

**RECREATION DISTRICT NO. 4
OF ST. TAMMANY PARISH**

Financial Statements
and
Independent Accountant's Review Report

December 31, 2017



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Independent Accountant's Review Report

To the Board of Commissioners
Recreation District No. 4 of St. Tammany Parish
Lacombe, Louisiana

We have reviewed the accompanying financial statements of the governmental activities and the major fund of Recreation District No. 4 of St. Tammany Parish (the District), a component unit of St. Tammany Parish, Louisiana, as of and for the year ended December 31, 2017 and the related notes to the financial statements 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 the management of the District. 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

The management of the District is responsible for the preparation and fair presentation of the 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 in accordance with Statements on Standards for Accounting and Review Services, issued by the American Institute of Certified Public Accountants, and applicable standards of *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require us to perform procedures to obtain limited assurance as a basis of reporting whether we are aware of any material modifications that should be made to the financial statements. 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 conformity with accounting principles generally accepted in the United States of America.

In accordance with the *Louisiana Governmental Audit Guide* and the provisions of state law, we have issued a report dated June 1, 2018, on the results of our agreed-upon procedures.

Required Supplementary 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 for them to be in conformity with accounting principles generally accepted in the United States of America. The budgetary comparison information on page 18 is presented for purposes of additional analysis. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate. The schedule of governing board on page 20 and the schedule of compensation, benefits, and other payments to agency head, as required by Louisiana Revised Statute (LRS) 24:513 A(3), on page 21, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the representation of management. We have not audited or reviewed the supplementary information and, accordingly, we do not express an opinion or provide any assurance on it.

Management has omitted the management's discussion and analysis information that is required to be presented for purposes of additional analysis. 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 statement in an appropriate operational, economic, or historical context.

A handwritten signature in cursive script, appearing to read "LaPorte".

A Professional Accounting Corporation

Covington, LA
June 1, 2018

**BASIC FINANCIAL STATEMENTS
GOVERNMENT-WIDE FINANCIAL STATEMENTS**

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
Statement of Net Position
December 31, 2017

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	Governmental Activities
Assets	
Cash and Cash Equivalents	\$ 154,582
Ad Valorem Taxes Receivable, Net	359,212
State Revenue Sharing Receivable	7,962
Capital Assets, Net of Accumulated Depreciation	<u>1,015,273</u>
Total Assets	<u>1,537,029</u>
Liabilities	
Accounts Payable	6,392
Accrued Expenses	<u>228</u>
Total Liabilities	<u>6,620</u>
Net Position	
Net Investment in Capital Assets	1,015,273
Unrestricted	<u>515,136</u>
Total Net Position	<u><u>\$ 1,530,409</u></u>

See accompanying notes and independent accountant's review report.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
Statement of Activities
For the Year Ended December 31, 2017

Functional Programs	Expenses	Program Revenue		Net (Expenses) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Recreation	\$ 518,905	\$ 49,326	\$ 15,000	\$ (454,579)
Total	\$ 518,905	\$ 49,326	\$ 15,000	(454,579)
General Revenues				
Ad Valorem Taxes				385,123
State Revenue Sharing				11,942
Interest Income				3,438
Other Income				9,254
Total General Revenues				409,757
Change in Net Position				(44,822)
Net Position, Beginning of Year				1,575,231
Net Position, End of Year				\$ 1,530,409

See accompanying notes and independent accountant's review report.

**BASIC FINANCIAL STATEMENTS
FUND FINANCIAL STATEMENTS
GOVERNMENTAL FUNDS**

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
 Balance Sheet
 Governmental Funds
 December 31, 2017

	General Fund
Assets	
Cash	\$ 154,582
Ad Valorem Taxes Receivable, Net	359,212
State Revenue Sharing Receivable	<u>7,962</u>
Total Assets	<u>\$ 521,756</u>
Liabilities	
Accounts Payable	\$ 6,392
Accrued Expenses	<u>228</u>
Total Liabilities	<u>6,620</u>
Deferred Inflows of Resources	
Unavailable Ad Valorem Taxes	<u>57,848</u>
Total Deferred Inflows of Resources	<u>57,848</u>
Fund Balance	
Unassigned	<u>457,288</u>
Total Fund Balance	<u>457,288</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 521,756</u>
Amounts reported for governmental activities in the statement of net position are different because:	
Fund Balance	\$ 457,288
Deferred inflows of resources - unavailable ad valorem taxes are not reported on government-wide financial statements.	57,848
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>1,015,273</u>
Net Position of Governmental Activities	<u>\$ 1,530,409</u>

See accompanying notes and independent accountant's review report.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2017

	General Fund
Revenues	
Ad Valorem Taxes	\$ 383,317
Sports Registration Fees	24,705
Folgers	15,000
Concession Income	12,632
Facility Rentals	11,989
State Revenue Sharing	11,942
Other Income	9,254
Interest Income	3,438
	<hr/>
Total Revenues	472,277
	<hr/>
Expenditures	
General and Administration	267,861
Recreation	164,895
Capital Outlay	54,087
	<hr/>
Total Expenditures	486,843
	<hr/>
Net Change in Fund Balance	(14,566)
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Fund Balance, Beginning of Year	471,854
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Fund Balance, End of Year	\$ 457,288
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See accompanying notes and independent accountant's review report.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies

Introduction

Recreation District No. 4 of St. Tammany Parish (the District) was created by the St. Tammany Parish Police Jury on August 6, 1981, pursuant to Louisiana Revised Statute 33:4564. The District has the authority to own and operate facilities and engage in activities which promote recreation. The governing board is made up of seven commissioners appointed by the St. Tammany Parish Council (the Parish Council) who serve four-year terms.

Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14 established criteria for determining which component units should be considered part of an entity for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability. As such, the District has no component units under the criteria established.

The District is a component unit of St. Tammany Parish (the Parish) because the Parish Council appoints all members of the District's governing board and, as such, is financially accountable for the District. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Parish, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to governmental entities. Following is a summary of significant accounting policies.

Basis of Presentation

The accompanying basic financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, issued in June 1999, as amended by GASB Statement No. 63 in June 2011.

Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Because of the nature of the District's operations, the District reports only governmental activities.

See independent accountant's review report.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is 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 contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds.

Fund Financial Statements

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The funds of the District are classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District, or the total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The District reports the following major governmental fund:

General Fund - The General Fund is the primary operating fund of the District. It accounts for all the financial resources except those that are required to be accounted for in other funds.

Measurement Focus/Basis of Accounting

The government-wide financial statements are accounted for using an economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income and changes in financial position.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used, regardless of the timing of related cash flows.

See independent accountant's review report.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Measurement Focus/Basis of Accounting (Continued)

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period, or soon enough thereafter to pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year-end.

Ad valorem taxes are considered to be collected when they are collected by the St. Tammany Parish Sheriff. Ad valorem taxes collected after 60 days are recorded as a deferred inflow of resources on the governmental fund balance sheet. State revenue sharing associated with the current fiscal period is considered susceptible to accrual and so has been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District. Property taxes, intergovernmental revenues, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period.

Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt, which are recognized when payment is 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.

Budget and Budgetary Accounting

Formal budgetary accounting is employed as a management control device during the year for the General Fund. Formal budgetary accounting is not employed for the Debt Service Fund because effective control is alternatively achieved through indenture provisions of the debt certificates.

The budget is adopted for the General Fund on a basis consistent with accounting principles generally accepted in the United States of America. All appropriations which are not expended lapse at year-end.

Cash and Cash Equivalents

Cash includes amounts in interest-bearing demand deposits. 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.

See independent accountant's review report.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents (Continued)

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 market.

Receivables

Receivables are reported net of estimated uncollectible amounts. At December 31, 2017, the allowance for uncollectibles was \$10,273. This represents 2.5% of the total ad valorem tax assessed. This estimate is based on the District's history of collections within this revenue stream.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than \$600 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated cost if historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

Equity Classifications

Government-wide net position is divided into three components:

- a. *Net Investment in Capital Assets* - Consists of capital assets, including restricted 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.
- b. *Restricted* - 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.
- c. *Unrestricted* - All other net position is reported in this category.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy is to apply restricted net position first.

See independent accountant's review report.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 1. Summary of Significant Accounting Policies (Continued)

Equity Classifications (Continued)

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

1. *Nonspendable* - Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.
2. *Restricted* - Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
3. *Committed* - Amounts that can be used only for specific purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through formal actions of the Board of Commissioners.
4. *Assigned* - Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the District's adopted policy, only the Board of Commissioners may assign amounts for specific purposes.
5. *Unassigned* - All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Commissioners has provided otherwise in its commitment or assignment actions.

Use of 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.

See independent accountant's review report.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 2. Cash

The following is a summary of cash (book balances) at December 31, 2017:

Demand Deposits per Bank	\$ 164,645
Secured by Federal Deposit Insurance	<u>(164,645)</u>
Unsecured / Uncollateralized	<u>\$ -</u>

These deposits are stated at cost, which approximates market.

Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the 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 the amount on deposit with the fiscal agent bank. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be recovered. The District does not have a deposit policy for custodial credit risk. As of December 31, 2017, none of the District's bank balance was exposed to custodial credit risk.

Note 3. Ad Valorem Taxes

The District's ad valorem tax is levied in October of each year on the assessed value of property within the District's taxing area. Taxes are due and payable by December 31, and an enforceable lien attaches to the property on January 1. The taxes are collected on behalf of the District by the St. Tammany Parish Sheriff and then remitted to the District. The District receives most of the ad valorem taxes in February, March, and April. For the year ended December 31, 2017, taxes of 10.82 mills were levied on property within the District.

See independent accountant's review report.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

Note 4. Capital Assets

Capital assets activity for the year ended December 31, 2017, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Being Depreciated				
Recreational Facilities	\$ 1,614,749	\$ 48,064	\$ -	\$ 1,662,813
Total Capital Assets Being Depreciated	<u>1,614,749</u>	<u>48,064</u>	<u>-</u>	<u>1,662,813</u>
Less Accumulated Depreciation for:				
Recreational Facilities	(567,414)	(80,126)	-	(647,540)
Total Accumulated Depreciation	<u>(567,414)</u>	<u>(80,126)</u>	<u>-</u>	<u>(647,540)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 1,047,335</u>	<u>\$ (32,062)</u>	<u>\$ -</u>	<u>\$ 1,015,273</u>

The District recorded \$80,126 of depreciation expense on its capital assets for the year ended December 31, 2017.

Note 5. 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. During the year ended December 31, 2017, the District carried insurance through various commercial carriers to cover all risks of loss. The District had no settled claims resulting from these risks that exceeded its commercial coverage in any of the past three fiscal years.

See independent accountant's review report.

REQUIRED SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
Schedule of Revenues, Expenditures, and Changes in
Fund Balance - Budget and Actual (Budgetary Basis) - General Fund
For the Year Ended December 31, 2017

	Budget		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Ad Valorem Taxes	\$ 345,000	\$ 345,000	\$ 383,317	\$ 38,317
Sports Registration Fees	47,800	47,800	24,705	(23,095)
Folgers	15,000	15,000	15,000	-
Concession Revenue	10,000	10,000	12,632	2,632
Facility Rentals	18,000	18,000	11,989	(6,011)
State Revenue Sharing	9,500	9,500	11,942	2,442
Other Income	14,589	14,589	9,254	(5,335)
Interest Revenue	-	-	3,438	3,438
Total Revenues	459,889	459,889	472,277	12,388
Expenditures				
General and Administration	165,223	165,223	267,861	(102,638)
Recreation	234,632	234,632	164,895	69,737
Capital Outlay	150,000	150,000	54,087	95,913
Total Expenditures	549,855	549,855	486,843	63,012
Net Change in Fund Balance	\$ (89,966)	\$ (89,966)	(14,566)	\$ 75,400
Fund Balance, Beginning of Year			471,854	
Fund Balance, End of Year			\$ 457,288	

See accompanying notes and independent accountant's review report.

OTHER SUPPLEMENTARY INFORMATION

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
 Schedule of Governing Board
 For the Year Ended December 31, 2017

Board of Commissioners	Expiration	Compensation
Jacki Schneider, Chair 26545 Mildred Drive Lacombe, LA 70445	December 31, 2019	\$-0-
Antoinette Wright P.O. Box 491 Lacombe, LA 70445	December 31, 2019	-0-
Michele Cusimano 61191 Crestline Drive Lacombe, LA 70445	December 31, 2019	-0-
Gerrin Narcisse 27223 Heltemes Lane Lacombe, LA 70445	December 31, 2019	-0-
Al Hamauei 60162 Oaklawn Avenue Lacombe, LA 70445	December 31, 2019	-0-
Leonard Schmidt 59275 Pinebay Lane Lacombe, LA 70445	December 31, 2019	-0-

See independent accountant's review report.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
Schedules of Compensation, Benefits, and Other Payments
to Agency Head
For the Year Ended December 31, 2017

Agency Head
Jordan Johnson, Executive Director

Purpose	Amount
Salary	\$45,000
Benefits - Insurance	\$303
Benefits - Retirement	\$0
Benefits - Other	\$0
Car Allowance	\$0
Vehicle Provided by Government	\$0
Per Diem	\$0
Reimbursements	\$1,141
Travel	\$0
Registration Fees	\$0
Conference Travel	\$764
Continuing Professional Education Fees	\$0
Housing	\$0
Unvouchered Expenses	\$0
Special Meals	\$0

See independent accountant's review report.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
Schedule of Findings and Management Corrective Action Plan (Continued)
For the Year Ended December 31, 2017

2017-001 Financial Statement Preparation

Criteria: Management is responsible for developing internal controls related to the preparation of financial statements as well as preparing financial statements in accordance with accounting principles generally accepted in the United States of America.

Condition: As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the District's annual financial statements. This condition is intentional by management based upon the cost effectiveness of acquiring the ability to prepare financial statements in accordance with generally accepted accounting principles. Consistent with this decision, internal controls over the preparation of year-end adjusting entries and annual financial statements, complete with notes, in accordance with generally accepted accounting principles, have not been established. Under generally accepted auditing standards, this condition represents a significant deficiency in internal controls. Recently issued Statement on Auditing Standards (SAS) 115 requires that we report the above condition as a control deficiency. The SAS does not provide exceptions to reporting deficiencies that are adequately mitigated with non-audit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

Cause: The District's lack of financial complexity.

Effect: Numerous year-end adjusting entries.

Recommendation: We have determined that the most cost effective and prudent use of the District's funds is to engage the auditor to prepare the District's annual financial report. As such, we feel no action by the District is necessary at this time.

Management's Response: No action will be taken by management at this time.

See independent accountant's review report.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH
Schedule of Prior Findings
For the Year Ended December 31, 2017

2016-001 Financial Statement Preparation

Status: This finding has not been resolved. See current year finding 2017-001.

2016-002 Meetings

Status: This finding has been resolved.

2016-003 Credit Card Usage

Status: See 2017 Legislative Auditor Act 774 Agreed-upon Procedures Report for status.

2016-004 District Failed to Document and Deposit Cash

Status: See 2017 Legislative Auditor Act 774 Agreed-upon Procedures Report for status.

2016-005 No Documentation for Travel Advances and Mileage Reimbursements

Status: See 2017 Legislative Auditor Act 774 Agreed-upon Procedures Report for status.

2016-006 No Documentation Hours Worked/Leave Taken

Status: See 2017 Legislative Auditor Act 774 Agreed-upon Procedures Report for status.

2016-007 Internal Control Observations

Status: See 2017 Legislative Auditor Act 774 Agreed-upon Procedures Report for status.

See independent accountant's review report.

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

To the Board of Commissioners
Recreation District No. 4 of St. Tammany Parish
Lacombe, Louisiana

We have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of Recreation District No. 4 of St. Tammany Parish (the District) and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended December 31, 2017, included in the accompanying *Louisiana Attestation Questionnaire*. Management of the District is responsible for its financial records and compliance with applicable laws and regulations. The sufficiency of these procedures is solely the responsibility of the Legislative Auditor. Consequently, we make no representation regarding the sufficiency of these procedures described below either for the purpose which this report has been requested or for any other purpose.

The procedures and associated results are as follows:

Public Bid Law

1. Select all expenditures made during the year for materials and supplies exceeding \$30,000, or public works exceeding \$150,000, and determine whether such purchases were made in accordance with LRS 38:2211-2296 (the public bid law) or LRS 39:1551-39:1775 (the state procurement code), whichever is applicable.

Results: A review was made of all disbursements for the year. We noted one purchase that exceeded \$30,000. We noted that there was one purchase for recreation equipment that exceeded \$30,000. The District obtained 3 bids and purchased the equipment from the lowest bidder. However, we noted that the District did not advertise the public bid in its official journal.

Management's Response: Management will ensure that future purchases over \$30,000 are advertised in accordance with LRS 38:2211-2296.

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 LRS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

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

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

Results: Management provided us with the required list.

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

Results: None of the individuals included on the list of employees provided by management in agreed-upon procedure (3) appeared on the list provided by management in agreed-upon procedure (2) as immediate family members.

Budgeting

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

Results: A copy of the legally adopted budget was obtained from management. There were no amendments to the 2017 budget.

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

Results: We were unable to trace the budget adoption to the minute book for board approval as the minutes for the meeting of initial adoption could not be located.

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

Results: No exceptions were noted as budgeted expenditures were below \$500,000 for the year ended December 31, 2017.

Accounting and Reporting

8. Randomly select six disbursements made during the period under review and:

- a. Trace payments to supporting documentation as to proper amount and payee;
- b. Determine if payments were properly coded to the correct fund and general ledger account; and
- c. Determine whether payments received approval from proper authorities.

Results: One of the disbursements was for a refund which would not have support. The other five disbursements were traced to supporting documentation and we noted that each was coded to correct general ledger account and that checks were signed by two board members.

Meetings

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LRS 42:11-42:28 (the open meetings law).

Results: We examined evidence noting that meeting dates were advertised as required by LRS 42:11-42:28.

Debt

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

Results: There were no proceeds from bank loans, bonds, or like indebtedness identified in our review of deposits.

Advances and Bonuses

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

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

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. 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 laws and regulations. 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.

This report is intended solely for the use of the management of Recreation District No. 4 of St. Tammany Parish and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Louisiana Legislative Auditor as a public document.



A Professional Accounting Corporation

Covington, LA
June 1, 2018

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

Dear Chief Executive Officer:

Attached is the Louisiana Attestation Questionnaire that is to be completed by you or your staff. This questionnaire is a required part of the review/attestation engagement of Louisiana governmental agencies. Upon completion, the questionnaire must be presented to and adopted by the governing body, if any, of your organization by means of a formal resolution in an open meeting. Independently elected government officials should sign the document, in lieu of such a resolution.

The completed attestation questionnaire and a copy of the adoption instrument, if appropriate, **must be given to the independent certified public accountant at the beginning of the engagement.** The CPA will, during the course of his/her engagement, perform certain agreed-upon procedures to the responses in the questionnaire. It is not necessary to return the questionnaire to my office.

Certain portions of the questionnaire may not be applicable to your organization. In such cases, it is appropriate to mark the representation "not applicable." However, you must respond to each applicable representation. A 'yes' answer indicates that you have complied with the applicable law or regulation. A 'no' answer to any representation indicates a possible violation of law or regulation and, as such, should be fully explained. These matters will be reviewed by the CPA during the course of his/her engagement. Please feel free to attach a further explanation of any representation.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Daryl G. Purpera, CPA, CFE
Louisiana Legislative Auditor

LOUISIANA ATTESTATION QUESTIONNAIRE
(For Attestation Engagements of Governmental Agencies)

LaPorte 3/8/2010 (Date Transmitted)

_____ (CPA Firm Name)

_____ (CPA Firm Address)

_____ (City, State Zip)

In connection with your engagement to apply agreed-upon procedures to the control and compliance matters identified below, as of 12/31/2017 (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.

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 No

