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**RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH
COMPONENT UNIT FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
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 9-8-04

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INDEPENDENT ACCOUNTANTS' REPORT

Board of Commissioners
Recreation District No. 12 of St. Tammany Parish
Folsom, Louisiana

We have compiled the accompanying component unit financial statements of the Recreation District No. 12 of St. Tammany Parish (the District), for the year ended December 31, 2003, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management of the Recreation District No. 12 of St. Tammany Parish. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

As described in Note A, the District implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as of December 31, 2003.

The management's discussion and analysis and budgetary comparison information, on pages 2 and 3, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

In accordance with the *Louisiana Government Audit Guide* and the provisions of state law, we have issued a report dated June 28, 2004, on the results of our agreed-upon procedures for compliance with laws and regulations.



June 28, 2004

Tim Bartholomew, Chairman
Antoine Brumfield
Kyle Bruhl

Magnolia Park



Jennifer Goings, Director
Rafe Silverstein
Lonnie Allen

Management's Discussion and Analysis (MD&A) is a required element of the new reporting model adopted by the Governmental Accounting Standards Board in their Statement No. 34. Its purpose is to provide an overview of the financial activities of the District's office based on currently known facts and decisions of conditions. Please read it in conjunction with the District's financial statements, which begin on page 4.

The basic financial statements include government-wide and government fund statements. The government-wide Statement of Net Assets and Statement of Activities present information for all the activities of the District's office, from an economic resources measurement, focus using the accrual basis of accounting. Primarily for our office the difference between these statements and Governmental funds statements is that assets are capitalized and depreciated over their estimated useful life versus expensed in the Governmental funds statements. The Balance Sheet – Governmental Funds details the assets and liabilities of the governmental funds while the Reconciliation of the Government Fund Balance Sheet to the Statement of Net Assets reflects the differences from the amounts reported in the Statement of Net Assets. The Statement of Revenues, Expenditures and Changes in Fund Balance reflects the current year receipt and disbursement of funds and the Reconciliation statement reports the differences in the changes in fund balance to the change in net assets of the Government activities. The differences between the adopted budget and the actual activities are reflected in the Combined Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

The District has been determined to be a component unit of St. Tammany Parish. The accompanying financial statements only present information in the funds maintained by the District.

STATEMENT OF NET ASSETS AND STATEMENT OF ACTIVITIES

Our analysis of the funds maintained by the District as a whole begins on page 3. The Statement of Net Assets and Statement of Activities report information about the funds maintained by the District as a whole and about its activities in a way which helps answer one of the most important questions asked about the District's finances, "Is the District, as a whole, better off or worse off as a result of the year's activities?" These statements include all assets and liabilities using the accrual basis of accounting used by most private sector companies. Accrual of the current year's revenues and expenses are taken into account regardless of when the cash was received or paid.

These two statements report the District's net assets and the changes in them. These net assets, the difference between the assets and the liabilities, is one way to measure the District's financial position of financial health and over time, increases or decreases in net assets are one indicator of whether its financial health is improving or deteriorating.

We record the funds maintained by the District as governmental activities in the Statement of Net Assets and Statement of Activities.

All of the expenses paid from the funds maintained are reported here as governmental activities and consist primarily of salaries, insurance, office expenses, interest, and sports related costs. Ad valorem taxes and fees from sporting events finance most of the activities of the District.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of an entity's financial position. The District's total net assets change from a year ago increased from \$420,635 to \$480,359. The year ended December 31, 2003 is the first year that GASB Statements 34 was applied. Because of this, the District was not required to restate prior periods to provide comparative data, but in future years when prior information is available, a comparative analysis will be presented.

The District's office at December 31, 2003 had \$2,996 in cash on hand, \$91,945 in investments, \$204,851 in funds receivable from property taxes or revenue sharing, and net capital assets of \$187,107 with total assets being \$1,261,899. The District has \$775,000 in bonds payable outstanding.

Total revenue for the District's office for 2003 was \$306,211. This was slightly more than revenues received in 2002.

Expenditures, excluding depreciation expense of \$208,596, were more for 2003 due to increase in sporting events from 2002.

GENERAL FUND BUDGETARY HIGHLIGHTS

Favorable variances in charges for services were caused by an increase in sporting events at the Park. Unfavorable variances in expenses were caused by the increase sporting events. These increases were not anticipated by the Board for 2003.

CAPITAL ASSETS

The District completed construction on fields and gymnasium and settled all accounts with its contractor. Additionally, a new floor was installed in the gymnasium.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

The District considered many factors when setting the operating budget for its general fund for the year ended December 31, 2004. As very minimal changes are expected in the next year, anticipated revenues will be approximately \$123,500, while anticipated expenditures will be approximately \$123,500. Therefore, the total governmental fund balance is expected to remain constant from prior year.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens and taxpayers with a general overview for the funds maintained by the Recreation District #12 of St. Tammany Parish and to show the accountability for the money it receives. If you have any questions or need additional information, contact the District's office at PO Box 1211, Folsom, Louisiana 70437.

Jennifer Goings
Director

**RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH
STATEMENT OF NET ASSETS
DECEMBER 31, 2003**

	ASSETS	GOVERNMENTAL ACTIVITIES
		\$
Cash and cash equivalents		94,941
Due from other governmental agencies		204,851
Capital assets, net		<u>962,107</u>
TOTAL ASSETS		1,261,899
	LIABILITIES	
Pension plan payable		6,040
Non current liabilities		
Due within one year		35,000
Due in more than one year		<u>740,000</u>
TOTAL LIABILITIES		781,040
	NET ASSETS	
Invested in capital assets, net of related debt		187,107
Unrestricted		<u>293,752</u>
TOTAL NET ASSETS		<u>\$ 480,859</u>

See independent accountants' report and accompanying notes.

**RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

EXPENSES

Salaries	\$	47,464
Benefits		4,381
Concessions		13,721
Insurance		13,762
Utilities		9,723
Field maintenance		8,215
Office expenditures		13,466
Other		9,326
Repairs and maintenance		2,803
Payroll taxes		4,400
Pension contribution		6,040
Contract labor		550
Legal and professional		4,721
Sports		28,287
Rent		450
Tools and supplies		1,598
Depreciation		37,391
Interest		39,689
		<hr/>
Total expenses		245,987

PROGRAM REVENUES

Ad valorem taxes		186,484
State revenue sharing		7,137
Other income		110,951
		<hr/>
Total revenue		304,572

GENERAL REVENUES

Interest income		1,639
		<hr/>
Change in net assets		60,224
Net assets -- beginning of year, as previously reported		310,747
Adjustments to net assets:		
Capitalize assets and accumulated depreciation as of December 31, 2002		919,888
Long-term debt as of December 31, 2002		(810,000)
		<hr/>
Net assets -- beginning of year, as restated		420,635
		<hr/>
Net assets -- end of year	\$	<u>480,859</u>

See independent accountants' report and accompanying notes.

**RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH
COMBINED BALANCE SHEET
ALL FUND TYPES
DECEMBER 31, 2003**

	<u>Governmental Fund Types</u>			<u>Total Memorandum Only</u>
	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	
ASSETS				
Cash and cash equivalents	\$ 1,782	\$ -	\$ 1,214	\$ 2,996
Investments	2,574	89,070	301	91,945
Ad valorem taxes receivable, net	120,689	76,893	-	197,582
State revenue sharing receivable	7,269	-	-	7,269
	<u>\$ 132,314</u>	<u>\$ 165,963</u>	<u>\$ 1,515</u>	<u>\$ 299,792</u>
LIABILITIES AND FUND BALANCE				
Liabilities				
Pension plan payable	\$ 6,040	\$ -	\$ -	\$ 6,040
Total liabilities	6,040	-	-	6,040
Fund Balance				
Reserved for construction of facilities	-	-	1,515	1,515
Reserved for debt service	-	165,963	-	165,963
Reserve for replacement of equipment	1,137	-	-	1,137
Unreserved	125,137	-	-	125,137
	<u>126,274</u>	<u>165,963</u>	<u>1,515</u>	<u>293,752</u>
	<u>\$ 132,314</u>	<u>\$ 165,963</u>	<u>\$ 1,515</u>	<u>\$ 299,792</u>

See independent accountants' report and accompanying notes.

**RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH
RECONCILIATION OF GOVERNMENTAL FUND COMBINED
BALANCE SHEET TO THE STATEMENT OF NET ASSETS
DECEMBER 31, 2003**

Fund balances - Total governmental fund		\$	293,752
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 not reported in the funds			
Governmental capital assets	\$	1,098,249	
Less accumulated depreciation		<u>136,142</u>	962,107
Debt used in governmental activities are not financial uses and therefore are not reported in the funds			
Debt related to capital assets			<u>(775,000)</u>
Net assets of governmental activities		\$	<u><u>480,859</u></u>

See independent accountants' report and accompanying notes.

**RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES-ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR DECEMBER 31, 2003**

	Governmental Fund Types			Total Memorandum Only
	General	Debt Service	Capital Projects	
REVENUES				
Ad valorem taxes	\$ 92,397	\$ 94,087	\$ -	\$ 186,484
State revenue sharing	7,137	-	-	7,137
Interest income	379	1,248	12	1,639
Other income	77,201	-	33,750	110,951
	<u>177,114</u>	<u>95,335</u>	<u>33,762</u>	<u>306,211</u>
EXPENDITURES				
Recreation				
Salaries	47,464	-	-	47,464
Benefits	4,381	-	-	4,381
Concessions	13,721	-	-	13,721
Insurance	13,762	-	-	13,762
Utilities	9,723	-	-	9,723
Field maintenance	8,215	-	-	8,215
Office expenditures	13,466	-	-	13,466
Other	9,326	-	-	9,326
Repairs and maintenance	2,803	-	-	2,803
Payroll taxes	4,400	-	-	4,400
Pension contribution	6,040	-	-	6,040
Contract labor	550	-	-	550
Legal and professional	4,721	-	-	4,721
Sports	28,287	-	-	28,287
Rent	450	-	-	450
Tools and supplies	1,598	-	-	1,598
Debt Service				
Principal	-	35,000	-	35,000
Interest and fiscal charge	-	39,689	-	39,689
Capital Outlay	23,059	-	56,551	79,610
	<u>191,966</u>	<u>74,689</u>	<u>56,551</u>	<u>323,206</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(14,852)	20,646	(22,789)	(16,995)
FUND BALANCE				
Beginning of year	<u>141,126</u>	<u>145,317</u>	<u>24,304</u>	<u>310,747</u>
End of year	<u>\$ 126,274</u>	<u>\$ 165,963</u>	<u>\$ 1,515</u>	<u>\$ 293,752</u>

See independent accountants' report and accompanying notes.

**RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH
RECONCILIATION OF THE COMBINED STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL
FUND TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2003**

Net changes in fund balances - Total governmental fund	\$ (16,995)
<p>Amounts reported for governmental activities in the statement of net assets are different because:</p>	
<p>Governmental funds report capital outlays as expenditures. In the statement of activities, the costs of those assets is allocated over the estimated useful lives as depreciation expense. This is the amount of depreciation over the capital expenditures.</p>	42,219
<p>Governmental funds report principal portion of debt as expenditures. In the statement of activities, the principal portion of debt payment reduces the debt.</p>	<u>35,000</u>
Changes in net assets of governmental activities	<u><u>\$ 60,224</u></u>

See independent accountants' report and accompanying notes.

**RECREATION DISTRICT NO. 12 OF ST. TAMMANY PARISH
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE-BUDGET AND ACTUAL
FOR THE YEAR DECEMBER 31, 2003**

	GENERAL FUND			Variance Favorable (Unfavorable)
	Original Budget	Amended Budget	Actual	
REVENUES				
Ad valorem taxes	\$ 89,000	\$ 88,578	\$ 92,397	\$ 3,819
State revenue sharing	3,500	3,481	7,137	3,656
Interest income	400	280	379	99
Other income	21,100	22,185	77,201	55,016
	<u>114,000</u>	<u>114,524</u>	<u>177,114</u>	<u>62,590</u>
EXPENDITURES				
Recreation				
Salaries	43,880	41,211	47,464	(6,253)
Benefits	5,518	5,518	4,381	1,137
Concessions	-	-	13,721	(13,721)
Insurance	9,700	11,747	13,762	(2,015)
Utilities	10,440	9,650	9,723	(73)
Field maintenance	9,000	8,215	8,215	-
Office expenditures	15,090	19,713	13,466	6,247
Other	2,270	3,746	9,326	(5,580)
Repairs and maintenance	2,975	3,253	2,803	450
Payroll taxes	5,872	4,917	4,400	517
Pension contribution	-	-	6,040	(6,040)
Contract labor	500	550	550	-
Legal and professional	4,320	4,721	4,721	-
Sports	-	-	28,287	(28,287)
Rent	-	-	450	(450)
Tools and supplies	4,435	1,298	1,598	(300)
Debt Service				
Principal	-	-	-	-
Interest and fiscal charge	-	-	-	-
Capital Outlay	-	-	23,059	(23,059)
	<u>114,000</u>	<u>114,539</u>	<u>191,966</u>	<u>(77,427)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	-	(15)	(14,852)	(14,837)
Fund balance -- beginning of year				
	<u>141,126</u>	<u>141,126</u>	<u>141,126</u>	<u>-</u>
Fund balance -- end of year				
	<u>\$ 141,126</u>	<u>\$ 141,111</u>	<u>\$ 126,274</u>	<u>\$ (14,837)</u>

See independent accountants' report and accompanying notes.

RECREATION DISTRICT #12 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Recreation District No. 12 of St. Tammany Parish (the "District") was established by Louisiana Revised Statutes 33:4564 and Police Jury Ordinance PSS No. 92-1596 on May 11, 1992. The District's boundaries are within the Second Ward of the Parish of St. Tammany. The District is governed by a Board of Commissioners consisting of five resident property taxpayers, as provided by Louisiana Revised Statutes 33:4564. The St. Tammany Parish Council appoints five commissioners. Each commissioner serves a term of five years.

Recreation districts are created for the purpose of providing facilities for youth and adult sports programs to the residents in the Folsom, Louisiana area.

The financial statements of the Recreation District No. 12 of St. Tammany Parish have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the government's accounting principles are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. Certain of the significant changes in the Statement include the following:

For the first time the financial statements include:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the District's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the District's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements). The District has elected early implementation of the provisions of GASB No. 34 as required by St. Tammany Parish for the year ending December 31, 2003.

Reporting Entity

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 (the 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 accompanying financial statements present information only on the funds maintained by the District and do not present information on the Council, the general government services provided by that governmental unit, or the governmental units that comprise the financial reporting entity.

RECREATION DISTRICT #12 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basis of Presentation

Basic Financial Statements – Government-Wide Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. There were no activities of the District categorized as a business type activity.

In the government-wide Statement of Net Assets, the governmental activity column (a) is presented on a consolidated basis by column, (b) and is reported on a full accrual, economic resource basis.

The government-wide Statement of Activities reports both the gross and net cost of the District's function. The Statement of Activities reduces gross expenses by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants while capital grants reflects capital-specific grants.

The net costs (by function) are normally covered by general revenue (interest and investment earnings, etc.).

The District does not allocate indirect costs.

The government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Basic Financial Statements - Fund Accounting

The District uses fund accounting 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.

Funds are ordered into three major categories: governmental, proprietary, and fiduciary. Funds within each major category are grouped by fund type in the financial statements. The funds used by the District are as follows:

Governmental Fund Types

Governmental fund types are those through which general governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the District's governmental fund types:

General Fund

The general fund is the main operating fund of the District. This fund is used to account for all financial resources not accounted for in other funds.

RECREATION DISTRICT #12 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Basic Financial Statements - Fund Accounting (continued)

Debt Service Fund

The debt service fund accounts for transactions relating to resources retained and used for the payment of principal and interest on those long-term obligations.

Capital Projects Fund

The capital projects fund accounts for financial resources received and used for the acquisition, construction, or improvement of capital facilities not reported in other governmental funds.

Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are 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. The operating statement of the fund presents increases (i.e., revenues and other sources) and decreases (i.e., expenditures and other uses) in net current assets.

All governmental fund types and agency funds 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 be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recorded as fund liabilities when due.

Those revenues of the District susceptible to accrual are ad valorem taxes, state revenue sharing, and interest. Substantially all other revenues are recorded when received.

Budget and Budgetary Accounting

Formal budgetary accounting is employed as a management control device during the year for the general fund. Formal budgetary accounting is not employed for the debt service fund because effective control is alternatively achieved through the indenture provisions of the Certificate.

The budget is adopted for the general fund on a basis consistent with U.S. generally accepted accounting principles (GAAP). All appropriations, which are not expended, lapse at year-end.

RECREATION DISTRICT #12 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the District.

Cash and Cash Equivalents

Cash includes amounts in demand deposits and certificates of deposits, if any.

Louisiana revised statutes authorize the District to invest in (1) United States bonds, treasury notes or certificates, or time certificates of deposit of state banks organized under the laws of Louisiana or national banks having their principal offices in the State of Louisiana, an investment as stipulated in LSA-R.S. 39:1271, or any other federally insured investments or (2) in mutual or trust fund institutions, which are registered with the Securities and Exchange Commission under the Securities Act of 1933 and the Investment Act of 1940, and which have underlying investments consisting solely of and limited to securities of the U.S. Government or its agencies.

Capital Assets

Capital assets are reported in the government-wide financial statements at historical cost. Additions, improvements, or other capital outlays that significantly extend the useful life of an asset are capitalized. Donated fixed assets, if any, are valued at their estimated fair market value on the date received. Costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on a straight-line basis over the following estimated useful lives:

Building and improvements	10 to 40 years
Furniture and equipment	5 to 10 years

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires 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 and expenditures during the reporting period. Actual results could differ from those estimates.

Allowance for Uncollectible Receivables

The District's primary revenue source, ad valorem taxes, become delinquent if not paid by March 1 following the year of assessment. Unpaid taxes attach as an enforceable lien of property. The Board of Commissioners determined, based on research of historical information of other entities, that current collections are approximately 91% of the tax levy. At December 31, 2003 the amount of estimated uncollectible receivables was \$19,541.

RECREATION DISTRICT #12 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Ad Valorem Taxes

Ad valorem taxes are normally levied in November and billed in December. These taxes are due in January of the following year. Any unpaid taxes are collected in connection with an auction held in May. The Sheriff's department bills and collects the District's ad valorem taxes.

Ad valorem taxes are levied based on property values determined by the St. Tammany Parish Assessor (a separate entity). All land and residential improvements are assessed at 10 percent of its fair market value, and other property at 15 percent of its fair market value.

The District's ad valorem tax revenues are recognized when levied to the extent that they are determined to be currently collectible.

Fund Equity

Designations represent those portions of fund equity that have been segregated to indicate tentative plans for future resource use.

Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. Also, net assets are increased/decreased by the change in compensated absences. At December 31, 2003, the District had approximately \$775,000 of outstanding debt and no compensated absences.

Change in Accounting Principles and Restatement of Prior Year Equity

For the year ended December 31, 2003, the District implemented the following GASB Standards:

- 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*
- Statement No. 38 – *Certain Financial Statement Note Disclosures*
- Interpretation No. 6 – *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

The transition from governmental fund balance total equity to net assets for December 31, 2003 reported a net increase of \$109,888.

Long-Term Obligations

Expenditures for principal and interest payments for long-term obligations are recognized in the governmental funds when due.

RECREATION DISTRICT #12 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Total Column on Financial Statements

The total column on the financial statements is captioned “Memorandum Only” to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position in conformity with generally accepted accounting principles nor is such data comparable to a consolidation.

NOTE B – CASH AND CASH EQUIVALENTS

At December 31, 2003, the District had cash and cash equivalents (book balances) totaling \$2,296. These deposits are secured from risk by \$100,000 in federal deposit insurance. The District’s cash was not in excess of the FDIC insurance during 2003.

NOTE C – AD VALOREM TAXES

The District was authorized to levy an ad valorem tax of 10 mills on May 2, 1999, commencing in 1999 and ending in the year 2009. The tax is to be used for the purpose of acquiring, constructing, improving, maintaining, or operating parks, playgrounds, recreation centers, and other recreational facilities within the boundaries of Ward 2 of St. Tammany Parish.

NOTE D – INVESTMENTS

Investments of \$91,945 which is stated at cost which approximates market at December 31, 2003 is invested in the Louisiana Asset Management Pool, Inc. (LAMP). In accordance with GASB Codification Section I50.165, the investment in LAMP is not categorized in the three risk categories provided by GASB because the investment is in a pool of funds thereby not evidenced by securities that exist in physical or book entry form. LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana, and is governed by a board of directors comprised of representatives from various local governments and statewide professional organizations. Only local governments having contracted to participate in LAMP have an investment interest in its pool of assets. The primary objective of LAMP is to provide a safe environment for the placement of public funds in short-term, high quality investments. The LAMP portfolio includes only securities and other obligations in which local governments in Louisiana are authorized to invest. Accordingly, LAMP investments are restricted to securities issued, guaranteed, or backed by the U.S. Treasury, the U.S. Government, or one of its agencies, enterprises, or instrumentalities; as well as repurchase agreements collateralized by those securities. The dollar weighted average portfolio maturity of LAMP assets is restricted to not more than 90 days, and consists of no securities with a maturity in excess of 397 days. LAMP is designed to be highly liquid to give its participants immediate access to their account balances.

RECREATION DISTRICT #12 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE E – FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance January 1, 2002	Additions	Deletions	Balance December 31, 2002
Equipment	\$ 19,758	\$ 5,412	\$ -	\$ 25,170
Park land and improvements	32,520	960,949	-	993,469
Construction in progress	960,949	-	(960,949)	-
	<u>\$ 1,013,227</u>	<u>\$ 966,261</u>	<u>\$ (960,949)</u>	<u>\$ 1,018,639</u>

	Balance January 1, 2003	Additions	Deletions	Balance December 31, 2003
Equipment	\$ 25,170	\$ -	\$ -	\$ 25,170
Park land and improvements	993,469	79,610	-	1,073,079
Construction in progress	-	-	-	-
	<u>\$ 1,018,639</u>	<u>\$ 79,610</u>	<u>\$ -</u>	<u>\$ 1,098,249</u>

NOTE F – CERTIFICATES OF INDEBTEDNESS

The District pursuant to an election, and authority granted by the State Bond Commission, was authorized to levy a tax of 10 mills for the period from 1999 through 2009. In conjunction with the authorization, the District issued its certificates of indebtedness to a bank in the original amount of \$900,000. The purpose of the issuance of the certificates of indebtedness was for the purchasing, acquiring, constructing, and improving parks, playgrounds, recreation centers and other recreational facilities. These certificates have a maturity of twenty (20) years beginning in June 1999 and bear interest ranging from 3.50% to 5.00%. Principal payments are due annually on June 1 and interest is payable on June 1 and December 1 of each year.

RECREATION DISTRICT #12 OF ST. TAMMANY PARISH

NOTES TO FINANCIAL STATEMENTS

NOTE F – CERTIFICATES OF INDEBTEDNESS, (continued)

Annual debt service requirements to maturity, including interest of \$326,905, are as follows:

Year Ending December 31,	Amount
2004	\$ 72,714
2005	71,051
2006	74,170
2007	76,020
2008	74,626
Thereafter	<u>737,324</u>
	<u>\$ 1,101,905</u>

SUPPLEMENTARY INFORMATION

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INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES FOR COMPLIANCE WITH LAWS AND REGULATIONS

Board of Commissioners
Recreation District No. 12 of St. Tammany Parish
Folsom, Louisiana

We have performed the procedures included in the Louisiana Government Audit Guide and enumerated below, which were agreed to by the management of the Recreation District No. 12 of St. Tammany Parish and the Legislative Auditor, State of Louisiana, solely to assist the users in evaluating management's assertions about the District's compliance with certain laws and regulations during the year ended December 31, 2003, included in the accompanying Louisiana Attestation Questionnaire. This agreed-upon procedures engagement was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the specified users of the report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Public Bid Law

1. Select all expenditures made during the year for material and supplies exceeding \$20,000 and determine whether such purchases were made in accordance with LSA-RS 38:2211-2251 (the public bid law).

The District purchased a floor in 2003 at a cost of \$59,500. This purchase was made in accordance with LSA-RS 38:2211-2251.

Code of Ethics for Public Officials and Public Employees

2. Obtain from management a list of the immediate family members of each board member as defined by LSA-RS 42:1101-1124 (the code of ethics), and a list of outside business interests of all board members and employees, as well as their immediate families.

The District provided us with the required list including the noted information.

3. Obtain from management a listing of all employees paid during the period under examination.

The District provided us with the required list including the noted information.

4. Determine whether any of those employees included in the listing obtained from management in agreed-upon procedure (3) were also included on the listing obtained from management in agreed-upon procedure (2) as immediate family members.

None of the employees included on the list provided by the District [agreed-upon procedure (3)] appeared on the list provided by management in agreed-upon procedure (2).

Budgeting

5. Obtain a copy of the legally adopted budget and all amendments.

The District provided us with a copy of the adopted original budget and the adopted budget as amended.

6. Trace the budget adoption and amendments to the minute book.

We traced the adoption of the original budget to the minutes of a meeting held on December 16, 2002 which indicated that the budget had been adopted by the commissioners of the District. An amended budget was then traced to the minutes of a meeting held on December 18, 2003.

7. Compare the revenues and expenditures of the final budget to actual revenues and expenditures to determine if actual revenues or expenditures exceed budgeted amounts by more than 5%.

We compared the revenues and expenditures of the final budget to actual revenues and expenditures. Actual expenditures for the year exceeded budgeted amounts by more than 5% on various expenditure items.

Accounting and Reporting

8. Randomly select 6 disbursements made during the period under examination and :

- a) trace payments to supporting documentation as to proper amount and payee;

We examined supporting documentation for each of the six selected disbursements and found that the payment was for the proper amount and made to the correct payee.

- b) determine if payments were properly coded to the correct fund and general ledger account; and

All of the payments were properly coded to the correct fund and general ledger account.

- c) determine whether payments received approval from proper authorities.

Inspection of documentation supporting each of the six selected disbursements indicated approvals from the accountant and the chairman of the Board of Commissioners.

Meetings

9. Examine evidence indicating that agenda for meetings recorded in the minute book were posted or advertised as required by LSA-RS 42:1 through 42:12 (the open meetings law).

The District is only required to post a notice of each meeting and the accompanying agenda on the door of the District's office building. Management has asserted that such documents were properly posted and we examined evidence supporting such assertion.

Debt

10. Examine bank deposits for the period under examination and determine whether any such deposits appear to be proceeds of bank loans, bonds, or like indebtedness.

We inspected copies of all bank deposit slips for the period under examination and noted no deposits which appeared to be proceeds of bank loans, bonds, or like indebtedness.

Advances and Bonuses

11. Examine payroll records and minutes for the year to determine whether any payments have been made to employees, which may constitute bonuses, advances, or gifts.

A reading of the minutes of the District for the year indicated no approval for the payments noted. We also inspected payroll records for the year and noted no instances which would indicate payments to employees, or the Board of Commissioners which would constitute bonuses, advances, or gifts.

Our prior year report, dated June 28, 2003, did not include any comments or unresolved matters.

We were not engaged to, and did not, perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the Recreation District #12 of St. Tammany Parish and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.


June 28, 2004

RECREATION DISTRICT #12 OF ST. TAMMANY PARISH

MANAGEMENT'S CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED DECEMBER 31, 2002

During 2002, we noted the following finding and management's response:

Finding:

Local Government Budgeting Act LSA-R.S. 39:1310 requires the Comptroller (or his/her equivalent) to notify the Board of Commissioners in writing during the year when actual revenues fail to meet budgeted revenues by 5% or more, or when actual expenditures exceed budgeted expenditures by 5% or more. Furthermore, LSA-R.S. 39:1309 requires the Board of Commissioners to amend the budget upon being notified.

It does not appear the District complied with these requirements. There are several instances of expenditures exceeding budget by 5% or more, with no evidence of notification.

Response

The Recreation District No. 12 of St. Tammany Parish will abide by the Local Government Budgeting Act LSA-R.S. 39:1309-1310.

During 2003, we noted that the Board was properly notified and the budget amended.