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PONCHATOULA AREA RECREATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE TANGIPAHOA PARISH COUNCIL)
Ponchatoula, Louisiana

REPORT ON AUDIT OF
GENERAL PURPOSE FINANCIAL STATEMENTS

AS OF AND FOR THE YEAR ENDED JUNE 30, 1999

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 NOV 03 1999

Ponchatoula Area Recreation District No. 1
(A COMPONENT UNIT OF THE TANGIPAHOA PARISH COUNCIL)
Ponchatoula, Louisiana

AS OF AND FOR THE YEAR ENDED JUNE 30, 1999

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Durnin & James

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August 10, 1999

INDEPENDENT AUDITOR'S REPORT

Mr. Julian E. Dufreche, Chairman
and the Members of the Board of Commissioners
Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

We have audited the accompanying general purpose financial statements of the Ponchatoula Area Recreation District No. 1, a component unit of the Tangipahoa Parish Council, as of June 30, 1999, and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Ponchatoula Area Recreation District No. 1's management. Our responsibility is to express an opinion on these 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall 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 Ponchatoula Area Recreation District No. 1, as of June 30, 1999, 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 August 10, 1999 on our consideration of the Ponchatoula Area Recreation District No. 1's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was conducted for the purpose of forming an opinion on the general purpose financial statements of Ponchatoula Area Recreation District No. 1 taken as a whole. The schedule listed in the table of contents as supplementary information is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Ponchatoula Area Recreation District No. 1. Such information

PONCHATOULA AREA RECREATION DISTRICT NO. 1

has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Respectfully submitted,

Durnin & James
DURNIN & JAMES, CPA'S

GENERAL PURPOSE FINANCIAL STATEMENTS
(COMBINED STATEMENTS - OVERVIEW)

PONCHATOULA AREA RECREATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE TANGIPAHOA PARISH COUNCIL)
Ponchatoula, Louisiana

EXHIBIT A

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 1999

	<u>GOVERNMENTAL FUND TYPES</u>			<u>ACCOUNT GROUPS</u>			<u>TOTAL</u> <u>(MEMORANDUM ONLY)</u> <u>06/30/99</u>
	<u>GENERAL</u> <u>FUND</u>	<u>DEBT</u> <u>SERVICE</u> <u>FUND</u>	<u>CAPITAL</u> <u>PROJECTS</u> <u>FUND</u>	<u>GENERAL</u> <u>FIXED</u> <u>ASSETS</u>	<u>LONG-TERM</u> <u>DEBT</u>	<u>LONG-TERM</u> <u>DEBT</u>	
<u>ASSETS AND OTHER DEBITS</u>							
Cash	\$ 73,176	\$ 22,151	\$ -	\$ -	\$ -	\$ -	\$ 95,327
Investments	435,470	-	-	-	-	-	435,470
Receivables (Net of Allowances for Uncollectibles, Where Applicable):	-	-	-	-	-	-	-
Taxes	-	-	-	-	-	-	-
Due From Other Funds	-	-	121,347	-	-	-	121,347
Fixed Assets (Net, of Accumulated Depreciation Where Applicable)	-	-	-	848,194	-	-	848,194
Restricted Assets:							
Cash	-	-	-	-	-	-	-
Amount Available In Debt Service Fund	-	-	-	-	-	-	-
Amount To Be Provided For Retirement of Bonds	-	-	-	-	-	-	-
Total Assets and Other Debits	<u>\$ 508,646</u>	<u>\$ 22,151</u>	<u>\$ 121,347</u>	<u>\$ 848,194</u>	<u>\$ 815,000</u>	<u>\$ 815,000</u>	<u>\$ 2,315,338</u>
<u>LIABILITIES</u>							
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contracts Payable	30,088	-	-	-	-	-	30,088
Retainage Payable	5,690	-	-	-	-	-	5,690
Due to Other Funds	121,347	-	-	-	-	-	121,347
General Long-term Debt	-	-	-	-	-	-	-
Total Liabilities	<u>\$ 157,125</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 815,000</u>	<u>\$ 815,000</u>	<u>\$ 972,125</u>
<u>FUND EQUITY AND OTHER CREDITS</u>							
Contributed Capital	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investment in General Fixed Assets	-	-	-	848,194	-	-	848,194
Fund Balance:							
Reserved for Debt Service	-	22,151	-	-	-	-	22,151
Unreserved:							
Designated For Capital Outlay	-	-	121,347	-	-	-	121,347
Undesignated	351,521	-	-	-	-	-	351,521
Total Fund Equity	<u>\$ 351,521</u>	<u>\$ 22,151</u>	<u>\$ 121,347</u>	<u>\$ 848,194</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,343,213</u>
Total Liabilities and Fund Equity	<u>\$ 508,646</u>	<u>\$ 22,151</u>	<u>\$ 121,347</u>	<u>\$ 848,194</u>	<u>\$ 815,000</u>	<u>\$ 815,000</u>	<u>\$ 2,315,338</u>

The accompanying notes are an integral part of this statement.

PONCHATOULA AREA RECREATION DISTRICT NO. 1
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 Ponchatoula, Louisiana

EXHIBIT B

COMBINED STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES

For the Year Ended June 30, 1999

	<u>GENERAL</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
Revenues:				
Taxes	\$ 246,122	\$ -	\$ -	\$ 246,122
Interest	24,448	1,173	-	25,621
State Revenue Sharing	77,977	-	-	77,977
Rent	3,000	-	-	3,000
Miscellaneous	<u>2,392</u>	<u>-</u>	<u>-</u>	<u>2,392</u>
Total Revenues	<u>\$ 353,939</u>	<u>\$ 1,173</u>	<u>\$ -</u>	<u>\$ 355,112</u>
Expenditures:				
Current:				
Parks and Recreation	\$ 39,201	\$ -	\$ -	\$ 39,201
Capital Outlay	-	-	421,555	421,555
Debt Service:				
Principal Retirement	-	95,000	-	95,000
Interest	-	48,958	-	48,958
Miscellaneous	<u>-</u>	<u>6</u>	<u>-</u>	<u>6</u>
Total Expenditures	<u>\$ 39,201</u>	<u>\$ 143,964</u>	<u>\$ 421,555</u>	<u>\$ 604,720</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 314,738</u>	<u>\$(142,791)</u>	<u>\$(421,555)</u>	<u>\$(249,608)</u>
Other Financing Sources (Uses):				
Operating Transfers In	\$ -	\$ 21,811	\$ -	\$ 21,811
Operating Transfers (Out)	<u>(21,811)</u>	<u>-</u>	<u>-</u>	<u>(21,811)</u>
Total Other Financing Sources (Uses)	<u>(21,811)</u>	<u>21,811</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ 292,927</u>	<u>\$(120,980)</u>	<u>\$ (421,555)</u>	<u>\$ (249,608)</u>
Fund Balance at Beginning of Year	<u>58,594</u>	<u>143,131</u>	<u>542,902</u>	<u>744,627</u>
Fund Balance at End of Year	<u>\$ 351,521</u>	<u>\$ 22,151</u>	<u>\$ 121,347</u>	<u>\$ 495,019</u>

The accompanying notes are an integral part of this statement.

PONCHATOULA AREA RECREATION DISTRICT NO. 1
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 Ponchatoula, Louisiana

EXHIBIT C

GOVERNMENTAL FUNDS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET (GAAP BASIS) AND ACTUAL

For the Year Ended June 30, 1999

	GENERAL FUND		VARIANCE FAVORABLE (UNFAVORABLE)
	BUDGET	ACTUAL	
Revenues:			
Taxes	\$ 200,000	\$ 246,122	\$ 46,122
Interest	25,000	24,448	(552)
State Revenue Sharing	74,453	77,977	3,524
Rent	10,000	3,000	(7,000)
Miscellaneous	-	2,392	2,392
Total Revenues	<u>\$ 309,453</u>	<u>\$ 353,939</u>	<u>\$ 44,486</u>
Expenditures:			
Current:			
Parks and Recreation	\$ 26,669	\$ 39,201	\$ (12,532)
Capital Outlay	-	-	-
Total Expenditures	<u>\$ 26,669</u>	<u>\$ 39,201</u>	<u>\$ (12,532)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 282,784</u>	<u>\$ 314,738</u>	<u>\$ 31,954</u>
Other Financing Sources (Uses):			
Operating Transfers In	\$ -	\$ -	\$ -
Operating Transfers (Out)	<u>(25,306)</u>	<u>(21,811)</u>	<u>3,495</u>
Total Other Financing Sources (Uses)	<u>(25,306)</u>	<u>(21,811)</u>	<u>3,495</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>\$ 257,478</u>	<u>\$ 292,927</u>	<u>\$ 35,449</u>
Fund Balance at Beginning of Year	<u>67,214</u>	<u>58,594</u>	<u>(8,620)</u>
Fund Balance at End of Year	<u>\$ 324,692</u>	<u>\$ 351,521</u>	<u>\$ 26,829</u>

The accompanying notes are an integral part of this statement.

PONCHATOULA AREA RECREATION DISTRICT NO. 1
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NOTES TO FINANCIAL STATEMENTS

June 30, 1999

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Ponchatoula, Louisiana

NOTES TO FINANCIAL STATEMENTS

June 30, 1999

(1) Summary of Significant Accounting Policies -

The Ponchatoula Area Recreation District No. 1, Ponchatoula, Louisiana (the "District") was created by an ordinance of the Tangipahoa Parish Council on April 22, 1996, as a recreation district to consist of territorial lands and property, both real and personal, in the parish, in accordance with R.S. 33:4562 et seq, and Article 6, Section 19 of the Louisiana Constitution of 1974 and other constitutional and statutory authority supplemental thereto, to be a body corporate in law and a subdivision of the State, known as "Ponchatoula Area Recreation District No. 1 (the "District")."

The District contains within its limits one municipality, Ponchatoula. The governing body of this municipality has given consent to the inclusion of such municipality in the District. The District shall be and is a political subdivision of the State, within the meaning of the constitution and statutes of the State relating to incurring debt and issuing bonds therefor.

The objectives and purposes of the District are to own and operate playgrounds and other facilities and generally to engage in activities which would promote recreation and any related activity designed to encourage recreation and promote the general health and well-being of youths and all of the goals and purposes as authorized by law.

The accounting and reporting policies of the Ponchatoula Area Recreation District No. 1 conform to generally accepted accounting principles as applicable to governments. Such accounting and reporting procedures also conform to the requirements of Louisiana Revised Statutes 24:517 and to the industry audit guide, Audits of State and Local Governmental Units.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

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

PONCHATOULA AREA RECREATION DISTRICT NO. 1
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1999

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 the board members and has approval over their taxing authority, the Ponchatoula Area Recreation District No. 1 was determined to be a component unit of the Tangipahoa Parish Council, the financial reporting entity. The accompanying financial statements present information only on the fund maintained by the Ponchatoula Area Recreation District No. 1 and do not present information on the Parish Council, the general government services provided by that governmental unit, or the other governmental units that comprise the financial reporting entity.

B. Fund Accounting

The accounts of the Ponchatoula Area Recreation District No. 1 are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures, or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The various funds are grouped, in the financial statements in this report, into three generic fund types and two broad fund categories as follows:

GOVERNMENTAL FUNDS

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 another fund.

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1999

Debt Service Fund - Debt Service Funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Fund - Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

C. Fixed Assets and Long-Term Liabilities

The accounting and reporting treatment applied to the fixed assets and long-term liabilities associated with a fund are determined by its measurement focus.

All governmental fund type operations are accounted for on a spending or "financial flow" measurement focus and only current assets and current liabilities are generally included on their balance sheet.

Fixed assets used in governmental fund type operations (general fixed assets) are accounted for in the General Fixed Assets Account Group, and are recorded as expenditures in the governmental fund types when purchased. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, including roads, bridges, curbs, gutters, streets and sidewalks, drainage systems, and lighting systems, are not capitalized along with other general fixed assets. No depreciation has been provided on general fixed assets.

Long-term liabilities expected to be financed from governmental funds are accounted for in the General Long-term Debt Account Group.

The two account groups are not "funds". They are concerned only with the measurement of financial position. They are not involved with measurement of results of operations.

Because of their spending measurement focus, expenditure recognition for governmental fund types is limited to exclude amounts represented by non-current liabilities. Since they do not affect net current assets, such long-term amounts are not recognized as governmental fund type expenditures or fund liabilities. They are instead reported as liabilities in the General Long-Term Debt Account Group.

D. Basis of Accounting

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis

PONCHATOULA AREA RECREATION DISTRICT NO. 1
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1999

of accounting related to the timing of the measurements made, regardless of the measurement focus applied.

All governmental funds are accounted for using the modified accrual basis of accounting. Their revenues are recognized when they become measurable and available as net current assets. Taxpayer-assessed income, gross receipts, and sales taxes are considered "measurable" when in the hands of collecting governments and are recognized as revenue at that time. Anticipated refunds of such taxes are recorded as liabilities and reductions of revenue when they are measurable and their validity seems certain. All major revenues are susceptible to accrual.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Exceptions to this general rule include: (1) accumulated unpaid vacation, sick pay, and other employee amounts which are not accrued (Note (1)H); (2) principal and interest on long-term debt which is recognized when due; and (3) expendable operating supplies which are recorded as expenditures at the time of purchase under the "purchase method" (Note (1)G).

E. Budgets

Budgetary procedures applicable to the District are defined in state law, Louisiana Revised Statutes 39:1301-14. The major requirements of the Local Government Budget Act are summarized as follows:

1. The District must adopt a budget each year for the general fund and each special revenue fund, if applicable.
2. The Chairman must prepare a proposed budget and submit the proposed budget to the Board of Commissioners for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$250,000 or more, a notice of public hearing on the proposed budget must be published in the official journal in each parish in which the District has jurisdiction. The proposed expenditures were less than \$250,000, therefore, a public hearing was not required.
3. All action necessary to adopt and implement the budget must be completed prior to the beginning of the fiscal year. The budget was adopted on June 20, 1998.
4. Budgetary amendments involving the transfer of funds from one program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Commissioners. The budget was not amended.

PONCHATOULA AREA RECREATION DISTRICT NO. 1
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1999

5. All budgetary appropriations lapse at the end of each fiscal year.

The District did not comply with certain provisions of state law which require a budget amendment when actual expenditures exceed amounts budgeted by five percent or more.

F. Cash and Cash Equivalents and Investments

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. 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 with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. 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. Investments are stated at cost.

G. Inventory

The District utilizes the "purchase method" of accounting for supplies in governmental funds whereby expendable operating supplies are recognized as expenditures when purchased. The District did not record any inventory at June 30, 1999, as the amount is not material.

H. Accumulated Compensated Absences

The District has no policy recording employees' vacation pay and employees' sick leave benefits as the District has no full-time employees. As a result, the District has no accumulated compensated absences requiring recognition in accordance with GASB Statement 16.

I. Pension Plans

The Ponchatoula Area Recreation District No. 1 is not a member of any retirement system. The District is a member of the social security system.

J. Total Columns on Combined Statements - Overview

Total columns on the combined statements - overview are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1999

of operations, or cash flows 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.

(2) Levied Taxes -

The following is a summary of authorized and levied ad valorem taxes:

	1997 Authorized and Levied <u>Millage</u>
General Fund	10.00

Ad valorem taxes attach as an enforceable lien on property as of January 1, of each year. Taxes are levied by the District during the year and are actually billed to taxpayers and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from ad valorem taxes are budgeted in the year billed and are recognized as revenue when billed. The Tangipahoa Parish Sheriff's Office bills and collects the property taxes using the assessed value determined by the Tax Assessor of Tangipahoa Parish. The taxes are generally collected in December of the current year and January and February of the ensuing year. For 1998, the District levied 10 mills for a total tax levy of \$248,869 on taxable property valuation totaling \$24,886,914.

(3) Cash and Investments-

Cash includes amounts in demand deposits, interest bearing demand deposits, and money market accounts. Under state law, the District may deposit funds in demand deposits, interest bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

Under state law, the District may invest in United States bonds, treasury notes, or certificates. 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. Investments are stated at cost.

Investments at June 30, 1999 are in the Louisiana Asset Management Pool (LAMP), a local government investment pool. In accordance with GASB Codification Section 150.165, the investment in LAMP is not categorized in the three risk categories provided by GASB Codification Section 150.164 because the Investment is in the pool of funds and thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a nonprofit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and state wide

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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1999

professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. government, or one of its agencies, enterprises, or instrumentalities, as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

As reflected on Exhibit A, the District has cash totaling \$73,146 and investments totaling \$435,470 at June 30, 1999. Under state law, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the bank. These pledged securities are held by and in the name of the fiscal agent bank but pledged to the District. The following is a summary of cash and investments (bank balances) at June 30, 1999, with the related federal deposit insurance and pledged securities:

	CONFIRMED BANK BALANCES <u>June 30, 1999</u>	FDIC INSURANCE	BALANCE UNINSURED
Cash:			
Demand Deposits	\$ -	\$ -	\$ -
Interest Bearing Demand Deposits	97,577	97,577	
Time Deposits	<u>-</u>	<u>-</u>	<u>-</u>
Total Cash	\$ 97,577	\$ 97,577	\$ -
Investments:			
LAMP	435,470	N/A	N/A
Total	\$435,470		
Uncollateralized -			
Securities in the Name of and Held by the Fiscal Agent Pledged to the District.			<u>708,139</u>
Excess of FDIC Insurance and Pledged Securities over Cash and Investment Bank Balances			<u>\$ 708,139</u>

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

PONCHATOULA AREA RECREATION DISTRICT NO. 1
 (A COMPONENT UNIT OF THE TANGIPAHOA PARISH COUNCIL)
 Ponchatoula, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1999

(4) Receivables

The following is a summary of receivables at June 30, 1999:

<u>Class of Receivable</u>	<u>General Fund</u>
Ad Valorem	\$ -
Allowance for Uncollectibles	<u>-</u>
Total	<u>\$ -</u>

(5) Interfund Receivables and Payables -

The following is a summary of amounts due from and due to other funds at June 30, 1999.

	<u>DUE FROM</u>	<u>DUE TO</u>
General Fund:		
Capital Projects Fund	\$ -	\$121,347
Capital Projects Fund:		
General Fund	<u>121,347</u>	<u>-</u>
Totals	<u>\$121,347</u>	<u>\$121,347</u>

(6) Changes in General Fixed Assets -

A summary of changes in general fixed assets follows:

	<u>BALANCE</u> <u>JULY 1,</u> <u>1998</u>	<u>CURRENT YEAR</u>		<u>BALANCE</u> <u>JUNE 30,</u> <u>1999</u>
		<u>ADDITIONS</u>	<u>DELETIONS</u>	
Land	\$403,953	\$ -	\$ -	\$403,953
Land Improvements	58,464	385,777	-	444,241
Equipment	<u>8,250</u>	<u>-</u>	<u>-</u>	<u>8,250</u>
Total	<u>\$470,667</u>	<u>\$385,777</u>	<u>\$ -</u>	<u>\$856,444</u>

(7) Changes in Long-Term Debt

The following is a summary of debt transactions for the District for the year ended June 30, 1999:

	<u>Balance</u> <u>July 1</u> <u>1998</u>	<u>Certificates</u> <u>Issued</u>	<u>Certificates</u> <u>Retired</u>	<u>Balance</u> <u>June 30,</u> <u>1999</u>
Certificate of Indebtedness	\$ <u>910,000</u>	\$ -	\$ <u>95,000</u>	\$ <u>815,000</u>
	<u>\$ 910,000</u>	<u>\$ -</u>	<u>\$ 95,000</u>	<u>\$815,000</u>

Long-term debt at June 30, 1999, is comprised of the following:

PONCHATOULA AREA RECREATION DISTRICT NO. 1
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 Ponchatoula, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1999

Certificate of Indebtedness:

\$1,000,000 Limited Tax Certificate of Indebtedness dated
 May 14, 1997; Due in annual installments of \$90,000 -
 \$135,000 through March 1, 2006; with interest at 5.38%. \$815,000

Payments of Certificates of Indebtedness principal and interest are secured solely by an irrevocable pledge and dedication of the funds to be derived from the levy and collection of a ten (10) mill tax authorized to be levied in each of the years 1996 to 2005, inclusive. Said special tax has been authorized to be levied on all the property subject to taxation within the corporate boundaries of the District, pursuant to an election held therein on July 20, 1996.

The annual requirements to amortize all debt outstanding at June 30, 1999, including interest payments of \$184,265 are as follows:

YEAR ENDED <u>JUNE 30,</u>	CERTIFICATE OF <u>INDEBTEDNESS</u>
2000	\$ 143,847
2001	143,467
2002	142,818
2003	141,900
2004	140,713
2005	144,257
2006	<u>142,263</u>
	\$ 999,265
Interest Portion	<u>184,265</u>
	<u>\$ 815,000</u>

(8) Dedication of Proceeds and Flow of Funds - Ad Valorem Tax

Proceeds of the 10 year special tax of 10 mills on the dollar of assessed valuation on all property subject to taxation in Ponchatoula Area Recreation District No. 1 (1999 collections \$246,122) are dedicated for the purpose of acquiring, constructing, improving, maintaining and/or operating recreational facilities and activities in and for Ponchatoula Area Recreation District No. 1.

The District through its governing authority, adopted a resolution on April 3, 1997, authorizing the issuance of \$1,000,000 of Limited Tax Certificates of Indebtedness, Series 1997, for the purpose of purchasing and acquiring land buildings, equipment and other facilities in the District for recreation purposes. In that Resolution the proceeds of the 10 year special tax were irrevocably and irrevocably pledged and dedicated in an amount sufficient for payment of the certificates authorized and interest as they become due and for other purposes.

PONCHATOULA AREA RECREATION DISTRICT NO. 1
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NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1999

The certificate resolution requires that the proceeds of the special tax now being levied and collected by the District is to be deposited with the District's fiscal agent bank in a "Sinking Fund" (Debt Service Fund) until such time as there is on deposit in the Sinking Fund sufficient proceeds of the tax to pay all principal and interest falling due on the certificate in the ensuing year. After such time as there has been accumulated in the Sinking Fund the amount described in the preceding sentence, any surplus moneys derived from the tax may be used by the District for any of the purposes for which the tax is authorized to be levied. The District shall make available from the Sinking Fund to the paying agent at least one (1) day in advance of the date on which each payment of principal and interest on the certificate falls due, funds fully sufficient to pay promptly the principal and interest falling due on such date.

After funds have been set aside out of the revenues of the tax for each tax roll year sufficient to pay the principal and interest on the certificate for the ensuing calendar year, and all required amounts have been deposited in the Sinking Fund, then any excess of annual revenues of the tax remaining for that tax roll year shall be free for expenditure by the District for the purposes for which the tax was authorized by the voters.

As of June 30, 1999, the District was in compliance with the certificate covenants.

(9) Compliance with Certificate Covenants

The District, through its governing authority, adopted a resolution on April 3, 1997, authorizing the issuance of \$1,000,000 of Limited Tax Certificates of Indebtedness, Series 1997 for the purpose of purchasing and acquiring land, buildings, equipment and other facilities in the District for recreation purposes. That certificate resolution contained certain covenants and agreements in connection with the security and payment of the certificates. The major covenants contained in the certificate resolution and the manner in which the District has complied with these covenants is described as follows:

Sinking Fund - According to the certificate resolution, all of the avails or proceeds of the tax for each tax roll year shall be set aside in the Sinking Fund until such time as there is on deposit in the Sinking Fund sufficient proceeds of the tax to pay all principal and interest falling due on the certificate in the ensuing year.

As of June 30, 1999, the District was in compliance with this certificate covenant.

Securing of deposits of public funds - In the certificate resolution it is required that all moneys deposited with the regularly designed fiscal agent bank or banks of the District or the paying agent under the terms of the resolution shall constitute sacred funds for the benefit of the owner of the

PONCHATOULA AREA RECREATION DISTRICT NO. 1
(A COMPONENT UNIT OF THE TANGIPAHOA PARISH COUNCIL)
Ponchatoula, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1999

certificate, and shall be secured by said finances at all times to the full extent thereof in the manner required by law for the securing of deposits of public funds.

As of June 30, 1999, the District was in compliance with this certificate covenant.

Budget - In the certificate resolution as long as the certificate is outstanding and unpaid in principal or interest, the District is required to prepare and adopt a budget prior to the beginning of each fiscal year. A copy of such budget shall be furnished within thirty (30) days after its adoption of the paying agent and owner.

As of June 30, 1999, the District was not in compliance with this certificate covenant.

Other Requirements - The certificate resolution contains additional covenants regarding collection of tax, legal right to collection of tax, and other miscellaneous provisions.

As of June 30, 1999, the District was in compliance with these other certificate covenants in all material respects.

(10) Construction Contract Commitment

During the fiscal year ended June 30, 1998 the District entered into a contract for site preparation relative to the new recreation complex. The contract is in the amount of \$378,690. As of June 30, 1999 \$56,897 had been accrued and paid. The remainder of the contract in the amount of \$321,793 is expected to be paid out during the fiscal year ending June 30, 2000.

(11) Year 2000 Issue

The Year 2000 Issue is the result of shortcomings in many electronic data processing systems and other electronic equipment that may adversely affect the government's operations as early as fiscal year 1999.

Ponchatoula Area Recreation District No. 1 has completed an inventory of computer systems and other electronic equipment that may be affected by the Year 2000 Issue and that are necessary for conducting the District's operations. Based on this inventory, the District is in the awareness stage. However, the District has no assets of its own which would be affected by the Year 2000 Issue. The District relies upon assets owned by the City of Ponchatoula and other third parties.

Because of the unprecedented nature of the Year 2000 Issue, its effects and the success of related remediation efforts will not be fully determinable until the year

PONCHATOULA AREA RECREATION DISTRICT NO. 1
 (A COMPONENT UNIT OF THE TANGIPAHOA PARISH COUNCIL)
 Ponchatoula, Louisiana

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 1999

2000 and thereafter. Management cannot assure that the District is or will be year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be year 2000 ready.

(12) Stewardship, Compliance and Accountability

A. Expenditures Exceeding Appropriations (GAAP Budgetary Basis)

Excess of expenditures over appropriations in individual funds occurred as follows:

	BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
General Fund	\$ 26,669	\$ 39,201	\$(12,532)

B. Compliance with Local Government Budget Act

The Ponchatoula Area Recreation District No. 1 did not comply with certain provisions of state law which require a budget amendment when actual expenditures exceed amounts budgeted by five percent or more.

OTHER SUPPLEMENTARY SCHEDULES

SCHEDULE OF COMPENSATION PAID THE CHAIRMAN AND BOARD OF COMMISSIONERS

PONCHATOULA AREA RECREATION DISTRICT NO. 1
 (A COMPONENT UNIT OF THE TANGIPAHOA PARISH COUNCIL)
 Ponchatoula, Louisiana

SCHEDULE OF COMPENSATION PAID THE CHAIRMAN AND BOARD OF COMMISSIONERS

June 30, 1999

Term of Office - January 1, 1995 - December 31, 1998

<u>Name and Address</u>	<u>Position</u>	<u>Salary</u>	<u>Term Expires</u>
Julian Dufreche 125 Woodhaven Drive Ponchatoula, LA 70454 (504)386-6281	Chairman/ Commissioner	\$ -	April 22, 2000
Linda Byers 39693 Howes Lane Ponchatoula, LA 70454 (504)386-2247	Secretary/ Treasurer	\$ -	N/A
Lawrence Thompson 42377 Brown Road Ponchatoula, LA 70454 (504)386-8988	Vice-Chairman/ Commissioner	\$ -	April 22, 2003
Richard Stilley 21079 Esterbrook Road Ponchatoula, LA 70454 (504)386-8178	Commissioner	\$ -	April 22, 2002
Gary Stanga 175 Highland Road Ponchatoula, LA 70454 (504)386-3742	Commissioner	\$ -	April 22, 2004
Craig Kraft 39018 Caldwell Road Ponchatoula, LA 70454 (504)386-9303	Commissioner	\$ -	April 22, 2001
		\$ <u>-</u>	

See auditor's report.

OTHER INDEPENDENT AUDITOR'S REPORTS
AND FINDINGS AND RECOMMENDATIONS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND
ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF
GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Durnin & James

•CERTIFIED PUBLIC ACCOUNTANTS•

John N. Durnin, CPA*
Dennis E. James, CPA*
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Member
American Institute of
Certified Public Accountants

Charles D. Mathews, CPA
Bryon C. Garrety, CPA

Member
Society of Louisiana
Certified Public Accountants

August 10, 1999

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mr. Julian E. Dufreche, Chairman
and the Members of the Board of Commissioners
Ponchatoula Area Recreation District No. 1
Ponchatoula, Louisiana

We have audited the general purpose financial statements of the Ponchatoula Area Recreation District No. 1, a component unit of the Tangipahoa Parish Council, as of and for the year ended June 30, 1999, and have issued our report thereon dated August 10, 1999. 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 Ponchatoula Area Recreation District No. 1's financial statements are free of material misstatement, we 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 those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and recommendations as item number 99-1.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Ponchatoula Area Recreation District No.1's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our 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 amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

PONCHATOULA AREA RECREATION DISTRICT NO. 1

This report is for the information of management and the Louisiana Legislative Auditor. This restriction is not intended to limit the distribution of this report which, upon acceptance by the Chairman and Board of Commissioners of the Ponchatoula Area Recreation District No. 1, is a matter of public record.

Respectfully submitted,


DURNIN & JAMES CPA'S

FINDINGS AND RECOMMENDATIONS

PONCHATOULA AREA RECREATION DISTRICT NO.1
(A COMPONENT UNIT OF THE TANGIPAHOA PARISH COUNCIL)
Ponchatoula, Louisiana

CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 1999

FINDINGS AND RECOMMENDATIONS

COMPLIANCE

99-1 - Budget Variance Exceeds 5% Allowable Under State Law

The District did not comply with certain budget requirements imposed by state law. Budget procedures applicable to the District are specified in state law, Louisiana Revised Statutes (LSA-R.S.) 39:1301-1314. The pertinent parts of the law and the manner in which the District failed to comply with the law are as follows:

State law (LSA-R.S.) 39:1309-1310 requires the original budget to be amended when actual expenditures exceed the amounts budgeted by five percent or more.

FINDING:

The budget for the fiscal year ended June 30, 1999, was not amended. However, actual expenditures exceeded the amounts budgeted in the following funds by more than five percent:

	<u>Actual</u> <u>Expenditures</u>	<u>Amount</u> <u>Budgeted</u>	<u>Percent</u>
General Fund	\$ 26,669	\$ 39,201	46.99%

RECOMMENDATION:

We recommend the District continue to closely monitor its budget and adopt budget amendments when required.

MANAGEMENT'S RESPONSE:

In management's corrective action plan dated August 26, 1999, the Chairman indicated the budget will continue to be monitored on a monthly basis by the secretary, the chairman and the Board of Commissioners. Budgetary amendments will be made when actual revenues decrease over original budget projections and actual expenditures increase over original budget projections.

INTERNAL CONTROL OVER FINANCIAL REPORTING

None

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS

PONCHATOULA AREA RECREATION DISTRICT NO.1
(A COMPONENT UNIT OF THE TANGIPAHOA PARISH COUNCIL)
Ponchatoula, Louisiana

CORRECTIVE ACTION PLAN FOR CURRENT YEAR AUDIT FINDINGS
For the Year Ended June 30, 1999

<u>Ref.#</u>	<u>Description of Finding</u>	<u>Corrective Action Plan</u>	<u>Name of Contact Person</u>	<u>Anticipated Completion Date</u>
99-1	Budget exceeds 5%.	Amend budget	Julian Dufreche	10/31/99

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

PONCHATOULA AREA RECREATION DISTRICT NO.1
 (A COMPONENT UNIT OF THE TANGIPAHOA PARISH COUNCIL)
 Ponchatoula, Louisiana

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 1999

<u>Ref.#</u>	<u>Fiscal Year Findings Initially Occurred</u>	<u>Description of Findings</u>	<u>Corrective Action</u>	<u>Plan Corrective Action - Partial Corrective Action Taken</u>	<u>Additional Explanation</u>
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COMPLIANCE

98-1	June 30, 1998	The District did not adopt a budget timely for the General Fund.	Yes	The budget for the year ended June 30, 1998 was adopted after June 30, 1998.	
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98-2	June 30, 1998	The District did not obtain three written bids for the purchase of materials exceeding \$7,500 but not exceeding \$15,000.	Yes	The District complied for subsequent purchases.	
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INTERNAL CONTROL

98-3	June 30, 1998	Cooperative agreement was not entered into between the District and the City of Ponchatoula.	Yes	Cooperative agreement subsequently entered into.	
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