

Financial Report

Terrebonne Parish Recreation District No. 2/3

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 8/25/04

TABLE OF CONTENTS

Terrebonne Parish Recreation District No. 2/3

December 31, 2003

	<u>Exhibits</u>	<u>Page Number</u>
Introductory Section		
Title Page		i
Table of Contents		ii - iii
Financial Section		
Independent Auditor's Report		1 - 2
Management's Discussion and Analysis		3 - 8
Basic Financial Statements:		
Government-wide and Fund Financial Statements:		
Statement of Net Assets and Governmental Fund Balance Sheet	A	9
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Assets	B	10
Statement of Activities and Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance	C	11
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	D	12
Statement of Revenues, Expenditures and Changes In Fund Balance - Budget and Actual - General Fund	E	13
Notes to Financial Statements	F	14 - 24

TABLE OF CONTENTS
(Continued)

	<u>Schedules</u>	<u>Page Number</u>
Supplementary Information Section		
Independent Auditor's Report on Additional Information		25
Schedule of Governmental Fund Revenues and Expenditures for the Years Ended December 31, 2003, 2002 and 2001	1	26
Graph of Governmental Fund Revenues for the Years Ended December 31, 2003, 2002 and 2001	2	27
Graph of Governmental Fund Expenditures for the Years Ended December 31, 2003, 2002 and 2001	3	28
Special Reports Of Certified Public Accountants		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Basic Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		29 – 30
Schedule of Findings		31
Reports By Management		
Schedule of Prior Year Findings		32
Management's Corrective Action Plan		33

FINANCIAL SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 2/3,
Houma, Louisiana.

We have audited the accompanying basic financial statements of the governmental activities of Terrebonne Parish Recreation District No. 2/3, (the District), a component unit of 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. 2/3 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.

1340 West Tunnel Blvd., Suite 430
P.O. Box 2168
Houma, LA 70361-2168
Phone (985) 868-0139
Fax (985) 879-1949

Certified Public
Accountants | Consultants
A Limited Liability Company | P.O. Box 60600
New Orleans, LA 70160-0600
Heritage Plaza, 17th Floor
Phone (504) 831-4949
Fax (504) 833-9093

507-d St. Philip Street
P.O. Box 1205
Thibodaux, LA 70302-1205
Phone (985) 447-5243

In accordance with Government Auditing Standards, we have also issued our report dated May 12, 2004 on our consideration of Terrebonne Parish Recreation District No. 2/3'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 12, 2004.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Terrebonne Parish Recreation District No. 2/3

The Management's Discussion and Analysis of the Terrebonne Parish Recreation District No. 2/3 (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 \$1,660,604 (net assets), which represents a 1.11% increase from last fiscal year.

Ad Valorem taxes increased by \$16,343 because of the heavy development area of Terrebonne Parish along Martin Luther King Road, and charges for services decreased by \$18,324 due to Broadmoor Park's concession stand being closed in 2003. These two events caused the District's revenue to decrease for the year by \$259.

The District's expenditures increased \$75,491 (or 25.11%) primarily due to the increase in repairs and maintenance for the renovations to the ballparks.

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

Capital assets increased by \$ 212,410, largely due to the improvements at Broadmoor Park for a ballpark facility.

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. The District has one governmental fund.

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 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 \$1,660,604. The majority of the District's net assets (97.50%) reflects its investment in capital assets (e.g., land; construction in progress; buildings; improvements other than building; equipment and furniture; and vehicles). Consequently, these assets are not available for future spending.

Condensed Statements of Net Assets

	December 31,		Dollar Change
	2003	2002	
Current and other assets	\$ 478,659	\$ 631,763	\$ (153,104)
Capital assets	1,619,127	1,406,717	212,410
Total assets	<u>2,097,786</u>	<u>2,038,480</u>	<u>59,306</u>
Current and other Liabilities	<u>437,182</u>	<u>396,159</u>	<u>41,023</u>
Net Assets:			
Invested in capital assets, net of related debt	1,619,127	1,406,717	212,410
Restricted			
Unrestricted	41,477	235,604	(194,127)
Total net assets	<u>\$ 1,660,604</u>	<u>\$ 1,642,321</u>	<u>\$ 18,283</u>

There was a decrease in current assets due to the decrease in certificate of deposits. These certificate of deposits were used to pay for the improvements at the Broadmoor ballpark, resulting in an increase in the capital assets for the year.

Governmental Activities

Governmental activities increased the District's net assets by \$ 18,283. 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	\$ 4,120	\$ 22,444	\$ (18,324)	-81.64%
General revenues:				
Taxes	363,726	347,383	16,343	4.70%
Intergovernmental	19,790	20,038	(248)	-1.24%
Miscellaneous	6,780	4,810	1,970	40.96%
Total revenues	<u>394,416</u>	<u>394,675</u>	<u>(259)</u>	<u>-0.07%</u>
Expenses:				
General Government	19,487	18,132	1,355	7.47%
Culture and Recreation	356,646	282,510	74,136	26.24%
Total expenses	<u>376,133</u>	<u>300,642</u>	<u>75,491</u>	<u>25.11%</u>
Increase in net assets	18,283	94,033	(75,750)	-80.56%
Net assets beginning of year	1,642,321	1,548,288	94,033	6.07%
Net assets end of year	<u>\$ 1,660,604</u>	<u>\$ 1,642,321</u>	<u>\$ 18,283</u>	<u>1.11%</u>

Charges for services decreased in 2003 because of Broadmoor Park's concession stand being closed for the year. Expenses increased because of the repairs and maintenance, and supplies and materials needed for the improvements being made to Broadmoor Park, and the renovations being made to the other ballpark.

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 ending fund balances of \$41,477, a decrease of \$194,127 in comparison with the prior year.

General Fund Budgetary Highlights

The budget was amended one time during the year. The primary reason 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

- Concessions revenue was decreased due to the closing of the Broadmoor concession stand.
- Miscellaneous revenue was increased for the scoreboard donation.

Expenditures

- Materials and supplies, and repairs and maintenance were increased for the improvements being made to the ballparks.

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 \$1,619,127 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings, improvements other than building, equipment and furniture, and vehicle (see table below).

	<u>2003</u>	<u>2002</u>
Land	\$ 285,555	\$ 285,555
Construction in progress	181,465	18,926
Buildings	718,101	602,461
Improvements other than building	1,165,856	1,159,856
Office furniture, fixtures and equipment	205,457	203,705
Vehicles, machinery and equipment	<u>19,635</u>	<u>19,635</u>
Totals	<u>\$ 2,576,069</u>	<u>\$ 2,290,138</u>

The major capital asset event during the current fiscal year was the improvements to the Broadmoor Park for the ballpark facility.

Additional information on the District's capital assets can be found in the Note 5, 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 actual amount of the November 2003 tax assessment and the maximum millage of (5.00 mills), which the District will receive, for the most part, in January 2004.
- Interest revenues are budgeted with no anticipation of an increase in rates.
- Expenditures were basically anticipated to remain in line with 2003 expenditures, except for insurance, concessions, salaries, and supplies accounts, legal / professional / advertising, materials and supplies, and repairs and maintenance.
- Insurance accounts were increased by 10% to provide for anticipated premium increases.
- Concessions revenue, salaries, and supplies accounts have been increased to reflect the reopening of the Broadmoor Ballpark.
- Legal/Professional/Advertising has been decreased for the year, but still provide a budgeted amount for anticipated legal fees resulting from the default by the Houma Hawks with the terms of their contract for use of the Southland Ball Park.
- Amounts have been budgeted in the materials and supplies accounts for the Mire Street Ballpark and the Kenny Street Ballpark to provide for anticipated fencing materials.
- Amounts have been budgeted in the repairs and maintenance accounts for the Mire Street Ballpark and the Kenny Street Ballpark to provide for expenditures of the backstops, press boxes, dugouts, and bleacher canopies.
- Capital expenditures are budgeted for bleachers at Mire Street Ballpark, and Kenny Street Ballpark, and the lighting upgrade at Southland 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. 2/3, 421 Westview Dr., Houma, Louisiana 70364.

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

Terrebonne Parish Recreation District No. 2/3

December 31, 2003

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Assets</u>
Assets			
Cash	\$ 84,113		\$ 84,113
Investments	4,081		4,081
Receivables - taxes	20,999		20,999
Due from other governmental units	362,248		362,248
Other	7,218		7,218
Capital assets:			
Non-depreciable	-	467,020	467,020
Depreciable, net of accumulated depreciation	-	<u>1,152,107</u>	<u>1,152,107</u>
Total assets	<u>\$ 478,659</u>	<u>1,619,127</u>	<u>2,097,786</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 7,894		7,894
Due to Terrebonne Parish Consolidated Government	2,271		2,271
Retainage Payable	4,650		4,650
Deferred revenue	<u>422,367</u>		<u>422,367</u>
Total liabilities	<u>437,182</u>		<u>437,182</u>
Fund Balances/Net Assets			
Fund balances:			
Unreserved	<u>41,477</u>	<u>(41,477)</u>	<u>-</u>
Total fund balances	<u>41,477</u>	<u>(41,477)</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 478,659</u>		
Net assets:			
Invested in capital assets		1,619,127	1,619,127
Unrestricted		<u>41,477</u>	<u>41,477</u>
Total net assets		<u>\$ 1,660,604</u>	<u>\$ 1,660,604</u>

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 2/3

December 31, 2003

Fund Balances - Governmental Fund		\$ 41,477
 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	\$ 2,576,069	
Less accumulated depreciation	<u>(956,942)</u>	<u>1,619,127</u>
 Net Assets of Governmental Activities		 <u>\$ 1,660,604</u>

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. 2/3

For the year ended December 31, 2003

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Taxes	\$ 363,726		\$ 363,726
Intergovernmental:			
State of Louisiana:			
State revenue sharing	19,790		19,790
Charges for services	4,120		4,120
Miscellaneous:			
Interest	2,380		2,380
Other	4,400		4,400
	<u>394,416</u>		<u>394,416</u>
Total revenues	<u>394,416</u>		<u>394,416</u>
Expenditures/Expenses			
Current:			
General government:			
Ad valorem tax adjustment	3,227		3,227
Ad valorem tax deductions	16,260		16,260
	<u>19,487</u>		<u>19,487</u>
Total general government	<u>19,487</u>		<u>19,487</u>
Culture and recreation:			
Personal services	80,820		80,820
Supplies and materials	76,138		76,138
Other services and charges	43,505		43,505
Repairs and maintenance	81,176		81,176
Depreciation	-	\$ 75,007	75,007
	<u>281,639</u>	<u>75,007</u>	<u>356,646</u>
Total culture and recreation	<u>281,639</u>	<u>75,007</u>	<u>356,646</u>
Capital outlay	<u>287,417</u>	<u>(287,417)</u>	<u>-</u>
Total expenditures/expenses	<u>588,543</u>	<u>(212,410)</u>	<u>376,133</u>
Deficiency of Revenues Over Expenditures	<u>(194,127)</u>	<u>194,127</u>	<u>-</u>
Change in Net Assets	<u>-</u>	<u>18,283</u>	<u>18,283</u>
Fund Balance/Net Assets			
Beginning of year	<u>235,604</u>	<u>1,406,717</u>	<u>1,642,321</u>
End of year	<u>\$ 41,477</u>	<u>\$ 1,619,127</u>	<u>\$ 1,660,604</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. 2/3

For the year ended December 31, 2003

Net Change in Fund Balance - Governmental Fund **\$ (194,127)**

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	\$ 287,417	
Depreciation expense	<u>(75,007)</u>	
Excess of capital outlay over depreciation expense		<u>212,410</u>

Change in Net Assets of Governmental Activities **\$ 18,283**

See notes to financial statements.

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

Terrebonne Parish Recreation District No. 2/3

For the year ended December 31, 2003

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes	\$ 363,293	\$ 363,700	\$ 363,726	\$ 26
Intergovernmental:				
State of Louisiana:				
State revenue sharing	20,000	19,750	19,790	40
Charges for services	20,000	4,000	4,120	120
Miscellaneous:				
Interest	2,500	2,300	2,380	80
Other	-	4,355	4,400	45
Total revenues	405,793	394,105	394,416	311
Expenditures				
Current:				
General government:				
Ad valorem tax adjustment	6,000	3,300	3,227	73
Ad valorem tax deductions	15,500	16,300	16,260	40
Total general government	21,500	19,600	19,487	113
Culture and recreation:				
Personal services	99,300	84,700	80,820	3,880
Supplies and materials	44,000	96,200	76,138	20,062
Other services and charges	49,000	48,650	43,505	5,145
Repairs and maintenance	25,000	79,300	81,176	(1,876)
Total culture and recreation	217,300	308,850	281,639	27,211
Capital outlay	249,500	297,355	287,417	9,938
Total expenditures	488,300	625,805	588,543	37,262
Deficiency of Revenues Over Expenditures	(82,507)	(231,700)	(194,127)	37,573
Fund Balance				
Beginning of Year	194,096	235,604	235,604	-
End of Year	\$ 111,589	\$ 3,904	\$ 41,477	\$ 37,573

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Terrebonne Parish Recreation District No. 2/3

December 31, 2003

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Terrebonne Parish Recreation District No. 2/3 (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.

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

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 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. 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.

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 budgetary practices include public notice of the proposed budget, public inspection of the proposed budget and a public hearing on the budget prior to adoption. 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 once during the year. All budgeted amounts which 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.

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

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

Investments consist of certificates of deposit which are stated at cost and approximates 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.

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 \$500 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)

h) 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	5 - 40 years
Improvements other than building	5 - 30 years
Equipment and furniture	5 - 20 years
Vehicles	5 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) Vacation and Sick Leave

Accumulated vacation and sick leave are recorded as an expenditures of the period in which paid.

Employees can earn 96 hours or 136 hours of vacation leave, depending on their length of employment. Accumulated vacation leave is due to the employee at the time of termination or death. The vacation policy provides that employees are to take vacation within one year of being earned, with no carryforward provisions.

Employees earn 56 hours sick leave per year. Unused sick leave can not be carried forward to future years.

There is no material unpaid vacation and sick leave at December 31, 2003.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Fund Equity

Government-wide Statements:

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

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.

- a. 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.
- b. 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. 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 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 corporation.

Note 2 - DEPOSITS (Continued)

State law requires deposits (cash and certificates of deposit) of all political subdivisions to 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 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 and deposits which are uninsured or uncollateralized.

The year end bank balances of deposits and the carrying amounts as shown on the Statement of Net Assets and Governmental Fund Balance Sheet are as follows:

	Bank Balances			Book Balance
	Category			
	1	2	3	
Cash	\$ 93,963	\$ -	\$ -	\$ 84,113
Investments:				
Certificates of deposit	<u>4,081</u>	<u>-</u>	<u>-</u>	<u>4,081</u>
Totals	<u>\$98,044</u>	<u>\$-</u>	<u>\$-</u>	<u>\$88,194</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 \$5.00 per \$1,000 of assessed valuation on property within Recreation District No. 2/3 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	\$	13,711
Terrebonne Parish Tax Collector - December, 2003 collections remitted to the District in January, 2004:		
Ad valorem taxes		341,951
State revenue sharing		<u>6,586</u>
Total	\$	<u>362,248</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	Adjustments	Balance December 31, 2003
Capital assets not being depreciated:				
Land	\$ 285,555	\$ -	\$ -	\$ 285,555
Construction in progress	18,926	171,876	(9,337)	181,465
Total capital assets not being depreciated	304,481	171,876	(9,337)	467,020
Capital assets being depreciated:				
Buildings	602,461	115,640	-	718,101
Improvements other than building	1,159,856	7,486	(1,486)	1,165,856
Equipment and furniture	203,705	1,752	-	205,457
Vehicles	19,635	-	-	19,635
Total capital assets being depreciated	1,985,657	124,878	(1,486)	2,109,049
Less accumulated depreciation for:				
Buildings	(287,001)	(20,132)	-	(307,133)
Improvements other than building	(423,547)	(41,697)	1,486	(463,758)
Equipment and furniture	(165,589)	(9,251)	-	(174,840)
Vehicles	(7,284)	(3,927)	-	(11,211)
Total accumulated depreciation	(883,421)	(75,007)	1,486	(956,942)
Total capital assets being depreciated, net	1,102,236	49,871	-	1,152,107
Total capital assets, net	\$ 1,406,717	\$ 221,747	\$ (9,337)	\$ 1,619,127

Note 6 - 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; and natural disasters and group health benefits for which the District participates in the Parish's risk management program for general liability, workers' compensation, group insurance, property and auto liability. No settlements were made during the year that exceeded the District's insurance coverage. The District's premiums for general liability are based on such factors as its operations and maintenance budget, exposure and claims experience. The Premiums for workers' compensation based on a fixed percentage of payroll. The District's premiums for group health insurance are based on a fixed rate per employee. The premiums for auto liability are based on the claims experience, vehicle type and mileage. The premiums for property are based on the District's property value to the total of all the property value covered. The Parish handles all claims filed against the District. 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
Property	\$100,100,000
Auto Liability	\$6,500,000

Coverage for general liability claims in excess of the stated limits above are to be funded first by assets of the Parish's risk management 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. 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 coverages during the year ended December 31, 2003 totaled \$28,639.

Note 7 - COMPENSATION OF BOARD MEMBERS

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

Note 8 - JUDGEMENTS, CLAIMS, AND SIMILAR CONTINGENCIES

The District is a defendant in a lawsuit. While it is not feasible to predict or determine the outcome of these matters, it is the opinion of management that the ultimate outcome will not have a material adverse effect on the financial position of the District. Accordingly, no obligation for the claims have been recognized by the District in the financial statements.

SUPPLEMENTARY INFORMATION SECTION



Bourgeois Bennett

INDEPENDENT AUDITOR'S REPORT ON ADDITIONAL INFORMATION

To the Board of Commissioners,
Terrebonne Parish Recreation District No. 2/3,
Houma, Louisiana.

Our report on our audit of the basic financial statements of Terrebonne Parish Recreation District No. 2/3 (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. 2/3 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 12, 2004.

25

1340 West Tunnel Blvd., Suite 430
P.O. Box 2168
Houma, LA 70361-2168
Phone (985) 868-0139
Fax (985) 879-1949

Certified Public Accountants | Consultants
A Limited Liability Company | P.O. Box 60600
New Orleans, LA 70160-0600
Heritage Plaza, 17th Floor
Phone (504) 831-4949
Fax (504) 833-9093

507-d St. Philip Street
P.O. Box 1205
Thibodaux, LA 70302-1205
Phone (985) 447-5243

SCHEDULE OF GOVERNMENTAL FUND REVENUES AND EXPENDITURES**Terrebonne Parish Recreation District No. 2/3**

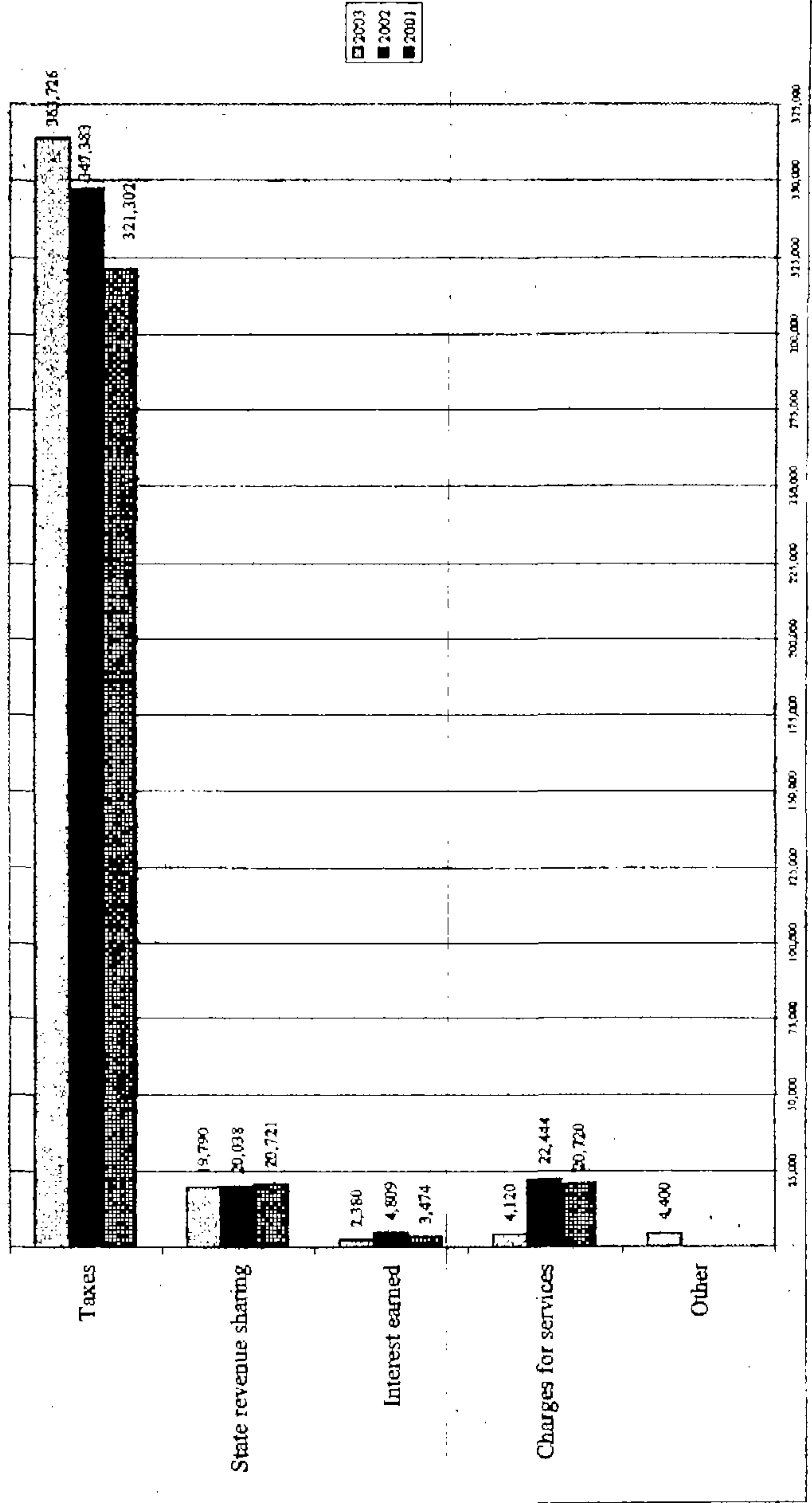
For the years ended December 31, 2003, 2002 and 2001

	<u>2003</u>	<u>2002</u>	<u>2001</u>
Revenues			
Taxes	\$ 363,726	\$ 347,383	\$ 321,302
State revenue sharing	19,790	20,038	20,721
Interest earned	2,380	4,809	3,474
Charges for services	4,120	22,444	20,720
Other	4,400	-	-
	<u>394,416</u>	<u>394,674</u>	<u>366,217</u>
Total revenues	\$ 394,416	\$ 394,674	\$ 366,217
Expenditures			
General government	19,487	18,132	13,724
Personal services	80,820	91,949	88,164
Supplies and materials	76,138	42,076	48,912
Other services and charges	43,505	46,290	36,703
Repairs and maintenance	81,176	26,614	40,974
Capital outlay	287,417	31,433	66,727
	<u>588,543</u>	<u>256,494</u>	<u>295,204</u>
Total expenditures	\$ 588,543	\$ 256,494	\$ 295,204

GOVERNMENTAL FUND REVENUES

Terrebonne Parish Recreation District No. 2/3

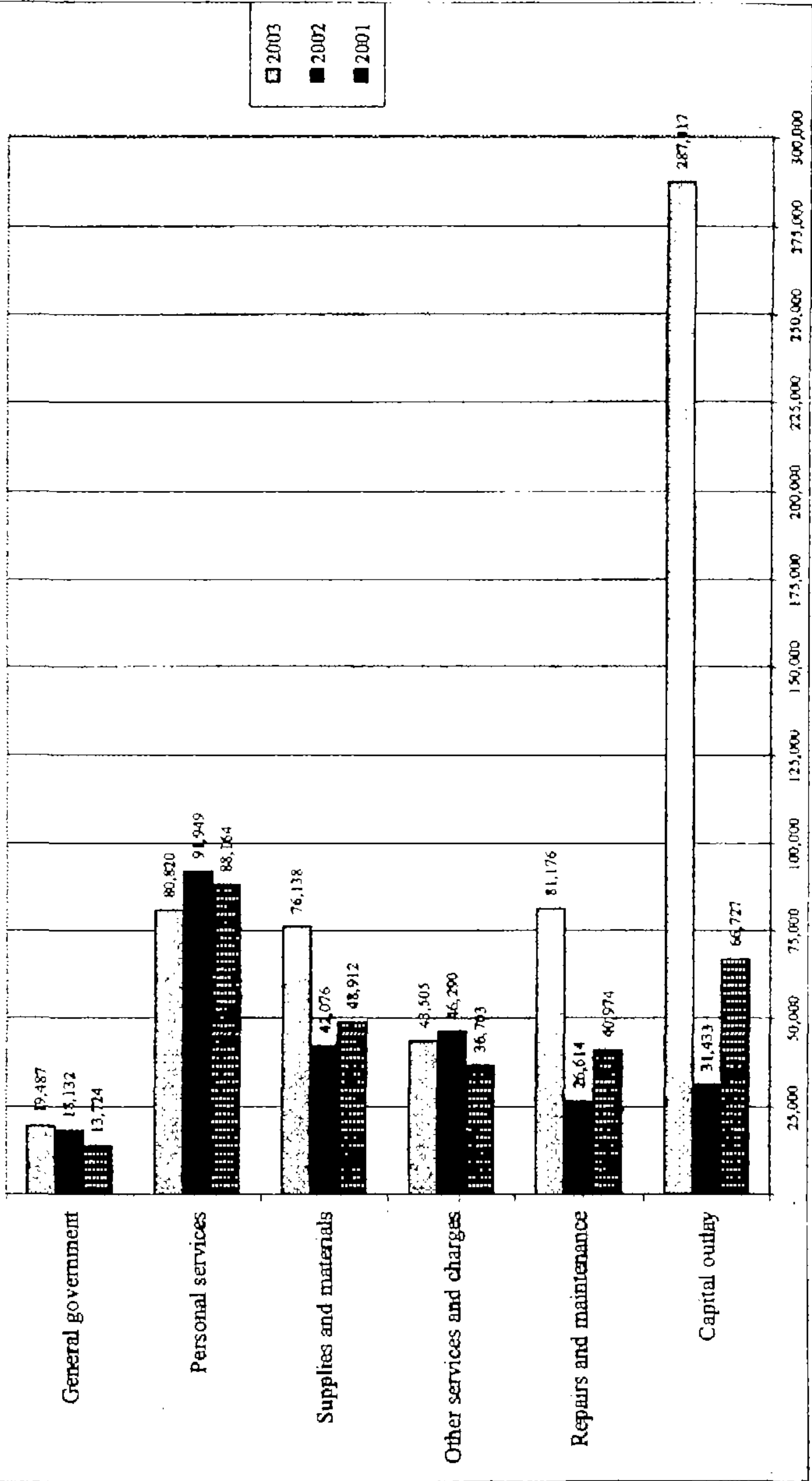
For the years ended December 31, 2003, 2002 and 2001



GOVERNMENTAL FUND EXPENDITURES

Terrebonne Parish Recreation District No. 2/3

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. 2/3,
Houma, Louisiana

We have audited the basic financial statements of Terrebonne Parish Recreation District No. 2/3 (the District), a component unit of Terrebonne Parish Consolidated Government, as of May 12, 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 no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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, 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 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
May 12, 2004.

SCHEDULE OF FINDINGS

Terrebonne Parish Recreation District No. 2/3

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. 2/3 did not receive federal awards during the year ended December 31, 2003

Section II Financial Statement Findings

No financial statement findings were noted during the audit for the year ended December 31, 2003

Section III Federal Award Findings and Questioned Costs

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS

Terrebonne Parish Recreation District No. 2/3

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. 2/3 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. 2/3

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

No compliance findings material to the basic financial statements were noted during the audit for the year ended December 31, 2003

Section II Internal Control and Compliance Material to Federal Awards

Terrebonne Parish Recreation District No. 2/3 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.