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RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
ST. TAMMANY PARISH, LOUISIANA

COMPONENT UNIT FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT

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 _____

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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
Recreation District No. 14 of St. Tammany Parish
St. Tammany Parish, Louisiana

We have audited the accompanying component unit financial statements of the Recreation District No. 14 of St. Tammany Parish, a component unit of the St. Tammany Parish Police Jury, as of and for the period ended December 31, 1999. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the component unit financial statements referred to above present fairly, in all material respects, the financial position of the Recreation District No. 14 of St. Tammany Parish as of December 31, 1999, and the results of its operations for the period then ended, in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the component unit financial statements as a whole. The accompanying information listed as supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the component unit financial statements of the Recreation District No. 14 of St. Tammany Parish. Such information has been subjected to the auditing procedures applied in the audit of the component unit financial statements and, in our opinion, is fairly presented in all material respects in relation to the component unit financial statements taken as a whole.

In accordance with *Government Auditing Standards* we have also issued a report dated May 24, 2000, on our consideration of the Recreation District No. 14 of St. Tammany Parish's internal control over financial reporting and on our tests of its compliance with laws, regulations, contracts and grants.

Smith, Huval & Associates, L.L.C.

May 24, 2000

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

DECEMBER 31, 1999

	Governmental Fund Type			Account Group	Total (Memorandum Only)
	General	Debt Service	Capital Projects	General Long-term Debt	
ASSETS					
Cash	\$ 23,510	\$ 19,250	\$ 1,807,515	\$	\$ 1,850,275
Receivables - ad valorem taxes	105,459	159,673			265,132
Receivables - revenue sharing	6,275				6,275
Receivables - other	189				189
Due from other funds	2,061				2,061
Amount available in Debt Service Fund for payment of general obligation bonds				159,753	159,753
Amount to be provided for payment of general obligation bonds				1,640,247	1,640,247
Total Assets	<u>137,494</u>	<u>178,923</u>	<u>1,807,515</u>	<u>1,800,000</u>	<u>3,923,932</u>
LIABILITIES					
Accounts payable	\$	\$	\$ 26,616	\$	\$ 26,616
Accrued interest payable		19,170			19,170
Due to other funds			2,061		2,061
General obligation bonds				1,800,000	1,800,000
Total liabilities	-	19,170	28,677	1,800,000	1,847,847
FUND EQUITY					
Fund balance					
Reserved for debt service		159,753			159,753
Unreserved	137,494		1,778,838		1,916,332
Total fund equity	<u>137,494</u>	<u>159,753</u>	<u>1,778,838</u>	-	<u>2,076,085</u>
Total liabilities and fund equity	<u>\$ 137,494</u>	<u>\$ 178,923</u>	<u>\$ 1,807,515</u>	<u>\$ 1,800,000</u>	<u>\$ 3,923,932</u>

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- ALL GOVERNMENTAL FUND TYPES

For the Year Ended December 31, 1999

REVENUES	General	Debt Service	Capital Projects	(Memorandum Only) Total
Ad valorem taxes	\$ 105,459	\$ 159,673	\$	\$ 265,132
Receipts from other governments	25,000			25,000
Revenue sharing	6,275			6,275
Earnings on investments	609	80	7,515	8,204
Other	151			151
Total revenues	137,494	159,753	7,515	304,762
 Expenditures	 -	 -	 -	 -
Excess of revenues over expenditures	137,494	159,753	7,515	304,762
 Other financing sources (uses)				
Proceeds from sale of bonds			1,800,000	1,800,000
Bond issuance costs			(28,677)	(28,677)
Total other financing sources (uses)	-	-	1,771,323	1,771,323
Excess of revenues and other sources over over expenditures and other uses	137,494	159,753	1,778,838	2,076,085
 FUND BALANCES - BEGINNING OF YEAR	 -	 -	 -	 -
FUND BALANCES - END OF YEAR	\$ 137,494	\$ 159,753	\$ 1,778,838	\$ 2,076,085

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 - BUDGET (GAAP BASIS) AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 1999

	General Fund		
	Budget	Actual	Variance- Favorable (Unfavorable)
REVENUES			
Ad valorem taxes	\$	\$ 105,459	\$ 105,459
Receipts from other governments		25,000	25,000
Revenue sharing		6,275	6,275
Earnings on investments		609	609
Other		151	151
Total revenues	-	137,494	137,494
Expenditures			
Total expenditures	-	-	-
Excess of revenues over expenditures	\$ -	137,494	\$ 137,494
FUND BALANCES - BEGINNING OF YEAR		-	
FUND BALANCES - END OF YEAR		\$ 137,494	

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The mission of the Recreation District No. 14 of St. Tammany Parish (the District) is to acquire, construct, operate and maintain recreation facilities in that area of the Parish which includes Madisonville. The accounting and reporting policies of the District conform to generally accepted accounting principles applicable to government entities. The following is a summary of significant accounting policies:

1. Reporting Entity

The District was created in 1999 by Ordinance 3017 of the St. Tammany Parish Police Jury. The District is governed by a Board of Commissioners which are appointed by the St. Tammany Parish Police Jury. The District consists of five Commissioners who serve staggered terms.

As the governing authority of the parish, for financial reporting purposes, the St. Tammany Parish Police Jury is the financial reporting entity for St. Tammany 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 Statement No. 14 established criteria for determining which component units should be considered part of the St. Tammany Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

The District is a component unit of the Parish because the Police Jury appoints all members of the District and as such is financially accountable for the District. However, the Parish governing authority has elected to not report the District in its annual financial statements which is a departure from generally accepted accounting principles. 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 governmental units that comprise the financial reporting entity.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of operations. Fund accounting is designed to demonstrate legal compliance and to aid the financial management by segregating transactions relating to certain governmental 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 the following:

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 - the Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related cost.
3. Capital Project Fund - the Capital Project Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

3. Basis of Accounting

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

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Basis of Accounting (continued)

Ad valorem taxes are considered measurable when taxes are levied and are recognized as revenue at that time. Grants from other governments are recognized when qualifying expenditures are incurred.

4. Budgets and Budgetary Accounting

As the District was created during 1999 and because the Board did not expect to incur any general fund expenditures in 1999, a budget was not adopted.

5. Cash and Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the municipality may invest in United States bonds, treasury notes, or certificates. These are classified as investments if their original maturities exceed 90 days; however, if the original maturities are 90 days or less, they are classified as cash equivalents. Investments are stated at cost.

6. Long-term Obligations

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

7. Total Column on Combined Statements

The total column on the combined statements - overview is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position or results of operations, in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE B - AD VALOREM TAXES

Property taxes for the operations and bond debt service of the District are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 1996. Taxes are due and payable December of the following year.

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

	Authorized	Levied
Construction, operation and maintenance of facilities	5.00	5.00
Payment of general obligation bonds	7.65	7.65

NOTE C - CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (book balances) at December 31, 1999:

Demand deposits	<u>\$1,850,275</u>
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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 \$1,850,275 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 in federal deposit insurance and \$1,750,275 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

NOTE D - OTHER INDIVIDUAL FUND DISCLOSURES

Individual fund interfund receivable and payable balances are not eliminated in the accompanying financial statements. Such balances at December 31, 1999 were:

Fund	Interfund Receivables	Interfund Payable
General Fund	\$ 2,061	\$ -
Capital Projects Fund	-	2,061
	<u>\$ 2,061</u>	<u>\$ 2,061</u>

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE E - LONG-TERM DEBT

The following is a summary of bond transactions of the Recreation District No. 14 of St. Tammany Parish for the period ended December 31, 1999.

General Obligation :

Bonds payable at January 1	\$ -
Bonds issued	1,800,000
Bonds retired	<u> -</u>
Bonds payable at December 31	<u>\$1,800,000</u>

\$1,800,000 General Obligation Bonds dated September 1, 1999; balance due in annual principal installments of \$55,000 - \$145,000 plus semiannual interest payments through March 1, 2019; with interest at 5.40%	<u>\$1,800,000</u>
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General obligation bonds are secured by an annual ad valorem tax levy. In accordance with Louisiana Revised Statute 39:562, the District is legally restricted from incurring long term bonded debt in excess of 10% of the assessed value of taxable property in the district. At December 31, 1999 the District had not exceeded this statutory limit.

The following is a schedule of future principal debt service requirements:

Year Ending <u>December 31</u>	General Obligation <u>Bonds</u>
2000	\$ -
2001	55,000
2002	60,000
2003	65,000
2004	65,000
Thereafter	<u>1,555,000</u>
	<u>\$ 1,800,000</u>

RECREATION DISTRICT NO. 14 OF ST TAMMANY PARISH
ST. TAMMANY PARISH, LOUISIANA

NOTES TO FINANCIAL STATEMENTS

December 31, 1999

NOTE F - SUBSEQUENT EVENT

On April 14, 2000, the District purchased a tract of land consisting of 44.42 acres for a price of \$266,520. This site will be used for construction of recreation facilities.

SUPPLEMENTAL INFORMATION

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
ST. TAMMANY PARISH, LOUISIANA

SCHEDULE OF GOVERNING BOARD

December 31, 1999

Board of Commissioners	Compensation
David Goodwin 312 Bordeaux Court Madisonville, LA 70447 845-9167	-0-
Paul Lea 27 S. Azalca Drive Covington, LA 70433 867-1435	-0-
Tim Hymel 221 Koepp Road Madisonville, LA 70447 845-2157	-0-
Stephen Dwyer 42 Mistletoe Drive Covington, LA 70433 892-0705	-0-
Doug Vickers 103 White Oak Lane Madisonville, LA 70447 845-2473	-0-
Patricia Dedon 76347 Highway 1077 Folsom, LA 70437 796-5455	-0-
Lloyd Ostendorf, Jr. 213 Highway 21 Madisonville, LA 70447 845-3744	-0-

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

To the Board of Commissioners
Recreation District No. 14 of St. Tammany Parish

We have audited the financial statements of the Recreation District No. 14 of St. Tammany Parish as of and for the years ended December 31, 1999 and have issued our report thereon dated May 24, 2000. We conducted our 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.

As part of obtaining reasonable assurance about whether the Recreation District No. 14 of St. Tammany Parish's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants; 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

In planning and performing our audit, we considered the Recreation District No. 14 of St. Tammany Parish's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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 misstatements 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of management and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Smith, Huval & Associates, L.L.C.

May 24, 2000