

**PONCHATOULA AREA RECREATION DISTRICT NO. 1
PONCHATOULA, LOUISIANA**

ANNUAL FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2004

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 2-2-05

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Annual Financial Statements
With Supplemental Information Schedules

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Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
A PROFESSIONAL CORPORATION
HAMMOND, LA • AMITE, LA

John N. Durmin, CPA
Dennis E. James, CPA

Member
American Institute of CPA's
Society of Louisiana CPA's

November 22, 2004

Independent Auditor's Report

Dr. Bill Wheat, Jr., Chairman
and the Members of the Board of Commissioners
Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

We have audited the accompanying financial statements of the governmental activities and the general fund and debt service fund of the Ponchatoula Area Recreation District No. 1, (a component unit of the Tangipahoa Parish Council), as of and for the year ended June 30, 2004, which collectively comprise the Ponchatoula Area Recreation District No. 1's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Ponchatoula Area Recreation District No. 1's management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the general fund and debt service fund of the Ponchatoula Area Recreation District No. 1, as of June 30, 2004, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2004, on our consideration of the Ponchatoula Area Recreation District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Ponchatoula Area Recreation District No.1
Ponchatoula, Louisiana

The management's discussion and analysis on pages 4 through 11 and the budgetary comparison information identified as Schedule 1 on pages 32 and 33 are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James, CPAs".

Durnin & James, CPAs
(A Professional Corporation)

Management's Discussion and Analysis

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Management's Discussion and Analysis
June 30, 2004

As management of the Ponchatoula Area Recreation District No. 1 ("District"), we offer readers of the Ponchatoula Area Recreation District No. 1's financial statements this narrative overview and analysis of the financial activities of the Ponchatoula Area Recreation District No. 1, 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.

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.

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.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2004

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 following table provides a summary of the District's net assets for the current year as compared to the prior year. For more detailed analysis, see the Statement of Net Assets on page 13 of the report.

		Net Assets June 30, 2004 and 2003			
		Governmental Activities			
		2004	2003	\$ Change	% Change
Assets:					
Current and Other Assets	\$	318,506	\$ 299,767	\$ 18,739	6.25
Capital Assets		1,914,209	1,769,399	144,810	8.18
Total Assets	\$	2,232,715	\$ 2,069,166	\$ 163,549	7.90
Liabilities:					
Current Liabilities	\$	181,686	\$ 234,159	\$ (52,473)	-22.41
Long-Term Liabilities		145,952	285,513	(139,561)	-48.88
Total Liabilities	\$	327,638	\$ 519,672	\$ (192,034)	-36.95
Net Assets:					
Invested in Capital Assets	\$	1,629,411	\$ 1,356,228	\$ 273,183	20.14
Unrestricted		275,666	193,266	82,400	42.64
Total Net Assets	\$	1,905,077	\$ 1,549,494	\$ 355,583	22.95

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 \$1,905,077 (*net assets*). Of this amount, \$264,143 are unrestricted net assets.

By far the largest portion of the District's net assets (85.53 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

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2004

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 (6 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$264,143) 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. The same situation held true for the prior fiscal year.

In order to further understand what makes up the changes in net assets, the following table provides a summary of the results of the District's operating activities as compared to the prior year. An analysis of the primary sources of these changes follows the table. For more detailed analysis, see the Statement of Activities on page 14 of this report.

Net Assets
June 30, 2004 and 2003

	Governmental Activities			
	<u>2004</u>	<u>2003</u>	<u>\$ Change</u>	<u>% Change</u>
Revenues:				
General Revenues:				
Property Taxes	\$ 459,705	\$ 432,519	\$ 27,186	6.29
State Revenue Sharing	82,787	80,705	2,082	2.58
Grant Reimbursements	49,887	-	49,887	-
Other	10,330	8,511	1,819	21.37
Total Revenues	<u>\$ 602,709</u>	<u>\$ 521,735</u>	<u>\$ 80,974</u>	15.52
Expenses:				
Parks and Recreation	\$ 215,513	\$ 200,423	\$ 15,090	7.53
Debt Service - Interest	11,624	26,346	(14,722)	-55.88
Depreciation	19,989	18,945	1,044	5.51
Total Expenses	<u>\$ 247,126</u>	<u>\$ 245,714</u>	<u>\$ 1,412</u>	0.57
Changes in Net Assets	\$ 355,583	\$ 276,021	\$ 79,562	28.82
Net Assets, Beginning of Year	<u>1,549,494</u>	<u>1,273,473</u>	<u>276,021</u>	21.67
Net Assets, End of Year	<u>\$ 1,905,077</u>	<u>\$ 1,549,494</u>	<u>\$ 355,583</u>	22.95

Governmental Activities

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2004

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	\$ 247,126	100%
Total Governmental Activities	\$ 247,126	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	\$ 459,705	76.27%
Interest	2,894	0.48%
State Revenue Sharing	82,787	13.74%
Rent	750	0.12%
Grants	49,887	8.28%
Donations	6,000	1.00%
Miscellaneous	686	0.11%
Total General Revenues and Transfers	\$ 602,709	100.00%

Property taxes are the largest revenue source for the District comprising 76.27 % of governmental revenue. For the year ended June 30, 2004, taxes of 10.00 mills were levied on property inside of the District limits. The year 2000 was a reassessment year. The District's taxable assessed valuations increased \$3,293,432 from \$42,729,005 to \$46,022,437. An original 10-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 Ponchatoula Area Recreation District No. 1.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2004

	2002		2003	
	<u>Taxes Levied</u>	<u>Mills</u>	<u>Taxes Levied</u>	<u>Mills</u>
General Fund	\$ 427,290	10.00	\$ 460,224	10.00
Total Property Taxes Levied	<u>\$ 427,290</u>	<u>10.00</u>	<u>\$ 460,224</u>	<u>10.00</u>

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 page 19.

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 pages 13 and 14 of this report.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2004

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 \$276,318 . In the General Fund, the unreserved fund balance is \$262,223 .

The reserved fund balance in governmental funds in the amount of \$8,142 indicate that these funds are not available for new spending because they have already been committed for debt service or donor restrictions. The net decrease in fund balance during the current year in the debt service fund was minimal (\$8,691). The debt service fund's total fund balance is reserved for the payment of debt. The reserved portion of fund balance in the amount of \$8,142 is related to donor restrictions that the funds are to be used only for playground equipment at the park.

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 pages 16--30 of this report.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2004

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 page 32 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 page 32.
- 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 to an increase in the number and value of taxable reassessments.
 - b. Donations increased because of special donations received from local private organizations and the City of Ponchatoula which was used for the July 4th fireworks.
 - 2. Expenditures:
 - a. Capital outlay decreased primarily because construction of a new concession stand building which began in the prior year was virtually finished. The District purchased playground equipment, other items, and new tractors for maintenance of the park in the current year.

Supplemental Information

Other Supplementary Schedules follow, starting on page 36.

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 \$1,914,209 (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 8.18 percent.

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

- a. Construction on a new concession stand building totaling \$79,749 a metal building totaling \$10,345, and purchase of equipment totaling \$74,704.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana
Management's Discussion and Analysis (Continued)
June 30, 2004

Additional information on the District's capital assets can be found in Note 4 on page 25 of this report.

B. Long-Term Debt

At the end of the current fiscal year, the District had total bonded debt outstanding of \$265,000 and capital lease obligations outstanding of \$19,798. Of this amount, \$265,000 comprises debt backed by a pledge of the excess revenues of the General Fund and \$19,798 payable from a pledge of equipment and of the excess revenues of the General Fund.

The District's total debt decreased \$128,373 (31.07 percent) during the current fiscal year. Total principal payments were made on debt in the amount of \$128,373.

Additional information on the District's long-term debt can be found in Note 5 on pages 26 – 27 of this report.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing the District's budget for the 2004/2005 fiscal year:

During the current fiscal year, unreserved fund balance in the General Fund increased to \$262,223. The budgeted deficit for the 2004 fiscal year is \$129,676, which will reduce this accumulated fund surplus.

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 Mr. Bill Wheat, Jr., Chairman, 14101 Club Deluxe Rd., Hammond, Louisiana 70403.

Basic Financial Statements

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Exhibit A

Governmental Funds Balance Sheet / Statement of Net Assets

June 30, 2004

	<u>Governmental Funds</u>			<u>Statement of Net Assets</u>	<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Adjustments (Note 1)</u>		<u>(Memo Only) 2003</u>
Assets					
Cash and Cash Equivalents	\$ 293,153	\$ -	\$ -	\$ 293,153	\$ 268,919
Investments	5,980	-	-	5,980	5,922
Accounts Receivable	3,358	-	-	3,358	-
Prepaid Insurance			1,920	1,920	2,194
Capital Assets, Net of Accumulated Depreciation (Note 6)	-	-	1,914,209	1,914,209	1,769,399
Restricted Assets:					
Cash and Cash Equivalents	8,142	5,953	-	14,095	22,732
Total Assets	\$ 310,633	\$ 5,953	\$ 1,916,129	\$ 2,232,715	\$ 2,069,166
Liabilities					
Accounts Payable	\$ 5,414	\$ -	\$ -	\$ 5,414	\$ 4,375
Salaries and Benefits Payable	5,236	-	-	5,236	2,048
Contracts Payable	2,000	-	-	2,000	72,775
Retainage Payable	27,618	-	-	27,618	20,403
Accrued Interest Payable	-	-	2,572	2,572	6,900
Current Portion of Debt	-	-	138,846	138,846	127,658
Non-Current Portion of Debt	-	-	145,952	145,952	285,513
Total Liabilities	\$ 40,268	\$ -	\$ 287,370	\$ 327,638	\$ 519,672
Net Assets					
Invested in Capital Assets, Net of Related Debt	\$ -	\$ -	\$ 1,629,411	\$ 1,629,411	\$ 1,356,228
Reserved For:					
Debt Service	-	5,953	(2,572)	3,381	7,744
Playground Equipment	8,142	-	-	8,142	8,088
Unreserved, Undesignated	262,223	-	1,920	264,143	177,434
Total Net Assets	\$ 270,365	\$ 5,953	\$ 1,628,759	\$ 1,905,077	\$ 1,549,494

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Exhibit B

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

For the Year Ended June 30, 2004

	<u>Governmental Funds</u>			<u>Statement of Activities</u>	<u>Total</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Adjustments (Note 1)</u>		<u>Memo Only 2003</u>
Expenditures / Expenses:					
Parks and Recreation	\$ (215,240)	\$ -	\$ (273)	\$ (215,513)	\$ (200,423)
Capital Outlay	(164,798)	-	164,798	-	-
Depreciation	-	-	(19,989)	(19,989)	(18,945)
Debt Service - Principal	(8,373)	(120,000)	128,373	-	-
Debt Service - Interest	(1,340)	(14,612)	4,328	(11,624)	(26,346)
Total Expenditures / Expenses	\$ (389,751)	\$ (134,612)	\$ 277,237	\$ (247,126)	\$ (245,714)
General Revenues:					
Property Taxes	\$ 459,705	\$ -	\$ -	\$ 459,705	\$ 432,519
Interest	2,744	150	-	2,894	4,660
State Revenue Sharing	82,787	-	-	82,787	80,705
Grant Reimbursements	49,887	-	-	49,887	-
Rent	750	-	-	750	925
Donations	6,000	-	-	6,000	2,926
Miscellaneous	686	-	-	686	-
Total General Revenues	\$ 602,559	\$ 150	\$ -	\$ 602,709	\$ 521,735
Excess (Deficiency) of Revenues Over Expenditures	\$ 212,808	\$ (134,462)	\$ 277,237	\$ 355,583	\$ 276,021
Other Financing Sources (Uses):					
Intergovernmental Transfers	\$ (125,771)	\$ 125,771	\$ -	\$ -	\$ -
Sale of Capital Assets	-	-	-	-	-
Proceeds from Capital Leases	-	-	-	-	-
Total Other Financing Sources (Uses)	\$ (125,771)	\$ 125,771	\$ -	\$ -	\$ -
Excess (Deficiency) of Revenues over Expenditures and Other Sources (Uses)	\$ 87,037	\$ (8,691)	\$ 277,237	\$ 355,583	\$ 276,021
Fund Balance / Net Assets:					
Beginning of the Year	<u>\$ 183,328</u>	<u>\$ 14,644</u>	<u>\$ 1,351,522</u>	<u>\$ 1,549,494</u>	<u>\$ 1,273,473</u>
End of the Year	<u>\$ 270,365</u>	<u>\$ 5,953</u>	<u>\$ 1,628,759</u>	<u>\$ 1,905,077</u>	<u>\$ 1,549,494</u>

The accompanying notes are an integral part of this statement.

Ponchatoula Area Recreation District No. 1
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Notes to Financial Statements

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Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Notes to Financial Statements

June 30, 2004

Introduction

The Ponchatoula Area Recreation District No. 1, Ponchatoula, 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 "Ponchatoula Area Recreation District No. 1 (the "District")."

The District contains within its limits one municipality, Ponchatoula. The governing body of this municipality has given consent to the 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 therefore.

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. Revenues for the District include property taxes and state revenue sharing. Major expenditures of the District include capital outlay, maintenance, supplies and salaries and related benefits.

1. Summary of Significant Accounting Policies

A. Basis of Presentation

The accompanying basic financial statements of the Ponchatoula Area Recreation District No. 1 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.

B. Financial Reporting Entity

All board members of the District are appointed by the Tangipahoa Parish Council. 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 the nature and significance of their relationship with the primary government are such

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Because the board members of the District are appointed by the Tangipahoa Parish Council, the District was determined to be a component unit of the Tangipahoa Parish Council

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

C. 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 operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds. The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according District policy.

Debt Service Fund – the debt service fund accounts for the receipt and disbursement of funds required to service the District's outstanding bonded indebtedness.

D. 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,

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

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 wide 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, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. 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

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

Program Revenues – Program revenues included in the column labeled Statement of Activities (Exhibit B) are derived directly from District's users as a fee for services;

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

program revenues reduce the cost of the function to be financed from the District's general revenues.

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:

<u>Exhibit B</u>	
Record Debt Service Payments as Liability	\$ 128,373
Record Capital Lease Proceeds as Liability	-
Record Accrued Interest	4,328
Capitalization of Capital Assets	164,798
Record Depreciation Expense on Capital Assets	(19,989)
Eliminate Proceeds From Sale of Asset	-
Record Prepaid Insurance	(273)
Record Loss on Sale of Asset	-
Net Effect of Changes	<u>\$ 277,237</u>

<u>Exhibit A</u>	
Recording Net Capital Assets	\$ 1,914,209
Prepaid Insurance	1,920
Recording Accrued Interest Payable	(2,572)
Recording Current Long-Term Obligations	(138,846)
Recording Non-Current Long-Term Obligations	<u>(145,952)</u>
Net Effect of Changes	<u>\$ 1,628,759</u>

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

F. 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.
3. All action necessary to adopt and implement the budget must be completed prior to the beginning of the fiscal year. A proposed hearing was held on June 30, 2003. The budget was adopted on June 30, 2003.
4. 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 amended on June 17, 2004.
5. The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

The District complied with the Local Budget Act.

G. Cash, 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

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

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.

H. 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.

I. Prepaid Items

The District recognizes expenditures for insurance and similar services extending over more than one accounting period when paid.

J. Capital Assets

Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. 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:

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Buildings	40
Equipment	15

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

K. Accumulated Compensated Absences

Although the District has one part-time employee, it has no policy regarding 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.

L. 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.

M. Long-Term Obligations

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

N. Pension Plans

The Ponchatoula Area Recreation District No. 1 is not a member of any retirement system. The District is a member of the social security system.

2. **Levied Taxes**

The following is a summary of authorized and levied Ad Valorem taxes:

	<u>2003 Authorized and Levied Millage</u>
General Fund	10.00

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 are 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 are 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 2003, the

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

District levied 10 mills for a total tax levy of \$460,224 on taxable property valuation totaling \$46,022,437.

3. Cash, Cash Equivalents, and Investments

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.

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.

Investments held at June 30, 2004 consist of \$5,980 in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section I50.126, the investment in LAMP at June 30, 2004 is not categorized in the three risk categories provided by GASB Codification Section I50.125 because the investment is in the pool of funds and therefore not evidenced by securities that exist in physical or book entry form.

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest in accordance with LSA-R.S. 33:2955. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities.

Effective August 1, 2001, LAMP's investment guidelines were amended to permit the investment in government-only money market funds. In its 201 Regular Session, the Louisiana Legislature (Senate Bill No. 512, Act 701) enacted LSA-R.S. 33:2955(A)(1)(h) which allows all municipalities, parishes, school boards, and any other political subdivisions of the State to invest in "Investment grade (A-1/P-1) commercial paper of domestic United States corporations." Effective October 1, 2001, LAMP's Investment Guidelines were amended to allow the limited investment in A-1 or A-1+ commercial paper.

The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances. The

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

As reflected on Exhibit A, the District has cash totaling \$293,153 and investments totaling \$5,980 at June 30, 2004. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. These pledged securities are held by and in the name of the fiscal agent bank but pledged to the District. The following is a summary of cash and investments (bank balances) at June 30, 2004, with the related federal deposit insurance and pledged securities:

	<u>Confirmed Bank Balances</u>	<u>FDIC Insurance</u>	<u>Balance Uninsured</u>
Cash:			
Interest Bearing Demand Deposits	\$ 312,845	\$ 100,000	\$ 212,845
Total Cash	\$ 312,845	\$ 100,000	\$ 212,845
Investments:			
LAMP	\$ 5,980	\$ -	\$ -
Total Investments	\$ 5,980	\$ -	\$ -
Total Cash and Investments	<u>\$ 318,825</u>	<u>\$ 100,000</u>	<u>\$ 212,845</u>
Uncollateralized -			
Securities in the Name of and Held by the Fiscal Agent Pledged to the District			<u>512,571</u>
Excess of FDIC Insurance & Pledged Securities over			
Cash and Investment Bank Balances			<u>\$ 299,726</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

4. Capital Assets

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

	<u>Balance</u> <u>June 30, 2003</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2004</u>
Capital Assets Not				
Depreciated:				
Land	\$ 1,071,910	\$ -	\$ -	\$ 1,071,910
Construction-in-Progress	<u>227,031</u>	<u>79,749</u>	<u>306,780</u>	<u>-</u>
Total Capital Assets Not				
Being Depreciated	\$ 1,298,941	\$ 79,749	\$ 306,780	\$ 1,071,910
Other Capital Assets:				
Buildings	\$ 188,848	\$ 317,125	\$ -	\$ 505,973
Land Improvements:				
Structure	73,494	3,233	-	76,727
Ground Work	217,283	2,289	-	219,572
Equipment	<u>53,566</u>	<u>69,183</u>	<u>-</u>	<u>122,749</u>
Total Other Capital Assets	\$ 533,191	\$ 391,830	\$ -	\$ 925,021
Less Accumulated				
Depreciation:				
Buildings	\$ 23,134	\$ 4,721	\$ -	\$ 27,855
Land Improvements:				
Structure	10,500	3,675	-	14,175
Ground Work	23,666	7,281	-	30,947
Equipment	<u>5,433</u>	<u>4,312</u>	<u>-</u>	<u>9,745</u>
Total Accumulated				
Depreciation	\$ 62,733	\$ 19,989	\$ -	\$ 82,722
Other Capital Assets, Net	<u>\$ 470,458</u>	<u>\$ 371,841</u>	<u>\$ -</u>	<u>\$ 842,299</u>
Totals	<u>\$ 1,769,399</u>	<u>\$ 451,590</u>	<u>\$ 306,780</u>	<u>\$ 1,914,209</u>

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

5. Changes in Long-Term Debt

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

Type of Debt	Balance July 1, 2003	Leases or Bonds Issued	Certificates and Other Redemptions	Balance June 30, 2004
Capital Lease Obligations	\$ 28,171	\$ -	\$ 8,373	\$ 19,798
Certificates of Indebtedness	385,000	-	120,000	265,000
	<u>\$ 413,171</u>	<u>\$ -</u>	<u>\$ 128,373</u>	<u>\$ 284,798</u>

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

Capital Lease Obligations:

\$34,156 Capital Lease Obligation payable to Case Credit dated 10/22/02; due in 48 monthly installments of \$809.47; With interest at 5.50% (Payable from a pledge of the excess revenues of the General Fund). \$ 19,798

Certificate of Indebtedness:

\$1,000,000 Limited Tax Certificate of Indebtedness dated May 14, 1997; Due in annual installments of \$90,000 - \$135,000 through March 1, 2006; With interest at 2.90% to July 15, 2003, then decreased to 2.9%. \$ 265,000

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 ten (10) mill tax authorized to be levied in each of the years 1996 to 2005, 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.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

The annual requirements to amortize all debt outstanding at June 30, 2004, including interest payments of \$12,848 are as follows:

Year Ended June 30,	Capital Lease Obligations	Certificate of Indebtedness	Total
2005	9,714	137,685	147,399
2006	9,714	138,915	148,629
2007	1,619	-	1,619
	\$ 21,047	\$ 276,600	\$ 297,647
Interest Portion	1,248	11,600	12,848
	<u>\$ 19,799</u>	<u>\$ 265,000</u>	<u>\$ 284,799</u>

6. Dedication of Proceeds and Flow of Funds – Ad Valorem Tax

Proceeds of the 10 year special tax of 10 mills on the dollar of assessed valuation on all property subject to taxation in the District (2004 collections \$459,705) are dedicated for the purpose of acquiring, constructing, improving, maintaining, and / or operating recreational facilities and activities in and for the District.

The District, through its governing authority, adopted a resolution on April 3, 1997, authorizing the issuance of \$1,000,000 of Limited Tax Certificates of Indebtedness, Series 1997, 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 moneys 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.

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

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

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.

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

7. Compliance with Certificate of Indebtedness Covenants

The District, through its governing authority, adopted a resolution on April 3, 1997, authorizing the issuance of \$1,000,000 of Limited Tax Certificates of Indebtedness, Series 1997 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 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 moneys 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 sacred 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 of 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.

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

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

8. Interfund Transfers

	<u>Transfers In From</u>	<u>Transfers Out To</u>
General Fund:		
Debt Service Fund	\$ -	\$ 125,771
Total General Fund	\$ -	\$ 125,771
 Debt Service Fund:		
General Fund	\$ 125,771	\$ -
Total Debt Service Fund	\$ 125,771	\$ -
Total All Funds	\$ 125,771	\$ 125,771

9. 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	\$ 5,953
 General Fund:	
Reserved for Playground Equipment	8,142
	\$ 14,095

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Notes to Financial Statements (Continued)

June 30, 2004

10. Grant Revenues

The District entered into an agreement with the State of Louisiana, Office of State Parks under which the District would be reimbursed a portion of the costs of building concessions, pressbox and restrooms. Under the agreement the District was reimbursed \$49,887 during the current fiscal year. Additional reimbursements are to be received, but the amounts of these anticipated reimbursements are not available as of the date of this report.

11. Accounts Receivable

Accounts receivable in the amount of \$3,358 consist of the amount receivable from the District's insurance carrier due to the District duplicating an insurance policy payment

Required Supplemental Information

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Schedule 1

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2004

	Original Budget	Final Budget	Amounts Budgetary Basis	Final Budget Favorable / (Unfavorable)
Revenues:				
Taxes	\$ 400,000	\$ 400,000	\$ 459,705	\$ 59,705
Interest	3,500	2,500	2,744	244
State Revenue Sharing	80,000	80,000	82,787	2,787
Rent	-	-	750	750
Grants	124,700	50,000	49,887	(113)
Donations	500	500	6,000	5,500
Miscellaneous	-	-	686	686
Total Revenues	<u>\$ 608,700</u>	<u>\$ 533,000</u>	<u>\$ 602,559</u>	<u>\$ 69,559</u>
Expenditures:				
Salaries and Related Benefits	\$ 79,000	\$ 79,000	\$ 85,036	\$ (6,036)
Casual Labor	20,500	20,500	20,531	(31)
Legal & Professional	7,500	10,000	10,465	(465)
Repairs & Maintenance	15,000	15,000	15,696	(696)
Telephone & Utilities	23,000	23,000	24,150	(1,150)
Office Supplies & Expense	15,800	20,800	21,203	(403)
Insurance	10,500	15,000	9,481	5,519
Equipment Rental	-	-	549	(549)
Miscellaneous	31,377	35,377	28,129	7,248
Capital Outlay	400,000	300,000	164,798	135,202
Debt Service	-	-	9,713	(9,713)
Total Expenditures	<u>\$ 602,677</u>	<u>\$ 518,677</u>	<u>\$ 389,751</u>	<u>\$ 128,926</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,023</u>	<u>\$ 14,323</u>	<u>\$ 212,808</u>	<u>\$ 198,485</u>

(Continued)

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Schedule 1
(Continued)

Budgetary Comparison Schedule – General Fund

For the Year Ended June 30, 2004

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
Other Financing Sources (Uses):				
Operating Transfers In	\$ -	\$ -	\$ -	\$ -
Operating Transfers (Out)	(154,000)	(154,000)	(125,771)	28,229
Sale of Capital Assets	-	-	-	-
Loan Proceeds	100,000	-	-	-
Proceeds from Capital Leases	-	-	-	-
Total Other Financing Sources (Uses)	<u>(54,000)</u>	<u>(154,000)</u>	<u>(125,771)</u>	<u>28,229</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses				
	\$ (47,977)	\$ (139,677)	\$ 87,037	\$ 226,714
Fund Balance - Beginning of the Year	<u>140,000</u>	<u>175,240</u>	<u>183,328</u>	<u>8,088</u>
Fund Balance - End of the Year	<u>\$ 92,023</u>	<u>\$ 35,563</u>	<u>\$ 270,365</u>	<u>\$ 234,802</u>

See auditor's report.

Other Supplemental Information

**Schedule of Compensation Paid to the Chairman and
Board of Commissioners**

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Schedule 2

Schedule of Compensation Paid to the Chairman and Board of Commissioners

June 30, 2004

<u>Name and Address</u>	<u>Position</u>	<u>Salary</u>	<u>Term Expires</u>
Julian Dufreche P.O. Box 1167 Ponchatoula, LA 70454 (985) 386-6281	Chairman / Commissioner	\$ -	April 22, 2005
Linda Byers 39693 Howes Lane Ponchatoula, LA 70454 (985) 386-2247	Commissioner	\$ -	April 22, 2007
Craig Kraft 39018 Caldwell Road Ponchatoula, LA 70454 (985) 386-9303	Commissioner	\$ -	April 22, 2006
Wayne Foster 245 N. Baronne St. Ponchatoula, LA 70454 (985) 386-3742	Commissioner	\$ -	April 22, 2006
Dr. Bill Wheat, Jr. 14101 Club Deluxe Road Hammond, LA 70403 (985) 542-6300	Commissioner	\$ -	April 22, 2008
		<u>\$ -</u>	

See auditor's report

**Other Independent Auditor's Reports and Findings and
Recommendations**

**Independent Auditor's Report on Compliance and On Internal Control
Over Financial Reporting Based On An Audit Of
Financial Statements Performed In Accordance With
*Government Auditing Standards***

Durnin & James

CERTIFIED PUBLIC ACCOUNTANTS
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John N. Durnin, CPA
Dennis E. James, CPA

Member
American Institute of CPA's
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November 22, 2004

**Independent Auditor's Report on Compliance And On
Internal Control over Financial Reporting Based on an Audit Of
Financial Statements Performed In Accordance With
Government Auditing Standards**

Dr. Bill Wheat, Jr., Chairman
and the Members of the Board of Commissioners
Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

We have audited the basic financial statements of the Ponchatoula Area Recreation District No. 1, a component unit of the Tangipahoa Parish Council, as of and for the year ended June 30, 2004, and have issued our report thereon dated November 22, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Ponchatoula Area Recreation District No. 1's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Ponchatoula Area Recreation District No.1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, the Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Respectfully submitted,

A handwritten signature in cursive script that reads "Durnin & James, CPAs".

Durnin & James, CPAs
(A Professional Corporation)

Findings and Recommendations

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Current Year Audit Findings
For the Year Ended June 30, 2004

Findings and Recommendations

Compliance

None

Internal Control over Financial Reporting

None

Management Letter Suggestions

None

Corrective Action Plan for Current Year Audit Findings

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Corrective Action Plan for Current Year Audit Findings
For the Year Ended June 30, 2004

<u>Ref #</u>	<u>Description of Finding</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
	Compliance			
	None			
	Internal Control			
	None			
	Management Letter Suggestions			
	None			

Note: This schedule prepared by the management of the Ponchatoula Area Recreation District.

Summary Schedule of Prior Audit Findings

Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2004

Ref #	Fiscal Year Findings Initially Occurred	Description of Finding	Corrective Action	Plan Corrective Action -		Additional Explanation
				Partial Corrective Action Taken	Additional Explanation	
<u>Compliance:</u>						
03-1	June 30, 2003	Expenditures Exceed Budget	Yes	Monitor the budget and amend when required.		
03-2	June 30, 2003	Capital Lease Not Approved	Yes	For capital lease agreements to Louisiana State Bond Commission for approval.		No new capital leases were signed.
03-2	June 30, 2003	Lease Purchase Not Bid	Yes	Bid all capital leases.		No new capital leases were signed.
<u>Internal Control:</u>						
03-3	June 30, 2003	Agenda & Board Minutes	Yes	Board will appoint secretary and prepare detailed agenda.		

Note: This schedule prepared by the management of the Ponchatoula Area Recreation District No. 1