

PONCHATOULA AREA RECREATION DISTRICT NO. 1  
PONCHATOULA, LOUISIANA

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ANNUAL FINANCIAL STATEMENTS

As of December 31, 2008 and for the Year Then Ended  
With Supplemental Information Schedules

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 7/29/09

**PHIL HEBERT**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**A PROFESSIONAL ACCOUNTING CORPORATION**

**Ponchatoula Area Recreation District No. 1  
Ponchatoula, Louisiana**

**Annual Financial Statements  
As of and for the Year Ended December 31, 2008**

**With Supplemental Information Schedules**

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**Ponchatoula Area Recreation District No. 1  
Ponchatoula, Louisiana**

**Annual Financial Statements  
As of and for the Year Ended December 31, 2008**

**With Supplemental Information Schedules**

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MEMBER  
American Institute of  
Certified Public  
Accountants

**Phil Hebert, CPA**  
A PROFESSIONAL ACCOUNTING CORPORATION  
Post Office Box 1151 • Ponchatoula, Louisiana 70454  
Office: (985) 386-5740 • Fax (985) 386-5742

MEMBER  
Society of Louisiana  
Certified Public  
Accountants

### Independent Auditor's Report

Dr. Bill Wheat, Jr., Chairman  
and Members of the Board of Commissioners  
Ponchatoula Area Recreation District No. 1  
Ponchatoula, Louisiana

I have audited the accompanying financial statements of the governmental activities of the Ponchatoula Area Recreation District No. 1, Ponchatoula, Louisiana, a component unit of the Tangipahoa Parish Council, as of and for the year ended December 31, 2008, which comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Ponchatoula Area Recreation District No. 1's management. My responsibility is to express opinions on these 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 *Governmental 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 includes assessing the accounting principles used significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the Ponchatoula Area Recreation District No. 1 as of December 31, 2008, and the respective changes in 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 my report dated June 3, 2009, on my consideration of the Ponchatoula Area Recreation District No. 1's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 8 and page 28 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. 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.

Ponchatoula Area Recreation District No. 1  
Ponchatoula, Louisiana

My audit was performed for the purpose of forming opinions on the basic financial statements of the Ponchatoula Area Recreation District No. 1. The supplemental information schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Ponchatoula Area Recreation District No. 1. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in my opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Sincerely,

*Phil Hebert*

Phil Hebert, CPA  
A Professional Accounting Corporation  
June 3, 2009

## **Management's Discussion and Analysis**

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Management's Discussion and Analysis  
December 31, 2008

**Introduction**

Ponchatoula Area Recreation District No. 1 (the "District") is pleased to present its Annual Financial Report developed in compliance with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments* (hereinafter referred to as GASB 34), and related standards. Please read the following in conjunction with the District's financial statements and footnotes, which follow this section.

**Financial Highlights**

- Total assets for the year were \$4,391,686 at December 31, 2008, and exceeded liabilities in the amount of \$4,226,627 (i.e., net assets). Of the total net assets, \$1,384,453 was unrestricted and available to support short-term operations with the balance invested in capital assets.
- Capital Assets increased by \$189,477 during the current fiscal year. The increase is due to the completion of several construction projects as well as the purchase of an additional 6 acres of land adjacent to the existing recreation park.
- On November 4, 2008, voters in the Ponchatoula Area Recreation District approved an additional 4-mil property tax. The proceeds of this tax will be used for the construction of a new gymnasium facility in the District. The construction of this facility is anticipated to be in the preliminary stages of development during the 2009 fiscal year.

**Overview of Annual Financial Report**

Management's Discussion and Analysis (MD&A) serves as an introduction to the basic financial statements and supplementary information. The MD&A presents an overview of management's examination and analysis of the District's financial condition and performance.

The financial statements report information on the District using full accrual accounting methods similar to those used in the private business sector. Financial statements include the Balance Sheet and Statement of Revenues, Expenses, and Changes in Net Assets. The Balance Sheet provides information about the nature and amount of the District's resources and obligations at year-end, and provides a basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

The Statement of Revenues, Expenses, and Changes in Net Assets accounts for the revenues and expenses for the fiscal year, and provides information on how net assets changed during the year. This statement measures the success of the District's operations in a format that can be used to determine if the District has recovered its costs through user fees and other charges.

The notes to the financial statements provide required disclosures essential to an understanding of the financial statements. The notes present information about the District's accounting policies, significant account balances and activities, commitments, contingencies, and subsequent events, if any. Supplementary information includes a comparative budget schedule, key information schedules on operation of the District, and schedules detailing audit findings and management response.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Management's Discussion and Analysis (Continued)  
December 31, 2008

**Financial Analysis**

The purpose of financial analysis is to help determine whether District is better off due to the current year's activities. In this analysis, data from the basic financial statements, the Balance Sheet and the Statement of Revenues, Expenses, and Changes in Net Assets, are presented below in condensed format. These statements report the net assets, the difference between assets and liabilities, and the change in net assets, which provides information for indicating the financial condition of the District. Following these statements is a separate schedule summarizing and analyzing budget changes for the current fiscal year.

**Condensed Balance Sheet**

	December 31, 2008	December 31, 2007	Dollar Change	Percent Change
Current and Other Assets	\$ 1,429,653	\$ 1,033,493	\$ 396,160	38.33%
Capital Assets	2,962,033	2,772,556	189,477	6.83%
Total Assets	<u>4,391,686</u>	<u>3,806,049</u>	<u>585,637</u>	15.39%
Current Liabilities	62,167	50,158	12,009	23.94%
Long-Term Liabilities	102,892	120,962	(18,070)	-14.94%
Total Liabilities	<u>165,059</u>	<u>171,120</u>	<u>(6,061)</u>	-3.54%
Invested in Capital Assets	2,841,071	2,633,787	207,284	7.87%
Restricted Net Assets	1,103	368	735	199.73%
Unrestricted Net Assets	1,384,453	1,000,774	383,679	38.34%
Total Net Assets	<u>\$ 4,226,627</u>	<u>\$ 3,634,929</u>	<u>\$ 591,698</u>	16.28%

"Current and Other Assets" increased by \$396,160, due to increase in ad valorem taxes collected and assessed during the current year. "Capital Assets" increased by \$189,477, reflecting a series of construction projects completed during the current fiscal year as well as the purchase of 6 acres of land.. "Invested in Capital Assets" increased by \$207,284 reflecting the increase in capital assets as well as reductions in existing long-term debt.



**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Management's Discussion and Analysis (Continued)  
December 31, 2008

**Condensed Statement of Revenues, Expenses, and Changes in Net Assets**

	December 31, 2008	December 31, 2007	Dollar Change	Percent Change
<b>Revenues:</b>				
General Revenues	\$ 1,008,395	\$ 838,524	\$ 169,871	20.26%
Total Revenues	1,008,395	838,524	169,871	20.26%
<b>Expenses:</b>				
Operating Expenses	344,725	321,944	22,781	7.08%
Depreciation Expense	65,513	52,343	13,170	25.16%
Interest on Debt Service	6,460	7,099	(639)	-9.00%
Total Expenses	416,698	381,386	35,312	9.26%
Changes in Net Assets	591,697	457,138	134,559	29.44%
Net Assets, Beginning of Year	3,634,930	3,177,791	457,139	14.39%
Net Assets, End of Year	\$ 4,226,627	\$ 3,634,929	\$ 591,698	16.28%

While the Balance Sheet shows the change in financial position of net assets, the Statement of Revenues, Expenses, and Changes in Net Assets provides answers to the nature and scope of these changes. The above table gives an indication of how the District is being conservatively managed. Total "General Revenues" increased by \$169,871 (20.26%). Total "Operating Expenses" increased only marginally over the prior year. No significant changes to the District's operations occurred, resulting in the 7.08% increase in operating expenditures.

The District showed an income of \$591,697 for the fiscal year ended December 31, 2008, as compared to an income of \$457,138 for the fiscal year ended December 31, 2007.

**Budgetary Highlights**

The District adopts an annual operating budget in accordance with requirements of the provisions of Louisiana Revised Statute 39:1301-14. This budget provides an estimate for the current fiscal year of the proposed expenditures and the revenues that will finance the operations of the District. The operating budget is adopted before the end of the prior fiscal year, and is amended after review of monthly budget-to-actual financial reports. A summary of the approved budget is presented below in a condensed format summarizing major revenue and expenditure categories, and is followed by analysis of significant variations between budget and actual amounts. Although not presented as a part of the basic financial statements, a more detailed schedule is also presented in "Schedule 1 - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund," as supplementary information, following the footnotes to the financial statements.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Management's Discussion and Analysis (Continued)  
December 31, 2008

**Budget vs. Actual - Fiscal Year Ended December 31, 2008**

	Budget for December 31, 2008	Actual for December 31, 2008	Favorable (Unfavorable) Variance
<b>Revenues:</b>			
Ad Valorem Taxes	\$ 680,667	\$ 874,635	\$ 193,968
State Revenue Sharing	81,729	112,925	31,196
Grant Reimbursements	-	1,000	1,000
Other Income	13,705	19,672	5,967
Total Revenues	<u>776,101</u>	<u>1,008,232</u>	<u>232,131</u>
<b>Expenditures:</b>			
Salaries and Related Benefits	\$ 177,000	\$ 170,647	\$ 6,353
Legal & Professional	10,000	10,091	(91)
Repairs & Maintenance	89,058	40,098	48,960
Telephone & Utilities	37,000	28,549	8,451
Supplies	53,450	23,561	29,889
Insurance	30,000	18,029	11,971
Sheriff's Pension Deduction	23,000	34,901	(11,901)
Other	9,042	13,225	(4,183)
Capital Outlay	280,000	254,989	25,011
Debt Service / Interest	4,400	4,339	61
Operating Transfers (In) Out	<u>20,500</u>	<u>20,500</u>	<u>-</u>
Total Expenditures	<u>733,450</u>	<u>618,929</u>	<u>114,521</u>
Income / (Loss)	<u>\$ 42,651</u>	<u>\$ 389,303</u>	<u>\$ 346,652</u>

Although the budget for the District was amended at year-end, several variances between the budget and actual occurred. "Ad Valorem Taxes" exceeded budgeted amounts by \$193,968. "Repairs & Maintenance" and "Supplies" were under budget by \$48,960 and \$29,889, respectively. These variances were due to the reclassification of various fixed asset purchases at the end of the year after the budget had been amended.

**Other Significant Trends and Account Changes**

Included within this section is first a listing and analysis of general trends and operating data affecting the operation of the District. This is followed by an analysis of any significant account changes, not included within other sections of the MD&A.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Management's Discussion and Analysis (Continued)  
December 31, 2008

**Capital Assets**

At December 31, 2008, District had \$2,962,033 (net of accumulated depreciation) recorded in capital assets. This includes land, land improvements, buildings, equipment, and vehicles. The changes in capital assets are presented in the table below.

	December 31, 2008	December 31, 2007	Dollar Change	Percent Change
Land	\$ 1,303,103	\$ 1,214,067	\$ 89,036	7.33%
Buildings	657,156	618,658	38,498	6.22%
Land Improvements	1,110,197	986,690	123,507	12.52%
Equipment	201,961	198,012	3,949	1.99%
Subtotal	\$ 3,272,417	\$ 3,017,427	\$ 254,990	8.45%
Less: Accumulated Depreciation	310,384	244,871	65,513	26.75%
Net Capital Assets	<u>\$ 2,962,033</u>	<u>\$ 2,772,556</u>	<u>\$ 189,477</u>	6.83%

**Future Economic Plans**

The District's management approach is conservative. The Board members actively monitor revenues and expenses and evaluate the costs of proposed projects.

## **Basic Financial Statements**

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
**Statement of Net Assets**  
**December 31, 2008**

Exhibit A

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 364,596
Investments	121,259
Accounts Receivable, Net	941,039
Prepaid Insurance	1,656
Capital Assets, Net of Accumulated Depreciation (Note 4)	2,962,033
Restricted Assets:	
Cash and Cash Equivalents	1,103
<b>Total Assets</b>	<b><u>\$ 4,391,686</u></b>
<b>Liabilities</b>	
Accounts Payable	\$ 3,593
Payroll Taxes Payable	4,360
Accrued Payroll	1,243
Sheriff's Pension Payable	34,901
Long-Term Debt - Current	18,070
Long-Term Debt - Non-Current	102,892
<b>Total Liabilities</b>	<b><u>\$ 165,059</u></b>
<b>Net Assets</b>	
Invested in Capital Assets, Net of Related Debt	\$ 2,841,071
Restricted For:	
Debt Service	1,103
Unrestricted	1,384,453
<b>Total Net Assets</b>	<b><u>\$ 4,226,627</u></b>

The accompanying notes are an integral part of this statement.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
**Statement of Activities**  
**For the Year Ended December 31, 2008**

Exhibit B

		Program Revenues		Net Revenue (Expense) and Changes in Net Assets
	Expenses	Charges for Services	Capital Grants	Governmental Activities
<b>Governmental Activities:</b>				
Parks and Recreation	\$ 344,725	\$ -	\$ -	\$ (344,725)
Depreciation	65,513	-	-	(65,513)
Interest on Debt Service	6,460	-	-	(6,460)
Total Governmental Activities	\$ 416,698	\$ -	\$ -	\$ (416,698)
 <b>General Revenues:</b>				
Ad Valorem Taxes				\$ 874,635
State Revenue Sharing				112,925
Grant Reimbursements				1,000
Other Income				19,835
Transfers - Internal Activities				-
Total General Revenues				\$ 1,008,395
 Change in Net Assets				 \$ 591,697
 Net Assets - Beginning of the Year				 \$ 3,634,930
Net Assets - End of the Year				\$ 4,226,627

The accompanying notes are an integral part of this statement.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
**Governmental Funds Balance Sheet**  
**December 31, 2008**

Exhibit C

	General Fund	Debt Service Fund	Total
<b>Assets</b>			
Cash and Cash Equivalents	\$ 364,596	\$ -	\$ 364,596
Investments	121,259	-	121,259
Accounts Receivable, Net	941,039	-	941,039
Restricted Assets:			
Cash and Cash Equivalents	-	1,103	1,103
<b>Total Assets</b>	<b>\$ 1,426,894</b>	<b>\$ 1,103</b>	<b>\$ 1,427,997</b>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Accounts Payable	\$ 3,593	\$ -	\$ 3,593
Payroll Taxes Payable	4,360	-	4,360
Accrued Payroll	1,243	-	1,243
Sheriff's Pension Payable	34,901	-	34,901
<b>Total Liabilities</b>	<b>44,097</b>	<b>-</b>	<b>44,097</b>
Fund Balances:			
Reserved For:			
Debt Service	-	1,103	1,103
Unreserved, Designated:			
Gymnasium Project	121,259	-	121,259
Unreserved, Undesignated	1,261,538	-	1,261,538
<b>Total Fund Balances</b>	<b>1,382,797</b>	<b>1,103</b>	<b>1,383,900</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,426,894</b>	<b>\$ 1,103</b>	<b>\$ 1,427,997</b>

The accompanying notes are an integral part of this statement.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
 Reconciliation of the Governmental Funds Balance Sheet to the  
 Government-Wide Statement of Net Assets  
 For the Year Ended December 31, 2008

Exhibit D

<b>Total Fund Balances, Governmental Funds</b>	\$	1,383,900
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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. These assets consist of:

Governmental Capital Assets, Net of Depreciation		2,962,033
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Prepaid insurance is not accrued and is therefore not reported in the governmental funds:

Prepaid Insurance		1,656
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Long-term liabilities are not due and payable in the current period, and therefore, are not reported in the governmental funds:

Current (Short-Term) Obligations:

Capital Lease Obligations		(3,920)
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Certificates of Indebtedness		(14,150)
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Non-Current (Long-Term) Obligations:

Capital Lease Obligations		(3,842)
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Certificates of Indebtedness		(99,050)
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<b>Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>4,226,627</u></b>
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The accompanying notes are an integral part of this statement.



**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Statement of Governmental Fund Revenues, Expenditures, and  
Changes in Fund Balances  
For the Year Ended December 31, 2008

Exhibit E

	General Fund	Debt Service Fund	Total
<b>Revenues:</b>			
Ad Valorem Taxes	\$ 874,635	\$ -	\$ 874,635
State Revenue Sharing	112,925	-	112,925
Grant Reimbursements	1,000	-	1,000
Other Income	19,672	163	19,835
Total Revenues	1,008,232	163	1,008,395
<b>Expenditures:</b>			
Parks and Recreation:			
Salaries and Related Benefits	170,647	-	170,647
Legal & Professional	10,091	-	10,091
Repairs & Maintenance	40,098	-	40,098
Telephone & Utilities	28,549	-	28,549
Supplies	23,561	-	23,561
Insurance	18,029	-	18,029
Sheriff's Pension Deduction	34,901	-	34,901
Other	13,225	-	13,225
Capital Outlay	254,989	-	254,989
Debt Service	4,339	19,928	24,267
Total Expenditures	598,429	19,928	618,357
Excess of Revenues over Expenditures	409,803	(19,765)	390,038
<b>Other Financing Sources (Uses):</b>			
Transfers - Internal Activities	(20,500)	20,500	-
Total Other Financing Sources (Uses)	(20,500)	20,500	-
Excess of Revenues and Other Sources Over Expenditures and Other Uses	389,303	735	390,038
<b>Fund Balance - Beginning of the Year</b>	993,494	368	993,862
<b>Fund Balance - End of the Year</b>	\$ 1,382,797	\$ 1,103	\$ 1,383,900

The accompanying notes are an integral part of this statement.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**

Exhibit F

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and  
Changes in Fund Balance to the Government-Wide Statement of Activities  
For the Year Ended December 31, 2008

<b>Net Change in Fund Balances, Governmental Funds</b>	<b>\$</b>	<b>390,038</b>
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds 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. These differences consist of:

Capital Outlay		254,989
Depreciation Expense		(65,513)

Governmental funds expense insurance payments when paid. In the statement of activities, only the portion applicable to the current year is expensed. The remaining is recorded in the statement of net assets as prepaid insurance.

Prior Year Prepaid Insurance		(7,280)
Current Year Prepaid Insurance		1,656

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds because:

Bond proceeds provide current financial resources to the governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which proceeds exceeded repayments:

Proceeds		-
Repayments		17,807
		<hr/>

<b>Change in Net Assets of Governmental Activities</b>	<b>\$</b>	<b><u>591,697</u></b>
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The accompanying notes are an integral part of this statement.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements  
December 31, 2008

**Narrative Profile**

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

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

The objectives and purposes of the District are to own and operate playgrounds and other facilities and to engage in activities that would promote recreation and any related activity designed to encourage recreation and promote the general health and well-being of youths and all of the goals and purposes as authorized by law. Revenues for the District include property taxes and state revenue sharing. Major expenditures of the District include capital outlay, maintenance, supplies, and salaries and related benefits.

**1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The accompanying financial statements 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 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued in June 1999.

**B. Financial Reporting Entity**

All board members of the District are appointed by the Tangipahoa Parish Council. As the governing authority of the Parish, for reporting purposes, the Tangipahoa Parish Council is the financial reporting entity for Tangipahoa Parish. The financial reporting entity consists of (a) primary government (parish council), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which 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. Because the board members of the District are appointed by the Tangipahoa Parish Council, the District was determined to be a component unit of the Tangipahoa Parish Council.

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

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
December 31, 2008

C. Fund Accounting

The District uses fund accounting to maintain its financial records and the results of its operations. 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.

*Governmental Funds*

Governmental funds account for all of the District's general activities. These funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may be used. Current liabilities are assigned to the fund from which they will be paid. The difference between a governmental fund's assets and liabilities is reported as fund balance. In general, fund balance represents the accumulated expendable resources that may be used to finance future period programs or operations of the District. The following are the District's governmental funds:

General Fund – the primary operating fund of the District, which accounts for all the operations of the District, except for the servicing of long-term debt (see below). The General Fund is available for any purpose provided it is expended or transferred in accordance with state and federal laws and according to District policy.

Debt Service Fund – accounts for the receipt and disbursement of funds required to service the District's outstanding bonded indebtedness.

D. Measurement Focus / Basis of Accounting

*Basic Financial Statements – Government-Wide Financial Statements*

The statement of net assets and the statement of activities display information about the District as a whole. These statements include all the non-fiduciary activities of the District with most of the interfund activities removed. Information contained in these statements reflects the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange or exchange-like transactions are recognized when the exchange occurs (regardless of when cash is received or disbursed). Revenues, expenses, gains, losses, assets, and liabilities resulting from nonexchange transactions are recognized in accordance with the requirements of GASB Statement No 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

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. Interest earnings and other revenues not properly included among program revenues are reported instead as general revenues.

The District does not allocate indirect expenses.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
December 31, 2008

*Basic Financial Statements – Governmental Funds*

The amounts reflected in the General Fund and Debt Service Fund 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 a government-wide view of District's operations.

The amounts reflected in the General Fund and Debt Service Fund use the modified accrual basis of accounting. Under this 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 liability is incurred, except for interest and principal payments on 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 governmental funds use the following practices in recording revenues and expenditures:

Revenues – Revenues are generally recognized when they become measurable and available as net current assets. Ad valorem tax revenue, state revenue sharing revenue, and interest revenue are recorded when due. Substantially all other revenues are recorded when received.

Expenditures – Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Reconciliation - Explanation of differences between the governmental fund balance sheet and the government-wide statement of net assets is presented in Statement D of the basic financial statements. Explanation of differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities is presented in Statement F of the basic financial statements.

**E. Budgets and Budgetary Accounting**

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

1. The District adopts a budget each year for the general fund and special revenue funds, if applicable.
2. The Chairman prepares a proposed budget and submits it to the Board of Commissioners for consideration no later than fifteen days prior to the beginning of each fiscal year. At the same time, if total proposed expenditures are \$500,000 or more, a notice of public hearing on the proposed budget must be published in the official journal.
3. All action necessary to adopt and implement the budget must be completed prior to the beginning of the fiscal year. A hearing on the proposed budget was held on December 13, 2007. The budget was adopted on December 13, 2007.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
December 31, 2008

4. Budgetary amendments involving the transfer of funds from one program or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Commissioners. The budget was amended on September 25, 2008 and November 18, 2008.
5. The budgets are integrated into the accounting system, and the budgetary data, as presented in the financial statements for all funds with annual budgets, compare the expenditures with the amended budgets. All budgets are presented on the modified accrual basis of accounting. Accordingly, the Budgetary Comparison Schedule for the General Fund presents actual expenditures in accordance with the accounting principles generally accepted in the United States of America on a basis consistent with the legally adopted budgets as amended. Unexpended appropriations on annual budgets lapse at the end of each fiscal year.

The General Fund did not report an unfavorable variance in expenditures over appropriations for the fiscal year ended December 31, 2008.

**F. Cash, Cash Equivalents, and Investments**

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Under State law, the District may deposit funds in demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. In addition, 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 for the District are reported at fair market value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**G. Inventory**

Inventories for supplies are immaterial and are recorded as expenditures / expenses when purchased.

**H. Prepaid Items**

The District recognizes expenditures for insurance and similar services extending over more than one accounting period when paid.

**I. Capital Assets**

Capital assets are capitalized at historical cost or estimated cost (the extent to which fixed asset costs have been estimated and the methods of estimation should be disclosed) if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The District maintains a threshold level of \$300 or more for capitalizing assets.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
 Notes to Financial Statements (Continued)  
 December 31, 2008

Capital assets are recorded in the Statement of Net Assets and Statement of Activities. Since surplus assets are sold for an immaterial amount when declared as no longer needed for public purposes, no salvage value is taken into consideration for depreciation purposes. All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

Land	N/A
Buildings	40 Years
Land Improvements	20 - 30 Years
Equipment	15 Years

**J. Pension Plans**

The District is not a member of any retirement system, but is a member of the social security system.

**K. Long-Term Obligations**

Long-Term Obligations are recorded in the Statement of Net Assets and Statement of Activities.

**L. Compensated Absences**

The District has the following policies related to sick and vacation leave:

*Sick Leave*

Full-time employees who have been with the District for one year will be given one-week sick leave. Full-time employees can accrue up to two weeks of sick leave time. When an employee has more than two weeks of sick leave available, they will lose the excess time.

*Vacation Leave*

All full-time employees who have been with the District for one year will be given one week of paid vacation based on their vacation hours earned. All full-time employees who have been with the District for two years or more will be given two weeks of paid vacation based on their vacation hours earned. Full-time employees can accrue vacation time up to three weeks. When an employee has more than three weeks vacation time available, they will lose the excess time.

At the time of termination, full-time employees who have worked less than one year will not receive any paid vacation.

**M. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
December 31, 2008

**N. Restricted Net Assets**

For the government-wide statement of net assets, net assets are reported as restricted when constraints placed on net asset use are either:

- Externally imposed by creditors (such as debt covenants), grantors, contributors, or laws or regulations of other governments; and
- Imposed by law through constitutional provisions or enabling legislation.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

**O. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make various estimates and assumptions that affect the reported amounts of assets and liabilities, the 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 those estimates.

**2. Levied Taxes**

The following is a summary of authorized and levied Ad Valorem taxes:

General Fund	10.00 Mills
--------------	-------------

Ad Valorem taxes attach as an enforceable lien on property on January 1 each year. Taxes are levied by the District during the year, are billed to taxpayers, and become due in November. Billed taxes become delinquent on December 31 of each year. Revenues from Ad Valorem taxes are budgeted in the year billed and recognized as revenue when billed. The Tangipahoa Parish Sheriff's Office bills and collects the property taxes using the assessed value determined by the Tax Assessor of Tangipahoa Parish. The taxes are generally collected in December of the current year and January and February of the ensuing year. For 2008, the District levied 10 mills for a total tax levy of \$874,635 on taxable property valuation totaling \$87,463,495.

**3. Cash, Cash Equivalents, and Investments**

As reflected on Exhibit A, the District has cash totaling \$365,699 (of which \$1,103 is restricted) and investments totaling \$121,259 at December 31, 2008.

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 bank. These pledged 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.



**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
December 31, 2008

The following is a summary of cash and investments (bank balances) at December 31, 2008, with the related federal deposit insurance and pledged securities:

<b>Bank Balances:</b>	
Insured (FDIC Insurance)	\$ 250,000
Uninsured and Collateralized:	
Collateral held by pledging bank's trust department not in the District's name	121,370
Uninsured and Uncollateralized	-
<b>Total Deposits</b>	<b><u>\$ 371,370</u></b>

Even though the pledged securities are not held in the entity's name, Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the District that the fiscal agent has failed to pay deposited funds upon demand.

At December 31, 2008, the District's investment balance was as follows:

	<u>Reported Amount</u>	<u>Fair Value</u>
Louisiana Asset Management Pool	<u>\$ 121,259</u>	<u>\$ 121,259</u>

LAMP is administered by LAMP, Inc., a non-profit corporation organized under the laws of the State of Louisiana. Only local government entities 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 in accordance with LSA-R.S. 33:2955.

GASB Statement No. 40, *Deposit and Investment Risk Disclosure*, requires disclosure of credit risk, custodial credit risk, concentration of credit risk, interest rate risk, and foreign currency risk for all public entity investments.

LAMP is a 2a7-like investment pool. The following facts are relevant for 2a7 like investment pools:

- Credit Risk: LAMP is rated AAAM by Standard & Poor's.
- Custodial Credit Risk: LAMP participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of Credit Risk: Pooled investments are excluded from the 5% disclosure requirement.
- Interest Rate Risk: 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
December 31, 2008

- **Foreign Currency Risk:** Not applicable to 2a7-like pools.

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. The investments in LAMP are stated at fair value based on quoted market rates. The fair value is determined on a weekly basis by LAMP and the value of the position in the external investment pool is the same as the value of the pool shares.

LAMP, Inc. is subject to the regulatory oversight of the state treasurer and the board of directors. LAMP is not registered with the SEC as an investment company.

If you have any questions, please feel free to contact the LAMP administrative office at 800-249-5267.

**4. Receivables**

Receivables represent ad valorem taxes and state revenue sharing earned in 2008 and received in 2009 as follows:

	General Fund	Debt Service Fund	Total
Tangipahoa Parish Sheriff			
Ad Valorem Taxes	\$ 874,635	\$ -	\$ 874,635
State Revenue Sharing	70,904	-	70,904
Less: Allowance for Uncollectible Taxes	(4,500)	-	(4,500)
Accounts Receivable, Net	\$ 941,039	\$ -	\$ 941,039

As of December 31, 2008, the allowance for uncollectible ad valorem taxes was \$4,500.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
December 31, 2008

**5. Capital Assets**

Capital assets and depreciation activity as of and for the year ended December 31, 2008 are as follows:

	Balance 12/31/07	Increases	Decreases	Balance 12/31/08
<b>Capital Assets Not Depreciated:</b>				
Land	\$ 1,214,067	\$ 89,036	\$ -	\$ 1,303,103
<b>Total Capital Assets Not Depreciated</b>	<b>1,214,067</b>	<b>89,036</b>	<b>-</b>	<b>1,303,103</b>
<b>Other Capital Assets:</b>				
Buildings	618,658	38,498	-	657,156
<b>Land Improvements:</b>				
Structure	438,558	82,537	-	521,095
Ground Work	548,132	40,970	-	589,102
Equipment	198,012	3,949	-	201,961
<b>Total Other Capital Assets</b>	<b>1,803,360</b>	<b>165,954</b>	<b>-</b>	<b>1,969,314</b>
<b>Less Accumulated Depreciation:</b>				
Buildings	83,285	15,832	-	99,117
<b>Land Improvements:</b>				
Structure	37,405	17,063	-	54,468
Ground Work	77,054	19,325	-	96,379
Equipment	47,127	13,293	-	60,420
<b>Total Accumulated Depreciation</b>	<b>244,871</b>	<b>65,513</b>	<b>-</b>	<b>310,384</b>
<b>Other Capital Assets, Net</b>	<b>1,558,489</b>	<b>100,441</b>	<b>-</b>	<b>1,658,930</b>
<b>Totals</b>	<b>\$ 2,772,556</b>	<b>\$ 189,477</b>	<b>\$ -</b>	<b>\$ 2,962,033</b>

**6. Changes in Long-Term Debt**

The following is a summary of debt transactions for the District for the year ended December 31, 2008:

Type of Debt	Balance at January 1, 2008	Leases or Bonds Issued	Certificates and Other Redemptions	Balance at December 31, 2008
Capital Lease Obligations	\$ 11,419	\$ -	\$ 3,657	\$ 7,762
Certificates of Indebtedness	127,350	-	14,150	113,200
	<b>\$ 138,769</b>	<b>\$ -</b>	<b>\$ 17,807</b>	<b>\$ 120,962</b>

Long-term debt at December 31, 2008, is comprised of the following:

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
December 31, 2008

*Certificates of Indebtedness:*

\$141,500 Certificates of Indebtedness dated November 16, 2006; Due in annual installments of \$14,150 through November 1, 2016; With interest at 4.55% (Payable from a pledge of the excess revenues of the General Fund) \$ 113,200

*Capital Lease Obligation:*

\$18,371.98 Capital Lease Obligation payable to Kubota Credit Corporation dated 01/01/06; Due in 60 monthly installments of \$361.59; With interest at 6.99% (Payable from a pledge of the excess revenues of the General Fund). The cost of the equipment and accumulated depreciation was \$18,372 and \$3,674. \$ 7,762

The annual requirements to amortize all debt outstanding at December 31, 2008, including interest payments of \$23,954 are as follows:

<u>Year Ended December 31,</u>	<u>Certificate of Indebtedness</u>	<u>Capital Lease Obligation</u>	<u>Total</u>
2009	\$ 19,350	\$ 4,339	\$ 23,689
2010	18,700	3,977	22,677
2011	18,050	-	18,050
2012	17,400	-	17,400
2013	16,750	-	16,750
2014 - 2016	<u>46,350</u>	<u>-</u>	<u>46,350</u>
	136,600	8,316	144,916
Interest Portion	<u>23,400</u>	<u>554</u>	<u>23,954</u>
	<u>\$ 113,200</u>	<u>\$ 7,762</u>	<u>\$ 120,962</u>

**7. Dedication of Proceeds and Flow of Funds – Ad Valorem Tax**

Proceeds of the 10 year special tax of 10 mills on the dollar of assessed valuation on all property subject to taxation in the District (2008 collections \$874,635) are dedicated for the purpose of acquiring, constructing, improving, maintaining, and / or operating recreational facilities and activities in and for the District.

On July 16, 2005, the 10 mill ad valorem tax was renewed by the voters of the District for an additional 10 years. As a result of this renewal, the District, through its governing authority, adopted a resolution on November 15, 2006 authorizing the issuance of \$145,000 of Certificates of Indebtedness, Series 2006, for the purpose of acquiring land for expanding existing facilities in the District for recreation purposes. In that resolution, the excess revenues of the District were pledged for payment of the certificates authorized and interest as they become due.

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
Notes to Financial Statements (Continued)  
December 31, 2008

**8. Interfund Transfers**

	Transfers In From	Transfers Out To
General Fund:		
Debt Service Fund	\$ -	\$ 20,500
Total General Fund	\$ -	\$ 20,500
Debt Service Fund:		
General Fund	\$ 20,500	\$ -
Total Debt Service Fund	\$ 20,500	\$ -
Total All Funds	\$ 20,500	\$ 20,500

Transfers are made from the General Fund to the Debt Service Fund to pay the debt service payments on Certificates of Indebtedness.

**9. Reserved and Designated Fund Balances**

The District records reserves and dedications to indicate that a portion of the fund equity is legally segregated for a specific future use. The following details the description and amount of all reserves and dedications used by the District as of December 31, 2008.

General Fund:	
Designated for Gymnasium	\$ 121,259
Debt Service Fund:	
Reserved for Debt Service	1,103
	\$ 122,362

**10. Subsequent Event**

On November 4, 2008, a special election was held in the Ponchatoula Area Recreation District No. 1 for the purpose of authorizing the levy and collection of a special ad valorem tax of 4.00 mills on all property subject to taxation within the boundaries of the Ponchatoula Area Recreation District No. 1 for a period of thirty (30) years commencing with the tax collection for the year 2009, and annually thereafter to and including the year 2038, to provide funds to be used entirely and exclusively to acquire, improve and equip a multipurpose gymnasium facility and other recreational facilities within the Ponchatoula Area Recreation District No. 1. The results of the election were 6,869 yes votes and 5,044 no votes.

On February 16, 2009, the board adopted a resolution authorizing the making of an application to the Louisiana State Bond Commission for consent and authority to issue not to exceed \$6,500,000 Revenue Bonds, in one or more series, of the Ponchatoula Area Recreation District No. 1 of the Parish of Tangipahoa, State of Louisiana, for the purpose of providing funds to acquire, improve and equip a multipurpose gymnasium facility and other recreational facilities within the Ponchatoula Area Recreation District No. 1. The District has received preliminary approval by the Louisiana Community Development Authority to borrow up to \$6,500,000, but the District has not received State Bond Commission approval as of the date of the audit report.

**Required Supplemental Information (Part II)**

**Budgetary Comparison Schedules**

**Ponchatoula Area Recreation District No. 1**  
**Ponchatoula, Louisiana**  
 Budgetary Comparison Schedule – General Fund  
 For the Year Ended December 31, 2008

Schedule 1

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts Budgetary Basis</u>	<u>Variance with Final Budget Favorable / (Unfavorable)</u>
<b>Revenues:</b>				
Ad Valorem Taxes	\$ 587,806	\$ 680,667	\$ 874,635	\$ 193,968
State Revenue Sharing	81,729	81,729	112,925	31,196
Grant Reimbursements	-	-	1,000	1,000
Other Income	<u>7,800</u>	<u>13,705</u>	<u>19,672</u>	<u>5,967</u>
Total Revenues	\$ 677,335	\$ 776,101	\$ 1,008,232	\$ 232,131
<b>Expenditures:</b>				
Salaries and Related Benefits	\$ 177,000	\$ 177,000	\$ 170,647	\$ 6,353
Legal & Professional	10,000	10,000	10,091	(91)
Repairs & Maintenance	90,000	89,058	40,098	48,960
Telephone & Utilities	37,000	37,000	28,549	8,451
Supplies	53,450	53,450	23,561	29,889
Insurance	30,000	30,000	18,029	11,971
Sheriff's Pension Deduction	23,000	23,000	34,901	(11,901)
Other	8,100	9,042	13,225	(4,183)
Capital Outlay	280,000	280,000	254,989	25,011
Debt Service / Interest	<u>4,400</u>	<u>4,400</u>	<u>4,339</u>	<u>61</u>
Total Expenditures	\$ 712,950	\$ 712,950	\$ 598,429	\$ 114,521
Excess of Revenues over Expenditures	\$ (35,615)	\$ 63,151	\$ 409,803	\$ 346,652
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In (Out)	\$ (20,500)	\$ (20,500)	\$ (20,500)	\$ -
Total Other Financing Sources (Uses)	<u>\$ (20,500)</u>	<u>\$ (20,500)</u>	<u>\$ (20,500)</u>	<u>\$ -</u>
<b>Excess (Deficiency) of Revenues and Other Sources over Expenditures and Other Uses</b>				
	\$ (56,115)	\$ 42,651	\$ 389,303	\$ 346,652
Fund Balance - Beginning of the Year	<u>-</u>	<u>-</u>	<u>993,494</u>	<u>993,494</u>
Fund Balance - End of the Year	<u>\$ (56,115)</u>	<u>\$ 42,651</u>	<u>\$ 1,382,797</u>	<u>\$ 1,340,146</u>

See auditor's report.

## **Other Supplemental Information**



**Schedule of Compensation Paid to the Chairman and  
Board of Commissioners**

**Ponchatoula Area Recreation District No. 1**

Schedule 2

**Ponchatoula, Louisiana**

Schedule of Compensation Paid to the Chairman and Board of Commissioners

For the Year Ended December 31, 2008

<u>Name and Address</u>	<u>Position</u>	<u>Salary</u>	<u>Term Expires</u>
Dr. Bill Wheat, Jr. 40316 Happywoods Road Hammond, LA 70403	Chairman / Commissioner	\$ -	April 2013
John Derenbecker 13491 Lynnwood Drive Hammond, LA 70403	Commissioner	\$ -	June 2011
Linda Byers 39693 Howes Lane Ponchatoula, LA 70454	Commissioner	\$ -	April 2012
Daniel Dufreche P.O. Box 635 Ponchatoula, LA 70454	Commissioner	\$ -	April 2010
Wayne Foster 245 N. Baronne St. Ponchatoula, LA 70454	Commissioner	\$ -	April 2009
		<u>\$ -</u>	

See auditor's report

**Other Independent Auditor's Reports and  
Schedule of Findings and Questioned Costs**

Independent Auditor's Report on Internal  
Control over Financial Reporting and on  
Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

MEMBER  
American Institute of  
Certified Public  
Accountants

**Phil Hebert, CPA**  
A PROFESSIONAL ACCOUNTING CORPORATION  
Post Office Box 1151 • Ponchatoula, Louisiana 70454  
Office: (985) 386-5740 • Fax (985) 386-5742

MEMBER  
Society of Louisiana  
Certified Public  
Accountants

Independent Auditor's Report on Internal Control over Financial Reporting and on  
Compliance and Other Matters Based on an Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards*

Dr. Bill Wheat, Jr., Chairman  
and Members of the Board of Commissioners  
Ponchatoula Area Recreation District No. 1  
Ponchatoula, Louisiana

I have audited the financial statements of the governmental-type activities of the Ponchatoula Area Recreation District No. 1, Ponchatoula, Louisiana, as of and for the year ended December 31, 2008, which comprise the District's basic financial statements, and have issued my report thereon dated June 3, 2009. 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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Ponchatoula Area Recreation District No. 1's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the Ponchatoula Area Recreation District No. 1's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Ponchatoula Area Recreation District No. 1's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Ponchatoula Area Recreation District No. 1's financial statements that is more than inconsequential will not be prevented or detected by Ponchatoula Area Recreation District No. 1's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Ponchatoula Area Recreation District No. 1's internal control.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that

Ponchatoula Area Recreation District No. 1  
Ponchatoula, Louisiana

might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Ponchatoula Area Recreation District No. 1's 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 financial statement amounts . However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The result of my tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Louisiana Legislative Auditor, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Sincerely,

*Phil Hebert*

Phil Hebert, CPA  
A Professional Accounting Corporation  
June 3, 2009

**Schedule of Prior Year Findings and  
Schedule of Findings and Questioned Cost**

**Ponchatoula Area Recreation District No. 1  
Ponchatoula, Louisiana**

**Schedule 3**

**Schedule of Prior Year Findings  
For the Year Ended December 31, 2008**

**Section 1 - Internal Control and Compliance Material to the Financial Statements**

**Compliance**

No Findings for Section 1.

**Internal Control**

No Findings for Section 1.

**Section II - Internal Control and Compliance Material to Federal Awards**

**2007-1: Violation of security for deposits**

Resolved

**2007-2: Violation of Engagement Completion Filing Deadline**

Resolved

**Section III - Management Letter**

No Findings for Section III.

This schedule has been prepared by management.



**Ponchatoula Area Recreation District No. 1  
Ponchatoula, Louisiana**

**Schedule 4**

**Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2008**

I have audited the basic financial statements of the Ponchatoula Area Recreation District No. 1 as of and for the year ended December 31, 2008, and have issued my report thereon dated June 03, 2009. 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. My audit of the financial statements as of December 31, 2008 resulted in an unqualified opinion.

**Section I - Internal Control and Compliance Material to the Financial Statements**

No Findings for Section I.

**Section II - Financial Statement Findings**

No Findings for Section II.

**Section III - Management Letter**

No Findings for Section III.