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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, 1998

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 7 1998



*Morse & Company*  
*A Professional Corporation*  
*Certified Public Accountants*

REGULATION 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, 1998

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**Mirren & Company**  
*A Professional Corporation*  
**Certified Public Accountants**

Member  
American Institute of Certified Public Accountants  
Member of American Council of Public Accountants  
Member - Louisiana Institute of Certified Public Accountants

**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, 1998, 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 the standards applicable to financial audits contained in 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, 1998, 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 our report dated December 13, 1998, on our consideration of the Recreation District No. 2 of Allen Parish's internal control over financial reporting, and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

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

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of the Recreation District No. 2 of Allen Parish, a component unit of the Allen Parish Police Jury. Such information, except for that portion marked "unaudited" on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and, in our opinion, the information is fairly presented in all material respects in addition to the general purpose financial statements taken as a whole.

*Mirco & Company, CPAs, APC*

Mirco & Company, CPAs, APC  
December 12, 1998

*M C*

## GENERAL PURPOSE FINANCIAL STATEMENTS

**RECONCILIATION STATEMENT NO. 2 OF ALLEN PARKS I**  
**A Component Unit of the Allen Parks Police Jury**  
**Balance Sheet - All Fund Types and Account Groups**  
**June 30, 1992**

	ENVIRONMENTAL FUND		ACCOUNT GROUPS	
	GENERAL FUND	SEWER FUND	GENERAL FUND	GENERAL LONG-TERM DEBT
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets:</b>				
Cash and cash equivalents .....	\$ 184,900	\$ 54,000	\$ -	\$ -
Interest receivable .....	1,000	-	-	-
Prepaid interest .....	-	2,500	-	-
Fund assets .....	-	-	648,042	-
Other debits:				
Accounts receivable in field:				
Service Fund .....	-	-	-	50,000
Accounts to be provided for retirement of general long-term obligations .....	-	-	-	31,000
<b>TOTAL ASSETS AND OTHER DEBITS</b>	<b>\$ 185,900</b>	<b>\$ 56,500</b>	<b>\$ 648,042</b>	<b>\$ 81,000</b>
<b>LIABILITIES, EQUITY, AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts payable .....	\$ 945	\$ -	\$ -	\$ -
Payroll deductions and withholdings payable .....	945	-	-	-
General obligation bonds payable .....	-	-	-	90,000
<b>TOTAL LIABILITIES</b>	<b>1,890</b>	<b>-</b>	<b>-</b>	<b>90,000</b>
<b>Equity and Other Credits:</b>				
Investment in general fund assets .....	-	-	648,042	-
Fund balances:				
Reserved for debt service .....	-	50,500	-	-
Unreserved and undesignated .....	108,000	-	-	-
<b>TOTAL EQUITY AND OTHER CREDITS</b>	<b>108,000</b>	<b>50,500</b>	<b>648,042</b>	<b>-</b>
<b>TOTAL LIABILITIES, EQUITY, AND OTHER CREDITS</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>	<b>\$ 1,000,000</b>

See accompanying notes.

TOTALS  
(MEMORANDUM ONLY)

1992	1991
------	------

\$ 100,870	\$ 100,808
1,808	-
3,500	-
646,042	643,103

56,586	62,643
31,804	42,557

\$ 783,500	\$ 789,140
------------	------------

\$ 908	\$ 8,884
908	594
80,000	185,000
81,816	112,478

646,042	643,103
56,586	62,643
186,268	88,732

\$ 818,687	\$ 798,263
------------	------------

\$ 783,500	\$ 789,140
------------	------------



**DISTRIBUTION ACCOUNT NO. 3 OF ALABAMA**

A Component Unit of the Allen Field Police Jury

Governmental Funds

Statement of Revenues, Expenditures, and

Changes in Fund Balances

For the Year Ended June 30, 1998

	General Fund	Intr. Service Fund	TOTALS	
			1998	1997
<b>REVENUES</b>				
Ad valorem taxes - net .....	\$ 54,884	\$ 14,834	\$ 69,718	\$ 65,987
Other revenues				
Interest .....	3,059	885	4,144	3,895
Fuel fees .....	3,884	-	3,884	2,621
<b>TOTAL REVENUES</b>	<u>61,827</u>	<u>15,719</u>	<u>77,546</u>	<u>72,503</u>
<b>EXPENDITURES</b>				
Advertising .....	381	-	381	-
Bank charges .....	78	239	268	60
Contract labor .....	136	-	136	4,077
Gas and oil .....	200	-	200	340
Insurance .....	4,860	-	4,860	2,360
Miscellaneous .....	664	-	664	-
Payroll taxes .....	1,468	-	1,468	3,634
Printing and office supplies .....	120	-	120	330
Professional fees .....	4,740	-	4,740	3,200
Rights .....	8,188	-	8,188	2,068
Supplies and maintenance .....	2,714	-	2,714	3,340
Utilities .....	4,368	-	4,368	4,770
Wages .....	15,777	-	15,777	3,458
Capital outlay .....	4,719	-	4,719	8,496
Other services				
Principal retirement .....	-	15,000	15,000	15,000
Interest .....	-	3,438	3,438	8,078
<b>TOTAL EXPENDITURES</b>	<u>61,781</u>	<u>21,118</u>	<u>82,899</u>	<u>61,781</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	15,732	(6,667)	9,715	6,628
<b>FUND BALANCES AT BEGINNING OF YEAR</b>	<u>80,281</u>	<u>63,663</u>	<u>1,52,048</u>	<u>146,762</u>
<b>FUND BALANCES AT END OF YEAR</b>	<u>\$ 95,989</u>	<u>\$ 56,996</u>	<u>\$ 152,985</u>	<u>\$ 153,390</u>

See accompanying notes.

**RECREATION DISTRICT NO. 2 OF SALEM, OREGON**

A Component Unit of the Salem Public Police Dept.

Governmental Fund - General Fund

Statement of Revenues, Expenditures, and

Changes in Fund Balance - Budget and Actual

For the Year Ended June 30, 1998

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
All revenues from:			
City revenues:			
Interest .....	-	3,159	3,159
Food fees .....	-	3,956	3,956
<b>TOTAL REVENUES</b>	<u>50,000</u>	<u>70,571</u>	<u>20,571</u>
<b>EXPENDITURES</b>			
Advertising .....	-	381	(381)
Bank charges .....	-	78	(78)
Contract labor .....	-	150	(150)
Gas and oil .....	758	280	478
Insurance .....	3,880	4,802	(922)
Miscellaneous .....	-	654	(654)
Payroll taxes .....	-	1,880	(1,880)
Printing and office supplies .....	-	322	(322)
Professional fees .....	6,790	6,740	50
Repairs .....	7,580	8,180	(600)
Supplies and materials .....	1,290	3,710	(2,420)
Utilities .....	6,780	6,348	432
Wages .....	12,850	18,379	(5,529)
Capital outlay .....	11,400	8,318	3,082
<b>TOTAL EXPENDITURES</b>	<u>51,800</u>	<u>69,385</u>	<u>12,415</u>
<b>(EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	-	15,770	15,770
<b>FUND BALANCE AT BEGINNING OF YEAR</b>	<u>59,232</u>	<u>59,232</u>	<u>-</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u>\$ 59,232</u>	<u>\$ 75,002</u>	<u>\$ 15,770</u>

See accompanying notes.

## REGULATION DISTRICT NO. 2 OF ALLEN PARISH

A Component Unit of the Allen Parish Police Jury

Notes to Financial Statements

June 30, 2008

### 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 uncompensated 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

The District is a component unit of the Allen Parish Police Jury, the financial reporting entity. The police jury is financially accountable for the District because it appoints a voting majority of the board and has the ability to impose its will on them.

The accompanying financial statements present information only on the funds as defined by the District and do not present information on the police jury, the general government activities provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

#### C. Fund Accounting

The District's 2008 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 relating to certain government functions or activities.

A fund is an separate accounting entity with a self-balancing set of accounts. On the other hand, 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.

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 authorized revenues, the acquisition or construction of general fund assets, and the servicing of general long-term debt. Governmental funds of the District include:

1. **General Fund**—the general operating fund of the District and accounts for all financial resources, except those required to be accounted for in other funds.
2. **Debt Service Fund**—accounts for transactions relating to revenues received and used for the payment of principal and interest on these long-term obligations recorded in the gross of long-term obligations account group.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**D. Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its management 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 report revenues and expenses in net current assets. The modified accrual basis of accounting is used by the governmental funds. Under the modified accrual basis of accounting, revenues are recognized when receivable or earned (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.

Revenues receivable to accrue is properly the revenue and interest earned.

**E. Budgets**

A budget is adopted as a book-of-values with generally accepted accounting principles. An annual appropriations 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, reduce items or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenue 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.

The District does not use encumbrance accounting.

**F. Cash and Cash Equivalents**

Cash includes amounts in demand deposits, interest-bearing demand deposits, and time deposits. Cash equivalents include amounts in time deposits and money 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.

**G. Fixed Assets**

Fixed assets are recorded at expenditures at the time purchased or constructed, and the related assets are capitalized (reported) in the general fund assets account group. Public domain or infrastructure are not capitalized. Interest costs incurred during construction are capitalized. No depreciation has been provided on general fund assets. All fixed assets are valued at historical cost or estimated cost if historical cost is not available.

## RECREATION DISTRICT NO. 2 OF ALLEN PARISH

A Component Unit of the Allen Parish Police Jury

Notes to Financial Statements

June 30, 1998

### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### D. Compensated Absences

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

#### E. Long-Term Obligations

Long-term obligations expected to be financed from governmental funds are reported in the general long-term obligations account group. Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

#### F. Fund Equity

##### Reserves

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

#### G. Total Columns on Statements

The 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 accordance with generally-accepted accounting principles. Neither is such data comparable to consolidated, inter-fund 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.

### NOTE 2 - CASH AND CASH EQUIVALENTS

At June 30, 1998, the District has cash and cash equivalents (bank balances) totaling \$148,978 as follows:

Demand deposits	\$ 1,580
Interest-bearing demand deposits	94,320
Time deposits	61,000
Other	20
Total	<u>\$ 148,978</u>

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 controlled bank that is mutually acceptable to both parties. At June 30, 1998, the District has \$458,201 in deposits (pledged bank balances). These deposits are secured from risk by \$154,940 of federal deposit insurance and 35,260 of pledged securities held by the controlled bank in the name of the fiscal agent bank (FASB Category 5).

REGULATION DISTRICT NO. 2 OF ALLEN PARISH  
 A Compensated Unit of the Allen Parish Police Jury  
 Notes to Financial Statements  
 June 30, 1998

**NOTE 2 - CASH AND CASH EQUIVALENTS**

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement No. 3, Louisiana Revised Statute 39:1239 imposes a maturity requirement on the collateral held in substitution of 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 3 - ALLOTMENT TAXES**

For the year ended June 30, 1998 taxes were levied on property with assessed valuations as follows:

	General Purpose	Public Services
Assessed Valuation .....	\$14,498,458	\$14,498,458
Millage .....	3.87	1.80

Total taxes levied were \$70,888 for 1998. These taxes were substantially collected by June 30, 1998.

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 FUND ASSETS**

A summary of changes in general fund assets follows:

	06/30/97 Balance	Additions (Deductions)	06/30/98 Balance
Land .....	\$ 23,803	\$ -	\$ 23,803
Park improvements .....	237,262	4,714	241,976
Movable equipment .....	34,976	-	34,976
Leasing equipment .....	89,470	-	89,470
	<u>\$485,511</u>	<u>\$ 4,714</u>	<u>\$490,225</u>

**NOTE 5 - CHANGES IN GENERAL FUND LONG-TERM OBLIGATIONS**

The following is a summary of the long-term obligation transactions during the year:

Bonds payable June 30, 1997 .....	\$ 60,000
Bonds retired .....	<u>(13,000)</u>
Bonds payable, June 30, 1998 .....	<u>\$ 47,000</u>

**MILWAUKEE DISTRICT NO. 2 OF WISCONSIN**

A Component Unit of the Joint Parish Police Jury

Notes to Financial Statements

June 30, 1998

**NOTE 5 - CHANGES IN GENERAL LONG-TERM DEBT**

Debt payable at June 30, 1998 are comprised of the following items:

**General Obligation Bonds:**

\$263,000 Public Improvement Bonds dated February 1, 1978; due in annual installments of \$10,000 - \$30,000 through February 1, 2003, interest at 5.0%.

The annual requirements to service general long-term debt as of June 30, 1998 are as follows:

Year Ended June 30,	Principal	Interest	Total
1999	\$ 11,000	\$ 5,040	\$ 16,040
2000	11,000	4,900	15,900
2001	20,000	3,840	23,840
2002	30,000	2,880	32,880
2003	20,000	1,120	21,120
	<u>\$20,000</u>	<u>\$15,780</u>	<u>\$35,780</u>

**NOTE 6 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to auto, theft of, damage to and destruction of assets, errors and omissions, injury to employees, contractual liabilities. The District maintains commercial insurance coverage covering each of these risks of loss. Management believes such coverage is sufficient to provide 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 OBLIGATIONS**

All employees of the District are participants enrolled in a pension plan. The District has no policy of providing for the retirement of these employees.

**NOTE 8 - ETHICS, COMPLIANCE, AND ACCOUNTABILITY**

There are no matters of limitations and restrictions contained in the local ordinance. The District is in compliance with all significant limitations and restrictions. No material violations of finance related, legal and accounting provisions occurred for the year ended June 30, 1998.

#### SUPPLEMENTAL INFORMATION SCHEDULES



**RECISTRATION DISTRICT NO. 2 OF ALLEN PARISH**  
 A Component Unit of the Allen Parish Police Jury  
**SUPPLEMENTAL INFORMATION SCHEDULE 3**  
**SCHEDULE 3 OF FINANCIALS**  
 For the Year Ended June 30, 1998

We have audited the financial statements of the Recaptation District No. 2 of Allen Parish as of and for the year ended June 30, 1998, and have issued our report dated December 12, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our audit of the financial statements as of June 30, 1998 resulted in an unqualified opinion.

**Section I Summary of Auditors' Reports**

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

<b>Internal Control:</b>			
Material Weaknesses	<u>  </u> Yes	<u>  </u> No	
Reportable Conditions	<u>  </u> Yes	<u>  </u> No	
<b>Compliance:</b>			
Compliance Material to Financial Statements	<u>  </u> Yes	<u>  </u> No	

**Section II Financial Statement Findings**

**III-1 (C) (Material weakness)**

**Integration of duties:** Because of the lack of a large staff, many specifically accounting personnel, there is a problem with segregation of duties necessary for proper controls. One person is currently performing the functions of preparing disbursements, and reconciling the bank statements. We do note that this situation is inherent to most entities of this type and is difficult to solve due to the funding limitations of the District. We recommend that the Board of Commissioners take an active interest in the review of all of the financial information. This was also a prior year finding.

**III-2 (C) (Material weakness)**

**Monthly bank reconciliations:**

**Condition:** Bank reconciliations were not performed for all months for the District's two checking accounts. (First reported at 8/28/97).

**Criteria:** Checking accounts should be reconciled each month.

**Effect:** The absence of this control could lead to misstatement of the District's books.

**Cause:** Administrative oversight.

**Recommendation:** The District should reconcile all checking accounts on a monthly basis.

**REGULATION DISCLOSED BY 2 OF ALLEN PARKER**

A Component Unit of the Allen Parish Police Jury

**SUPPLEMENTAL INFORMATION SCHEDULE**

**MANAGE MENT'S CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUMT FINDINGS (UNAUDITED)**  
For the Year Ended June 30, 1999

**Section I Internal Control and Compliance Material to the Financial Statements**

**WE 1 A: Segregation of duties**

This is an ongoing finding that cannot be corrected due to lack of financial resources.

Contact person - John Snow, President

**WE 2 B: Monthly bank reconciliations**

Recommendation: District should reconcile checking accounts on a monthly basis.

Planned action: The District will reconcile checking accounts on a monthly basis beginning January 1999.

Contact person - John Snow, President

**REGULATION DISTRICT NO. 2 OF ALLEN PARISH  
A Component Unit of the Allen Parish Police Jury  
INTERNAL INFORMATION SCHEDULE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 1999**

**Section I - Internal Control and Compliance Material to the Financial Statements**

**95-1 IC (Disputed Findings) Segregation of duties:**

Corrective action taken - Due to lack of sufficient financial resources, this finding cannot be resolved. See 95-1 IC.

**95-1 IC (MISPP) Monthly bank reconciliations:**

Monthly reconciliations of all checking accounts.

Corrective action taken - No

Planned corrective action - Checking accounts will be reconciled on a monthly basis starting January 1999.

**Section II - Management Letter**

**Item 95-2 (6/30/97) Control over cash receipts:**

Use of prenumbered tickets and receipt tickets issued to cash received.

Corrective action taken - No

Planned corrective action - The District will implement this policy when the paid register is May 1999.

**Item 95-4 (6/30/97) Proper cancellation of paid invoices:**

Paid invoices should be marked paid, have the check number on them, date of payment, and signature of commissioner authorizing payment.

Corrective action taken - Yes

## INDEPENDENT AIRBORNE REPORT SECTION



**Miles & Company**  
*A Professional Corporation*

**Certified Public Accountants**

**Miles**  
Member Institute of Certified Public Accountants  
Member of Institute of Internal Auditors Association  
Fiscal Agents Public Service Company

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

To the Board of Commissioners  
Recreation District No. 2  
of Allen Parish  
A Component Unit of the  
Allen Parish Police Jury  
Nolich, 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, 1998, and have issued our report thereon dated December 15, 1998. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Recreation District No. 2 of Allen Parish's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, non-compliance 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 our audit and, accordingly, we do not express such an opinion. The results of our tests did not lead to instances of non-compliance that are required to be reported under Government Auditing Standards.

**Internal Control over Financial Reporting**

In planning and performing our audit, we considered the Recreation District No. 2 of Allen Parish's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters relating to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Recreation District No. 2 of Allen Parish's ability to record, process, summarize and report financial data consistent with the asserted basis of management in the general purpose financial statements. Reportable conditions are described in the accompanying schedule of findings on items 98-1 IC and 98-2 IC.

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 an acceptably low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 98-1 IC and 98-2 IC, to be material weaknesses.

Board of Comm. Insurers  
Recreation District No. 2  
of A Bay Parish  
A Component Unit of the  
A Bay Parish Police Jury  
Bossier, Louisiana  
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This report is intended for the information of the management, 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.

*Mixon & Company, CPAs, APC*

Mixon & Company, CPAs, APC  
December 22, 1998

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