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Livingston Recreation District No. 5

Annual Financial Statements

As of December 31, 2003 and for the Year Then Ended

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

Release Date 9.8.04

**Livingston Recreation District No. 5
Annual Financial Statements
As of and for the Year Ended December 31, 2003
With Supplemental Information Schedules**

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**Livingston Recreation District No. 5
Annual Financial Statements
As of and for the Year Ended December 31, 2003
With Supplemental Information Schedules**

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TRANSMITTAL LETTER

Annual Financial Statements

June 22, 2004

Office of Legislative Auditor
Attention: Ms. Suzanne Elliott
1600 North Third Street
Post Office Box 94397
Baton Rouge, Louisiana 70804-9397

Dear Ms. Elliott:

In accordance with Louisiana Revised Statute 24:514, enclosed are the annual financial statements for Livingston Parish Recreation District No. 5 as of and for the year ended December 31, 2003. The report includes all funds under the control and authority of the District. The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America.

Sincerely,



Randall Andrews, Vice-Chairman
Livingston Parish Recreation District No. 5

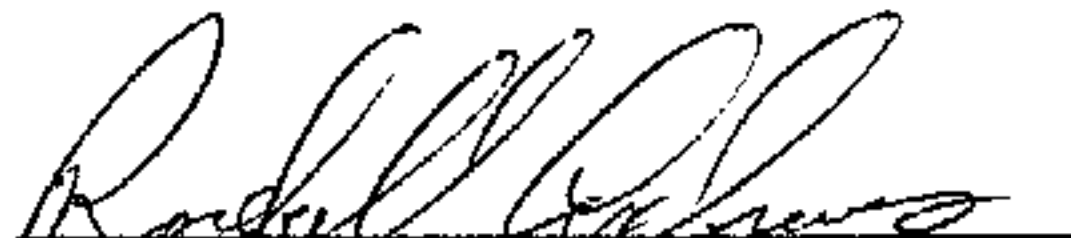
Enclosure

Livingston Parish Recreation District No. 5
Livingston, Louisiana

Annual Sworn Financial Statements as of and for the Year Ended December 31, 2003

AFFIDAVIT

Personally came and appeared before the undersigned authority, Mr. Randall Andrews, Vice-Chairman, who, duly sworn, deposes and says that the financial statements herewith given present fairly the financial position of Livingston Parish Recreation District No. 5 as of December 31, 2003, and the results of operations for the year then ended, in accordance with the basis of accounting described within the accompanying financial statements.


Signature

Sworn to and subscribed before me this 22 day of June, 2004.


Notary Public

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Accountant's Compilation Report

Board of Commissioners
Livingston Parish Recreation District No. 5
Livingston, Louisiana

We have compiled the accompanying financial statements of the governmental activities and each major fund of the Livingston Parish Recreation District No. 5 as of and for the year ended December 31, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents, and the accompanying supplementary information schedules on pages 36 through 42, which are presented only for supplementary analysis purposes, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

The management's discussion and analysis and budgetary comparison information on pages 8 through 15 and page 34, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

We are not independent with respect to the Livingston Parish Recreation District No. 5.

Bruce Harrell & Company, CPAs
A Professional Accounting Corporation

June 22, 2004

Required Supplemental Information (Part I)
Management's Discussion and Analysis

Livingston Recreation District No. 5

Management's Discussion and Analysis As of and for the Year Ended December 31, 2003

The Management's Discussion and Analysis (MD&A) for the Livingston Recreation District No. 5 is designed to:

1. assist the reader in focusing on significant financial issues,
2. provide an overview of the Districts's financial activities,
3. identify changes in the District's overall financial position and results of operations and assist the user in determining whether financial position has improved or deteriorated as a result of the year's operations,
4. identify any significant variations from the original, amended, and final budget amounts and include any currently known reasons for those variations that are expected to have a significant effect on future services or liquidity, and
5. identify individual fund issues or concerns.

This is the first year that the District has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board (GASB) Statement No. 34. Because this new reporting model changes significantly not only the presentation of financial data, but also the manner in which the information is recorded, prior year comparative information for this reporting period's MD&A has not been included. The omission of this comparative information is unavoidable and unfortunately puts the reader in a less than desirable position. In preparing the information summarized below, we have tried to keep in mind this disadvantage by providing explanations of the major components of the government-wide financial statements, and when possible, the reasons for changes in significant financial statement categories.

The information contained within this MD&A should be considered only as part of a greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and other Required Supplemental Information (RSI) that are provided in addition to this MD&A.

Overview of the Financial Statements

The MD&A is required supplemental information that introduces the reader to the basic financial statements and provides an overview of the District's financial activities. The District's basic financial statements consist of the following components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

Livingston Recreation District No. 5

Management's Discussion and Analysis As of and for the Year Ended December 31, 2003

Other required supplemental information, including the required budgetary comparison schedule, is presented immediately following the notes to the financial statements. A general description of the components of the basic financial statements follows below, with a more detailed analysis of the government-wide statements included in a later section entitled Government-Wide Financial Analysis and for fund financial statements included in the Analysis of Fund Financial Statements section.

Government-Wide Financial Statements

The Government-Wide Financial Statements (see pages 17 through 18) are designed to present the financial operations of the District as a whole in a format similar to private sector companies. All governmental activities are consolidated into columns which add to a total for the governmental entity. The District has no business-type activities, so only governmental activities are included in the presentation. If the District determines that presentation of a component unit (which are other governmental units for which the District can exercise significant influence or for which the Primary Government financial statements would be misleading if component unit information is not presented) is necessary to allow the reader to determine the relationship of the component unit and primary government, the component unit information is presented in a separate column of the financial statements or in a separate footnote. For the current fiscal year, the District has no component units.

The focus is on the government-wide (entity-wide) Statement of Net Assets and Statement of Activities to give the reader a broad overview of the District's financial position and results of operations.

- a. The Statement of Net Assets presents information on the District's assets and liabilities using the accrual basis of accounting, in a manner similar to the accounting used by private business enterprises. The difference between the assets and liabilities is reported as net assets. Over time, the increases or decreases in net assets (and changes in the components of net assets) may serve as a useful indicator of whether the financial position of the District is improving or weakening. Although the focus of this MD&A will be on the analysis of the overall changes to net assets, focusing on the changes in components of net assets does provide answers on how the District is managing its financial resources and an indication of allocation of financial resources in future years. A brief explanation of the components of net assets is presented below:
 - Invested in Capital Assets, Net of Related Debt - This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, or indebtedness attributable to the acquisition, construction, or improvement of those assets.
 - Restricted Net Assets - This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. The District does not record restricted net assets and pays debt installments as due from the District's general fund.
 - Unrestricted Net Assets - This component of net assets consists of net assets that do not meet the definition of restricted net assets or invested in capital assets, net of related debt.

Livingston Recreation District No. 5

Management's Discussion and Analysis As of and for the Year Ended December 31, 2003

- b. The Statement of Activities presents information showing how the government's 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 the related cash flows. The format for the Statement of Activities presents the expenses for each function reduced by the program revenues directly related to each respective function to determine net costs of each function. The net costs of each function are normally covered by general revenues.

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. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related and legal requirements. The District uses one category of funds to account for financial transactions, governmental funds.

Governmental funds are used to account for most of the basic services and projects reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on how money flows into and out of those funds and the balances that are left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements (included on pages 20 through 23) provide a detailed short-term view of the District's *general government operations and the basic services it provides*. *Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs*. The District's governmental funds for the fiscal year ending December 31, 2003 consist only of the general fund and the debt service fund.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, there are differences in the information presented for government funds and for governmental activities in the government-wide financial statements. Review of these differences provides the reader of the financial statements insight on the long-term impact of the District's more immediate decisions on the current use of financial resources. The governmental funds columns of the Fund Financial Statements require and include a reconciliation following the Balance Sheet (reconciliation on page 21) and the Statement of Revenues, Expenditures and Changes in Fund Balances (reconciliation on page 23).

Notes to the Financial Statements

The Notes to the Financial Statements, in particular "Note 1 - Summary of Significant Accounting Policies," present the changes in presentation and reporting required under the GASB 34 standard. When reviewing this MD&A, the reader should also refer to and review the Notes to the Financial Statements (beginning on page 25), as well as the Government-Wide and Fund Financial Statements (included on pages 17 through 23).

Livingston Recreation District No. 5

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2003**

Financial Highlights

- At December 31, 2003, the total Invested in Capital Assets, Net of Related Debt was \$334,404.
- Total assets at December 31, 2003 were \$758,015, which included \$40,000 in Land and \$529,404 in Park improvements.
- Total liabilities at December 31, 2003 were \$246,271, which included Certificate of Indebtedness bonds totaling \$235,000.
- The most significant continuing revenue source was ad valorem taxes of \$152,725.

Government-Wide Financial Analysis

Statement of Net Assets

Included below is a condensed Statement of Net Assets for the District. The condensed format allows the reader to view the overall financial position of the District. Although information for comparison will not be available until the December 31, 2004 financial statements are completed, explanation of the components of this statement are included immediately following the table.

Condensed Statement of Net Assets - Governmental Activities

Assets	
Current and Other Assets	\$ 188,611
Capital Assets, Net	569,404
Total Assets	<u>758,015</u>
Liabilities	
Long-Term Liabilities	235,000
Current Liabilities	11,271
Total Liabilities	<u>246,271</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	334,404
Unrestricted	177,340
Total Net Assets	<u>\$ 511,744</u>

See page 17 for a more detailed Statement of Net Assets for the District.

Livingston Recreation District No. 5

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2003**

Government-Wide Review of Condensed Statement of Net Assets

The composition of net assets and the changes in net assets over time serves as a useful indicator of a government's financial position. The District's assets at fiscal year-end exceed liabilities by \$511,744 (net assets). Of the District's net assets, none are Restricted Net Assets. The balance of net assets includes \$334,404 Invested in Capital Assets, Net of Related Debt, and \$177,340 in Unrestricted Net Assets.

The largest category of net assets is Invested in Capital Assets, Net of Related Debt, totaling \$334,404, or 65% of net assets. This category reflects the total invested in capital assets (land, buildings, equipment, etc.) net of any related debt used to acquire capital assets. These capital assets are used to provide services to citizens and do not represent assets available for future spending.

The second largest category of net assets is Unrestricted totaling \$177,340 or 35% of net assets. These assets are available to meet the ongoing needs of the District.

At the end of the current fiscal year, the District was able to report positive balances in all categories of net assets, for the government as a whole, as well as for separate governmental activities.

Statement of Activities

Because of the size and relative simplicity of the District's operations, a separate Condensed Statement of Activities for the District is not presented below. The reader should refer to the Statement of Activities (Statement B) included on page 18.

Analysis of Fund Financial Statements

The District's Governmental Funds include, and are presented within the following fund financial statements:

	<u>Statement</u>	<u>Page</u>
Balance Sheet	C	20
Statement of Revenues, Expenditures, and changes in Fund Balance	E	22

Governmental Funds

Under the modified accrual basis for Fund Financial Statements, the emphasis is on accounting for current financial resources of the District. The analysis in this section will include a discussion of the components of the Fund Financial Statements, and will also concentrate on differences between the previously discussed Government-Wide Financial Statements.

At December 31, 2003, the District's Governmental Funds reported in Statement C, Balance Sheet, combined Fund Balances of \$165,057, with the total Fund Balance recorded as unreserved. Assets are identical to the Government-Wide presentation, except for capital assets of \$569,404, which are presented only in the Government-Wide presentation. Liabilities are identical to the Government-Wide presentation, except for accrued interest payable of \$4,420, and revenue bonds payable of \$235,000 which are presented only in the Government-Wide presentation, and deferred revenue of \$16,703, which is presented only in the Governmental Funds presentation and is eliminated from the Government-Wide presentation.

Livingston Recreation District No. 5

Management's Discussion and Analysis As of and for the Year Ended December 31, 2003

For the fiscal year ended December 31, 2003, the District reported in Statement E, Statement of Revenues, Expenditures, and Changes in Fund Balances, a Net Change in Fund Balances of \$28,229. Revenues are identical to the Government-Wide presentation except for deferred revenue of \$16,703 which was recognized as revenue on the Government-Wide presentation and deferred revenue on the Governmental Funds presentation. Expenditures are identical to the Government-Wide presentation, except for depreciation expense of \$21,492, and accrued interest payable of \$4,420 which are only presented in the in the Government-Wide presentation, and capital expenditures of \$12,300 and a debt-service principal payment of \$40,000, which are only presented in the Governmental Funds presentation and are eliminated from the Government-Wide presentation.

Major revenues of the general fund consist of ad valorem taxes of \$136,022.

Major expenditures of the separate funds consist of the following:

- General Fund - accounting of \$9,345, capital expenditures of \$12,300, grass cutting of \$6,435, pension fund \$5,995, recreational facilities supplies of \$6,886, repairs of \$4,353 and utilities of \$3,897.
- Debt Service Fund - debt service - interest of \$14,535 and debt service - principal of \$40,000.

Required Supplemental Information

In addition to this MD&A and the basic financial statements, this report also presents certain Required Supplemental Information. For the District, this Required Supplemental Information includes the District's general fund only and is included in Schedule 1, Schedule of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual, General Fund, which can be found on page 34. The presentation under the GASB 34 standard requires disclosure of both the original and the final budget. The original budget is the first complete appropriated budget. The final budget is the original budget adjusted by all reserves, transfers, allocations, supplemental appropriations, and other legally authorized legislative and executive changes applicable to the fiscal year, whenever signed into law or otherwise legally authorized.

Analysis of Significant Budget Variations in the Major Governmental Funds

The District demonstrated legal compliance by amending its budget in accordance with provisions of the Local Government Budget Act. Actual revenues and other sources were within 5% of budgeted revenues and other sources, and actual expenditures did not exceed budgeted expenditures and other uses by 5%.

Significant variations from the original and final budgeted revenues and expenditures for Major Governmental Funds were as follows:

- Capital expenditures were decreased by \$18,010 to reflect more closely the actual expense.

Budgets for other revenue and expenditure categories were amended in the normal course of operations.

Significant variations from final budgeted revenues and expenditures for the general fund were as follows:

- Miscellaneous repairs and supplies were reclassified from capital expenditures to recreational facilities supplies resulting in a positive budget variance of \$9,690 in capital expenditures and a negative budget variance of \$6,483 in recreational facilities supplies.

Livingston Recreation District No. 5

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2003**

Capital Assets and Long-Term Debt

Capital Assets

Historically, a government's assets, other than those for enterprise funds (similar to a private business enterprise) have not been reported nor depreciated in governmental financial statements. Beginning with the current fiscal year, this new statement requires these assets be valued and reported within the Governmental Activities column of the Government-Wide Financial Statements.

The presentation below for the current fiscal year lists the major categories of capital assets for governmental activities, and is followed by analysis of the respective changes in capital assets. As noted, this is the first year that the District has presented financial statements under the GASB Statement No. 34 standard, and comparative information for the prior fiscal year will be presented for the fiscal year ending December 31, 2004.

Capital Assets at Year End - Governmental Activities

Land	\$ 40,000
Equipment	19,575
Recreational Facility Improvements	562,925
Subtotal	<u>622,500</u>
Less Accumulated Depreciation	53,096
Capital Assets, Net	<u><u>\$ 569,404</u></u>

The following reconciliation summarized the changes in capital assets:

Capital Assets at Year End - Governmental Activities

Beginning Balance	\$ 610,200
Plus Additions	12,300
Less Deletions	-
Less Accumulated Depreciation	53,096
Ending Balance	<u><u>\$ 569,404</u></u>

For the fiscal year ending December 31, 2003 capital additions and deletions consisted of the following:

- A fence was purchased for \$12,300 at the Perriloux Park.
- There were no capital deletions of a material nature.

Livingston Recreation District No. 5

**Management's Discussion and Analysis
As of and for the Year Ended December 31, 2003**

Long-Term Debt

The District's long-term debt of \$235,000 consists solely of its long-term commitment for the payment of outstanding bonds issued to fund recreational facility improvements..

Economic Factors

The District's management approach is fiscally conservative with the District implementing and maintaining recreational facility improvements directly or for eventual transfer for continued operation to local governmental authorities.

Requests for Information

This financial report is designed to provide a general overview of Livingston Recreation District No. 5's finances and to demonstrate the District's accountability. If you have questions regarding this report or need additional information, contact the District at Post Office Box 577, Livingston, LA 70754. The District's telephone number (225) 686-7044.

Basic Financial Statements
Government-Wide Financial Statements

Livingston Parish Recreation District No. 5

Statement A

**Statement of Net Assets
December 31, 2003**

	<u>Governmental Activities</u>
Assets	
Cash & Cash Equivalents	\$ 37,278
Due From Other Governments:	
Ad Valorem Taxes Receivable	148,116
Prepaid Insurance	2,567
Utility Deposits	650
Land	40,000
Capital Assets, Net	529,404
Total Assets	<u>758,015</u>
 Liabilities	
Accounts Payable	856
Accrued Interest Payable	4,420
Pension Deductions From Ad Valorem Taxes	5,995
Long-Term Liabilities:	
Due Within One Year	40,000
Due After One Year	195,000
Total Liabilities	<u>246,271</u>
 Net Assets	
Invested in Capital Assets, Net of Related Debt	334,404
Unrestricted	177,340
Total Net Assets	<u>\$ 511,744</u>

See accompanying notes and accountant's report.

Livingston Parish Recreation District No. 5

Statement B

**Statement of Activities
For the Year Ended December 31, 2003**

	<u>Expenses</u>	<u>Program Revenues Charges for Services</u>	<u>Net Revenue (Expense) and Changes in Net Assets Governmental Activities</u>
Governmental Activities			
General & Administrative Expenses	\$ 16,605	\$ -	\$ (16,605)
Recreational Facilities Maintenance	46,985	-	(46,985)
Bond Interest Expense	18,955	-	(18,955)
Total Governmental Activities	<u>\$ 82,545</u>	<u>\$ -</u>	<u>.(82,545)</u>
General Revenues			
Ad Valorem Taxes			152,725
Donations			640
Interest Earned			500
Total General Revenues			<u>153,865</u>
Change in Net Assets			71,320
Net Assets, Beginning of Year			440,424
Net Assets, End of Year			<u>\$ 511,744</u>

See accompanying notes and accountant's report.

Basic Financial Statements
Fund Financial Statements
Governmental Fund Financial Statements

Livingston Parish Recreation District No. 5

Statement C

**Balance Sheet
Governmental Funds
December 31, 2003**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Assets			
Cash & Cash Equivalents	\$ 37,278	\$ -	\$ 37,278
Due From Other Governments:			
Ad Valorem Taxes Receivable	148,116	-	148,116
Prepaid Insurance	2,567	-	2,567
Utility Deposits	650	-	650
Total Assets	<u>\$ 188,611</u>	<u>\$ -</u>	<u>\$ 188,611</u>
 Liabilities & Fund Balance			
Liabilities:			
Accounts Payable	\$ 856	\$ -	\$ 856
Pension Deductions From Ad Valorem Taxes	5,995	-	5,995
Deferred Revenue	16,703	-	16,703
Total Liabilities	<u>23,554</u>	<u>-</u>	<u>23,554</u>
Fund Balance:			
Unreserved	<u>165,057</u>	<u>-</u>	<u>165,057</u>
Total Fund Balance	<u>165,057</u>	<u>-</u>	<u>165,057</u>
Total Liabilities & Fund Balance	<u>\$ 188,611</u>	<u>\$ -</u>	<u>\$ 188,611</u>

See accompanying notes and accountant's report.

Livingston Parish Recreation District No. 5

Statement D

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2003

Total Fund Balances, Governmental Funds	\$ 165,057
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Land	40,000
Governmental capital assets, net of depreciation	529,404
Some of the District's ad valorem taxes will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.	16,703
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:	
Revenue Bonds Payable	(235,000)
Accrued Interest Payable	(4,420)
Net Assets, Governmental Activities	<u>\$ 511,744</u>

See accompanying notes and accountant's report.

Livingston Parish Recreation District No. 5

Statement E

**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2003**

	General Fund	Debt Service Fund	Total
Revenues			
Ad Valorem Taxes	\$ 136,022	\$ -	\$ 136,022
Interest Income	640	-	640
Donations	500	-	500
Total Revenues	137,162	-	137,162
Expenditures			
Accounting	9,345	-	9,345
Advertising	66	-	66
Bank Charges	250	-	250
Capital Expenditures	12,300	-	12,300
Debt Service - Interest	-	14,535	14,535
Debt Service - Principal	-	40,000	40,000
Garbage	1,356	-	1,356
Grass Cutting	6,435	-	6,435
Insurance	2,565	-	2,565
Miscellaneous	158	-	158
Office Supplies	54	-	54
Deductions for Pensions	5,995	-	5,995
Professional Fees	738	-	738
Recreational Facilities Supplies	6,886	-	6,886
Repairs	4,353	-	4,353
Utilities	3,897	-	3,897
Total Expenditures	54,398	54,535	108,933
Excess Revenues (Expenditures)	82,764	(54,535)	28,229
Other Financing Sources (Uses)			
Operating Transfers In (Out)	(54,535)	54,535	-
Total Other Financing Sources (Uses)	(54,535)	54,535	-
Net Change in Fund Balances	28,229	-	28,229
Fund Balance, Beginning of Year	136,828	-	136,828
Fund Balance, End of Year	\$ 165,057	\$ -	\$ 165,057

See accompanying notes and accountant's report.

Livingston Parish Recreation District No. 5

Statement F

**Reconciliation of the Change 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	\$ 28,229
--------------------------------------------------------------	------------------

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. These differences consist of:

Capital outlay	12,300
Depreciation expense	(21,492)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term debt in the statement of net assets. In the current year, these amounts consist of:

Certificate of Indebtedness Bond principal retirement	40,000
-------------------------------------------------------	--------

Because some revenues will not be collected for several months after the District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by this amount this year.

	16,703
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Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These differences consist of:

Net increase in accrued interest	(4,420)
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Change in Net Assets, Governmental Activities	\$ <u>71,320</u>
------------------------------------------------------	-------------------------

See accompanying notes and accountant's report.

Basic Financial Statements

Notes to the Financial Statements

Livingston Recreation District No. 5

Notes to the Financial Statements As of and for the Year Ended December 31, 2003

Introduction

Livingston Parish Recreation District No. 5 was created by the Livingston Parish Council under the provisions of LRS 33:4562-4566, to provide playgrounds and other facilities which promote recreation and the general health and well-being of area youths. The District accomplishes its goals through recreational facility improvements and maintenance and through cooperative activities with local governmental units. The District is governed by a board of five (5) commissioners who are appointed by the Livingston Parish Council. These commissioners serve without compensation and are not reimbursed for expenses. The District includes the areas of the Town of Livingston, Colyell, Satsuma, and Verdun, with the Livingston Parish Council adopting Ordinance No. 03-053 during the fiscal year ending December 31, 2003, to amend and expand the boundaries of Livingston Recreation District No. 5.

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining the reporting entity and component units that should be included within the reporting entity. Under provisions of this statement, Livingston Recreation District No. 5 is considered a component unit of the Livingston Parish Council.

Note 1 - Summary of Significant Accounting Policies

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the governmental activities of Livingston Recreation District No. 5. The effect of interfund activity has been removed from these statements. The District does not have any business-type activities and reports only governmental activities. Governmental activities are supported by ad valorem tax collections dedicated for support of recreational activities and projects.

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 reports only general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The focus of governmental and proprietary fund financial statements is on "Major" funds. Fund statements present in separate columns the General Fund, followed by Major funds, with Nonmajor funds aggregated and displayed in a separate column. The new model (GASB Statement 34) sets forth minimum criteria (percentage of the assets, liabilities, revenues, or expenditures/expenses of either fund category or the governmental and enterprise funds combined) for the determination of Major funds. In addition to the funds that meet the major fund criteria, any other governmental or enterprise fund that the government's officials believe is particularly important to financial statement users may be reported as a Major fund. All of the District's funds were determined to be Major funds.

Livingston Recreation District No. 5

Notes to the Financial Statements As of and for the Year Ended December 31, 2003

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Interest on cash deposits is recorded as earned. All other revenue items are considered to be measurable and available only when cash is received by the government.

Livingston Recreation District No. 5 reports the following governmental funds:

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.

Debt Service Fund

The debt service fund accounts for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.

Capital Projects Fund

The capital projects fund accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds. For the fiscal year ending December 31, 2003, the District did not have a capital projects fund.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes. The District reported only general revenues consisting of ad valorem taxes, interest income, and donations not restricted for specific purposes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Livingston Recreation District No. 5

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

C. Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the District's investment policy allow the District to invest in collateralized certificates of deposit, government backed securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

E. Inventories and Prepaid Items

Purchase of various operating supplies are regarded as expenditures at the time purchased, and inventories of such supplies (if any) are not recorded as assets at the close of the fiscal year. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

F. Restricted Assets

Certain proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes are classified as restricted assets because their use is limited to specified expenditures. Restricted assets were not recorded for the fiscal year ending December 31, 2003.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. Livingston Recreation District No. 5 maintains a threshold level of \$500 or more for capitalizing capital assets.

Livingston Recreation District No. 5

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

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

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Buildings & Improvements	20 - 40 Years
Machinery & Equipment	5 - 25 Years
Furniture and Fixtures	5 - 12 Years

H. Compensated Absences

At December 31, 2003, the District did not have any employees which accumulate or vest benefits.

I. 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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported 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.

J. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

K. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events within the control of the District, which are either unusual in nature or infrequent in occurrence.

Livingston Recreation District No. 5

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

L. Estimates

The preparation of financial statements in conformance 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 amounts of revenues, and expenses during the reported period. Actual results could differ from those estimates.

Note 2 - Stewardship, Compliance, and Accountability

Budget Information

Livingston Recreation District No. 5 adopted a budget in accordance with statutory requirements.

Note 3 - Cash and Cash Equivalents

At December 31, 2003, the District has cash and cash equivalents (book balances) totaling \$37,278 as follows:

Demand Deposits	\$ <u>37,278</u>
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These deposits are stated at cost, which approximates fair value. 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. 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.

At December 31, 2003, the District has \$37,551 in deposits (collected bank balances). These deposits are secured from risk by \$37,551 of federal deposit insurance.

Livingston Recreation District No. 5

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

Note 4 - Receivables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible amounts.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

Authorized ad valorem millage	15.00 Mills
Levied ad valorem millage	15.00 Mills

Note 5 - Capital Assets

Capital assets and depreciation for governmental activities as of and for the year ended December 31, 2003:

	<u>Balance 12/31/02</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance 12/31/03</u>
Capital Assets Not Depreciated:				
Land	\$ 40,000	\$ -	\$ -	\$ 40,000
Total	<u>40,000</u>	<u>-</u>	<u>-</u>	<u>40,000</u>
Capital Assets Depreciated:				
Equipment	19,575	-	-	19,575
Recreational Facility Impr.	550,625	12,300	-	562,925
Total	<u>570,200</u>	<u>12,300</u>	<u>-</u>	<u>582,500</u>
Less Accumulated Depreciation:				
Equipment	(4,863)	(2,796)	-	(7,659)
Recreational Facility Impr.	(26,741)	(18,696)	-	(45,437)
Total	<u>(31,604)</u>	<u>(21,492)</u>	<u>-</u>	<u>(53,096)</u>
Net Capital Assets	\$ <u>578,596</u>	\$ <u>(9,192)</u>	\$ <u>-</u>	\$ <u>569,404</u>

Depreciation expense of \$21,492 for the fiscal year ended December 31, 2003 was charged to Recreational Facilities Maintenance function.

Livingston Recreation District No. 5

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

Note 6 - Interfund Transfers

Livingston Recreation District No. 5 recorded \$54,535 in operating transfers from the general fund to the debt service fund to pay annual principal and semi-annual debt service requirements.

Note 7 - Accounts, Salaries, and Other Payables

The payables of \$6,851 at December 31, 2003 were as follows:

Accounts Payable	\$ 856
Pension Deductions From Ad valorem Tax	5,995
	<u>\$ 6,851</u>

Note 8 - Short-Term Debt

The District had no short-term debt outstanding at December 31, 2003, and had no short-term debt activity during the year then ended other than that noted in Note 9 - Long-Term Obligations.

Note 9 - Long-Term Obligations

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

	Certificate of Indebtedness
Long-term obligations payable at 12/31/02	\$ 275,000
Additions	-
Deductions	40,000
Long-term obligations payable at 12/31/03	<u>\$ 235,000</u>

Certificates of Indebtedness are comprised of the following issues:

Certificates of Indebtedness Series 2000: \$350,000 of Certificates of Indebtedness sold to Hancock Bank of Louisiana dated September 1, 2000 and bearing interest at a rate of 5.7% payable semiannually on March 1 and September 1 of each year, commencing March 1, 2001, and maturing serially on March 1 of each year.	<u>\$ 235,000</u>
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Livingston Recreation District No. 5

**Notes to the Financial Statements
As of and for the Year Ended December 31, 2003**

The annual requirements to amortize all certificates outstanding at December 31, 2003, including interest of \$35,484 are as follows:

<u>Year Ending</u>		
2004	\$	52,255
2005		54,833
2006		52,268
2007		54,560
2008		56,568
	<u>\$</u>	<u>270,484</u>

Note 10 - Interfund Transfers

The following is a detailed list of interfund transfers reported in the fund financial statements on December 31, 2003:

	<u>Transfers From Other Funds</u>	<u>Transfers To Other Funds</u>
General Fund	\$ -	\$ 54,535
Debt Service Fund	54,535	-
	<u>\$ 54,535</u>	<u>\$ 54,535</u>

The reason for the interfund transfers is to fund debt service principal and interest installments.

Note 11 - Compensation of Commissioners

Louisiana Revised Statute 33:4564(B) provides that commissioners may receive a per diem of \$10 for each meeting of the commission. The five District commissioners have elected not to receive compensation for their services.

Note 12 - Litigation and Claims

At December 31, 2003, the District was not involved in any outstanding litigation or claims.

Required Supplemental Information (Part II)
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
General Fund

Livingston Parish Recreation District No. 5

Schedule 1

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
 For the Year Ended December 31, 2003

	Budgeted Amounts		Actual Amounts: GAAP Basis	Variance with Final Budget: Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad Valorem Taxes	\$ 140,000	\$ 133,250	\$ 136,022	\$ 2,772
Interest Income	600	4,206	640	(3,566)
Donations	1,000	500	500	-
Total Revenues	<u>141,600</u>	<u>137,956</u>	<u>137,162</u>	<u>(794)</u>
Expenditures				
Accounting	9,500	6,000	9,345	(3,345)
Advertising	-	-	66	(66)
Bank Charges	-	-	250	(250)
Capital Expenditures	40,000	21,990	12,300	9,690
Garbage	-	-	1,356	(1,356)
Grass Cutting	6,000	6,000	6,435	(435)
Insurance	2,500	2,298	2,565	(267)
Miscellaneous	-	-	158	(158)
Office Supplies	-	-	54	(54)
Deductions for Pensions	-	-	5,995	(5,995)
Professional Fees	-	-	738	(738)
Recreational Facilities Supplies	-	403	6,886	(6,483)
Repairs	9,200	8,060	4,353	3,707
Utilities	5,000	5,476	3,897	1,579
Total Expenditures	<u>72,200</u>	<u>50,227</u>	<u>54,398</u>	<u>(4,171)</u>
Excess Revenues (Expenditures)	<u>69,400</u>	<u>87,729</u>	<u>82,764</u>	<u>(4,965)</u>
Other Financing Sources (Uses)				
Operating Transfers In (Out)	(54,785)	(54,785)	(54,535)	250
Total Other Financing Sources (Uses)	<u>(54,785)</u>	<u>(54,785)</u>	<u>(54,535)</u>	<u>250</u>
Net Change in Fund Balance	14,615	32,944	28,229	(4,715)
Fund Balance, Beginning of Year	136,828	136,828	136,828	-
Fund Balance, End of Year	<u>\$ 151,443</u>	<u>\$ 169,772</u>	<u>\$ 165,057</u>	<u>\$ (4,715)</u>

See accountant's report.

Other Supplemental Information

Livingston Recreation District No. 5

Schedule 2

**Schedule of Board Members
For the Year Ended December 31, 2003**

	<u>Initial Term</u>	<u>Renewal</u>
Gregory L. Bencaz, Chairman P.O. Box 16 Livingston, LA 70754 (225) 686-2272	3 years	1999
Randall Andrews, Vice Chairman 24479 Effie Andrew Lane Livingston, LA 70754 (225) 698-6563	4 years	2000
Purvis Milton 19426 Taylor Road Livingston, LA 70754 (225) 698-6821	2 years	2003
Charles Sibley 33036 Weiss Road Walker, LA 70785 (225) 686-7163	5 years	2001
Mike Kilcrease, Jr. 19870 Steve Hughes Rd. Walker, LA 70785 (225) 686-0640	5 years	2002

Livingston Parish Recreational District Five
Post Office Box 577
Livingston, LA 70754

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

Public Bid Law

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

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

Code of Ethics for Public Officials and Public Employees

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

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

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

The District had no employees for the year ended December 31, 2003.

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

The District had no employees for the year ended December 31, 2003.

Budgeting

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

Management provided me with a copy of the original budget. There were no amendments to the

budget during the year.

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

I traced the adoption of the original budget to the minutes of a meeting held on December 23, 2003 which indicated that the budget had been adopted by the commissioners of Livingston Parish Recreational District Five by a vote of four yeas and zero nays. No amendments were made to the budget during the year.

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

I compared the revenues and expenditures of the final budget to actual revenues and expenditures. There were no unfavorable variances of 5% or more.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and:
(a) trace payments to supporting documentation as to proper amount and payee;

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

(b) determine if payments were properly coded to the correct fund and general ledger account; and
All examined expenditures appeared to be coded to the correct account.

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

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the accountant and the chairman of the Board of Commissioners. In addition, each of the disbursements were traced to the district's minute book where they were approved by the full commission.

Meetings

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

Livingston Parish Recreational District Five is only required to post a notice of each meeting and the accompanying agenda on the door of the district's office building. Although management has asserted that such documents were properly posted, I could find no evidence supporting such assertion other than an unmarked copy of the notices and agendas.

Debt

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

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

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been

made to employees which may constitute bonuses, advance, or gifts.

The District had no employees for the year ended December 31, 2003.

The prior year report, dated June 19, 2003, contained on comment pertaining to public agenda notice. According to management, an agenda is posted on the door of the District office prior to every board meeting. This comment has been resolved.

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

This report is intended solely for the use of management of Livingston Parish Recreational District Five and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Sincerely,

Leroy J. Chustz

Leroy J. Chustz
Certified Public Accountant
June 29, 2004

LOUISIANA ATTESTATION QUESTIONNAIRE

June 22, 2004

Leroy J. Chustz, CPA, APAC
Post Office Box 158
Denham Springs, Louisiana 70727

In connection with your compilation of our financial statements as of December 31, 2003 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of June 22, 2004.

Public Bid Law

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

Yes(x) No() N/A()

Code of Ethics for Public Officials and Public Employees

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

Yes(x) No() N/A()

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

Yes(x) No() N/A()

Budgeting

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

Yes(x) No() N/A()

Accounting and Reporting

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

Yes(x) No() N/A()

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

Yes(x) No() N/A()

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

Yes(x) No() N/A()

Meetings

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

Yes(x) No() N/A()

Debt

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

Yes(x) No() N/A()

Advances and Bonuses

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

Yes(x) No() N/A()

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

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

Secretary _____ Date

Treasury _____ Date

Vic. Randall Atkins _____
President _____ *June 22, 2004* Date