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RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH
FINANCIAL STATEMENTS
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 JUN 14 2000

Skarda & Silva, L.L.P.

Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Recreation District No. 12 of St. Tammany Parish
Folsom, Louisiana

We have audited the accompanying component unit financial statements of the Recreation District No. 12 of St. Tammany Parish as of December 31, 1999 and for the two years then ended. These financial statements are the responsibility of the Recreation District No. 12 of St. Tammany Parish'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the component unit 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. 12 of St. Tammany Parish at December 31, 1999, and the results of its operations for the two years then ended, in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 10, 2000 on our consideration of the Recreation District No. 12 of St. Tammany Parish's internal control over financial reporting and on its compliance with laws and regulations.



May 10, 2000

RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 DECEMBER 31, 1999

	Governmental Fund Types			Account Groups		Total Memorandum Only
	General	Debt Service	Capital Projects	General	General	
				Fixed Assets	Long-Term Debt	
ASSETS						
Cash and cash equivalents	\$ 1,116	\$ -	\$ 15,112	\$ -	\$ -	\$ 16,228
Investments	71,723	14,887	260,003	-	-	346,613
Ad valorem taxes receivable, net	76,675	69,705	-	-	-	146,380
State revenue sharing receivable	4,819	-	-	-	-	4,819
Property, plant and equipment, net	-	-	-	709,801	-	709,801
Amount available in debt service fund	-	-	-	-	84,592	84,592
Amount to be provided for retirement of general long-term debt	-	-	-	-	815,408	815,408
	<u>\$154,333</u>	<u>\$ 84,592</u>	<u>\$275,115</u>	<u>\$709,801</u>	<u>\$900,000</u>	<u>\$ 2,123,841</u>
LIABILITIES AND FUND EQUITY						
Liabilities						
Accrued salaries and payroll taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accounts and retainage payable	-	-	41,167	-	-	41,167
General obligation bonds	-	-	-	-	900,000	900,000
	-	-	41,167	-	900,000	941,167
Fund Equity						
Investment in general fixed assets	-	-	-	709,801	-	709,801
Fund balance						
Reserved for construction of facilities	-	-	233,948	-	-	233,948
Reserved for debt service	-	84,592	-	-	-	84,592
Reserve for replacement of equipment	51,782	-	-	-	-	51,782
Unreserved	102,551	-	-	-	-	102,551
	<u>154,333</u>	<u>84,592</u>	<u>233,948</u>	<u>709,801</u>	<u>-</u>	<u>1,182,674</u>
	<u>\$154,333</u>	<u>\$ 84,592</u>	<u>\$275,115</u>	<u>\$709,801</u>	<u>\$900,000</u>	<u>\$ 2,123,841</u>

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH
 COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCES-ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR DECEMBER 31, 1999

	Governmental Fund Types			Total Memorandum Only
	General	Debt Service	Capital Projects	
REVENUES				
Ad valorem taxes	\$133,241	\$139,038	\$ -	\$ 272,279
State revenue sharing	12,011	-	-	12,011
Interest income	2,985	1,897	32,578	37,460
Other income	3,292	-	-	3,292
	<u>151,529</u>	<u>140,935</u>	<u>32,578</u>	<u>325,042</u>
EXPENDITURES				
Recreation				
Salaries	3,692	-	-	3,692
Insurance	1,465	-	-	1,465
Telephone	289	-	-	289
Utilities	193	-	-	193
Field maintenance	336	-	-	336
Office expenditures	652	-	-	652
Repairs and maintenance	-	-	-	-
Payroll taxes	436	-	-	436
Contract labor	104	-	-	104
Legal and professional	1,540	-	-	1,540
Other	-	-	1,003	1,003
Rent	-	-	-	-
Tools and supplies	-	-	-	-
Travel	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and fiscal charge	-	65,111	-	65,111
Capital Outlay	8,761	-	666,354	675,115
	<u>17,468</u>	<u>65,111</u>	<u>667,357</u>	<u>749,936</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	134,061	75,824	(634,779)	(424,894)
FUND BALANCE				
Beginning of year	<u>20,272</u>	<u>8,768</u>	<u>868,727</u>	<u>897,767</u>
End of year	<u>\$154,333</u>	<u>\$ 84,592</u>	<u>\$233,948</u>	<u>\$ 472,873</u>

The accompanying notes are integral part of this statement.

**RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR DECEMBER 31, 1998**

	Governmental Fund Types			Total Memorandum Only
	General	Debt Service	Capital Projects	
REVENUES				
Ad valorem taxes	\$ -	\$ - -	\$ -	\$ -
State revenue sharing	-	-	-	-
Interest income	-	171	17,289	17,460
Other income	17,750	8,597	-	26,347
	<u>17,750</u>	<u>8,768</u>	<u>17,289</u>	<u>43,807</u>
EXPENDITURES				
Recreation				
Salaries	-	-	-	-
Insurance	735	-	-	735
Telephone	-	-	-	-
Utilities	62	-	-	62
Field maintenance	-	-	-	-
Office expenditures	571	-	13	584
Repairs and maintenance	-	-	-	-
Payroll taxes	-	-	-	-
Contract labor	-	-	-	-
Legal and professional	-	-	15,863	15,863
Other	5,702	-	-	5,702
Rent	-	-	-	-
Tools and supplies	-	-	-	-
Travel	-	-	-	-
Debt Service				
Principal	-	-	-	-
Interest and fiscal charge	-	-	-	-
Capital Outlay	2,000	-	32,686	34,686
	<u>9,070</u>	<u>-</u>	<u>48,562</u>	<u>57,632</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	8,680	8,768	(31,273)	(13,825)
OTHER FINANCING SOURCES & USES				
Proceeds from issuance of long-term obligations	-	-	900,000	900,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES	8,680	8,768	868,727	886,175
FUND BALANCE				
Beginning of year	11,592	-	-	11,592
End of year	<u>\$ 20,272</u>	<u>\$ 8,768</u>	<u>\$ 868,727</u>	<u>\$ 897,767</u>

The accompanying notes are integral part of this statement.

RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recreation District No. 12 of St. Tammany Parish (the "District") was established by Louisiana Revised Statutes 33:4564 and Police Jury Ordinance PSS No. 92-1596 on May 11, 1992. The District's boundaries are within the Second Ward of the Parish of St. Tammany. The District is governed by a Board of Commissioners consisting of five resident property taxpayers, as provided by Louisiana Revised Statutes 33:4564. The St. Tammany Police Jury appoints five commissioners. Each commissioner serves a term of five years.

Recreation districts are created for the purpose of providing facilities for youth and adult sports programs to the residents in the Folsom, Louisiana area.

The financial statements of the Recreation District No. 12 of St. Tammany Parish 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. The more significant of the government's accounting principles are described below.

Reporting Entity

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.

Fund Accounting

The District uses fund 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 related to certain government functions or activities.

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

RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Funds are ordered into three major categories: governmental, proprietary, and fiduciary. Funds within each major category are grouped by fund type in the financial statements. The funds and account groups used the District are as follows:

Governmental Fund Types

Governmental fund types are those through which general governmental functions of the District financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the District's governmental fund types:

General Fund

The general fund is the main operating fund of the District. This fund is used to account for all financial resources not accounted for in other funds.

Debt Service Fund

The 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 debt account group.

Capital Projects Fund

The capital projects fund accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in other governmental funds.

Account Groups

Account groups are used to establish accounting control and accountability for the District's general fixed assets and long-term obligations. The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

General Fixed Asset Account Group

This account group is established to account for all fixed assets of the District. Capital outlays in the general fund are recorded as expenditures of those funds at the time of purchase and are subsequently recorded for control purposes in the general fixed asset account group.

General Long-Term Debt Account Group

This account group is established to account for all of the District's long-term obligations expected to be financed from general governmental resources.

RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

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 measurement focus only current assets and current liabilities generally are included on the balance sheet. The operating statement of the fund presents increases (i.e., revenues and other sources) and decreases (i.e., expenditures and other uses) in net current assets.

All governmental fund types and agency funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues of the District susceptible to accrual are ad valorem taxes, state revenue sharing, police jury fees, and interest. Substantially all other revenues are recorded when received.

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 the indenture provisions of the Certificate.

The budget is adopted for the general fund on a basis consistent with generally accepted accounting principles (GAAP). All appropriations, which are not expended, lapse at year-end.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Cash and Cash Equivalents

Cash includes amounts in demand deposits and certificates of deposits, if any.

Louisiana revised statutes authorize the District to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana or national banks having their principal offices in the State of Louisiana, an investment as stipulated in LSA-R.S. 39:1271, or any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. Government or its agencies.

Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in the general fund and the related assets are reported in the general fixed asset account group. All purchased fixed assets are valued at historical cost where historical records are available and at estimated historical costs where no historical records exist. Donated fixed assets, if any, are valued at their estimated fair market value on the date received. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Assets in the general fixed asset account group are not depreciated.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles 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 expenditures during the reporting period. Actual results could differ from those estimates.

Allowance for Uncollectible Receivables

The District's primary revenue source, ad valorem taxes, become delinquent if not paid by March 1 following the year of assessment. Unpaid taxes attach as an enforceable lien of property. The Board of Commissioners determined, based on research of historical information of other entities, that current collections are approximately 96% of the tax levy. At December 31, 1999 the amount of uncollectible receivables was \$6,099.

RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Ad Valorem Taxes

Ad valorem taxes are normally levied in November and billed in December. These taxes are due in January of the following year. Any unpaid taxes are collected in connection with an auction held in May. The Sheriff's department bills and collects the District's ad valorem taxes.

Ad valorem taxes are levied based on property values determined by the St. Tammany Parish Assessor (a separate entity). All land and residential improvements are assessed at 10 percent of its fair market value, and other property at 15 percent of its fair market value.

The District's ad valorem tax revenues are recognized when levied to the extent that they are determined to be currently collectible.

Fund Equity

Designations represent those portions of fund equity that have been segregated to indicate tentative plans for future resource use.

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.

Total Column on Financial Statements

The total column on the financial statements is captioned "Memorandum Only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles nor is such data comparable to a consolidation.

NOTE B – CASH AND CASH EQUIVALENTS

At December 31, 1999 and 1998, the District had cash and cash equivalents (book balances) totaling \$16,228 and \$29,040, respectively. These deposits are secured from risk by \$100,000 in federal deposit insurance.

NOTE C – AD VALOREM TAXES

The District was authorized to levy an ad valorem tax of 10 mills on May 2, 1999, commencing in 1999 and ending in the year 2009. The tax is to be used for the purpose of acquiring, constructing, improving, maintaining, or operating parks, playgrounds, recreation centers, and other recreational facilities within the boundaries of Ward 2 of St. Tammany Parish.

RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE D – INVESTMENTS

Investments of \$346,613 which is stated at cost which approximates market at December 31, 1999 is invested in the Louisiana Asset Management Pool, Inc. (LAMP). In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB because the investment is in a pool of funds thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and statewide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities; as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

NOTE E – FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, 1998	Additions	Deletions	Balance December 31, 1998
Equipment	\$ -	\$ -	\$ -	\$ -
Park land and improvements	-	25,106	-	25,106
Construction in progress	-	34,686	(25,106)	9,580
	<u>\$ -</u>	<u>\$ 59,792</u>	<u>\$ (25,106)</u>	<u>\$ 34,686</u>
	Balance January 1, 1999	Additions	Deletions	Balance December 31, 1999
Equipment	\$ -	\$ 8,761	\$ -	\$ 8,761
Park land and improvements	25,106	-	-	25,106
Construction in progress	9,580	666,354	-	675,934
	<u>\$ 34,686</u>	<u>\$ 675,115</u>	<u>\$ -</u>	<u>\$ 709,801</u>

RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE F - CERTIFICATES OF INDEBTEDNESS

The District pursuant to an election, and authority granted by the State Bond Commission, was authorized to levy a tax of 10 mills for the period from 1999 through 2009. In conjunction with the authorization, the District issued its certificates of indebtedness to a bank in the original amount of \$900,000. The purpose of the issuance of the certificates of indebtedness was for the purchasing, acquiring, constructing, and improving parks, playgrounds, recreation centers and other recreational facilities. These certificates have a maturity of twenty (20) years beginning in June 1999 and bear interest ranging from 3.50% to 5.00%. Principal payments are due annually on June 1 and interest is payable on June 1 and December 1 of each year.

Annual debt service requirements to maturity, including interest of \$556,615, are as follows:

<u>Year Ending</u> <u>December 31</u>	<u>Amount</u>
2000	\$ 72,883
2001	71,795
2002	70,633
2003	74,289
2004 and thereafter	<u>1,167,015</u>
	<u>\$1,456,615</u>

OTHER INDEPENDENT AUDITORS' REPORT

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

Board of Commissioners
Recreation District No. 12 of St. Tammany Parish

We have audited the component unit financial statements of Recreation District No. 12 of St. Tammany Parish as of December 31, 1999 and for the two years then ended, and have issued our report thereon dated May 10, 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.

Compliance

As part of obtaining reasonable assurance about whether Recreation District No. 12 of St. Tammany Parish's component unit 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 determinations 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.*

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Recreation District No. 12 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 general purpose 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 components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose 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 solely for the information and use of management, others within the organization, and the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.


May 10, 2000