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RECREATION DISTRICT # 4 OF ALLEN PARISH
ANNUAL FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORTS

Year Ended 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 Parish Fiscal Office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 7-28-07

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	3-4
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)	5-8
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)	
Statement of net assets	11
Statement of activities	12
FUND FINANCIAL STATEMENTS (FFS)	
Balance sheet - governmental funds	14
Reconciliation of the governmental funds balance sheet to the statement of net assets	15
Statement of revenues, expenditures and changes in fund balance-Governmental Funds	16
Reconciliation of the statement of revenues, expenditures, and changes in fund balance of governmental funds to the statement of activities	17
NOTES TO THE BASIC FINANCIAL STATEMENTS	18-21
REQUIRED SUPPLEMENTARY INFORMATION	
General Fund Budgetary comparison schedule	22
COMPLIANCE AND INTERNAL CONTROL	
Report on Compliance and Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <u>Governmental Auditing Standards</u>	23-27
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	28-30
CORRECTIVE ACTION PLAN	31



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Independent Auditor's Report

Board of Directors
Recreation District #4 of Allen Parish

I have audited the accompanying basic financial statements of the governmental activities and the major fund of the Recreation District #4 of Allen Parish as of and for the year ended December 31, 2003, as listed in the table of contents. These basic financial statements are the responsibility of the Recreation District #4 of Allen Parish. My responsibility is to express an opinion on these basic financial statements based on my audit.

I conducted my 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. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Recreation District #4 of Allen Parish as of December 31, 2003, and the changes of financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued a report dated June 25, 2004, on my consideration of the Recreation District #4 of Allen Parish's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of my audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of my audit.

The Management's Discussion and Analysis and the required supplementary information are not a required part of the basic financial statements but are supplementary information required by *Government Accounting Standards Board*. I have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

Independent Auditor's Report - Continued
Recreation District #4 of Allen Parish
Page 2

As described in Note D to the basic financial statements, the Recreation District #4 of Allen Parish 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, Statement No. 37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Derivatives, Statement No. 38 Certain Financial Statement Note Disclosures, and Interpretive No. 5, Recognition and Measurement of Certain Liabilities and Dependents in Governmental Fund Financial Statements. This results in a change in the format and content of the basic financial statements.

Royce T. Sircani, CPA, APAC
June 30, 2004

Royce T. Sircani, CPA, APAC

RECREATION DISTRICT # 4 OF ALLEN PARISH

Management's Discussion and Analysis

Within this section of the Recreation District #4 of Allen Parish (District) annual financial report, the District's management is pleased to provide this narrative discussion and analysis of the financial activities of the District for the fiscal year ended December 31, 2003. The District's financial performance is discussed and analyzed within the context of the accompanying basic financial statements and disclosures following this section.

Financial Highlights

- The District's assets exceeded its liabilities by \$28,607 (net assets) for the fiscal year reported.
- Total expenditures of \$822 exceeded total revenues of \$19, which resulted in a current year deficit of \$803.
- Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$24,722 include property and equipment, net of accumulated depreciation, and are reduced for outstanding debt, if any, related to the purchase of capital assets.
 - (2) Unrestricted net assets of \$3,885 represent the portion available to maintain the District's continuing obligations to taxpayers and creditors.

The above financial highlights are explained in more detail in the "Financial Analysis" section of this document.

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The District also includes in this report additional information to supplement the basic financial statements. Comparative data for the prior year is only available on a limited basis. However, all applicable tables will present comparative data in fiscal year 2004.

Government-wide Financial Statements

The District's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the District's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Assets*. This is the government-wide statement of position presenting information that includes all of the District's assets and liabilities, with the difference reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other nonfinancial factors such as diversification of the taxpayer base in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the District's net assets changed during the current fiscal year. All current year revenues and expenses are included regardless of when such is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the District's various activities or functions on revenues provided.

RECREATION DISTRICT # 4 OF ALLEN PARISH

Management's Discussion and Analysis (Continued)

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources aggregated for specific activities or objectives. The District uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the District's most significant funds rather than the District as a whole.

The District uses governmental funds as follows:

Governmental funds are reported in the fund financial statements and encompass the same activities reported as governmental activities in the government-wide financial statements. However, the focus is very different with fund statements providing a distinctive view of the District's governmental funds, including object classifications. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

Focus in the fund financial statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the District's budget presentation.

Financial Analysis of the District as a Whole

The District implemented the new financial reporting model used in this report beginning with the current fiscal year ended December 31, 2003. Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole.

The District's net assets at fiscal year-end are \$08,607. The following table provides a summary of the District's net assets:

RECREATION DISTRICT # 4 OF ALLEN PARISH

Management's Discussion and Analysis (Continued)

Assets:		
Current assets	\$ 1,815	5%
Capital assets	36,732	95
Total assets	38,547	100%
Liabilities:		
Current liabilities	-	-
Long-term liabilities	-	-
Net assets:		
Investment in capital assets, net of debt	36,732	95%
Unrestricted	1,815	5
Total net assets	\$ 38,547	100%

Note that approximately 95% of the governmental activities' net assets are tied up in capital assets. The District uses these capital assets to provide services to its citizens.

Overall, the District's office reports net assets of \$38,547. This amount is \$403 lower than last year. The District's overall financial position did not improve during fiscal year 2005.

Since this is the first year in which government-wide information is available, comparative data is not presented. However, comparative data will be accumulated and presented to assist analysis in future years. The following table provides a summary of the District's changes in net assets:

Revenues:		
General:		
Interest	\$ 1,815	100%
Program expenses:		
Recreation	1,815	100%
Change in net assets	1,815	
Beginning net assets	36,732	
Ending net assets	\$ 38,547	

Governmental Revenues

The District did not have any revenues for the year, except for interest earnings.

RECREATION DISTRICT # 4 OF ALLEN PARISH

Management's Discussion and Analysis (Continued)

Budgetary Highlights

The General Fund-- A budget was not adopted for 2003.

Capital Assets and Debt Administration

Capital assets

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2003, was \$38,712. See Note D for additional information about changes in capital assets during the fiscal year and the balance at the end of the year. The following table provides a summary of capital asset activity.

Nondepreciable assets--land	\$ 38,712
-----------------------------	-----------

There were no additions in capital assets in 2003.

Long-term debt

During the fiscal year, the district had no long-term debt.

Contacting the District's Financial Management

This financial report is designed to provide a general overview of the District's finances, comply with finance-related laws and regulations, and demonstrate the District's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Chairman of the District, Charles Moore, at (318) 634-7346.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE
FINANCIAL STATEMENTS (cont'd)

RECREATION DISTRICT # 4 OF ALLEN PARISH

Statement of Net Assets
December 31, 2000

	<u>Governmental Activities</u>
ASSETS	
Cash	\$ 1,913
Capital assets	
Land	34,723
Total assets	<u>36,637</u>
LIABILITIES	
	-
NET ASSETS	
Increment in capital assets, net of related debt	34,723
Unexpended	<u>1,913</u>
Total net assets	<u>\$ 36,637</u>

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

RECREATION DISTRICT # 4 OF ALLEN PARISH

Statement of Activities
Year Ended December 31, 2003

<u>Activities</u>	<u>Expense</u>	<u>Program Revenues</u>	<u>Net (Expense) Revenues and Changes in Net Assets</u>
		<u>Direct</u>	<u>Governmental Activities</u>
Governmental activities:			
Recreation Activities	\$ (822)	.	\$ (822)
General revenues:			
Interest income			.18
Total general revenues			.18
Change in net assets			(\$804)
Net assets-December 31, 2002			\$6,688
Net assets-December 31, 2003			\$ 5,884

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

FUND FINANCIAL STATEMENTS (FWS)

RECREATION DISTRICT # 4 OF ALLEN PARISH

Balance Sheet - Governmental Funds

December 31, 2003

	<u>TOTALS</u>
ASSETS	
Cash	\$ 1,815
LIABILITIES AND FUND EQUITY	
Fund Equity	
Fund balance	
Unreserved and undesignated	\$ 1,815
TOTAL LIABILITIES AND FUND EQUITY	\$ 1,815

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

RECREATION DISTRICT # 4 OF ALLEN PARISH

**Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Assets
December 31, 2009**

Total fund balances for governmental funds at December 31, 2009	\$ 1,913
Total net assets reported for governmental activities in the statement of net assets is different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:	
Land	<u>26,100</u>
Total net assets of governmental activities at December 31, 2009	<u>\$ 28,013</u>

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

RECREATION DISTRICT # 4 OF ALLEN PARISH

**Statement of Revenues, Expenditures and
Changes in Fund Balance - Governmental Funds**

Year Ended December 31, 2013

REVENUES	
Interest	27
TOTAL REVENUES	27
EXPENDITURES	
Current	
Bank charges	44
Supplies	64
Utilities	72
TOTAL EXPENDITURES	180
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(153)
FUND BALANCE - BEGINNING	1,731
FUND BALANCE - ENDING	\$ 1,578

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

RECREATION DISTRICT # 4 OF ALLEN PARISH

**Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balance of Governmental Funds to the
Statement of Activities**

Year Ended December 31, 2000

Total net changes in fund balances at December 31, 2000 per Statement of Revenues, Expenditures and Changes in Fund Balances	\$(100)
The change in net assets reported for governmental activities in the statement of activities is different because:	
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.	
Capital outlay which is considered expenditures on Statement of Revenues, Expenditures and Changes in Fund Balances	-
Depreciation expense for the year ended December 31, 2000	____
Total changes in net assets at December 31, 2000 per Statement of Activities	<u>\$ (100)</u>

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

RECREATION DISTRICT #4 OF ALLEN PARISH

Notes to Basic Financial Statements

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Recreation District #4 of Allen Parish was created under LSA-RS 15:452-456A. A board of five Commissioners who are appointed by the Allen Parish Police Jury governs the District. The District has as its purpose providing recreational facilities for the people of Ward 4 of Allen Parish.

The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

1. Financial Reporting Entity

GASB Statement No. 14 established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. For financial reporting purposes, in conformance with GASB Statement No. 14, the Recreation District #4 of Allen Parish includes all funds, account groups, et cetera, that are within the oversight responsibility of the Recreation District #4 of Allen Parish.

As the governing authority, for reporting purposes, the Allen Parish Police Jury is the financial reporting entity. The financial reporting entity consists of (a) the primary government, (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 Allen Parish Police Jury 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 considered in determining financial accountability. These criteria include:

- I. Appointing a voting majority of an organization's governing body and
 - a. The ability of the Allen Parish Police Jury 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 Allen Parish Police Jury.
- II. Organizations for which the Allen Parish Police Jury does not appoint a voting majority but are fiscally dependent on the Allen Parish Police Jury.
- III. Organizations for which the reporting entity financial statements could be misleading if data of the organization is not included because of the nature or significance of the relationship.

Based upon the application of these criteria, Recreation District #4 of Allen Parish is a component unit of the Allen Parish Police Jury's reporting entity.

RECREATION DISTRICT #4 OF ALLEN PARISH

Notes to Basic Financial Statements - Continued

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation

The accompanying basic financial statements of the Recreation District #4 of Allen 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 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.

Government-Wide Financial Statements (GWFS)

The statement of net assets and the statement of activities display information about the Recreation District #4 of Allen Parish as a whole. They include all funds of the reporting entity. Governmental activities generally financed through taxes, intergovernmental revenues and other nonexchange revenues.

The statement of activities presents a comparison between direct expenses and program revenues for each of the functions of the Recreation District #4 of Allen Parish's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

Program revenues include (a) fees and charges paid by the recipients of services offered by the District; and (b) grants and contributions that are restricted to meeting the operational or capital requirement of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements (FFS)

The Recreation District #4 of Allen Parish 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 Recreation District #4 of Allen Parish functions and activities. A fund is defined as a separate fiscal and accounting entity with a self-balancing set of accounts. 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 Recreation District #4 of Allen Parish or its total assets, liabilities, revenues or expenditures of the individual governmental fund is at least 10% of the corresponding total for all governmental funds. The major funds of the Recreation District #4 of Allen Parish are described below:

RECREATION DISTRICT #4 OF ALLEN PARISH

Notes to Basic Financial Statements - Continued

December 31, 2000

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Governmental Fund - General Fund:

The general operating fund of the District and accounts for all financial resources.

3. Measurement Focus/Basis of Accounting

The amounts reflected in the governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balance 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 the recognized, through adjustment, to a government-wide view of Recreation District #4 of Allen Parish operations. Basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The amounts reflected in the government-wide financial statements use 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 Recreation District #4 of Allen Parish considers all revenues available if they are collected within 90 days after the fiscal year end. Expenditures are recorded when the related fund liability is incurred.

4. Cash

Cash and interest bearing deposits includes amounts in demand deposits and time deposits with original maturities of 90 days or less. 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.

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. At December 31, 2000, the District had \$1,915 in deposits (collected bank balances), of which all was secured from risk by federal deposit insurance.

RECREATION DISTRICT #4 OF ALLEN PARISH

Notes to Basic Financial Statements - Continued

December 31, 2003

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES -- CONTINUED

5. Budget

A general fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year-end.

On or before the last meeting of each year, the budget is prepared by 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 Directors 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. A budget was not adopted for 2003.

6. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair value at the date of donation. The Recreation District #4 of Allen Parish maintains a threshold level of \$158 or more for capitalizing capital assets.

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

7. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of moneys are recorded in order to reserve that portion of the applicable appropriation, is not employed by the Recreation District #4 of Allen Parish's Office as an extension of formal budgetary integration in the funds.

RECREATION DISTRICT #4 OF ALLEN PARISH

Notes to Basic Financial Statements - Continued

December 31, 2011

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Equity Classification

In the government-wide statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt".

In the fund statements, governmental fund equity is classified as fund balance. Fund balance is further classified as reserved and unreserved, with unreserved further split between designated and undesignated.

B. Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

NOTE C - CAPITAL ASSETS

A summary of changes in capital assets follows:

	12/31/10 Balance	Additions	Retirements	12/31/11 Balance
Governmental activities:				
Capital assets not being depreciated:				
Land costs	\$ 36,722	\$	\$ -	\$ 36,722
Less: Accumulated Depreciation				
Net capital assets	\$ 36,722	\$ _____	\$ _____	\$ 36,722

RECREATION DISTRICT #4 OF ALLEN PARISH

Notes to Basic Financial Statements - Continued

December 31, 2002

NOTE C - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft; theft of; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District did not maintain commercial insurance coverage covering those risks of loss.

NOTE D - CHANGES IN ACCOUNTING PRINCIPLES

For the year ended December 31, 2002 the District has implemented GASB Statement No. 34, Basic Financial Statements -- and Management's Discussion and Analysis -- for State and Local Governments. GASB Statement No. 34 creates new basic financial statements for reporting on the District's financial activities. The financial statements now include government-wide financial statements prepared on the accrual basis of accounting, and fund financial statements which present information for individual major funds rather than by fund type which has been the mode of presentation in previously issued financial statements. The District also implemented GASB Statement No. 38, Certain Financial Statement Note Disclosures, and Interpretation No. 8, Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements.

The implementation of GASB Statement No. 34 caused the opening fund balance at December 31, 2002 to be restated in terms of "net assets" as follows:

Total fund balances - Governmental Funds at December 31, 2002	\$ 2,718
ADD: Cost of Capital Assets at December 31, 2002	36,332
Net Assets at December 31, 2002	\$ 39,050

NOTE E - ECONOMIC DEPENDENCY

The District has no recurring revenue source and is entirely dependent on the Allen Parish Police Jury Contingency Fund for it's funding. However, the District also has not been responsible for funding any recurring expenditures.

ENCLOSED SUPPLEMENTARY INFORMATION

RECREATION DISTRICT #4 OF ALLEN PARISH

General Fund
Budgetary Comparison Schedule

Year Ended December 31, 2000

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES			
Interest	\$ -	\$ 19	\$ 19
EXPENDITURES			
Current			
Bank charges	-	44	(44)
Supplies	-	778	(778)
TOTAL EXPENDITURES	-	822	(822)
GROSS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	-	(803)	(803)
FUND BALANCE - BEGINNING	2,318	2,318	-
FUND BALANCE - ENDING	\$ 2,318	\$ 1,515	\$ (803)

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Certified Public Accountants

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

June 30, 2004

Board of Directors
Recreation District #4 of Allen Parish

I have audited the basic financial statements of Recreation District #4 of Allen Parish, a component unit of the Allen Parish Police Jury, as of and for the year ended December 31, 2003, and have issued my report thereon dated June 30, 2004. I conducted my 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.

Compliance

As part of obtaining reasonable assurance about whether Recreation District #4 of Allen Parish's basic financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of basic financial statement amounts. However, providing an opinion on compliance with these provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed two instances of noncompliance that are required to be reported under Government Auditing Standards. They are described in the accompanying schedule of findings and questioned costs.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Recreation District #4 of Allen Parish's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the

Board of Directors

June 30, 2004

Page 2

Internal control components does not reduce to a relatively low level the risk that misstatements in accounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that I consider to be material weaknesses.

This report is intended solely for the information of management and use of the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than those specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Royce T. Salimani, CPA, APAC

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RECREATION DISTRICT # 4 OF ALLEN PARISH

Schedule of Findings and Questioned Costs

Year Ended December 31, 2003

Current Year Findings:

1. Summary of Auditor's Results:

- a. Auditor issued an unqualified opinion on the financial statements.
- b. No reportable conditions in internal control over financial reporting and its operation were disclosed by the audit of the financial statements.
- c. Two non-compliances, which are material to the financial statements, were disclosed by the audit of the financial statements.

2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- a) The Budget Act requires that the District prepare and approve a budget prior to the 15th day of the month preceding the fiscal year. No budget was prepared or approved by the District (Repeat Finding).
- b) Because of the District's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

3. Findings and Questioned Costs for Federal Awards

N/A

Prior Year Findings:

Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Government Auditing Standards:

- 1) RS 14-2 place the responsibility of legal representation of the District upon the Allen Parish District Attorney. The cooperative endeavor agreement referred to in Note D was drafted by outside attorneys and considerable attorney fees were paid for such legal services.
- 2) The cooperative endeavor agreement, referred to in Note D of the 2002 financial report, does not specify the District's ability to oversee operations, nor does it define rental fees, operating expenses, the property involved, maintenance, proceeds, net proceeds, or upkeep of land. Since many of these and other terms are vague, compliance with the agreement itself cannot readily be assessed. Compliance with various other laws and regulations could not be assessed. For instance, legal fees incurred by the for profit enterprise involved in the cooperative endeavor agreement were paid out of "operating expenses". This might imply a violation Article 1 Section 14 of the Louisiana Constitution.

- 3) The cooperative endeavor agreement, referred to in Note D of the 2002 financial report, is perpetual and apparently has never been terminated. The for-profit enterprise involved in the cooperative endeavor agreement submitted a letter dated December 20, 2002 to the District terminating the agreement. The effective date of termination was January 1, 2003. The reason for termination was that the District failed to provide "Materials, Manpower and Machinery" as was promised in the contract and the contract "does not insure for the benefit of both parties". I was unable to determine if the District complied with any one of these provisions or if the contract is apparently terminated.
- 4) Once the for-profit enterprise involved in the cooperative endeavor agreement, referred to in Note D of the 2002 financial report, took over operations in July 2002, no further revenues and expense reporting became available. Compliance with laws and regulations cannot be determined without proper documentation of these revenues and expenditures/expenses. Investigation of these funds might imply a violation Article 7 Section 14 of the Louisiana Constitution.
- 5) The cooperative endeavor agreement, referred to in Note D of the 2002 financial report, does not limit the District's exposure in that maintenance and insurance requirements are not stated. There was no purchase of any insurance contracts. Although the cooperative-endeavor agreement, referred to in Note D of the 2002 financial report, does not specifically require insurance, the District may actually have been legally required to provide such insurance. It is impossible to determine if the District complied with the maintenance provisions of the cooperative-endeavor agreement since it was not defined.
- 6) The cooperative endeavor agreement, referred to in Note D of the 2002 financial report, provides for a separate board to administer certain funds, which apparently violates Louisiana Law.
- 7) Louisiana Revised Statutes require that the District file its annual financial report by June 30, 2003. This law has not been complied with for various reasons.
- 8) (Report Finding): Management did not adopt a budget or fulfill any of the requirements of R.S. 58 et al (The Louisiana Local Government Budget Act)
- 9) Management did not provide documentation to support compliance with the Louisiana Open Meetings Law.
- 10) The District withheld federal income, social security, and Medicare taxes from an individual on wages paid to him for validating oyster reports at the river. No evidence was found of compliance with United States payroll laws. No Form 941 reporting wages and payroll taxes paid were provided. No W-2 has been provided. It appears that fiduciary laws applicable to these employer responsibilities have not been fulfilled.
- 11) Because of the District's size and the limited number of accounting personnel, it is not feasible to maintain a complete segregation of duties to achieve effective internal control.

RECREATION DISTRICT # 4 OF ALLEN PARISH

Schedule of Findings and Questioned Costs-Continued

Year Ended December 31, 2003

Disposition of prior year findings.

The board utilized the assistance of the District Attorney to verify all legal ramifications involved with the District's participation in the cooperative receiver agreement described in Note D of the 2002 financial report. The District filed its annual report with the proper authorities for the year ended December 31, 2003 in accordance with Louisiana Law. The District did not adopt a budget and comply with the provisions of "The Budget Act". I found no evidence of noncompliance with the requirements to post meeting notices at least 24 hours in advance in a public building in accordance with "The Open Meetings Law". The District did not file all applicable payroll tax returns and pay the applicable payroll taxes required. Since the District does not have the required available resources, adequate segregation of duties cannot currently be accomplished.

RECREATION DISTRICT # 4 OF ALLEN PARISH

Corrective Action Plan

Year Ended December 31, 2003

The District agrees with the auditor's findings. The District will immediately prepare a budget for the fiscal year ended December 31, 2004. Since the District does not have the required available resources, adequate segregation of duties cannot currently be accomplished and further corrective action will not be taken on this finding.



President

Recreation District #4 of Allen Parish