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**ST. TAMMANY PARISH RECREATION DISTRICT NO. 2
ST. TAMMANY PARISH POLICE JURY
Bush, Louisiana**

**General Purpose Financial Statements
With Independent Auditor's Report Thereon**

As of and for the Two Years Ended December 31, 1999

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 **JUL 19 2000**

ST. TAMMANY PARISH RECREATION DISTRICT NO. 2
ST. TAMMANY PARISH POLICE JURY
Bush, Louisiana

General Purpose Financial Statements
As of and for the Two Years Ended December 31, 1999

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
St. Tammany Parish Recreation District No. 2
Bush, Louisiana

I have audited the accompanying general purpose financial statements of St. Tammany Parish Recreation District No. 2, component unit of St. Tammany Parish Policy Jury, as of and for the two years ended December 31, 1999, as listed in the table of contents. These financial statements are the responsibility of St. Tammany Parish Recreation District No. 2 management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of St. Tammany Parish Recreation District No. 2, as of December 31, 1999, and the results of its operations for the two years then ended in conformity with generally accepted accounting principles.


Michael E. Murphy
Certified Public Accountant

Ponchatoula, Louisiana
June 16, 2000

ST. TAMMANY PARISH RECREATION DISTRICT NO. 2
 ST. TAMMANY PARISH POLICE JURY
 Bush, Louisiana
 ALL FUND TYPES AND ACCOUNT GROUPS

Balance Sheet, December 31, 1999

	GOVERNMENTAL FUNDS			ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS	
ASSETS AND OTHER DEBITS						
Assets:						
Cash and cash equivalents	\$ 6,145	\$ 28,161	\$ 534,301	\$ -	\$ -	\$ 568,607
Receivables	12,828	47,036	-	-	-	59,864
Land, buildings, and equipment	-	-	-	100,641	-	100,641
Other Debits:						
Amount available in Debt Service Fund	-	-	-	-	75,197	75,197
Amount to be provided for retirement of general long-term obligations	-	-	-	-	524,803	524,803
TOTAL ASSETS AND OTHER DEBITS	\$ 18,973	\$ 75,197	\$ 534,301	\$ 100,641	\$ 600,000	\$ 1,329,112
LIABILITIES, EQUITY, AND OTHER CREDITS						
Liabilities:						
Accounts payable	\$ 128	\$ -	\$ 3,430	\$ -	\$ -	\$ 3,558
Bonds payable	-	-	-	-	600,000	600,000
Total Liabilities	128	-	3,430	-	600,000	603,558
Equity and Other Credits:						
Investment in general fixed assets	-	-	-	100,641	-	100,641
Fund balances:						
Reserved for debt service	-	75,197	-	-	-	75,197
Designated for subsequent year expenditures	-	-	530,871	-	-	530,871
Unreserved - undesignated	18,845	-	-	-	-	18,845
Total Equity and Other Credits	18,845	75,197	530,871	100,641	-	725,554
TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS	\$ 18,973	\$ 75,197	\$ 534,301	\$ 100,641	\$ 600,000	\$ 1,329,112

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 2
 ST. TAMMANY PARISH POLICE JURY
 Bush, Louisiana
 GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended December 31, 1999

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
REVENUES				
Ad valorem taxes	\$ 13,490	\$ 50,834	\$ -	\$ 64,324
Interest on taxes	15	54	-	69
Intergovernmental revenues:				
State revenue sharing (net)	64	261	-	325
Interest earnings	45	922	22,101	23,068
Total revenues	<u>13,614</u>	<u>52,071</u>	<u>22,101</u>	<u>87,786</u>
EXPENDITURES				
Bank charges	7	11	-	18
Legal and accounting	350	-	-	350
Intergovernmental expenditures:				
Contributions to retirement systems deducted from tax collections	474	1,600	-	2,074
Postage	15	-	-	15
Rent	-	-	750	750
Utilities	3,169	-	-	3,169
Capital outlay	4,421	-	73,541	77,962
Debt service:				
Interest and fiscal charges	-	26,653	452	27,105
Total expenditures	<u>8,436</u>	<u>28,264</u>	<u>74,743</u>	<u>111,443</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>5,178</u>	<u>23,807</u>	<u>(52,642)</u>	<u>(23,657)</u>
FUND BALANCES (Deficit) AT BEGINNING OF YEAR	<u>13,667</u>	<u>51,390</u>	<u>583,513</u>	<u>648,570</u>
FUND BALANCES (Deficit) AT END OF YEAR	<u>\$ 18,845</u>	<u>\$ 75,197</u>	<u>\$ 530,871</u>	<u>\$ 624,913</u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 2
 ST. TAMMANY PARISH POLICE JURY
 Bush, Louisiana
 GOVERNMENTAL FUNDS

Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 For the Year Ended December 31, 1998

	GENERAL FUND	DEBT SERVICE FUND	CAPITAL PROJECTS FUND	TOTAL (MEMORANDUM ONLY)
REVENUES				
Ad valorem taxes	\$ 12,723	\$ 46,659	\$ -	\$ 59,382
Interest on taxes	3	9	-	12
Intergovernmental revenues:				
State revenue sharing (net)	426	1,563	-	1,989
Other	5,000	-	-	-
Interest earnings	32	4,802	2,366	7,200
Total revenues	<u>18,184</u>	<u>53,033</u>	<u>2,366</u>	<u>73,583</u>
EXPENDITURES				
Bank charges	71	127	127	325
Legal and accounting	350	-	-	350
Intergovernmental expenditures:				
Contributions to retirement systems deducted from tax collections	414	1,516	-	1,930
Utilities	3,678	-	-	3,678
Capital outlay	4,059	-	-	4,059
Debt service:				
Bond issuance costs	-	-	18,726	18,726
Total expenditures	<u>8,572</u>	<u>1,643</u>	<u>18,853</u>	<u>29,068</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>9,612</u>	<u>51,390</u>	<u>(16,487)</u>	<u>44,515</u>
OTHER FINANCING SOURCES (Uses)				
Bond proceeds	-	-	600,000	600,000
EXCESS (Deficiency) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND OTHER USES	<u>9,612</u>	<u>51,390</u>	<u>583,513</u>	<u>644,515</u>
FUND BALANCES (Deficit) AT BEGINNING OF YEAR	<u>4,055</u>	<u>-</u>	<u>-</u>	<u>4,055</u>
FUND BALANCES (Deficit) AT END OF YEAR	<u>\$ 13,667</u>	<u>\$ 51,390</u>	<u>\$ 583,513</u>	<u>\$ 648,570</u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 2
 ST. TAMMANY PARISH POLICE JURY
 Bush, Louisiana
 GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures,
 and Changes in Fund Balance - Budget
 (GAAP/Non-GAAP Basis) and Actual
 For the Year Ended December 31, 1999

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Ad valorem taxes	\$15,000	\$13,490	\$ 1,510
Interest on taxes	-	15	(15)
Intergovernmental revenues:			
State revenue sharing (net)	-	64	(64)
Interest earnings	-	45	(45)
Total revenues	<u>15,000</u>	<u>13,614</u>	<u>1,386</u>
EXPENDITURES			
Bank charges	75	7	68
Legal and accounting	1,500	350	1,150
Intergovernmental expenditures:			
Contributions to retirement systems deducted from tax collections	500	474	26
Postage	-	15	(15)
Utilities	4,800	3,169	1,631
Capital outlay	3,000	4,421	(1,421)
Total expenditures	<u>9,875</u>	<u>8,436</u>	<u>1,439</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>5,125</u>	<u>5,178</u>	<u>(53)</u>
FUND BALANCE (Deficit) AT BEGINNING OF YEAR	<u>13,667</u>	<u>13,667</u>	<u>-</u>
FUND BALANCE (Deficit) AT END OF YEAR	<u>\$18,792</u>	<u>\$18,845</u>	<u>\$ (53)</u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 2
 ST. TAMMANY PARISH POLICE JURY
 Bush, Louisiana
 GOVERNMENTAL FUND - GENERAL FUND

Statement of Revenues, Expenditures,
 and Changes in Fund Balance - Budget
 (GAAP/Non-GAAP Basis) and Actual
 For the Year Ended December 31, 1998

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
REVENUES			
Ad valorem taxes	\$ -	\$ 12,723	\$ (12,723)
Interest on taxes	-	3	(3)
Intergovernmental revenues:			
State revenue sharing (net)	-	426	(426)
Other	5,000	5,000	
Interest earnings	-	32	(32)
Total revenues	<u>5,000</u>	<u>18,184</u>	<u>(13,184)</u>
EXPENDITURES			
Bank charges	60	71	(11)
Legal and accounting	350	350	-
Intergovernmental expenditures:			
Contributions to retirement systems deducted from tax collections	200	414	(214)
Utilities	2,200	3,678	(1,478)
Capital outlay	5,500	4,059	1,441
Total expenditures	<u>8,310</u>	<u>8,572</u>	<u>(262)</u>
EXCESS (Deficiency) OF REVENUES OVER EXPENDITURES	<u>(3,310)</u>	<u>9,612</u>	<u>(12,922)</u>
FUND BALANCE: (Deficit) AT BEGINNING OF YEAR	<u>4,055</u>	<u>4,055</u>	<u>-</u>
FUND BALANCE: (Deficit) AT END OF YEAR	<u>\$ 745</u>	<u>\$ 13,667</u>	<u>\$ (12,922)</u>

The accompanying notes are an integral part of this statement.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 2
ST. TAMMANY PARISH POLICE JURY
Bush, Louisiana

Notes to the Financial Statements
As of and for the Two Years Ended December 31, 1999

INTRODUCTION

The district was created by Legislative Acts 1988, No. 658 as a pilot program to foster and encourage recreational activities and related programs on a parish wide basis, in cooperation with all political subdivisions and interested private parties of St. Tammany Parish. As provided by Louisiana Revised Statute 40:1496, the district is governed by a five member board who are resident property taxpayers of the district. The board members are referred to as the Board of Commissioners. The parish governing authority appoints them for terms of two to four years. The board members are not compensated for their services. The district is located in Bush, Louisiana and has no employees. The district assists in the operation of the Fifth Ward Recreation Center and is constructing a new sports complex in Bush, Louisiana.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general purpose financial statements of the St. Tammany Parish Recreation District No. 2 have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

The district is a component unit of the St. Tammany Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the district because it appoints a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds maintained by the 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.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 2
ST. TAMMANY PARISH POLICE JURY
Bush, Louisiana
Notes to the Financial Statements (Continued)

C. FUND ACCOUNTING

The district uses funds and account groups 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 relating to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. On the other hand, an account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds of the district are classified as governmental funds. Governmental funds account for the district's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. Governmental funds of the district include:

1. General Fund--the general operating fund of the district and accounts for all financial resources, except those required to be accounted for in other funds.
2. Debt Service Fund--accounts for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations recorded in the general long-term obligations account group.
3. Capital Projects Fund--accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

D. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the governmental funds. The governmental funds use the following practices in recording revenues and expenditures:

ST. TAMMANY PARISH RECREATION DISTRICT NO. 2
ST. TAMMANY PARISH POLICE JURY
Bush, Louisiana
Notes to the Financial Statements (Continued)

Revenues

Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual; i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The district considers ad valorem taxes as available if they are collected within 60 days after year end. The revenues susceptible to accrual are ad valorem taxes and interest income. All other Governmental Fund Type revenues are recognized when received.

Expenditures

Under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred. An exception to this general rule include principal and interest on general long-term debt which are recorded as fund liabilities when due.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid (and any other financing source/use) are accounted for as other financing sources (uses) and are recorded when transferred.

E. BUDGETS

The district uses the following budget practices:

The proposed operating budget is submitted in early January. The operating budget includes proposed expenditures and the means of financing them. The budget is made available for public inspection, approved and adopted at the first regular meeting of the Board of Commissioners held in mid-January. The approved annual budget is used as a control device for the General Fund.

The Board of Commissioners has the authority to make changes or amendments to the budget; however, budgeted amounts are as originally adopted.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 2
ST. TAMMANY PARISH POLICE JURY
Bush, Louisiana
Notes to the Financial Statements (Continued)

The budget for the General Fund is adapted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons presented for the General Fund in this report are on this GAAP basis. The Debt Service Fund and Capital Projects Fund were not budgeted; therefore, budgetary data for these funds have not been presented in the accompanying combined financial statements.

F. ENCUMBRANCES

The district does not utilize encumbrance accounting.

G. CASH AND CASH EQUIVALENTS

Cash includes amounts in demand deposits and time deposits. The district considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. Under state law, the district may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

H. FIXED ASSETS

Fixed assets are recorded as expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fixed assets account group. Public domain or infrastructures are not capitalized. Interest costs incurred during construction are not capitalized. No depreciation has been provided on general fixed assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

I. COMPENSATED ABSENCES

The district does not have any employees and therefore does not have a policy relating to vacation and sick leave.

J. LONG-TERM OBLIGATIONS

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

ST. TAMMANY PARISH RECREATION DISTRICT NO. 2
ST. TAMMANY PARISH POLICE JURY
Bush, Louisiana
Notes to the Financial Statements (Continued)

K. FUND EQUITY

Reserves

Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

Designated Fund Balances

Designated fund balances represent tentative plans for future use of financial resources.

L. TOTAL COLUMNS ON STATEMENTS

The total columns on the statements are captioned Memorandum Only to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 2
ST. TAMMANY PARISH POLICE JURY
 Bush, Louisiana
 Notes to the Financial Statements (Continued)

2. LEVIED TAXES

The following is a summary of authorized and levied ad valorem taxes:

	<u>Authorized Millage</u>	<u>Levied Millage</u>
Maintenance	3.00	3.00
Bonds	11.00	11.00

3. CASH AND CASH EQUIVALENTS

At December 31, 1999, the district has cash and cash equivalents (book balances) totaling \$568,607 as follows:

Demand deposits	\$ 28,904
Time deposits	<u>539,703</u>
Total	<u><u>\$ 568,607</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1999, the district has \$572,452 in deposits (collected bank balances). These deposits are secured from risk by \$132,749 of federal deposit insurance and \$0 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3). The remaining balance of \$439,703 is not secured by the pledge of securities and is a violation of state law. The district has subsequently executed a security agreement with the fiscal agent bank to ensure that deposits are fully secured.

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 district that the fiscal agent has failed to pay deposited funds upon demand.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 2
ST. TAMMANY PARISH POLICE JURY
 Bush, Louisiana
 Notes to the Financial Statements (Continued)

4. RECEIVABLES

The following is a summary of receivables at December 31, 1999:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Ad valorem taxes	<u>\$ 12,828</u>	<u>\$ 47,036</u>	<u>\$ 59,864</u>

The district considers receivables to be fully collectible; accordingly, no allowance for uncollectible receivables is required.

5. CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance January 1, 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 1999</u>
Land	\$ -	\$ 73,541	\$ -	\$ 73,541
Playground equipment	22,679	4,421	-	27,100
Total	<u>\$ 22,679</u>	<u>\$ 77,962</u>	<u>\$ -</u>	<u>\$ 100,641</u>

6. LEASES

The district entered into a ten year noncancellable operating lease for 5.77 acres of land to be used for the sports complex being constructed in Bush, Louisiana. Lease payments are \$750 per year and are paid annually. The lease includes an option to purchase the property at \$5,000 per acre during the first two years of the lease and increases \$500 per acre per year thereafter.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 2
 ST. TAMMANY PARISH POLICE JURY
 Bush, Louisiana
 Notes to the Financial Statements (Continued)

The minimum annual commitment under the operating lease is as follows:

Fiscal year:		
2000	\$	750
2001		750
2002		750
2003		750
2004		750
Thereafter		<u>3,000</u>
Total	\$	<u><u>6,750</u></u>

7. CHANGES IN GENERAL LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions during the year:

	Bonded Debt
Long-term obligations payable at January 1, 1999	<u>\$ 600,000</u>
Additions	-
Deductions	<u>-</u>
Long-term obligations payable at December 31, 1999	<u><u>\$ 600,000</u></u>

Long-term debt consisted of the following:

1998 General obligation bonds dated September 1, 1998 with an original issue amount of \$600,000, maturing September 1, 2018 and bearing interest rates of 3.5% to 6.65%. Principal is due annually on September 1 and interest is due semi-annually on March 1 and September 1. These bonds were issued for the purpose of purchasing, acquiring, constructing and improving parks, playgrounds, recreation centers and other recreational facilities, together with the necessary furnishings and equipment.

ST. TAMMANY PARISH RECREATION DISTRICT NO. 2
ST. TAMMANY PARISH POLICE JURY
 Bush, Louisiana
 Notes to the Financial Statements (Continued)

The annual requirements to amortize bonds outstanding at December 31, 1999 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$ 20,000	\$ 26,652	\$ 46,652
2001	20,000	26,633	46,633
2002	20,000	25,892	45,892
2003	20,000	25,133	45,133
2004	25,000	24,352	49,352
2005-2009	140,000	104,668	244,668
2010-2014	175,000	69,323	244,323
2015-2018	180,000	23,155	203,155
Total	<u>\$ 600,000</u>	<u>\$ 325,808</u>	<u>\$ 925,808</u>

8. RELATED PARTY TRANSACTIONS

The district has no related party transactions.

9. RISK MANAGEMENT

The district does not own a recreation facility and does not have any employees. The Board of Commissioners considers potential liabilities and risk of loss to be minimal.

The district will be constructing a new sports complex in Bush, Louisiana and has purchased a \$1,000,000 general liability policy with an effective date of January 1, 2000.

10. LITIGATION AND CLAIMS

There are no litigation and claims pending against the district.

11. SUBSEQUENT EVENTS

No subsequent events occurred affecting the financial statements.

**ST. TAMMANY PARISH RECREATION DISTRICT NO. 2
ST. TAMMANY PARISH POLICE JURY
Bush, Louisiana
SUPPLEMENTAL INFORMATION
For the Two Years Ended December 31, 1999**

COMPENSATION PAID BOARD MEMBERS

No compensation is paid to board members; therefore a schedule has not been presented.

PRIOR AUDIT FINDINGS

There are no prior audit findings; therefore a schedule has not been presented.

CURRENT AUDIT FINDINGS

There are no current year audit findings; therefore a schedule has not been presented.

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners
St. Tammany Parish Recreation District No. 2
Bush, Louisiana

I have audited the general purpose financial statements of St. Tammany Parish Recreation District No. 2, as of and for the two years ended December 31, 1999, and have issued my report thereon dated June 16, 2000. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether St. Tammany Parish Recreation District No. 2's general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws and regulations, 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 my audit and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the St. Tammany Parish Recreation District No. 2's internal control over financial reporting in order to determine my audit procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, I noted a matter involving the internal control over financial reporting and its operation that I consider to be a reportable condition. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in my judgement, could adversely affect the St. Tammany Parish Recreation District No. 2's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the following paragraph.

Inadequate Segregation of Duties

The district does not have adequate segregation of duties. The districts operations preclude an adequate segregation of duties and other features of an adequate system of internal control. Adequate segregation of duties includes assigning different people the responsibilities of authorizing transactions, recording transactions, and maintaining custody of assets. The district does not have employees to employ such controls and with limited revenues it is not economically feasible to correct this deficiency. The Treasurer of the Board of Commissioners is performing all of the accounting functions.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatement in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, I do not consider the reportable condition described above to be a material weakness.

This report is intended solely for the information and use of St. Tammany Parish Recreation District No. 2 and is not intended to be and should not be used by anyone other than the specified parties.


Michael E. Murphy
Certified Public Accountant

Ponchatoula, Louisiana
June 16, 2000