

Financial Report
Terrebonne Parish Recreation District No. 9
Houma, Louisiana
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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December 31, 2003

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FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 9,
Houma, Louisiana.

We have audited the accompanying basic financial statements of the governmental activities of Terrebonne Parish Recreation District No. 9 (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Terrebonne Parish Recreation District No. 9 as of December 31, 2003, and the changes in financial position and the budgetary comparison for the District for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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Management's Discussion and Analysis on pages 3 through 8 is not a required part of the basic financial statements but is 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 required supplementary information. However, we did not audit the information and express no opinion on it.

In accordance with Government Auditing Standards, we have also issued our report dated April 2, 2004 on our consideration of Terrebonne Parish Recreation District No. 9's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
April 2, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 9

The Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 9's (the District) financial performance presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2003. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with basic financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The District's assets exceeded its liabilities at the close of fiscal year 2003 by \$669,820 (net assets), which represents a .35% decrease from last fiscal year.

The District's expenditures increased \$54,658 (or 17.10%) primarily due to the addition of the boat launch, the maintenance of the ball field lights, and an increase in personal services.

The District did not have any funds with deficit fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's annual report consists of four parts: (1) management's discussion and analysis (this section) (2) basic financial statements (3) the optional section that presents other supplementary information and (4) various governmental compliance reports and schedules by certified public accountants and management.

The basic financial statements include two kinds of statements that present different views of the District:

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private sector business. The statement of net assets presents information on all of the District's 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 the District is improving or deteriorating. The statement of activities presents information showing how the District's net assets change during each 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 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. The governmental activity of the District is culture and recreation.

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. All of the funds of the District are governmental funds.

Governmental 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. 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. 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.

The District maintains an individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the general fund. The District 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 9 – 13 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provide in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the District's financial position. As of December 31, 2003, assets exceeded liabilities by \$669,820. A large portion of the District's net assets (95.8 %) reflects its investment in capital assets (e.g., land; buildings; office furniture, fixtures and equipment; vehicles, machinery and equipment). Consequently, these assets are not available for future spending.

Condensed Statements of Net Assets

	December 31,		Dollar Change
	2003	2002	
Current and other assets	\$ 338,166	\$ 325,085	\$ 13,081
Capital assets	642,445	643,136	(691)
Total assets	<u>980,611</u>	<u>968,221</u>	<u>12,390</u>
Current liabilities	310,791	295,346	15,445
Long-term liabilities	-	736	(736)
Total liabilities	<u>310,791</u>	<u>296,082</u>	<u>14,709</u>
Net Assets:			
Invested in capital assets, net of related debt	641,709	633,915	7,794
Unrestricted	28,111	38,224	(10,113)
Total net assets	<u>\$ 669,820</u>	<u>\$ 672,139</u>	<u>\$ (2,319)</u>

Governmental Activities

Governmental activities decreased the District's net assets by \$2,319. Key elements of this decrease are as follows:

Condensed Changes in Net Assets

	December 31,		Dollar Change	Total Percent Change
	2003	2002		
Revenues:				
Program Revenues:				
Charges for services	100,975	62,474	38,501	61.63%
General revenues:				
Taxes	252,739	234,670	18,069	7.70%
Intergovernmental	17,085	36,533	(19,448)	-53.23%
Miscellaneous	1,159	37,640	(36,481)	-96.92%
Total revenues	<u>371,958</u>	<u>371,317</u>	<u>641</u>	<u>0.17%</u>
Expenses:				
General Government	11,102	11,770	(668)	-5.68%
Culture and Recreation	362,771	307,034	55,737	18.15%
Interest on Long-term debt	404	815	(411)	-50.43%
Total expenses	<u>374,277</u>	<u>319,619</u>	<u>54,658</u>	<u>17.10%</u>
Increase (decrease) in net assets	(2,319)	51,698	(54,017)	-104.49%
Net assets beginning of year	672,139	620,441	51,698	8.33%
Net assets end of year	<u>\$ 669,820</u>	<u>\$ 672,139</u>	<u>\$ (2,319)</u>	<u>-0.35%</u>

Charges for services increased 61.63% due to the addition of the boat launch and an increase in revenue from concession sales and recreational activities. Miscellaneous revenues decreased 96.92% due to the donation of an asset in the amount of \$36,000 in the prior year. Culture and recreation increased due to the additional costs of the boat launch and the recreational activities.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the District's governmental fund reported ending fund balances of \$7,343, a decrease of \$15,350 in comparison with the prior year.

General Fund Budgetary Highlights

The budget was amended twice during the year. The primary reason for amending the budget was to prevent compliance violations under state law. The major differences between the original General Fund budget and the final amended budget were as follows:

Revenues

- Ad valorem taxes increased by approximately \$18,000.
- Charges for services were increased by \$21,000 due to the increase of participation in recreation activities, receiving more income from concession sales than anticipated and the use of the boat launch.

Expenditures

- Personal services were increased \$24,409 primarily due to the hiring of a new full-time employee and a raise to the full-time employees.
- Repairs and maintenance increased \$18,200 primarily due to the repairs on the ball field lights.

During the year, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets for its governmental activities as of December 31, 2003, amounts to \$642,445 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office furniture, fixtures and equipment; and vehicles, machinery and equipment (see table below).

	<u>2003</u>	<u>2002</u>
Land	\$ 71,500	\$ 71,500
Buildings and Improvements	996,719	974,773
Machinery and Equipment	310,340	284,036
Office furniture, fixtures and equipment	<u>19,321</u>	<u>17,877</u>
Totals	<u>\$ 1,397,880</u>	<u>\$ 1,348,186</u>

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

- The purchase of a new fence to be located around the pool and culverts and catch basins.
- The purchase of an air conditioning unit, a topdresser, and bleachers.

Additional information on the District's capital assets can be found in the Note 5, Exhibit F of this report.

Long-term Debt

At December 31, 2003, the District had \$736 in long-term debt outstanding down from \$9,221 for a decrease of \$8,485, which was the amount of 2003 principal payments on outstanding debt. More detailed information about the District's long-term debt is presented in Note 7, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The Board of Directors considered the following factors and indicators when setting next year's budget, rates, and fees. These factors and indicators include:

- The Ad Valorem Tax revenue budgeted represents the estimated amount of the November 2003 assessment, which the District will receive, for the most part, in January 2004.
- Salaries and benefits are based on the number of employees needed to perform necessary services and the related benefits.
- Detail plan of equipment needed to be purchased.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's 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 Board of Directors of the Terrebonne Parish Recreation District No. 9, P.O. Box 3325, Houma, Louisiana 70361.

STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET**Terrebonne Parish Recreation District No. 9**

December 31, 2003

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
Assets			
Cash	\$ 47,413	\$ -	\$ 47,413
Receivables - taxes	23,722	-	23,722
Due from other governmental units	246,263	-	246,263
Prepaid insurance	-	20,768	20,768
Capital assets:			
Non-depreciable	-	71,500	71,500
Depreciable, net of accumulated depreciation	-	570,945	570,945
Total assets	<u>\$ 317,398</u>	<u>663,213</u>	<u>980,611</u>
Liabilities			
Accounts payables and accrued expenditures	\$ 30,555	-	30,555
Due to Terrebonne Parish Consolidated Government	1,983	-	1,983
Deferred revenue	277,517	-	277,517
Long-term liabilities:			
Due within one year	-	736	736
Total liabilities	<u>310,055</u>	<u>736</u>	<u>310,791</u>
Fund Balances/Net Assets			
Fund balance - unreserved	7,343	(7,343)	-
Total liabilities and fund balances	<u>\$ 317,398</u>		
Net assets:			
Invested in capital assets, net of related debt		641,709	641,709
Unrestricted		28,111	28,111
Total net assets		<u>\$ 669,820</u>	<u>\$ 669,820</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 9

December 31, 2003

Fund Balances - Governmental Fund \$ 7,343

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 governmental fund.

Governmental capital assets	\$ 1,397,880	
Less accumulated depreciation	<u>(755,435)</u>	642,445

Other assets used in governmental activities
are not financial resources and, therefore,
are not reported in the governmental funds.

Prepaid insurance		20,768
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Long-term liabilities, including bonds payable, are
not due and payable in the current period and,
therefore, are not reported in the governmental funds.

Long-term liabilities at year-end consist of:		
Capital lease payable		<u>(736)</u>

Net Assets of Governmental Activities \$ 669,820

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2008

	General Fund	Adjustments (Exhibit D)	Statement of Activities
Revenues			
Taxes	\$ 252,739	\$ -	\$ 252,739
Intergovernmental:			
State of Louisiana:			
State revenue sharing	15,754	-	15,754
Rural development grant	1,331	-	1,331
Charges for services	100,975	-	100,975
Miscellaneous:			
Interest	759	-	759
Other	400	-	400
Total revenues	371,958	-	371,958
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	-	-	-
Ad valorem tax deductions	11,102	-	11,102
Total general government	11,102	-	11,102
Culture and recreation:			
Personal services	126,327	-	126,327
Supplies and materials	23,494	-	23,494
Other services and charges	95,306	(5,237)	90,069
Repairs and maintenance	71,096	-	71,096
Depreciation	-	51,785	51,785
Total culture and recreation	316,223	46,548	362,771
Debt service:			
Principal retirement	8,485	(8,485)	-
Interest and fiscal charges	404	-	404
Total debt service	8,889	(8,485)	404
Capital outlay	51,094	(51,094)	-
Total expenditures/expenses	387,308	(13,031)	374,277
Deficiency of Revenues Over Expenditures	(15,350)	15,350	-
Change in Net Assets	-	(2,319)	(2,319)
Fund Balances/Net Assets			
Beginning of year	22,693	649,446	672,139
End of year	\$ 7,343	\$ 662,477	\$ 669,820

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2003

Net Change in Fund Balances - Governmental Fund		\$ (15,350)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay	\$ 51,094	
Depreciation expense	<u>(51,785)</u>	
Excess of capital outlay over depreciation expense		(691)
Repayment of capital principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Principal payments		8,485
Some expenditures reported in the governmental funds require the use of current financial resources and are not reported as expenses in the statement of activities.		
Prepaid insurance		<u>5,237</u>
Change in Net Assets of Governmental Activities		<u>\$ (2,319)</u>

See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 225,000	\$ 243,000	\$ 252,739	\$ 9,739
Intergovernmental:				
State of Louisiana:				
State revenue sharing	20,000	15,800	15,754	(46)
Rural development grant	5,000	1,500	1,331	(169)
Charges for services	76,000	97,000	100,975	3,975
Miscellaneous:				
Interest	700	150	759	609
Other	-	400	400	-
Total revenues	326,700	357,850	371,958	14,108
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	-	-	-	-
Ad valorem tax deductions	32,000	24,000	11,102	12,898
Total general government	32,000	24,000	11,102	12,898
Culture and recreation:				
Personal services	102,700	127,109	126,327	782
Supplies and materials	11,500	21,000	23,494	(2,494)
Other services and charges	95,500	97,600	95,306	2,294
Repairs and maintenance	44,300	62,500	71,096	(8,596)
Total culture and recreation	254,000	308,209	316,223	(8,014)
Debt service:				
Principal retirement	-	-	8,485	(8,485)
Interest and fiscal charges	-	-	404	(404)
Total debt service	-	-	8,889	(8,889)
Capital outlay	82,200	64,800	51,094	13,706
Total expenditures	368,200	397,009	387,308	9,701
Excess (Deficiency) of Revenues Over Expenditures	(41,500)	(39,159)	(15,350)	23,809
Fund Balance				
Beginning of year	50,000	22,693	22,693	-
End of year	\$ 8,500	\$ (16,466)	\$ 7,343	\$ 23,809

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**Terrebonne Parish Recreation District No. 9**

December 31, 2003

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 9 (the District) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

The District is a component unit of Terrebonne Parish Consolidated Government (the Parish) and as such, these financial statements will be included in the comprehensive annual financial report (CAFR) of the Parish for the year ended December 31, 2003.

The District has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

b) Basis of Presentation

The District's basic financial statements consist of the government-wide statements on all activities of the District and the governmental fund financial statements (individual major funds).

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Assets and the Statement of Activities for all activities of the District. As of general rule, the effect of interfund activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the District as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (continued)

Fund Financial Statements:

The fund financial statements are very similar to the traditional government fund statements as presented by governments prior to the issuance of Statement No. 34. Emphasis is now on the major funds in governmental categories. The daily accounts and operations of the District continue to be organized on the basis of a fund and accounts groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The following is the Governmental Fund of the District:

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

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 in the year for which they are levied.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (continued)

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. Ad valorem taxes and the related state revenue sharing (Intergovernmental revenue) are recorded as revenue in the period for which levied. Thus, the 2003 property taxes which are being levied to finance the 2004 budget will be recognized as revenue in 2004. The 2003 tax levy is recorded as deferred revenue in the District's 2003 Financial Statements. Charges for services are recorded when earned since they are measurable and available. Miscellaneous revenues are recorded as revenues when received in cash by the District or an intermediary collecting agency because they are generally not measurable or available until actually received.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on general long-term debt which is recognized when due. Allocations of cost such as depreciation are not recognized in the governmental funds.

d) 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 could differ from those estimates.

e) Operating Budgetary Data

As required by the Louisiana Revised Statutes 39:1303, the Board of Commissioners (the Board) adopted a budget for the District's General Fund. The Board, as allowed by state law, does not obtain public participation in the budget process. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board. The District amended its budget twice during the year. All budgeted amounts that are not expended, or obligated through contracts, lapse at year-end.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data (continued)

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

f) Accounts Receivable

The financial statements for the District contain no allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and other receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the particular receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds.

g) Investments

The District had no investments at December 31, 2003.

h) Prepaid Insurance

The District has recorded prepaid insurance in its government-wide financial statements. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

i) Capital Assets

The accounting treatment over property, plant and equipment (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$400 or more are valued at historical cost, or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their estimated fair value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Capital Assets (continued)

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Assets. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives by type of asset is as follows:

Buildings and improvements	20 – 40 years
Machinery and equipment	5 – 20 years
Office furniture, fixtures and equipment	5 – 12 years

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

j) Long-Term Debt

The accounting treatment of long-term debt depends on whether they are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists of capital lease obligation.

Fund Financial Statements:

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payments of principle and interest reported as expenditures.

k) Vacation and Sick Leave

The District has three full-time employees. There is no material accumulated unpaid vacation and sick leave at December 31, 2003.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1) Fund Equity

Government-wide Statements:

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

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.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Note 2 - DEPOSITS

Louisiana state law allows all political subdivisions to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

Note 2 - DEPOSITS (Continued)

State law requires deposits (cash and certificates of deposit) of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision or with an unaffiliated bank or with a trust company for the account of the political subdivision.

Cash and deposits are categorized into three categories of credit risk.

Category 1 includes deposits covered by federal depository insurance or by collateral held by the District or its agent in the District's name.

Category 2 includes deposits covered by collateral held by the pledging financial institution's trust department or its agent in the District's name.

Category 3 includes deposits covered by collateral held by the pledging financial institution or its trust department or agents but not in the District's name.

The year end balances of deposits are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	<u>\$ 53,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 47,413</u>

At December 31, 2003, cash was not in excess of the FDIC insurance.

Note 3 - PROPERTY TAXES

Property taxes are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the Terrebonne Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2000. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for

Note 3 - PROPERTY TAXES (Continued)

which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 2003 was \$9.79 per \$1,000 of assessed valuation on property within Recreation District No. 9 for the purpose of maintaining and operating recreational facilities within the District. As indicated in Note 1c), taxes levied November 1, 2003 are for budgeted expenditures in 2004 and will be recognized as revenues in 2004.

Note 4 - DUE FROM OTHER GOVERNMENTAL UNITS

Amounts due from other governmental units at December 31, 2003 consisted of the following:

State of Louisiana - State revenue sharing	\$ 10,563
Terrebonne Parish Tax Collector - December, 2003 collections remitted to the District in January, 2004:	
Ad valorem taxes	230,418
State revenue sharing	<u>5,282</u>
Total	<u>\$ 246,263</u>

Note 5 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2003 was as follows:

	Balance January 1, 2003	Additions	Deletions	Balance December 31, 2003
Capital assets not being depreciated:				
Land	\$ 71,500	\$ -	\$ -	\$ 71,500
Capital assets being depreciated:				
Buildings and improvements	974,773	21,946		996,719
Machinery and equipment	284,036	27,704	(1,400)	310,340
Office furniture, fixtures and equipment	17,877	1,444	-	19,321
Total capital assets being depreciated	1,276,686	51,094	(1,400)	1,326,380
Less accumulated depreciation for:				
Buildings and improvements	(565,212)	(28,533)	-	(593,745)
Machinery and equipment	(128,050)	(20,504)	1,400	(147,154)
Office furniture, fixtures and equipment	(11,788)	(2,748)	-	(14,536)
Total accumulated depreciation	(705,050)	(51,785)	1,400	(755,435)
Total capital assets being depreciated, net	571,636	(691)	-	570,945
Total capital assets, net	\$ 643,136	\$ (691)	\$ -	\$ 642,445

Note 6 - ACCOUNTS PAYABLE AND ACCRUED EXPENDITURES

Accounts payable and accrued expenditures at December 31, 2003 consisted of the following:

Governmental activities	
Vendors	\$ 5,577
Protest taxes	<u>24,978</u>
Total	\$ <u>30,555</u>

Note 7 - CAPITAL LEASES

The government has entered into a lease agreement as lessee for financing the acquisition of tractor equipment. This agreement qualifies as a capital lease for accounting purposes and, therefore, has been recorded at the present value of their future minimum lease payments as of the inception date.

The assets acquired through capital lease are as follows:

Machinery and equipment	\$16,564
Less: accumulated depreciation	<u>3,175</u>
Total	<u>\$13,389</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2003, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2004	<u>\$ 736</u>	<u>\$ 5</u>	<u>\$ 741</u>

Note 8 - COMMITMENTS

The District is leasing, on a year-by-year basis, a four-acre tract of land located near the District's premises for a nominal cost of \$10 per year. The lease is accounted for as an operating lease and rental expenditures totaled \$10 during the year ended December 31, 2003. On January 1, 2003, the District entered into a three-year lease agreement for a parking lot in connection with the boat launch. The consideration for the lease will be the improvements to the property during the term of the lease.

Note 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; natural disasters; and group health benefits for which the District carries commercial insurance and also participates in the Parish's risk management program for general liability, workers' compensation and group insurance. No settlements were made during the year that exceeded the District's insurance coverage. The District pays monthly premiums to the Parish for general liability based on various factors such as its operations and mainten-

Note 9 - RISK MANAGEMENT (Continued)

ance budget, exposure and claims experience. The premiums for workers' compensation are based on a fixed percentage of payroll. The premiums for group insurance are based on a fixed rate per employee. The Parish handles all claims filed against the District for which it has insurance coverage under the Parish. The District could have additional exposure for claims in excess of the Parish's insurance contracts as described below:

<u>Policy</u>	<u>Coverage Limits</u>
General Liability	\$6,500,000
Workers' Compensation	Statutory

Coverage for general liability claims in excess of the above stated limits are to be funded first by assets of the Parish's general liability internal service fund, \$3,448,479 at December 31, 2002, then secondly by the District. The Parish is self-insured for the first \$125,000 of each claim relating to group health insurance. The aggregate deductible for all group claims relating to group insurance for 2002 was \$8,550,420. Insurance contracts cover the excess liability, up to \$1,000,000 on individual claims. Each covered employee is subject to a lifetime maximum claims limit of \$1,000,000. Coverage for group health claims in excess of the above limits are to be funded first by assets of the Parish's group health internal service fund, \$211,176 at December 31, 2002, then by the entities participating in group health plan and finally by the District or the employee for individual claims in excess of \$1,000,000. At December 31, 2003 the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverages during the year ended December 31, 2003 totaled \$11,688.

Note 10 - COMPENSATION OF BOARD MEMBERS

The District did not pay any compensation to its Board Members for the year ended December 31, 2003.

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 9,
Houma, Louisiana.

Our report on our audit of the basic financial statements of Terrebonne Parish Recreation District No. 9 (the District) for the year ended December 31, 2003, appears on pages 1 and 2. That audit was conducted for the purpose of forming an opinion on such financial statements taken as a whole. The information contained in the schedule of governmental fund revenues and expenditures and graphs of governmental fund revenues and expenditures for the year ended December 31, 2003 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements for the year ended December 31, 2003, taken as a whole.

We also have previously audited, 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, the governmental fund balance sheets of Terrebonne Parish Recreation District No. 9 as of December 31, 2002 and 2001, and the related statements of governmental fund revenues, expenditures and changes in fund balance for each of the two years in the period ended December 31, 2002 (none of which is presented herein), and we expressed unqualified opinions on those financial statements. In our opinion, the information presented in the schedule of governmental fund revenues and expenditures and graphs of governmental fund revenues and expenditures for the years ended December 31, 2002 and 2001 is fairly stated in all material respects in relation to the basic financial statements from which it has been derived.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
April 2, 2004.

SCHEDULE OF GOVERNMENTAL FUND REVENUES AND EXPENDITURES**Terrebonne Parish Recreation District No. 9**

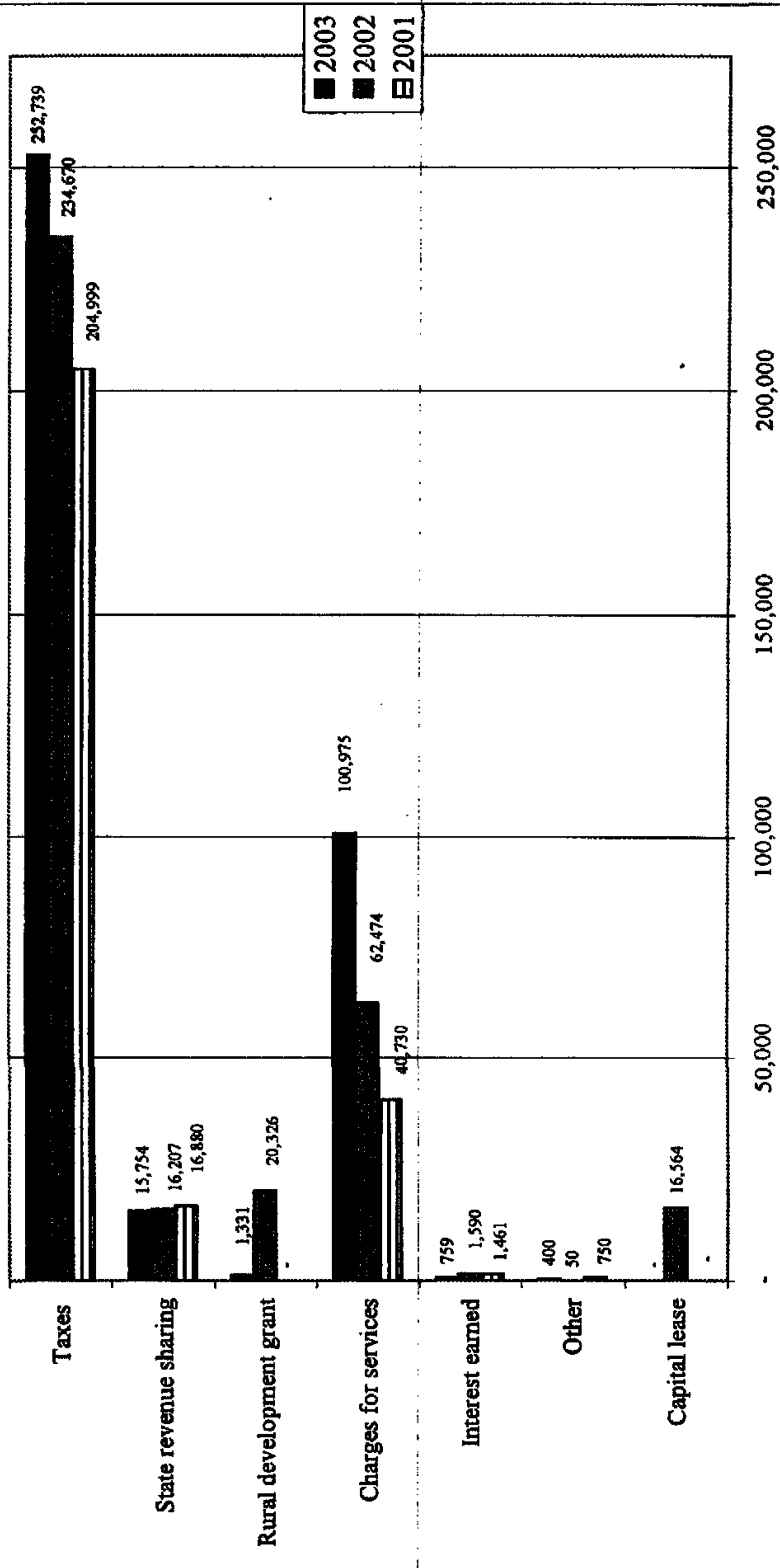
For the years ended December 31, 2003, 2002 and 2001

	<u>2003</u>	<u>2002</u>	<u>2001</u>
REVENUES			
Taxes	\$ 252,739	\$ 234,670	\$ 204,999
State revenue sharing	15,754	16,207	16,880
Rural development grant	1,331	20,326	-
Charges for services	100,975	62,474	40,730
Interest earned	759	1,590	1,461
Other	400	50	750
Capital lease	-	16,564	-
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 371,958</u>	<u>\$ 351,881</u>	<u>\$ 264,820</u>
EXPENDITURES			
General government	\$ 11,102	\$ 11,770	\$ 30,631
Personal services	126,327	101,030	82,446
Supplies and materials	23,494	20,790	16,278
Other services and charges	95,306	81,589	75,185
Repairs and maintenance	71,096	54,901	40,998
Debt service	8,889	8,858	1,538
Capital outlay	51,094	62,445	61,754
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 387,308</u>	<u>\$ 341,383</u>	<u>\$ 308,830</u>

GOVERNMENTAL FUND REVENUES

Terrebonne Parish Recreation District No. 9

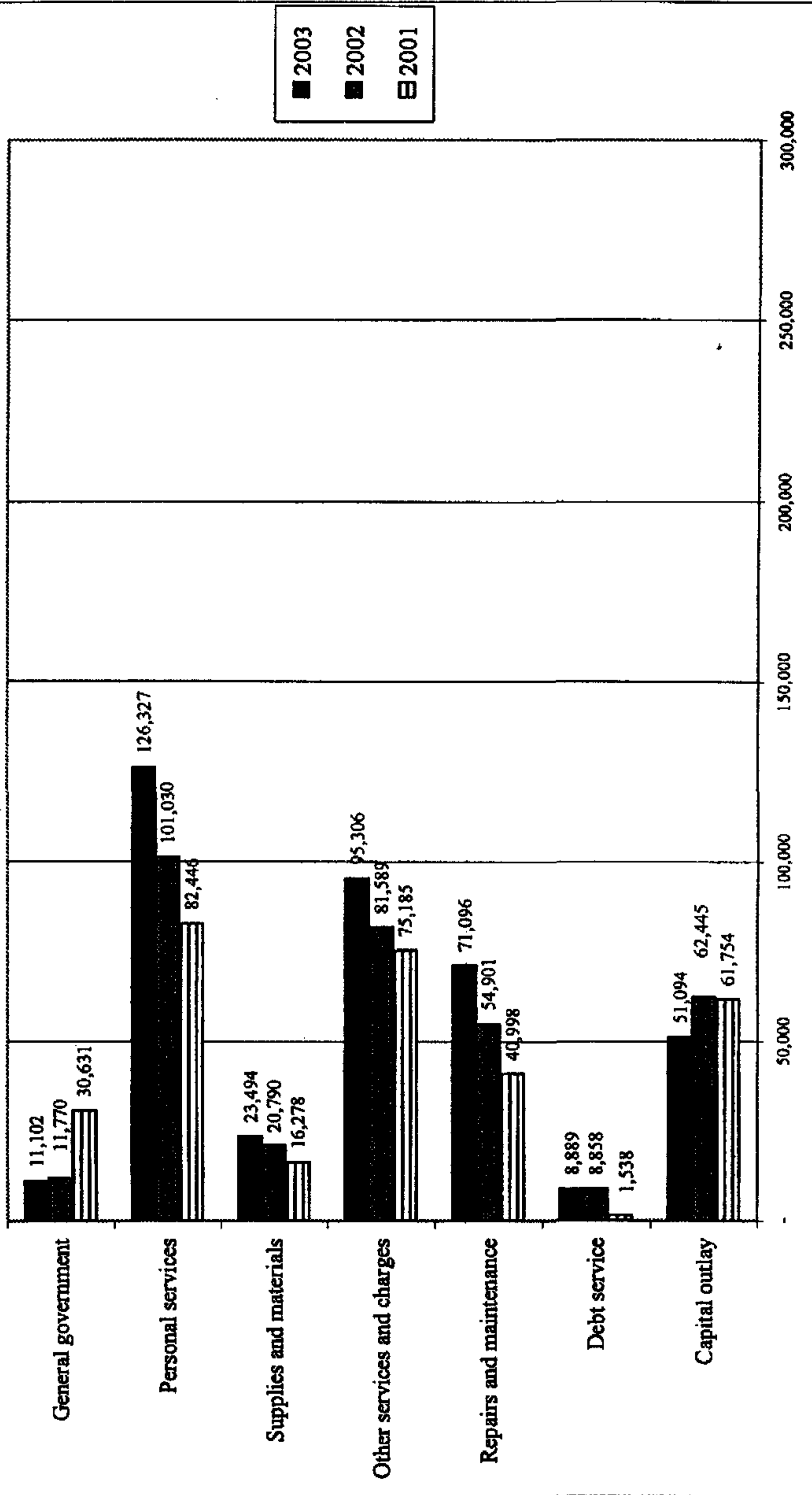
For the years ended December 31, 2003, 2002 and 2001



GOVERNMENTAL FUND EXPENDITURES

Terrebonne Parish Recreation District No. 9

For the years ended December 31, 2003, 2002 and 2001



SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS



Bourgeois Bennett

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

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 9,
Houma, Louisiana.

We have audited the basic financial statements of Terrebonne Parish Recreation District No. 9 (the District), a component unit of Terrebonne Parish Consolidated Government, as of and for the year ended December 31, 2003, and have issued our report thereon dated April 2, 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 basic 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 two instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the Schedule of Findings as items 03-1 and 03-2.

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 basic 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 operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
April 2, 2004.

SCHEDULE OF FINDINGS

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2003

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Reportable condition(s) identified that are not
 considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

b) Federal Awards

Terrebonne Parish Recreation District No. 9 did not receive federal awards during the year ended December 31, 2003.

Section II Financial Statement Findings

Compliance

03-1 **Criteria** - The state constitution and various opinions of the state's Attorney General prohibit the payment of bonuses to employees. Attorney General Opinion 80-935 states that the governmental entity should never pay employees for annual leave, in lieu of taking such leave, except for termination payments and in cases where the urgent demands of the employment preclude taking a vacation.

Condition - The District paid an employee for annual leave, in lieu of taking such leave, and also paid an employee a bonus.

Questioned Costs - \$715.20

SCHEDULE OF FINDINGS

(Continued)

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2003

Section II Financial Statement Findings (Continued)

Compliance (continued)

03-1 (continued)

Context – Systematic problem that involves the District stewardship responsibilities to remain in compliance with Federal, state and local laws and regulations.

Effect – The District violated state law regarding payment to employees.

Cause – The District was not in compliance with state law.

Recommendation – Employees should only be paid for time worked as documented by signed time and attendance records.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical – None

03-2 Criteria – Louisiana Revised Statute 39:1304-1314 requires that the consolidated statement for the general fund show the estimated fund balance at the beginning and end of the fiscal year; and the total of proposed expenditures must not exceed the total of estimated funds available for the ensuing fiscal year.

Condition – The amended budget for 2003 included proposed expenditures that exceeded the total of estimated funds available for the fiscal year.

Questioned Costs – None

Context – This was an isolated instance.

Effect – The District violated state law regarding budgets.

SCHEDULE OF FINDINGS

(Continued)

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2003

Compliance (continued)

03-2 (continued)

Cause – The District adopted the amended budget with a deficit in excess of available fund balance.

Recommendation – We recommend that the Board comply with state budget laws by making sure expenditures do not exceed estimated funds available.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical - None

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2003

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were reported during the audit for the year ended December 31, 2002.
No reportable conditions were reported during the audit for the year ended December 31, 2002.

Compliance

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2002.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 9 did not receive federal awards during the year ended December 31, 2002.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2002.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Terrebonne Parish Recreation District No. 9

For the year ended December 31, 2003

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended December 31, 2003.
No reportable conditions were reported during the audit for the year ended December 31, 2003.

Compliance

03-1 **Recommendation** – Employees should only be paid for time worked as documented by signed time and attendance records

Management's Corrective Plan – No employees will be given bonuses or be paid in lieu of taking vacation.

03-2 **Recommendation** – We recommend that the Board comply with state budget laws by budgeting fund balance and making sure expenditures do not exceed estimated funds available.

Management's Corrective Plan – The District will comply with the state budget laws in the future.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 9 did not receive federal awards during the year ended December 31, 2003.

Section III Management Letter

A management letter was not issued in connection with the audit for the year ended December 31, 2003.