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Financial Report  
Recreation District No. 3 of  
Livingston Parish, Louisiana  
December 31, 1987

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 June 24 1988

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Livingston Parish, Louisiana

December 31, 1997

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners of  
Recreation District No. 3  
Livingston Parish, Louisiana.

I have audited the accompanying general purpose financial statements of Recreation District No. 3 of Livingston Parish, Louisiana, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 1997, as listed in the table of contents. These general purpose financial statements are the responsibility of Recreation District No. 3's management. 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 standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. These 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 accounts 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.

In my opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Recreation District No. 3 of Livingston Parish, Louisiana, as of December 31, 1997, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with Government Auditing Standards, I have also issued my report (see page 3) dated May 7, 1998 on my consideration of Recreation District No. 3's internal control over financial reporting and my tests of its compliance with laws, regulations, contracts, and grants.

My audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying financial information listed as "schedules" in the table of contents is presented for the purposes of additional analysis and is not a required part of the general purpose financial statements of Recreation District No. 3 of Livingston Parish, Louisiana. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in my opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

*Neil D. Ferran, CPA*

Baton Rouge, Louisiana,  
May 7, 1968.

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

To the Board of Commissioners of  
Recreation District No. 3  
Livingston Parish, Louisiana.

I have audited the general purpose financial statements of Recreation District No. 3 of Livingston Parish, Louisiana, a component unit of the Livingston Parish Council, as of and for the year ended December 31, 1997, and have issued my report thereon dated May 7, 1998. I conducted my audit in accordance with generally accepted auditing 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. 3 of Livingston Parish, Louisiana's, general purpose financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my 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 my audit, I considered Recreation District No. 3 of Livingston Parish, Louisiana's, internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of

the internal control components does not reduce to a relatively low level the risk that misstatements in accounts 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. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses. However, I noted other matters involving the internal control over financial reporting that I have reported to management of Recreation District No. 3 of Livingston Parish, Louisiana in a separate letter dated May 7, 1998 (page 35).

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

*Neil B. Ferron, CPA*

Baton Rouge, Louisiana  
May 7, 1998.

**GENERAL PURPOSE FINANCIAL STATEMENTS**

**COMBINED BALANCE SHEET  
BY FUND TYPE AND ACCOUNT GROUP**

Municipal District No. 3 of Livingston Parish, Louisiana  
A Component Unit of the Livingston Parish Council  
Cochon Springs, Louisiana

December 31, 1997

	<u>Governmental Fund Type</u>			<u>ACCOUNT GROUP</u>		<u>Total (Non-indebt Only)</u>
	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>General Fixed Assets</u>	<u>General Long-Term Debt</u>	
<b>ASSETS AND OTHER DEBITS</b>						
<b>Assets:</b>						
Cash and cash equivalents (Note 2)	\$ 12,978	\$12,127	\$ -	\$ -	\$ -	\$ 25,105
Investments (Note 3)	100,694	508,985	-	-	-	609,679
Receivables (Note 4):						
Ad valorem tax	568,658	128,329	-	-	-	696,987
Intangible equipment and supplies inventory	18,129	-	-	-	-	18,129
Deposits	2,421	-	-	-	-	2,421
Land, building, and equipment - (Note 5)	-	-	-	8,266,208	-	8,266,208
Other Debits:						
Amount available in debt service fund	-	-	-	-	761,441	761,441
Amount to be provided for retirement of general long-term debt	-	-	-	-	1,883,558	1,883,558
Amount to be provided for payment of certain claims and judgments	-	-	-	-	28,000	28,000
<b>Total assets and other debits</b>	<b>\$514,841</b>	<b>\$749,441</b>	<b>\$ -</b>	<b>16,044,068</b>	<b>\$2,653,000</b>	<b>\$ 9,991,308</b>

(Exhibit B Continued on Next Page)

The accompanying notes are an integral part of this statement.



COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS -  
(2004-2005)

	Governmental Fund Type			Account Group		Total (Nonstatutory Only)
	General Fund	Debt Service Fund	Capital Projects Fund	General Fund PSERS	General Long-Term Debt	
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>						
<b>Liabilities:</b>						
Accounts payable	\$ 8,345	\$ -	\$ -	\$ -	\$ -	\$ 8,345
Long-term debt:						
Bonds payable -						
Notes & 1	-	-	-	-	2,425,000	2,425,000
Estimated liability						
for claims and						
judgments (NOCs &)	-	-	-	-	21,000	21,000
<b>Total liabilities</b>	<b>8,345</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,446,000</b>	<b>2,454,345</b>
<b>Equity and Other Credits:</b>						
Investment in general						
fund assets	-	-	-	4,084,000	-	4,084,000
Fund balances:						
Reserved for:						
Debt service	-	181,441	-	-	-	181,441
Athletic equipment						
and supplies						
Inventory	14,120	-	-	-	-	14,120
Unreserved -						
undesignated	487,435	-	-	-	-	487,435
<b>Total equity and</b>	<b>487,435</b>	<b>181,441</b>	<b>-</b>	<b>4,084,000</b>	<b>-</b>	<b>7,312,182</b>
<b>Other credits</b>	<b>5614,041</b>	<b>5781,441</b>	<b>0</b>	<b>40,044,000</b>	<b>22,440,000</b>	<b>89,999,988</b>
<b>Total liabilities,</b>	<b>6412,841</b>	<b>6781,441</b>	<b>0</b>	<b>40,044,000</b>	<b>22,440,000</b>	<b>89,999,988</b>
<b>equity and other</b>	<b>6412,841</b>	<b>6781,441</b>	<b>0</b>	<b>40,044,000</b>	<b>22,440,000</b>	<b>89,999,988</b>
<b>credits</b>	<b>6412,841</b>	<b>6781,441</b>	<b>0</b>	<b>40,044,000</b>	<b>22,440,000</b>	<b>89,999,988</b>

The accompanying notes are an integral part of this statement.

**CONDENSED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ALL GOVERNMENTAL FUND TYPES**

Recreation District No. 1 of Livingston Parish, Louisiana  
a Component Unit of the Livingston Parish Council  
Coushatta Springs, Louisiana  
For the year ended December 31, 1997

	General Fund	Subs Service Fund	Capital Projects Fund	Total (Memorandum Only)
<b>REVENUES</b>				
Taxes:				
Ad valorem	\$ 488,047	\$ 188,800	-	\$ 676,847
Other Income:				
Registration & program fees	288,318	-	-	288,318
Oil leases	39,824	-	-	39,824
Building & ballfield rentals	28,883	-	-	28,883
Concession & vending sales	34,788	-	-	34,788
Sponsorship for programs	22,100	-	-	22,100
Interest income	20,833	14,391	64	35,288
Tournament income	4,433	-	-	4,433
Miscellaneous	1,863	-	-	1,863
Donations	1,878	-	-	1,878
<b>Total revenues</b>	<b>877,894</b>	<b>213,191</b>	<b>64</b>	<b>1,091,149</b>
<b>EXPENDITURES</b>				
Current:				
Salaries and wages	187,847	-	-	187,847
Program expenses	127,817	-	-	127,817
Equipment operations, maintenance and repairs	80,034	-	-	80,034
Telephone and utilities	54,872	-	-	54,872
Insurance	39,434	-	-	39,434
Payroll taxes	25,833	-	-	25,833
Professional services	21,847	-	-	21,847
Office and administrative expenses	22,491	-	-	22,491
Contributions to pension plan deducted from ad valorem taxes (Note 3)	26,827	5,846	-	32,673
Employee benefits	15,849	-	-	15,849
Electric expense	13,833	-	-	13,833
Concession expenses	7,871	-	-	7,871
Employee uniforms	1,968	-	-	1,968
Tournament expenses	1,808	-	-	1,808
Other	1,836	1,878	170	3,884
Commissions - signs & sponsors	400	-	-	400
Capital outlay	89,004	-	1,661	90,665

(Exhibit B continued on next page)

The accompanying notes are an integral part of this statement.

**COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**ALL GOVERNMENTAL FUND TYPES - (CONTINUED)**

	General Fund	Debt Service Fund	Capital Projects Fund	Total (Demonstrate Surpl)
Debt service:				
Principal retirement	-	78,000	-	78,000
Interest expense	-	102,875	-	102,875
<b>Total expenditures</b>	<b>000,704</b>	<b>274,400</b>	<b>1,010</b>	<b>1,276,024</b>
Excess (deficiency) of revenues over expenditures	8,952	(24,384)	(11,752)	(17,264)
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	14,400	-	-	14,400
Operating transfers out	-	-	(14,000)	(14,000)
Excess (deficiency) of revenues and other sources over expenditures and other uses	14,400	(54,384)	(14,172)	(47,360)
<b>FUND BALANCES - at beginning of year</b>	<b>482,321</b>	<b>816,027</b>	<b>16,172</b>	<b>1,314,520</b>
<b>FUND BALANCES - at end of year</b>	<b>496,721</b>	<b>761,643</b>	<b>1</b>	<b>1,258,365</b>

The accompanying notes are an integral part of this statement.

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET COMP BASIS AND ACTUAL - GENERAL FUND**

Recreation District No. 3 of Livingston Parish, Louisiana  
A Component Unit of the Livingston Parish Council  
Denham Springs, Louisiana

For the year ended December 31, 1997

	<u>BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE- FAVORABLE (UNFAVORABLE)</u>
<b>REVENUES</b>			
Taxes:			
Ad valorem	\$177,800	\$188,147	\$ 10,347
Other income:			
Registration & program fees	388,400	388,330	(70)
Gil leases	39,000	38,328	(672)
Building & ballfield rentals	34,400	38,982	4,582
Commissions & vending sales	33,700	34,788	1,088
Sponsorships for programs	33,000	33,100	100
Interest income	28,648	28,035	(613)
Tournament income	4,400	4,832	432
Miscellaneous	3,984	3,660	(324)
Donations	1,100	1,000	(100)
<b>Total revenues</b>	<b>622,432</b>	<b>671,069</b>	<b>48,637</b>
<b>EXPENDITURES</b>			
Current:			
Salaries and wages	297,130	297,847	(687)
Payroll expenses	126,700	127,017	(317)
Equipment operations, maintenance and repairs	78,200	80,098	1,898
Telephone and utilities	57,000	56,872	128
Insurance	45,000	49,438	4,438
Payroll taxes	33,500	35,032	1,532
Professional services	33,800	33,667	1,133
Office and administrative expenses	32,400	33,490	1,090
Contributions to pension plan - deducted from ad valorem taxes	14,800	14,837	37
Employee benefits	14,600	15,849	1,249
Education expenses	13,000	13,832	832
Commissions expenses	8,000	7,571	429
Employee uniforms	3,000	1,848	1,152
Treatment expenses	1,800	1,800	-
Other	1,000	1,436	436
Commissions - signs & sponsor	400	400	-
Capital outlay	118,412	50,104	68,308
<b>Total expenditures</b>	<b>825,602</b>	<b>880,324</b>	<b>54,722</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>-</b>	<b>8,745</b>	<b>8,745</b>

(Exhibit C continued on next page)

The accompanying notes are an integral part of this statement.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVT. CORP. SALES AND OTHERS - FEDERAL FUND - (continued)

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable Disadvantage</u>
<b>OTHER FINANCING SOURCES - 1981</b>			
Operating transfers in	<u>      -</u>	<u>14,485</u>	<u>14,485</u>
Excess (deficiency) of revenues and other sources over expenditures and other uses	<u>      -</u>	<u>33,398</u>	<u>\$ 33,398</u> *****
<b>FUND BALANCE - at beginning of year</b>	<u>482,321</u>	<u>482,321</u>	
<b>FUND BALANCE - at end of year</b>	<u>482,321</u>	<u>5508,718</u>	

The accompanying notes are an integral part of this statement.

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS

Recreation District No. 3 of Livingston Parish, Louisiana  
A Component Unit of the Livingston Parish Council  
Denham Springs, Louisiana

December 31, 1997

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Organization and Nature of Operations:

Recreation District No. 3 of Livingston Parish, Louisiana (the District) was created November 27, 1973, by the Livingston Parish Council, as provided by Louisiana Revised Statute 33:4862. The District is governed by a board of seven commissioners who are appointed by the Livingston Parish Council. The purpose of the District is to provide playground and other facilities which promote recreation and general health and well-being. The District encompasses about 344 of Livingston Parish, Louisiana and serves about 25,000 people. There were 174 people employed by the District (including full-time and part-time employees, and the commissioners) during 1997. The District operates four recreational facilities referred to as North Park, South Park, West Livingston Playground, and Spring Park.

b. Reporting Entity:

As the governing authority of Livingston Parish, Louisiana, for reporting purposes, the Livingston Parish Council is the financial reporting entity for Livingston Parish. The financial reporting entity consists of (a) the primary government (parish council), (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.

b. Reporting Entity: - (continued)

governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Livingston Parish Council for financial reporting purposes. The basic criteria 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 Parish Council 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 Parish Council.
2. Organizations for which the Parish Council does not appoint a voting majority but are fiscally dependent on the Parish Council.
3. Organizations for which the reporting entity's financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the Parish Council appoints a voting majority of the District's governing body, and can impose its will on the District, it was determined to be a component unit of the Livingston Parish Council, 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 Livingston Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

c. Basis of Statement Presentation:

The accompanying general purpose financial statements of the Recreation District No. 1 of Livingston Parish, Louisiana, have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The governmental accounting standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. In addition, the accounting and reporting procedures conform to the requirements of Louisiana Revised Statutes 24:514, the Louisiana Governmental Audit Guide, and to the industry audit guide, Audits of State and Local Governmental Units.

d. Fund Accounting:

The District uses funds and account groups to report 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 governmental functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. Funds of the District are classified as governmental funds. Governmental funds account for the District's general activities, including the collection and disbursement of specific or legally restricted monies, the acquisition or construction of general fixed assets, and the servicing of general long-term debt. The governmental funds presented in the financial statements are described as follows:

Governmental Fund Types:

General Fund

The General Fund is the general operating fund of the District. It is used to account for all financial resources, except those required to be accounted for in other funds.



Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

d. Fund Accounting: - (continued)

Governmental Fund Types: - (continued)

Debt Service Fund

The Debt Service Fund is used to account for transactions relating to resources retained and used for the payment of interest and principal on those long-term obligations recorded in the General Long-Term Debt Account Group.

Capital Projects Fund

The Capital Projects Fund is used to account for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in the other governmental funds.

e. Account Groups:

An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. The following two account groups are not "funds".

General Fixed Assets

The fixed assets (capital outlays) used in governmental fund type operations of Recreation District No. 3 are accounted for (capitalized) in the General Fixed Assets Account Group and are recorded as expenditures in the governmental fund types when purchased or constructed.

General Long-Term Debt

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-Term Debt Account Group. Principal and interest payments on long-term liabilities are accounted for in the Debt Service Fund.

f. 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 are 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:

Revenues Recognition

Revenues are recognized in the accounting period in which they become available and measurable. Available means due or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to pay liabilities of the current period (normally within 90 days).

The following are the revenue recognition policies used by Recreation District No. 3:

- The District's ad valorem property tax is levied each November 15 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. This tax becomes delinquent on January 1 of the following year. The assessed value of the property on the tax roll as of January 1, 1997, was \$32,467,340. The tax rates assessed for 1997 to finance maintenance and operations of the parks and the payment of principal and interest on the public improvement bonds were \$1.50 and \$.80 per \$100 of property valuation, respectively, for a total of \$2.30 per \$100 valuation.

f. Basis of Accounting: (continued)

Revenues - (continued)

The taxes are generally collected in December of the current year and January and February of the following year. During May of the year after the year when the tax was due, properties with delinquent taxes are advertised for auction by the Parish Sheriff. The auction is normally scheduled for June or July. It is at this time a lien is placed on the property. Properties not sold at the auction are adjudicated to the State of Louisiana. Current year ad valorem taxes are recognized as revenue if collected within sixty days after the end of the year.

- Interest and dividends earned on idle cash and investments are recorded when the income is available.
- + Grants revenues are recorded when Recreation District No. 1 is entitled to reimbursement of expenditures under the terms of the grant.
- Program revenues, such as: registration fees, concession sales, tournament income, and sponsorship fees are recorded when the income is received.
- + Building rentals, oil lease payments, and donations are recorded as revenue when the money is received.

Expenditures

Expenditures are recognized in the accounting period in which the liability is incurred, if measurable.

Other Financing Sources (Uses)

Transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses). They are recorded when the transfer is made.

g. Budgetary Policy and Accounting:

The District prepares its budget on the modified accrual basis of accounting which is consistent with generally accepted accounting principles (GAAP).

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

- Prior to the second Monday of November of the preceding fiscal year, the District prepares a budget for the next succeeding fiscal year which begins January 1. The operating budget includes proposed expenditures and the means of financing them.
- The board members discuss the proposed budget at the regular meeting of the Board of Commissioners on the second Monday of November and set the date for the special public hearing on the proposed budget.
- The public hearing on the budget is held immediately before the regular meeting of the Board of Commissioners on the second Monday in December. The public hearing for the District's 1987 budget was held on December 9, 1986. The public hearing for the District's 1988 budget was held on December 8, 1987.
- The budget is adopted at the Board of Commissioners regular monthly meeting immediately following the public hearing.

Once the budget is approved, it can be amended by approval of a majority of the Board of Commissioners. The process of presenting and approving budget amendments follows a procedure similar to the one used to adopt the initial budget.

There was one amendment made to the budget that was initially adopted for 1987. The amendment was adopted on December 8, 1987. All budget appropriations lapse at year-end.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

b. Cash, Cash Equivalents, and Investments:

Cash includes amounts in non-interest bearing demand deposits and interest bearing demand deposits. Cash equivalents include amounts invested in certificates of deposit with original maturities of 90 days or less.

Investments are stated at cost. At year end, investments consisted of cash invested in certificates of deposit with maturities greater than 90 days.

1. Inventories:

Inventories are valued by management at cost and estimated cost. Inventories consist primarily of sports equipment and uniforms. Inventories at year-end are equally offset by fund balance reserves.

3. Prepaid items:

Prepaid items are accounted for as expenditures in the period of acquisition.

k. Land, Buildings, Equipment, and Depreciation:

All fixed assets are valued at historical cost, except for donated assets, which are valued at estimated fair market value at the date of donation. Fixed assets include \$1,000 of donated equipment. Public domain or infrastructures are not capitalized. When assets are constructed with borrowed money the interest expense paid on the related debt is capitalized as part of the cost of the asset. No depreciation has been provided on general fixed assets.

It is the District's policy to capitalize purchases of moveable property costing at least \$250 and purchases of real property and improvements costing at least \$1,000. Purchases of moveable property costing less than \$250 may also be capitalized for internal control purposes.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

l. Vacation and Sick Leave:

All permanent full-time employees earn from 10 to 20 days of vacation leave each year depending upon the number of years employed. All permanent, full-time employees earn from 5 to 20 days of sick leave each year depending upon the number of years employed. Vacation and sick leave cannot be accumulated. Accordingly, Recreation District No. 3 has not accrued any expenses relating to unused leave in the financial statements. The cost of current leave privileges is recognized as a current year expenditure in the General Fund when the leave is actually used.

m. 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 debt are recognized in the governmental funds when due.

n. Transfers and Interfund Loans:

Advances between funds which are not expected to be repaid are accounted for as transfers. In those cases where repayment is expected, the advances are accounted for through the various due from and due to accounts.

o. Reservations and Designations of Fund Balances:

Reserved fund balances represent those portions of the fund balances which are either not available for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources as approved by the Board of Commissioners.

p. Management's Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (continued)

g. Total Column on the Statements:

The total column 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.

Note 2 - CASH AND CASH EQUIVALENTS

At December 31, 1997, the District has cash and cash equivalents totaling \$184,118 as follows:

	<u>General Fund</u>	<u>State Service Fund</u>	<u>Totals</u>
Cash on hand	\$ 200	\$ -	\$ 200
Non-Interest bearing demand deposits	29,804	-	29,804
Interest bearing demand deposits	<u>1,114</u>	<u>174,117</u>	<u>175,231</u>
Totals	<u>\$ 11,978</u>	<u>\$172,137</u>	<u>\$184,115</u>

These deposits are stated at cost, which is equal to market value. Under state law, these deposits (or the collected 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 or exceed the amount on deposit with the fiscal agent. The pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 1997, the collected bank balances of the non-interest bearing and interest bearing demand deposits was \$193,933. These deposits are secured from risk by 100.00% of federal deposit insurance. GASB Statement 3 categorizes the credit risk of these deposits as category 1 because they are fully insured. The uninsured balance, \$92,714, is secured by the pledge of securities by Hancock Bank where the cash is deposited. GASB Statement 3 categorizes the \$92,714 as uncollateralized.

Note 2 - CASH AND CASH EQUIVALENTS - (continued)

(Category 3) because the bank has pledged securities held by its agent, but the securities are not in the District's name.

Even though \$62,714 of demand deposits and interest bearing demand deposits are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 18:1222 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 18 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

\$100, which represents "cash on hand", is unsecured.

Note 3 - INVESTMENTS

The District's primary purpose for investing is to earn interest income on money that has been determined to be in excess of immediate cash needs. State statutes authorize the District to invest temporarily idle monies in the following:

1. United States Treasury Bonds,
2. United States Treasury Notes,
3. United States Treasury Bills,
4. obligations of U.S. Government Agencies, including such instruments as Federal Home Loan Bank bonds, Government National Mortgage Association bonds, or a variety of "Federal Farm Credit" bonds,
5. fully collateralized certificates of deposit issued by qualified commercial banks and savings and loan associations located within the State of Louisiana,
6. Fully collateralized repurchase agreements,
7. Fully collateralized interest-bearing checking accounts, and
8. Mutual and Trust Fund institutions which are registered with the Securities and Exchange Commission under the Security Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the United States government or its agencies.



Table 1 - INVESTMENTS - (continued)

Investments at December 31, 1997 consisted of the following:

	<u>Carrying Value</u>	<u>Market Value</u>	<u>Maturity</u>	<u>Interest Rate</u>
<b>General Funds</b>				
Certificates of deposit:				
Hibernia National Bank	\$ 75,907	\$ 75,907	05/13/98	4.00%
Hibernia National Bank	<u>21,381</u>	<u>21,381</u>	02/12/98	4.00%
Total general fund	<u>101,288</u>	<u>101,288</u>		
<b>Debt Service Fund:</b>				
Certificates of deposit:				
Hibernia National Bank	149,286	149,286	02/04/98	3.20%
Hibernia National Bank	<u>162,822</u>	<u>162,822</u>	02/04/98	3.41%
Total debt service fund	<u>312,108</u>	<u>312,108</u>		
Total all funds	<u>\$611,379</u>	<u>\$611,379</u>		

Under state law, bank deposits must be secured by federal deposit insurance or the pledge of securities covered by the fiscal agent bank. The MARKET value of the pledged securities plus the federal deposit insurance must at all times equal or exceed the amount on deposit with the fiscal agent. The pledged securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At December 31, 1997, the District had invested \$611,379 in certificates of deposit. These deposits are secured from risk by \$100,000 of federal deposit insurance (Category 2). The remaining \$511,379 is secured by the pledge of securities by Hibernia National Bank because the District has more than \$100,000 on deposit with that bank. PASS statement 3 categorizes the \$511,379 as uncollateralized (Category 3) because the bank has pledged securities held by its agent, but the securities are not in the District's name.

Note 3 - INVESTMENTS - (continued)

Even though \$511,579 of bank balances are considered uncollateralized (Category 1) under the provisions of GASB Statement 3, Louisiana Revised Statute 35:1229 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.

Note 4 - RECEIVABLES

The following is a summary of receivables at December 31, 1997:

	<u>General Fund</u>	<u>State Service Fund</u>	<u>Totals</u>
Ad valorem taxes:			
Current taxes	\$160,508	\$120,170	\$280,678
Delinquent taxes	<u>    548</u>	<u>    188</u>	<u>    736</u>
Total receivables	\$161,056	\$120,358	\$281,414

The receivable for ad valorem taxes consists of actual collections of 1997 and prior year taxes by the Livingston Parish Sheriff and Tax Collector through the end of February, 1998.

Management has deemed it unnecessary to set up an allowance account for these receivables because of the certainty of collection.

Note 5 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Balance 01-01-97</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 12-31-97</u>
Equipment:				
Furniture	\$ 500,402	\$ 37,489	\$(25,554)	\$ 512,337
and vehicles				
Buildings and	4,882,328	13,288	-	4,895,616
Improvements	<u>  21,202</u>	<u>    -</u>	<u>    -</u>	<u>  21,202</u>
Land				
Totals	\$5,403,932	\$ 50,777	\$(25,554)	\$5,429,155

**Note 6 - CHANGES IN LONG-TERM DEBT**

The following is a summary of the long-term debt transactions of the District for the year ended December 31, 1997:

Long-term obligations at 12/31/96	\$2,700,000
Additions during 1997	-
Reductions during 1997	<u>(75,000)</u>
Long-term obligations payable at 12/31/97	<u>\$2,625,000</u>

The bonded debt at December 31, 1997, consists of the unpaid principal of bonds which were issued April 1, 1983. The bonds mature from 1998 to 2022 at interest rates ranging from 8.7 to 8 percent per annum. The bonds are secured by an ad valorem tax on real property within Recreation District No. 3 of Livingston Parish, Louisiana.

The annual requirements to amortize all bonds outstanding at December 31, 1997, including interest of \$2,281,187 are as follows:

Year	Bonds
Ending	04-01-98
1998	\$ 388,875
1999	377,875
2000	369,875
2001	361,875
2002	353,875
2003 and	
thereafter	<u>3,126,812</u>
	<u>\$4,878,187</u>

**Note 7 - RETIREMENT PLANS**

**Plan Description:**

Eligible employees of the Recreation District No. 3 are members of the Parochial Employees Retirement System of Louisiana (System), a cost-sharing, multiple-employer defined benefit pension plan administered by a separate board of trustees. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All eligible employees of the District are members of Plan A.

Note 7 - RETIREMENT PLANS - (continued)

All permanent employees working at least 38 hours per week who are paid wholly or in part from parish funds and all elected parish officials are eligible to participate in the System. Under Plan A, employees who retire at or after age 65 with at least 10 years of creditable service, at or after age 55 with at least 25 years of creditable service, or at any age with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final-average salary for each year of creditable service. However, for those employees who were members of the supplemental plan only before January 1, 1980, the benefit is equal to one percent of final average salary plus \$24 for each year of supplemental-plan-only service served before January 1, 1980. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Parochial Employees' Retirement System, Post Office Box 14613, Baton Rouge, Louisiana 70888-6613, or by calling (504) 928-1361.

**Funding Policy:**

Under Plan A, members are required by state statute to contribute 9.5 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The rate for 1997 was 1.79 percent of annual covered payroll. Contributions to the System also include one-fourth of one percent (except Orleans and East Baton Rouge Parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The District's share of these contributions are deducted off the top of the ad valorem tax revenues to which the District is entitled. \$22,183 of ad valorem tax revenues for 1997 were withheld to pay for the District's share. The contribution requirements of plan members and the District are established and may be

**Note 7 - RETIREMENT PLANS - (continued)**

**Funding Policy: - (continued)**

ordered by state statute. As provided by Louisiana Revised Statute 11:283, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The District's contribution to the System under Plan A for the year ending December 31, 1997 was \$15,849, equal to the required contribution for the year. The District's contributions for 1996 and 1995 were \$11,841 and \$23,822, respectively. These were both equal to the required contributions.

Recreation District No. 3 employees who are not eligible for the Parochial Employees Retirement System participate in the Federal Social Security program. The District is required to remit an amount equal to the employee's contribution. Recreation District No. 3 does not guarantee any of the benefits granted by the Federal social security program.

**Note 8 - RELATED PARTY TRANSACTIONS**

There were no related party transactions in 1997.

**Note 9 - LITIGATION**

In February, 1992, a personal injury lawsuit was filed against the District. The plaintiff alleges improper ground maintenance at North Park Recreation Center as the cause of her injury. The District's attorney has projected potential damages of \$25,000 or more. Therefore, a loss contingency of \$25,000 has been recorded in the General Long-Term Debt Account Group.

Another personal injury lawsuit was filed against the District in April, 1994. The plaintiff alleges that he sustained injuries from a defective playground slide which was negligently maintained by the District. The District's attorney was unable to provide an estimate of the possible outcome at this time. However, management does not expect the District to suffer any significant losses as a result of this lawsuit.

There is a third lawsuit against the District wherein the plaintiff alleges injuries resulting from a broken swing. The District's attorney believes that, if the case goes to trial, the District will not have any liability or damages assessed against it.

**Note 9 - LITIGATION - (continued)**

The District does not carry general liability insurance to cover injuries like those which have been mentioned above.

**Note 10 - INCOME TAXES**

Recreation District No. 3 is exempt from all Federal and Louisiana income taxes.

**Note 11 - 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 has been unable to obtain general liability insurance at a cost which is economically justifiable.

The District continues to carry commercial insurance for all other risks of loss, including workers' compensation, vehicles, buildings and contents, and excess player liability. Settled claims resulting from these risks did not exceed commercial insurance coverage during the year.

**Note 12 - CONTINGENCIES RELATED TO WASTEWATER TREATMENT**

On May 15, 1997, a representative from the Louisiana Department of Environmental Quality brought a general permit application for wastewater treatment to the District. The form was completed and sent back to the Department of Environmental Quality on December 9, 1997.

During this time, alternative wastewater treatment options were discussed. One option would be to tie into the local sewage district. The local sewage district agreed to accept Recreation District No. 3 on its system. Engineer, Alan Theriot was contacted and drew up some preliminary plans and estimates for the project. It is estimated the cost would be around \$196,000.

After reviewing the application, the Department of Environmental Quality informed Recreation District No.3 that a general permit would not be applicable in this situation. A new form was sent (Form 500-2) on February 18, 1998, to permit industrial waste.

Note 12 - CONTINGENCIES RELATED TO WASTEWATER TREATMENT

After discussing the industrial permit with several people in the waste disposal business, the District's management decided that Recreation District No. 3 would be better off tying into the local sewage district. The District's management is currently studying ways to fund the project and is planning to include the cost of this project in the 1998 budget.

**SUPPLEMENTARY FINANCIAL INFORMATION**



EMPHERICAL FINANCIAL INFORMATION

Metairie District No. 3 of Livingston Parish, Louisiana  
 & Component Unit of the Livingston Parish Council  
 Denham Springs, Louisiana

December 31, 2007

Public Improvement Bonds, dated April 1, 1982  
 Interest Payable April 1st and October 1st of each year

Maturity	Bond Number	Interest Rate	Yearly Payments			Outstanding
			Principal	Interest	TOTAL	
1988	78 - 85	8.00%	200,000	289,878	289,878	2,828,000
1989	96 - 118	8.00%	100,000	171,878	171,878	2,488,000
2000	118 - 170	8.00%	100,000	168,878	168,878	2,328,000
2001	170 - 200	8.00%	100,000	162,878	162,878	2,228,000
2002	200 - 178	8.00%	100,000	158,878	158,878	2,128,000
2003	178 - 200	8.00%	100,000	142,878	142,878	1,978,000
2004	200 - 238	7.35%	100,000	132,382	132,382	1,828,000
2005	238 - 268	6.75%	100,000	122,828	122,828	1,678,000
2006	268 - 298	6.80%	100,000	111,700	111,700	1,528,000
2007	298 - 328	6.82%	100,000	101,425	101,425	1,378,000
2008	328 - 388	7.80%	125,000	82,378	207,378	1,228,000
2009	388 - 378	7.80%	125,000	78,378	203,378	1,128,000
2010	378 - 408	7.80%	125,000	68,428	193,428	1,028,000
2011	408 - 428	7.80%	125,000	58,878	183,878	928,000
2012	428 - 488	7.80%	125,000	48,000	173,000	828,000
2013	488 - 470	7.00%	200,000	48,000	152,000	728,000
2014	470 - 490	7.00%	200,000	42,000	142,000	628,000
2015	490 - 510	7.00%	100,000	38,000	138,000	528,000
2016	510 - 530	7.00%	100,000	38,000	138,000	428,000
2017	530 - 588	7.00%	100,000	31,000	131,000	328,000
2018	588 - 568	7.00%	82,000	28,750	110,750	228,000
2019	568 - 578	7.00%	82,000	22,250	104,250	128,000
2020	578 - 580	7.00%	50,000	8,750	58,750	80,000
2021	580 - 680	7.00%	80,000	2,250	82,250	28,000
2022	680 - 680	7.00%	20,000	1,250	21,250	-
<b>Totals</b>			<b>\$2,425,000</b>	<b>\$2,881,187</b>	<b>\$4,678,187</b>	

Schedule 1

SUPPLEMENTAL FINANCIAL INFORMATION

Recreation District No. 1 of Livingston Parish, Louisiana  
A Component Unit of the Livingston Parish Council  
Barkham Springs, Louisiana

December 31, 1987

PER DIEM PAID BOARD MEMBERS

Each member of the Board of Commissioners was eligible to receive an allowance of \$50 for attending each regular or special meeting of the board, not to exceed 24 meetings in one calendar year. Board member Gene Gulak, Jr. elected not to receive per diem payments for 1987. Per diems were paid to the other board members for the year ended December 31, 1987 as follows:

<u>Commissioner</u>	<u>Number of Meetings</u>	<u>Amount Received</u>
Gailly Dewsey	13	\$ 650
Van Foster, Jr.	11	550
Sid Garrison	10	500
Leslie McDowell	3	150
Johnny Nowinsky	10	500
Donald Scott	10	500
Kelton Whitehead	12	<u>600</u>
Total		\$3,350

John Nowinsky replaced Leslie McDowell as a board member in March, 1987.

Recreation District No. 3 of Livingston Parish, Louisiana  
A Component Unit of the Livingston Parish Council  
Derham Springs, Louisiana

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended December 31, 1997

I have audited the financial statements of Recreation District No. 3 of Livingston Parish, Louisiana as of and for the year ended December 31, 1997, and have issued my report thereon dated May 7, 1998. I conducted my 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. My audit of financial statements as of December 31, 1997 resulted in an unqualified opinion.

**Section I - Summary of Auditor's Reports**

- a. Report on Internal Control and Compliance Material to the Financial Statements

Internal Control

Material Weaknesses                    \_\_\_ Yes X No  
Reportable Conditions                \_\_\_ Yes X No

Compliance

Compliance Material  
to Financial Statements                \_\_\_ Yes X No

- b. Federal Awards

There were not any federal awards. This section is not applicable.

- c. Identification of Major Programs

This section is not applicable.

**Section II - Financial Statement Findings**

No matters were reported.

**Section III - Federal Award Findings and Questioned Costs**

This section is not applicable.

Recreation District No. 3 of Livingston Parish, Louisiana  
A Component Unit of The Livingston Parish Council  
Berkem Springs, Louisiana

SCHEDULE OF PRIOR YEAR FINDINGS

For the Year Ended December 31, 1997

**SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENTS**

No findings.

**SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

No findings.

**SECTION III - MANAGEMENT LETTER**

<u>Description of Matter and Auditor's Recommendations</u>	<u>Status</u>
1996-1:  Federal grant reimbursement requests not submitted timely.  If new federal grants are received in the future, a Board member should be assigned the responsibility of monitoring the timeliness of grant reimbursements. Also, grant requests should be double-checked by someone other than the preparer to verify their completeness and accuracy.	Resolved (No new grants)
1996-2:  Deposits not made timely.  The Superintendent should monitor the timeliness of deposits.	Resolved
1996-3:  Budget not amended as required by Louisiana state statute.  Management should consider budget amendments in November of each year to more closely predict the annual results.	Resolved

# NEIL G. FERRARI

CERTIFIED PUBLIC ACCOUNTANT

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BATON ROUGE, LOUISIANA 70816

MEMBER OF THE  
SOCIETY OF CHIEFS OF CPAs

MEMBER OF THE  
AMERICAN INSTITUTE OF CPAs

PHONE (504) 878-1177

## MANAGEMENT LETTER

May 7, 1998

To the Board of Commissioners of  
Recreation District No. 3  
Livingston Parish, Louisiana.

I have audited the financial statements of Recreation District No. 3 of Livingston Parish, Louisiana as of and for the year ended December 31, 1997, and have issued my report thereon dated May 7, 1998. I conducted my audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

As a part of my audit, I have issued my report on the financial statements, dated May 7, 1998, and my report on internal control and compliance with laws, regulations, contracts, and grants dated May 7, 1998.

During the course of my examination, I became aware of the following matters which represent immaterial deviations of compliance or suggestions for improved internal controls.

Suggestion 1997-1: During the audit, I noted several instances where registration/program fees were not collected in full and/or were coded to the wrong program. I recommend that fees be analyzed and compared to the general ledger shortly after registration closes. Any potential underpayments or coding errors can then be resolved on a current basis. In cases where a program is on-going, I recommend the superintendent review the accounts receivable subledger to verify no participant is receiving services when payments are past due.

Suggestion 1997-2: I made several small adjusting journal entries because of coding errors. I recommend that the superintendent receive a year-to-date general ledger at least quarterly and review it for coding errors.

Board of Commissioners of  
Recreation District No. 3

May 7, 1988

Page 1

Suggestion 1281m3: I noted several discrepancies between the fixed asset inventory additions and the general ledger account for equipment purchases. I recommend that the superintendent update the fixed asset inventory whenever an inventory item is purchased and compare the fixed asset inventory additions to the general ledger account for equipment purchases every month so that differences can be resolved on a current basis.

I recommend management address the foregoing issues as an improvement to operations and the administration of public programs. I am available to further explain the suggestions or help implement the recommendations.

Sincerely,



Neil G. Ferrari  
Certified Public Accountant

NSG/bac

Recreation District No. 3 of Livingston Parish, Louisiana  
A Component Unit of the Livingston Parish Council  
Berkman Springs, Louisiana

MANAGEMENT'S CORRECTIVE ACTION PLAN

For the Year Ended December 31, 1997

**SECTION I - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO THE FINANCIAL STATEMENT**

No findings.

**SECTION II - INTERNAL CONTROL AND COMPLIANCE MATERIAL TO FEDERAL AWARDS**

No findings.

**SECTION III - MANAGEMENT LETTER**

Recommendations

Management Action

1997-1

Registrations/program fees were not collected in full and/or were coded to the wrong program.

Fees should be analyzed and compared to the general ledger shortly after registration closes to resolve errors on a current basis. In cases, where a program is ongoing, the superintendent should review the accounts receivable subledger to verify no participant is receiving services when payments are due.

The superintendent, Dale Sizemore, will review program income codings on a monthly basis and coordinate with staff any corrections noted on an ongoing basis.

1997-2

Coding errors were found.

The superintendent should receive a year-to-date general ledger at least quarterly and review it for coding errors.

The superintendent, Dale Sizemore, will review a year-to-date general ledger on a quarterly basis and the transaction registers on a monthly basis.

MANAGEMENT'S CORRECTIVE ACTION PLAN - (continued)

Recommendations

Management Action

1997-3

There were discrepancies between the fixed asset inventory and the general ledger for current year additions.

The superintendent should update the fixed asset inventory whenever an inventory item is purchased and compare the inventory to the general ledger account for purchases every month so differences can be resolved timely.

The superintendent, Dale Sisemore, will update the inventory additions on a monthly basis rather than a quarterly basis to eliminate incorrect listings of equipment purchases.