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

**Financial Statements with Supplementary Information**

**December 31, 2013**

**(With Independent Accountants' Review Report Thereon)**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date DEC 03 2014

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

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**Independent Accountants' Review Report**

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 each major fund of Recreation District No. 4 of St. Tammany Parish (the District), a component unit of the St. Tammany Parish Government, as of December 31, 2013 and for the year then ended, 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 taken as a whole. Accordingly, we do not express such an opinion.

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 and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

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. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

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.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. The budgetary comparison information on page 12 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 financial reporting. The supplementary information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but it has been compiled from information that 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 such supplementary information.

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.

In accordance with the Louisiana Governmental Audit Guide and the provisions of state law, we have issued a report dated July 16, 2014, in the results of our agreed upon procedures.

*Griffin & Company, LLC*

July 16, 2014

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

**Statement of Net Position**

**December 31, 2013**

**(See Independent Accountants' Review Report)**

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 90,872
Prepaid concession inventory	467
Capital assets, net of accumulated depreciation	<u>1,097,681</u>
	<u>1,189,020</u>
<u>Liabilities</u>	
Accounts payable	664
Accrued beverage agreement income	<u>3,600</u>
Total liabilities	<u>4,264</u>
<u>Net Position</u>	
Invested in capital assets, net of related debt	1,097,681
Unrestricted	<u>87,075</u>
	<u>\$ 1,184,756</u>

See accompanying notes to financial statements.

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

**Statement of Activities**

**For the Year Ended December 31, 2013**

**(See Independent Accountants' Review Report)**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue &amp; Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	
<b>Governmental Activities:</b>				
<b>Recreation</b>	\$ <u>442,349</u>	<u>35,952</u>	<u>18,300</u>	<u>(388,097)</u>
<b>Total</b>	<u>442,349</u>	<u>35,952</u>	<u>18,300</u>	<u>(388,097)</u>
<b>General Revenues:</b>				
Property taxes				361,178
State revenue sharing				19,715
Other income				<u>360</u>
<b>Total general revenues</b>				<u>381,253</u>
<b>Change in net position</b>				<u>(6,844)</u>
<b>Net position - beginning of year</b>				<u>1,191,600</u>
<b>Net position - end of year</b>				\$ <u><u>1,184,756</u></u>

See accompanying notes to the financial statements.

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

**Governmental Funds**

**Balance Sheet**

**December 31, 2013**

**(See Independent Accountants' Review Report)**

	<u>General</u>	<u>Total Governmental Funds</u>
<b><u>Assets</u></b>		
<b>Assets:</b>		
Cash and cash equivalents	\$ 90,872	90,872
Prepaid concession inventory	467	467
	<u>91,339</u>	<u>91,339</u>
 <b><u>Liabilities &amp; Fund Balance</u></b>		
<b>Liabilities:</b>		
Accounts payable	664	664
Accrued beverage agreement	3,600	3,600
Accrued interest	-	-
<b>Total liabilities</b>	<u>4,264</u>	<u>4,264</u>
<b>Fund Balances:</b>		
Nonspendable	-	-
Restricted	-	-
Committed	-	-
Unassigned	87,075	87,075
<b>Total fund balance</b>	<u>87,075</u>	87,075
<b>Total liabilities &amp; fund balance</b>	<u>\$ 91,339</u>	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,097,681
Debt used in governmental activities are not financial uses and are therefore not reported in the funds	<u>-</u>
<b>Net position of governmental activities</b>	<u><u>1,184,756</u></u>

See accompanying notes to the financial statements.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Governmental Funds

Statement of Revenues, Expenditures, and Changes in Fund Balance

For the Year Ended December 31, 2013

(See Independent Accountants' Review Report)

	<u>General</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>		
Property taxes	\$ 361,178	361,178
State revenue sharing	19,715	19,715
Concession income	4,760	4,760
Facility rentals	12,430	12,430
Sports registration fees	13,366	13,366
Sponsorships and donations	18,300	18,300
Other income	5,756	5,756
<b>Total revenues</b>	<u>435,505</u>	<u>435,505</u>
<b>Expenditures:</b>		
Recreation	210,352	210,352
General and administrative	166,755	166,755
Concessions	5,166	5,166
Debt Service		
Principal	-	-
Interest	-	-
Capital outlay	78,547	78,547
<b>Total expenditures</b>	<u>460,820</u>	<u>460,820</u>
<b>Net change in fund balance</b>	(25,315)	(25,315)
<b>Fund balance, beginning of year</b>	<u>112,390</u>	<u>112,390</u>
<b>Fund balance, end of year</b>	<u>\$ 87,075</u>	<u>87,075</u>

See accompanying notes to the financial statements.

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

**Reconciliation of the Statement of Revenues, Expenditures and Changes in  
Fund Balance - Governmental Funds to the Statement of Activities**

**For the Year Ended December 31, 2013**

**(See Independent Accountants' Review Report)**

**Net Change in Fund Balances - total governmental funds** \$ (25,315)

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

**Governmental funds report capital outlays as expenditures.  
However, in the statement of activities the cost of those  
assets is allocated over their estimated useful lives and  
reported as depreciation expense:**

<b>Capital asset additions</b>	<b>78,547</b>
<b>Depreciation expense</b>	<u><b>(60,076)</b></u>

**Change in Net Position of Governmental Activities** \$ **(6,844)**

See accompanying notes to the financial statements.



# RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

## Notes to Financial Statements

December 31, 2013

### (1) Summary of Significant Accounting Policies

#### (a) Introduction

Recreation District No. 4 of St. Tammany Parish 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 who serve four-year terms.

#### (b) 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 Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

#### (c) Reporting Entity

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of an entity for reporting purposes. The basic criterion for including a potential component unit within 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 because the Council appoints all members of the governing board of the District 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 other governmental units that comprise the financial reporting entity.

#### (d) Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary 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.

The statement of activities demonstrates the degree to which the direct expense 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*.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2013

(1) Summary of Significant Accounting Policies

(e) Fund Financial Statements

Funds are used by the District to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts. The funds of the District are classified into the "governmental" category. The category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital project funds), and the servicing of general long-term debt (debt service funds). The General Fund is used to account for all financial activities of the general government not accounted for in some other fund. The District reports the following major governmental funds: The *General Fund* is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

(f) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligible requirements imposed by the provider have been met. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Governmental fund financial statements are reported using a *current financial resources measurement focus* and 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 be used to pay liabilities of the current period. The District considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues.

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. Principal and interest on general long-term debt, as well as expenditures related to compensated absences and claims and judgments, only when payment is due.

(g) 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.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2013

(1) Summary of Significant Accounting Policies

(g) Budget and Budgetary Accounting

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.

(h) Assets, Liabilities, and Net Assets

*Cash and Cash Equivalents*

For reporting purposes, cash and cash equivalents includes amounts in demand deposits, time deposits, and certificates of deposit. Louisiana Revised Statutes allow the District to invest in time certificates of deposit of state banks organized under the laws of Louisiana, national banks having their principal office in the State of Louisiana, in savings accounts or shares of savings and loan associations and savings banks and in share accounts and share certificate accounts of federally or state chartered credit unions.

*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 historical cost if purchased or constructed. 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.

*Fund Equity*

Beginning with fiscal year 2011, the District implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions". Fund balance for the District's governmental funds are displayed in the following classifications depicting the relative strength of the spending constraints placed on the purpose for which resources can be used.

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.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2013

(1) Summary of Significant Accounting Policies

(h) Assets, Liabilities, and Net Assets

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 amount for specific purposes.
5. Unassigned – all other spendable amounts.

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

*Net Assets*

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets.

(i) Use of Estimates in the Preparation of Financial Statements

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 and expenses during the reporting period. Actual results could differ from those estimates.

(2) Cash

At December 31, 2013, deposits with financial institutions consisted of the following:

Demand Deposits per Bank	\$ 93,256
Secured by federal deposit insurance	(250,000)
Secured by collateralized pledge of securities	<u>-</u>
Unsecured / uncollateralized	<u><u>\$ -</u></u>

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Notes to Financial Statements

December 31, 2013

(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, 2013, taxes of 8.06 mils were levied on property within the District.

(4) Capital Assets

Capital assets and depreciation activity as of and for the year ended December 31, 2013 for the primary government is as follows:

	Balance <u>1/1/13</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>12/31/13</u>
Capital Assets	\$ <u>1,516,641</u>	<u>78,548</u>	<u>-</u>	<u>1,595,189</u>
Less Accumulated Depreciation	<u>(437,431)</u>	<u>(60,076)</u>	<u>-</u>	<u>(497,507)</u>
Capital Assets, Net	\$ <u>1,079,210</u>	<u>18,472</u>	<u>-</u>	<u>1,097,682</u>

The District recorded \$60,076 of depreciation expense on its capital assets for the year ended December 31, 2013.

(5) Accrued Beverage Agreement Income

On January 26, 2006 the District signed a beverage agreement with a local distributor of Pepsi products. This agreement makes Pepsi the sole, exclusive and official beverage at all facilities managed, operated or acquired by the District.

The terms of this agreement are for 10 years commencing on January 1, 2006 and terminating on December 31, 2015. As consideration for the agreement, the District received a one-time marketing fee of \$18,000. This amount shall be deemed to be earned equally over the term of the agreement. In addition, the District shall receive an annual payment of \$750 in years 2 through 10 of the agreement.

As of December 31, 2013, the District has earned the eighth year payment of \$1,800 leaving \$3,600 in accrued income to be earned over the next two years.

(6) Evaluation of Subsequent Events

The District has evaluated subsequent events through July 16, 2014, the date on which the financial statements were available to be issued.

**REQUIRED SUPPLEMENTAL INFORMATION**

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

**Governmental Funds**

**Statement of Revenues, Expenditures, and Changes in  
Fund Balance - Budget and Actual (Budgetary Basis) - General Fund**

**For the Year Ended December 31, 2013**

**(See Independent Accountants' Review Report)**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>Revenues:</b>				
Property taxes	\$ 332,629	332,629	361,178	28,549
State revenue sharing	18,540	18,540	19,715	1,175
Concession income	10,982	10,982	4,760	(6,222)
Facility rentals	13,023	13,023	12,430	(593)
Sports registration fees	20,365	20,365	13,366	(6,999)
Sponsorships and donations	20,210	20,210	18,300	(1,910)
Other income	78	78	5,756	5,678
	<u>415,827</u>	<u>415,827</u>	<u>435,505</u>	<u>19,678</u>
<b>Total revenues</b>				
<b>Expenditures:</b>				
<b>General</b>				
Recreation	186,547	187,587	210,352	(22,765)
General and administrative	135,598	134,569	166,755	(32,186)
Concessions	7,567	7,567	5,166	2,401
Capital outlay	47,000	47,000	78,547	(31,547)
	<u>376,713</u>	<u>376,724</u>	<u>460,820</u>	<u>(84,097)</u>
<b>Total expenditures</b>				
<b>Other:</b>				
Transfers (to)/from other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	39,115	39,104	(25,315)	(64,419)
Fund balance, beginning of period	<u>112,390</u>	<u>112,390</u>	<u>112,390</u>	<u>-</u>
Fund balance, end of period	\$ <u><u>151,505</u></u>	<u><u>151,494</u></u>	<u><u>87,075</u></u>	<u><u>(64,419)</u></u>

**OTHER SUPPLEMENTAL INFORMATION**



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

**Schedule of Commissioners' Per Diem**

**For the Year Ended December 31, 2013**

<u>Name</u>	<u>Amount</u>
Jimmy Laurent	\$ -
Joe Allen	-
Paul Leary, Sr.	-
Brian Moore	-
Dwight Smith	-
Evelyn Steinhauer	-
Don Bordelon	-
	<hr/>
	\$ <hr/> <hr/>

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

**Schedule of Findings and Management Corrective Action Plan**

**For the Year Ended December 31, 2013**

**Finding 2013-1:**

***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 & Cause:***

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Company'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 nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

***Recommendation:***

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

***Management Corrective Action Plan:***

In response to the finding, management feels that it is a prudent use of funds to engage the auditor to prepare the Company's annual financial reports. We therefore agree with the auditors' recommendation that no correction action is necessary.

**Finding 2013-2:**

***Criteria:***

Management is responsible for adhering to provisions of the Louisiana Local Government Budget Act and for utilizing the annual budget in carrying out its' fiduciary responsibilities.

***Condition & Cause:***

Actual expenditures exceed budgeted expenditures by 22%. Actual revenue is greater than budgeted revenue because of the increase in actual property taxes received. This overshadows the fact that Concession income is 57% less than budget and Registration fees is 35% less than budget. The budget is not used properly for planning and management of District.

***Recommendation:***

We recommend management and the Board periodically compare actual results to budget and research any variances to determine if the budget requires amendment or if changes in operations are required.

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

**Schedule of Findings and Management Corrective Action Plan**

**For the Year Ended December 31, 2013**

***Management Corrective Action Plan:***

The Board and management will compare actual amounts to budget on a quarterly basis and research any variances to determine if the budget requires amendment or if changes in operations are required.

**Finding 2013-3:**

***Criteria:***

The Board and management are responsible for providing written policies and procedures to its employees.

***Condition & Cause:***

We were informed by the former administrative employee that she was not aware of any written policies and procedures.

***Recommendation:***

We recommend the Board and incoming director ensure that there are written policies and procedures for all of the District's key functions and they are provided to all appropriate employees.

***Management Corrective Action Plan:***

The Board and management will ensure that written policies and procedures are in place for all key functions and are provided to the appropriate employees.

**Finding 2013-4:**

***Criteria:***

The Board and management are responsible for accurate preparation of its' 1099 forms.

***Condition & Cause:***

Per review of the 1099's issued and disbursement records, it appears that several vendors did not receive 1099's when they should have. The District also does not have W-9's on all vendors.

***Recommendation:***

We recommend management obtain W-9's from all vendors and hire an independent third party to ensure 1099's are issued as required.

***Management Corrective Action Plan:***

Management will request W-9's from all vendors and hire an independent third party to ensure all required 1099's are issued.

**Finding 2013-5:**

***Criteria:***

The Board and management are responsible for complying with Internal Revenue Service regulations.

***Condition & Cause:***

The District treats some employees as both W-2 and contract labor and does not withhold taxes on the amounts treated as contract labor.

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

**Schedule of Findings and Management Corrective Action Plan**

**For the Year Ended December 31, 2013**

***Recommendation:***

**We recommend the District not treat employees as contract labor.**

***Management Corrective Action Plan:***

**Management will discontinue this practice.**

**Finding 2013-6:**

***Criteria:***

**The Board and management are responsible for properly administering the funds of the District.**

***Condition & Cause:***

**While working gate and concessions, district employees were paid out of the cash collected. Management has not provided a record of who was paid and how much.**

***Recommendation:***

**We recommend the District discontinue this practice.**

***Management Corrective Action Plan:***

**Management will discontinue this practice.**

**Finding 2013-7:**

***Criteria:***

**The Board and management are responsible for ensuring each employee's job duties are accurately defined and each employee is paid an appropriate salary.**

***Condition & Cause:***

**The District does not have a current job description for the Director and other employees. The Director was paid a salary and the District also paid a trainer an additional \$35,000 to possibly perform some of the duties of the Director.**

***Recommendation:***

**We recommend the District describe each employee's duties and salary range.**

***Management Corrective Action Plan:***

**The Board will provide job descriptions and salary ranges for all employees.**

**Finding 2013-8:**

***Criteria:***

**The Board and management are responsible for ensuring qualified persons or third parties are employed to perform the accounting for the District.**

***Condition & Cause:***

**The former administrative employee who was responsible for accounting was not qualified to perform those duties.**

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

**Schedule of Findings and Management Corrective Action Plan**

**For the Year Ended December 31, 2013**

***Recommendation:***

**We recommend the District employ a qualified person or third party to perform the accounting for the District.**

***Management Corrective Action Plan:***

**The Board will engage a third party to adequately train personnel or to perform the District's accounting.**

**Finding 2013-9:**

***Criteria:***

**The Board and management are responsible for administering programs that are a prudent use of the District's funds**

***Condition & Cause:***

**The District provides an After School Program that employs various family members whose relatives are participants of the Program. The Program expenses exceeded revenues by approximately \$15,000.**

***Recommendation:***

**We recommend the Board review this program's purpose and disbursements to ensure prudent use of the funds of the District and that the program follows the mission statement of the District.**

***Management Corrective Action Plan:***

**The Board will review program disbursements and purpose to determine prudent use of the District's funds and if the program follows the mission statement of the District.**

**Finding 2013-10:**

***Criteria:***

**The Board and management are responsible for administering programs that are a prudent use of the District's funds**

***Condition & Cause:***

**The District provides an Art Studio Program that employs a family member of a District employee. Program expenses exceeded revenues by approximately \$8,000.**

***Recommendation:***

**We recommend the District review this program's purpose and disbursements to ensure prudent use of the funds of the District and that the program follows the mission statement of the District.**

***Management Corrective Action Plan:***

**The Board will review program disbursements and purpose to determine prudent use of the District's funds and if the program follows the mission statement of the District.**

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

**Schedule of Findings and Management Corrective Action Plan**

**For the Year Ended December 31, 2013**

**Finding 2013-11:**

***Criteria:***

The Board and management are responsible for ensuring the fixed assets of the District are safeguarded.

***Condition & Cause:***

The District's fixed assets are not labeled or tagged and some computer equipment cannot be located. We were informed by the District that former employees were using the lawn maintenance equipment for personal use. Furthermore, on June 17, 2014 the District filed a police report with the St. Tammany Parish Sheriff's office complaining that a former member of management had sold District computer equipment and retained the funds for personal gain. The total amount of the loss to the District has not yet been determined and these actions are still under investigation by the Sheriff's office.

***Recommendation:***

We recommend the District inventory and tag all of the District's fixed assets and implement a policy to ensure District assets are used only for District purposes.

***Management Corrective Action Plan:***

The District will inventory and tag all of the District's fixed assets and implement a policy to ensure District assets are used only for District purposes.

**Finding 2013-12:**

***Criteria:***

The Board and management are responsible for ensuring the District complies with laws and regulations.

***Condition & Cause:***

Due to turn over in management and on the Board, the District did not submit the final review and attestation report to the Louisiana Legislative Auditor within six months of the close of the fiscal year.

***Recommendation:***

We recommend the District complete the engagement within six months of the close of the fiscal year and submit the required reports to the Louisiana Legislative Auditor.

***Management Corrective Action Plan:***

New management and Directors have been put in place. The District will complete the December 31, 2014 engagement within six months of the close of the fiscal year and submit the required reports to the Louisiana Legislative Auditor.

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

**Schedule of Findings and Management Corrective Action Plan**

**For the Year Ended December 31, 2013**

**Finding 2013-13:**

***Criteria:***

The Board and management are responsible for ensuring the District maintains commercial and general liability insurance.

***Condition & Cause:***

The District issued a \$9,824 premium payment to an insurance company for one year's coverage (8/11/11 to 8/11/12) of commercial and general liability insurance. However, insurance coverage was not provided to the District and as a result the District was uninsured during this period.

***Recommendation:***

We recommend the District put controls in place to ensure the District maintains insurance coverage and begins and completes the renewal process in a timely manner. We also recommend the District add a procedure of acquiring and holding their insurance policies.

***Management Corrective Action Plan:***

Management terminated all insurance policies with the agency as they came up for renewal; reorganized the filing system in the office to keep better track of records; and ordered a calendar software system that will send advance notifications of insurance renewal dates.

RECREATION DISTRICT NO. 4 OF ST. TAMMANY PARISH

Status of Prior Year Findings

For the Year Ended December 31, 2013

**Finding 2012-1:**

***Condition & Cause:***

As is common in small organizations, management has chosen to engage the auditor to propose certain year-end adjusting entries and to prepare the Company'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 nonaudit services rendered by the auditor or deficiencies for which the remedy would be cost prohibitive or otherwise impractical.

***Recommendation:***

As mentioned above, whether or not it would be cost effective to cure a control deficiency is not a factor in applying SAS 115's reporting requirements. Because prudent management requires that the potential benefit from an internal control must exceed its cost, it may not be practical to correct all the deficiencies an auditor reports under SAS 115. In this case we do not believe that curing the significant deficiency described above would be cost effective or practical and accordingly do not believe any corrective action is necessary.

***Status of Finding:***

There is no change in the status of this finding.

**Finding 2012-2:**

***Condition & Cause:***

The District advanced funds to an employee after the Hurricane Isaac natural disaster. The funds were subsequently repaid by the employee.

***Recommendation:***

We recommend the District avoid advancing or loaning any funds to any persons, associations, or corporations.

***Status of Finding:***

This finding has been resolved.



**INDEPENDENT ACCOUNTANTS' REPORT  
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the 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 Board's compliance with certain laws and regulations for the year ended December 31, 2013, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

**Public Bid Law**

1. Select all expenditures made during the year for material and supplies exceeding \$20,000, or public works exceeding \$100,000, and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

*The District did not have any disbursements for public works exceeding \$100,000; however, there was one disbursement for materials and supplies exceeding \$20,000. In March of 2013, the District purchased new playground equipment in the amount of \$47,052.75. Subsequently, in December of the same year more equipment was purchased in the amount of \$11,298.00, bringing the total for the playground equipment, including installation, to \$58,350.75. All guidelines were followed in accordance with LSA-RS 38:2211-2251 regarding the purchase of this equipment.*

**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 LSA-RS 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.

*Board members provided us with the required list.*

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

*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.

*None of the employees included on the list of employees provided by management in procedure 3 appeared on the listing provided by board members in procedure 2.*

#### **Budgeting**

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

*A copy of the legally adopted budget was obtained from the Board.*

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

*The budget adoption and two related amendments were traced to the minute book.*

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 if actual expenditures exceeded budgeted amounts by 5% or more.

*We compared the actual revenues and expenditures to budgeted amounts for the year. Actual revenues did not fail to meet budgeted revenues by 5% or more; however, actual expenditures exceeded budgeted amounts by 22%.*

#### **Accounting and Reporting**

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

- (a) Trace payments to supporting documentation as to proper amount and payee;

*All payments were traced to supporting documentation without exception*

- (b) Determine if payments were properly coded to the correct fund and general ledger amount;

*All payments were properly coded to the correct fund and general ledger account without exception*

- (c) Determine whether payments received approval from proper authorities.

*All payments were properly approved.*

#### **Meetings**

9. Examine evidence indicating that agendas for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

*Management has asserted that such documents were properly posted on both the website and the door of the District's office and gymnasium.*

**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.

*Bank deposits for the period under examination were reviewed noting no deposits that appear to be proceeds of bank loans, bonds, or like indebtedness.*

**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.

*Payroll records and minutes for the period were reviewed noting no payments which may constitute bonuses, advances, or gifts.*

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. 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 use of management of the 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 Legislative Auditor as a public document.

*Griffin & Company, LLC*

July 16, 2014

**LOUISIANA ATTESTATION QUESTIONNAIRE  
(For Attestation Engagements of Government)**

July 9, 2014 (Date Transmitted)

Griffin & Company, LLC  
850 N. Causeway Blvd, Suite 200  
Mandeville, Louisiana 70448

(Auditors)

In connection with your review of our financial statements as of December 31, 2013 and for the year then ended, and as required by Louisiana Revised Statute 24:513 and the *Louisiana Governmental Audit Guide*, we make the following representations to you: We accept full responsibility for our compliance with the following laws and regulations and the internal controls over compliance with such laws and regulations. We have evaluated our compliance with the following laws and regulations prior to making these representations.

These representations are based on the information available to us as of July 9, 2014.

**Public Bid Law**

It is true that we have complied with the public bid law, LSA-RS Title 38:2211-2296, and, where applicable, the regulations of the Division of Administration, 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 LSA-RS 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 LSA-RS 42:1119.

Yes  No

**Budgeting**

We have complied with the state budgeting requirements of the Local Government Budget Act (LSA-RS 39:1301-15), R.S. 39:33, or the budget requirements of LSA-RS 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 LSA-RS 44:1, 44:7, 44:31, and 44:36.

Yes  No

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

Yes [] No [ ]

We have had our financial statements audited or compiled in accordance with LSA-RS 24:513.

Yes [] No [ ]

**Meetings**

We have complied with the provisions of the Open Meetings Law, provided in RS 42:1 through 42:28.

Yes [] No [ ]

**Debt**

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

Yes [] No [ ]

**Advances and Bonuses**

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

Yes [] No [ ]

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

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

<u>Kim Chapman</u>	Secretary	<u>7-17-14</u>	Date
<u>Evelyn Steinhilber</u>	Treasurer	<u>7-16-14</u>	Date
<u>Joseph Allen Jr.</u>	President	<u>7-16-14</u>	Date