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**LAFOURCHE PARISH
RECREATION DISTRICT #2
RACELAND, LOUISIANA
PARISH OF LAFOURCHE**

**FINANCIAL REPORT, INTERNAL CONTROL AND
COMPLIANCE REPORTS**

AS OF AND FOR THE YEAR ENDED

DECEMBER 31, 1995
In accordance with 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 8-21-96



STAGNI & COMPANY, LLC, CPAs

ACCOUNTANTS & CONSULTANTS

***LAFOURCHE PARISH
RECREATION DISTRICT #2
RACELAND, LOUISIANA
PARISH OF LAFOURCHE***

***FINANCIAL REPORT, INTERNAL CONTROL AND
COMPLIANCE REPORTS***

***AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 1995***



**LAFOURCHE PARISH
RECREATION DISTRICT #2
RACELAND, LOUISIANA**

***General Purpose Financial Statements
As of and for the Year Ended December 31, 1995***

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FINANCIAL SECTION





STAGNI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Lafourche Parish Recreation District #2
Raceland, Louisiana

We have audited the accompanying general purpose financial statements of the Lafourche Parish Recreation District #2, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 1995. These general purpose financial statements are the responsibility of the Lafourche Parish Recreation District #2's management. Our responsibility is to express an opinion on these general purpose 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 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. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Lafourche Parish Recreation District #2 as of December 31, 1995 and the results of its operations for the year then ended, in conformity with generally accepted accounting principles.

Thibodaux, Louisiana
March 25, 1996

LAFOURCHE PARISH RECREATION DISTRICT #2
 Combined Balance Sheet - All Fund Types and Account Groups
 December 31, 1995

	Governmental Fund Types			Account Groups		Totals
	General	Debt Service	Capital Project	General Fixed Assets	General Long Term Debt	
<u>ASSETS AND OTHER DEBITS</u>						
Cash		\$402	\$91,618			\$92,020
Investments			1,071,858			1,071,858
Due from other governments	\$49,910	99,543				149,453
Taxes receivable	10,428	21,134				31,562
Property, Plant & Equipment				\$110,500		110,500
Amount available in Debt Service Fund					\$402	402
Amount to be provided for retirement of long term debt					1,299,598	1,299,598
Total assets	<u>\$60,339</u>	<u>\$121,079</u>	<u>\$1,163,476</u>	<u>\$110,500</u>	<u>\$1,300,000</u>	<u>\$2,755,393</u>
<u>LIABILITIES, EQUITY, AND OTHER CREDITS</u>						
Liabilities:						
Deferred revenue	\$60,339	\$120,677				\$181,016
Bonds payable					\$1,300,000	
Total liabilities	<u>60,339</u>	<u>120,677</u>			<u>1,300,000</u>	<u>181,016</u>
Equity and Other Credits:						
Investment in general fixed assets				\$110,500		110,500
Fund balances:						
Reserved for debt service		402				402
Reserved for capital projects			\$1,163,476			1,163,476
Total fund balances		<u>402</u>	<u>1,163,476</u>			<u>1,163,877</u>
Total liabilities, equity, and other credits	<u>\$60,339</u>	<u>\$121,079</u>	<u>\$1,163,476</u>	<u>\$110,500</u>	<u>\$1,300,000</u>	<u>\$1,455,393</u>

See notes to the financial statements.

LAFORCHE PARISH RECREATION DISTRICT #2
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
All Governmental Fund Types
As of and for the year ending December 31, 1995

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>Debt Service</u>	<u>Capital Project</u>	<u>(Memorandum) Only</u>
<u>REVENUES</u>			
Interest		\$4,112	\$4,112
Total Revenues		<u>4,112</u>	<u>4,112</u>
<u>EXPENDITURES</u>			
General government - current:			
Professional fees		2,997	2,997
Bank charges	\$56	114	170
Total current expenditures	<u>56</u>	<u>3,111</u>	<u>3,168</u>
Capital expenditures		110,500	110,500
Debt service:			
Principal retirement			
Interest and fiscal charges		27,025	27,025
Total debt service	<u>0</u>	<u>27,025</u>	<u>27,025</u>
Total expenditures	<u>56</u>	<u>140,636</u>	<u>140,693</u>
Excess (deficiencies) of revenues over expenditures	(56)	(136,524)	(136,580)
<u>OTHER FINANCING SOURCES (USES)</u>			
Operating transfers in (out)	458	(458)	(0)
Proceeds from bond issue		1,300,458	1,300,458
Total other financing sources (uses)	<u>458</u>	<u>1,300,000</u>	<u>1,300,458</u>
EXCESS (DEFICIENCIES) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER USES	402	1,163,476	1,163,877
<u>FUND BALANCES</u>			
Beginning of year	0	0	0
Ending of year	<u>\$402</u>	<u>\$1,163,476</u>	<u>\$1,163,877</u>

See notes to the financial statements.

**LAFOURCHE PARISH RECREATION
DISTRICT #2
RACELAND, LOUISIANA**

**NOTES TO FINANCIAL STATEMENTS
For the year ended December 31, 1995**

The Lafourche Parish Recreation District #2 (the District) operates under provisions of the Louisiana Revised Statutes and local ordinances established by the Lafourche Parish Council. The District provides the facilities, equipment, program, and finances to conduct recreational activities throughout the year. The District has all the rights and powers and privileges granted by and conferred by the Constitution and Statues of the State of Louisiana, including the right to incur debt, issue bonds and levy taxes.

Note 1 *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*

The accounting and reporting policies of the Lafourche Parish Recreation District #2 (the District) conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of certain significant accounting policies:

A. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Lafourche Parish Council is the financial reporting entity for Lafourche Parish. The Governmental Accounting Standards Board established criteria for determining which component units should be considered part of the Lafourche Parish Council for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. Based on criterion applied, the District is a component unit of the Lafourche Parish Council. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the Lafourche Parish Council, the general government services provided by the Council, or the other governmental units that comprise the financial reporting entity.

**LAFOURCHE PARISH RECREATION
DISTRICT #2
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the year ended December 31, 1995

Note 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

B. *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 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 funds because they do not directly affect net expendable available financial resources.

Governmental Funds

Governmental Funds are those through which the governmental functions of the District are financed. The acquisition, use, and balances of the District's expendable financial resources and the related liabilities are accounted for through Governmental Funds. The measurement focus is upon determination of changes in financial position, rather than upon net income determination. *The Governmental Funds of the District are as follows:*

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those that are required to be accounted for in another fund.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of general long-term obligation principal, interest and related costs.

Capital Projects Fund - The Capital Projects Fund is used to account for the acquisition or construction of general fixed assets.

**LAFOURCHE PARISH RECREATION
DISTRICT #2
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the year ended December 31, 1995

Note 1 ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

C. *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 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:

Interest income is recorded when received by the District.

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

D. *Budgets*

Budgets are adopted on a cash basis which is not consistent with generally accepted accounting principles. Annual appropriated budgets are adopted on a cash basis for all governmental fund types and lapse at a year end. The budget is amended by supplemental appropriations as needed to during the year to comply with state law. During the current year no budgets were adopted.

E. *Allowance for Uncollectible Ad Valorem Taxes*

The financial statements for the District contain an allowance for uncollectible amounts due for ad valorem taxes. According to GASB property tax revenue should be recognized net of an allowance for uncollectible taxes receivable. This means that revenue is not recognized at the gross amount with a separate provision for uncollectible receivables as is

**LAFOURCHE PARISH RECREATION
DISTRICT #2
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the year ended December 31, 1995

Note 1 ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

E. *Allowance for Uncollectible Ad Valorem Taxes (Continued)*

the practice in commercial entities.

F. *Encumbrances*

Encumbrance accounting, under which purchase orders, contracts, and other commitments are recorded in the District's book, is not utilized by the District.

G. *Cash and Investments*

Cash includes amounts in demand deposits, interest-bearing deposits, and money market accounts. Under state law, the District 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 district may invest in United States bonds, treasury notes, or certificates. Investments are stated at cost.

State law also requires that deposits of all political subdivisions be fully collateralized at all times. Acceptable collateralization includes the FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligation furnished as security must be held by the political subdivision or with an unaffiliated bank or trust company for the account of the political subdivision.

**LAFOURCHE PARISH RECREATION
DISTRICT #2
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the year ended December 31, 1995

Note 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

II. General Fixed Assets

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Asset Account Group. The Account Group is not a fund. It is concerned only with the measurement of financial position, not with the measurement of results of operations.

Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs etc. 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. Long Term Debt

The accounting and reporting treatment applied to the long-term obligations associated with a fund are determined by its measurement focus. Long term obligations expected to be financed from governmental funds are accounted for the General Long Term Debt Account Group, not in the governmental funds. Expenditures for principal and interest payments are recognized in the governmental funds when due.

The Long Term Debt Account Group is not a "fund." It is concerned only with the measurement of financial position, not with the measurement of results of operations.

**LAFOURCHE PARISH RECREATION
DISTRICT #2
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the year ended December 31, 1995

Note 1 ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)***

J. *Fund Equity*

Reserves

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

K. *Total (Memorandum Only) Columns on Combined Statements*

The total columns on the combined statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present the financial position or the 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.

Note 2 ***DEPOSITS AND INVESTMENTS***

A. *Deposits*

At December 31, 1995 the District has cash book balances (all deposits) of \$1,163,878 and bank balances totaling \$1,164,602. 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. The District's deposits are secured from risk by \$105,455 of federal deposit insurance and \$1,520,430 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

**LAFOURCHE PARISH RECREATION
DISTRICT #2
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS, (CONTINUED)

For the year ended December 31, 1995

Note 2 **DEPOSITS AND INVESTMENTS (Continued)**

A. Deposits (Continued)

Even though the pledged securities are considered uncollateralized under the provisions of GASB Statement 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.

B. Investments

At December 31, 1995, the District has investments totaling \$1,071,858. All investments are certificates of deposits varying in maturity and interest rates and are in the name of the District (category 1 in applying credit risk of GASB Codification Section I50.164).

Note 3 **AD VALOREM TAXES**

Property taxes are levied each December 1 on the assessed value listed as of the prior January 1 for all real property, merchandise, and moveable property located in the Parish. Assessed values are established by the Lafourche Parish Assessor's Office and the State Tax Commission at the 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, 1992. Taxes are due and payable December 31 with interest being charged on payments after January 1. Taxes can be paid through the tax sale date, which is the last Wednesday in June. Properties for which the taxes have not been paid are sold for the amount of the taxes. The tax rate for the year ended December 31, 1995 was 3 mills assessed valuation on property within Lafourche Parish Recreation District #2 for the purpose

**LAFOURCHE PARISH RECREATION
DISTRICT #2
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the year ended December 31, 1995

Note 3 AD VALOREM TAXES (Continued)

of maintaining and operating the facilities and programs, and 6 mills for the purpose of payment of general long term debt principal, interest, and related costs for the District.

The Lafourche Parish Sheriff's Office collects the taxes levied and remits the taxes collected to the District. The District uses the revenue from ad valorem taxes collected to finance the next year's operations therefore all taxes levied (less the allowance for uncollectible accounts) are recognized as deferred in the current year's financial statements.

	<i>General Fund</i>	<i>Debt Service</i>
<i>Taxes Levied</i>	\$67,415	\$134,829
<i>Allowance for Uncollectible</i>	7,076	14,152
<i>Totals</i>	\$60,339	\$120,677

Note 4 COMPENSATION OF BOARD MEMBERS

No compensation was paid to Board Members during the year ended December 31, 1995.

Note 5 DUE FROM OTHER GOVERNMENTAL UNITS

The amounts due from other governmental units consisted of December 1995 ad valorem tax collections due from the Lafourche Parish Sheriff to be remitted to the District in January 1996.

**LAFOURCHE PARISH RECREATION
DISTRICT #2
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the year ended December 31, 1995

Note 6 INITIAL YEAR OF GENERAL FUND

The Board of Commissioners began handling operations of the District during the year with the passage of a bond issue of April 1, 1995. Prior to the bond issue all activities of the District were handled by the Lafourche Parish Council Finance Department. The Board during the current year set up and maintained activities for the bond issue only. All maintenance and operations will begin in 1996 for all other funds.

Note 7 CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, 1995	Additions	Deletions	Balance December 31, 1995
Land	\$0	\$110,500	\$0	\$110,500

Note 8 LONG TERM DEBT

On April 1, 1995 the taxpayers approved an issuance of bonds and the levy of a special tax to issue \$1,300,000 of 20 year general obligation bonds of the District for constructing, purchasing and acquiring lands, buildings, equipment and other facilities to be used in providing recreational facilities for the District.

**LAFOURCHE PARISH RECREATION
DISTRICT #2
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the year ended December 31, 1995

Note 8 LONG TERM DEBT (Continued)

A summary of changes in long term obligations of the District is as follows:

	Payable January 1, 1995	Debt Incurred	Debt Retired	Payable December 31, 1995
General Obligations Bonds, Series 1995	\$0	\$1,300,000	\$0	\$1,300,000
Totals	\$0	\$1,300,000	\$0	\$1,300,000

The annual requirements, including interest, to amortize all long term debt outstanding are as follows:

Maturity	Principal	Interest	Total
1996	\$15,000	\$95,326	\$110,326
1997	35,000	78,840	\$113,840
1998	40,000	74,715	114,715
1999	40,000	70,515	110,515
2000	45,000	66,512	111,512
2001 - 2005	275,000	274,630	549,630
2006 - 2010	365,000	185,318	550,318
2011 - 2015	485,000	70,262	555,262
Totals	\$1,300,000	\$916,118	\$2,216,118

**LAFOURCHE PARISH RECREATION
DISTRICT #2
RACELAND, LOUISIANA**

NOTES TO FINANCIAL STATEMENTS, (CONTINUED)
For the year ended December 31, 1995

Note 9 **BOUNDARY DISPUTE**

At December 31, 1995, the District was involved in a boundary dispute with the Recreation District #8. The boundary dispute will likely be resolved by action taken by the Lafourche Parish Council to redraw the boundary lines of the respective districts. The allowance for uncollectible taxes includes the estimate for the amounts deemed to be uncollectible for the dispute. The impact of future revenue is not determinable at this time.

***INTERNAL CONTROL
AND
COMPLIANCE SECTION***





STAGNI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
STRUCTURE BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

Board of Commissioners,
Lafourche Parish Recreation District #2
Raceland, Louisiana

We have audited the general purpose financial statements of the Lafourche Parish Recreation District #2, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 1995 and have issued our report thereon dated March 25, 1996.

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 general purpose financial statements are free of material misstatement.

The management of the Lafourche Parish Recreation District #2 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 general purpose 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 our audit of the general purpose financial statements of the Lafourche Parish Recreation District #2 for the year ended December 31, 1995, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors and 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. We noted no matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above.

This report is intended for the information of the management and the Board of Commissioners of the Lafourche Parish Recreation District #2, and other State Agencies. However, this report is a matter of public record and its distribution is not limited.

Thibodaux, Louisiana
March 25, 1996

Stagni & Company





STAGNI & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS
CONSULTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Commissioners,
Lafourche Parish Recreation District #2
Raceland, Louisiana

We have audited the general purpose financial statements of Lafourche Parish Recreation District #2, a component unit of the Lafourche Parish Council, as of and for the year ended December 31, 1995, and have issued our report thereon dated March 25, 1996.

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.

Compliance with laws, regulations, contracts, and grants applicable to the Lafourche Parish Recreation District #2 is the responsibility of the Lafourche Parish Recreation District #2's management. As part of our audit, we assessed the risk that noncompliance with certain provisions of laws, regulations, contracts, and grants could cause the financial statements to be materially misstated. We concluded that the risk of such material misstatement was sufficiently low that it was not necessary to perform tests of the District's compliance with such provisions of laws, regulations, contracts, and grants.

This report is intended for the information of the management and the Board of Commissioners of the Lafourche Parish Recreation District #2, and other State agencies. However, this report is a matter of public record and its distribution is not limited.

Thibodaux, Louisiana
March 25, 1996