

RECREATION DISTRICT NO. 39A OF
TANGIPAHOA PARISH

REVIEW OF ANNUAL FINANCIAL STATEMENTS

JUNE 30, 2017

INDEPENDENCE, LOUISIANA

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

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Independent Accountant's Review Report

Mr. Paul Durnin, President
and the Members of the Board of Commissioners
Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the major fund (General Fund) of the Recreation District No. 39A of the Tangipahoa Parish, Independence, Louisiana, a component unit of the Tangipahoa Parish Council, as of and for the year ended June 30, 2017, which collectively comprise the District's basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that budgetary comparison information (Schedule 1) on page 20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting and for placing the basic financial statements in an appropriate operational, economic, or historical context. Such information is the responsibility of management. We have not audited, reviewed, or compiled the required supplementary information and we do not express an opinion, a conclusion, nor provide any assurance on it.

Management has omitted the management's discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. The results of our review of the basic financial statements are not affected by this missing information.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The other supplementary information included in the accompanying Schedule 2 (schedule of compensation paid to the board of commissioners on page 22) and Schedule 3 (schedule of compensation, benefits, and other payments to agency head on page 23) are presented for purposes of additional analysis and are not a required part of the basic financial statements of the District. Schedules 2 and 3 of the supplementary information have been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to Schedule 2 and Schedule 3 for them to be in conformity with accounting principles generally accepted in the United States of America.

Respectfully submitted,

Thomas J. Bourgeois, CPA

Denham Springs, Louisiana
December 20, 2017

Basic Financial Statements

RECREATION DISTRICT NO. 39A OF TANGIPAHOA PARISH
INDEPENDENCE, LOUISIANA

Exhibit A

STATEMENT OF NET POSITION

JUNE 30, 2017

	<u>Governmental Activities</u>
Assets	
Cash and Cash Equivalents	\$ 512,242
Capital Assets, Net of Accumulated Depreciation	1,305,640
Total Assets	<u>1,817,882</u>
Liabilities	
Accounts Payable	<u>1,560</u>
Total Liabilities	<u>1,560</u>
Net Position	
Net Investment in Capital Assets	1,305,640
Unrestricted	510,682
Total Net Position	<u>\$ 1,816,322</u>

See independent accountant's review report and accompanying notes.

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

Exhibit B

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Expenses</u>	<u>Program Revenues Operating Grants</u>	<u>Change in Net Position Governmental Activities</u>
Governmental Activities:			
Parks and Recreation	\$ 110,737	\$ -	\$ (110,737)
Depreciation	70,391	-	(70,391)
Total Expenses	<u>\$ 181,128</u>	<u>\$ -</u>	(181,128)
General Revenues:			
Ad Valorem Taxes			259,536
State Revenue Sharing			22,019
Interest Earned			2,567
FEMA Income			63,974
Total General Revenues			<u>348,096</u>
Change in Net Position			166,968
Net Position - Beginning of the Year			<u>1,649,354</u>
Net Position - End of the Year			<u>\$ 1,816,322</u>

See independent accountant's review report and accompanying notes.

RECREATION DISTRICT NO. 39A OF TANGIPAHOA PARISH
INDEPENDENCE, LOUISIANA

Exhibit C

GOVERNMENTAL FUND BALANCE SHEET

JUNE 30, 2017

	<u>General Fund</u>
Assets	
Cash and Cash Equivalents	\$ 512,242
Total Assets	<u>\$ 512,242</u>
Liabilities and Fund Balance	
Liabilities:	
Accounts Payable	\$ 1,560
Total Liabilities	<u>1,560</u>
Fund Balance:	
Unassigned	510,682
Total Fund Balance	<u>510,682</u>
Total Liabilities and Fund Balance	<u>\$ 512,242</u>

See independent accountant's review report and accompanying notes.

RECREATION DISTRICT NO. 39A OF TANGIPAHOA PARISH
INDEPENDENCE, LOUISIANA

Exhibit D

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION

JUNE 30, 2017

Total Fund Balance, Governmental Fund (Exhibit C) \$ 510,682

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Governmental Capital Assets, Net of Depreciation	<u>1,305,640</u>
Net Position of Governmental Activities (Exhibit A)	<u>\$ 1,816,322</u>

See independent accountant's review report and accompanying notes.

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

Exhibit E

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2017

	<u>General Fund</u>
Revenues:	
Ad Valorem Taxes	\$ 259,536
State Revenue Sharing	22,019
Interest Earned	2,567
FEMA Income	63,974
Total Revenues	<u>348,096</u>
Expenditures:	
Parks and Recreation:	
Accounting and Legal	2,529
Bad Debt Expense	667
Contract Labor	44,236
Equipment Fuel	1,351
Insurance	888
Licenses	300
Pest Control	1,025
Repairs and Maintenance	16,755
Sheriff's Pension Expense	9,909
Supplies	5,205
Utilities	20,955
Other Expenditures	6,917
Capital Outlay	<u>89,698</u>
Total Expenditures	<u>200,435</u>
Excess of Revenues over Expenditures	147,661
Fund Balance - Beginning of the Year	<u>363,021</u>
Fund Balance - End of the Year	<u>\$ 510,682</u>

See independent accountant's review report and accompanying notes.

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

Exhibit F

RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE GOVERNMENT-WIDE
STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

Net Change in Fund Balance, Governmental Fund (Exhibit E) \$ 147,661

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in the governmental fund as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. These differences consist of:

Capital Outlay	89,698
Depreciation Expense	<u>(70,391)</u>

Change in Net Position of Governmental Activities (Exhibit B) \$ 166,968

See independent accountant's review report and accompanying notes.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

Narrative Profile

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

The District contains within its limits one municipality, the Town of Independence, Louisiana. The governing body of this municipality has given consent to inclusion of such municipality in the District. The objectives and purposes of the District are to own and operate playgrounds and other facilities and to engage in activities that would promote recreation and any related activity designed to encourage recreation and promote the general health and well-being of youths and all of the goals and purposes as authorized by law. Revenues for the District include property taxes and state revenue sharing. Major expenditures of the District include capital outlay, maintenance, and supplies.

The accompanying financial statements have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statute 24:513 and to the guidance set forth in the *Louisiana Governmental Audit Guide* and to the industry audit guide, *Audits of State and Local Governmental Units*.

1. Summary of Significant Accounting Policies

A. Reporting Entity

All board members of the District are appointed by the Council. As the governing authority of the Parish, for reporting purposes, the Council is the financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) primary government (the Council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Because the board members of the District are appointed by the Council, the District was determined to be a component unit of the Council.

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

See independent accountant's review report.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

B. Fund Accounting

The District uses fund accounting to maintain its financial records and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts.

Governmental Funds

Governmental funds account for all of the District's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the District. At June 30, 2017, the following is the District's only governmental fund:

General Fund -- the primary operating fund of the District, which accounts for all the operations of the District, except for the servicing of long-term debt. The General Fund is available for any purpose provided it is expended or transferred in accordance with State and Federal laws and according to District policy.

C. Measurement Focus / Basis of Accounting

Basic Financial Statements – Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the District as a whole. These statements include all the non-fiduciary activities of the District with most of the interfund activities removed. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and

See independent accountant's review report.

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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues. The District does not allocate indirect expenses.

Basic Financial Statements - Governmental Fund

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

The amounts reflected in the General Fund use the modified accrual basis of accounting. Under this basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related liability is incurred, except for interest and principal payments on long-term debt, which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources. The governmental funds use the following practices in recording revenues and expenditures:

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

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

Reconciliation – Explanation of differences between the governmental fund balance sheet and the government-wide statement of net position is presented in Statement D of the basic financial statements. Explanation of differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

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INDEPENDENCE, LOUISIANA**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

D. Budgets and Budgetary Accounting

Budgetary procedures applicable to the District are defined in state law, Louisiana Revised Statute 39:1301-15. The major requirements of the Local Government Budget Act are summarized as follows:

1. The District adopts a budget each year for the general fund.
2. The Chairman prepares a proposed budget and submits it to the Board of Commissioners for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$500,000 or more, a notice of public hearing on the proposed budget must be published in the official journal. The proposed expenditures were less than \$500,000; therefore, a public hearing was not held.
3. All action necessary to adopt and implement the budget must be completed prior to the beginning of the fiscal year. The budget was adopted timely prior to the beginning of the fiscal year.
4. Budgetary amendments involving the transfer of funds from one program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Commissioners. The budget was not amended during the year.
5. Formal budgetary integration is not employed; however, periodic budget comparisons are made as a part of interim reporting. Budgeted amounts included in the accompanying financial statements include the revised adopted budget amounts. The amounts are reconciled to the amounts reflected on the budget comparison statements as follows:

Excess of Revenues over Expenditures (Exhibit E)	\$ 147,661
Add: Prior Year Receivables	292
Current Year Payables	1,560
Less: Current Year Receivables	-
Prior Year Payables	<u>(1,561)</u>
Excess of Revenues over Expenditures (Schedule 1)	<u>\$ 147,952</u>

E. Cash and Investments

Cash includes cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. Under state law, the District may invest in United States bonds,

See independent accountant's review report.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

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. Investments are stated at cost.

F. Inventory

Inventories for supplies are immaterial and are recorded as expenditures / expenses when purchased.

G. Capital Assets

Capital outlays are recorded as expenditures of the governmental funds and as assets in the government-wide financial statements to the extent the District's capitalization threshold of \$300 is met. Capital assets are valued at historical cost or estimated historical cost if actual cost was not available. Donated capital assets are valued at their estimated fair market value at the date of donation.

Maintenance, repairs, and minor equipment are charged to operations when incurred. Expenditures that materially change capacities or extend useful lives are capitalized. Upon sale or retirement of land, buildings, and equipment, the cost and related accumulated depreciation, if applicable, are eliminated from the respective accounts and any resulting gain or loss is included in the results of operations.

H. Net Position

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

1. Net Investment in Capital Assets – consists of the historical cost of capital assets, including any restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
2. Restricted – this component of net position consists of assets that have constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or constraints imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted – all other net position is reported in this category.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

See independent accountant's review report.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

I. Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable Fund Balance – amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.
2. Restricted Fund Balance – amounts that can be spent only for specific purposes due to enabling legislation, State or Federal laws, or externally imposed by grantors, creditors, or citizens.
3. Committed Fund Balance – amounts that can be used only for the specific purposes determined by a formal action of the Board of Commissioners (the District's highest level of decision-making authority).
4. Assigned Fund Balance – amounts intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned Fund Balance – all amounts not included in other spendable categories.

The District considers restricted fund balances to be spent for governmental expenditures first when both restricted and unrestricted resources are available.

J. Estimates

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

2. Cash and Cash Equivalents

As reflected on Exhibit A, the District has cash totaling \$512,242. These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by Federal deposit insurance or the pledged securities owned by the fiscal agent bank. The market value of the pledged securities plus the Federal deposit insurance must at all times equal the amount on deposit with the bank. These 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. The pledged securities are deemed by Louisiana State Law to be under the control and possession and in

See independent accountant's review report.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

the name of the District regardless of its designation by the financial institution in which it is deposited. As of June 30, 2017, none of the District's bank balance of \$516,805 was exposed to custodial credit risk.

The following is a summary of cash and cash equivalents at June 30, 2017:

	<u>Book Balance</u>	<u>Bank Balance</u>
Total Deposits	<u>\$ 512,242</u>	<u>\$ 516,805</u>

3. Levied Taxes

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

General Fund	15.00 Mills
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Ad valorem taxes attach as an enforceable lien on property as of January 1 each year. Taxes are levied by the District during the year and actually billed to taxpayers and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from Ad Valorem taxes are budgeted in the year billed and recognized as revenue when billed. The Tangipahoa Parish Sheriff's Office bills and collects the property taxes using the assessed value determined by the Tax Assessor of Tangipahoa Parish. The taxes are generally collected in December of the current year and January and February of the ensuing year. For 2016, the District levied 15.00 mills for a total tax levy of \$258,073 on taxable property valuation totaling \$17,204,587. Allowances are reported when accounts receivable are proven to be uncollectible.

4. Receivables

The following is a summary of accounts receivable at June 30, 2017:

Accounts Receivable:	
Ad Valorem Taxes	\$ -
Less: Allowance for Uncollectible Taxes	-
	<u>\$ -</u>

See independent accountant's review report.

**RECREATION DISTRICT NO. 39A OF TANGIPAHOA PARISH
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

5. Changes in Capital Assets

Capital assets and depreciation activity as of and for the year ended June 30, 2017, are as follows:

	<u>Balance</u> <u>07/01/16</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/17</u>
Capital Assets Not Being Depreciated:				
Land	\$ 93,233	\$ -	\$ -	\$ 93,233
Total Capital Assets Not Being Depreciated	93,233	-	-	93,233
Capital Assets Being Depreciated:				
Buildings	75,060	-	-	75,060
Improvements	1,592,619	89,698	-	1,682,317
Equipment	<u>172,277</u>	<u>-</u>	<u>-</u>	<u>172,277</u>
Total Capital Assets Being Depreciated	1,839,956	89,698	-	1,929,654
Less Accumulated Depreciation:				
Buildings	45,882	2,953	-	48,835
Improvements	517,604	57,118	-	574,722
Equipment	<u>83,370</u>	<u>10,320</u>	<u>-</u>	<u>93,690</u>
Total Accumulated Depreciation	<u>646,856</u>	<u>70,391</u>	<u>-</u>	<u>717,247</u>
Total Capital Assets Being Depreciated, Net	<u>1,193,100</u>	<u>19,307</u>	<u>-</u>	<u>1,212,407</u>
Total Capital Assets, Net	<u>\$ 1,286,333</u>	<u>\$ 19,307</u>	<u>\$ -</u>	<u>\$ 1,305,640</u>

Capital assets are stated at cost, less an allowance for accumulated depreciation. Depreciation expense is computed using the straight-line method over the estimated useful lives as follows:

Land	N/A
Buildings	25 Years
Improvements	7 - 30 Years
Equipment	5 - 25 Years

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

Proceeds of the 10-year special tax of 15 mills on the dollar of assessed valuation on all property subject to taxation in the District (2016 collections of \$257,698) are dedicated for the purpose of purchasing and acquiring lands, buildings, equipment and other facilities in the District for recreation to promote the well-being of youths and the general public and to pay the cost of maintaining said facilities with not less than six percent (6.0%) of the avails of the said tax dedicated to the maintenance of existing parks (Velma, Frazier, Autin) and playgrounds in the District.

See independent accountant's review report.

**RECREATION DISTRICT NO. 39A OF TANGIPAHOA PARISH
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

7. Expenditures Actual Compared to Budget

The General Fund had actual expenditures with an unfavorable budget variance exceeding 5% for the year ended June 30, 2017.

	<u>Original And Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Unfavorable Variance</u>	<u>Unfavorable Variance Percentage</u>
Total Expenditures	\$ 164,450	\$ 189,860	\$ (25,410)	(15.45)%

8. Subsequent Events

Management has evaluated subsequent events through December 20, 2017, the date which the financial statements were available to be issued.

Required Supplemental Information:
Budgetary Comparison Schedule

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

Schedule 1

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET (NON-GAAP BASIS) AND ACTUAL

FOR THE YEAR ENDED JUNE 30, 2017

	<u>Original And Final Budget</u>	<u>Actual Amounts - Budgetary Basis</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
Revenues:			
Ad Valorem Taxes	\$ 218,000	\$ 249,252	\$ 31,252
State Revenue Sharing	22,000	22,019	19
Interest Earned	-	2,567	2,567
FEMA Income	-	63,974	63,974
Total Revenues	240,000	337,812	97,812
Expenditures:			
Parks and Recreation:			
Accounting and Legal	2,500	2,529	(29)
Contract Labor	48,500	44,199	4,301
Equipment Fuel	3,000	1,351	1,649
Insurance	2,500	888	1,612
Licenses	300	300	-
Pest Control	750	1,025	(275)
Repairs and Maintenance	16,000	16,755	(755)
Supplies	400	5,205	(4,805)
Utilities	30,000	20,955	9,045
Other Expenditures	10,000	6,955	3,045
Capital Outlay	50,500	89,698	(39,198)
Total Expenditures	164,450	189,860	(25,410)
Excess of Revenues over Expenditures	75,550	147,952	72,402
Cash Balance:			
Beginning of the Year	364,290	364,290	-
End of the Year	\$ 439,840	\$ 512,242	\$ 72,402

See independent accountant's review report.

Other Supplemental Information

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

Schedule 2

SCHEDULE OF COMPENSATION PAID THE BOARD OF COMMISSIONERS

FOR THE YEAR ENDED JUNE 30, 2017

<u>Name and Address</u>	<u>Position</u>	<u>Salary</u>	<u>Term Expires</u>
Paul Durnin P.O. Box 776 Independence, LA 70443	President	\$ -	April 2018
Margaret Baglio P.O. Box 187 Independence, LA 70443	Secretary / Treasurer	\$ 3,600	N/A
Joseph Dagro 52278 Highway 1065 Independence, LA 70443	Commissioner	\$ -	April 2020
Charles Baglio P.O. Box 187 Independence, LA 70443	Commissioner	\$ -	April 2019
Gail Miller 56279 Bickham Road Amite, LA 70422	Commissioner	\$ -	April 2019
Mike Young 10056 Richardson Road Independence, LA 70443	Commissioner	\$ -	April 2021
Luke Saurez P.O. Box 1209 Independence, LA 70443	Commissioner	\$ -	April 2022

See independent accountant's review report.

RECREATION DISTRICT NO. 39A OF TANGIPAHOA PARISH
INDEPENDENCE, LOUISIANA

Schedule 3

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED JUNE 30, 2017

Agency Head: Paul Durnin, President

<u>Purpose</u>	<u>Amount</u>
Salary	\$ -
Benefits - Insurance	-
Benefits - Retirement	-
Deferred Compensation	-
Per Diem	-
Reimbursements	-
Travel	-
Other	-
	<u>\$ -</u>

See independent accountant's review report.

**Independent Accountant's Report on
Applying Agreed-Upon Procedures**

2322 Tremont Drive • Baton Rouge, LA 70809
178 Del Orleans Avenue, Suite C • Denham Springs, LA 70726
Phone: 225.928.4770 • Fax: 225.926.0945
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Independent Accountant's Report on
Applying Agreed-Upon Procedures

Mr. Paul Durnin., President
and the Members of the Board of Commissioners
Recreation District No. 39A of Tangipahoa Parish
Independence, Louisiana

We have performed the procedure enumerated below, which were agreed to by the management of Recreation District No. 39A of Tangipahoa Parish and the Legislative Auditor, State of Louisiana, on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire during the fiscal year ended June 30, 2017, as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*. Recreation District No. 39A of Tangipahoa Parish's management is responsible for the District's financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the specified parties. Consequently, we make no representation regarding the sufficiency of the procedures enumerated below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Public Bid Law

1. Obtain documentation for all expenditures made during the year for materials and supplies exceeding \$30,000, and public works exceeding \$152,550. Compare the documentation for these expenditures to Louisiana Revised Statute (R.S.) 39:1551-39:1775 (the state procurement code) or R.S. 38:2211-2296 (the public bid law), whichever is applicable; and report whether the expenditures were made in accordance with these laws.

There were no expenditures made during the year for materials and supplies exceeding \$30,000 and no expenditures were made for public works exceeding \$152,550.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by R.S. 42:1101-1124 (the code of ethics).

Management provided us with the required information.

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

There were no employees during the period under examination.

4. Report whether any employees' names appear on both lists obtained in Procedures 2 and 3.

There were no employees during the period under examination.

5. Obtain a list of all disbursements made during the year; and a list of outside business interests of board members, employees, and board members' and employees' immediate families. Report whether any vendors appear on both lists.

Management provided the requested information. None of the businesses of board members, and board members' immediate families appeared as vendors on the list of disbursements.

Budgeting

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

Management provided us with a copy of the original budget. Management represented that there were no amendments to the budget during the year.

7. Trace documentation for the adoption of the budget and approval of any amendments to the minute book, and report whether there are any exceptions.

We traced the adoption of the original budget to the minutes of meetings held May 31, 2016, which indicated that the budget had been adopted by the Commissioners of Recreation District No. 39A of Tangipahoa Parish by a vote of all in favor and none opposed.

8. Compare the revenues and expenditures of the final budget to actual revenues and expenditures. Report whether actual revenues failed to meet budgeted revenues by 5% or more, and whether actual expenditures exceeded budgeted amounts by 5% or more.

We compared the revenues and expenditures for the final budget to actual revenues and expenditures. Actual revenues exceeded budgeted revenues. An unfavorable budget variance for Actual Expenditures compared to Original and Final Budgeted Expenditures exceeded the 5% variance required by state law. See page 28 for Summary Schedule of Findings and Responses.

Accounting and Reporting

9. Obtain the list of all disbursements made during the fiscal year. Randomly select six disbursements, and obtain documentation from management for these disbursements. Compare the selected disbursements to the supporting documentation, and: select six disbursements made during the period under examination and:

- a. Report whether the six disbursements agree to the amount and the payee in the supporting documentation.

Each of the six selected disbursements agreed with the amount and payee in the supporting documentation.

- b. Report whether the six disbursements were coded to the correct fund and general ledger account.

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

- c. Report whether the six disbursements were approved in accordance with management's policies and procedures.

Inspection of documentation supporting each of the selected disbursements indicated approval by the Treasurer and the Chairman and the Board of Commissioners.

Meetings

10. Obtain evidence from management to support that agendas for meetings recorded in the minute book were posted or advertised as required by R.S. 42:11 through 42:28 (the open meetings law); and report whether there are any exceptions

We were informed by the Secretary – Treasurer and Boardmember that a notice is posted at the meeting site 24 hours in advance of a meeting. Management represented that the District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. Although not required, management posts notice of meeting in the newspaper. We sighted the notices posted in the newspaper for a meeting date selected for testing.

Debt

11. Obtain bank deposit slips for the fiscal year, and scan the deposit slips in order to identify and report whether there are any deposits that appear to be proceeds of bank loans, bonds, or like indebtedness. If any such proceeds are identified, obtain from management evidence of approval by the State Bond Commission, and report any exceptions

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

Advances and Bonuses

12. Obtain the list of payroll disbursements and meeting minutes of the governing board, if applicable. Scan these documents to identify and report whether there are any payments or approval of payments to employees that may constitute bonuses, advances, or gifts.

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

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

Prior Comments and Recommendations

13. Obtain and report management's representation as to whether any prior-year suggestions, exceptions, recommendations, and/or comments have been resolved..

The District was not required to have a review in the prior year due to revenues were less than \$200,000. We read the District's June 30, 2016 compilation report prepared by other accountants. Included in the District's June 30, 2016 compilation report was a compliance finding related to compliance with the Local Government Budget Act. For June 30, 2016, budgeted revenues exceeded actual revenues by more than 5% and actual expenditures exceeded budgeted expenditures by more than 5%.

See Procedure 7 above. For June 30, 2017, actual expenditures exceeded budgeted expenditures by more than 5%.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, and the standards applicable to attestation engagements contained in *Government Auditing Standards*, issued by the United States Comptroller General. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the District's compliance with the foregoing matters. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on the District's compliance with certain laws and regulations contained in the accompanying Louisiana Attestation Questionnaire, as required by Louisiana Revised Statute 24:513 and the Louisiana Governmental Audit Guide, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Respectfully submitted,

Hannis L. Bourgeois, CPA

Denham Springs, Louisiana
December 20, 2017

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

SUMMARY SCHEDULE OF FINDINGS AND RESPONSES

FOR THE YEAR ENDED JUNE 30, 2017

A. Internal Control Finding

None

B. Compliance Finding

Finding 2017-01 Compliance with the Local Government Budget Act

Criteria:

The District is required to follow the requirements of the Louisiana Local Government Budget Act at LSA R.S. 39:1301 through 39:1315.

Condition:

State law requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures and other financing uses exceed budgeted amounts by 5% or more. See Note 7 to the financial statements. An unfavorable budget variance for Actual Expenditures compared to Original and Final Budgeted Expenditures exceeded the 5% variance required by state law.

Cause:

The cause of this condition appears to be an oversight by management in preparing and amending the 2017 operating budget for the General Fund.

Effect:

As a result of this oversight, the District was not in compliance with certain aspects of the Local Government Budget laws.

Recommendation:

We recommend the District continue to monitor budget to actual revenues and expenses more closely and make appropriate budget amendments to comply with the law requiring the budget to actual variance to be within 5%.

Management's Response:

The District will continue to review budget to actual revenues and expenditures on a regular basis and amend the budget as necessary.

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

SUMMARY SCHEDULE OF PRIOR FINDINGS

FOR THE YEAR ENDED JUNE 30, 2017

A. Internal Control Finding

None

B. Compliance Finding

Finding 2016-01 Compliance with the Local Government Budget Act

Criteria:

The District is required to follow the requirements of the Louisiana Local Government Budget Act at LSA R.S. 39:1301 through 39:1315.

Condition:

State law requires that budgets be amended when actual revenues are less than budgeted revenues or actual expenditures exceed budgeted expenditures and other financing uses exceed budgeted amounts by 5% or more. Budgeted revenues for the year exceeded actual revenues by more than 5%. Actual expenditures for the year exceeded budgeted expenditures by more than 5%.

Cause:

The cause of this condition appears to be an oversight by management in preparing and amending the 2016 operating budget for the General Fund.

Effect:

As a result of this oversight, the District was not in compliance with certain aspects of the Local Government Budget laws.

Recommendation:

It was recommended that management continue to review the budget to actual revenues and expenditures on a monthly basis and amend the budget as necessary in an open meeting.

Management's Response:

The District will continue to review budget to actual revenues and expenditures on a regular basis and amend the budget as necessary.

Corrective Action Taken:

In the current year, actual revenues for the year exceeded budgeted revenues creating a favorable budget variance.

Additional Recommendation:

However, in the current year, we noted an unfavorable budget variance relating to expenditures. See current year finding 2017-01.

Louisiana Attestation Questionnaire

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Government)

10/5/17 (Date Transmitted)

_____ (Auditors)

In connection with your review of our financial statements as of [date] and for the year then ended, and as required by Louisiana Revised Statute (R.S.) 24:513 and the Louisiana Governmental Audit Guide, we make the following representations to you. We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

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

Public Bid Law

It is true that we have complied with the public bid law, R.S. Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration and the State Purchasing Office.

Yes [] No []

Code of Ethics for Public Officials and Public Employees

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

Yes [] No []

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

Yes [] No []

Budgeting

We have complied with the state budgeting requirements of the Local Government Budget Act (R.S. 39:1301-15), R.S. 39:33, or the budget requirements of R.S. 39:1331-1342, as applicable.

Yes [] No []

Accounting and Reporting

All non-exempt governmental records are available as a public record and have been retained for at least three years, as required by R.S. 44:1, 44:7, 44:31, and 44:36.

Yes [] No []

We have filed our annual financial statements in accordance with R.S. 24:514, and 33:463 where applicable.

Yes [] No []

We have had our financial statements reviewed in accordance with R.S. 24:513.

Yes [] No []

We have complied with R.S. 24:513 A. (3) regarding disclosure of compensation, reimbursements, benefits and other payments to the agency head, political subdivision head, or chief executive officer.

Yes [] No []

Meetings

We have complied with the provisions of the Open Meetings Law, provided in R.S. 42:11 through 42:28.

Yes [x] No []

Debt

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

Yes [] No []

Advances and Bonuses

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

Yes [] No []

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

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

<u>Margaret English</u>	Secretary	<u>10/5/17</u>	Date
<u>Margaret English</u>	Treasurer	<u>10/5/17</u>	Date
<u>Paul Pearson</u>	President	<u>10/5/17</u>	Date