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RECREATION DISTRICT NO. 2  
OF ALLEN PARISH  
KINDER, LOUISIANA

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 1996

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

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To the Board of Commissioners  
 Recreation District No. 2 of Allen Parish  
 A Component Unit of the Allen Parish Police Jury  
 Kinder, Louisiana

In planning and performing our audit of the general purpose financial statements of the Recreation District No. 2 of Allen Parish, a component unit of the Allen Parish Police Jury, for the year ended June 30, 1996, we considered its internal control structure 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 structure. However, we noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, could adversely affect the Recreation District No. 2 of Allen Parish, a component unit of the Allen Parish Police Jury's ability to record, process, summarize, and report financial data consistent with the assertions of management in the general purpose financial statements.

A material weakness is a reportable 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 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.

Our 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. In addition, because of inherent limitations in any internal control structure, errors or irregularities may occur and not be detected by such control structure. However, we noted the following reportable conditions that we believe to be material weaknesses.

**Condition:** The District does not have adequate segregation of duties within its internal control structure. However, we do note that this is a problem in most entities of this size and type. Due to the lack of funds available, this problem probably can not be resolved.

**Recommendation:** We recommend that the full board of Commissioners take an active role in the financial aspects of the District.

**Management Response:** The Commissioners have and will continue to be actively involved in the financial aspects at the District.

**Condition:** A District employees was allowed to be a co-signer of checks for one bank account of the District. Although the employee was authorized at the bank to sign checks, the board did not take the necessary steps to authorize the employee in a meeting of the board.

**Criteria:** Persons authorized to sign checks must be approved by the Board of Commissioners at a meeting open to the public and this approval must be noted in the minutes of that meeting.

**Effect:** We feel, because of the need for two signatures required on all checks on this account, this condition did not affect the accounting records.

**Cause:** We believe this was an administrative oversight on the part of the District.

**Recommendation:** The District should, at the next meeting, vote whether to allow this employee to be authorized to sign checks on the District's account and note the outcome in the minutes.

**Management Response:** The District agrees with this recommendation and will vote on this matter at the next meeting.

We also noted the following reportable condition that is not believed to be a material weakness.

**Condition:** The District's control over cash receipts at its pool facility was not as strong as it could be.

**Criteria:** The method of recording charges for use of the pool was that the employee would write the daily receipts of cash in a notebook and this total would be compared to the bank deposit amount.

**Effect:** The lack of strong control, primarily the lack of written receipts for cash received, could allow the misappropriation of funds.

**Cause:** The District had a stronger system of control in place but this was allowed to be neglected over time.

**Recommendation:** Prenumbered tickets, similar to theater tickets, should be used as receipts for all cash received. One person should be responsible for receiving cash and issuing tickets, and another should be responsible for allowing only individuals with tickets into the pool area. A reconciliation of tickets issued to cash received should be prepared as often as possible and compared to monthly bank deposits. Any and all unaccounted for tickets should be investigated.

**Management Response:** The District will implement this recommendation.

Board of Commissioners  
Recreation District No. 2 of Allen Parish  
A Component Unit of the Allen Parish Police Jury  
Page 3

This report is intended solely for the information and use of the Recreation District No. 2 of Allen Parish, a component unit of the Allen Parish Police Jury, management, and the Legislative Auditor of the State of Louisiana. This restriction is not intended to limit distribution of this report, which is a matter of public record.

*Mires & Company, CPAs, APC*

Mires & Company, CPAs, APC  
December 20, 1996

*M & C.*

RECREATION DISTRICT NO. 2  
OF ALLEN PARISH  
KINDER, LOUISIANA

A COMPONENT UNIT OF THE  
ALLEN PARISH POLICE JURY

ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended June 30, 1996

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners  
Recreation District No. 2  
of Allen Parish  
A Component Unit of the Allen  
Parish Police Jury  
Kinder, Louisiana

We have audited the accompanying general purpose financial statements of the Recreation District No. 2 of Allen Parish, a component unit of the Allen Parish Police Jury, as of and for the year ended June 30, 1996, as listed in the table of contents. These general purpose financial statements are the responsibility of the Recreation District No. 2 of Allen Parish 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 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. 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 Recreation District No. 2 of Allen Parish, a component unit of the Allen Parish Police Jury, as of June 30, 1996, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued a report dated December 20, 1996 on our consideration of the Recreation District No. 2 of Allen Parish's internal control structure and report dated December 20, 1996 on its compliance with laws and regulations.

*Mires & Company, CPAs, APC*

Mires & Company, CPAs, APC  
December 20, 1996

GENERAL PURPOSE FINANCIAL STATEMENTS



RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
A Component Unit of the Allen Parish Police Jury  
Combined Balance Sheet - All Fund Types and Account Groups  
June 30, 1996

	GOVERNMENTAL FUNDS		ACCOUNT GROUPS	
	GENERAL FUND	DEBT SERVICE FUND	GENERAL FIXED ASSETS	GENERAL LONG-TERM OBLIGATIONS
ASSETS AND OTHER DEBITS				
Assets:				
Cash . . . . .	\$ 79,277	\$ 69,942	\$ -	\$ -
Fixed assets . . . . .	-	-	634,857	-
Other debits:				
Amount available in Debt				
Service Fund . . . . .	-	-	-	69,942
Amount to be provided for				
retirement of general				
long-term obligations . . . . .	-	-	-	50,058
	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,058</u>
TOTAL ASSETS AND OTHER CREDITS				
	<u>\$ 79,277</u>	<u>\$ 69,942</u>	<u>\$ 634,857</u>	<u>\$ 120,000</u>
LIABILITIES, EQUITY, AND OTHER CREDITS				
Liabilities:				
Accounts payable . . . . .	\$ 2,917	\$ -	\$ -	\$ -
General obligation bonds				
payable . . . . .	-	-	-	120,000
	<u>-</u>	<u>-</u>	<u>-</u>	<u>120,000</u>
TOTAL LIABILITIES				
	<u>2,917</u>	<u>-</u>	<u>-</u>	<u>120,000</u>
Equity and other credits:				
Investment in general fixed				
assets . . . . .	-	-	634,857	-
Fund balances:				
Unreserved and undesignated .	76,360	69,942	-	-
	<u>76,360</u>	<u>69,942</u>	<u>-</u>	<u>-</u>
TOTAL EQUITY AND OTHER CREDITS				
	<u>76,360</u>	<u>69,942</u>	<u>634,857</u>	<u>-</u>
TOTAL LIABILITIES, EQUITY AND OTHER CREDITS				
	<u>\$ 79,277</u>	<u>\$ 69,942</u>	<u>\$ 634,857</u>	<u>\$ 120,000</u>

See accompanying notes.

TOTALS  
(MEMORANDUM ONLY)

<u>1996</u>	<u>1995</u>
\$ 149,219	\$ 152,346
634,857	631,057
69,942	79,048
<u>50,058</u>	<u>55,952</u>
<u>\$ 904,076</u>	<u>\$ 918,403</u>
\$ 2,917	\$ 9,836
<u>120,000</u>	<u>135,000</u>
<u>122,917</u>	<u>144,836</u>
634,857	631,057
<u>146,302</u>	<u>142,510</u>
<u>781,159</u>	<u>773,567</u>
<u>\$ 904,076</u>	<u>\$ 918,403</u>

RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
A Component Unit of the Allen Parish Police Jury  
Combined Statement of Revenues, Expenditures, and  
Changes in Fund Balances - All Governmental Fund Types  
Year Ended June 30, 1996

	General Fund	Debt Service Fund	TOTALS (MEMORANDUM ONLY)	
			1996	1995
<b>REVENUES:</b>				
Ad valorem taxes - net . . . . .	\$ 48,020	\$ 12,408	\$ 60,428	\$ 56,428
Interest . . . . .	1,118	1,246	2,364	2,478
Pool fees . . . . .	2,345	-	2,345	1,120
Other . . . . .	-	-	-	-
TOTAL REVENUES	<u>51,483</u>	<u>13,654</u>	<u>65,137</u>	<u>60,026</u>
<b>EXPENDITURES:</b>				
General Government:				
Advertising . . . . .	101	-	101	-
Bank charges . . . . .	87	-	87	85
Contract labor . . . . .	3,830	-	3,830	2,726
Gas and oil . . . . .	192	-	192	180
Insurance . . . . .	3,597	-	3,597	1,185
Payroll taxes . . . . .	500	-	500	241
Printing and office supplies . . . . .	-	-	-	215
Professional fees . . . . .	6,230	-	6,230	4,700
Repairs . . . . .	7,091	-	7,091	2,232
Supplies and maintenance . . . . .	4,098	-	4,098	4,238
Utilities . . . . .	3,749	-	3,749	4,095
Wages . . . . .	5,310	-	5,310	4,447
Capital outlay . . . . .	3,800	-	3,800	18,069
Debt service:				
Principal retirement . . . . .	-	15,000	15,000	15,000
Interest . . . . .	-	7,760	7,760	8,600
TOTAL EXPENDITURES	<u>38,585</u>	<u>22,760</u>	<u>61,345</u>	<u>66,013</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>12,898</u>	<u>(9,106)</u>	<u>3,792</u>	<u>(5,987)</u>
FUND BALANCE - BEGINNING	63,462	79,048	142,510	148,497
FUND BALANCE - ENDING	<u>\$ 76,360</u>	<u>\$ 69,942</u>	<u>\$ 146,302</u>	<u>\$ 142,510</u>

See accompanying notes.

RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
A Component Unit of the Allen Parish Police Jury  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget  
and Actual - General Fund  
Year Ended June 30, 1996

	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
REVENUES:			
Ad valorem taxes - net . . . . .	\$ 43,000	\$ 48,020	\$ 5,020
Interest . . . . .	-	1,118	1,118
Pool fees . . . . .	-	2,345	2,345
Other . . . . .	-	-	-
TOTAL REVENUES	<u>43,000</u>	<u>51,483</u>	<u>8,483</u>
EXPENDITURES:			
Current:			
Advertising . . . . .	-	101	(101)
Bank charges . . . . .	-	87	(87)
Contract labor . . . . .	1,850	3,830	(1,980)
Gas and oil . . . . .	750	192	558
Insurance . . . . .	1,850	3,597	(1,747)
Payroll taxes . . . . .	-	500	(500)
Printing and office supplies . . . . .	-	-	-
Professional Fees . . . . .	6,750	6,230	520
Repairs . . . . .	7,500	7,091	409
Supplies and maintenance . . . . .	1,100	4,098	(2,998)
Utilities . . . . .	4,200	3,749	451
Wages . . . . .	11,000	5,310	5,690
Capital Outlay . . . . .	8,000	3,800	4,200
TOTAL EXPENDITURES	<u>43,000</u>	<u>38,585</u>	<u>4,415</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	12,898	12,898
FUND BALANCE BEGINNING	<u>63,462</u>	<u>63,462</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 63,462</u>	<u>\$ 76,360</u>	<u>\$ 12,898</u>

See accompanying notes.

RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
A Component Unit of the Allen Parish Police Jury  
Notes to Financial Statements  
June 30, 1996

INTRODUCTION

The Recreation District No. 2 of Allen Parish was created by the Allen Parish Police Jury. The District is governed by a board of five noncompensated commissioners who are appointed by the Allen Parish Police Jury. The District establishes regulations governing the park and playground and provides administration, management, maintenance and operations of the facilities. The District employs a varying number of seasonal, part-time employees.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The accompanying general purpose financial statements of the Recreation District No. 2 of Allen 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.

B. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity for Allen 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 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 Allen Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
  - a. The ability of the police jury 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 police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.

RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
A Component Unit of the Allen Parish Police Jury  
Notes to Financial Statements  
June 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 police jury appoints all members to the District's board and can impose its will on the District, the District was determined to be a component unit of the Allen Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

C. Fund Accounting

The accounts of the District are organized on the basis of funds or account groups, each of which is considered to be a separate accounting entity. The operations of each fund or account group are summarized by providing a separate set of self-balancing accounts which include its assets, liabilities, fund equity, revenues and expenditures. The following funds and group of accounts are used by the District:

Governmental Fund Types:

General Fund-

The General Fund is the general operating fund of the District. All financial resources, except those required to be accounted for in another fund, are accounted for in the General 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 debt principal, interest, and related costs.

General Fixed Assets Account Group:

The General Fixed Assets Account Group is used to account for fixed assets used in governmental fund type operations for control purposes. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. No depreciation is recorded on general fixed assets.

RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
A Component Unit of the Allen Parish Police Jury  
Notes to Financial Statements  
June 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General Long-Term Debt Account Group:

The General Long-Term Debt Account Group is used to account for long-term liabilities to be financed from government funds. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

D. 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 are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The government considers property taxes as available if they are collected within 60 days after year end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures are recorded when the related fund liability is incurred.

Revenue susceptible to accrual is property tax revenue.

E. Cash and Cash Equivalents  
and Investments

Cash includes amounts in demand deposits and 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 District may deposit funds in demand deposits, interest-bearing demand deposits, or time deposits with state banks organized under Louisiana law or any other state of the United States, or under the laws of the United States.

Under state law, the District 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.

RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
A Component Unit of the Allen Parish Police Jury  
Notes to Financial Statements  
June 30, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

F. Budgets

A budget is adopted on a basis consistent with generally accepted accounting principles. An annual appropriated budget is adopted for the general fund. All annual appropriations lapse at fiscal year end.

Prior to the beginning of each fiscal year, the President of the District submits a budget to the Board of Commissioners. The budget is prepared by fund, function and activity. The board holds public hearings and may add to, subtract from or change appropriations, but may not change the form of the budget. Any changes, in the budget must be within the revenues and reserves estimated or the revenue estimates must be changed by an affirmative vote of a majority of the government's council.

Expenditures may not legally exceed budgeted appropriations at the activity level.

G. Total Columns on Combined Statements

Total columns on the statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

H. Comparative Totals

Comparative total data for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the government's financial position and operations.

I. Compensated Absences

All employees of the District are part-time and utilized on a seasonal basis. The District has no policy of vacation or sick leave for these employees.

NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 1996, the District has cash and cash equivalents (book balances) totaling \$149,219 as follows:

Demand deposits	\$ 10,748
Interest-bearing demand deposits	138,471
Time deposits	-
Other	-
Total	<u>\$ 149,219</u>



RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
 A Component Unit of the Allen Parish Police Jury  
 Notes to Financial Statements  
 June 30, 1996

NOTE 2 - CASH AND CASH EQUIVALENTS

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 June 30, 1996, the District has \$153,606 in deposits (collected bank balances). These deposits are secured from risk by \$153,606 of federal deposit insurance.

NOTE 3 - AD VALOREM TAXES

For the year ended June 30, 1996 taxes were levied on property with assessed valuations as follows:

	<u>General</u> <u>Purposes</u>	<u>Debt</u> <u>Service</u>
Assessed Valuation . . . . .	\$12,815,995	\$12,815,995
Millage . . . . .	3.87	1.00

Total taxes levied were \$62,414 for 1996. These taxes were substantially collected by June 30, 1996.

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of December are subject to lien.

NOTE 4 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	06/30/95	Additions	03/30/96
	<u>Balance</u>	<u>(Deletions)</u>	<u>Balance</u>
Land . . . . .	\$ 53,015	\$ -	\$ 53,015
Park improvements . . . . .	344,996	3,800	348,796
Movable equipment . . . . .	38,576	-	38,576
Swimming equipment . . . . .	194,470	-	194,470
	<u>\$ 631,057</u>	<u>\$ 3,800</u>	<u>\$ 634,857</u>

RECREATION DISTRICT NO. 2 OF ALLEN PARISH  
A Component Unit of the Allen Parish Police Jury  
Notes to Financial Statements  
June 30, 1996

NOTE 5 - CHANGES IN GENERAL LONG-TERM OBLIGATIONS

A summary of changes in general long-term obligations follows:

Bonds payable June 30, 1995 . . .	\$ 135,000
Bonds retired . . . . .	<u>(15,000)</u>
Bonds payable, June 30, 1996 . . .	<u>\$ 120,000</u>

Bonds payable at June 30, 1996 are comprised of the following issue:

General Obligation Bonds:

\$265,000 Public Improvement Bonds dated February 1, 1978; due in annual installments of \$10,000 - \$20,000 through February 1, 2003; interest at 5.6%.

The annual requirements to retire general long-term debt as of June 30, 1996 are as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
1997 . . . . .	15,000	6,720	21,720
1998 . . . . .	15,000	5,880	20,880
1999 . . . . .	15,000	5,040	20,040
2000 . . . . .	15,000	4,200	19,200
2001 . . . . .	20,000	3,360	23,360
2002 . . . . .	20,000	2,240	22,240
2003 . . . . .	<u>20,000</u>	<u>1,120</u>	<u>21,120</u>
	<u>\$ 120,000</u>	<u>\$ 28,560</u>	<u>\$ 148,560</u>

NOTE 6 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 7 - RETIREMENT COMMITMENTS

All employees of the District are part-time and utilized on a seasonal basis. The District has no policy of providing for the retirement of these employees.

NOTE 8 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

There are a number of limitations and restrictions contained in the bond indenture. The District is in compliance with all significant limitations and restrictions. No material violations of finance related legal and contractual provisions occurred for the year ended June 30, 1996.

INDEPENDENT AUDITORS' REPORTS SECTION



Mires & Company  
A Professional Corporation

Certified Public Accountants

Members:  
American Institute of Certified Public Accountants  
Society of Louisiana Certified Public Accountants  
Private Company Practice Section AICPA

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

To the Board of Commissioners  
Recreation District No. 2  
of Allen Parish  
A Component Unit of the  
Allen Parish Police Jury  
Kinder, Louisiana

We have audited the general purpose financial statements of the Recreation District No. 2 of Allen Parish, a component unit of the Allen Parish Police Jury, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 20, 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 Recreation District No. 2 of Allen Parish, a component unit of the Allen Parish Police Jury, 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 Recreation District No. 2 of Allen Parish, a component unit of the Allen Parish Police Jury, for the year ended June 30, 1996, 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

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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.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgement, 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.

The reportable conditions are that the District does not have adequate segregation of duties within its internal control structure, and a District employee was allowed to be a co-signer on checks written against one bank account without formal approval of the Board of Commissioners.

A material weakness is a reportable 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 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.

Our 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, we noted the following matters involving the internal control structure and its operation that we consider to be material weaknesses as defined above. These conditions were considered in determining the nature, timing, and extent of the procedures to be performed in our audit of the financial statements of the Recreation District No. 2 of Allen Parish, a component unit of the Allen Parish Police Jury, for the year ended June 30, 1996. We believe both of the reportable conditions referred to above are material weaknesses.

We note that inadequate segregation of duties is inherent in entities of this size and type. Due to the lack of adequate funds available, this problem probably can not be resolved. We recommend that all commissioners of the District take an active role in the financial aspects of the District.

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During the course of our audit we became aware of the following material weakness:

**Condition:** A District employee signed checks as a co-signer on one bank account of the District's. Although she was authorized at the bank to sign on this account, the full board of commissioners had not authorized her to sign at a meeting open to the public nor was this authorization recorded in the minutes.

**Criteria:** Authorization to sign checks should be approved by the board at a meeting and recorded in the minutes.

**Effect:** We feel because of the need for two signatures required on all checks on this account, this condition did not affect the accounting records.

**Cause:** We feel this was an administrative oversight on the part of the District.

**Management response:** All persons signing checks will be authorized by the Board of Commissioners during a meeting and recorded in the minutes of that meeting.

We also noted other matters involving the internal control structure and its operation that we have reported to the management of the Recreation District No.2 of Allen Parish, a component unit of the Allen Parish Police Jury, in a separate letter dated December 20, 1996.

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

*Mires & Company, CPAs, APC*

Mires & Company, CPAs, APC  
December 20, 1996

*M & Co.*



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American Institute of Certified Public Accountants  
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Private Company Practice Section AICPA

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

To the Board of Commissioners  
Recreation District No. 2  
of Allen Parish  
A Component Unit of the  
Allen Parish Police Jury  
Kinder, Louisiana

We have audited the general purpose financial statements of the Recreation District No. 2 of Allen Parish, a component unit of the Allen Parish Police Jury, as of and for the year ended June 30, 1996, and have issued our report thereon dated December 20, 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 Recreation District No. 2 of Allen Parish, a component unit of the Allen Parish Police Jury, is the responsibility of the Recreation District No. 2 of Allen Parish's management. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of the Recreation District No. 2 of Allen Parish's compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the general purpose financial statements was not to provide an opinion on overall compliance with such provisions. 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*.

We noted a certain immaterial instance of noncompliance that we have reported to the management of Recreation District No. 2 of Allen Parish in a separate letter dated December 20, 1996.

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

*Mires & Company, CPAs, APC*

Mires & Company, CPAs, APC  
December 20, 1996

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