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RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

ANNUAL FINANCIAL STATEMENTS

December 31, 2003

Under provisions of state law this report is a public document. A copy of the report has been submitted to the 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 7-28-04

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Recreation District No. 14 of St. Tammany Parish

We have audited the accompanying basic financial statements of the Recreation District No. 14 of St. Tammany Parish, a component unit of the St. Tammany Parish Council, as of December 31, 2003 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 auditing standards generally accepted in the United States of America and Government Auditing Standards issued by the Comptroller General of the United States. These 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Recreation District No. 14 of St. Tammany Parish as of December 31, 2003, and the results of its operations for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in Note A to the basic financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, *Overview and Interpretation No. 6, Recognition and Measurement of Certain Liabilities and Expenses in Governmental Fund Financial Statements* as of January 1, 2003. This results in a change in the form and content of the basic financial statements.

The Management's Discussion and Analysis on pages 3 through 7 and the budgetary comparison schedule identified on page 1 are not required parts of the basic financial statements but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consist primarily of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

To the Board of Commissioners
Recreation District No. 14 of St. Tammany Parish

Our audit was made for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying information listed as other supplemental information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of the Recreation District No. 14 of St. Tammany Parish. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards we have also issued a report dated March 3, 2004, on our consideration of the Recreation District No. 14 of St. Tammany Parish's internal control over financial reporting and on our tests of its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with the report in considering the results of our audit.

March 3, 2004

Smith, Havel & Associates, L.L.C.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
MADISONVILLE, LOUISIANA

Management's Discussion and Analysis
For the Year Ended December 31, 2003

As management of Recreation District No. 14 of St. Tammany Parish ("District"), we offer this discussion and analysis of the District's financial activities for the fiscal year ended December 31, 2003.

The Management's Discussion and Analysis ("MD&A") is an element of the new reporting model adopted by the Government Accounting Standards Board ("GASB") in their Statement No. 34 issued in June 1999. As this is the first year that the District has implemented this model, certain comparative information with the previous year, which is by design included in this reporting model, will not be included in the analysis as permitted by GASB Statement No. 34 with respect to first year reporting.

As with other sections of this financial report, the information contained with this MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplemental Information that is provided in addition to this MD&A.

FINANCIAL HIGHLIGHTS

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on pages 9 and 10) provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Fund financial statements begin on page 11. These statements tell how these services were financed in the short-term as well as what remains for future spending. The District is a component unit of the St. Tammany Parish Council. Its operations are conducted through a general fund.

A summary of the basic government-wide financial statements is as follows:

SUMMARY OF STATEMENT OF NET ASSETS

ASSETS:	
Other Assets	\$ 836,262
Capital Assets (net of accumulated depreciation)	<u>2,838,247</u>
Total Assets	<u>3,674,509</u>
LIABILITIES:	
Current Liabilities	92,484
Noncurrent Liabilities	<u>1,883,000</u>
Net Assets	<u>\$1,683,105</u>
NET ASSETS:	
Invested in Capital Assets, (net of related debt)	\$ 951,247
Restricted - Debt Service	518,669
Unrestricted	<u>213,189</u>
Net Assets	<u>\$1,683,105</u>

SUMMARY OF STATEMENT OF ACTIVITIES

REVENUES:	
General Revenues	
Property Taxes	\$ 429,074
State Revenue Sharing	7,600
Other	2,468
Capital Grants and Contributions	<u>367,276</u>
Total Revenues	<u>806,318</u>
EXPENSES:	
Recreation	179,720
Interest on Long-Term Debt	<u>101,081</u>
Total Expenses	<u>280,801</u>
Change in Net Assets	<u>\$ 525,517</u>

GENERAL FUND/BUDGETARY HIGHLIGHTS

The actual revenues exceeded the budgeted amount by \$125,164 and expenditures exceeded the budgeted amount by \$141,353. Both budget overages were primarily caused by the in-kind donation of two completed netrooms/concession stands for the District in the amount of \$257,931. Other increases in revenue were attributable to the increase of the property tax assessments indicated on the assessor's tax roll.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

The District has authority to levy millage rates up to 11.65 mills (3.08 mills for operation and maintenance of the facilities and 7.65 mill is for payment of general obligation bonds). The 2005 rates were levied at 12.47 mills (3.08 mills for operation and maintenance of the facilities and 7.47 mills for payment of general obligation bonds). An increase in the millage is not anticipated for 2004.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mr. Stephen J. Dwyer, Chairman, P.O. Box 1244, Madisonville, Louisiana 70447.

BASIC FINANCIAL STATEMENTS

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

STATEMENT OF NET ASSETS

December 31, 2009

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 178,877
Receivables - ad valorem taxes	440,375
Receivables - revenue sharing	7,630
Deposits	3,480
Capital assets (net of accumulated depreciation)	<u>2,836,247</u>
Total assets	3,682,599
LIABILITIES	
Accounts payable	59,711
Accrued interest	32,689
Noncurrent liabilities:	
Due within one year	185,000
Due in more than one year	<u>1,780,099</u>
Total liabilities	<u>1,977,499</u>
NET ASSETS	
Invested in capital assets, net of related debt	591,247
Restricted - debt service	110,059
Unrestricted	<u>215,799</u>
Total net assets	<u>\$ 1,685,105</u>

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2015

Activities	Expenses	Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets Governmental Activities
Governmental activities:			
Recreation	\$ 179,720	\$ 367,578	\$ 187,858
Interest on long-term debt	<u>161,881</u>	<u>-</u>	<u>(161,881)</u>
Total	\$ <u>341,601</u>	\$ <u>367,578</u>	\$ <u>125,977</u>
General revenues:			
Taxes -			
Property taxes			429,074
State revenue sharing			7,610
Interest and investment earnings			<u>2,468</u>
Total general revenues			<u>439,152</u>
Change in net assets			<u>523,927</u>
Net assets - beginning			<u>1,129,178</u>
Net assets - ending			<u>\$ <u>1,653,105</u></u>

The accompanying notes are an integral part of the basic financial statements.

RECREATION DISTRICT NO. 14 OF St. TAMMANY PARISH

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2007

	General	Debt Service	Total Governmental Funds
ASSETS			
Cash	\$ 120,839	\$ 294,258	\$ 415,097
Receivables - all various taxes	176,574	260,681	437,255
Receivables - revenue sharing	7,830		7,830
Deposits	1,860		1,860
Total Assets	\$ 307,103	\$ 554,939	\$ 862,042
LIABILITIES			
Accounts payable	\$ 39,711	\$ -	\$ 39,711
Total liabilities	39,711	-	39,711
FUND EQUITY			
Fund balance			
Reserved for debt service		518,058	518,058
Unreserved	248,492		248,492
Total fund equity	248,492	518,058	766,550
Total liabilities and fund equity	\$ 288,203	\$ 518,058	\$ 806,261

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	1,870,247
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(1,882,000)
Accrued interest on long-term liabilities is not reported in the governmental funds.	(21,690)
Net assets of governmental activities	\$ 1,885,355

The accompanying notes are an integral part of this statement.

INCORPORATED DISTRICT NO. 14 OF SE. TAMMANY PARISH

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
- GOVERNMENTAL FUNDS

For the Year Ended December 31, 2003

	<u>General</u>	<u>Debt Service</u>	<u>Total Governmental Funds</u>
REVENUES			
Ad valorem taxes	\$ 171,042	\$ 217,052	\$ 429,094
Revenue sharing	7,600		7,600
Earnings on investments	1,250	1,218	2,468
Grant	12,890		12,890
Donations	311,576		311,576
Total revenues	<u>540,478</u>	<u>258,258</u>	<u>898,736</u>
EXPENDITURES			
Administration	180,248		180,248
Capital outlay - equipment	18,524		18,524
Capital outlay - construction	577,584		577,584
Debt service - principal	25,890	65,008	180,898
Debt service - interest	9,580	89,218	98,798
Total expenditures	<u>780,376</u>	<u>154,218</u>	<u>934,594</u>
Excess (deficiency) of revenues over expenditures	(239,898)	104,040	(135,858)
FUND BALANCE - BEGINNING OF YEAR	<u>480,590</u>	<u>414,007</u>	<u>894,597</u>
FUND BALANCE - END OF YEAR	<u>\$ 240,692</u>	<u>\$ 518,047</u>	<u>\$ 758,739</u>

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2003

Amounts reported for governmental activities in the statement of activities (page 10) are different because:

Net change in fund balances - total governmental funds (page 12)	\$ (47,866)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	478,156
The issuance of long-term debt (e.g., certificates of indebtedness, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	<u>97,857</u>
Change in net assets of governmental activities (page 10)	<u>\$ 325,947</u>

The accompanying notes are an integral part of this statement.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The mission of the Recreation District No. 14 of St. Tammany Parish (the District) is to acquire, construct, operate and maintain recreation facilities in that area of the Parish which includes Madisonville. The accounting and reporting policies of the District conform to accounting principles generally accepted in the United States of America applicable to government entities. The following is a summary of significant accounting policies:

1. Reporting Entity

The District was created in 1989 by Ordinance 3047 of the St. Tammany Parish Council. The District is governed by a Board of Commissioners which are appointed by the St. Tammany Parish Council. The District consists of five Commissioners who serve staggered terms.

As the governing authority of the parish, for financial reporting purposes, the St. Tammany Parish Council is the financial reporting entity for St. Tammany Parish. The financial reporting entity consists of (a) the primary government (parish council) (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the St. Tammany Parish Council for financial reporting purposes. The basic criterion for including a potential component unit with the reporting entity is financial accountability.

The District is a component unit of the Parish because the Parish Council appoints all members of the District and as such is financially accountable for the District. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the parish council, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

2. Basis of Presentation

The accompanying basic financial statements of the Recreation District No. 14 of St. Tammany Parish have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying basic financial statements have been prepared in conformity with GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments," issued in June 1999. As a result, an entirely new financial presentation format has been implemented.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Basis of Presentation - Continued

Government-Wide Financial Statements (GWFS)

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the consolidated activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for the governmental funds.

Fund Financial Statements (FFS)

The District uses funds to maintain its financial records during the year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are classified as governmental. The emphasis on fund financial statements is on major funds, each displayed in a separate column. A fund is considered major if it is the primary operating fund of the District or its total assets, liabilities, revenues, or expenditures of the individual governmental fund is at least 10 percent of the corresponding total for all governmental funds.

The District reports the following major governmental funds:

The General Fund is the primary operating fund of the District. It accounts for all the financial resources except those that are required to be accounted for in other funds.

The debt service fund accounts for proceeds of ad valorem millage of 7.47 mills restricted for debt service.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Measurement Focus/Basis of Accounting

The amounts reflected in the governmental fund financial statements 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. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach is then reconciled, through adjustment, to the government-wide financial statements.

The amounts reflected in the governmental fund financial statements use the modified accrual basis of accounting. 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 pay liabilities of the current period. The District considers all revenues available if they are collected within 60 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred, except for interest and principal payments on general long-term debt which are recognized when due, and certain compensated absences and claims and judgments which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

The government-wide financial statements are accounted for using an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets and financial position. All assets and liabilities (whether current or noncurrent) associated with their activities are reported.

The government-wide financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

4. Budgets and Budgetary Accounting

The District adopts an annual budget for the General Fund on a modified accrual basis of accounting. The budget is legally adopted and amended as necessary by the District.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Cash and Cash Equivalents and Investments

Cash includes amounts in interest-bearing demand deposits. Cash equivalents include amounts in time deposits and those investments with original maturities of 90 days or less. Under state law, the municipality 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.

6. Capital Assets

All fixed assets of the District are recorded at historical costs. Depreciation of all exhaustible fixed assets is charged as an expense against their operations.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The District capitalizes equipment and furniture in excess of \$2,500. The following estimated useful lives and methods are used to compute depreciation:

Park, fields and grounds	20 years	Straight Line
Furniture, fixtures and equipment	7 - 13 years	Straight Line

Depreciation expense amounted to \$80,469 for the year ended December 31, 2003.

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

7. Long-term Obligations - Continued

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from these estimates.

9. Use of Restricted/Unrestricted Net Assets

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, the District's policy is to apply restricted net assets first.

NOTE B - AD VALOREM TAXES

Property taxes for the operations and bond debt service of the District are levied each November 1 on the assessed value listed as of the prior January 1 for all real property, merchandise and movable property located in the Parish. Assessed values are established by the St. Tammany Parish Assessor's Office and the State Tax Commission at percentages of actual value as specified by Louisiana law. A reevaluation of all property is required to be completed no less than every four years. The last reevaluation was completed for the list of January 1, 2000. Taxes are due and payable December 1 of the following year.

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

	<u>Authorized</u>	<u>Levied</u>
Construction, operation and maintenance of facilities	3.00	3.00
Payment of general obligation bonds	7.65	7.47

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE C - CASH AND CASH EQUIVALENTS

The following is a summary of cash and cash equivalents (bank balances) at December 31, 2003:

Demand deposits	<u>\$174,877</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 custodial bank that is mutually acceptable to both parties.

At December 31, 2003, the District has \$174,877 in deposits (collected bank balances). These deposits are secured from risk by \$100,000 in federal deposit insurance and \$174,877 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GA5B Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GA5B Statement No. 3, Louisiana Revised Statute 38:1225 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified that the fiscal agent has failed to pay deposited funds upon demand.

NOTE D - ACCOUNTS PAYABLE

At December 31, 2003, accounts payable in the general fund consists of the following:

Trade accounts payable	\$ 4,997
Construction retainage	<u>24,214</u>
	<u>\$29,211</u>

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE E - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2003 are as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Construction in progress	\$1,074,006	\$ 537,504	\$2,611,310)	\$ -
Land	<u>375,112</u>	<u>-</u>	<u>-</u>	<u>375,112</u>
	2,449,118	537,504	(2,611,310)	375,119
Capital assets being depreciated:				
Recreational facilities	-	2,641,310	-	2,641,310
Equipment	<u>11,964</u>	<u>18,324</u>	<u>-</u>	<u>30,288</u>
Total capital assets being depreciated	11,964	2,659,634	-	2,671,598
Less accumulated depreciation for:				
Recreational facilities	-	(76,163)	-	(76,163)
Equipment	<u>(927)</u>	<u>(2,210)</u>	<u>-</u>	<u>(3,137)</u>
Total accumulated depreciation	<u>(927)</u>	<u>(78,473)</u>	<u>-</u>	<u>(89,473)</u>
Total capital assets being depreciated - net	<u>10,967</u>	<u>2,481,161</u>	<u>-</u>	<u>2,561,128</u>
Capital assets - net	<u>\$1,390,085</u>	<u>\$1,017,665</u>	<u>\$2,611,310)</u>	<u>\$1,826,342</u>

NOTE F - LONG-TERM DEBT

The following is a summary of bond transactions of the Recreation District No. 14 of St. Tammany Parish for the period ended December 31, 2003:

General Obligations:	<u>Bonds</u>	<u>Certificate of Indebtedness</u>	<u>Total</u>
Payable at January 1, 2003	\$1,685,000	\$ 390,000	\$1,985,000
Issued	-	-	-
Retired	<u>(62,000)</u>	<u>(73,000)</u>	<u>(135,000)</u>
Payable at December 31, 2003	<u>\$1,623,000</u>	<u>\$ 317,000</u>	<u>\$1,885,000</u>

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

NOTE F - LONG-TERM DEBT (Continued)

\$1,800,000 General Obligation Bonds dated September 1, 1999; balance due in annual principal installments, starting March 1, 2001, of \$33,000 - \$145,000 plus semiannual interest payments through March 1, 2019; with interest at 5.40%

\$1,620,000

\$200,000 Certificates of Indebtedness dated February 21, 2002; balance due in annual principal installments, starting March 1, 2003, of \$35,000 - \$85,000 plus semiannual interest payments through March 1, 2009; with interest at 4%

205,000

\$1,825,000

General obligation bonds are secured by an annual ad valorem tax levy. In accordance with Louisiana Revised Statute 28:362, the District is legally restricted from issuing long term bonded debt in excess of 10% of the assessed value of taxable property in the district. At December 31, 2003 the District had not exceeded this statutory limit.

The following is a schedule of future principal debt service requirements:

Year Ending December 31	General Obligation Bond		Certificates of Indebtedness		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2004	\$ 65,000	\$ 83,700	\$ 40,000	\$ 10,000	\$ 105,000	\$ 96,300
2005	70,000	82,100	40,000	9,000	110,000	91,000
2006	75,000	78,300	45,000	7,400	120,000	85,000
2007	80,000	74,000	45,000	5,600	125,000	79,600
2008	80,000	69,700	45,000	-	125,000	69,700
2009 - 2013	475,000	276,100	50,000	2,000	525,000	278,000
2014 - 2018	630,000	127,400	-	-	630,000	127,400
2019	145,000	2,900	-	-	145,000	2,900
	<u>\$1,620,000</u>	<u>\$,791,100</u>	<u>\$,265,000</u>	<u>\$, 34,000</u>	<u>\$1,885,000</u>	<u>\$,821,200</u>

REQUIRED SUPPLEMENTAL INFORMATION

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

For the Year Ended December 31, 2003

	Budget		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 148,801	\$ 148,801	\$ 172,942	\$ 31,441
Revenue sharing	3,098	3,098	3,610	412
Earnings on investments	3,075	3,075	1,250	(1,825)
Grant	-	-	12,000	12,000
Donations	72,900	72,900	283,578	283,078
Total revenues	223,774	223,774	548,478	321,104
EXPENDITURES				
Administration	147,856	147,856	160,248	47,688
Capital outlay - equipment	-	-	18,324	(18,324)
Capital outlay - construction	411,567	411,567	533,304	(126,137)
Debt service - principal	-	-	35,000	(35,000)
Debt service - interest	-	-	9,500	(9,500)
Total expenditures	559,423	559,423	706,376	(141,333)
Excess (deficiency) of revenues over expenditures	(335,649)	(335,649)	(157,898)	\$ 183,751
FUND BALANCE - BEGINNING OF YEAR	436,086	436,086	408,790	
FUND BALANCE - END OF YEAR	\$ 100,437	\$ 100,437	\$ 248,492	

The accompanying notes are an integral part of this statement.

OTHER SUPPLEMENTAL INFORMATION

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH

SCHEDULE OF GOVERNING BOARD

December 31, 2003

<u>Board of Commissioners</u>	<u>Compensation</u>
David Casadria 312 Bourbon Court Madisonville, LA 70447 845-9167	-0-
Paul Lee 27 S. Arakoo Drive Covington, LA 70433 867-1433	-0-
Tim Hymel 221 Kopp Road Madisonville, LA 70447 845-2157	-0-
Stephan Dreyer 42 Milafano Drive Covington, LA 70433 892-0783	-0-
Doug Vickers 103 White Oak Lane Madisonville, LA 70447 845-2473	-0-
Kenneth Dutroch 76387 Highway 1677 Folsom, LA 70437 796-0444	-0-
Lloyd Osterhof, Jr. 213 Highway 21 Madisonville, LA 70447 845-9744	-0-

Smith, Hurval & Associates, L.L.C.

LA LIMITED LIABILITY COMPANY

Certified Public Accountants

P.O. Box 1792

Covington, Louisiana 70454-1792

Paul E. Smith, CPA
Frank "Steve" Hunt, CPA

PEF 92-661 - Covington
PEF 92-664 - SAE

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

To the Board of Commissioners
Recreation District No. 14 of St. Tammany Parish

We have audited the financial statements of the Recreation District No. 14 of St. Tammany Parish as of and for the year ended December 31, 2003 and have issued our report thereon dated March 3, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

As part of obtaining reasonable assurance about whether the Recreation District No. 14 of St. Tammany Parish'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* and is described in the following paragraph.

During the year ended December 31, 2003, in the General Fund, total actual expenditures of \$708,376 exceeded total budgeted expenditures of \$559,023 creating an unfavorable variance of \$141,353 which is greater than 5%. LRS 19:1310 requires the management of the District to amend the budget when actual expenditures exceed budgeted by more than 5%. The District should monitor the budget frequently and amend it when it appears expenditures will exceed appropriation by more than 5%.

In planning and performing our audit, we considered the Recreation District No. 14 of St. Tammany Parish'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.

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

March 3, 2004

Smith, Hurval & Associates, L.L.C.

RECREATION DISTRICT NO. 14 OF ST. TAMMANY PARISH
P.O. BOX 1244
MADISONVILLE, LOUISIANA 70447

RECREATION DISTRICT NO. 14
P.O. BOX 1244
MADISONVILLE, LOUISIANA 70447

June 3, 2004

Legislative Audit Advisory Committee
P.O. Box 94397
Baton Rouge, Louisiana 70804

Dear Sir or Madam:

During the year ended December 31, 2003, our General Fund expenditures of \$700,576 exceeded total budgeted expenditures of \$559,023 creating an unfavorable variance of \$141,353 which is greater than 5%. This was caused by the District accepting an in-kind donation of two restroom/concession stand buildings at a total value of \$257,931.

The District understands the importance of amending its budget if and when a similar situation was to arise. To avoid this error in the future, we will monitor the budget monthly and amend it when it appears that expenditures will exceed our appropriation by more than 5%.

Sincerely,



A. Douglas Vickers
Acting Secretary/Treasurer

c Stephen Dwyer