

REPORTABLE CONDITIONS - (continued)

3. I recommend that the Board adopt written purchasing procedures, including who is allowed to make purchases and how purchase orders (P.O.) will be used. I recommend that P.O.'s be used for all credit purchases for maintenance and sports equipment and all additional purchases (except items, such as, utilities and payroll related expenditures) over an amount to be set by the Board. I recommend that all P.O.'s be approved by someone other than the person requesting the purchase, and that, if the authorization is verbal, this be noted on the P.O.

Corrective Action:

The Board has adopted new check writing and payment procedures in 1996. These procedures include matching P.O.'s and/or other verification documents to the original invoice, and a review by the Administrative Treasurer of the supporting documentation of invoices paid. I recommend that these new procedures continue to be followed.

Instances were noted where control procedures were not consistently followed thereby creating an environment whereby cash and fixed assets are not adequately safeguarded.

Findings:

1. Adequate controls were not in place in 1995 to reduce the risk of cash being stolen before deposits were made.

In the 1994 audit, I recommended that two persons should always count cash receipts from tournament and concessions, and that both persons should document their count and initial the final count. This recommendation was adopted by the Board at the October 16, 1995 Board meeting, but was in place only for the last part of 1995.

During 1995, receipt books were used, but various types of transactions were recorded in the same receipt book and there were delays in making deposits. In 1996, new procedures were initiated to use individual receipt books for each type of transaction (ie., program registrations, rentals, day

REPORTABLE CONDITIONS - (continued)

2. In my test of disbursements, I found that, on one invoice, dirt work performed at South Park and North Park was all charged to South Park. Expenditures related to South Park are eligible for cost reimbursement under a federal grant.

However, the request for cost reimbursement had not been made, therefore, this error was corrected before a reimbursement request was submitted.

3. In my test of disbursements, I found inconsistent use of purchase orders and noted that purchase orders, when used, were not routinely compared to invoices as a part of the verification process.

Effects:

The financial statements were not affected by these findings. Further, none of these findings produced questioned costs under the federal grant program.

Recommendations:

1. I recommend that either Dale Sisemore, the new Superintendent, or Darla Bajon, the office secretary, prepare the payroll worksheet and that the other one review the supporting timesheets for completeness and propriety. The payroll worksheet should document the reason for any unusual transactions, such as, paying someone for 6 extra days. Both Dale and Darla should initial the worksheet to document their performance of the control procedures. Also, Randy Smith, Administrative Treasurer and owner of Day's Bookkeeping, should question and approve any unusual transactions at the time his company processes the payroll.
2. All requests for reimbursements under grants should be double-checked by someone other than the preparer of the request. The review process should require the reviewer to verify that costs being reported are supported by appropriate documentation. I recommend that either Dale Sisemore or Randy Smith prepare the grant reimbursement requests and the other one review them.

REPORTABLE CONDITIONS - (continued)

2. I further recommend that the Superintendent and the Board (or a committee of the Board) review the budget-to- actual comparisons on the monthly financial statements on a line by line basis. I recommend that significant variances be discussed in the Board meetings, and the budget be amended, if appropriate.

Corrective Action: At the District's July, 1996 Board of Commissioners meeting, action was taken to correct the findings mentioned above.

Instances were noted where procedures were not followed by persons who were assigned the responsibility to do them.

- Findings:
1. In 1995, Tony Dugas, Superintendent, was responsible for preparing payroll worksheets from the timesheets, and submitting the worksheets to Day's Bookkeeping so they could prepare the payroll. When I tested the payroll for the period ended October 25, 1995, I found the following exceptions:
 - a) 1 time sheet was not signed.
 - b) In one instance a time sheet was signed but not completed. In other words, it was blank. However, the payroll worksheet indicated the employee was to be paid his "regular" amount of wage.
 - c) In another instance a time sheet was signed but not filled in. However, the payroll worksheet said the employee was to be paid his "regular" amount plus an additional 6 days. There was no explanation of why someone who works 5 days a week was being paid for 6 extra days in a two week pay period.
 - d) Support was not available to document the number of games worked for umpires and scorekeepers.

SCHEDULE OF REPORTABLE CONDITIONS, INSTANCES OF NONCOMPLIANCE
AND RECOMMENDATIONS

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

December 31, 1995

REPORTABLE CONDITIONS

The budget and purchase orders should be used to better monitor
and control expenditures.

Findings:

1. There are no procedures in place to determine if budgeted funds are available before an expenditure is made. P.O.'s are required for certain types of purchases, but the person who signs the P.O. does not check the budget before approving the purchase.
2. When the budget was amended in December, 1995, only four line items were changed. However, there are significant variances in many other line items of the budget. This indicates that actual to budget comparisons are not being properly considered.

Recommendation:

1. Procedures should be adopted to document that the budget has been considered before commitments are made. At present time, purchase orders are supposed to be used for credit purchases of maintenance and sports equipment. In 1995, Board approval was required for purchases over \$500, but this approval is not being documented. I recommend that purchase orders also be required for the purchases over \$500 (or a higher amount set by the Board), and that all purchase orders over that amount must be approved by a Board member or the Administrative Treasurer before the purchase is made. The person who approves the purchase should be responsible for insuring that the purchase is within the budgeted amount.

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE

Schedule 4

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

For the Year Ended December 31, 1995

FEDERAL GRANTOR/PASS-THROUGH GRANTORS/ PROGRAM TITLE	FEDERAL CFDA NUMBER	GRANT SUB-GRANT, OR PROJECT NUMBER	GRANT PERIOD	PROGRAM ASSISTANCE AMOUNT	FEDERAL REVENUE RECOGNIZED	FEDERAL EXPENDITURES

U.S. DEPARTMENT OF THE INTERIOR (NATIONAL PARK SERVICE): Passed Through the LA Department of Culture, Recreation, and Tourism, Office of State Parks, Division of Outdoor Recreation Outdoor Recreation - Acquisition Development, and Planning (Land and Water Conservation Program)	15.916	22-00807	06/13/94-12/31/96	\$50,000 *****	\$30,837 *****	\$30,837 *****

SUPPLEMENTAL INFORMATION

SUPPLEMENTAL INFORMATION

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

December 31, 1995

Public Improvement Bonds, dated February 1, 1976
 Interest Payable February 1st and August 1st of each year

<u>Maturity</u>	<u>Bond Number</u>	<u>Interest Rate</u>	<u>Yearly Payments</u>			<u>Outstanding</u>
			<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1996	79 - 85	7.70%	<u>35,000</u>	<u>1,348</u>	<u>36,348</u>	-
	Totals		<u>\$ 35,000</u> =====	<u>\$ 1,348</u> =====	<u>\$ 36,348</u> =====	

REPORTABLE CONDITIONS - (continued)

camp, and sponsorships) and to insure that receipt numbers were referenced to the deposits. When there continued to be problems with the timeliness of deposits, a new policy was instituted that emphasized the importance of timely deposits and the Board assigned the responsibility of making the deposits to the office secretary. She was also given the responsibility of documenting the audit trail from the receipt books to the deposit.

These new procedures, if followed, should reduce the risk of cash being stolen before it is deposited.

2. Adequate controls were not in place to account for fixed assets.

In the 1994 audit I noted several areas where controls for fixed assets needed improvement. While improvement was made by taking detailed inventories in some areas, as discussed in the schedule of "Corrective Action Taken on Prior Years Findings", additional improvements are needed. Office furniture and equipment was not inventoried, and current year additions of moveable fixed assets were not consistently tagged and were not added to a permanent list of fixed assets. Also, assets were "junked" without documentation of Board approval.

- Recommendations:
1. I recommend that the Administrative Treasurer, continue to monitor the compliance with the new cash receipts procedures.
 2. I have maintained a list of fixed assets prepared from the accounting records as a part of my audit procedures. I recommend that the Superintendent and the Maintenance Supervisor use this list as a basis for taking a complete inventory. The next time a physical inventory is taken, there should be an emphasis placed upon obtaining all pertinent information, such as; date acquired, description, cost, serial numbers when applicable, and tag numbers. During

IMMATERIAL INSTANCES OF NONCOMPLIANCE

4. In the payroll compliance test, I selected 12 full-time and 15 part-time employees to examine the personnel files. Of the 12 full-time employees, 1 had an incomplete Form I-9. Of the 15 part-time employees, 5 personnel files were not found, and 4 other files had no Form I-9 or the Form I-9 was incomplete. However, Day's Bookkeeping Service retains copies of the Form W-4's for all employees. Form I-9's are required by the IRS.
5. An airline ticket was purchased in a manner that inadvertently resulted in Whitehead Travel (a related party) receiving a commission. This violates LSA-RS 42:113.

OTHER RECOMMENDATIONS

1. The position of Director, which became vacant when Dale Sisemore was promoted to Superintendent, should be filled because it will be difficult for Mr. Sisemore to handle both the administrative and program duties.
2. The Superintendent and board members must be careful not to use their positions for any type of personal gain. There should be no related party transactions with the District and no special discounts granted because of their position.
3. A duplicate insurance policy should be obtained for "other buildings". This insurance policy could not be located during the audit.
4. The District should pay for the Administrative Treasurer to attend governmental Continuing Professional Education (CPE) courses. The District should also purchase two books from the Society of Louisiana CPA's as follows:
 - Laws Affecting Louisiana Governments.
 - Louisiana Governmental Audit Guide.

These reference materials can be very helpful in answering questions related to the District's operations and help insure compliance with state laws.

SUPPLEMENTAL INFORMATION

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

December 31, 1995

PER DIEM PAID TO BOARD MEMBERS

In accordance with Revised Statute 33:4572(B), each member of the Board of Commissioners received a per diem allowance of \$50 for attending each regular or special meeting of the board, not to exceed 12 meetings in one calendar year. Per diems were received as follows for the year ended December 31, 1995:

<u>Commissioner</u>	<u>Number of Meetings</u>	<u>Amount Received</u>
Kelton Whitehead	12	\$ 600
Van Foster, Jr.	11	550
Sidney Garrison	9	450
Leslie McDowell	12	600
Arthur Perkins	9	450
Ken Pickell	10	500
Emily Dawsey	12	<u>600</u>
Total		\$3,750 =====

SUPPLEMENTAL INFORMATION

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

December 31, 1995

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

<u>Maturity</u>	<u>Bond Number</u>	<u>Interest Rate</u>	<u>Yearly Payments</u>			<u>Outstanding</u>
			<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
1996	46 - 60	8.00%	75,000	198,875	273,875	2,700,000
1997	61 - 75	8.00%	75,000	192,875	267,875	2,625,000
1998	76 - 95	8.00%	100,000	185,875	285,875	2,525,000
1999	96 - 115	8.00%	100,000	177,875	277,875	2,425,000
2000	116 - 135	8.00%	100,000	169,875	269,875	2,325,000
2001	136 - 155	8.00%	100,000	161,875	261,875	2,225,000
2002	156 - 175	8.00%	100,000	153,875	253,875	2,125,000
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	-
Totals			\$2,775,000	\$2,442,937	\$5,217,937	
			=====	=====	=====	

REPORTABLE CONDITIONS - (continued)

the inventory process, all moveable fixed assets that do not have a tag should be given one immediately. The Superintendent should then update the fixed asset list on an ongoing basis for all additions and deletions. I also recommend that a file be kept with duplicate invoices for current year purchases and with documentation of board authorization for all disposals.

There were instances noted where routine tasks were not timely or properly performed

Findings:

1. Federal grant reimbursement requests were not submitted on a timely basis. This produced a lag in cost recovery and incomplete accounting. Also, administrative fees are based on a fiscal year ending 6/30, and are charged based on when the request for reimbursement is received. This fee has increased each year as follows:

<u>Year Ended</u>	<u>Administrative Fee</u>
6/30/95	10.8%
6/30/96	15.5%
6/30/97	27.9%

Therefore, the delay in submitting requests for reimbursement has resulted in unnecessary administrative costs and reduced the amount of grant money available for the District's use by \$1,503.

2. A bond payment was made late. This resulted in a late payment penalty of \$444 being charged.
3. Supporting documentation could not be located for some transactions. In my test of disbursements, 3 cancelled checks and 9 invoices could not be located out of a sample of 60 transactions selected for review. In my test of payroll, 1 cancelled check could not be located.

Recommendations:

1. I recommend that a Board member be assigned the responsibility to monitor the timeliness of grant reimbursement requests.

REPORTABLE CONDITIONS - (continued)

2. Beginning in 1996, Darla Bajon, office secretary, is keeping a calendar that includes payment dates for the bonds. Randy Smith has verified that the dates are accurate. Dale Sisemore is also now very aware of the importance of making bond payments in a timely manner. I recommend that this procedure continue to be followed.
3. I recommend that all invoices be filed promptly after payment to reduce the risk of lost invoices. I also recommend that Darla Bajon verify that all checks that clear with a bank statement are kept in numerical order with the statement.

INSTANCES OF NONCOMPLIANCE

The Audit Report Was Not Submitted To The
Legislative Auditor Timely.

Finding: The audit report for the year ended 12/31/95 should have been completed and delivered to the Legislative Auditor by June 30, 1996, but was not.

Criteria: State law (LSA-RS 24:514) requires that the audit reports be submitted within 6 months of the entity's year end.

Cause: The Board had originally decided to not have an audit for 1995. This decision changed after the Legislative Auditor begin investigating possible misconduct by the former Superintendent. The Board then decided to accept bids for the 1995 audit, and did not sign an engagement letter with my firm until May 15, 1996, which was approved by the Legislative Auditor on May 22, 1996. The Legislative Auditor granted an extension until September 30, 1996 to submit the report, but this extension does not remove the compliance violation.

Effect: There is not any effect on the presentation of the financial information caused by this delay.

Recommendation: I recommend that future audit engagements be scheduled earlier.

The Percentage Of Investments In Mutual Funds Exceeded
The Legal Limit During 1995.

Finding: Investments in mutual funds as a total percent of total funds available for investment exceeded the legal limit during part of 1995.

Criteria: Investments in mutual funds should not exceed 25% of total funds available for investment, according to state statute (LSA-RS 33:2955A(2)).

Cause: The management and Board of Commissioners were not aware of this prohibition until it was presented as a finding in the 1994 audit, which was delivered to the Board of Commissioners on September 11, 1995.

INSTANCES OF NONCOMPLIANCE - (continued)

Effect: Mutual funds were sold at a loss in December, 1995, to bring the District into compliance with this statute.

Recommendation: The District should purchase "Laws Affecting Louisiana Government" and the Superintendent, the Administrative Treasurer and all Board members should become familiar with these laws.

Evidence Of Compliance With the State Bid Law Was Not Found

Finding: Three individual purchases over \$5,000, but less than \$10,000 were selected for detail testing in the test of disbursements. Proof of compliance with state bid laws could not be found for any of these purchases.

Criteria: According to state bid law (LSA-RS 38:2212), purchases of any materials or supplies exceeding \$10,000 shall be advertised and let by contract to the lowest responsible bidder. Purchase of \$5,000 or more, but less than \$10,000 shall be made by obtaining not less than three telephone or facsimile quotes.

Cause: The District's Board and management is aware of the state bid laws and the policy is to comply with these laws. In two cases, the current Superintendent believes that bids were obtained, but the documentation is not available. In the third case, there was only one known supplier.

Effect: The financial statements were not affected by this finding. In addition, this finding did not produce questioned costs under the federal grant program.

Recommendation: I recommend that documentation of compliance with state bid laws be attached to the purchase order for these types of purchases, and that no purchase of \$5,000 or more be approved without this documentation. In addition, because the District has a history of problems with documentation in this area, I recommend that a separate file be kept with duplicate documentation of compliance with state bid laws.

INSTANCES OF NONCOMPLIANCE - (continued)

The District Made a Donation To The Denham Springs Police Cadets

Finding: The District made a \$100 donation to the Denham Springs Police Cadets for their help during a tournament.

Criteria: The Louisiana Constitution (Article 7, Section 14) generally prohibits donations of public funds to another private or government entity.

Cause: The Board was unaware of this prohibition. In addition, there may not have been a violation of this statute since the "donation" can be considered to be paid out of tournament proceeds instead of public funds.

Effect: There is not any material effect on the financial statements.

Recommendation: I recommend that the Board insure that there are no donations made from public funds. If a donation is made from other revenue, this should be documented. Management should contact the District's attorney for an opinion in situations where a question arises regarding compliance with state law.

The Amended Budget Did Not Consider the Significant Shortfall of Actual Revenues

Finding: Total actual revenue for the General Fund is 61% less the corresponding budgeted amount.

Criteria: Louisiana state statute (LSA-RS 39:1310) requires that budget amendments should be adopted when total revenue is failing to meet total budgeted revenue by five percent or more, or when actual expenditures are exceeding total budgeted expenditures by five percent or more.

Cause: An amendment was adopted by the Board of Commissioners to comply with this requirement for expenditures only. The Board was unaware of the requirement to amend the budget for revenue variances.

INSTANCES OF NONCOMPLIANCE - (continued)

A Formal Investment Policy Was Not Developed and Adopted

- Finding: A formal investment policy was not developed and adopted.
- Criteria: The Local Government Investment Law (LSA-RS 33:2955(D)) requires the District to develop and adopt a formal investment policy. This policy should detail and clarify investment objectives and the procedures and constraints necessary to reach those objectives. The policy should address the types of allowable investments, who the District will buy investments from, and what is the process of approving an investment's purchase or sale.
- Cause: I communicated the importance of developing and adopting a formal investment policy to Tony Dugas in a letter dated October 20, 1995. However, this was apparently not brought to the attention of the Board.
- Effect: There is not any effect on the financial statements due to the District's noncompliance.
- Recommendation: I recommend that the Administrative Treasurer develop a formal investment policy to present to the Board for adoption as soon as possible.

IMMATERIAL INSTANCES OF WEAKNESS IN INTERNAL CONTROL STRUCTURE

1. Written job descriptions have not been prepared for all key positions.

IMMATERIAL INSTANCES OF NONCOMPLIANCE

1. "Civil Rights Compliance Procedures" is required to be posted in a prominent location by the terms of the District's federal grant. This was not done.
2. No one has been designated to oversee civil rights compliance and a formal policy of non-discrimination has not been adopted as required by the OMB Compliance Supplement for Single Audits of State and Local Governments.
3. The budget and minutes of Board meetings were not published in the District's official journal as required by the state's open meetings law.

CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS

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

December 31, 1995

The following discussion briefly presents the findings from the 1994 audit and what action has been taken, if any, to correct them. The 1994 audit findings were not presented to the Board until September 11, 1995, and most of the action taken on these findings was taken after that date.

REPORTABLE CONDITIONS

Finding #1: Physical Inventory Procedures Related to Athletic Equipment and Supplies Inventory Need Improvement.

Corrective Action: Dale Sisemore took a detailed equipment and supplies inventory for baseball at the end of the 1995 season and took a basketball inventory during the season. He believes these inventories are reasonably accurate, because no additional purchases or uses of inventory items would be made until the beginning of the next season.

Finding #2: Problems Noted With Supporting Documentation.

Corrective Action: In the 1994 audit, I tested 65 transactions and found 9 cases where there was inadequate documentation to support the related disbursements. This problem has continued in the 1995 audit, as noted in the "Schedule of Reportable Conditions, Instances of Noncompliance, and Recommendations" for 1995.

In the 1994 audit, I recommended that an employee (possibly the office secretary) be assigned responsibility for recalculating invoice amounts and comparing invoice details to purchase orders and receiving tickets. This policy was adopted in 1996.

Finding #3: Controls Used to Account For Fixed Assets Need Improvement.

CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS - (continued)

Corrective Action: In the 1994 audit, I noted that the annual inventory of fixed assets should include not only maintenance equipment but concession and sports equipment, and office furniture and equipment, and that all moveable fixed assets should be tagged. There have been improvements in this area. A physical inventory was taken of maintenance equipment and concession equipment in February, 1996. Dale Sisemore stated that there were no maintenance equipment purchases or deletions in early 1996, so that this list is accurate as of 12/31/95. Sports equipment was also inventoried, as discussed in the corrective action for Finding #1. However, additional improvements are needed in this area, as discussed in the current year "Schedule of Reportable Conditions, Instances of Noncompliance, and Recommendations".

Finding #4: Improvements in Purchasing Area Are Needed.

Corrective Action: During the 1994 audit, I noted inconsistent use of purchase orders and instances where receiving documents were not signed. I recommended that purchase orders be used for concessions and that additional controls be adopted to verify the accuracy of invoices before they are paid. Purchase orders were still used inconsistently in 1995, as discussed in the "Schedule of Reportable Conditions, Instances of Noncompliance, and Recommendations" for 1995. Concessions are no longer a significant area of concern because the majority of concessions are now contracted out.

Finding #5: Consider Using a Long Distance Call Log.

Corrective Action: This policy was adopted for 1996.

Finding #6: Procedures For Counting Cash Need Improving.

Corrective Action: During the 1994 audit, I recommended that the Board adopt a policy that two persons must always perform cash counts for tournaments and concessions. This policy was adopted in October, 1995.

CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS - (continued)

MINOR INTERNAL CONTROL WEAKNESSES AND RECOMMENDATIONS FOR IMPROVING INTERNAL CONTROL STRUCTURE

Finding #1: Procedures Regarding Equipment Issuance and Return Policies Need Formalizing.

Corrective Action: Corrective action was taken in 1996, when a policy was implemented requiring coaches to sign for equipment.

Finding #2: Better Cash Flow Management in Sinking Fund is Needed.

Corrective Action: In the 1994 audit, I recommended that idle cash be invested during periods between bond payment dates. This recommendation has been implemented.

Finding #3: Better Tracking of Bond Payments is Required.

Corrective Action: Another bond payment was also made late in 1995, as I have discussed in the "Schedule of Reportable Conditions, Instances of Noncompliance, and Recommendations".

Finding #4: Developing an Accounting Manual Should Be Considered.

Corrective Action: Randy Smith, Administrative Treasurer and owner of Day's Bookkeeping, has been requested to develop an accounting manual, but this project has not been completed.

Finding #5: Consider Creating Sub-Categories for Enhanced Budgeting and Cost Containment Practices.

Corrective Action: This practice was started in late 1995.

EXIT CONFERENCE

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

December 31, 1995

On August 8, 1996, an exit conference was held at the District's Northpark Recreation Center. Those in attendance were as follows: Kelton Whitehead, Chairman of the Board of Commissioners, Van Foster, Vice Chairman of the Board of Commissioners, Randy Smith, Administrative Treasurer, Dale Sisemore, Superintendent of the District, Neil G. Ferrari, CPA, and Sheryl Dawkins, CPA.

The audit report, including findings and recommendations, was reviewed and discussed at this meeting. The emphasis was placed on the current year findings and the corrective actions that have already been taken by the District as well as those corrective actions that are in process of being implemented. The findings were acknowledged by the District's representatives and my recommendations were received favorably. There was much discussion on how to implement some of the recommendations and actions that can be taken to prevent recurrence of similar findings.

A separate management was not issued and all findings and recommendations related to the audit have been included within this report. There were no disagreements with management or restrictions placed on the audit by management during the audit process.

Note 4 - RECEIVABLES - (continued)

The receivable for ad valorem taxes consists of actual collections of 1995 and prior year taxes by the Livingston Parish Sheriff and Tax Collector through the end of February, 1996. The grant receivable is based on actual expenditures through the end of 1995 that will be reimbursed under the terms of the grant. Other receivables are related to payroll withholdings and interest.

Management has deemed it unnecessary to set up an allowance account for these receivables because of the certainty of collection.

Note 5 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance</u> <u>01-01-95</u>	<u>Transfers</u> <u>and</u> <u>Additions</u>	<u>Transfers</u> <u>and</u> <u>Deletions</u>	<u>Balance</u> <u>12-31-95</u>
Equipment, furniture and vehicles	\$ 481,059	\$ 19,485	\$ (1,850)	\$ 498,694
Buildings and improvements	4,864,561	41,440	-	4,906,001
Land	537,909	-	-	537,909
Construction in progress	<u>3,872</u>	<u>52,774</u>	<u>(3,872)</u>	<u>52,774</u>
Totals	<u>\$5,887,401</u> =====	<u>\$ 113,699</u> =====	<u>\$ (5,722)</u> =====	<u>\$5,995,378</u> =====

Note 6 - PENSION PLANS

Plan Description:

As of April 1, 1995, most employees of the Recreation District No. 3 became 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. All eligible employees of the District are members of Plan A.

All permanent employees working at least 28 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or

Note 14 - SUBSEQUENT EVENTS

On March 12, 1996, a ten year ad valorem tax was passed for the maintenance and operations of the parks. This new tax replaces the ad valorem tax that had expired at the end of 1994. Money from the new tax will not be available until 1996 ad valorem taxes are collected.

On April 8, 1996, the District's board of commissioners voted to suspend the District's superintendent without pay until an investigation could be made relating to an allegation of mismanagement of the District's money. Subsequently, the superintendent resigned. Currently, the Legislative Auditor's office is investigating the matter. No report has been issued by the Legislative Auditor as of the date of this report. The District's management believes that the results of the investigation will not have any effect upon the District's 1995 financial statements.

INSTANCES OF NONCOMPLIANCE - (continued)

Effect: There is not any material effect on the financial statements.

Recommendation: I recommend that the Administrative Treasurer assist the Board in insuring that budget amendments are properly and timely prepared and adopted.

Laws Affecting Budgeting Were Not Complied With Fully

Finding: The 1995 budget (adopted in December, 1994), the 1995 amended budget (adopted in December, 1995), and the 1996 budget (adopted in December, 1995) did not fully comply with state law because:

- a. The budget did not include a budget message.
- b. There was no advertisement in the District's official journal to inform the public of the availability of the proposed budget for public inspection or of the date, time, and place of the public hearing on the budget.

Criteria: These procedures are required by state statute (LSA-RS 39:1304 and LSA-RS 39:1306) to be a part of the budget process.

Cause: The District's Board and management was unaware of the requirement to follow these procedures.

Effect: There is not any effect on the financial statements due to the District's noncompliance.

Recommendation: I recommend that the District's Board and management use the "Louisiana Compliance Questionnaire" as a guide to complying with state laws. Each member of the Board, the Superintendent, and the Administrative Treasurer should become familiar with these requirements and document that the District has complied with them.

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Financial Report
Recreation District No. 3 of
Livingston Parish, Louisiana
December 31, 1995

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Under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 DEC 11 1996

authorization and recorded properly to permit the preparation of general purpose financial statements in accordance with generally accepted accounting principles, and that federal financial assistance programs are managed in compliance with applicable laws and regulations. Because of inherent limitations in any internal control structure, errors, irregularities, or instances of noncompliance may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, I have classified the significant internal control structure policies and procedures used in administering federal financial assistance programs in the following categories:

- Revenues and receivables
- Expenditures for goods and services and accounts payable
- Payroll and related liabilities
- Property, equipment and capital expenditures
- Governmental financial assistance programs

- General requirements
 - Civil rights
 - Political activity
 - Allowable costs/cost principles
 - Federal financial reports
 - Administrative Requirements

- Specific requirements
 - Matching, level of effort, or earmarking
 - Claims for advances and reimbursements

For all of the internal control structure categories listed above, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk.

During the year ended December 31, 1995, Recreation District No. 3 had no major federal award programs and expended 100% of its total federal awards under the following nonmajor program:

- Outdoor Recreation - Acquisition,
Development, and Planning
(Land and Water Conservation Program) \$30,837
=====

I performed tests of controls, as required by OMB Circular A-128, to evaluate the effectiveness of the design and operation of internal control structure policies and procedures that I considered relevant to preventing or detecting material

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
LAWS AND REGULATIONS BASED ON AN AUDIT OF GENERAL
PURPOSE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

I have audited the general purpose financial statements of the Recreation District No. 3 of Livingston Parish, Louisiana, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 1995, and have issued my report thereon dated July 19, 1996.

I conducted my audit in accordance with generally accepted auditing standards and 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.

Compliance with laws, regulations, contracts, and grants applicable to the Recreation District No. 3 of Livingston Parish, Louisiana, is the responsibility of the Recreation District's management. As part of obtaining reasonable assurance about whether the general purpose financial statements are free of material misstatement, I performed tests of the Recreation District's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of my audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express such an opinion.

Material instances of noncompliance consist of failures to follow requirements, or violations of prohibitions, contained in statutes, regulations, contracts, or grants that cause me to conclude that the aggregation of the misstatements resulting from those failures or violations is material to the general purpose financial statements. The results of my tests of compliance disclosed the following instances of noncompliance, that are required to be reported herein under Government Auditing Standards, the effects of which may be material to the general purpose financial statements but for which the ultimate resolution cannot presently be determined. Accordingly, no provision for any

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions, and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I noted the following matters involving the internal control structure and its operations that I consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing and extent of the procedures to be performed in my audit of the financial statements of Recreation District No. 3 for the year ended December 31, 1995.

- The budget and purchase orders should be used to better monitor and control expenditures.
- Instances were noted where procedures were not followed by persons who were assigned the responsibility to do them.
- Instances were noted where control procedures were not consistently followed thereby creating an environment whereby cash and fixed assets are not adequately safeguarded.
- There were instances noted where routine tasks were not timely or properly performed.

I have discussed each of the reportable conditions referred to above, along with the material weakness, and certain other matters involving the District's internal control structure and its operation, in the "Schedule of Reportable Conditions, Instances of Noncompliance, and Recommendations" (see page 47).

This report is intended for the information of the Board of Commissioners, the Livingston Parish Council, and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Board of Commissioners of the Recreation District No. 3 of Livingston Parish, Louisiana, is a matter of public record.

Neil B. Fenari, CPA

Baton Rouge, Louisiana,
July 19, 1996.

liability that may result has been recognized in Recreation District No. 3 of Livingston Parish, Louisiana's 1995 financial statements.

- The audit report was not submitted to the Legislative Auditor timely.
- The percentage of investments in mutual funds exceeded the legal limit during 1995.
- Evidence of compliance with state bid laws was not found.
- The District made a donation to the Denham Springs Police Cadets.
- The amended budget did not consider the significant shortfall of actual revenues.
- Laws affecting budgeting were not complied with fully.
- A formal investment policy was not developed and adopted.

These instances of noncompliance are more fully discussed in the "Schedule of Reportable Conditions, Instances of Noncompliance, and Recommendations" (see page 47).

I considered these instances of noncompliance in forming my opinion on whether Recreation District No. 3 of Livingston Parish, Louisiana's general purpose financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated July 19, 1996, on those general purpose financial statements.

I also noted certain immaterial instances of noncompliance that I have discussed in the "Schedule of Reportable Conditions, Instances of Noncompliance, and Recommendations" (see page 47).

This report is intended for the information of the Board of Commissioners, the Livingston Parish Council, and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit the distribution of this report, which upon acceptance by the Board of Commissioners of the Recreation District No. 3 of Livingston Parish, Louisiana, is a matter of public record.

Neil G. Ferrari, CPA

Baton Rouge, Louisiana
July 19, 1996.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS

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

I have audited the general purpose financial statements of Recreation District No. 3 of Livingston Parish, Louisiana, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 1995, and have issued my report thereon dated July 19, 1996.

In connection with my audit of the general purpose financial statements of Recreation District No. 3 of Livingston Parish, Louisiana, and with my consideration of Recreation District No. 3's control structure used to administer federal financial assistance programs, as required by Office of Management and Budget Circular A-128, Audits of State and Local Governments, I selected certain transactions applicable to certain nonmajor federal financial assistance programs for the year ended December 31, 1995. As required by OMB Circular A-128, I have performed auditing procedures to test compliance with the requirements governing matching, level of effort, and/or earmarking, and claims for advances and reimbursements that are applicable to those transactions. My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Recreation District No. 3's compliance with these requirements. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of those procedures disclosed no material instances of noncompliance with the requirements listed in the preceding paragraph. With respect to items not tested, nothing came to my attention that caused me to believe that Recreation District No. 3 of Livingston Parish, Louisiana, had not complied, in all material respects, with those requirements. However, the results of my procedures did disclose immaterial instances of noncompliance with those requirements, which have been described in the accompanying "Schedule of Reportable Conditions, Instances of Noncompliance, and Recommendations" on page 47.

This report is intended for the information of Recreation District No. 3's Board of Commissioners, the Livingston Parish Council, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Neil G. Ferrari, CPA

Baton Rouge, Louisiana,
July 19, 1996.

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

I have audited the general purpose financial statements of Recreation District No. 3 of Livingston Parish, Louisiana, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 1995, and have issued my report thereon dated July 19, 1996.

I have applied procedures to test Recreation District No. 3's compliance with the following requirements applicable to its federal financial assistance program, which is identified in the accompanying Schedule of Federal Financial Assistance, for the year ended December 31, 1995:

- Civil rights
- Political activity
- Allowable costs/cost principles
- Federal financial reports
- Administrative requirements

My procedures were limited to the applicable procedures described in the Office of Management and Budget's "Compliance Supplement for Single Audits of State and Local Governments". My procedures were substantially less in scope than an audit, the objective of which is the expression of an opinion on Recreation District No. 3's compliance with the requirements listed in the preceding paragraph. Accordingly, I do not express such an opinion.

With respect to the items tested, the results of these procedures disclosed no material instances of noncompliance with the requirements listed in the second paragraph of this report. With respect to items not tested, nothing came to my attention that caused me to believe that Recreation District No. 3 of Livingston Parish, Louisiana, had not complied, in all material respects, with those requirements. However, the results of my procedures disclosed immaterial instances of noncompliance with those requirements, which are described in the accompanying "Schedule of Reportable Conditions, Instances of Noncompliance, and Recommendations" (see page 47).

would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I noted the following matters involving the internal control structure and its operation that I consider to be a material weakness, as defined above.

- The budget and purchase orders should be used to better monitor and control expenditures.
- Instances were noted where procedures were not followed by persons who were assigned the responsibility to do them.
- Instances were noted where control procedures were not consistently followed thereby creating an environment whereby cash and fixed assets are not adequately safeguarded.
- There were instances noted where routine tasks were not timely or properly performed.

I have also noted other matters involving the internal control structure and its operations that I have discussed in the "Schedule of Reportable Conditions, Instances of Noncompliance, and Recommendations" (see page 47).

This report is intended for the information of Recreation District No. 3's Board of Commissioners, the Livingston Parish Council, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record, and its distribution is not limited.

Neil G. Ferrari, CPA

Baton Rouge, Louisiana
July 19, 1996.

GENERAL PURPOSE FINANCIAL STATEMENTS

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS

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

I have audited the general purpose financial statements of Recreation District No. 3 of Livingston Parish, Louisiana, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 1995, and have issued my report thereon dated July 19, 1996.

I conducted my audit in accordance with generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and Office of Management and Budget Circular A-128, Audits of State and Local Governments. Those standards and OMB Circular A-128 require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement.

In planning and performing my audit for the year ended December 31, 1995, I considered the internal control structure of Recreation District No. 3 of Livingston Parish, Louisiana, in order to determine my auditing procedures for the purpose of expressing my opinions on Recreation District No. 3's general purpose financial statements and to report on the internal control structure in accordance with OMB Circular A-128. This report addresses my consideration of internal control structure policies and procedures relevant to compliance with requirements applicable to federal financial assistance programs. I have addressed internal control structure policies and procedures relevant to my audit of the general purpose financial statements in a separate report dated July 19, 1996 (see page 3).

The management of Recreation District No. 3 is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with management's

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS

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

December 31, 1995

	<u>Governmental Fund Type</u>			<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>ASSETS AND OTHER DEBITS</u>						
Assets:						
Cash and cash equivalents (Note 2)	\$207,381	\$ 14,272	\$ 33,970	\$ -	\$ -	\$ 255,623
Investments, at cost - (Note 3)	-	250,000	12,383	-	-	262,383
Receivables (Note 4):						
Ad valorem tax	34,514	368,692	-	-	-	403,206
Federal grant	-	-	20,311	-	-	20,311
Other	525	-	-	-	-	525
Due from Capital Projects Fund	24,835	-	-	-	-	24,835
Athletic equipment and supplies inventory	32,515	-	-	-	-	32,515
Deposits	2,611	-	-	-	-	2,611
Land, building, and equipment - (Note 5)	-	-	-	5,995,378	-	5,995,378
Other Debits:						
Amount available in debt service fund	-	-	-	-	632,964	632,964
Amount to be provided for retirement of general long-term debt	-	-	-	-	2,177,036	2,177,036
Total assets and other debits	\$302,381	\$632,964	\$ 66,664	\$5,995,378	\$2,810,000	\$ 9,807,387

(Combined Balance Sheet Continued on Next Page)

The accompanying notes are an integral part of this statement.

TABLE OF CONTENTS

Financial Report

Recreation District No. 3 of
Livingston Parish, Louisiana

December 31, 1995

<u>INDEPENDENT AUDITOR'S REPORT</u>	1
<u>INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</u> . . .	3
<u>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH LAWS AND REGULATIONS BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</u>	6
<u>INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE USED IN ADMINISTERING FEDERAL FINANCIAL ASSISTANCE PROGRAMS</u> . . .	8
<u>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH GENERAL REQUIREMENTS APPLICABLE TO FEDERAL FINANCIAL ASSISTANCE PROGRAMS</u>	12
<u>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH SPECIFIC REQUIREMENTS APPLICABLE TO NONMAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM TRANSACTIONS</u>	14
<u>GENERAL PURPOSE FINANCIAL STATEMENTS</u>	
Combined Balance Sheet - All Fund Types and Account Groups	17
Combined Statements of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (GAAP Basis) and Actual - General Fund	21
Notes to General Purpose Financial Statements	23
<u>SUPPLEMENTARY FINANCIAL INFORMATION</u>	
1 - Per Diem Paid Board Members	43
2 - Public Improvement Bonds, dated February 1, 1976 . . .	44
3 - Public Improvement Bonds, dated April 1, 1992 . . .	45
4 - Schedule of Federal Financial Assistance	46

<u>SCHEDULE OF REPORTABLE CONDITIONS, INSTANCES OF OF NONCOMPLIANCES, AND RECOMMENDATIONS</u>	47
<u>CORRECTIVE ACTION TAKEN ON PRIOR YEAR FINDINGS</u>	60
<u>EXIT CONFERENCE</u>	64

Note 13 - PRIOR PERIOD ADJUSTMENT

Subsequent to this issuance of the audited financial statements for the year ended December 31, 1994, it was determined that two errors had been made. The accounts receivable for ad valorem taxes and for revenue sharing were overstated because accruals had been made for amounts that were not available to the District within sixty days after the end of the year. As a result, beginning fund balances are restated as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Fund balance at 12-31-94 per audited financial statements	\$ 813,372	\$ 690,511
Correction of accounts receivable - ad valorem taxes	(116,219)	(113,452)
Correction of accounts receivable - revenue sharing	<u>(37,824)</u>	<u>-</u>
Fund balance at 12-31-94, as restated	\$ 659,329 =====	\$ 577,059 =====

The effect on net income of these corrections is as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>
Reduction of net income:		
1994	\$ (35,655)	\$ (34,349)
1993 and prior years	<u>(118,388)</u>	<u>(79,103)</u>
	\$ (154,043) =====	\$ (113,452) =====

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INDEPENDENT AUDITOR'S REPORT

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

I have audited the accompanying general purpose financial statements of Recreation District No. 3 of Livingston Parish, Louisiana, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 1995, as listed in the table of contents. These general purpose financial statements are the responsibility of the Recreation 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 generally accepted auditing standards; Government Auditing Standards, issued by the Comptroller General of the United States; and the provisions of Office of Management and Budget Circular A-128, Audits of State and Local Governments. 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 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 Livingston Parish, Louisiana, as of December 31, 1995, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued a report (see page 3) dated July 19, 1996 on my consideration of the internal control structure of Recreation District No. 3 of Livingston Parish, Louisiana, and a report (see page 6) dated July 19, 1996 on its compliance with laws and regulations.

Note 6 - PENSION PLANS - (continued)

Funding Policy: - (continued)

determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contribution to the System under Plan A for the year ending December 31, 1995 was \$13,412, equal to the required contribution for the year. A portion (\$1,646) of this expenditure related to employees who were constructing park improvements and has been capitalized as a component of construction in progress.

Before April 1, 1995, Recreation District No. 3 employees participated in the Federal Social Security Program and employees who are not eligible for the Parochial Employees Retirement System have continued to participate in this program. The District is required to remit an amount equal to the employee's contribution. Recreation District No. 3 does not guarantee any of the benefits granted by the Federal Social Security Program.

Also, before April 1, 1995, the Director of the Recreation District and the Maintenance Superintendent also participated in the pension plan of the Livingston Parish Council. Plan contributions are funded by both Recreation District No. 3 and through employee payroll withholdings. From January 1 to March 31, 1995, plan contributions by the District were \$115.

Note 7 - CHANGES IN LONG-TERM DEBT

The following is a summary of the long-term debt transactions of the District for the year ended December 31, 1995:

Long-term obligations at 12/31/94	\$2,920,000
Additions during 1995	-
Reductions during 1995	<u>(110,000)</u>
Long-term obligations payable at 12/31/95	\$2,810,000 =====

The bonded debt at December 31, 1995, consists of the unpaid principal of bonds which were issued February 1, 1976 and April 1, 1992. The bonds mature from 1994 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 property within Recreation District No. 3 of Livingston Parish.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "schedules" in the table of contents is presented for the purposes of additional analysis and is not a required part of the general purpose financial statements of Recreation District No. 3 of Livingston Parish, Louisiana. 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.

Neil B. Ferrari, CPA

Baton Rouge, Louisiana,
July 19, 1996.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL STRUCTURE
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

I have audited the general purpose financial statements of Recreation District No. 3 of Livingston Parish, Louisiana, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 1995, and have issued my report thereon dated July 19, 1996.

I have conducted my audit in accordance with generally accepted auditing standards and 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.

The management of Recreation District No. 3 of Livingston Parish, Louisiana, is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgements by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general purpose financial statements of Recreation District No. 3 of Livingston Parish, Louisiana, for the year ended December 31, 1995, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that in my judgment, could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

The reportable conditions have been more fully discussed in the "Schedule of Reportable Conditions, Instances of Noncompliance, and Recommendations" (see page 47). The following are summaries of the reportable conditions:

- The budget and purchase orders should be used to better monitor and control expenditures.
- Instances were noted where procedures were not followed by persons who were assigned the responsibility to do them.
- Instances were noted where control procedures were not consistently followed thereby creating an environment whereby cash and fixed assets are not adequately safeguarded.
- There were instances noted where routine tasks were not timely or properly performed.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

noncompliance with specific requirements, general requirements, and requirements governing claims for advances and reimbursements and amounts claimed or used for matching that are applicable to the aforementioned nonmajor programs. My procedures were less in scope than would be necessary to render an opinion on these internal control structure policies and procedures. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the Recreation District No. 3's ability to administer federal award programs in accordance with applicable laws and regulations.

The reportable conditions noted are summarized as follows:

- The budget and purchase orders should be used to better monitor and control expenditures.
- Instances were noted where procedures were not followed by persons who were assigned the responsibility to do them.
- Instances were noted where control procedures were not consistently followed thereby creating an environment whereby cash and fixed assets are not adequately safeguarded.
- There were instances noted where routine tasks were not timely or properly performed.

The reportable conditions presented above has been discussed more fully in the accompanying "Schedule of Reportable Conditions, Instances of Noncompliance, and Recommendations" on page 47 of this report.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that noncompliance with laws and regulations that would be material to a federal financial assistance program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

My consideration of the internal control structure policies and procedures used in administering federal financial assistance would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly,

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

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 and decreases 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 and expenditures:

Revenues:

Revenues are recognized in the accounting period in which they become 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).

The following are the revenue recognition policies used by Recreation District No. 3:

- Ad valorem taxes are assessed on a calendar year basis, become due on November 15 of each year and become delinquent on January 1 of the following year. The assessed value for the 1995 tax year, upon which the levy was based, is \$27,777,740. The taxes are generally collected in December of the current year and January and February of the following year. By the first week in May (of the year after the year when the tax was due), properties with delinquent taxes are auctioned for sale by the Parish Sheriff. Properties not sold at that time are adjudicated to the State of Louisiana by late May. Current year ad valorem taxes are recognized as revenue if collected within sixty days after the end of the year.

The 10 year ad valorem tax for maintenance and operations of the parks expired after the 1994 tax year and was not renewed until the 1996 tax year. Therefore, all 1995 ad valorem revenue in the General Fund is for collections

Note 9 - LITIGATION - (continued)

The District's attorney for these two cases was unable to provide an estimate of the possible outcome of these cases at this time. However, management does not expect the District to suffer any significant losses as a result of these lawsuits.

There is a third lawsuit against the District wherein the plaintiff alleges injuries resulting from a broken swing. Management has rejected an offer to settle of \$7,500. The District's attorney believes the case will never go to trial, and if it does, the District will win the case.

The District does not carry general liability insurance to cover injuries like those which have been mentioned above.

Note 10 - INCOME TAXES

Recreation District No. 3 is exempt from all Federal and Louisiana income taxes.

Note 11 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District has been unable to obtain general liability insurance at a cost which is economically justifiable.

The District continues to carry commercial insurance for all other risks of loss, including workers' compensation, vehicles, buildings and contents, and excess player liability. Settled claims resulting from these risks did not exceed commercial insurance coverage during the year.

Note 12 - CONTINGENCIES RELATED TO NONCOMPLIANCE WITH STATE LAWS

In the independent auditor's report on compliance with laws and regulations based on an audit of financial statements performed in accordance with Government Auditing Standards, instances of noncompliance with state laws were reported. Management cannot exactly determine what effects, if any, these instances of noncompliance will have on the District's financial statements. However, based on prior experience, management expects these instances to have little or no effect.

Note 7 - CHANGES IN LONG-TERM DEBT - (continued)

The annual requirements to amortize all bonds outstanding at December 31, 1995, including interest of \$2,444,285 are as follows:

<u>Year Ending</u>	<u>Bonds Dated 02-01-76</u>	<u>Bonds Dated 04-01-92</u>	<u>Total</u>
1996	36,348	273,875	310,223
1997	-	267,875	267,875
1998	-	285,875	285,875
1999	-	277,875	277,875
2000	-	269,875	269,875
2001 and thereafter	-	3,842,562	3,842,562
	\$ 36,348	\$5,217,937	\$5,254,285
	=====	=====	=====

Note 8 - RELATED PARTY TRANSACTIONS

The following related party transactions occurred in 1995:

- Concessions were contracted to C & R Concessions, which is partially owned by an employee. Total concession commissions paid to C & R Concessions in 1995 was \$73,631. The District received a ruling in 1996 that this contract is not a violation of state ethics laws.
- An airline ticket costing \$261 was purchased from Whitehead Travel, which is owned by the Chairman of the Board, Kelton Whitehead. Mr. Whitehead had previously implemented a policy that no travel arrangements should be made through his company. This purchase was an unintentional violation of that policy.

Note 9 - LITIGATION

In February, 1992, a personal injury lawsuit was filed against the District. The plaintiff alleges improper ground maintenance at North Park Recreation Center as the cause of her injury. Another personal injury lawsuit was filed against the District in April, 1994. The plaintiff alleges that he sustained injuries from a defective playground slide which was negligently maintained by the District. Discovery is nearly completed.

Note 6 - PENSION PLANS - (continued)

Plan Description: - (continued)

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 their final-average salary for each year 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 salary plus \$24 for each year of supplemental-plan-only service earned before January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. 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 state statute.

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 (504) 928-1361.

Funding Policy:

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 8.0 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The District's share of these contributions are deducted off the top of the ad valorem tax revenues to which the District is entitled. During 1995, \$28,532 of ad valorem tax revenues were withheld to pay for the District's share. The contribution requirements of plan members and the District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are

Note 3 - INVESTMENTS - (continued)

The District sold the following investments during 1995:

	<u>Cost</u>	<u>Sales Price</u>	<u>Loss</u>
FHLMC Certificates dated 08/05/22	\$ 87,550	\$ 85,000	\$ 2,550
Lord Abbett US Government Securities Fund (40,784 shares)	<u>118,418</u>	<u>111,340</u>	<u>7,078</u>
	\$205,968	\$196,340	\$ 9,628
	=====	=====	=====

Prior to the sale of the Lord Abbett U.S. Government Securities Fund, the percentage of the District's investment portfolio invested in mutual funds exceeded the legal limit of 25%. The sale was made to bring the District into compliance with this state law.

Note 4 - RECEIVABLES

The following is a summary of receivables at December 31, 1995:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Ad valorem taxes:				
Current taxes	\$ -	\$340,650	\$ -	\$340,650
Delinquent taxes	<u>34,514</u>	<u>28,042</u>	<u>-</u>	<u>62,556</u>
Total ad valorem taxes	34,514	368,692	-	403,206
Grant	-	-	20,311	20,311
Other	<u>525</u>	<u>-</u>	<u>-</u>	<u>525</u>
Total receivables	\$ 35,039	\$368,692	\$ 20,311	\$424,042
	=====	=====	=====	=====

Note 2 - CASH AND CASH EQUIVALENTS - (continued)

by its agent, but the securities are not in the District's name. The \$196,553 held in the money market account is insured by the Securities Investor Protection Corporation, which reduces credit risk similarly to federal deposit insurance. \$400, which represents "cash on hand", is unsecured.

Even though \$189,039 of bank balances are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 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.

Note 3 - INVESTMENTS

Investments at December 31, 1995 consisted of the following:

	<u>Cost</u>	<u>Market</u>	<u>Maturity</u>	<u>Interest Rate</u>
Debt Service Fund:				
Certificate of Deposit - First National Bank of Denham Springs	\$250,000	\$ 250,000	02-01-96	5.44%
Capital Projects Fund:				
Certificate of Deposit - Hibernia Nat'l Bank	<u>12,383</u>	<u>12,383</u>	10-16-96	6.00%
Total all funds	\$262,383 =====	\$262,383 =====		

The certificates of deposit are in the name of the District and are held at the issuing bank. The certificates of deposit are included in the bank balances of the issuing banks and are secured by a combination of federal deposit insurance and the pledge of securities, as described in Note 2.

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

q. Total Column on the Statements:

The total columns on the 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, 1995, the District has cash and cash equivalents totaling \$255,623 as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Totals</u>
Cash on hand	\$ 400	\$ -	\$ -	\$ 400
Demand deposits	7,480	3,148	-	10,628
Interest bearing demand deposits	2,948	11,124	33,970	48,042
Money market accounts	<u>\$196,553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,553</u>
Totals	<u>\$207,381</u>	<u>\$ 14,272</u>	<u>\$ 33,970</u>	<u>\$ 225,623</u>

These deposits are stated at cost, which is equal to market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. The pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1995, the District has \$336,299 in bank deposits (collected bank balances), representing the District's demand deposits and CD investments. These deposits are secured from risk by \$147,260 of federal deposits insurance. \$189,039 is secured by the pledge of securities by the banks holding the investments. GASB Statement 3 categorizes the \$189,039 as uncollateralized (Category 3) because the bank has pledged securities held

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

l. Vacation and Sick Leave: - (continued)

employed. Vacation and sick leave cannot be accumulated. Accordingly, Recreation District No. 3 has not accrued any expenses relating to unused leave in the financial statements. The cost of current leave privileges, computed in accordance with GASB codification section C60, is recognized as a current year expenditure in the General Fund when the leave is actually used.

m. Long-Term Obligations:

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

n. Transfers and Interfund Loans:

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through the various due from and due to accounts.

o. Reservations and Designations of Fund Balances:

Reserved fund balances represent those portions of the fund balance which 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.

p. 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)

h. Cash, Cash Equivalents, and Investments: -
(continued)

Also, 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. Gains or losses incurred upon sales of mutual fund investments are computed using the first-in, first-out method.

i. Inventories:

Inventories are valued by management at cost and estimated cost. Inventories consist primarily of sports equipment and uniforms. Inventories at year-end are equally offset by fund balance reserves.

j. Prepaid items:

Prepaid items are accounted for as expenditures in the period of acquisition.

k. Land, Buildings, Equipment, and Depreciation:

All fixed assets are valued at historical cost. Public domain or infrastructures are not capitalized. When 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 general fixed assets.

It is the District's policy to capitalize purchases of moveable property costing at least \$250 and purchases of real property and improvements costing at least \$1,500.

l. Vacation and Sick Leave:

All permanent full-time employees earn from 10 to 20 days of vacation leave each year depending upon the number of years employed. All permanent, full-time employees earn from 5 to 60 days of sick leave each year depending upon the number of years

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

g. Budgetary Policy and Accounting:

The District prepares its budget on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (GAAP).

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

- Prior to the second Monday of November of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year which begins January 1. The operating budget includes proposed expenditures and the means of financing them.
- An initial public hearing is held during the regular meeting of the Board of Commissioners on the second Monday of November to discuss the proposed budget.
- The final public hearing on the budget is held at a meeting of the Board of Commissioners in December for the purpose of adopting the budget.

Once the budget is approved, it can be amended by approval of a majority of the Board of Commissioners. Amendments are presented to the Board at its regular meetings.

There was one amendment made to the budget that was initially adopted for 1995. All budget appropriations lapse at year-end.

h. 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, 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.

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

f. Basis of Accounting: - (continued)

Revenues: - (continued)

for 1994 or prior years taxes that were collected more than sixty days after December 31, 1994.

The assessed rate for 1995 for the payment of principal and interest on the public improvement bonds was \$1.60 per \$100 valuation.

- State revenue sharing which is based on population and homesteads in Livingston Parish, is measurable at the end of the year for which it is calculated, but is not available because no payments are received until more than 60 days after the end of the year. Therefore, 1994 revenue sharing was recognized as revenue in 1995 when received.
- Interest and dividends earned on idle cash and investments are recorded when the income is available.
- Grants revenues are recorded when Recreation District No. 3 is entitled to reimbursement of expenditures under the terms of the grant.
- Program revenues, such as; registration fees, concession sales, tournament income, and sponsorship fees are recorded when the income is received.

Expenditures:

Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

Other Financing Sources (Uses):

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). They are recorded when the transfer is made.

This report is intended for the information of Recreation District No. 3's Board of Commissioners, the Livingston Parish Council, and the Legislative Auditor of the State of Louisiana. However, this report is a matter of public record and its distribution is not limited.

Neil G. Ferrari, CPA

Baton Rouge, Louisiana
July 19, 1996.

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

d. Fund Accounting: - (continued)

Governmental Fund Types: - (continued)

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 those long-term obligations recorded in the General Long-Term Obligation Account Group.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

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 (capital outlays) used in governmental fund type operations of Recreation District No. 3 are accounted for (capitalized) in the General Fixed Assets Account Group and are recorded as expenditures in the governmental fund types when purchased or constructed.

General Long-Term Obligations

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Obligations Account Group. Principal and interest payments on long-term liabilities are accounted for in the debt service fund.

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

c. Reporting Entity: - (continued)

Because the police jury appoints a voting majority of the District's governing body, and can impose its will on the District, it was determined to be a component unit of the Livingston Parish Council, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

d. Fund Accounting:

The District uses funds 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:

Governmental Fund Types:

General Fund

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

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

c. Reporting Entity:

As the governing authority of Livingston Parish, Louisiana, for reporting purposes, the Livingston Parish Council is the financial reporting entity for Livingston Parish. The financial reporting entity consists of (a) the 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 that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

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

December 31, 1995

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization:

Recreation District No. 3 of Livingston Parish, Louisiana (the District) was created November 27, 1973, by the Livingston Parish Council, as provided by Louisiana Revised Statute 33:4562. The District is governed by a board of seven commissioners who are appointed by the Livingston Parish Council. The purpose of the District is to provide playground and other facilities which promote recreation and general health and well-being. The District encompasses about 36% of Livingston Parish, Louisiana and serves about 25,600 people. There were 142 people employed by the District (including full-time and part-time employees, and the commissioners) during 1995. The District operates four recreational facilities referred to as North Park, South Park, West Livingston Playground, and Spring Park.

b. Basis of Statement Presentation:

The accompanying general purpose financial statements of the Recreation District No. 3 of Livingston Parish, Louisiana, have been prepared in conformity with generally accepted accounting principles (GAAP) 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.

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>OTHER FINANCING SOURCES (USES)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	(85,000)	(360,711)	<u>\$(275,711)</u> =====
<u>FUND BALANCES</u> - at beginning of year, as restated	<u>659,329</u>	<u>659,329</u>	
<u>FUND BALANCES</u> - at end of year	<u>\$574,329</u> =====	<u>\$298,618</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 Livingston Parish, Louisiana
 A Component Unit of the Livingston Parish Council
 Denham Springs, Louisiana

For the year ended December 31, 1995

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>REVENUES</u>			
Taxes:			
Ad valorem	\$373,500	\$ 52,659	\$(320,841)
Intergovernmental:			
State of Louisiana revenue sharing	38,500	37,824	(676)
Other income:			
Concession/vending sales	121,900	117,467	(4,433)
Registration/program fees	83,500	110,968	27,468
Tournament income	15,500	49,718	34,218
Sponsorships for programs	32,900	24,925	(7,975)
Building rentals	30,000	22,743	(7,257)
Interest and dividends	17,200	22,050	4,850
Miscellaneous	5,184	10,676	5,492
Loss on sale of investments	-	(9,628)	(9,628)
Total revenues	<u>718,184</u>	<u>439,402</u>	<u>(278,782)</u>
<u>EXPENDITURES</u>			
Current:			
Salaries	245,000	278,207	(33,207)
Program expense	152,000	156,066	(4,066)
Equipment operations, maintenance and repairs	80,100	80,216	(116)
Concession expenses (excluding labor and burden)	105,000	79,200	25,800
Telephone and utilities	49,600	56,654	(7,054)
Insurance	45,000	50,247	(5,247)
Contributions to pension plan for deducted from ad valorem taxes	15,000	13,807	1,193
Office expense	14,400	20,954	(6,554)
Professional services	14,700	17,018	(2,318)
Payroll taxes	13,000	15,119	(2,119)
Employee benefits	32,000	11,882	20,118
Casual labor	3,900	3,900	-
Employee uniforms	3,600	3,769	(169)
Commissioners per diem	4,200	3,750	450
Other	-	1,578	(1,578)
Director's travel	4,500	892	3,608
Capital outlay	<u>21,184</u>	<u>6,854</u>	<u>14,330</u>
Total expenditures	<u>803,184</u>	<u>800,113</u>	<u>3,071</u>
Excess (deficiency) of revenues over expenditures	<u>(85,000)</u>	<u>(360,711)</u>	<u>(275,711)</u>

(Exhibit C continued on next page)

The accompanying notes are an integral part of this statement.

COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES - (continued)

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total (Memorandum Only)</u>
Debt service:				
Principal retirement	-	110,000	-	110,000
Interest	-	208,918	-	208,918
Capital outlay	<u>6,854</u>	<u>-</u>	<u>102,972</u>	<u>109,826</u>
Total expenditures	<u>800,113</u>	<u>334,631</u>	<u>115,578</u>	<u>1,250,322</u>
Excess (deficiency) of revenues over expenditures	<u>(360,711)</u>	<u>55,905</u>	<u>(82,681)</u>	<u>(387,487)</u>
<u>OTHER FINANCING SOURCES (USES)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>(360,711)</u>	<u>55,905</u>	<u>(82,681)</u>	<u>(387,487)</u>
<u>FUND BALANCES - at beginning of year - as restated (Note 13)</u>	<u>659,329</u>	<u>577,059</u>	<u>124,510</u>	<u>1,360,898</u>
<u>FUND BALANCES - at end of year</u>	<u>\$298,618</u> =====	<u>\$632,964</u> =====	<u>\$ 41,829</u> =====	<u>\$ 973,411</u> =====

The accompanying notes are an integral part of this statement.

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

Recreation District No. 3 of Livingston Parish, Louisiana
A Component Unit of the Livingston Parish Council
Denham Springs, Louisiana
For the year ended December 31, 1995

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total (Memorandum Only)</u>
REVENUES				
Taxes:				
Ad valorem	\$ 52,659	\$387,966	\$ -	\$ 440,625
Intergovernmental:				
State of Louisiana revenue sharing	37,824	-	-	37,824
Grant from the LA. Dept. of Culture, Recreation, & Tourism for the Land and Water Conservation Program	-	-	30,837	30,837
Other income:				
Concession/vending sales	117,467	-	-	117,467
Registration/program fees	110,968	-	-	110,968
Tournament income	49,718	-	-	49,718
Sponsorships for programs	24,925	-	-	24,925
Building rentals	22,743	-	-	22,743
Interest and dividends	22,050	2,570	2,060	26,680
Miscellaneous	10,676	-	-	10,676
Loss on sale of investments	(9,628)	-	-	(9,628)
Total revenues	439,402	390,536	32,897	862,835
EXPENDITURES				
Current:				
Salaries	278,207	-	-	278,207
Program expenses	156,066	-	-	156,066
Equipment operations, maintenance and repairs	80,216	-	-	80,216
Concession expenses (excluding labor and burden)	79,200	-	-	79,200
Telephone and utilities	56,654	-	-	56,654
Insurance	50,247	-	-	50,247
Contribution to pension plan deducted from ad valorem taxes (Note 6)	13,807	14,725	-	28,532
Office expense	20,954	-	-	20,954
Professional services	17,018	-	-	17,018
Payroll taxes	15,119	-	-	15,119
Employee benefits	11,882	-	-	11,882
Grant administration fees	-	-	10,527	10,527
Casual labor	3,900	-	-	3,900
Employee uniforms	3,769	-	-	3,769
Commissioners per diem	3,750	-	-	3,750
Other	1,578	988	135	2,701
Kitchen utensils and small tools	-	-	1,944	1,944
Director's travel	892	-	-	892

(Exhibit B continued on next page)

The accompanying notes are an integral part of this statement.

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS -
(continued)

	<u>Governmental Fund Type</u>			<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>LIABILITIES, EQUITY, AND OTHER CREDITS</u>						
Liabilities:						
Accounts payable	\$ 3,763	\$ -	\$ -	\$ -	\$ -	\$ 3,763
Due to General Fund	-	-	24,835	-	-	24,835
Long-term obligations:						
Bonds payable - (Note 7)	-	-	-	-	2,810,000	2,810,000
Total liabilities	<u>3,763</u>	<u>-</u>	<u>24,835</u>	<u>-</u>	<u>2,810,000</u>	<u>2,838,598</u>
Equity and Other Credits:						
Investment in general fixed assets	-	-	-	5,995,378	-	5,995,378
Fund balances:						
Reserved for:						
Debt service	-	632,964	-	-	-	632,964
Gym floor maintenance	-	-	11,673	-	-	11,673
Athletic equipment and supplies inventory	32,515	-	-	-	-	32,515
Unreserved - undesignated	266,103	-	30,156	-	-	296,259
Total equity and other credits	<u>298,618</u>	<u>632,964</u>	<u>41,829</u>	<u>5,995,378</u>	<u>-</u>	<u>6,968,789</u>
Total liabilities, equity and other credits	<u>\$302,381</u>	<u>\$632,964</u>	<u>\$ 66,664</u>	<u>\$5,995,378</u>	<u>\$2,810,000</u>	<u>\$ 9,807,387</u>

The accompanying notes are an integral part of this statement.