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SULPHUR PARKS AND RECREATION
SULPHUR, LOUISIANA

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORT

Year Ended 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

GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Management's Discussion and Analysis

Within this section of Sulphur Parks and Recreation's (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2003. The District's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section.

FINANCIAL HIGHLIGHTS

- The District's assets exceeded its liabilities by \$30,978,389 (net assets) for the fiscal year reported.
- Total revenues of \$5,650,551 exceeded total expenditures of \$3,301,005, which resulted in a current year surplus of \$2,349,546.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$22,788,905 include property and equipment, net of accumulated depreciation, and reduced for outstanding debt related to the purchase or construction of capital assets.
 - (2) Net assets of \$1,335,938 are restricted by constraints imposed from outside the District such as debt covenants, grantors, laws, or regulations.
 - (3) *Unrestricted net assets of \$6,853,546 represent the portion available to maintain the District's continuing obligations to citizens and creditors.*
- The District's governmental funds reported total ending fund balance of \$16,011,031 this year. This compares to the prior year ending fund balance of \$5,897,878, reflecting an increase of \$10,113,153 during the current year, mainly due to the proceeds of \$10,800,000 from bond sales.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$6,871,747, or 233% of total General Fund expenditures and 175% of total General Fund revenues.
- Overall, the District continues to maintain a strong financial position and is continuing to work to improve on this financial position.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

OVERVIEW OF FINANCIAL STATEMENTS

This Management's Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data is presented when available. All applicable tables will present comparative data in fiscal year 2004.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference 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 as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base, or the condition of District infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinguish governmental activities of the District that are principally supported by property taxes and from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include principally general government and recreation.

The government-wide financial statements are presented on pages 16 and 17 of this report.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

FUND FINANCIAL STATEMENTS

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

The District has one kind of fund:

Governmental funds are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 20 through 24 of this report.

NOTES TO THE BASIC FINANCIAL STATEMENTS

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget presentations. Budgetary comparison statements are included as "required supplemental information" for the general fund. These statements and schedules demonstrate compliance with the District's adopted and final revised budget. Required supplemental information can be found on page 39 of this report.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District implemented the new financial reporting model used in this report beginning with the current fiscal year ended December 31, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole.

The District's net assets at fiscal year-end are \$30,978,389. The following table provides a summary of the District's net assets:

		<u>Percentage</u>
Assets:		
Current assets and other assets	\$ 17,098,363	40%
Capital assets	<u>26,174,222</u>	<u>60</u>
Total assets	<u>43,272,585</u>	<u>100%</u>
Liabilities:		
Current liabilities	2,374,196	19%
Long-term liabilities	<u>9,920,000</u>	<u>81</u>
Total liabilities	<u>12,294,196</u>	<u>100%</u>
Net assets:		
Investment in capital assets, net of debt	22,788,905	74%
Restricted	1,335,938	4
Unrestricted	<u>6,853,546</u>	<u>22</u>
Total net assets	<u>\$ 30,978,389</u>	<u>100%</u>

The District continues to maintain a high current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio is 7.21.

The District reported positive balances in net assets, which increased by \$2,349,546. The District's overall financial position improved during the fiscal year 2003.

Note that approximately 74% of the governmental activities' net assets are tied up in capital. The District uses these capital assets to provide services to its taxpayers.

SULPHUR PARKS AND RECREATION
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Management's Discussion and Analysis (Continued)

Since this is the first year in which government-wide information is available, comparative data is not presented. However, comparative data will be accumulated and presented to assist analysis in future years. The following table provides a summary of the District's changes in net assets:

		<u>Percentage</u>
Revenues:		
Program:		
Charges for services/fines	\$ 736,865	13%
Operating grants	-	0
General:		
Property taxes	4,643,422	82
Other taxes	78,453	2
Interest	163,632	3
Other	28,179	0
Total Revenues	<u>5,650,551</u>	<u>100%</u>
 Program expenses:		
General and administrative	778,554	24%
Recreation	1,218,423	37
Golf course	760,768	23
Grill	49,913	2
Swimming pools	50,624	2
Tennis	35,859	1
Interest	406,864	11
Total Expenses	<u>3,301,005</u>	<u>100%</u>
 Change in net assets	 2,349,546	
 Beginning net assets	 <u>28,628,843</u>	
 Ending net assets	 <u>\$ 30,978,389</u>	

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

GOVERNMENTAL REVENUES

The District is heavily reliant on property taxes to support governmental operations. Property taxes provided 82% of the District's total revenues. Because of the District's healthy financial position, we have been able to earn \$163,632 in interest earnings to support governmental activities. Also note that program revenues cover only 13% of governmental operating expenses. This means that the government's taxpayers and the District's other general revenues fund 87% of the governmental activities. As a result, the general economy and the local businesses have a major impact on the District's revenue streams.

GOVERNMENTAL FUNCTIONAL EXPENSES

Recreation services comprise 37% of the District's total expenses and golf course expenses are 23% of total District expenses.

This table presents the cost of each of the District's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the District's taxpayers by each of these functions.

Governmental Activities

	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
General and administrative	\$ 778,554	\$ 778,554
Recreation	1,218,423	1,090,845
Golf course	760,768	210,810
Grill	49,913	2,252
Swimming pool	50,624	50,624
Tennis	35,859	24,191
Interest on long-term debt	406,864	406,864
Total	<u>\$ 3,301,005</u>	<u>\$ 2,564,140</u>

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$16,011,031. Of this year-end total, \$6,853,546 is unreserved indicating availability for continuing District service requirements. Legally restricted fund balances (i.e., the reserved fund balances) include: \$18,201 for prepaid items, \$1,627,703 committed to service debt and \$7,511,581 committed to capital projects.

The total ending fund balances of governmental funds show an increase of \$10,113,153.

MAJOR GOVERNMENTAL FUNDS

The General Fund is the District's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by \$966,301. In fiscal year 2002, the fund balance increased by \$409,112.

The revenues show an increase of \$108,679 or 3% over the prior year. The expenditures side show a decrease of \$331,967 or 10% over the prior year. This decrease related primarily to greater amounts of capital assets purchased in 2002 as compared to 2003.

The General Fund's ending fund balance is considered very adequate, representing the equivalent of 233% of annual expenditures.

The debt service fund continues to accumulate fund balances for future debt service payments.

In 2003, the Capital Project Fund resources were spent for the recreation and aquatic center and the Dick Ackel drainage projects.

BUDGETARY HIGHLIGHTS

The General Fund - The revenue side of the original budget for the General Fund was revised by \$128,000 or 3% this year. The primary change in the general fund's revenue budget relates to the decrease in anticipated golf course revenues.

The actual revenues exceeded the final budget by \$182,082 or 5% and the actual expenditures were less than the final budget by \$1,956,719 or 4%.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Management's Discussion and Analysis (Continued)

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital assets

The District's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2003, was \$26,280,959. See Note D for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

Non-depreciable asset:	
Land	\$ 19,909,418
Construction in progress	<u>3,677,459</u>
Total non-depreciable	<u>\$ 23,586,877</u>
Depreciable assets:	
Buildings	\$ 2,173,279
Furniture & fixtures	19,821
Transportation equipment	173,194
Equipment	<u>1,883,886</u>
Total depreciable assets	4,250,180
Less accumulated depreciation	<u>1,662,835</u>
Book value-depreciable assets	<u>\$ 2,587,345</u>
Percentage depreciated	<u>39 %</u>
Book value-all assets	<u>\$ 26,174,222</u>

At December 31, 2003, the depreciable capital assets for governmental activities were 39% depreciated. This compares approximately to the December 31, 2002 percentage. This comparison indicates that the District is replacing its assets at approximately the same rates as they are depreciating which is a positive indicator.

The major addition to construction in progress is the recreation and aquatic center at \$3,009,433.

Long-term debt

At the end of the fiscal year, the District had total bonded debt outstanding of \$10,800,000. All of this amount is backed by the full faith and credit of the District (general obligation bonds) with debt service funded by property taxes.

During the year, the District issued \$10,800,000 of obligations to fund the capital asset projects. See Note F for additional information regarding long-term debt.

**SULPHUR PARKS AND RECREATION
Sulphur, Louisiana**

Management's Discussion and Analysis (Continued)

ECONOMIC CONDITIONS AFFECTING THE DISTRICT

Since the primary revenue stream for the District is property taxes, the District's property tax revenues are subject to changes in the economy.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the District's Director Norman Farr, 400 Picard Road, Sulphur, LA 70663.



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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

March 29, 2004

Board of Commissioners
Sulphur Parks and Recreation
Sulphur, Louisiana

We have audited the accompanying basic financial statements of the governmental activities and each major fund of Sulphur Parks and Recreation, a component unit of the Calcasieu Parish Police Jury, 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 Sulphur Parks and Recreation 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 and each major fund of Sulphur Parks and Recreation as of December 31, 2003, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated March 29, 2004 on our consideration of Sulphur Parks and Recreation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. This 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.

As described in Note B to the basic financial statements, Sulphur Parks and Recreation adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments, Statement No. 37, Basic Financial Statements-and Management's Discussion and Analysis-For State and Local Governments; Omnibus, Statement No. 38 Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements. This results in a change in the format and content of the basic financial statements.

The Management's Discussion and Analysis and the required supplemental information are not a required part of the basic financial statements but are supplemental 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 supplemental information. However, we did not audit the information and express no opinion on it.

Gragson, Casiday & Guillory

BASIC FINANCIAL STATEMENTS

GRAGSON, CASIDAY & GULLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Statement of Net Assets

December 31, 2003

ASSETS	
Cash	\$ 12,201,683
Receivables	4,878,479
Inventory	18,201
Capital assets:	
Land	19,909,418
Capital assets, net	<u>6,264,804</u>
Total assets	<u>43,272,585</u>
 LIABILITIES	
Accounts and other accrued payables	1,087,332
Interest payable	406,864
Long-term liabilities:	
Due within one year	880,000
Due after one year	<u>9,920,000</u>
Total liabilities	<u>12,294,196</u>
 NET ASSETS	
Invested in capital assets, net of related debt	22,788,905
Restricted for:	
Debt service	1,220,839
Capital projects	96,898
Inventory	18,201
Unrestricted	<u>6,853,546</u>
Total net assets	<u>\$ 30,978,389</u>

The accompanying notes are an integral part of the basic financial statements.

GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

SULPHUR PARKS AND RECREATION
 Sulphur, Louisiana

Statement of Activities

Year Ended December 31, 2003

	<u>Program Revenues</u>		
	<u>Fees, Fines and Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expense) Revenues and Changes in Net Assets</u>
<u>Activities</u>	<u>Expenses</u>		<u>Total</u>
Governmental activities:			
General and administrative	\$ 778,554	\$ -	\$ (778,554)
Recreation	1,218,423	127,578	(1,090,845)
Golf course	760,768	549,958	(210,810)
Grill	49,913	47,661	(2,252)
Swimming pools	50,624	-	(50,624)
Tennis	35,859	11,668	(24,191)
Interest on long-term debt	406,864	-	(406,864)
Total Governmental Activities	\$ 3,301,005	\$ 736,865	(2,564,140)
General revenues:			
Taxes -			
Property taxes, levied for general purposes			3,015,719
Property taxes, levied for debt service			1,627,703
State revenue sharing			78,453
Interest			163,632
Miscellaneous			28,179
Total general revenues			4,913,686
Change in net assets			2,349,546
Net assets - Beginning			28,628,843
Net assets - Ending			\$ 30,978,389

The accompanying notes are an integral part of the basic financial statements.

FUND FINANCIAL STATEMENTS

FUND DESCRIPTIONS

General Fund

The General Fund is used to account for resources traditionally associated with governments which are not required to be accounted for in another fund.

Debt Service Fund

The Debt Service Fund accounts for transactions relating to resources retained and used for payment of principal and interest on long-term obligations.

Capital Projects Fund

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Balance Sheet – Governmental Funds

December 31, 2003

	General	Debt Service	Capital Projects	Total
ASSETS				
Cash and cash equivalents	\$ 3,835,332	\$ -	\$ 8,366,351	\$ 12,201,683
Receivables:				
Ad valorem tax, net	3,011,988	1,627,703	-	4,639,691
State revenue sharing	52,302	-	-	52,302
Other	7,781	-	178,705	186,486
Inventory, at cost	18,201	-	-	18,201
TOTAL ASSETS	\$ 6,925,604	\$ 1,627,703	\$ 8,545,056	\$ 17,098,363
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 33,388	\$ -	\$ 1,033,475	\$ 1,066,863
Accrued liabilities	15,040	-	-	15,040
Deferred revenue	5,429	-	-	5,429
Total liabilities	53,857	-	1,033,475	1,087,332
FUND BALANCES				
Reserved for inventory	18,201	-	-	18,201
Reserved for debt service	-	1,627,703	-	1,627,703
Unreserved - undesignated	6,853,546	-	7,511,581	14,365,127
Total Fund Balances	6,871,747	1,627,703	7,511,581	16,011,031
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,925,604	\$ 1,627,703	\$ 8,545,056	\$ 17,098,363

The accompanying notes are an integral part of the basic financial statements.

GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Reconciliation of the Balance Sheet – Governmental Funds
to the Statement of Net Assets

December 31, 2003

Total fund balance for governmental funds at December 31, 2003:		\$ 16,011,031
Total net assets reported for governmental activities in the statement of net assets is different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. Those assets consist of:		
Land	\$ 19,909,418	
Capital assets, net of \$1,662,835 accumulated depreciation	<u>6,264,804</u>	26,174,222
Long-term liabilities at December 31, 2003:		
Bonds payable	(10,800,000)	
Accrued interest payable	<u>(406,864)</u>	<u>(11,206,864)</u>
Total net assets of governmental activities at December 31, 2003		<u>\$ 30,978,389</u>

The accompanying notes are an integral part of the basic financial statements.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

**Statement of Revenues, Expenditures and Changes
in Fund Balances - Governmental Funds**

Year Ended December 31, 2003

	General	Debt Service
REVENUES		
Ad valorem tax	\$ 3,015,719	\$ 1,627,703
State revenue sharing	78,453	-
Recreation center concessions	127,578	-
Golf course	549,958	-
Grill	47,661	-
Tennis	11,668	-
Interest	59,166	-
Miscellaneous	28,179	-
Total Revenues	3,918,382	1,627,703
EXPENDITURES		
Current operating:		
Recreation	1,432,246	-
Golf course	769,920	-
Grill	49,913	-
Swimming pools	50,624	-
Tennis	35,859	-
General and administration	613,519	-
Capital outlay	-	-
Total Expenditures	2,952,081	-
Excess (deficiency) of revenues over expenditures	966,301	1,627,703
Other financing sources		
Proceeds from bond sale	-	-
Excess (deficiency) of revenues and other sources over expenditures	966,301	1,627,703
Fund Balance - Beginning	5,905,446	-
Fund Balance - Ending	\$ 6,871,747	\$ 1,627,703

The accompanying notes are an integral part of the basic financial statements.

<u>Capital Projects</u>	<u>Total</u>
\$ -	\$ 4,643,422
-	78,453
-	127,578
-	549,958
-	47,661
-	11,668
104,466	163,632
-	28,179
<u>104,466</u>	<u>5,650,551</u>
-	1,432,246
-	769,920
-	49,913
-	50,624
-	35,859
-	613,519
<u>3,385,317</u>	<u>3,385,317</u>
<u>3,385,317</u>	<u>6,337,398</u>
(3,280,851)	(686,847)
<u>10,800,000</u>	<u>10,800,000</u>
7,519,149	10,113,153
<u>(7,568)</u>	<u>5,897,878</u>
<u>\$ 7,511,581</u>	<u>\$ 16,011,031</u>

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances-Governmental Funds to the Statement of Activities

Year Ended December 31, 2003

Total net changes in fund balances at December 31, 2003 per
Statement of Revenues, Expenditures and Changes in Fund Balances \$ 10,113,153

The change in net assets reported for governmental activities in the
statement of activities is 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 which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	\$ 3,667,018	
Depreciation expense for the year ended December 31, 2003	<u>(223,761)</u>	3,443,257

Governmental funds report debt proceeds as revenues. However,
this revenue does not appear in the statement of activities since
the debt is reported on the statement of net assets (10,800,000)

Difference between interest on long-term debt on modified accrual
basis versus interest on long-term debt on accrual basis (406,864)

Total changes in net assets at December 31, 2003 per Statement of Activities \$ 2,349,546

The accompanying notes are an integral part of the basic financial statements.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sulphur Parks and Recreation was created by the Calcasieu Parish Police Jury as authorized by Act 82 of 1948. The district is governed by a board of five commissioners who are appointed by the Calcasieu Parish Police Jury. The district establishes regulations governing the parks, playgrounds and community centers and provides administration, management, maintenance and operations of the facilities.

1. Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Sulphur Parks and Recreation includes all funds, account groups, et cetera, that are within the oversight responsibility of the Sulphur Parks and Recreation.

As the governing authority, for reporting purposes, the Calcasieu Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Calcasieu Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body and
 - a. The ability of the Calcasieu Parish Police Jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the Calcasieu Parish Police Jury.
2. Organizations for which the Calcasieu Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Calcasieu Parish Police Jury.
3. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Based upon the application of these criteria, Sulphur Parks and Recreation is a component unit of the Calcasieu Parish Police Jury's reporting entity.

2. Basis of Presentation

The accompanying basic financial statements of Sulphur Parks and Recreation have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis-for State and Local Governments", issued in June 1999. As a result, an entirely new financial presentation format has been implemented.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the District as a whole. The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of services offered by the District, and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The emphasis on fund financial statements is on major funds, each displayed on a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds of that category or type; and total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund are at least 5 percent of the corresponding total for all governmental funds combined.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The District reports the following major funds:

The General Fund is the primary operating fund of the District. It accounts for all financial resources except those that are required to be accounted for in other funds.

The Debt Service Fund accounts for transactions relating to resources retained and used for payment of principal and interest on long-term obligations.

The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

3. Measurement Focus/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.

Measurement Focus

On the government-wide of net assets and the statement of activities, activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery) and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Basis of Accounting

In the government-wide statement of net assets and statement of activities, activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

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

4. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2003, the District has \$11,943,337 in deposits (collected bank balances). These deposits are secured from risk by \$200,000 of federal deposit insurance and \$11,743,337 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

5. Budgets

A budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated. The budget was amended once during the year.

6. Inventory

Inventory is valued at cost, which approximates market, and is determined using the FIFO method. Inventory consists of golf equipment and concessions held for resale. Inventory at year end is equally offset by fund balance reserve.

7. Accounts Receivable

Sulphur Parks and Recreation utilizes the allowance method to recognize doubtful accounts for ad valorem taxes. The allowance for doubtful accounts at December 31, 2003 was \$800,000.

Uncollectible amounts due for other receivables of governmental funds are recognized as bad debts at the time information becomes available which would indicate that the particular receivable is not collectible.

8. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Depreciation of all exhaustible capital assets is recorded as an allocated 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	20-40 years
Furniture and fixtures	5-7 years
Equipment	5-7 years
Transportation equipment	5 years

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.

9. Compensated Absences

Vacation time is earned at various rates depending on years of service. Earned vacation time is generally required to be used within one year of accrual and is not cumulative.

Sick leave is earned at various rates depending on years of service. Employees can accumulate up to fifteen weeks of unused sick leave. Upon retirement or termination, employees are not paid for any accumulated sick leave.

10. Long-Term Debt

All long-term debt to be repaid from governmental resources are reported as liabilities in the government-wide statements. The long-term debt consists primarily of bonds payable. 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 payment of principal and interest reported as expenditures.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

11. Equity Classification

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, 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”.

In the fund 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.

12. Use of Estimates

The preparation of the 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.

13. Revenues, Expenditures, and Expenses

Program Revenues

Program revenues included in the Statement of Activities are derived directly from the program itself or from parties outside the District's taxpayers, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenues

Ad valorem taxes and the related state revenue sharing are recorded in the year taxes are due and payable. Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year, and become delinquent on December 31. The taxes are generally collected in December, January and February of the fiscal year. Interest on interest-bearing deposits is recorded or accrued as revenues when earned. Substantially all other revenues are recorded when received.

Expenditures

The District primary expenditures include salaries and insurance, which are recorded when the liability is incurred. Capital expenditures and purchases of various operating supplies are regarded as expenditures at the time purchased.

NOTE B - CHANGES IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2003, the District has implemented GASB Standard No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The District also implemented GASB Standard No. 38, Certain Financial Statement Note Disclosures, and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

The implementation of GASB Standard No. 34 caused the opening fund balance at December 31, 2002 to be restated in terms of "net assets" as follows:

Total fund balances-Governmental Funds at December 31, 2002		\$ 5,897,878
Add: Cost of capital assets at December 31, 2002	\$ 24,170,039	
Less: Accumulated depreciation at December 31, 2002	<u>1,439,074</u>	<u>22,730,965</u>
Net assets at December 31, 2002		<u>\$ 28,628,843</u>

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2003

NOTE C - AD VALOREM TAXES

For the year ended December 31, 2003, taxes were levied on property with taxable assessed valuations as follows:

	<u>Approximate Valuations</u>	<u>Taxes</u>
General corporate purposes	\$ 289,378,150	10.25 mills
Debt services	289,378,150	5.60 mills

NOTE D - CAPITAL ASSETS

A summary of changes in capital assets for the year ended December 31, 2003 follows:

	<u>Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>End of Year</u>
Governmental activities:				
Land	\$ 19,909,418	\$ -	\$ -	\$ 19,909,418
Buildings	2,166,679	6,600	-	2,173,279
Furniture and Fixtures	19,821	-	-	19,821
Transportation Equipment	158,749	14,445	-	173,194
Equipment	1,622,732	261,154	-	1,883,886
Construction In Progress	<u>292,640</u>	<u>3,456,892</u>	<u>(72,073)</u>	<u>3,677,459</u>
Totals at historical cost	24,170,039	3,739,091	(72,073)	27,837,057
Less accumulated depreciation for:				
Buildings	245,392	85,850	-	331,242
Furniture and Fixtures	19,821	-	-	19,821
Transportation Equipment	155,846	4,348	-	160,194
Equipment	<u>1,018,015</u>	<u>133,563</u>	<u>-</u>	<u>1,151,578</u>
Total accumulated depreciation	<u>1,439,074</u>	<u>223,761</u>	<u>-</u>	<u>1,662,835</u>
Governmental activities capital Assets, Net	<u>\$ 22,730,965</u>	<u>\$ 3,515,330</u>	<u>\$ (72,073)</u>	<u>\$ 26,174,222</u>

Depreciation expense was charged to governmental activities as follows:

General and administrative	\$ 169,067
Recreation	20,011
Golf course	44,683
Grill	-
Swimming pools	-
Tennis	-
Total	<u>\$ 233,761</u>

GRAGSON, CASIDAY & GULLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2003

NOTE D - CAPITAL ASSETS - CONTINUED

The construction in progress at December 31, 2003 consisted of the following:

<u>Project</u>	<u>Costs Through December 31, 2003</u>	<u>Estimated Remaining Costs to Complete</u>
Henning House Project	\$ 226,305	\$ 374,000
Dick Ackel Drainage	339,037	27,000
McMurry Park Expansion	95,116	1,929,000
Recreation and Aquatic Center	<u>3,017,001</u>	<u>9,670,000</u>
	<u>\$ 3,677,459</u>	

The Board approved in November 2003 to purchase 1.9 acres of land in close proximity to the Henning House property for \$250,000 by May 2004.

NOTE E - RETIREMENT COMMITMENTS

Full-time employees of the district are members of the Parochial Employees' Retirement System of Louisiana, a multi-employer (cost-sharing), public employee retirement system (PERS), controlled and administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. Eligible employees of the district were members of Plan A during 2003.

Under Plan A, members with 10 years of creditable service may retire at age sixty; members with 25 years of service may retire at age fifty-five; members with 30 years of service may retire regardless of age. The retirement allowance is equal to three percent of the member's final average compensation (defined as the average of the highest consecutive 36 months) multiplied by his years of creditable service. However, any employee who was a member of the supplemental plan only prior to the revision date has the benefit earned for service credited prior to the revision date on the basis of one percent of final compensation plus two dollars per month for each year credited prior to the revision date, and three percent of final compensation for each year of service credited after the revision date. The retirement allowance may not exceed the greater of one hundred percent of a member's final salary or the final compensation.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2003

NOTE E - RETIREMENT COMMITMENTS - CONTINUED

Contributions to the System include 1/4 of 1% of the taxes shown to be collectible by the tax rolls of each parish, except Orleans and East Baton Rouge Parishes. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. State statute requires covered employees to contribute a percentage of their salaries, 2% under Plan B and 9.5% under Plan A, to the System. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by an actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The employer contributions for 2003 were

7.75% of covered employees' salaries under Plan A.

The payroll for the District employees covered by the system for the year ended December 31, 2003 was \$835,590; the District's total payroll was \$1,177,986. The District contributed \$64,759 to the system during the year.

NOTE F - LONG-TERM LIABILITIES

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

	<u>Beginning of Year</u>	<u>Issued</u>	<u>Retired</u>	<u>End of Year</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds Payable:					
General Obligation	\$ -	\$ 10,800,000	\$ -	\$ 10,800,000	\$ 880,000

The payments on the bonds payable are made by the debt service funds.

Long-term liabilities at December 31, 2003 are comprised of the following individual issues:

General Obligation Bonds:

\$10,800,000 Public Improvement bonds dated 1/15/03; due in varying annual installments of \$880,000-\$1,305,000 through January 15, 2013; interest at varying rates from 3.125%-5.000% (This issue secured by a pledge of the 5.60 property tax millage) \$ 10,800,000

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2003

NOTE E - LONG-TERM LIABILITIES – CONTINUED

The annual requirements to amortize the bonds are as follows:

<u>Year Ending December 31,</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2004	\$ 880,000	\$ 588,296
2005	915,000	339,989
2006	960,000	300,794
2007	1,005,000	267,389
2008	1,050,000	231,273
2009-2013	5,990,000	567,154
	<u>\$ 10,800,000</u>	<u>\$ 2,294,895</u>

NOTE G - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE H - DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all full time employees which have been employed by the District for 12 consecutive months, permits them to defer a portion of their salaries until future years. The District will match sixty-seven percent (67%) of the employee's contribution to a maximum of six percent (6%) of the employee's salary, not to include compensatory time or expense reimbursement. The deferred compensation is not available to employees until termination, retirement, or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the District (without being restricted to the provisions of benefits under the plan), subject only to the claims of the District's general creditors. Participants' rights under the plan are equal to those of general creditors of the District in an amount equal to the fair market value of the deferred account for each participant.

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Notes to Financial Statements

December 31, 2003

NOTE H - DEFERRED COMPENSATION PLAN - CONTINUED

In management's opinion, the District has no liability for losses under the plan. However, the District does have the duty of due care that would be required of an ordinary prudent investor. The District believes it is unlikely that it will use the assets to satisfy the claims of general creditors in the future.

REQUIRED SUPPLEMENTAL INFORMATION

GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

Budgetary Comparison Schedule – General Fund

Year Ended December 31, 2003

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
REVENUES				
Ad valorem tax	\$ 2,860,000	\$ 2,860,000	\$ 3,015,719	\$ 155,719
State revenue sharing	78,000	78,000	78,453	453
Recreation center concessions	133,000	133,000	127,578	(5,422)
Golf course	645,000	517,000	549,958	32,958
Grill	45,000	45,000	47,661	2,661
Tennis	15,300	15,300	11,668	(3,632)
Interest	70,000	70,000	59,166	(10,834)
Miscellaneous	18,000	18,000	28,179	10,179
Total Revenues	<u>3,864,300</u>	<u>3,736,300</u>	<u>3,918,382</u>	<u>182,082</u>
EXPENDITURES				
Current operating:				
Recreation	3,186,500	3,186,500	1,432,246	1,754,254
Golf course	729,800	729,800	769,920	(40,120)
Grill	59,000	59,000	49,913	9,087
Swimming pools	75,000	75,000	50,624	24,376
Tennis	56,500	56,500	35,859	20,641
General and administration	802,000	802,000	613,519	188,481
Total Expenditures	<u>4,908,800</u>	<u>4,908,800</u>	<u>2,952,081</u>	<u>1,956,719</u>
Excess (deficiency) of revenues over expenditures	(1,044,500)	(1,172,500)	966,301	2,138,801
FUND BALANCE – Beginning	<u>5,905,446</u>	<u>5,905,446</u>	<u>5,905,446</u>	<u>-</u>
FUND BALANCE – Ending	<u>\$ 4,860,946</u>	<u>\$ 4,732,946</u>	<u>\$ 6,871,747</u>	<u>\$ 2,138,801</u>



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

W. GEORGE GRAGSON, C.P.A.
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RAYMOND GUILLORY, JR., C.P.A.
GRAHAM A. PORTUS, E.A.
COY T. VINCENT, C.P.A.
MICHELLE BOURNE, C.P.A.
BRADLEY J. CASIDAY, C.P.A., C.V.A.

JULIA W. PORTUS, C.P.A.
DAWN REDD, C.P.A.
MELONIE L. HIMEL, C.P.A.

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

March 29, 2004

Board of Commissioners
Sulphur Parks and Recreation
Sulphur, Louisiana

We have audited the financial statements of the Sulphur Parks and Recreation, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 2003, and have issued our report thereon dated March 29, 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 Sulphur Parks and Recreation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sulphur Parks and Recreation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by

Board of Commissioners
Sulphur Parks and Recreation
March 29, 2004
Page Two

employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management and the Board of Commissioners 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.

Gragson, Casiday & Guillory

SULPHUR PARKS AND RECREATION
Sulphur, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2003

I. Summary of Auditors' Results

Type of auditors' 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 weakness(es)?

yes none reported

Noncompliance material to financial
statements noted?

yes no

II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

N/A