, capital assets consist entirely of construction in process. Accordingly, no provision for depreciation has been recorded.

Cash And Cash Equivalents

Accounts reported as cash and cash equivalents (restricted and unrestricted) include all cash on hand, cash in bank accounts, certificates of deposit and highly liquid investments.

Investments

Investments are reported at fair value. Changes in fair value of investments are recognized and reported as investment income in the accompanying financial statements.

Contingent Liabilities

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

Internal Balances

The District's funds occasionally use resources provided by another fund. When transactions of this nature occur, internal receivables and payables are recorded. In the government-wide Statement of Net Assets internal balances are eliminated.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2003 are presented as follows:

Unrestricted	\$ 219,000
Restricted	4,118,715
Total	<u>\$ 4,337,715</u>

The District's cash and cash equivalents include bank deposits and accounts held by investment firms on behalf of the District. Accounts held by each type of institution are presented as follows:

Bank Deposits (Bank Balances)	\$ 4,405,758
Investment Accounts	14,977
Total	<u>\$ 4,420,735</u>

At December 31, 2003, the collected bank balance of \$4,420,735 was secured by FDIC insurance totaling \$200,000 and pledged investment securities held by the controlled bank in the name of the fiscal agent bank (FAGB) (Category 1) with a market value at December 31, 2003 of \$4,795,415. Even though the pledged securities are considered noncollateralized (Category 3), State law imposes a statutory requirement on the controlled bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds on demand.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable at December 31, 2003 are presented as follows:

Ward 9 Recreation District **Rapides Parish, Louisiana**

Notes To Financial Statements **December 31, 2003**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Property Taxes	\$ 243,000	\$ 358,137	\$ 601,137
Accrued Interest	---	7,088	7,088
Total	\$ 243,000	\$ 365,225	\$ 608,225

Management considers the amounts appearing above to be fully collectible and there is no allowance for uncollectible amounts.

NOTE 4 – CAPITAL ASSETS

At December 31, 2003, capital assets are limited to costs that were capitalized in connection with the design of the District's recreation facilities and initial construction work associated with earthwork, drainage and erosion control. Those amounts are reported as construction in progress and are not subject to depreciation until the facilities are completed and placed in service. Construction in progress activity is presented as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental Activities				
Non-Depreciable Capital Assets				
Construction in Progress	<u>\$ 243,724</u>	<u>\$ 1,494,709</u>	<u>\$ ---</u>	<u>\$ 1,738,433</u>

NOTE 5 – ACCOUNTS PAYABLE

Accounts payable at December 31, 2003 consist of the following amounts:

General Operations	\$	931
Construction Contract Payables		241,177
Retainage Withheld Under Construction Contracts		<u>107,962</u>
Total		359,070
Accounts Payable from Restricted Assets		<u>149,118</u>
Accounts Payable	\$	<u>508,188</u>

NOTE 6 – SHORT-TERM CERTIFICATES OF INVESTMENTS

In order to finance organizational activities that occurred prior to receipt of tax revenues, the District has issued Certificates of Indebtedness Series 2001. Under the terms of the certificate of indebtedness, the District is entitled to borrow up to \$50,000 at an interest rate of 4.75% with payment of principal and interest due in full on March 1, 2003. Activity associated with the certificate of indebtedness is presented as follows:

Beginning balance, January 1, 2003	\$	30,000
Draws received		---
Redemptions		<u>30,000</u>
Ending balance, December 31, 2003	\$	<u>---</u>

Ward 9 Recreation District **Rapides Parish, Louisiana**

Notes To Financial Statements **December 31, 2002**

NOTE 7 - LONG-TERM DEBT

The following is a summary of transactions involving long-term debt for the year ended December 31, 2002:

Bonds payable, January 1, 2001		\$ 4,395,000
New issues		—
Retirements		<u>43,000</u>
Bonds payable, December 31, 2001		4,352,000
Due within one year		<u>211,000</u>
Due in more than one year		<u>\$ 4,141,000</u>

Long-term debt consists of general obligation bonds, Series 2002 in the original amount of \$4,395,000. The bonds bear interest rates ranging from 4.17% to 6.00%. The bonds mature serially with the initial payments due March 1, 2004 and the final payment due March 1, 2022. The bonds are secured by a special property tax that was approved by the citizens of the District. A schedule of maturities for these bonds is presented as follows:

	<u>Principal</u>	<u>Interest</u>
<u>Year Ended December 31:</u>		
2004	245,000	308,090
2005	270,000	332,340
2006	270,000	338,465
2007	220,000	286,640
2008	220,000	254,138
2009 - 2011	1,271,000	1,071,411
2014 - 2018	1,811,000	697,638
2019 - 2022	<u>1,821,000</u>	<u>192,121</u>
Total	\$ 6,221,000	\$ 3,661,173

NOTE 8 - INTERFUND BALANCES

Details related to interfund balances are presented as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
<u>General</u>	<u>Debt Service</u>	<u>\$ 10,000</u>	In order to provide funds to meet the District's debt service obligation, the General Fund has advanced funds to the Debt Service Fund.
<u>Debt Service</u>	<u>Capital Projects</u>	17,872	Dist proceeds included \$17,872 representing accrued interest that was deposited in the capital project fund. However, since the accrued interest is actually payable to the bond holders a payable to the debt service fund has been reported.
Total		\$ 27,872	

Ward 9 Recreation District

Rapides Parish, Louisiana

Notes To Financial Statements

December 31, 2003

NOTE 8 - PROPERTY TAXES

The levies property taxes using the assessed values determined by the Tax Assessor of Rapides Parish. For the year ended December 31, 2003, the District levied property taxes as follows:

Description	Mills Levied
Levied per proposition approved November 17, 2001 authorizing 4 mills for a period of 10 year beginning with 2002 for the purpose of acquiring, constructing, improving, maintaining and operating recreational facilities of the District, including necessary equipment in connection therewith. Proceeds from this tax are considered unencumbered income, which is reported as general fund revenue in the accompanying statement of revenue, expenditures and change in fund balance.	4.00
Levied per proposition approved November 17, 2001 authorizing general obligation debt to run for a period of 20 years payable from a levy of property taxes, for the purpose of constructing, purchasing and acquiring, lands, buildings, equipment and other facilities to be used in providing recreational facilities for the District. Proceeds from this tax are restricted for debt service. Tax revenues are reported as debt service fund revenue in the accompanying statement of revenue expenditures and changes in fund balance.	13.15
	17.15

Property taxes are assessed on a calendar year basis and are due on or before December 31 in the year the tax is levied. Revenues from property taxes are recognized as revenue in the year billed.

NOTE 10 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft, theft, damage or destruction of assets, errors and omissions, injuries to employees, and natural disasters.

The District insures against these risks by participating in a public entity risk pool that operates as a common insurance program and by purchasing commercial insurance. Settled claims resulting from these risk have not exceeded insurance coverage in any of the past three fiscal years.

NOTE 11 - RESTRICTED RESOURCES

The accompanying Statement of Net Assets indicates that a portion of the District's assets are restricted. The restrictions that affect these assets are described as follows:

- Propositions authorizing general obligation bonds require the District to establish bank accounts which serve as debt service sinking funds. Funds on deposit in these accounts may only be used to repay bonds, pay interest accrued on the bonds, or pay related fees.
- The District has issued general obligation bonds for the purpose of acquiring recreational facilities. Proceeds from the bonds and investment income earned on those proceeds may only be used for investment in capital assets.

Restricted resources are summarized as follows:

Ward 9 Recreation District **Rapides Parish, Louisiana**

Notes To Financial Statements **December 31, 2003**

	Restricted for Investment in Capital Assets	Restricted for Debt Service	Total
Restricted Assets:			
Cash and Cash Equivalents	\$ 4,071,505	\$ 66,217	\$ 4,137,722
Receivables (net)	7,088	508,297	515,385
Due from Other Funds	—	17,872	17,872
Capital Assets -- Construction in Progress	2,760,471	—	2,760,471
Total	6,839,064	671,386	7,510,450
Liabilities Payable from Restricted Assets:			
Accounts Payable	349,219	—	349,219
Accrued Interest	—	181,247	181,247
Due to Other Funds	17,872	16,008	33,880
Long-term Debt	6,215,880	—	6,215,880
Total	6,604,891	197,255	6,802,146
Restricted Net Assets	\$ 244,249	\$ 474,131	\$ 718,380

NOTE 12 - CONTINGENCIES

A major taxpayer has potential property taxes assessed by the District. Amounts subject to protest have been excluded from income. The assessments, reviews and protested taxes are presented as follows:

	Operations and Maintenance	Debt Service	Total
Taxes Assessed (Net of Commissions, etc.)	\$ 307,824	\$ 716,139	\$ 1,023,963
Property Tax Revenue	127,249	289,476	416,725
Taxes Paid Under Protest	49,479	186,474	235,953
Taxes Protested in Previous Year	60,601	134,217	194,818
Total Taxes Paid Under Protest	\$ 110,330	\$ 524,891	\$ 635,221

In connection with the protest, the taxpayer has filed a lawsuit seeking to have its property excluded from taxation by the District. At the present time, legal counsel representing the District has not fully evaluated this matter. Accordingly, no revenue will be recognized in connection with the protesting taxpayer. Revenue will be recognized in the future if it appears likely that the litigation will be resolved in favor of the District.

NOTE 13 - LEASES

The District's facilities are being constructed on 661 acres that the State of Louisiana has leased to the City of Pineville. Under the terms of its cooperative endeavor with the City of Pineville, the District has access to the property for a period of 50 years beginning January 1, 2005. In addition, the District has an option to renew the agreement for an additional 40 years. In exchange for access to the property, the District is required to spend \$6,500,000 on improvements and make improvements available to residents of Pinecrest Development Center.

Ward 9 Recreation District
Rapides Parish, Louisiana

**Statement of Revenues, Expenditures and Changes in
Fund Balance - General Fund Budget and Actual
For the Year Ended December 31, 2003**

	Budget Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Property Taxes	\$ 230,000	\$ 240,800	\$ 237,340	\$ 13,340
Investment Income	2,500	1,900	15	(1,485)
Other	-	30,800	20,800	-
Total revenues	<u>232,500</u>	<u>273,500</u>	<u>258,155</u>	<u>15,864</u>
Expenditures:				
Culture and Recreation:				
Insurance	-	4,800	3,780	230
Legal and Professional	15,000	15,800	11,353	3,647
Other	80,500	82,300	78,829	72,604
Total expenditures	<u>95,500</u>	<u>102,900</u>	<u>93,962</u>	<u>76,471</u>
Excess (deficiency) of revenues over expenditures	137,000	170,600	164,193	82,393
Fund balance - beginning of year	<u>222,186</u>	<u>222,186</u>	<u>222,186</u>	<u>-</u>
Fund balance - end of year	<u>\$ 359,186</u>	<u>\$ 392,786</u>	<u>\$ 386,379</u>	<u>\$ 82,393</u>

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February 3, 2004

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

To the Board of Commissioners
Ward 9 Recreation District

We have audited the basic financial statements of the Ward 9 Recreation District, as of and for the year ended December 31, 2003, and have issued our report (captioned dated February 3, 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.

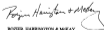
COMPLIANCE

As part of obtaining reasonable assurance about whether the Ward 9 Recreation District's basic 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 these 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 Ward 9 Recreation District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic 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 to the basic 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. 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

WARD 9 RECREATION DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COST

For the Year Ended December 31, 2000

PART I - SUMMARY OF AUDITOR'S RESULTS:

- The Independent Auditor's Report on the basic financial statements of the Ward 9 Recreation District as of December 31, 2000 and for the year then ended expressed an unqualified opinion.
- The audit did not disclose any audit findings which are required to be reported as reportable conditions or material weaknesses.
- The results of the audit did not disclose any instances of noncompliance that is considered to be material to the basic financial statements of the Ward 9 Recreation District.

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

- None.

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

- None.

WARD 9 RECREATION DISTRICT

MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended December 31, 2009

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS	
No findings that are material to the financial statements were reported.	Response - N/A
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
No findings that are material to the financial statements were reported.	Response - N/A
SECTION III MANAGEMENT LETTER	
No management letter was issued with this report.	Response - N/A

WARD 9 RECREATION DISTRICT

SUMMARY OF PRIOR YEAR FINDINGS AND QUESTIONED COST For the Year Ended December 31, 2000

SECTION I INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS.	
No findings that are material to the financial statements were reported.	Response - N/A
SECTION II INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS	
<u>2000-1 SECURITY FOR DEPOSITS</u> State law requires bank deposits to be protected from loss by FDIC coverage or securities pledged by the financial institution. At December 31, 2000, a portion of the District's deposits totaling \$184,581 was uninsured. This situation was corrected on January 7, 2001 when the District's fiscal agent pledged additional securities to protect the District's deposits.	<u>2000-1 FINANCIAL</u> On January 7, 2001, the District's fiscal agent pledged additional securities with a market value of \$197,041.
SECTION III MANAGEMENT LETTER	
No management letter was issued with this report.	Response - N/A