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CHRISTMAS IN THE PARK COMMISSION

(A Component Unit of the City of Bogalusa, Louisiana)

*General-Purpose Financial Statements and
Independent Auditor's Reports*

Year Ended December 31, 1995

under provisions of state law, this report is a public document. A copy of the report has been submitted to the audited, or reviewed, 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 9-4-96

Richard M. Seal
CERTIFIED PUBLIC ACCOUNTANT

CHRISTMAS IN THE PARK COMMISSION
(A Component Unit of the City of Bogalusa, Louisiana)

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Richard M. Seal

Certified Public Accountant

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Christmas in the Park Commission
Bogalusa, Louisiana

I have audited the accompanying general-purpose financial statements of the Christmas in the Park Commission, a component unit of the City of Bogalusa, Louisiana, as of and for the year ended December 31, 1995. These general-purpose financial statements are the responsibility of the Christmas in the Park Commission. My responsibility is to express an opinion on these general-purpose financial statements based on my audit.

I conducted my 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 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.

The Christmas in the Park Commission did not adopt a budget for 1995, which is a departure from generally accepted accounting principles.

In my opinion, except for the omission of budget to actual comparisons of revenues and expenditures, the accompanying general-purpose financial statements present fairly, in all material respects, the financial position of the Christmas in the Park Commission as of December 31, 1995 and the results of its operations for the period then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, I have also issued a report dated May 22, 1996 on my consideration of Christmas in the Park Commission's internal control structure and a report dated May 22, 1996 on its compliance with laws and regulations.

A handwritten signature in cursive script that reads "Richard M. Seay".

Certified Public Accountant

Bogalusa, Louisiana
May 22, 1996

CHRISTMAS IN THE PARK COMMISSION
(A Component Unit of the City of Bogalusa, Louisiana)

COMBINED BALANCE SHEET - ALL FUND TYPES AND
ACCOUNT GROUPS
December 31, 1995

	<u>Governmental Fund Type General Fund</u>
ASSETS	
Cash	\$ <u>12,985</u>
Total assets	\$ <u>12,985</u>
 LIABILITIES AND FUND BALANCE	
Liabilities:	
Accounts payable	\$ 753
Fund balance:	
Unreserved, undesignated	<u>12,232</u>
Total liabilities and fund balances	\$ <u>12,985</u>

The accompanying notes are an integral part of this statement.

CHRISTMAS IN THE PARK COMMISSION
(A Component Unit of the City of Bogalusa, Louisiana)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - ALL GOVERNMENTAL FUND TYPES**
For the Year Ended December 31, 1995

	<u>General Fund</u>
Revenues:	
Donations from the public	\$ 18,771
Tickets and passes sold	12,181
Interest	<u>491</u>
Total revenues	<u>31,443</u>
Expenditures:	
Current:	
Culture and recreation:	
Christmas lights	43,075
Program costs	3,350
Supplies	3,500
Other	<u>3</u>
Total expenditures	<u>49,928</u>
Excess (deficiency) of revenues over expenditures	<u>(18,485)</u>
Other financing sources (uses):	
Operating transfers in(out) -	
City of Bogalusa -	
Parks and Recreation Commission	<u>(500)</u>
Total other financing sources (uses)	<u>(500)</u>
Excess (deficiency) of revenues and other financing sources over expenditures and other uses	(18,985)
Fund balance, beginning	<u>31,217</u>
Fund balance, ending	<u>\$ 12,232</u>

The accompanying notes are an integral part of this statement.

CHRISTMAS IN THE PARK COMMISSION
(A Component Unit of the City of Bogalusa, Louisiana)

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
December 31, 1995

INTRODUCTION

Christmas in the Park Commission (the Commission) was created by the City of Bogalusa on November 1, 1994 by ordinance number 1588, amended by ordinance number 1622. The Commission is a group of eleven persons who serve as board members and are appointed by the Mayor, with approval of the City Council. The Commission advises the Mayor and the City Council, stimulates public interest and accepts donations to enhance holiday lighting and activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The accompanying general-purpose financial statements of the Commission have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

B. REPORTING ENTITY

As the governing authority of the City of Bogalusa (the City), for reporting purposes, the City is the financial reporting entity for the Christmas in the Park Commission. The financial reporting entity consists of (a) the primary government (the City), (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.

CHRISTMAS IN THE PARK COMMISSION
(A Component Unit of the City of Bogalusa, Louisiana)
Notes to the General-Purpose Financial Statements (Continued)

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the City of Bogalusa for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the City to impose its will on that organization and/ or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority but are fiscally dependent on the City.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Mayor appoints, with the approval of the City Council, the Commission's governing body and can impose its will, the Commission was determined to be a component unit of the City of Bogalusa, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the Commission and do not present information on the City, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. FUND ACCOUNTING

The Commission uses a fund 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.

CHRISTMAS IN THE PARK COMMISSION
(A Component Unit of the City of Bogalusa, Louisiana)
Notes to the General-Purpose Financial Statements (Continued)

A fund is a separate accounting entity with a self-balancing set of accounts. The Commission only uses one fund:

1. General Fund -- the general operating fund of the Commission and accounts for all financial resources.

D. FIXED ASSETS

Fixed assets purchased (capital outlay) by the Commission are recorded as expenditures at the time purchased and the related assets are capitalized (reported) in the general fixed assets account group of the City of Bogalusa as City owned property.

E. 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. Operating statements for these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used by the general fund. The general fund uses the following practices in recording revenues and expenditures:

Revenues

Donations from the public are recorded as income in the year the donations are received.

Tickets and passes are recorded as income when sold.

Expenditures

Expenditures are generally recognized under the modified accrual basis of accounting when the liability is incurred.

CHRISTMAS IN THE PARK COMMISSION
(A Component Unit of the City of Bogalusa, Louisiana)
Notes to the General-Purpose Financial Statements (Continued)

F. BUDGETS

No budget was adopted for the Commission and, therefore, budget to actual comparisons have not been presented in the statement of revenues and expenditures.

NOTE 2 - CASH

All deposits of the Commission were held by area financial institutions. At December 31, 1995, the book balance of the Commission's checking accounts was \$ 12,985, and the bank balance was \$ 37,135. All deposits were insured by the Federal Deposit Insurance Corporation.

REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS

The following independent auditor's reports on internal control structure and compliance are presented in compliance with the requirements of *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide*, issued by the Society of Louisiana Certified Public Accountants and the Louisiana Legislative Auditor.

Richard M. Seal

Certified Public Accountant

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Post Office Box 128

Bogalusa, Louisiana 70429-0128

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL AS PART
OF AN AUDIT OF THE GENERAL-PURPOSE FINANCIAL STATEMENTS

Board of Directors
Christmas in the Park Commission
Bogalusa, Louisiana

I have audited the general-purpose financial statements of the Christmas in the Park Commission, a component unit of the City of Bogalusa, Louisiana, as of and for the year ended, December 31, 1995 and have issued my report thereon dated May 22, 1996, which was qualified for omission of a budget.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The management of the Christmas in the Park Commission is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures. The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are

safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

In planning and performing my audit of the general-purpose financial statements of the Christmas in the Park Commission for the year ended December 31, 1995, I obtained an understanding of the internal control structure. With respect to the internal control structure, I obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and I assessed control risk in order to determine my auditing procedures for the purpose of expressing my opinion on the general-purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, I do not express such an opinion.

I noted certain matters involving the internal control structure and its operation that I consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to my attention relating to significant deficiencies in the design or operation of the internal control structure that, in my judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general-purpose financial statements.

ACCOUNTING FOR SPECIFIC DONATIONS

Criteria - When donations are received that specify a particular item to be purchased, accounting records should be maintained to show that the donor's request has been honored.

Condition - Christmas in the Park did not reconcile the specific donations to the items purchased. There is no assurance that the donations were spent in accordance with the donor's request.

Auditor's Recommendation - A reconciliation of specific donations to actual purchases should be made for 1995, and future years.

Management's Response - We agree, and a form will be set up to reconcile donations to purchases.

A material weakness is a reportable condition in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities 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.

My consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. However, I believe the reportable condition described above is not a material weakness.

The prior year audit report included a material weakness regarding accounting for tickets and passes. The issue was addressed by management and has been resolved.

This report is intended for the information of the Board of Directors of the Christmas in the Park Commission, the Mayor, the City Council and the office of the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Richard M. Seal

Certified Public Accountant

Bogalusa, Louisiana
May 22, 1996

Richard M. Seal

Certified Public Accountant

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Bogalusa, Louisiana 70429-0128

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL-PURPOSE
FINANCIAL STATEMENTS

Board of Directors
Christmas in the Park Commission
Bogalusa, Louisiana

I have audited the general-purpose financial statements of the Christmas in the Park Commission, a component unit of the City of Bogalusa, Louisiana, as of and for the year ended December 31, 1995, and have issued my report thereon dated May 22, 1996, which was qualified for omission of a budget.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the general-purpose financial statements are free of material misstatement.

Compliance with laws, regulations, and contracts applicable to the Christmas in the Park Commission is the responsibility of the Christmas in the Park Commission's management. As part of obtaining reasonable assurance about whether the general-purpose financial statements are free of material misstatement, I

performed tests of the Christmas in the Park Commission's compliance with certain provisions of laws, regulations, and contracts. However, the objective of my audit of the general-purpose financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, I do not express an opinion.

The results of my tests disclosed the following instances of noncompliance that are required to be reported herein under *Government Auditing Standards*.

Criteria - The Commission is a governmental entity created by the City of Bogalusa, and is subject to the same Louisiana laws that apply to the City.

Condition - It was noted during the audit that certain Louisiana Revised Statutes were not complied with:

1. A budget was not adopted for 1995 as required by R.S. 39:1301
2. Written public notice of meetings was not given as required by R.S. 42:7
3. Minutes were not kept for all of the meetings as required by R.S. 42:7.1

Auditor's Recommendation - The Board of Directors should become familiar with and comply with applicable Louisiana laws.

Prior-Year Findings - The noncompliance noted in item #1 was noted in the prior year audit report, and was not corrected.

Two other prior-year findings regarding timely deposits and competitive bidding were corrected.

Management's Response - We agree. The three findings above will be corrected in a timely manner.

I considered these instances of noncompliance in forming my opinion on whether Christmas in the Park Commission's financial statements are presented fairly, in all material respects, in conformity with generally accepted accounting principles, and this report does not affect my report dated May 22, 1996 on those general-purpose financial statements.

This report is intended for the information of the Board of Directors of the Christmas in the Park Commission, the Mayor, the City Council, and the office of the Louisiana Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Ruthann M. Acay

Certified Public Accountant

Bogalusa, Louisiana
May 22, 1996