

Financial Report***Terrebonne Parish Recreation District No. 7******Chauvin, 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 8/25/04

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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. 7,
Chauvin, Louisiana.

We have audited the accompanying basic financial statements of the governmental activities of Terrebonne Parish Recreation District No. 7 (the District), a component unit of the Terrebonne Parish Consolidated Government, State of Louisiana, 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. 7 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.

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 May 21, 2004 on our consideration of Terrebonne Parish Recreation District No. 7'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,
May 21, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 7

The Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 7'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 \$263,162 (net assets), which represents a 15.87 % increase from last fiscal year.

The District's revenue increased \$20,470 (or 8.05%) primarily due to concessions being sold in 2003 for the first time, and the increase in facility rentals.

The District's expenditures decreased \$16,520 (or 6.47%) primarily due to the improvements that were made in 2002 that were not made in 2003.

Capital assets increased by a net of \$22,367 primarily due to the replacement of two air conditioners.

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 health and welfare which is comprised of various programs that include various supportive services, nutritional services, utility assistance and respite.

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 has one 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 one 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 balances 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 \$263,162. The District's net assets reflect its investment in capital assets (e.g., land; buildings; office furniture, fixtures and equipment; 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	\$ 380,149	\$ 336,918	\$ 43,231
Capital assets	300,427	278,060	22,367
Total assets	<u>680,576</u>	<u>614,978</u>	<u>65,598</u>
Long-term liabilities outstanding	36,995	49,325	(12,330)
Other liabilities	380,419	338,526	41,893
Total liabilities	<u>417,414</u>	<u>387,851</u>	<u>29,563</u>
Net Assets:			
Invested in capital assets, net of related debt	300,427	278,060	22,367
Unrestricted (deficit)	(37,265)	(50,933)	13,668
Total net assets	<u>\$ 263,162</u>	<u>\$ 227,127</u>	<u>\$ 36,035</u>

Governmental Activities

Governmental activities increased the District's net assets by \$36,035. Key elements of this increase are as follows:

Condensed Changes in Net Assets

	December 31,		Dollar Change	Total Percent Change
	2003	2002		
Revenues:				
Program Revenues				
Charges for Services	\$ 15,211	\$ 14,251	\$ 960	6.74%
General Revenues				
Taxes	239,974	186,864	53,110	28.42%
Intergovernmental	13,193	13,511	(318)	-2.35%
Miscellaneous	6,315	39,597	(33,282)	-84.05%
Total revenues	<u>274,693</u>	<u>254,223</u>	<u>20,470</u>	8.05%
Expenses:				
General Government	14,263	10,998	3,265	29.69%
Culture and Recreation	224,395	244,180	(19,785)	-8.10%
Total expenses	<u>238,658</u>	<u>255,178</u>	<u>(16,520)</u>	-6.47%
Increase (decrease) in net assets	36,035	(955)	36,990	-3873.30%
Net assets beginning of year	227,127	228,082	(955)	-0.42%
Net assets end of year	<u>\$ 263,162</u>	<u>\$ 227,127</u>	<u>\$ 36,035</u>	15.87%

Taxes increased by 28.42% due to an increase in the amount of ad valorem taxes collected. The decrease in miscellaneous revenue is due to the donations made by Terrebonne Parish Consolidated Government in 2002. Culture and recreation expenses decreased due to fewer repairs were necessary in 2003 which also caused a reduction in the amount of supplies purchased.

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 funds reported combined ending fund

balances of \$12,060, an increase of \$1,338 (12.5%) in comparison with the prior year. An unreserved fund balance of \$12,060 is available for spending at the District's discretion.

General Fund Budgetary Highlights

The budget was amended twice during the year. The primary reasons for amending the budget were 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

- Tax revenues were reduced to actual amount collected.
- The facility rentals account was increased due to a larger amount of rentals occurring than what had been estimated.

Expenditures

- General government expenses were decreased to approximate the actual amount of the adjustments.
- Capital expenditures were increased primarily for the purchase of two air conditioners for the Little Caillou Gym.

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 \$300,427 (net of accumulated depreciation). This investment in capital assets includes land, buildings, office furniture, fixtures and equipment; and machinery and equipment (see table below).

	<u>2003</u>	<u>2002</u>
Land	\$ 36,790	\$ 36,790
Construction in progress		
Buildings	868,006	821,822
Office furniture, fixtures and equipment	49,308	49,308
Machinery and equipment	<u>161,377</u>	<u>152,785</u>
Totals	<u>\$1,115,481</u>	<u>\$1,060,705</u>

The major capital asset event during the current fiscal year included was the replacement of the two air conditioners at the Little Caillou Gym.

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 \$49,325 in long-term debt outstanding down from \$61,665 for a decrease of \$12,330, 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 6, 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:

- Revenues include the amount for the Rural Development Grant for the repairs to the boat launch.
- Expenditures have been budgeted to be in line with the amount budgeted for 2003 except for the following
 - An increase in salaries that reflects the three staff positions.
 - The increase for group and general liability insurance.
 - The decrease in the Legal/Professional/Advertising because of the election held in 2003 that won't be held in 2004.
 - The increase in repairs and maintenance to reflect the estimated costs of the repairs to the boat launch, and the renovation of the ballpark lighting systems at Little Caillou Ballpark, and the purchase and spreading of dirt on the Upper Little Caillou Ballpark.

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. 7, PO Box 190, Chauvin, Louisiana 70344.

**STATEMENT OF NET ASSETS AND
GOVERNMENTAL FUND BALANCE SHEET**

Terrebonne Parish Recreation District No. 7

December 31, 2003

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
Assets			
Cash	\$ 77,638	\$ -	\$ 77,638
Investments	47,567	-	47,567
Receivables - taxes	12,196	-	12,196
Due from other governmental units	242,706	-	242,706
Other	42	-	42
Capital assets:			
Non-depreciable	-	36,790	36,790
Depreciable, net of accumulated depreciation	-	263,637	263,637
Total assets	<u>\$ 380,149</u>	<u>300,427</u>	<u>680,576</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 6,240	-	6,240
Due to Terrebonne Parish Consolidated Government	3,404	-	3,404
Deferred revenue	358,445	-	358,445
Long-term liabilities:			
Due within one year	-	12,330	12,330
Due after one year	-	36,995	36,995
Total liabilities	<u>368,089</u>	<u>49,325</u>	<u>417,414</u>
Fund Balance/Net Assets			
Fund balance - unreserved	<u>12,060</u>	<u>(12,060)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 380,149</u>		
Net assets:			
Invested in capital assets		300,427	300,427
Unrestricted (deficit)		<u>(37,265)</u>	<u>(37,265)</u>
Total net assets		<u>\$ 263,162</u>	<u>\$ 263,162</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 7

December 31, 2003

Fund Balance - Governmental Fund	\$	12,060
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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	\$ 1,115,481	
Less accumulated depreciation	<u>(815,054)</u>	300,427

Long-term liabilities, including an outstanding interest free loan from Terrebonne Parish Consolidated Government, are not due and payable in the current period and, therefore, are not reported in the governmental fund.

Loan payable		<u>(49,325)</u>
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Net Assets of Governmental Activities	\$	<u>263,162</u>
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See notes to financial statements.

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

Terrebonne Parish Recreation District No. 7

For the year ended December 31, 2003

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 239,974		\$ 239,974
Intergovernmental:			
State of Louisiana:			
State revenue sharing	13,193		13,193
Charges for services	15,211		15,211
Miscellaneous:			
Interest	2,746		2,746
Other	3,569		3,569
	<u>274,693</u>		<u>274,693</u>
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	2,700		2,700
Ad valorem tax deductions	11,563		11,563
	<u>14,263</u>		<u>14,263</u>
Culture and recreation:			
Personal services	102,938		102,938
Supplies and materials	26,275		26,275
Other services and charges	59,947		59,947
Repairs and maintenance	2,826		2,826
Depreciation		\$ 32,409	32,409
	<u>191,986</u>	<u>32,409</u>	<u>224,395</u>
Debt service:			
Principal retirement	12,330	(12,330)	-
Capital outlay	54,776	(54,776)	-
	<u>273,355</u>	<u>(34,697)</u>	<u>238,658</u>
Excess of Revenues Over Expenditures	1,338	(1,338)	-
Change in Net Assets	-	36,035	36,035
Fund Balance/Net Assets			
Beginning of year	<u>10,722</u>	<u>216,405</u>	<u>227,127</u>
End of year	<u>\$ 12,060</u>	<u>\$ 251,102</u>	<u>\$ 263,162</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 7

For the year ended December 31, 2003

Net Change in Fund Balance - Governmental Fund **\$ 1,338**

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	\$ 54,776	
Depreciation expense	(32,409)	
Excess of capital outlay over depreciation expense		22,367

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Principal payments		12,330

Change in Net Assets of Governmental Activities **\$ 36,035**

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. 7

For the year ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 258,666	\$ 239,974	\$ 239,974	\$ -
Intergovernmental:				
State of Louisiana:				
State revenue sharing	13,500	13,193	13,193	-
Charges for services	12,000	14,779	15,211	432
Miscellaneous:				
Interest	1,500	2,700	2,746	46
Other	1,000	3,150	3,569	419
Total revenues	286,666	273,796	274,693	897
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	48,500	2,700	2,700	-
Ad valorem tax deductions	10,500	11,600	11,563	37
Total general government	59,000	14,300	14,263	37
Culture and recreation:				
Personal services	109,150	102,600	102,938	(338)
Supplies and materials	31,500	26,750	26,275	475
Other services and charges	66,850	70,000	59,947	10,053
Repairs and maintenance	10,000	3,200	2,826	374
Total culture and recreation	217,500	202,550	191,986	10,564
Debt service:				
Principal retirement	12,330	12,330	12,330	-
Capital outlay	-	54,800	54,776	24
Total expenditures	288,830	283,980	273,355	10,625
Excess (Deficiency) of Revenues Over Expenditures	(2,164)	(10,184)	1,338	11,522
Fund Balance				
Beginning of year	2,640	10,722	10,722	-
End of year	\$ 476	\$ 538	\$ 12,060	\$ 11,522

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Terrebonne Parish Recreation District No. 7

December 31, 2003

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 7 (the District) conform to accounting principles generally accepted in the United States of America 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.

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. 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (Continued)

Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues.

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. 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.

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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (Continued)

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.

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 recognized 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 because they are generally not measurable 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 accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Operating Budgetary Data

As required by the Louisiana Revised Statute 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 three times for the year. All budgeted amounts which are not expended, or obligated through contracts, lapse at year-end.

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

The General Fund budget is included in the basic financial statements.

f) Accounts Receivable

The financial statements of 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 operation of the funds.

g) Investments

Investments consist of certificates of deposit which are stated at cost and approximate market value.

h) 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.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Capital Assets (Continued)

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired 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. Fixed assets with an estimated historical cost amounted to approximately \$12,149 or 1% of the total capital assets. 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.

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	7 – 40 years
Office furniture, fixtures and equipment	5 – 15 years
Machinery and equipment	5 – 20 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.

i) 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 an interest free loan from Terrebonne Parish Consolidated Government.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i) Long-Term Debt (Continued)

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.

j) Vacation and Sick Leave

Full-time employees receive 64 hours of sick leave annually. They also receive 80 hours of vacation leave annually. Full-time employees receive 16 hours of personal leave annually.

The District does not carry over an unused sick/vacation/personal leave at the end of the calendar year.

k) Fund Equity

Government-wide Statements:

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

- a. **Invested in capital assets** – 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, if any. At December 31, 2003 the District had no outstanding borrowings that are attributable to capital 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.”

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) Fund Equity (Continued)

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. As of December 31, 2003 and for the year then ended, the District did not have or receive restricted net assets.

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.

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 investment, certificates of deposit 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 corporation.

State law requires deposits (cash and certificates of deposit) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the fair 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 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 agent but not in the District's name and deposits which are uninsured or uncollateralized.

Note 2 - DEPOSITS (Continued)

The year-end balances of deposits are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$79,133	\$ -	\$ -	\$ 77,638
Investments:				
Certificates of deposit	<u>47,567</u>	<u>-</u>	<u>-</u>	<u>47,567</u>
Totals	<u>\$126,700</u>	<u>\$-</u>	<u>\$-</u>	<u>\$125,205</u>

At December 31, 2003, cash and certificates of deposit were 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 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 \$7.88 per \$1,000 of assessed valuation on property within Recreation District No. 7 for the purpose of constructing, 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	\$ 8,784
Terrebonne Parish Tax Collector - December 2003 collections remitted to the District in January, 2004:	
Ad valorem taxes	229,530
State revenue sharing	<u>4,392</u>
Total	<u>\$242,706</u>

Note 5 - CHANGES IN CAPITAL ASSETS

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

	<u>Balance January 1, 2003</u>	<u>Additions</u>	<u>Balance December 31, 2003</u>
Capital assets not being depreciated:			
Land	\$ 36,790	\$ -	\$ 36,790
Capital assets being depreciated:			
Buildings	821,822	46,184	868,006
Office furniture, fixtures and equipment	49,308	-	49,308
Machinery and equipment	152,785	8,592	161,377
Total capital assets being depreciated	<u>1,023,915</u>	<u>54,776</u>	<u>1,078,691</u>
Less accumulated depreciation for:			
Buildings	(660,943)	(21,113)	(682,056)
Office furniture, fixtures and equipment	(49,758)	(507)	(50,265)
Machinery and equipment	(71,944)	(10,789)	(82,733)
Total accumulated depreciation	<u>(782,645)</u>	<u>(32,409)</u>	<u>(815,054)</u>
Total capital assets being depreciated, net	<u>241,270</u>	<u>22,367</u>	<u>263,637</u>
Total capital assets, net	<u>\$ 278,060</u>	<u>\$ 22,367</u>	<u>\$ 300,427</u>

Note 6 - LONG-TERM DEBT

At December 31, 2003, the District had an outstanding interest free loan from Terrebonne Parish Consolidated Government. The following is a summary of changes in the debt of the District for the year ended December 31, 2003.

	<u>Payable January 1, 2003</u>	<u>Debt Retirement</u>	<u>Payable December 31, 2003</u>
Terrebonne Parish Consolidated Government	<u>\$61,655</u>	<u>\$12,330</u>	<u>\$49,325</u>

The annual requirements to amortize the debt outstanding at December 31, 2003 are as follows:

<u>Year</u>	<u>Principal</u>
2004	\$12,330
2005	12,330
2006	12,330
2007	<u>12,335</u>
Total	<u>\$49,325</u>

Note 7 - 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 workers' compensation based on a fixed percentage of payroll. The District's premiums for general liability are based on various factors such as its operations and maintenance budget, exposure and claims experience. 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 on the following page:

Note 7 - RISK MANAGEMENT (Continued)

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

Coverage for general liability claims in excess of the stated limits above are to be funded first by the Parish's risk management internal service fund, \$3,448,479 at December 31, 2002, the secondly by the District. The Parish is self-insured for the first \$125,000 of each claim relating to group health. The aggregate deductible of all group claims for 2002 was \$8,550,420. Insurance contracts cover 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 on individual claims. At December 31, 2003, the District had no claims in excess of the above coverage limits. Expenditures for premiums to the Parish for insurance coverage during the year ended December 31, 2003 totaled \$19,386.

Note 8 - COMPENSATION OF BOARD MEMBERS

The following amounts were paid to Board Members for the year ended December 31, 2003:

<u>Board Members</u>	<u>Number of Meetings Attended</u>	<u>Per Diem</u>
Jay Duplantis	11	\$110
Nicky Lirette	10	100
Howard Pellegrin	10	100
Edna Raymond	3	30
Nellie Smith	6	60
Barry Soudelier	7	70
Donald Tivet	12	<u>120</u>
Total		<u>\$590</u>

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 7,
Chauvin, Louisiana.

Our report on our audit of the basic financial statements of Terrebonne Parish Recreation District No. 7 (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. 7 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,
May 21, 2004.

SCHEDULE OF GOVERNMENTAL FUND REVENUES AND EXPENDITURES**Terrebonne Parish Recreation District No. 7**

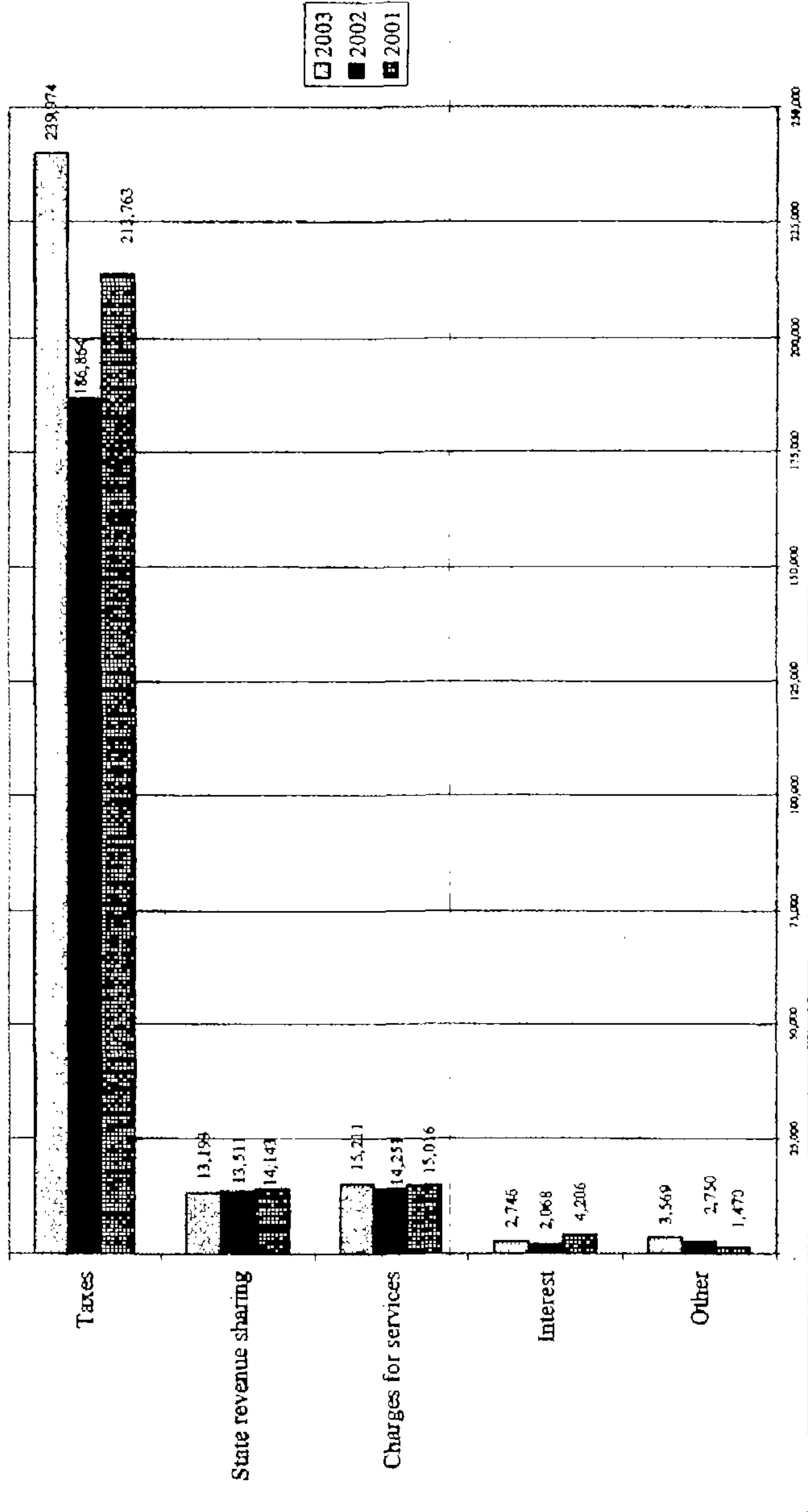
For the years ended December 31, 2003, 2002 and 2001

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues			
Taxes	\$ 239,974	\$ 186,864	\$ 213,763
State revenue sharing	13,193	13,511	14,143
Charges for services	15,211	14,251	15,016
Interest	2,746	2,068	4,206
Other	3,569	2,750	1,470
	<u> </u>	<u> </u>	<u> </u>
Total revenues	<u>\$ 274,693</u>	<u>\$ 219,444</u>	<u>\$ 248,598</u>
Expenditures			
General government	\$ 14,263	\$ 10,998	\$ 52,705
Personal services	102,938	105,683	90,968
Supplies and materials	26,275	37,079	36,780
Other services and charges	59,947	55,591	57,941
Repairs and maintenance	2,826	12,970	10,974
Capital outlay	54,776	2,782	7,342
Debt service	12,330	12,330	12,330
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>\$ 273,355</u>	<u>\$ 237,433</u>	<u>\$ 269,040</u>

GOVERNMENTAL FUND REVENUES

Terrebonne Parish Recreation District No. 7

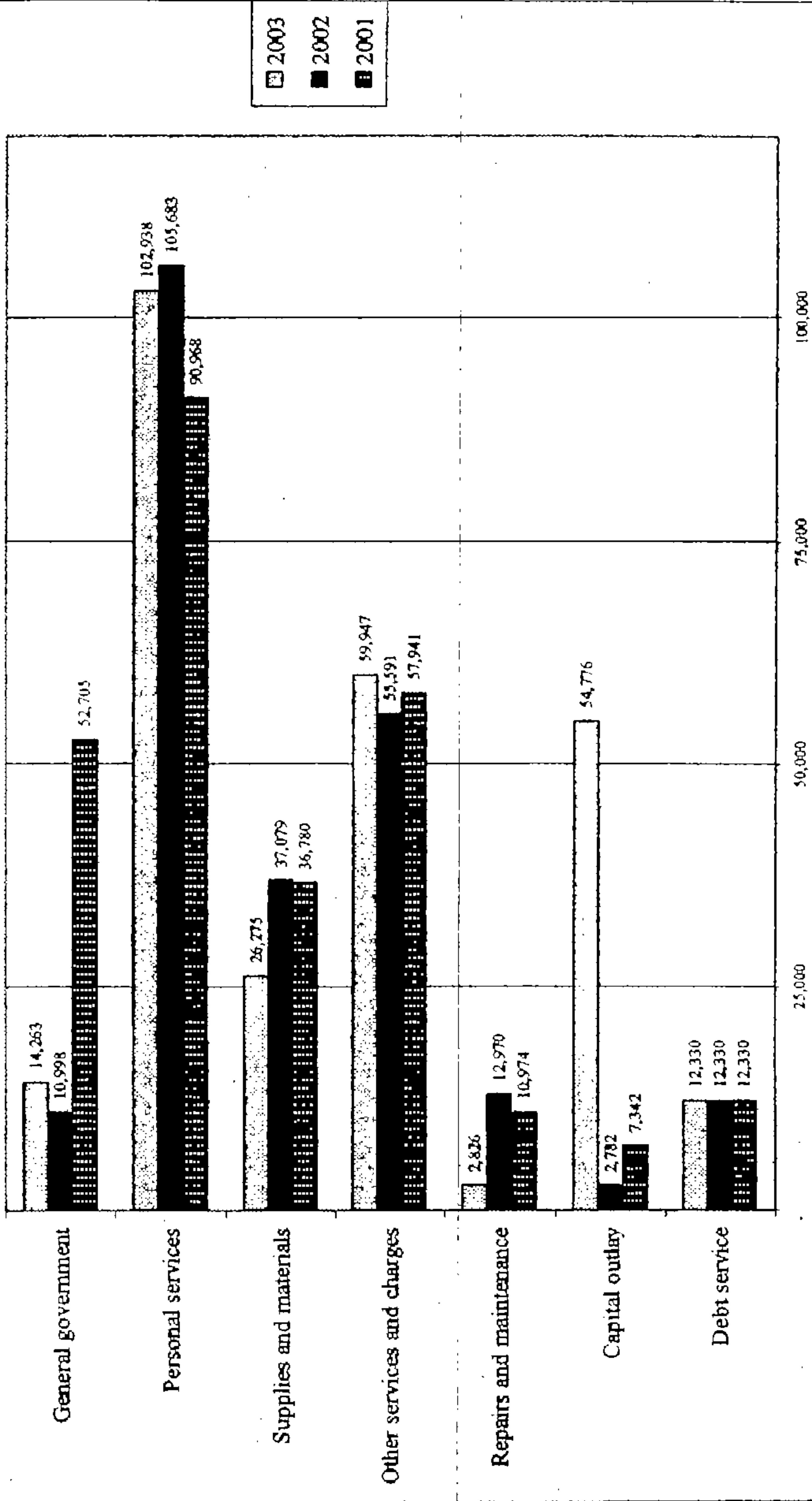
For the years ended December 31, 2003, 2002 and 2001



GOVERNMENTAL FUND EXPENDITURES

Terrebonne Parish Recreation District No. 7

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. 7,
Chauvin, Louisiana.

We have audited the basic financial statements of Terrebonne Parish Recreation District No. 7 (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 May 21, 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 one instance of noncompliance that is required to be reported under Government Auditing Standards, which is described in the accompanying schedule of findings as 03-1.

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 operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Commissioners, management, the State of Louisiana 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 25:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 21, 2004.

SCHEDULE OF FINDINGS

(Continued)

Terrebonne Parish Recreation District No. 7

For the year ended December 31, 2003

Section II Financial Statement Findings (Continued)

03-1 (Continued)

Condition - The District failed to obtain the proper surety bond coverage during the year.

Questioned Cost - None

Context - Not applicable.

Effect - The District's assets were not insured for misuse of public funds.

Cause - The District made an oversight of this state law.

Recommendation - The District should obtain the necessary surety bond coverage required by state law immediately.

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. 7

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

02-1 **Recommendation** - The District should obtain the necessary surety bond coverage required by state law immediately.

Management's Response - Efforts are currently underway to obtain surety bond coverage for the appropriate persons. Unresolved, see finding 03-1.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 7 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. 7

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

Compliance

03-1 **Recommendation** - The District should obtain the necessary surety bond coverage required by state law immediately.

Management's Response - Efforts are currently underway to obtain surety bond coverage for the appropriate persons.

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 7 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.