

**LAFOURCHE PARISH
RECREATION DISTRICT No. 2
RACELAND, LOUISIANA**

**COMPILED FINANCIAL STATEMENTS AND
AGREED-UPON PROCEDURES REPORT**

**AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2003**

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

Release Date 5.19.04



STAGNI & COMPANY, LLC

**LAFOURCHE PARISH
RECREATION DISTRICT No. 2
RACELAND, LOUISIANA**

*Basic Financial Statements
As of and for the Year Ended December 31, 2003*

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***MANAGEMENT'S DISCUSSION AND
ANALYSIS***

LAFOURCHE PARISH RECREATION DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2003

Our discussion and analysis of the Lafourche Parish Recreation District No. 2, (the District's) financial performance provides an overview of the financial activities for the year ended December 31, 2003. Please read it in conjunction with the basic financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

Our financial statements provide these insights into the results of this year's operations:

- As a result of this year's operations, total net assets were \$399,106. Net assets increased by \$37,621 from the previous year of \$361,485.
- Total net assets are comprised of the following:
 - (1) Invested in capital assets of \$141,839 including property and equipment, net of accumulated depreciation – the net book value and net of related debt.
 - (2) Restricted net assets - restricted by constraints imposed from outside such as grantors, laws or regulations of \$234,833.
 - (3) Unrestricted net assets of \$22,435 that represent the portion available to maintain continuing obligations to citizens and creditors.
- The governmental funds reported total ending fund balance of \$257,267. Fund balance for governmental activities increased by \$42,521 from the prior year - \$214,746.
- Total spending for all recreational activities was \$246,452. Program revenues netted against these expenses of \$863 resulted in a net expense of \$245,589. General revenues of \$284,073 were used to offset the shortfall.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of a series of financial statements. The Government-Wide Financial Statements (GWFS) - The Statement of Net Assets and the Statement of Activities provide information about the financial activities as a whole and present a longer-term view of the finances. Fund Financial Statements (FFS) – The Balance Sheet and the Statement of Revenues, Expenditures and Changes in Fund Balances tell how these services were financed in the short term as well as what remains for future spending. Fund Financial Statements also report the operations in more detail than the Government-Wide Statements by providing information about the most significant funds.

Government-Wide Financial Statements

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the District as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

LAFOURCHE PARISH RECREATION DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2003

These two statements report the net assets and changes in them. You can think of the net assets—the difference between assets and liabilities—as one way to measure the financial health, or financial position. Over time, increases or decreases in the net assets are one indicator of whether its financial health is improving or deteriorating.

The Statement of Net Assets and the Statement of Activities reports only one type of activity - governmental activities. Most of the basic recreational services are reported as this type.

Fund Financial Statements

The Fund Financial Statements provide detailed information about the most significant funds—not the District's operations as a whole. Some funds are required to be established by State laws. Other funds are established to help control and manage money for particular purposes (such as the Revenue Sharing Fund) or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money (such as the Sinking Fund).

The District utilizes only the governmental type of fund with the following accounting approach. Most of the basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliations at the bottom and following the fund financial statements.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (GWFS)

As a result of this year's operations, net assets increased by \$37,621. The increase was due to an increase in ad valorem tax revenue. Unrestricted net assets—the part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements—absorbed most of the increase this year. The balance in net assets - \$399,106 represents the accumulated results of all past years' operations.

The total revenues for the year in governmental activities were \$284,073 (\$283,210 in general revenues and \$863 in program revenues).

LAFOURCHE PARISH RECREATION DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2003

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS (FFS)

The District utilizes funds to control and manage money for particular purposes. Reviewing individual funds provides the information to determine if an entity is being accountable for the resources provided and may also give you more insight into the overall financial health.

The governmental funds reported a combined fund balance of \$257,267. This reflects an increase of \$42,521 from last year. This increase is primarily due to the same results described within the analysis of the governmental activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

The original budget for the General Fund was revised during the year. Authorized budget amendments were approved as follows:

Original Budgeted Revenues	\$ 77,040
No Amendments were made for:	
Total revenue amendments	0
Amended Budgeted Revenues	\$ 77,040

Original Budgeted Expenditures	\$ 85,958
Amendments were made for:	
Decreased Property & Equip Maintenance	(2,100)
Increased Contract Labor	2,000
Increased Accounting	100
Total expenditure amendments	0
Amended Budgeted Expenditures	\$ 85,958

CAPITAL ASSETS

The District investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2003 and 2002 was \$1,111,839 and 1,171,739, respectively.

This year there was \$5,072 of additions. Depreciation expense of \$64,972 was charged to governmental activities. More detailed information about the District's capital assets is presented in Note 6 to the financial statements.

LAFOURCHE PARISH RECREATION DISTRICT NO. 2
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2003

LONG-TERM DEBT

At year-end, the District had \$970,000 in general obligations bonds outstanding – a decrease of 5% over last year. The District does not plan on issuing any more new debt to finance major capital improvements, but will be reviewing bond market conditions for financing future year capital expenditures. More detailed information about long-term liabilities is presented in Note 7 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Among the factors considered in compiling the 2004 budget were:

1. changes in millage rates for the next fiscal year
2. possible personnel changes
3. new laws and regulations enacted that would apply to the upcoming year
4. new revenue sources or expenditures not previously encountered.

Highlights of next year's adopted budget for the general fund include:

Projected Beginning Balance	\$14,556
Anticipated Income for 2004	83,294
Anticipated Expenditures for 2004	97,850
Excess Expenditures over Revenues	0
Projected Ending Balance	\$0

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Milton P. Arabie, Executive Director
Lafourche Parish Recreation District No. 2,
P.O Box 676,
Raceland, LA 70394.

FINANCIAL SECTION



STAGNI & COMPANY, LLC

To the Board of Commissioners
Lafourche Parish Recreation District No. 2
Raceland, Louisiana

We have compiled the accompanying basic financial statements of the Lafourche Parish Recreation District No. 2, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 2003 and the Management's discussion and analysis and Required supplementary information as listed in the financial section of the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements and supplementary schedules information that is the representation of management. We have not audited or reviewed the accompanying basic financial statements or supplementary schedules and, accordingly, do not express an opinion or any other form of assurance on them.

Stagni & Company

Thibodaux, Louisiana
February 25, 2004

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A PROFESSIONAL SERVICE ORGANIZATION
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LAFOURCHE PARISH RECREATION DISTRICT #2

Statement of Net Assets

December 31, 2003

	<u>Governmental Activities</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 257,038
Due from other governments	240,050
Taxes Receivable	23,314
Deposits	350
Total current assets	<u>520,753</u>
Noncurrent assets:	
Capital assets, net of depreciation	1,111,839
Total assets	<u>1,632,592</u>
LIABILITIES	
Current liabilities:	
Deferred Revenues	263,364
Accounts payable and accrued expenses	121
Bonds Payable - Current	60,000
Total current liabilities	<u>323,486</u>
Bonds Payable -long term	<u>910,000</u>
Total long term liabilities	<u>910,000</u>
Total Liabilities	<u>1,233,486</u>
NET ASSETS	
Invested in capital assets, net of related debt	141,839
Restricted for:	
Debt Service	234,833
Unrestricted	22,435
Total net assets	<u>\$ 399,106</u>

See notes to the financial statements and accountant's report.

LAFOURCHE PARISH RECREATION DISTRICT #2

Statement of Activities

For the Year Ended December 31, 2003

FUNCTIONS / PROGRAMS	Program Revenues		Net (Expense) Revenue
	Expenses	Charges for Services	
Governmental activities:			
General government - Recreation	\$ 246,452	\$ 863	\$ (245,589)
Total governmental activities:			<u>(245,589)</u>
General revenues:			
Ad Valorem Taxes			234,107
State Revenue Sharing			46,239
Unrestricted investment earnings			2,864
Total general revenues			<u>283,210</u>
Change in net assets			<u>37,621</u>
Net assets - beginning			<u>361,485</u>
Net assets - ending			<u>\$ 399,106</u>

See notes to the financial statements and accountant's report.

LAFOURCHE PARISH RECREATION DISTRICT No. 2

Balance Sheet
Governmental Funds
December 31, 2003

<u>ASSETS</u>	General	Sinking Fund	Revenue Sharing	Totals Governmental Funds
Cash	\$14,643	\$234,833	\$7,563	\$257,038
Due from other governments	79,245	160,805		240,050
Taxes receivable	7,696	15,618		23,314
Deposits	350			350
Total assets	<u>\$101,934</u>	<u>\$411,256</u>	<u>\$7,563</u>	<u>\$520,753</u>
 <u>LIABILITIES</u>				
Current Liabilities:				
Deferred revenue	\$86,941	\$176,423		\$263,364
Accounts Payable and accrued expenses	121			121
Total liabilities	<u>87,063</u>	<u>176,423</u>		<u>263,486</u>
 <u>FUND BALANCES</u>				
Reserved-reported in:				
Debt service		234,833		234,833
Unreserved-reported in:				
General Fund	14,872			14,872
Special Revenue Fund			\$ 7,563	7,563
Total fund balances	<u>14,872</u>	<u>234,833</u>	<u>7,563</u>	<u>257,267</u>
Total liabilities, equity, and other credits	<u>\$101,934</u>	<u>\$411,256</u>	<u>\$7,563</u>	

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 in the funds.

1,111,839

Some liabilities are not due and payable in the current period and therefore

are not reported in the funds. Bonds Payable

(970,000)

Net assets of governmental activities

\$ 399,106

See notes to the financial statements and accountant's report.

LAFOURCHE PARISH RECREATION DISTRICT No. 2
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ending December 31, 2003

	General	Sinking Fund	Revenue Sharing	Total Government Funds
REVENUES				
Ad Valorem Taxes	\$77,283	\$156,824		\$234,107
State Revenue Sharing			\$ 46,239	46,239
Interest	494	2,110	260	2,864
Charges- Other	187		676	863
Total Revenues	<u>77,964</u>	<u>158,934</u>	<u>47,175</u>	<u>284,073</u>
EXPENDITURES				
General government - current:				
Property and equipment maintenance	35,541		20,606	56,147
Salaries and benefits	20,437			20,437
Contract labor	5,176			5,176
Office expense	673		11	684
Janitorial supplies			1,555	1,555
Accounting	4,079			4,079
Telephone	1,292			1,292
Utilities			7,685	7,685
Insurance	1,200		27,679	28,879
Total current expenditures	<u>68,396</u>		<u>57,536</u>	<u>125,932</u>
Capital expenditures	<u>5,072</u>			<u>5,072</u>
Debt service:				
Principal retirement		55,000		55,000
Interest and fiscal charges		55,548		55,548
Total debt service		<u>110,548</u>		<u>110,548</u>
Total expenditures	<u>73,469</u>	<u>110,548</u>	<u>57,536</u>	<u>241,552</u>
Excess (deficiencies) of revenues over expenditures	4,496	48,387	(10,361)	42,521
FUND BALANCES				
Beginning of year	10,376	186,446	17,924	214,746
Ending of year	<u>\$14,872</u>	<u>\$234,833</u>	<u>\$7,563</u>	<u>\$257,267</u>

See notes to the financial statements and accountant's report.

LAFOURCHE PARISH RECREATION DISTRICT #2
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2003

Net change in fund balances - total governmental funds (fund financial statements) \$ 42,521

Amounts reported for *governmental activities* in the statement of activities
(government-wide financial statements) are different because:

Governmental funds report capital outlays as expenditures in the individual fund.
Governmental activities report depreciation expense to allocate the cost of those
capital assets over the estimated useful lives of the asset.

Capital Asset purchases capitalized	\$ 5,072	
Depreciation expense	<u>(64,972)</u>	(59,900)

Repayment of long-term debt is reported as an expenditure in governmental funds,
but the repayment reduces long-term liabilities in the statement of net assets.

In the current year, these amounts consist of:

Bond principal retirement	<u>55,000</u>	<u>55,000</u>
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Change in net assets of governmental activities	<u><u>\$ 37,621</u></u>
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See notes to the financial statements and accountant's report.

LAFOURCHE PARISH RECREATION
DISTRICT No. 2
RACELAND, LOUISIANA

NOTES TO FINANCIAL STATEMENTS
For the Year Ended December 31, 2003

The Lafourche Parish Recreation District No. 2 (the District) operates under provisions of the Louisiana Revised Statutes and local ordinances established by the Lafourche Parish Council. The District provides the facilities, equipment, program, and finances to conduct recreational activities throughout the year. The District has all the rights and powers and privileges granted by and conferred by the Constitution and Statutes of the State of Louisiana, including the right to incur debt, issue bonds and levy taxes.

Note 1 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The accounting and reporting policies of the Lafourche Parish Recreation District No. 2 (the District) conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of certain significant accounting policies:

A. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Lafourche Parish Council is the financial reporting entity for Lafourche Parish. The Governmental Accounting Standards Board established criteria for determining which component units should be considered part of the Lafourche Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Based on criterion applied, the District is a component unit of the Lafourche Parish Council. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Lafourche Parish Council, the general government services provided by the Council, or the other governmental units that comprise the financial reporting entity.

LAFOURCHE PARISH RECREATION
DISTRICT No. 2
RACELAND, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the Year Ended December 31, 2003

Note 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. *Basic Financial Statements – Basis of Presentation*

Government-Wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as governmental type activities. All of the District's administrative services are classified as governmental activities.

In the government-wide Statement of Net Assets, the governmental activities are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts—invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The government-wide Statement of Activities reports both the gross and net cost of each of the District's functions and activities. These functions are also supported by general government revenues (interest earned.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (interest earned, etc). This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to

LAFOURCHE PARISH RECREATION
DISTRICT No. 2
RACELAND, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the Year Ended December 31, 2003

Note 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fund Accounting (Continued)

demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental Funds are those through which the governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. The Governmental Funds of the District are as follows:

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

Special Revenue Fund - The Revenue Sharing Fund is used to account for the collection and disbursement of monies received from the State from revenue sharing.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term obligation principal, interest and related costs.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of

LAFOURCHE PARISH RECREATION
DISTRICT No. 2
RACELAND, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the Year Ended December 31, 2003

Note 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The governmental fund financial statements 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 and decreases in net current assets. The modified accrual basis of accounting is used by the governmental fund 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 collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The governmental funds use the following practices in recording revenues and expenditures:

Ad valorem taxes and revenue sharing are considered susceptible to accrual. Interest income is recorded when received by the District. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

D. Budgets

The District complies with the "Louisiana Local Government Budget Act" and henceforth, budgets are adopted for its governmental funds on a modified accrual basis that is consistent with generally accepted accounting principles. Annual budgets are prepared by the Secretary/Treasurer of the Board along with a budget message and

LAFOURCHE PARISH RECREATION
DISTRICT No. 2
RACELAND, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the Year Ended December 31, 2003

Note 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

D. *Budget (Continued)*

presented to the Board for adoption no later than 15 days prior to the beginning of the fiscal year. Budgets are adopted for the fiscal year and lapse at a year-end. The budget is amended by supplemental appropriations as needed to during the year to comply with state law.

E. *Cash*

Cash includes amounts in demand deposits, interest-bearing deposits, and money market accounts. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. Investments are stated at cost.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished, as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

F. *Capital Assets*

Capital assets, which include property, plant, and equipment are reported in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

**LAFOURCHE PARISH RECREATION
DISTRICT No. 2
RACELAND, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the Year Ended December 31, 2003**

Note 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Capital Assets (Continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is not material and therefore not included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	20-40 years
Furniture and fixtures	5 years
Equipment	10-20 years

G. Long Term Debt

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other

LAFOURCHE PARISH RECREATION
DISTRICT No. 2
RACELAND, LOUISIANA

NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the Year Ended December 31, 2003

Note 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

H. *Long Term Debt (Continued)*

financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. *Fund Equity*

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or legally segregated by outside parties for a specific future use.

J. *Estimates*

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

Note 2 **CASH**

At December 31, 2003, the District has book balances of \$257,038 and bank balances (all deposits) of \$257,295. These deposits are stated at cost, which approximates market. Under state law, federal deposit insurance or the pledge of securities owned by the fiscal agent bank must secure these deposits (or the resulting bank balances). The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. The District's deposits are secured from risk by \$100,000 of federal deposit insurance and \$199,500 of pledged securities held by the custodial bank in the

**LAFOURCHE PARISH RECREATION
DISTRICT No. 2
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the Year Ended December 31, 2003

Note 2 **CASH (Continued)**

name of the fiscal agent bank.

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

Note 3 **AD VALOREM TAXES**

Property taxes are levied each December 1 on the assessed value listed as of the prior January 1 for all real property, merchandise, and moveable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at the percentages of actual value as specified by Louisiana law.

A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2000. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2003 was 3.08 mills assessed valuation on property within Lafourche Parish Recreation District No. 2 for the purpose of maintaining and operating the facilities and programs, and 6.25 mills for the purpose of payment of general long term debt principal, interest, and related costs for the District.

The Lafourche Parish Sheriff's Office collects the taxes levied and remits the taxes collected to the District. The District uses the revenue from ad valorem taxes collected to finance the next year's operations; therefore all taxes levied are recognized as deferred in the current year's financial statements.

**LAFOURCHE PARISH RECREATION
DISTRICT No. 2
RACELAND, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the Year Ended December 31, 2003**

Note 4 COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members during the year ended December 31, 2003.

Note 5 DUE FROM OTHER GOVERNMENTAL UNITS

The amounts due from other governmental units consisted of December ad valorem tax collections due from the Lafourche Parish Sheriff to be remitted to the District in January.

Note 6 CAPITAL ASSETS

Capital assets and depreciation activity for the year is as follows:

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$110,500			\$110,500
Capital assets being depreciated				
Facilities	1,308,546	\$5,072		1,313,618
Equipment	12,909			12,909
Total being depreciated	\$1,321,455	\$5,072		\$1,326,527
Total Assets	\$1,431,955	\$5,072		\$1,437,027

Less accumulated depreciation:

Facilities	\$254,191	\$63,682		\$317,873
Equipment	6,025	1,290		7,315
Totals	\$260,216	\$64,972		\$325,188
Capital assets, net	\$1,171,739			\$1,111,839

**LAFOURCHE PARISH RECREATION
DISTRICT No. 2
RACELAND, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the Year Ended December 31, 2003**

Depreciation expense of \$64,972 for the year was charged to the general government – Recreation function in the statement of activities.

Note 7

LONG TERM DEBT

On April 1, 1995 the taxpayers approved an issuance of bonds and the levy of a special tax to issue \$1,300,000 of 20 year general obligation bonds of the District for constructing, purchasing and acquiring lands, buildings, equipment, and other facilities to be used in providing recreational facilities for the District.

A summary of changes in long-term debt of the District is as follows:

	Payable 12/31/02	Debt Incurred	Debt Retired	Payable 12/31/03
General Obligations Bonds, Series 1995	\$1,025,000		\$55,000	\$970,000

The annual requirements, including interest, to amortize all long-term debt outstanding are as follows:

Maturity	Principal	Interest	Total
2004	\$60,000	\$51,215	\$111,215
2005	60,000	48,110	108,110
2006	65,000	44,828	109,828
2007	70,000	41,215	111,215
2008	75,000	37,263	112,263
2009-2013	425,000	120,313	545,313
2014-2015	215,000	11,963	226,963
Totals	\$970,000	\$354,907	\$1,324,907

***REQUIRED SUPPLEMENTARY
INFORMATION***

LAFOURCHE PARISH RECREATION DISTRICT No. 2

Budget Comparison Schedule

General Fund

For the Year Ending December 31, 2003

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Ad Valorem Taxes	\$76,000	\$76,000	\$77,283	\$1,283
Interest	640	640	494	(146)
Other	400	400	187	(213)
Total Revenues	77,040	77,040	77,964	924
EXPENDITURES				
General government - current:				
Property and equipment maintenance	52,958	50,858	35,541	15,317
Salaries and benefits	20,400	20,400	20,437	(37)
Contract labor	4,000	6,000	5,176	824
Office expense	1,500	1,500	673	827
Accounting	4,000	4,100	4,079	21
Legal and professional fees	500	500	-	500
Telephone	1,400	1,400	1,292	108
Insurance	1,200	1,200	1,200	-
Total current expenditures	85,958	85,958	68,396	17,562
Capital Expenditure	-	-	5,072	(5,072)
Total expenditures	85,958	85,958	73,469	12,489
Excess (deficiencies) of revenues over expenditures	(8,918)	(8,918)	4,496	13,414
FUND BALANCES				
Beginning of year	8,918	8,918	10,376	(1,458)
Ending of year	\$ -	\$ -	\$14,872	\$14,872

LAFOURCHE PARISH RECREATION DISTRICT No. 2

Budget Comparison Schedule

Sinking Fund

For the Year Ending December 31, 2003

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
REVENUES				
Ad Valorem Taxes	\$155,000	\$155,000	\$156,824	\$1,824
Interest	2,600	2,600	2,110	(490)
Total Revenues	157,600	157,600	158,934	1,334
EXPENDITURES				
Debt service:				
Principal retirement	55,000	55,000	55,000	-
Interest and fiscal charges	55,148	55,148	55,548	(400)
Total debt service				
Total expenditures	110,148	110,148	110,548	(400)
Excess (deficiencies) of revenues over expenditures	47,452	47,452	48,387	935
FUND BALANCES				
Beginning of year	184,000	184,000	186,446	(2,446)
Ending of year	\$ 231,452	\$ 231,452	\$234,833	\$3,381

LAFOURCHE PARISH RECREATION DISTRICT No. 2

Budget Comparison Schedule

Revenue Sharing

For the Year Ending December 31, 2003

	Budgeted Amounts		Actual	Variance - Favorable (Unfavorable)
	Original	Final		
REVENUES				
State Revenue Sharing	\$46,268	\$46,268	\$46,239	(\$29)
Interest	600	600	260	(340)
Other	1,000	1,000	676	(324)
Total Revenues	47,868	47,868	47,175	(693)
EXPENDITURES				
General government - current:				
Property and equipment maintenance	18,000	18,000	20,606	(2,606)
Office expense	-	-	11	(11)
Janitorial supplies	1,500	1,500	1,555	(55)
Utilities	9,000	9,000	7,685	1,315
Reimbursement-Parish	5,000	-	-	-
Insurance	23,000	28,000	27,679	321
Total current expenditures	56,500	56,500	57,536	(1,036)
Capital expenditures	8,368	8,368	-	8,368
Total expenditures	64,868	64,868	57,536	7,332
Excess (deficiencies) of revenues over expenditures	(17,000)	(17,000)	(10,361)	6,639
FUND BALANCES				
Beginning of year	17,000	17,000	17,924	(924)
Ending of year	\$ -	\$ -	\$7,563	\$7,563

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THOMAS H. CARPENTER, CPA

MEMBER:
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
SOCIETY OF LOUISIANA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Lafourche Parish Recreation District No. 2
Raceland, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Lafourche Parish Recreation District No. 2, (the District) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating the management's assertions about the District's compliance with certain laws and regulations during the year ended December 31, 2003 included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our applied procedures, together with any observation or findings, follow:

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$15,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

No expenditures were made during the year for materials and supplies exceeding \$15,000, and no contracts were entered into for public works exceeding \$100,000.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

Management provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

Management provided us with the required list.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management agreed-upon procedure (2) as immediate family members.

None of the employees included on the list of employees provided by management [agreed upon procedure 3.] appeared on the list provided by management in agreed-upon procedure 2.

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

Management provided us with a copy of the legally adopted original and amended budget. There were amendments to the maintenance and operation budget and the revenue sharing budget during the year.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes held on December 2, 2002 which indicated that the budget had been adopted by the commissioners of the Lafourche Parish Recreation District No. 2 by a unanimous vote of the 4 members present.

We traced the adoption of the amended budget to the minutes held on October 13, 2003 which indicated that the budget had been adopted by the commissioners of the Lafourche Parish Recreation District No. 2 by a unanimous vote of the 3 members present.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues and expenditures exceed budgeted amounts by more than 5%.

We compared the revenues and expenditures of the final budget (original) to actual revenues and expenditures. Actual revenues and expenditures for the year did not exceed budgeted amounts by more than 5%.

Accounting and Reporting

7. Randomly select 6 disbursements made during the period under examination and:

(a) trace payments to supporting documentation as to proper amount and payee,;

We examined the supporting documentation for each of the six selected disbursements and found that payment was for the proper amount and made to the correct payee.

(b) determine if payments were properly coded to the correct fund and general ledger account, and

Six of the payments were properly coded to the correct fund and general ledger account.

(c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the executive director and the Board of Commissioners. In addition, each of the disbursements was traced to the District's minute book where they were approved by the full commission.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. It was noted by inquiry during the year that agendas for meetings were posted or advertised on the door as required.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected all bank deposit slips for the period under examination and noted no deposits that appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees that may constitute bonuses, advance, or gifts.

A reading of the minutes of the District for the year indicated there was no Board approval for payments that would constitute bonuses, advance or gifts. We also inspected payroll records for the year and noted no instances that would indicate payments to employees that may constitute bonuses, advances, or gifts.

We were not engaged to, and did not; perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information of the management and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

LeBlanc and Carpenter

Morgan City, LA
March 2, 2004

**LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governments)**

LEBLANC AND CARPENTER
210 Grizzaffi St.
Morgan City, LA 70381

In connection with the compilation of our financial statements as of December 31, 2003 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office..

Yes [] No []

Code of Ethics for Public Officials and Public Employees

It is true that no employees or officials have accepted anything of value, whether in the form of a service, loan, or promise, from anyone that would constitute a violation of LSA-RS 42:1101-1124.

Yes [] No []

It is true that no member of the immediate family of any member of the governing authority, or the chief executive of the governmental entity, has been employed by the governmental entity after April 1, 1980, under circumstances that would constitute a violation of LSA-RS 42:1119.

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with LSA-RS 24:514, 33:463, and/or 39:92, as applicable.

Yes [] No []

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:12.

Yes [] No []

Debt

It is true we have not incurred any indebtedness, other than credit for 90 days or less to make purchases in the ordinary course of administration, nor have we entered into any lease-purchase agreements, without the approval of the State Bond Commission, as provided by Article VII, Section 8 of the 1974 Louisiana Constitution, Article VI, Section 33 of the 1974 Louisiana Constitution, and LSA-RS 39:1410.60-1410.65.

Yes [] No []

Advances and Bonuses

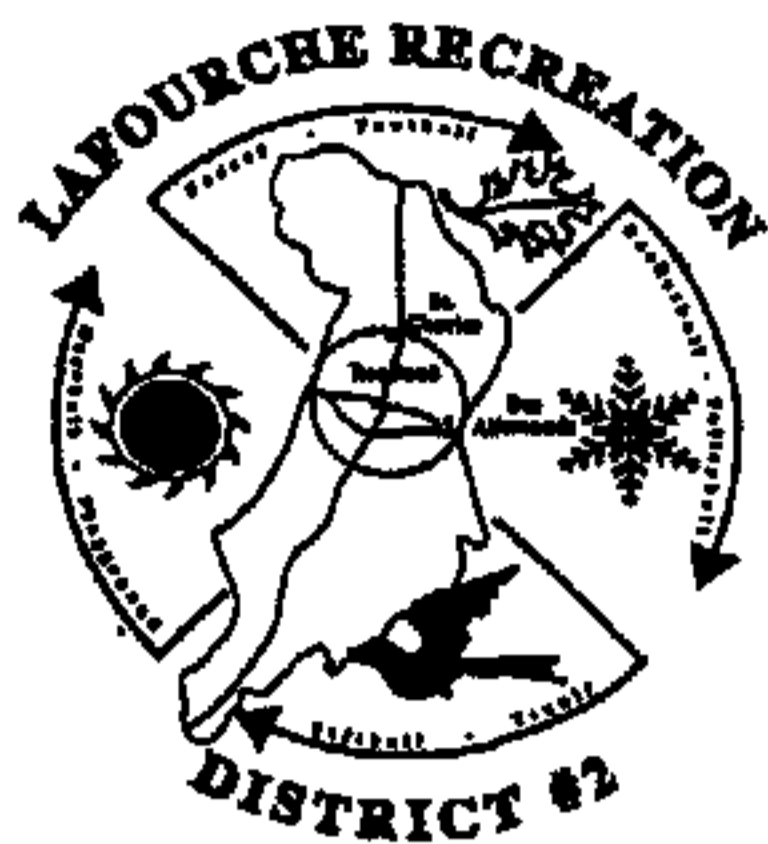
It is true we have not advanced wages or salaries to employees or paid bonuses in violation of Article VII, Section 14 of the 1974 Louisiana Constitution, LSA-RS 14:138, and AG opinion 79-729.

Yes [] No []

We have disclosed to you all known noncompliance of the foregoing laws and regulations, as well as any contradictions to the foregoing representations. We have made available to you documentation relating to the foregoing laws and regulations.

We have provided you with any communications from regulatory agencies or other sources concerning any possible noncompliance with the foregoing laws and regulations, including any communications received between the end of the period under examination and the issuance of this report. We acknowledge our responsibility to disclose to you any known noncompliance which may occur subsequent to the issuance of your report.

<u>Milton P. Duvalie</u>	Secretary	<u>December 8, 2003</u>	Date
<u>Milton P. Duvalie</u>	Treasurer	<u>December 8, 2003</u>	Date
<u>David Mayet</u>	President	<u>December 8, 2003</u>	Date



Recreation for all seasons
and all ages

Lafourche Parish Recreation District No. 2

P.O. Box 676
241 Recreation Drive
Raceland, Louisiana 70394
(985) 537-1700 FAX (985) 537-1701

RESOLUTION

BE IT RESOLVED, that the Lafourche Parish Recreation District No. 2 Board of Commissioners, in connection with the December 31, 2003, attestation engagement, adopts the Louisiana Attestation Questionnaire for submission to LeBlanc & Carpenter, to perform the attestation procedures of the engagement according to provisions of state law and confirms that the representations made therein are to the best of the Board's knowledge and belief.

BE IT FURTHER RESOLVED, that Daniel Mayet, Chairman of the Lafourche Parish Recreation District No. 2 Board of Commissioners, and Milton P. Arabie, Secretary-Treasurer, be authorized to sign said questionnaire.

CERTIFICATE

I, Milton P. Arabie, Secretary-Treasurer of the Lafourche Parish Recreation District No. 2 Board of Commissioners, Lafourche Parish, Louisiana, do hereby certify that the foregoing is a true and correct copy of a resolution adopted by the Lafourche Parish Recreation District No. 2 Board of Commissioners in session on December 8, 2003, at which a quorum was present.

GIVEN UNDER MY OFFICIAL SIGNATURE AND SEAL OF OFFICE, this day of December 8, 2003.

Milton P. Arabie, Secretary-Treasurer
Lafourche Parish Recreation District No. 2 Board of Commissioners