

Financial Report
Terrebonne Parish Recreation District No. 1
Schriever, 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. 1,
Schriever, Louisiana.

We have audited the accompanying basic financial statements of the governmental activities of Terrebonne Parish Recreation District No. 1, (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. 1 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 7 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

1340 West Tunnel Blvd., Suite 430
P.O. Box 2168
Houma, LA 70361-2168
Phone (985) 868-0139
Fax (985) 879-1949

Certified Public Accountants | Consultants
A Limited Liability Company | P.O. Box 60600
| New Orleans, LA 70160-0600
| Heritage Plaza, 17th Floor
| Phone (504) 831-4949
| Fax (504) 833-9093

507-d St. Philip Street
P.O. Box 1205
Thibodaux, LA 70302-1205
Phone (985) 447-5243

the required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated February 12, 2004 on our consideration of Terrebonne Parish Recreation District No. 1'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.

Bougeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
February 12, 2004.

MANAGEMENT'S DISCUSSIONS AND ANALYSIS

Terrebonne Parish Recreation District No. 1

The Management's Discussion and Analysis of the Terrebonne Parish Recreation District No.1's (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 \$890,501 (net assets), which represents a 10.86% increase from last fiscal year.

The District's revenue decreased \$22,302 (6.89%) primarily due to a donation of asset received in the prior year.

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

Capital assets increased by \$56,880. This increase was largely due to the re-roofing of the Schriever Gym.

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 an 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 balance 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 8 – 12 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to 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 \$890,501. A large portion of the District's net assets (62%) 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	\$ 674,556	\$ 613,825	\$ 60,731
Capital assets	549,904	493,024	56,880
Total assets	<u>1,224,460</u>	<u>1,106,849</u>	<u>117,611</u>
Current and other liabilities	<u>333,959</u>	<u>303,584</u>	<u>30,375</u>
Net Assets:			
Invested in capital assets, net of related debt	549,904	493,024	56,880
Restricted	-	-	-
Unrestricted	340,597	310,241	30,356
Total net assets	<u>\$ 890,501</u>	<u>\$ 803,265</u>	<u>\$ 87,236</u>

Governmental Activities

Governmental activities increased the District's net assets by \$87,236. Key elements of this increase are as follows:

Condensed Changes in Net Assets

	December 31,		Dollar Change	Total Percent Change
	2003	2002		
Revenues:				
Program revenues:				
Charges for services	\$ 900	\$ 1,650	\$ (750)	-45.45%
General revenues:				
Taxes	268,107	254,958	13,149	5.16%
Intergovernmental	26,958	27,361	(403)	-1.47%
Miscellaneous	5,283	39,581	(34,298)	-86.65%
Total revenues	<u>301,248</u>	<u>323,550</u>	<u>(22,302)</u>	<u>-6.89%</u>
Expenses:				
General Government	15,758	14,146	1,612	11.40%
Culture and Recreation	198,254	196,971	1,283	0.65%
Total expenses	<u>214,012</u>	<u>211,117</u>	<u>2,895</u>	<u>1.37%</u>
Increase in net assets	87,236	112,433	(25,197)	-22.41%
Net assets beginning of year	803,265	690,832	112,433	16.28%
Net assets end of year	<u>\$ 890,501</u>	<u>\$ 803,265</u>	<u>\$ 87,236</u>	<u>10.86%</u>

The Statement of Activities provided answers to the nature and source of changes in net assets. The District's taxes increased 5.16%, which is nonsubstantial. Therefore, the District maintained the same level of culture and recreation spending as in the prior year (an increase of .65%). The most notable change was in General Revenue- Miscellaneous due to a donation of assets in the prior year totaling \$31,513.

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. As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$340,597, an increase of \$30,356 in comparison with the prior year. An unreserved fund balance of \$321,757 is available for spending at the District's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to the surfacing of playground equipment.

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 as follows:

Revenues

- Ad-Valorem taxes increased by approximately \$30,000.

Expenditures

- Personal services were reduced by approximately \$7,500 due to raises that were anticipated and not received.

During the year, revenues and expenditures were less than budgetary estimates.

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 \$549,904 (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	\$ 26,345	\$ 26,345
Construction in progress	15,966	6,124
Buildings and Improvements	786,624	706,698
Office furniture, fixtures and equipment	6,044	6,044
Vehicles, machinery and equipment	<u>190,247</u>	<u>187,319</u>
Totals	<u>\$ 1,025,226</u>	<u>\$ 932,530</u>

The major capital asset event during the current fiscal year was the re-roofing of the Schriever Gym.

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

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:

- The Ad Valorem Tax revenue budgeted represents the estimated amount of the November 2003 assessment, which the District will receive, for the most part, in January 2004.
- Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits.
- Estimate of operating supplies needed to perform necessary services.
- Detail plan of equipment needed to be purchased.
- Detail plan of capital projects required to provide services.

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. 1, 101 St. George St., Schriever, Louisiana 70395.

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

Terrebonne Parish Recreation District No. 1

December 31, 2003

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
Assets			
Cash	\$ 110,399	\$ -	\$ 110,399
Investments	278,225	-	278,225
Receivables - taxes	30,723	-	30,723
Due from other governmental units	255,209	-	255,209
Capital assets:			
Non-depreciable	-	42,311	42,311
Depreciable, net of accumulated depreciation	-	<u>507,593</u>	<u>507,593</u>
Total assets	<u>\$ 674,556</u>	<u>549,904</u>	<u>1,224,460</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 12,185		12,185
Due to Terrebonne Parish Consolidated Government	221		221
Deferred revenue	<u>321,553</u>		<u>321,553</u>
Total liabilities	<u>333,959</u>		<u>333,959</u>
Fund Balances/Net Assets			
Fund balances:			
Reserved for subsequent year's expenditures	18,840	(18,840)	-
Unreserved	<u>321,757</u>	<u>(321,757)</u>	-
Total fund balances	<u>340,597</u>	<u>(340,597)</u>	-
Total liabilities and fund balances	<u>\$ 674,556</u>		
Net assets:			
Invested in capital assets		549,904	549,904
Unrestricted		<u>340,597</u>	<u>340,597</u>
Total net assets		<u>\$ 890,501</u>	<u>\$ 890,501</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 1

December 31, 2003

Fund Balances - Governmental Fund		\$ 340,597
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	\$ 1,025,226	
Less accumulated depreciation	<u>(475,322)</u>	<u>549,904</u>
Net Assets of Governmental Activities		<u>\$ 890,501</u>

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. 1

For the year ended December 31, 2003

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 268,107		\$ 268,107
Intergovernmental:			
State of Louisiana:			
State revenue sharing	26,958		26,958
Charges for services	900		900
Miscellaneous - interest	5,283		5,283
	<u>301,248</u>		<u>301,248</u>
Total revenues			
	<u>301,248</u>		<u>301,248</u>
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	3,558		3,558
Ad valorem tax deductions	12,200		12,200
	<u>15,758</u>		<u>15,758</u>
Total general government			
	<u>15,758</u>		<u>15,758</u>
Culture and recreation:			
Personal services	50,731	-	50,731
Supplies and materials	10,696	-	10,696
Other services and charges	41,826	-	41,826
Repairs and maintenance	59,185	-	59,185
Depreciation	-	35,816	35,816
	<u>162,438</u>	<u>35,816</u>	<u>198,254</u>
Total culture and recreation			
	<u>162,438</u>	<u>35,816</u>	<u>198,254</u>
Capital outlay	92,696	(92,696)	-
	<u>92,696</u>	<u>(92,696)</u>	<u>-</u>
Total expenditures/expenses			
	<u>270,892</u>	<u>(56,880)</u>	<u>214,012</u>
Excess of Revenues Over Expenditures	30,356	(30,356)	-
Change in Net Assets	-	87,236	87,236
Fund Balance/Net Assets			
Beginning of year	310,241	493,024	803,265
	<u>310,241</u>	<u>493,024</u>	<u>803,265</u>
End of year	\$ 340,597	\$ 549,904	\$ 890,501
	<u>\$ 340,597</u>	<u>\$ 549,904</u>	<u>\$ 890,501</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. 1

For the year ended December 31, 2003

Net Change in Fund Balance - Governmental Fund		\$ 30,356
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	\$ 92,696	
Depreciation expense	<u>(35,816)</u>	
Excess of capital outlay over depreciation expense		<u>56,880</u>
Change in Net Assets of Governmental Activities		<u>\$ 87,236</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 2003

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Taxes	\$ 245,000	\$ 275,124	\$ 268,107	\$ (7,017)
Intergovernmental:				
State of Louisiana:				
State revenue sharing	25,000	26,958	26,958	-
Charges for services	-	500	900	400
Miscellaneous - interest	3,000	4,417	5,283	866
Total revenues	<u>273,000</u>	<u>306,999</u>	<u>301,248</u>	<u>(5,751)</u>
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	10,777	10,777	3,558	7,219
Ad valorem tax deductions	14,000	14,000	12,200	1,800
Total general government	<u>24,777</u>	<u>24,777</u>	<u>15,758</u>	<u>9,019</u>
Culture and recreation:				
Personal services	58,450	50,866	50,731	135
Supplies and materials	15,350	11,407	10,696	711
Other services and charges	42,100	47,769	41,826	5,943
Repairs and maintenance	70,200	72,088	59,185	12,903
Total culture and recreation	<u>186,100</u>	<u>182,130</u>	<u>162,438</u>	<u>19,692</u>
Capital outlay	100,000	91,361	92,696	(1,335)
Total expenditures	<u>310,877</u>	<u>298,268</u>	<u>270,892</u>	<u>27,376</u>
Excess (Deficit) of Revenues Over Expenditures	<u>\$ (37,877)</u>	<u>\$ 8,731</u>	<u>\$ 30,356</u>	<u>\$ 21,625</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 1**

December 31, 2003

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 1 (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 nonexchange revenues.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) 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.

c) 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.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

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. Charges for services are recorded when earned since they are measurable and available. 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.

d) 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.

e) 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 budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data (Continued)

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

The General Fund budget presentation is included in the basic financial statements.

f) 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.

g) Investments

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

h) 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 \$500 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Capital Assets (Continued)

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	20 – 40 years
Improvements other than building	5 – 25 years
Office furniture, fixtures and equipment	5 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.

i) Vacation and Sick Leave

The District has no full-time employees. There is no accumulated unpaid vacation and sick leave at December 31, 2003.

j) 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. At December 31, 2003 the District had no outstanding borrowings.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Fund Equity (Continued)

- 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, net of related debt.”

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.

Note 2 - DEPOSITS (Continued)

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	\$100,000	\$ -	\$ 16,491	\$110,399
Investments:				
Certificates of deposit	<u>100,000</u>	<u>-</u>	<u>178,225</u>	<u>278,225</u>
Totals	<u>\$200,000</u>	<u>\$-</u>	<u>\$194,716</u>	<u>\$388,624</u>

At December 31, 2003, cash and certificates of deposit in excess of the FDIC insurance were collateralized by securities held by an unaffiliated bank 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

Note 3 - PROPERTY TAXES (Continued)

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 \$7.00 per \$1,000 of assessed valuation on property within Recreation District No. 1 for the purpose of constructing, maintaining and operating recreational facilities within the District. As indicated in Note 1c, 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	\$	18,169
Terrebonne Parish Tax Collector - December, 2003		
collections remitted to the District in January, 2004:		
Ad valorem taxes		227,955
State revenue sharing		<u>9,085</u>
Total	\$	<u><u>255,209</u></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	\$ 26,345	\$ -	\$ -	\$ 26,345
Construction in progress	6,124	15,966	(6,124)	15,966
Total capital assets not being depreciated	32,469	15,966	(6,124)	42,311
Capital assets being depreciated:				
Buildings	508,695	70,068	-	578,763
Improvements other than building	198,003	9,858	-	207,861
Office furniture, fixtures and equipment	6,044	-	-	6,044
Machinery and equipment	187,319	2,928	-	190,247
Total capital assets being depreciated	900,061	82,854	-	982,915
Less accumulated depreciation for:				
Buildings	(332,346)	(15,518)	-	(347,864)
Improvements other than building	(31,831)	(11,730)	-	(43,561)
Office furniture, fixtures and equipment	(6,044)	-	-	(6,044)
Machinery and equipment	(69,285)	(8,568)	-	(77,853)
Total accumulated depreciation	(439,506)	(35,816)	-	(475,322)
Total capital assets being depreciated, net	460,555	47,038	-	507,593
Total capital assets, net	\$ 493,024	\$ 63,004	\$ (6,124)	\$ 549,904

Construction in progress consists of costs associated with the tennis courts and playground equipment at Gray Park.

Note 6 – ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

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

Vendors	\$ 8,043
Protest taxes	<u>4,142</u>
Total	<u>\$12,185</u>

Note 7 - 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, 2003, 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 \$5,561.

Note 8 – COMMITMENTS

On December 31, 2003, the District had \$22,290 in a public work contract of which \$18,840 was incomplete.

Note 9 - COMPENSATION OF BOARD MEMBERS

The District did not pay per diem to any of its Board Members for the year ended December 31, 2003.

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 1,
Schriever, Louisiana.

Our report on our audit of the basic financial statements of Terrebonne Parish Recreation District No. 1 (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. 1 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,
February 12, 2004.

SCHEDULE OF GOVERNMENTAL FUND REVENUES AND EXPENDITURES**Terrebonne Parish Recreation District No. 1**

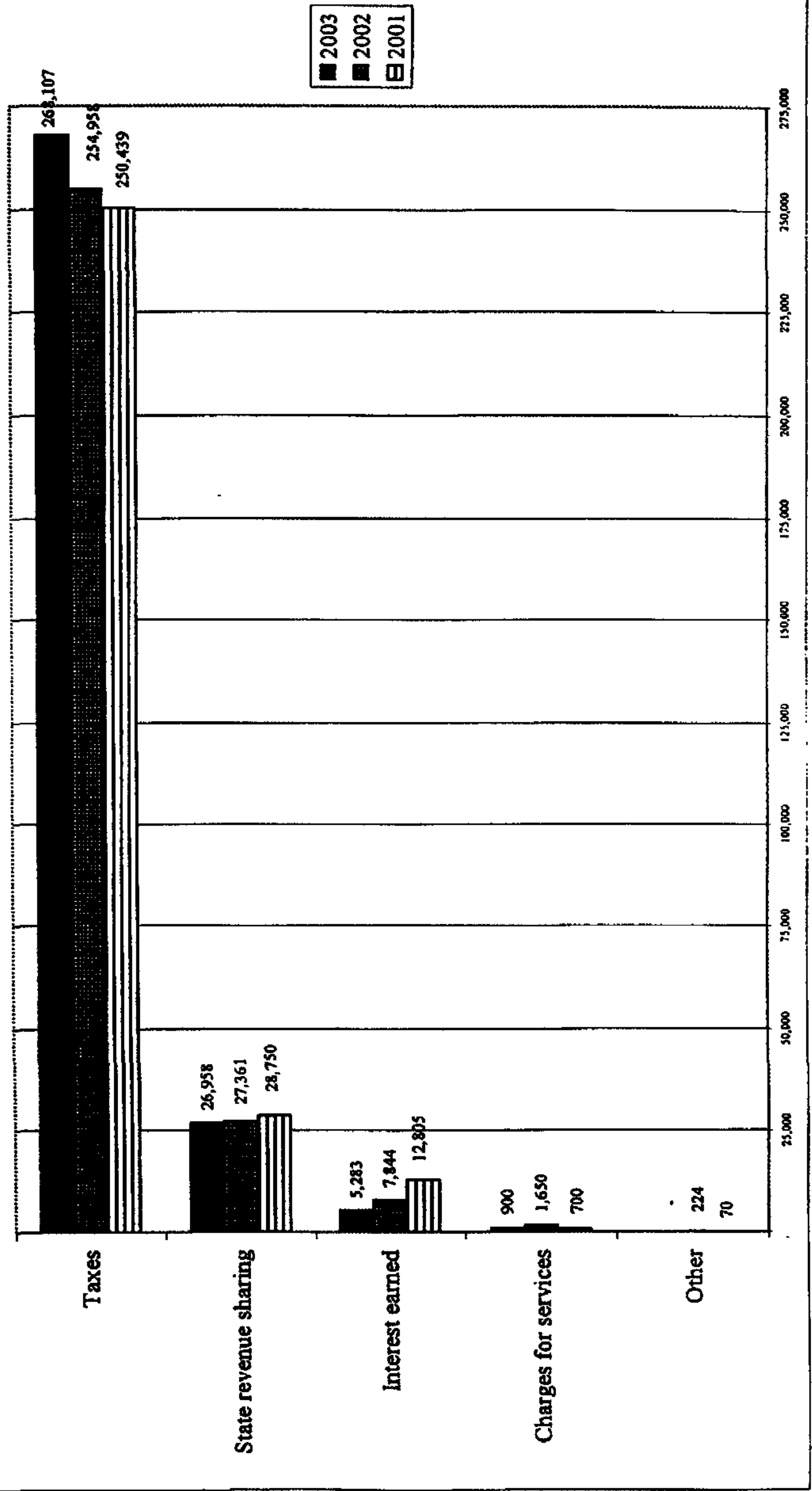
For the years ended December 31, 2003, 2002 and 2001

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues			
Taxes	\$ 268,107	\$ 254,958	\$ 250,439
State revenue sharing	26,958	27,361	28,750
Interest earned	5,283	7,844	12,805
Charges for services	900	1,650	700
Other	-	224	70
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 301,248</u>	<u>\$ 292,037</u>	<u>\$ 292,764</u>
Expenditures			
General government	15,758	14,146	24,848
Personal services	50,731	50,714	48,950
Supplies and materials	10,696	12,700	9,937
Other services and charges	41,826	33,488	33,818
Repairs and maintenance	59,185	66,652	49,516
Capital outlay	92,696	48,729	26,780
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 270,892</u>	<u>\$ 226,429</u>	<u>\$ 193,849</u>

GOVERNMENTAL FUND REVENUES

Terrebonne Parish Recreation District No. 1

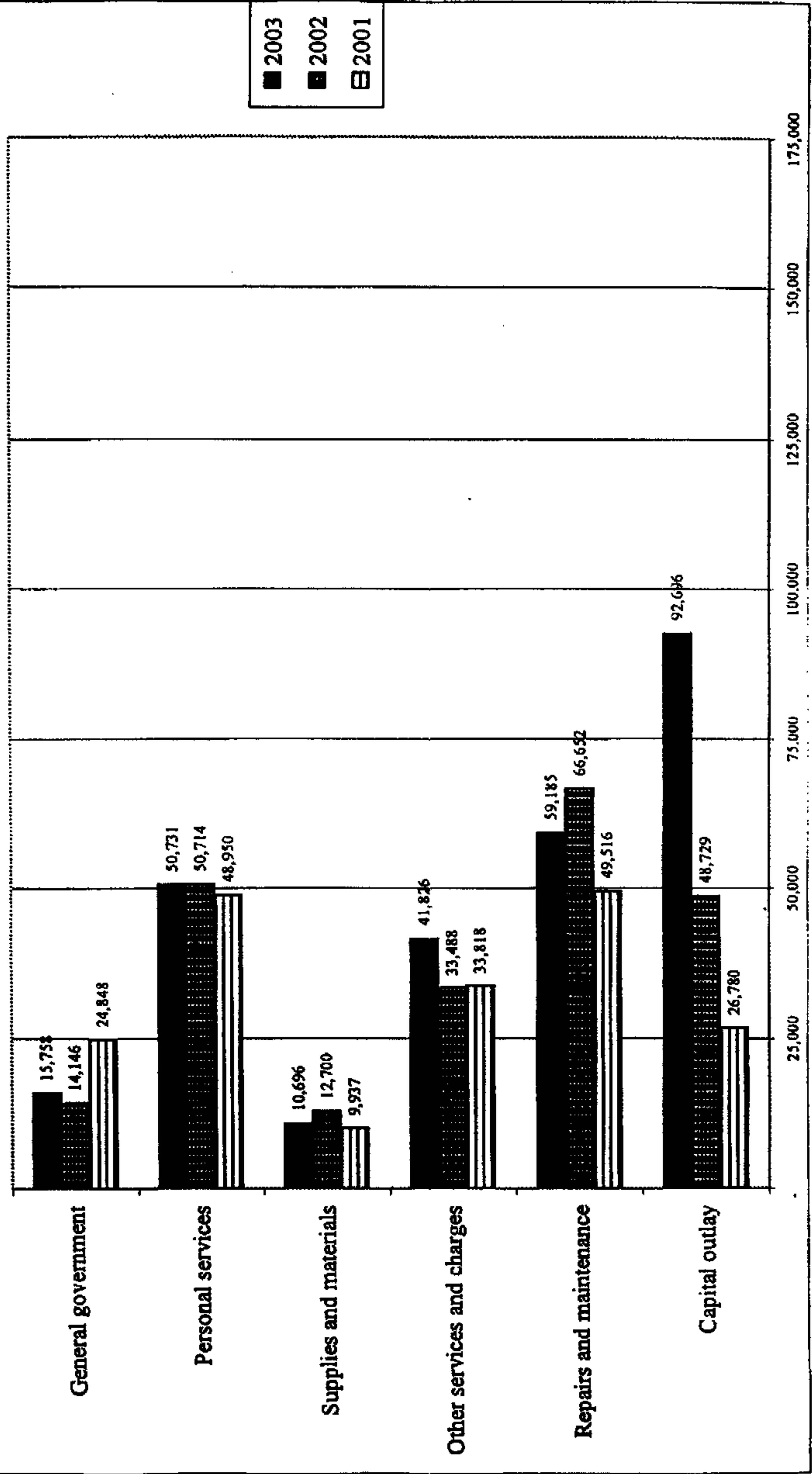
For the years ended December 31, 2003, 2002 and 2001



GOVERNMENTAL FUND EXPENDITURES

Terrebonne Parish Recreation District No. 1

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. 1,
Schriever, Louisiana.

We have audited the basic financial statements of Terrebonne Parish Recreation District No. 1 (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 February 12, 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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,
February 12, 2004.

SCHEDULE OF FINDINGS

Terrebonne Parish Recreation District No. 1

For the year ended December 31, 2003

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Terrebonne Parish Recreation District No. 1 did not receive federal awards during the year ended December 31, 2003

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2003

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Recreation District No. 1

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

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2002.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 1 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. 1

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

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2003.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 1 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.