

RECREATION DISTRICT NO. 39A OF
TANGIPAHOA PARISH

COMPILED FINANCIAL STATEMENTS

JUNE 30, 2004 AND 2003

INDEPENDENCE, LOUISIANA

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 2-16-05

**RECREATION DISTRICT NO. 39A OF TANGIPAROLA PARISH
INDEPENDENCE, LOUISIANA**

REPORT ON COMPILATION OF ANNUAL FINANCIAL STATEMENTS

AND

REPORT ON APPLYING AGREED-UPON PROCEDURES

INCLUDING THE

LOUISIANA ATTESTATION QUESTIONNAIRE

FOR THE YEAR ENDED JUNE 30, 2004

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

As of and For the Year Ended June 30, 2004

Contents

	<u>Exhibit</u>	<u>Schedule</u>	<u>Page</u>
Accountant's Compilation Report on the Financial Statements	-	-	1
Required Supplemental Information (Part I):			
Management's Discussion and Analysis	-	-	3 - 8
Basic Financial Statements:			
Governmental Funds Balance Sheet / Statement of Net Assets	A		10
Statement of Governmental Funds Revenues, Expenditures and Changes in Fund Balances / Statement of Activities	B	-	11
Notes to the Financial Statements	-	-	12 - 29
Required Supplemental Information (Part II):			
Budetary Comparison Schedule - General Fund	-	1	31
Budetary Comparison Schedule - Debt Service Fund	-	2	32
Other Supplemental Information:			
Schedule of Compensation Paid Board of Commissioners	-	3	35
Other Report:			
Independent Accountant's Report on Applying Agreed-Upon Procedures	-	-	38 - 41
Louisiana Attestation Questionnaire	-	-	43 - 45



Randy J. Bonnacaze, CPA*
 Joseph D. Richard, Jr., CPA*
 Ronnie E. Stamper, CPA*
 Fernand P. Genre, CPA*
 Stephen M. Huggins, CPA*
 Monica L. Zumo, CPA*
 Ronald L. Gagnet, CPA*
 Douglas J. Nelson, CPA*
 Celeste D. Viator, CPA*
 Russell J. Resweber, CPA*
 Laura E. Monroe, CPA*

1175 Del Este Avenue, Suite B
 Denham Springs, LA 70726
 Phone: (225) 665-8297
 Fax: (225) 667-3813

*Members American Institute of
 Certified Public Accountants*

2322 Tremont Drive, Suite 200
 Baton Rouge, LA 70809

R. David Wascom, CPA
 * A Professional Accounting Corporation

November 8, 2004

Accountants' Compilation Report on the
 Financial Statements

Mr. J.V.Giacone, Chairman
 and the Members of the Board of Commissioners
 Recreation District No. 39A of Tangipahoa Parish
 Independence, Louisiana

We have compiled the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Recreation District No. 39A of Tangipahoa Parish, Independence, Louisiana, a component unit of the Tangipahoa Parish Council, as of and for the year ended June 30, 2004, which collectively comprise the District's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

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

As described in Note 1 to the basic financial statements, the Recreation District No. 39A of the Tangipahoa Parish adopted the provisions of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - For State and Local Governments; and Statement No. 37, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as of July 1, 2003. This results in a change in the format and content of the basic financial statements.

The management's discussion and analysis and budgetary comparison information, on pages 2 through 8 and 31 through 32 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Respectfully submitted,

Hannis T. Bourgeois, LLP

Management's Discussion and Analysis

Recreation District 39A of Tangipahoa Parish
Independence, Louisiana
Management's Discussion and Analysis
June 30, 2004

As management of the Recreation District No. 39A of Tangipahoa Parish ("District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2004. This management discussion and analysis ("MD&A") is designed to provide an objective and easy to read analysis of the District's financial activities based on currently known facts, decisions, or conditions. It is intended to provide readers with a broad overview of District finances. It is also intended to provide readers with an analysis of the short-term and long-term activities of the District based on information presented in the financial report and fiscal policies that have been adopted by the District. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the District's financial activity, identify changes in the District's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

This is the first year that the District has presented its financial statements under the new reporting model required by the Governmental Accounting Standards Board Statement Number 34. Because this new reporting model changes significantly not only the presentation of financial data, but also the manner in which the information is recorded, prior year comparative information for this reporting period's MD&A has not been included. The omission of this comparative information is unavoidable and unfortunately puts the reader in a less than desirable position. In preparing the information summarized below, we have tried to keep in mind this disadvantage by expanding on the narrative with our opinion of the changes from one year to the next.

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

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's financial statements. The District's basic financial statements consist of the following components:

1. Government-wide financial statements,
2. Fund financial statements,
3. Notes to the financial statements, and
4. Other supplementary information, which is in addition to the basic financial statements themselves.

See accountant's compilation report.

Recreation District 39A of Tangipahoa Parish
Independence, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2004

1. Government-Wide Financial Statements

Government-wide financial statements are designed by GASB Statement 34 to change the way in which governmental financial statements are presented. It now provides readers for the first time a concise "entity-wide" Statement of Net Assets and Statement of Activities, seeking to give the user of the financial statements a broad overview of the District's financial position and results of operations in a manner similar to a private-sector business.

- A. The statement of net assets presents information on all of the District's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the assets and liabilities is 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 weakening.
- B. The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 (e.g., uncollected taxes).

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The District assets exceeded its liabilities at the close of the most recent fiscal year by \$512,015 (*net assets*). Of this amount, \$84,691 are unrestricted net assets.

By far the largest portion of the District's net assets (75.72 percent) reflects its investment in capital assets (e.g., land, land improvements, buildings, equipment, etc.), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the District's net assets (7.69 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$84,691) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the District is able to report positive net asset balances in both the government-wide and governmental activities.

See accountant's compilation report.

Recreation District 39A of Tangipahoa Parish
Independence, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2004

Governmental Activities

The Governmental Activities of the District include Parks and Recreation. Property taxes fund most of these governmental activities.

Here we show the District's expenditures related to those functions typically associated with governments.

	Amount	Percentage
Parks and Recreation	\$ 68,983	100%
Total Governmental Activities	\$ 68,983	100%

General revenues are those available for the District to use to pay for the governmental activities described above. The following chart shows the District's general revenues

	Amount	Percentage
Property Taxes	\$ 119,548	83.85%
Interest	921	0.65%
State Revenue Sharing	22,103	15.50%
Total General Revenues	\$ 142,572	100.00%

Property taxes are the largest revenue source for the District comprising 83.85% of governmental revenue. For the year ended June 30, 2004, taxes of 15.00 mills were levied on property inside of the District limits. The year 2000 was a reassessment year. The District's taxable assessed valuations increased \$278,796 from \$7,690,877 to \$7,969,673 in fiscal year ending June 30, 2004. An original 15-mill tax was passed in 1996 to be used for the purpose of acquiring, constructing, improving, maintaining, and/or operating recreational facilities and activities in and for the District.

	2004	
	Taxes Levied	Mills
General Fund	\$ 119,548	15.00
Total Property Taxes Levied	\$ 119,548	15.00

See accountant's compilation report.

Recreation District 39A of Tangipahoa Parish
Independence, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2004

2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District consist of one category: governmental funds.

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

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 government funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. 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. These reconciliations are located on Exhibits A and B.

The District maintains two individual governmental funds. 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 and the Debt Service Fund, both of which are considered to be major funds. The basic governmental fund financial statements can be found on Exhibits A and B of this report.

Financial Analysis of the Governmental Funds

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$126,385. In the General Fund, the unreserved fund balance is \$84,961.

The reserved fund balance in governmental funds in the amount of \$41,424 indicate that these funds are not available for new spending because they have already been committed for debt service. The debt service fund's total fund balance is reserved for the payment of debt. The net decrease in fund balance during the current year in the general fund was minimal (\$13,734).

See accountant's compilation report.

Recreation District 39A of Tangipahoa Parish
Independence, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2004

3. Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on the pages indicated in the Table of Contents.

4. Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found beginning on Schedule 1 of this report.

A. Budgetary Comparison Schedule – 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, beginning on Schedule 1.

B. Analysis of Significant Budget Variances in the General Fund:

1. Revenues:

a. Property tax revenue increased during the year primarily related to an increase in property values in the district due an increase in the number and value of taxable reassessments.

Supplemental Information

Other Supplementary Schedules follow, starting on Schedule 2.

Capital Asset and Debt Administration

A. Capital Assets

The District's investment in capital assets for its governmental activities as of June 30, 2004 amounts to \$509,697 (net of accumulated depreciation). This investment in capital assets includes land, improvements, and equipment. The total increase in the District's investment in capital assets for the current fiscal year was 0.05 percent.

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

a. New equipment and fixtures were purchased totaling \$28,642 while depreciation expense for the year was \$28,378, thereby reflecting a net increase for the fiscal year ended June 30, 2004 of \$264.

See accountant's compilation report.

Recreation District 39A of Tangipahoa Parish
Independence, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2004

Additional information on the District's capital assets can be found in Note 5 of this report under "Notes to the Financial Statements".

B. Long-Term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$122,000. Of this amount, \$122,000 comprises debt backed by a pledge of the excess revenues of the General Fund.

Total principal payments were made on debt in the amount of \$57,000.

Additional information on the District's long-term debt can be found in Note 6 of this report under "Notes to the Financial Statements".

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the District's budget for the 2005 fiscal year:

During the current fiscal year, unreserved fund balance in the General Fund decreased to \$84,961. For fiscal year ending June 30, 2005, there was no budgeted revenue increases over actual revenues in the June 30, 2004 fiscal year.

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 government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Margaret Baglio, P.O. Box 187, Independence, Louisiana, 70443.

See accountant's compilation report.

Basic Financial Statements

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Exhibit A

Governmental Funds Balance Sheet / Statement of Net Assets

June 30, 2004

	Governmental Funds			Statement of Net Assets
	General Fund	Debt Service Fund	Adjustments (Note 1)	
Assets				
Cash and Cash Equivalents	\$ 84,961	\$ 41,424	\$ -	\$ 126,385
Capital Assets, Net of Accumulated Depreciation	-	-	509,697	509,697
Total Assets	<u>\$ 84,961</u>	<u>\$ 41,424</u>	<u>\$ 509,697</u>	<u>\$ 636,082</u>
Liabilities				
Interest Payable	\$ -	\$ -	\$ 2,067	\$ 2,067
Current Portion of Debt	-	-	59,000	59,000
Non-Current Portion of Debt	-	-	63,000	63,000
Total Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,067</u>	<u>\$ 124,067</u>
Net Assets				
Invested in Capital Assets, Net of Related Debt	\$ -	\$ -	\$ 387,697	\$ 387,697
Reserved For:				
Debt Service	-	41,424	(2,067)	39,357
Unreserved, Undesignated	84,961	-	-	84,961
Total Net Assets	<u>\$ 84,961</u>	<u>\$ 41,424</u>	<u>\$ 385,630</u>	<u>\$ 512,015</u>

See accompanying notes and accountant's compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Exhibit B

Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance /
Statement of Activities

For the Year Ended June 30, 2004

	Governmental Funds		Adjustments (Note 1)	Statement of Activities
	General Fund	Debt Service Fund		
Expenditures / Expenses:				
General Government	\$ (9,203)	\$ -	\$ -	\$ (9,203)
Parks and Recreation	(16,770)	-	-	(16,770)
Capital Outlay	(28,642)	-	28,642	-
Depreciation	-	-	(28,378)	(28,378)
Debt Service - Bad Debt Expense	-	(1,438)	-	(1,438)
Debt Service - Principal	-	(57,000)	57,000	-
Debt Service - Interest	-	(9,215)	963	(8,252)
Debt Service - Collection Costs	-	(4,942)	-	(4,942)
Total Expenditures / Expenses	\$ (54,615)	\$ (72,595)	\$ 58,227	\$ (68,983)
General Revenues:				
Property Taxes	\$ -	\$ 119,548	\$ -	\$ 119,548
Interest	681	240	-	921
State Revenue Sharing	22,103	-	-	22,103
Total General Revenues	\$ 22,784	\$ 119,788	\$ -	\$ 142,572
Excess (Deficiency) of Revenues Over Expenditures	\$ (31,831)	\$ 47,193	\$ 58,227	\$ 73,589
Other Financing Sources (Uses):				
Transfers In	\$ 18,097	\$ -	\$ -	\$ 18,097
Transfers Out	-	(18,097)	-	(18,097)
Total Other Financing Sources (Uses)	\$ 18,097	\$ (18,097)	\$ -	\$ -
Excess (Deficiency) of Revenues over Expenditures and Other Sources (Uses)	\$ (13,734)	\$ 29,096	\$ 58,227	\$ 73,589
Fund Balance / Net Assets:				
Beginning of the Year	\$ 98,695	\$ 12,328	\$ 327,403	\$ 438,426
End of the Year	\$ 84,961	\$ 41,424	\$ 385,630	\$ 512,015

See accompanying notes and accountant's compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements

June 30, 2004

	<u>Page</u>
1. Summary of Significant Accounting Policies	
A. Organization and Nature of Operations	13
B. Basis of Presentation	14
C. Financial Reporting Entity	14 – 15
D. Fund Accounting	15
E. Basis of Accounting	16
F. Government-Wide Financial Statements	16 – 17
G. Budgets and Budgetary Accounting	18
H. Cash and Cash Equivalents and Investments	19
I. Inventory	19
J. Prepaid Items	19
K. Capital Assets	19 – 20
L. Accumulated Compensated Absences	20
M. Estimates	20
N. Long Term Obligations	20
O. Pension Plans	20
P. Change in Accounting Principles and Restatement of Prior year Fund Equity	21
2. Levied Taxes	22
3. Cash and Cash Equivalents	22 – 23
4. Receivables	23
5. Changes in Capital Assets	24
6. Changes in Long – Term Debt	25 – 26
7. Dedication of Proceeds and Flow of Funds – Ad Valorem Tax	26 – 27
8. Compliance with Certificate Covenants	27 – 28
9. Interfund Transfers	28
10. Reserved and Designated Fund Balances.	29

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements

June 30, 2004

1. Summary of Significant Accounting Policies

A. Organization and Nature of Operations

The Recreation District No. 39A of Tangipahoa Parish, Independence, Louisiana (the "District") was created by an ordinance of the Tangipahoa Parish Council on April 22, 1996, as a recreation district to consist of territorial lands and property, both real and personal, in the parish, in accordance with R.S. 33:4562 et seq, and Article 6, Section 19 of the Louisiana Constitution of 1974 and other constitutional and statutory authority supplemental thereto, to be a body corporate in law and a subdivision of the State, known as "Recreation District No. 39A of Tangipahoa Parish (the "District")."

The District contains within its limits one municipality, Independence. The governing body of this municipality has given consent to inclusion of such municipality in the District. The District shall be and is a political subdivision of the State, within the meaning of the constitution and statutes of the State relating to incurring debt and issuing bonds therefor.

The objectives and purposes of the District are to own and operate playgrounds and other facilities and generally to engage in activities which would promote recreation and any related activity designed to encourage recreation and promote the general health and well-being of youths and all of the goals and purposes as authorized by law.

In accordance with R.S.33:4564, the Tangipahoa Parish Council appointed a board of seven (7) commissioners who are qualified electors and residents of the area covered by the District created by this division, two (2) of the members of the board being qualified voters and residents of Independence. The seven (7) commissioners initially appointed shall be appointed for terms of two, three, four and five years respectively (1-1 year, 2-2 years, 2-3 years, 1-4 years, 1-5 years), and they shall serve until their successors shall have been appointed and qualified. All commissioners thereafter appointed at the expiration of such respective terms shall be appointed by the parish council for terms of five years. Any vacancy which otherwise occurs shall be filled by appointment of the parish council for the unexpired term. In making such appointments due regard shall be had for the requirement that the board of commissioners shall include at least two qualified voters and residents of the municipality which has been included in the District by consent of its governing authority.

The accounting and reporting policies of the Recreation District No. 39A of Tangipahoa Parish conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, *Audits of State and Local Governmental Units*.

See accountant's compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2004

B. Basis of Presentation

The accompanying basic financial statements of the Recreation District No. 39A of Tangipahoa Parish 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.

C. Financial Reporting Entity

As the governing authority of the Parish, for reporting purposes, the Tangipahoa Parish Council is the financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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 Tangipahoa Parish Council 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 Parish Council 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 Parish Council.
2. Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Council.
3. Organizations for which the reporting entity’s financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

See accountant’s compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2004

Because the Parish Council appoints the board members and has approval over their taking authority, the Recreation District No. 39A of Tangipahoa Parish was determined to be a component unit of the Tangipahoa Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Recreation District No. 39A of Tangipahoa Parish and do not present information on the Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

D. Fund Accounting

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

Governmental Funds

Governmental funds account for all of the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt.

Governmental funds of the District include:

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

Debt Service Funds - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

See accountant's compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2004

E. Basis of Accounting

Fund Financial Statements (FFS)

The amounts reflected in the Governmental Funds of Exhibits A and B, are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to a government-wide view of District's operations.

The amounts reflected in the Governmental Funds of Exhibits A and B, use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which is recognized when due. The governmental funds use the following practices in recording revenues and expenditures:

Revenues – Revenues are generally recognized when they become measurable and available as net current assets. Ad valorem tax revenue, state revenue sharing revenue, and interest revenue are recorded when due. Substantially all other revenues are recorded when received.

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred

F. Government-Wide Financial Statements (GWFS)

The column labeled Statement of Net Assets (Exhibit A) and the column labeled Statement of Activities (Exhibit B) display information about the District as a whole. These statements include all the financial activities of the District. Information contained in these columns reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements

See accountant's compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2004

of GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions.

Reconciliation:

The reconciliation of the items reflected in the funds columns to the Statement of Activities (Exhibit B) and the Statement of Net Assets (Exhibit A) are as follows:

Exhibit A

Recording Net Capital Assets	\$ 509,697
Interest Payable	(2,067)
Recording Current Long-Term Obligations	(59,000)
Recording Non-Current Long-Term Obligations	(63,000)
Net Effect of Changes	<u>\$ 385,630</u>

Exhibit B

Record Debt Service Payments as Reduction of Liability	\$ 57,000
Capitalization of Capital Assets	28,642
Record Depreciation Expense on Capital Assets	(28,378)
Record Change in Interest Payable	963
Net Effect of Changes	<u>\$ 58,227</u>

Adjustment to Beginning Fund Balance For Prior Year:

Recording of Interest Payable	(3,030)
Recording of Net Capital Assets	330,433
	<u>327,403</u>
Net Effect of Changes	<u>\$ 385,630</u>

See accountant's compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2004

G. Budgets and Budgetary Accounting

Budgetary procedures applicable to the District are defined in state law, Louisiana Revised Statutes 39:1301-14. The major requirements of the Local Government Budget Act are summarized as follows:

1. The District must adopt a budget each year for the general fund and each special revenue fund, if applicable.
2. The Chairman must prepare a proposed budget and submit the proposed budget to the Board of Commissioners for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$250,000 or more, a notice of public hearing on the proposed budget must be published in the official journal in each parish in which the District has jurisdiction. Upon acceptance by the board, the proposed budget was not required to be published in the official journal in each parish in which the District has jurisdiction because the proposed expenditures for the general fund were less than \$250,000.
3. A public hearing on the proposed budget must be held at least ten days after publication of the call for the hearing. A public hearing was not required to be held on the proposed budget because the proposed expenditures for the general fund were less than \$250,000.
4. After the public hearing, the budget is adopted by ordinance. All action necessary to adopt and implement the budget must be completed prior to the end of the fiscal year in progress. The budget was adopted on a timely basis.
5. The District must certify completion of all actions required to adopt and implement the budget by publishing a notice in the official journal in each parish in which the District has jurisdiction.
6. Budgetary amendments involving the transfer of funds from one program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Commissioners. The budget was not amended.

All budgetary appropriations lapse at the end of each fiscal year.

See accountant's compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2004

H. Cash and Cash Equivalents and Investments

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

Under state law, the District may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

I. Inventory

The District utilizes the "purchase method" of accounting for supplies in governmental funds whereby expendable operating supplies are recognized as expenditures when purchased. The District did not record any inventory at June 30, 2004, as the amount is not material.

J. Prepaid Items

The District recognizes expenditures for insurance and similar services extending over more than one accounting period when paid. Any unpaid or prepaid amounts at June 30, 2004 is not material.

K. Capital Assets

Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. The District maintains a threshold level of \$300 or more for capitalizing capital assets.

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

See accountant's compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2004

Description	Estimated Lives
Land	N/A
Buildings & Improvements	7 to 30
Equipment	5 to 25

L. Accumulated Compensated Absences

The District has no policy recording employees' vacation pay and employees' sick leave benefits as the District has no full-time employees. As a result, the District has no accumulated compensated absences requiring recognition in accordance with GASB Statement 16.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

N. Long-Term Obligations

Long-Term Obligations are recorded in the Statement of Net Assets and Statement of Activities.

O. Pension Plans

The Recreation District No. 39A of Tangipahoa Parish is not a member of any retirement system. The District is a member of the social security system.

See accountant's compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2004

P. Change in Accounting Principles and Restatement of Prior Year Fund Equity

For the fiscal year ended June 30, 2004, the District implemented the following GASB Standards:

Statement No. 34 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*

Statement No. 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues*

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*

Interpretation No. 6 – *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

The transition from governmental fund balances total equity to net assets for June 30, 2003 is presented below:

	<u>Governmental Activities</u>
Total Fund Balances/Fund Equity, as Previously Reported	\$ 111,023
Capital Assets, Net of Depreciation	509,433
Accrued Interest Payable	(3,030)
General Long-Term Debt	<u>(179,000)</u>
Restated Net Assets, June 30, 2003	<u>\$ 438,426</u>

See accountant’s compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2004

2. Levied Taxes

The following is a summary of authorized and levied ad valorem taxes:

	<u>2004 Authorized and Levied Millage</u>
Debt Service Fund	15.00

Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the District during the year and actually billed to taxpayers and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from ad valorem taxes are budgeted in the year billed and recognized as revenue when billed. The Tangipahoa Parish Sheriff's Office bills and collects the property taxes using the assessed value determined by the Tax Assessor of Tangipahoa Parish. The taxes are generally collected in December of the current year and January and February of the ensuing year. For the year ending June 30, 2004, the District levied 15.0 mills for a total tax levy of \$119,548 on taxable property valuation totaling \$7,969,673.

3. Cash and Cash Equivalents

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. 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.

At June 30, 2004, the District had cash and cash equivalents (book balances) totaling \$126,385, as follows:

Interest Bearing Demand Deposits	\$ <u>126,385</u>
Total	\$ <u><u>126,385</u></u>

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 pledged 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 June 30, 2004, the District had \$127,974 in deposits (collected bank balances). These deposits are secured from risk as follows:

See accountant's compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2004

Bank Balances	\$ 127,974
Federal deposit insurance	\$ 100,000
Pledged securities (GASB Category 3)	<u>226,333</u>
Total Security	<u>\$ 326,333</u>
Excess Secured Balance	<u>\$ 198,359</u>

At June 30, 2004, the District did comply with the provisions of state law that requires public funds to be secured from risk by a pledge of securities by the fiscal agent bank.

4. Receivables

There were no receivables at June 30, 2004.

See accountant's compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2004

5. Changes in Capital Assets

The following is a summary of the changes in capital assets for the fiscal year ended June 30, 2004:

	Balance <u>July 1, 2003</u>	<u>Current Year</u>		Balance <u>June 30, 2004</u>
		<u>Additions</u>	<u>Deletions</u>	
Capital Assets Not Being Depreciated:				
Land	\$ 93,233	\$ -	\$ -	\$ 93,233
Other Capital Assets:				
Buildings	\$ 59,975	\$ -	\$ -	\$ 59,975
Improvements Other than Buildings	445,915	28,642	-	474,557
Equipment	<u>41,919</u>	<u>-</u>	<u>-</u>	<u>41,919</u>
Total Other Assets	\$ 547,809	\$ 28,642	\$ -	\$ 576,451
Less Accumulated Depreciation:				
Buildings	\$ 11,916	2,360	\$ -	\$ 14,276
Improvements Other than Buildings	101,106	22,592	-	123,698
Equipment	<u>18,587</u>	<u>3,426</u>	<u>-</u>	<u>22,013</u>
Total	<u>\$ 131,609</u>	<u>\$ 28,378</u>	<u>\$ -</u>	<u>\$ 159,987</u>
Capital Assets Being Depreciated, Net	<u>\$ 416,200</u>	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ 416,464</u>
Total Governmental Activities Capital Assets, Net	<u>\$ 509,433</u>	<u>\$ 264</u>	<u>\$ -</u>	<u>\$ 509,697</u>

See accountant's compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2004

6. Changes in Long-Term Debt

The following is a summary of debt transactions for the District for the year ended June 30, 2004:

	<u>Balance</u> <u>July 1, 2003</u>	<u>Certificates</u> <u>Issued</u>	<u>Retirements and</u> <u>Other Reductions</u>	<u>Balance</u> <u>June 30, 2004</u>	<u>Due Within</u> <u>One Year</u>
Certificates of					
Indebtedness	\$ 179,000	\$ -	\$ 57,000	\$ 122,000	\$ 59,000
	<u>\$ 179,000</u>	<u>\$ -</u>	<u>\$ 57,000</u>	<u>\$ 122,000</u>	<u>\$ 59,000</u>

Long-term debt at June 30, 2004, is comprised of the following:

Certificates of Indebtedness:

\$400,000 Certificate of Indebtedness dated December 18, 1996; Due in annual installments of \$35,000 - \$50,000 through March 1, 2006; with interest at 5.05%. \$ 95,000

\$92,000 Certificate of Indebtedness dated March 2, 1998; Due in annual installments of \$8,000 - \$14,000 through March 1, 2006; with interest at 5.5%. \$ 27,000

Payments of Certificates of Indebtedness principal and interest are secured solely by an irrevocable pledge and dedication of the funds to be derived from the levy and collection of a fifteen (15) mills tax authorized to be levied in each of the years 1996 to 2006, inclusive. Said special tax has been authorized to be levied on all the property subject to taxation within the corporate boundaries of the District, pursuant to an election held therein on July 20, 1996.

See accountant's compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2004

The annual requirements to amortize all debt outstanding at June 30, 2004, including interest payments of \$9,522 are as follows:

Year ended June 30,	Certificate of Indebtedness	Total
2005	65,282	65,282
2006	66,240	66,240
	\$ 131,522	\$ 131,522
Interest Portion	9,522	9,522
	<u>\$ 122,000</u>	<u>\$ 122,000</u>

7. Dedication Of Proceeds And Flow Of Funds - Ad Valorem Tax

Proceeds of the 10 year special tax of 15 mills on the dollar of assessed valuation on all property subject to taxation in Recreation District No. 39A of the Parish of Tangipahoa (2004 collections \$119,548) are dedicated for the purpose of purchasing and acquiring lands, buildings, equipment and other facilities in the District for recreation to promote the well-being of youths and the general public and to pay the cost of maintaining said facilities with not less than six percent (6%) of the avails of the said tax dedicated to the maintenance of existing parks (Velma, Frazier, Autin) and playgrounds in the District.

The District, through its governing authority, adopted a resolution on November 7, 1996, authorizing the issuance of \$400,000 of Certificates of Indebtedness, Series 1996, for the purpose of purchasing and acquiring land buildings, equipment and other facilities in the District for Recreation purposes. In that Resolution, the proceeds of the 10 year special tax were irrevocably and irrepealably pledged and dedicated in an amount sufficient for payment of the certificates authorized and interest as they become due and for other purposes.

The certificate resolution requires that the proceeds of the special tax now being levied and collected by the District is to be deposited with the District's fiscal agent bank in a "sinking fund" (Debt Service Fund) until such time as there is on deposit in the Sinking Fund sufficient proceeds of the tax to pay all principal and interest falling due on the certificate in the ensuing year. After such time as there has been accumulated in the Sinking Fund the amount described in the preceding sentence, any surplus monies derived from the tax may be used by the District for any of the purposes for which the tax is authorized to be levied. The District shall make available from the Sinking Fund to the paying agent at least one (1) day in advance of the date on which each payment of principal and interest on the certificate falls due, funds fully sufficient to pay promptly the principal and interest falling due on such date.

See accountant's compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2004

After funds have been set aside out of the revenues of the tax for each tax roll year sufficient to pay the principal and interest on the Certificate for the ensuing calendar year, and all required amounts have been deposited in the Sinking Fund, then any excess of annual revenues of the tax remaining for that tax roll year shall be free for expenditure by the District for the purposes for which the tax was authorized by the voters.

Additionally, the District, through its governing authority, adopted a resolution on January 14, 1998, authorizing the issuance of \$92,000 of Certificates of Indebtedness, Series 1998 for the purpose of purchasing and acquiring land, buildings, equipment and other facilities in the Issuer for recreation purposes, and paying the costs incurred in connection with the issuance of the certificate.

The certificate resolution requires that the certificate be secured by and payable solely from a pledge and dedication of the excess of annual revenues of the Issuer above statutory, necessary and usual charges in each of the fiscal years during which this certificate is outstanding, including the Issuer's \$330,000 of Certificates of Indebtedness, Series 1996, maturing serially on March 1 of the years 1999 through 2006, inclusive (the "1996 Certificates"). The Issuer has covenanted and agreed and does hereby covenant and agree to budget annually a sufficient sum of money to pay the principal of and the interest on the Certificate as it becomes due, and to levy and collect in each year taxes, and to collect other revenues, within the limits prescribed by law, sufficient to pay the principal of and the interest on the Certificate after the payment in such year of all such statutory, necessary and usual charges and the 1996 Certificates.

The balance in the Sinking Fund at June 30, 2004, was in accordance with the certificate covenants.

8. Compliance With Certificate of Indebtedness Covenants

The District, through its governing authority, adopted a resolution on November 9, 1996, authorizing the issuance of \$400,000 of Certificates of Indebtedness, Series 1996 for the purpose of purchasing and acquiring land, buildings, equipment and other facilities in the District for recreation purposes. That certificate resolution contained certain covenants and agreements in connection with the security and payment of the certificates. The major covenants contained in the certificate resolution and the manner in which the District has complied with these covenants is described as follows:

Sinking Fund - According to the certificate resolution, all of the avails or proceeds of the tax for each tax roll year shall be set aside in the Sinking Fund until such time as there is on deposit in the Sinking Fund sufficient proceeds of the tax to pay all principal and

See accountant's compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2004

interest falling due on the certificate in the ensuing year. As of June 30, 2004, the District was in compliance with this certificate covenant.

Securing of deposits of public funds - In the certificate resolution it is required that all monies deposited with the regularly designed fiscal agent bank or banks of the District or the paying agent under the terms of the resolution shall constitute secured funds for the benefit of the owner of the certificate, and shall be secured by said finances at all times to the full extent thereof in the manner required by law for the securing of deposits of public funds.

As of June 30, 2004, the District was in compliance with this Certificate covenant.

Budget - In the certificate resolution as long as the certificate is outstanding and unpaid in principal or interest, the District is required to prepare and adopt a budget prior to the beginning of each fiscal year. A copy of such budget shall be furnished within thirty (30) days after its adoption to the paying agent and owner.

As of June 30, 2004, the District was in compliance with this certificate covenant.

Other Requirements - The certificate resolution contains additional covenants regarding collection of tax, legal right to collection of tax, and other miscellaneous provisions.

As of June 30, 2004, the District was in compliance with these other certificate covenants in all material respects.

9. Interfund Transfers

	Transfers In	Transfers Out
General Fund:		
Debt Service Fund	\$ 18,097	\$ -
Total General Fund	\$ 18,097	\$ -
Debt Service Fund:		
General Fund	\$ -	\$ 18,097
Total Debt Service Fund	\$ -	\$ 18,097
Total All Funds	\$ 18,097	\$ 18,097

See accountant's compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Notes to the Financial Statements (Continued)

June 30, 2004

10. Reserved and Designated Fund Balances

The District records reserves and dedications to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reserves and dedications used by the District.

	<u>Balance at June 30, 2004</u>
Debt Service Fund	
Reserved for Debt Service	\$ <u>41,424</u>
	<u>\$ 41,424</u>

See accountant's compilation report.

Required Supplemental Information

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Schedule 1

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Favorable / (Unfavorable)
Revenues:				
Revenue Sharing	\$ 22,103	\$ 22,103	\$ 22,103	\$ -
Interest	-	-	681	681
Total Revenues	<u>\$ 22,103</u>	<u>\$ 22,103</u>	<u>\$ 22,784</u>	<u>\$ 681</u>
Expenditures:				
Current:				
General Government	\$ 7,300	\$ 7,300	\$ 9,203	\$ (1,903)
Parks & Recreation	27,500	27,500	16,770	10,730
Capital Outlay	30,500	30,500	28,642	1,858
Total Expenditures	<u>\$ 65,300</u>	<u>\$ 65,300</u>	<u>\$ 54,615</u>	<u>\$ 10,685</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (43,197)	\$ (43,197)	\$ (31,831)	\$ 11,366
Other Financing Sources (Uses):				
Operating Transfers In	\$ -	\$ -	\$ 18,097	\$ 18,097
Total Other Financing Sources	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,097</u>	<u>\$ 18,097</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other (Uses)	\$ (43,197)	\$ (43,197)	\$ (13,734)	\$ 29,463
Fund Balance - Beginning of the Year	<u>\$ 98,695</u>	<u>\$ 98,695</u>	<u>\$ 98,695</u>	<u>\$ -</u>
Fund Balance - End of the Year	<u>\$ 55,498</u>	<u>\$ 55,498</u>	<u>\$ 84,961</u>	<u>\$ 29,463</u>

See accountant's compilation report.

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Schedule 2

Budgetary Comparison Schedule – Debt Service Fund

For the Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
Revenues:				
Property Taxes	\$ 73,897	\$ 73,897	\$ 119,548	\$ 45,651
Interest	-	-	240	240
Total Revenues	\$ 73,897	\$ 73,897	\$ 119,788	\$ 45,891
Expenditures:				
Debt Service	\$ 68,000	\$ 68,000	\$ 72,595	\$ (4,595)
Total Expenditures	\$ 68,000	\$ 68,000	\$ 72,595	\$ (4,595)
Excess (Deficiency) of Revenues over Expenditures	\$ 5,897	\$ 5,897	\$ 47,193	\$ 41,296
Other Financing Sources (Uses):				
Operating Transfers (Out)	\$ -	\$ -	\$ (18,097)	\$ (18,097)
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ (18,097)	\$ (18,097)
Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other (Uses)	\$ 5,897	\$ 5,897	\$ 29,096	\$ 23,199
Fund Balance - Beginning of the Year	\$ 12,328	\$ 12,328	\$ 12,328	\$ -
Fund Balance - End of the Year	\$ 18,225	\$ 18,225	\$ 41,424	\$ 23,199

See accountant's compilation report.

Other Supplemental Information

Schedule of Compensation Paid Board of Commissioners

Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

Schedule 3

Schedule of Compensation Paid the Chairman and Board of Commissioners

June 30, 2004

<u>Name and Address</u>	<u>Position</u>	<u>Salary</u>	<u>Term Expires</u>
J.V. Giacone P.O. Box 394 Independence, LA 70443	Chairman	\$ -	April 22, 2005
Margaret Baglio P.O. Box 187 Independence, LA 70443	Secretary	\$ -	N/A
Dean Morgan 52418 Red Hill Road Independence, LA 70443	Commissioner	\$ -	April 22, 2007
Johnny Santangelo P.O. Box 204 Independence, LA 70443	Commissioner	\$ -	April 22, 2004
Katie Sims 56227 Bickham Chapel Road Amite, LA 70422	Commissioner	\$ -	April 22, 2004
Larry Cardaronella P.O. Box 332 Independence, LA 70443	Commissioner	\$ -	April 22, 2006
Francis Durnin P.O. Box 838 Independence, LA 70443	Commissioner	\$ -	April 22, 2008
Joseph Drago 52610 Red Hill Road Independence, LA 70443	Commissioner	\$ -	April 22, 2008
Darrell Avant P.O. Box 728 Independence, LA 70443	Commissioner	\$ -	April 22, 2009
Jerome Guzzardo P.O. Box 506 Independence, LA 70443	Commissioner	\$ -	April 22, 2009

See accountant's compilation report.

Other Report

**Independent Accountants' Report on
Applying Agreed-Upon Procedures**



Hannis T. Bourgeois, LLP

Certified Public Accountants

Randy J. Bonneau, CPA*
Joseph D. Richard, Jr., CPA*
Ronnie E. Stamper, CPA*
Fernand P. Genre, CPA*
Stephen M. Huggins, CPA*
Monica L. Zumo, CPA*
Ronald L. Gagnet, CPA*
Douglas J. Nelson, CPA*
Celeste D. Viator, CPA*
Russell J. Resweber, CPA*
Laura E. Monroe, CPA*

1175 Del Este Avenue, Suite B
Denham Springs, LA 70726
Phone: (225) 665-8297
Fax: (225) 667-3813

Members American Institute of
Certified Public Accountants

2322 Tremont Drive, Suite 200
Baton Rouge, LA 70809

R. David Wascom, CPA
* A Professional Accounting Corporation

November 8, 2004

Mr. J.V. Giacone, Chairman
and the Members of the Board of Commissioners
Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

We have performed the procedures included in the *Louisiana Government Audit Guide* and enumerated below, which were agreed to by the management of Recreation District No. 39A of Tangipahoa Parish and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about Recreation District No. 39A of Tangipahoa Parish's compliance with certain laws and regulations during the year ended June 30, 2004, included in the accompanying *Louisiana Attestation Questionnaire*. Recreation District No. 39A of Tangipahoa Parish's management is responsible for the District's accounting records. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

There were no expenditures made during the year for materials and supplies exceeding \$20,000 and no expenditures were made for public works exceeding \$100,000. Therefore, the District was in compliance with the provisions of LSA-RS 38:2211-2251.

Code of Ethics for Public Officials and Public Employees

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

Recreation District No. 39A of Tangipahoa Parish

Management provided us with the required list including the noted information.

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

There were no employees during the period under examination.

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

There were no employees during the period under examination.

Budgeting

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

Management provided us with a copy of the original budget. The original budget was not amended.

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

We traced the adoption of the original budget to the minutes of a meeting held on April 17, 2003, which indicated that the budget had been adopted by the Commissioners of Recreation District No. 39A of Tangipahoa Parish by a vote of 5 in favor and none opposed. The budget was not amended.

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

We compared the revenues and expenditures for the final budget to actual revenues and expenditures. The following fund had actual expenditures and/or other uses over budgeted expenditures and/or other uses by 5% or more for the year ended June 30, 2004:

<u>Fund</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Debt Service Fund Expenditures:			
Debt Service	\$ 68,000	\$ 72,595	\$ (4,595)
Other Financing (Uses):			
Operating Transfers Out	\$ -	\$ (18,097)	\$ (18,097)

State Law requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures by 5% or more.

Recreation District No. 39A of Tangipahoa Parish

- (a) trace payments to supporting documentation as to proper amount and payee;

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

- (b) determine if payments were properly coded to the correct fund and general ledger account; and

All six of the payments were properly coded to the correct fund and general ledger account.

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

Inspection of documentation supporting each of the six selected disbursements indicated approval from the Chairman and the Board of Commissioners.

Meetings

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

Recreation District No. 39A of Tangipahoa Parish is only required to post a notice of each meeting and the accompanying agenda on the door of the town hall building. We witnessed the posted notice of a meeting and reviewed a newspaper copy of the minutes.

Debt

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

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

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees which may constitute bonuses, advances, or gifts.

A reading of the minutes of the District for the year indicated no approval for the payments noted. We also inspected disbursement records for the year and noted no instances which would indicate payment to employees which would constitute bonuses, advances, or gifts.

Since there were no employees, there were no payroll records to inspect.

Recreation District No. 39A of Tangipahoa Parish

Prior Year Findings

12. In the prior agreed upon procedures report dated November 12, 2003 for the year ended June 30, 2003, there were no findings reported.

We were not engaged to, and did not, conduct an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of Recreation District No. 39A of Tangipahoa Parish and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

Henri A. Bourgeois, CPA

Louisiana Attestation Questionnaire

RECREATION DISTRICT No. 39A OF TANGIPAHOA PARISH
LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)
FOR FISCAL YEAR ENDED JUNE 30, 2004
_____ (Date Transmitted)

Hannis T. Bourgeois, LLP
1175 Del Este, Suite B
Denham Springs, LA 70726

In connection with your compilation of our financial statements as of June 30, 2004 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulation and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of (date of completion/representations).

Public Bid Law

It is true that we have complied with the public bid law, LSA-RS Title 38:2212, and, where applicable, the regulations of the Division of Administration, State Purchasing Office.
Yes [] No []

Code of Ethics for Public Officials and Public Employees

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

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

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-14) or the budget requirements of LSA-RS 39:34.
Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by LSA-RS 44:1, 44:7, 44:31, and 44:36.
Yes [] No []

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

Yes [] No []

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

Yes [] No []

Meetings

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

Yes [] No []

Debt

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

Yes [] No []

Advances and Bonuses

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

Yes [] No []

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

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

<u>Margaret Beglio</u>	Secretary	<u>8/18/04</u>	Date
<u>Margaret Beglio</u>	Treasurer	<u>8/18/04</u>	Date
<u>Joe V. Brown</u>	President	<u>8/18/04</u>	Date

Note: If the engagement is for a routine compilation/attest that will be completed within six months of the entity's fiscal year-end and the CPA will submit either a Fax Approval Form or an Email engagement approval form to the legislative auditor, the space for the legislative auditor's approval may be omitted.

Independence Recreation District 39-A
Post Office Box 187
Independence, Louisiana 70443

J. V. Giacone, President
Larry Cardaronella, Member
Dean Morgan, Member
Darrell Avant, Member

Margaret Baglio, Secretary-Treasurer
Frances Durnin, Member
Joey Dagro, Member
Jerome Guzzardo, Member

Larry Cardaronella.....Expires April 2006
P.O. Box 332
Independence, LA 70443
(985)878-1905

Joseph Dagro.....Expires April 2008
52610 Red Hill Road
Independence, LA 70443
(985)878-0432

Frances Durnin.....Expires April 2008
P.O. Box 838
Independence, LA 70443
(985)878-9703

J.V. Giacone.....Expires 2005
P.O. Box 394
Independence, LA 70443
(985)878-2158

Darrell Avant.....Expires April 2009
P.O. Box 728
Independence, LA 70443
(985)878-3611

Jerome Guzzardo.....Expires April 2009
P.O. box 506
Independence, LA 70443
(985)878-3110

Dean Morgan.....Expires April 2007
52418 Red Hill Road
Independence, LA 70443
(985)878-3860

**RECREATION DISTRICT No. 39A OF TANGIPAHOA PARISH, LOUISIANA
(INDEPENDENCE RECREATION DISTRICT)**

Post Office Box 187

Independence, Louisiana 70443

**Corrective Action Plan For
Current Year Audit Findings**

For The Year Ended June 30, 2004

February 1, 2005

Hannis T. Bourgeois, LLP
1175 Del Este Avenue, Suite B
Denham Springs, LA 70726

In connection with your compilation of the financial statements of Recreation District No. 39A of Tangipahoa Parish as of and for the year ended June 30, 2004, you reported one reportable condition that needs to be addressed. We have considered the recommendations contained in your report. The following outlines the corrective actions we will take regarding these conditions.

Finding:

Actual expenditures exceeded amounts budgeted by more than five percent as required by state law.

Corrective Action Plan:

The District will continue to closely monitor its budget and adopt budget amendments when required.

Name of Contact Person:

Margaret Baglio, Secretary

Anticipated Completion Date:

December 31, 2004

Implementation of the above actions planned by the Recreation District No. 39A of Tangipahoa Parish should adequately resolve each of the recommendations contained in the audit report. If additional information is required, please advise.

Signed: Margaret Baglio
Margaret Baglio

Title: Secretary - Treas.

Date: 2-4-05