

RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH

REPORT ON AUDIT OF
COMPONENT UNIT FINANCIAL STATEMENTS

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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May 14, 2004

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Recreation District No. 3 of the
Parish of Livingston, State of Louisiana

We have audited the accompanying basic financial statements of the Recreation District No. 3 of the Parish of Livingston, State of Louisiana, "the District" (a component unit of the Livingston Parish Council), as of and for the year ended December 31, 2003, as listed in the table of contents. These financial statements are the responsibility of the District. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described in Note 1 to the basic financial statements, the Recreation District No. 3 of the Parish of Livingston adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments; and Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of January 1, 2003. This results in a change in the format and content of the basic financial statements.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Recreation District No. 3 of the Parish of Livingston, State of Louisiana as of December 31, 2003, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Recreation District No. 3 of the
Parish of Livingston, State of Louisiana

In accordance with Government Auditing Standards, we have also issued a report dated May 14, 2004, on our consideration of the 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 our audit performed in accordance with Government Auditing Standards and should be used in conjunction with this report in considering the results of our audit.

The *Management's Discussion and Analysis* on pages 3 through 9 is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

Harris J. Bourgeois, CPA

Recreation District No. 3
of Livingston Parish
Denham Springs, LA 70726
Management's Discussion and Analysis
December 31, 2003

The following discussion and analysis is prepared for the Recreation District No. 3 of Livingston Parish (PARDS). The discussion and analysis is an overview of the financial activities for the year ended December 31, 2003.

The purpose of the discussion and analysis is to provide the citizens of the recreation district a broad overview of the PARDS finances. The information provided should be read in conjunction with the detailed financial statements.

The Management's Discussion & Analysis (MD&A) is required by the Government Accounting Standards Board (GASB). This is the first year PARDS has implemented the standards, therefore there will be no comparative information from previous years included in this analysis.

FINANCIAL HIGHLIGHTS

- * PARDS Net Assets on December 31, 2003 was \$2,782,712.
- * The Net Assets of the Governmental Activities for PARDS showed an increase of \$413,225, or a 17.44% increase.
- * The total general fund balance at year-end was \$1,165,343. This reflects an actual increase to the fund of \$282,584, or a 32.01% increase in the general fund.
- * At the end of 2003 Unreserved General Fund Balance of \$1,146,213 represents 89.66% of total General Fund Expenditures.
- * PARDS had an increase in the amount of ad valorem tax revenue this year. This increase is due to the economic growth in the area. Property values have increased over the past few years. The 2003 ad valorem tax revenue totaled \$982, 208 in the general fund.
- * The debt service fund ad valorem equaled \$327,383 for the 2003 year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the basic financial statements of PARDS. PARDS' basic financial statements are comprised of three components: 1) the government-wide financial statements, 2) the fund financial statements, and 3) the notes to the financial statements.

Government-wide financial statements are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the PARDS financial position and results of operations in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of PARDS' assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of PARDS is improving or deteriorating.

The *statement of activities* presents information showing how PARDS' net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and accrued but unpaid interest).

The government-wide financial statements can be found on pages 10 - 11 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. PARDS, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All of the funds of PARDS are governmental type funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

PARDS adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 12-20 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 21 - 39 of this report.

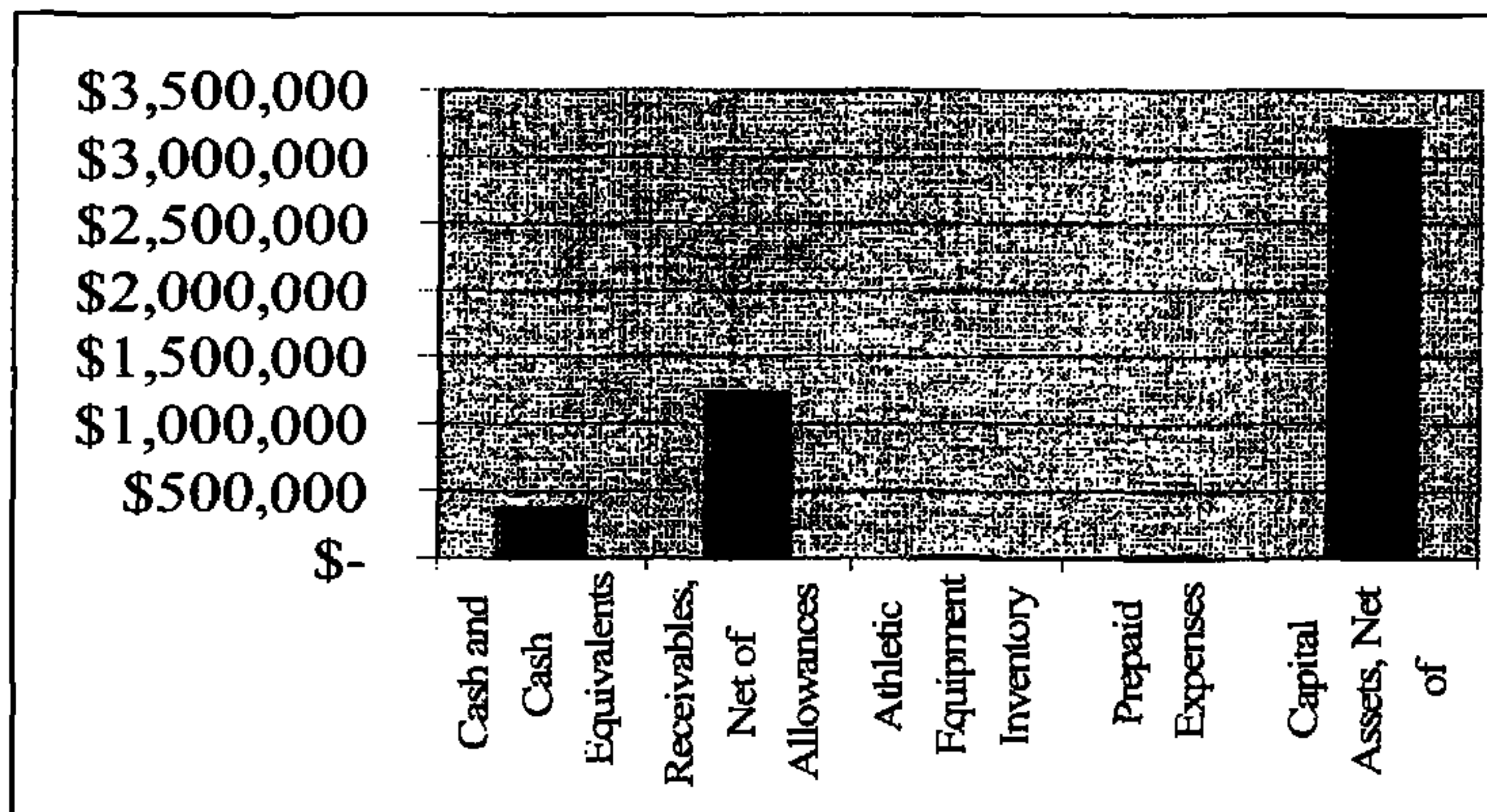
GOVERNMENT-WIDE FINANCIAL ANALYSIS

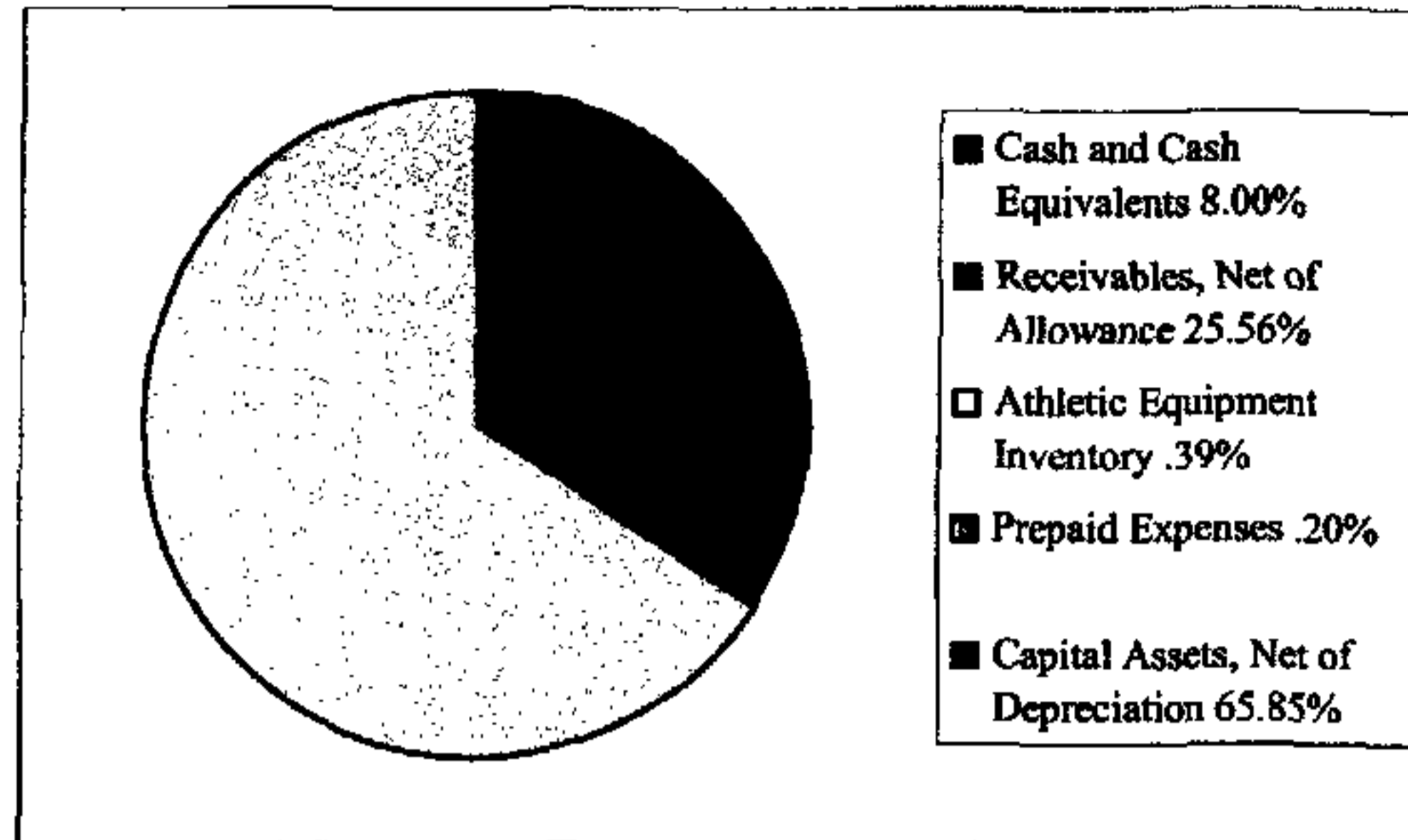
STATEMENT OF NET ASSETS

The following is a schedule of PARDS' net assets. Net assets are calculated by taking the difference between the total assets and total liabilities. PARDS assets exceeded its liabilities at the close of 2003, by a total of \$2,782,712.

Cash and Cash Equivalents	\$ 388,102
Receivables, Net of Allowances	1,243,388
Athletic Equipment Inventory	19,130
Prepaid Expenses	9,683
Capital Assets, Net of Depreciation	<u>3,203,840</u>
 Total Assets	 4,864,143
 Current Liabilities	 106,431
Bonds Payable	<u>1,975,000</u>
 Total Liabilities	 2,081,431
 Net Assets:	
Invested in Capital assets, Net of Related Debt	1,228,840
Restricted	413,146
Unrestricted	<u>1,140,726</u>
 Total Net Assets	 <u>\$ 2,782,712</u>

The largest portion of the PARDS net assets are reflected on the following graph.





STATEMENT OF ACTIVITIES

PARDS provides recreational facilities, activities and programs for the area citizens. Included in this are both revenue and non-revenue producing activities. PARDS operates three parks within the system. Facilities include baseball/softball fields, track, golf driving range, playgrounds, pavilions, tennis courts, horse riding arena, two community centers and a gym. Most of the funding for the PARDS operation and maintenance is provided by property taxes and public based program fees.

Property taxes are the largest source of revenue for PARDS. PARDS collects taxes for operation and maintenance and a separate millage for debt retirement (sinking fund). The money collected for the sinking fund can only be used to pay off the existing bond debt. None of the sinking fund money can be used for operation and maintenance of the park system.

PARDS collects 15 mills for the operation and maintenance of the park system. This money is put into the general fund and is used to pay for the operation and maintenance of the park system. The operation and maintenance mills must be renewed every ten years. The current millage expires in 2006.

The millage rate for the sinking fund varies from year to year. Rates are set based upon the amount needed to pay off the long term debt. The sinking fund mileage rate in 2003 was 5 mills. The original bond for 3 million dollars was passed in 1992 and will be repaid April 1, 2022.

Other sources of revenue for PARDS include program registration fees, rental fees, concessions, grant, and interest on investments. The following chart and graph shows the major source of revenues.

Recreation District No. 3
of Livingston Parish

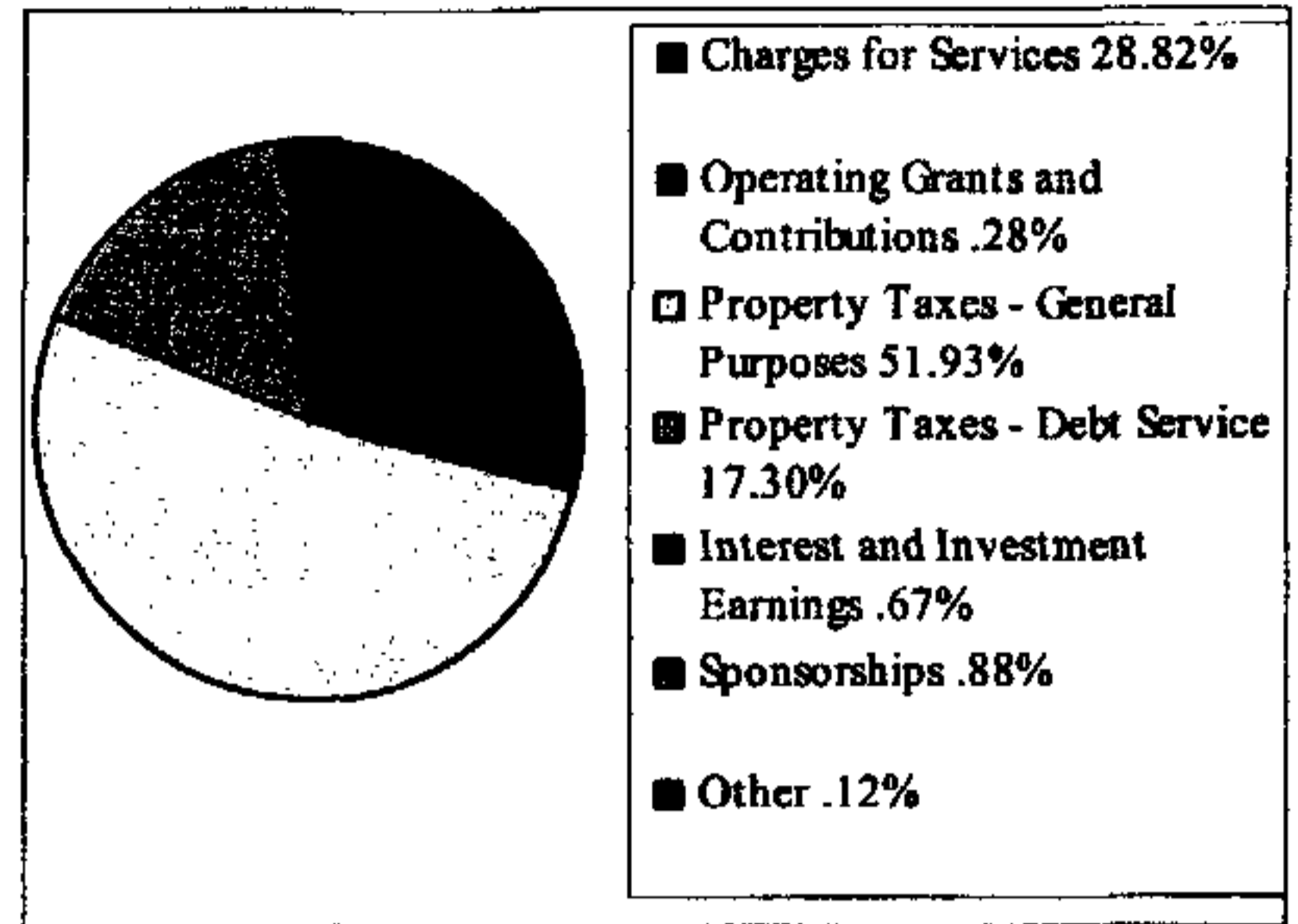
Changes In Net Assets

Revenues:

Program Revenues:

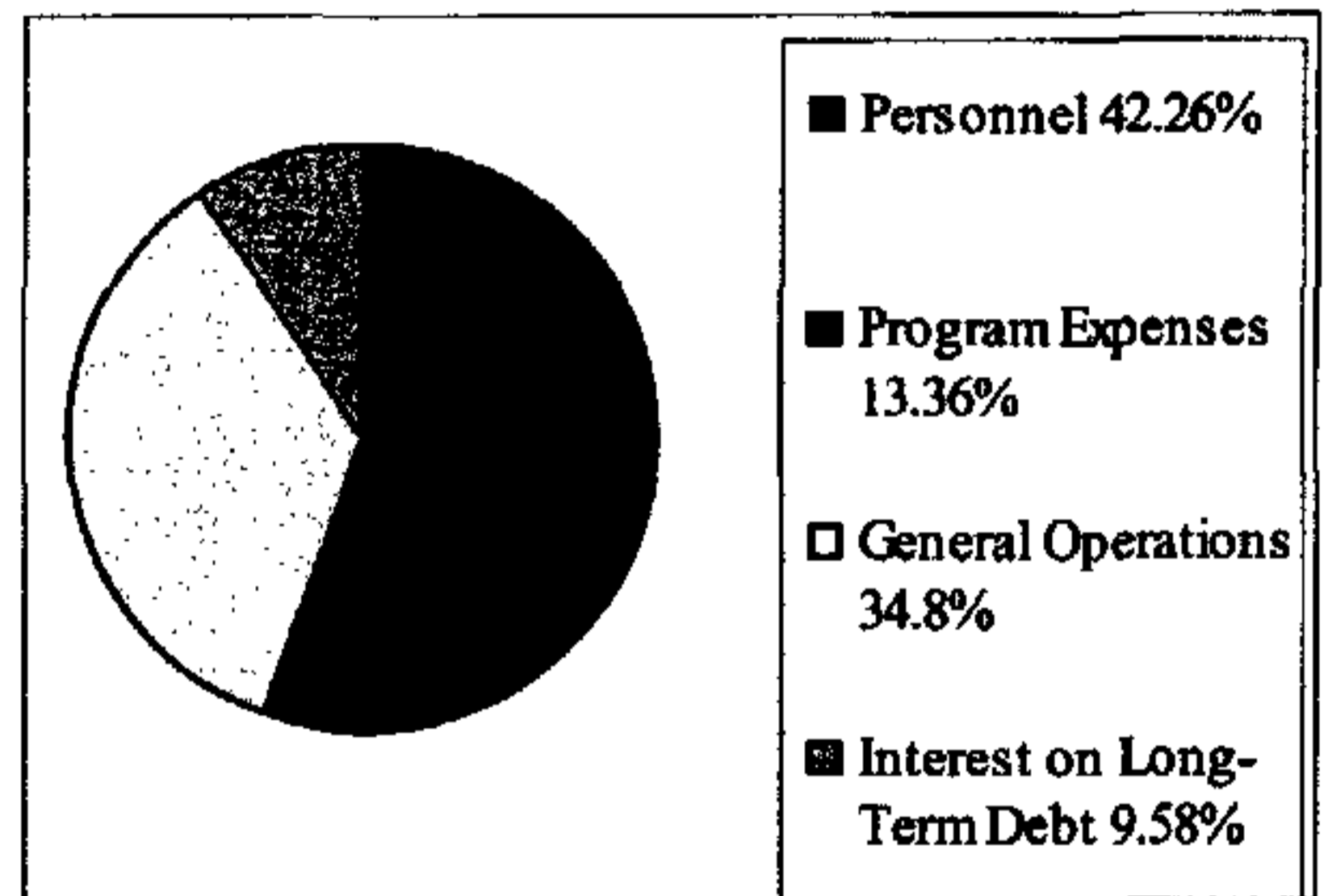
Charges for Services	\$ 545,190
Operating Grants and Contributions	5,246
General Revenues:	
Property Taxes - General Purposes	982,208
Property Taxes - Debt Service	327,383
Interest and Investment Earnings	12,498
Sponsorships	16,700
Other	2,117

Total Revenues 1,891,342



Expenses:

Personnel	624,662
Program Expenses	197,462
General Operations	514,410
Interest on Long-Term Debt	141,583
Total Expenses	<u>1,478,117</u>
Increase in Net Assets	413,225
Net Assets - Beginning of Year	<u>2,369,487</u>
Net Assets - End of Year	<u>\$ 2,782,712</u>



REVENUES

- Property tax revenue increased \$157,725 or 13.7% from the previous year. This increase was a direct result of the assessed property values increasing in the local district.
- The programs had moderate increases due to the number of participants. This increased program revenues by \$47,588 or 10.3%.
- There was a decrease in the amount of interest on investments because of the nationwide decrease in interest rates.

EXPENSES

- There was an increase in personnel and program expenses. These increases were directly related to the growth of overall participants in the programs.

BUDGETARY HIGHLIGHTS

- The original capital outlay line item budget was under spent for the year. Money appropriated for the asphalt road project was redirected to the 2004 budget. This project could not be performed in 2003.
- The finalized amended budget for expense line items decreased \$25,075 from the original budget. There were increases in some line items such as insurance, maintenance and repairs and utilities. However, the majority of overall direct line items decreased.

CAPITAL ASSETS

Capital assets. PARDS' investment in capital assets as of December 31, 2003, amounts to \$3,203,840 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment and park facilities. The total increase in PARDS' investment in capital assets for the current year was 9.3%.

Major capital asset events during the current fiscal year included the following:

- PARDS increased fixed capital assets by \$108,547. Most of this increase was attributed to the purchase of new equipment. PARDS also installed two new pavilions for the citizens to use.
- PARDS retired various old assets valued at \$28,015 that were fully depreciated.
- Total fixed assets increased by a net cost of \$80,532, while net accumulated depreciation increased by \$125,917.
- Depreciation expense of \$153,932 was charged to the general operations function in the *Statement of Activities*.

Additional information on PARDS' capital assets can be found in Note 5 on page 34 of this report.

LONG-TERM DEBT

At the end of the current year, PARDS' had total bonded debt outstanding of \$1,975,000. This debt is secured by an ad valorem tax on real and business personal property within the District.

Additional information of PARDS' long-term debt activity in 2003 can be found in Note 6 on page 35 of this report.

FUTURE EXPENSES

PARDS is currently working to improve the infrastructure. In 2004, PARDS has budgeted approximately \$300,000 to overlay most of the roads in the park system as well as updating current equipment and facility needs. Remaining 2004 budget revenues and expenses are consistent with the prior year and PARDS is expecting to end 2004 with approximately a \$32,500 surplus.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of PARDS' finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Superintendent, Mr. Dale Sisemore, Post Office Box 1281, Denham Springs, Louisiana, 70727-1281.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH
STATEMENT OF NET ASSETS**

DECEMBER 31, 2003

ASSETS

	<u>Governmental Activities</u>
Assets:	
Cash and Cash Equivalents	\$ 388,102
Ad Valorem Taxes Receivable, Net of Allowance	1,235,387
Due From Other Governments	7,779
Other Receivables	222
Athletic Equipment and Supplies Inventory	19,130
Deposits	20
Prepaid Insurance	9,663
Capital Assets:	
Land	537,909
Other Capital Assets, Net of Depreciation	<u>2,665,931</u>
Total Assets	<u><u>\$4,864,143</u></u>

LIABILITIES

Liabilities:	
Accounts Payable	\$ 70,577
Payroll Taxes and Withholdings Payable	274
Rental Security Deposits	1,300
Interest Payable	34,280
Non-Current Liabilities:	
Due Within One Year	150,000
Due in More Than One Year	<u>1,825,000</u>
Total Liabilities	2,081,431

NET ASSETS

Invested in Capital Assets, Net of Related Debt	1,228,840
Restricted for Debt Service	413,146
Unrestricted	<u>1,140,726</u>
Total Net Assets	<u>2,782,712</u>
Total Liabilities and Net Assets	<u><u>\$4,864,143</u></u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2003

	Program Revenues			Net (Expense)
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
FUNCTIONS/PROGRAMS				
Governmental Activities:				
Parks and Recreation:				
Personnel	\$ 624,662	\$ -	\$ -	\$ (624,662)
Program Expenses	197,462	508,957	-	311,495
General Operations	514,410	36,233	5,246	(472,931)
Debt Service:				
Interest on Long-Term Debt	141,583	-	-	(141,583)
Total Governmental Activities	\$ 1,478,117	\$ 545,190	\$ 5,246	\$ (927,681)
Taxes:				
Property Taxes, Levied for General Purposes				982,208
Property Taxes, Levied for Debt Services				327,383
Interest and Investment Earnings				12,498
Sponsorships				16,700
Miscellaneous				2,117
Total General Revenues and Special Items				1,340,906
Change in Net Assets				413,225
Net Assets - Beginning of Year				2,369,487
Net Assets - End of Year				\$ 2,782,712

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

BALANCE SHEET - GOVERNMENTAL FUNDS

DECEMBER 31, 2003

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	\$ 271,174	\$116,928	\$ 388,102
Ad Valorem Taxes Receivable	975,305	325,102	1,300,407
Allowance for Uncollectible Ad Valorem Taxes	(48,765)	(16,255)	(65,020)
Receivable from Livingston Parish School Board	4,000	-	4,000
Grant Receivable	3,779	-	3,779
Other Receivables	222	-	222
Due From General Fund	-	451	451
Athletic Equipment and Supplies Inventory	19,130	-	19,130
Deposits	20	-	20
	<u>\$ 1,224,865</u>	<u>\$426,226</u>	<u>\$ 1,651,091</u>
LIABILITIES AND FUND BALANCE			
Liabilities:			
Accounts Payable	\$ 57,497	\$ 13,080	\$ 70,577
Payroll Taxes and Withholdings Payable	274	-	274
Rental Security Deposits	1,300	-	1,300
Due to Debt Service Fund	451	-	451
	<u>59,522</u>	<u>13,080</u>	<u>72,602</u>
Fund Balances:			
Reserved for Debt Service	-	413,146	413,146
Reserved for Athletic Equipment and Supplies Inventory	19,130	-	19,130
Unreserved - Undesignated	1,146,213	-	1,146,213
	<u>1,165,343</u>	<u>413,146</u>	<u>1,578,489</u>
Total Fund Balances	<u>\$ 1,165,343</u>	<u>\$413,146</u>	<u>\$ 1,578,489</u>
Total Liabilities and Fund Balance	<u>\$ 1,224,865</u>	<u>\$426,226</u>	<u>\$ 1,651,091</u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

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

DECEMBER 31, 2003

Total Fund Balances at December 31, 2003 - Governmental Funds		\$ 1,578,489
Cost of Capital Assets at December 31, 2003	6,901,763	
Less: Accumulated Depreciation as of December 31, 2003	<u>(3,697,923)</u>	
		3,203,840
Prepaid Insurance		9,663
Elimination of Interfund Assets and Liabilities:		
Due from General Fund	451	
Due to Debt Service Fund	<u>(451)</u>	-
Long-Term Liabilities at December 31, 2003:		
Bonds Payable	(1,975,000)	
Accrued Interest Payable	<u>(34,280)</u>	<u>(2,009,280)</u>
Net Assets at December 31, 2003		<u><u>\$ 2,782,712</u></u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED DECEMBER 31, 2003

	General Fund	Debt Service Fund	Total Governmental Funds
Revenues:			
Ad Valorem Taxes	\$ 982,208	\$327,383	\$ 1,309,591
Intergovernmental	4,000	-	4,000
Interest	9,468	3,030	12,498
Charges for Services:			
Day Camp and Before and After School Fees	300,079	-	300,079
Team Registrations	149,375	-	149,375
Driving Range Fees	16,633	-	16,633
Recreational Center Rental	23,246	-	23,246
Ballfield Rentals	5,020	-	5,020
West Livingston Rental	1,515	-	1,515
Tournament Income	9,089	-	9,089
Concessions:			
Subcontracted	21,399	-	21,399
Internally Controlled	11,524	-	11,524
Vending Machines	3,310	-	3,310
Sponsorships	16,700	-	16,700
Operating Grants	5,246	-	5,246
Miscellaneous	2,117	-	2,117
	1,560,929	330,413	1,891,342
Expenditures:			
Parks and Recreation Personnel:			
Salaries and Wages	563,613	-	563,613
Commissioners Per Diem	4,000	-	4,000
Payroll Taxes	30,571	-	30,571
Retirement Contributions	20,326	-	20,326
Health Insurance	6,152	-	6,152
	624,662	-	624,662

(CONTINUED)

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Expenditures (Continued):			
Program Expenses:			
Team Sports	110,688	-	110,688
Day Camp and Before and After School Programs	78,126	-	78,126
Tournament Expense	7,800	-	7,800
Driving Range	2,683	-	2,683
	199,297	-	199,297
General Operations:			
Utilities	76,546	-	76,546
Maintenance and Repairs:			
Buildings and Grounds	46,817	-	46,817
Vehicles	868	-	868
Tractors	16,302	-	16,302
West Livingston	7,122	-	7,122
Caretaker	1,790	-	1,790
Insurance	52,315	-	52,315
Contracted Services	36,690	-	36,690
Professional Services	20,792	-	20,792
Concession Expenses:			
Repairs and Small Equipment Purchases	3,067	-	3,067
Internally Controlled	6,064	-	6,064
Vending Machines	2,455	-	2,455
Telephone	6,942	-	6,942
Janitorial Supplies and Service	6,177	-	6,177
Truck and Tractor - Gas and Oil	9,003	-	9,003
Sponsorship Expenses	3,675	-	3,675
Office Supplies	3,720	-	3,720
Uniforms	1,709	-	1,709
Advertising	1,531	-	1,531

(CONTINUED)

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2003

	General Fund	Debt Service Fund	Total Governmental Funds
General Operations (Continued):			
Grant Administration	1,467	-	1,467
Dues and Subscriptions	665	-	665
Postage and Freight	655	-	655
Miscellaneous	227	-	227
Assessors Pension Fund	39,240	13,080	52,320
Capital Outlay	108,547	-	108,547
	454,386	13,080	467,466
Debt Service:			
Principal Retirement	-	150,000	150,000
Interest Expense	-	143,875	143,875
Agent Fee	-	692	692
	-	294,567	294,567
Total Expenditures	1,278,345	307,647	1,585,992
Excess of Revenues Over Expenditures	282,584	22,766	305,350
Fund Balance - Beginning of Year	882,759	390,380	1,273,139
Fund Balance - End of Year	\$1,165,343	\$413,146	\$ 1,578,489

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

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

FOR THE YEAR ENDED DECEMBER 31, 2003

Total Net Change in Fund Balances - Governmental Funds	\$ 305,350
Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the period:</p>	
Capital Outlays	108,547
Depreciation Expense	(153,932)
Add accumulated depreciation on capital assets retired during the year	28,015
Less cost basis of capital assets retired during the year	(28,015)
Change in prepaid insurance	276
<p>The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.</p>	
General Obligation Bond Principal Repayments	150,000
<p>Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.</p>	
	2,984
Change in Net Assets of Governmental Activities	\$ 413,225

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

FOR THE YEAR ENDED DECEMBER 31, 2003

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Revenues:				
Ad Valorem Taxes	\$ 811,600	\$ 861,600	\$ 982,208	\$ 120,608
Intergovernmental	4,000	4,000	4,000	-
Interest	11,000	8,850	9,468	618
Charges for Services:				
Day Camp and Before and After School Fees	290,000	305,000	300,079	(4,921)
Team Registrations	135,600	149,220	149,375	155
Driving Range Fees	24,000	16,000	16,633	633
Recreational Center Rental	20,000	21,200	23,246	2,046
Ballfield Rentals	4,000	4,500	5,020	520
West Livingston Rental	1,200	1,200	1,515	315
Tournament Income	1,000	9,100	9,089	(11)
Concessions:				
Subcontracted	16,000	21,400	21,399	(1)
Internally Controlled	11,000	11,000	11,524	524
Vending Machines	2,300	3,400	3,310	(90)
Sponsorships	25,000	16,700	16,700	-
Operating Grants	-	5,200	5,246	46
Miscellaneous	1,100	3,250	2,117	(1,133)
Total Revenues	1,357,800	1,441,620	1,560,929	119,309
 Expenditures:				
Parks and Recreation Personnel:				
Salaries and Wages	571,050	568,400	563,613	4,787
Commissioners Per Diem	3,900	3,900	4,000	(100)
Payroll Taxes	35,000	33,000	30,571	2,429
Retirement Contributions	20,200	20,200	20,326	(126)
Health Insurance	11,000	8,400	6,152	2,248
	641,150	633,900	624,662	9,238

(CONTINUED)

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2003

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
Program Expenses:				
Team Sports	105,400	111,700	110,688	1,012
Day Camp and Before and After School Programs	72,000	82,250	78,126	4,124
Tournament Expense	1,000	7,800	7,800	-
Driving Range	4,200	3,200	2,683	517
	182,600	204,950	199,297	5,653
General Operations:				
Utilities	66,000	72,000	76,546	(4,546)
Maintenance and Repairs:				
Buildings and Grounds	40,000	54,000	46,817	7,183
Vehicles	2,500	1,000	868	132
Tractors	12,000	14,000	16,302	(2,302)
West Livingston Caretaker	5,000	5,000	7,122	(2,122)
	1,800	1,800	1,790	10
Insurance	46,500	48,500	52,315	(3,815)
Contracted Services	40,200	39,000	36,690	2,310
Professional Services	20,000	20,500	20,792	(292)
Concession Expenses:				
Repairs and Small Equipment Purchases	3,500	2,800	3,067	(267)
Internally Controlled Vending Machines	4,500	4,500	6,064	(1,564)
	2,500	2,600	2,455	145
Telephone	7,500	7,500	6,942	558
Janitorial Supplies and Service	4,500	6,700	6,177	523
Truck and Tractor - Gas and Oil	5,500	7,000	9,003	(2,003)
Sponsorship Expenses	4,750	3,675	3,675	-

(CONTINUED)

**RECREATION DISTRICT NO. 3
OF LIVINGSTON PARISH**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND (CONTINUED)**

FOR THE YEAR ENDED DECEMBER 31, 2003

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
Office Supplies	4,000	4,000	3,720	280
Uniforms	2,500	2,500	1,709	791
Advertising	1,000	1,500	1,531	(31)
Grant Administration	-	5,200	1,467	3,733
Dues and Subscriptions	1,000	1,000	665	335
Postage and Freight	500	500	655	(155)
Miscellaneous	1,700	1,350	227	1,123
Assessors Pension Fund	31,000	35,800	39,240	(3,440)
Capital Outlay	205,000	130,850	108,547	22,303
	<u>513,450</u>	<u>473,275</u>	<u>454,386</u>	<u>18,889</u>
 Total Expenditures	 <u>1,337,200</u>	 <u>1,312,125</u>	 <u>1,278,345</u>	 <u>33,780</u>
 Excess of Revenues Over Expenditures	 20,600	 129,495	 282,584	 153,089
 Fund Balance - Beginning of Year	 <u>882,759</u>	 <u>882,759</u>	 <u>882,759</u>	 <u>-</u>
 Fund Balance - End of Year	 <u><u>\$ 903,359</u></u>	 <u><u>\$1,012,254</u></u>	 <u><u>\$ 1,165,343</u></u>	 <u><u>\$ 153,089</u></u>

The notes to the financial statements are an integral part of this statement.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2003

Note 1 - Organization, Nature of Operations, and Summary of Significant Accounting Policies

a. Organization and Nature of Operations

Recreation District No. 3 of the Parish of Livingston, State of Louisiana ("the District") was created November 27, 1973, by the Livingston Parish Council, as provided by Louisiana Revised Statute 33:4562. A board of seven commissioners who are appointed by the Livingston Parish Council governs the District. The purpose of the District is to provide playground and other facilities that promote recreation and general health and wellbeing. The District encompasses about 29% of Livingston Parish, Louisiana, and serves about 28,000 people. The District operates three recreational facilities referred to as North Park, South Park, and West Livingston Playground.

b. Reporting Entity

The Livingston Parish Council is the financial reporting entity for Livingston Parish, Louisiana. The Livingston Parish Council appoints a voting majority of the District's governing body and can impose its will on the District. Accordingly, the District has been determined to be a component unit of the Livingston Parish Council.

The accompanying financial statements present information only on the activities and funds maintained by the District and do not present information on the Livingston Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity for Livingston Parish, Louisiana.

The District has no entities or organizations that are required to be included in its financial report as defined by Governmental Accounting Standards Board (GASB) Statement 14.

c. Basis of Statement Presentation

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) of the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

This financial report has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued in June 1999.

d. Fund Accounting

The District uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions relating to certain governmental functions or activities.

A fund is defined as a separate accounting entity with a self-balancing set of accounts. 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, the acquisition or construction of general fixed assets, and the servicing of general long term debt. The governmental funds presented in the financial statements are described as follows:

Governmental Fund Types

General Fund

The General Fund is the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid for through other funds are paid from the General Fund.

Debt Service Fund

The Debt Service Fund is used to account for accumulation of resources for the payment of general long term debt principal, interest, and related costs.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

e. Measurement Focus/Basis of Accounting

Basic Financial Statements - Government-Wide Financial Statements (GWFS)

The Statement of Net Assets and the Statement of Activities display information about the reporting government as a whole. These statements include all the financial activities of the District.

The GWFS were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The District does not allocate indirect expenses.

Basic Financial Statements - Governmental Funds

The accounting and financial reporting treatment applied to a fund are determined by its measurement focus. 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 Governmental Funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The General Fund and the Debt Service Fund are considered major funds of the District.

The modified accrual basis of accounting is used by Governmental Funds. 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 (generally 60 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. The Governmental Funds use the following practices in recording revenues and expenditures:

Revenues

Ad valorem taxes are recorded in the year the taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on January 1 of the following year. The taxes are generally collected in December, January, and February of the fiscal year.

Interest income is composed of interest from interest-bearing demand deposits, from time deposits and from ad valorem taxes. Interest earned on idle cash, cash equivalents, and investments is recorded when the income is both measurable and available.

Intergovernmental revenues are recorded when the income is both measurable and available.

Grant revenues are recorded when the District is entitled to reimbursement of expenditures under the terms of the grant.

Charges for services are recorded as revenue when the fees are collected because they are usually paid at the time the service is rendered.

Other revenues, such as; concession sales, sponsorships, donations, refunds, and miscellaneous revenues are recorded as revenue when the money is received because they are generally not measurable until actually received.

Expenditures

Principal and interest on general long-term obligations are recognized when due. All other expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

Other Financing Sources (Uses)

Other financing sources (uses) include the proceeds from the sale of fixed assets and transfers between funds that are not expected to be repaid. Proceeds from the sale of fixed assets are recorded when received and transfers are recorded when the transfer is made. There were no transfers or proceeds from sale of assets in the current year.

f. Budgetary Policy and Accounting

The District prepares its annual operating budget on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles (GAAP). The District's budget process also has to follow the requirements of state law as set forth by the Louisiana Local Government Budget Act.

The following procedures are used in establishing the budgetary data reflected in the financial statements:

- Before the second Monday of November, the District prepares a budget for the next fiscal year that begins January 1. The operating budget includes proposed expenditures and the means of financing them.
- The board members discuss the proposed budget at the regular meeting of the Board of Commissioners on the second Monday of November and set the date for the special public hearing on the proposed budget.
- The public hearing to review and discuss the budget is held immediately before the regular meeting of the Board of Commissioners on the second Monday in December. *The public hearing for the District's 2003 original budget was held on December 9, 2002.*
- The budget is adopted at the Board of Commissioners regular monthly meeting immediately following the public hearing.

Once the budget is approved, it can be amended by approval of a majority of the Board of Commissioners. The process of presenting and approving budget amendments follows a procedure similar to the one used to adopt the initial budget. There was one amendment made to the budget that was initially adopted for 2003. The amendment was approved at a regular meeting of the District's Board of Commissioners on December 8, 2003.

All budget appropriations lapse at year-end.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

g. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting is used by the General Fund to reserve portions of certain appropriations relating to purchase orders, contracts, and other commitments for the expenditure of resources. In accordance with generally accepted accounting principles, outstanding encumbrances at year-end for which goods and services have been received are reclassified as expenditures and accounts payable. For budgetary purposes, appropriations lapse at year end and are either canceled or are re-appropriated in next year's budget.

Encumbrances outstanding at year end, that are reported as reservations of fund balances, do not constitute expenditures or liabilities, but represent commitments that will be reappropriated and honored next year by the District. At year end, the District did not reserve any fund balance due to encumbrances.

h. Inventories

Inventories are valued by management at cost and estimated cost. Inventories consist primarily of athletic equipment and uniforms. Inventories at year-end are offset by an equal amount of fund balance reserves.

i. Cash and Cash Equivalents

Cash includes petty cash, demand deposits, and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of three months or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Cash and cash equivalents are presented at cost in the District's balance sheet.

j. Investments

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy. If the original maturities of investments exceed three months, they are classified as investments; however, if the original maturities are three months or less, they are classified as cash equivalents.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

GASB Statement 31 requires the District to report its investments at fair value in the balance sheet except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided that the fair value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors.

The District did not have any investments as of December 31, 2003.

k. Receivables and Payables

All trade and property tax receivables are shown net of an allowance for uncollectibles. Trade accounts receivable based on agings and estimated charge-off percentages comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to five percent of the current year property tax levy.

Property taxes are levied in September or October each year on property values assessed as of the same date. Billed taxes become delinquent on January 1 of the following year, at which time the applicable property is subject to lien, and penalties and interest are assessed.

l. Prepaid Items

Payments for general insurance reflect costs that are applicable to future periods and are recorded as prepaid in the government wide financial statements. In the fund financial statements, the entire payment is treated as a current expenditure even though future periods benefit from the advance payment.

m. Capital Assets and Depreciation

Capital assets include any land, buildings, major park improvements, equipment, and vehicles owned by the District. All capital assets are valued at historical cost, except for donated assets, which are valued at estimated fair market value at the date of donation. At December 31, 2003 the District had no donated assets. Public domain or infrastructures are not capitalized. In cases where assets are constructed with borrowed money the interest expense paid on the related debt is capitalized as part of the cost of the asset.

It is the District's policy to capitalize purchases of moveable property costing at least \$1,000 and purchases of real property and major park improvements costing at least \$1,500.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

All buildings, major park improvements, equipment and vehicles are depreciated using the straight line method of depreciation over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Park Improvements	10 - 30
Equipment	5 - 25
Vehicles	5

n. Vacation and Sick Leave

Upon completion of one year of service, all full time employees earn from 10 to 20 days of vacation leave each year depending upon the number of years employed. All full-time employees earn from 5 to 10 days of sick leave each year depending upon when they are hired during the year and the number of years employed. Vacation cannot be carried over from year to year or taken in advance. Sick leave can be accumulated up to a maximum of 100 days. Unused vacation or sick leave is not paid to employees when they terminate. Accordingly, the financial statements do not include any liability for compensated absences. The cost of current leave privileges is recognized as a current year expenditure in the General Fund when the leave is actually used.

o. Transfers and Interfund Loans

Transfers are advances between funds that are not expected to be repaid. In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts in the fund financial statements. The "due from" and "due to" accounts are eliminated in the government wide financial statements.

p. Reservations and Designations of Fund Balances

Reserved fund balances represent those portions of the fund balance that are either not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources as approved by the Board of Commissioners or outside parties.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

q. Long Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statements, governmental fund types recognize the face amount of debt issued as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

r. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

s. Change in Accounting Principles and Restatement of Prior Year Fund Equity -

For the fiscal year ended December 31, 2003, the District implemented the following GASB Standards:

- Statement No. 34 - *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*
- Statement No. 36 - *Recipient Reporting for Certain Shared Nonexchange Revenues*
- 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*
- Interpretation No. 6 - *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

The transition from governmental fund balances total equity to net assets for December 31, 2002 is presented below:

	<u>Governmental Activities</u>
Total Fund Balances/Fund Equity, as Previously Reported	\$ 1,273,139
Prepaid Assets	9,387
Capital Assets, Net of Depreciation	3,249,225
Accrued Interest Payable	(37,264)
General Long-Term Debt	<u>(2,125,000)</u>
Restated Net Assets, December 31, 2002	<u>\$ 2,369,487</u>

Note 2 - Cash and Cash Equivalents

For reporting purposes, cash and cash equivalents include cash, demand deposits, and time certificates of deposit with original maturities of 90 days or less when purchased. Under state law the District may deposit funds within a fiscal agent bank organized under the laws of the State of Louisiana, any other state in the union, or under the laws of the United States. Further, the District may invest in time deposits or certificates of deposit of state banks organized under Louisiana law and national banks having principal offices in Louisiana.

As confirmed by the fiscal agents, the District had cash and certificates of deposit with maturities less than 90 days totaling \$405,574 with a carrying amount of \$388,102 at December 31, 2003. Cash and cash equivalents are stated at cost, which approximates market. These deposits must be secured under state law by federal deposit insurance or the pledge of securities owned by the bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the bank. The following is a summary of cash and cash equivalents and certificates of deposit with maturities less than 90 days at December 31, 2003, with the related federal deposit insurance and pledged securities, if any. The cash and cash equivalents and certificates of deposit with maturities less than 90 days at December 31, 2003, were secured as follows:

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

	Confirmed Bank Balance <u>December 31, 2003</u>	FDIC <u>Insurance</u>	Balance <u>Uninsured</u>
Cash	\$ 79,246	\$ 79,246	\$ -
Certificates of Deposit - (Maturities Less Than 90 Days)	<u>326,328</u>	<u>120,754</u>	<u>205,574</u>
Total	<u>\$405,574</u>	<u>\$200,000</u>	205,574
Uncollateralized - Securities Pledged and Held by the Custodial Bank in the Name of the Fiscal Agent			<u>935,429</u>
Deficiency of FDIC Insurance and Pledged Securities over Cash and Cash Equivalents			<u>\$ NONE</u>

Petty cash and cash on hand for making change are unsecured.

Note 3 - Ad Valorem Taxes

In March 1996, the voters, who live within the boundaries of Recreation District No. 3 of Livingston Parish, Louisiana, passed a 15 mill (\$15 per \$1,000 of assessed valuation) ad valorem tax to provide funds for the operation and maintenance of the public parks located within the District. The tax is effective for a ten year period (1996-2005). In addition to this tax, the District can assess a millage (tax) to provide sufficient funds to pay for the principal and interest on a public improvement bond issue that was approved by the voters who lived in the District during 1991.

The ad valorem taxes are levied each November 15 on the taxable assessed value listed as of the prior January 1 for all real and business personal property located within the boundaries of Recreation District No. 3. Taxable assessed value represents the appraised value of the property less exemptions allowed by law. The Livingston Parish Assessor periodically determines the appraised values.

As of January 1, 2003, the assessed value of the property located within Recreation District No. 3 of Livingston Parish, Louisiana, was \$65,020,310. For 2003, the District elected to assess the maximum 15 mills to finance the maintenance and operations of the parks. In addition, management determined that a 5 mill assessment was needed to satisfy the payment of principal and interest on the public improvement bonds. Accordingly, a 20 mill tax was assessed for 2003.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

Taxes are due on November 15, the levy date, and they become delinquent on the following January 1. The taxes are generally collected in December of the current year and January through March of the following year. During late April or May, of the year following the year the tax was levied, the Sheriff's office sends out delinquent notices to the property owners. Soon after the Sheriff has mailed the delinquent notices, he will publish them in the newspaper. After a second publication in the newspaper and at least 30 days from the date of the first publication, the property is advertised for auction. The auction usually takes place in May or June. Properties sold at auction have liens placed on them by their buyers. The Parish will put a lien on any properties not sold at the auction.

Delinquent tax collections are prorated between maintenance and debt service based on the rates adopted by the District for the year the particular levy was assessed. Management has based the allowances for uncollectible ad valorem taxes for the General and Debt Service Funds using historical experience in collecting the taxes. Historically, about 95% of the taxes have been collected.

Total taxes assessed and taxes receivable at December 31, 2003, are as follows:

	<u>General Operations 15 Mills</u>	<u>Debt Service 5 Mills</u>	<u>Total</u>
<u>Revenues:</u>			
2003 Ad Valorem Tax Assessed	\$ 975,305	\$ 325,102	\$ 1,300,407
Recognize 2002 Deferred Revenue	<u>34,737</u>	<u>11,624</u>	<u>46,361</u>
Total	1,010,042	336,726	1,346,768
Less: Current Allowance for Uncollectible Taxes	<u>(27,834)</u>	<u>(9,343)</u>	<u>(37,177)</u>
Net Ad Valorem Tax Revenue	<u>\$ 982,208</u>	<u>\$ 327,383</u>	<u>\$ 1,309,591</u>

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

	General Operations <u>15 Mills</u>	Debt Service <u>5 Mills</u>	<u>Total</u>
<u>Receivable:</u>			
2003 Property Tax Assessed	\$ 975,305	\$ 325,102	\$ 1,300,407
Less: Current Year Taxes Collected in 2003	<u>-</u>	<u>-</u>	<u>-</u>
Taxes Receivable - Current Year	975,305	325,102	1,300,407
Prior Years Tax Receivables at December 31, 2002	796,674	265,579	1,062,253
Add: Prior Year Assessors Pension	35,801	11,934	47,735
Less: Prior Years Tax Collected in 2003	(801,947)	(267,316)	(1,069,263)
Less: Prior Years Receivables Written Off Against Allowance	<u>(30,528)</u>	<u>(10,197)</u>	<u>(40,725)</u>
Taxes Receivable - Prior Years	<u>-</u>	<u>-</u>	<u>-</u>
Total Property Taxes Receivable at December 31, 2003	975,305	325,102	1,300,407
Less: Allowance for Uncollectible Accounts	<u>(48,765)</u>	<u>(16,255)</u>	<u>(65,020)</u>
Net Property Tax Receivable at December 31, 2003	<u>\$ 926,540</u>	<u>\$ 308,847</u>	<u>\$ 1,235,387</u>

Note 4 - Interfund Receivables And Payables

From time to time, the District may pay for certain fees with general funds rather than with debt service funds as a matter of convenience. The fund will then reimburse the other fund for amounts advanced on its behalf. As a result, the manner in which cash is spent and received creates short-term interfund loans. A summary of these interfund loans at year-end is as follows:

	Due to Debt Service Fund	Due from General Fund
General Fund	\$ 451	\$ -
Debt Service Fund	<u>-</u>	<u>451</u>
Total	<u>\$ 451</u>	<u>\$ 451</u>

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

Note 5 - Changes in General Fixed Assets

A summary of changes in general fixed assets follows:

	<u>Balance December 31, 2002</u>	<u>Reclassifications/ Adjustments</u>	<u>Balance December 31, 2002 (As Restated)</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance December 31, 2003</u>
<u>Governmental Activities:</u>						
Capital Assets not being Depreciated:						
Land	\$ 537,909	\$ -	\$ 537,909	\$ -	\$ -	\$ 537,909
Total Capital Assets not being Depreciated	537,909	-	537,909	-	-	537,909
Capital Assets being Depreciated:						
Buildings and Improvements	5,734,183	(5,734,183)	-	-	-	-
Buildings	-	2,739,040	2,739,040	24,429	-	2,763,469
Prior Improvements	-	2,995,143	2,995,143	56,890	-	3,052,033
Vehicles	82,296	-	82,296	-	(1,420)	80,876
Equipment and Furniture	466,843	-	466,843	27,228	(26,595)	467,476
Total Capital Assets being Depreciated	6,283,322	-	6,283,322	108,547	(28,015)	6,363,854
Less: Accumulated Depreciation for:						
Buildings	-	849,709	849,709	68,578	-	918,287
Prior Improvements	-	2,318,396	2,318,396	48,174	-	2,366,570
Vehicles	-	52,269	52,269	9,375	(1,420)	60,224
Equipment and Furniture	-	351,632	351,632	27,805	(26,595)	352,842
Total Accumulated Depreciation	-	3,572,006	3,572,006	153,932	(28,015)	3,697,923
Total Capital Assets being Depreciated, Net	6,283,322	(3,572,006)	2,711,316	(45,385)	-	2,665,931
Total Governmental Activities Capital Assets, Net	\$ 6,821,231	\$(3,572,006)	\$3,249,225	\$ (45,385)	\$ -	\$3,203,840

Depreciation expense of \$153,932 was charged to the General Operations function in the Statement of Activities.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

Note 6 - Changes in General Long-Term Debt

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

Long-term debt at 12/31/02	\$2,125,000
Additions during 2003	-
Reductions during 2003	<u>(150,000)</u>
 Long-term debt payable at 12/31/2003	 \$1,975,000

The long-term debt at year-end, consists of the unpaid principal of public improvement bonds that were originally issued April 1, 1992. At year-end, there were outstanding interest payments totaling \$1,057,938. The remaining bonds will mature from 2004 to 2022 at interest rates ranging from 6.70 to 7.35 percent per annum. The bonds are secured by an ad valorem tax on real and business personal property within Recreation District No. 3 of the Parish of Livingston, State of Louisiana.

The annual requirements to amortize the remaining bonds outstanding are as follows:

<u>Year</u> <u>Ending</u>	<u>Yearly Payments</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2004	\$ 150,000	\$ 132,363	\$ 282,363
2005	150,000	121,825	271,825
2006	150,000	111,700	261,700
2007	150,000	101,425	251,425
2008	125,000	91,875	216,875
2009-2013	600,000	329,000	929,000
2014-2018	450,000	141,750	591,750
2019-2022	<u>200,000</u>	<u>28,000</u>	<u>228,000</u>
	 <u>\$1,975,000</u>	 <u>\$1,057,938</u>	 <u>\$3,032,938</u>

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

Note 7 - Retirement Plans

Plan Description

Thirteen of the District's employees are members of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. The employees of the District who are eligible to participate are members of Plan A.

All permanent parish government employees (except those employed by Orleans, LaFourche, and East Baton Rouge Parishes) working at least 28 hours per week, who are paid wholly or in part from parish funds, and certain elected parish officials are eligible to become members of the System.

Under Plan A, members who retire at or after age 65 with at least 7 years of creditable service, at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of the member's final-average compensation (defined as the average of the highest consecutive 36 months of compensation) multiplied by his years of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final average compensation plus two dollars per month for each year of service credited before January 1, 1980, and three percent of final compensation for each year of service credited after January 1, 1980. The retirement benefit may not exceed the greater of 100% of a member's final salary (last 12 month's) or his final average compensation. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by statutory process.

The System issues an annual, publicly available, financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

Member and Employer Contributions

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered compensation. The District's contributions are actuarially determined every fiscal year according to statutory process. The District's contribution rate for the year 2003 was 7.75 percent of its eligible members' total annual payroll (\$262,266). Accordingly, the District's required contribution to the System under Plan A for its eligible employees for the year ended December 31, 2003 was \$20,326.

Taxing Bodies Contributions

In addition to the contributions made by the members and their employers, each parish Sheriff and ex-officio tax collector in Louisiana remits one-fourth of one percent of the aggregate amount of tax shown to be collectible by the tax rolls of their parish (except Orleans, LaFourche, and East Baton Rouge Parishes). The contributions by the taxing bodies are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan for the previous fiscal year. The Livingston Parish Sheriff deducts the District's share of these contributions before he remits the ad valorem tax revenues to which the District is entitled. For the year 2003, \$52,320 of ad valorem tax revenues were withheld to pay for the District's share of the taxing bodies' contributions.

Social Security Program

In addition, all District employees participate in the federal Social Security program. The District is required to remit an amount equal to the employee's contribution. The current rate of contribution is 7.65% of an employee's gross pay until the employee's annual gross pay equals \$87,000. The rate is reduced to 1.45% of an employee's gross pay for amounts that exceed \$87,000. The District does not guarantee any of the benefits granted by the Social Security program. No employee's wages exceeded \$87,000 this year.

Note 8 - Related Party Transactions

There were no related party transactions in 2003.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

Note 9 - Per Diem Paid Board Members

Each member of the Board of commissioners is eligible to receive a per diem allowance of \$50 for attending each regular or special meeting of the board, not to exceed 24 meetings in one calendar year. Per diems paid to the board members for this year were as follows:

<u>Commissioner</u>	<u>Number of Meetings</u>	<u>Amount Received</u>
Van Foster, Jr.	12	\$ 600
Catherine Meadors	11	550
Rhonda Pratt	10	500
Johnny Rowinsky	12	600
Kelton Whitehead	11	550
Tammy Waldrop	12	600
Arthur Perkins	12	<u>600</u>
Total		<u>\$4,000</u>

Note 10 - Income Taxes

The District is exempt from all Federal and Louisiana income taxes.

Note 11 - Risk Management

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. The District has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current fiscal year that exceeded the District's insurance coverage.

The District's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like flood or earthquakes.

**RECREATION DISTRICT NO. 3 OF
LIVINGSTON PARISH**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

DECEMBER 31, 2003

The District also does not carry general liability insurance because it has been unable to obtain coverage at a cost it considers to be economically justifiable. Accordingly, management has opted to self-insure for this type of risk. The District has not had to settle or pay any claims for incidents where it was uninsured.

Note 12 - Lease Commitments

The District entered into a lease for a copy machine commencing on March 11, 2002 for a period of 36 months. The lease requires a monthly payment of \$112. Total lease expenditures relating to this lease for the year 2003 were \$1344.

Future minimum lease payments under this lease by year and in the aggregate are as follows:

<u>Year Ending December 30,</u>	<u>Amounts</u>
2004	\$1,344
2005	<u>336</u>
Total Minimum Lease Payments	\$1,680 <u>=====</u>

Note 13 - Renovation Commitments

The District is in the process of an asphalt overlay renovation project to improve the roads, parking lots, and other areas at the North Park and South Park locations. This project is being done in phases and will be budgeted in the General Fund each year as money becomes available to pay for each phase.

Management expects the project will be completed sometime in 2004 at a total cost of approximately \$500,000 and expects spending approximately \$300,000 in 2004 completing the renovations.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING
BASED ON AN AUDIT OF THE BASIC
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



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May 14, 2004

To the Board of Commissioners
Recreation District No. 3 of the
Parish of Livingston, State of Louisiana

We have audited the basic financial statements of the Recreation District No. 3 of the Parish of Livingston, State of Louisiana, "the District" (a component unit of the Livingston Parish Council), as of and for the year ended December 31, 2003, and have issued our report thereon dated May 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 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.

Recreation District No. 3 of the
Parish of Livingston, State of Louisiana

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information of management and the Louisiana Legislative Auditor, and should not be used for any other purpose. However, this report is a matter of public record, and its distribution is not limited.

Respectfully submitted,

Harris J. Bourgeois, CPA