

RAPIDES PARISH POLICE JURY

ALEXANDRIA, LOUISIANA

DECEMBER 31, 2003

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-14-04

**RAPIDES PARISH POLICE JURY
ALEXANDRIA, LA**

DECEMBER 31, 2003

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ALEXANDRIA, LA**

DECEMBER 31, 2003

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PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS
INDEPENDENT AUDITOR'S REPORT

Rapides Parish Police Jury
Alexandria, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rapides Parish Police Jury, Alexandria, Louisiana, as of and for the year ended December 31, 2003, which collectively comprise the basic financial statements of the Jury's primary government as listed in the table of contents. These financial statements are the responsibility of Rapides Parish Police Jury's management. Our responsibility is to express opinions on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 opinions.

The financial statements referred to above include only the primary government of the Rapides Parish Police Jury, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Jury's legal entity. The financial statements do not include financial data for the Jury's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Rapides Parish Police Jury's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Rapides Parish Police Jury, Louisiana, as of December 31, 2003, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the primary government financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information for the primary government of the Rapides Parish Police Jury as of December 31, 2003, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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PAYNE, MOORE & HERRINGTON, LLP

Rapides Parish Police Jury
Alexandria, Louisiana

As described in Note 1 to the basic financial statements, the Rapides Parish Policy Jury adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. Adoption of these statements results in a change in the format and content of the financial statements and additional note disclosures.

As discussed in Note 15, the Rapides Parish Police Jury is a defendant in several lawsuits. These lawsuits are in various stages of resolution, and their ultimate outcome cannot presently be determined. Accordingly, no provision for losses, if any, which may result from settlement of these lawsuits, is included in the accompanying primary government financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 7, 2004, on our consideration of the Rapides Parish Police Jury’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.

The management’s discussion and analysis and budgetary comparison information presented on pages 3 through 12 and 46 through 52 are not a required part of the basic financial statements but are supplemental information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements, which collectively comprise the basic financial statements of the Rapides Parish Police Jury’s primary government. The accompanying financial information listed as “supplemental information” in the table of contents, including the schedule of expenditures of federal awards as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information has been subjected to the auditing procedures applied in the audit of the primary government basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements of the primary government taken as a whole.

Payne, Moore & Herrington, LLP

Certified Public Accountants

June 7, 2004

REQUIRED SUPPLEMENTAL INFORMATION – PART I
MANAGEMENT'S DISCUSSION AND ANALYSIS

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Rapides Parish Police Jury, we offer readers of the Police Jury's financial statements this narrative overview and analysis of the financial activities of Rapides Parish Police Jury for the fiscal year ended December 31, 2003. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Parish's financial statements, which follow this narrative.

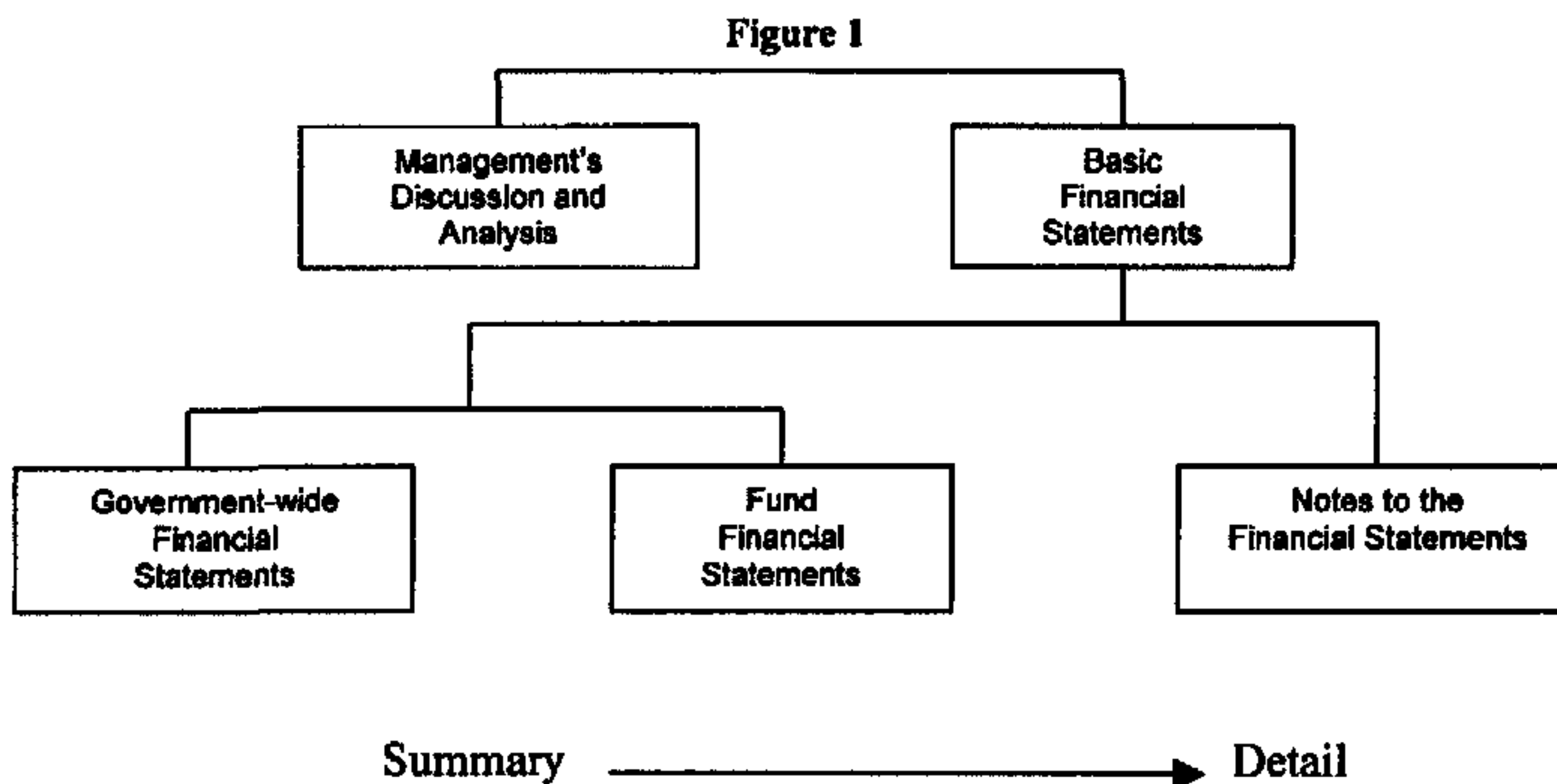
Financial Highlights

- The assets of Rapides Parish Police Jury exceeded its liabilities at the close of the fiscal year by \$60,248,415 (*net assets*).
- At the end of the current fiscal year, unreserved undesignated fund balance for the General Fund was \$1,527,009, or 28.7 percent of total General Fund expenditures for the fiscal year.
- Rapides Parish's total long-term debt decreased by a net amount of \$1,644,613 during the current fiscal year. The decrease was attributable to the payment of debt principal. New debt issued in 2003 totaled \$438,791.
- Rapides Parish Police Jury maintained its Baa-1 bond rating.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Rapides Parish Police Jury's basic financial statements. The Parish's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Parish through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of Rapides Parish Police Jury.

Required Components of Annual Financial Report



**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Basic Financial Statements

The first two statements in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short-term and long-term information about the Parish's financial status.

The next statements are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Parish's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) reconciliations of fund financial statements to government-wide financial statements, and 3) the fiduciary funds statement.

The next section of the basic financial statements is the **notes**. The notes to basic financial statements explain in detail some of the data contained in those statements. After the notes, **required supplemental information** is provided to show budgetary comparison for all the Parish's major governmental funds that adopt budgets. Following the required supplemental information is **supplemental information**, which is provided to show additional details.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Parish's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short-term and long-term information about the Parish's financial status as a whole.

The two government-wide statements report the Parish's net assets and how they have changed. Net assets are the difference between the Parish's total assets and total liabilities. Measuring net assets is one way to gauge the Parish's financial condition.

The governmental activities include most of the Parish's basic services such as public works, public safety, culture and recreation, and economic development and assistance. Property taxes, sales taxes, and state and federal grant funds finance most of these activities.

The government-wide financial statements are shown on Exhibits A and B of this report.

Fund Financial Statements

The fund financial statements provide a more detailed look at the Parish's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Rapides Parish, like all other governmental entities in Louisiana, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the Revised Statutes or the Parish's budget ordinance. All of the funds of Rapides Parish can be divided into two categories: governmental funds and fiduciary funds.

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental Funds – Most of the Parish's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using a *modified accrual accounting method*. This method also has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Parish's programs.

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Rapides Parish has three fiduciary funds, all of which are agency funds.

Notes to Basic Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to basic financial statements start on pages 24 of this report.

Required Supplemental Information - Required supplementary information can be found beginning on page 46 of this report. This section provides budgetary comparison schedules for all major funds that are required to prepare annual budgets.

Rapides Parish adopts an annual budget for its General Fund and Special Revenue Funds, as required by the Revised Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Parish, the Treasurer of the Parish, and the decisions of the Police Jury about which services to provide and how to pay for them. It also authorizes the Parish to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Parish complied with the budget ordinance and whether or not the Parish succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the jury; 2) the final budget as amended by the jury; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis of accounting, a reconciliation showing the differences in the reported activities is on Statement M following the Budgetary Comparison Schedules.

Supplemental Information – In addition to the basic financial statements, budgetary comparison schedules, and accompanying notes, this report includes certain supplemental information relating to detail of the sales tax agency funds, compensation paid to Rapides Parish Police Jury member, and information about 911 Communications District Fund. Supplemental information can be found beginning on page 53 of this report.

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis

The government-wide financial statements for the year ended December 31, 2003, are the beginning of a new era in financial reporting for Rapides Parish, and many other units of government across the United States. Prior to this year, Rapides Parish maintained their governmental and fiduciary fund groups as separate and very distinct types of accounting without any type of consolidated statement that accurately reflected the operations and net assets of the government as a whole. There was a total column that appeared on the financial statements, but it was a memorandum total only. No attempt was made to adjust the statements in such a way that the total column would represent the overall financial condition of Rapides Parish. These statements were basically the equivalent of the fund financial statements that appear in this report with fiduciary funds and two account groups, the long-term debt and the general fixed assets, added in.

The changes in the financial statement reporting model are mandated by the Government Accounting Standards Board (GASB). GASB Statement No. 34 dictated the changes you see in Rapides Parish's financial reports as well as those of many other units of government. While Rapides Parish was required to implement these changes for the fiscal year ended December 31, 2003, other units were required to implement GASB Statement No. 34 in 2002, and any remaining governments will be implementing in 2004.

Because of the new reporting model, comparative data for all facets of this report are not available. When comparative numbers are accessible, they have been included, such as with net assets. Future years' reports will have more comparative data that will allow more opportunities for comparative analysis.

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Rapides Parish's Net Assets
December 31, 2003**

Figure 2

Current and other assets	\$ 23,236,302
Capital assets	<u>48,831,866</u>
Total Assets	<u>72,068,168</u>
Long-term liabilities outstanding	8,247,415
Other liabilities	<u>3,572,338</u>
Total Liabilities	<u>11,819,753</u>
Net Assets:	
Invested in capital assets, net of related debt	35,989,531
Restricted	181,061
Unrestricted	<u>24,077,823</u>
Total Net Assets	<u>\$ 60,248,415</u>

As noted earlier, net assets may serve over time as one useful indicator of a government's financial condition. The assets of Rapides Parish exceeded liabilities by \$60,248,415 as of December 31, 2003. Rapides Parish uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Rapides Parish's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of Rapides Parish's net assets (less than 1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$24,077,823 is unrestricted.

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Rapides Parish's Changes in Net Assets
Year Ended December 31, 2003**

Figure 3

Revenues:	
Program revenues:	
Charges for services	\$ 2,742,468
Operating grants and contributions	4,818,741
Capital grants and contributions	2,326,005
General revenues:	
Property taxes	10,808,164
Other taxes	6,074,782
Grants and contributions not restricted to specific programs	1,043,034
Other	935,800
Total Revenues	<u>28,748,994</u>
Expenses:	
General government	5,250,596
Public safety	8,323,091
Public works	10,430,441
Health and welfare	1,283,219
Culture and recreation	286,776
Economic development and assistance	2,405,545
Miscellaneous	342,337
Interest on long-term debt	426,168
Total Expenses	<u>28,748,173</u>
Change in net assets	821
Net assets, beginning of year	<u>60,247,594</u>
Net assets, end of year	<u>\$60,248,415</u>

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the Parish's Funds

As noted earlier, Rapides Parish uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of Rapides Parish's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing Rapides Parish's financing requirements. Specifically, *unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.*

The General Fund is the chief operating fund of Rapides Parish. At the end of the current fiscal year, unreserved undesignated fund balance of the General Fund was \$1,527,009, while the total fund balance reached \$2,076,864. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved undesignated fund balance represents 28.7 percent of total General Fund expenditures, while total fund balance represents 39.02 percent of that same amount.

At December 31, 2003, the governmental funds of Rapides Parish reported a combined fund balance of \$19,525,080.

General Fund Budgetary Highlights - During the fiscal year, the Parish revised the *budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) amendments to increase appropriations that become necessary to maintain services. Total amendments to the General Fund decreased revenues by only \$24,999, an immaterial amount.*

Capital Asset and Debt Administration

Capital assets - Rapides Parish's capital assets for its governmental activities as of December 31, 2003, total \$48,831,866 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Rapides Parish's Capital Assets
Capital Assets, net of Depreciation
December 31, 2003**

Figure 4

Land	\$ 1,714,355
Buildings and improvements	11,226,949
Furniture and equipment	6,878,508
Construction in progress	526,372
Infrastructure	<u>28,485,682</u>
Total	<u>\$48,831,866</u>

Long-term Debt - As of December 31, 2003, Rapides Parish had total long-term debt outstanding of \$8,247,415 all of which is debt backed by the full faith and credit of the Parish.

- Rapides Parish's total debt decreased by a net amount of \$1,644,613 during the current fiscal year, primarily due to the payment of debt principal.

As mentioned in the financial highlight section of this document, Rapides Parish maintained its Baa-1 bond rating from Moody's Investor Service. A bond rating is an indication of the financial condition. Currently the bond rating for the State of Louisiana is A1 from the Moody's Investor Service.

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The State of Louisiana limits the amount of general obligation debt that a unit of government can issue to 10 percent of the total assessed value of taxable property located within that government's boundaries.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Parish.

- The Parish is enjoying a low unemployment rate of 4.9%, lower than the state average of 5.8%.
- Retail vacancy rates are low, having stayed in the 5-10% range all year.
- A 5.4% growth rate in the manufacturing sector was the largest of any major metro area in the state.

Budget Highlights for the Fiscal Year Ending December 31, 2004

The following are noted features in the proposed budget for 2004:

- The group health insurance premiums for employees and retirees increased 17%.
- The employer's portion of Parochial retirement increased 2% to 11.25%.
- The employer's portion of Firefighter's retirement increased 2.75% to 21%.
- Workman's comp rates increased approximately 500% for firefighters.

Requests for Information

This report is designed to provide an overview of the Parish's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Parish Treasurer, Rapides Parish Police Jury, P.O. Box 1150, Alexandria, LA 71309.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS (GWFS)**

**RAPIDES PARISH POLICE JURY
ALEXANDRIA, LOUISIANA
STATEMENT OF NET ASSETS
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2003**

EXHIBIT A

ASSETS		
Cash and cash equivalents		\$ 9,205,806
Receivables		13,796,162
Receivable from Agency Funds		9,116
Prepaid expenses		225,218
Capital assets, net of depreciation		
Nondepreciable		
Land and construction in progress	2,240,727	
Depreciable		
Buildings, furniture, equipment, and infrastructure	<u>46,591,139</u>	<u>48,831,866</u>
Total Assets		72,068,168
LIABILITIES		
Accounts and other payables		3,230,983
Accrued interest payable		86,334
Deferred revenue		255,021
Long-term liabilities		
Due within one year		1,637,634
Due in more than one year		<u>6,609,781</u>
Total Liabilities		<u>11,819,753</u>
NET ASSETS		
Invested in capital assets, net of related debt		35,989,531
Restricted		
Debt service		181,061
Unrestricted		<u>24,077,823</u>
<u>NET ASSETS</u>		<u>\$ 60,248,415</u>

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

**RAPIDES PARISH POLICE JURY
ALEXANDRIA, LOUISIANA
STATEMENT OF ACTIVITIES
GOVERNMENTAL ACTIVITIES
YEAR ENDED DECEMBER 31, 2003**

EXHIBIT B

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants and Contributions		Capital Grants and Contributions
Primary Government: Governmental Activities					
General Government					
Legislative	\$ 316,767	\$ 38,997	\$	\$ (277,770)	
Judicial	3,148,952	1,315,672	435,273	(1,398,007)	
Elections	121,725			(121,725)	
Finance and administrative	766,228			(766,228)	
Other general government	896,924	997,472	91,782	192,330	
Public safety	8,323,091	276,574	398,017	(7,241,882)	
Public works	10,430,441		860,498	(8,048,536)	
Health and welfare	1,283,219		719,613	(563,606)	
Culture and recreation	286,776	113,753	26,082	(146,941)	
Economic development and assistance	2,405,545		2,286,518	278,951	
Miscellaneous	342,337		960	(341,377)	
Debt service					
Interest and fiscal charges	426,168			(426,168)	
Total Governmental Activities	\$ 28,748,173	\$ 2,742,468	\$ 4,818,741	\$ 2,326,005	(18,860,959)
 GENERAL REVENUES					
Taxes					
Ad valorem taxes levied for general purposes				10,808,164	
Sales and use taxes					
General purposes				1,608,900	
Public works				1,790,706	
Franchise taxes				308,789	
911 telephone tariff				1,356,299	
Severance tax				972,429	
Beer tax				37,659	
Grants and contributions not restricted to specific programs					
State revenue sharing				752,462	
Other unrestricted grants				290,572	
Interest earnings				207,512	
Other				728,288	
Total General Revenues				18,861,780	
 CHANGES IN NET ASSETS					
				821	
 NET ASSETS, BEGINNING OF YEAR					
				60,247,594	
 NET ASSETS, END OF YEAR					
				\$ 60,248,415	

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

FUND FINANCIAL STATEMENTS

RAPIDES PARISH POLICE JURY
ALEXANDRIA, LOUISIANA
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2003

EXHIBIT C

	General Fund	Road and Bridge Fund	Fire Protection District #2 Maintenance Fund	Renaissance Fund	Senior Citizens Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS								
Cash and cash equivalents	\$ 549,230	\$ 176,760	\$ 3,221,038	\$ 90,497	\$ 40,711	\$ (7,736)	\$ 5,135,306	\$ 9,205,806
Receivables	1,734,975	736,582	2,451,101	849,382	429,672	830,442	6,764,008	13,796,162
Due from other funds	126,454	4,122					10,507	141,083
TOTAL ASSETS	\$ 2,410,659	\$ 917,464	\$ 5,672,139	\$ 939,879	\$ 470,383	\$ 822,706	\$ 11,909,821	\$ 23,143,051
LIABILITIES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 323,383	\$ 16,493	\$ 112,378	\$ 27,388	\$ 13,966	\$ 822,706	\$ 545,761	\$ 1,862,075
Due to taxing bodies and others			912,491		456,417		73,760	1,368,908
Due to other funds	10,412	22,317	25,478				255,021	131,967
Deferred revenues								255,021
Total Liabilities	333,795	38,810	137,856	939,879	470,383	822,706	874,542	3,617,971
FUND BALANCES								
Reserved for debt service							181,061	181,061
Unreserved								
Designated	549,855							549,855
General Fund								
Undesignated	1,527,009							1,527,009
General Fund								
Special Revenue Funds		878,654	5,534,283				10,743,704	17,156,641
Capital Projects Funds							110,514	110,514
Total Fund Balances	2,076,864	878,654	5,534,283				11,035,279	19,525,080
TOTAL LIABILITIES AND FUND BALANCES	\$ 2,410,659	\$ 917,464	\$ 5,672,139	\$ 939,879	\$ 470,383	\$ 822,706	\$ 11,909,821	\$ 23,143,051

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

**RAPIDES PARISH POLICE JURY
ALEXANDRIA, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2003**

EXHIBIT D

Total fund balances - Governmental Funds \$ 19,525,080

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in Governmental Funds.

Cost of capital assets	355,869,194	
Less - Accumulated depreciation	<u>307,037,328</u>	48,831,866

Long-term liabilities are not due and payable in the current period. Accordingly, they are not reported as liabilities in the Governmental Funds. All liabilities are reported in the Statement of Net Assets.

Compensated absences payable	388,344	
Capital leases payable	1,601,650	
Certificates of indebtedness	2,457,421	
Bonds payable	<u>3,800,000</u>	(8,247,415)

Interest on long-term debt is accrued in the Statement of Net Assets, but not in the Governmental Funds.

Accrued interest payable		(86,334)
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Costs incurred which benefit more than one period are recorded as an expenditure in the Governmental Funds when paid. The portion relating to the next school year is reported as prepaid expenses in the Statement of Net Assets.

Insurance premiums		<u>225,218</u>
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<u>NET ASSETS</u>		<u>\$ 60,248,415</u>
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The accompanying notes are an integral part of the financial statements.

**RAPIDES PARISH POLICE JURY
ALEXANDRIA, LOUISIANA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2003**

	General Fund	Road and Bridge Fund	Fire Protection District #2 Maintenance Fund	Renaissance Fund	Senior Citizens Fund	Capital Improvement Fund	Other Governmental Funds	Total Governmental Funds	Exhibit E
REVENUES									
Taxes									
Ad valorem	\$ 1,157,488	\$ 1,790,708	\$ 2,017,058	\$ 859,825	\$ 439,390	\$	\$ 5,735,405	\$ 10,808,164	
Sales and use	306,789						1,608,900	3,399,606	
Other taxes, penalties, and interest	561,128							308,789	
Licenses and permits								561,128	
Intergovernmental revenues									
Federal funds	43,588	279,171	39,115				3,509,767	3,871,621	
State funds	881,231	1,312,083	126,198	88,189	27,963	1,458,537	1,041,871	4,935,772	
Local funds	10,000						380,476	390,476	
Fees, charges, and commissions for services	787,401						1,740,141	2,327,542	
Rents and royalties	31,708	21,151					158,906	208,765	
Fines and forfeitures	22,059						871,138	893,197	
Interest earned	20,793	1,895	55,704	6,152	1,578	60	121,330	207,512	
Miscellaneous	455,380	21,529	32,890				83,935	593,514	
Total Revenues	4,279,525	3,426,535	2,870,763	954,166	467,531	1,459,597	15,249,869	28,707,086	
EXPENDITURES									
Current									
General government									
Legislative	316,767							316,767	
Judicial	974,732						2,159,506	3,134,238	
Elections	120,080						1,695	121,725	
Finance and administrative	761,014							761,014	
Other	168,977							168,977	
Public safety	2,368,445	2,877,255	82,894	27,388	13,966		321,970	612,635	
Public works			2,202,824	926,105		151,063	2,008,085	7,657,522	
Health and welfare	13,388					1,309,340	1,201,480	5,388,075	
Culture and recreation							757,789	1,224,520	
Economic development and assistance					453,343		217,534	217,534	
Miscellaneous	140,562						2,247,668	2,388,230	
Capital outlay	342,337							342,337	
Debt service	58,795	213,280	268,894				4,481,548	5,023,617	
	58,278	193,528					2,295,609	2,547,413	
Total Expenditures	5,322,053	3,284,063	2,555,452	953,493	467,309	1,460,403	15,692,854	28,735,627	
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,042,528)	142,472	315,311	673	322	(1,806)	(442,985)	(1,028,541)	
OTHER FINANCING SOURCES (USES)									
Transfers in									
Transfers out	1,849,225						1,024,122	2,873,347	
Sale of assets	(863,095)	(190,859)	(39,059)	(673)	(322)	(184)	(1,779,346)	(2,873,347)	
Debt proceeds		41,755	30,000					71,755	
Total Other Financing Sources (Uses)	986,130	(149,904)	(9,059)	(673)	(322)	(184)	389,422	389,422	
NET CHANGE IN FUND BALANCES	(56,398)	(6,432)	306,253	-	-	(2,000)	(806,787)	(567,364)	
FUND BALANCES, BEGINNING OF YEAR	2,133,262	885,086	5,228,030	-	-	2,000	11,844,065	20,082,444	
FUND BALANCES, END OF YEAR	\$ 2,076,864	\$ 878,654	\$ 5,534,283	\$ -	\$ -	\$ -	\$ 11,035,279	\$ 19,525,080	

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

**RAPIDES PARISH POLICE JURY
ALEXANDRIA, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2003**

**EXHIBIT F
(Continued)**

Net change (decrease) in fund balances - Governmental Funds \$ (567,364)

Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported in Governmental Funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeds capital outlays that exceeded the reporting capitalization threshold in the period.

Capital outlays	5,013,110	
Less - Depreciation expense	<u>6,141,746</u>	(1,128,636)

Proceeds from lease purchase arrangements entered into are included in the Governmental Funds as other financing sources. Debt proceeds are not reported on the Statement of Activities, but are reported as long-term liabilities on the Statement of Net Assets. Proceeds from capital lease indebtedness during the year were as follows.

New issues		(389,422)
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Repayment of long-term liabilities is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

Principal retirement		2,083,404
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In the Statement of Activities, certain operating expenses, such as compensated absences (vacation and sick leave), are measured by the amounts earned during the year. In the Governmental Funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

(Increase) decrease in vacation and compensatory leave accrued		(49,369)
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The accompanying notes are an integral part of the financial statements.

**RAPIDES PARISH POLICE JURY
ALEXANDRIA, LOUISIANA
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2003**

**EXHIBIT F
(Concluded)**

In the Statement of Activities, only the gain on the sale of the assets is reported, whereas in the Governmental Funds, the entire proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balances by the cost of the assets sold.

Gain on sale of assets	41,908	
Less - Proceeds from sale of assets	<u>71,755</u>	(29,847)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the Governmental Funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

(Increase) decrease in accrued interest on capital leases, certificates of indebtedness, and bonds payable		37,841
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Prepaid costs are recognized as an expenditure when paid in the Governmental Funds. In the Statement of Activities, however, prepaid expenses are allocated over the period for which the expense is related.

Increase (decrease) in insurance premiums paid prior to fiscal year-end that relate to the next year.		<u>44,214</u>
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<u>CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES</u>		<u>\$ 821</u>
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The accompanying notes are an integral part of the financial statements.

**RAPIDES PARISH POLICE JURY
ALEXANDRIA, LOUISIANA
STATEMENT OF ASSETS AND LIABILITIES
FIDUCIARY FUNDS
SALES TAX AGENCY FUNDS
DECEMBER 31, 2003**

EXHIBIT G

ASSETS		
Cash and equivalents		\$ 1,227,978
Receivables		<u>7,761,464</u>
<u>TOTAL ASSETS</u>		<u>\$ 8,989,442</u>
LIABILITIES		
Accounts payable		\$ 47,779
Due to taxing bodies and others		8,932,547
Due to other funds		<u>9,116</u>
<u>TOTAL LIABILITIES</u>		<u>\$ 8,989,442</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

NOTES TO BASIC FINANCIAL STATEMENTS

1. REPORTING ENTITY AND SIGNIFICANT ACCOUNTING POLICIES

The Financial Reporting Entity

The Rapides Parish Police Jury (Police Jury) is the governing authority for Rapides Parish and is a political subdivision of the State of Louisiana. Nine jurors, representing the various districts within the parish, govern the Police Jury. The jurors serve four-year terms that expire on the second Monday of January 2004. As the governing authority of the parish, for reporting purposes, the Rapides Parish Police Jury is the financial reporting entity for Rapides Parish. The financial reporting entity consists of (a) the primary government (Police Jury), (b) organizations for which the primary government is financially accountable, and (c) organizations for which the nature and significance of their relationship with primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Louisiana Revised Statute 33:1236 gives the Police Jury various powers in regulating and directing the affairs of the parish and its inhabitants. The more notable of those are the powers to make regulations for their own government, to regulate the construction and maintenance of roads and bridges, to regulate the construction and maintenance of drainage systems, to regulate the sale of alcoholic beverages, and to provide for the health and welfare of the poor, disadvantaged, and unemployed in the parish. Ad valorem taxes, sales taxes, beer and alcoholic beverage permits, state revenue sharing, and various other state and federal grants provide funding to accomplish these tasks. Thus the Police Jury is considered the primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. Fiscally independent means that the Police Jury may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt.

Governmental Accounting Standards Board (GASB) Statement No. 14, The Financial Reporting Entity, as amended, provides for the issuance of primary government financial statements that are separate from those of the reporting entity. However, the primary government's (Police Jury) financial statements are not a substitute for the reporting entity's financial statements. The financial statements of the Rapides Parish Police Jury have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations) constitutes GAAP for governmental units.

The accompanying financial statements include only the primary government of the Rapides Parish Police Jury, which consists of all funds, organizations, institutions, agencies, departments, and offices that comprise the Jury's legal entity. The financial statements do not include financial data for the Jury's legally separate component units, which accounting principles generally accepted in the United States of America require to be reported with the financial data of the Rapides Parish Police Jury's primary government. As a result, the primary government financial statements do not purport to, and do not, present fairly the financial position of the reporting entity of the Rapides Parish Police Jury, Louisiana, and the changes in financial position in conformity with accounting principles generally accepted in the United States of America.

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

NOTES TO BASIC FINANCIAL STATEMENTS

Change in Accounting Principle

The Rapides Parish Police Jury adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, Statement No. 37, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*, and Statement No. 38, *Certain Financial Statement Note Disclosures*. Adoption of these statements results in a change in the format and content of the financial statements and additional note disclosures.

Basis of Presentation

The Police Jury’s Basic Financial Statements consist of Government-Wide Financial Statements, including a Statement of Net Assets and a Statement of Activities, and Fund Financial Statements, which provide a more detailed level of financial information.

Government-Wide Financial Statements – The Government-Wide Financial Statements, “Statement of Net Assets” and “Statement of Activities”, report information on all non-fiduciary activities of the Police Jury. Fiduciary activities are not included at the government-wide reporting level. Fiduciary funds are reported only in the “Statement of Assets and Liabilities” at the Fund Financial Statement level. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and Police Jury general revenues, from business-like activities (if any), generally financed in whole or in part with fees charged to external customers. The activity of internal service funds (if any) is eliminated to avoid duplicating revenues and expenses. The Statement of Net Assets presents the financial position of the governmental activities at year-end. The Rapides Parish Police Jury does not have any business-like activities or internal service funds.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Police Jury’s governmental activities. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The Police Jury does not allocate indirect expenses to functions in the Statement of Activities. The Statement of Activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the Police Jury’s services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which functions the revenues are restricted. Revenues not classified as program revenues are presented as general revenues, which include ad valorem taxes, sales taxes, franchise taxes, 911 telephone tariff, severance taxes, beer taxes, state revenue sharing, interest, and other unrestricted revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the Police Jury.

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

NOTES TO BASIC FINANCIAL STATEMENTS

Fund Financial Statements – The accounting system is organized on the basis of funds. The financial transactions of the Police Jury are recorded in individual funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing set of accounts that include its assets, liabilities, fund equity, revenues, and expenditures. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions.

Funds of the Rapides Parish Police Jury are classified into two categories: governmental and fiduciary. In turn, each category is subdivided into separate "fund types". The Police Jury uses the Governmental funds to account for all or most of the Police Jury's general activities, including the collection and disbursement of specifically or legally restricted monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The Fund Financial Statements report financial information by major funds and nonmajor funds.

The following governmental funds are considered major funds:

General Fund – This is the Police Jury's primary operating fund. The General Fund accounts for all financial resources, except those required to be accounted for in other funds.

Road and Bridge Fund – This fund accounts for the operations and maintenance of the road and bridge department and the maintenance of roads and bridges in the various road districts. Ad valorem taxes, state revenue sharing, State of Louisiana parish transportation funds, federal grants, severance taxes, and sales and use taxes provide financing.

Fire Protection District #2 Maintenance Fund – This fund accounts for the operations and maintenance of fire district #2 protecting 43,000 Rapides Parish citizens living in the district's 247 square mile area. Financing is primarily provided by ad valorem taxes and state revenue sharing.

Renaissance Fund – The Renaissance Fund accounts for the maintenance and operation of a juvenile community correction and detention center. Ad valorem taxes and state revenue sharing provide financing.

Senior Citizens Fund – This fund accounts for activities that benefit senior citizens. Ad valorem taxes and state revenue sharing provide financing.

Capital Improvement Fund – This fund accounts for state and federal grants used for various public works projects.

All other governmental funds are considered nonmajor funds.

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the Rapides Parish Police Jury. The Police Jury accounts for its agency funds in this category. While these funds are under the supervision of the Rapides Parish Police Jury, they belong to other entities and are unavailable for use by the Rapides Parish Police Jury. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The three agency funds maintained include the following:

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

NOTES TO BASIC FINANCIAL STATEMENTS

Sales Tax Fund – This fund accounts for the collection and distribution of various sales and use taxes dedicated to the Rapides Parish Police Jury, Rapides Parish School Board, and various other governmental entities within Rapides Parish.

Protested Sales Tax Fund – The Protested Sales Tax Fund accounts for sales taxes held separately until resolution of taxpayer protests. Upon resolution of the protests, funds are either transferred to the Sales Tax Agency Fund or refunded to the taxpayers.

Hotel-Motel Tax Fund – The Hotel-Motel Tax Fund accounts for the collection of a two percent tax levied on all revenues received from the occupancy of hotel and motel rooms located within Rapides Parish and the distribution of the proceeds to the Alexandria/Pineville Area Convention and Visitors Bureau for the promotion of tourism in Rapides Parish.

The more significant of the Rapides Parish Police Jury's accounting policies are described below.

Basis of Accounting/Measurement Focus

Government-Wide Financial Statements (GWFS)

The Government-Wide Financial Statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets, and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*.

Fund Financial Statements (FFS)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Fund financial statements report detailed information about the Police Jury. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

Governmental Funds

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The Police Jury's records are maintained on a cash basis of accounting. Budgets are prepared and adopted using the same basis of accounting. However, with the exception of the Budgetary Comparison Schedules, presented for major funds as required supplemental information, the funds reported in the accompanying fund financial statements have been converted to a modified accrual basis of accounting to conform to accounting principles generally accepted in the United States of America.

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

NOTES TO BASIC FINANCIAL STATEMENTS

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means the amount is collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (collected within ninety days after year-end). Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debts are recorded as fund liabilities when due. At year-end, various journal entries are made to the governmental funds using the following practices in recording revenues and expenditures:

Federal and state entitlements (which include state revenue sharing) are recorded as unrestricted grants-in-aid when available and measurable. Federal and state grants are recorded when the reimbursable expenditures have been incurred.

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, and become delinquent on January 1. The taxes are generally collected in December, January, and February of the fiscal year.

Sales and use tax revenues are recorded in the month of the sales or use transaction.

Interest earnings on time deposits are recorded when earned.

Those revenues subject to accrual are sales taxes, property taxes, franchise taxes, grants, interest revenue, and charges for services. Substantially all other revenues, including fines, permits, and license revenues, are not susceptible to accrual because they are not generally measurable until received in cash.

Salaries are recorded as expenditures when earned.

Purchases of various operating supplies are recorded as expenditures in the accounting period in which they are purchased.

Commitments under construction contracts are recognized as expenditures when earned by the contractor.

Substantially all other expenditures are recognized when the related fund liability has been incurred.

Transfers between funds that are not expected to be repaid, sales of assets, proceeds from the sale of bonds, capitalized leases, and proceeds from accrued interest on the sale of bonds are accounted for as other financing sources (uses) in the Statement of Revenues, Expenditures, and Changes in Fund Balances. These other financing sources (uses) are recognized at the time the underlying events occur.

Fiduciary Funds

The Police Jury has three agency funds. Unlike other type of funds, agency funds report only assets and liabilities. Therefore, agency funds cannot be said to have measurement focus; however, they use the modified accrual basis of accounting to recognize receivables and payables.

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

NOTES TO BASIC FINANCIAL STATEMENTS

Budgets and Budgetary Accounting

Budgets for most governmental funds are adopted annually on the cash basis of accounting. However, budgets for certain special revenue funds are adopted on a grant-length basis and budgets for all capital project funds are adopted on a project-length basis. Because the budgets adopted on a grant-length or project-length basis primarily serve as a management control function, no comparison between budgeted and actual amounts for major funds (if any) budgeted on this basis is provided in this document. Budgets prepared on the cash basis of accounting are not prepared in accordance with accounting principles generally accepted in the United States of America, which requires that budgets for governmental funds be adopted on the modified accrual basis of accounting.

The treasurer prepares preliminary budgets for the ensuing year beginning in October. The finance committee reviews the proposed budgets and makes changes, as it deems appropriate. The availability of the proposed budgets for public inspection and the date of the public hearing on the budgets are then advertised in the official journal. Usually during its regular December meeting, the jury holds a public hearing on the proposed budgets in order to receive comments from citizens. Changes are made to the proposed budgets based on the public hearing and the desires of the Police Jury as a whole. The budgets are usually adopted during the regular December meeting, and notice is published in the official journal.

During the year, the Police Jury receives monthly budget comparison statements that are used as a tool to monitor the operations of the parish. The treasurer proposes necessary budget amendments to the jury when he determines that actual operations are differing materially from those anticipated in the original budget. The Police Jury, in regular session, reviews the proposed amendments, makes necessary changes, and formally adopts the amendments. The adoption of amendments is included in the minutes published in the official journal. Budget comparison statements included in the accompanying primary government financial statements include both the original adopted budgets and the final budget including all subsequent amendments. The variances presented for major fund budget comparison statements use the final budget.

The Police Jury exercises budgetary control at the functional level. Within functional levels, the treasurer has the authority to make amendments as necessary. The Police Jury does not utilize encumbrance accounting in its budget practices. Unexpended appropriations expire at year-end and must be re-appropriated in the next year's budget to be expended.

Encumbrances

The Police Jury does not employ encumbrance accounting, under which purchase orders and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

Cash, Cash Equivalents, and Investments

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Management considers all highly liquid investments with a maturity of 90 days or less when purchased to be cash equivalents. Under state law, the Police Jury may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law, or any other state of the United States, or under laws of the United States.

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

NOTES TO BASIC FINANCIAL STATEMENTS

Investments are limited by RS 33:2955. If the original maturities of financial instruments exceed 90 days, they are classified as investments. At year-end, the Police Jury did not have any financial instruments classified as investments.

Receivables

Receivables are charged against income, as they become uncollectible. In the opinion of management, all accounts at year-end were considered collectible, and an allowance for doubtful accounts was not considered necessary.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the Balance Sheet of the Governmental Funds. These interfund receivables/payables are eliminated for reporting in the Statement of Net Assets.

Prepaid Expenses

In the Government-Wide Financial Statements insurance premiums paid prior to year-end that relate to the next year are set up as prepaid expenses since the expense benefits the next fiscal year. In the Fund Financial Statements these premiums are recorded as expenditures when paid.

Capital Assets

In the Government-Wide Financial Statements capital assets are capitalized and depreciated on a straight line method over their estimated useful lives. Public domain ("infrastructure") capital assets, consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems are capitalized. All purchased and constructed capital assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated capital assets, if any, are valued at their estimated fair market value on the date received. The Police Jury has adopted a capitalization threshold of \$250,000 on infrastructure capital assets and \$5,000 on other capital assets for reporting purposes. Expenditures that extend the useful lives of capital assets beyond their initial estimated useful lives or improve their efficiency or capacity are capitalized, whereas expenditures for repairs and maintenance are expensed.

Interest costs on debt used to finance the construction of assets are capitalized in the Government-Wide Financial Statements. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No construction was financed with debt in 2003.

In the Fund Financial Statements assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds.

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

NOTES TO BASIC FINANCIAL STATEMENTS

No provision is made for depreciation on assets in the Fund Financial Statements since the full cost is expensed at the time of purchase.

Deferred Revenues

The Police Jury may report deferred revenue on its financial statements. Deferred revenues arise when potential revenues do not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when the Police Jury receives resources before it has a legal claim to them, as when grant monies are received prior to the occurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria have been met or when the Police Jury has a legal claim to the resources, the liability for deferred revenue is removed from the balance sheet and revenue is recognized.

Compensated Absences

Vested or accumulated vacation leave or compensatory time earned that is expected to be liquidated with expendable, available financial resources are reported as expenditures and a fund liability of the governmental fund that will pay it. Amounts of compensated absences not expected to be liquidated with expendable, available financial resources are not reported in the Fund Financial Statements. No accrued current expenditures are reported in the governmental funds, as the amounts are considered immaterial. The full liability and related costs are reported in the Government-Wide Financial Statements. No liability is recorded for compensated absences that relate to future services or that are contingent on a specific event that is outside the control of the employer and employee.

All employees earn from 80 to 200 hours of vacation leave each year, depending on their length of service with the Rapides Parish Police Jury. Because 160 hours is the maximum amount of vacation leave that can be accumulated, the amount of vacation leave the employee accumulates over this amount is rolled over into their sick leave.

Long-Term Liabilities

Long-term obligations expected to be financed from governmental funds are not reported in the Balance Sheet for the Fund Financial Statements. All liabilities, including long-term debt, are included on the face of the Statement of Net Assets in the Government-Wide Financial Statements. Interest expense on long-term debt is recognized in the Government-Wide Financial Statements as the interest accrues, regardless of when it is due.

Net Assets

Net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

In cases where the Police Jury, for the same function or purpose, receives restricted and unrestricted monies, the restricted monies are used first.

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

NOTES TO BASIC FINANCIAL STATEMENTS

Fund Balances

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for the future use of financial resources.

Interfund Transactions

In the governmental funds, transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Interfund balances are eliminated in the Government-Wide Financial Statements.

Sales Taxes

The Rapides Parish Police Jury collects the following sales and use taxes:

1. A one percent sales and use tax that is dedicated to the Police Jury and various other governmental units. The sales tax ordinance, approved by the voters of Rapides Parish on September 19, 1977, requires the parish's portion of the sales tax to be used to construct and maintain public roads, highways, bridges, and other capital improvements; to pay salaries of parish employees; and for any other lawful purposes, including funding bonds in the manner provided by Louisiana Revised Statutes 33:2721-2734 for capital improvements. The tax was approved for an indefinite period.
2. A one-half percent sales and use tax that is dedicated to the Police Jury and various other governmental units. The sales tax is collected in the area within Rapides Parish that is outside the corporate limits of the cities of Alexandria and Pineville (Sales Tax District No. 3). The sales tax ordinance, initially approved by the voters of Sales Tax District No. 3 on April 3, 1987, and renewed by the voters on November 17, 2000, requires that the parish's portion of the sales tax be used to construct and maintain public streets, roads, highways, bridges, and drainage. The tax, which expires on May 31, 2007, is recognized as revenue in the Road and Bridge Special Revenue Fund.
3. A one percent sales and use tax was approved by the voters on May 2, 1987, to be used for salary supplements for all employees of the Police Jury and to give additional support for the operation of public schools of Rapides Parish. The tax was approved for an indefinite period.
4. The Police Jury is also authorized to collect and remit to the City of Alexandria (two percent), the City of Pineville (two percent), the Town of Glenmora (one and one-half percent), the Town of Boyce (one percent), the Town of Lecompte (one and one-half percent), the Village of Forest Hill (one-half percent), the Town of Woodworth (one percent) and the Town of Ball (one and one-half percent), additional sales and use taxes collected within the city limits of those municipalities.

**RAPIDES PARISH POLICE JURY
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NOTES TO BASIC FINANCIAL STATEMENTS

5. Starting in 2003, the Police Jury began collecting a one-half percent sales and use tax approved by the voters on October 5, 2002. The tax is to be used to fund salaries and related benefits for employees of the Rapides Parish Sheriff, and to fund the purchase, lease, operation, and maintenance of vehicles, furniture, fixtures, and equipment for the Rapides Parish Sheriff's office. The tax was approved for an indefinite time period.
6. The Police Jury is entitled to retain a prorata portion of all reasonable and necessary costs of administrating and collecting these taxes. The cost associated with collecting the sales taxes is deducted from collections prior to remittance to the various entities.

Hotel/Motel Tax

As provided by Louisiana Revised Statute 33:4574, the Police Jury has levied a two percent tax on the occupancy of all hotel/motel rooms in the parish. Proceeds of the tax, less collection costs, are distributed to the Alexandria/Pineville Convention and Visitors Bureau for the promotion of tourism in Rapides Parish. The Hotel-Motel Tax Agency Fund accounts for the collection and distribution of the tax.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following individual governmental funds had expenditures exceeding appropriations as approved in the budget:

	<u>Expenditures</u>	<u>Appropriations</u>	<u>Excess</u>
Ninth JDC Nonsupport Fund	\$ 175,404	\$ 163,112	\$ 12,292
Fire District No. 4	684,405	525,825	158,580

3. LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Parishwide taxes:			
Constitutional	3.86	3.86	None
Senior Citizens - Maintenance	1.03	1.03	2006
Health Unit - Maintenance	1.03	1.03	2009
Parish Library	6.08	6.08	2013
*Juvenile Community Correction Center and Juvenile Detention Home	2.02	2.02	2014

*After year end an election passed renewing a 10-year tax.

**RAPIDES PARISH POLICE JURY
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NOTES TO BASIC FINANCIAL STATEMENTS

	<u>Authorized Millage</u>		<u>Levied Millage</u>		<u>Expiration Date</u>
	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	
District taxes:					
Constitutional	1.93	1.93	1.93	1.93	None
Fire districts	13.13	116.20	13.13	116.20	2004-2012
Road maintenance districts	5.40	69.84	5.40	69.84	2004-2012
Buckeye Recreation District		5.90		5.90	2006

The Sheriff of Rapides Parish, as provided by the state law, is the official tax collector of general property taxes levied by the Rapides Parish Police Jury. The 2003 property tax calendar was as follows:

Millage rates adopted	May 15, 2003
Levy Date	May 15, 2003
Tax bills mailed	November 7, 2003
Due Date	December 31, 2003
Delinquent Date	January 1, 2004

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents – Governmental Funds	\$ 9,205,806
Cash and cash equivalents – Agency Funds	<u>1,227,978</u>
	\$ 10,433,784

At year-end, cash and cash equivalents consisted of:

Demand deposits	\$ 338,392
Certificates of deposit	<u>10,095,392</u>
	\$ 10,433,784

These deposits are stated at cost, which equals market value. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times at least equal the amount on deposit with the fiscal agent. Pledged securities are held in a holding or custodial bank that is mutually acceptable to both parties.

The Police Jury's deposits at year-end were entirely covered by federal depository insurance or by collateral held by the Police Jury or its agent in the Police Jury's name.

The Police Jury uses a master bank account for cash management purposes. At year-end certain individual funds report negative cash balances. These are not bank overdrafts but rather reflect the individual funds allocated share of the master bank accounts deposit balances.

5. RECEIVABLES

Receivables - Governmental Funds	\$ 13,796,162
Receivables – Agency Funds	<u>7,761,464</u>
	\$ 21,557,626

**RAPIDES PARISH POLICE JURY
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NOTES TO BASIC FINANCIAL STATEMENTS

	<u>Ad Valorem Taxes</u>	<u>Sales and Use Taxes</u>	<u>Federal and State Grants/ Appropriations</u>	<u>Other</u>	<u>Totals</u>
General Fund	\$ 1,092,138	\$	\$ 208,298	\$ 436,539	\$ 1,734,975
Road and Bridge Fund		174,814	556,472	5,296	736,582
Fire Protection District #2 Maintenance Fund	2,409,126		41,975		2,451,101
Renaissance Fund	806,447		42,935		849,382
Senior Citizens Fund	411,230		18,442		429,672
Capital Improvement Fund			830,442		830,442
Other Governmental Funds	5,593,569	165,716	640,629	364,094	6,764,008
Agency Funds		<u>7,761,464</u>			<u>7,761,464</u>
	<u>\$10,312,510</u>	<u>\$ 8,101,994</u>	<u>\$ 2,337,193</u>	<u>\$ 805,929</u>	<u>\$ 21,557,626</u>

All receivables were considered collectible at year-end.

6. INTERFUND ASSETS, INTERFUND LIABILITIES, AND OPERATING TRANSFERS

DUE FROM/TO OTHER FUNDS

<u>Receivable fund</u>	<u>Payable fund</u>	<u>Amount</u>
General Fund	Road and Bridge Fund	\$ 22,317
General Fund	Fire Protection District #2 Maintenance Fund	25,478
General Fund	Other Governmental Funds	69,543
General Fund	Fiduciary Funds	9,116
Road and Bridge Fund	Other Governmental Funds	4,122
Other Governmental Funds	Other Governmental Funds	95
Other Governmental Funds	General Fund	<u>10,412</u>
		<u>\$ 141,083</u>

Balances at December 31, 2003, resulted from the routine lag between the dates that interfund goods or services are provided and reimbursable expenditures occur. Transactions are recorded in the accounting system, and payments between funds are made to satisfy the balances.

TRANSFERS

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Road and Bridge Fund	\$ 190,659
General Fund	Fire Protection District #2 Maintenance Fund	39,058
General Fund	Renaissance	673
General Fund	Senior Citizens Fund	322
General Fund	Capital Improvement Fund	194
General Fund	Other Governmental Funds	1,618,319
Other Governmental Funds	General Fund	863,095
Other Governmental Funds	Other Governmental Funds	<u>161,027</u>
		<u>\$ 2,873,347</u>

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Transfers are used to 1) move revenues from the fund required by statute or budget to collect them to the fund required by statute or budget to expend them, and 2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

7. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2003, was as follows:

	<u>Balance Beginning of Year</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance, End of Year</u>
Governmental Activities				
Capital assets not being depreciated				
Land and improvements	\$ 1,677,604	\$ 36,751	\$	\$ 1,714,355
Construction in progress	<u>5,814,240</u>	<u>423,010</u>	<u>(5,710,878)</u>	<u>526,372</u>
Total assets not being depreciated	7,491,844	459,761	(5,710,878)	2,240,727
Other capital assets				
Buildings and improvements	16,267,239	5,990,530	(52,500)	22,205,269
Furniture and equipment	11,871,083	1,865,659	(368,044)	13,368,698
Infrastructure	<u>315,646,462</u>	<u>2,408,038</u>	<u></u>	<u>318,054,500</u>
Total Other Capital Assets	343,784,784	10,264,227	(420,544)	353,628,467
Less				
Accumulated depreciation				
Buildings and improvements	10,582,168	448,652	(52,500)	10,978,320
Furniture and equipment	5,865,584	962,803	(338,197)	6,490,190
Infrastructure	<u>284,838,527</u>	<u>4,730,291</u>	<u></u>	<u>289,568,818</u>
Total accumulated depreciation	<u>301,286,279</u>	<u>6,141,746</u>	<u>(390,697)</u>	<u>307,037,328</u>
Other Capital Assets, Net	<u>42,498,505</u>	<u>4,122,481</u>	<u>(29,847)</u>	<u>46,591,139</u>
Governmental Activities Capital Assets, Net	\$ 49,990,349	\$ 4,582,242	\$ (5,740,725)	\$ 48,831,866

Depreciation expense was charged to functions as follows:

Governmental Activities	
General Government	\$ 278,138
Public Safety	690,361
Public Works	5,042,366
Health and Welfare	48,075
Culture and Recreation	65,662
Economic Development and Assistance	<u>17,144</u>
Total Depreciation Expense for Governmental Activities	\$ 6,141,746

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NOTES TO BASIC FINANCIAL STATEMENTS

A certain portion of the costs of the assets has been estimated based upon estimated historical costs. Approximately 92% of infrastructure has been valued based on estimated historical cost. The amount of capital assets that is valued at actual historical cost and those valued at estimated historical cost are detailed below:

Actual historical cost	\$ 37,982,005
Estimated historical cost	\$ 315,646,462

The Police Jury looks at individual projects in considering infrastructure capitalization. To be capitalized, the project cost must be \$250,000 or greater. Donated assets, such as by developers, are subject to the threshold. Actual cost is used when available and estimated cost is used otherwise.

Estimation of useful lives are as follows:

Streets	40 – 60 years
Bridges	30 – 70 years
Buildings and improvements	20 – 40 years
Equipment	5 – 20 years
Vehicles	5 – 15 years
Furniture and fixtures	5 years

A summary of significant construction projects is presented below:

	<u>LSUA Technology Building</u>	<u>Fire Protection District No.2 Fire Station</u>	<u>Total</u>
Project authorization	\$ 1,200,000	\$	\$1,200,000
Expended to date	492,645	33,727	526,372
Commitment	724,918		724,918
Required further financing	None	Pending	

8. COMPENSATED ABSENCES, CAPITALIZED LEASES, AND OTHER LONG-TERM DEBT

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Compensated absences – net	\$ 338,975	\$ 49,369	\$	\$ 388,344	\$
Capital leases	2,267,053	389,422	(1,054,825)	1,601,650	539,634
Certificates of indebtedness	3,036,000		(578,579)	2,457,421	618,000
Public improvement bonds	4,250,000		(450,000)	3,800,000	480,000
	<u>\$ 9,892,028</u>	<u>\$ 438,791</u>	<u>\$(2,083,404)</u>	<u>\$ 8,247,415</u>	<u>\$1,637,634</u>

General Obligation Liabilities

General obligation liabilities are direct obligations and pledge the full faith and credit of the Police Jury. These liabilities include compensated absences, certificates of indebtedness, and capitalized leases.

**RAPIDES PARISH POLICE JURY
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NOTES TO BASIC FINANCIAL STATEMENTS

Compensated Absences

Compensated absences represent accumulated and vested employee leave benefits computed in accordance with accounting principles generally accepted in the United States of America. The liability for compensated absences is computed only at the end of each fiscal year. Compensated absences are paid by the fund that pays the salaries related to the liability.

Capital Leases

The Police Jury incurred various capital lease obligations for the acquisition of equipment for the General Fund and various special revenue funds. The related fund provides debt service for the capital leases. Equipment acquired by capital leases is included in capital assets. The related capital lease obligations are included in long-term liabilities.

The annual requirements to amortize capital lease obligations payable as of December 31, 2003, are as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2004	\$ 539,634	\$ 71,238
2005	433,980	45,715
2006	335,662	25,759
2007	264,115	11,702
2008	<u>28,259</u>	<u>1,208</u>
	\$ 1,601,650	\$ 155,622

Certificates of Indebtedness

The Police Jury issued certificates of indebtedness for:

- Constructing, improving, and maintaining public roads, highways, and bridges. Various road maintenance district special revenue funds provide debt service for these certificates,
- Construction of fire protection facilities. Various fire protection district special revenue funds provide debt service for these certificates,
- Constructing, operating, and maintaining recreation facilities of the Buckeye Recreation District. The Buckeye Recreation District Special Revenue Fund provides debt service for this certificate, and
- Constructing, operating, and maintaining facilities for the Rapides 911 Communications District. The 911 Communications District Fund provides debt service for this certificate.

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NOTES TO BASIC FINANCIAL STATEMENTS

The annual requirements to amortize certificates of indebtedness as of December 31, 2003, are as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2004	\$ 618,000	\$ 105,210
2005	649,888	73,869
2006	570,681	42,607
2007	168,852	24,225
2008	105,000	17,888
2009-2011	<u>345,000</u>	<u>23,737</u>
	\$ 2,457,421	\$ 287,536

Public Improvement Bonds

The Police Jury issued public improvement bonds for construction of buildings and for repairs to the parish courthouse. The Police Jury pledged revenue from sales tax collections to pay debt service on these bonds. The annual requirements to amortize public improvement bonds as of December 31, 2003, are as follows:

<u>Year Ending December 31,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>
2004	\$ 480,000	\$ 166,468
2005	505,000	146,795
2006	465,000	125,702
2007	495,000	107,192
2008	515,000	86,530
2009-2013	<u>1,340,000</u>	<u>130,425</u>
	\$ 3,800,000	\$ 763,112

A summary of long-term debt at year-end is presented below:

	<u>Maturity Date</u>	<u>Interest Rates</u>	<u>Balance</u>
Compensated absences			\$ 388,344
Capital leases	Various	3.75-7.00%	1,601,650
Certificates of indebtedness			
Road Maintenance District 1-A (2001)	03/01/05	4.96%	40,989
Road Maintenance District 2-B (1996)	03/01/06	5.00%	454,680
Road Maintenance District 2-C (1997)	03/01/07	5.00%	257,852
Road Maintenance District 9-B (1996)	03/01/05	5.00%	94,978
Road Maintenance District 10-A (1997)	03/01/06	5.15%	519,444
Road Maintenance District 10-A (1999)	03/01/06	5.00%	125,000
Road Maintenance District 36 (2000)	03/01/06	5.34%	81,000
Fire Protection District 7 (1995)	10/01/05	6.00%	48,478
911 Communications District (2001)	02/01/11	4.50%	835,000
Public improvement bonds			
Rapides Parish sales tax office (1991)	12/01/05	6.70-6.90%	110,000
Parish courthouse repairs (1994)	11/20/13	4.70-9.00%	640,000
Parish health unit and motor vehicles office (2001)	12/01/10	2.75-4.40%	<u>3,050,000</u>
			\$ 8,247,415

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NOTES TO BASIC FINANCIAL STATEMENTS

In accordance with Louisiana Revised Statute 39:562, the Policy Jury is legally restricted from incurring long-term bonded debt in excess of 10 percent of the assessed value of taxable property in the parish. At December 31, 2003, the statutory limit was \$58,402,117.

Industrial districts within the parish issued bonds; however, the Police Jury does not guarantee these bonds, nor does the name of the Police Jury appear on the face of these bonds.

9. NET ASSETS AND FUND BALANCES

At December 31, 2003, the Rapides Parish Police Jury has designated \$474,997 of the fund balance of the General Fund for unemployment compensation. Also, the Police Jury designated \$74,858 of the fund balance of the General Fund for possible automobile and property insurance claims. The following is an analysis of the changes in the designated fund balances for the year ended December 31, 2003.

	Balance, Beginning of Year	<u>Additions</u>	Balance, end of year
Unemployment compensation	\$ 429,921	\$ 45,076	\$ 474,997
Auto/property insurance		<u>74,858</u>	<u>74,858</u>
Total designated fund balance of the General Fund	<u>\$ 429,921</u>	<u>\$119,934</u>	<u>\$ 549,855</u>

10. OPERATING LEASES

On September 11, 2002, the 911 Communications District entered into a commitment for more than a single year under a lease for the 911 emergency service software and equipment. The lease is for a five-year term, beginning March 1, 2003, and terminating March 1, 2007. The lease is considered for accounting purposes to be an operating lease. Lease expenditures for the year ended December 31, 2003 amounted to \$37,118.

Future minimum lease payments are as follows:

Year ending 12/31/04	\$ 37,118
Year ending 12/31/05	37,118
Year ending 12/31/06	37,118
Year ending 12/31/07	<u>37,118</u>
	<u>\$ 148,472</u>

11. PENSION PLANS

The Police Jury contributes to two statewide cost-sharing, multiple-employer defined benefit public employee retirement systems. These two systems are the Parochial Employees Retirement System of Louisiana and the Louisiana Firefighters Retirement System.

**RAPIDES PARISH POLICE JURY
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Parochial Employees Retirement System of Louisiana

Substantially all employees of the Police Jury, excluding employees of the Rapides Parish Fire Protection Districts, are members of the Parochial Employees Retirement System of Louisiana (system), a multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees. The system is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Employees of the Police Jury are members of Plan A.

All permanent parish government employees who work at least 28 hours per week are required to become members on the date of employment, with limited defined exceptions. As of January 1, 1997, elected parish officials, except coroners and justices of the peace, may no longer join the retirement system. Those elected officials enrolled as of that date will maintain membership as long as they hold office. Under Plan A, employees who retire at or after age 60 with at least 10 years of credited service, at or after age 55 with 25 years of credited service, or at any age with at least 30 years of credited service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final compensation multiplied by the employee's years of credited service. However, for those employees who were members of the supplemental plan only prior to January 1, 1980, the benefit is equal to 1 percent of final compensation, plus a \$24 monthly increase for each year of supplemental plan only service earned prior to January 1, 1980. Final compensation is the employee's monthly earnings during the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of credited service stated previously and who do not withdraw their employee contributions, may require at the ages specified previously and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established by state statute.

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

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary, and the employer is required to contribute at an actuarially determined rate. The rate for this year is 7.75 percent of annual covered payroll. Contributions to the System include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the employers are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year. The employer contributions to the System under Plan A for the years ending December 31, 2003, 2002, and 2001, were \$426,637, \$425,826, and \$473,004, respectively, equal to the required contributions for each year.

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NOTES TO BASIC FINANCIAL STATEMENTS

Louisiana Firefighters Retirement System

Substantially all employees of the Rapides Parish Fire Protection Districts are members of the Louisiana Firefighters Retirement System ("system"), a multiple-employer, public employee retirement system (PERS), controlled and administered by a separate board of trustees. Membership in the system is mandatory for all full-time firefighters employed by a municipality, parish, or fire protection district that did not enact an ordinance prior to January 1, 1980, exempting itself from participation in the system. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to three and one-third percent of their final-average salary for each year of creditable service, not to exceed 100 percent of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 if they had at least 20 years of creditable service at termination) and receive their benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established by state statute.

The system issues a publicly available financial report annually that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Firefighters' Retirement System, 2722 Wooddale Blvd., Suite D, Baton Rouge, LA 70805, or by calling (225) 925-4060.

Members are required to contribute 9 percent of their annual covered salary to this plan, while the employer's contribution rate is 21 percent at year-end. The contribution requirements of plan members and the employer are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation of the prior fiscal year. The employer contributions to the system under Plan A for the years ended December 31, 2003, 2002, and 2001, were \$298,293, \$159,474, and \$146,827, respectively, equal to the required contributions for each year.

12. POSTRETIREMENT HEALTH CARE

The Rapides Parish Police Jury provides certain continuing health care benefits for its retired employees. Substantially all of the Police Jury's employees become eligible for these benefits if they reach normal retirement age while working for the Police Jury. These benefits for retirees and similar benefits for active employees are provided through an insurance company whose monthly premiums are paid jointly by retirees or employees, and the Police Jury. The Police Jury recognizes the cost of providing these benefits to employees and retirees (Police Jury's portion of premiums) as expenditures when paid during the year, which was approximately \$1,817,805. The Police Jury's cost of providing retiree health care benefits (Police Jury's portion of premiums) totaled \$297,259 for the year. At December 31, 2003, there were 43 retirees receiving these benefits.

**RAPIDES PARISH POLICE JURY
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NOTES TO BASIC FINANCIAL STATEMENTS

13. CRIMINAL COURT FUND

Louisiana Revised Statute 15:571.11 requires that one-half of any balance remaining in the Criminal Court Fund at year-end be transferred to the Police Jury's General Fund. The Police Jury does not intend to transfer the balance due at December 31, 2003, to the General Fund because the Police Jury appropriates funds in excess of this amount on an annual basis. Accordingly, this amount has not been recorded as a liability of the Criminal Court Fund or as a receivable of the General Fund.

14. RISK MANAGEMENT

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

With the exceptions of general liability and errors and omissions insurance coverage, which have not been obtained, the Police Jury carries commercial insurance for all the aforementioned risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

15. COMMITMENTS AND CONTINGENCIES

Lawsuits

At December 31, 2003, the Police Jury is involved in numerous lawsuits. The District Attorney, legal counsel for the police jury, has opined that the likelihood that the Police Jury will prevail in these lawsuits is good, even though the Police Jury does not have general liability insurance to cover any damages awarded the plaintiffs involved in these lawsuits. Based on the aforementioned opinion of legal counsel, no provision for any liability that may arise from settlement of these lawsuits is included in the accompanying financial statements.

Arbitrage Interest

Management has not calculated the possible rebate of arbitrage interest, as of December 31, 2003, on each of the recent tax-exempt bond issues. The contingent liability, simply stated, is the interest earned from the investment of unspent bond proceeds that is in excess of the amount of earnings that would have been obtained had the investment rate been equal to the yield on the bonds. Since the rebate calculation is a cumulative calculation performed until all proceeds have been expended, management believes that the amount of the contingent liability for arbitrage interest, if any, will be eliminated in future years. In the event that the contingent liability for arbitrage interest is not eliminated, the Police Jury will be liable for remittance of the rebate amount, as subsequently calculated, to the federal government.

Grant Audit

The Rapides Parish Police Jury receives grants for specific purposes that are subject to review and audit by the grantor agencies. Such audits could result in a request for reimbursement for disallowed costs under the terms of the grant agreements. In the opinion of management, such disallowance, if any, would be insignificant.

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LSUA Technology Grant

During a prior fiscal year, the Police Jury entered into a federal grant agreement and various cooperative endeavor agreements to build, maintain and operate a technology building located on the campus of Louisiana State University at Alexandria. During 2003, the project construction was initiated, with completion of the project anticipated in 2004. The Police Jury is contingently liable for repayment of grant funds received if the project is not completed, maintained, or operated in accordance with the terms of the various agreements.

16. ACCUMULATED DEFICIT

An accumulated deficit existed in the Watershed Maintenance Fund and the Public Safety Fund at year-end in the amount of \$2,463 and \$154, respectively. The deficit is attributable to certain year-end journal entries prepared as a result of the audit engagement. The deficit is expected to be funded by increased operating transfers from the General Fund.

17. LEGAL COMPLIANCE

The following possible violations of state statutes occurred during the fiscal year:

Revenues, including transfers in, were less than budgeted amounts by more than five percent in the Road District 6-A Fund and the Fire District #10 Fund. Expenditures, including transfers out, exceeded appropriations as approved in the budget by more than five percent in the Fire District #4 Fund.

The comprehensive operating budget adopted for fiscal year ended December 31, 2003, did not include each special revenue fund of the Jury.

The final budgeted expenditures exceeded estimated funds available for the Road and Bridge Fund.

REQUIRED SUPPLEMENTAL INFORMATION – PART II

**RAPIDES PARISH POLICE JURY
ALEXANDRIA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2003**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Statement H Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Taxes				
Ad valorem	\$ 1,110,000	\$ 1,110,000	\$ 1,139,057	\$ 29,057
Other taxes, penalties, and interest	292,000	292,000	306,300	14,300
Licenses and permits	565,000	565,000	574,506	9,506
Intergovernmental revenues				
Federal funds	70,000	45,000	47,234	2,234
State funds	673,490	673,490	742,998	69,508
Local funds	19,600	19,600	93,980	74,380
Fees, charges, and commissions for services	711,714	711,714	972,570	260,856
Rents and royalties				
Fines and forfeitures	32,800	32,800	22,743	(10,057)
Interest earned	21,055	21,055	20,220	(835)
Miscellaneous	5,500	5,501	10,657	5,156
Total Revenues	<u>3,501,159</u>	<u>3,476,160</u>	<u>3,930,265</u>	<u>454,105</u>
EXPENDITURES				
Current				
General government				
Legislative	317,680	320,132	325,698	5,568
Judicial	980,153	1,020,753	1,053,003	32,250
Elections	121,891	121,891	130,341	8,450
Finance and administrative	752,771	762,771	765,665	2,894
Other	524,703	524,703	179,045	(345,658)
Public safety	2,098,741	2,134,334	2,177,846	43,512
Health and welfare	10,356	10,356	28,340	17,984
Economic development and assistance	209,197	198,679	159,314	(39,365)
Capital outlay	8,900	79,900	37,559	(42,341)
Debt service	58,276	58,276	58,276	-
Total Expenditures	<u>5,082,668</u>	<u>5,231,795</u>	<u>4,915,087</u>	<u>(316,708)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,581,509)	(1,755,635)	(984,822)	770,813
OTHER FINANCING SOURCES (USES)				
Transfers in	2,506,314	2,506,314	2,461,955	(44,359)
Transfers out	(1,629,732)	(1,679,732)	(1,630,924)	48,808
Total Other Financing Sources (Uses)	<u>876,582</u>	<u>826,582</u>	<u>831,031</u>	<u>4,449</u>
NET CHANGE IN FUND BALANCES	(704,927)	(929,053)	(153,791)	775,262
FUND BALANCES, BEGINNING OF YEAR	<u>729,878</u>	<u>929,053</u>	<u>763,137</u>	<u>165,916</u>
FUND BALANCES, END OF YEAR	<u>\$ 24,951</u>	<u>\$ -</u>	<u>\$ 609,346</u>	<u>\$ 941,178</u>

See independent auditor's report.

**RAPIDES PARISH POLICE JURY
ALEXANDRIA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE FUND
YEAR ENDED DECEMBER 31, 2003**

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note 1)	Statement I
	Original	Final		Variance with Final Budget Favorable
				(Unfavorable)
REVENUES				
Taxes				
Sales and use	\$ 1,811,750	\$ 1,811,750	\$ 1,778,097	\$ (33,653)
Intergovernmental revenues				
Federal funds	302,620	267,932	329,492	61,560
State funds	1,280,733	1,280,733	1,279,706	(1,027)
Rents and royalties	6,000	6,000	17,740	11,740
Interest earned	4,000	2,000	1,895	(105)
Miscellaneous	25,500	75,500	19,005	(56,495)
Total Revenues	<u>3,430,603</u>	<u>3,443,915</u>	<u>3,425,935</u>	<u>(17,980)</u>
EXPENDITURES				
Current				
Public works	3,099,726	3,065,201	3,097,706	(32,505)
Capital outlay	148,288	213,280	119,910	93,370
Debt service	193,529	193,529	193,363	166
Total Expenditures	<u>3,441,543</u>	<u>3,472,010</u>	<u>3,410,979</u>	<u>61,031</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(10,940)	(28,095)	14,956	43,051
OTHER FINANCING SOURCES (USES)				
Transfers out	(326,750)	(341,516)	(57,493)	284,023
Sale of assets		41,756	41,755	(1)
Total Other Financing Sources (Uses)	<u>(326,750)</u>	<u>(299,760)</u>	<u>(15,738)</u>	<u>284,022</u>
NET CHANGE IN FUND BALANCES	(337,690)	(327,855)	(782)	327,073
FUND BALANCES, BEGINNING OF YEAR	<u>337,690</u>	<u>177,542</u>	<u>177,542</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ (150,313)</u>	<u>\$ 176,760</u>	<u>\$ 327,073</u>

See Independent auditor's report.

**RAPIDES PARISH POLICE JURY
ALEXANDRIA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
FIRE PROTECTION DISTRICT #2 MAINTENANCE FUND
YEAR ENDED DECEMBER 31, 2003**

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Statement J Variance with Final Budget Favorable
	Original	Final	(See Note 1)	(Unfavorable)
REVENUES				
Taxes				
Ad valorem	\$ 2,451,000	\$ 2,451,000	\$ 2,568,890	\$ 117,890
Intergovernmental revenues				
Federal funds		44,070	44,070	-
State funds	120,500	120,500	126,532	6,032
Interest earned	65,000	65,000	55,704	(9,296)
Miscellaneous	1,500	1,500	46,090	44,590
Total Revenues	<u>2,638,000</u>	<u>2,682,070</u>	<u>2,841,286</u>	<u>159,216</u>
EXPENDITURES				
Current				
General government				
Other	75,000	75,000	77,088	(2,088)
Public safety	3,406,051	3,493,071	2,204,166	1,288,905
Capital outlay	2,015,000	2,015,000	269,994	1,745,006
Total Expenditures	<u>5,496,051</u>	<u>5,583,071</u>	<u>2,551,248</u>	<u>3,031,823</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,858,051)	(2,901,001)	290,038	3,191,039
OTHER FINANCING SOURCES (USES)				
Transfers out	(38,949)	(38,949)	(38,949)	-
Sale of assets			30,000	30,000
Total Other Financing Sources (Uses)	<u>(38,949)</u>	<u>(38,949)</u>	<u>(8,949)</u>	<u>30,000</u>
NET CHANGE IN FUND BALANCES	(2,897,000)	(2,939,950)	281,089	3,221,039
FUND BALANCES, BEGINNING OF YEAR	<u>2,897,000</u>	<u>2,939,950</u>	<u>2,939,949</u>	<u>(1)</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,221,038</u>	<u>\$ 3,221,038</u>

See independent auditor's report.

**RAPIDES PARISH POLICE JURY
ALEXANDRIA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
RENAISSANCE FUND
YEAR ENDED DECEMBER 31, 2003**

	Budgeted Amounts		Actual Amounts	Variance with
	Original	Final	(Budgetary Basis)	Final Budget
			(See Note 1)	Favorable (Unfavorable)
REVENUES				Statement K
Taxes				
Ad valorem	\$ 808,794	\$ 808,794	\$ 847,304	\$ 38,510
Intergovernmental revenues				
State funds	65,900	65,900	80,117	14,217
Interest earned	9,000	9,000	8,152	(2,848)
Total Revenues	883,694	883,694	933,573	49,879
EXPENDITURES				
Current				
General government				
Other	24,500	24,500	26,007	(1,507)
Public safety	888,521	967,865	925,740	42,125
Total Expenditures	883,021	992,365	951,747	40,618
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(9,327)	(108,671)	(18,174)	90,497
OTHER FINANCING SOURCES (USES)				
Transfers out	(673)	(673)	(673)	-
Total Other Financing Sources (Uses)	(673)	(673)	(673)	-
NET CHANGE IN FUND BALANCES	(10,000)	(109,344)	(18,847)	90,497
FUND BALANCES, BEGINNING OF YEAR	10,000	109,344	109,344	-
FUND BALANCES, END OF YEAR	\$ -	\$ -	\$ 90,497	\$ 90,497

See independent auditor's report.

**RAPIDES PARISH POLICE JURY
ALEXANDRIA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SENIOR CITIZENS FUND
YEAR ENDED DECEMBER 31, 2003**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>(Budgetary</u>	<u>Final Budget</u>
			<u>Basis)</u>	<u>Favorable</u>
			<u>(See Note 1)</u>	<u>(Unfavorable)</u>
REVENUES				
Taxes				
Ad valorem	\$ 412,400	\$ 412,400	\$ 432,004	\$ 19,604
Intergovernmental revenues				
State funds	27,680	27,680	27,641	(39)
Interest earned	2,500	2,500	1,578	(922)
Total Revenues	<u>442,580</u>	<u>442,580</u>	<u>461,223</u>	<u>18,643</u>
EXPENDITURES				
Current				
General government				
Other	12,500	12,500	13,261	(761)
Health and welfare	459,758	472,829	450,000	22,829
Total Expenditures	<u>472,258</u>	<u>485,329</u>	<u>463,261</u>	<u>22,068</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(29,678)	(42,749)	(2,038)	40,711
OTHER FINANCING SOURCES (USES)				
Transfers out	(322)	(322)	(322)	-
Total Other Financing Sources (Uses)	<u>(322)</u>	<u>(322)</u>	<u>(322)</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(30,000)	(43,071)	(2,360)	40,711
FUND BALANCES, BEGINNING OF YEAR	<u>30,000</u>	<u>43,071</u>	<u>43,071</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,711</u>	<u>\$ 40,711</u>

See independent auditor's report.

**RAPIDES PARISH POLICE JURY
ALEXANDRIA, LOUISIANA
RECONCILIATION OF NON GAAP BUDGETARY COMPARISON SCHEDULES
TO GAAP BASIS FINANCIAL STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2003**

Statement M

The following reconciles the excess of revenues and other financing sources over expenditures and other financing uses as shown on the preceding non GAAP budgetary comparison financial schedules (Statement H through Statement L) to the same amounts shown on GAAP basis financial statement (Exhibit E).

	General Fund	Road & Bridge Fund	Fire Protection District #2 Maintenance Fund	Renaissance Fund	Senior Citizens Fund
Budgetary Basis Fund Balance, December 31, 2002	\$ 763,137	\$ 177,542	\$ 2,939,949	\$ 109,344	\$ 43,071
Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses (Budgetary basis)	(153,791)	(782)	281,089	(18,847)	(2,360)
Budgetary basis fund balance, December 31, 2003	609,346	176,760	3,221,038	90,497	40,711
Non-budgeted funds	23,062				
Basis differences:					
Revenues/Receivables	1,861,429	740,704	2,451,101	849,382	429,672
Expenditures/Payables	(333,795)	(38,810)	(137,856)	(939,879)	(470,383)
Unbudgeted items	(83,178)				
GAAP Basis Fund Balance, December 31, 2003	\$ 2,076,864	\$ 878,654	\$ 5,534,283	\$ -	\$ -

See independent auditor's report.

SUPPLEMENTAL INFORMATION

**RAPIDES PARISH POLICE JURY
ALEXANDRIA, LOUISIANA
SCHEDULE OF CHANGES IN ASSETS AND LIABILITIES
SALES TAX AGENCY FUNDS
DECEMBER 31, 2003**

SCHEDULE 1

		Balance January 1, 2003	Additions	Deductions	Balance December 31, 2003
SALES TAX					
	ASSETS				
Cash and equivalents		\$ 13,358	\$ 68,708,137	\$ 68,745,185	\$ (23,690)
Receivables		6,965,833	7,761,464	6,965,833	7,761,464
TOTAL ASSETS		\$ 6,979,191	\$ 76,469,601	\$ 75,711,018	\$ 7,737,774
	LIABILITIES				
Accounts payable		\$ 14,929	\$ 8,783	\$ 14,929	\$ 8,783
Due to taxing bodies and others		6,957,307	76,451,702	75,669,134	7,719,875
Due to other funds		6,955	9,116	6,955	9,116
TOTAL LIABILITIES		\$ 6,979,191	\$ 76,469,601	\$ 75,711,018	\$ 7,737,774
PROTESTED SALES TAX					
	ASSETS				
Cash and equivalents		\$ 1,431,415	\$ 26,104	\$ 248,010	\$ 1,209,509
Receivables		759		759	-
TOTAL ASSETS		\$ 1,432,174	\$ 26,104	\$ 248,769	\$ 1,209,509
	LIABILITIES				
Due to taxing bodies and others		\$ 1,432,174	\$ 26,104	\$ 248,769	\$ 1,209,509
TOTAL LIABILITIES		\$ 1,432,174	\$ 26,104	\$ 248,769	\$ 1,209,509
HOTEL-MOTEL TAX					
	ASSETS				
Cash and equivalents		\$ 1,109	\$ 546,506	\$ 505,456	\$ 42,159
TOTAL ASSETS		\$ 1,109	\$ 546,506	\$ 505,456	\$ 42,159
	LIABILITIES				
Accounts payable		\$	\$ 38,996	\$	\$ 38,996
Due to taxing bodies and others		1,109	507,510	505,456	3,163
TOTAL LIABILITIES		\$ 1,109	\$ 546,506	\$ 505,456	\$ 42,159
TOTALS - ALL AGENCY FUNDS					
	ASSETS				
Cash and equivalents		\$ 1,445,882	\$ 69,280,747	\$ 69,498,651	\$ 1,227,978
Receivables		6,966,592	7,761,464	6,966,592	7,761,464
TOTAL ASSETS		\$ 8,412,474	\$ 77,042,211	\$ 76,465,243	\$ 8,989,442
	LIABILITIES				
Accounts payable		\$ 14,929	\$ 47,779	\$ 14,929	\$ 47,779
Due to taxing bodies and others		8,390,560	76,985,316	76,443,359	8,932,547
Due to general fund		6,955	9,116	6,955	9,116
TOTAL LIABILITIES		\$ 8,412,474	\$ 77,042,211	\$ 76,465,243	\$ 8,989,442

See independent auditor's report.

**RAPIDES PARISH POLICE JURY
ALEXANDRIA, LOUISIANA
SCHEDULE OF CHANGES IN DUE TO TAXING BODIES AND OTHERS
SALES TAX AGENCY FUNDS
YEAR ENDED DECEMBER 31, 2003**

SCHEDULE 2

	<u>Sales Tax</u>	<u>Protested Sales Tax</u>	<u>Hotel- Motel Tax</u>	<u>Total</u>
DUE TO TAXING BODIES AND OTHERS, BEGINNING OF YEAR	\$ 6,957,307	\$ 1,432,174	\$ 1,109	\$ 8,390,590
Additions				
Sales tax collections	75,453,565	9,047	546,422	76,009,034
Occupational licenses	739,974			739,974
Interest earned	10,153	16,298	84	26,535
Protested taxes settled	248,010			248,010
Total Additions	<u>76,451,702</u>	<u>25,345</u>	<u>546,506</u>	<u>77,023,553</u>
Total	83,409,009	1,457,519	547,615	85,414,143
Reductions				
Salaries and related benefits	607,210			607,210
Operating expenses	346,847			346,847
Protested taxes settled		248,010		248,010
Settled to taxing bodies and others	74,735,077		544,452	75,279,529
Total Reductions	<u>75,689,134</u>	<u>248,010</u>	<u>544,452</u>	<u>76,481,596</u>
<u>DUE TO TAXING BODIES AND OTHERS, END OF YEAR</u>	<u>\$ 7,719,875</u>	<u>\$ 1,209,509</u>	<u>\$ 3,163</u>	<u>\$ 8,932,547</u>

See independent auditor's report.

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

SCHEDULE 3

COMPENSATION PAID POLICE JURORS

The schedule of compensation paid to police jurors is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the police jurors is included in the legislative expenditures of the General Fund. In accordance with Louisiana Revised Statute 33:1233, the Police Jury has elected the monthly payment method of compensation. Under this method, jurors receive \$1,200 per month for performing the duties of their office.

<u>Police Juror</u>	<u>Amount</u>
Richard W. Billings	\$ 14,400
Stephen P. Bordelon	14,400
Joseph J. Fuller	14,400
Davron Moreau	14,400
Richard L. Nunnally	14,400
Scott Perry, Jr.	14,400
Ezra L. Reed	14,400
Donald H. Wilmore	14,400
Theodore Fontaine, Jr.	<u>14,400</u>
 <u>TOTAL</u>	 <u>\$ 129,600</u>

See independent auditor's report.

**RAPIDES PARISH POLICE JURY
DECEMBER 31, 2003**

SCHEDULE 4

911 COMMUNICATIONS DISTRICT FUND

Accumulated service charge balance, beginning of year	\$ 1,236,506
Transfer to Communications District operating fund	<u>(1,236,506)</u>
Balance, end of year	<u>\$ -</u>

This schedule is presented in compliance with Act 1029 of the 1999 Session of the Louisiana Legislature that requires the Communications District to submit an annual report to the legislative auditor including information on the revenues derived from the authorized service charge, the use of such revenues, and the status for implementation of wireless E911 service.

In a resolution dated September 19, 1999, the Communications District levied a \$.85 per month emergency telephone service charge on Commercial Mobile Radio Service (CMRS) users who can utilize the service to access the 911 emergency telephone number.

Status

Prior to the end of 2002, the district determined that net proceeds from the service charge remitted to the district were sufficient to implement wireless E911 service by the Communications District, and final planning and other preparations were accomplished. In the spring of 2003, the district began installation of the equipment required for the implementation of Phase I. Phase I implementation was completed and placed into service during 2003. Also during 2003, the accumulated resources from the prior year(s) collection of service charges were transferred into the Communications District operating fund. These accumulated revenues and subsequent service charge collections have been expended for implementation costs and other lawful purposes of the district.

See independent auditor's report.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**RAPIDES PARISH POLICE JURY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2003**

**SCHEDULE 5
(Continued)**

<u>Federal Grantor/ Pass-Through Grantor Name Program Name</u>	<u>CFDA Number</u>	<u>Expenditures</u>
<u>United States Department of Agriculture</u>		
Passed through Louisiana Department of Social Services - State Administrative Matching Grants for Food Stamp Program	10.561	\$ 205,254
Passed through Louisiana Department of Treasury - Schools and Roads - Grants to States	10.665	<u>298,258</u>
Total United States Department of Agriculture		503,512
<u>United States Department of Housing and Urban Development</u>		
Passed through Louisiana Division of Administration - Office of the Governor - Community Development Block Grants - Small Cities Programs	14.228	397,981
Passed through Louisiana Department of Social Services - Office of Community Services - Emergency Shelter Grants Program	14.231	25,998
Direct Program - Opportunities for Youth - Youthbuild Program	14.243	<u>80,671</u>
Total United States Department of Housing and Urban Development		504,650
<u>United States Department of Interior</u>		
Passed through Louisiana Department of the Treasury - Payment-in-lieu of taxes	15.226	18,396
<u>United States Department of Justice</u>		
Passed through Louisiana Commission on Law Enforcement and the Office of Community Service		
Juvenile Accountability Incentive Block Grants	16.523	74,736
Title V - Delinquency Prevention Program	16.548	51,757
Byrne Formula Grant	16.579	<u>44,937</u>
Total United States Department of Justice		171,430

See independent auditor's report.

**RAPIDES PARISH POLICE JURY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2003**

**SCHEDULE 5
(Concluded)**

Federal Grantor Pass-Through Grantor Name Program Name	CFDA Number	Expenditures
<u>United States Department of Labor</u>		
Passed through Louisiana Department of Labor Workforce Investment Act Cluster	17.258, 17.259, 17.260	1,975,650
<u>Federal Emergency Management Agency</u>		
Direct Program - Assistance to Firefighters	83.554	445,733
Passed through Louisiana Department of Public Safety and Corrections, Public Safety Services - Civil Defense - State and Local Emergency Management Assistance	83.503	25,172
Disaster Public Assistance	83.544	6,995
Total Federal Emergency Management Agency		477,900
<u>United States Department of Health and Human Services</u>		
Passed through State of Louisiana Temporary Assistance for Needy Families - Find Work	93.558	176,652
<u>Department of Homeland Security</u>		
Direct Program - Cooperating Technical Partners	97.045	43,431
<u>TOTAL EXPENDITURES</u>		\$ 3,871,621

Note A - Basis of Presentation - The Police Jury followed the modified accrual basis of accounting in preparing this schedule. This method is consistent with the preparation of the Police Jury's fund financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 of States, Local Governments, and Non-Profit Organizations.

Note B - Subrecipients - No subrecipients were provided federal awards during 2003.

See independent auditor's report.

**OTHER REPORTS REQUIRED BY
GOVERNMENT AUDITING STANDARDS, LOUISIANA GOVERNMENTAL
AUDIT GUIDE, AND OMB CIRCULAR A-133**

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF PRIMARY GOVERNMENT FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF PRIMARY GOVERNMENT FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Rapides Parish Police Jury
Alexandria, Louisiana

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rapides Parish Police Jury, as of and for the year ended December 31, 2003 which collectively comprise the basic financial statements of the Jury's primary government, and have issued our report thereon dated June 7, 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 Rapides Parish Police Jury's financial statements are free of material misstatement, we performed tests of its compliance with certain provision 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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying schedule of findings and questioned costs as Finding 2003-04.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Rapides Parish Police Jury's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the basic financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operations that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Police Jury's ability to record, process, summarize, and report financial data consistent with the assertions of management in the basic financial statements. The reportable conditions are described in the accompanying schedule of findings and questioned costs as Findings 2003-01, 2003-02 and 2003-03.

MARVIN A. JUNEAU, C.P.A.
H. FRED RANDOW, C.P.A.
ERNEST F. SASSER, C.P.A.

ROBERT L. LITTON, C.P.A.
ROBERT W. BYRNAN, C.P.A.
REBECCA B. MORRIS, C.P.A.

MICHAEL A. JUNEAU, C.P.A.
JAMES N. BALLARD, C.P.A.
L. PAUL HOOD, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

Rapides Parish Police Jury
Alexandria, Louisiana

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable conditions described above are not material weaknesses.

This report is intended for the information and use of the Rapides Parish Police Jury, management, federal awarding agencies, passthrough entities, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 21:513, this report is in fact a public document.

Payne, Moore & Herrington, LLP

Certified Public Accountants

June 7, 2004

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**



PAYNE, MOORE & HERRINGTON, LLP

CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Rapides Parish Police Jury
Alexandria, Louisiana

Compliance

We have audited the compliance of the Rapides Parish Police Jury with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2003. The Rapides Parish Police Jury's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Police Jury's management. Our responsibility is to express an opinion on the Police Jury's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Police Jury's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Police Jury's compliance with those requirements.

In our opinion, the Rapides Parish Police Jury complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2003.

MARVIN A. JUNEAN, C.P.A.
H. FRED RANDOW, C.P.A.
ERNEST F. SASSER, C.P.A.

ROBERT L. LITTON, C.P.A.
ROBERT W. DVORAK, C.P.A.
REBECCA B. MORRIS, C.P.A.

MICHAEL A. JUNEAN, C.P.A.
JAMES B. BALLARD, C.P.A.
L. PAUL HOOD, C.P.A.





PAYNE, MOORE & HERRINGTON, LLP

Rapides Parish Police Jury
Alexandria, Louisiana

Internal Control Over Compliance

The management of the Rapides Parish Police Jury is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Police Jury's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with the applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the Rapides Parish Police Jury, management, federal awarding agencies, pass-through entities, and the Louisiana Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 21:513, this report is in fact a public document.

Payne, Moore & Herrington, LLP

Certified Public Accountants

June 7, 2004

**RAPIDES PARISH POLICE JURY
SCHEDULE OF FINDINGS AND QUESTIONED COST
YEAR ENDED DECEMBER 31, 2003**

PART I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued:	Unqualified		
Internal control over financial reporting:			
Material weakness(es) identified?	_____ Yes	<u> x </u> No	
Reportable condition(s) identified not considered to be material weaknesses?	<u> x </u> Yes	_____	None reported
Noncompliance material to the financial statements?	<u> x </u> Yes	_____	No
Management’s Corrective Action Plan	See Attached		
Management’s Summary Schedule of Prior Audit Findings	See Attached		
Memorandum of Other Comments and Recommendations	None Issued		

Federal Awards

Internal control over major programs:			
Material weakness(es) identified?	_____ Yes	<u> x </u> No	
Reportable condition(s) identified not considered to be material weaknesses?	_____ Yes	<u> x </u> None reported	
Type of auditor’s report issued on compliance for major programs:	Unqualified		
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	_____ Yes	<u> x </u> No	
Identification of major programs:	CFDA # 17.258, 17.259, and 17.260, Workforce Investment Act Cluster CFDA # 83.554, Assistance to Firefighters CDFA # 14.228, Community Development Block Grants – Small Cities Programs		
Dollar threshold used to distinguish between Type A and Type B programs	\$300,000		
Auditee qualified as a low-risk auditee?	_____ Yes	<u> x </u> No	

**RAPIDES PARISH POLICE JURY
SCHEDULE OF FINDINGS AND QUESTIONED COST
YEAR ENDED DECEMBER 31, 2003**

**PART II – FINDINGS RELATING TO THE FINANCIAL STATEMENTS, WHICH ARE
REQUIRED TO BE REPORTED UNDER GOVERNMENT AUDITING STANDARDS**

FINDING 2003-01 APPROVAL OF JOURNAL ENTRIES

Criteria: The Police Jury's internal control requires a managerial approval of monthly journal entries prior to posting the entries to the general ledger, except for routine and reoccurring entries, which do not require prior approval.

Condition: While testing the journal entries, we found that the same employee who compiles the bank reconciliations also posts the journal entries, including the routine and reoccurring entries.

Recommendation: We recommend that management review and approve all journal entries, including the routine and reoccurring entries.

Management's Response: See Management's Corrective Action Plan.

FINDING 2003-02 PAYROLL TIMEKEEPING

Criteria: The Policy Jury's procedure for payroll timekeeping for employees using time clocks requires that employees obtain approval by their immediate supervisor on all unusual time reported. This includes unpunched time, time for out-of-office work, training, vacations, sick leave, etc. The supervisor approval provides the authority to pay employees for any part of their workday that is unusual.

Condition: In testing compensated absence records, we found that proper approval or authorization of compensatory time earned is not being followed for one employee in the Policy Jury Treasurer's Office. This employee of the Treasurer's office was found not to be following Police Jury procedures for getting proper approval of sick, annual and compensatory leave time. This employee is responsible for the preparation of the time calculations on all timecards.

Recommendation: We recommend that a discussion be held with the employees of the Police Jury Treasurer's Office on following proper procedures regarding time cards. We also recommend that the supervisor reviews and approves all time cards and leave time prior to preparation of time calculations.

Management's Response: See Management's Corrective Action Plan.

FINDING 2003-03 UNCLEARED CHECKS

Criteria: The Policy Jury's procedures for resolving uncleared checks is to locate payees and, if applicable, to reissue checks on the Police Jury's bank accounts. If the checks cannot be resolved within two years, then funds are to be remitted to the state on the required Unclaimed Property Report.

**RAPIDES PARISH POLICE JURY
SCHEDULE OF FINDINGS AND QUESTIONED COST
YEAR ENDED DECEMBER 31, 2003**

Condition: The bank reconciliations at December 31, 2003, for four Police Jury checking accounts includes numerous outstanding checks, two years or older since issuance date. The Police Jury is not following their policy relating to outstanding checks and remittal of unclaimed property to the State of Louisiana.

Recommendation: We recommend that the established procedures of the Police Jury be followed for all uncleared checks.

Management's Response: See Management's Corrective Action Plan.

FINDING 2003-04 LOUISIANA LOCAL GOVERNMENT BUDGET ACT

Criteria: The Louisiana Local Government Budget Act requires the Police Jury to adopt a comprehensive budget presenting a complete financial plan for the general fund and each special revenue fund.

Except for the exemptions provided in the statutes, budget amendments are required when actual revenues are less than budgeted revenues by 5% or more and when actual expenditures exceed budgeted expenditures by 5% or more.

The Louisiana Local Government Budget stipulates that the total of proposed expenditures shall not exceed the total of estimated funds available for the ensuing fiscal year.

Condition: We noted three areas of noncompliance with the provisions of the Act for the year ended December 31, 2003:

1. The comprehensive operating budget adopted by the Rapides Parish Police Jury for the fiscal year ended December 31, 2003, did not include each special revenue fund of the Jury, as indicated:
 - Budgets for all grant programs under the administration of the Police Jury OEWD office were not included in the formal budget process. Budgets for these programs were prepared and presented to the Police Jury for authorization and adoption around the middle of the fiscal year, based on the grant program year, rather than the parish fiscal year. Annual operating budgets were not prepared for these revenue-driven grant funds.
 - Budgets for several programs under the administration of the Judge's office for which the Police Jury is required to be fiscal agent, were not included in the formal budget process. Periodically, the Police Jury adopted resolutions and budgets relating to these program funds, based on the grant program year, rather than the parish fiscal year. Annual operating budgets were not prepared for these revenue-driven grant funds.
2. We found that actual revenues were less than budgeted revenues in two funds, Fire District #10 and Road District 6-A, by more than 5%. Actual expenditures exceeded budgeted expenditures in Fire District #4 by more than 5%.
3. We found that final budgeted expenditures exceeded estimated funds available for the Road and Bridge Fund.

**RAPIDES PARISH POLICE JURY
SCHEDULE OF FINDINGS AND QUESTIONED COST
YEAR ENDED DECEMBER 31, 2003**

Recommendation: We recommend that the comprehensive budget adopted each year include budgets for the general fund and all special revenue funds that constitute the primary government of the Police Jury.

We also recommend that the budget amendment process include consideration of all facts and circumstances.

Management's Response: See Management's Corrective Action Plan.

**RAPIDES PARISH POLICE JURY
MANAGEMENT'S CORRECTIVE ACTION PLAN
YEAR ENDED DECEMBER 31, 2003**

The Rapides Parish Police Jury respectfully submits the following corrective action plan for the year ended December 31, 2003.

Independent Public Accounting Firm: Payne, Moore & Herrington, LLP
P. O. Box 13200
Alexandria, LA 71315-3200

Auditee Contact Person: Mr. Tim Ware
Treasurer
Rapides Parish Police Jury
(318) 473-6660

Audit Period: January 1, 2003 through December 31, 2003

The findings from the Schedule of Findings and Questioned Costs are discussed below, numbered consistently with the numbers assigned in the Schedule. See Part II, Schedule of Findings and Questioned Costs, for criteria, condition and auditor recommendations relating to the findings to the financial statements.

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS, WHICH ARE
REQUIRED TO BE REPORTED UNDER GOVERNMENT AUDITING STANDARDS**

FINDING 2003-01 APPROVAL OF JOURNAL ENTRIES

Management's Response: All journal entries made to the general ledger shall be reviewed and approved by management.

FINDING 2003-02 PAYROLL TIMEKEEPING

Management's Response. Management shall review and approve all time cards and leave time prior to preparation of time calculations.

FINDING 2003-03 UNCLEARED CHECKS

Management's Response. Management shall investigate and resolve "uncleared" checks.

FINDING 2003-04 LOUISIANA LOCAL GOVERNMENT BUDGET ACT

Management's Response. Management adopted a budget for the fiscal year ending December 31, 2004, that resolved the Louisiana Local Government Budget Act findings noted in the audit report for year ended December 31, 2003.

**RAPIDES PARISH POLICE JURY
MANAGEMENT'S SUMMARY SCHEDULE OF
PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2003**

FINDING 2002-01 LOUISIANA LOCAL GOVERNMENT BUDGET ACT

Status: Unresolved for fiscal year ended 12/31/03. See finding 2003-04. This finding was resolved when the budget was adopted for the year ending December 31, 2004.

FINDING 2002-02 PAYROLL TIMEKEEPING

Status: Unresolved. See Finding 2003-02.