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**ALLEN PARISH RECREATION DISTRICT NO. 5 OF OBERLIN
OBERLIN, LOUISIANA**

ANNUAL FINANCIAL REPORT

Year Ended December 31, 2003

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

Release Date 9-8-04

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ACCOUNTANT'S COMPILATION REPORT

June 27, 2004

Board of Directors
Allen Parish Recreation District No. 5
of Oberlin
Oberlin, Louisiana

I have compiled the accompanying basic financial statements of the Allen Parish Recreation District No. 5 of Oberlin (District), a component unit of the Allen Parish Police Jury, as of December 31, 2003, and for the year then ended, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

The Management's Discussion and Analysis and the required supplementary information on page 29, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I 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, I did not audit the information and express no opinion it.

As described in Note F to the basic financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, Statement No. 37, Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments; Omnibus, Statement No. 38 Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. This results in a change in the format and content of the basic financial statements.

In accordance with *Louisiana Governmental Audit Guide* and provisions of state law, I have issued a report dated June 27, 2004, on the results of our agreed-upon procedures.

Royce T. Scimemi, CPA, APAC
Royce T. Scimemi, CPA, APAC

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana

Management's Discussion and Analysis

Within this section of the Allen Parish Recreation District No. 5 of Oberlin's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2003. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

Financial Highlights

- The District's assets exceeded its liabilities by \$280,797 (net assets) for the fiscal year reported.
- Total revenues of \$78,753 exceeded total expenses of \$32,624, which resulted in a current year surplus of \$46,129. Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$174,990 include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt related to the purchase of capital assets.
 - (2) Restricted net assets of \$31,888 includes funds for debt service.
 - (3) Unrestricted net assets of \$73,919.
- The District's governmental funds reported total ending fund balance of \$107,774 this year. This compares to the prior year ending fund balance of \$88,698, reflecting a considerable increase of \$19,075 during the current year.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$73,919, or 414% of total General Fund expenditures and 192% of total General Fund revenues including transfers.
- Overall, the District's office continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is only available on a limited basis. However, all applicable tables will present comparative data in fiscal year 2004.

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana

Management's Discussion and Analysis (Continued)

Government-wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the Statement of Net Assets. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

The second government-wide statement is the Statement of Activities, which reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by property taxes. Governmental activities include recreational activities.

The government-wide financial statements are presented on pages 13 through 14 of this report.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana

Management's Discussion and Analysis (Continued)

The District uses governmental funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same function reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 17 through 20 of this report.

Notes to the basic financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget presentations. The budgetary comparison statement is included as "required supplemental information" for the general fund. This schedule demonstrates compliance with the District's adopted and final budget. Required supplemental information can be found on page 29 of this report.

Financial Analysis of the District as a Whole

The District implemented the new financial reporting model used in this report beginning with the current fiscal year ended December 31, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole.

The District's net assets at fiscal year-end are \$280,797. The following table provides a summary of the District's net assets:

**ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana**

Management's Discussion and Analysis (Continued)

	Governmental Activities	
Assets:		
Current assets	\$ 108,362	27%
Capital assets	<u>287,990</u>	<u>73</u>
Total assets	<u>396,352</u>	<u>100%</u>
Liabilities:		
Current liabilities	38,555	33%
Long-term liabilities	<u>77,000</u>	<u>67</u>
Total liabilities	<u>115,555</u>	<u>100%</u>
Net assets:		
Investment in capital assets, net of debt	174,990	
Restricted	31,888	
Unrestricted	<u>73,919</u>	
Total net assets	<u>\$ 280,797</u>	

The District continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 2.81 to 1. This ratio is strong.

Note that approximately 62% of the governmental activities' net assets are tied up in capital assets. The District uses these capital assets to provide services to its citizens.

Overall, the District's office reports net assets of \$280,797. This amount is \$46,129 higher than last year. The District's office has \$174,990 invested in capital assets. The District's overall financial position improved during fiscal year 2003.

Since this is the first year in which government-wide information is available, comparative data is not presented. However, comparative data will be accumulated and presented to assist analysis in future years. The following table provides a summary of the District's changes in net assets:

**ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana**

Management's Discussion and Analysis (Continued)

	Governmental Activities	
Revenues:		
Program:		
Charges for services/fines	\$ -	0%
General:		
Property taxes	78,497	100
Interest	<u>256</u>	<u>0</u>
Total Revenues	<u>78,753</u>	<u>100%</u>
Program expenses:		
Recreational activities	26,391	81%
Interest	<u>6,233</u>	<u>19</u>
Total Expenses	<u>32,624</u>	<u>100%</u>
Change in net assets	46,129	
Beginning net assets	<u>234,668</u>	
Ending net assets	<u>\$ 280,797</u>	

The District is heavily reliant on property taxes to support its operations. Property taxes provided 99.68 % of the District's total revenues. Also, note that property tax revenues covered 241% of governmental operating expenses.

Governmental Functional Expenses

The total function of the District's office is recreational activities. The only other non-functional cost is interest expense related to the outstanding obligations. Of the total cost, depreciation on the equipment, vehicles and buildings was \$10,645 or 33% of total expenses.

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana

Management's Discussion and Analysis (Continued)

Major Governmental Funds

The General Fund is the District's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$20,692. In fiscal year 2003, revenues were up \$2,683 from the prior year. Operating expenditures decreased by \$11,478, with the largest decrease being in contract labor by \$6,407. The Debt Service Fund accumulates resources for the payment of long-term debt. The fund balance decreased by \$1,617 in 2003.

Budgetary Highlights

The General Fund - The original budget reflected a increase in total expenditures of \$3,869 from the previous fiscal year. The budget was not amended during the year.

Capital Assets and Debt Administrators

Capital assets

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2003, was \$287,990. See Note C for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

Nondepreciable assets-land	\$ 75,269
Depreciable assets:	
Recreation equipment	4,969
Recreation facilities	<u>273,176</u>
Total depreciable assets	278,145
Less accumulated depreciation	<u>65,424</u>
Book value-depreciable assets	\$ <u>212,721</u>
Percentage depreciated	<u>23%</u>
Book value-all assets	\$ <u>290,990</u>

At December 31, 2003, the depreciable capital assets for governmental activities were 23% depreciated. The book value is at 82% of the original cost.

**ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana**

Management's Discussion and Analysis (Continued)

Long-term debt

At the end of the fiscal year, the District had total general obligations outstanding of \$113,000. The total amount of these obligations is secured by debt service fund revenues. During the year, the District retired \$34,000 of outstanding debt. See Note D for additional information regarding long-term debt.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District calling Mrs. Syble Ryder at (337) 639-2592.

BASIC FINANCIAL STATEMENTS

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana

STATEMENT OF NET ASSETS
December 31, 2003

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 28,829
Receivables	79,533
Capital assets:	
Land	75,269
Capital assets, net	<u>212,721</u>
Total assets	<u>396,352</u>
LIABILITIES	
Accounts payable	588
Accrued interest payable	1,967
Long-term liabilities:	
Due within one year	36,000
Due after one year	<u>77,000</u>
Total liabilities	<u>115,555</u>
NET ASSETS	
Invested in capital assets, net of related debt	174,990
Restricted	31,888
Unrestricted	<u>73,919</u>
Total net assets	<u>\$ 280,797</u>

See accompanying notes and accountant's report.

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, LA

STATEMENT OF ACTIVITIES
Year Ended December 31, 2003

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u> Fees, Fines, and Charges for Services	<u>Net (Expense) Revenues and Changes in Net Assets</u> Governmental Activities
Governmental activities:			
Recreational activities	\$ 26,391	\$ -	\$ (26,391)
Interest on L-T Debt	<u>6,233</u>	<u>-</u>	<u>(6,233)</u>
Total	\$ <u>32,624</u>	\$ <u>-</u>	(32,624)
General revenues:			
Ad valorem taxes			78,497
Unrestricted investment earnings			<u>256</u>
			78,753
			46,129
			234,668
			\$ <u>280,797</u>

See accompanying notes and accountant's report.

FUND FINANCIAL STATEMENTS

MAJOR FUND DESCRIPTIONS

General Fund

To account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Debt Service Fund

To account for the accumulation of resources for, and the payment of long-term debt.

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana

BALANCE SHEET – GOVERNMENTAL FUNDS
December 31, 2003

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
ASSETS			
Cash	\$ -	\$ 28,829	\$ 28,829
Receivables			
Ad valorem taxes (net)	-	79,533	79,533
Due from other fund	<u>74,507</u>	<u>-</u>	<u>74,507</u>
TOTAL ASSETS	<u>\$ 74,507</u>	<u>\$ 108,362</u>	<u>\$ 182,869</u>
LIABILITIES			
Accounts payable	\$ 588	\$ -	\$ 588
Due to other funds	<u>-</u>	<u>74,507</u>	<u>74,507</u>
TOTAL LIABILITIES	<u>588</u>	<u>74,507</u>	<u>75,095</u>
FUND EQUITY			
Fund Balances			
Reserved for debt service	-	33,855	33,855
Unreserved and undesignated	<u>73,919</u>	<u>-</u>	<u>73,919</u>
Total fund balances	<u>73,919</u>	<u>33,855</u>	<u>107,774</u>
TOTAL LIABILITIES AND FUND EQUITY	<u>\$ 74,507</u>	<u>\$ 108,362</u>	<u>\$ 182,869</u>

See accompanying notes and accountant's report.

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana

RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2003

Total fund balance for governmental funds at December 31, 2003		\$ 107,774
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 75,269	
Capital assets, net of \$65,424 accumulated depreciation	<u>215,721</u>	287,990
Long-term liabilities at December 31, 2003:		
General obligations bond payable	(113,000)	
Accrued interest payable	<u>(1,967)</u>	<u>(114,967)</u>
Total net assets of governmental activities at December 31, 2003		\$ <u>280,797</u>

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES –GOVERNMENTAL FUNDS
Year Ended DECEMBER 31, 2003

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>
REVENUES			
Ad valorem taxes-net	\$ -	\$ 78,497	\$ 78,497
Interest	-	<u>256</u>	<u>256</u>
Total revenues	<u>-</u>	<u>78,753</u>	<u>78,753</u>
EXPENDITURES			
General Government			
Advertising	286	-	286
Bank charges	77	-	77
Contract labor	5,148	-	5,148
Insurance	1,166	-	1,166
Professional fees	3,000	-	3,000
Repairs and maintenance	1,678	-	1,678
Supplies	15	-	15
Utilities	3,376	-	3,376
Capital outlay	3,107	-	3,107
Debt Service			
Principal Retirement	-	34,000	34,000
Interest	-	6,825	6,825
Paying Agent Fees	-	<u>1,000</u>	<u>1,000</u>
Total expenditures	<u>17,853</u>	<u>41,825</u>	<u>59,678</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES			
	(17,853)	36,928	19,075
OTHER FINANCING SOURCES (USES)			
Operating transfers	<u>38,545</u>	<u>(38,545)</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES			
	20,692	(1,617)	19,075
FUND BALANCE – BEGINNING			
	<u>53,226</u>	<u>35,472</u>	<u>88,698</u>
FUND BALANCE – ENDING			
	<u>\$ 73,918</u>	<u>\$ 33,855</u>	<u>\$ 107,773</u>

See accompanying notes and accountant's report.

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

Year Ended December 31, 2003

Total net changes in fund balances at December 31, 2003 per Statement of Revenues, Expenditures and Changes in Fund Balances		\$ 19,075
The change in net assets reported for governmental activities in the statement of activities is different because:		
<i>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.</i>		
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 3,107	
Depreciation expense for the year ended December 31, 2003	<u>(10,645)</u>	(7,538)
 <i>Governmental funds report bonded debt repayments as expenditures. However, this expenditure does not appear in the statement of activities since the payment is applied against the bond payable on the statement of net assets</i>		
		34,000
 <i>Difference between interest on long-term debt on modified accrual basis versus interest on long-term debt on accrual basis</i>		
		<u>592</u>
Total changes in net assets at December 31, 2003 per Statement of Activities		\$ <u>46,129</u>

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana

Notes to Basic Financial Statements

December 31, 2003

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Allen Parish Recreation District No. 5 of Oberlin was created by the Allen Parish Police Jury. The District is governed by a board of five commissioners who are appointed by the Allen Parish Police Jury. The District establishes regulations governing the park and provides administration, management, maintenance and operation of the facilities.

The accompanying basic financial statements of the Allen Parish Recreation District No. 5 of Oberlin have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

1. Financial Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Allen Parish Recreation District No. 5 of Oberlin includes all funds, account groups, et cetera, that are within the oversight responsibility of the Allen Parish Recreation District No. 5 of Oberlin.

As the governing authority, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Allen Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. These criteria include

- I. Appointing a voting majority of an organization's governing body and
 - a. The ability of the Allen Parish Police Jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Allen Parish Police Jury.
- II. Organizations for which the Allen Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Allen Parish Police Jury.
- III. Organizations for which the reporting entity's financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, Allen Parish Recreation District No. 5 of Oberlin is a component unit of the Allen Parish Police Jury's reporting entity.

2. Basis of Presentation

The accompanying basic financial statements of the Allen Parish Recreation District No. 5 of Oberlin have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana

Notes to Basic Financial Statements

December 31, 2003

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments", issued in June 1999. As a result, an entirely new financial presentation format has been implemented.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the District 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.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities and business-type activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Financial Statements (FFS)

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid managements by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are classified into one category-governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues or expenditures of the individual governmental fund is at least 10% of the corresponding total for all governmental funds. The major funds of the District are described below:

Governmental Funds:

Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies and the acquisition or construction of capital assets. Governmental funds of the district include:

- I. General Fund -- the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in another fund.
- II. Debt Service Fund -- used to account for the accumulation of resources for, and the payment of, general long-term debt

3. Measurement Focus/Basis of Accounting

The amounts reflected in the governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of District operations. Basis of accounting refers to when revenues and expenditures are recognized in the

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana

Notes to Basic Financial Statements

December 31, 2003

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The amounts reflected in the governmental funds us the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The district considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for the interest and principal payments on long-term debt which is recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

Revenues

The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Ad valorem tax revenues and interest earned on interest bearing deposits are recorded in the year in which they are earned. Based on this criteria, ad valorem tax revenues are treated as susceptible for accrual. Interest income on time deposits are recorded when the time deposits have matured and the income is available.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

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. At December 31, 2003, the District had \$28,829 in deposits (collected bank balances), all of which was secured from risk by federal deposit insurance.

5. Accounts Receivable

Accounts Receivable does not include immaterial amounts held in escrow by the Allen Parish Tax Collector. Due to the filing of protests by the pipeline owners within the parish, forty percent of the tax payments for the year 2000 made by these owners were withheld pending the outcome of the litigation. Should the outcome be in favor of the pipeline owners, this money will be returned to them. In the event the protest fails, the monies will be transferred to the taxing districts. The Allen Parish Tax Collector believes the matter will be settled for one-half of the amounts protested. Unlike the year 2000 payments held in escrow, the year 2001, 2002 and 2003 payments were made to the taxing districts in early 2002, 2003 and 2004 but may be refundable to the pipeline owners.

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana

Notes to Basic Financial Statements

December 31, 2003

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

In 2002, approximately 84% of the pipeline owners dismissed/withdrew their protest/appeals and the applicable taxes were collected from the tax collector by the district. The laws requiring the tax collector to hold in escrow the protested amounts also changed and the tax collector began remitting all taxes paid under protest to the district in 2001, 2002 and 2003. At December 31, 2003, the amount of protested taxes amounted to:

Year 2000	197	Held by the tax collector
Year 2001	217	Held by the district
Year 2002	822	Held by the district
Year 2003	<u>780</u>	Held by the district
Total protested taxes	<u>\$2,016</u>	

Due to the relative immateriality and uncertainty of the outcome, the district is not maintaining an allowance for any uncollectible taxes (held by the tax collector for the year 2000) or deferred revenues (held by the district for the years 2001, 2002, and 2003 and recorded in ad valorem tax revenues during those years) on these protested taxes.

6. Bad Debts

Uncollectible amounts due for receivables are recognized as bad debts by the direct write-off at the time information becomes available which would indicate the uncollectibility of the particular receivable. Although the specific charge-off method is not in conformity with generally accepted accounting principles (GAAP), no allowance for uncollectible accounts receivable is made due to immateriality at December 31, 2003.

7. Budget

A general fund budget is adopted on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Directors for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations at the activity level. The original budget for 2003 was not amended during the year.

8. Capital Assets

Capital assets, which include property, plant and equipment are reported in the applicable governmental activities columns in the government-wide financial statements. 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 District maintains a threshold level of \$150 or more for capitalizing capital assets.

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana

Notes to Basic Financial Statements

December 31, 2003

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

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

Recreation equipment	10-15 years
Recreation facilities	5-50 years

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.

9. Equity Classification

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – 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”.

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.

10. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District as an extension of formal budgetary integration in the funds.

11. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

12. Long-Term Debt

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements.

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana

Notes to Basic Financial Statements

December 31, 2003

NOTE B -- AD VALOREM TAXES

For the year ended December 31, 2003, taxes were levied on property with taxable assessed valuations as follows:

Assessed valuation	\$7,918,300
Millage	10.38

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

NOTE C -- CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2003 follows:

	<u>Balance 12/31/02</u>	<u>Net 2003 (Additions)</u>	<u>Balance 12/31/03</u>
Land	\$ 73,574	\$ 1,695	\$ 75,269
Recreation equipment	3,557	1,412	4,969
Recreation facilities	<u>273,176</u>	<u>-</u>	<u>273,176</u>
Total	350,307	\$ <u>3,107</u>	353,414
Less accumulated depreciation	<u>54,779</u>		<u>65,424</u>
Net capital assets	<u>\$ 295,528</u>		<u>\$ 287,990</u>

Depreciation expense for the year was \$10,645.

NOTE D -- LONG-TERM DEBT

I. Debt Outstanding

Bonds payable at December 31, 2003, is comprised of the following issue:

\$310,000 general obligation bonds dated March 15, 1996; due in annual installments of \$28,000 to \$39,000 through March 1, 2006; interest at 5.25% (this issue secured by levy and collection of ad valorem taxes).	\$ <u>113,000</u>
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The following is a summary of the long-term debt transactions during the year December 31, 2003:

	<u>Bonded Debt</u>
Long-term debt payable at 12/31/02	\$ 147,000
Additions	-
Payments	<u>34,000</u>
Long-term debt payable at 12/31/03	\$ <u>113,000</u>

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana

Notes to Basic Financial Statements

December 31, 2003

II. Debt Service Requirements to Maturity

The annual requirements to amortize all debts outstanding as of December 31, 2003, including interest payments of \$9,057 are as follows:

<u>Year Ending December 31,</u>	<u>Total</u>
2004	40,988
2005	41,045
2006	<u>40,024</u>
	<u>\$ 122,057</u>

NOTE E -- RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE F -- CHANGES IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2003, the District has implemented GASB Statement No. 34, Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The District also implemented GASB Statement No. 38, Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at December 31, 2003 to be restated in terms of "net assets" as follows:

Total fund balances -- Governmental Funds at December 31, 2002		\$ 88,698
Add: Cost of capital assets at December 31, 2002	\$ 350,307	
Less: Accumulated depreciation at December 31, 2002	<u>(54,779)</u>	295,528
Less: Long-term debt obligations at December 31, 2002	(147,000)	
Accrued interest payable at December 31, 2002	<u>(2,558)</u>	<u>(149,558)</u>
Net assets at December 31, 2002		<u>\$234,668</u>

REQUIRED SUPPLEMENTARY INFORMATION

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana

General Fund
Budgetary Comparison Schedule

Year Ended December 31, 2003

	<u>Budget</u> <u>Original</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
REVENUES			
Ad valorem taxes, net	\$ -	\$ -	\$ -
Interest	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>
 EXPENDITURES			
Current			
Advertising	300	286	14
Bank charges	400	77	323
Contract labor	13,000	5,148	7,852
Insurance	1,300	1,166	134
Professional fees	2,300	3,000	(700)
Repairs and maintenance	3,800	1,678	2,122
Supplies	1,500	15	1,485
Travel	800	-	800
Utilities	3,800	3,376	424
Capital outlay	<u>6,000</u>	<u>3,107</u>	<u>2,893</u>
TOTAL EXPENDITURES	<u>33,200</u>	<u>17,853</u>	<u>15,347</u>
 EXCESS OF REVENUES OVER EXPENDITURES	<u>(33,200)</u>	<u>(17,853)</u>	<u>15,347</u>
 OTHER FINANCING SOURCES (USES)			
Operating transfers in	<u>24,000</u>	<u>38,545</u>	<u>14,545</u>
 EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>(9,200)</u>	<u>20,692</u>	<u>29,892</u>
 FUND BALANCE - BEGINNING	<u>53,226</u>	<u>53,226</u>	<u>-</u>
 FUND BALANCE - ENDING	<u>\$ 44,026</u>	<u>\$ 73,918</u>	<u>\$ 29,892</u>

See accountant's report

ROYCE T. SCIMEMI, CPA, APAC



CERTIFIED PUBLIC ACCOUNTANT

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American Institute of
Certified Public Accountants

Member
Society of Louisiana
Certified Public Accountants

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

June 27, 2004

Board of Directors
Allen Parish Recreation District No. 5
of Oberlin
Oberlin, Louisiana

I have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Allen Parish Recreation District No. 5 of Oberlin and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Allen Parish Recreation District No. 5 of Oberlin's compliance with certain laws and regulations during the year ended December 31, 2003, included in the accompanying *Louisiana Attestation Questionnaire*. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

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

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

Code of Ethics for Public Officials and Public Employees

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

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

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

The District did not have any employees for 2003.

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

See #3

Budgeting

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

Management provided me with a copy of the budget.

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

I traced the adoption of the original budget to the minutes of a meeting held in November 26, 2003, which indicated that the budget that had been adopted unanimously.

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

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

Accounting and Reporting

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

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

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

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

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

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

The payments received proper approvals.

Meetings

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

The District is only required to post a notice of each meeting and the accompanying agenda in the recreation building, a public place. I found no evidence of non-compliance.

Debt

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

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

Advances and Bonuses

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

A reading of the minutes of the District indicated no payments for any bonuses, advances or gifts.

My prior year report, dated May 21, 2003 did not include any comments or unresolved matters.

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

This report is intended solely for the use of management of Allen Parish Recreation District No. 5 of Oberlin, Louisiana, and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Royce T. Scimemi, CPA, APAC

Royce T. Scimemi, CPA, APAC

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

5-25-04 (Date Transmitted)

Royce T. Scimemi, CPA, APAC

P. O. Box 210

Oberlin, LA 70655

(Auditors)

In connection with your compilation of our financial statements as of 12/31/03 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of 5-25-04.

Public Bid Law

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

Yes [] No []

Code of Ethics for Public Officials and Public Employees

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

Yes [] No []

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

Yes [] No []

Budgeting

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

Yes [] No []

Accounting and Reporting

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

Yes [] No []

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

Yes [] No []

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

Yes [] No []

Meetings

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

Yes [] No []

Debt

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

Yes [] No []

Advances and Bonuses

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

Yes [] No []

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

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

Spencer Ryan Secretary 5-25-04 Date

Betty Prussel Treasurer 5-25-04 Date

Jany Victorian President 5-25-04 Date

ALLEN PARISH RECREATION DISTRICT NO. 5
Oberlin, Louisiana
Schedule of Findings and Questioned Costs

Year Ended December 31, 2003

Prior Year Findings:

There were no prior year findings or questioned costs

Current Year Findings:

There were no current year findings or questioned costs.