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**LAFAYETTE PARISH BAYOU
VERMILION DISTRICT**

Lafayette, Louisiana

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 9.1.04

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INDEPENDENT AUDITORS' REPORT

The Board of Commissioners
Lafayette Parish Bayou Vermilion District
Lafayette, Louisiana

We have audited the accompanying general purpose financial statements of the Lafayette Parish Bayou Vermilion District, as of and for the year ended December 31, 2003. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Lafayette Parish Bayou Vermilion District, as of December 31, 2003, and the results of its operations and the cash flows of its proprietary fund type 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 June 14, 2004 on our consideration of the Lafayette Parish Bayou Vermilion District'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.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "Supplemental Information" in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Lafayette Parish Bayou Vermilion District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to such financial statements taken as a whole.

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The prior year comparative information has been derived from the District's 2002 financial statements in which we expressed an unqualified opinion on the general purpose financial statements of the Lafayette Parish Bayou Vermilion District.

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

Lafayette, Louisiana
June 14, 2004

**GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)**

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Combined Balance Sheet - All Fund Types and Account Groups
December 31, 2003

	Governmental Fund Types			Proprietary Fund Type Enterprise	Account Groups		Totals (Memorandum Only)
	General Fund	Debt			General Fixed Assets	General Long-Term Debt	
		Service	Capital Projects				
ASSETS							
Cash and interest-bearing deposits	\$ 296,099	\$ 44,433	\$27,802	\$ 106,039	\$ -	\$ -	\$ 474,373
Investments	-	1,905,946	-	-	-	-	1,905,946
Receivables -							
Ad valorem taxes	550,323	330,194	-	-	-	-	880,517
Accrued interest	-	-	-	-	-	-	228
Other	-	-	-	1,906	-	-	1,906
Due from other funds	28,216	-	-	14,481	-	-	42,697
Due from other governments	57,360	-	-	-	-	-	57,360
Advance from other fund	125,000	-	-	-	-	-	125,000
Prepaid expenses	-	-	-	2,168	-	-	2,168
Inventory	-	-	-	41,844	-	-	41,844
Property, plant and equipment, net	-	-	-	2,663,802	2,107,993	-	4,771,795
Amount available in debt service fund	-	-	-	-	-	1,914,811	1,914,811
Amount to be provided for retirement of general long-term liabilities	-	-	-	-	-	135,189	135,189
Total assets and other debits	\$1,056,998	\$2,280,573	\$27,802	\$2,830,240	\$2,107,993	\$2,050,000	\$10,353,606

(Continued)

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Combined Balance Sheet - All Fund Types and Account Groups (Continued)
December 31, 2003

	Governmental Fund Types			Proprietary Fund Type		Account Groups		Totals	
	General Fund	Debt Service		Capital Projects	Enterprise	General		(Memorandum Only)	
						Fixed Assets	Long-Term Debt	2003	2002
LIABILITIES AND FUND EQUITY									
Liabilities:									
Accounts payable	\$ 13,672	\$ -	\$ -	\$ -	\$ 19,853	\$ -	\$ -	\$ 33,525	\$ 6,693
Lease payable	-	-	-	-	-	-	-	-	3,573
Due to other funds	14,481	414	27,802	-	-	-	-	42,697	39,123
Accrued expenses	4,954	-	-	-	9,289	-	-	14,243	21,464
Deferred revenues	608,913	365,348	-	-	24,844	-	-	999,105	948,050
Due to other governments	-	-	-	-	4,982	100,000	-	104,982	410,950
Advance to other fund	-	-	-	-	125,000	-	-	125,000	125,000
General obligation bonds payable	-	-	-	-	-	1,950,000	-	1,950,000	2,300,000
Total liabilities	<u>642,020</u>	<u>365,762</u>	<u>27,802</u>	<u>27,802</u>	<u>183,968</u>	<u>2,050,000</u>	<u>-</u>	<u>3,269,552</u>	<u>3,854,853</u>
Equity and other credits:									
Contributed Capital	-	-	-	-	2,857,921	-	-	2,857,921	2,857,921
Investment in general fixed assets	-	-	-	-	-	2,107,993	-	2,107,993	2,056,049
Retained earnings (deficit) -	-	-	-	-	-	-	-	-	-
Restricted	-	-	-	-	-	-	-	-	11,050
Unrestricted	-	-	-	-	(211,649)	-	-	(211,649)	59,063
Total retained earnings	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(211,649)</u>	<u>-</u>	<u>-</u>	<u>(211,649)</u>	<u>70,113</u>
Fund balance -	-	-	-	-	-	-	-	-	-
Reserved for debt service	-	1,914,811	-	-	-	-	-	1,914,811	2,008,128
Unreserved:	-	-	-	-	-	-	-	-	-
Designated for capital projects	-	-	-	-	-	-	-	-	27,515
Undesignated	<u>414,978</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>414,978</u>	<u>540,645</u>
Total fund balance	<u>414,978</u>	<u>1,914,811</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,329,789</u>	<u>2,576,288</u>
Total fund equity	<u>414,978</u>	<u>1,914,811</u>	<u>-</u>	<u>-</u>	<u>2,646,272</u>	<u>2,107,993</u>	<u>-</u>	<u>7,084,054</u>	<u>7,560,371</u>
Total liabilities and fund equity	<u>\$1,056,998</u>	<u>\$2,280,573</u>	<u>\$27,802</u>	<u>\$27,802</u>	<u>\$2,830,240</u>	<u>\$2,107,993</u>	<u>\$2,050,000</u>	<u>\$10,353,606</u>	<u>\$11,415,224</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types
Year Ended December 31, 2003

	General Fund	Debt Service	Capital Projects	Totals (Memorandum Only)	
				2003	2002
Revenues:					
Ad valorem taxes	\$ 585,045	\$ 352,736	\$ -	\$ 937,781	\$ 778,785
Intergovernmental	194,472	-	-	194,472	119,725
Interest	7,060	19,888	287	27,235	52,821
Miscellaneous	15,437	321	-	15,758	12,713
Total revenues	<u>802,014</u>	<u>372,945</u>	<u>287</u>	<u>1,175,246</u>	<u>964,044</u>
Expenditures:					
Current -					
General government	503,614	13,227	-	516,841	516,784
Capital outlay	115,087	-	27,802	142,889	98,615
Debt service -					
Principal retirement	-	350,000	-	350,000	330,000
Interest and fiscal charges	-	103,035	-	103,035	117,920
Total expenditures	<u>618,701</u>	<u>466,262</u>	<u>27,802</u>	<u>1,112,765</u>	<u>1,063,319</u>
Excess (deficiency) of revenues over expenditures	<u>183,313</u>	<u>(93,317)</u>	<u>(27,515)</u>	<u>62,481</u>	<u>(99,275)</u>
Other financing uses:					
Intergovernmental debt payment	-	-	-	-	(300,000)
Operating transfers out	<u>(308,980)</u>	<u>-</u>	<u>-</u>	<u>(308,980)</u>	<u>(99,454)</u>
Total other financing uses	<u>(308,980)</u>	<u>-</u>	<u>-</u>	<u>(308,980)</u>	<u>(399,454)</u>
Excess (deficiency) of revenues over expenditures and other uses	<u>(125,667)</u>	<u>(93,317)</u>	<u>(27,515)</u>	<u>(246,499)</u>	<u>(498,729)</u>
Fund balances, beginning	<u>540,645</u>	<u>2,008,128</u>	<u>27,515</u>	<u>2,576,288</u>	<u>3,075,017</u>
Fund balances, ending	<u>\$ 414,978</u>	<u>\$1,914,811</u>	<u>\$ -</u>	<u>\$2,329,789</u>	<u>\$2,576,288</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
General Fund

Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget (GAAP Basis) and Actual
Year Ended December 31, 2003
With Comparative Totals For the Year Ended December 31, 2002

	2003		Variance - Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes	\$ 584,240	\$ 585,045	\$ 805	\$ 463,041
Intergovernmental	220,494	194,472	(26,022)	119,725
Interest	6,800	7,060	260	20,825
Miscellaneous	15,736	15,437	(299)	12,713
Total revenues	<u>827,270</u>	<u>802,014</u>	<u>(25,256)</u>	<u>616,304</u>
Expenditures:				
Current -				
General government	531,614	503,614	28,000	505,127
Capital outlay	154,060	115,087	38,973	22,756
Total expenditures	<u>685,674</u>	<u>618,701</u>	<u>66,973</u>	<u>527,883</u>
Excess (deficiency) of revenues over expenditures	141,596	183,313	41,717	88,421
Other financing uses:				
Intergovernmental debt payment	-	-	-	(300,000)
Operating transfers in	27,515	-	(27,515)	-
Operating transfers out	(356,983)	(308,980)	48,003	(99,454)
Total other financing uses	<u>(329,468)</u>	<u>(308,980)</u>	<u>20,488</u>	<u>(399,454)</u>
Excess (deficiency) of revenues over expenditures and other uses	(187,872)	(125,667)	62,205	(311,033)
Fund balances, beginning	<u>540,645</u>	<u>540,645</u>	<u>-</u>	<u>851,678</u>
Fund balances, ending	<u>\$ 352,773</u>	<u>\$ 414,978</u>	<u>\$ 62,205</u>	<u>\$ 540,645</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
Proprietary Fund Type - Enterprise Fund
Vermilionville
Statement of Revenues, Expenses, and Changes in Retained Earnings
Year Ended December 31, 2003

Operating revenues:	
Charges, fees and sales -	
Gate admission	\$ 177,272
Memberships	9,729
Restaurant and special events	459,765
Gallery	3,881
Gift shop	77,695
Miscellaneous -	
Vermilionville Living History Museum Foundation Grant	10,000
Insurance reimbursement	72,003
Other	6,332
Total operating revenues	<u>816,677</u>
Operating expenses:	
Restaurant	400,490
Gift shop	72,543
Programming	162,409
Curator	12,183
Marketing	45,419
Maintenance	268,435
General and administrative	217,782
Depreciation	181,697
Total operating expenses	<u>1,360,958</u>
Operating loss	(544,281)
Other financing sources:	
Operating transfers in	<u>308,980</u>
Net loss	(235,301)
Retained earnings, beginning	<u>23,652</u>
Retained earnings (deficit), ending	<u>\$ (211,649)</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Statement of Cash Flows
Proprietary Fund Type - Enterprise Fund
Year Ended December 31, 2003

Cash flows from operating activities:	
Operating loss	<u>\$ (544,281)</u>
Adjustments to reconcile net operating loss to net cash used by operating activities -	
Depreciation	181,697
Change in current assets and liabilities:	
Accounts receivable	4,045
Prepaid expenses	3,157
Inventory	1,353
Due from other governments	17,016
Accounts payable	19,854
Accrued expenses	5,614
Deferred revenues	<u>12,619</u>
Total adjustments	<u>245,355</u>
Net cash used by operating activities	(298,926)
Cash flows from noncapital financing activities:	
Transfers from General Fund	332,960
Cash uses from capital financing activities:	
Coussan House improvements	<u>(26,000)</u>
Net increase in cash and cash equivalents	8,034
Cash and cash equivalents, beginning of year	<u>98,005</u>
Cash and cash equivalents, end of year	<u>\$ 106,039</u>

The accompanying notes are an integral part of this statement.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements

(1) Summary of Significant Accounting Policies

The financial statements of Lafayette Parish Bayou Vermilion District (District) 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. In the proprietary fund financial statements, 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 more significant of the District's accounting policies are described below.

A. Reporting Entity

Lafayette Parish Bayou Vermilion District is a corporate body created under Chapter 32 of Title 33 of the Louisiana Revised Statutes of 1950, comprised of R.S. 33:9201 through 33:9210. The District is governed by a Board of Commissioners composed of nine members. Two members are appointed by the chief executive officers of the incorporated municipalities of Lafayette Parish other than the City of Lafayette; two members are appointed by the chief executive officer of the Lafayette Consolidated Government; and five members, one of whom shall be a black citizen, shall be appointed by the governing authority of the City of Lafayette; one member shall be appointed by the chief executive officer of Lafayette Parish; and two members shall be appointed by the governing authority of the Lafayette Consolidated Government.

The District's purpose is that of improving the water quality and the aesthetics of the Bayou Vermilion within the Parish of Lafayette in an effort to promote the bayou as a recreational and cultural asset, to create and control a new type of viable economic development adjacent to Bayou Vermilion so as to provide a diversified economic base for the City and Parish of Lafayette, and to do any and all other acts which would enhance the general condition of Bayou Vermilion.

The financial reporting entity consists of (a) the primary government (the "District"), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the 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 (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Lafayette Parish Bayou Vermilion District 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. This criteria includes:

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the District 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 District.
2. Organizations for which the District does not appoint a voting majority but are fiscally dependent on the District.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

The District has determined that there are no component units to be included in these financial statements and therefore these financial statements present only the primary government.

B. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

The various funds are grouped, in the financial statements in this report, into four generic fund types and two broad fund categories as follows:

Governmental Funds -

General Fund

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

Debt Service Fund

The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

Capital Projects Fund

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by the proprietary 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) 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 enterprise fund included in the financial statements is Vermilionville.

Vermilionville began operations on April 1, 1990. Vermilionville operates as a commemorative museum of living history which preserves and re-creates the elements of folk life of the cultures who settled the Attakapas area of South Louisiana between 1765 and 1890. Services are financed by user charges, membership fees, and sales of food, beverages and souvenirs.

Prior to December 31, 1992, the District was operating Vermilionville. Effective January 1, 1993, the District entered into an agreement with Vermilionville Living History Museum Foundation, Inc. to operate, manage, plan and administer Vermilionville for one year which could be extended by written mutual consent. The agreement was extended to January 31, 1994. From February 1, 1994 to June 30, 1994 the District operated Vermilionville. The District re-entered into an agreement with the Foundation to operate Vermilionville effective July 1, 1994. This agreement was terminated on September 30, 2002. Effective October 1, 2002, the District began managing and operating Vermilionville.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers property taxes as available in the year following the assessment when the majority of the taxes are actually collected. Other major revenues susceptible to accrual are earned grant revenues, other intergovernmental revenues and interest revenue. The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District prior to the incurring qualified expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year.

The proprietary fund is accounted for using the accrual basis of accounting whereby revenues are generally recognized when they are earned and expenses are recognized when incurred. Membership income is recorded as revenue in the period received since the obligation to provide member services at a future cost is not evident.

D. Budgets

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriated budgets are adopted for the general fund. The budgeted financial statements represented in this report reflect the final budget authorization, including all amendments. During the year ended December 31, 2003, no significant budgetary amendments were approved by the District. All annual appropriations lapse at fiscal year end.

E. Encumbrances

Encumbrance accounting, under which purchase orders 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. However, outstanding purchase orders are taken into consideration before expenditures are incurred in order to assure that applicable appropriations are not exceeded.

F. Cash and Interest-bearing Deposits

Cash and interest-bearing deposits consist of amounts in demand deposit accounts and time deposits.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

G. Investments

The District can invest in direct debt securities of the United States unless such an investment is expressly prohibited by law. The District's investments are categorized to give an indication of the level of risk assumed by it at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments with securities held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments with securities held by the counterparty, or by its trust department or agent, but not in the District's name. All of the District's investments are classified as Category 1.

In accordance with GASB No. 31, investments meeting the criteria specified in the statement are stated at fair value based on quoted market prices. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

H. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

I. Statement of Cash Flows

For purposes of the statement of cash flows, the Proprietary Fund considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

J. Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

Activity between funds that are representative of lending/borrowing arrangements usually for working capital purposes with the expectation of repayment but not expected to be repaid within one year are referred to as advances to / from other funds.

K. Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2003 are recorded as prepaid expenses.

L. Inventories

Inventories of the proprietary fund are valued at the lower of cost or market. Inventory consists of gift shop merchandise and restaurant food and beverages.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

M. Fixed Assets

General Fixed Asset Account Group

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

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

Assets in the general fixed assets account group are not depreciated.

Proprietary Fund Types

Property, plant and equipment purchased by the Enterprise Fund are recorded at cost or, if contributed property, at their fair market value at the time of contribution. Repairs and maintenance are recorded as an expense.

Assets capitalized have an original cost of \$5,000 or more and over six years of life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	15-30 Years
Site Improvements	15-20 Years
Equipment	5-10 Years
Furniture and Fixtures	7 Years

N. Capitalization of Interest Expense

It is the policy of the District to capitalize material amounts of interest resulting from borrowings in the course of the construction of fixed assets. At December 31, 2003, no interest was capitalized.

O. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No liability is recorded for nonvesting accumulating rights to receive sick pay benefits.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

The employees of the District earn annual leave in an amount of 8 hours per month. Annual leave may be carried forward provided the amount carried forward does not exceed an employee's annual earning rate at that time. Unused annual leave (in excess of what can be carried forward) is credited to the employee's sick leave balance. Upon termination, employees are paid for all accumulated annual leave.

Sick leave is credited to the employees at the rate of 8 hours per month. All unused sick leave is carried forward from year to year. Upon retirement or separation, employees are paid at their regular rate for any sick leave hours credited in excess of 960 hours.

The amount of annual leave payable from future resources is considered immaterial at December 31, 2003 and is not reflected in the financial statements.

P. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Q. Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds.

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources.

R. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

S. Memorandum Only - Total Columns

Total columns on the financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

T. Comparative Data

Comparative data for the prior period have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in each of the statements because their inclusion would make the statements unduly complex and difficult to understand.

U. Use of Estimates

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

(2) Legal Compliance - Budgets

A modified accrual basis budget for the General Fund is formally adopted by the District prior to the beginning of the fiscal year. After its adoption, adjustments to the budget for transfers between funds and/or functions, changes in the capital budget, or for appropriation of unobligated funds must be approved by the Board. All appropriations for expenditures lapse at year end. Budgeted amounts are as originally adopted, or as amended by the Board of Commissioners. 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 by the Executive Director to the Board of Commissioners for review. The Board holds public hearings 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 as available by the Executive Director or the estimates must be changed by an affirmative vote of a majority of the Board.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

(3) Cash and Interest-bearing Deposits

Under state law, the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, the laws of any other state in the Union, or the laws of the United States. The District may invest in certificates and time deposits of state banks organized under Louisiana law and national banks having principal offices in Louisiana. At December 31, 2003, the District has cash and interest-bearing deposits (book balances) totaling \$474,373.

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 December 31, 2003, are secured as follows:

Bank balances	<u>\$ 536,701</u>
Federal deposit insurance	100,000
Pledged securities (Category 3)	<u>436,701</u>
Total federal insurance and pledged securities	<u>\$ 536,701</u>

Pledged securities in Category 3 includes 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 District'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 District that the fiscal agent has failed to pay deposited funds upon demand.

(4) Investments

State statutes authorize the District's investments. The District is authorized to invest in U.S. Government obligations collateralized by mortgage obligations directly issued by a federal agency or instrumentality of the United States.

All securities at December 31, 2003 were held by the District's agent in the District's name (Category 1).

The District's investments consisted of the following:

<u>Description</u>	<u>Maturity Date</u>	<u>Par Value</u>	<u>Cost</u>	<u>Carrying Value</u>
FHLB Note	2/26/2004	<u>\$1,909,000</u>	<u>\$ 1,900,028</u>	<u>\$ 1,905,946</u>

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

(5) Ad Valorem Taxes

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. During the current fiscal year, taxes were levied by the District in October and were billed to the taxpayers by the Lafayette Parish Sheriff in November. Billed taxes are due by December 31, becoming delinquent on January 1 of the following year.

Taxes are budgeted and the revenue recognized in the year following the assessment, when the majority of the taxes are actually collected.

The taxes are based on assessed values determined by the Tax Assessor of Lafayette Parish and are collected by the Lafayette Parish Sheriff. The taxes are remitted to Lafayette Parish Bayou Vermilion District net of deductions for Pension Fund contributions.

For the year ended December 31, 2003, taxes were dedicated as follows:

General maintenance	.75 mills
Debt service	.45 mills

(6) Interfund Receivables/Payables

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
General Fund	\$ 28,216	\$ 14,481
Debt Service Fund	-	414
Capital Projects Fund	-	27,802
Enterprise Fund	14,481	-
Total	<u>\$ 42,697</u>	<u>\$ 42,697</u>

(7) Changes in General Fixed Assets

The following is a summary of changes in the general fixed asset account group during the year:

	<u>Balance 12/31/02</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2003</u>
Land	\$ 90,000	\$ -	\$ -	\$ 90,000
Buildings	192,667	-	-	192,667
Site improvements	1,523,768	-	-	1,523,768
Equipment	249,614	51,944	-	301,558
	<u>\$2,056,049</u>	<u>\$51,944</u>	<u>\$ -</u>	<u>\$2,107,993</u>

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

A summary of Proprietary Fund property plant and equipment at December 31, 2003 follows:

	<u>Enterprise Fund</u>
Buildings	\$3,405,063
Site improvements	1,499,523
Equipment	308,419
Furniture and fixtures	93,120
Artifacts	<u>182,729</u>
	5,488,854
Less: Accumulated depreciation	<u>(2,825,052)</u>
Property, plant and equipment, net	<u>\$2,663,802</u>

(8) Changes in Long-Term Debt

The following is a summary of general long-term transactions of the District for the year ended December 31, 2003:

	<u>Balance 12/31/2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2003</u>
Intergovernmental agreements payable	\$ 100,000	\$ -	\$ -	\$ 100,000
General obligation bonds	<u>2,300,000</u>	<u>-</u>	<u>350,000</u>	<u>1,950,000</u>
	<u>\$2,400,000</u>	<u>\$ -</u>	<u>\$350,000</u>	<u>\$2,050,000</u>

A. Intergovernmental Agreements Payable

The Lafayette Parish Bayou Vermilion District entered into agreements with the City of Lafayette in 1992 and the Parish of Lafayette in 1991 in order to obtain funds for the public purpose of assisting the District in meeting the working capital needs of Vermilionville. In 1997, the City of Lafayette and Lafayette Parish consolidated. Per agreement with the Lafayette City-Parish Consolidated Government, Lafayette Parish Bayou Vermilion District will pay \$300,000 to the Consolidated Government in 2003 and \$100,000 in 2004. As of December 31, 2003, the District is obligated to the Lafayette City-Parish Consolidated Government for \$100,000.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

B. General Obligation Bonds

Lafayette Parish Bayou Vermilion District issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. These bonds are direct obligations and pledge the full faith and credit of Lafayette Parish Bayou Vermilion District.

In accordance with propositions approved by the voters of Lafayette Parish on November 4, 1986, Lafayette Parish Bayou Vermilion District has the authority to issue general obligation bonds in the amount of \$6,200,000 to run twenty years from date thereof, at rates not exceeding 12 percent per annum, for the purpose of constructing, acquiring and/or improving any work of public improvement included in the master plan in existence at the time of such expenditure which will be payable from ad valorem tax revenues.

Of the \$6,200,000 approved, bonds totaling \$2,950,000 and \$3,250,000 were issued on September 1, 1987 and March 1, 1989, respectively.

On January 11, 1996, \$3,350,000 of General Obligation Refunding Bonds, Series 1997 were issued to partially refund General Obligation Bonds dated September 1, 1987 and March 1, 1989.

General obligation bonds outstanding at December 31, 2003 is comprised of the following individual issue:

General Obligation Refunding Bonds, dated January 11, 1996, due in annual installments of \$165,000 to \$435,000 through March 1, 2009; interest at 4.65 to 5.15 percent; secured by levy and collection of ad valorem taxes. \$1,950,000

The annual debt service requirements to maturity of bonds outstanding at December 31, 2003, are as follows:

<u>Year Ending December 31,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2004	\$ 370,000	\$ 86,132	\$ 456,132
2005	390,000	68,268	458,268
2006	415,000	48,940	463,940
2007	435,000	28,111	463,111
2008	165,000	13,179	178,179
2009	175,000	4,506	179,506
	<u>\$ 1,950,000</u>	<u>\$ 249,136</u>	<u>\$ 2,199,136</u>

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

(9) Lease and Intergovernmental Agreements

- A. The District entered into a lease agreement with the City of Lafayette, the Parish of Lafayette, and the Lafayette Airport Commission for Beaver Park property for the construction and operation of the Vermilionville Project. The lease commenced on August 17, 1987 with monthly payments of \$100 due on the first day of each month. The lease shall extend for a time period of seventy-one years. Property lease expenditure in the amount of \$1,200 is included in the General Fund's statement of revenues and expenditures for the year ended December 31, 2003.
- B. The District entered into an intergovernmental agreement with the State of Louisiana Department of Transportation and Development on August 4, 1987 to use the land and airspace of the Interstate Route I-10 over the Vermilion River between Louisiana Avenue and Calais Road for the purpose of constructing, operating, and maintaining a public boat launch.
- C. Lafayette Parish Bayou Vermilion District and Lafayette Airport Commission entered into an agreement on April 5, 1991 for the Beaver Park property for a period of 20 years with monthly lease payments of \$550 on the first day of the month following the opening of the Vermilionville Project. Land rent expense in the amount of \$6,600 is included in the Enterprise Fund's statement of revenues and expenses for the year ended December 31, 2003.

(10) Board Members Compensation

No per diem or other compensation was paid to the members of Lafayette Parish Bayou Vermilion District for the year ended December 31, 2003.

(11) Retirement Commitments

All employees of the Lafayette Parish Bayou Vermilion District are members of the Social Security System. The District and its employees contribute a percentage of each employee's salary to the System (7.65 percent contributed by the District; 7.65 percent by the employee). The District's contribution during the year ended December 31, 2003 amounted to \$47,498.

(12) Deficit Retained Earnings

The deficit retained earnings in the Enterprise Fund is expected to be funded from an increase in future revenues and/or a reduction of operating expenses.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Notes to Financial Statements (Continued)

(13) Risk Management

The District is exposed to risks of loss in the areas of health care, general and auto liability, property hazards and workers' compensation. All of these risks are handled by purchasing commercial insurance coverage. There have been no significant reductions in the insurance coverage during the year. Insurance settlements have not exceeded insurance coverage the past three years.

(14) Subsequent Event

The outstanding General Obligation Refunding Bonds were redeemed in April 2004.

(15) New Reporting Standards

In June 1999, the GASB issued statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This standard established new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The District is required to implement this standard for the year ended December 31, 2004. This District has not yet determined the full impact that the adoption of GASB statement No. 34 will have on the financial statements.

SUPPLEMENTAL INFORMATION

FINANCIAL STATEMENTS OF INDIVIDUAL FUNDS

AND

ACCOUNT GROUPS

GENERAL FUND

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

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
General Fund

Comparative Balance Sheet
December 31, 2003 and 2002

	2003	2002
ASSETS		
Cash and interest-bearing deposits	\$ 296,099	\$ 312,250
Investments	-	545,455
Receivables:		
Ad valorem taxes	550,323	477,845
Due from other funds	28,216	662
Due from other governments	57,360	7,511
Advance from other fund	125,000	125,000
Total assets	\$ 1,056,998	\$ 1,468,723
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ 13,672	\$ 6,133
Due to other funds	14,481	38,461
Accrued payroll liabilities	4,954	5,057.00
Deferred ad valorem tax revenue	608,913	578,427
Due to other governments	-	300,000
Total liabilities	642,020	928,078
Fund Balance:		
Unreserved, undesignated	414,978	540,645
Total liabilities and fund balance	\$ 1,056,998	\$ 1,468,723

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
General Fund

Schedule of Revenues
Budget (GAAP Basis) and Actual
Year Ended December 31, 2003
With Comparative Totals For the Year Ended December 31, 2002

	2003		Variance - Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
Revenues:				
Ad valorem taxes	<u>\$584,240</u>	<u>\$585,045</u>	<u>\$ 805</u>	<u>\$463,041</u>
Intergovernmental -				
State revenue sharing	40,000	39,726	(274)	37,606
Federal	<u>180,494</u>	<u>154,746</u>	<u>(25,748)</u>	<u>82,119</u>
Total intergovernmental	<u>220,494</u>	<u>194,472</u>	<u>(26,022)</u>	<u>119,725</u>
Interest income	6,800	7,060	260	20,825
Miscellaneous -				
Interest on ad valorem taxes	972	972	-	1,124
Insurance proceeds	7,404	7,055	(349)	10,688
Other	<u>7,360</u>	<u>7,410</u>	<u>50</u>	<u>901</u>
Total miscellaneous	<u>15,736</u>	<u>15,437</u>	<u>(299)</u>	<u>12,713</u>
Total revenues	<u>\$827,270</u>	<u>\$802,014</u>	<u>\$ (25,256)</u>	<u>\$616,304</u>

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
General Fund

Schedule of Expenditures
Budget (GAAP Basis) and Actual
Year Ended December 31, 2003
With Comparative Totals For the Year Ended December 31, 2002

	2003		Variance - Favorable (Unfavorable)	2002 Actual
	Budget	Actual		
Expenditures:				
Current -				
General government:				
Salaries	\$ 227,754	\$ 221,078	\$ 6,676	\$ 204,956
Fringe benefits	42,506	42,820	(314)	37,313
Insurance	48,724	49,443	(719)	44,266
Dues and subscriptions	1,000	336	664	1,381
Public notices	3,300	3,382	(82)	997
Office supplies and equipment	13,901	11,744	2,157	10,354
Postage	3,911	937	2,974	654
Community relations	20,980	19,136	1,844	5,634
Seminars	2,700	1,153	1,547	1,422
Professional fees	26,427	16,043	10,384	10,726
Pension deduction	21,580	21,579	1	17,048
Tax election costs	10,000	11,279	(1,279)	97
Boat fuel and maintenance	15,601	15,571	30	13,967
Auto	2,450	1,853	597	1,781
Utilities	7,000	6,432	568	6,396
Telephone	7,850	7,807	43	7,885
Advertising	14,135	16,915	(2,780)	15,752
Property and equipment maintenance	44,548	39,126	5,422	52,599
River gage maintenance	10,000	9,950	50	7,350
Insurance repairs	-	-	-	49,498
Bank charges	3,000	2,878	122	2,329
Vermilionville property lease	1,200	1,200	-	7,800
Travel and training	1,454	1,418	36	3,274
Uniforms	1,239	1,239	-	812
River projects	110	102	8	810
Miscellaneous	244	193	51	26
Total general government	<u>531,614</u>	<u>503,614</u>	<u>28,000</u>	<u>505,127</u>
Capital outlay -				
DEQ grant - pastureland	140,000	100,261	39,739	-
Equipment	14,060	14,826	(766)	22,756
Total capital outlay	<u>154,060</u>	<u>115,087</u>	<u>38,973</u>	<u>22,756</u>
Total expenditures	<u>\$ 685,674</u>	<u>\$ 618,701</u>	<u>\$ 66,973</u>	<u>\$ 527,883</u>

DEBT SERVICE FUND

1996 General Obligation Refunding Bonds

To accumulate monies for repayment of \$3,530,000 Series 1996 Refunding Bonds. These bonds are financed by dedicated property tax levies.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
Debt Service Fund
1996 General Obligation Refunding Bonds

Comparative Balance Sheet
December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
ASSETS		
Cash and interest-bearing deposits	\$ 44,433	\$ 102,693
Investments	1,905,946	1,966,493
Receivables:		
Ad valorem taxes	<u>330,194</u>	<u>286,676</u>
Total assets	<u>\$2,280,573</u>	<u>\$2,355,862</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Accounts payable	\$ -	\$ 560
Due to other funds	414	176
Deferred ad valorem tax revenue	<u>365,348</u>	<u>346,998</u>
Total liabilities	365,762	347,734
Fund Balance:		
Reserved for debt retirement	<u>1,914,811</u>	<u>2,008,128</u>
Total liabilities and fund balance	<u>\$2,280,573</u>	<u>\$2,355,862</u>

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
Debt Service Fund
1996 General Obligation Refunding Bonds

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Revenues:		
Ad valorem taxes	\$ 352,736	\$ 315,744
Interest income	19,888	28,945
Miscellaneous -		
Interest on ad valorem taxes	321	813
Total revenues	<u>372,945</u>	<u>345,502</u>
Expenditures:		
Current -		
General government:		
Professional fees	-	36
Tax collection costs	285	-
Pension expense	12,942	11,621
Total general government	<u>13,227</u>	<u>11,657</u>
Debt Service -		
Principal	350,000	330,000
Interest and fiscal charges	103,035	117,920
Total debt service	<u>453,035</u>	<u>447,920</u>
Total expenditures	<u>466,262</u>	<u>459,577</u>
Deficiency of revenues over expenditures	(93,317)	(114,075)
Fund balances, beginning	<u>2,008,128</u>	<u>2,122,203</u>
Fund balances, ending	<u>\$1,914,811</u>	<u>\$2,008,128</u>

CAPITAL PROJECTS FUND

The capital projects fund is used to account for the acquisition and construction of major capital facilities and equipment.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
Capital Projects Fund

Comparative Balance Sheet
December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
ASSETS		
Cash and interest-bearing deposits	<u>\$27,802</u>	<u>\$ 28,001</u>
LIABILITIES AND FUND BALANCE		
Liabilities:		
Due to other funds	\$27,802	\$ 486
Fund Balance:		
Designated for capital projects	<u>-</u>	<u>27,515</u>
Total liabilities and fund balance	<u>\$27,802</u>	<u>\$ 28,001</u>

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
Capital Projects Fund

Comparative Statement of Revenues, Expenditures, and Changes in Fund Balance
Years Ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Revenues:		
Interest income	\$ 287	\$ 2,238
Expenditures:		
Capital -		
Purchase of equipment	<u>27,802</u>	<u>75,859</u>
Deficiency of revenues over expenditures	(27,515)	(73,621)
Fund balances, beginning	<u>27,515</u>	<u>101,136</u>
Fund balances, ending	<u>\$ -</u>	<u>\$ 27,515</u>

ENTERPRISE FUND

VERMILIONVILLE

To account for the operations of a commemorative museum of living history which preserves and re-creates the elements of folklife of the cultures who settled the Attakapas area of South Louisiana between 1765 and 1890. Services are financed by user charges, membership fees, and sales of food, beverages and souvenirs.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
Enterprise Fund
Vermilionville

Comparative Balance Sheet
December 31, 2003 and 2002

	2003	2002
ASSETS		
Current assets:		
Cash and interest-bearing deposits	\$ 106,039	\$ 98,005
Accounts receivable	1,906	5,951
Due from other funds	14,481	38,461
Due from other governments	-	12,034
Prepaid expenses	2,168	5,325
Inventory	41,844	43,197
Total current assets	166,438	202,973
Noncurrent assets:		
Buildings	3,405,063	3,379,064
Equipment	308,419	308,419
Furniture and fixtures	93,120	93,120
Leasehold improvements	1,499,523	1,499,523
Artifacts	182,729	182,729
Accumulated depreciation	(2,825,052)	(2,643,355)
Total restricted assets	2,663,802	2,819,500
Total assets	\$2,830,240	\$3,022,473
LIABILITIES AND RETAINED EARNINGS		
Current liabilities:		
Accounts payable	\$ 19,853	\$ -
Accrued liabilities	9,289	3,675
Deferred revenues	24,844	12,225
Due to other governments	4,982	-
Total current liabilities	58,968	15,900
Advance to other fund	125,000	125,000
Total liabilities	183,968	140,900
Equity and other credits:		
Contributed capital	2,857,921	2,857,921
Retained earnings (deficit):		
Unreserved	(211,649)	23,652
Total equity and other credits	2,646,272	2,881,573
Total liabilities and retained earnings	\$2,705,240	\$3,022,473

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
Proprietary Fund Type - Enterprise Fund
Vermilionville
Comparative Statement of Revenues, Expenses, and Changes in Retained Earnings
Years ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Operating revenues:		
Charges, fees and sales -		
Gate admission	\$ 177,272	\$ 176,050
Memberships	9,729	10,412
Restaurant and special events	459,765	572,772
Gallery	3,881	-
Gift shop	77,695	74,503
Miscellaneous -		
Vermilionville Living History Museum Foundation Grant	10,000	-
Insurance reimbursement	72,003	-
Other	6,332	28,785
Total operating revenues	<u>816,677</u>	<u>862,522</u>
 Operating expenses:		
Restaurant	400,490	391,719
Gift shop	72,543	85,925
Programming	162,409	181,747
Curator	12,183	3,007
Marketing	45,419	41,718
Maintenance	268,435	94,876
General and Administrative	217,782	217,316
Depreciation	181,697	47,954
Total operating expenses	<u>1,360,958</u>	<u>1,064,262</u>
 Operating loss	(544,281)	(201,740)
 Other financing sources:		
Operating transfers in	<u>308,980</u>	<u>99,454</u>
 Net loss	(235,301)	(102,286)
 Retained earnings, beginning	<u>23,652</u>	<u>125,938</u>
 Retained earnings (deficit), ending	<u>\$ (211,649)</u>	<u>\$ 23,652</u>

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
Enterprise Fund
Vermilionville

Comparative Schedule of Operating Expenses by Department
Years ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Restaurant -	\$ 119,827	\$ 138,491
Salaries	9,272	12,603
Payroll taxes	11,927	-
Group health insurance	5,545	3,886
Workmen's compensation	12,327	15,192
Direct operating	11,041	4,680
Outside services	2,152	2,108
Marketing	2,294	250
Licenses and permits	2,466	4,443
Equipment rental	16,931	28,963
Supplies	5,280	5,336
Trash removal	3,097	-
Bank charges	198,331	175,767
Cost of goods sold	<u>400,490</u>	<u>391,719</u>
Total restaurant		
 Gift shop -	 23,713	 29,848
Salaries	1,438	2,925
Payroll taxes	975	513
Workmen's compensation	398	658
Direct operating	960	179
Outside services	100	-
Marketing	1,369	756
Supplies	892	852
Freight	782	-
Bank charges	41,916	50,194
Cost of goods sold	<u>72,543</u>	<u>85,925</u>
Total gift shop		
 Programming -	 96,394	 112,457
Salaries	8,251	8,171
Payroll taxes	3,789	-
Group health insurance	4,917	2,862
Workmen's compensation	1,302	2,966
Direct operating	5,532	-
Outside services	1,009	1,565
Licenses and permits	33,671	50,065
Performers	433	400
Costuming	3,202	3,261
Material and supplies	3,909	-
Bank charges	<u>162,409</u>	<u>181,747</u>
Total programming		

(continued)

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
Enterprise Fund
Vermilionville

Comparative Schedule of Operating Expenses by Department (Continued)
Years ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
Curator -		
Salaries	\$ 1,670	\$ 1,738
Grant expense	10,000	-
Direct operating	<u>513</u>	<u>1,269</u>
Total curator	<u>12,183</u>	<u>3,007</u>
Marketing -		
Salaries	22,890	18,479
Payroll taxes	1,751	1,750
Group health insurance	4,060	-
Workmen's compensation	869	87
Direct operating expenses	1,785	1,000
Advertising and promotions	10,983	17,596
Postage and printing	2,229	2,013
Public relations	99	35
Photo expense	54	238
Trade shows	244	100
Website	<u>455</u>	<u>420</u>
Total marketing	<u>45,419</u>	<u>41,718</u>
Maintenance -		
Salaries	51,288	57,402
Payroll taxes	3,897	5,124
Group health insurance	8,427	-
Workmen's compensation	2,626	1,611
Direct operating	3,332	3,390
Outside services	602	840
Equipment	3,059	709
Ground maintenance	2,028	11,541
Inspection fees	2,033	1,278
Electrical supplies	2,378	2,250
Pest control	11,380	5,391
Repairs	174,781	3,289
Cleaning supplies	148	136
Miscellaneous	<u>2,456</u>	<u>1,915</u>
Total maintenance	<u>268,435</u>	<u>94,876</u>

(continued)

LAFAYETTE PARISH BAYOU VERMILION DISTRICT
Enterprise Fund
Vermilionville

Comparative Schedule of Operating Expenses by Department (Continued)
Years ended December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
General and administrative -		
Salaries	\$ 73,671	\$ 78,190
Payroll taxes	6,740	8,954
Group health insurance	11,022	-
Workmen's compensation	3,135	1,217
Direct operating	806	1,599
Contract labor	172	88
Insurance	37,179	24,476
Professional fees	1,639	25,405
Equipment rental	1,684	1,117
Office equipment repair	873	1,377
Postage	2,640	4,022
Land rent	6,600	-
Credit card fees	-	9,287
Staff development	167	300
Office supplies	9,549	7,184
Telephone	7,718	7,839
Travel	1,028	933
Utilities	52,801	44,782
Miscellaneous	358	546
Total general and administrative	<u>217,782</u>	<u>217,316</u>
 Depreciation	 <u>181,697</u>	 <u>47,954</u>
 Total operating expenses	 <u>\$1,360,958</u>	 <u>\$1,064,262</u>

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Statement of Cash Flows
 Proprietary Fund Type - Enterprise Fund
 Year Ended December 31, 2003

Cash flows from operating activities:	
Operating loss	<u>\$ (544,281)</u>
Adjustments to reconcile net operating loss to net cash used by operating activities -	
Depreciation	181,697
Change in current assets and liabilities:	
Accounts receivable	4,045
Prepaid expenses	3,157
Inventory	1,353
Due from other governments	17,016
Accounts payable	19,854
Accrued expenses	5,614
Deferred revenues	<u>12,619</u>
Total adjustments	<u>245,355</u>
Net cash used by operating activities	(298,926)
Cash flows from noncapital financing activities:	
Transfers from General Fund	332,960
Cash uses from capital financing activities:	
Coussan House improvements	<u>(26,000)</u>
Net increase in cash and cash equivalents	8,034
Cash and cash equivalents, beginning of year	<u>98,005</u>
Cash and cash equivalents, end of year	<u>\$ 106,039</u>

GENERAL FIXED ASSETS ACCOUNT GROUP

To account for fixed assets not used in proprietary fund operations.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Comparative Statement of General Fixed Assets
December 31, 2003 and 2002

	<u>2003</u>	<u>2002</u>
General fixed assets, at cost:		
Land	\$ 90,000	\$ 90,000
Buildings	192,667	192,667
Site improvements	1,523,768	1,523,768
Equipment	<u>301,558</u>	<u>249,614</u>
Total general fixed assets	<u>\$2,107,993</u>	<u>\$2,056,049</u>

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Statement of Changes in General Fixed Assets
Year Ended December 31, 2003

	<u>Balances</u> <u>12/31/2002</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balances</u> <u>12/31/2003</u>
General fixed assets:				
Land	\$ 90,000	\$ -	\$ -	\$ 90,000
Buildings	192,667	-	-	192,667
Site improvements	1,523,768	-	-	1,523,768
Equipment	<u>249,614</u>	<u>51,944</u>	-	<u>301,558</u>
Total general fixed assets	<u>\$2,056,049</u>	<u>\$51,944</u>	<u>\$ -</u>	<u>\$2,107,993</u>

GENERAL LONG-TERM DEBT ACCOUNT GROUP

To account for unmatured principal amount on general long-term debt expected to be financed from governmental type funds. Payment of maturing obligations, including interest, are accounted for in the debt service funds.

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Statement of General Long-Term Debt
 December 31, 2003
 With Comparative Totals for December 31, 2002

	Intergovernmental Agreement Payable	Refunded General Obligation Bonds 1996	Totals
	<u>2003</u>	<u>2003</u>	<u>2002</u>
AMOUNT AVAILABLE AND TO BE PROVIDED FOR THE RETIREMENT OF GENERAL LONG-TERM DEBT			
Amount available in debt service funds for debt retirement	\$ -	\$1,914,811	\$2,008,128
Amount to be provided for retirement of general long-term debt from:			
Ad valorem taxes	<u>100,000</u>	<u>35,189</u>	<u>391,872</u>
Total amount available and amount to be provided for retirement of general long-term debt	<u>\$100,000</u>	<u>\$1,950,000</u>	<u>\$2,400,000</u>
GENERAL LONG-TERM DEBT PAYABLE			
Intergovernmental agreements payable	\$100,000	\$ -	\$ 100,000
Bonds payable:			
Due within one year	-	370,000	350,000
Due after one year	<u>-</u>	<u>1,580,000</u>	<u>1,950,000</u>
Total general long-term debt payable	<u>\$100,000</u>	<u>\$1,950,000</u>	<u>\$2,400,000</u>

COMPLIANCE, INTERNAL CONTROL

AND

OTHER INFORMATION

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

The Board of Commissioners
Lafayette Parish Bayou Vermilion District
Lafayette, Louisiana

We have audited the general purpose financial statements of Lafayette Parish Bayou Vermilion District as of and for the year ended December 31, 2003 and have issued our report thereon dated June 14, 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 Lafayette Parish Bayou Vermilion District's 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 Lafayette Parish Bayou Vermilion District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements. The reportable condition is described in the accompanying schedule of current and prior year audit findings and corrective action plan as reference number 2001-1.

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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 general purpose 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 and use of the management, Board of Commissioners, and Legislative Auditor and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited. Also, 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
June 14, 2004

OTHER SUPPLEMENTAL INFORMATION

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan
Year Ended December 31, 2003

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
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CURRENT YEAR (12/31/03) --

Compliance:

There are no findings required to be reported under Government Auditing Standards.

Internal Control:

2001-1

Segregation of Duties

Due to the size of the District, an adequate segregation of duties does not exist in the administrative office. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the District may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.

No

The District believes that the cost to hire additional accounting personnel to segregate certain accounting functions is not cost beneficial based upon the size of the District's operations.

Kerry Collins,
Executive Director

N/A

PRIOR YEAR (12/31/2002) --

Compliance:

2002-1

Prohibited Uses of Public Property

District property was loaned to employees and the public, which is a violation of The Louisiana Constitution, Article VII, Section 14. Chain saws, an utility trailer, and tools were loaned and/or used by employees and others.

Yes

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended December 31, 2003

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
PRIOR YEAR (12/31/2002) --						
<u>Internal Control:</u>						
2001-1	2001	<u>Segregation of Duties</u> Due to the size of the District, an adequate segregation of duties does not exist in the administrative office. A system of internal control procedures contemplates a segregation of duties so that no one individual handles a transaction from its inception to its completion. While we recognize that the District may not be large enough to permit an adequate segregation of duties for an effective system of internal control procedures, it is important that you be aware of this condition.	No			
2002-2	2002	<u>Preparing and Approving Timesheets</u> Several timesheets were not signed by the employee and/or supervisor. Also it was noted that several timesheets had various changes and there is no indication whether such changes were acknowledged by the employee and approved by the supervisor.	Yes			
2002-3	2002	<u>Allocating Payroll to DEQ Grant</u> The total payroll cost allocated to the DEQ Grant appeared unreasonable in relation to the total payroll cost for all District employees. We estimated that payroll cost was allocated incorrectly in the amount of \$22,594 on the DEQ quarterly reports submitted through December 31, 2002.	Yes			

LAFAYETTE PARISH BAYOU VERMILION DISTRICT

Schedule of Current and Prior Year Audit Findings
and Corrective Action Plan (Continued)
Year Ended December 31, 2003

Reference Number	Fiscal Year Finding Initially Occurred	Description of Finding	Corrective Action Taken	Corrective Action Planned	Name of Contact Person	Anticipated Completion Date
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PRIOR YEAR (12/31/2002) --

Management Letter

2002	<u>Cooperative Agreements</u>	To make certain that the District is in compliance with Louisiana Constitution, Article 7, Sections 14(A) and 14(C), the District must enter into a cooperative endeavor agreement when engaging in a transaction with any public or private association, corporation, or individual.	Yes			
2002	<u>Executive Session</u>	Each commissioner should review LSA-R.S. 42:6, the revised statute for executive sessions to make certain that all executive sessions held are in compliance with the provisions of the statute.	Yes			