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**PARKS AND RECREATION COMMISSION  
OF CARENCRO, INC.**

Carencro, Louisiana

Financial Report

Year Ended November 30, 2003

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

Release Date 5.19.04

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## INDEPENDENT AUDITOR'S REPORT

Board of Commissioners  
Parks and Recreation Commission of Carencro, Inc.  
Carencro, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Parks and Recreation Commission of Carencro, Inc. (PARC), a component unit of the City of Carencro, Louisiana, as of and for the year ended November 30, 2003, which collectively comprise the PARC's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the members of the Parks and Recreation Commission of Carencro, Inc. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, and each major fund of the Parks and Recreation Commission of Carencro, Inc., as of November 30, 2003, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated February 12 2004, on our consideration of the PARC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

The required supplementary information on pages 24 through 25 are not a required part of the basic financial statements but are supplementary information required by the Governmental Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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The Parks and Recreation Commission of Carencro, Inc. has not presented management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Parks and Recreation Commission of Carencro, Inc. basic financial statements. The other supplementary information on pages 27 through 29 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 presented in all material respects in relation to the basic financial statements taken as a whole.

The financial information for the preceding year, which is included for comparative purposes, was taken from the financial report for that year in which we expressed a qualified opinion on the basic financial of the Parks and Recreation Commission of Carencro, Inc. due to the omission of the budgetary comparison schedule for the General Fund.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
February 12, 2004

**BASIC FINANCIAL STATEMENTS**

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

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Statement of Net Assets  
 November 30, 2003  
 With Comparative Totals for November 30, 2002

	2003			2002 Totals
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
<b>Current assets:</b>				
Cash and interest-bearing deposits	\$336,470	\$ 187,817	\$ 524,287	\$ 297,771
Receivables, net	95	-	95	31
Due from primary government	-	11,780	11,780	-
Inventory	-	17,110	17,110	16,628
Total current assets	<u>336,565</u>	<u>216,707</u>	<u>553,272</u>	<u>314,430</u>
<b>Noncurrent assets:</b>				
Unamortized bond issuance costs	-	18,212	18,212	19,730
Capital assets, net	-	973,309	973,309	968,227
Total noncurrent assets	<u>-</u>	<u>991,521</u>	<u>991,521</u>	<u>987,957</u>
Total assets	<u>336,565</u>	<u>1,208,228</u>	<u>1,544,793</u>	<u>1,302,387</u>
<b>LIABILITIES</b>				
<b>Current liabilities:</b>				
Accounts and other payables	1,290	1,572	2,862	6,337
Due to primary government	68,079	-	68,079	128,574
Unearned revenues	-	103,390	103,390	-
Total current liabilities	<u>69,369</u>	<u>104,962</u>	<u>174,331</u>	<u>134,911</u>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	-	973,309	973,309	968,227
Restricted for recreation	267,196	-	267,196	143,010
Unrestricted	-	129,957	129,957	56,239
Total net assets	<u>\$267,196</u>	<u>\$1,103,266</u>	<u>\$1,370,462</u>	<u>\$1,167,476</u>

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

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Statement of Activities  
For the Year Ended November 30, 2003

Activities	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenues and Changes in Net Assets</u>		<u>Total</u>
Governmental activities:	Expenses	Fees, and Charges for Services	Governmental Activities	Business-Type Activities	Total
General government	\$ 15,394	\$ -	\$ (15,394)	\$ -	\$ (15,394)
Recreation	<u>21,050</u>	<u>2,866</u>	<u>(18,184)</u>	<u>-</u>	<u>(18,184)</u>
Total governmental activities	36,444	2,866	(33,578)	-	(33,578)
Business-type activities:					
Park operation and maintenance	<u>713,628</u>	<u>699,589</u>	<u>-</u>	<u>(14,039)</u>	<u>(14,039)</u>
<b>Total</b>	<b><u>\$ 750,072</u></b>	<b><u>\$ 702,455</u></b>	<b><u>(33,578)</u></b>	<b><u>(14,039)</u></b>	<b><u>(47,617)</u></b>
General revenues:					
Interest and investment earnings			1,811	-	1,811
Miscellaneous			517	868	1,385
Net transfers from primary government			157,755	-	157,755
Special item- insurance proceeds			-	89,652	89,652
Transfers			<u>(2,319)</u>	<u>2,319</u>	<u>-</u>
Total general revenues and transfers			<u>157,764</u>	<u>92,839</u>	<u>250,603</u>
Change in net assets			124,186	78,800	202,986
Net assets - December 1, 2002			<u>143,010</u>	<u>1,024,466</u>	<u>1,167,476</u>
Net assets - November 30, 2003			<u>\$ 267,196</u>	<u>\$ 1,103,266</u>	<u>\$ 1,370,462</u>

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



**FUND FINANCIAL STATEMENTS (FFS)**

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Comparative Balance Sheet -Governmental Fund  
November 30, 2003 and 2002

	<u>General Fund</u>	
	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
Interest-bearing deposits	\$ 336,470	\$ 273,782
Receivables:		
Accrued interest	<u>95</u>	<u>31</u>
 Total assets	 <u>\$ 336,565</u>	 <u>\$ 273,813</u>
<b>LIABILITIES AND FUND BALANCE</b>		
Liabilities:		
Accounts payable	\$ 1,290	\$ 2,229
Due to primary government	<u>68,079</u>	<u>128,574</u>
Total liabilities	<u>69,369</u>	<u>130,803</u>
 Fund balance:		
Designated for recreation	<u>267,196</u>	<u>143,010</u>
 Total liabilities and fund balance	 <u>\$ 336,565</u>	 <u>\$ 273,813</u>

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

**PARKS AND RECREATION COMMISSION OF CARENCRO, INC.**

**Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance-  
Governmental Fund  
For the Years Ended November 30, 2003 and 2002**

	General Fund	
	2003	2002
<b>Revenues:</b>		
Charges for services	\$ 2,866	\$ 2,832
Miscellaneous	<u>2,328</u>	<u>3,434</u>
Total revenues	<u>5,194</u>	<u>6,266</u>
<b>Expenditures:</b>		
Current -		
General government	15,394	170,502
Recreation	<u>21,050</u>	<u>16,280</u>
Total expenditures	<u>36,444</u>	<u>186,782</u>
Deficiency of revenues over expenditures	<u>(31,250)</u>	<u>(180,516)</u>
<b>Other financing sources (uses):</b>		
Transfers in - primary government	157,755	145,815
Transfers out	<u>(2,319)</u>	<u>(45,028)</u>
Total other financing sources (uses)	<u>155,436</u>	<u>100,787</u>
Net changes in fund balance	124,186	(79,729)
Fund balance, beginning	<u>143,010</u>	<u>222,739</u>
Fund balance, ending	<u>\$267,196</u>	<u>\$143,010</u>

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

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Comparative Statement of Net Assets  
 Proprietary Fund  
 November 30, 2003 and 2002

	<u>Park Operating Fund</u>	
	<u>2003</u>	<u>2002</u>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash	\$ 187,817	\$ 23,989
Due from primary government	11,780	-
Inventory	<u>17,110</u>	<u>16,628</u>
<b>Total current assets</b>	<u>216,707</u>	<u>40,617</u>
<b>Noncurrent assets:</b>		
Unamortized bond issuance costs	18,212	19,730
Capital assets, net of accumulated depreciation	<u>973,309</u>	<u>968,227</u>
<b>Total noncurrent assets</b>	<u>991,521</u>	<u>987,957</u>
<b>Total assets</b>	<u>1,208,228</u>	<u>1,028,574</u>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts payable	1,036	1,211
Accrued liabilities	536	2,897
Unearned revenues	<u>103,390</u>	<u>-</u>
<b>Total current liabilities</b>	<u>104,962</u>	<u>4,108</u>
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt	973,309	968,227
Unrestricted	<u>129,957</u>	<u>56,239</u>
<b>Total net assets</b>	<u>\$ 1,103,266</u>	<u>\$ 1,024,466</u>

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

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets -  
 Proprietary Fund  
 For the Years Ended November 30, 2003 and 2002

	<u>Park Operating Fund</u>	
	<u>2003</u>	<u>2002</u>
<b>Operating revenues:</b>		
<b>Charges for services -</b>		
Concession and lounge sales	\$295,733	\$218,446
Tournament fees	120,915	121,806
League, entry and sponsorship fees	117,236	161,228
Gate receipts	43,260	46,909
Membership dues	86,510	49,048
Pro-shop sales	25,875	25,127
Commission income	-	2,075
Park rental income	3,344	1,500
Billboard sales	2,800	-
Vending machine, pool table, batting cage, and arcade income	3,916	1,352
<b>Miscellaneous -</b>		
Other	<u>868</u>	<u>865</u>
<b>Total operating revenues</b>	<u>700,457</u>	<u>628,356</u>
 <b>Costs of revenues:</b>		
<b>Purchases -</b>		
Food	62,373	73,850
Liquor	7,454	7,376
Beer	52,377	44,994
Pro-shop	<u>16,425</u>	<u>23,868</u>
<b>Total cost of revenues</b>	<u>138,629</u>	<u>150,088</u>
 <b>Gross profit</b>	<u>561,828</u>	<u>478,268</u>

(continued)

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Comparative Statement of Revenues, Expenses and Changes in Fund Net Assets -  
 Proprietary Fund - (Continued)  
 For the Years Ended November 30, 2003 and 2002

	Park Operating Fund	
	2003	2002
Operating expenses:		
Salaries	\$ 158,311	\$ 166,926
Payroll taxes	13,508	12,567
Workman's compensation	11,002	6,018
Awards	32,811	28,926
Depreciation expense	40,376	32,532
Amortization expense	1,518	1,517
Legal and accounting	5,240	10,905
Lounge entertainment	4,420	3,284
Office and postage expenses	11,785	8,765
Promotions	2,229	248
Rentals	551	2,398
Scorekeeper pay	17,693	16,895
Service contracts	7,517	6,461
Sponsorship fees	6,555	620
Umpire fees	93,249	79,818
Utilities and telephone	39,825	32,653
USSSA fees	25,810	39,629
Repairs, maintenance and supplies	37,589	31,950
Miscellaneous	20,816	20,597
Total operating expenses	<u>530,805</u>	<u>502,709</u>
Operating income (loss)	<u>31,023</u>	<u>(24,441)</u>
Nonoperating revenues (expenses):		
Insurance proceeds	89,652	-
Hurricane disaster expenses	(44,194)	-
Total nonoperating revenues (expenses)	<u>45,458</u>	<u>-</u>
Income (loss) before transfers	76,481	(24,441)
Transfers in:		
Transfers from General Fund	<u>2,319</u>	<u>45,028</u>
Change in net assets	78,800	20,587
Net assets, beginning	<u>1,024,466</u>	<u>1,003,879</u>
Net assets, ending	<u>\$1,103,266</u>	<u>\$1,024,466</u>

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

**PARKS AND RECREATION COMMISSION OF CARENCRO, INC.**

**Comparative Statement of Cash Flows  
Proprietary Fund  
Years Ended November 30, 2003 and 2002**

	<b>Park Operating Fund</b>	
	<b>2003</b>	<b>2002</b>
<b>Cash flows from operating activities:</b>		
Receipts from customers	\$699,589	\$627,491
Payments to suppliers	(458,739)	(448,970)
Payments to employees	(171,819)	(179,493)
Other receipts	868	865
Net cash provided (used) by operating activities	69,899	(107)
<b>Cash flows from noncapital financing activities:</b>		
Cash received from General Fund	2,319	39,028
Cash paid to primary government	(11,780)	-
Net cash provided (used) by capital and related financing activities	(9,461)	39,028
<b>Cash flows from capital and related financing activities</b>		
Cash received from insurance proceeds	89,652	-
Cash received from federal grant	103,390	-
Cash paid for hurricane disaster expenses	(44,194)	-
Acquisition of property, plant and equipment	(45,458)	(29,242)
Net cash provided (used) by capital and related financing activities	103,390	(29,242)
Net increase in cash and cash equivalents	163,828	9,679
Cash and cash equivalents, beginning of period	23,989	14,310
Cash and cash equivalents, end of period	<b>\$187,817</b>	<b>\$ 23,989</b>
<b>Reconciliation of operating loss to net cash used by operating activities:</b>		
Operating income (loss)	\$ 31,023	\$(24,441)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation	40,376	32,532
Amortization	1,518	1,517
(Increase) decrease in inventory	(482)	10,719
Decrease in accounts payable	(175)	(12,259)
Decrease in accrued liabilities	(2,361)	(2,387)
Decrease in unearned revenues	-	(5,788)
Net cash provided (used) by operating activities	<b>\$ 69,899</b>	<b>\$ (107)</b>

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

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The accompanying financial statements of the Parks and Recreation Commission of Carencro, Inc. (PARC) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In the government-wide financial statements and the fund financial statements for the proprietary fund, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions on or before November 30, 1989, have been applied unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the guides set forth in the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

The PARC is a component unit of the City of Carencro, Louisiana, the primary government. The PARC is dependent on the City of Carencro for budget approval, approval of debt issuance and appointment of the majority of commission members and is therefore considered a component unit. These financial statements report only the PARC, the component unit.

B. Basis of Presentation

Government-Wide Financial Statements (GWFS)

The statement of net assets and statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity. The statements distinguish between governmental and business-type activities. *Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.*

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activities of the PARC and for each function of the PARC's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.



PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

Fund Accounting

The accounts of the PARC are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The two funds of the PARC are classified into two categories: governmental and proprietary. The emphasis on fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The major funds of the PARC are described below:

Governmental Fund -

General Fund

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

Proprietary Fund -

Enterprise fund

The enterprise fund is used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The PARC's enterprise fund is the Park Operating Fund.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

C. Measurement Focus/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.

**Measurement Focus**

On the government-wide statement of net assets and the statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. The governmental fund utilizes a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on its balance sheet. Their operating statement presents sources and uses of available spendable financial resources during a given period. This fund uses fund balance as its measure of available spendable financial resources at the end of the period.
- b. The proprietary fund utilizes an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with its activities are reported. Proprietary fund equity is classified as net assets.

**Basis of Accounting**

In the government-wide statement of net assets and statement of activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures (including capital outlay) generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The proprietary fund utilizes the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

D. Assets, Liabilities and Equity

Cash and interest-bearing deposits

For purposes of the statement of net assets, cash and interest-bearing deposits include all demand accounts, savings accounts, and certificates of deposits of the PARC.

For the purpose of the proprietary fund statement of cash flows, "cash and cash equivalents" include all demand and savings accounts, and certificates of deposit with an original maturity of three months or less.

Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables."

Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds."

Inventories

Inventories in the proprietary fund are accounted for at the lower of cost or market.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the business-type activities column in the government-wide financial statements. The governmental activities have no capital assets. Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The PARC maintains a threshold level of \$1,000 or more for capitalizing capital assets.

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

Depreciation of all exhaustible capital assets is recorded as an allocated 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:

Building and improvements	40 years
Furniture, fixtures and equipment	5-10 years

In the fund financial statements, the governmental fund operations have no capital assets. Capital assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

Equity Classifications

In the 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.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, 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.”

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

In the fund 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. Proprietary fund equity is classified the same as in the government-wide statements.

E. Revenues, Expenditures, and Expenses

Operating Revenues and Expenses

Operating revenues and expenses for proprietary funds are those that result from providing services and producing and delivering goods and/or services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities.

Expenditures/Expenses

In the government-wide financial statements, expenses are classified by function for both governmental and business-type activities.

In the fund financial statements, expenditures are classified as follows:

*Governmental Funds - By Character:*

*Proprietary Fund - By Operating and Nonoperating*

In the fund financial statements, governmental funds report expenditures of financial resources. Proprietary funds report expenses relating to use of economic resources.

Interfund Transfers

Permanent reallocations of resources between funds of the reporting entity are classified as interfund transfers.

F. Revenue Restrictions

The PARC has a legal restriction placed over the revenue received from the City of Carencro from the proceeds of the 1993 Sales Tax Fund due to the dedication of the use of the proceeds. See Note 5.

The City uses unrestricted resources only when restricted resources are fully depleted.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

G. Budgets and Budgetary Accounting

The following are the procedures required to be followed with regard to preparation and adoption of the budget:

1. The treasurer prepares a proposed budget and submits it to the Parks and Recreation Commission for the fiscal year no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public is notified that the proposed budget is available for public inspection. *At the same time, a public hearing is called.*
3. *A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.*
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of a resolution prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfers of funds from one department, program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Commission.
6. *All budgetary appropriations lapse at the end of each fiscal year.*
7. Budgets for all funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgeted amounts are as *originally adopted or as finally amended by the Commission. Such amendments were not material in relation to the original appropriations.*

H. Capitalization of Interest Expense

It is the policy of the PARC to capitalize material amounts of interest resulting from borrowings in the course of the construction of capital assets in the Proprietary Fund. At November 30, 2003, there were no borrowings for assets under construction and no capitalized interest expense was recorded on the books.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

I. Use of Estimates

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

J. Report Classification

Certain previously reported amounts for the year ended November 30, 2002 have been reclassified to conform to the November 30, 2003 classifications.

(2) Cash and Interest-Bearing Deposits

At November 30, 2003, the PARC has cash balances (book balances) totaling \$524,287 as follows:

Cash	\$187,817
Interest-bearing deposits	<u>336,470</u>
	<u>\$524,287</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits, (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Deposit balances (bank balances) at November 30, 2003 are secured as follows:

Bank balances	<u>\$ 535,684</u>
Federal deposit insurance	\$ 122,288
Pledged securities (Category 3)	<u>413,396</u>
Total federal insurance and pledged securities	<u>\$ 535,684</u>

Pledged securities in Category 3 include uninsured or unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the PARC's name. Even though the pledged securities are considered uncollateralized (Category 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 PARC that the fiscal agent has failed to pay deposited funds upon demand.

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Notes to Financial Statements (Continued)

(3) Capital Assets

Capital asset activity for the year ended November 30, 2003 was as follows:

	<u>Balance</u> <u>12/1/2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>11/30/2003</u>
Business-type activites:				
Land	\$ 401,800	\$ -	\$ -	\$ 401,800
Building and improvements	664,098	45,458	6,048	703,508
Furniture, fixtures and equipment	96,221	-	15,526	80,695
	<u>1,162,119</u>	<u>45,458</u>	<u>21,574</u>	<u>1,186,003</u>
Less: Accumulated depreciation	<u>193,892</u>	<u>40,376</u>	<u>21,574</u>	<u>212,694</u>
Business-type activities, capital assets, net	<u>\$ 968,227</u>	<u>\$ 5,082</u>	<u>\$ -</u>	<u>\$ 973,309</u>

Depreciation expense of \$40,376 was charged to park operation and maintenance.

(4) Unearned revenues

Unearned revenues of \$103,390 consist of grant funds received from the Federal Emergency Management Agency during the current fiscal year that will be expended in the future.

(5) Transfer from Primary Government

Most of the revenues from PARC's General Fund are derived from transfers from the City of Carencro, the primary government. The transfers are made from one-third (1/3) of the 1993 sales and use tax levied by the City. The funds are dedicated for recreational purposes.

(6) Risk Management

PARC is exposed to risks of loss in the area of general liability. These risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year.

(7) Litigation

PARC was a defendant in a lawsuit filed by one of its former employees for injuries sustained on the premises. PARC, Inc. did not have insurance for such a claim. The case was settled during the fiscal year ended November 30, 2002 in favor of the plaintiff in the amount of \$130,000. The claim was paid by the City of Carencro with the understanding that PARC, Inc. will reimburse the City \$5,000 per month until the balance is paid out. Included in the amount owed to the City of \$68,079 at November 30, 2003 is \$35,000 for this claim.

(8) Interfund Transactions

Transfers of \$2,319 were made from the General Fund to the Park Operating Fund in order to properly charge the expenditures of the monies to the fund to which they were applicable in accordance with budgetary authorizations.



**REQUIRED SUPPLEMENTARY  
INFORMATION**

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.  
General Fund

Budgetary Comparison Schedule  
For the Year Ended November 30, 2003  
With Comparative Actual Amounts for the Year Ended November 30, 2002

	2003			Variance - Favorable (Unfavorable)	2002 Actual
	Budget		Actual		
	Original	Final			
<b>Revenues:</b>					
Charges for services:					
Registration fees	\$ 2,900	\$ 2,883	\$ 2,866	\$ (17)	\$ 2,832
Miscellaneous -					
Interest income	1,000	1,226	1,811	585	3,234
Other	200	500	517	17	200
Total miscellaneous	<u>1,200</u>	<u>1,726</u>	<u>2,328</u>	<u>602</u>	<u>3,434</u>
Total revenues	<u>4,100</u>	<u>4,609</u>	<u>5,194</u>	<u>585</u>	<u>6,266</u>
<b>Expenditures:</b>					
Current -					
General government:					
Legal and accounting	3,600	3,300	4,590	(1,290)	3,540
Office expenditures and supplies	-	-	1,499	(1,499)	143
Park insurance	7,500	7,695	7,695	-	7,318
Seminars and training	-	-	915	(915)	-
Workman's compensation claim expenditures	-	-	-	-	159,290
Miscellaneous	400	149	695	(546)	211
Total general government	<u>11,500</u>	<u>11,144</u>	<u>15,394</u>	<u>(4,250)</u>	<u>170,502</u>
Recreation:					
Salaries	12,250	11,990	11,990	-	12,250
CAYSI appropriation	10,000	8,308	7,000	1,308	3,843
Summer recreation program expenditures	1,200	1,252	2,060	(808)	187
Total recreation	<u>23,450</u>	<u>21,550</u>	<u>21,050</u>	<u>500</u>	<u>16,280</u>
Total expenditures	<u>34,950</u>	<u>32,694</u>	<u>36,444</u>	<u>(3,750)</u>	<u>186,782</u>
Deficiency of revenues over expenditures	<u>(30,850)</u>	<u>(28,085)</u>	<u>(31,250)</u>	<u>(3,165)</u>	<u>(180,516)</u>

(continued)

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.  
General Fund

Budgetary Comparison Schedule - (Continued)  
For the Year Ended November 30, 2003  
With Comparative Actual Amounts for the Year Ended November 30, 2002

	2003			Variance - Favorable (Unfavorable)	2002 Actual
	Budget		Actual		
	Original	Final			
<b>Other financing sources (uses):</b>					
Transfer from primary government	220,000	230,000	250,788	20,788	219,156
Transfer to primary government	(73,500)	(85,341)	(93,033)	(7,692)	(73,341)
Transfer to Park Operating Fund	(25,000)	(453)	(2,319)	(1,866)	(45,028)
Total other financing sources (uses)	<u>121,500</u>	<u>144,206</u>	<u>155,436</u>	<u>11,230</u>	<u>100,787</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	90,650	116,121	124,186	8,065	(79,729)
Fund balance, beginning	<u>143,010</u>	<u>143,010</u>	<u>143,010</u>	-	<u>222,739</u>
Fund balance, ending	<u>\$233,660</u>	<u>\$259,131</u>	<u>\$267,196</u>	<u>\$ 8,065</u>	<u>\$143,010</u>

**COMPLIANCE  
AND  
INTERNAL CONTROL**

# KOLDER, CHAMPAGNE, SLAVEN & COMPANY, LLC

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

Board of Commissioners  
Parks and Recreation Commission, Inc.  
Carencro, Louisiana

We have audited the component unit financial statements of the Parks and Recreation Commission of Carencro, Inc. for the year ended November 30, 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 Parks and Recreation Commission, Inc.'s component unit 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 Parks and Recreation Commission, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the primary government financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Parks and Recreation Commission, Inc.'s ability to record, process, summarize and report financial data consistent with the assertions of management in the primary government financial statements. The reportable condition is described in the accompanying summary schedule of current and prior year audit findings and corrective action plan at item 03-1(IC).

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

This report is intended solely for the information of management, others within the organization, and Board of Commissioners and is not intended to be and should not be used by anyone other than these specified parties. Although the intended use of this report maybe limited, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

***Kolder, Champagne, Slaven & Company, LLC***  
Certified Public Accountants

Lafayette, Louisiana  
February 12, 2004

PARKS AND RECREATION COMMISSION OF CARENCRO, INC.

Schedule of Current and Prior Year Audit Findings  
and Corrective Action Plan  
Year Ended November 30, 2003

Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
<u>Ref. No.</u> <u>Occurred</u> <u>Description of Finding</u> <u>Corrective Action Taken</u> <u>Corrective Action Planned</u> <u>Name of Contact Person</u> <u>Anticipated Completion Date</u>					
<u>CURRENT YEAR (11/30/03) --</u>					
<u>Internal Control:</u>					
03-1(IC)      1994	Due to the small number of employees, the commission did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Elaine Richard, Treasurer	N/A
<u>PRIOR YEAR (11/30/02) --</u>					
<u>Compliance:</u>					
02-1(C)      2002	PARC did not comply with the provisions of the Local Government Budget Act (LSA-RS 39:1305-15) by failing to prepare, adopt, and publish the budget for year ended November 30, 2002. Also, the amended budget was not adopted by the date required by the statute.	Yes	N/A		N/A
<u>Internal Control:</u>					
02-2(IC)      1994	Due to the small number of employees, the commission did not have adequate segregation of functions within the accounting system.	N/A	No response is considered necessary.	Elaine Richard, Treasurer	N/A
<u>Management Letter:</u>					
02-3(ML)      1999	The commission should strive to operate the Pelican Park Operating Fund on a profitable basis.	Yes	N/A		N/A
02-4(ML)      2002	The minutes of the meetings were not properly filed and maintained.	Yes	N/A		N/A