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FINANCIAL STATEMENTS
AND AUDITORS' REPORT

COMMUNITY CENTER & PLAYGROUND DISTRICT
NO. 3 OF WARD 7 OF CALCASIEU PARISH
CALCASIEU PARISH POLICE JURY

December 31, 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 JUN 02 1999

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INDEPENDENT AUDITORS' REPORT

Board of Commissioners
Community Center & Playground District
No. 3 of Ward 7 of Calcasieu Parish
Calcasieu Parish Police Jury
Vinton, Louisiana

We have audited the accompanying financial statements of the Community Center & Playground District No. 3 of Ward 7 of Calcasieu Parish, a component unit of the Calcasieu Parish Police Jury, as of December 31, 1998, and for the year then ended. These financial statements are the responsibility of the District'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 financial statements referred to above present fairly, in all material respects, the financial position of the Community Center & Playground District No. 3 of Ward 7 of Calcasieu Parish as of December 31, 1998 and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated April 30, 1999 on our consideration of the District's internal control over financial reporting and our test of its compliance with certain provisions of laws and regulations.

Our audit was performed for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of per diem paid board members is presented for purposes of additional analysis as required by the Louisiana Legislative Auditor, and is not a required part of the financial statements.

Langley, Williams & Co., LLC

April 30, 1999

Community Center & Playground District
No. 3 of Ward 7 of Calcasieu Parish

COMBINED BALANCE SHEET - ALL FUND
TYPES AND ACCOUNT GROUPS

December 31, 1998

	GOVERNMENTAL FUND TYPE <u>GENERAL FUND</u>	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
		<u>GENERAL FIXED ASSETS</u>	<u>GENERAL LONG-TERM DEBT</u>	
ASSETS				
Cash	\$ 118,462	\$ 0	\$ 0	\$ 118,462
Ad valorem tax receivable, net	174,299	0	0	174,299
State revenue sharing receivable	4,633	0	0	4,633
Fixed assets	0	824,152	0	824,152
Amount to be provided for retirement of general long-term debt	0	0	90,000	90,000
Total assets	<u>\$ 297,394</u>	<u>\$ 824,152</u>	<u>\$ 90,000</u>	<u>\$ 1,211,546</u>
LIABILITIES AND FUND EQUITY				
Liabilities:				
Accounts payable	\$ 50,567	\$ 0	\$ 0	\$ 50,567
Payroll taxes payable	1,045	0	0	1,045
Deductions from ad valorem tax receivable:				
Retirement systems	6,370	0	0	6,370
Note payable	0	0	90,000	90,000
Total liabilities	<u>57,982</u>	<u>0</u>	<u>90,000</u>	<u>147,982</u>
Fund equity:				
Investment in general fixed assets	0	824,152	0	824,152
Fund balance:				
Unreserved - undesignated	239,412	0	0	239,412
Total fund equity	<u>239,412</u>	<u>824,152</u>	<u>0</u>	<u>1,063,564</u>
Total liabilities and fund equity	<u>\$ 297,394</u>	<u>\$ 824,152</u>	<u>\$ 90,000</u>	<u>\$ 1,211,546</u>

The accompanying notes are an integral part of this statement.

Community Center & Playground District
No. 3 of Ward 7 of Calcasieu Parish

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND TYPE - GENERAL FUND

Year Ended December 31, 1998

REVENUES	
Ad valorem taxes	\$ 190,856
Interest	7,666
Concession	690
Registration fees	7,390
Rental	1,025
State revenue sharing	6,950
Other	6,056
Riverboat endowment	61,317
Total revenues	281,950
EXPENDITURES	
General government:	
Accounting	2,000
Bad debt	5,298
Bank charges	324
Deductions from ad valorem taxes - retirement	6,371
Equipment rent	90
Insurance	21,175
Maintenance and supplies	6,902
Office	2,196
Officials	4,000
Salaries	50,334
Supplies - concessions	402
Supplies - sports	14,327
Payroll taxes	3,961
Telephone and utilities	18,162
Capital outlay	354,228
Total expenditures	489,770
DEFICIENCY OF REVENUES OVER EXPENDITURES	(207,820)
OTHER FINANCING SOURCE - PROCEEDS OF GENERAL LONG-TERM DEBT	90,000
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES	(117,820)
FUND BALANCE - JANUARY 1,	357,232
FUND BALANCE - DECEMBER 31,	\$ 239,412

The accompanying notes are an integral part of this statement.

Community Center & Playground District
No. 3 of Ward 7 of Calcasieu Parish

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND TYPE - GENERAL FUND

Year Ended December 31, 1998

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Ad valorem taxes	\$ 184,500	\$ 190,856	\$ 6,356
Interest	4,000	7,666	3,666
Concession	500	690	190
Registration fees	7,400	7,390	(10)
Rental	1,000	1,025	25
State revenue sharing	7,000	6,950	(50)
Other	10,000	6,056	(3,944)
Riverboat endowment	0	61,317	61,317
Total revenues	<u>214,400</u>	<u>281,950</u>	<u>67,550</u>
EXPENDITURES			
General government:			
Accounting	2,000	2,000	0
Bad debt	0	5,298	(5,298)
Bank charges	100	324	(224)
Deductions from ad valorem taxes - retirement	3,000	6,371	(3,371)
Equipment rent	0	90	(90)
Insurance	22,100	21,175	925
Maintenance and supplies	10,000	6,902	3,098
Medical	100	0	100
Office	2,600	2,196	404
Officials	4,000	4,000	0
Salaries	50,000	50,334	(334)
Supplies - concessions	600	402	198
Supplies - sports	13,500	14,327	(827)
Payroll taxes	6,000	3,961	2,039
Telephone and utilities	18,000	18,162	(162)
Capital outlay	82,400	354,228	(271,828)
Total expenditures	<u>214,400</u>	<u>489,770</u>	<u>(275,370)</u>
DEFICIENCY OF REVENUES OVER EXPENDITURES	0	(207,820)	(207,820)
OTHER FINANCING SOURCE - PROCEEDS OF GENERAL LONG-TERM DEBT	<u>0</u>	<u>90,000</u>	<u>90,000</u>
DEFICIENCY OF REVENUES AND OTHER FINANCING SOURCE OVER EXPENDITURES	0	(117,820)	(117,820)
FUND BALANCE - JANUARY 1,	<u>357,232</u>	<u>357,232</u>	<u>0</u>
FUND BALANCE - DECEMBER 31,	<u>\$ 357,232</u>	<u>\$ 239,412</u>	<u>\$ (117,820)</u>

The accompanying notes are an integral part of this statement.

Community Center & Playground District
No. 3 of Ward 7 of Calcasieu Parish

NOTES TO FINANCIAL STATEMENTS

December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Community Center & Playground District No. 3 of Ward 7 of Calcasieu Parish was created by the Calcasieu Parish Police Jury, as authorized by Act 82 of 1948. The District is governed by a board of five commissioners appointed by the Calcasieu Parish Police Jury. The District establishes regulations governing the parks, playgrounds and community centers and provides administration, management, *maintenance, and operations of the facilities.*

The financial statements of the Community Center & Playground District No. 3 of Ward 7 of Calcasieu Parish (government) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting policies are described below.

A. Reporting Entity

In evaluating how to define the government for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The basic-but not the only-*criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility.* The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity is conducted within the geographic boundaries of the government and is generally available to its citizens. A third criterion used to evaluate potential *component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the government is able to exercise oversight responsibilities.* Based upon the application of these criteria, there are no potential component units included in the government's reporting entity. The Community Center & Playground District No. 3 of Ward 7 of Calcasieu Parish is a component unit of the Calcasieu Parish Police Jury.

Community Center & Playground District
No. 3 of Ward 7 of Calcasieu Parish

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

The government uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the fund because they do not directly affect net expendable available financial resources.

The general fund is used to account for all of the government's activities.

C. Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The governmental fund is accounted for using a current financial resources measurement focus.

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

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

Community Center & Playground District
No. 3 of Ward 7 of Calcasieu Parish

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity of three months or less.

E. Accounts Receivable

Uncollectible amounts due for ad valorem taxes are recognized as bad debts using the allowance method. The allowance for bad debt at December 31, 1998, was \$3,007.

F. Budgets

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

On or before the last meeting of each year, the budget is prepared by fund, function, and activity and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year.

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from, or change appropriations, but may not change the form of the budget. Any changes in the budget must be within the revenues and reserves estimated.

Expenditures may not legally exceed budgeted appropriations at the activity level. During the year, several supplementary appropriations were necessary.

Community Center & Playground District
No. 3 of Ward 7 of Calcasieu Parish

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1998

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fixed Assets

Capital acquisition and construction are reflected as expenditures in the general fund, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Assets in the general fixed assets account group are not depreciated.

H. Compensated Absences

Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources are reported in the general long-term debt account group. No expenditure is reported for these amounts. In accordance with the provisions of Statement of Financial Accounting Standards No. 43, Accounting for Compensated Absences, no liability is recorded for nonvesting accumulating rights to receive sick pay benefits. However, a liability is recognized for that portion of accumulating sick leave benefits that it is estimated will be taken as "terminal leave" prior to retirement. At December 31, 1998, the District's liability for compensated absences could not be reasonably estimated.

I. Memorandum Only - Total Columns

Total columns on the general purpose financial 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 are such data comparable to a consolidation.

Community Center & Playground District
No. 3 of Ward 7 of Calcasieu Parish

NOTES TO FINANCIAL STATEMENTS (Continued)

December 31, 1998

NOTE 2 - AD VALOREM TAXES

For the year ended December 31, 1998, taxes of 8.14 mills and 3.00 mills were levied on property with assessed valuations totaling \$17,997,600 and were dedicated as follows:

General corporate purposes	8.14 mills
Swimming pool	3.00 mills

Total taxes levied were \$200,493.

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 31. Property taxes not paid by the end of February are subject to lien.

NOTE 3 - CASH AND INVESTMENTS

At December 31, 1998, the district has cash and cash equivalents (book balances) totaling \$118,462. All cash and cash equivalents are held in demand deposit accounts.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 1998, the district has \$119,577 in collected bank balances. These deposits are secured from risk by \$100,000 of federal deposit insurance and \$225,000 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Community Center & Playground District
No. 3 of Ward 7 of Calcasieu Parish

NOTES TO FINANCIAL STATEMENTS - (Continued)

December 31, 1998

NOTE 4 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in general fixed assets follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Land	\$ 55,862	\$ -	\$ -	\$ 55,862
Buildings & improvements	445,620	354,228	(73,631)	726,217
Equipment	<u>157,336</u>	<u>-</u>	<u>(115,263)</u>	<u>42,073</u>
Total	<u>\$ 658,818</u>	<u>\$ 354,228</u>	<u>\$(188,894)</u>	<u>\$ 824,152</u>

NOTE 5 - RETIREMENT COMMITMENTS

Employees of the district are covered under the State of Louisiana Social Security Program. The district is required to remit an amount equal to the employee's contribution. The district does not guarantee any of the benefits granted by the State of Louisiana Social Security Program.

NOTE 6 - NOTE PAYABLE

Note payable is due in two annual principal and interest installments of \$38,368 beginning March 1, 1999, with a final principal and interest installment of \$21,224 due March 1, 2001. Interest on the note accrues at 5.4% and is secured by the 3.00 mills ad valorem tax (see Note 2).

SUPPLEMENTAL INFORMATION

Community Center & Playground District
No. 3 of Ward 7 of Calcasieu Parish

PER DIEM PAID BOARD MEMBERS

December 31, 1998

PER DIEM PAID BOARD MEMBERS

As provided by Louisiana Revised Statute 38:1794, the board members may receive \$10 per diem for each regular and special meeting attended but shall not be paid for more than twelve meetings in each year. However, at this time the District is not paying per diem.



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

Board of Commissioners
Community Center & Playground District
No. 3 of Ward 7 of Calcasieu Parish
Calcasieu Parish Police Jury
Vinton, Louisiana

We have audited the financial statements of the Community Center & Playground District No. 3 of Ward 7, a component unit of the Calcasieu Parish Police Jury, as of and for the year ended December 31, 1998, and have issued our report thereon dated April 30, 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 District'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings and Questioned Costs.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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. 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

Board of Commissioners
Community Center & Playground District
No. 3 of Ward 7 of Calcasieu Parish
Page 2

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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended for the information of the Community Center & Playground District No. 3 of Ward 7 of Calcasieu Parish's management, the Board of Commissioners, and the Legislative Auditor. However, this report is a matter of public record and its distribution is not limited.

Langley, Williams & Co., LLC

April 30, 1999

Community Center & Playground District
No. 3 of Ward 7 of Calcasieu Parish

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

December 31, 1998

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Community Center & Playground District No. 3 of Ward 7 of Calcasieu Parish.
2. No reportable conditions disclosed during the audit of the financial statements in the report on compliance and internal control over financial reporting based on an audit of financial statements performed in accordance with *Government Auditing Standards*.
3. An instance of noncompliance with state law not material to the financial statements of the District was disclosed during the audit.
4. A separate management letter was not issued.

FINDINGS – FINANCIAL STATEMENT AUDIT

Instances of Noncompliance

98-1

- Finding: Actual expenditures exceeded budget expenditures in the general fund.
- Cause: The instance was caused from not including expenditures to be financed from the proceeds of long-term debt and fund balance in the budget for a one-time capital project.
- Recommendation: A comparison of actual expenditures to budgeted expenditures should be reviewed periodically during the year and the budget amended accordingly. Additionally, beginning fund balance should be included as an available resource for current year expenditures.
- Management Response: We consider this instance of noncompliance to be an isolated incident. The taxpayers of the District approved a separate millage for the project and the Board of Commissioners approved the project. However, we will implement the auditors' recommendations.

Findings and Questioned Costs

There were no material findings and questioned costs noted during the audits of the current year or prior year financial statements in accordance with *Government Auditing Standards*.