

**JACKSON PARISH
RECREATION DISTRICT
ANNUAL FINANCIAL REPORT
DECEMBER 31, 2013**

Jackson Parish Recreation District
Jonesboro, Louisiana

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Jackson Parish Recreation District

**P. O. Box 315
Jonesboro, LA 71251**

MANAGEMENT'S DISCUSSION AND ANALYSIS for the Year Ended December 31, 2013

The Management's Discussion and Analysis of the Jackson Parish Recreation District provides an overview and overall review of the District's financial activities for the year ended December 31, 2013. The intent of the MD&A is to look at the District's financial performance as a whole. It should, therefore be read in conjunction with this report.

Financial Highlights

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. These statements tell how these services were financed in the short-term as well as what remains for future spending. Certain comparative information is presented to provide an over-view of the District's operations.

Government-Wide Financial Statements

- The Statement of Net Position presents all of the District's assets and liabilities, with the difference between the two reported as "net position". Over time, increases or decreases in the District's net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The Statement of Activities presents information showing how the District's net position changed during the current year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Therefore, some revenues and some expenses that are reported in this statement will not result in cash flows until future years.

Fund Financial Statements

- The services provided by the District are financed through governmental funds. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District's governmental fund is the General Fund (primary operating fund). These statements provide a short-term view of the District's finances and assists in determining whether there will be adequate financial resources available to meet the current needs of the District.

A summary of the basic government-wide financial statements is as follows:

Summary of Statement of Net Position

	<u>2013</u>	<u>2012</u>
ASSETS:		
Current Assets-		
Cash & Cash Equivalents	\$ 785,261	\$1,783,724
Prepaid Insurance	17,560	13,242
Revenue Receivable	<u>1,135,649</u>	<u>1,059,657</u>
Total Current Assets	\$1,938,470	\$2,856,623
Noncurrent Assets-		
Capital Assets (Net)	<u>3,168,924</u>	<u>1,688,435</u>
Total Assets	<u>\$5,107,394</u>	<u>\$4,545,058</u>
LIABILITIES:		
Current Liabilities-		
Accounts Payable	\$ 42,329	\$ 19,953
Payroll Payables	14,885	6,260
Capital Lease Payable- current portion	<u>17,895</u>	<u>0</u>
Total Current Liabilities	\$ <u>75,109</u>	\$ <u>26,213</u>
Long-Term Liabilities		
Capital Lease Payable	\$ 31,323	\$ 0
Compensated Absences	<u>5,647</u>	<u>2,263</u>
Total Long-Term Liabilities	\$ <u>36,970</u>	\$ <u>2,263</u>
Total Liabilities	\$ <u>112,079</u>	\$ <u>28,476</u>
NET POSITION:		
Net Investment in Capital Assets	\$3,119,706	\$1,688,435
Unrestricted	<u>1,875,609</u>	<u>2,828,147</u>
Total Net Position	<u>\$4,995,315</u>	<u>\$4,516,582</u>

Summary of Statement of Activities

	<u>2013</u>	<u>2012</u>
REVENUES:		
Charges for Services	\$ 96,649	\$ 52,680
General Revenues-		
Taxes	1,236,059	1,159,978
Interest	2,106	2,728
Miscellaneous	<u>6,328</u>	<u>3,100</u>
Total Revenues	\$1,341,142	\$1,218,486
EXPENDITURES:		
Recreation	<u>862,409</u>	<u>556,251</u>
Change in Net Position	<u>\$ 478,733</u>	<u>\$ 662,235</u>

- The District's assets exceeded its liabilities by \$4,995,315 (Net Position) for the year. For the prior year assets exceeded liabilities by \$4,516,582.
- Unrestricted Net Position of \$1,875,609 represents the portion available to maintain the District's obligation to both citizens and creditors. This is a decrease of \$1,001,756 from prior year.

General Fund Budgetary Highlights

The District continues to receive sufficient revenue to provide recreational services to the citizens of the parish.

Economic Factors and Next Year's Budget

The District has prepared its 2014 budget for the General Fund taking into consideration the revenues and expenses from prior year and any projected services and costs that may occur in 2014.

Contacting the District

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Any questions about this report or requests for additional information may be directed to the District at P. O. Box 315, Jonesboro, LA 71251.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation

Roger M. Cunningham, CPA – A Professional Corporation

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
Jackson Parish Recreation District
Jonesboro, LA 71251

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and major fund information of the Jackson Parish Recreation District (District), a component unit of the Jackson Parish Police Jury, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund information of the District as of December 31, 2013, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 through 3 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is presented for purposes of additional analysis and 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. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the introductory section because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The budgetary comparison listed as required supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The budgetary comparison statement is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 2, 2014, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

June 2, 2014

Natchitoches, Louisiana

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS

Jackson Parish Recreation District
Statement of Net Position
December 31, 2013

	Governmental <u>Activities</u>
ASSETS:	
Current Assets-	
Cash & Cash Equivalents	\$ 785,261
Prepaid Insurance	17,560
Revenue Receivable	<u>1,135,649</u>
Total Current Assets	\$1,938,470
Noncurrent Assets-	
Capital Assets (Net)	<u>3,168,924</u>
Total Assets	<u>\$5,107,394</u>
LIABILITIES:	
Current Liabilities-	
Accounts Payable	\$ 42,329
Payroll Payables	14,885
Capital Lease Payable- current portion	<u>17,895</u>
Total Current Liabilities	<u>\$ 75,109</u>
Noncurrent Liabilities-	
Capital Lease Payable	\$ 31,323
Compensated Absences	<u>5,647</u>
Total Long-Term Liabilities	<u>\$ 36,970</u>
Total Liabilities	<u>\$ 112,079</u>
NET POSITION:	
Net Investment in Capital Assets	\$3,119,706
Unrestricted	<u>1,875,609</u>
Total Net Position	<u>\$4,995,315</u>

See notes to financial statements.

Jackson Parish Recreation District
Statement of Activities
December 31, 2013

<u>Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
Governmental Activities:					
Recreation-					
Personnel	\$200,352	\$ 0	\$0	\$0	\$ (200,352)
Programs	187,860	67,383	0	0	(120,477)
Concessions	26,025	29,266	0	0	3,241
Utilities	47,366	0	0	0	(47,366)
Operations	<u>400,806</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(400,806)</u>
 Total Governmental Activities	 <u>\$862,409</u>	 <u>\$96,649</u>	 <u>\$0</u>	 <u>\$0</u>	 <u>\$ (765,760)</u>
General Revenues:					
					\$1,236,059
					2,106
					571
					<u>5,757</u>
					 Total General Revenues
					\$1,244,493
					 Change in Net Position
					\$ 478,733
					 Net Position January 1, 2013
					<u>4,516,582</u>
					 Net Position December 31, 2013
					<u>\$4,995,315</u>

FUND FINANCIAL STATEMENTS

Jackson Parish Recreation District
Balance Sheet-Governmental Fund
December 31, 2013

	<u>General Fund</u>
ASSETS:	
Cash & Cash Equivalents	\$ 785,261
Prepaid Insurance	17,560
Revenue Receivables	<u>1,135,649</u>
Total Assets	<u>\$1,938,470</u>
LIABILITIES:	
Accounts Payable	\$ 42,329
Payroll Liabilities	<u>14,885</u>
Total Liabilities	<u>\$ 57,214</u>
FUND BALANCE:	
Nonspendable- Prepaid Insurance	\$ 17,560
Unassigned	<u>1,863,696</u>
Total Fund Balance	<u>\$1,881,256</u>
Total Liabilities & Fund Balance	<u>\$1,938,470</u>

See notes to financial statements.

Jackson Parish Recreation District
Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
December 31, 2013

Total Fund Balance for the Governmental Fund
at December 31, 2013 \$1,881,256

Total Net Position reported for Governmental Activities
in the Statement of Net Position is different because:

Capital Assets used in Governmental Activities are not
financial resources and, therefore, are not reported
in the Governmental Fund. Those assets consist of:

Land, Equipment, Buildings, and Vehicles 3,876,563
Less: Accumulated Depreciation (707,639)

Long-term liabilities are not due and payable in the
current period and, therefore are not reported in the
Governmental Fund:

Capital Lease Payable (49,218)
Accrued Compensated Absences (5,647)

Total Net Position of Governmental Activities
at December 31, 2013 \$4,995,315

Jackson Parish Recreation District
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Fund
December 31, 2013

	<u>General Fund</u>
Revenues:	
Ad Valorem Taxes	\$ 1,236,059
Fees, Charges & Commissions for Services-	
Baseball & Softball	36,602
Basketball	3,775
Other Programs	3,114
Golf Course	23,893
Concessions	29,266
Miscellaneous-	
Interest	2,106
Other	<u>5,757</u>
Total Revenues	<u>\$ 1,340,572</u>
Expenditures:	
Culture & Recreation-	
Baseball & Softball	\$ 121,664
Basketball	7,031
Flag Football	10,070
Concessions	26,025
Golf Course	56,072
Operating	313,498
Salary & Related Expenditures	196,968
Debt Service Principal Payments	4,474
Capital Outlay	<u>1,608,187</u>
Total Expenditures	<u>\$ 2,343,989</u>
Excess (Deficiency) of Revenues over Expenditures	<u>\$(1,003,417)</u>
Other Financing Sources:	
Proceeds from Capital Lease	\$ 53,692
Gain on Sale of Capital Assets	<u>571</u>
Total Other Financing Sources	<u>\$ 54,263</u>
Excess (Deficiency) of Revenues and Other Sources over Expenditures	\$ (949,154)
Fund Balance-Beginning of Year	<u>2,830,410</u>
Fund Balance-End of Year	<u>\$ 1,881,256</u>

See notes to financial statements.

Jackson Parish Recreation District
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balance of the Governmental Fund
to the Statement of Activities
for the Year Ended December 31, 2013

Net Change in Fund Balance-Governmental Fund	\$ (949,154)
The Change in Net Position reported for Governmental Activities in the Statement of Activities is different because:	
Increases in accrued compensated absences are reflected as an increase in expenses on the Statement of Activities, but are not reported in the Governmental Funds.	(3,384)
Governmental Funds report Capital Outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. The cost of Capital Assets recorded in the current period is	1,608,187
Governmental Funds report Proceeds from Financing Capital Assets as revenue. However, in the Statement of Activities it is reported as a long-term liability.	(53,692)
Governmental Funds expense debt principal payments. However, the payments are recorded against the liability in the Governmental Activities.	4,474
Depreciation expense on Capital Assets is reported in the Government-wide Financial Statements, but does not require the use of current financial resources and is not reported in the Fund Financial Statements. Current year depreciation expense is	<u>(127,698)</u>
Change in Net Position of Governmental Activities	<u>\$ 478,733</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

Jackson Parish Recreation District
Notes to Financial Statements
December 31, 2013

Introduction:

The Jackson Parish Recreation District created March 21, 2001, as provided by Louisiana Revised Statute 33:4562, is located in Jackson Parish in northeast Louisiana. The District is governed by seven board members, appointed by the Jackson Parish Police Jury to act as the governing authority. The terms of the board members are five years and vacancies are filled by the Jackson Parish Police Jury.

The Recreation District was established to provide recreational programs and facilities for the residents of the parish funded by ad valorem taxes and program revenues.

1. Summary of Significant Accounting Policies:

A. REPORTING ENTITY-

As the governing authority of the parish, for reporting purposes, the Jackson Parish Police Jury is the financial reporting entity for Jackson Parish. The financial reporting entity consists of (a) the primary government (police jury), (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 (GASB) Statement No. 14 established criteria for determining which component units should be considered part of the Jackson Parish Police Jury for financial reporting purposes. The basic criteria 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 police jury 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 police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
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.

Jackson Parish Recreation District
Notes to Financial Statements
December 31, 2013

Because the police jury appoints the organization's governing body, and the potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury, the Jackson Parish Recreation District was determined to be a component unit of the Jackson Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Jackson Parish Recreation District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. BASIS OF PRESENTATION-

Government-Wide Financial Statements (GWFS)

The Statement of Net Position and Statement of Activities report information about the reporting government as a whole. They include all funds of the reporting entity. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) fees and charges paid by the recipient for goods or services offered by the program, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

C. FUND ACCOUNTING-

The accounts of the District are organized on the basis of funds. A fund is an independent fiscal and accounting entity with a separate set of self-balancing accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds maintained is consistent with legal and managerial requirements.

The District has one fund, which is categorized as a governmental fund. The emphasis on fund financial statements is on major governmental and enterprise funds; each displayed in a separate column. A fund is considered major if it is the primary operating fund of the entity.

The fund of the District is described below:

Governmental Fund-

General Fund - used to account for all financial resources, except those required to be accounted for in another fund.

Jackson Parish Recreation District
Notes to Financial Statements
December 31, 2013

D. MEASUREMENT FOCUS/BASIS OF ACCOUNTING-

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Accrual Basis - Government-Wide Financial Statements (GWFS)

The Statement of Net Position and the Statement of Activities display information about the District as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Modified Accrual Basis - Fund Financial Statements (FFS)

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are 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 year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred.

The exceptions to this general rule are that (1) unmatured principal and interest on long-term debt, if any, are recorded when due and (2) claims and judgments and compensated absences are recorded as expenditures when paid with expendable available financial resources.

E. CASH AND INTEREST-BEARING DEPOSITS-

For purposes of the Statement of Net Position, cash and interest-bearing deposits include all demand accounts and certificates of deposit of the District.

F. CAPITAL ASSETS-

Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$500 or more for capitalizing capital assets.

Jackson Parish Recreation District
Notes to Financial Statements
December 31, 2013

The costs of normal maintenance and repairs that do not add to the value of that asset or materially extend the life of that asset are not capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation.

The range of useful lives by type of asset is as follows:

Buildings and improvements	40 years
Equipment and vehicles	3-10 years

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

G. EQUITY CLASSIFICATIONS-

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

- a. Net investment in capital assets - consists of capital assets including 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.
- b. Restricted net position - consists of net resources with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provision or enabling legislation.
- c. Unrestricted net position - all other resources that do not meet the definition of "restricted" or "net investment in capital assets".

When an expense is incurred for the purposes for which both restricted and unrestricted net position is available, management applies unrestricted resources first, unless a determination is made to use restricted resources. The policy concerning which to apply first varies with the intended use and legal requirements. This decision is typically made by management at the incurrence of the expense.

Jackson Parish Recreation District
Notes to Financial Statements
December 31, 2013

In the fund statements, governmental fund equity is classified as fund balance. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- a. Nonspendable fund balance - amounts that are not in a spendable form (such as prepaid expenses) or are required to be maintained intact;
- b. Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- c. Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- d. Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- e. Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The General Fund has an unassigned fund balance of \$1,863,696. If applicable, the District would typically use restricted fund balances first, followed by committed resources and assigned resources as appropriate opportunities arise, but reserves the right to selectively spend unassigned resources first and to defer the use of these other classified funds.

H. 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 statement and the reported amounts of revenue, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

I. BUDGET-

Prior to the beginning of each fiscal year, the District adopts a budget for the next fiscal year. The budget is open for public inspection. All budgetary appropriations lapse at the end of the fiscal year. The budget is prepared on the modified accrual basis of accounting.

Jackson Parish Recreation District
Notes to Financial Statements
December 31, 2013

J. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS-

In November 2010, the GASB issued Statement 61, *The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34*. GASB 61 provides additional criteria for classifying entities as component units to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. This statement is effective for periods beginning after June 15, 2012.

In March 2012, the GASB issued Statement 66, *Technical Corrections-2012*. GASB 66 improves accounting and financial reporting by state and local governmental entities by resolving conflicting guidance that resulted from the issuance of GASB No. 54 and GASB No. 62. This statement is effective for periods beginning after December 15, 2012. The adoption of GASB 66 does not have any impact on the District's financial statements.

2. Cash and Cash Equivalents:

For reporting purposes, cash and cash equivalents include demand deposits, time deposits, and certificates of deposit. At December 31, 2013, the District had cash and cash equivalents (collected bank balances) totaling \$785,261. Cash equivalents are stated at cost, which approximates market. Under Louisiana law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the 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 bank in a holding or custodial bank in the form of safekeeping receipts held by the District. The deposits at December 31, 2013 are as follows:

Demand Deposits	\$ 672,411
Time Deposits	112,850
FDIC Insurance	(362,850)
Pledged Securities	<u>(422,411)</u>
Uninsured	<u>\$ _____0</u>

Even though the pledged securities 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 Jackson Parish Recreation District that the fiscal agent has failed to pay deposited funds upon demand.

3. Inventories:

Concession supplies are expensed when purchased. The amount on hand is not material to the financial statements.

Jackson Parish Recreation District
Notes to Financial Statements
December 31, 2013

4. Ad Valorem Taxes:

The District levies taxes on real and business personal property located within the boundaries of Jackson Parish. Property taxes are levied by the District on property values assessed by the Assessor and approved by the State of Louisiana Tax Commission.

The Jackson Parish Sheriff's office bills and collects property taxes for the District. Collections are remitted to the District monthly. The District recognizes property tax revenues when levied.

<u>Property Tax Calendar</u>	
Assessment date	January 1
Levy date	November 15
Total taxes due	December 31
Penalties and interest added	January 31
Lien date	January 31
Tax sale	May 16

A revaluation of all property is required to be completed no less than every four years. The last revaluation was completed for the roll of January 1, 2012. Total assessed value was \$271,267,910 in 2013. Louisiana state law exempts the first \$7,500 of assessed value of a taxpayer's primary residence from parish property taxes. This homestead exemption was a total of \$19,564,830 of the assessed value in 2013. For the year ended December 31, 2013, taxes of 4.89 mils were levied on the property.

The five largest taxpayers and their assessed valuation are as follows:

<u>Taxpayer</u>	<u>Assessed Value</u>
Exco Operating Co.	\$82,498,870
ETC Tiger Pipeline	42,726,910
Regency Intrastate Pipeline	22,683,640
Rock Tenn	16,688,920
Centerpoint Energy Gas Pipeline	16,096,150

5. Operating Lease:

The District entered into an operating lease with Fairway Carts, Inc. on September 11, 2013. The lease is for the rental of 10 EZGO golf carts at the amount of \$60 per cart per month. The term of this lease shall be for a period of two years, beginning September 18, 2013 and ending August 17, 2015. Lease payments in 2013 totaled \$3,000.

The future minimum lease obligations are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$ 7,200
2015	\$ 4,200

Jackson Parish Recreation District
Notes to Financial Statements
December 31, 2013

6. Capital Assets:

Capital asset balances and activity for the year ended December 31, 2013, is as follows:

<u>Governmental Activities</u>	<u>Balance 01-01-13</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-13</u>
Capital Assets Not Depreciated:				
Land	\$ 110,055	\$ 150,000	\$ 0	\$ 260,055
Construction in Progress	<u>48,167</u>	<u>277,431</u>	<u>21,922</u>	<u>303,676</u>
Total Assets Not Depreciated	<u>\$ 158,222</u>	<u>\$ 427,431</u>	<u>\$21,922</u>	<u>\$ 563,731</u>
Capital Assets Depreciated:				
Athletic Equipment	\$ 15,020	\$ 107,943	\$ 0	\$ 122,963
Vehicles	49,504	25,965	14,722	60,747
Buildings	461,612	224,491	0	686,103
Grounds Equipment	92,449	19,702	14,746	97,405
Kitchen Equipment	7,946	6,676	0	14,622
Land Improvements	1,364,804	762,946	0	2,127,750
Office Equipment	18,909	1,263	8,742	11,430
Outdoor Equipment	<u>138,120</u>	<u>53,692</u>	<u>0</u>	<u>191,812</u>
Total Assets Depreciated	<u>\$2,148,364</u>	<u>\$1,202,678</u>	<u>\$38,210</u>	<u>\$3,312,832</u>
Total Assets	<u>\$2,306,586</u>	<u>\$1,630,109</u>	<u>\$60,132</u>	<u>\$3,876,563</u>
Less, Accumulated Depreciation:				
Athletic Equipment	\$ 6,425	\$ 8,509	\$ 0	\$ 14,934
Vehicles	49,502	866	14,722	35,646
Buildings	118,656	17,616	0	136,272
Grounds Equipment	59,568	7,884	14,746	52,706
Kitchen Equipment	5,172	992	0	6,164
Land Improvements	317,968	78,165	0	396,133
Office Equipment	17,518	457	8,742	9,233
Outdoor Equipment	<u>43,342</u>	<u>13,209</u>	<u>0</u>	<u>56,551</u>
Total Depreciation	<u>\$ 618,151</u>	<u>\$ 127,698</u>	<u>\$38,210</u>	<u>\$ 707,639</u>
Net Capital Assets	<u>\$1,688,435</u>	<u>\$1,502,411</u>	<u>\$21,922</u>	<u>\$3,168,924</u>

Depreciation expense of \$127,698 was charged to the recreation function.

Jackson Parish Recreation District
Notes to Financial Statements
December 31, 2013

7. Capital Lease Purchase:

The District entered into a capital lease agreement with John Deere Financial on October 29, 2013 totaling \$53,692. The lease is for 6 pieces of equipment for the golf course and is over a period of three years, beginning November 1, 2013 and ending November 1, 2016. Monthly lease payments are \$1,491 with a bargain purchase option price of \$1 for each piece of equipment at the end of the lease. Lease payments in 2013 totaled \$4,474. The following is a summary of the activity for the year ended December 31, 2013.

<u>Capital Lease</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
John Deere Financial	\$ -	53,692	(4,474)	\$ 49,218

The future minimum lease obligations are as follows:

<u>Year</u>	<u>Amount</u>
2014	\$17,895
2015	17,895
2016	<u>13,428</u>
Total	<u>\$49,218</u>

8. Compensated Absences:

All full-time employees earn annual leave at rates varying from twelve to twenty-one days each year depending upon length of service. Employees of the Recreation District shall not accrue more than twenty-one days of annual leave. Upon termination, no employees shall be paid for accrued annual leave. In addition, all full-time employees earn twelve to twenty-one days of sick leave each year depending on length of service. Sick leave can accumulate without limitation. Upon separation of employment, employees will be paid for a maximum of twenty days of unused sick leave at the employee's current rate of pay. Upon retirement, employees may elect to receive pay for up to twenty-five days of unused sick leave at the employee's current rate of pay.

The following is a summary of the accrual of compensated absences for the year ended December 31, 2013:

<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
\$ 2,263	3,384	-	\$ 5,647

9. Pension Plans:

Substantially all employees of the Jackson Parish Recreation District are members of the Parochial Employee's Retirement System of Louisiana (System), a multiple-employer (cost-sharing), public employee retirement system (PERS), controlled and 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 employees of the District are members of Plan A.

Jackson Parish Recreation District
Notes to Financial Statements
December 31, 2013

All permanent employees working at least 28 hours per week who are paid wholly or in part from District funds are eligible to participate in the System. As of January 1, 1997, elected officials, except coroners and justices of the peace, may no longer join the retirement system. Those elected officials enrolled as of January 1, 1997, will maintain membership as long as they hold office. Justices of the Peace have an option to join at any time within twelve months of taking the oath of office. Coroners may join at any time on a current basis and now have the option of purchasing prior service as coroners at actuarial cost. Under Plan A, employees who retire at age 67 with at least 7 years of creditable service, at or after age 62 with at least 10 years of creditable service, at or after age 55 with at least 30 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 prior to 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 prior to 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 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, P. O. Box 14619, Baton Rouge, LA 70898-4619, or by calling (225) 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 Jackson Parish Recreation District is required to contribute at an actuarially determined rate. The current rate is 16.75 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 contribution requirements of plan members and the Jackson Parish Recreation District are established and may be amended by state statute. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The Jackson Parish Recreation District's contributions to the System under Plan A for the years ending December 31, 2013, 2012, and 2011, were \$25,030, \$20,215, and \$24,690, respectively, equal to the required contributions for each year.

10. Litigation and Claims:

Management has advised that there is no litigation pending against the Jackson Parish Recreation District at December 31, 2013.

Jackson Parish Recreation District
Notes to Financial Statements
December 31, 2013

11. Receivables:

The following is a summary of receivables at December 31, 2013:

<u>Class of Receivable</u>	<u>General Fund</u>
Taxes-Ad Valorem	<u>\$1,135,649</u>

Substantially all receivables are considered to be fully collectible; therefore, no allowance for uncollectible accounts is used.

12. Compensation Paid Commission Members:

Chris Womack	\$ 400
Ricky Cash	240
Rodney Potts	360
Freddy Tolar	240
Xavier Cowans	240
Perry Pee	80
Lonnie Menzina	<u>400</u>
Total	<u>\$1,960</u>

13. Post-Employment Benefits

The District does not provide any post-employment benefits; therefore, no disclosure for GASB 45 is required.

14. Subsequent Events:

Management has evaluated events through June 2, 2014, the date which the financial statements were available for issue. There were no items reported as subsequent events.

OTHER REQUIRED
SUPPLEMENTAL INFORMATION

Jackson Parish Recreation District
General Fund
Budgetary Comparison Schedule
For the Year Ended December 31, 2013

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Ad Valorem	\$ 1,100,000	\$ 1,100,000	\$ 1,236,058	\$ 136,058
Fees for Services & Programs	55,500	55,500	96,650	41,150
Interest	3,000	3,000	2,106	(894)
Miscellaneous	-	-	6,328	6,328
Total Revenues	<u>\$ 1,158,500</u>	<u>\$ 1,158,500</u>	<u>\$ 1,341,142</u>	<u>\$ 182,642</u>
EXPENDITURES:				
Recreation	\$ 641,660	\$ 641,660	\$ 735,801	\$ (94,141)
Capital Outlay	1,000,000	1,500,000	1,608,187	(108,187)
Total Expenditures	<u>\$ 1,641,660</u>	<u>\$ 2,141,660</u>	<u>\$ 2,343,988</u>	<u>\$ (202,328)</u>
Excess (Deficiency) of Revenues over Expenditures	\$ (483,160)	\$ (983,160)	\$ (1,002,846)	\$ (19,686)
OTHER FINANCING SOURCES:				
Proceeds from Capital Lease	-	-	\$ 53,692	\$ 53,692
Excess (Deficiency) of Revenues and Other Sources over Expenditures	\$ (483,160)	\$ (983,160)	\$ (949,154)	\$ 34,006
Fund Balance- Beginning of Year	<u>2,830,410</u>	<u>2,830,410</u>	<u>2,830,410</u>	<u>-</u>
Fund Balance- End of Year	<u>\$ 2,347,250</u>	<u>\$ 1,847,250</u>	<u>\$ 1,881,256</u>	<u>\$ 34,006</u>

See notes to financial statements.

Johnson, Thomas & Cunningham

Certified Public Accountants

Eddie G. Johnson, CPA – A Professional Corporation (1927-1996)

Mark D. Thomas, CPA – A Professional Corporation

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Members of the
Jackson Parish Recreation District
Jonesboro, LA, 71251

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, the financial statements of the governmental activities and major fund of the Jackson Parish Recreation District (District) as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 2, 2014.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of audit findings, we identified a certain deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

We consider the deficiency described as item 13-01 in the accompanying schedule of audit findings to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of audit findings as item 13-02.

Jackson Parish Recreation District's Response to Findings

The District's response to the findings identified in our audit is described in the accompanying schedule of audit findings. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. However, this report is a matter of public record and its distribution is not limited. Under Louisiana Revised Statute 25:513, this report is distributed by the Louisiana Legislative Auditor as a public document.

Johnson, Thomas & Cunningham

Johnson, Thomas & Cunningham, CPA's

Natchitoches, Louisiana

June 2, 2014

Jackson Parish Recreation District
Schedule of Audit Findings
Year Ended December 31, 2013

I. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the financial statements of the Jackson Parish Recreation District.
2. There was one significant deficiency, which was considered a material weakness, noted during the audit of the financial statements.
3. There was one instance of noncompliance material to the financial statements of the Jackson Parish Recreation District disclosed during the audit.

II. Findings in Accordance with Governmental Auditing Standards

Internal Control

13-01 Internal Control Deficiency in Concession Revenues and Expenditures

Criteria - Adequate internal controls should be in existence over purchases of inventory, safe keeping of inventory, and sales of concession items.

Condition - During our audit, we noted that for the years ending 2006 to 2013 concessions generated an average annual loss of (\$6,785).

Effect - The District may be losing revenues in the area of concession due to inadequate internal controls.

Cause - The lack of internal controls over concession inventory and activities.

Recommendation - The District should monitor inventory purchases, inventory safe keeping, and concession sales to ensure that all funds have been accounted for.

Management's Response - Many changes have been made to improve our controls over inventory purchases, inventory safe keeping, and concession sales. For the year 2013, we showed a profit of \$3,242.

Jackson Parish Recreation District
Schedule of Audit Findings
Year Ended December 31, 2013

Compliance-

13-02 Compliance with Local Government Budget Act

Criteria - Louisiana Revised Statute 39:1311 states that total actual expenditures and other uses should not exceed total budgeted expenditures and other uses by more than 5%. La. R.S. 39:1306 requires the budget be submitted to the governing authority and made available for public inspection at least 15 days prior to the beginning of the budget year.

Condition - Actual expenditures exceeded budgeted expenditures by more than the 5% variance allowed. The 2013 budget was adopted March 18, 2013.

Effect - The budget cannot be used as an effective management tool to control expenditures.

Cause - The Jackson Parish Recreation District does not have procedures to ensure that the budget is approved and amended in compliance with state revised statutes.

Recommendation - It is recommended that the District institute procedures to ensure the budget is adopted in a timely manner and amended whenever actual revenues are less than budgeted revenues by more than 5% and/or actual expenditures are more than budgeted expenditures by more than the 5% allowed.

Management's Response - We will establish procedures to ensure that the budget is adopted in a timely manner and amended when revenues or expenditures obtain a 5% or more unfavorable variance.

III. Prior Year Findings

Internal Control-

12-01 Internal Control Deficiency in Concession Revenues and Expenditures

Condition - During our audit, we noted that for years ending 2006 to 2012 concession activities went from a profit of \$9,254 to a current year loss of \$12,097.

Status - This condition still exists as of December 31, 2013, see finding 13-01.

Compliance-

12-02 Compliance with Local Government Budget Act

Condition - Actual expenditures exceeded budgeted expenditures by more than the 5% variance allowed and the budget was not amended.

Status - This condition still exists as of December 31, 2013, see finding 13-02.