

Financial Report

Recreation District No. 3 of the
Parish of Livingston, State of Louisiana

A Component Unit of the Livingston Parish Council

December 31, 2002

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of
Recreation District No. 3 of the
Parish of Livingston, State of Louisiana.

I have audited the accompanying general purpose financial statements of Recreation District No. 3 of the Parish of Livingston, State of Louisiana, ("the District"), a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. My responsibility is to express an opinion on these general purpose financial statements based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Recreation District No. 3 of the Parish of Livingston, State of Louisiana, as of December 31, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated April 2, 2003, on my consideration of the District's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

My audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information presented in Schedule 1 of the supplementary financial information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Baton Rouge, Louisiana,
April 2, 2003.

W. B. Fermani, CPA

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

To the Board of Commissioners of
Recreation District No. 3 of the
Parish of Livingston, State of Louisiana.

I have audited the general purpose financial statements of Recreation District No. 3 of the Parish of Livingston, State of Louisiana, ("the District"), a component unit of the Livingston Parish Council, as of and for the year ended December 31, 2002, and have issued my report thereon dated April 2, 2003. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my audit, I considered the District's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My 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 general purpose financial statements being audited may

occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information and use of management, the Livingston Parish Council, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties.

Baton Rouge, Louisiana
April 2, 2003.

Neil B. Juvai, CPA

GENERAL PURPOSE FINANCIAL STATEMENTS

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

Recreation District No. 3 of the Parish of Livingston, State of Louisiana
A Component Unit of the Livingston Parish Council

December 31, 2002

	Governmental Fund Types		Account Groups		Total (Memorandum Only)
	General Fund	Debt Service Fund	General Fixed Assets	General Long-Term Debt	
ASSETS AND OTHER DEBITS					
Assets:					
Cash and cash equivalents (Note 2)	\$ 177,889	\$ 153,880	\$ 0	\$ 0	\$ 331,769
Ad valorem taxes receivable (Note 3)	796,778	265,579	0	0	1,062,357
Allowance for uncollectible ad valorem taxes (Note 3)	(51,460)	(17,109)	0	0	(68,569)
Receivable from Livingston Parish School Board	4,000	0	0	0	4,000
Due from Debt Service Fund (Note 4)	346	0	0	0	346
Athletic equipment and supplies inventory	19,130	0	0	0	19,130
Deposits	2,046	0	0	0	2,046
Land, buildings, park improvements, vehicles, and equipment	0	0	6,821,231	0	6,821,231
Other Debits:					
Amount available in Debt Service Fund	0	0	0	390,380	390,380
Amount to be provided for retirement of general long-term debt	0	0	0	1,734,620	1,734,620
Total assets and other debits	\$ 948,729	\$ 402,350	\$ 6,821,231	\$ 2,125,000	\$ 10,297,310
LIABILITIES, FUND EQUITY, AND OTHER CREDITS					
Liabilities:					
Accounts payable	\$ 28,354	\$ 0	\$ 0	\$ 0	\$ 28,354
Payroll taxes and withholdings payable	127	0	0	0	127
Deferred ad valorem tax revenue	34,737	11,624	0	0	46,361
Deferred rental revenue	1,477	0	0	0	1,477
Rental security deposits	1,275	0	0	0	1,275
Due to General Fund (Note 4)	0	346	0	0	346
Bonds payable (Note 6)	0	0	0	2,125,000	2,125,000
Total liabilities	65,970	11,970	0	2,125,000	2,202,940
Equity and Other Credits:					
Investment in general fixed assets	0	0	6,821,231	0	6,821,231
Fund balances:					
Reserved for:					
Encumbrances (Note 1h)	8,650	0	0	0	8,650
Debt service	0	390,380	0	0	390,380
Athletic equipment and supplies inventory	19,130	0	0	0	19,130
Unreserved - undesignated	854,979	0	0	0	854,979
Total equity and other credits	882,759	390,380	6,821,231	0	8,094,370
Total liabilities, equity and other credits	\$ 948,729	\$ 402,350	\$ 6,821,231	\$ 2,125,000	\$ 10,297,310

The accompanying notes are an integral part of this statement.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES**

**Recreation District No. 3 of the Parish of Livingston, State of Louisiana
A Component Unit of the Livingston Parish Council**

For the Year Ended December 31, 2002

	General Fund	Debt Service Fund	Total (Memorandum Only)
REVENUES			
Taxes:			
Ad valorem	\$ 870,009	\$ 281,857	\$ 1,151,866
Interest income from late payment of ad valorem taxes	6,080	1,275	7,355
Intergovernmental	23,700	0	23,700
Investment income	6,920	3,733	10,653
Charges for services:			
Day camp and before & after school fees	284,736	0	284,736
Team registrations	132,400	0	132,400
Driving range fees	19,029	0	19,029
Recreation center rental	19,549	0	19,549
Ball field rentals	4,110	0	4,110
West Livingston rentals	1,545	0	1,545
Other revenues:			
Concessions:			
Subcontracted	16,006	0	16,006
Internally controlled	9,352	0	9,352
Vending machines	2,266	0	2,266
Sponsorships for programs	28,800	0	28,800
Miscellaneous	380	0	380
Total revenues	<u>1,424,882</u>	<u>286,865</u>	<u>1,711,747</u>
EXPENDITURES			
Current:			
Personnel:			
Salaries & wages - (administrative, program & operations)	524,840	0	524,840
Commissioners per diem	3,800	0	3,800
Payroll taxes	30,048	0	30,048
Pension contributions	17,802	0	17,802
Health insurance	8,359	0	8,359
Program expenses - excluding personnel costs:			
Team sports	110,350	0	110,350
Day camp and before & after school programs	70,973	0	70,973
Driving range	2,655	0	2,655
General operations:			
Utilities	67,294	0	67,294
Maintenance & repairs:			
Buildings and grounds	35,142	0	35,142
Vehicles	2,253	0	2,253
Tractors	12,665	0	12,665
West Livingston	5,956	0	5,956
Caretaker	1,680	0	1,680
Insurance	49,077	0	49,077

(Continued on Next Page)

The accompanying notes are an integral part of this statement.

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
(Continued)

Recreation District No. 3 of the Parish of Livingston, State of Louisiana
A Component Unit of the Livingston Parish Council

For the Year Ended December 31, 2002

	General Fund	Debt Service Fund	Total (Memorandum Only)
Contracted services	39,300	0	39,300
Professional services	19,851	0	19,851
Concession expenses:			
Repairs and small equipment purchases	1,848	0	1,848
Internally controlled	3,869	0	3,869
Vending machines	2,372	0	2,372
Telephone	7,402	0	7,402
Janitorial supplies and service	5,087	0	5,087
Truck and tractor - gas and oil	6,334	0	6,334
Sponsorship expenses	4,740	0	4,740
Small equipment purchases	4,945	0	4,945
Office supplies	4,055	0	4,055
Uniforms	2,088	0	2,088
Advertising	1,490	0	1,490
Dues and subscriptions	605	0	605
Agent fee	0	696	696
Postage and freight	459	0	459
Travel & automobile expense reimbursements	18	0	18
Miscellaneous	850	0	850
Intergovernmental	35,801	11,934	47,735
Capital outlay	343,898	0	343,898
Debt Service:			
Principal retirement	0	100,000	100,000
Interest expense	0	153,875	153,875
	<u>1,427,906</u>	<u>266,505</u>	<u>1,694,411</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(3,024)</u>	<u>20,360</u>	<u>17,336</u>
OTHER FINANCING SOURCES			
Proceeds from sale of surplus equipment	<u>159</u>	<u>0</u>	<u>159</u>
Excess (deficiency) of revenues and other financing sources over expenditures	<u>(2,865)</u>	<u>20,360</u>	<u>17,495</u>
FUND BALANCES			
Beginning of year	<u>885,624</u>	<u>370,020</u>	<u>1,255,644</u>
End of year	<u>\$ 882,759</u>	<u>\$ 390,380</u>	<u>\$ 1,273,139</u>

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

**Recreation District No. 3 of the Parish of Livingston, State of Louisiana
A Component Unit of the Livingston Parish Council**

For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES			
Taxes:			
Ad valorem	\$ 811,600	\$ 870,009	\$ 58,409
Interest income from late payment of ad valorem taxes	5,000	6,080	1,080
Intergovernmental	9,000	23,700	14,700
Investment income	6,800	6,920	120
Charges for services:			
Day camp and before & after school fees	284,000	284,736	736
Team registrations	131,720	132,400	680
Driving range fees	22,000	19,029	(2,971)
Recreation center rental	19,000	19,549	549
Ball field rentals	4,000	4,110	110
West Livingston rentals	1,700	1,545	(155)
Other revenues:			
Concessions:			
Subcontracted	16,000	16,006	6
Internally controlled	11,000	9,352	(1,648)
Vending machines	2,350	2,266	(84)
Sponsorships for programs	28,800	28,800	0
Miscellaneous	840	380	(460)
Total revenues	1,353,810	1,424,882	71,072
EXPENDITURES			
Current:			
Personnel:			
Salaries & wages - (administrative, program & operations)	534,360	524,840	9,520
Commissioners per diem	3,900	3,800	100
Payroll taxes	31,500	30,048	1,452
Pension contributions	17,800	17,802	(2)
Health insurance	10,600	8,359	2,241
Program expenses - excluding personnel costs:			
Team sports	97,970	110,350	(12,380)
Day camp and before & after school programs	72,000	70,973	1,027
Driving range	3,000	2,655	345

(Continued on Next Page)

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND**

(Continued)

Recreation District No. 3 of the Parish of Livingston, State of Louisiana
A Component Unit of the Livingston Parish Council

For the Year Ended December 31, 2002

	Revised Budget	Actual	Variance- Favorable (Unfavorable)
General operations:			
Utilities	64,200	67,294	(3,094)
Maintenance & repairs:			
Buildings and grounds	33,000	35,142	(2,142)
Vehicles	2,500	2,253	247
Tractors	12,000	12,665	(665)
West Livingston	6,500	5,956	544
Caretaker	1,800	1,680	120
Insurance	45,110	49,077	(3,967)
Contracted services	38,000	39,300	(1,300)
Professional services	19,700	19,851	(151)
Concession expenses:			
Repairs and small equipment purchases	1,600	1,848	(248)
Internally controlled supplies	4,500	3,869	631
Vending machines	2,500	2,372	128
Telephone	7,000	7,402	(402)
Janitorial supplies and service	4,500	5,087	(587)
Truck and tractor - gas and oil	5,500	6,334	(834)
Sponsorship expenses	4,750	4,740	10
Small equipment purchases	0	4,945	(4,945)
Office supplies	3,800	4,055	(255)
Uniforms	2,000	2,088	(88)
Advertising	1,000	1,490	(490)
Dues and subscriptions	700	605	95
Postage and freight	500	459	41
Travel & automobile expense reimbursements	100	18	82
Miscellaneous	850	850	0
Intergovernmental	30,733	35,801	(5,068)
Capital outlay	338,000	343,898	(5,898)
 Total expenditures	 1,401,973	 1,427,906	 (25,933)
 Excess (deficiency) of revenues over expenditures	 (48,163)	 (3,024)	 45,139
 OTHER FINANCING SOURCES			
Proceeds from sale of surplus equipment	160	159	(1)
 Excess (deficiency) of revenues and other financing sources over expenditures	 (48,003)	 (2,865)	 \$ (45,138)
FUND BALANCES			
Beginning of year	885,624	885,624	
 End of year	 \$ 837,621	 \$ 882,759	

The accompanying notes are an integral part of this statement.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Recreation District No. 3 of the
Parish of Livingston, State of Louisiana

A Component Unit of the Livingston Parish Council

December 31, 2002

Note 1 - ORGANIZATION, NATURE OF OPERATIONS, AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Nature or Operations:

Recreation District No. 3 of the Parish of Livingston, State of Louisiana ("the District") was created November 27, 1973, by the Livingston Parish Council, as provided by Louisiana Revised Statute 33:4562. A board of seven commissioners who are appointed by the Livingston Parish Council governs the District. The purpose of the District is to provide playground and other facilities that promote recreation and general health and well-being. The District encompasses about 29% of Livingston Parish, Louisiana, and serves about 28,000 people. The District operates four recreational facilities referred to as North Park, South Park, West Livingston Playground, and Spring Park.

b. Reporting Entity:

The Livingston Parish Council is the financial reporting entity for Livingston Parish, Louisiana. The Livingston Parish Council appoints a voting majority of the District's governing body and can impose its will on the District. Accordingly, the District has been determined to be a component unit of the Livingston Parish Council.

The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Livingston Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity for Livingston Parish, Louisiana.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)

b. Reporting Entity: - (continued)

The District has no entities or organizations that are required to be included in its financial report as defined by Governmental Accounting Standards Board (GASB) Statement 14.

c. Basis of Statement Presentation:

The accompanying general purpose financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) of the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In addition, the accounting and reporting procedures conform to the requirements of Louisiana Revised Statutes 24:514, the *Louisiana Governmental Audit Guide*, and to the industry audit guide, *Audits of State and Local Governmental Units*.

d. Fund Accounting:

The District uses funds and account groups to report its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions relating to certain governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds of the District are classified as governmental funds. Governmental funds account for 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. The governmental funds presented in the financial statements are described as follows:

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)

d. Fund Accounting: - (continued)

Governmental Fund Types

General Fund:

The General Fund is the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds. All general tax revenues and other receipts that are not allocated by law or contractual agreement to another fund are accounted for in this fund. General operating expenditures and the capital improvement costs that are not paid for through other funds are paid from the General Fund.

Debt Service Fund:

The Debt Service Fund is used to account for transactions relating to resources retained and used for the payment of interest and principal on the long-term obligations recorded in the General Long-Term Debt Account Group.

e. Account Groups:

An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The following two account groups are not "funds".

General Fixed Assets:

The fixed assets used in governmental fund type operations of the District are accounted for (capitalized) in the General Fixed Assets Account Group and are recorded as expenditures (capital outlays) in the governmental fund types when purchased or constructed.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)

d. Fund Accounting: - (continued)

Governmental Fund Types - (continued)

General Long-Term Debt:

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. Principal and interest payments on long-term liabilities (public improvements bonds) are accounted for in the Debt Service Fund.

f. **Basis of Accounting:**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds 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. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following practices in recording revenues, expenditures, and other financing sources (uses).

Revenue Recognition

Under the modified accrual basis of accounting, revenues are recognized in the accounting period in which they become both "available and measurable." Available means due or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period (normally within 60 days unless special circumstances indicate otherwise). Measurable means the amount can be determined.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)

f. Basis of Accounting: - (continued)

Revenue Recognition - (continued)

The following are the revenue recognition policies used by the District:

Ad valorem taxes are recorded as receivables and deferred revenues at the time the tax levy is billed. Revenues are recognized as the property taxes are received by the District from the Parish Sheriff's office. In accordance with the modified accrual bases of accounting, the District also recognizes ad valorem tax revenues as current year revenues if they are received within sixty days of year-end.

The property tax revenues reported in these financial statements do not include any amounts that are due and remain uncollected by the Sheriff. However, property tax revenues include amounts withheld by the Sheriff to make "on-behalf payments for fringe benefits" which represent the District's pro-rata share of retirement plan contributions for other governmental units. (See Note 8)

Investment income is composed of interest income from interest-bearing demand deposits and time deposits. Interest earned on idle cash, cash equivalents, and investments is recorded when the income is both measurable and available.

Intergovernmental revenues are recorded when the income is both measurable and available.

Grant revenues are recorded when the District is entitled to reimbursement of expenditures under the terms of the grant.

Charges for services are recorded as revenue when the fees are collected because they are usually paid at the time the service is rendered.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)

f. Basis of Accounting: - (continued)

Revenue Recognition - (continued)

Other revenues, such as; concession sales, sponsorships, donations, refunds, and miscellaneous revenues are recorded as revenue when the money is received because they are generally not measurable until actually received.

Expenditures

Expenditures, other than principal and interest on long-term debt, are recognized in the accounting period in which the liability is incurred, if measurable.

Other Financing Sources (Uses)

Other financing sources (uses) include the proceeds from the sale of fixed assets and transfers between funds that are not expected to be repaid. Proceeds from the sale of fixed assets are recorded when received and transfers are recorded when the transfer is made. There were no transfers this year.

g. Budgetary Policy and Accounting:

The District prepares its annual operating budget on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles (GAAP). The District's budget process also has to follow the requirements of state law as set forth by the Louisiana Local Government Budget Act.

The following procedures are used in establishing the budgetary data reflected in the financial statements:

- Before the second Monday of November, the District prepares a budget for the next fiscal year that begins January 1. The operating budget includes proposed expenditures and the means of financing them.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(continued)

g. **Budgetary Policy and Accounting: - (continued)**

- The board members discuss the proposed budget at the regular meeting of the Board of Commissioners on the second Monday of November and set the date for the special public hearing on the proposed budget.
- The public hearing to review and discuss the budget is held immediately before the regular meeting of the Board of Commissioners on the second Monday in December. The public hearing for the District's 2002 budget was held on December 10, 2001. The public hearing for the District's 2003 budget was held on December 9, 2002.
- The budget is adopted at the Board of Commissioners regular monthly meeting immediately following the public hearing.

Once the budget is approved, it can be amended by approval of a majority of the Board of Commissioners. The process of presenting and approving budget amendments follows a procedure similar to the one used to adopt the initial budget. There was one amendment made to the budget that was initially adopted for 2002. The amendment was approved at a regular meeting of the District's Board of Commissioners on December 9, 2002.

All budget appropriations lapse at year-end.

h. **Encumbrances:**

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting is used by the General Fund to reserve portions of certain appropriations relating to purchase orders, contracts, and other commitments for the expenditure of resources. In accordance with generally accepted accounting principles, outstanding encumbrances at year-end for which goods and services have been received are reclassified as expenditures and accounts payable. For budgetary purposes, appropriations lapse at year end and are either canceled or are re-appropriated in next year's budget.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)

h. Encumbrances: - (continued)

Encumbrances outstanding at year end, that are reported as reservations of fund balances, do not constitute expenditures or liabilities, but represent commitments that will be re-appropriated and honored next year by the District. At year-end, the District reserved \$8,650 of its fund balance for purchase orders and commitments relating to the West Livingston Gym project that had not been completed as of year-end.

i. Inventories:

Inventories are valued by management at cost and estimated cost. Inventories consist primarily of athletic equipment and uniforms. Inventories at year-end are offset by an equal amount of fund balance reserves.

j. Cash and Cash Equivalents:

Cash includes petty cash, demand deposits, and interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of three months or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States. Cash and cash equivalents are presented at cost in the District's balance sheet.

k. Investments:

Investments are limited by Louisiana Revised Statute (R.S.) 33:2955 and the District's investment policy. If the original maturities of investments exceed three months, they are classified as investments; however, if the original maturities are three months or less, they are classified as cash equivalents.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)

k. Investments: - (continued)

GASB Statement 31 requires the District to report its investments at fair value in the balance sheet except for investments in non-participating interest-earning contracts, such as non-negotiable certificates of deposit with redemption terms that do not consider market rates. This type of investment is reported using a cost-based measure, provided that the fair value of the contract is not significantly affected by the impairment of the credit standing of the issuer or other factors.

The District did not have any investments as of December 31, 2002.

l. Prepaid Items:

The District uses the nonallocation method to account for prepaid items. Under this method, the entire payment for the prepaid item is treated as a current expenditure even though future periods benefit from the advance payment.

m. General Fixed Assets and Depreciation:

General fixed assets include any land, buildings, major park improvements, equipment, and vehicles owned by the District. All fixed assets are valued at historical cost, except for donated assets, which are valued at estimated fair market value at the date of donation. Fixed assets do not include any donated assets. Public domain or infrastructures are not capitalized. In cases where assets are constructed with borrowed money the interest expense paid on the related debt is capitalized as part of the cost of the asset. No depreciation has been provided on assets in the General Fixed Assets Account Group.

It is the District's policy to capitalize purchases of moveable property costing at least \$1,000 and purchases of real property and major park improvements costing at least \$1,500.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)

n. Vacation and Sick Leave:

Upon completion of one year of service, all full-time employees earn from 10 to 20 days of vacation leave each year depending upon the number of years employed. All full-time employees earn from 5 to 10 days of sick leave each year depending upon when they are hired during the year and the number of years employed. Vacation cannot be carried over from year to year or taken in advance. Sick leave can be accumulated up to a maximum of 100 days. Unused vacation or sick leave is not paid to employees when they terminate. Accordingly, the financial statements do not include any liability for compensated absences. The cost of current leave privileges is recognized as a current year expenditure in the General Fund when the leave is actually used.

o. Transfers and Interfund Loans:

Transfers are advances between funds that are not expected to be repaid. In those cases where repayment is expected, the advances are accounted for through the various "due from" and "due to" accounts.

p. Reservations and Designations of Fund Balances:

Reserved fund balances represent those portions of the fund balance that are either not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources as approved by the Board of Commissioners.

q. Management's Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -
(continued)

r. Total Column on the Statements:

The total columns in the Combined General Purpose Financial Statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Note 2 - CASH AND CASH EQUIVALENTS

At December 31, 2002, the District has cash and cash equivalents as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Totals</u>
Petty cash and cash for change	\$ 500	\$ -	\$ 500
Non-interest bearing demand deposits	51,376	-	51,376
Savings	-	23,556	23,556
Certificates of deposit:			
Hancock Bank	-	116,110	116,110
Hibernia National Bank	<u>126,013</u>	<u>14,214</u>	<u>140,227</u>
Totals	<u>\$177,889</u>	<u>\$153,880</u>	<u>\$331,769</u>

Cash and cash equivalents are stated at cost, which is equal to their market values.

Under state law, bank deposits 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 or exceed the amount on deposit with the fiscal agent bank. The pledged securities are to be held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Note 2 - CASH AND CASH EQUIVALENTS - (continued)

The non-interest bearing demand deposits of the General Fund are covered entirely by federal deposit insurance. Accordingly, GASB Statement 3 categorizes the credit risk of this money as Category 1 because it is fully insured.

At year-end the District has combined savings and time deposits of \$207,984 at Hancock Bank. The first \$100,000 of these deposits is fully covered by federal deposit insurance (Category 1 credit risk). Hancock Bank has pledged securities with a fair market value greater than the amount of the uninsured deposits (\$107,984). The pledged securities are being held by Whitney Bank as collateral registered in the name of the District. Because the pledged securities are being held by an agent of Hancock Bank in the name of the District, GASB Statement 3 considers the excess deposits a Category 2 type credit risk.

The District also has time deposits at Hibernia National Bank with maturities of less than 3 months. The combined bank balance of these deposits at December 31, 2002 was \$140,228. The first \$100,000 of these deposits is covered fully by federal deposit insurance and is therefore classified by GASB Statement 3 as a Category 1 credit risk. The bank has collateralized the remainder of the funds (\$40,228) by pledging securities with a fair market value greater than the amount of the uninsured deposits. GASB Statement 3 categorizes these deposits as a Category 1 type credit risk because the pledged securities are held in the name of the District by custodial banks that are mutually acceptable to the District and Hibernia National Bank.

Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank (agent holding the pledged securities) to advertise and sell the pledged securities within 10 days of being notified by the District that the District's bank has failed to pay deposited funds upon demand.

Petty cash and cash on hand for making change are unsecured.

Note 3 - AD VALOREM TAXES

In March 1996, the voters, who live within the boundaries of Recreation District No. 3 of Livingston Parish, Louisiana, passed a 15 mill (\$15 per \$1,000 of assessed valuation) ad valorem tax to provide funds for the operation and maintenance of the public parks located within the District. The tax is effective for a ten year period (1996-2005). In addition to this tax, the District can assess a millage (tax) to provide sufficient funds to pay for the principal and interest on a public improvement bond issue that was approved by the voters who lived in the District during 1991.

The ad valorem taxes are levied each November 15 on the taxable assessed value listed as of the prior January 1 for all real and business personal property located within the boundaries of Recreation District No. 3. Taxable assessed value represents the appraised value of the property less exemptions allowed by law. The Livingston Parish Assessor periodically determines the appraised values.

As of January 1, 2002, the assessed value of the property located within Recreation District No. 3 of Livingston Parish, Louisiana, was approximately \$59,606,250. For 2002, the District elected to assess the maximum 15 mills to finance the maintenance and operations of the parks. In addition, management determined that a 5 mill assessment was needed to satisfy the payment of principal and interest on the public improvement bonds. Accordingly, an 20 mill tax was assessed for 2002.

Taxes are due on November 15, the levy date, and they become delinquent on the following January 1. The taxes are generally collected in December of the current year and January through March of the following year. During late April or May, of the year following the year the tax was levied, the Sheriff's office sends out delinquent notices to the property owners. Soon after the Sheriff has mailed the delinquent notices, he will publish them in the newspaper. After a second publication in the newspaper and at least 30 days from the date of the first publication, the property is advertised for auction. The auction usually takes place in May or June. Properties sold at auction have liens placed on them by their buyers. The Parish will put a lien on any properties not sold at the auction.

Note 3 - AD VALOREM TAXES - (continued)

Delinquent tax collections are prorated between maintenance and debt service based on the rates adopted by the District for the year the particular levy was assessed. Management has based the allowances for uncollectible ad valorem taxes for the General and Debt Service Funds using historical experience in collecting the taxes. Historically, about 94% of the taxes have been collected. Current tax collections for the year 2002 through February 28, 2003, have totaled about 90% of the gross tax levy.

Note 4 - INTERFUND RECEIVABLES AND PAYABLES

From time to time, the District may pay for certain fees with general funds rather than with debt service funds as a matter of convenience. The debt service fund will then reimburse the general fund for amounts advanced on its behalf. As a result, the manner in which cash is spent and received creates short-term interfund loans. A summary of these interfund loans at year-end is as follows:

	<u>Due From Debt Service Fund</u>	<u>Due to General Fund</u>
General Fund	\$ 346	\$ -
Debt Service Fund	<u>-</u>	<u>346</u>
Total	<u>\$ 346</u>	<u>\$ 346</u>

Note 5 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

<u>Fixed Asset Type</u>	<u>Balance 1/1/2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12/31/2002</u>
Equipment & furniture	\$ 447,852	\$ 23,314	\$ (4,323)	\$ 466,843
Vehicles	69,499	12,797	0	82,296
Buildings & park improvements	5,426,396	307,787	0	5,734,183
Land	<u>537,909</u>	<u>0</u>	<u>0</u>	<u>537,909</u>
Totals	<u>\$ 6,481,656</u>	<u>\$ 343,898</u>	<u>\$ (4,323)</u>	<u>\$ 6,821,231</u>

Note 6 - CHANGES IN GENERAL LONG-TERM DEBT

The following is a summary of the changes in general long-term debt of the District for the year ended December 31, 2002:

Long-term debt at 12/31/01	\$2,225,000
Additions during 2002	-
Reductions during 2002	<u>(100,000)</u>
Long-term debt payable at 12/31/2002	<u>\$2,125,000</u>

The long-term debt at year-end, consists of the unpaid principal of public improvement bonds that were originally issued April 1, 1992. At year-end, there were outstanding interest payments totaling \$1,201,812. The remaining bonds will mature from 2003 to 2022 at interest rates ranging from 6.7 to 8 percent per annum. The bonds are secured by an ad valorem tax on real and business personal property within Recreation District No. 3 of the Parish of Livingston, State of Louisiana.

The annual requirements to amortize the remaining bonds outstanding are as follows:

<u>Year</u> <u>Ending</u>	<u>Yearly Payments</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2003	\$ 150,000	\$ 143,875	\$ 293,875
2004	150,000	132,362	282,362
2005	150,000	121,825	271,825
2006	150,000	111,700	261,700
2007	150,000	101,425	251,425
2008-2012	625,000	371,875	996,875
2013-2017	500,000	175,000	675,000
2018-2022	<u>250,000</u>	<u>43,750</u>	<u>293,750</u>
	<u>\$2,125,000</u>	<u>\$1,201,812</u>	<u>\$3,326,812</u>

Note 7 - RETIREMENT PLANS

Plan Description:

Thirteen of the District's employees are members of the Parochial Employees' Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan 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. The employees of the District who are eligible to participate are members of Plan A.

Note 7 - RETIREMENT PLANS - (continued)

All permanent parish government employees (except those employed by Orleans, LaFourche, and East Baton Rouge Parishes) working at least 28 hours per week, who are paid wholly or in part from parish funds, and certain elected parish officials are eligible to become members of the System.

Under Plan A, members who retire at or after age 65 with at least 7 years of creditable service, at or after age 60 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of the member's final-average compensation (defined as the average of the highest consecutive 36 months of compensation) multiplied by his years of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final average compensation plus two dollars per month for each year of service credited before January 1, 1980, and three percent of final compensation for each year of service credited after January 1, 1980. The retirement benefit may not exceed the greater of 100% of a member's final salary (last 12 month's) or his final average compensation. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by statutory process.

The System issues an annual, publicly available, financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14619, Baton Rouge, Louisiana 70898-4619, or by calling (225) 928-1361.

Note 7 - RETIREMENT PLANS - (continued)

Member and Employer Contributions:

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered compensation. The District's contributions are actuarially determined every fiscal year according to statutory process. The District's contribution rate for the year 2002 was 7.75 percent of its eligible members' total annual payroll (\$229,706). Accordingly, the District's required contribution to the System under Plan A for its eligible employees for the year ending December 31, 2002 was \$17,802. The District's required contributions for 2001 and 2000, using a 7.75% contribution rate, were \$13,640 and \$14,713, respectively.

Taxing Bodies Contributions:

In addition to the contributions made by the members and their employers, each parish Sheriff and ex-officio tax collector in Louisiana remits one-fourth of one percent of the aggregate amount of tax shown to be collectible by the tax rolls of their parish (except Orleans, LaFourche, and East Baton Rouge Parishes). The contributions by the taxing bodies are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan for the previous fiscal year. The Livingston Parish Sheriff deducts the District's share of these contributions before he remits the ad valorem tax revenues to which the District is entitled. For the year 2002, \$47,735 of ad valorem tax revenues were withheld to pay for the District's share of the taxing bodies' contributions. The withheld amount has been reported as an "on-behalf payment for fringe benefits" and is further discussed in Note 8. The contribution requirements of plan members and the District are established and may be amended by statutory process.

Social Security Program:

District employees who are not eligible for the Parochial Employees Retirement System participate in the federal Social Security program. The District is required to remit an amount equal to the employee's contribution. The current rate of contribution is 7.65% of an employee's gross pay until the employee's annual gross pay equals \$84,900. The rate is reduced to 1.45% of an employee's gross pay for amounts that exceed \$84,900. The District does not guarantee any of the benefits granted by the Social Security program. No employee's wages exceeded \$84,900 this year.

Note 8 - ON-BEHALF PAYMENTS FOR FRINGE BENEFITS

As previously discussed in Note 7, because the District is one of several governmental agencies receiving proceeds from a property tax assessment, it has to bear a pro-rata share of the pension expense relating to the public employees who participate in the Parochial Employees Retirement System. The District's pro-rata share of the required contribution (\$47,735), which was withheld by the Sheriff from property tax collections to satisfy the District's obligation, has been presented as an "intergovernmental" expenditure of the General Fund in these financial statements. As described in Note 1f, the District has also increased its property tax revenues by the same amount of the intergovernmental expenditure.

Note 9 - RELATED PARTY TRANSACTIONS

There were no related party transactions in 2002.

Note 10 - LITIGATION AND CONTINGENCIES

At December 31, 2002, the District was a defendant in four unresolved lawsuits. The District's management questions the District's liability in each lawsuit and intends to vigorously defend each one. The following are brief summaries of each case:

- In February 1992, a personal injury lawsuit was filed against the District. The plaintiff alleges improper grounds maintenance at the North Park Recreation Center as the cause of a foot injury.
- Another personal injury lawsuit was filed against the District in August 1995. The plaintiff alleges that he sustained injuries from a defective playground slide that was negligently maintained by the District.
- In December 1999, a personal injury lawsuit was filed against the District by a person who alleges she fell at North Park and hurt herself as a result of a defective sidewalk that had been negligently maintained by the District.
- In October 2002, a personal injury lawsuit was filed against the District by the parents of a minor child who allege that sunscreen was not properly applied to their child during Day Camp.

Note 10 - LITIGATION AND CONTINGENCIES - (continued)

The District also settled during 2002 an outstanding lawsuit from 1999, which related to an automobile accident involving the District's van. All claims by the plaintiff were fully covered and paid by the District's insurance company.

Note 11 - PER DIEM PAID BOARD MEMBERS

Each member of the Board of Commissioners is eligible to receive a per diem allowance of \$50 for attending each regular or special meeting of the board, not to exceed 24 meetings in one calendar year. Board member Gene Quirk, Jr. elected not to receive per diem payments for this year. Per diems paid to the board members for this year were as follows:

<u>Commissioner</u>	<u>Number Of Meetings</u>	<u>Amount Received</u>
Van Foster, Jr.	9	\$ 450
Catherine Meadors	12	600
Rhonda Pratt	11	550
Johnny Rowinsky	12	600
Kelton Whitehead	12	600
Tammy Waldrep	8	400
Arthur Perkins	12	<u>600</u>
Total		<u>\$3,800</u>

Note 12 - INCOME TAXES

The District is exempt from all Federal and Louisiana income taxes.

Note 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. There have been no significant reductions in coverage from the prior year. No settlements were made during the current or prior three fiscal years that exceeded the District's insurance coverage.

The District's management has not purchased commercial insurance or made provision to cover or reduce the risk of loss, as a result of business interruption and certain acts of God, like floods or earthquakes.

Note 13 - RISK MANAGEMENT - (continued)

The District also does not carry general liability insurance to cover injuries like those that have been mentioned in Note 10. This is because it has been unable to obtain general liability insurance at a cost it considers to be economically justifiable. Accordingly, management has opted to self-insure for this type of risk. The District has not had to settle or pay any claims for incidents where it was uninsured.

Note 14 - LEASE COMMITMENTS

The District entered into a lease for a copy machine commencing on March 11, 2002 for a period of 36 months. The lease requires a monthly payment of \$112. Total lease expenditures relating to this lease for the year 2002 were \$1,008.

Future minimum lease payments under this lease by year and in the aggregate are as follows:

<u>Year Ending</u> <u>December 30,</u>	<u>Amounts</u>
2003	\$1,344
2004	1,344
2005	<u>336</u>
Total minimum lease payments	<u>\$3,024</u>

Note 15 - RENOVATION COMMITMENTS

The District is in the process of renovating the West Livingston gym and community center. The renovation project has been ongoing since 1998 and management expects to finish the project in 2003. Management is making renovations as funds become available in the current year rather than budgeting and committing funds for periods that extend past the end of each fiscal year. Accordingly, each year, phases of the overall project are discussed at meetings of the board and provided for in the current year's General Fund budget. Management's renovation plans for 2003 include installation of bathroom doors, stage curtains, a sound system, outside painting, and other miscellaneous items. Management projects the cost of these renovations will approximate \$25,000. These costs have been included in the capital outlay budget for 2003.

Note 15 - RENOVATION COMMITMENTS - (continued)

The District is also in the process of an asphalt overlay renovation project to improve the roads, parking lots, and other areas at the North Park and South Park locations. This project is being done in phases and will be budgeted in the General Fund each year as money becomes available to pay for each phase.

Management expects the project will be completed sometime in 2004 at a total cost of \$500,000. During 2002, phase two of the project was started and completed. \$205,003 was spent to pave all parking lots and the area between two fields, replacing a culvert, and replacing a concrete slab at the dumpster site. Management forecasts that about \$140,000 to \$160,000 will be spent in 2003 on phase three of this project, which will include paving the main roads at North Park and South Park.

Note 16 - NEW REPORTING STANDARD

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement 34 "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This Statement establishes new financial reporting requirements for state and local governments throughout the United States. When implemented, it will require new information and restructure much of the information that governments have presented in the past. Comparability with reports issued in all prior years will be affected. The District is required to implement this standard for the fiscal year ending December 31, 2003. The District has not yet determined the full impact that adoption of GASB Statement 34 will have on the financial statements.

SUPPLEMENTARY FINANCIAL INFORMATION

Schedule 1

Public Improvement Bonds, Dated April 1, 1992
Interest Payable April 1st and October 1st of each year

Recreation District No. 3 of the
Parish of Livingston, State of Louisiana

A Component Unit of the Livingston Parish Council

December 31, 2002

Maturity	Bond Number	Interest Rate	Yearly Payments			Outstanding
			Principal	Interest	Total	
2003	176 - 205	8.00%	\$ 150,000	143,875	\$ 293,875	\$ 1,975,000
2004	206 - 235	7.35%	150,000	132,362	282,362	1,825,000
2005	236 - 265	6.70%	150,000	121,825	271,825	1,675,000
2006	266 - 295	6.80%	150,000	111,700	261,700	1,525,000
2007	296 - 325	6.90%	150,000	101,425	251,425	1,375,000
2008	326 - 350	7.00%	125,000	91,875	216,875	1,250,000
2009	351 - 375	7.00%	125,000	83,125	208,125	1,125,000
2010	376 - 400	7.00%	125,000	74,375	199,375	1,000,000
2011	401 - 425	7.00%	125,000	65,625	190,625	875,000
2012	426 - 450	7.00%	125,000	56,875	181,875	750,000
2013	451 - 470	7.00%	100,000	49,000	149,000	650,000
2014	471 - 490	7.00%	100,000	42,000	142,000	550,000
2015	491 - 510	7.00%	100,000	35,000	135,000	450,000
2016	511 - 530	7.00%	100,000	28,000	128,000	350,000
2017	531 - 550	7.00%	100,000	21,000	121,000	250,000
2018	551 - 560	7.00%	50,000	15,750	65,750	200,000
2019	561 - 570	7.00%	50,000	12,250	62,250	150,000
2020	571 - 580	7.00%	50,000	8,750	58,750	100,000
2021	581 - 590	7.00%	50,000	5,250	55,250	50,000
2022	591 - 600	7.00%	50,000	1,750	51,750	0
Totals			<u>\$ 2,125,000</u>	<u>\$ 1,201,812</u>	<u>\$ 3,326,812</u>	

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Recreation District No. 3 of the
Parish of Livingston, State of Louisiana

A Component Unit of the Livingston Parish Council

For the Year Ended December 31, 2002

I have audited the financial statements of Recreation District No. 3 of the Parish of Livingston, State of Louisiana, as of and for the year ended December 31, 2002, and have issued my report thereon dated April 2, 2003. I conducted my audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My audit of the financial statements as of and for the year ended December 31, 2002 resulted in an unqualified opinion.

Section I - Summary of Auditor's Reports

a. Report on Internal Control and Compliance Material to the
Financial Statements

Internal Control:

Material Weaknesses	___	Yes	<u>X</u>	No
Reportable Conditions	___	Yes	<u>X</u>	No

Compliance:

Compliance Material to Financial Statements	___	Yes	<u>X</u>	No
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b. Federal Awards

There were not any federal awards. This section is not applicable.

c. Identification of Major Programs

This section is not applicable.

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

This section is not applicable.

Section IV - Management Letter

No management letter was issued this year.

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

Recreation District No. 3 of the
Parish of Livingston, State of Louisiana

A Component Unit of the Livingston Parish Council

For the Year Ended December 31, 2002

**SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE
FINANCIAL STATEMENTS**

There were not any findings reported last year.

**SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO
FEDERAL AWARDS**

Not applicable.

SECTION III - MANAGEMENT LETTER

No management letter was issued.