

***Financial Report***

***Terrebonne Parish Recreation District No. 5***

***Bourg, 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 6.9.04

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December 31, 2003

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**FINANCIAL SECTION**



**Bourgeois Bennett**

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Commissioners,  
Terrebonne Parish Recreation District No. 5,  
Bourg, Louisiana.

We have audited the accompanying basic financial statements of the governmental activities of Terrebonne Parish Recreation District No. 5, (the District), a component unit of Terrebonne Parish Consolidated Government, State of Louisiana, as of and for the year ended December 31, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Terrebonne Parish Recreation District No. 5 as of December 31, 2003, and the changes in financial position and the budgetary comparison for the District for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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In accordance with Government Auditing Standards, we have also issued our report dated March 10, 2004 on our consideration of Terrebonne Parish Recreation District No. 5'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.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
March 10, 2004.

## **MANAGEMENT'S DISCUSSIONS AND ANALYSIS**

### **Terrebonne Parish Recreation District No. 5**

The Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 5 (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2003. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with basic financial statements, which follow this section.

### **FINANCIAL HIGHLIGHTS**

The District's assets exceeded its liabilities at the close of fiscal year 2003 by \$ 430,567 (net assets), which represents a 10% increase from last fiscal year.

The District's revenue increased \$22,384 (or 21%) primarily due to increased property tax collections.

The District's expenditures increased \$20,725 (or 30%) primarily due significant repairs to the District's gymnasium and tennis courts.

The District did not have any funds with deficit fund balances.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's annual report consists of four parts: (1) management's discussion and analysis (this section) (2) basic financial statements (3) the optional section that presents other supplementary information and (4) various governmental compliance reports and schedules by *certified public accountants and management*.

The basic financial statements include two kinds of statements that present difference views of the District:

#### **Government-wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The statement of activities presents information showing how the District's net assets change during each fiscal year. All changes in net assets are reported as soon as the underlying event giving rise

to the change occurs regardless of the timing related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the District is culture and recreation.

### **Fund Financial Statements**

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. All of the funds of the District are governmental funds.

### **Governmental Funds**

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund. The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The basic governmental fund financial statements can be found on pages 9 – 13 of this report.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provide in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.



## GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. As of December 31, 2003, assets exceeded liabilities by \$430,567. A large portion of the District's net assets (37%) reflects its investment in capital assets (e.g., land; buildings; office furniture, fixtures and equipment; vehicles, machinery and equipment). Consequently, these assets are not available for future spending.

### Condensed Statements of Net Assets

	December 31,		Dollar Change
	2003	2002	
Current and other assets	\$ 393,152	\$ 337,578	\$ 55,574
Capital assets	194,229	204,954	(10,725)
Total assets	<u>587,381</u>	<u>542,532</u>	<u>44,849</u>
Current and other liabilities	126,106	115,851	10,255
Long-term liabilities	30,708	33,708	(3,000)
Total liabilities	<u>156,814</u>	<u>149,559</u>	<u>7,255</u>
Net Assets:			
Invested in capital assets, net of related debt	160,521	168,246	(7,725)
Restricted	-	-	-
Unrestricted	270,046	224,727	45,319
Total net assets	<u>\$ 430,567</u>	<u>\$ 392,973</u>	<u>\$ 37,594</u>

## Governmental Activities

Governmental activities increased the District's net assets by \$37,594. Key elements of this increase are as follows:

### Condensed Changes in Net Assets

	December 31,		Dollar Change	Total Percent Change
	2003	2002		
<b>Revenues:</b>				
General revenues:			-	
Property taxes	95,098	86,315	8,783	10%
Intergovernmental	17,442	17,696	(254)	-1%
Unrestricted investment earnings	14,008	413	13,595	3292%
Miscellaneous	278	18	260	1444%
Total revenues	<u>126,826</u>	<u>104,442</u>	<u>22,384</u>	21%
<b>Expenses:</b>				
General Government	4,345	4,425	(80)	-2%
Culture and Recreation	84,887	64,083	20,804	32%
Total expenses	<u>89,232</u>	<u>68,508</u>	<u>20,724</u>	30%
Increase in net assets	37,594	35,934	1,660	5%
Net assets beginning of year	392,973	357,039	35,934	10%
Net assets end of year	<u>\$ 430,567</u>	<u>\$ 392,973</u>	<u>\$ 37,594</u>	10%

The Statement of Activities provided answers to the nature and source of changes in net assets. The District's property tax revenue increased 10%. While the most notable change was the increase of \$13,595 in interest earnings. With the increase revenues the District made critical repairs to prevent water seepage on to the floor of its gymnasium and made electrical repairs to the lights on the tennis courts and other areas.

### FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

## Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as 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 the District. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balances and total fund balance to total fund expenditures. As of the end of the current fiscal year, the District's general fund reported an ending fund balance of \$270,046, an increase of \$45,319 (17%) in comparison with the prior year. An unreserved fund balance of \$250,430 is available for spending at the District's discretion, while the remaining balance, \$19,616, is designated to aid in funding a new air conditioning system for the gymnasium.

### General Fund Budgetary Highlights

The budget was amended one time during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major difference between the original General Fund budget and the final amended budget was to reduce to capital outlay budget for a delay in capital expenditures.

During the year, revenues exceeded budgetary estimates while expenditures were greater than budgetary estimates primarily in the areas of repairs and other services and charges.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2003, amounts to \$194,229 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office furniture, fixtures and equipment; and vehicles, machinery and equipment (see table below).

	<u>2003</u>	<u>2002</u>
Land	\$ 35,000	\$ 35,000
Buildings	419,685	419,685
Machinery and Equipment	<u>65,777</u>	<u>63,932</u>
Totals	<u>\$ 520,462</u>	<u>\$ 518,617</u>

The District did not incur any major capital asset events during the current fiscal year.

Additional information on the District's capital assets can be found in the Note 5, Exhibit F of this report.

## **Long-term Debt**

At December 31, 2003, the District had \$33,708 in long-term debt outstanding down from \$36,708 for a decrease of \$3,000, which was the amount of 2003 principal payments on outstanding debt. More detailed information about the District's long-term debt is presented in Note 7, Exhibit F of this report.

The District's long-term debt consists of an interest-free loan from the Terrebonne Parish Consolidated Government.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- No significant differences in collections, valuations and millages relating to the 2003 and 2004 property taxes. Therefore property revenue will remain the same as budgeted for 2003.
- No additional employees or significant salary and benefit increases that would effect personal service expenditures.
- Earmarked \$15,000 for capital improvements while maintaining repair and maintenance costs at actual levels incurred during the year ended December 31, 2003.

## **REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Directors of the Terrebonne Parish Recreation District No. 5, 118 Retreat Drive, Bourg, Louisiana 70343.

**STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUND BALANCE SHEET**

**Terrebonne Parish Recreation District No. 5**

December 31, 2003

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
<b>Assets</b>			
Cash	\$ 69,501		\$ 69,501
Investments	213,572		213,572
Receivables - taxes	11,118		11,118
Due from other governmental units	98,961		98,961
Capital assets:			
Non-depreciable	-	\$ 35,000	35,000
Depreciable, net of accumulated depreciation	-	159,229	159,229
<b>Total assets</b>	<u>\$ 393,152</u>	<u>194,229</u>	<u>587,381</u>
<b>Liabilities</b>			
Accounts payable and accrued expenditures	\$ 3,043		3,043
Deferred revenue	120,063		120,063
Long-term liabilities:			
Due within one year	-	3,000	3,000
Due after one year	-	30,708	30,708
<b>Total liabilities</b>	<u>123,106</u>	<u>33,708</u>	<u>156,814</u>
<b>Fund Balances/Net Assets</b>			
Fund balances - unreserved:			
Designated for subsequent year's expenditures	19,616	(19,616)	-
Unreserved	250,430	(250,430)	-
<b>Total fund balances</b>	<u>270,046</u>	<u>(270,046)</u>	<u>-</u>
<b>Total liabilities and fund balances</b>	<u>\$ 393,152</u>		
<b>Net assets:</b>			
Invested in capital assets		160,521	160,521
Unrestricted		270,046	270,046
<b>Total net assets</b>		<u>\$ 430,567</u>	<u>\$ 430,567</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND  
BALANCE SHEET TO THE STATEMENT OF NET ASSETS**

**Terrebonne Parish Recreation District No. 5**

December 31, 2003

**Fund Balances - Governmental Fund** **\$ 270,046**

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 governmental fund.

Governmental capital assets	\$ 520,461	
Less accumulated depreciation	<u>(326,232)</u>	194,229

Long-term liabilities, including outstanding interest free loan from  
Terrebonne Parish Consolidated Government, are not due and  
payable in the current period and, therefore, are not reported  
in the governmental funds.

Long-term debt		<u>(33,708)</u>
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**Net Assets of Governmental Activities** **\$ 430,567**

See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF  
GOVERNMENTAL FUND REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE**

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2003

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
<b>Revenues</b>			
Taxes	\$ 95,098		\$ 95,098
Intergovernmental:			
State of Louisiana:			
State revenue sharing	17,442		17,442
Miscellaneous:			
Interest	14,008		14,008
Other	278		278
	<u>126,826</u>		<u>126,826</u>
<b>Total revenues</b>			
	<u>126,826</u>		<u>126,826</u>
<b>Expenditures/Expenses</b>			
Current:			
General government:			
Ad valorem tax deductions	4,345		4,345
Culture and recreation:			
Personal services	26,352		26,352
Supplies and materials	3,417		3,417
Other services and charges	22,058		22,058
Repairs and maintenance	20,491		20,491
Depreciation	-	\$ 12,569	12,569
	<u>72,318</u>	<u>12,569</u>	<u>84,887</u>
<b>Total culture and recreation</b>			
	<u>72,318</u>	<u>12,569</u>	<u>84,887</u>
Debt service:			
Principal retirement	3,000	(3,000)	-
Capital outlay	1,844	(1,844)	-
	<u>81,507</u>	<u>7,725</u>	<u>89,232</u>
<b>Total expenditures/expenses</b>			
	<u>81,507</u>	<u>7,725</u>	<u>89,232</u>
<b>Excess of Revenues Over Expenditures</b>	45,319	(45,319)	-
<b>Change in Net Assets</b>	-	37,594	37,594
<b>Fund Balance/Net Assets</b>			
Beginning of year	224,727	168,246	392,973
End of year	<u>\$ 270,046</u>	<u>\$ 160,521</u>	<u>\$ 430,567</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL  
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND  
BALANCE TO THE STATEMENT OF ACTIVITIES**

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2003

<b>Net Change in Fund Balance - Governmental Fund</b>	<b>\$ 45,319</b>
 Amounts reported for governmental activities in the statement of activities are different because:	
 Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	\$ 1,844
Depreciation expense	<u>(12,569)</u>
Excess of capital outlay over depreciation expense	(10,725)
 The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.	
Principal payments	<u>3,000</u>
<b>Change in Net Assets of Governmental Activities</b>	<b><u>\$ 37,594</u></b>

See notes to financial statements.



**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -  
GENERAL FUND**

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 84,000	\$ 86,201	\$ 95,098	\$ 8,897
Intergovernmental:				
State of Louisiana:				
State revenue sharing	18,000	17,442	17,442	-
Miscellaneous:				
Interest	500	253	14,008	13,755
Other	75	222	278	56
Total revenues	<u>102,575</u>	<u>104,118</u>	<u>126,826</u>	<u>22,708</u>
<b>Expenditures</b>				
Current:				
General government:				
Ad valorem tax adjustment	1,300	603	-	603
Ad valorem tax deductions	<u>2,300</u>	<u>3,822</u>	<u>4,345</u>	<u>(523)</u>
Total general government	<u>3,600</u>	<u>4,425</u>	<u>4,345</u>	<u>80</u>
Culture and recreation:				
Personal services	26,770	26,418	26,352	66
Supplies and materials	3,000	2,716	3,417	(701)
Other services and charges	17,400	17,786	22,058	(4,272)
Repairs and maintenance	<u>16,000</u>	<u>17,163</u>	<u>20,491</u>	<u>(3,328)</u>
Total culture and recreation	<u>63,170</u>	<u>64,083</u>	<u>72,318</u>	<u>(8,235)</u>
Debt service:				
Principal retirement	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>-</u>
Capital outlay	<u>25,000</u>	<u>2,199</u>	<u>1,844</u>	<u>355</u>
Total expenditures	<u>94,770</u>	<u>73,707</u>	<u>81,507</u>	<u>(7,800)</u>
<b>Excess of Revenues Over Expenditures</b>	<u>\$ 7,805</u>	<u>\$ 30,411</u>	<u>\$ 45,319</u>	<u>\$ 14,908</u>

See notes to financial statements.

**NOTES TO FINANCIAL STATEMENTS****Terrebonne Parish Recreation District No. 5**

December 31, 2003

**Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Terrebonne Parish Recreation District No. 5 (the District) conform to 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 following is a summary of significant accounting policies:

**a) Reporting Entity**

The District is a component unit of Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2003.

The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

**b) Basis of Presentation**

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements.

**Government-wide Financial Statements:**

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the District. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

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

**c) Basis of Presentation (Continued)**

**Fund Financial Statements:**

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. The daily accounts and operations of the District continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the governmental fund of the District:

**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.

**d) Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

**Government-wide Financial Statements:**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of 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 in the year for which they are levied.

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

**d) Measurement Focus and Basis of Accounting (Continued)**

**Fund Financial Statements:**

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recognized as revenue in the period for which levied, thus the 2003 property taxes which are being levied to finance the 2004 budget will be recognized as revenue in 2004. The 2003 tax levy is recorded as deferred revenue in the District's 2003 financial statements. Miscellaneous revenues are recorded as revenues when received in cash by the District because they are generally not measurable until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

**e) Use of 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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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

**f) Operating Budgetary Data**

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The Board, as allowed by state law, does not obtain public participation in the budget process. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget once during the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year end.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

**g) Accounts Receivable**

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

**h) Investments**

Investments consist of certificates of deposit which are stated at cost and approximates market value.

**i) Capital Assets**

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

**Government-wide Financial Statements:**

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$250 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for

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

**i) Capital Assets (Continued)**

donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20 - 40 years
Machinery and equipment	5 - 20 years

**Fund Financial Statements:**

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

**j) Long-Term Debt**

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements.

**Government-wide Financial Statements:**

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of an interest-free loan payable to Terrebonne Parish Consolidated Government.

**Fund Financial Statements:**

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principle and interest reported as expenditures.

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

**k) Vacation and Sick Leave**

The District has no written vacation and sick leave policy in place. There is no accumulated unpaid vacation and sick leave at December 31, 2003.

**l) Fund Equity**

**Government-wide Statements:**

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets, if any.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets.”

When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed. As of December 31, 2003 and for the year then ended, the District did not have or receive restricted net assets.

**Fund Financial Statements:**

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

**Note 2 - DEPOSITS**

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States, certificates of deposit of any bank domiciled or having a branch office in the state of Louisiana or any other federally insured investment.

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligation 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.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agents but not in the District's name and deposits which are uninsured or uncollateralized.

The year end balances of deposits are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$ 70,514	\$ -	\$ -	\$ 69,501
Investments:				
Certificates of deposit	<u>100,000</u>	<u>-</u>	<u>113,572</u>	<u>213,572</u>
Totals	<u>\$170,514</u>	<u>\$-</u>	<u>\$113,572</u>	<u>\$283,073</u>



**Note 2 - DEPOSITS (Continued)**

At December 31, 2003, \$113,572 of certificates of deposit were collateralized by securities held by an unaffiliated banks for the account of the District. The Governmental Accounting Standards Board (GASB), which promulgates the standards for accounting and financial reporting for state and local governments, considers these securities uncollateralized. Even though the pledged securities are considered uncollateralized 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 depositor that the fiscal agent has failed to pay deposited funds upon demand.

**Note 3 - PROPERTY TAXES**

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at 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 \$10.46 per \$1,000 of assessed valuation on property within Recreation District No. 5 for the purpose of constructing, maintaining and operating recreational facilities within the District. As indicated in Note 1d, taxes levied November 1, 2003 are for budgeted expenditures in 2004 and will be recognized as revenues in 2004.

**Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS**

Amounts due from other governmental units at December 31, 2003 consisted of the following:

State of Louisiana - State revenue sharing	\$	11,945
Terrebonne Parish Tax Collector - December, 2002 collections remitted to the District in January, 2003:		
Ad valorem taxes		81,043
State revenue sharing		<u>5,973</u>
Total	\$	<u>98,961</u>

**Note 5 - CHANGES IN CAPITAL ASSETS**

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

	Balance January 1, 2003	Additions	Deletions	Balance December 31, 2003
Capital assets not being depreciated:				
Land	\$ 35,000	\$ -	\$ -	\$ 35,000
Capital assets being depreciated:				
Buildings and improvements	419,685	-	-	419,685
Machinery and equipment	63,932	1,844	-	65,776
Total capital assets being depreciated	<u>483,617</u>	<u>1,844</u>	<u>-</u>	<u>485,461</u>
Less accumulated depreciation for:				
Buildings and improvements	(291,151)	(8,837)	-	(299,988)
Machinery and equipment	(22,512)	(3,732)	-	(26,244)
Total accumulated depreciation	<u>(313,663)</u>	<u>(12,569)</u>	<u>-</u>	<u>(326,232)</u>
Total capital assets being depreciated, net	<u>169,954</u>	<u>(10,725)</u>	<u>-</u>	<u>159,229</u>
Total capital assets, net	<u>\$ 204,954</u>	<u>\$ (10,725)</u>	<u>\$ -</u>	<u>\$ 194,229</u>

**Note 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES**

Accounts payable and accrued expenditures at December 31, 2003 consisted of the following:

Vendors	\$1,902
Protest taxes	<u>1,141</u>
 Total	 <u>\$3,043</u>

**Note 7 - LONG-TERM DEBT**

At December 31, 2003, the District had an outstanding interest free loan from Terrebonne Parish Consolidated Government.

The following is a summary of changes in the long-term debt of the District for the year ended December 31, 2003:

	Payable January 1, 2003	Debt Retirement	Payable December 31, 2003
Terrebonne Parish Consolidated Government	<u>\$36,708</u>	<u>\$3,000</u>	<u>\$33,708</u>

The annual requirements to amortize all long-term debt outstanding at December 31, 2003 are as follows:

<u>Year</u>	
2004	\$ 3,000
2005	3,000
2006	3,000
2007	3,000
2008	3,000
2009 - 2013	15,000
2014 - 2015	<u>3,708</u>
Total	<u>\$33,708</u>

**Note 8 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability and workers' compensation. No settlements were made during the year that exceeded the District's insurance coverage. The District pays monthly premiums to the Parish for workers' compensation based on a fixed percentage of payroll. The District's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure and claims experience. The Parish handles all claims filed against the District related to workers' compensation and general liability. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$6,500,000
Workers' Compensation	Statutory

Coverage for claims in excess of the stated limits above are to be funded first by assets of the Parish's risk management internal service fund, \$3,448,479 at December 31, 2002, then secondly by the District. At December 31, 2002, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverages during the year ended December 31, 2003 totaled \$2,508.

**Note 9 - COMPENSATION OF BOARD MEMBERS**

The following amounts were paid to members of the Board of Commissioners for the year ended December 31, 2003:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
David Cook	9	\$ 90
Richie LeBouef	1	10
Pamela Springstead	1	10
Terrel Hebert, Jr.	9	90
Cindy McDowell	10	100
Ima Remel	10	100
Kenny White	9	<u>90</u>
<b>Total</b>		<b><u>\$490</u></b>

**SUPPLEMENTARY INFORMATION SECTION**



**Bourgeois Bennett**

**INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION**

To the Board of Commissioners,  
Terrebonne Parish Recreation District No. 5,  
Bourg, Louisiana.

Our report on our audit of the basic financial statements of Terrebonne Parish Recreation District No. 5 (the District) for the year ended December 31, 2003, appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in the schedule of governmental fund revenues and expenditures and graphs of governmental fund revenues and expenditures for the year ended December 31, 2003 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2003, taken as a whole.

We also have previously audited, 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, the governmental fund balance sheets of Terrebonne Parish Recreation District No. 5 as of December 31, 2002 and 2001, and the related statements of governmental fund revenues, expenditures and changes in fund balance for each of the two years in the period ended December 31, 2002 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in the schedule of governmental fund revenues and expenditures and graphs of governmental fund revenues and expenditures for the years ended December 31, 2002 and 2001 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
March 10, 2004.

**SCHEDULE OF GOVERNMENTAL FUND REVENUES AND EXPENDITURES****Terrebonne Parish Recreation District No. 5**

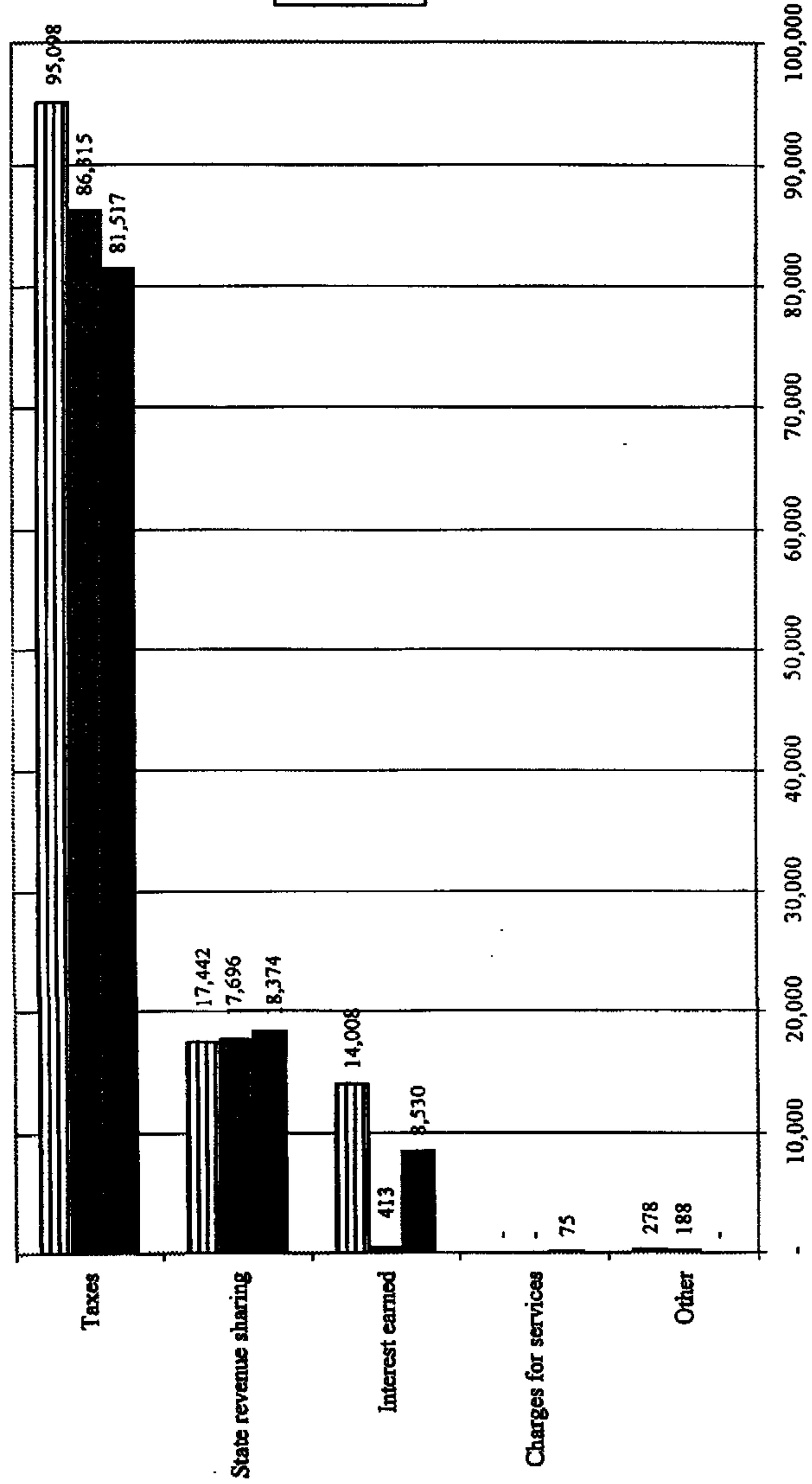
For the years ended December 31, 2003, 2002, 2001

	<u>2003</u>	<u>2002</u>	<u>2001</u>
<b>Revenues</b>			
Taxes	\$ 95,098	\$ 86,315	\$ 81,517
State revenue sharing	17,442	17,696	18,374
Interest earned	14,008	413	8,530
Charges for services	-	-	75
Other	278	188	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total revenues	<u>\$ 126,826</u>	<u>\$ 104,612</u>	<u>\$ 108,496</u>
<b>Expenditures</b>			
General government	\$ 4,345	\$ 4,425	\$ 4,871
Personal services	26,352	26,501	25,798
Supplies and materials	3,417	3,657	2,302
Other services and charges	22,058	15,152	17,948
Repairs and maintenance	20,491	6,465	7,963
Capital expenditures	1,844	7,039	21,490
Debt service	3,000	3,000	3,000
	<u>          </u>	<u>          </u>	<u>          </u>
Total expenditures	<u>\$ 81,507</u>	<u>\$ 66,239</u>	<u>\$ 83,372</u>

**GOVERNMENTAL FUND REVENUES**

**Terrebonne Parish Recreation District No. 5**

For the years ended December 31, 2003, 2002 and 2001

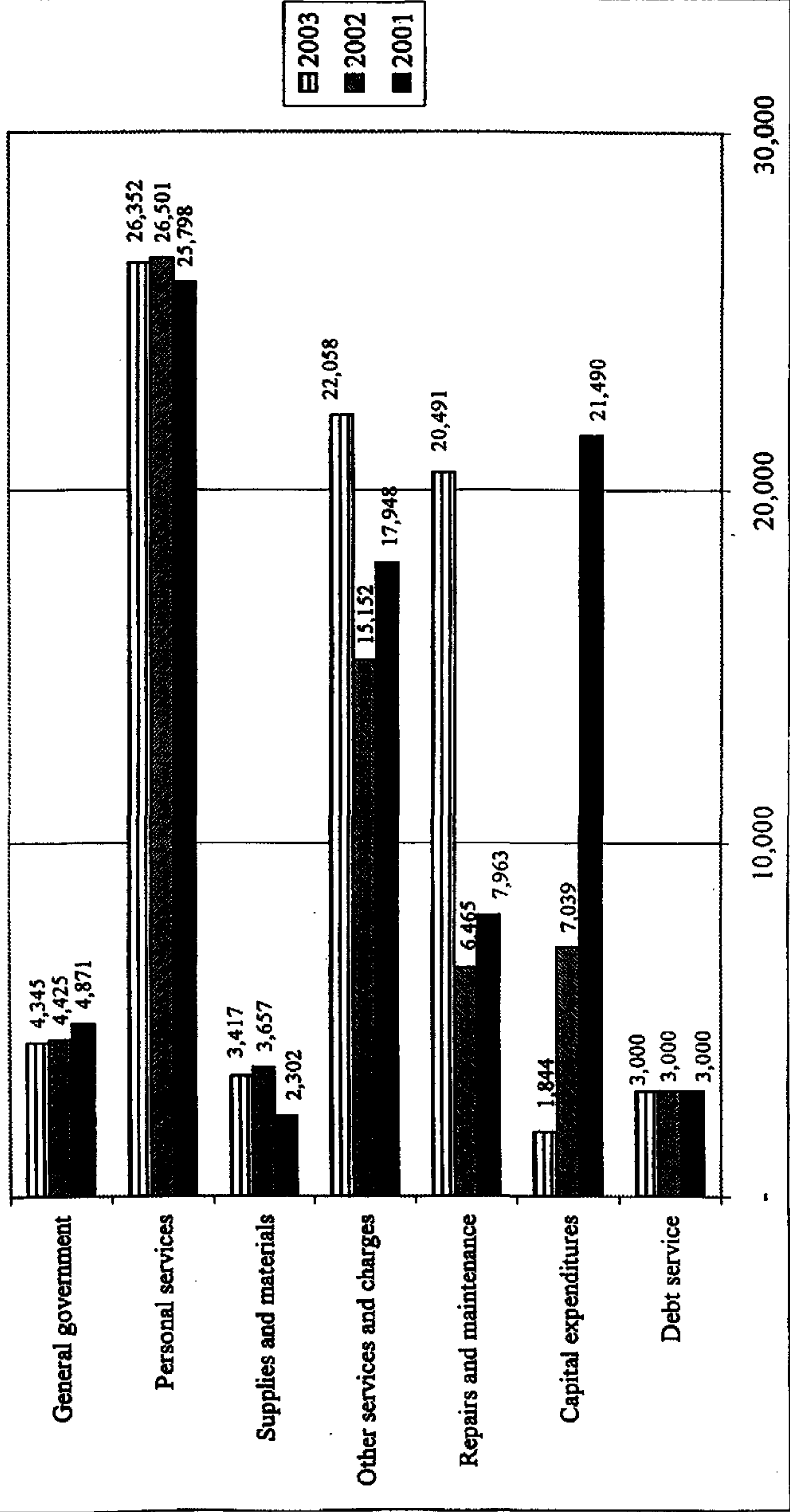




**GOVERNMENTAL FUND EXPENDITURES**

**Terrebonne Parish Recreation District No. 5**

For the years ended December 31, 2003, 2002 and 2001



**SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS**



Bourgeois Bennett

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

To the Board of Commissioners,  
Terrebonne Parish Recreation District No. 5,  
Bourg, Louisiana.

We have audited the basic financial statements of Terrebonne Parish Recreation District No. 5 (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2003, and have issued our report thereon dated March 10, 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 District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with 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 Schedule of Findings as item 03-1.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one

or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material 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. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

*Bourgeois Bennett, L.L.C.*

Certified Public Accountants.

Houma, Louisiana,  
March 10, 2004.



**SCHEDULE OF FINDINGS**  
**(Continued)**

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2003

**Section II Financial Statement Findings (Continued)**

03-1 (Continued)

**Effect** – The District was not in compliance with state law.

**Cause** - The District spent more on repairs and maintenance and other services and charges than anticipated.

**Recommendation** - We recommend that the District comply with the State budget laws by amending its budget to ensure actual expenditures not exceed budgeted expenditures by five percent or more.

**Views of Responsible Officials of the Auditee when there is a Disagreement with the Finding, to the Extent Practical** - None

**Section III Federal Award Findings and Questioned Costs**

Not applicable.

**REPORTS BY MANAGEMENT**

**SCHEDULE OF PRIOR YEAR FINDINGS**

**Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2003

**Section I Internal Control and Compliance Material to the Basic Financial Statements**

**Internal Control**

No material weaknesses were reported during the audit for the year ended December 31, 2002.  
No reportable conditions were reported during the audit for the year ended December 31, 2002.

**Compliance**

02-1 **Recommendation** – We recommend that the District comply with State Pledged Securities Laws by having the financial institution pledge adequate securities to cover the District's deposits.

**Management's Response** – Adequate securities have been pledged as of and for the year ended December 31, 2003, resolved.

**Section II Internal Control and Compliance Material to Federal Awards**

Terrebonne Parish Recreation District No. 5 did not receive federal awards during the year ended December 31, 2002.

**Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2002.



# **MANAGEMENT'S CORRECTIVE ACTION PLAN**

## **Terrebonne Parish Recreation District No. 5**

For the year ended December 31, 2003

### **Section I Internal Control and Compliance Material to the Basic Financial Statements**

#### **Internal Control**

No material weaknesses were reported during the audit for the year ended December 31, 2003.  
No reportable conditions were reported during the audit for the year ended December 31, 2003.

#### **Compliance**

03-1 **Recommendation** - We recommend that the District comply with the State budget laws by amending its budget to ensure that actual expenditures do not exceed budgeted expenditures by five percent or more.

**Management's Corrective Action Plan** - The District will comply with the State budget laws in the future.

### **Section II Internal Control and Compliance Material to Federal Awards**

Terrebonne Parish Recreation District No. 5 did not receive federal awards during the year ended December 31, 2003.

### **Section III Management Letter**

A management letter was not issued in connection with the audit for the year ended December 31, 2003.